UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS
FIRST SESSION

VOLUME 105—PART 9

JUNE 18, 1959, TO JUNE 30, 1959
(PAGES 11161 TO 12368)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1959

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 86th CONGRESS, FIRST SESSION

SENATE

THURSDAY, JUNE 18, 1959

The Senate met at 11 o'clock a.m.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Eternal Spirit, without whose guidance our wisdom is but folly: Keep us, we pray, this day in unruffled sincerity of purpose, with the seal of understanding charity upon our lips.

Save us from posing as oracles of a righteousness we do not possess, and so keep us from judging, lest we, too, be judged.

Save us from being embittered by ingratitude, pettiness, or meanness, and from cowardice in the day of battle.

Help us to be true to our highest hours, never forgetting that the mightiest and most enduring achievements were once but dreams. Give us to see that dreams are the stuff out of which cities are built and cathedral towers lifted against the skies, mountains tunneled, icy poles conquered from above and below, and shining heroisms, and radiant goodness perfected.

In daring deeds of fearless faith may we not be disobedient to the heavenly vision. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of the previous session was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 17, 1959, the President had approved and signed the following acts:

S. 643. An act to amend the act entitled "An act relating to the levying and collecting of taxes and assessments, and for other purposes," approved June 25, 1938;

S. 949. An act for the incorporation of the Ladies of the Grand Army of the Republic; and

S. 1094. An act to amend the Bretton Woods Agreements Act.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHITTEN, Mr. MARSHALL, Mr. CANNON, Mr. ANDERSEN of Minnesota, and Mr. TABER were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 2256) to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes, and it was signed by the President pro tempore.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the following committees or subcommittees were authorized to meet during the session of the Senate today:

The Subcommittee on Flood Control, Rivers, and Harbors of the Committee on Public Works.

The Committee on Finance.

The Antitrust and Monopoly Subcommittee of the Committee on the Judiciary.

The Subcommittee on Trading With the Enemy Act of the Committee on the Judiciary.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the new reports on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Bernard Gufler, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Ceylon, which was referred to the Committee on Foreign Relations.

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

The following favorable report of a committee was submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

Lt. Gen. Emmett O'Donnell, Jr., (major general, Regular Air Force), U.S. Air Force, to be assigned to positions of importance and responsibility designated by the President, in the rank of general.

Mr. BARTLETT. Mr. President, from the Committee on Armed Services, I report favorably the nominations of 19 major generals and 1 brigadier general for appointment in the Regular Army. I ask that these names be placed on the Executive Calendar.

The PRESIDENT pro tempore. Without objection, the nominations will be placed in the Executive Calendar, as requested by the Senator from Alaska.

The nominations placed on the Executive Calendar are as follows:

Maj. Gen. Leander LaChance Doan, Army of the United States (brigadier general, U.S. Army), and sundry other officers, for appointment in the Regular Army of the United States.

Mr. BARTLETT. Mr. President, from the Committee on Armed Services, I also report favorably 1,902 nominations in the Army and Air Force in the grade of colonel and below. All of these names have already appeared in the CONGRESSIONAL RECORD. In order to save the expense of printing on the Executive Calender, I ask unanimous consent that they be ordered to lie on the Vice President's desk, for the information of any Senator.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The nominations placed on the Vice President's desk are as follows:

John J. Pope, and sundry other officers, for promotion in the Regular Army of the United States;

Charles H. Boardman III, and sundry other persons, for appointment in the Regular Army of the United States;

Meyer W. Cohen, and sundry other distinguished military students, for appointment in the Regular Army of the United States;

Charley J. Adams, and sundry other officers for promotion in the Regular Air Force;

Col. Christopher H. Munch and Col. James V. G. Wilson for appointment as permanent professors of the Air Force Academy;

Harvey W. Hertz, and sundry other persons, for appointment in the Regular Air Force; and

William S. Kinkead, and Robert C. Lorenzetti, distinguished military students of the Air Force Reserve Officers' Training Corps, for appointment in the Regular Air Force.

The PRESIDENT pro tempore. If there be no further reports of committees, the new reports on the Executive Calendar will be stated.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk proceeded to read sundry nominations to be Ambassadors Extraordinary and Plenipotentiary of the United States of America.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that these nominations be considered and confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of John J. Allen, Jr., of California, to be Under Secretary of Commerce for Transportation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

AMENDMENT OF SECTION 204 OF CAREER COMPENSATION ACT OF 1949, RELATING TO FLIGHT PAY

A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to amend section 204 of the Career Compensation Act of 1949 with respect to the payment of flight pay (with an accompanying paper); to the Committee on Armed Services.

REPORT PRIOR TO RESTORATION OF BALANCES, BUREAU OF THE MINT

A letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, a report of the Bureau of the Mint, covering restoration of balances withdrawn from appropriation and fund accounts under control of the Treasury Department (with an accompanying report); to the Committee on Government Operations.

REPORT ON CONSTRUCTION AND OPERATION OF SALINE WATER DEMONSTRATION PLANTS

A letter from the Secretary of the Interior, reporting, pursuant to law, that an electrodialysis process has been selected for use in the third demonstration plant having a capacity of at least 250,000 gallons per day; to the Committee on Interior and Insular Affairs.

AMENDMENT OF BONNEVILLE PROJECT ACT

A letter from the Under Secretary of the Interior, transmitting a draft of proposed legislation to amend the Bonneville Project Act, as amended (with an accompanying paper); to the Committee on Public Works.

ESTABLISHMENT OF REVOLVING-TYPE FUNDS IN THE TREASURY FOR SOUTHEASTERN POWER ADMINISTRATION AND SOUTHWESTERN POWER ADMINISTRATION

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to establish revolving-type funds in the Treasury for the Southeastern Power Administration and the Southwestern Power Administration, and for other purposes (with an accompanying paper); to the Committee on Public Works.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A letter in the nature of a petition from the Order of the Sons of Italy in America, Grand Lodge of the States of Washington, Oregon, and Idaho, signed by William J. Dippolito and Carmela Napoli, praying for the enactment of legislation to revise the immigration quotas; to the Committee on the Judiciary.

The petition of Joseph Elinzy Camp, of Redondo Beach, Calif., relating to cooperation with France in the peaceful uses of atomic energy; to the Joint Committee on Atomic Energy.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ALLOTT, from the Committee on Interior and Insular Affairs, with amendments:

S. 1285. A bill to provide for the preservation and development of the domestic fluorspar industry (Rept. No. 402); referred to the Committee on Finance.

(See the remarks of Mr. ALLOTT when he reported the above bill, which appear under a separate heading.)

By Mr. McCLELLAN, from the Committee on Government Operations, without amendment:

S. 1473. A bill to repeal the act of May 27, 1912, which authorized and directed the Secretary of the Treasury to sell certain land to the First Baptist Church, of Plymouth, Mass. (Rept. No. 404);

S. 1617. A bill to provide for the adjustment of the legislative jurisdiction exercised by the United States over land in the several States used for Federal purposes, and for other purposes (Rept. No. 405);

H.R. 6190. An act to direct the Secretary of the Army to convey the Army and Navy General Hospital, Hot Springs National Park, Ark., to the State of Arkansas, and for other purposes (Rept. No. 406); and

H.R. 7062. An act to provide for payment of annuities to widows and dependent children of Comptrollers General (Rept. No. 403).

By Mr. BYRD of Virginia, from the Committee on Finance, with an amendment:

H.R. 7086. An act to extend the Renegotiation Act of 1951, and for other purposes (Rept. No. 407).

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON of South Carolina, from the Joint Select Committee on the Disposition of Executive Papers, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Administrator, General Services Administration, that appear to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MAGNUSON (by request):

S. 2206. A bill to amend the Act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. CASE of South Dakota:

S. 2207. A bill to provide for a National Academy of Culture; to the Committee on Labor and Public Welfare.

By Mr. BARTLETT (for himself and Mr. GRUENING):

S. 2208. A bill to provide for equal treatment for the State of Alaska as for other States of the Union with respect to the allotment of funds under the Federal Airport Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SMATHERS:

S. 2209. A bill for the relief of Marion Shinn; to the Committee on the Judiciary.

By Mr. CLARK (for himself and Mr. SCOTT):

S. 2210. A bill to provide for the disposition of the Philadelphia Army Base, Philadelphia, Pa., to the Committee on Armed Services.

PROHIBITION OF TRANSPORTATION OF GAMBLING DEVICES IN INTERSTATE COMMERCE

Mr. MAGNUSON. Mr. President, by request, I introduce, for appropriate reference, a bill to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce. I ask unanimous consent that a letter from the Attorney General requesting the proposed legislation be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2206) to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce, introduced by Mr. MAGNUSON, by request, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The letter presented by Mr. MAGNUSON is as follows:

DEPARTMENT OF JUSTICE,
May 23, 1959.

The VICE PRESIDENT,
U.S. Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: The number of crimes committed in the United States is increasing at an annual rate which is four times greater than our population increase. It is shocking to learn that in the first 9 months of 1958 there were 11 percent more crimes committed than in the comparable period of 1957, and that in 1957 we had a 9-percent increase over 1956 and an almost 24-percent increase over the annual average for the preceding 5 years. There are few who realize the high cost of crime to the American taxpayer—$20 billion a year—and that it is second only to the cost of our national defense.

Although law enforcement is primarily a State and local responsibility, in many areas of criminal activity Federal assistance is essential. Particularly is this true with respect to the criminal activities of racketeers who operate through coordinate syndicates across State and even national boundaries.

Enclosed for your consideration and appropriate reference is a three point legislative program designed to supplement the efforts of the States to eradicate from the American scene the so-called organized criminal.

I. GAMBLING

In 1951 Congress passed the Johnson Act (64 Stat. 1134; 15 U.S.C. secs. 1171–1177), which in general forbids the interstate transportation of any gambling device and requires manufacturers of and dealers in gambling devices to register annually with the Attorney General.

Experience with the enforcement of this act has demonstrated a need for its amendment in several respects. One of the enclosed bills will accomplish these changes. It will broaden the definition of gambling device so that not only the slot machine will be covered, but also additional types of machines and mechanical devices designed and manufactured primarily for use in connection with gambling.

The proposal will also enlarge and more clearly define the categories of persons to whom the registration and filing provisions apply. It will require the maintenance of detailed records with respect to the acquisition and disposition of gambling devices, with provision for inspection and copying of such records by the Federal Bureau of Investigation.

Provision is made in the bill for the granting of immunity to persons who assert their constitutional privilege against self-incrimination with regard to the maintenance of the required records or testifying before a grand jury or court of the United States. Thus, our enforcement authorities will be able to compel the disclosure by underlings of information necessary for reaching the upper echelons of the crime syndicates.

Finally, the bill will extend the scope of the act to apply to the transportation of gambling devices in foreign commerce; at present it applies only to the interstate transportation of such devices. The racketeers have offset to a large extent the restrictions on the interstate transportation of gambling devices by developing foreign markets. The outlawing of such shipments should materially assist in the curbing of such activities.

II. IMMUNITY

In labor racketeering cases the experience of the Department of Justice demonstrates an urgent need for legislation to permit the compelling of testimony before grand juries and courts in Hobbs Act and certain Taft-Hartley Act cases.

The Hobbs Act (18 U.S.C. 1951) makes it unlawful to interfere with commerce by robbery or extortion, as defined in the act. Section 302 of the Taft-Hartley Act (29 U.S.C. 186) makes it unlawful for an employer in an industry affecting commerce to pay money or make gifts to representatives of any of his employees under circumstances that would constitute such action a bribe. The close connection between the offenses proscribed in these two acts often inhibits cooperation with law enforcement officers. For example, an employer who is a victim of labor extortion may be reluctant to testify in a Hobbs Act case for fear that he may be incriminating himself under section 302 of the Taft-Hartley Act.

The second enclosed measure will amend that chapter of our criminal laws which is entitled "Racketeering" and in which the Hobbs Act is contained. As amended, the chapter will provide that whenever in the opinion of a U.S. attorney it is necessary to the public interest that a witness testify or produce evidence before a grand jury or court of the United States in a matter involving a violation of the Hobbs Act or section 302 of the Taft-Hartley Act, he may, with the approval of the Attorney General, seek an order of the court instructing the witness to do so. The witness may not then be excused from testifying or producing the evidence on the ground that the act required of him may be self-incriminating, for the measure accords him immunity from prosecution (except for perjury or contempt) with respect to transactions concerning which he is compelled to testify or produce evidence after claiming his privilege against self-incrimination. Legislation such as this is not uncommon; there are many such immunity statutes and they have been of considerable assistance in accomplishing the more effective administration of justice.

III. TAX DEDUCTIONS

Organized crime derives huge profits from certain businesses carried on illegally. It is obvious that a business conducted furtively and unlawfully will yield larger profits than one transacted openly by law-abiding citizens. It is equally clear that the furtive character of such a business increases the expense and difficulty of tax collection. The Government is entitled to be reimbursed for this drain on its resources, and to secure its full share of taxes from these illegal ventures.

One example of this type of business is organized crimes' illegal gambling enterprises—perhaps its principal source of ill-gotten funds. Almost all of the States have laws prohibiting bookmaking, slot machines, and related activities of the organized gambling fraternity. Policing illegal gamblers is peculiarly a State and local responsibility and it would be unwise and impractical for the Federal Government to assume the task of investigating and prosecuting local gamblers and bookies.

There are, however, areas where the Federal Government can properly assist local authorities in the enforcement of their anti-racketeering and gambling laws. This bill, for example, would deny to persons engaged in illegal activity, such as gambling, certain tax deductions allowed to legitimate businesses. This would deal a severe blow to the organized racketeer by hitting him where it hurts most—in his pocketbook. In the recent case of *Commissioner* v. *Sullivan*, 356 U.S. 27, the Supreme Court refused to disallow such deductions in the absence of an express declaration by the Congress. It stated: "Deductions are a matter of grace and Congress can, of course, disallow them as it chooses."

The enactment of this bill would help substantially to curb this area of organized criminal activity.

It is quite clear that despite vigorous enforcement of existing criminal laws the toll levied on our society is constantly increasing. Legislation creating new and strengthening old tools of law enforcement is essential if we are more effectively to cope with this enormous social and economic problem.

This program will provide much needed assistance to the prosecution of organized crime and warrants prompt and favorable congressional attention.

The Bureau of the Budget has advised that there is no objection to the submission of these recommendations.

Sincerely,

WILLIAM P. ROGERS,
Attorney General.

FAIR POLITICAL BROADCASTING ACT OF 1959—ADDITIONAL COSPONSOR OF BILL

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the name of the Senator from Tennessee [Mr. KEFAUVER] may be listed as a cosponsor of the bill (S. 1858) to revise, extend, and otherwise improve the Communications Act of 1934 (47 U.S.C. 315) to bring into focus and more proper perspective that section of the law governing political broadcasts, introduced by the Senator from Indiana [Mr. HARTKE] on May 5, 1959.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PROHIBITION OF USE OF AIRCRAFT OR MOTOR VEHICLES TO HUNT CERTAIN WILD HORSES OR BURROS—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 15, 1959, the names of Senators BUSH and CANNON were added as additional cosponsors of the bill (S. 2167) to amend chapter 3 of title 18, United States Code, so as to prohibit the use of aircraft or motor vehicles to hunt certain wild horses or burros on land belonging to the United States and for other purposes, introduced by Mr. MANSFIELD (for himself and other Senators) on June 15, 1959.

ADJUSTMENT OF IMPORT DUTIES ON LEAD AND ZINC—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 15, 1959, the names of Senators BARTLETT, CARROLL, and SYMINGTON were added as additional cosponsors of the bill (S. 2169) to amend the Internal Revenue Code, relating to adjustment upward of the import duties on lead and zinc, introduced by Mr. MURRAY (for himself and other Senators) on June 15, 1959.

TRANSCONTINENTAL HIGHWAY FROM NORTHERN MICHIGAN TO EVERETT, WASH.—ADDITIONAL COSPONSOR OF BILL

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the name of the Senator from Michigan [Mr. HART] may be added as an additional cosponsor of the bill (S. 2055) to amend title

23 of the United States Code in order to provide for a transcontinental highway from northern Michigan to Everett, Wash., as part of the Interstate System, introduced by me on May 26, 1959.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CHANGE OF REFERENCE

Mr. MAGNUSON. Mr. President, on May 7 the distinguished junior Senator from Idaho [Mr. CHURCH] introduced the bill (S. 1883) to facilitate the transmission of electric power by the United States. Briefly stated, this legislation would require applicants for powerline rights-of-way across Federal lands to agree to allow the United States to utilize any unneeded excess capacity in the lines for the purpose of transporting federally generated electric power to Federal agencies, to rural electric cooperatives, and to statutory preference customers.

Senate bill 1883 was referred to the Committee on Interstate and Foreign Commerce by the President pro tempore.

In my opinion, the referral of the bill to that committee was correct, inasmuch as the "predominant subject matter" of the legislation—which is the criterion set out in section 137 of the Legislative Reorganization Act of 1946—falls within the jurisdiction of the Committee on Interstate and Foreign Commerce. However, the Committee on Interior and Insular Affairs has a vital interest in this legislation from the standpoint of its jurisdiction over matters relating to irrigation and reclamation and public lands generally, and has held extensive hearings with regard to the problem which this bill seeks to solve.

In view of this coordinate interest, Mr. President, and in view of the fact that the Committee on Interior and Insular Affairs already has held extensive hearings and the staff of that committee has done a tremendous amount of work on this problem of the wheeling of Federal power by private utilities whose lines cross the public domain, I believe it would be in the interest of orderly and expeditious procedure for the Committee on Interior and Insular Affairs to proceed with hearings on Senate bill 1883.

I ask unanimous consent, therefore, that the Committee on Interstate and Foreign Commerce be discharged from further consideration of Senate bill 1883 and that it be referred to the Committee on Interior and Insular Affairs. The chairman of the latter committee, with whom this matter has been discussed, is in agreement that this is the best way to handle it.

Should the public hearings before the Interior and Insular Affairs Committee disclose circumstances which would warrant further consideration of Senate bill 1883 by the Committee on Interstate and Foreign Commerce, I shall ask that the bill be re-referred to that committee.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. NEUBERGER:

Statement by him before Special Subcommittee of the Senate Committee on Rules and Administration, urging the establishment of Senate Committee on Veterans' Affairs.

By Mr. CHURCH:

Article entitled "The Legacy of Lewis and Clark," written by Senator RICHARD L. NEUBERGER, and published in Think magazine for June 1959.

NOTICE OF HEARING ON S. 1447, TO AMEND SECTION 161, TITLE 35, UNITED STATES CODE, WITH RESPECT TO PATENTS FOR PLANTS

Mr. O'MAHONEY. Mr. President, on behalf of the standing Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for 10 a.m. Thursday, July 9, 1959, in room 2228, New Senate Office Building, on S. 1447, a bill to amend section 161, title 35, United States Code, with respect to patents for plants.

At the indicated time and place all persons interested in this legislation may make such representations as may be pertinent.

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Michigan [Mr. HART], the Senator from Wisconsin [Mr. WILEY], and myself, as chairman.

NOTICE OF HEARING ON NOMINATION OF BERNARD GUFLER, OF WASHINGTON, TO BE AMBASSADOR TO CEYLON, BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, on behalf of the Committee on Foreign Relations, I desire to announce that the Senate today received the nomination of Bernard Gufler, of Washington, to be Ambassador to Ceylon.

In accordance with the committee rule, the pending nomination may not be considered prior to the expiration of 6 days.

IMPORT PROBLEMS FOLLOWING THE MARSHALL PLAN

Mr. WILEY. Mr. President, Arnold Toynbee speaks of the tendency of nations to develop temporarily successful solutions to problems, but, long after the solutions have served their purpose, to continue to use them. That is not only true of nations, Mr. President; it is also true of individuals, groups, and parties. They get an idea that is applicable to a particular period and a particular set of facts; but later, in dealing with different facts, they tend to continue to rely on the same idea.

Mr. President, I hope that America is not going to make that mistake in dealing with the economic problems of the free world. In the early days after the Second World War, we put into effect the Marshall plan, the purpose of which was to rebuild the economies of our allies. In so doing, we undoubtedly saved the world from an economic collapse.

I remember that it was in 1945 or 1946 that President Truman spoke of an approaching economic storm—a depression. He had the advice of the best economists, who based their conclusions on what happened after the First World War. But he was mistaken. The Marshall plan kept the wheels of industry going in this country, and built up the economic structure abroad.

I remember that when I was attending the University of Michigan, and was studying law, the professor who was teaching economics said, in speaking about what it meant to get a dollar into the economic stream, "Putting a dollar into the economic stream when conditions require it is equivalent, within a given time, to $20."

Well, Mr. President, by means of the Marshall plan, we put $7 billion into the European economic stream in a year; and it was the equivalent of $140 billion. So the depression that had been forecast did not materialize. Instead, economic health came, both in our country and abroad; and we rebuilt Europe.

Mr. President, now we have rehabilitated the industries of the free world; and today we are faced with the impact upon our own industries of the goods produced abroad. The problem calls for real consideration. Britain, France, and Germany are once again rebuilt, and their great industrial output is an impact upon the world market and upon the American market. They not only compete in the world market, but, as I have stated, their imports to America are measuring up to sizable proportions.

Let us consider, for instance, the automobile industry. It is estimated that 10 percent of the automobile market in America will now be absorbed by imports from abroad.

My own philosophy has always been that the American market is primarily meant for the American producer. That does not mean we should close the doors. The reason why foreign countries can compete so successfully with our own products is that wages abroad are so much lower.

The other day I was asked to go to the Statler Hotel. I saw at that hotel a display of shoes which were imported from Japan, Britain, Germany and other countries. What attracted me most was the prices at which those shoes could be bought in this country after being shipped here from abroad.

I asked persons at the display what they estimated the percentage of the American market was which had been taken over by the imports. Someone stated that the proportion was from 5 percent to 10 percent.

Mr. President, I ask unanimous consent that I may have another 5 minutes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the

Senator from Wisconsin may have another 3 minutes. We will grant him an additional 2 minutes if he needs it.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILEY. Mr. President, I was speaking about imported shoes, which are priced so low that in this country we could not even make them at that price. Japan particularly is sending shoes to the United States, as well as Germany and Britain.

Mr. President, this import flood has just begun, not only of shoes and automobiles, but of other products. I asked what proportion of the market was already taken over. It was estimated that from 5 percent to 10 percent of the shoe market had been taken over. But that is only the beginning.

It is time that we look this matter straight in the face. In a bill soon to be before the Senate, we will be considering strengthening European countries with from $1 billion to $2 billion military aid, and some economic aid. Then, there is provision for loans, and so forth, to be made by us, which will probably bring the total up to from $3 billion to $4 billion.

As Senators know, we have lost some $2 billion of gold or gold reserves within the last year.

The question I ask is: Is it time for us now to think in terms of tailoring a new policy to meet the new conditions? It certainly is time for us to be taking a look ahead.

Now, I want to say frankly that, while I am not alarmed, I feel the administration cannot ignore this problem to the point where Congress might seek to adopt some ill-advised remedies.

I am not in favor of extreme protectionist measures; but I do feel that, if cheap foreign goods continue to take over the American markets, there must be established a quota system.

I hear someone ask, "Would you abandon the foreign aid program?" The answer to that is "No." But new conditions require a new analysis of those conditions, and the remedy that should apply.

In the time of the Marshall plan, Europe needed our products. Now, Europe is producing more than it needs, and seeking to invade the American market. At this time, we have a measuring stick with the percentages of imports that are now coming into this country. If those percentages could be frozen, by applying the quota system, the remainder of our market could be retained for our own producers.

As someone has said, we have got to start now to make our Allies see that since a new economic balance—I emphasize the words—has been reached, a new financial balance must be struck: one, that does not involve an insupportable drain on our resources. Because of Europe's economic recovery, these countries should shoulder a larger share of the expenses of the Western alliance.

While the situation is not critical at present, we have got to start talking about this situation with our allies to avoid any crisis coming upon us. The old policy did not fail. It succeeded very well. But, with the facts changed, we will have to apply a new policy. In so doing, we will not do what Toynbee said, "stick with the policy after it has served its purpose."

Mr. President, I have completed my prepared statement. Yet I wish to say, in all seriousness, first, that we want export business. We want to trade with the world. In the past we have built up a world trade which now has been diminishing because of the aid we have given to European countries, which have become very efficient and very productive, and in which also much lower wages are paid.

I think it is altogether fitting that the administration and the Congress do something before someone with a persuasive voice threatens a remedy which would disrupt, rather than preserve, the good which should be preserved.

MORRIS GOLDWATER RESOLUTION AT ARIZONA CONSTITUTIONAL CONVENTION, 1910

Mr. GOLDWATER. Mr. President, last Sunday, while I was in my home in Arizona, I was perusing material in my library, and I came upon some of the old minutes of the constitutional convention held in Arizona in 1910, of which my uncle, a former very prominent Democrat in my State, was the vice president.

I found a resolution that Mr. Morris Goldwater proposed at the Constitutional Convention which I think is very apropos at this time. I should like to read it:

Resolved, That any Member having a prepared speech of which he is proud, and which he desires to have perpetuated, be given leave to file a typewritten or printed copy of the same, prepared at his own expense, with the secretary of the convention to be published in the Journal—that the secretary be authorized to insert at such intervals as he may deem proper in said speech these words in parentheses: "hear, hear," "applause," "loud applause," "laughter," etc.

I thought what was stated in the resolution was applicable to the situation in which we find ourselves today, when we are hearing many speeches which it might be better merely to perpetuate in typewritten form in the CONGRESSIONAL RECORD.

Mr. President, I desire to address myself to another subject.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The Senator from Arizona has the floor.

LABOR-MANAGEMENT REFORM LEGISLATION

Mr. GOLDWATER. Mr. President, in my opening remarks on the floor of the Senate during debate on the Kennedy-Ervin bill I tried to point out to my colleagues that we were not getting at the disease, but were only playing around with the symptoms. I invited the attention of my colleagues to the fact that, in my opinion, formed after 2½ years of experience on the Rackets Committee, the disease is power.

Mr. President, Godfrey P. Schmidt, a lawyer, one of the monitors appointed by the court to try to straighten out the Teamsters Union, probably knows more about this menace to freedom than any other man in America. On June 11, 1959, Mr. Schmidt wrote a letter to the Joint Subcommittee on Labor-Management Reform Legislation of the Committee on Education and Labor of the House of Representatives, which I think should be read by all my colleagues. For that reason, Mr. President, I ask unanimous consent that Mr. Schmidt's letter be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NEW YORK, N.Y., *June 11, 1959.*

Hon. PHIL M. LANDRUM,
Joint Subcommittee on Labor-Management Reform Legislation of the Committee on Education and Labor, House Office Building, Washington, D.C.

DEAR CONGRESSMAN LANDRUM: I have the honor of sending you herewith some copies of a statement supplementing the testimony I gave before the Joint Subcommittee on Labor-Management Reform Legislation of the Committee on Education and Labor.

Labor unions have become another institutional encroachment on individual freedom in this country because labor union leaders have too much power. Labor organizations as social, political, and economic groupings have exhibited many internal problems precisely to the extent that there are no basic rules of law delineating or circumscribing the power of those who today manipulate them. If there is to be any reform, it must, therefore, start with a realization of the tremendous power of labor union leaders. The latter borrow or usurp that power, as well as a certain degree of respectability (no matter what their lack of integrity) from the starting power of unions themselves and from the respectability of the decent men who generally comprise unions.

As Professor Cox stated in the Harvard Law School Bulletin of April 1951, labor unions are perhaps the most powerful, economic organizations that the country has even seen. In recent years we have seen too many instances of rank abuse of that power to be impressed with the mere shibboleth that labor can clean its own house or by the empty slogan that government should not interfere in the internal affairs of labor organizations.

What Montesquieu wrote in book 2 of "The Spirit of Laws" in the 1740's is still manifestly true: " * * * in a republic, where a private citizen has obtained exorbitant power, the abuse of this power is much greater, because the laws foresaw it not, and consequently made no provision against it."

The power of labor union leaders falls under this same judgment today. That power is more ruthless and abusive than most citizens and even Congressmen understand. Things have reached a critical pass in this area. Unless Congress acts courageously and decisively we shall for the reasons set forth in the enclosed material be threatened by the depredations of a native fascism which promises to be as destructive of civil liberties and human freedom as the fascisms of Europe (whether red or black) were in their beginnings.

If a majority of Congress servilely tolerates, without adequate correction, the swollen pretentions to power of a significant number of labor leaders who have no or

only slight habits of responsibility, the whole country will suffer. Upon such Congressmen shall fall the subtle stricture of Plato in the fourth book of "The Republic":

"There are some whom the applause of the multitude has deluded into the belief that they are really statesmen, and these are not much to be admired.

"What do you mean? I said you should have more feeling for them. When a man who cannot measure, and a great many others who cannot measure declare that he is four cubits high, can he help believing what they say?"

The constant and calculated intrusion of violence and threats of violence in labor disputes in our time is indisputable. I can think of no major strike in the last 20 or 30 years where management exercised its legal right to continue operations despite a picket line and where there was not serious violence or threat of violence.

The most significant part of a strike is not the concerted stoppage of work but rather the concerted determination that strikers will not permit any one else to work. The significant point of the picket line today is not that it is a simple and honest effort at communicating the merits of a dispute. It is rather a barrier to intercourse based upon appeal to prejudice in the peaceful cases, and an outright appeal to violence or the threat of violence. The picketers are usually determined to make their picket line an impassable wall by abuse or by threat or by violence. The boycott, whatever its origin, is not today a voluntary expression of allegiance, loyalty or preference. It is coupled with threats to the economic existence of those against whom it is directed, whether they be the primary employer or secondary employers. Trade unionism is no longer justified as it was in the beginning as an important exemplification of the right of free association. The association is no longer free. It is just one more attempt out of the many in history to engineer unity out of compulsions, rather than out of appeal to reason or persuasion.

These things being true, we have developed a double standard of law and order on the one hand, and of liberty on the other. There is freedom of association in all other organizations except trade unions. Law and order effectively interpose their majestic veto to violence and the threat of violence everywhere except during strikes and picketing. There we supinely tolerate the kind of violence and disorder which creates disrespect for law and which desensitizes and brutalizes segments of our population.

An editorial by Norman Cousins, editor of the Saturday Review, is in point. Some weeks ago a frightened woman ran into a railroad station in Stamford, Conn., on a Sunday evening at about 10 o'clock. She was pursued by a thug who wanted to steal her handbag. There was a scuffle. The woman's assailant finally snatched the handbag and made off, despite Mr. Cousins' efforts to protect the woman.

"We sat her down, then telephoned the police (wrote Mr. Cousins in the Saturday Review). Except for three or four persons who now came up to her, the people in the room seemed unconcerned. The young men in uniform were still standing in the same place, chatting among themselves as before. I am not sure which was greater, the shock of the attack that had just occurred, or the shock caused by the apparent detachment and unconcern of the other people, especially the men in uniform."

Congress and all of us in a supposedly civilized community have been observing with impotence, with supineness and apparently without capacity for effective indignation, much more brutal onslaughts than the one on which Mr. Cousins ruminates. These developed from strikes and picket lines as if there were special privileges and immunities for such outbursts in the area of labor relations. All of us, therefore, should take to heart the ponderings of Mr. Cousins in relation not only to this episode, but to the more blatant episodes of violence and the threat of violence in connection with strikes and picket lines:

"What is happening, I believe, is that the natural reactions of the individual against violence are being blunted. The individual is being desensitized by living history. He is developing new reflexes and new responses that tend to slow up the moral imagination and relieve him of essential indignation over impersonal hurt * * * We have made our peace with violence * * * the desensitization of 20th century man is more than a danger to the common safety. It represents the loss or impairment of the noblest faculty of human life—the ability to be aware of both suffering and beauty; the ability to share sorrow and create hope; the ability to think and respond beyond one's wants. There are some things we have no right ever to get used to. One of these most certainly is brutality. The other is the irrational. Both brutality and the irrational have now come together and are moving toward a dominant pattern. If the pattern is to be resisted and changed, a special effort must be made. A very special effort."

What I am protesting against is the silence of truth before the dictatorship of force and of lies. We have no reason to be smug. It is still true that "eternal vigilance is the price of liberty." Or shall we say that a taste for the easy life, a tendency to let things drift and a fear to assert the unpopular truth have robbed us of desire to protect our people from the worst forms of internal tyranny. Only when the effort to conquer freedom is renewed every day can our liberties be impregnably assured.

It is rather disquieting to see the truth as it really is. If we let the truth persuade us, we run the risk that she drag us out of our indifference and decadence and carry us, not toward comfort or even mere popularity in certain quarters, but greatness.

In such a situation, we must reaffirm for the ordinary workman the Bill of Rights we take for granted under the American Constitution. If we allow a number of powerful intraunion despots to trample on those rights respecting a few million workers, others may take the lesson to heart and trample on our rights, too. We should not toy with subtleties and shades of meaning and mere politeness when we confront the sordid but expansive prospect of intraunion dictatorship and its sequel in violence and threats of violence. As Prof. Yves R. Simon put it:

"Concentration camps were filled to overflowing, innocent persons died by thousands and by millions, and amongst those responsible for the atrocious situation we recognized the men whom our respectful dialectics have barely grazed. A dialectic more vigorous and less careful about good manners could have struck them down. The blood of innocent persons cried for vengeance against our delicacy. To have taken up no arms against the powers of triumphant crime save buttoned foils, fit only for school controversies—in that lay the shame."

Let me conclude by accommodating to my own purpose certain further thoughts and considerations suggested by Simon: Abuse of power, the suppression of civil liberties and deliberate recourse to violence and threats of violence will not be definitely doomed until the day when the moderate, the discreet, the secret partisans of such method within the ranks of trade unionism "find themselves faced not by smiling analysts, weighers of the pros and cons, hairsplitters, but by men with clenched fists resolved to go the whole way, resolved to run risks, resolved to call a spade a spade, men who refuse to enjoy a life in which there is no justice."

Otherwise more or less consciously, but with a frightening consistency, we will continue to give the enemies of law and order and the friends of revolution the most precious of all information, namely the revelation of our shameless indifference.

Very truly yours,

GODFREY P. SCHMIDT,
Counselor at Law.

PROPOSAL OF THE SECRETARY OF THE INTERIOR FOR ESTABLISHMENT OF AN ARCTIC WILDLIFE RANGE IN ALASKA

Mr. GRUENING. Mr. President, the distinguished Chairman of the Senate Interstate and Foreign Commerce Committee [Mr. MAGNUSON] has recently introduced a bill, S. 1899, at the request of the Department of the Interior, which would provide for establishment of an Arctic wildlife range in Alaska. This bill, which would result in the withdrawal of approximately 9 million acres of Alaskan land for use by the Federal Government, is, of course, of exceptional interest to the 49th State.

Since the matter is also of concern to conservation groups and other individuals and organizations interested in the development of Alaska, I should like to make a statement as to the reasons why I am opposed to this proposal of the Secretary of the Interior.

According to information recently obtained from the Department of the Interior, the Federal Government now has, under withdrawal and reservation, approximately 92½ million acres of Alaskan land. The proposed withdrawal under Senate bill 1899 would represent about 10 percent of the total amount of land now withdrawn and, therefore, unavailable to the State for its own uses. This is an unduly large tract of land to be withdrawn from the State.

Among effects of this proposed legislation which would be very serious to Alaska are the following:

First. It would result in a serious decrease in the contribution of the Federal Government toward construction of highways under Federal aid highway legislation. The withdrawal of this land would mean that it would no longer be classified as unappropriated and unreserved, thus subject to inclusion in public lands for which Federal contributions are made toward highway construction in States where unappropriated and unreserved public lands exceed 5 percent of the total area.

Second. It would unfairly limit Alaskan selection of lands to which it is entitled under the Statehood Act. Under the act which provided for the admission of my State to the Union, Alaska is entitled, over a period of 25 years, to select prescribed amounts of land from that in the public domain. Should Senate bill 1899 be enacted, the 9 million acres withdrawn for a wildlife refuge would no longer be available for selection.

The withdrawal of this land would, to a large extent, nullify Alaska's control of its own wildlife resources. The responsibility for management of its fish and game resources was provided for Alaska

in the Statehood Act. The effect of this reservation would greatly decrease the control by the State over one of its most valuable resources.

In conclusion, I should like to point out that this measure is quite unnecessary to protect game in the area proposed to be withdrawn. The region is remote and inaccessible. It is highly unlikely that, in the foreseeable future, there will be any activity in the area which would molest or endanger the wildlife and game there.

I wish to make it clear that I am always in favor—and strongly in favor—of the enactment of proposed legislation which is necessary to conserve and protect our valuable wildlife resources. In this case, however, it is my opinion that the proposal of the Secretary of the Interior is unnecessary and, in fact, detrimental to the State of Alaska.

I ask unanimous consent to have printed at this point in the RECORD copies of letters regarding this matter which I have written to the Secretary of the Interior and to the distinguished Chairman of the Senate Interstate and Foreign Commerce Committee.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MAY 23, 1959.

Hon. FRED A. SEATON,
Secretary of the Interior,
Department of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: I am gravely concerned about the proposed withdrawal of 9 million acres of land in northeast Alaska for a wildlife preserve. It has been suggested that the area proposed for withdrawal is so remote and inaccessible that there should be no cause for objection. I cannot agree with this position, for the proposal has other implications deserving of close examination by the State.

Figures recently released by the Department of the Interior indicate some 92½ million acres of land in Alaska presently embraced in Federal withdrawals and reservations, a condition long resisted by Alaskans because of its adverse effect on settlement and development and the difficulty of restoring lands once withdrawn.

The proposed one-tenth increase in such withdrawn acreage at the outset of our State land selection program and of new State responsibilities in highway construction is doubly disturbing. Each withdrawal of land by the Federal Government reduces the area of the Federal public domain and operates to increase the percentage of highway matching funds required of the State. Recent hearings on the Alaska omnibus bill have illustrated the untimeliness and the adverse effect of so sweeping a withdrawal just at the time Alaska faces its full responsibility in this area. It is estimated that the proposed withdrawal will have the immediate effect of costing the State some $600,000 annually in increased highway expense under the Federal formula.

Insofar as a Federal game preserve is concerned, one of such magnitude made at this time would in appreciable measure defeat transfer to the State of jurisdiction over its wildlife. Withdrawal of the land for Federal management of wildlife there situate would, to that extent, vitiate transfer to the State of control of its wildlife.

Because I believe the proposed withdrawal not wholly essential for the purpose intended, and because it would retard other essential State programs, I am obliged to oppose the withdrawal proposed by S. 1899, and shall appreciate its further consideration by the Department of the Interior.

Sincerely yours,

WILLIAM A. EGAN,
Governor of Alaska.

JUNE 17, 1959.

Hon. WARREN G. MAGNUSON,
Chairman, Senate Committee on Interstate and Foreign Commerce, Washington, D.C.

DEAR SENATOR MAGNUSON: Thank you for your letter of May 12 requesting my views on the bill, S. 1899. I regret the delay in replying, but I have been waiting to obtain comment from State officials in Alaska in order that I might be certain that my position reflects the interests and opinion of many persons in Alaska who are most concerned.

My initial reaction to S. 1899 was that this legislation is not only unnecessary but is detrimental to the welfare of Alaska. I have expressed this opinon to the Secretary of the Interior and in response to your inquiry I shall restate my reasons for opposition to this legislation.

(1) The area included in the proposed withdrawal of land for the purpose of establishing an Arctic Wildlife Range would comprise approximately 9 million acres of land in the State of Alaska. This is an inordinately large amount of land to be withdrawn from the State, even though our State is the largest of the Union.

(2) One of the serious immediate effects of this proposed withdrawal would be its impact on Alaskan highway construction. As I am sure you are well aware, Alaska is in great need of additional transportation facilities, having a truly serious need for an adequate highway system. As I have pointed out numerous times the construction of an efficient network of roads in Alaska is absolutely essential to the economic development of the State.

With the advent of statehood and with the passage of the Alaska Omnibus Act, our State will be included within provisions of Federal aid highway legislation on the same basis as other States. One of the factors to be considered in this connection is that of the matching of Federal funds which will be required of Alaska in order to receive Federal aid. The formula under which the Federal contribution is determined includes a provision under which the Federal contribution is increased in an amount corresponding with the percentage of unappropriated and unreserved public lands contained in a State in which such lands exceed 5 percent of the total area of all lands in the State. (Public Law 85–767, sec. 120, 23 U.S.C. 120.) In our State, this formula makes an important difference in the ability of Alaska to construct the roads it needs, since our land area includes exceptionally large tracts of unappropriated and unreserved public lands, thus increasing substantially the percentage of the Federal contribution to road construction. If S. 1899 should be enacted, the 9 million acres withdrawn under the bill would no longer be classified as unappropriated and unreserved, and would not be included among public lands to be considered in computing the Federal highway aid contribution.

It is estimated that the effect of the proposed withdrawal would increase Alaska's contribution to the cost of highway construction from about 12 percent of the funds required to 14 percent. Translated into monetary sums involved this would represent an increase of approximately $600,000 in the amount of funds required to be contributed to the highway program. At this stage of Alaskan economic development such an increase in highway construction costs would represent a serious burden to the State. A highway program is in the proposal stage which aims over a period of a decade to establish the principal throughways in Alaska, to connect the principal now unconnected cities with each other and with the continental highway system. Enactment of S. 1899 would impose a $6 million burden on Alaska during this period. Certainly the benefits—whatever they are alleged to be—would bear no reasonable relationship to such a price.

(3) The withdrawal of the land proposed in S. 1899 would hamper and, in my estimation, operate unfairly with respect to the land selection program of the State provided for by the Statehood Act. If this large tract of land should be withdrawn for a wildlife refuge it would, of course, be denied to the State. This would place a further, and an unfair limitation on the selection of land. Information received from the Department of the Interior indicates that the Federal Government, at present, has withdrawn and reserved for its own purposes some 92½ million acres of land in Alaska. This is an incredibly huge area. It approximates the total extent of what before the admission of Alaska was our third largest State—Montana. The proposal of S. 1899 would result in an additional withdrawal of approximately 10 percent of the amount of land already reserved for Federal purposes.

With respect to the tremendous overall total of Federal land withdrawals in Alaska, very substantial areas for the specific purposes of game protection and mangement have already been set aside. They include our national park, Mount McKinley, with an area of 1,939,334 acres, Glacier Bay National Monument of 2,274,595 acres and Katmai National Monument of 2,697,590 acres. These areas in which all wildlife is absolutely protected total 6,911,519 acres, an area larger than the combined areas of the States of Rhode Island, Delaware, and Connecticut.

In addition there are, in Alaska, the following wildlife preservation and related areas which are under the jurisdiction of the Federal Government:

	Acres
Kenai National Moose Range	2,057,197
Kodiak National Wildlife Refuge	1,815,000
Ninivak National Wildlife Refuge	1,109,000
Aleutian National Wildlife Refuge	2,720,235
Bering Sea National Wildlife Refuge	41,113
Bogoslof National Wildlife Refuge	390
Chanmisso National Wildlife Refuge	641
Hazy Island National Wildlife Refuge	42
Forrester Island National Forest	2,832
Pribiloff Islands Reservation	50,163
Sinenof Island Refuge	10,442
St. Lazaria National Wildlife Refuge	65
Semidi National Wildlife Refuge	8,422
Tuxedin National Wildlife Refuge	6,439
Hazen Bay National Wildlife Refuge	6,800
Reindeer Experiment Station	1,520
4 wildlife research stations	2,565
22 administrative sites	289
Total	7,827,255

In comparison with this vast acreage set aside for wildlife preservation and related administrative purposes in Alaska, the entire acreage set aside for these purposes in the other 48 States and Territories combined is 10,088,017 acres.

I might also point out that some of the Alaskan wildlife preservation withdrawals are of doubtful value because of game migrations and other changing conditions. Game management and conservation needs ought to be reexamined by the experts of the Alaska

Department of Fish and Game before further irrevocable decisions are made.

(4) The establishment of a proposed Federal wildlife refuge would, to a large extent, nullify the transfer to Alaska of responsibility for wildlife management provided for by the Statehood Act. Control over its own wildlife resources is of exceptional importance to our State, where our natural resources represent our greatest source of wealth. Thus, the enactment of S. 1899 would result in lessening Alaskan jurisdiction over an area of administration rightfully belonging to the State. Future withdrawals for game management and conservation should be the responsibility of the State of Alaska.

(5) There is no need for this withdrawal for the purpose of preserving wildlife in the area. The region is remote and inaccessible. It is unlikely there will be in the foreseeable future any molestation of the wildlife and game which would require preservation of the area by the Federal Government.

I wish to emphasize that I am heartily in favor of taking all reasonable action possible which is necessary to insure conservation and protection of all of our natural resources, including wildlife and game. They are among Alaska's principal assets and their conservation is second to none in the development of Alaska. All Alaskans share this view, and this responsibility can be safely entrusted to them and should be. However, in this case, I repeat my conviction that the enactment of S. 1899 is both unnecessary and detrimental to the best interests of the State of Alaska.

With best wishes, I remain,

Cordially yours,

ERNEST GRUENING.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I understand that we have had the third reading of the Commerce Department appropriation bill and of the legislative branch appropriation bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. I am going to suggest the absence of a quorum, in the hope that all Members of the Senate who may be in their offices or in committees will know that shortly before 12 o'clock we will proceed to call the roll on the two appropriation bills. We will not complete any rollcall before noon. Several Senators have engagements today at noon, and I should like to accommodate as many Senators as possible.

As soon as we complete action on the two appropriation bills, the Senate will go into executive session to resume the consideration of the nomination of Mr. Lewis L. Strauss. It may be that after the Senate is in executive session again I will submit a unanimous-consent request in an attempt to get an agreement on time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I should like to inform Senators that there is now available a period of time, for making insertions in the RECORD. I hope that we may be able to initiate a rollcall shortly before 12 o'clock.

EQUAL RADIO AND TELEVISION TIME IN POLITICAL CAMPAIGNS

SECTION 315: IT'S UP TO CONGRESS TO ACT

Mr. KEATING. Mr. President, the ruling by the Federal Communications Commission this week that it cannot reconsider its February decision concerning section 315 of the Communications Act, tosses the ball squarely back in the lap of Congress. I am delighted to note that the Senate Interstate and Foreign Commerce Committee is holding hearings on the various proposals which have been advanced to bring order out of the potential chaos resulting from the FCC's edict.

While the equal-time provision of our communication statute has a good and essential intent, I do not think it was ever meant to be applied in a manner which would make impossible the proper use of radio and television to cover political campaigns. As this morning's Washington Post notes, "The ruling imposes an intolerable handicap on radio and television stations."

At a time when these mass media are making great strides in utilizing their unique attributes to inform the public on political matters, it would be a shame to cripple their effectiveness. I therefore applaud the vigorous efforts of the industry itself and various Members of Congress to press for legislative action to correct the present situation.

I am somewhat disturbed that in their zeal to reverse the FCC's ruling on section 315, some of the sponsors of legislation seek to go too far in curbing the activities of significant third parties. I am particularly concerned about the effect of these proposals on the radio and television opportunities of the Liberal Party, which commands a substantial following in New York State. This group forms an important part of the political community of my State, and although I have often found myself in disagreement with their policies, I feel they are entitled to a chance to be heard. Indeed, in the last election campaign their nominee was the same as my Democratic opponent. Therefore I speak here as one who did not have the support of this party.

It is my hope, therefore, that the Interstate and Foreign Commerce Committee will consider very carefully the impact of any section 315 legislation on important third parties such as this. While it is true we cannot permit every single splinter party to have equal time, we should not tolerate a complete blackout of substantial groups besides the two major political parties.

Mr. President, editorials in yesterday's New York Herald Tribune and this morning's Washington Post and New York Times point up the importance of congressional action on this problem. They deserve wide reading, and I therefore ask unanimous consent to have them printed in the RECORD following my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, June 17, 1959]

LET BROADCASTERS JUDGE WHAT'S NEWS

It's up to Congress now to free television newscasters from the debilitating effects of the Federal Communications Commission's decision in the Lar Daly equal-time case. The FCC has refused to reverse itself, even though both the broadcasting industry and the Attorney General petitioned that it do so.

The Lar Daly decision was the one in which the FCC extended the equal-time doctrine to the news broadcasts, ruling that a television station was bound to give equal news coverage to all candidates for a given office no matter how unnewsworthy they or their activities might be. It held specifically that the mayor of Chicago, while a candidate for reelection, couldn't even be shown in his official capacity greeting the president of Argentina without equal time for the America First candidate.

The decision established a rule ridiculous on its face, that would strip brodcasters of the vital function of news judgment. It sets a choice between an election news blackout on television or air waves cluttered with trivia. Either way the public would lose. The only winners would be publicity-hunting candidates of meaningless parties, who could be expected to spring up like daisies in a meadow with such a promise of free access to television screens.

Let's get the law changed quickly.

[From the Washington Post, June 18, 1959]

CANDIDATES AND TV

Now that the Federal Communications Commission has refused to change its ruling that the "equal time" principle for political candidates applies to news programs as well as to other broadcasts, the only reasonable course is to seek amendment of the law. The ruling imposes an intolerable handicap on radio and television stations. It means that the President of the United States, if he happens to be a candidate for reelection, could not be shown on television attending a summit conference or laying the cornerstone of a public building, without giving equal time on the air to all the other candidates for the Presidency.

A majority of the FCC Commissioners believe that, in taking this position, they are following the letter and spirit of section 315 of the Federal Communications Act. A lengthy opinion handed down yesterday presents a good deal of support for this view. Attorney General Rogers and others had argued that the requirement of equal time for all candidates, if one candidate is permitted to "use" a broadcaster's facilities, does not properly apply to news programs. In this instance, it was said, the station uses the candidate instead of the candidate using the station. But the FCC cites a statement by Senator Dill, author of the controversial provision when it was first written into the old Radio Act, defining it to mean that "if a radio station permits one candidate for a public office to address the listeners it must allow all candidates for that public office to do so."

It is true, of course, that an officeholder seeking reelection may be substantially aided by appearances in newscasts that have no direct connection with his political campaign. To avoid unfairness the FCC contends, rival candidates must be given equal time on the screen regardless of the fact that they may have done nothing that is newsworthy. But this argument cuts both ways. Suppose one

candidate is presented in some ridiculous or shocking venture in a newscast. Would his rivals then be entitled to equal time on the air to exploit his failings? A literal application of the Commission's ruling would seem to leave no alternative.

The central fact is that no device can assure complete equality of treatment for candidates on radio and television without crippling these media for public enlightenment in the coverage of political campaigns. If the law should be modified so as to allow broadcasters to use their own judgment as to the presentation of candidates and their views so far as news programs are concerned, discrimination could be expected in some cases. To our way of thinking, however, this would be a lesser evil than the interference with television and radio coverage of the campaigns that will inevitably result from the present ruling. Broadcasters would still be under obligation, from the "public interest" standards of the act to make a fair presentation of public issues.

The next move is up to Congress, and it ought to act at the present session if possible. At the same time it should draw a clear distinction between major candidates whom the people want to see and hear and the splinter candidates who command no following.

[From the New York Times, June 18, 1959]

THE EQUAL TIME FOLLY

The refusal of the Federal Communications Commission to reverse its stand on equal time for political candidates appearing in radio and television newcasts leaves only one alternative: new legislation that will end a situation that President Eisenhower accurately has called ridiculous.

The insistence of the FCC that if a broadcaster shows one candidate in a news report it must automatically allot equal time to all other contenders for the same office would turn electronic journalism into chaos. Since in a presidential contest there may be a dozen candidates, most of them complete unknowns and of scant news importance, the ruling simply means that TV and radio either must dissipate hours of valuable time or curtail independent reporting in the political field. Neither course meets the test of public interest.

The Senate Committee on Foreign and Interstate Commerce is ready to open hearings on a series of bills designed to give broadcasters the right to exercise their own discretion as to what should or should not appear in newscasts dealing with politics. A single measure, with nonpartisan support, should be reported out promptly so that Congress may act before the start of the 1960 election campaign.

CIVIL RIGHTS LEGISLATION

Mr. KEATING. Mr. President, yesterday the Constitutional Rights Subcommittee of the Committee on the Judiciary voted, 5 to 3, against my bill to authorize the Attorney General to institute civil actions to prevent the deprivation of a citizen's right to equal protection of the law.

The effect of this bill, if enacted, would be to restore that portion of the civil rights legislation passed by the House of Representatives in both 1956 and 1957, which was known as part III.

For the benefit of those of my colleagues who are interested in obtaining more effective civil rights legislation, I wish to serve notice on this occasion that the action of the Constitutional Rights Subcommittee in no way discourages me. I am more delighted by the three votes cast for it than I am dismayed by the five votes cast against it. And I shall continue to battle for this bill, in the full Committee on the Judiciary, and on the Senate floor.

I can assure all interested Senators that opportunity to vote on the so-called part III amendment will be afforded them, regardless of the Judiciary Committee's final action.

There has been such widespread misunderstanding of the scope of this proposal that it would be well to point out that it does not in any way enlarge the substantive rights of our citizens. It would serve a vital purpose, but that purpose simply would be to supplement the present criminal provisions applicable to civil rights cases by more appropriate and expeditious civil remedies.

I believed when I first introduced this legislation as a Member of the House of Representatives that it was moderate, that it would be effective, and that it was essential to the proper discharge of the Federal Government's responsibility to protect the rights vouchsafed to the people by the Constitution. My opinion has not been changed by the fact that the Department of Justice has not included this measure in its own civil rights program this year.

Enactment of part III would have the greatest impact on litigation affecting school desegregation. I recognize that much progress has been made in this field as a result of the work of dedicated private organizations and the enlightened attitude of many elements of our citizenry in all sections of our country. But the proportions of the present school situation are still alarming. In 1958, over 3,400 school children were entirely deprived of all schooling for a period of several months. In addition, many other thousands have been forced to resort to entirely inadequate makeshift facilities. In all, over 1 million pupil-days of schooling have been wasted since the 1958 fall term. This is a shameful situation for a country which prides itself on its educational system.

The Federal Government must not shirk its responsibility in this area. If we have learned anything in the almost 5 years since the Brown case, it is that the rights of our school age children are best protected by recourse to specific legal action against those who would deny them. The Federal Government must play its part in this process and enactment of part III would make this possible.

SUPPORT FOR ESTABLISHMENT OF A COUNTRY LIFE COMMISSION

Mr. WILEY. Mr. President, previously this morning I mentioned a little of my own philosophy to the effect that what is good for the people today or at a given period is not generally applicable in some subsequent time. I know no better illustration of that philosophy than the fact that George Washington, in his time, said that the United States could live unto itself. We then applied what was known as the policy of isolation.

Decades passed, that philosophy was practiced, but still our country could not keep away from two World Wars.

Now, because of man's ingenuity, the world has become shrunken. It has become so small that every nation is neighbor to every other nation. Not only is that true politically and geographically, it is also true economically.

This morning I discussed the economic picture. A few years ago we applied the Marshall plan to resuscitate those of our allies and our enemies who needed a "shot in the arm." They have become resuscitated and are now competing with us.

Having spoken on that subject, I now wish to speak on another. Still, the two are not dissimilar; the same rule of philosophy applies.

Early in this session, I introduced a bill, S. 265, to establish a Country Life Commission.

The purpose of the proposed legislation would be to enable the American farm economy to more effectively and efficiently adapt to the far-reaching economic and social changes occurring in agriculture.

The establishment of an improved long-range program to accomplish this purpose, I believe, would benefit not only the farmer himself, but the agricultural economy and the whole Nation.

We recognize, of course, that farming is one of the basic industries in the country. Never before in history has our agricultural production plant been capable of producing so many commodities.

To illustrate:

In 1850, each farmworker produced food and other agricultural products for himself, and four other persons.

By 1900, one farmer and one farmworker produced for seven others.

Today, 1 farmer produces enough for 20 other persons.

To a large degree, this progress is the result, not only of more efficient operations by the farmer, but also of constructive assistance and competent guidance and leadership by our county agents, and others in such programs as cooperative extension work.

Unfortunately, this increase in productivity has not resulted in comparative benefit to the farmer. To the contrary, the increased output from greater efficiency has resulted in a glut on the market of many farm commodities, and thus has depressed the agricultural economy.

Currently, there is regrettably a great deal of criticism being directed at the American farmer for the cost of our agricultural program. Now, it is true that we are spending a great deal of money—having now invested about $9 billion in surpluses.

However, it should be remembered that the American farmer is paying for this—through either loss of markets or depressed prices—even more directly than are other taxpayers.

Now, the big question is: What can be done about it?

Over the years, the country has developed a "patchwork" of laws and programs directly or indirectly affecting the agricultural economy.

Unfortunately, this kind of piecemeal approach has not been successful in evolving a sound policy for establishing a better program. Rather, it has only resulted in further costs, higher and higher stockpiles of surpluses, and other serious economic problems.

We in the Senate have the habit of "passing the buck" to Mr. Benson and of blaming him; whereas, after all, this is our problem. We are the legislative branch of the Government. At the other end of the Avenue is the executive branch. It executes the laws we pass. It is time that farmers and other citizens got a good look at this situation.

In introducing the bill, I had only one objective. I believe the time has come for a reevaluation of the whole farm picture, not on a fragmentary basis, but rather from a long-range viewpoint. The situation requires:

A new look at our farm problems and what can be done to alleviate them;

A long-range reevaluation of the outlook in terms of consumption, new markets for farm commodities, and utilization of farm commodities for purposes other than as consumption of food;

Pacing the farm production plant to the anticipated increase in population;

Opening up new distribution channels to get food which the world production plant is capable of producing to the millions and millions of people who now are still existing on inadequate diets, in some cases, starvation diets.

Following the introduction of my bill, I took the liberty of bringing my proposal for establishment of a Country Life Commission, to a number of officials, county agents, extension workers, and other authorities in agriculture, who are, day by day, attempting to face and resolve the problems in this field.

The response has been most gratifying, including a variety of sound suggestions by which these authorities feel that such a Commission would help more effectively to deal with our problems.

To give my colleagues the benefit of these views, I ask unanimous consent to have a number of these letters printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

Hon. ALEXANDER WILEY,
U.S. Senator,
Washington, D.C.

DEAR SENATOR WILEY: Have your letter of June 9 regarding a bill S. 265 to establish a Commission on Country Life and has been introduced to the Senate. I think you have brought in a very fine bill which serves a real need at the present time.

It pleases us immensely to see the interest which you are taking in fundamental problems of agricultural nature. To evaluate long-range trends in agriculture will serve as a benchmark for future programs. All of us interested in agriculture need to take inventory periodically to study the situation and to set guidelines for further advancement.

Thank you kindly for the opportunity of expressing my views.

Sincerely yours,

M. E. JEGLUM,
Agricultural Agent, Green County.

Hon. ALEXANDER WILEY,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR MR. WILEY: It seems to me that the legislation you have proposed to establish a Commission on Country Life is needed.

First we need only review the great good done by the previous Commission, and then review the changes which have taken place in the agricultural scene since the recommendations of that Commission were adopted.

We in Extension must use better methods to do the greatest good in helping people help themselves. Changes must be carefully studied and analyzed. The proposed Commission on Country Life will be able to gather information and data necessary to reaching conclusions on how to best help our rural population.

Sincerely,

TOM R. BRADY,
County Agricultural Agent,
Marquette County.

The Honorable ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILEY: I have studied bill S. 265, which you introduced January 14, 1959, with a great deal of interest.

At present there is a rather complete change taking place in agriculture. This change is happening so rapidly in many areas that the small farmer is unable to financially cope with it. Many of the present laws governing agriculture under the Department of Agriculture do not truly approach the situation realistically. Then too, rural areas are becoming resident areas for many city employees, which in turn complicates many of the development plans of the rural areas.

In a changing country, the problems of one area become the problems of the Nation as a whole. The rural areas are no longer a problem of the Department of Agriculture, but become a joint problem of all branches of the Government. This would involve Commerce; Labor; Health, Education, and Welfare; Interior, Agriculture, and any other departments now functioning or that might be established in the future dealing with the welfare of people.

To date I have not been aware of any study made that would encompass all these departments. Therefore, the bill you have introduced on setting up a commission for the purpose of a complete study on country life is badly needed. This Commission could, if set up soon, be a wonderful aid in the assurance of an orderly development of rural America, along with a more secure program for the family farm.

I see a tremendous possibility for your bill, so I sincerely hope that you are successful in setting up the Commission.

Sincerely yours,

SHERMAN W. WEISS,
County Agricultural Agent,
Sawyer County.

Hon. ALEXANDER WILEY,
U.S. Senator,
Washington, D.C.

DEAR SIR: I have your letter of June 9, 1959, relative to my views on the bill S. 265 and I am happy to give you my reaction to this bill.

I can see many advantages of the proposals in this bill in that I believe it would give us a better approach to long-range trends in agriculture. In my years of experience as a county agent, I find that with constant change in personnel, etc., that we have a tendency to bounce around a little bit on some of these problems. In our county program planning for agriculture extension we have set out on a basis of 3- to 5-year planning program, which I believe is comparable in some respects to the proposals that are in S. 265. We have found that it has made it possible to continue more directly on some of the more important agriculture problems on the county level, and I am sure that this same sort of thing will be applied to a national level.

Hoping that this brief comment may be of some value to you, I remain,

Sincerely yours,

G. I. MULLENDORE,
Door County Agricultural Agent.

Senator ALEXANDER WILEY,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR WILEY: I have read with real interest bill S. 265 which you have introduced in the Senate. I agree with your declaration of purpose since I realize at least in a large part the very rapid changes taking place in agriculture in our United States. New crops, varieties improved in many ways, improved breeding of livestock for greater production per animal, keeping closely in mind the economy of production, improved machinery which will continue to receive improvements, more efficient farm buildings with increased emphasis on increased efficiency and greater economy, plus many more things with which you are familiar, make it necessary that farmers not only be kept thoroughly informed but that an effort be made to keep them posted on the changing future as far as close study can determine it.

It is well to have both major political parties well represented and I am sure that for this Commission on Country Life special efforts would be made to get well-informed members. Personally I would like to emphasize the importance of getting at least one-fourth of the total membership directly from the farm. I believe a mixture of sexes would be advisable. Although lots of us do a lot of reading I have not only heard but also read all too frequently statements made by those who may know what farms are but their statements readily prove their ignorance of very important facts. I should state here that in material I have read prepared by you I have seen no apparent lack of preparedness to get the facts. However, you have seen statements as I have that the Government was going to raise prices for farmers and yet lower taxes. Others state that increased wages do not mean increased prices for the product produced. While it could be wishful thinking, I am satisfied that such people do not believe their own statements.

I mention the preceding just to emphasize the importance of having some good solid balance wheels so that the result will be the presentation of actual facts as far as they can be ascertained.

Sincerely yours,

S. S. MATHISEN,
County Agricultural Agent.

Hon. ALEXANDER WILEY,
U.S. Senator from Wisconsin,
Senate Office Building, Washington, D.C.

DEAR SENATOR WILEY: Thank you for your letter of June 9 with enclosure of copy of your bill for a proposed Commission on Country Life. I have been interested in reading a number of agricultural journal discussions of a second Commission on Country Life, and so was glad to get a copy of bill S. 265.

As to your question concerning my views on S. 265, they may be rather vague on specific details. I am personally in favor of a study of economic affairs which affect not only the agricultural segment of the economy, but also how it dovetails with the interests of all the people. For a number of years I have been a member of the American Country Life Association. This organization, I believe, was an outgrowth of the studies

reported by the first association's reports reproduced in its annual proceedings, reproduces scientific papers presented which give us a preview of economic trends, often many years before the conditions develop. Mr. Milo Swanton, of Wisconsin, is a past president of this organization.

I think studies and investigation of economic and sociological facts which can be made by a commission such as proposed in S. 265 can be of great value in achieving understanding of the economic problems of agriculture and resolving the complexity of opinions before sound legislative and educational programs can take definite shape.

Furthermore, I believe reports from a body of a relatively nonpolitical composition chosen as proposed may get attention and study by segments of citizens who may shy away from sources of information such as the congressional report. The Congress has already a wealth of information on farm economics. If enough people would really study it, the joint committee report of the 85th Congress, "Policy for Commercial Agriculture," is an example of studies being made by Congress. No doubt a Commission on Country Life will be able to draw from even more broad sources of information.

Sincerely yours,

H. G. HORNE,
County Agricultural Agent.

JUNE 11, 1959.

Re general views of S. 265.
Senator ALEXANDER WILEY,
Washington, D.C.

DEAR SENATOR WILEY: Your proposed bill concerning a Commission on Country Life certainly touches upon a most critical situation which few have had the foresight to recognize as a problem at all.

Let me quickly say that there is a real need for such a commission and let me point out that we in agricultural extension are well qualified and equipped to give the Commission assistance in gathering and preparing data essential for the conclusions of the Commission report. Furthermore, I'm sure that your Commission will also find that cooperative agricultural extension is ideally situated and organized to develop programs of action designed to cope with problems and needs of people (rural, rural nonfarm, or urban) that the Commission study brings to light.

Our scope report has this area very much in mind. The problems in this field are great and as yet not well enough defined. Senator, the Commission can define the problems and objectives in this area; and our agency, I am sure, can play a vital part in bringing about many of their solutions. We can do this through the typical extension-program approach, working with the people.

Sincerely,

FRED E. FIELD,
Juneau County Agricultural Agent.

JUNE 15, 1959.

The Honorable ALEXANDER WILEY,
U.S. Senator,
Senate Chambers, Washington, D.C.

DEAR SENATOR WILEY: In regard to your letter of June 9 asking of my views on S. 265, a bill to establish a Commission on Country Life.

I would like to state that I feel that a commission would be of great benefit to us in our work. Many times we are confronted with problems concerning our people who live in the suburban areas of the county. Such a commission might also give us help on further developments of our rural areas. Each year we work closer with our small cities and villages in trying to build a better economical and social life for our rural nonfarms and our farm people.

I hope that this brief statement will help you with this program.

I remain,

Sincerely yours,

LEONARD R. ANDERSON,
Monroe County Agricultural Agent.

DEPARTMENT OF COMMERCE APPROPRIATIONS, 1960

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7349) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

OPERATING-DIFFERENTIAL SUBSIDIES

Mr. WILLIAMS of Delaware. Mr. President, before we vote on the bill, I think attention should be called to the fact that while the bill as reported by the committee is $16,262,500 under the budget estimate—and on that point I wish to commend the committee for what it has done in bringing the expenditure items below the estimate—nevertheless, I do not believe we should overlook the fact that also included in the bill, on page 7, is authority for the Federal Maritime Board to obligate the Government to pay operating-differential subsidies on 2,600 voyages in the next calendar year. The fact that this authority is provided in the bill cannot be overlooked.

These 2,600 voyages which are authorized in the bill will be reflected in actual expenditures to be included in next year's appropriation bill.

This is the last time the Senate will have a chance to vote on this proposal. Once the contracts authorized to be made have been entered into and signed, they become irrevocable obligations of the U.S. Government, and there will be no other alternative for the Government than to pay them.

So we cannot escape the fact that we are authorizing in the bill not simply $130 million to pay this year's operational subsidies; we are also authorizing an increase of 17 percent beyond the $130 million in payments for this year and an increase of 27 percent over the budget recommendations.

Mr. President, in this bill, if it is enacted in the form in which it now stands, we shall be providing a 17-percent increase over last year's expenditures for operational subsidies for the merchant marine. That is the equivalent of $22 million over and above what is being spent for those subsidies this year. As a matter of fact, even the amount spent for them last year was high.

Under the pending bill, we are also authorizing for obligation by the Government in this category, during the next fiscal year, a 27-percent increase over and above the budget recommendations. That means that next year we shall be spending for these subsidies 27 percent over and above the budget recommendations, and if we assume that all the contracts will be made—and the record shows that in the past the Maritime Administration has utilized all but 1 or 2 percent of the contract authority it has had, and it almost always has requested more—that means that this one category will increase the expenditures of the Government by $35 million over the amount of the budget estimates and recommendations.

So when we take that point into consideration, we realize that this bill, instead of calling for appropriations of $16,262,000 below the budget estimates, in reality will require expenditures of $19 million more than the budget estimates. I think we should recognize that fact, particularly at a time when so much is being said about balancing the budget.

Personally, I believe that these operational subsidies for the merchant marine have gone too far. I have stated many times that I think the time has come when we, as a government, cannot afford to guarantee any segment of American industry not only against a loss, but also a substantial margin of profit. That is what is involved in this particular amendment.

This year we are paying $130 million to guarantee the merchant marine a margin of profit in its operations; and I feel certain that it should not be raised to $160 million or $165 million.

I think it should be emphasized that this item calling for an additional subsidy for the operation of the merchant marine next year will amount to larger subsidies than ever before authorized by the Congress in the history of our Government. Those subsidies will constitute an all-time high. I think it ill behooves the party in control of Congress at this time, which is saying so much about balancing the budget and which so often states that special interests are receiving special treatment by the administration, to favor a 27-percent increase of this sort. Certainly it should not favor such a 27-percent increase over what the administration recommends in connection with giving this special group a guaranteed margin of profit on all the ships it wishes to place under the Government umbrella during the next year.

Furthermore, Mr. President, in another section the bill calls for appropriations of $130,250,000 for subsidies for the construction of ships. Included in that item is $1,250,000 to pay toward the plans of two ships for which the construction contracts have not even yet been awarded. How can any government intelligently make payments on ships yet to be constructed or on plans for such ships when it does not have any idea what the cost of the ships will be?

There is grave question as to whether this provision amounts to almost a blank-check downpayment toward the designs of the two ships, the construction of which has not yet been approved by the Congress or by the Maritime Administration. How far we shall be committed to appropriating later the $250

million anticipated cost of these ships now becomes a most pertinent question. The estimated projected cost of the ships ranges from $200 million to $250 million, a great variation, and Congress should review this carefully before approving any plans.

Should we not at least obtain estimates from the companies that will build the ships and then have the Maritime Administration request of the Congress the appropriation, under the authorization which was passed a year ago? It was passed then with a specific proviso that the Maritime Administration could not actually enter into contracts for construction of the ships until the appropriations had been made by the Congress or until our approval was given.

Are we not giving this approval by advance approval of these plans and by this advance payment?

We should not make a downpayment on the construction of two ships, particularly when we do not know what the cost of constructing the ships will be.

On page 4 of the committee report we find the following:

> The committee wishes to make it perfectly clear that this action is not intended to establish a precedent for making appropriations for ship construction costs incurred in advance of actual Federal Maritime Administration contracts.

I appreciate the fact that the committee does not intend such a precedent to be established. But we cannot escape the fact that it will be a precedent. If the Congress approves this part of the bill—regardless of whether the Congress wishes it to be a precedent or does not wish it to be a precedent—Congress will have established a precedent for the appropriation of funds to buy something for which it has not given its final stamp of approval. Neither the Congress nor the Maritime Administration nor the Department of Commerce has any idea whether the cost of the two ships will be $200 million, $250 million, or $300 million; and we have no idea whether the Congress finally will appropriate the money required for the construction of the ships. In that event, why include this item in the bill? It has not received any approval from the Director of the Bureau of the Budget.

Certainly that is an irresponsible way to conduct the business of the American people.

Taking into consideration both these items, I personally cannot support the pending appropriation bill; and I say that with full recognition of the fact that the bill does include many meritorious items which I should like to see approved. But if the bill were rejected now, we certainly could approve those items later.

I know of no way, however, to protest this 27-percent expansion of the subsidies for the American merchant marine except by voting against the bill which will create that expansion as an obligational contract on the part of our Government.

As Senators vote on the bill, I think it might be well for some of them to be thinking of the criticism which has been leveled against the American farmers for accepting subsidies—subsidies which were far less profitable than the subsidies here being provided for the American merchant marine.

Last night, in the debate, I pointed out that some of the companies which will enjoy the benefits of these expanded subsidies purchased ships originally from the U.S. Government. I cited one instance in which one company bought three ships which had cost our Government when the ships were new between $7 million and $8 million each. The three of them cost the American taxpayers a total of more than $22 million. The ships were practically new and had scarcely been used when they were sold, but the ships were sold as a result of a vote of the Congress, over my objection and over the objections of several other Senators, for around $103,000 each. These three ships which cost $22 million, were sold by the Government for $308,000 to these companies.

This bill now proposes to obligate the American taxpayers to guarantee these companies a margin of profit in operating the same three ships—and, Mr. President, not only a margin of profit on their cost to these companies of $103,000 each, but the subsidy is computed on the valuation of the ships, which is many times the amount the companies paid.

As one who is a great believer in the American free enterprise system, I say we had better ask ourselves how far we are going in "selling out" the free enterprise system when we put the Government in it to this extent. Personally, Mr. President, I am not going to be a party to it. So, as the vote is taken, I shall vote against the bill.

I ask unanimous consent to have printed in the RECORD at this point an editorial appearing in the Washington Post and Times Herald of June 16, 1958, entitled "A $10 Million Giveaway?"

This editorial comments on the same two ships involved in this discussion.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post and Times Herald, June 16, 1958]

A $10 MILLION GIVEAWAY

The Senate the other day approved with little and mostly irrelevant debate a bill to lavish unwarranted subsidies upon the United States Lines Co. and the American President Lines, Ltd., for construction of two new passenger superliners. The bill would require the Government to pay 55 percent (more in one case) of the cost of the vessels outfitted for normal use and to equip them, wholly at Government cost, with "defense" features such as high-speed engines that would be helpful to the companies even in civilian use. It would also provide for Government loans to the companies for their shares of the construction cost at 3½ percent interest, some 1½ percent below the going commercial rate.

Under existing law, the subsidy could not exceed 50 percent, and the proposed Government funding of the balance, an indirect added subsidy, would be a sharp departure from the administration's announced policy of keeping the Treasury out of competition with the private money market. The bill was passed on the simple assertion of the steamship companies that they would not otherwise build the superliners. It was passed in utter disregard of Secretary of Commerce Weeks' assurance that negotiations for construction of the two ships, under existing law, were proceeding, or could be expected to proceed, satisfactorily.

Only Senators LAUSCHE and WILLIAMS rose to dissent. They were answered with much talk about maintaining American prestige on the high seas, the close operating margins of passenger vessels, the defense requirements for troop transport in any future war, and other considerations that have nothing whatever to do with the special financing arrangements being sought. The Comptroller General has computed net profits that might be expected by the companies under the bill at around 7 and 8 percent on the two ships. On this basis, the ships could still be operated profitably under subsidy arrangements possible within the framework of established law and policy. Since operation of a modern ship at a loss is virtually ruled out by the generous operating subsidies provided (in addition to the construction assistance), a relatively low rate of return on capital employed is all that should be required, especially since there is no problem about attracting capital with the availability of Government mortgage insurance.

The bill has already passed the House; and if a minor Senate amendment is accepted, it will go to the President. It would amount to an unjustified giveaway of at least $10 million, reminiscent of the similar deal, later investigated by Congress and partially reversed, under which the United States Lines built the steamship *United States*. On the administration's own record of opposition to the bill in both the House and Senate hearings, it ought to be vetoed. If it is not, no appropriation request to make it operative should be granted pending further negotiations, in which the Maritime Administration ought to display more tough mindedness than it has to date.

The PRESIDING OFFICER. The clerk will call the roll——

Mr. HOLLAND. Mr. President——

The PRESIDING OFFICER. The Senator from Florida.

Mr. HOLLAND. I desire to speak briefly to this matter, for I do not want the RECORD to close solely on the statement which has just been made by my friend from Delaware.

Senators can examine, and I hope they will, the record of the hearings in this matter. I am going to quote very briefly from the testimony of Mr. Morse on page 498, when he appeared before our committee. He had previously testified the Board had been instructed by the Bureau of the Budget not to appeal the inclusion of this item in the bill by the action of the House of Representatives. Mr. Morse, as appears on page 498 of the hearings, explains the procedure followed in this matter. I repeat only this part of the testimony, which is a clear explanation. Any Senator can read the rest of it, or place it in the RECORD. Mr. Morse testified that a letter of intent is required in every such case by the shipper, and the approval of that letter to go ahead is to be given by the Board. This is what he said:

> Such a letter of intent was given to us and in each instance—

That is, in the case of each of these ships—

> we indicated to the operator that we were agreeable that they do proceed with the development of the design plans.

In his testimony, Mr. Morse states this is an obligation of the Government. Whether the ship is built or not, the obligation will have to be paid.

I should like to read one more quotation from the report of the House of Representatives, which appears at page 501 of the hearings:

> The construction of these new vessels is recognized as being of the highest importance. Department of Defense officials have testified that these vessels are required for defense purposes and the Department of the Navy and the Federal Maritime Board have approved the defense features incorporated into the designs. In view of the fact that the postponement of the construction of these vessels was due to action by the Government itself, it is not fair that the full burden of these costs should indefinitely be borne by the operators, even though eventual adjustment would be made after construction is actually started. Considerable expense has been incurred by the proposed operators in carrying out their responsibilities in preparation for construction. It is felt that the Government has a clear obligation to reimburse American President Lines, Ltd., and United States Lines Co. as promptly as possible for that portion of the construction differential subsidy and allowance for national defense features which these companies have already incurred for the benefit of the United States.

That is a clear statement of the situation, except I think it should be added that in this matter we have the peculiar situation of the agency having requested the legal authority; of the Budget Bureau not having approved funds for it; of the action, including this item of $1,250,000, having been taken by the House, anyway; of the Bureau of the Budget having instructed the Board not to appeal the inclusion of the item; and of the clear testimony being given that the United States is obligated to pay $1,250,000 whether the ships are built or not.

In addition to that, we have the clear showing made and stated in our report that we regard this as an unusual situation, not under the general law, but under specific directions given in a law enacted by Congress last year, directing the construction of these two huge passenger vessels, one for the Atlantic and the other for the Pacific, and for the incorporation of many defense features in them, for the ultimate purpose of best serving the national security.

We have made it clear in our report that this action should not be regarded as a precedent in the case of ships constructed under the general law, and in no case do we want Congress to recognize it as a precedent for authorization of construction except on specific authorization given by the Board itself and approval of that authorization, which has happened in this case.

I close by simply stating that this issue was submitted by the Senator from Delaware and other Senators last night, and was passed upon very conclusively by the Senate after a long and, I thought, very fair debate and a clear exposition of the conditions.

I remind the Senate also that the amount provided in this bill is well under the budget estimates. It is approximately $16 million under the budget estimates so far as this item is concerned, and a little more than $50 million under the budget estimates when it is remembered that allowance for forest highways and public land highways was placed in the bill, payable out of general revenues, whereas the Bureau of the Budget tried to force inclusion of these items, without being named as budget items, under the trust fund obligations, when they were not so included by previous legislation enacted by Congress.

Really, this bill is more than $50 million under the budget estimates.

We think the bill is a good one. It was studied very carefully by the subcommittee. It was approved unanimously by the subcommittee. It was again approved unanimously by the full committee, which is, as I have stated, the largest committee in the Senate, composed as it is of 27 members. The bill has been given full consideration by the committee.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I cannot let go unchallenged the statement of the Senator from Florida that this bill is $50 million under the budget estimates. According to his own report, it is $16 million under the budget estimates, but that does not include the increased costs involved in the authority for the Maritime Board to go ahead with next fiscal year's subsidies to the merchant marine which, if carried out to the full 2,600 voyages as proposed by the Senate committee, would increase the budget by a sum of from $30 million to $35 million.

Mr. HOLLAND. If the Senator desires to go into contractual obligations, I think he should be fair and should admit this bill makes very clear that we are appropriating only amounts available in the highway trust fund in a manner that calls clear attention to the fact that we have obligations for work yet unperformed and for which we are unwilling to appropriate funds so long as committees of Congress charged with responsibility in this field have not acted. So if the Senator wants to include contractual items of one kind or another, he should recognize that item.

The statement I made is that the cash required to be paid under this bill is actually more than $50 million under the requirement of cash required to be paid out of the general funds under the budget submitted to Congress. There can be no question in the world about that being the fact, regardless of any casual remarks made by my distinguished friend from Delaware or anyone else. That happens to be the fact. I would not state it as a fact unless I knew it to be a fact.

Mr. WILLIAMS of Delaware. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware.

Mr. WILLIAMS of Delaware. I must keep the record straight. First, let us discuss the $1¼ million which is proposed. We cannot escape the fact that when we appropriate money for this purpose it establishes whether the committee report says it is a precedent, or not. It is a precedent of making available to the Board funds for ships for which contracts have not been signed. Congress has not given any instructions to the Maritime Board to buy the ships without first coming before the Congress and obtaining money. That is the way the law was passed. That is the way it should be. What is now being proposed is to give the Board $1¼ million, which would then obligate Congress for later appropriations. Also, in this bill we cannot escape the fact that when we pass it we are authorizing operating-differential subsidies for the American merchant marine 27 percent in excess of budget recommendations. The budget recommendation this year was $130 million.

Last year we provided authority for 2,225 voyages. The budget request this year was for 2,040, and the Senate version of the bill provides 2,600.

When we provide the contractual authority to sign for 2,600 voyages during the next year, we are unquestionably increasing the operating-differential subsidies for the American merchant marine to the highest level the merchant marine has ever been subsidized in the history of the United States. These are higher subsidies than have ever been received before.

We are asked to guarantee to one American industry a margin of profit almost without limit as to the cost. I think it is time we stopped this procedure and called a halt, particularly at a time when we are asking many other segments of our economy, including the American farmers, to cut back on subsidies. Certainly, the least we can do if we are to pay our bills is to hold the limit where it was before.

We speak of 90 percent of parity for American farm products, and I have criticized 90 percent of parity because I thought it was too high. Yet we are not being asked to guarantee 90 percent of parity in this case; we are asked to guarantee far beyond 100 percent. When we take a segment of industry and say, "Go ahead and operate. You cannot lose money; to the extent you lose money the U.S. Government will bail you out, not only as to your costs but with enough to pay you a comfortable margin of profit, including the cost of the salaries of all your officers," I say we are getting to be a rather liberal Congress, one which is too liberal to be financed by the American taxpayers.

I am confident that many hard-pressed taxpayers will agree with this point.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business.

The Senator from Iowa [Mr. MARTIN] is absent because of illness.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate.

The Senator from Nebraska [Mr. CURTIS] is detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Kentucky [Mr. MORTON], the Senator from North Dakota [Mr. YOUNG], and the Senator from Nebraska [Mr. CURTIS] would each vote "yea."

The result was announced—yeas 89, nays 4, as follows:

YEAS—89

Aiken	Goldwater	McGee
Allott	Gore	McNamara
Anderson	Green	Monroney
Bartlett	Gruening	Morse
Beall	Hart	Moss
Bible	Hartke	Mundt
Bridges	Hayden	Murray
Bush	Hennings	Muskie
Butler	Hickenlooper	Neuberger
Byrd, Va.	Hill	O'Mahoney
Byrd, W. Va.	Holland	Pastore
Cannon	Hruska	Prouty
Capehart	Humphrey	Randolph
Carlson	Jackson	Robertson
Carroll	Javits	Russell
Case, N.J	Johnson, Tex.	Saltonstall
Case, S. Dak.	Johnston, S.C.	Schoeppel
Chavez	Jordan	Scott
Church	Keating	Smathers
Clark	Kefauver	Smith
Cooper	Kennedy	Sparkman
Dirksen	Kerr	Stennis
Dodd	Kuchel	Symington
Dworshak	Langer	Talmadge
Eastland	Lausche	Thurmond
Ellender	Long	Wiley
Engle	Magnuson	Williams, N.J.
Ervin	Mansfield	Yarborough
Frear	McCarthy	Young, Ohio
Fulbright	McClellan	

NAYS—4

Cotton	Proxmire	Williams, Del.
Douglas		

NOT VOTING—5

Bennett	Martin	Young, N. Dak.
Curtis	Morton	

So the bill (H.R. 7349) was passed.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. HOLLAND. Mr. President, I move to lay on the table the motion of the Senator from Texas.

The motion to reconsider was laid on the table.

Mr. HOLLAND. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. PROXMIRE in the chair) appointed Mr. HOLLAND, Mr. ELLENDER, Mr. MAGNUSON, Mr. KEFAUVER, Mr. HAYDEN, Mrs. SMITH, Mr. BRIDGES, and Mr. SALTONSTALL conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to have the attention of all Members of the Senate. I propose the following unanimous-consent agreement:

That at the conclusion of the vote on the legislative appropriation bill there be general debate of 8 hours on the Strauss nomination, to be equally divided between the chairman of the Committee on Interstate and Foreign Commerce [Mr. MAGNUSON] and the ranking minority member [Mr. SCHOEPPEL]; and that on any motion in order under the rules there be an additional 30 minutes, to be equally divided between the mover of the motion and the majority leader.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. DIRKSEN. Mr. President, I should like to be informed as to how late the majority leader expects to hold the Senate in session tonight, and whether or not an agreement can be made for a vote tomorrow on the nomination of Admiral Strauss.

Mr. JOHNSON of Texas. Mr. President, I should like to continue this evening until the Senate completes consideration of the Strauss nomination, provided that can be done within 12 hours, or by 12 or 1 o'clock. I am not informed that there will be any motion. If the Senator desires, I shall be glad to reduce the 8-hour limit to 6 hours, and agree to remain in session until midnight.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. MORSE. Mr. President, reserving the right to object—and I shall not object to this unanimous-consent proposal—I am ready to vote now. I shall be very glad to insert my views in the RECORD. Senators know very well my views with respect to unanimous-consent agreements as a normal procedure for the transaction of business.

I discussed it briefly the other afternoon, and I stand on the statement I then made. I believe that most of the issues in regard to the Strauss nomination have been discussed very thoroughly on the floor of the Senate. There has been ample time for debate. I am certain that the speech I have in mind to make can be made—by inserting certain exhibits in the RECORD—in 30 minutes. At least I can cut it down to 30 minutes. I am satisfied, after consultation with the leadership and consultation with the Senator from New Mexico [Mr. ANDERSON] and the Senator from Wyoming [Mr. MCGEE] and others that we have had a very thorough and full debate on this question, and that we certainly can complete it before the end of the day under the agreement which the Senator from Texas offers. I have always demonstrated, I hope, my willingness, after I feel that there has been full debate, to cooperate with the leadership on unanimous-consent agreements, and I do so now.

Mr. JOHNSON of Texas. Mr. President, I thank the Senator from Oregon. I wish to make it abundantly clear that I am prepared to vote on the Strauss nomination, and that other Senators are prepared to do likewise. I shall be glad to modify my agreement, and move it up to 6 hours of general debate or to 5 hours of general debate. I do not believe we should vote immediately. I believe that Senators should be on notice and have an opportunity to address themselves to the issue. Under the agreement there will be 30 minutes allowed on any motion.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. I do not wish to put my speech in the RECORD. I have been a long time preparing it, and I want to speak for at least an hour and a half. The issue has been debated for 2 weeks. I have not spoken a word on it. I do not feel that it would be proper to curtail us in this matter at the last minute.

I shall be glad to confine my remarks to an hour. Other Senators may have a similar problem. I would say that I would need a minimum of an hour. If I were given that much time I would agree to the unanimous-consent agreement. I respectfully submit that, having waited this long, it will make little difference if we postpone final action until tomorrow.

Mr. JOHNSON of Texas. I shall be glad to give the Senator his hour if we can agree to the unanimous-consent agreement limiting debate to 8 hours of general debate, in order to expedite this matter. I hope we can get an agreement. The Senator may be sure that out of the 8 hours, if he needs 1 hour, I will see to it that he gets it.

Mr. JAVITS. I thank the Senator.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. BUTLER. I may want a half an hour.

Mr. JOHNSON of Texas. Very well.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. ALLOTT. Like many other Senators, I have been prepared to vote on this question for many days.

Mr. SCOTT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. ALLOTT. But, because I feel that, after the consideration of this nomination for many weeks, there is no reason for rushing it to a conclusion at this time, and that no one should be foreclosed from an opportunity to discuss it, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. JOHNSON of Texas. Mr. President, I should like to have all Senators know that we expect to continue in session late tonight, and that it will not be due to any lack of diligence on my part if we do not reach an early vote on the pending nomination. Other Senators will have to accept the responsibility for prolonging the vote.

LEGISLATIVE APPROPRIATIONS, 1960

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (H.R. 7453), making appropriations for the legislative branch for the fiscal year ending June 30, 1960, and for other purposes.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the remarks I am about to make may be printed in the RECORD just prior to the

vote on the legislative branch appropriation bill which will take place at a later time today.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

Mr. PROXMIRE. Mr. President, I shall vote against the legislative branch appropriation bill. I shall do so with reluctance because I recognize the excellent and diligent work the members of the Appropriations Committee have given to the bill, and how dedicated to economy are Senators like the senior Senator from Arizona [Mr. HAYDEN] and the junior Senator from Mississippi [Mr. STENNIS] who have worked so hard on the bill.

There has been much talk of economy in this Congress, almost as much as there has been from the President of the United States. But there has been far too little practice of economy, certainly far too little where it would hurt the Members of Congress and the President the most—and, by example, at least, do the most good.

Last night the senior Senator from Louisiana [Mr. ELLENDER] put into the RECORD a table showing that with the advent of the palatial new Senate Office Building the Senate has increased its housing cost in the past 2 years by a whopping 50 percent, and the number of personnel employed to service the building—that is, exclusive of Senators' staffs, and so forth—by more than 50 percent. To what purpose? What will it buy? What does the taxpayer get in return?

Mr. President, the number of Senators has increased since 1957 by 2 percent. This increased housing makes life a little more comfortable for Senators, but is it worth it in view of the example it gives the country?

Well, the decision to build the New Senate Office Building was made before I became a Member of this body, but its costs will burden the American taxpayer for many years. Oh, yes, the cost is small. Indeed, it is infinitesimal compared to the appropriations which pass this body regularly. But the example is a very bad one, Mr. President. As an example, it may cost far more in the future. Can we deny housing to others, when we are so extravagantly generous with ourselves?

So, Mr. President, with reluctance, and as a protest against this example of waste, I shall vote against the legislative branch appropriation bill.

Mr. President, the cost of maintaining and servicing and housing the President of the United States has also vastly increased in recent years, and I think extravagantly. I expect to document this charge at a later date. In view of the position the President of the United States has taken on economy and its very great importance, I feel that this increase is most unfortunate.

The American people—indeed, Members of the Senate and Members of the House of Representatives—may disagree as to the kinds of services which the Congress should perform for the American people; whether we should be more helpful than we have been in providing slum clearance, whether we should assist education more than we have, and so on. However, it seems to me, Mr. President, the American people are united on the importance of Congress doing everything it possibly can to provide a dollar's worth of services for a dollar's worth of taxes. I think the place to start is right here. We are not doing it today, when extravagance in our own branch of Government has become a national joke. That is the reason why, in protest, I shall vote against the bill.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks a copy of an editorial in regard to the New Senate Office Building, entitled "Waste, Waste, Waste," which was published in the Milwaukee Journal.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WASTE, WASTE, WASTE

The ways of architecture are wondrous. And so are the ways of Senators. And when you mix Senators and architects up together in a single enterprise, the result can be more wondrous.

Take the matter of the New Senate Office Building. That's the place where the subway planned from the Capitol ended up unaccountably across the street. The place where the elevators find it difficult to rise. The place where for a time the public address systems in hearing rooms were haunted by pixies.

The new building has beautiful tile rubber floors—$100,000 worth of them. Now tile rubber floors are complete unto themselves. But the Senators don't like them. So they have voted to spend $150,000 for office carpeting with which to cover them. This is like buying a statue of Venus and dressing it in a Mother Hubbard.

The carpeting poses a new problem. The building has 207 rooms with an average of three doors each. And they are thick, beautifully made doors. But they were hung to go over tile floors snugly. With carpeting on top of the tile, the doors can't swing. So half an inch will have to be sawed off the bottom of each of more than 600 doors. And these are no ordinary doors, mind you, but walnut doors 2¼ inches thick.

Senators DOUGLAS, Democrat, of Illinois, and PROXMIRE, Democrat, of Wisconsin, suggest nonslip floor wax for the tile floors instead of expensive carpeting. But the Senate will hear none of it. It's going to be carpeting. If the House Un-American Activities Committee looked, it ought to find a great variety of reds in the upper Chamber. At least there should be a lot of blushing faces.

The PRESIDING OFFICER. The question is on the passage of the bill. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] is absent on official business.

The Senator from Iowa [Mr. MARTIN] is absent because of illness.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate.

The Senator from Nebraska [Mr. CURTIS] is detained on official business.

If present and voting, the Senator from Utah [Mr. BENNETT], the Senator from Kentucky [Mr. MORTON], the Senator from North Dakota [Mr. YOUNG], and the Senator from Nebraska [Mr. CURTIS] would each vote "yea."

The result was announced—yeas 92, nays 1, as follows:

YEAS—92

Aiken	Fulbright	McGee
Allott	Goldwater	McNamara
Anderson	Gore	Monroney
Bartlett	Green	Morse
Beall	Gruening	Moss
Bible	Hart	Mundt
Bridges	Hartke	Murray
Bush	Hayden	Muskie
Butler	Hennings	Neuberger
Byrd, Va.	Hickenlooper	O'Mahoney
Byrd, W. Va.	Hill	Pastore
Cannon	Holland	Prouty
Capehart	Hruska	Randolph
Carlson	Humphrey	Robertson
Carroll	Jackson	Russell
Case, N. J.	Javits	Saltonstall
Case, S. Dak.	Johnson, Tex.	Schoeppel
Chavez	Johnston, S.C.	Scott
Church	Jordan	Smathers
Clark	Keating	Smith
Cooper	Kefauver	Sparkman
Cotton	Kennedy	Stennis
Dirksen	Kerr	Symington
Dodd	Kuchel	Talmadge
Douglas	Langer	Thurmond
Dworshak	Lausche	Wiley
Eastland	Long	Williams, N.J.
Ellender	Magnuson	Williams, Del.
Engle	Mansfield	Yarborough
Ervin	McCarthy	Young, Ohio
Frear	McClellan	

NAYS—1

Proxmire

NOT VOTING—5

Bennett	Martin	Young, N. Dak.
Curtis	Morton	

So the bill (H.R. 7453) was passed.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. STENNIS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. PROXMIRE in the chair) appointed Mr. STENNIS, Mr. HAYDEN, and Mr. BRIDGES conferees on the part of the Senate.

DEVELOPMENT OF DOMESTIC FLUORSPAR INDUSTRY—REPORT OF A COMMITTEE

Mr. ALLOTT. Mr. President, from the Committee on Interior and Insular Affairs, I report favorably, with amendments, the bill (S. 1285) to provide for the preservation and development of the domestic fluorspar industry, and I submit a report (No. 402) thereon. The committee, 2 days ago, ordered the bill reported favorably, and recommended that it do pass.

There has been a discussion with respect to the jurisdiction of the bill. The report discusses quite adequately the reasons why the Committee on Interior and Insular Affairs felt that it had jurisdiction of the bill. However, what is sought to be accomplished in the fluorspar industry does involve the use of quotas. In talking with the Senator from Virginia [Mr. BYRD]—who stepped

off the floor only a moment ago—I told him that I would move that the bill be referred to the Committee on Finance for consideration by that committee, and I now so move.

The Committee on Interior and Insular Affairs has reported the bill favorably. It is my hope that the Committee on Finance will proceed to hold hearings on the bill. I believe the subject matter of the bill is in an area in which the concurrent jurisdiction of the two committees may well be exercised.

The PRESIDING OFFICER. Without objection, the bill will be referred to the Committee on Finance.

Mr. WILLIAMS of Delaware. Mr. President, I understand the Senator from Colorado has asked that the fluorspar bill be referred to the Committee on Finance for consideration.

Mr. ALLOTT. I so moved; I did not hear the Chair put the question.

The PRESIDING OFFICER. Is there objection to the requested reference of the bill to the Committee on Finance?

Mr. JOHNSON of Texas. Mr. President, reserving the right to object, I have received no information about this proposal.

Mr. ALLOTT. Mr. President, by way of explanation, this matter has been discussed very thoroughly with the Senator from VIRGINIA [Mr. BYRD], the chairman of the Committee on Finance. He stepped off the floor a moment ago. I thought he was in the Chamber when I obtained the floor. He is wholly in accord with this proposal; as a matter of fact, it is in accordance with the request which he has made and the Senator from Delaware has previously made. I am certain that no member of the Committee on Finance will object to it.

Mr. WILLIAMS of Delaware. The Committee on Finance, by a vote, authorized its chairman to request that this bill be referred to our committee prior to action being taken by the Senate. The Senator from Colorado is correct. I know, although the chairman of the committee is off the floor at the moment, that this proposal is in accordance with the sentiment of the Committee on Finance. We certainly appreciate the cooperation of the Committee on Interior and Insular Affairs in requesting the bill's referral to our committee so that we can hold some hearings.

Mr. JOHNSON of Texas. Do I correctly understand that the bill when it was introduced was referred to the Committee on Interior and Insular Affairs?

Mr. WILLIAMS of Delaware. That is correct.

Mr. JOHNSON of Texas. The Committee on Interior and Insular Affairs is simply asking that the bill be referred to the Committee on Finance, because the Committee on Finance has requested that the bill be referred to that committee also?

Mr. ALLOTT. That is correct; plus the fact that I make this request with the advice, consent, and knowledge of the chairman of the Committee on Finance.

Mr. JOHNSON of Texas. I understand; but is the proposal agreeable to the Committee on Interior and Insular Affairs, too?

Mr. WILLIAMS of Delaware. Yes.

Mr. JOHNSON of Texas. Mr. President, I join in the request I simply did not have any knowledge of the matter, and I wanted to be certain about it.

Mr. WILLIAMS of Delaware. I cannot speak for the Committee on Interior and Insular Affairs, but it is my understanding—the Senator from Colorado is a member of that committee, and he can correct me if I am wrong—that this action is mutually agreeable to all parties concerned.

Mr. ALLOTT. So that there will be no question, the request I have just made is upon the instruction of the Committee on Interior and Insular Affairs.

Mr. JOHNSON of Texas. Mr. President, I am agreeable to the action sought. I think the request is proper. I first wanted it to be understood that it was being done with the knowledge of both committees, and that they are both agreeable.

Mr. ALLOTT. That is correct.

Mr. WILLIAMS of Delaware. That is correct.

The PRESIDING OFFICER. Without objection, the report will be received, and the bill will be referred to the Committee on Finance.

APPOINTMENT OF SENATORS TO BE MEMBERS OF DELEGATION TO THE CANADIAN-AMERICAN PARLIAMENTARY CONFERENCE

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The Chair lays before the Senate a letter from the Vice President, which the clerk will read.

The Chief Clerk read as follows:

In accordance with the provisions of Public Law 86–42, 86th Congress, the Vice President has approved the appointment of the following Senators to serve as members of the U.S. delegation to the Canadian-American Parliamentary Conference to be held in Ottawa and Montreal from June 25 to June 28: Senator J. W. FULBRIGHT, of Arkansas; Senator THEODORE F. GREEN, of Rhode Island; Senator ALEXANDER WILEY, of Wisconsin; Senator GEORGE D. AIKEN, of Vermont; Senator HUBERT HUMPHREY, of Minnesota; Senator HOMER E. CAPEHART, of Indiana; Senator MIKE MANSFIELD, of Montana; Senator WAYNE MORSE, of Oregon; Senator FRANK CARLSON, of Kansas; Senator FRANK CHURCH, of Idaho; Senator J. ALLEN FREAR, JR., of Delaware; Senator E. L. BARTLETT, of Alaska.

Mr. FULBRIGHT. Mr. President, the delegation which has just been named has been polled, and we have agreed that we would like to have the Senator from Vermont [Mr. AIKEN] named chairman of the delegation. I ask unanimous consent that he be named chairman.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, as I understand, it is the custom of Senate delegations to select their chairmen. It is not the prerogative of the leadership or, as I understand, of the Presiding Officer. Am I correct in understanding that the unanimous-consent request was that the Senate delegation select its chairman?

Mr. FULBRIGHT. The Senate delegation did select the Senator from Vermont [Mr. AIKEN] to be its chairman. I withdraw the unanimous-consent request. I did not intend to submit that request.

I merely make the announcement that, after polling the members of the delegation, the Senator from Vermont [Mr. AIKEN] was the agreed choice to be the chairman of the delegation.

The PRESIDING OFFICER. Without objection, the unanimous-consent request is withdrawn.

PROGRAM ON THE STRAUSS NOMINATION

Mr. JOHNSON of Texas. Mr. President, as all Senators are aware, we do not have a unanimous-consent agreement. When Senators have completed any speeches which they may wish to make, the Senate will proceed to a vote on the question of advising and consenting to the Strauss nomination.

So far as I am concerned and so far as I am aware of the sentiment on the majority side, we are ready, anxious, and willing to have the Senate proceed to vote on this nomination today or tonight.

Therefore, I should like to caution all Members of the Senate that when Senators conclude their speeches, there may be a vote on the nomination; and I should like to have them be on notice that the session will continue all day and will run late into the evening, so long as there may appear to be any chance of obtaining a vote.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate resume the consideration of executive business for the further consideration of the Strauss nomination.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of executive business.

PROTOCOL TO CONVENTION ON DUTIES AND RIGHTS OF STATES IN EVENT OF CIVIL STRIFE—REMOVAL OF INJUNCTION OF SECRECY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from a certified copy of the protocol to the Convention on the Duties and Rights of States in the Event of Civil Strife, Executive F, 86th Congress, 1st session, received from the President today, and that the protocol be referred to the Committee on Foreign Relations, and the President's message be printed in the RECORD.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Without objection, the injunction of secrecy will be removed from the protocol, and the protocol, together with the President's message will be referred to the Committee on Foreign Relations, and the President's message will be printed in the RECORD.

The message from the President is as follows:

THE WHITE HOUSE,
June 18, 1959.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a certified copy of the protocol to the Convention on the Duties and Rights of States in the Event of Civil Strife, opened for signature at the Pan American Union on May 1, 1957, and signed in behalf of the United States on July 15, 1957. The protocol supplements the Convention on the Duties and Rights of States in the Event of Civil Strife, signed at Havana on February 20, 1928.

I transmit also, for the information of the Senate, the report by the Secretary of State with respect to the protocol.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 18, 1959.*

NOMINATION OF LEWIS L. STRAUSS TO BE SECRETARY OF COMMERCE

The Senate resumed the consideration of the nomination of Lewis L. Strauss to be Secretary of Commerce.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allott	Ervin	McNamara
Byrd, W. Va.	Fulbright	Monroney
Carlson	Goldwater	Morse
Carroll	Gore	Mundt
Case, S. Dak.	Green	O'Mahoney
Clark	Gruening	Proxmire
Cooper	Hruska	Robertson
Cotton	Jackson	Schoeppel
Dirksen	Johnson, Tex.	Scott
Dodd	Johnston, S. C.	Thurmond
Douglas	Jordan	Williams, Del.
Engle	Mansfield	Young, Ohio

The PRESIDING OFFICER. A quorum is not present.

Mr. JOHNSON of Texas. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas. [Putting the question.] The motion is agreed to; and the Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ANDERSON, Mr. BARTLETT, Mr. BEALL, Mr. BIBLE, Mr. BRIDGES, Mr. BUSH, Mr. BUTLER, Mr. BYRD of Virginia, Mr. CANNON, Mr. CAPEHART, Mr. CASE of New Jersey, Mr. CHAVEZ, Mr. CHURCH, Mr. DWORSHAK, Mr. EASTLAND, Mr. ELLENDER, Mr. FREAR, Mr. HART, Mr. HARTKE, Mr. HAYDEN, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HILL, Mr. HOLLAND, Mr. HUMPHREY, Mr. JAVITS, Mr. KEATING, Mr. KEFAUVER, Mr. KERR, Mr. KUCHEL, Mr. LANGER, Mr. LAUSCHE, Mr. LONG, Mr. MAGNUSON, Mr. MARTIN, Mr. MCCARTHY, Mr. MCCLELLAN, Mr. MCGEE, Mr. MOSS, Mr. MURRAY, Mr. MUSKIE, Mr. NEUBERGER, Mr. PASTORE, Mr. PROUTY, Mr. RANDOLPH, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SMATHERS, Mrs. SMITH, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. TALMADGE, Mr. WILEY, Mr. WILLIAMS of New Jersey, and Mr. YARBOROUGH entered the Chamber, and answered to their names.

The PRESIDING OFFICER. A quorum is present.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I anticipate there may be an effort to prolong the debate on the Strauss nomination because of the fact that we are having live quorum calls during the lunch hour. I should like to give notice to the Senate that if we are to waste our time during the day on quorum calls and have to call upon the Sergeant at Arms to bring absent Members to the Chamber, it will be necessary for us to sit later.

The majority party in the Senate is ready and prepared to vote on this nomination, and also ready and willing for others who may not want to vote on it to continue to talk, but we are going to object to another quorum call unless and until some business is transacted.

I serve notice now that I want the attachés of the Senate to notify every absent Senator that his attendance may be requested during the day, and during the evening, and during the morning, if necessary, to get a vote on this nomination.

RECENT SUPREME COURT DECISIONS

Mr. KEATING. Mr. President, it is my intention to address myself to the pending nomination, but before doing so, I have been asked by several Members of the Senate to give my views on the two recent Supreme Court decisions in the Barenblatt and Uphaus cases decided on June 8. In view of the importance of these cases to the work of the Senate, I should like to discuss this subject briefly today.

These two cases represent a reaffirmation of the right of both Federal and State legislatures to investigate Communist subversion. Such investigations must, of course, serve a legislative purpose. There is no weakening of this requirement in my reading of the majority opinions. In fact, the Court goes out of its way to indicate that it will not countenance hearings designed "to pillory witnesses," "indiscriminate dragnet procedures," or irrelevant inquiries. These safeguards are necessary and the Court's reservations in this connection, therefore, are wise.

It is fair to say that these decisions reflect a greater awareness of the threat of communism to our internal security and greater deference to the work of legislative committees operating in this field than has been evident in some other recent decisions of the Court.

It would be unfair, however, to suggest that these decisions represent a radical departure from past rulings. The public often is misled by the broad dicta in judicial opinions to read more into a decision than is controlling. As was pointed out in a recent article, these two decisions "dramatically illustrate the need for remembering that what the Court decides, rather than what the Court says in its opinion, is the true measure of the law it declares."

It must be emphasized, first of all, that neither Barenblatt nor Uphaus invoked the fifth amendment. Their principal contentions rather went to the constitutionality of the inquiries themselves. In Barenblatt, the central objection was that the House Un-American Activities Committee was not acting in accordance with any proper legislative purpose, and in the Uphaus case, that the State legislature was infringing upon the exclusive jurisdiction of the Federal Government over subversion. In rejecting these contentions, the Supreme Court majority may have redesigned some of the scenery in which the Watkins and Nelson decisions had been staged. But it in no way altered the actual holding of those cases.

I have never read into the Watkins opinion any suggestions that Congress lacked the power to investigate in aid of the legislative processes the operations of the Communist Party and its members or any other subversive group, for that matter. The only ultimate basis for the decision in Watkins was the committee's alleged failure adequately to apprise Watkins of the subject matter of its investigation or the pertinency thereto of the questions he refused to answer. The Court majority affirmatively found in the Barenblatt case, on the other hand, that both of these conditions had been satisfied.

Of course there are other important facets to the Barenblatt opinion. For example, having decided that the witness was apprised of the subject matter of the committee's investigation and the pertinency thereto of the questions he refused to answer, it was necessary to consider whether the inquiry itself was authorized by Congress. On this question there can be little dispute of the correctness of the majority's conclusion that "the House has clothed the Un-American Activities Committee with pervasive authority to investigate Communist activities in this country."

The Court also had to decide whether the particular inquiry, which related to Barenblatt's past or present membership in the Communist Party, transgressed the provisions of the first amendment. If the inquiry violated the Constitution, the contempt proceedings, of course, would fail no matter what authority was vested in the committee by the House of Representatives and no matter how pertinent thereto were the particular questions involved.

On this point the majority opinion speaks eloquently on the hard facts of our present day existence. In the language of the opinion:

> That Congress has wide power to legislate in the field of Communist activity in this country, and to conduct appropriate investigations in aid thereof, is hardly debatable. In the last analysis this power rests on the right of self preservation, "the ultimate value of any society." *Dennis* v. *United States* (341 U.S. 494, 509). Justification for its exercise

in turn rests on the long and widely accepted view that the tenets of the Communist Party include the ultimate overthrow of the Government of the United States by force and violence, a view which has been given formal expression by the Congress.

I hope that this opinion will finally lay to rest the fallacious view that the Communist Party is an ordinary political party. Of course, there is still the claim put forth by the party itself, as evidenced by the personal testimony of its legislative representative before the Internal Security Subcommittee within the past month. Unfortunately it is also the view of some well-meaning, but misguided individuals and organizations who are not in any way Communist tainted. These people simply refuse to heed history's many examples of Communist treachery, deceit, and ruthlessness. The majority opinion in the Barenblatt case should enlighten them all.

The Uphaus case is equally instructive with regard to the authority of the States to legislate with respect to subversion and to conduct investigations in connection therewith. It clarified in an important respect the continuing power of the States to pursue appropriate measures for protection of their internal security. Anything less than this, in my opinion, would be an unconscionable interference with the sovereignty of our individual States. Anything more undoubtedly was precluded by the ruling in the Nelson case.

Let me say in all candor that I disagree with the Nelson decision. I have always been skeptical, however, of claims that the Nelson decision precluded all State action in the field of subversion. There is nothing in the language of that decision so far reaching, and no such drastic denial of States rights should have been read into a decision silent on the point.

The Nelson case held that the Smith Act, which prohibits the knowing advocacy of the overthrow of the Government of the United States by force and violence, supersedes State sedition laws which proscribe the same conduct. I disagree with this holding because in my opinion, the States have a concurrent interest with the Federal Government in the preservation of the Republic. This concurrent interest is sufficient basis, in my opinion, for State sanctions against subversion directed at the United States as long as there is no positive conflict between the particular State and Federal law.

The Uphaus case does not go that far, but as I have indicated, it does eliminate any uncertainty as to the continuing power of the States to investigate and prosecute subversives whose activities are directed against the States themselves. In some ways the distinction relied upon is unrealistic, since it is farfetched to suppose that the Communist Party would foment a revolution against a State government which was not directed against the Federal Government as well. But at least the decision confirms the formal authority of the States to take action in such cases and to investigate subversive activities in connection therewith.

Mr. President, these decisions are a welcome indication of a balanced approach to problems of internal security. I hope this will put an end for all time to ill-conceived proposals designed to undermine the status of the Court as an institution or to curb its jurisdiction. I have always strongly opposed all such shotgun measures, and I am more convinced than ever that they are completely unjustified. Anyone who believes in our constitutional system of checks and balances should shudder at any proposals which would weaken this third great branch of our Government.

At the same time, I discern no basis in the reasoning of these opinions to discourage legislation to deal with some of the problems disclosed by other earlier decisions of the Court. The strong recognition of the continuing subversive character of the Communist Party and the affirmation of the power to legislate in this field serve to buttress the arguments in favor of bills carefully drawn to strengthen the Government's legal defenses against communism without interfering with constitutional limitations. The need for care and precision in drafting legislation in this field is evident from the decisions of the Court. But there is nothing in those decisions which suggests that there is less need now than before for effective action against the Communist menace.

Mr. President, because of the importance of this subject, I would like to have included in the RECORD several editorials and other comments on the Barenblatt and Uphaus cases. I do not necessarily agree with the views set forth in these editorials, but I believe that they will be of interest to any Member who wishes to study the subject. I therefore ask unanimous consent that these editorials be printed at this point in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. JOHNSON of Texas. Mr. President, reserving the right to object, I did not hear the request.

Mr. KEATING. The request is to insert the editorials in the RECORD.

Mr. JOHNSON of Texas. I will object, for the moment. I shall be glad, later in the day, to try to work something out, but I do not wish to have any business transacted unless and until we can get some action on the Strauss nomination.

Mr. KEATING. Would the distinguished majority leader object to the editorials being placed in the RECORD?

Mr. JOHNSON of Texas. I would object to any business being transacted while the Strauss nomination is before the Senate. I do object. I shall be glad to consult with the Senator before the RECORD appears, and we may be able to adjust the matter. We are confronted with the situation that, when we have a quorum call, the Sergeant at Arms has to be called upon to bring Senators into the Chamber. A Senator may make one insertion, and that constitutes the transaction of business. A quorum call may then follow. That is my problem. I wish Senators, who desire to address themselves to the Strauss nomination, to speak on that subject, so that we may get action on it.

Mr. KEATING. I appreciate the position of the majority leader, and I am sympathetic with it. I realize that an insertion represents the transaction of business, but I would make the suggestion, in all due deference, that he is misconstruing the rule of the Senate.

Mr. JOHNSON of Texas. If I have, I have certainly not done so intentionally. I make a parliamentary inquiry.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The Senator from Texas will state it.

Mr. JOHNSON of Texas. Does the insertion of a matter in the RECORD constitute the transaction of business?

The PRESIDING OFFICER. Under the precedents of the Senate, it does.

Mr. JOHNSON of Texas. I so understood. I have them on my desk, if the Senator from New York cares to look at them.

Mr. KEATING. That was not the parliamentary question I intended to raise. I appreciate the attitude of the majority leader, and I know he is always courteous and friendly. I shall be glad to work with him in trying to get this important information before the Senate in one way or another.

Mr. JOHNSON of Texas. The Senator agrees, does he not, that under the precedents it would constitute the transaction of business to make an insertion in the RECORD? The Chair has so ruled.

Mr. KEATING. I think it would constitute the transaction of business. The question I raise is whether another quorum call cannot be had even without the transaction of business.

Mr. JOHNSON of Texas. I will make a parliamentary inquiry on that point.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. JOHNSON of Texas. Does the making of a parliamentary inquiry constitute the transaction of business?

The PRESIDING OFFICER. A parliamentary inquiry is not the transaction of business.

Mr. JOHNSON of Texas. Is the suggestion of the absence of a quorum in order after a quorum call is had and before any business has been transacted?

The PRESIDING OFFICER. Another quorum call is not in order, if a point of order is made.

Mr. KEATING. I should like to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KEATING. I assume it would be in order for me to read the editorials into the RECORD.

Mr. JOHNSON of Texas. Certainly, the Senator may read them into the RECORD.

The PRESIDING OFFICER. That is correct.

Mr. KEATING. I will not do that. It may become necessary later this afternoon, if there is no other way of getting them before the Senate, because I regard them as very important.

Mr. JOHNSON of Texas. I hope there may be a way to get all the insertions into the RECORD. However, for the moment, until we can solve some of these problems, I must object. We may have to continue in session into the

evening and into the night, in an attempt to get action on the Strauss nomination. The Senator knows that there have been various vociferous protests with respect to delay in action on the nomination. I said yesterday and today, and I will say again tomorrow, if we have not voted on it, that the majority leader is ready to vote on it and is prepared to vote on it, and if other Senators will attend on business and come into the Chamber and vote, we will do it at the earliest possible date.

Mr. KEATING. I join the majority leader personally in his desire to vote as soon as possible. I hope that I will be able to convince the majority leader and some other Members of the Senate of the justice of my position.

Mr. JOHNSON of Texas. The Senator is always courteous. I hope he understands my reason in asking him to withhold the insertion. I will attempt later to work it out with him.

Mr. KEATING. I appreciate that very much. I now turn to another subject.

The PRESIDING OFFICER. The Senator from New York has the floor.

THE NOMINATION OF LEWIS L. STRAUSS TO BE SECRETARY OF COMMERCE

The Senate resumed the consideration of the nomination of Lewis L. Strauss to be Secretary of Commerce.

Mr. KEATING. Mr. President, it is my purpose today to discuss the history and precedents which should guide the Senate in applying its powerful constitutional power to pass on nominations to the President's Cabinet. I want to emphasize, as strongly as I can, the firm line of past performance which should be understood and appreciated by every Senator as he approaches the vote on Lewis L. Strauss.

It is my firm conviction that only if we consider the history of this provision of the Constitution, if we study the intent of our Founding Fathers, and if we scrutinize the traditional manner in which the power has been applied, can we properly vote on the pending appointment. I am equally sure that a judicious and thoughtful appraisal of the proper role of the Senate in these matters, as well as an objective evaluation of his qualifications, will lead inescapably to a vote for Lewis Strauss.

Mr. President, I fear that many Senators and many outsiders have become so emotionally involved in this situation that they have lost sight of the historic role the Senate is to play when a President submits a name for confirmation. Although we take justifiable pride in calling ourselves the world's greatest deliberative body, it ill behooves us if we try to exercise that high and mighty title when we are blinded to our place in the American system of government, and when we lose sight of our proper role in the constitutional scheme of things.

It is my purpose at the outset of my remarks to attempt to bring some sweet light of reason into this debate. It is my purpose to attempt to bring into focus the traditional and historic role of the Senate in passing on Presidential nominees. For it is only if each of us stops, takes a deep breath, looks around him, and remembers what the nature of our power with regard to Presidential appointments is, that we can pass upon this question in an impartial and judicious manner which will reflect credit on the Senate and on our system of government.

It is vital for each Senator to recognize the historical background of the senatorial power to confirm Cabinet nominations. To do this, we must have an understanding of the intent of the framers of the Constitution, as well as an appreciation of the traditional practice of the Senate in these matters.

In this connection, I owe a special debt of gratitude for my findings to Prof. Joseph P. Harris, of the University of California, whose book "The Advice and Consent of the Senate," is widely recognized as the authoritative study in this field.

This book is not to be confused with a book which has been published this week by Allen Drury, of the New York Times, called "Advice and Consent," which, incidentally, I would recommend to every Member for a little lighter reading. It is one of the most interesting and one of the most entertaining novels I have read in a long time.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KEATING. I am very happy to yield to my colleague from New York.

Mr. JAVITS. I hope very much that I shall have the opportunity to be here for as long as the Senator speaks, or at least most of the time, because I believe the subject of the precedents to which he is addressing himself is vitally important.

When the Senator finishes his speech I hope to take up from that very point, based upon the precedents, the order of proof and the burden of proof, and whether the burden has been borne in this situation, based upon the specific facts as they have been adduced.

I believe that my colleague has done a very fine thing in commenting on the Allen Drury book, which I have gone through and which I think is important from this point of view. We become encased in these four walls and get the idea, almost, that we are talking to each other. This book gives us some concept of the extent to which the world listens.

I may say to my colleague, too, that personally I am not too happy about our performance with respect to the Strauss nomination. I am not too happy, I may say, with respect to the jockeying that is going on as to when we will vote. I believe we will vote promptly. I do not believe it makes too much difference whether it is today or tomorrow, in view of the time already taken. I do not say that with any discredit to anyone. It is the duty of the leaders to muster their maximum strength, and I believe that is the way the country and the world will look at it.

The time we have taken on this nomination seems to me to be a little out of order, in view of the fact that such tremendous events are taking place in the world, at Geneva and elsewhere. As the Senator has said, in referring to the Allen Drury book, I believe the whole world is looking at the Senate, not only as a great deliberative body, but at least, in terms of one part of Congress, as the conscience of our country.

Taking an objective look, what do we ourselves think about all these weeks of discussion about a particular nomination of a particular Cabinet officer? I hope very much that within some proximate time we will conclude the debate and will vote. I deeply feel that the minds of men generally, and our own in particular, need to be taken up with other and more pressing issues.

Mr. KEATING. I appreciate the contribution to the discussion made by the senior Senator from New York. I share his views emphatically that the Senate should come to a vote promptly on this nomination. But I see no reason for sitting here all night, when, off and on, we have been in session already on this nomination for many days, as the majority leadership saw fit to bring in one matter or another ahead of it. It is my recollection that it is now almost 2 weeks since the nomination was first made the order of business. Whether we vote on it today or tomorrow or the next day seems to me to make very little difference.

Mr. JAVITS. Mr. President, will the Senator further yield?

Mr. KEATING. I yield.

Mr. JAVITS. I was on the list to speak yesterday. I would have been delighted to speak yesterday. We were in session until midnight. But there was no opportunity to do so.

Now the point is being made that the Senate will be held in session all night. That is what I mean when I say that we are jockeying for position. That is the duty of the leadership. They want to do the best they can for their side. But I think we ought to pay a little attention to what the world thinks of us and to what the junior Senator from New York has pointed out in reference to this book. Whether there is anyone in the Chamber or not—and very few Senators are present at the moment—the world is watching. I think we ought to be aware of our obligation in that respect.

Mr. KEATING. I think we ought to remember that. When we fail in our duty, we lose some of the respect to which this great body is entitled.

Mr. President, I was referring to the book entitled "The Advice and Consent of the Senate," by Prof. Joseph P. Harris, which is widely known as an authoritative study in this field. In tracing the historical origins of this vital provision of our Constitution, Professor Harris has written a scholarly statement concerning its background.

Mr. President, to expedite matters, I ask unanimous consent that Professor Harris' statement be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. YOUNG in the chair). Without objection——

Mr. PROXMIRE. Mr. President, reserving the right to object——

Mr. KEATING. Mr. President, a point of order. Has not the statement been received?

Mr. PROXMIRE. I was seeking recognition at the time the Senator from New York made his unanimous-consent request.

The PRESIDING OFFICER. The Senator from Wisconsin was on his feet.

Mr. PROXMIRE. May I ask whether or not this request constitutes the transaction of business?

The PRESIDING OFFICER. Permission to place anything in the RECORD does constitute the transaction of business.

Mr. PROXMIRE. For the time being, I must object.

Mr. KEATING. I appreciate the position of the acting majority leader. I compliment him on his position as acting majority leader. In view of his objection, I shall read what the distinguished author says. It is of a historical nature:

HISTORICAL BACKGROUND OF CONSTITUTIONAL PROVISION [1]

The requirement that appointments by the Executive shall be subject to the approval of the upper House of the Legislature is an institution peculiar to our country. The appointments of the colonial Governors were usually subject to the "advice and consent" of the Governor's council, whose members, however, were appointed by the Governor. This arrangement was continued in the original State constitutions of a number of States, but the Governor's council was selected by the legislature rather than the Governor, and in several States the appointing power was given to the legislature rather than to the Governor. The appointment of judges, for example, was vested in the legislatures of seven States under their new constitutions, and in four States the nominations were made by the Governor and had to be approved by a branch of the legislature. The struggle that had occurred in the Colonies between the popular assembly and the colonial Governor was fresh in the minds of the framers of the new State constitutions, with the result that the Governor's powers were reduced and those of the legislature were increased. The Governor's appointing power was generally curtailed, and his selections were subject to the "advice and consent" usually of a council chosen by the legislature.

The experience of the States that entrusted the appointment of officers to the legislature itself appears to have been unsatisfactory. The evils of legislative appointment of public officers were well known to members of the Constitutional Convention of 1787, who frequently referred to the intrigue, caballing, and irresponsibility which had marked the selection of officers by the State legislatures. A majority of the convention members were determined to avoid these excesses in the Federal Government, and several urged that the appointing power be vested in the President alone. Several members proposed the establishment of a council of appointments similar to that in New York State, which consisted of the Governor and other members elected by the legislature; but this plan was rejected. Such a system was severely criticized by Hamilton in the Federalist (No. 77). "While an unbounded field for cabal and intrigue lies open," he said, "all idea of responsibility is lost." The council was abolished in the New York constitution of 1821 after it had become thoroughly discredited. The strong influence of the Federal Constitution led many States subsequently to amend their constitutions and to adopt similar provisions concerning appointments.

[1] Joseph P. Harris, "The Advice and Consent of the Senate" (1953), p. 6.

What was the intention of the framers of the Constitution with regard to the role of the Senate in the exercise of the appointing power?

In the Constitutional Convention of 1787 there were frequent debates about the method of appointing the principal officers of the new Government. One group, which included men like Alexander Hamilton, of New York, and James Madison, of Virginia, favored the creation of a strong Executive and advocated the grant of an independent appointing power to the President. They believed that he would be better qualified and more responsible in making appointments than a numerous body. They called attention to the unsatisfactory results which had marked the practice of the State legislatures where appointments were often accompanied by deals and intrigues. They expected that the power to nominate would be equivalent to the power to appoint, an expectation that was belied by later events since the role of the Senate in actual practice, as we know, has not been confined to a passive review of the President's nominees.

The second group, consisting of such men as Benjamin Franklin, of Pennsylvania, and George Mason, of Virginia, were apprehensive of the danger of monarchy or despotism that might result from a single Executive with the appointing power which they believed could be more safely entrusted to the upper branch of the legislature.

I interpolate to say that the word "upper" was a word which they used, but which the distinguished Senator from Ohio [Mr. YOUNG], who is the present occupant of the chair, and I are very careful never to use. We do not believe that there is an upper and a lower Chamber; they are coordinate branches. The members of the Constitutional Convention thought that the Members of the Senate would be better informed about the qualifications of potential appointees than the President.

Early in the course of its deliberations the Constitutional Convention agreed that, first, the President should appoint the principal officers not otherwise provided for in the Constitution; and, second, the Senate should appoint Judges of the Supreme Court. But in the final decision, this division of the appointing power was rejected; and the compromise reached, under which the appointment of the principal officers of the Government was to be made by the President and approved by the Senate. It is interesting to recall that this compromise had previously been twice rejected by the Convention; but it was finally adopted, with an amendment authorizing the President to make recess appointments.

A review of the debates in the Convention reveals two opposing viewpoints on the appointing power: On the one hand were those who feared abuse of this power by the Executive, and favored appointments by the legislature; on the other hand were those who were anxious to establish a strong Central Government, and favored granting the appointing power to the President. This group regarded the final compromise as a victory, for they saw no real difference between the power to nominate and the power to appoint.

Professor Harris summarizes the situation as follows—and, Mr. President, I assume that if I requested unanimous consent to have the summary printed in the RECORD, without reading it, probably an objection would be interposed. So I shall have to read the summary into the RECORD.

I appreciate entirely the position of the acting majority leader in his feeling that under the charter with which he has been entrusted, it would be necessary for him to interpose objection; and from the rulings previously made by the present distinguished occupant of the chair [Mr. YOUNG of Ohio], I feel sure that he would sustain such an objection. So I shall read Professor Harris' summary of the situation as a result of the original framing of the Constitution, because it is very important that we keep this in proper perspective when we are dealing with an appointment to the President's Cabinet.

Professor Harris writes as follows:

In the debates over the adoption of the Constitution, little criticism was voiced that too much power was given to the President over appointments; the major criticism was of the opposite tenor: that the President should have been given the power to make appointments with no requirement of Senate concurrence. Hamilton and other defenders of the proposed Constitution, however, maintained that there was little difference between the power to appoint and the power to nominate, which rested with the President alone. They defended the provision requiring Senate approval for nominations of principal officers as a salutary check on the President and a safeguard against bad appointments.

The defenders of the proposed Constitution contended that the Senate would act on appointments solely with regard to the fitness of the persons nominated and would approve nominations if the nominees were qualified and reject nominations of unfit persons. Only John Adams, who was not a member of the Convention, foresaw clearly the future rise of political parties and that partisan considerations rather than the fitness of nominees would often be the controlling consideration of the Senate in passing on nominations. Much of the debate accordingly dealt with issues of the past, particularly the danger that the President would use the appointing power to establish a monarchy, and proved to be somewhat irrelevant to the issues of the future.

Throughout the debates the need for definite responsibility in the appointment of public officers was constantly stressed. Those who favored nomination or appointment by the Executive maintained that he would be responsible, but that in a legislative assembly there would be no responsibility. This group contended that the President could be held responsible for the execution of the laws only if he was permitted to select his principal assistants. Those of the opposing view held that talk of responsibility was "chimerical" and that "energy in government" might lead to despotism. Those favoring executive responsibility were in the majority.[2]

In the perspective of this historical backgound, what has been the traditional practice of the Senate down through the decades since 1789, as regards Presidential nominations to the

[2] Harris, op. cit., pp. 34–35.

Cabinet? In this discussion I shall limit my remarks to Senate review of Cabinet nominations, because of its special relevance to the nomination now pending before us. In actual practice, the Senate has conducted a different kind of review for each of the major types of Federal officers for which Senate approval is required. Thus, in considering nominations to the Cabinet, our traditional practice has differed from that which we have followed in passing on nominations of judges or postmasters or regulatory commissioners or officers of the Armed Forces.

The history of the Senate shows that it has been the longstanding custom of this body to allow the President wide latitude in the selection of members of his Cabinet. They are rightly regarded as his chief advisers, and it has long been conceded that he cannot be held responsible for the efficient administration of the executive branch unless he is permitted a free hand in the choice of his highest advisers.

In accordance with this established custom, the Senate has approved hundreds of Cabinet nominations down through the passing years. Indeed, the 150-year record reveals that in the entire history of the Nation only seven Cabinet nominations have been rejected. And only two such rejections have occurred in the last century. Four of these cases took place in 1843 and 1844, when the Senate rejected President Tyler's nominations of Caleb Cushing to be Secretary of the Treasury, David Henshaw to be Secretary of the Navy, James M. Porter for Secretary of War, and James S. Green for Secretary of the Treasury. They really had a field day, at that time.

Tyler's nominations to these posts were rejected, not because his candidates were not qualified, but because of bad feelings between Tyler and the Senate, after he had broken with the Whigs and had lost his party support in Congress. In fact, an examination of the circumstances involved in six of the seven cases of rejection shows the principal reason was deep partisan conflict between the President and the Senate. The rejections had no relation to the qualifications of the nominees for the posts to which they had been named.

The first instance of Senate rejection of a Cabinet nomination in American history occurred on June 23, 1834, when President Jackson's choice of Roger B. Taney for Secretary of the Treasury was turned down by a vote of 18 to 28. Taney had been performing the duties of this office for several months, under a recess appointment. Taney, who had been serving as Attorney General, was appointed to the Treasury post to replace Secretary of the Treasury Duane, who had refused to comply with Jackson's instructions to withdraw Federal funds from the Bank of the United States, and who was removed from office. Taney's "servile compliance"—as his opponents in the Senate termed it—with Jackson's orders led to the rejection of his nomination by the Senate which, after 3 months' debate, adopted a resolution condemning the withdrawal of the deposits.

The following year, Jackson nominated Taney to the Supreme Court. Again, his nomination was rejected; but later the Senate confirmed his nomination to be Chief Justice; and he succeeded John Marshall in that post. Long indicated by American historians as the "pliant tool" of Andrew Jackson, Roger B. Taney has come to be regarded by many as perhaps second only to John Marshall in Supreme Court history. Charles Sumner's vindictive prophecy that Taney's name would be "hooted down the pages of history" has not been fulfilled.

The next four rejections occurred during the stormy Presidency of John Tyler. Indeed, one of his nominees, Caleb Cushing, had the singular distinction of being rejected by the Senate three times in 1 day.

Mr. President, at the rate we are proceeding, I doubt that today there will be more than one vote, at the most, on the question of confirming or rejecting this nomination to the President's Cabinet.

The President had insisted on resubmitting Cushing's nomination to the Senate each time, because of the clear evidence that the rejections were based on purely partisan grounds.

The other Tyler nominations were turned down on similar grounds. Robert J. Morgan, in his volume entitled "A Whig Embattled: The Presidency Under John Tyler," calls the Senate's performance with the Cushing nomination "the most vulgar sort of partisanship and churlish truculence" and notes that Cushing's later successes marked him as "one of the ablest public servants of his generation."

In summary, Mr. Morgan writes that the four rejections "constitute the most remarkable violation in our constitutional history of the custom that the President's choice of Cabinet members is not ordinarily to be fettered by senatorial rejection. About the most that can be said of the whole affair is that the Senate had its partisan day."

The other two instances of Senate rejection of Cabinet nominations occurred in 1868 and 1925. On June 2, 1868, the Senate refused to confirm President Johnson's choice of Henry Stanbery for the position of Attorney General, by a vote of 11 to 29. Stanbery, who had been Attorney General, resigned in order to serve as one of Johnson's counsel in the impeachment trial. When that contest was finished, Johnson's renomination of Stanbery for his old position was rejected, as Gideon Welles wrote in his diary, by "a factious and partisan exhibition by Senators which all good men must regret to witness." Oberholtzer, in his "History of the United States Since the Civil War," notes that the Senate vindictively refused its assent. He also points out that Senator Sherman was the only Member voting to convict Johnson who supported Stanbery. As Professor Harris writes:

> This action, which occurred in a period of intense bitterness and hostility between the President and a majority of the Senate, cannot be regarded as a valid precedent.[3]

This then brings us to the seventh case in which a Presidential Cabinet nominee was rejected by the Senate. This is the only time when the qualifications of the President's choice was the issue which resulted in the vote against confirmation. I refer to the case of Charles B. Warren, who was named by President Calvin Coolidge to be Attorney General.

Professor Harris discusses the situation as follows, and again I will not ask to put this in the RECORD, because of the feeling that my good and pleasant friend, the acting majority leader, the Senator from Wisconsin [Mr. PROXMIRE], might object to the insertion at this time:

> The most significant rejection of a Cabinet nomination occurred in 1925 when the Senate rejected that of Charles B. Warren to be Attorney General. After the serious scandals in the Harding administration, which had involved several members of the Cabinet, including Attorney General Daugherty, who was forced to resign, the Senate was in a mood to examine with care any nominations to that office. Warren was a man of national prominence who had earlier served as our Ambassador to Japan and subsequently to Mexico and was a former national committeeman and influential member of the Republican Party. He was the head of a leading law firm of Detroit and the president of the Michigan Sugar Refining Co., which was closely associated with and partly owned by the American Sugar Refining Co. (the Sugar Trust). On the floor of the Senate he was vigorously attacked because of his association with the Sugar Trust which, it was asserted, disqualified him for the office of Attorney General, in which he would be responsible for the prosecution of antitrust actions (Harris, op. cit., p. 260).

Just before the vote on the nomination was taken, Senator Overman, Democrat of North Carolina, and therefore a political opponent of the President, rose to speak. Mr. President, his remarks are those of a political opponent of the President in the debate, and I think they should echo down through the years.

> Calvin Coolidge was elected President of the United States by an unprecedented majority. Congress makes the laws. The President enforces the laws. The Supreme Court interprets the laws. If Calvin Coolidge does not enforce the antitrust laws or any other laws, which he has sworn to do, he is responsible and the people will hold him responsible.
>
> For 136 years it has been the policy of the Government to allow the President of the United States to appoint his own official family without hindrance with perhaps six rare exceptions. I took the position when Woodrow Wilson was elected President, when there was threatened a fight against two of the members of his Cabinet, that the President ought to have the right to select his official family, for the responsibility has been placed upon him by the American people, and that he would enforce the laws. I took that position then, 16 years ago, and I take it now (67 CONGRESSIONAL RECORD 100, Mar. 10, 1925).

That is the end of the quotation from our former colleague, Senator Overman.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. KEATING. I am happy to yield, provided I do not lose the floor.

Mr. KUCHEL. I join my colleague in that unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KUCHEL. Mr. President, first of all, the very able and scholarly address

[3] Harris, op. cit., p. 260.

which the distinguished junior Senator from New York is now delivering in the Senate adds considerable luster to a debate which sometimes has been a little below par—at least in the judgment of the senior Senator from California—and I desire to congratulate my friend for the painstaking research which, so far as I know, for the first time has afforded the Members of the Senate a chronology from the very beginning of the whole problem of confirmation or approval by the Members of the Senate of nominations by the President.

At the beginning of the questions which I should like to ask my able friend, I assume that the Constitution of the United States, article II, section 2, clause 2, is the final decision of the people of our country, from the very beginning, in determining which appointments are subject to approval of the upper House of the legislative branch and which are not.

Mr. KEATING. That is the constitutional basis, I will say to my friend.

Mr. KUCHEL. If I may, Mr. President, I should like to read that section into the RECORD at this time, and I wish to say, in connection with its reading, that it was interesting to me to hear an objection to a request. I want to ask my friend this question: When my able friend from New York asked unanimous consent to insert some data into the RECORD, was an objection made to his request by the junior Senator from Wisconsin?

Mr. KEATING. My understanding is that the Senator from Wisconsin [Mr. PROXMIRE], who was acting as the majority leader at the time, did interpose an objection, in the fear that it would constitute transaction of business in some way if the matter were inserted in the RECORD under unanimous consent. I appreciated his position. He had been left in charge, and I realized that he had a duty to perform, so I read the excerpts into the RECORD, I may say to my friend.

Mr. KUCHEL. If I may have the approval of my able friend from New York, Mr. President, I ask unanimous consent that section 2 of article II of the Constitution may be printed at this point in the RECORD.

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. I object. I think it can be read just as easily as inserted. It would not take much time.

Mr. KUCHEL. Mr. President, if I may digress for a moment, this is cause for great regret on the part of the Senator from California. I doubt very much that I can recall, in the few years I have spent in the Senate, a single instance in which objection has been made by any of my colleagues to a unanimous-consent request to insert certain material into the RECORD. Surely it is not going to take any time to read the few lines from the American Constitution which are the basis for the unhappy controversy in which we find ourselves now engaged, but I must say I am distressed—I am deeply distressed—that my friend the majority whip, and apparently the Democratic leadership——

Mr. MANSFIELD. Mr. President, I demand the regular order.

Mr. KUCHEL. Have left, as a part of the rules for acting majority leaders now to follow, instructions to make objection to every unanimous-consent request.

Mr. MANSFIELD. Mr. President, I demand the regular order.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The regular order of business is called for. The Senator from New York has the floor, and may yield only for a question.

Mr. KUCHEL. Mr. President, will the Senator yield so that I may read this into the RECORD?

Mr. KEATING. I yield, provided——

The PRESIDING OFFICER. The Senator can yield only for a question.

Mr. KUCHEL. Mr. President, will the Senator yield for a question?

Mr. KEATING. I shall be happy to yield, provided I do not lose my right to the floor.

Mr. KUCHEL. The question I had is based on an assumption, if I may say so, Mr. President.

Assuming that the Constitution reads, in article II, section 2, as follows:

> He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur; and he shall nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, Judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

And assuming, as I say to my friend the able junior Senator from New York, that this constitutes the basis on which appointments have been made, do I correctly understand my friend to say that for the first almost half century of the life of this Republic never was a question raised, on confirmation of a Presidential nomination by the Senate, with respect to a Cabinet officer?

Mr. KEATING. That is approximately correct. I gave the date of the first one a moment ago. The paper is gone, but the Senator is approximately correct, since the first rejection of a Cabinet nominee occurred in 1834.

Mr. KUCHEL. In those instances in the subsequent history of our country—and I have listened carefully to the Senator—in regard to many of the rejections by the Senate of a Presidential nomination, has the political ideology of the Presidential nominee to Cabinet rank been the basis of Senate rejection?

Mr. KEATING. Yes, it has been; and it has been universally condemned by the historians when it took place. It took place in the Tyler administration, when he had had a fight with the Whigs in Congress and had lost control of his own party. In order to show their resentment, they turned down four of his nominations for Cabinet appointments.

It is my understanding that practice has been universally condemned by every historian who has ever written on the subject.

The same statement applies to each and every other case except the one I am now considering, in the administration of Calvin Coolidge, when the qualifications of the nominee were considered and the nominee was turned down because of a fear of his connection with the so-called Sugar Trust.

But with regard to all of the Cabinet officers whose nominations have been confirmed, there has never been in issure anything except the qualifications of the nominee.

Mr. KUCHEL. I thank my friend very much.

Mr. KEATING. The precedent for the rejection of Mr. Warren's nomination would not have come down to us had it not been for an odd accident of history. The Senate divided equally in its vote, 40 to 40. The Vice President was not available to break the tie. A parliamentary maneuver, designed no doubt in order to gain time, resulted in a record vote of 41 to 39 against confirmation of the nomination.

The closeness of the vote must be considered remarkable, when we realize the nature of the opposition to Mr. Warren. Ten Senators of his own and the President's party voted against confirmation of his nomination, including the two Senators from the nominee's own State—Senator Couzens of Michigan, the Republican Senator from the nominee's own State, and Senator Ferris, the Democratic Senator from Michigan. Senators Couzens and Ferris both rose, just before the Senate voted, to express their opposition to the nominee and to announce their intention to vote against the confirmation of his nomination.

The close vote, under these circumstances, represents a clear expression of the strength of the tradition which was involved. Indeed, after the first rejection by the Senate, President Coolidge promptly renominated Mr. Warren and issued a statement in which he expressed the hope "that the unbroken practice of three generations of permitting the President to choose his own Cabinet will not now be changed, and that the opposition to Mr. Warren, upon further consideration, will be withdrawn in order that the country will have the benefit of his excellent qualities and the President may be unhampered in choosing his own method of executing the laws."

However, the President's plea was unavailing. The Senate rejected the nomination again upon a second vote.

Mr. President, aside from these seven precedents, each of which took place under exceptional circumstances, the record shows that the President has customarily been permitted wide discretion in the choice of members of his Cabinet. The Senate has rarely rejected nominees merely because they held views which were not agreeable to a majority of the Members of the Senate.

Moreover, history shows that when the Senate has rejected nominations of men to be members of the Cabinet, it has reflected little credit on this great deliberative body. As I pointed out, partisan antagonism or personal animosity has generally been the source of opposition to the President's choices.

To be sure, we have a constitutional duty to perform in reviewing all the nominations that are submitted to the Senate. I believe we should exercise this function carefully and conscientiously. Generally speaking, I believe this vital obligation has been properly performed over the years.

We should confine our consideration of Cabinet nominations to matters affecting the fitness and qualifications of the nominees. They should be rejected only upon proof of positive disqualification. Unfortunately, the solid precedents which should guide the Senate in these matters have thus far been largely ignored where Lewis Strauss is concerned.

The prevailing attitude of the Senate in passing on Cabinet nominations is reflected in statements made during the contests over the appointments of Harry Hopkins and Henry Wallace. A study of each of these cases should be constructive for each Senator as he considers his impending vote on Admiral Strauss.

Harry Hopkins was appointed Secretary of Commerce, during recess of Congress in 1938, to succeed Daniel C. Roper. President Roosevelt sent his nomination to the Senate when it reconvened in January 1939. Mr. Hopkins was eventually confirmed by a vote of 58 to 27.

However, his nomination did result in considerable discussion in the Senate. At the outset, Mr. Hopkins' qualification for the position of Secretary of Commerce was seriously questioned on the grounds that he never had had any business experience. In addition, his administration of the WPA had been the subject of an extremely critical report charging the intrusion of WPA into politics.

Two who had cause to be most bitter against Mr. Hopkins and the WPA were Senators Gillette and Tydings, who had been marked for "purge" by President Roosevelt during the previous election campaign. Both these Senators took the floor during the debate to state that they intended to vote for Mr. Hopkins' confirmation in spite of their personal feelings. Senator Gillette made an extremely able statement of senatorial responsibility in connection with handling of Presidential Cabinet appointments. Excerpts from his statement and the statements of other Senators upholding the right of the President to determine the membership of his Cabinet made during the debate on the Hopkins nomination are pertinent to our discussion today.

Senator Gillette, a Democrat, of Iowa, after outlining Mr. Hopkins' part in the unsuccessful attempt to purge him from the Senate, stated as follows, and I ask unanimous consent to have his remarks printed in the RECORD at this point. This is from the CONGRESSIONAL RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. PROXMIRE. Mr. President, may I ask the opinion of the Chair as to whether the granting of this request would constitute the transaction of business?

The PRESIDING OFFICER. The giving of unanimous consent to include in the RECORD a document on any subject constitutes the transaction of business.

Mr. PROXMIRE. Then, with very great reluctance, I must object.

Mr. KEATING. I appreciate the position of the acting majority leader. I know that it does not stem from any lack of courtesy or friendliness toward me, which he has already exhibited.

Perhaps it would be better to read the statement into the RECORD anyway. These are the words of Senator Gillette, of Iowa, on the Hopkins nomination, after Hopkins and President Roosevelt had done everything they could to purge Senator Gillette from public office. He said:

> I have these resentments, Mr. President, but I shall vote for the confirmation of the nomination of Harry Hopkins. Let me tell the Senator why.
>
> I do not believe that there is any greater burden that can be laid upon human shoulders than the Presidency of the United States. I do not believe that any man can have forced on him any greater load of worry than that of being elected President of the United States. He is charged with full responsibility for the executive department. If there is any right upon which he should jealously insist, if there is any right that we should zealously see that he retains, it is the right to name those with whom he is to work in that department, and particularly the official family, who are close to him, and his nearest advisers. I cannot conceive, Mr. President, how we as Senators can in justice to the Chief Executive deprive the President of that right. There is not a Senator in the Chamber who would not insist on such a right were he President of the United States.

I interpolate at this point to say that I have no doubt that if any one of the many presidential candidates in the Senate today should become President of the United States, he would insist upon that right.

Continuing with the quotation:

> I reserve to myself the right to differ with the President whenever my conscience and my judgment so suggest. However, I do not claim, and I will not exercise, the right to try to handicap him in any way in the work he has to do. If I were President, I would want to select the members of my official family with whom I should work, on whom I could depend, and whose advice I could take.
>
> One of the last men on earth I would want in my Cabinet is Harry Hopkins. However, the President wants him. He is entitled to him. I think it is absolutely unjust for persons like myself, who harbor resentments, to deprive the President of his right. I shall vote for the confirmation of Harry Hopkins (84 CONGRESSIONAL RECORD 554, Jan. 20, 1939).

Senator Walsh, of Massachusetts, also a Democrat, after criticizing WPA political activities, said:

> Mr. President, I intend to vote for the confirmation of Mr. Hopkins to the Cabinet post to which the President has appointed him. I think we may agree that the selection of the members of his Cabinet is a peculiarly personal prerogative of the President—of any President—and that as Senators we should not withhold confirmation of the President's nominees for Cabinet office, except for grave cause and unmistakable disqualification. I cannot persuade myself that such is the present case (CONGRESSIONAL RECORD, vol. 84, p. 559, Jan. 20, 1939).

In the same debate, other members of Mr. Hopkins' own party spoke vigorously of their opposition to many of his ideas and his policies, but announced they would support him. Senator Glass, of Virginia, said that, while he disapproved of most of Hopkins' words and deeds, nevertheless the President should have the "widest possible latitude" in the choice of his Cabinet, and "if he wants men of the Hopkins type to advise him, I think he ought to be allowed to select them" (Harris, in the work cited, p. 264).

Senator Reynolds, of North Carolina, observed:

> I think the President of the United States has a perfect right to surround himself by advisers in whom he has confidence, to surround himself by men whom he sees fit to select (CONGRESSIONAL RECORD, vol. 84. pp. 606–607, Jan. 23, 1939).

During the debate on the Hopkins nomination, one of my great predecessors as a Senator from New York, Robert F. Wagner, a man who is highly honored in my State and throughout the Nation, emphasized the special consideration to be afforded a Cabinet nominee. Noted Senator Wagner:

> Of course as a matter of traditional policy in the Senate, the issue as to the confirmation of one nominated for a position in the Cabinet is much narrower than in the case of the ordinary nomination sent to the Senate. The Senate has always recognized that the President, as the Chief Executive of the country, is entitled to have in his own family those in whom he has confidence and whose advice he desires during his administration. Unless there has been something asserted and established affecting the moral character of the individual appointed, the Senate has readily confirmed, and rarely in all its history has there been a partisan issue raised in the case of a nomination of this character.

Those words were spoken by my distinguished predecessor on January 23, 1939, and appear in the CONGRESSIONAL RECORD, volume 84, page 615.

Another great Senate controversy arose in 1945 over the nomination of Henry Wallace to be Secretary of Commerce. Mr. Wallace, who is now a constituent of mine, was at that time already a figure of considerable controversy, as all Senators, including the present distinguished occupant of the chair [Mr. LAUSCHE], are aware.

The Democratic National Convention in 1944 had denied him renomination as Vice President. Opposition to Mr. Wallace did not spring from the Republican Party alone, but had the support of important elements of his own political party as well.

The manner of his appointment was itself conducive to controversy. Mr. Wallace's predecessor, Jesse Jones, made available copies of correspondence between himself and President Roosevelt in which Mr. Roosevelt asked Mr. Jones to relinquish the post of Secretary of Commerce to Mr. Wallace. The gist of the correspondence was that the President wanted Mr. Wallace to have the post as a reward for his efforts during the presidential campaign. The post of Secretary of Commerce at that time carried with it, as a result of Mr. Jones' incumbency, vast loan powers.

After bitter debate in the Senate and enactment of a bill stripping the Secretary of Commerce of the loan powers, Mr. Wallace's nomination was confirmed by a vote of 56 to 32.

During the course of consideration of Mr. Wallace's nomination the Senate Committee on Commerce recommended that the Senate not give its consent to the nomination.

That is just the opposite of the recommendation in the Strauss case. Minority views were filed, signed by only four Senators, including the distinguished present chairman of the Interstate and Foreign Commerce Committee [Mr. MAGNUSON]. In the light of the views of the Senator from Washington concerning the present nominee, it is interesting to note that when Mr. Wallace's case was under consideration he vigorously asserted the right of the President to choose his own Cabinet members. I shall read excerpts from the text of the minority views, and I call the attention of Members of the Senate particularly to the two bases then espoused by the Senator from Washington for rejecting the nomination of a Cabinet officer. The minority views were signed by Senators Pepper, Bilbo, Mead, and Magnuson. Senator Mead was one of my predecessors in the Senate from the State of New York. The minority views are dated January 31, 1945. In part, they read as follows:

Members of the President's Cabinet are members of his official family. They are appointed by the President to assist him in formulating and in carrying out national policy. The Constitution provides that Cabinet members shall be appointed by and with the advice and consent of the Senate. The Senate, however, under our democratic tradition, does not exercise any broad veto powers over the President's appointments to his Cabinet. The tradition of a hundred and fifty years does not sanction the rejection of a Cabinet appointment by the Senate except in the case of very compelling questions of the appointee's personal fitness. In the past three-quarters of a century there has been but one such occasion.

There are only two reasonable bases upon which the Senate could deny the President his choice of a Cabinet member. They could question the honesty and integrity of the President's nominee. Or they could question his competence to fill the post for which he was designated.

Mr. President, I feel I ought to note that thus far I have not heard from the Senator from Washington—or, indeed, from any other Member of the Senate—evidence against Lewis Strauss which fulfills either of those "reasonable bases." I have not heard any convincing challenges to his fitness.

During the course of the Senate's debate on the nomination of Henry Wallace to be Secretary of Commerce, several eloquent statements were made on both sides of the aisle concerning the Senate's power to confirm Cabinet selections.

Senator Walsh, a Democrat, from Massachusetts, noted sagely that it was not the task of the Senate to pass judgment on the social and political ideas of a nominee.

Under the prevailing circumstances in the Senate I assume I shall be required to read into the RECORD what he said. This statement was made in the Senate and appears in the CONGRESSIONAL RECORD, volume 91, part 1, pages 678 to 679. Senator Walsh said:

The question now arises as to whether the Senate shall undertake to exert its veto power over the President's choice.

I have always adhered to the view that the selection of the members of his Cabinet is the personal prerogative of the President; that he should be free to select his own counselors and advisers without congressional interference unless the person of his choice was manifestly unfit, by reason of mental incapacity or moral delinquency.

I recognize, of course, the responsibility imposed on all Members of the Senate by the constitutional provision that Presidential appointees to certain offices, including members of the Cabinet, shall be subject to senatorial consent and confirmation. It is not for the Senate to exercise veto power over Presidential nominations for the Cabinet except for the gravest causes. Approval, in the constitutional sense, of the President's appointment by no means implies commendation of the President's choice or concurrence in the views of the appointee.

With respect to Henry Wallace, his integrity is not challenged. He has had previous service as a Cabinet officer—as Secretary of Agriculture. He has been the nominee of the Democratic Party for the Vice Presidency of the United States, elected by the people to that office, and served out his term. At no time has there been any serious criticism of his conduct or service.

It is his social and political philosophy that is now called into question—his ideas plus the question of his business capacity and sagacity. These are matters that lie within the province of the President and for which he must accept full responsibility. I am not disposed to refuse to accede to the President's choice of Mr. Wallace, regardless of my personal disagreements with some of the ideas that he has expounded. I shall vote for his confirmation.

In studying the course of the Wallace debate, I have observed with special interest statements by two Republican Members of the Senate, which I feel have particular importance to the case of Lewis Strauss. The words of Senator Brewster, of Maine, might well be pondered by those who have found fault with Admiral Strauss' views on various subjects.

The remarks of Senator Brewster, of Maine, were delivered on March 1, 1945, and appear in the CONGRESSIONAL RECORD, volume 91, part 2, page 1610. Under the prevailing rules and regulations, I shall be required, I imagine, by my always genial friend, the distinguished junior Senator from Wisconsin [Mr. PROXMIRE], for whom I entertain the highest regard, to read Senator Brewster's statement into the RECORD.

Mr. President, as a Member of the possibly dwindling minority—

I do not like those words very well; they were spoken in 1945—

who have felt inclined to support the Presidential right to choose as members of his Cabinet those who are reputable men, I think perhaps I should put in the RECORD, not for the purpose of persuading anyone or justifying myself, but simply for the purposes of record, the reasons which have actuated as a member of the Committee on Commerce in first considering this matter when I had more distinguished company, and more recently in the consideration of the matter here.

For a century every President of the United States has been permitted to have as members of his Cabinet those who were personally and politically congenial, so long as they were reputable and honest men and were not affected with any private interest which would suggest prejudice in their performance of their public duty.

No one challenges the authority or responsibility of the Senate under the Constitution to pass upon Cabinet nominations exactly like all other Executive appointments. However, as a conservative, I must point out that it is significant that the practice of a century indicates the consideration which has been given by the Senate to the desirability of unity in the executive branch of the Government in the interest of sound and successful administration. Certainly in this century of consistent consideration of the President's official family by men of all parties there has been no implications of approval of the ideas or the ideologies of the appointees. It would be easy to suggest many men in both parties who might seem far better qualified to perform the duties of Secretary of Commerce than the present nominee. That way, however, lies the encroachment of the legislative upon the executive department of the Government and the threat of chaos in administration.

The present nominee seems to many perfectly to personify the economic and social views, if any, of this administration. Much of the criticism is based upon a frankness of expression that is both unusual and refreshing in men in public life. America has been wandering in a dismal swamp of uncertainty and confusion in domestic policies, chasing a will-o'-the-wisp of constantly changing proposals for restoring our economic well-being. Hatred of Henry Wallace based upon fear is the surest way of annointing him as the messiah of a new day. If our responsibilities permitted consideration of political consequences, it would be easy to envision Henry Wallace as the "catalyst," to use a New Deal word, who may finally enable America really to choose up sides in these evolutionary days.

Mr. President, the distinguished senior Senator from Vermont [Mr. AIKEN], who I am proud and pleased to state still occupies a prominent chair on this side of the aisle, made a valuable contribution to the debate on the Wallace nomination when he delineated the essential difference between harassment and necessary cooperation regarding Cabinet choices. I believe the sage words of the Senator from Vermont deserve close study and conscientious consideration by all those who have so savagely attacked the nomination of Lewis Strauss, rather than giving constructive consideration to his capabilities and competence.

During the Wallace controversy, the Senator from Vermont spoke very persuasively, on March 1, 1945.

Mr. President, I ask unanimous consent to have those remarks printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The Senator from New York asks unanimous consent to make an insertion in the RECORD. Is there objection?

Mr. JOHNSON of Texas. Mr. President, reserving the right to object——

Mr. KEATING. This is a reference to previous remarks made by the Senator from Vermont [Mr. AIKEN].

Mr. JOHNSON of Texas. I have informed the Senator that I would have to object to any requests for insertions in the RECORD.

Mr. KEATING. Including the remarks of one of our sitting colleagues?

Mr. JOHNSON of Texas. Insertions of any nature.

Mr. KEATING. Mr. President, the Senator from Vermont [Mr. AIKEN] said:

> I further believe that the members of the Cabinet are in fact personal advisers of the President and that he should be permitted to choose anyone he wishes for a Cabinet post so long as that person's record is clear and his character unquestioned.
>
> As I have said, I have never voted for President Roosevelt. I was on the losing side in the last election; but so far as I am concerned, the election campaign was over on the night of November 7, 1944.
>
> Our Nation is now engaged in the most crucial war of all time. The fate of the entire world depends on the outcome of this war.
>
> We will win it and when it has been won we will be confronted with the problems of peace, new problems that we have never had to meet before.
>
> The American people have decided that the present administration shall handle those problems.
>
> I would not consider it good citizenship on my part, and certainly not statesmanship, to attempt to obstruct the Government in its effort to solve these problems in the best possible manner.
>
> I regard it as my right and duty to criticize the Government when I think it is in error and to fight at all times to put it on a sounder and more businesslike basis, but I will not heckle and obstruct at every turn in order to bring upon it a record of failure.
>
> I will make every effort to assist in doing those things which must be done to promote national and international welfare and security. As a patriotic citizen, I can do no less.

Mr. President, I think those words of the distinguished Senator from Vermont are what we would expect to hear from that stalwart colleague.

I should like to add one final footnote to my exposition of the Wallace nomination. During the course of the controversy the distinguished journalist, Walter Lippmann, wrote that for the Senate to attempt to control the President's selections of his Cabinet, and to reject a man because a majority of the Senate disliked or disapproved of his ideas, would be contrary to the well-established constitutional usage, a "usurpation" by the Senate of an Executive function, and "incompatible with our form of government."

To that, Mr. President, I add a hearty "amen."

Mr. President, I do not think any Member of this body consciously would interfere with a practice which has proven itself to be a worthy and important part of our governmental procedures.

But I strongly believe we would be betraying the historic concept of this provision and would be misconstruing the traditions and precedents of the U.S. Senate if we rejected the nomination of Lewis Strauss on the basis of the allegations which have thus far been made against him.

Frankly, it is difficult for me to comprehend how anyone can vote against Admiral Strauss, if conscientiously and in the calm, cool light of reason he has studied the development of the Senate's role in this field.

I have attempted to show, by reference to history and precedent, that it is not our task to oppose a Cabinet nomination simply because we happen not to agree with the views of that nominee. It is beneath the dignity and against the proud traditions of the Senate to do so. Clearly, disagreement with the policies which Lewis Strauss has enunciated and carried out in his many years of public service is insufficient cause for rejecting him.

Yet, Lewis Strauss' stewardship with the Atomic Energy Commission has been a major source of attack on him in recent months. It is true, of course, that in his years with the Commission he had to make a number of controversial and important decisions. It is true, of course, that many persons may argue with the position which he took.

By their very nature, many of the decisions he had to make in the AEC have made enemies for Lewis Strauss. He knew that when he made them—and he knows that even better today. But that is not the issue here today.

As Secretary of Commerce he will not be responsible for the policies of the Atomic Energy Commission. The decisions he arrived at in that post are important only as they reflect on his general qualifications.

I would not deny any man the right to challenge Lewis Strauss' qualifications to the post of Secretary of Commerce, highly though I may regard his capabilities in this regard. But I do question the manner in which some of his opponents have sought, by thinly veiled attacks on his policies and his personality, to throw into doubt his talents and fitness for this job.

Mr. President, as I evaluate the record, the vital issue for us today with regard to Lewis Strauss' work with the Atomic Energy Commission is that it demonstrated beyond question that he is a man of vast ability, a man of action, and a man dedicated to the preservation of our free-enterprise system.

We must equally recognize that in areas of critical importance, Lewis Strauss made decisive and bold and correct decisions with the AEC. For example, he fought tooth and nail against determined opposition for the idea that the United States ought to tackle energetically the production of a workable H-bomb. In the end he won; and it is in large measure due to his inspired leadership in this field that today our atomic arsenal is superior to that of the Soviet Union.

Or let us note the leadership of Mr. Strauss in the effort to set up a monitoring system to detect Soviet atomic explosions. Again, it is due in large measure to his persuasiveness and determined foresight that this system has been instituted and we are able to gage much Soviet activity behind the Iron Curtain.

Beyond the area of national security, Lewis Strauss in his years with the Atomic Energy Commisison was an early and able champion of the peaceful uses of the atom—an area in which his personal interest and vision have been largely overlooked by his critics.

Suffice to say, Mr. President, that any man in high public office expects criticism. This is particularly true when a man serves in a position which demands controversial and vital decisions. As Atomic Energy Commission Chairman, Lewis Strauss faced up to, and made, those hard decisions. To his everlasting credit, most of them were right; and our Nation is safer and more secure, as a result.

It matters not so much what choices he made—although, of course, that is of vital importance in specific matters—as that he had the competence and ability to make an informed and reasoned decision. That Lewis Strauss did with the AEC. And knowing him as I do, I know that in his new post he will continue to call the shots as he sees them, and that he will make his decisions and will formulate his policies in the light of what he feels will best serve the interests of his beloved country.

Mr. President, the point has been raised against Admiral Strauss that he is "security conscious." By that, I suppose it is meant that he is very much concerned about our national security and the adequacy of our efforts to maintain our freedoms.

To my way of thinking, this is one of the highest virtues a public servant today could possess. Indeed, in my book, it is essential that men in high public posts today be fully conscious of the threat of the international Communist conspiracy. I want no complacency or head-in-the-sand attitude on the part of men in key positions to direct our Nation's defenses in the cold war.

I happen to regard the Communist threat—both internally and externally—as one of the very real challenges to our Nation. I happen to think that we must be eternally vigilant against the activities of the "comrades" and their fellow-travelers.

Both by word and deed, Lewis Strauss has demonstrated his deep understanding of this insidious danger, and his determination to oppose it by all the means at his command. If this be security consciousness, I say it is a commendable and vital virtue. I think it is one of the finest reasons for confirming the nomination of Lewis Strauss.

The charge has been leveled that because of his concern for our national security, Lewis Strauss has been too closemouthed about our Government's activities in this sphere. Of course, decisions in this area are largely a matter of discretion and judgment by those closest to the matters in question. There may well be reason for dispute about policy findings as to what should be made public and what would best be kept behind closed doors in the interests of national security.

But it is my strong feeling that we must repose great confidence in the men closest to these problems—the men who have at their finger tips within the executive branch all facets of our intelligence and related reports, when they make their decisions. Certainly, when

hairline choices must be made, it is wiser to make them on the side of prudence and security, rather than run the risk of aiding and abetting a potential foe.

Mr. President, I am glad that Lewis Strauss has amply demonstrated his concern with our Nation's security and his determination to halt the Reds at every turn. It is an effective argument, in my judgment, for confirming his nomination to this vital position.

I should like to deal briefly with another aspect of the campaign of opposition which has been mounted against Admiral Strauss. This part of the controversy has been spearheaded by a number of scientists and self-styled progressives, who proclaimed that Lewis Strauss is, in effect, anti-intellectual and rigidly antagonistic to the American scientific community.

Mr. President, I submit that an examination of the facts gives the lie to these allegations. As we recall, the late, great Governor of my State, Alfred E. Smith, used to say, "Let's look at the record." I believe that the enduring logic of that advice should apply very strongly in the case of Lewis L. Strauss.

That advice has particular pertinence in evaluating the allegations which have been made with regard to Lewis Strauss' standing in the academic and intellectual community. In this connection, the American people should be alerted to the remarkable facts in the life of this distinguished man, who has rendered service, both civilian and military, in nearly every administration, Democratic or Republican, since the time of Woodrow Wilson.

The American people should note, and note well, the rollcall of kudos which have been bestowed upon Secretary Strauss by the great academic institutions of this Nation.

The public should be reminded of the remarkable facts about his past, his character, and his ability, lest we be misled by the emotions of the men whose theories he contradicted, and who are trying to reflect on his character by a repetition of innuendo. I suggest that if these distortions were remotely accurate, the Presidents who have saluted him and the educational, scientific, and humanitarian institutions which have honored Lewis Strauss would never have chosen him for responsibility or for reward. A startling number of men and institutions have chosen to honor Secretary Strauss.

In the face of this amazing total of honors, the barrage of intemperate criticism amounts to an attack on the judgment, even the integrity, of those who have acclaimed him for in effect they are saying to the highest men in Government that they erred or betrayed a trust in awarding Mr. Strauss so many of the most distinguished accolades which the Nation can bestow.

We should pause to consider these honors, and then ask his critics if they challenge the judgment of those who conferred them for Lewis Strauss' decorations include:

The Distinguished Service Medal.

The Legion of Merit with Gold Star—Navy—in lieu of a second award.

The Oak Leaf Cluster—Army—in lieu of a third award.

He is an officer of the Legion of Honor of France.

He is a grand officer, Order of Leopold, of Belgium.

He holds the U.S. Medal of Freedom.

Finally, he has received honorary citations from 23 colleges and universities.

It is sobering to read the words of just one of these citations, the one which accompanied the award of the Medal of Freedom, made by President Eisenhower in the White House last year. Here is the citation:

To Lewis L. Strauss, for exceptionally meritorious service in the interests of the security of the United States.

During a crucial period, he has provided leadership, resourcefulness, judgment, and courage equal to the immense demands and promise of the atomic age.

His direct contribution to the security of the United States and other free world nations has been outstanding. He was an effective supporter of the development of thermonuclear technology at a time when a less determined and imaginative course might have resulted in severe damage to our security and that of the free world. He initiated a long-range detection system for atomic explosions which adds both to our safety and to our hopes for successful disarmament negotiations.

Equally significant has been his work in helping build the long-term security that comes of devoting the atom to works of peace. Under his guidance, peaceful use of atomic energy for power, research, healing, agriculture, and production has made remarkable progress. He has played a great part in bringing to reality the International Scientific Conference on Peaceful Uses, and the atoms for peace program, now being put into effect through the International Atomic Energy Agency.

Through his wisdom and foresight, his country enjoys greater security today and greater hopes for genuine peace in the years ahead. In recognition of his distinguished service, I take pleasure in awarding the Medal of Freedom to Lewis L. Strauss.

DWIGHT D. EISENHOWER.

No one questions the sincerity of the President. It is unthinkable that this honest man would stoop to falsity as a character witness for Lewis Strauss. I suggest, instead, that men reviewing these honors to Secretary Strauss will be grateful for his services. This citation, and the many more by military and civilian leaders of America and of other nations, need no defense and will outlive the transient criticism.

Mr. President, let us turn from citations which are concerned basically with security to those made by leaders in scholarship and the humanities. They give added significance to the fact that Lewis Strauss never went to college, and they expose the thinness of charges that he has no standing in the American academic community.

As top-ranking student and valedictorian of his high school class in Richmond, Va., Strauss won a scholarship to the University of Virginia. He relinquished this privilege, in spite of an absorbing interest in physics and natural sciences, to be able to add his contribution to his family's support. He became a salesman on commission for his family's wholesale jobbing house, a drummer of the horse-and-buggy school.

That was not the end but the beginning of his higher education. On those trips—in the kit of shoe samples which jolted along with him as he visited merchants of small southern towns—he packed the Latin classics of Ovid and Horace and the science books he was to read along the way.

Those times were the beginning of a truly extraordinary career. Since those times 23 colleges and universities have chosen to honor him.

There is no point in going into the details of these honors. In order to save time, I shall not read the citations of these distinguished universities. But we can note the stature of the institutions that bestowed them—proud universities that span the Nation. They include the Universities of California and Southern California, the Chicago Medical School, the Medical College of Virginia, the Hebrew Union College, the Jewish Theological Seminary, Rockhurst College, Dickinson College, Elmira College, Union College, the University of Pennsylvania, Columbia University, New York University, Youngstown University, Toledo University, Richmond University, the University of Rhode Island, Tufts College, and Boston University.

All these appraisals—these documented tributes to the abilities of Lewis Strauss—were reviewed and voted, one by one, by national leaders in higher education. Surely, by numbers alone, the total judgment of so many men might outweigh that of the small group which would invoke doubt and challenge the validity of the distinguished awards.

These tributes to Lewis Strauss were from leaders in American scholarship, whose evaluations cannot be influenced. They were salutes to patriotism, to wisdom, to Admiral Strauss' repeated answers to the call of duty. They refute the charge that he is anti-intellectual or is rigidly antagonistic to the scientific mind.

Mr. President, there is one citation which should be mentioned for its very special point, conferred a long time ago.

The great University of Liege in Belgium conferred its doctorate on Lewis Strauss. It did so with language that went beyond that of the Governments of France and Belgium. The words were different, and the story is significant.

Here I turn back to Richmond, Va., of 1917. It was the year of holocaust in World War I. In Richmond, Mr. Strauss' mother was collecting donations for the famous Commission for the Relief of Belgium that was headed by Herbert Hoover. Young Lewis, catching his mother's purpose, went to Washington and presented himself at Hoover headquarters as a volunteer. Mr. Hoover told him to get to work, which he did, for many months, without pay, drawing on his own savings.

Secretary Strauss started as odd-job man in Hoover's headquarters at the new Willard Hotel, and became Mr. Hoover's secretary when the former was named food administrator.

When Mr. Hoover moved the operation to London, young Lewis Strauss became deeply involved in that long story of relief, which is one of history's finest

examples of man's kindness to man. As one of the Americans involved, he shared in the grateful affection the people had for Mr. Hoover.

So when the time came for the ancient university to make its commendation, the words were different. They had overtones and meaning not common to honorary degrees. The words echoed the gratitude of a nation's children, some of whom now sat in the very audience—at the honoring ceremony. I suggest that here we find confirmed again a proposition that would be hard to challenge.

It is this: that to compile such a record of achievement as that of the Honorable Lewis L. Strauss would be impossible unless—unless the line of the man's code be warmed, from the beginning, by a love of people, a deep commitment to their welfare.

Mr. President, if anything more were needed to attest to the continuity of his great purpose, I would cite another testimonial. It comes, again, from the same Herbert Hoover of Belgian relief, but now almost a half century later. Here is Mr. Hoover's assessment, penned this very month:

> There has never been in our public service a man so unpolitical, so dedicated, and so able in his tasks as to command such approvals and commendations upon the completion of every task assigned to him.
>
> I served 8 years as Secretary of Commerce. I can say without reservation that Lewis Strauss is the best man who could be selected for that position.

Mr. President, the unquestioned ability and experience of Lewis Strauss in the business and financial world, combined with his long and distinguished record in various Government posts, fit him uniquely to be Secretary of Commerce.

All of us are familiar with the vast array of agencies and responsibilities under the jurisdiction of the Department of Commerce. Clearly, it requires a man of vast administrative ability and broad experience to serve as the head of this Department. Admiral Strauss possesses that requisite background in glorious abundance.

Mr. President, there is one aspect of the Department of Commerce's mission to which I desire to devote particular attention, because of this nominee's unique competence to deal with this problem.

Mr. President, Lewis Strauss is ready, willing, and able to quarterback America's response to the supreme challenge of the Soviet economic offensive. He knows and understands the magnitude and nature of that threat to the free world. He recognizes that one way it can be effectively countered is through the activities of our Department of Commerce.

Lewis Strauss is a man with a demonstrated, firm grasp and appreciation of the Soviet mind and of the Soviet blueprint for world domination. He has a realistic insight into the nature of the Soviet economic war plan. He knows that the Soviets—as demonstrated by their manipulation of the prices, for example, of aluminum and scientific equipment—make trade simply the servant of their foreign and military policy.

The profit motive which dominates our free economy system has no place in the Soviet scheme. What we must do, in Mr. Strauss' book, is to combat these Soviet tactics without endangering our free enterprise traditions. In his views, he reflects his dedication to the system of private initiative which has brought this Nation untold prosperity. His views also demonstrate his firm belief that cooperative Western trade policies can be vital in turning back the tide of the Red trade offensive.

Mr. President, the current economic contest is a phase of the cold war which requires a general of the zeal, patriotism, caliber, and experience of Lewis Strauss. Let us not, through petty harassments, political pique, or personal animosity, deprive America and the free world of the services of this tried and true leader who can so ably articulate the free world's answer to the Red economic challenge.

In the heat of Washington's debate over this pending nomination, I suspect many of us have lost our perspective on this whole thing. In this connection, it is interesting to note that from all corners of this Nation, great newspapers of America have hailed the nomination of Lewis Strauss. Unfettered by political obligations, unblinded by personal antagonisms, deeply conscious of the Senate's rich traditions in these matters, and fully aware of the competence and abilities of this man, leading newspapers of America have urged the confirmation of his nomination. Their detached, unbiased views deserve the close study and thoughtful evaluation of every Member of this body. I shall deal further with them at a later time.

Mr. President, I shudder to think what might be the consequences if this body were to reject Mr. Strauss' nomination. Clearly, if the Senate turns its back on proven competence, if the Senate ignores the findings of fine men of high caliber of both political faiths, if this body rejects the sincere views of the vast majority of our great newspapers, it will become increasingly difficult for the President to find top-quality men to serve in posts of high responsibility. At a time when the challenges which confront America cry out for men of honor, intelligence, and ability to serve their country, it would be a distinct disservice to reject the nomination of this man who so clearly is fitted to help lead the Nation.

Lewis Strauss has passed with flying colors all possible tests involved in Senate confirmation of a Cabinet nomination. He has amply demonstrated character, integrity, emotional stability, absence of conflict of interest, intellectual and moral competence, patriotism, and experience. What more can we ask?

No one has advanced a solid, documented argument which throws in shadow the fitness of this man. No one has brought forward evidence which meets any of the accepted and traditional criteria for rejection of a Cabinet nominee.

No man has shown that Lewis Strauss is not fully qualified to serve his country as Secretary of Commerce.

We have heard much speechmaking about this matter. The public press and the radio and television have been flooded with news articles, editorials, and think pieces concerning this nomination. Charge and countercharge have been flung.

Mr. President, I have studied with great care the hearings conducted by the Committee on Interstate and Foreign Commerce. I have scrutinized the various arguments which have been advanced against Mr. Strauss. I have examined the testimony of witnesses pro and con on this nomination. I have read with care numerous speeches and press releases of Admiral Strauss' opponents.

Mr. President, I find no basis in fact for any charge that Lewis Strauss is not fit to serve as Secretary of Commerce. I find no basis in fact for any charge that he is dishonest, or in any way lacking in integrity.

I find no lack of character in Lewis Strauss which would disqualify him to serve as Secretary of Commerce.

I find no conflict of interest which would disqualify him from this post.

I find no facts which deny the brilliant competence of Admiral Strauss.

Mr. President, I do find in this man the emotional stability required for the exacting tasks which lie ahead.

I do find the moral and spiritual fortitude so essential to the rigors of a high-pressure, important post.

I do find a dedication to his country second to none.

I do find a determination to combat the international Communist conspiracy which reflects both an understanding of its proportions and an appreciation of how to fight it.

Mr. President, I find in Lewis Strauss a man of broad experience in the very fields which will fall under his jurisdiction as Secretary of Commerce.

I find a man who has served with brilliance and distinction under three Presidents of both major parties.

Mr. President, I find a man who has had the courage of his convictions and who has made the hard, controversial decisions which the posts he has occupied demanded of him.

Are we to turn our backs on proven ability and tested competence merely because we may in the past have disagreed with some of the policy decisions this man has had to make? If, as some Senators have indicated, Senators intend to vote against Lewis Strauss simply because they do not agree with him, I plead with them to search both their consciences and their history books before they do so.

It is thus a challenging vote which faces the Senate. We are challenged, in the face of the stormy waves of controversy which surround us, to appraise this problem in a fair, impartial, and judicious manner which will reflect real credit on the Senate and on our American system of government.

So let us approach this vote without rancor and without partisan fervor, for such emotions should play no part in deliberations such as this.

Let us then confirm the nomination of a man whose public record is superb, whose integrity is unquestioned, whose

capabilities are proven, and whose dedication to the task assigned him is unflagging.

A short time ago I mentioned the fact that a very large number of newspapers have editorially indicated their support for Lewis Strauss, many of them saying in the editorials that they were opposed to him, either personally or philosophically, or both, but all saying that his nomination should be confirmed because of the traditional Senate practice and the separation-of-power principle in our Constitution.

There are many others which, in general, are commendatory of the nominee, but I believe these, in particular, are of interest because of the point I have been discussing today, which is that the issue before us is not whether we agree with this man. That is not the basis upon which we should render our decision, and it is irrelevant insofar as our deliberations at this point are concerned.

I had intended to ask unanimous consent to insert those editorials in the RECORD at the conclusion of my remarks, but I assume that under the position which is taken by the majority leader or the acting majority leader, which is understandable, that will not be possible, and I shall not ask it.

However, the Springfield News, of Springfield, Mass., on March 30 of this year, in an editorial referring to the Strauss appointment, said this:

THE STRAUSS APPOINTMENT

When Adm. Lewis L. Strauss resigned as Chairman of the Atomic Energy Commission, he precluded what had been billed as a stiff Senate battle against his renomination.

However, less than 4 months after his resignation, he was named by President Eisenhower to succeed Sinclair Weeks, who resigned as Secretary of Commerce. The appointment shattered Mr. Strauss' own prediction that the AEC post would be "my last public job on earth," and alerted critics inside and outside of the Senate once more to prepare a campaign to block his confirmation.

So, it is likely that the Dixon-Yates scandal will jump back into the headlines as the Senators will seek once more to determine the role of the former Kuhn, Loeb & Co. partner in that deal that was approved and later repudiated by the President.

However, appointment of a Cabinet member is in a different classification than an appointment to a Federal commission. Cabinet members are considered members of the President's chosen executive family, and many Senators believe that the President should have carte blanche in selecting men or women for such posts.

Charles Wilson did have to sell his General Motors stock before his appointment as Defense Secretary won Senate approval, and the Senate agreed to Henry A. Wallace as Commerce Secretary only after the RFC was removed from Department of Commerce jurisdiction.

Henry L. Stimson won approval as Secretary of War in 1940 although about one-third of the Senators voted against him, duplicating Harry Hopkins' fate when named Secretary of Commerce a year earlier.

However, for a rejected appointment, it is necessary to go back to President Coolidge's selection of Charles B. Warren as Attorney General, and if Vice President Charles G. Dawes had not been absent, he could have cast the deciding vote to save the nomination and to preclude Mr. Coolidge's irritation. It was the sixth and most recent Cabinet appointee rejection by the Senate in American history—

I interpolate at this point that it was the seventh—

Admiral Strauss, who has already won a place in the history books, is about to enlarge his position, whichever way the Senate vote goes.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. KEATING. I shall be happy to yield provided I do not lose the floor.

Mr. KUCHEL. I was called from the Chamber during a portion of the able Senator's address. Has he included as a part of it a statement of the responsibilities which go with the office of Secretary of Commerce in our Federal Government?

Mr. KEATING. Yes, to some extent. I have endeavored to cover many of the duties of the Secretary of Commerce, and I point out that the experience of this man ably qualifies him for that office.

Mr. KUCHEL. Mr. President, in that connection I ask unanimous consent that a statement of the duties of the Secretary of Commerce, as outlined in the hearings, be made a part of the RECORD.

The PRESIDING OFFICER. Is there objection?

Mr. McGEE. Mr. President, I object.

Mr. KUCHEL. Mr. President, I move that the clerk read into the RECORD the duties of the Secretary of Commerce, as outlined in the hearings.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. KEATING. I do not yield, except under unanimous consent that I shall not lose the floor.

Mr. KUCHEL. Will the Senator yield for that purpose?

The PRESIDING OFFICER. Is there objection?

Mr. McGEE. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The regular order is that the Senator from New York has the floor, and he can yield only for a question.

Mr. KEATING. I am happy to yield for a question, or for any other purpose which will not deprive me of the floor.

Mr. KUCHEL. Mr. President, will the Senator yield for a question?

Mr. KEATING. I am happy to yield for a question, under unanimous-consent agreement that I shall not lose the floor.

Mr. KUCHEL. I wish to say most respectfully that the fairly succinct statement of the duties which the Secretary of Commerce must perform under the law, as set forth on page 9 of the hearings, should be made a part of the official record of the debate, in my opinion.

Mr. McGEE. Mr. President, I rise to a point of order.

Mr. KUCHEL. Does not the Senator agree?

Mr. KEATING. I do agree.

The PRESIDING OFFICER. The Chair believes that the words which the Senator from California has just added convert what was a statement into a question.

Mr. McGEE. In the nick of time.

Mr. KUCHEL. That is all that is required.

Mr. KEATING. As I understand, a question was addressed to me.

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. KEATING. The answer is "Yes."

Mr. KUCHEL. I thank my friend from New York, and I thank the Chair.

Mr. KEATING. I thank my friend from California; and now that we are all thanked, let me say that I have been reading an editorial from the Springfield (Mass.) News. That fine newspaper also wrote, on May 17, of this year, under the heading "The Strauss Nomination," as follows:

THE STRAUSS NOMINATION

While the world's eyes are turned chiefly on Geneva and the drama there being played, the wheels of Congress still turn or are supposed to. They would turn faster if the Senate, after weeks of increasingly bitter dispute, would proceed to confirm the nomination of Lewis L. Strauss as Secretary of Commerce in the Eisenhower Cabinet. The Commerce Committee is at last ready to vote whatever may be its recommendation. After that the Senate as a whole may at least hope to act.

This newspaper holds no brief for Mr. Strauss; it would have been better, in our opinion, if someone else had been given his present appointment.

That is the point I am stressing. Here is a newspaper which is opposed, either on personal or some other grounds, to Mr. Strauss. It states frankly that it would rather have seen another appointee.

Continuing with the editorial:

We are, however, not unmoved by the sweeping endorsements given him by President Eisenhower and by ex-President Hoover; wholly aside from politics, any American citizen might well covet such high praise from two such men. But it is difficult to reconcile their broad approval with the severe and specific criticism of many others, including the Alsop brothers and not excluding certain of the Senators who have recently attacked Mr. Strauss. But to that must be added a footnote that too much of their attack, like too much of his defense, has seemed irrelevant—

I hope they are not referring to any defense I have attempted to provide for Mr. Strauss—

The issue, as it now stands, seems to boil down to what, in essence, is a constitutional question. As this Nation has operated for more than 170 years it has been much as if the President had a special constitutional freedom of choice, in spite of the overriding provision requiring the advice and consent of the Senate, in selecting his Cabinet officers to administer their separate departments as his personal executive agents. On the whole, it makes sense unless the gravest sort of charges should be sustained against his nominee. It was in 1925 that the last Cabinet nomination was rejected; in 1868 the last before that. By popular consent today, but for reasons discovered only later—in fact the actual crime was committed later—it would have been well if the Senate had also rejected Harding's nomination of Fall in 1921. Yet, while there seems to be ineptitude and poor judgment in Mr. Strauss' record, there does not seem to be either reason or justice in classing him, even inferentially, with that other Cabinet member.

It is time for the Senate, under just criticism for its long and indefensible delay in only recently confirming Justice Stewart of the Supreme Court, to dispose of Mr. Strauss by confirming him also and then get on

with its heavily accumulated business. After that, we shall have two hopes for Mr. Strauss: (1) That his duties as Secretary of Commerce may be made easier by a continuation of the now marked upturn in business—

The editorial is dated May 17, 1959. The upturn has been significant since that date—

(2) but less confidently, that his tendency, admitted by some of the present supporters of his nomination, to split hairs and take advantage of technical evasions will lead him into less trouble.

Obviously, Mr. President, the Springfield, Mass., News is not overwhelmingly enthusiastic about this nomination. I cannot subscribe to some of the anti-Strauss statements in these editorials. However, they clearly indicate that Admiral Strauss' nomination should be confirmed because of the constitutional bases upon which the Senate has traditionally considered nominations for Cabinet posts.

Mr. President, the Washington Evening Star of May 16, 1959, published an article written by Gould Lincoln entitled "Anti-Strauss Vote Could Boomerang." Mr. Lincoln writes:

How far partisan politics and personal animosity are playing their parts in the opposition to Senate confirmation of the nomination of Adm. Lewis L. Strauss to be Secretary of Commerce has been fully disclosed in the 16 days of hearings before the Senate Commerce Committee.

Admiral Strauss is an able and intelligent public servant. This has been proven in the years of his service with the Atomic Energy Commission, in the Navy, and in other capacities. He has been charged with falsehoods by opponents and he has successfully refuted the charges. He has been charged with failure to cooperate, as Chairman of the Atomic Energy Commission, with Congress, and its committees. And that charge he has demolished. He has been charged with being too severe in his application of the national security laws enacted by Congress.

One witness accused Admiral Strauss of being too security conscious. His answer to this statement was: "Gentlemen, I confess to that charge. I do not know how one man can be too security conscious where the security and well-being of a nation can easily rest on violations of security. I do not underestimate the interest of the Russians in our scientific programs."

It now remains to be seen how far partisan politics and personal animosity will go in the vote on the Strauss nomination in the Senate Commerce Committee, and then in the Senate itself. Obviously, with a Senate composed of 64 Democrats and 34 Republicans, the Democrats have it in their power to snow under Admiral Strauss. But would they gain by defeating the Strauss nomination?

THE PRESIDENT'S RIGHT

The right of a President to appoint his own Cabinet, his intimate advisers and administrators, whether the President be a Democrat or a Republican, has been recognized throughout the history of the country. Only if it can be shown that such an appointee is dishonest or incompetent should the Senate decline confirmation. Even one of Admiral Strauss' most violent opponents, when questioned point-blank at the end of the hearings whether he wished to call the admiral dishonest or incompetent, said "No"—and this, although the same witness had earlier accused the admiral of falsehood.

Hearsay and personal opinions, not facts but opinions given on alleged facts, have permeated the anti-Strauss testimony before the Senate committee. The truth is hard to come by, especially when half-truths and generalities are the order of the day in such hearings.

A great advocate, a great friend of labor and the poor, Clarence Darrow, once said: "None of us knows what the truth is. Truth is a chameleon. Just as you think you have sprinkled salt on its tail it changes. We can never fully grasp it or settle it for all time."

Certainly in this welter of words used against Admiral Strauss it is difficult to grasp the truth, and certainly, from the evidence, the advantage is with him.

OPPOSITION NEEDS 50 VOTES

If the full Senate membership is counted, the Democrats must have 50 votes to defeat Admiral Strauss' confirmation in that Chamber. There are 34 Republicans and all of them are expected to vote for the admiral. In other words, the Democrats must cast a total of 50 votes against. If he is to be confirmed, the admiral must have at least 15 Democratic votes, which would create a tie. A tie would be broken in favor of the appointee by the Vice President. Three Democratic Senators have publicly announced they will vote for him—Senators PASTORE, of Rhode Island; THURMOND, of South Carolina; and CHAVEZ, of New Mexico. It seems incredible that 13 more Democrats will withhold their support.

There are four Democratic Senators who are recognized as strong potential candidates for the Democratic presidential nomination next year—Senators JOHNSON of Texas, majority leader—

Mr President, I notice a typographical error in the article. The next name is spelled K-e-n-p-h-r-e-y. The writer of the article perhaps displays a split personality here. At any rate, it refers, I am sure, to the Senator from Minnesota [Mr. HUMPHREY]—

Kenphrey of Minnesota, and Symington of Missouri. How they vote on this nomination will hold considerable political interest, for this vote will not be lightly forgotten, particularly if it is negative. Also, these Senators, if they look forward to being President, may wonder how it would be if they were to send nominations for Cabinet posts to the Senate, and how they would feel if the Senate should turn them down.

Among the political issues involved in the Strauss case is that of public power. The admiral has been considered by the public power enthusiasts as an "anti" because of opposition to the use of Government funds to construct atomic energy powerplants for domestic uses, and because of his espousal of the Dixon-Yates contract. He will be opposed by these Senators. But not all the Democrats are public-power enthusiasts.

The Huntsville, Ala., Times of May 12, 1959, published an editorial entitled "See You Later, Alligator."

Mr. BYRD of West Virginia. Mr. President, will the Senator from New York yield for a question?

Mr. KEATING. I shall be glad to yield for a question, provided I may have unanimous consent that I will not lose the floor.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The Senator has the right to yield for a question, and does not suffer loss of the floor because of that act.

Mr. KEATING. I thank the Chair.

Mr. BYRD of West Virginia. I am very much interested in hearing what the Senator has to say about this nomination. I wonder whether the Senator would mind speaking a little louder.

Mr. KEATING. I will be glad to turn toward my distinguished friend from West Virginia, for whom I have such high regard. Instead of speaking louder, I will come over toward him. If at any time he does not hear me, I shall be very happy to have him say so.

Mr. BYRD of West Virginia. Mr. President, will the Senator further yield for a question?

Mr. KEATING. I shall be happy to yield for a question provided I do not lose the floor.

Mr. BYRD of West Virginia. Does not the Senator from New York wish our guests in the galleries to hear what he is saying?

Mr. KEATING. Yes; and I hope I am speaking with sufficient voice so that the occupants of the gallery will hear me, although, of course, our primary responsibility is to have our colleagues, who must vote on this problem, hear what we have to say.

Mr. BYRD of West Virginia. I thank the Senator from New York.

Mr. KEATING. I thank the distinguished junior Senator from West Virginia for calling attention to the fact that he was not able to hear me. I will try to correct that condition.

I had said that the title of the editorial in the Huntsville, Ala., Times is "See You Later, Alligator." The distinguished junior Senator from West Virginia, who is so able as a poet, will, I feel certain, appreciate at least the title of the editorial. The editorial reads:

SEE YOU LATER, ALLIGATOR

Not in many years has any Cabinet official had such a rough time seeking confirmation. But Lewis Strauss, since last November Secretary of Commerce under an interim appointment, is a determined man. No Clare Boothe Luce, if you care to put it that way.

Mr. Strauss makes up in toughness what he apparently lacks in friends in Washington. His enemies in the Senate and in the U.S. scientific community were made in the days when he was Chairman of the Atomic Energy Commission.

The other day, New Mexico's Senator ANDERSON accused him of being a liar. Tennessee's Senator KEFAUVER has charged him with having a hand in the Dixon-Yates power contract which the President canceled after a wide public outcry.

In reflective moods, Strauss has reportedly been heard to say that if he had known as a young man what trials public life was going to hold for him he never would have entered it. But the gentleman is apparently proud of his toughness. It leads one to speculate that he'll never quit now, although it probably would be better for the country if he did.

Some days ago, it appeared that Strauss' enemies in the Senate would try to delay his confirmation hearing until Congress adjourns. Now it looks like the hearing will eventually be concluded. Washington puts it down as a good bet that he will be confirmed. Many who dislike Strauss still believe the President should be allowed to have a Cabinet officer of his own choice.

Too, Mr. Strauss is so dead set on hanging on to his job that he would accept another recess appointment at adjournment time if Mr. Eisenhower chose to make it.

Not everybody has a penchant for alligator hide. But one must admit that it's durable.

Mr. President, that editorial, published in the Huntsville, Ala., News, is typical of a great many other editorials which for personal or philosophical reasons oppose Admiral Strauss for the position of Secretary of Commerce. Either they oppose him as a man or they think the President could have selected a better nominee. But they adhere to the principle that it is the President who has the power of appointment and that his wishes should be respected.

Later in the debate I shall place in the RECORD, if I am permitted to do so, or I shall read in to the RECORD, very much more laudatory editorials about Admiral Strauss. They are rather long. The few I have here deal specifically with the point I have been making this afternoon, namely, that this is a matter for the President to decide, and that the Senate should undertake to refuse its consent only if elements of character or competence are involved.

I shall read now an editorial from the Miami News, a very distinguished newspaper published in Florida. It is one of America's fine newspapers, although I understand its policies are Democratic. The editorial is entitled "Strauss Approval Now Overdue." The editorial reads as follows:

STRAUSS APPROVAL NOW OVERDUE

There may be some valid reasons why some Senators oppose the appointment of Adm. Lewis L. Strauss as Secretary of Commerce, but we do not think they are strong enough for the Senate to reject the President's choice.

Generally speaking, we believe President Eisenhower is entitled to have the men he wants in his Cabinet. The only exception would be if a President nominated a thoroughly unprincipled man.

Most of the counts against Admiral Strauss stem from his service as Chairman of the Atomic Energy Commission. In that post he stepped on a lot of toes and made a lot of enemies in Congress. He is accused of having persecuted scientist J. Robert Oppenheimer as a security risk and of having engineered the Dixon-Yates power deal which the Government later repudiated.

Just how much Admiral Strauss was personally responsible for these and other acts is a question. It is said the Oppenheimer investigation was carried out pursuant to President Eisenhower's direction. Certainly the Dixon-Yates deal had the backing of the administration.

Be that as it may, Admiral Strauss is a proved administrator. He is a respected businessman-investment banker. The Department of Commerce is supposed to serve the business community.

The Senate Commerce Committee has approved his appointment by a slim 9-to-8 vote. We hope that confirmation, too long delayed, will now be voted.

The president of the Miami News, a fine newspaper published in Florida, is James M. Cox, Jr., who I assume is the son of a former Democratic nominee for President. The publisher is Daniel J. Mahoney. Other very fine citizens are associated with that newspaper.

And another Florida newspaper, the Tampa Times, on May 12, 1959, published an editorial entitled "It's Time for Senate To Confirm Strauss." The editorial reads:

Some Members of the Senate Commerce Committee are conducting what amounts to a filibuster on the nomination of Lewis L. Strauss as Secretary of Commerce.

Mr. McGEE. Mr. President, will the Senator yield for a question?

Mr. KEATING. Mr. President, I will not yield, but I think I will omit from the RECORD part of the statement in the editorial; which I think might be unparlimentary.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The Senator from New York declines to yield.

Mr. KEATING. I read further from the editorial:

Mr. Strauss' competency as an administrator has been proven. Three Presidents of the United States have placed tremendous responsibilities in his hands.

President Hoover picked Lewis Strauss as his personal secretary when Hoover headed relief work abroad after World War I. President Truman named Mr. Strauss to the Atomic Energy Commission after he had served with distinction during the war in administrative jobs for the Navy. President Eisenhower called Mr. Strauss back into public service from private business to head the AEC at a time when this country was faced with the vital need to maintain our lead over Russia in the development of nuclear weapons.

All during the weeks the Senate committee hearings have dragged on, no real question has been raised as to his technical qualifications for the position or his devotion to the public service. What has been developed by his opponents in the Senate is a series of quasi-ideological considerations rooting in passionate controversies with scientists and some Members of Congress now, almost historical.

It is true, of course, that the Senate has a firm right to make sure its confirmations for important offices apply to appropriate and qualified persons. But balancing this authority is a duty to respect the President's right to have in his Cabinet individuals in whom he has confidence.

Certainly, the Senate should support the Chief Executive's judgment unless it finds evidence of serious misconduct or some similar factor warranting disqualification.

Mr. President, I prefer not to read the next sentence of the editorial, because of the possibly unparliamentary nature of the language.

I read further from the editorial:

We have not approved of everything Mr. Strauss has done during his years in Government. He erred seriously, in our judgment, in defending the Dixon-Yates power contract. He has been far too stubborn in his advocacy of secrecy in nuclear matters.

But he has had broad experience in the fields of business and finance, and none can doubt his firsthand knowledge of the administrative machinery of the Government. Another point in his favor—

And, Mr. President, I do not consider this unparliamentary—

is the fact that Senator WAYNE MORSE came out flatly yesterday against his confirmation.

That surely helps to make up our mind. We think Lewis Strauss should be confirmed with the least possible delay.

Again, Mr. President, while I do not necessarily share in all respects the views of the Miami Herald-News, including the one last stated—for instance, I have always had a high regard for my colleague from Oregon—yet, in overall thesis, it sustains the proposition I have been advancing today.

The Dayton, Ohio, News published, on May 4, the following editorial entitled "Strauss in the Wind From Bigger Conflict":

It is more than 3 months since the President asked confirmation of Lewis L. Strauss as Secretary of Commerce, and the Senate still stalls. Its Commerce Committee will hear further from scientists and Senators critical of Strauss' high-handed rule of the Atomic Energy Commission, with a rattle or two of the Dixon-Yates skeleton for good measure.

Administration stalwarts are indignant over the delay. Since confirmation is sure to come in time anyway, they call it a calculated effort to embarrass the admiral, which it is, and an infringement on Presidential prerogative to choose lieutenants, a right not without proper limitations.

Senatorial opposition to Strauss counters that his AEC record jangled with abuses of delegated power and frustrations of the intent of Congress. They mean to make an example of him to remind appointed officialdom that Congress retains the power to make law and supervise its administration.

This vendetta, in many ways ridiculous, brings into focus a far larger problem, the problem of conflict and periodic imbalance between executive and legislative branches of Government. Wiser men than Strauss or those harrying him have given much thought to it in the past, Woodrow Wilson and Thomas Finletter among them. They have watched the growing complexity of Government, compounded by greater responsibilities, aggravate differences between White House and Capitol Hill. Liaison is strained through the very years public interest requires that they work more closely together.

Sometimes this strain grows so great that there is outright hostility and even deadlock between Congress and the executive branch. Minor but symptomatic conflicts rage almost continuously.

Probably the best proposal for turning Government back to the path of cooperation and coordination is the one for a joint executive-legislative council to formulate and monitor national policies, domestic, and foreign. It is at least worth a try as one way to improve relations without diminishing either the power of the Presidency or the authority of Congress.

Dangling Strauss in the wind of senatorial caprice serves little purpose. But if it draws fresh attention in Washington to growing estrangement between executive and legislative branches, it may have some utility after all.

The Lorain (Ohio) Journal published, on May 12, an editorial entitled "Game Gone Too Far." I now read that editorial:

Appointees named by the President of the United States should be loyal, capable citizens. It is properly within the scope of the Senate's authority for the Senators to determine that they meet these qualifications before confirming the appointments.

This does not mean, however, that Senators should allow partisanship to interfere with the confirmation of those who are qualified—nor does it mean that the appointees should be subjected to criticism, abuse or ridicule.

A similar viewpoint was expressed in the May 9 issue of Business Week in an editorial which stated, in part:

"In the case of Clare Boothe Luce, Ambassador-designate to Brazil, the whole thing got out of hand.

"Lewis Strauss, President Eisenhower's choice for Secretary of Commerce, has been more successful in holding his tongue, but he, too, has been raked over unmercifully

* * *. Less publicized but equally embarrassed are some 70 other appointees who have been kept dangling while the Senate has its fun.

"It's high time that the Democratic leadership in the Senate pulled up its socks and exerted some control over this situation. The Senate is not asked to certify that Strauss is a lovable man or that it agrees with everything that he has done in the past. Its sole duty is to determine whether or not he is a public-spirited man who is qualified for the job. In the light of Strauss' record that is beyond question.

"The real issue here is simply whether or not a President is entitled to designate his chief assistants. No Senate, however partisan, has ever seriously challenged this right, and the present Senate obviously does not intend to. It has been indulging in a little partisan politics, which is all right within limits. The trouble is that the game has now gone too far."

On the same day—May 12, 1959—the Cleveland Plain Dealer, in an editorial entitled "The Strauss Imbroglio," had the following to say:

In a somewhat plaintive tone, a member of the Department of Commerce's Cleveland staff expressed wonderment the other day over the impasse involving Adm. Lewis L. Strauss.

For going on 17 weeks now, the Senate has backed and filled over confirmation of Strauss as Secretary of Commerce.

The effect of this equivocation has been sorely felt. No one, our confidant allowed, can get much accomplished. Decisions on policy line are not forthcoming from the top; the Department's work—and hence the public welfare—is suffering.

Thus the Senate's horsing around (WAYNE MORSE, you see, is at it again) is genuinely harmful. But that doesn't seem to affect a limited coterie of men who are balking about the admiral simply because they don't like his brusque ways.

L'affaire Clare Luce seems to have given some encouragement to the opposition. They have been busily carving up the reputation of a man who has been as dedicated a public servant as anybody of this generation.

Lewis Strauss won't quit under this fire. Nor does he need any particular help, because he is a fighter who knows how to take care of himself. But that's not the issue, any more than it is how he wears his clothes or conducts his senatorial relations.

The question involves a President's right to pick and choose men for his Cabinet whom he can work with for the Nation's gain. If every President has to be subjected to crass harassment in picking his team, then this country is off on a dangerous tangent.

There is growing resentment among Senate Members of both parties over the indignities currently being exhibited. If this were the Army, we'd call it conduct unbecoming officers and gentlemen. Strauss' confirmation should be expedited.

Then, Mr. President, in the State of Michigan, the Pontiac, Mich., Press published, on April 10, 1959, an editorial headed "Strauss Appointment Delay Is Unnecessary," in which the following was stated:

Lewis L. Strauss, now Acting Secretary of Commerce, is being put on the spot by virtue of his recess appointment. Even critics of Strauss are beginning to agitate for nomination.

The Senate held up the nomination until after the Easter recess. This may or may not have been in order, but it now is quite obvious that the probation is running entirely too long.

Such a stalemate is working an injustice on Admiral Strauss since nobody really expects the nomination to be turned down by either the Senate Commerce Committee or the Senate as a whole.

If the Strauss nomination is rejected, it will be first of a Cabinet member in 34 years. In 1925 the Senate refused by vote of 40 to 40 to confirm Charles B. Warren as Attorney General.

Mr. President, as I pointed out, through a parliamentary situation the vote actually was 41 to 39 against confirmation of the nomination of that gentleman.

I read further from the editorial:

Since there does not appear to be any big issue involved it seems rather silly since the Senate has usually given the President an almost free hand in picking his official family. Strauss has been serving as Commerce Secretary under a recess appointment since November 13, 1958.

To date we have had only five rejections of Cabinet nominations. One under Jackson, three under Tyler and one under Johnson.

Again, Mr. President, the editorial writer is slightly in error, because there have been seven rejections of Cabinet nominations, as I have previously pointed out.

I read further from the editorial.

Some Cabinet members, though confirmed, have found the road to confirmation rough. About one-third of the Senate voted against Harry L. Hopkins for Commerce in 1939 and Henry L. Stimson for War in 1940.

To get Henry A. Wallace into Commerce in 1940 the RFC had first to be taken out of it, and in 1953 Charles E. Wilson had to sell his General Motors stock before becoming Secretary of Defense.

The Washington Post, which had been extremely critical of Strauss as head of the Atomic Energy Commission, says it would be difficult to challenge his qualifications for Commerce Secretary. The newspaper goes on to comment: "It ill becomes the Senate to use its power of confirmation as an instrument of harassment."

That is the end of the quotation. The editorial writer says: "We concur."

Then from Indiana, showing the wide range of editorial comment along this same line regarding the nomination of Lewis Strauss, we find an editorial in the Fort Wayne News-Sentinel of April 6, 1959, entitled "No Cabinet Choice Rejected in 34 Years."

The editorial reads as follows:

Obviously, the Senate Commerce Committee should not let the matter of the appointment of Lewis L. Strauss as Secretary of Commerce drag on for an extended period. Recessing of the committee for Easter of course was unavoidable, but the hearings, partially held, should be resumed and concluded as soon as possible.

Strauss himself, who is now Secretary of Commerce by virtue of a recess appointment, has urged that there be no delay in completing the hearings, and it is understandable that morale in his Department cannot be at its optimum best as long as his confirmation remains an uncertainty.

There appears to be no good reason why Strauss' appointment should not be confirmed, and the entire experience in the matter of appointments to the President's Cabinet for more than a third of a century indicates there is little doubt but that Strauss will be approved.

Indeed, if the Strauss nomination were rejected, it would be the first of a Cabinet member in 34 years. In 1925 the Senate refused by a vote of 40 to 40 to confirm Charles R. Warren as U.S. Attorney General. (Vice President Charles Dawes was absent, to administration indignation, and so was unable to break the tie.) President Calvin Coolidge sent in the nomination a second time, but this time the Senate rejected Warren by 46 to 39.

The professed objection to him was that he had been attorney for sugar interests, and some of these sugar firms had earlier been charged by the Federal Trade Commission with monopolistic practices, though no tangible ulterior conduct could be imputed to him. It is significant that several Senators voting against him said they'd vote for him for any post except Attorney General.

Usually, however, the Senate has given the President almost a free hand in picking his official family. In the (only) five rejections of Cabinet nominations—one under Jackson, three under Tyler, and one under Johnson—the Senate was in open rebellion against the President. In addition, in 1869, Grant had to withdraw the name of A. T. Stewart, big New York merchant, for Secretary of the Treasury.

Some Cabinet nominees, though confirmed, have found the road to confirmation rough. About one-third of the Senate voted against Harry L. Hopkins for Secretary of Commerce, in 1939; and Henry L. Stimson, for Secretary of War in 1940. To get Henry A. Wallace into Commerce in 1940, the RFC had first to be taken out of it, and in 1953 Charles E. Wilson had to sell his General Motors stock before becoming Secretary of Defense.

So on the entire record, Strauss' chances of making the grade appear to be good.

Then we have from Minnesota, the State of our distinguished friend who is being honored today by one of the institutions in this city and in other cities—and I am sorry that at the moment he cannot be present to hear this, but I will see he gets it—an editorial from the St. Paul (Minn.) Dispatch entitled, "Grilling of Strauss."

The editorial reads:

It is a longstanding tradition that each President has the privilege of naming his Cabinet members without fear that the Senate will withhold its confirmation except under extraordinary circumstances. This is part of the separation of powers of the executive and legislative departments. A President is responsible for the actions of his Cabinet and should have wide latitude in choosing members who reflect his own views, political and otherwise.

The continued grilling of Lewis Strauss by the Senate Commerce Committee is, therefore, an unusual indication of congressional hostility. Strauss, former Chairman of the Atomic Energy Commission, is President Eisenhower's choice for Secretary of Commerce.

Strauss seems to have a predilection for fighting with Members of Congress. His AEC record is a legitimate matter for the Democrats to make use of in their discussions of the administration's accomplishments. But to deny the President the right to put him in the Cabinet if he so desires would go counter to accepted custom, to say the least.

Another example of questionable attitudes among Senators on Presidential appointees is given by the belated confirmation of Potter Stewart as an Associate Justice of the Supreme Court. Nearly 7 months ago, Mr. Eisenhower announced Justice Potter's appointment, and he took office while Congress was not in session. It was 3 months after the present Senate convened before the Judiciary Committee even held a hearing on the nomination, and another month before it was acted on.

At no time was any charge made which reflected upon Potter's ability, past record, or honor. Senators from the South merely heckled him because he refused to join them in criticizing the Supreme Court's school desegregation decisions. What this display amounted to was a political demand by anti-civil-rights southerners that no one be named to the Supreme Court who would not agree to accept their own prejudices in interpreting the U.S. Constitution.

Then from Iowa we have an editorial in the Mason City Globe-Gazette of April 1, 1959, under the heading, "A President's Prerogative."

The editorial writer says:

If Lewis L. Strauss should be denied confirmation for Secretary of Commerce, it would be the first Senate action of that kind in 34 years. Then the victim was Charles B. Warren, Coolidge's choice for Attorney General.

There were special considerations in that case which are in no sense present with respect to Strauss. Warren had represented interests he might be called upon to prosecute for monopolistic practices.

Usually the President is accorded a free hand in picking his official family. There have been only five other rejections in history—one under Jackson, three under Tyler, one under Johnson. Grant once withdrew a name.

I interpolate at this point to say that other Presidents have withdrawn nominations from time to time.

The editorial continues:

Harry L. Hopkins and Henry L. Stimson were confirmed for F. D. R.'s cabinet over opposition. RFC had to be taken out of Commerce to get Henry Wallace in. Charles E. Wilson had to dispose of his General Motors stock.

Lewis Strauss was an outstanding success in private business before being attracted into war service. Since then he has given effective leadership to AEC. He is qualified for the Commerce spot as no other man has been in recent years.

For the Senate to reject him would be to exhibit a blind partisanship wholly unworthy of the world's most distinguished deliberative body.

Then from Colorado, from the Denver Post of May 14, 1959, under the heading, "Ike Has a Right to His Own Cabinet," the editorial writer has this to say:

Lewis L. Strauss, the man President Eisenhower wants as his Secretary of Commerce, is an old and tempting target for congressional criticism.

Like another Eisenhower appointee, Clare Boothe Luce, he has made many enemies. His policy disagreements with the Democrats who must pass on his appointment have been numerous and profound.

But a Cabinet officer is not selected for his capacity to please Senators or to concur in the views of the Senate majority.

The man he must please is the President, and it is the President's views he must concur in.

The right of a President to choose his own Cabinet seems to us to be one of the most fundamental rights that go with the office of Chief Executive.

A nominee for the President's Cabinet ought to be vetoed by the Senate only when his sins and errors have been gross or his ineptitude is clear and conspicuous.

Mr. Strauss' shortcomings do not fall in those categories. As Chairman of the Atomic Energy Commission, he made decisions and followed policies that many people disagreed with.

But history has not yet demonstrated that the critics were right and Mr. Strauss was wrong.

A good many of Mr. Strauss' difficulties in the AEC sprang from an ultraconservative point of view on a number of vital national issues.

If President Eisenhower wants that point of view represented in his Commerce Department, it is not for the Senate to say that he should not have it.

The remedy, of course, lies with the American voters. If they want conservatives like Strauss excluded from the councils of Government, they will have a full opportunity to say so at the polls in 1960.

In the meantime, Congress would be wise to leave the choice of a Cabinet member to the man the people elected President.

Then, from Phoenix, Ariz., in the May 16, 1959, issue of the Phoenix Republic, there is an editorial entitled "Senatorial Caprice," which reads as follows:

Democratic Senators are having a field day with Presidential appointments. They have delayed action for some 6 months on the nomination of Lewis Strauss to the President's Cabinet as Secretary of Commerce. They approved Clare Boothe Luce as Ambassador to Brazil in such a fashion that she felt she had to resign. They have stalled any decision on Ogden R. Reid as Ambassador to Israel. And, despite a favorable committee report, the Senate delayed approval of C. Douglas Dillon as Under Secretary of State.

There is no question about the Senate's right to confirm appointments of Cabinet members and Ambassadors. The current Congressional Review reports that six Eisenhower nominees have been withdrawn or have not been resubmitted after senatorial objection. But the current rash of Senate objections goes far beyond any mere scanning of the appointees' qualifications. According to the National Review, 76 Eisenhower appointments have been held up in the Senate. Forty-seven of them are classified as major. This concerted action appears to be either a direct congressional effort to seize the appointing power or a heavy-handed attempt to embarrass a President who cannot run for reelection.

Objections to Mr. Strauss are based on the personal disapproval of Senator CLINTON ANDERSON and on the basic philosophy of the public power lobbies. Mr. Dillon was the object of a personal vendetta by Senator LONG. "Whitey" Reid, ex-publisher of the New York Herald Tribune, has certainly been friendly enough to Israel. But the general underlying objective seems to be to embarrass a President who no longer is in control of Congress.

In Mr. Reid's case, it might be claimed that he has no diplomatic background. Neither had Joseph Kennedy, when he went to London as Ambassador, or John Cudahy, who was given a similar post in Poland. Like Mr. Reid, they were simply rich men who had been on the winning side of an election campaign. But President Roosevelt controlled Congress then, and President Eisenhower does not now.

The obvious question here is whether the President or the Senate has the power of appointment. It seems clear to us that the President should have the power, regardless of whether his party controls the Congress or not. If mere caprice is to dictate Senate approval of Presidential nominations, this country has certainly moved a long way from the division of powers contemplated by the Constitution.

Then, from the State of Wyoming, the Casper (Wyo.) Tribune Herald, under date of May 18, 1959, has an editorial entitled "Ike and the Senate," which reads as follows:

The controversy over confirmation of Adm. Lewis L. Strauss as Secretary of Commerce is in sharp contrast to the treatment the Senate generally has given President Eisenhower's nominees. In fact, Mr. Eisenhower is the first Chief Executive since before Woodrow Wilson to escape having any major civilian nomination rejected by the Senate, although heated controversies developed over several, and in half a dozen instances the nominations either were withdrawn or not renewed.

As an example of the latter, Tom Lyon, a retired official of Anaconda Copper Mining Co., in 1953 asked the President to withdraw his nomination as a Director of the Federal Bureau of Mines after telling the Senate Interior Committee he would not waive his Anaconda pension rights.

In another instance, in 1955, Allen Whitfield, a Des Moines lawyer, asked to have his nomination as a member of the Atomic Energy Commission withdrawn after the Joint Atomic Energy Committee started asking questions which he said violated confidential relationships with certain of his legal clients.

And then there was the case of Wesley A. D'Ewart, a former Republican Representative from Montana, who had been given a recess appointment as Assistant Secretary of Interior. His confirmation was opposed by Chairman JAMES E. MURRAY, of the Senate Interior Committee, on personal grounds. D'Ewart had run against MURRAY in the 1954 Senate race and MURRAY complained that unfair tactics had been employed in that campaign.

However, none of Mr. Eisenhower's major appointments have been rejected, and this is contrary to the experience of most Presidents. Even George Washington had his choice for Chief Justice of the Supreme Court, John Rutledge of South Carolina, rejected by the Senate.

A partial listing by the Library of Congress shows certain executive nominations of Adams, Jefferson, Madison, John Quincy Adams, Van Buren, Tyler, Polk, Taylor, Fillmore, Pierce, Buchanan, Lincoln, and Johnson were rejected.

Every President since Woodrow Wilson has had the same experience.

Calvin Coolidge in 1925 was the last President to have a Cabinet appointment rejected when the Senate refused to confirm Charles B. Warren as Attorney General. Coolidge, in fact, sent Warren's name up three times and the Senate turned it down three times despite Coolidge's threat to leave the job vacant until Congress adjourned and then give his man a recess appointment. The objection was that Warren had been counsel for the sugar trust then under investigation.

President Hoover in 1930 saw his nominee for the Supreme Court, John J. Parker, rejected by the Senate.

Franklin D. Roosevelt had five major appointments rejected, the most noteworthy of these being that of Aubrey W. Williams as head of the Rural Electrification Administration. President Truman had at least six nominees rejected, four of them Federal district judges. Truman also was forced to withdraw the nomination of Edwin Pauley for Under Secretary of the Navy in face of opposition.

It is argued that Presidents are entitled to executive assistants of their choice, and that all things else being equal, the Senate should vote confirmation. The Senate often is moved by considerations of its own, and right now those considerations seem to run to the presidential year of 1960.

The opposition to Admiral Strauss has no bearing on his qualifications for the post of Secretary of Commerce or the duties he will perform, but is a combination of old

grudges and a belaboring of big business for whatever personal and partisan gain may be had.

From the State of Oregon, in the Portland Oregonian, comes an editorial entitled "Strauss Issue Historic." I believe it is an historic issue, Mr. President. I believe we are writing history in what we do and what decision we reach on the nomination, as does the editorial writer of the Portland (Oreg.) Oregonian, who says:

The storm that has blown up in the U.S. Senate over a number of Eisenhower nominations to executive posts, including those of Clare Boothe Luce to be Ambassador to Brazil and of Lewis L. Strauss to be Secretary of Commerce, contrasts with the reception accorded nominees in Ike's first 6 years as President.

A survey conducted by Congressional Quarterly discloses that up to date Mr. Eisenhower is the first Chief Executive since Woodrow Wilson to escape having any major civilian nomination rejected by the Senate. President Truman was forced to withdraw the nomination of Edwin Pauley as Under Secretary of the Navy. President Franklin D. Roosevelt ran into a Senate block with at least five major appointments, most celebrated of which was that of Aubrey W. Williams as head of the Rural Electrification Administration. President Herbert Hoover lost his nomination of John J. Parker for the Supreme Court in the most recent Senate rejection of a High Court appointee.

But throughout the history of the Nation, the Senate has rarely refused a President the choice of the men to sit with him at the Cabinet level. The last such occurrence was in 1925, when the Senate refused to confirm President Calvin Coolidge's appointment of Charles B. Warren as Attorney General because of his past service as chief counsel for the Sugar Trust.

The impending floor battle over the Strauss nomination, which Tuesday squeaked through the Senate Commerce Committee, thus promises to be a historic one. And it calls up a few events from recent history.

Admiral Strauss has been in responsible positions in the Federal service, off and on, since the time he served as a secretary to Herbert Hoover doing wartime chores for the Wilson administration. In all that time, neither his competence nor his patriotism has been questioned. But he has undergone a wide range of criticism, some of it well deserved, for his administrative judgment in some cases, primarily during his tenure as Chairman of the Atomic Energy Commission. He made enemies for his role in withdrawing security clearance from nuclear physicist Robert J. Oppenheimer (an act that was approved by a majority of the Commission). He has been generally credited with responsibility for AEC's hard-nosed attitude toward executive secrecy. And he was a principal AEC sponsor of the ill-famed Dixon-Yates in 1954–55.

During committee hearings, Admiral Strauss testified, regarding the Dixon-Yates controversy, "No information was withheld by me." And he added, "I deny that I invoked executive privilege" to withhold information on other official matters.

Admiral Strauss is a flinty character. "Tact and the soft answer come hard to him," columnist William S. White wrote on this page the other day. His unpopularity, especially with members of the majority party on Capitol Hill, is well known.

For all these reasons, the Strauss appointment was an unfortunate one. But it appears that these may not be the real basis of the opposition to Strauss. Rather, he is to be put on trial because he is, as Mr. White said, "a wholly unapologetic old guardist." The nomination is to be treated as an issue of ideology.

If this be true, the opposition to Strauss is embarked on a dangerous course. To follow it to its logical extreme would be to argue that Congress should exercise its power of confirmation to control the ideological complexion of the President's Cabinet. This would certainly be destructive of a reasonable separation of powers.

Unless information, not yet disclosed, comes to light bearing on the unfitness of Admiral Strauss to serve as Secretary of Commerce, the Senate should grant President Eisenhower's desire that he be confirmed in his seat in Eisenhower's official family.

Mr. President, I wish to be fair to other Senators who may desire to be heard. I have a large number of other editorials dealing with Admiral Strauss. Many of the others contain the same general material I have been discussing, but they are more generous in their appraisal of the man. Those which I have been reciting indicate that in many instances they are less than generous in their appraisals, but they still say that the President is entitled to select his own official family, and that, in the absence of lack of integrity or definite lack of fitness, the Senate should confirm the nomination.

The distinguished majority leader has indicated that ample opportunity will be afforded us later in the day, or perhaps this evening or tomorrow morning, to discuss this question further, at which time, unless it might expedite matters to obtain unanimous consent to have these editorials printed in the RECORD, I shall be happy to give the Senate the benefit of some of the editorial comment with reference to Admiral Strauss. Much of this editorial support is from my own State of New York, which I have not gone into as yet. But in order that I may be fair to my colleagues, and particularly to my distinguished colleague from New York [Mr. JAVITS] who will follow me, I shall defer until a little later in the evening further discussion of this subject. However, I shall ask to be recognized again in order that I may present some of the other material which has been gathered in connection with this nomination.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The Senator will state it.

Mr. KUCHEL. Would it be in order for me, under the rule, to suggest the absence of a quorum?

The PRESIDING OFFICER. A Senator may always make that suggestion, but it is a question whether the suggestion would be in order.

Mr. KUCHEL. Would it be in order for me, under the rules, to make it at this time?

The PRESIDING OFFICER. The Chair would have to recognize the Senator from California if he wished to make such a suggestion.

Mr. MANSFIELD. Mr. President——

Mr. KUCHEL. Continuing this inquiry, first of all, I wish to dispose of the parliamentary problem.

Assuming that I should make such a suggestion, and objection were made to it on any ground, would the Chair be able to advise the Senator from California whether the absence of a quorum would then be noted, and the roll be called?

The PRESIDING OFFICER. If a point of order were made, the suggestion would not be in order, because no business has been transacted since the previous quorum call.

Mr. KUCHEL. Assuming that that all took place, and the Senator from California should disagree with the Presiding Officer, would it be within his rights to appeal the decision which the Chair might render on an objection?

The PRESIDING OFFICER. A Senator always has the right to take an appeal from the ruling of the Chair.

Mr. KUCHEL. First of all, I ask that a statement of the responsibilities of the Secretary of Commerce, as set forth on page 9 of the hearings on Admiral Strauss' nomination, be read by the clerk.

The PRESIDING OFFICER. The question is on agreeing to the request of the Senator from California.

Mr. MANSFIELD. Mr. President, I object.

Mr. KUCHEL. Mr. President, I ask that that question be determined by a vote of the Senate, under rule XI.

The PRESIDING OFFICER. Under rule XI, the question is on agreeing to the request of the Senator from California that the clerk read a paper. [Putting the question:]

Mr. MANSFIELD. Mr. President——

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). The Senator from Montana.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

Mr. KEATING. A point of order.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McGee
Allott	Goldwater	McNamara
Anderson	Gore	Monroney
Bartlett	Green	Morse
Beall	Gruening	Moss
Bible	Hart	Mundt
Bridges	Hartke	Murray
Bush	Hayden	Muskie
Butler	Hennings	Neuberger
Byrd, Va.	Hickenlooper	O'Mahoney
Byrd, W. Va.	Hill	Pastore
Cannon	Holland	Prouty
Capehart	Hruska	Proxmire
Carlson	Humphrey	Randolph
Carroll	Jackson	Robertson
Case, N.J.	Javits	Russell
Case, S. Dak.	Johnson, Tex.	Saltonstall
Chavez	Johnston, S.C.	Schoeppel
Church	Jordan	Scott
Clark	Keating	Smathers
Cooper	Kefauver	Smith
Cotton	Kennedy	Sparkman
Dirksen	Kerr	Stennis
Dodd	Kuchel	Symington
Douglas	Langer	Talmadge
Dworshak	Lausche	Thurmond
Eastland	Long	Wiley
Ellender	Magnuson	Williams, N.J.
Engle	Mansfield	Williams, Del.
Ervin	McCarthy	Yarborough
Frear	McClellan	Young, Ohio

The PRESIDING OFFICER. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, I should like to renew the unanimous-consent request which I proposed

earlier in the day. I ask unanimous consent that on the question of the nomination of Lewis L. Strauss there be 5 hours of general debate, the time to be equally divided and controlled by the chairman of the committee and the ranking minority member of the committee; and that there be not to exceed 30 minutes on any motion which may be made under the rule, the time to be equally divided between the mover of the motion and the majority leader.

The PRESIDING OFFICER (Mr. BYRD of West Virginia in the chair). Is there objection?

Mr. DIRKSEN. Mr. President, I have canvassed the situation on our side with respect to Senators who want to make speeches. I saw the names of eight or nine Senators on the list at the desk. I understand that the names of other Senators will be added. Under the circumstances, I feel certain that under the proposal of the majority leader, those Senators would not have adequate time in which to ventilate their views. Therefore, I am constrained to object.

The PRESIDING OFFICER. The Senator from Illinois objects.

Mr. JAVITS. Mr. President——

Mr. JOHNSON of Texas. Mr. President, is there a motion pending before the Senate?

The PRESIDING OFFICER. The Senator from California [Mr. KUCHEL] has the floor. He has requested the reading of a paper by the clerk. That matter must be determined by a vote of the Senate without debate.

Mr. JOHNSON of Texas. I move to lay that request on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I have waited a long time to address myself to the confirmation of the nomination of Lewis L. Strauss to be Secretary of Commerce.

The PRESIDING OFFICER. The Senator from New York will suspend his remarks until order is secured in the Chamber. The Senator will not continue until the Senate is in order.

Mr. JAVITS. Mr. President, I have waited a long time to speak on this matter. My best recollection is that I have not spoken on it at all during the entire length of the debate. Yet, Mr. President, there probably is no Member of this body who has known Mr. Strauss personally longer than I have, or who has known him in more connections in respect of his work than I have.

So I should like to appear today as a character witness for Lewis Strauss, and to analyze the record, in order to see whether the denial of confirmation of his nomination which is sought by the opponents is deserved.

Mr. President, before doing so, however, I should like to address myself for a few moments to the situation in which the Senate finds itself today. According to the CONGRESSIONAL RECORD, the debate on the Strauss nomination began on June 5. It is now 13 days later. During that time the Senate has addressed itself to this nomination, not as its sole business, but as its main business.

During that time a great struggle has been going on, in Geneva, between freedom and communism, both with respect to the testing of nuclear weapons and with respect to disposition of the fate of Berlin and of all of Germany, involving, as it does, the peace of the world.

During that time the country has seen some very important developments in respect of its domestic economy.

During that time I attended a great Congress in London, called the Atlantic Congress, to chart the future of NATO during the next 10 years. During that time a Communist fighter plane attacked and damaged a U.S. naval plane and wounded one of its gunners.

During that time, Mr. President, Chancellor Adenauer made a momentous and historic decision which may have a very grave effect on the peace of the world. During that time DeGaulle announced a policy with respect to NATO which may have a profound effect upon the peace of the world.

During the same time, there probably were a dozen other events which, with all due respect to the importance of confirmation of the nomination of Admiral Strauss, overshadow it in terms of their importance to the history of our country and the world and the importance of the issues, as issues go.

Yet, Mr. President, we consider this matter so important that we have almost continuously debated it during all that period; and now, today, we suddenly face a situation in which we are told that we must vote tonight, no matter how long that may require us to remain here. Obviously, Mr. President, everyone knows what is afoot. Some Members are absent, although they will be present later on. That is true of some Members on both sides.

My own humble opinion—and I have a very great love and a tremendous regard for the Senate, as do all of its Members—is that we have not put on a very good show for the country and the world; and my own opinion is that we are not adding to the value of what we have done here by this—and I hope I shall be forgiven for saying it—unseemly crowding at the last moment.

It will not make any difference whether the vote is taken at 3 or 4 o'clock tomorrow morning, or tomorrow afternoon, or on Saturday, or on Monday, in view of the fact that so much water already has gone under the bridge.

Therefore, Mr. President, I hope that wiser counsels will prevail, and that before we conclude the debate on this issue we determine to conduct the remaining proceedings in connection with this matter along the lines of the orderly procedure which the Senate has followed time and time again; and that thus we determine that we shall do all we can to have the Senate handle this matter in a way which will reflect credit on the Senate, not only in the eyes of the people of our country, but also in the eyes of the people of other countries. Mr. President, if this issue has deserved 2 weeks of the time of the Senate, then it is important, I believe, that every Senator participate in the final decision, and that we go out of our way to see to it that every Senator is here when the vote is taken.

Mr. President, I am not a veteran Member of the Senate; but I was a Member of the House of Representatives for a long time. I have now been a Member of the Senate for almost 3 years. I say this only out of pride in the body of which I now have the honor to be a Member: I hope very much that wiser counsels will prevail instead of becoming involved in a situation in which we would remain here until the small hours of the morning, while Member after Member spoke. It already is clear that there are 9 speakers on the list, and inasmuch as all of us realize that if only the Republican Members spoke, since there are almost 30 Republican Members here, and since the vote cannot be taken until all Members are willing to have it taken, why do we not behave like rational human beings, and proceed accordingly, instead of carrying on the charade which we have been observing today, to which I have been a party, too, because I have been here today?

Now to get down to the issue:

First, Mr. President, let me say what I think any Member of the Senate who seriously proposes to discuss this subject must say: I have the highest regard for the opponents of confirmation of the nomination of Mr. Strauss. Although I have known him a long time, and although I believe he deserves to have his nomination confirmed, I have also known for a long time those who oppose confirmation of his nomination, and I have respect for their intelligence and their judgment. But, Mr. President, the same is true in connection with any hotly controverted issue.

I have tried many lawsuits, some of which I have won, and some of which I have lost. I have always been deeply convinced—or else I would not have been an advocate worthy of my salt—that my client was right. Yet one, two, three, or four courts might have disagreed with me. There have been situations in which I was deeply convinced that I was right; and yet an appellate court decided unanimously against me, and did not even write an opinion, or wrote only a per curiam opinion of only three or four lines, on an issue which had almost involved my life's blood for a number of years. So I have approached this case as a lawyer, and I have tried to consider carefully the burden of proof, and to observe carefully whether it has been borne.

Mr. President, I have come to the conclusion that, first, the burden of proof has not been borne, in order to bring about denial of confirmation of the nomination; and, second, that it is my duty, because of the way in which this issue has been developed into such a major one, as between those who oppose confirmation of the nomination and those who support confirmation of the nomination—including, in the latter group, the President of the United States—to do what I can to set the facts before the

Senate as dispassionately and in as lawyerlike a way as possible.

Mr. President, I have known Mr. Strauss, and have known of his career and of his activities, as I have said, for approximately 30 years. My experience with him goes back to the time when he was associated with a New York banking firm named Kuhn, Loeb & Co., in the early 1930's. As a matter of fact, he became a trustee of Temple Emanuel, in New York, to which I now have the honor to belong, and to which I belonged years ago, back in 1929.

I knew him, and I had occasion to work with him, when I was a lieutenant colonel in the Army Chemical Corps and he was a captain, and later a rear admiral, in the Navy, during World War II. During that time—and I say this simply in order to qualify myself—I was an officer on the staff of the Chief Chemical Officer of the Army. At that time, Admiral Strauss was the Navy's ordnance representative; and both of us were associated in the conduct of a committee, under the aegis of the Combined Chiefs of Staff. I had the honor to be the secretary of that committee. I saw a good deal of Admiral Strauss in the most confidential and most serious way in connection with various important decisions made during World War II.

After World War II, I knew him personally, as well as in his capacity as a public servant and as a businessman and as a community leader in New York. I really believe that my knowledge of him deserves to be shared with my colleagues, for my knowledge of him extends over so long a time and it is so thorough, in terms of the various aspects of his life and his work.

Mr. President, it is my considered judgment that Secretary Strauss is a man of integrity and a man of character, and that he deserves to be confirmed as Secretary of Commerce.

I should like to make this observation, which seems to me to be important: After a man has been around in a public way, since 1917, and after he has been confirmed for high office by the Senate three times, if we include his elevation to rear admiral, and after he has been exposed in the most careful and searching way to the public gaze for all these decades, how is it that suddenly, circa 1959, some discover that this man lacks integrity, that he lacks competence, that he is not the kind of person whom any of us want in a high place in the Government service, and that he should suffer—I use advisedly the word "suffer"; and in a few minutes I shall enlarge on that point—a denial of confirmation of his nomination to a Cabinet post?

This alone, Mr. President, is very puzzling to me. As one goes into the record, one must go into it with that question in mind, before even looking into the main issue. Why? What has happened that makes this man, who is apparently a paragon of virtue, and who has occupied such high places in our Government, under Presidents of different parties—a man who is practically nonpartisan—suddenly become a man who cannot be trusted, who makes mistakes, who is duplicitous, a man who avoids and evades, who does not cooperate with Congress, who would lead his agency into secret byways in order to avoid congressional scrutiny?

This is a very challenging question, and a very strange one. In the first place, as a lawyer I know that what is reasonable is generally the fact. There are many exceptions but, generally, what is reasonable is the fact; and it is reasonable to believe that Strauss has not changed, that he is the same Strauss. But we have a situation in which a concentrated effort—completely motivated by a desire to serve the best interests of the country, I am sure, but a concentrated effort—has shown up in bold relief the imperfections, the drawbacks, the mistakes which are normal in any man.

My colleague from New Hampshire [Mr. COTTON], who made a magnificent speech in the Senate yesterday, asked, Who is free of such imperfections? Who in this Chamber is perfect? Which one of us, if subjected to such a sharp searchlight and intensive scrutiny, would stand up as a man of pure and unalloyed virtue? It is not true that any one of us could, we know. I hazard the guess, without any disrespect to my colleagues, that the great majority of them—and I include myself—would not stand up as well as Strauss did under the kind of scrutiny he received in this investigation.

Let me read first, because I think it is a proper point of departure, what some really distinguished people of our times and of our world have said about Lewis Strauss. First Jim Forrestal, whose name is certainly to be revered in our country, a man who literally gave up his life for his country.

Parenthetically, I may say, because I think any Senator would be forgiven for being a little discursive today, this is one thing that interests me and the American people. All too infrequently do the American people have clearly before them the fact that so many of us are passionately interested in our jobs, that we really devotedly believe in the things we do, that we are not merely trying to be reelected. It is proper to have that desire, and all of us want to be reelected, because it is the mark of the people showing that we have done well and that they believe in us. But, in addition to that desire, there are certain beliefs and ideas we hold dear. We see examples of such devotion in sacrifices such as Forrestal and Bob Taft made, who literally wore out their hearts in their efforts for the public good. Why do we worry about the people who have elected us when we sit very late or under great strain? Are we doing it because we like to or because we want to be reelected? We do it because of a deep compulsion in our hearts to a certain cause to which we have a special devotion and a particular emotion.

I see present my very dear colleague and friend from New Mexico [Mr. ANDERSON], who has taken such a leading part against Strauss. I am sure he would much rather be doing many other things, things which would give him more pleasure. He is a very kind man. I know him very well. I know this is not a job to his liking, but he has a deep compulsion that makes him do the things he does. I say that because it is fair to say that we are not merely heartless Members of Congress and vote-getters, but we have compulsions which make us work hard and which occasionally kill some of us. That was true of Forrestal.

Let me read what Forrestal said about Secretary Strauss on May 31, 1946. He said:

MY DEAR ADMIRAL STRAUSS: I have addressed this letter to reach you after all the formalities of your separation from active service are completed. I have done so because, without formality but as clearly as I know how to say it, I want the Navy's pride in you which it is my privilege to express, to reach into your civil life and to remain with you always.

You have served in the greatest Navy in the world.

It crushed two enemy fleets at once, receiving their surrenders only 4 months apart.

It brought our land-based airpower within bombing range of the enemy, and set our ground armies on the beachheads of final victory.

It performed a multitude of tasks necessary to support these military operations.

No other Navy at any time has done so much. For your part in these achievements you deserve to be proud as long as you live—

I repeat that sentence—

For your part in these achievements you deserve to be proud as long as you live.

It seems to me any Member of the Senate, any American, must feel his spine tingle to read those words addressed by Jim Forrestal to one of his aides. Jim Forrestal goes on to say:

The Nation which you served at a time of crisis will remember you with gratitude.

The best wishes of the Navy go with you into your future life. Good luck.

Sincerely yours,

JAMES FORRESTAL,
Secretary of the Navy.

I think it is fair to say, therefore, that at least up to May 31, 1946, the date of this letter, Lewis Strauss was no rascal; and I doubt very much that anybody who was being charged with what he is being charged with in the proceedings before the Senate would get that kind of letter from as case-hardened and sophisticated a man as Jim Forrestal, who served with him all those years.

I now come to another letter, which is dated May 9, 1959, and which is from ex-President Hoover. Here again the character of the commendation is so high as to deserve to be read to my colleagues. This is what Mr. Hoover said:

I believe it is my duty to present to the committee my knowledge of Secretary Lewis Strauss, whose confirmation is before your committee.

Mr. Hoover addressed the letter to the chairman of the Committee on Interstate and Foreign Commerce, the Senator from Washington [Mr. MAGNUSON].

I continue reading the letter:

I have known Mr. Strauss intimately for more than 42 years—ever since he was 19 years of age. During most of my service under President Wilson, Mr. Strauss served as my secretary. He served in Washington

during almost the entire period of American participation in World War I and in Paris during and after the peace negotiations. He won the respect and admiration of the men with whom he had need to deal during that time. President Wilson often spoke highly of him to me.

Upon the completion of this service, he entered business life in New York where he rose to a high position and respect in the business world from his ability and integrity. And during these years he took part in the direction of the great American enterprises in compassion by relief of famine and pestilence in many countries.

At the coming of the Second World War, he was called for active duty in the Department of the Navy in February 1941.

I should like to interject parenthetically that Lewis Strauss was a lieutenant commander when he was called to duty in the Navy. He was promoted to the rank of rear admiral in the service. What is significant is that he had been a naval reserve officer for 16 years before he was called to duty in the Navy. This was no "Johnny-come-lately," as the saying goes, to the service of his country—even to the extent of keeping himself available for service in the Armed Forces.

I now continue with ex-President Hoover's letter:

He served for 4 years under President Roosevelt, and the following year under President Truman. His service in this period was so highly valued that he received the unique distinction for a civilian—the rank of rear admiral, an appointment which required the approval of President Truman and the Senate.

In October 1946 Mr. Strauss was called back into public service by President Truman as a member of the Atomic Energy Commission. To take on this assignment he sacrificed his high business positions. Upon his resignation in early 1950, he was publicly commended by the President for his service.

And in June 1953 he was again called into public service by President Eisenhower as Chairman of the Atomic Energy Commission. He was confirmed by the Senate. He served the Commission until his completion of the statutory 5-year term. Upon completion of that work in 1958, he received the highest of public commendation by President Eisenhower and was awarded the Medal of Freedom.

My colleague from New York [Mr. KEATING], in the very distinguished and brilliant speech he has just concluded, read the citation given to Secretary Strauss, when he was awarded the Medal of Freedom.

I now continue reading the letter:

President Eisenhower's confidence in Mr. Strauss' abilities and integrity, after 5 years of association with him, is further attested by his appointment as Secretary of Commerce.

I hope my colleagues will be good enough to listen to this quotation from Herbert Hoover:

Here is a man who has served with unvarying commendation under both Democratic and Republican Presidents.

There has never been in our public service a man so unpolitical, so dedicated, and so able in his tasks, as to command such approvals and commendations upon the completion of every task assigned to him.

I served 8 years as Secretary of Commerce. I can say without reservation that Lewis Strauss is the best man who could be selected for that position.

This is testimony from something of an expert, who concludes with this sentence:

But over all other qualifications, he is a deeply religious man whose integrity is fixed in conscience and religious faith.

I beg my colleagues to listen to those words. Says ex-President Hoover:

But over all other qualifications, he is a deeply religious man whose integrity is fixed in conscience and religious faith.

He says he has known Lewis Strauss 42 years.

Yours faithfully,

HERBERT HOOVER.

Mr. President, I should now like to read to my colleagues another letter, because I think these are very significant letters. They become, as we lawyers say, a part of the res gestae, when things were going on which were not involved in the confirmation of his nomination, and everything was wrong, and people were disagreeing. Instead, these letters highlight the time when Mr. Strauss was leading a normal life, doing normal jobs, getting the reaction of people acquainted with him.

I should like to read a letter from a man who I think would not under any circumstances "fudge" on the complete accuracy of a particular position or a particular point of view.

Mr. President, while the letter from Admiral Rickover is being found for me, I should like to refer to another tribute which I say again, as a lawyer, is a part of the res gestae, and is quite apart from the differences of view which might have developed at a later date and quite apart from any political considerations which I do not believe, in truth, are involved—but one never knows about these things.

This letter comes from ex-President Truman, one of the Presidents under whom Lewis Strauss served. On January 31, 1950, upon receipt of an order to the Commission, Mr. Strauss says he wrote President Truman tendering his resignation, and said he was doing it because he felt he wanted to go back to his private affairs. A week later, says Secretary Strauss, President Truman wrote him as follows:

Your personal concern and your diligence are reflected especially in the medical and military phases of the program and in the security policies and practices developed by the Commission. The sound policies which today guide the national atomic energy program bear in large measure the impress of your efforts in support of civilian direction which will serve the military needs of the Nation.

Mr. President, I should like to read that sentence again, because I think it is very important:

The sound policies which today guide the national atomic energy program bear in large measure the impress of your efforts in support of civilian direction which will serve the military needs of the Nation.

Mr. President, I also should like to read a comment made with regard to Secretary Strauss by his own colleague on the Commission, Commissioner Libby, when he said, on the occasion of Admiral Strauss' leaving the Atomic Energy Commission, the following:

The Atomic Energy Commission has been built by a small group of remarkable men, gifted and unselfish, and has devoted itself to the protection of our country from foreign attack. Lewis—

Meaning Mr. Strauss—

is the most important member of this group and the world peace we enjoy today is in a major degree his doing. * * *

The peaceful atom as an instrument of our foreign policy is his invention.

He goes on to say:

Therefore, there is hardly a physical scientist, physicist, physical chemist or metallurgist in the country who does not owe Admiral Strauss a great debt.

Mr. President, that is from a man with whom Mr. Strauss worked on the Commission.

Mr. President, the record is replete—if we have time it certainly can be read—with many testimonials of that character from the most distinguished people of our time.

Mr. President, these letters are dated in June 1958, so certainly up to the middle of 1958 Lewis Strauss enjoyed a very high reputation.

For example, Lord Cherwell, the Scientific Advisor to Sir Winston Churchill, said of Mr. Strauss:

I have just seen Plowden and heard of the tremendous triumph you had at Geneva. I little thought when you proposed it (the First International Scientific Conference on the Peaceful Uses of Atomic Energy, which took place in Geneva in August 1955) at Bermuda that it would be such a great show.

And so it went with some of the most distinguished scientists and some of the most distinguished scientific leaders of our time. Mr. President, again I say these are a part of the res gestae.

Mr. President, I now have available the letter from Admiral Rickover for which I was looking. The letter is dated March 10, 1959; so it brings us pretty much down to today. Apparently the nominee must have a rare capacity for being able to fool other people, although he cannot convince the opponents of his nomination.

Admiral Rickover, in a letter to Secretary Strauss dated March 10, 1959, states:

We are returning to New London, Conn., from sea trials of the U.S.S. *Skipjack*, our first nuclear-powered streamlined, single-screw attack submarine. The ship successfully met all her trials, surface and submerged, and attained the highest speed ever made by a submarine. We were at sea for 2 days during which the *Skipjack* steamed 192 nautical miles on the surface, and 510 miles submerged.

I am writing you because I know how interested you are and how much you always helped our program. I want you to know that your understanding and help were just as significant in creating this revolutionary submarine as the efforts of the designers and builders.

Mr. President, we are talking now about our nuclear submarines, as being practically the national savior in countering the very serious imbalance which may be created if the Russians really realize the atomic warhead intercontinental ballistic missile.

Mr. President, Admiral Rickover is hailed throughout the country as a hero. He led in the development of the atomic submarine. He saw it through many vicissitudes. By courage and competence, he accomplished the miracle of turning out an operational atomic submarine in a remarkably short period of time. I therefore feel that the last sentence of his letter, written only a few months ago, on March 10, 1959, is well worthy of comment.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. COOPER. This point is parenthetical also, but does the Senator recall that Admiral Rickover was almost separated from the service?

Mr. JAVITS. I certainly do.

Mr. COOPER. At the time he had begun work upon the atomic submarine?

Mr. JAVITS. I certainly do.

Mr. COOPER. Many believed he would be separated from the service because some members of the board which passes upon promotions did not like his personality. They thought he was a rather curious man.

Mr. JAVITS. I certainly appreciate the question of the Senator from Kentucky. I would not say that that case is an analogy. I do not wish to offend the opponents of the confirmation, because I believe they are acting in complete good faith, and obeying their sincere convictions. But it is certainly a remarkable parallel that personality traits got Rickover, the outstanding developer and leader—and I think an American hero—into such hot water. I think it is very apposite to the situation we face here. I thank my colleague very much for bringing out that very significant parallel.

I should like to read the last sentence of Admiral Rickover's letter to Admiral Strauss.

> I want you to know that your understanding and help were just as significant in creating this revolutionary submarine as the efforts of the designers and builders.

I have read that because I believe that in a free society we have a quality of gratitude. We have an appreciation of patriotism. We approve of those who serve their country in a marked and extraordinary way.

It seems to me that we have a right, with such evidence as that from Admiral Rickover, which I have just read, to start with the feeling that, at least in some parts of his life—I believe in all parts of his life, but at least in some parts of his life, according to the testimony of objective witnesses—this man Strauss has deserved well at our hands. I think that is perhaps a very convenient place to begin to examine the record.

The burthen of my analysis of this situation leads into this focal point, which I state as a lawyer. My colleague, the Senator from New York [Mr. KEATING] is present. The senior Republican member of the committee, the Senator from Kansas [Mr. SCHOEPPEL], is present. The distinguished Senator from New Mexico [Mr. ANDERSON] is in the Chamber; and my colleague from Ohio [Mr. LAUSCHE], as well as my colleague from Pennsylvania [Mr. SCOTT], who are members of the committee. I hope they will bear with me in this analysis.

It seems to me, as I analyze the record, that both the majority of nine and the minority of eight of the Committee on Interstate and Foreign Commerce accepted the criteria which were laid down by the Senator from New Hampshire [Mr. COTTON]. I point out that those criteria were referred to both by the majority and the minority. The criteria were these:

That Strauss could be denied confirmation only on proof of lack of competence—I think I use the exact words used in the report—and/or upon proof of lack of integrity.

The main analysis of the record which I have made—and I shall go into it in great detail, because I do not want anyone to take anything for granted—indicated to me that, though the minority used the words "lack of competence" in respect of its indictment of Strauss, really the words are not an accurate description of the items of the charge, because every single item was based upon not lack of competence but upon lack of integrity.

My point, therefore, is that if I can demonstrate that to be a fact—and I believe I can—I shall go into the subject in detail—Strauss is on trial here for lack of integrity. Therefore it is our duty, the man having given decades of his life to the public business, and having earned from one such as Admiral Rickover the commendation that his services were indispensable to the security of the country, to apply a standard of proof by those who oppose his confirmation, which is a standard of proof valid in law. This burden they have not borne, even—and this I emphasize to my colleagues who are lawyers—if we assume, as one would in connection with a motion to dismiss a complaint, the validity of every fact which is alleged.

This is my analysis of the situation, and this is what I should now like to go into.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I am glad to yield.

Mr. LAUSCHE. My question does not relate directly to the subject last discussed, but it deals with the expressions made by various individuals about Admiral Strauss. Does the Senator from New York know that when the nomination by President Eisenhower of Admiral Strauss to the position of Chairman of the Atomic Energy Commission was before the Senate for confirmation in 1953, the Senator from Washington [Mr. MAGNUSON], chairman of the committee, who joined in the minority views opposing Mr. Strauss, made this statement on the floor of the Senate:

> Mr. President, I merely wish to say that I do not know of any finer statesman in the United States than is Lewis L. Strauss.

Mr. JAVITS. I was not aware of that. I think it is extremely significant especially, if my colleague will allow me, as showing the time factor. Up to 1953, up to 1958, up to March 1959, he was considered a man of unimpeachable integrity, of high patriotic service and responsibility; and suddenly, based upon the hearings, he is to be completely discredited.

Mr. LAUSCHE. Mr. President, will the Senator further yield?

Mr. JAVITS. I yield.

Mr. LAUSCHE. Does the Senator from New York know that at the time Admiral Strauss' nomination to be Chairman of the Atomic Energy Commission was before the Senate in 1953 the Senator from New Mexico [Mr. ANDERSON] took the floor and made this statement with respect to Mr. Strauss:

> We who are the members of the Joint Committee on Atomic Energy were happy to report favorably the nomination of Admiral Strauss; and I am glad to see that the Santa Fe New Mexican recently published an editorial entitled "The New AEC Chairman," commenting on the appointment in a most enthusiastic fashion.

Mr. JAVITS. I am glad to hear that.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. ANDERSON. Of course, that statement was not made when the nomination of Admiral Strauss was before the Senate for consideration. It was made some days later. The Senator from New Mexico, although a ranking member of the Joint Committee on Atomic Energy, never knew that the nomination of Admiral Strauss was coming to the floor of the Senate when it did.

Mr. LAUSCHE. Does the Senator deny the truth of the statement I have just ascribed to him?

Mr. ANDERSON. The Senator from New Mexico introduced an item into the Appendix of the RECORD some days after the confirmation of Mr. Strauss' nomination. I do not deny the accuracy of the quotation.

Mr. LAUSCHE. This is in 1953. The Senator from New Mexico is quoted as having said:

> We who are members of the Joint Committee on Atomic Energy were happy to report favorably the nomination of Admiral Strauss, and I am glad to see that the Santa Fe New Mexican recently published an editorial entitled "The New AEC Chairman," commenting on the appointment in a most enthusiastic fashion.

Mr. ANDERSON. Yes. I only wanted to correct the statement that I had said that while the nomination was under consideration. I never knew the nomination was under consideration at the time the Senate was actually considering it.

Mr. LAUSCHE. There was considerable testimony given before the committee, showing that there was need to get the nomination confirmed; that an informal meeting was had, and that subsequently, on the floor of the Senate, there appeared the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Washington [Mr. MAGNUSON], the Senator from Iowa again, former Senator Smith, and the Senator from New Mexico [Mr. ANDERSON], giving testimony to the gilt-edged character of Mr. Strauss.

Mr. JAVITS. The Senator from New York was unaware of those facts, and finds them very interesting, and deeply appreciates the questions asked by his colleague from Ohio.

The views of the minority——

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. HICKENLOOPER. I hope the Senator will tolerate me. This issue has been brought up several times, and there is some dispute about it. I happened to be the chairman of the Senate section of the Joint Committee on Atomic Energy at that time.

Mr. JAVITS. Would the Senator allow me to interrupt him there? If the Senator will put what he says in the form of a question, I would appreciate it. We lawyers have been known to ask a question of an expert which sometimes takes an hour or more to ask. Therefore, I hope the Senator will respect my right to the floor.

Mr. HICKENLOOPER. I have asked the Senator if he would tolerate me.

Mr. JAVITS. I shall be glad to.

Mr. HICKENLOOPER. That is in the form of a question, I think. Is the Senator aware that in connection with certain nominations, the Senate Members of the Joint Committee on Atomic Energy constitute the committee to which nominations are referred?

Mr. JAVITS. I am.

Mr. HICKENLOOPER. Is the Senator aware of the fact that the courtesy of being present is always extended to the House members of the committee? Although the House members of the Joint Committee have no official connection whatever with the question of the confirmation of a nomination, the courtesy of being present is always extended to the House members when such nominations are considered.

Mr. JAVITS. I am not aware of that fact, and I am glad to have it called to my attention.

Mr. HICKENLOOPER. Since some question has been raised about Mr. Strauss and his nomination in that instance, I might say to the Senator from New York, in connection with the question which I asked him, and I may say to the Senator from New Mexico, who discussed this matter a moment ago, that I was chairman of the Senate section of the Joint Committee, and that a hearing was held on Mr. Strauss' nomination to be Chairman of the Atomic Energy Commission; that the hearing was held in the District of Columbia Committee hearing room; that no objection whatsoever was raised to Mr. Strauss' nomination; that the hearing was a short one; that every Senate member of the Joint Committee had been invited, and there was not the slightest objection raised to his nomination, and it was immediately reported to the Senate. That is the history of that case. I have checked it with other Members of the Senate section of the Joint Committee—not all the other members, but two or three who were members of the Joint Committee at that time—and their recollection is exactly the same as mine. That is why that nomination was reported to the Senate. There was a hearing and there was not the slightest objection to the nomination. No objector appeared or asked to appear against him. There was no objection at the time of the hearing, which was held in the District of Columbia Committee hearing room just off the Senate floor down the hall from the Chamber.

Mr. JAVITS. The Senator from New York will say in response to that question that he was not aware of those facts and that he feels they represent a very pertinent supplement to his own views on the subject.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Ohio.

Mr. LAUSCHE. Does the Senator from New York know that the Senator from Iowa [Mr. HICKENLOOPER], on the floor of the Senate at the time the nomination of Mr. Strauss was considered, made this statement:

> Mr. President, in fairness I think I should state that I have taken the matter up with the majority leader and the minority leader. The nomination has met with the unanimous approval of all members of the Senate committee and of the Joint Committee on Atomic Energy.
>
> Admiral Strauss served as one of the first members of the first Commission on Atomic Energy. He has a long and distinguished record of public service. He has at all times, since the creation of the original Atomic Energy Commission, been either a member or an advisor, and he is presently a special assistant to the President for advice on Atomic Energy Commission matters.

Does the Senator from New York know about that statement?

Mr. JAVITS. I wish to say to my colleague that I was not aware of those facts, and that I believe they again represent an essential addition to the record. With all due respect, it is high time, in view of the long and distinguished service of this man, that we began to have this kind of record before us.

Mr. LAUSCHE. Mr. President, may I ask one more question?

Mr. JAVITS. I yield.

Mr. LAUSCHE. Does the Senator from New York know that at the latest hearings the implication was made, and statements were made, that there was no hearing had and that this Strauss appointment was railroaded through the Senate without the Senate knowing what it was doing?

Mr. JAVITS. The Senator from New York is not aware of those implications, and again the Senator from New York points out that the coloration put on everything which was said or done might lead to the conclusion that something was done which was not proper.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. If the Senator will yield for a question by way of clearing up a matter which has been raised with respect to a statement alleged to have been made by me, and just quoted by the Senator from Ohio, I believe that statement is correct. I have no independent recollection now of the verbiage, but he is quoting the RECORD, and I not only have no doubt that I made the statement, but that I would make it again. However, the part which relates to the fact that I said it met with the approval of the other members of the Joint Committee needs some clearing up. It is not only traditional, but also customary, to invite the House members of the Joint Committee on Atomic Energy to sit with the Senate members, because of their interest. I know of no hearing on nominations—we had one only a few days ago, which unfortunately I could not attend, but the nomination which was considered I thoroughly approved—in connection with which it has not been customary, because the members of the Joint Committee from the House are vitally interested in the operation of the atomic energy program, to invite them to attend as guests, as it were, of the Senate section of the committee. We do not exactly treat them as guests. We treat them as equals, but they do not have the privilege of voting when it comes to voting on the nomination. In all cases of which I am aware, nominations of this character have been subject to consultation with House members of the committee. That is the genesis of the statement that the nomination then being considered met with approval, because there were House members at the meeting, and they commented favorably on Mr. Strauss' nomination.

Mr. JAVITS. The Senator from New York was unaware of those facts, and he appreciates the question the Senator from Iowa has asked, because it casts additional light upon this situation.

Mr. SCOTT. Mr. President, will the distinguished Senator from New York yield?

Mr. JAVITS. If I may continue with this one point for a moment, then I shall yield to the Senator from Pennsylvania for a question or a number of questions.

Mr. President, with the indulgence of the Senator from Pennsylvania, I was about to launch into the question of integrity. I shall take only a minute or so upon that. The views of the minority of the Committee on Interstate and Foreign Commerce, it seems to me, have themselves settled the question of competence. Taking now the two standards of the Senator from New Hampshire [Mr. COTTON], which were accepted by both the majority and the minority, that statement, it seems to me, settles in itself the question of competence, for the report says:

> As to the latter point, we freely concede that Mr. Strauss has demonstrated competence in the investment banking field and rendered wartime service in the Navy. He no doubt possesses the capacity to direct significant business enterprises or to administer certain types of governmental programs.

For a group of opponents who were so determined as were these, and who highlighted and faceted every particular objection so that it would really be crushing in its weight upon the nominee—I almost said "the defendant Strauss," because that is really what he was, when we come right down to it; he was "the defendant Strauss" in the hearings—to say, "He no doubt possesses the capacity to direct significant business enterprises or to administer

certain types of governmental programs," seems to me, coming from that source, to be an admission or a concession of the fact that they were not going to argue about the competency of Admiral Strauss. Indeed, it would have been ridiculous to do so. So really what was at issue was his integrity.

I should like to analyze that particular point. It is my view as a lawyer that the issue is integrity. I believe that that is absolutely clear.

Admiral Strauss is a man 63 years of age. He has served the Nation for 42 years under four Presidents. His nominations for high office have been confirmed three times by the U.S. Senate. His is one of the most prominent names in the lexicon of the press, radio, television, and magazines, not simply nationally but internationally. He has held high business office, high community office, and high public office. For the Senate to reject the nomination to a Cabinet post of a man having that background on the ground of a lack of integrity would be, I say, tantamount to inflicting upon him a sentence which is equivalent to conviction for crime.

We must consider such action in terms of his future life and in terms of his facing the world and all the people with whom he has served, who served under him, and under whom he served. He was president of the congregation of his temple. He is held in high regard by the whole community of New York, in which he lives—and which is my home community, too—and by the whole community of the United States, of which he has been so important a part. Therefore we must consider carefully whether we shall assess upon him a penalty which is tantamount to conviction for crime.

Under those circumstances, a body such as this, in good conscience and in decency, should apply a standard which is applied to a criminal whose conviction is sought. That standard is guilt beyond a reasonable doubt.

Mr. President, the record in this case simply does not sustain such a charge, even remotely.

I do not know what the Senate will do. For aught I know, it may reject the nomination of Mr. Strauss. But if it does, let every Senator who votes to reject it understand clearly what it means in terms of life. It is a life sentence. It implies a lack of integrity in a man who has served his country for 42 long years. It is just as serious as a conviction for a major crime. Let us look at the evidence.

I think we have a right to say, as in any legal case, that the points which are conceded by the opposition do not have to be argued, and that the argument is to be confined to what is controverted.

For instance, there is the statement on competency, or the man's record through all the years, or what has been said about him, or the points which were just made in the questions asked by the Senator from Ohio [Mr. LAUSCHE] and the Senator from Iowa [Mr. HICKENLOOPER], statements which showed that persons who are now opposed to Admiral Strauss had another point of view but a few short years ago. All these admitted points do not have to be argued. I think what we must do is to confine our argument to what is controverted, what is in issue.

No matter what names the opponents of the confirmation of the nomination give to their reasons for opposition, although they use the word "competence" time and time again in their very illuminating minority views, to which I shall refer frequently in the course of my discussion, the gravamen, as we lawyers say, the essence or the basis of the opposition's case is really integrity. We do not have to guess about it. The opponents themselves tell us that right in the minority views.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. JAVITS. I am glad to yield for a question. I wish only to protect my right to the floor.

Mr. COOPER. I will ask the Senator from New York if he did not state a few minutes ago that, as he assessed this case, it is a case of the integrity of Lewis Strauss. I will ask the Senator if he did not say that if the Senate should refuse to confirm the nomination of Mr. Strauss, it would in effect be saying that he was guilty of some crime.

I ask the Senator if he would not say there is something else at stake also; not only the integrity of Lewis Strauss, but also the integrity of the confirming process of the U.S. Senate and the integrity of the Senate itself. Does the Senator from New York not believe that if the Senate should reject the confirmation of the nomination of Lewis Strauss on some tenuous insubstantial ground, we would be contesting the integrity of the confirming process of the Senate, and we might even be raising a question about the integrity of the Senate itself?

Mr. JAVITS. I agree with the Senator from Kentucky completely in the implications of his question.

First, I did say that if we fail to confirm the nomination, we will fail to confirm for a lack of integrity. I will prove that point, and give the citations and details from the minority's position itself, as set forth in their views and also in the RECORD.

Second, I believe that at one and the same time we will cast very serious reflection upon the confirming process itself. I state this as my view, respectfully. I have said it many times, and I say it again. I have the highest regard for the sincerity and good faith of those who oppose the nomination. But I am convinced—it is my considered judgment—that if we fail to confirm the nomination of Lewis Strauss, it will not be for a lack of competence, which was not proved; it will not be for a lack of integrity, which I will demonstrate was not proved; it will be because the majority of Senators disagree with what Admiral Strauss stands for, or how he does his job. This is not the essence of the confirming process of the Senate, so far as a Cabinet officer is concerned.

I said a moment ago that the gravamen of the opposition's case is really the integrity of Mr. Strauss. I said that for this we have the word of the minority itself.

Mr. SCOTT. Mr. President, will the Senator yield at this point?

Mr. JAVITS. I yield for a question or a series of questions, only because I wish to preserve my right to the floor.

Mr. SCOTT. My first question may take a few minutes to state. I should like to ask the Senator if he does not agree that what is really in issue is the integrity of Admiral Strauss. I think no one now seriously doubts that Admiral Strauss is not being tried for his competency, which is unquestioned; that he is not being tried for his services as Secretary of Commerce—which are admitted to be good—but that he is being tried for his personality, his views, his opinions—all the things that so-called true liberals profess to abhor, although he is being tried, ostensibly, on the question of integrity. Does the Senator from New York generally concede that.

Mr. JAVITS. Yes; he is being tried on the question of integrity. I repeat that the word "competence" is used in the indictment. I think I made clear why I use that word; I am speaking as a lawyer.

Let me say that it is very interesting to observe that although when I was in the House of Representatives I was regarded as something of a foreign policy expert, when I came to this body, I found—regardless of whether I wanted it or liked it or deserved it—that I was regarded very much more as a lawyer. Really, I am now trying to perform my role in the Senate, if that is what my colleagues value about my opinions. If they think of me primarily as a lawyer, and if they think that, as a lawyer, I am worth listening to—if that is the way in which I can be of the most service to them—then a lawyer I will be; and that is what I am trying to be today.

Mr. SCOTT. The Senator from New York certainly is a noted lawyer in his own State, and also he is a very well known and much consulted expert on foreign affairs.

Mr. JAVITS. I appreciate the Senator's statement.

The answer to this question is, yes, the opposition here is based on a claim of lack of integrity; and I shall prove that out of the mouths of the opposition. I do not say that invidiously, but only by way of describing the source.

Mr. SCOTT. I am glad the Senator from New York has used the words "out of the mouths of the opposition," because while the Senator from New York was speaking, I took another look at the minority views.

I am sure the Senator from New York realizes that in citing this point—which is based on a number of instances in the minority views—I could find in the minority views many more instances where the minority have actually permitted the appearance of statements which are not warranted, if I may say so.

Let me say that I am still speaking on the question of integrity.

Mr. JAVITS. I gather that the Senator from Pennsylvania is asking whether I am aware of these instances, is he?

Mr. SCOTT. Yes; I am.

Mr. JAVITS. Very well; will the Senator from Pennsylvania proceed with his question?

Mr. SCOTT. Is the Senator from New York aware that the minority views contain, on each and every page, statements which can be characterized—as the opponents themselves have characterized statements in connection with the nominee—as evasions, distortions, half-facts, and half-truths; and does the Senator from New York also realize that in the space of 2 minutes of time—120 seconds—I was able to observe on 2¼ of the pages of the minority views the following instances—and I should like to call them to the attention of the distinguished Senator from New York, who just now has said that he has not had these called to his attention before.

Mr. JAVITS. Is this also an element of the Senator's question?

Mr. SCOTT. Yes; this is an element of my question.

Mr. JAVITS. Very well.

Mr. SCOTT. On page 13 of the minority views, we find the statement that the nominee "had suppressed an important letter from the Attorney General." But at that point the nominee had done no such thing; he had suppressed nothing. The word "suppressed" was used, instead of what should have been stated, namely, that the letter, or the action of the nominee with regard to the letter, had not at that time been brought to the attention of the nominee.

Another instance in the minority views—and, again, I cite this as a part of my question—is as follows: At the bottom of page 14, it is stated:

> But Mr. Strauss seems unable to confess to error in any way.

I submit to Senators who have had an opportunity or an inclination to read the record that in my opinion, as shown in many places in the record, he said that, like any other human being, he was prone to error, that at times he had made mistakes, that he regretted them, and that he freely admitted that to be the case.

Following that, we observe this statement in the minority views, at the bottom of page 14:

> He still insists that the Atomic Energy Act of 1946 forbade the export of isotopes for metallurgical research though the other four Atomic Energy Commissioners, the General Counsel of the Atomic Energy Commission, and the majority of the Joint Committee on Atomic Energy (including Senator McMahon, the principal author of the act) all disagreed.

That is cited as an evidence of lack of integrity, although upon careful reading it proves merely that he said he held one opinion, and others held another.

Immediately thereafter, on page 16 of the minority views, reference is made to the hearings at pages 441 and 558, apparently and ostensibly to support the charge that he had not been candid in connection with a matter pertaining to the ability to detect bomb tests, whereas whoever prepared the minority views well know that no such statement appears or is even obliquely supported in any way by the hearings on pages 441 and 558.

Later in the minority views we find the charge that the nominee questioned the integrity of Members of Congress. That charge is set forth in the following words, in the minority views:

> The nominee questioned the integrity of Members of the Congress, charging in one instance that the records and reports of a committee had been changed to his detriment (hearings, p. 976).

As a matter of fact, the nominee did not charge that those records had been changed to his detriment. I was there. The nominee made no charge. But he asserted that, in fact, a report prepared by the other body—a preliminary report, and one which a committee of the other body would not use, for reasons obvious on its face—had been molded. He did not make the charge that it had been molded. He said that Members of the other body charged that the report had been molded; and, in fact, it had been molded, as was subsequently proved by information furnished by 15 Members of the other body, although in the minority views it is said that the nominee charged that the records had been changed to his detriment. He did not use such a phrase, nor did he make such a charge.

Moreover, in the next line——

Mr. JAVITS. Mr. President, are these elements of the Senator's question?

Mr. SCOTT. Yes; they are elements of my question. I am leading up to the whole question of integrity, in order to ask the Senator from New York a question pertaining to who has demonstrated integrity and who has not.

Here is the last instance I have been able to find, although there are literally dozens of others; in fact, I am shocked every time I read the minority views. Here is another one, immediately after the one I have just quoted, on page 15; and again I read from the minority views:

> He—
>
> The nominee—
>
> insisted on this position to the point of telling a member of our committee that a report was not a report, and that he should be suspicious of the man who supplied it (hearings, p. 973).

The nominee said nothing of the sort. He never said that a report was not a report; and the person who wrote the minority views knew it.

The nominee said: "This is not the final report of the committee."

And it was not; and immediately there came an admission from those who are seeking to uphold this "molded" document, that it was not the final report. It was a preliminary report, and it was crudely distorted, and so deliberately filled with distortions, and so lacking in regard to correctly portraying some of the things which actually had occurred, that no further attempt was made to foist it upon the hearings as the final statement of the committee.

Then what was the nominee's guilt as regards the question of integrity? His guilt was that he stood his ground. He stood his ground in the face of Senators; he stood his ground in the face of Members of the other body. He was right—as I have said before—when others were wrong.

He refused to yield, three times, in the the presence of Senators whose charges against him he thought were improper or misleading or unfair.

I submit, in further reference to my question of who here demonstrates lack of integrity, that someone had to prepare the minority views. I have already stated that the antics of the committee counsel represent the only demonstration of conflict of interest in this case—committee counsel who sat on the rostrum and did things for which, if he had been caught doing them in any trial court in the land, he would have been disbarred. He got up on the rostrum and asked questions of a witness whom he had previously coached. He appeared on the rostrum. We on this side of the aisle and a number of Members on the other side of the aisle had nothing to do with his presentation of the witness; and he only reluctantly admitted—after I pressed the witness—that he had helped the witness prepare the statement. The witness was hostile to the nominee. The committee counsel was helping only members of the committee whose own inclinations appeared to be unfavorable to the nominee.

Then, with a great show of innocence, and without revealing to the members of the committee his connection with those hostile witnesses—the scientist who wanted to give all our secrets to Soviet Russia, and said so; the scientist with whom the committee counsel admitted he was in agreement; the scientist who belonged to an organization cited as subversive by a committee of the other body—the committee counsel helped prepare that statement. He was then cross-examined about it; and the true situation never would have seen the light of day if I had not, by chance, sought to pursue the very odd style or character of that statement. That is the same man whose participation is noted in the minority views.

Now, I ask the distinguished Senator from New York, if there is a question of integrity, in his opinion is the integrity at stake here the integrity of Lewis Strauss, who has been praised by five Presidents, who holds several military awards, who holds the highest civilian award which can be made as a gift by this Government; or is it the integrity of people who have motivations of their own—the kind of motivations which I deplore—who have caused these statements to be made, which are not supported by the evidence?

I am sorry the question is, like many of our legal questions, a long one.

Mr. JAVITS. I may say to my colleague, although it is long, it is not hypothetical, which is the way long questions are generally phrased. Perhaps the best answer to his question is, "He that is without sin among you, let him first cast a stone."

This, it seems to me, is enough for our purposes: That, surely, once one begins to question integrity, who is to sit on high and say the record of a lifetime—which is what I am pleading for here today—is to be defied and cast away, but that the words in a particular report or a particular record or of a particular

counsel at a particular time, notwithstanding the honorable record, the distinguished record of a lifetime, are to be lifted out and preferred to the evidence of this life? Of course, I thoroughly agree with my colleague, in answer to his question, that it just does not make sense, and it is not the context of life itself.

Mr. SCOTT. Would the distinguished Senator permit me to ask him if he has any objection to my characterizing, the proceeding with regard to the minority views as the smearing of a clean man with a tainted document, as surely this document is, because the document brought into this body, when it cites page and number to support a serious charge, ought to contain something on those pages to support the charge. When the minority views use obviously unfriendly adjectives, there ought to be a reason for using those adjectives.

Does the distinguished Senator feel these are the kind of tactics which add distinction, honor, and glory to this venerable body?

Mr. JAVITS. Certainly, no tactics of that kind would. Of course, I respect the judgment and conscience of my colleague from Pennsylvania, who sat in on the hearings, and the illumination which his questions are giving to the situation which is before the Senate now.

Mr. SCOTT. I appreciate very greatly the kindness of the Senator from New York.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question in connection with this point?

Mr. JAVITS. I will yield for a question to my colleague from Ohio. I do not wish to place in jeopardy my possession of the floor. I hope, therefore, my colleagues will exercise discretion and put their remarks in the form of questions.

I yield now to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, does the Senator from New York know that after the hearings had been in progress for about a week, the Senator from Ohio asked for an executive session, and protested against the type of testimony which was being admitted in the hearing?

Mr. JAVITS. The Senator from New York was unaware of that fact.

Mr. LAUSCHE. Does the Senator from New York know that the Senator from Ohio said in that meeting that a criminal of the worst type could not be subjected to the character of epithets, rumors, judgments, and opinions which were heaped upon Mr. Strauss?

Mr. JAVITS. The Senator from New York was unaware of that fact, and the Senator from New York is flattered that his distinguished colleague, who is a former Governor of a great State and a former judge, came to the same conclusion the Senator from New York did about the character of the proceeding, and the burden of evidence which ought, in all justice, to be carried, if the proceeding is to result in denial of confirmation. I am grateful to my colleague.

I now yield to my colleague from Pennsylvania.

Mr. SCOTT. My question to the distinguished Senator from New York now turns on another point. I am going to ask the Senator if he does not agree that certain things which went on in the hearing in fact represent the abdication by so-called, alleged liberals of their principles?

In support of the question, and in presenting the element of the question, I should like to say that the Senator from New York is well known, and has many times been referred to, as a liberal. The junior Senator from Pennsylvania, who is speaking, has many times been referred to as a moderate. The nominee seems to have been described most often as a conservative.

Whatever be the ideology of the Senators and the nominee, my question has to do with whether the Senator from New York, a recognized liberal, does not in fact deplore in the hearings conducted by so-called liberals of a most illiberal nature, to wit: The Senate committee, through its hired committee counsel, the gentleman who represents both sides of the case, drew no criticism from any so-called liberal of the obvious conflict of interest involved on the part of committee counsel——

Mr. CLARK. Mr. President, will the Senator yield?

Mr. SCOTT. As soon as I have completed this part of the thought. The Senator from New York would have to yield. I am asking him a question.

Furthermore, no liberal criticized the digging up by the committee counsel of a very, very liberal atomic scientist who testified that Admiral Strauss had dragged the intellectual freedom of scientists in the dirt; and Dr. Inglis gave away the game by saying that Admiral Strauss' narrow dedication to the single approach to modern weaponry was responsible for our national guilt and for getting ourselves into an unhappy fix without looking for an acceptable alternative.

This charge of the very, very ultra-liberal Dr. Inglis, if it meant anything, meant that the nominee was guilty of pushing the hydrogen bomb program, contrary to liberal views, so that we got the bomb ahead of the Russians. This description of guilt attributable to such a distinguished person as Admiral Strauss was never criticized by any of the so-called liberals as an illiberal attack or as witch hunting.

None of the defenders of free speech, the critics of witch hunting by congressional committees, rose to the defense of the nominee. Why? Because it was not one of theirs who was being attacked; it was one whom they scornfully designated as a conservative, and because they regarded him as a conservative, they remained smugly silent, except for an occasional cheer for the witch hunters, as if the right not to be smeared was their monopoly and not a right available to any others, including conservatives.

I make no defense of conservatives. Let them defend themselves.

I lead up, in this rather lengthy fashion, to a repetition of my question to the Senator from New York: Was not the Senator rather amazed to find that so many liberal voices in the country did not rush to criticize the lack of liberalism, or to designate as "witch hunting" the tactics used in an attempt to defeat the nomination of the nominee?

Mr. JAVITS. I will say to my colleague from Pennsylvania, since I have analyzed the record and seen the fulcrum upon which it turned, which is the issue of integrity, that I would have hoped—let me put it that way again, because I do not think this whole cause is advanced by more criticism and more of the same thing which we deprecate so much in this situation—I would have hoped, seeing so little evidence of this very serious charge of lack of integrity, that more of us—and I include myself—who are considered to be the ardent friends of civil liberties, human rights, the dignity of man, and the right to inviolability of reputation, would have come to the nominee's defense. I will certainly say that to my colleague from Pennsylvania.

Mr. SCOTT. I thank the very able Senator from New York for his patience and for his kindness in yielding to me. I much appreciate it.

Mr. JAVITS. Mr. President, I was starting to repeat the words of the minority itself, in order to show that the issue was not competence, but was integrity, although the word "competent" was used. This rather revealing statement—self-revealing, I think we have the right to call it—appears at the top of page 11 of the views of the minority, and reads as follows:

> We do not believe that a man can be adjudged competent for a Cabinet post unless there exists a sound basis for mutual confidence between him and the Congress, despite a showing of the capabilities for competence. As we have already indicated, this does not depend upon political agreement. Now and in recent years Congress has enjoyed satisfactory relations with many executive officials who frequently held sharply opposed views on fundamental policy. This has been true because there existed mutual respect and esteem between them and because the Congress felt assurance that these officials were dealing openly and fairly with it and that the information imparted to the committees of Congress was reliable and sufficiently complete to serve as the basis for congressional action. The country gained by this relationship. We are forced reluctantly to conclude that there is no likelihood that this vital mutual respect and its resulting relationship can exist between Mr. Strauss and the Congress. This would be a loss to what we consider democratic processes at a time when democracy is on trial.

Mr. President, it seems to me very clear that this focal point of the indictment, from the mouths of the opponents themselves, is very clear evidence of the fact that though they say, "We do not believe that a man can be adjudged competent for a Cabinet post," they immediately negate the very issue of competence by pointing out, as they point out themselves, that what is at issue is a lack of confidence in Mr. Strauss by the Congress, in their view—that is, in the view of the opponents. In short, they claim a lack of integrity.

Mr. President, it seems to me that if we need any further confirmation of

the finding the very last clause of the first sentence of this statement gives it to us, for the minority say, "We do not believe that a man can be adjudged competent for a Cabinet post," and they say, skipping a few words, "despite a showing of the capabilities for competence."

The statement is:

> We do not believe that a man can be adjudged competent for a Cabinet post * * * despite a showing of the capabilities for competence.

In short, the issue is not competence at all, and the minority itself negates it. The issue is nothing other than a question of a lack of integrity.

Mr. President, if we need any other confirmation of this fact it can be found in the seven specifications which represent the indictment of Mr. Strauss in the minority report. I should now like to refer to those, Mr. President.

Item No. 1 of the minority report relates to the situation of the denial of an export license for the shipment of steel pipe, in which it is claimed that Mr. Strauss, though he knew the State Department view was completely opposed to that of the Department of Commerce in respect to this particular shipment, did not disclose it to the committee. The telltale recital in that one, Mr. President—again, I am now reading from the minority report; from the considered, carefully drafted statement of the opponents of the confirmation of the nomination of Mr. Strauss—is the key point in the first sentence, where the minority says:

> The nominee was guilty of an outright misrepresentation in regard to his recent rejection as Secretary of Commerce, of an export license for the shipment of steel pipe.

Mr. President, the statement in count No. 1 of the indictment that the nominee was guilty of an outright misrepresentation is certainly a statement of a finding of lack of integrity rather than a statement of a finding of lack of competence.

Item No. 2 of the 7 items of the indictment relates to the transcript of the hearing before the House Appropriations Committee, which involved a great deal of controversy between Mr. Strauss and the House Appropriations Committee, in which it is alleged as one of the counts of the indictment by the opponents of Mr. Strauss that Mr. Strauss said the committee's testimony had been doctored or in some way dealt with and did not present a true picture. That is the charge.

Again, Mr. President, let us read the key sentence:

> The nominee challenged the integrity of an official transcript of a hearing before a committee of the House, thus impugning the integrity of those responsible for this preparation.

In other words, again the opponents are charging the nominee with a lack of integrity, in that he impugned the integrity of others.

(At this point Mr. JAVITS yielded to Mr. MAGNUSON, who submitted certain matters which appear elsewhere in the RECORD under appropriate headings.)

Mr. JAVITS. Mr. President, I was just referring to the individual counts of the indictment with respect to the opposition to the confirmation of the nomination of Mr. Strauss. I had arrived at the point I was trying to prove, and that is that the issue before the Senate is a finding—if we adopt the views of the minority and turn down Mr. Strauss—of lack of integrity. The very issue requires us to establish certain standards which place us in a position where we cannot, in all fairness and justice, deny confirmation.

As I stated a moment ago, the second item relating to Mr. Strauss turned on an official transcript of a hearing before an official committee of the House. The count charges that he impugned the integrity of those responsible for the preparation of the record.

I submit that that is very important. That certainly is not a challenge to competence. It has nothing to do with competence. That is a challenge to integrity in impugning the good faith of another; and therefore, for that reason, his own integrity is questioned.

Item No. 3 relates to another very hotly controverted issue in this situation, the issue of Mr. Strauss' position, and what he said or did not say about the export of certain atomic isotopes, which are used in medical research but also may be used in metallurgical research or in connection with other defense preparation. This was a very hotly controverted charge before the committee; and the effort was made to prove, as the minority views state, that Mr. Strauss was obsessed with the idea of secrecy and that he had protested the export of certain radio isotopes to Norway in 1949 on the ground that it violated the Atomic Energy Act when, as a matter of fact, he knew that that was not so.

A mere recital of that situation demonstrates very clearly, again, that the issue was one of integrity and not of competency. The report of the opposition to Mr. Strauss makes that clear. That report, in item 3, states:

> In his efforts to answer Senator ANDERSON'S legal discussion on the export of isotopes, the nominee distorted the nature of the charge against him.

Again, the nominee is not alleged to be incompetent. The nominee is alleged to have been guilty of willful distortion. Again, the charge "willful distortion" goes to the question of lack of integrity rather than to a lack of competency.

The fourth item which relates to this particular controversy concerns the alleged suppression of a certain letter from the Attorney General relating to the legality of certain negotiations which were going on between the United States and the United Kingdom, having to do with nuclear secrets. Again, we must test this particular item to see whether it involved the issue of competence or the issue of integrity. Again, I think we can prove, out of the mouths of the opponents themselves, the proposition that it involved the issue of integrity.

Item 4 reads as follows:

> Instead, he—

That is, Strauss—

> based his defense on the wisdom of the proposed amendments to the agreement and on his notification to the Joint Committee that negotiations had taken place. Even as to the latter, he sought to distort the record in order to establish that the Joint Committee had been informed in a timely manner.

Again, it seems to me very clear that what is being charged is not a lack of competence but a lack of integrity, the lack of integrity being involved in a willful distortion of a record to make a particular point, willfully and intentionally, knowing that the record meant something else; but that the party charged—in this case Strauss—was willfully and intentionally distorting it. The words "willfully and intentionally" are not used here. But it seems to me that when we consider a man of Strauss' service and background, when it is said that he distorted a record, within the whole framework of reference of accusation by Strauss' opponents, the reader is led to no other conclusion than that the distortion was deliberate and willful. Indeed, it seems to me that the opponents of Strauss ask us to believe that. Otherwise, if a man innocently distorted a record because he was stupid or incompetent, that would not be one of the things he is charged with in this particular bill of complaint, or indictment, as I call it. I think the word "distort" there means an indictment for lack of integrity.

Item No. 5 is essentially based upon the Dixon-Yates power contract and Strauss' part in it. Again, the question is, "Was Strauss a blunderer or fool, or was he a knave?" I think very clearly, from the findings in the report of the minority, we are asked to find that he was not a fool, but that he was a knave. Therefore, we are asked to find a lack of integrity.

Item 5 in the minority views starts out:

> The nominee claimed credit for unsupportable public benefits from a prospective transaction, while disclaiming knowledge of or responsibility for underlying issues that question the validity of his plans.

What is implied here, very clearly, is a man willfully claiming credit for something which he was not principally responsible by design, not because he is a fool or incompetent; and also disclaiming knowledge or responsibility for underlying issues that question the validity of his plans.

Again, this is not a picture of a fool or blunderer who did not know what he was doing.

In the case of a man of Admiral Strauss' experience and obvious sobriety, this item again charges him, by the very clear intendment of the indictment, with being a knave—again a finding of lack of integrity.

We now move to item 6 of the bill of indictment. Item 6 deals with charges that the nominee "was prone to accept only official responsibility for ill-advised official actions by the Atomic Energy Commission while trying to

create the impression that he in fact really had no connection with them."

As the minority sees it, the ill-advised action of the Atomic Energy Commission consisted, for example, among other things, of classifying a safety report about the Detroit reactor project in such a way as to amount, as the minority sees it, to suppression; and dealing with a report of an underground atomic explosion in such a way, as the minority sees it, as to represent the denial of access or denial of opportunity for the people to know what it was all about—again amounting to suppression.

Again, Mr. President, it seems very clear that Strauss is being charged with being overclever, certainly not with being incompetent. He is being charged with lack of integrity and lack of good faith in the handling of an extremely important part of the work of the Atomic Energy Commission. That is borne out by the very clear statement in item 6, which reads as follows:

> The nominee was prone to accept only official responsibility for ill-advised official actions by the Atomic Energy Commission, while trying to create the impression that he in fact really had no connection with them.

Again, Mr. President, I point out that this is charging design, charging willful intent to misrepresent and mislead, to paint a different picture from what should be painted; therefore, a charge again, not of lack of competence, but of lack of integrity.

Now let us move to item No. 7 in this bill of indictment. We deal here with a question which apparently came in through the dynamics of the hearing. It relates to the evidence or facts Strauss sought to obtain from the Atomic Energy Commission. It refers to a witness named Dr. Inglis, a physicist, who is apparently dead set against Strauss for whatever reasons he may have. It can be understood how a man in Strauss' position, working as he did over a period of years in public positions, would find a great many scientists—whether the proportion was great or small—who would be against his point of view and who would be ready to criticize him and take him apart, especially in such a high level and friendly atmosphere as that which prevailed in the Senate committee, divided as it was 9 to 8 on the question of recommending the confirmation of a Cabinet officer.

Before analyzing the real issue in respect to item 7, as to whether it was a lack of integrity or a lack of competence, the two criteria which are being used as the standard in this particular controversy, let me say that one of the interesting things about this hearing on Strauss—I have used the word "case" and the word "indictment," and I have drawn the analogy between the finding against him in view of his background, and the basis upon which the report is phrased, which would be tantamount to conviction of a crime when it is viewed in terms of his life—one of the most interesting things to me was how many mountains were made out of what transpired at the hearing itself. This was indeed a most extraordinary operation.

Apparently most of the evidence against Strauss was not even connected with what he had done in the very high and distinguished positions which he had occupied for such a large number of years. An effort was made to draw the most nefarious deductions from what took place in the hearings themselves. So Strauss' efforts to get some facts from the AEC on Inglis, who had testified against him, were blown up to be a great big demonstration that he lacked integrity. That appeared right in the hearing itself.

Let us consider the white heat of pressure upon a man who is trying to justify his actions and who is literally fighting for his life, under the most experienced and vigorous and searching kind of examination into every facet of a very long life, filled to the brim with literally thousands, and perhaps hundreds of thousands of individual matters and individual problems which had been presented to him.

Yet somehow or other this man, who had a remarkably fine reputation up to now, suddenly, in this hearing and in the dynamics of the committee, in trying to get some evidence of this and that and the other, which is thrown at him, becomes a knave who lacks integrity.

With all respect, the mere fact that so many of these allegations are based upon the dynamics of the hearing itself is a very interesting commentary upon the weight and soundness of the case which is made against Strauss, and reflects upon the fact that the case is a very light one—a featherweight one, indeed.

Let us look at item 7, which states:

> The nominee often resorted to unnecessary untruths in what appeared to be an attempt to put himself in the best possible light before the committee.

I may say here with something of a smile that the draftsman was rather inartistic, and that those who reviewed the draftsmanship were equally inartistic. Think of anyone writing in the report of a congressional committee, which is seriously presented to the Senate, the words "unnecessary untruths." I ask the authors of the report whether there are any such things as "necessary untruths." I ask them whether they feel that there could ever be a situation in which there were "necessary untruths."

Oh, I know that there may be circumstances where life is saved—and those circumstances have occurred in respect to horrors which the world has endured—but I do not believe that anyone would put this particular case or situation in that category.

So desirous, as my colleague from Pennsylvania [Mr. SCOTT] has said, were they in pressing this home, that we catch them in this inartistic expression, that Strauss was not only untruthful, but was "unnecessarily untruthful"—a double indictment, but in this case, as I have said, completely inartistic and rather clumsy, if I may be pardoned that expression.

Mr. President, clearly, it seems to me, therefore, as we analyze every phase of the indictment, the issue before us, upon which the Senate will probably vote not too long from now, is the charge of lack of integrity. Competence, therefore, is not the issue. The issue of competence could not be maintained in the case of Strauss, who had been confirmed as Chairman of the Atomic Energy Commission by the Senate, one of the highest and most powerful bodies in our land, as recently as 1953, after this very committee, the Joint Committee on Atomic Energy, in connection with whose activities he is charged as having been guilty of derelictions and "misdemeanors," had lived with Strauss.

When he came to them in 1953, he was not an unknown quantity. They had lived with him in the years from the very formation of the Commission, from 1946 until 1950. They had seen him as a member. They knew all about him. If they did not know all about him, they were not on the job. Knowing for years back the members of that Joint Committee, who are among the best and most capable House and Senate Members, I am sure that they were right on the job. So, after they had lived with Strauss as a member of the Atomic Energy Commission from 1946 to 1950, 3 years later, in 1953, he was confirmed as Chairman of the Commission.

I think in that case we have a right to say two things. First, certainly up to 1953 Mr. Strauss was honest, even in the view of his present opponents. Second, I think we have a right to say that he was certainly competent. He has not lost his reason. So he is still competent. That, at least, we know.

So what is challenged here is the fact that since the last time the Senate confirmed his nomination, between 1953 and 1959, he has lost integrity. My position, and the whole case here, is that this defies all reason, as well as defying the record itself.

Let us go further with our analysis, accepting the basic proposition that the indictment is based upon a lack of integrity. I think the whole situation cries out for an answer to a very particular question. The question is this: Why is a man indicted for a lack of integrity after 42 years of service in the public domain, many of those years in some of the highest positions in our Government? How is it that this has just now been discovered and has not come out before about such a prominent man? How is it that a man like Strauss, according to the minority views, lacks integrity? Why does the opposition want his whole life destroyed by having his nomination rejected now?

Incidentally, my colleague, the distinguished junior Senator from New York [Mr. KEATING], in his brilliant speech made in the Senate this afternoon, analyzed the fact that this would be the first time that a nominee for a Cabinet position would be rejected on the ground of

his lack of integrity. The nominations of other Cabinent officers have been rejected, not very often historically, but occasionally, for a political reason, or because of a conflict of interest, or because a man was caught redhanded with his hand in the till. But in no case has a nominee been rejected for the qualitative reason of a highly disputed finding of a lack of integrity, so highly disputed that the commitee divided, 9 to 8; so highly disputed that Democrats as well as Republicans on the committee thought the nomination should be confirmed. As we all know, there is a Republican among us who thinks the nomination should not be confirmed.

I point this out only because I think the burden is very great upon those who would see that the nomination is not confirmed in this kind of situation, which is a historic "first," as this is.

Why did all this happen? Why, suddenly, has Strauss been turned into a man who cannot be trusted, which in curbstone language is the situation here? I think the answer is that a determined fight is being made against the confirmation of Strauss now, for whatever reason. I am not finding fault or trying to ascribe a reason. The public will do that. Whatever the reason may be, the public will hold each of us, as it always does in the traditional American way, personally responsible for what we do; and ultimately each of us will give his reasons for what he did and why he did it. We have our own constituents to satisfy.

But my belief as to why, in the view of the opponents, Strauss has suddenly become a man who cannot be trusted is that right now, for whatever reason, a determined fight is being made against the confirmation of the nomination. Every bit of evidence is played up and exploited to make him look bad.

In my opinion, from a careful reading of the situation, it seems to me that that is just what has happened. Every bit of evidence is played up and exploited to make him look bad. But I do not believe Strauss has changed. I believe that is the reasonable conclusion, based upon the record before the committee. Neither do I believe that the character and practices of a lifetime so much exposed to the public gaze, both in and out of Government, have suddenly become invalidated.

I believe we are sustained in this position, first, by the knowledge of the man and his works. I say this with humility: we are sustained by the knowledge of the man and his works by such persons as myself. I have known him for a whole lifetime. I have known him not simply as a Government servant, not simply as a businessman, not simply as a community man, not simply as a military leader, but as all those combined. I have seen him in every facet of his life; his business, his wife and family, his friends, his temple, his business house, in his uniform as a naval officer. I have had the opportunity to get the views of his friends. He is a well-known citizen in my town, I assure you, Mr. President. I have found the evaluation of his life to be good. He is a man of the highest standing and of the finest distinction. He is a man whom I would endorse or second for membership in any club in the land. He is a man who would be received happily in any club in the land, with perhaps the exception of those very few blots on our escutcheon which discriminate against persons because of their faith. One thing which can be said about Lewis Strauss is that he has always been firm in his faith. He has always beeen true to it. It is the hallmark of a good American, one who is worthy of trust.

What suddenly happened to this man that in the course of the hearings he has become a man who, say eight of my distinguished colleagues—and undoubtedly more, when the vote shall come, whatever may be the result—cannot be trusted? I do not think the man has changed. I think whatever may be the pressures of the hour upon those who read the record, in terms of the lack of integrity of Strauss, that that is a change. But I do not believe the man has changed.

We are here to judge the man. We are not here to judge his point of view or his attitude or the frame of reference of any of us, with all due respect to each of us who may vote upon the nomination.

I believe we are sustained in the position which I have just described, first, by the knowledge of the man and his works, and also by the fact that a bipartisan majority reported favorably upon his nomination, even after all the hearings and the most thorough efforts were made to discredit him and make a case against him.

I do not say that anybody tried to discredit Strauss maliciously, but this is the essence of the case. When one is fighting a case, and the case is built upon the fact that one wants to demonstrate the fact that a man is unworthy of trust, he throws the book at him. That is his right. I had to do that when I was the prosecutor in a case, as attorney general of the State of New York. I felt the people were entitled to have the last ounce of genius I had, if I had any, in order to prove the case which the people were seeking to make. At the same time, I would also be zealous to fight for a man's freedom if I became convinced we were wrong in our charges. But in the first instance it was my duty to do my best. So I do not use the word "discredit" in any sense of criticism. But, after all, this is what the case amounted to.

All of us know that the hearings were very extended, very thorough, and very detailed. It was also a hearing played out not only before the eight members of the committee who found against Strauss, but it was played out before the nine members who found for Strauss.

Among the nine, I found a particular outlook, a particular objectivity, on the part of one Senator who had every reason to be very, very careful about the judgment to which he finally came on this subject; a judgment which is so opposite, so analogous, to my own view, that I should like to read it to the Senate. The statement to which I refer is that of the junior Senator from Rhode Island [Mr. PASTORE]. This is what he said. This was the conclusion of his additional views in the report—the additional views of Senator JOHN O. PASTORE. They are found on pages 6 and 7 of the report. These are the most sage words which have been uttered by one of the triers of the facts in this controversy. I say that as a lawyer.

Referring to a longstanding connection which he had had as a member of the Joint Committee on Atomic Energy and, therefore, with the work of Lewis Strauss, the Senator from Rhode Island [Mr. PASTORE] said:

> In all of these dealings I found Mr. Strauss to be patriotic, honorable, and competent. We did not always agree and I did not expect perfection. I would not trespass on the divine to say, "There is no fault in this man." From a similar set of experiences there are those who make a different deduction. They too are honorable men whose record of patriotic service is unimpeachable. I do not quarrel with their right to reason as they may. I merely vote my own conscience in this matter as I feel it concerns our country. I vote to recommend the confirmation of Lewis L. Strauss as a man who has given to our country an effective patriotism over a period of 40 years and as one who, in my opinion, will make a good Secretary of Commerce.

Mr. President, I commend those sage words to every Member of the Senate who wishes to make an objective review of this matter, and to search his conscience, in the final analysis, just before the vote is taken.

As I have said, I know as well as every other Member of this body does that relatively soon we shall be voting on this issue.

What the Senator from Rhode Island [Mr. PASTORE] was saying was, in essence, the distillation of wisdom. He was saying, "I am not perfect; and I do not expect perfection in Mr. Strauss. There are many areas in which I can disagree with Mr. Strauss."

And, Mr. President, I can say the same for myself.

The Senator from Rhode Island was also saying, "But after years of living with this man in my official capacity as a Senator and in his official capacity as a public servant, and after having sat through the hearings, and after having personal knowledge of every charge, I have come to the conclusion that this man is worthy, rather than unworthy, of trust, and that he ought to be confirmed as Secretary of Commerce, and"—and, Mr. President, this is so important, to me—"that the nominee will make a good Secretary of Commerce."

Mr. President, in the final analysis, this is what I think is the fundamental consideration which addresses itself to the conscience of every Member of this body and of the people of the country: First, the nominee will make a good Secretary of Commerce; and, second, the case against him, in terms of a lack of integrity, which in my view has to be proved beyond a reasonable doubt, considering its consequences—has not been proved.

Mr. President, anyone can find fault with the manner or the method of expression or the political, sociological, or

economic ideology of Secretary Strauss; and indeed I am sure there are various areas in which I would be in disagreement with him. But that does not lessen his competence or impair his integrity. And yet I believe that it is these differences—political, sociological, or economic—which have been put to the fore as the real reasons for the determined opposition to him.

While the words "lack of competence" and "lack of integrity" were employed—as I have just now analyzed very carefully every specification against him—the real opposition seems to be on the basis of integrity. While fully respecting those who oppose confirmation, I believe that the Senate should see through the form to the substance. If, even accepting the assumption of the opposition, Secretary Strauss does not concede that it is human to err, and does not admit, as often as the opposition would like, that he has erred, I hope the Senate will not make the same mistake of setting up a standard of perfection to which none of us can measure up, notwithstanding the fact that the opponents of confirmation of Mr. Strauss' nomination believe that he himself has set that standard to which he has not measured up. Let us not impose a standard of perfectionism which we know to be unworldly and out of contact with life either in or out of government.

Mr. President, I do not believe that the setting of such a standard in a case of this sort reflects the kind of maturity of judgment of which we and the American people are so proud in terms of the composite membership of this body.

It is interesting to me to note that the minority has adopted the same tests used by the majority, for in the minority views we find the following:

> Confirmation should be denied a nominee for a Cabinet post only for very compelling reasons. Two criteria were cited by Senator CORTON during the course of our hearings—though there may well be other factors which would have to be considered. In essence, the criteria were that a nomination should be rejected for lack of integrity or lack of competence.

In other words the burden is on them, based on the historical tradition that the President is entitled to choose his own Cabinet, to make a case—and now I speak as a lawyer—at least by the preponderance of evidence; and in view of the fact that the basis of their case is lack of integrity, their proof should be beyond a reasonable doubt, for if they prevail, then they are imposing upon Secretary Strauss a penalty which, considering his age, the eminence of his position, and his long and distinguished career, could very well be as heavy as conviction of a crime.

Mr. President, I made that statement when I began my remarks, because I throught we should consider this matter in the kind of frame of reference that was worthy of the issue. I return to that statement at this point in my remarks; and I emphasize the fact that if the Senate rejects his nomination then, considering his services to the country and his age and the eminence of the positions he has held, rejection of his nomination could very well constitute as heavy a penalty upon him as conviction of a crime.

In this frame of reference I wish first to analyze Lewis Strauss' life and works, as I know them, and then to proceed to consider two instances among those charged against him as lack of integrity, to see whether the charge stands even on the basis of preponderance of evidence, which is the least burden the opponents must carry, for I am completely confident that it certainly does not stand—and this can almost be accepted at the very inception—on the basis of a finding beyond a reasonable doubt.

Let us first consider the undisputed facts in regard to the career of Mr. Strauss. I should like to review, as concisely and as objectively as I can, the undisputed facts of his career. The bitterness of controversy over some of the issues in which his public duties have necessarily involved him has necessarily infected the controversy over his nomination. Yet the factual account of his entire career speaks for itself most eloquently, along with the facts of the origin of the nominee, on which his life is based, so that Members of the Senate may consider this man by the same standards by which they judge themselves or judge others.

Mr. Strauss grew up in Richmond, Va., in a moderately prosperous neighborhood, where he taught Sunday school and assisted the rabbi at the local synagogue. He was afforded the opportunity to go to college on a scholarship; but, like so many other enterprising young men, he laid aside that opportunity, to set out as a salesman for a shoe jobbing firm owned by his father and his uncle.

Along with his shoe samples, young Mr. Strauss took with him a selection of the Latin classics and books on science, which he read during the course of his trips through the South as a salesman.

Inspired by his mother, he came to Washington—it was when he was still quite young, approximately 21 years of age; he was born in 1896, and this incident occurred in 1917—and presented himself to Herbert Hoover, as a volunteer worker in the Belgian Relief drive. He served Mr. Hoover for 3 years, without compensation, and finally became his personal secretary, when Mr. Hoover became Food Administrator. Mr. Strauss became a close friend of Robert A. Taft, who was assistant counsel to the Food Administration, and who, like himself, had been barred from military service by defective sight.

Mr. Hoover took Mr. Strauss to London with him during the war, and again after the war when the Supreme Economic Council was set up, with Mr. Hoover as its head. At the age of 23, Mr. Strauss served briefly as a delegate to the Council, and he later attended the Brussels Armistice Conference.

Strauss was offered a position with Kuhn, Loeb & Co. in 1919, as the result of a brief meeting with a member of that firm in Mr. Hoover's Paris headquarters. He accepted the position with Mr. Hoover's blessing.

Mr. Strauss then threw himself into an act of international charity. He and George Sloan, assistant to the chairman of the Red Cross, raised about $1 million to bring back to Europe some 8,000 Austrian and Hungarian prisoners of war who had been turned loose by Russia in Siberia and had made their way to Vladivostok.

This, it seems to me, is an illustration of the humanitarian instincts of this man and is one of the reasons, going back to his early history, 35 or 40 years ago, why I said that, based upon a lifetime of service and devotion to human beings and to their troubles and problems, based upon a lifetime of association with thousands of men of all shades of opinion and of all categories of economic and social background, and having in all of that time and under the most intense public observation led a highly meritorious and creditable life, it is almost inconceivable that suddenly, in 1959, after 42 years of exemplary living, a Senate minority finds he lacks integrity and cannot be trusted.

It seems to me when we go back into the man's origins and see the display of enterprise of so many decades in trying to help people who could not help themselves, we get far more instructive light on the situation than can be obtained by looking at a report and the surface indications of it which the opponents of Strauss are trying to draw—of suddenly a whole life being changed and being tranformed after all those years.

While Mr. Strauss pursued his business career in the firm of Kuhn, Loeb & Co., becoming a partner in 1929, he had been drawn into politics in 1928, when Mr. Hoover became the Republican nominee for President. At that time Mr. Strauss served as assistant treasurer of the Republican National Committee.

Throughout these years he continued and developed his early interest in science. He read many scientific articles and assisted central European physicists who had fled from fascism, many of them of the Jewish faith.

There again, Mr. President, the communal responsibility, the feeling of the man for his fellow man, came to the fore. This is the panorama of a lifetime, not merely episodes which opponents pick upon in respect of a rather heated series of hearings which extended over a period of 3 months; but it is a lifetime upon which we now are casting the spotlight, and when given the opportunity Strauss showed the finest instincts rather than the basest instincts. I think that fact has got to be most seriously evaluated in deciding whether the man has suddenly been transformed from a Dr. Jekyll to a Mr. Hyde, as the minority in this question would have us believe.

He was particularly interested in cancer research, especially after the death of his mother from that disease. He financed the construction of a surge generator at the California Institute of Technology for the purpose of producing radioactive isotopes for the treatment of cancer. He is a director of Memorial Hospital in New York. Incidentally, in that connection, as another fact showing his humanity, as another bit of the human side of the news, if you will, it became his sad duty to tell Robert Taft that his illness was fatal.

Mr. JOHNSTON of South Carolina. Mr. President, I wonder if the Senator will tell us whether it will be necessary for us to stay here all night?

Mr. JAVITS. The Senator from New York hopes it will not be necessary for us to stay here all night. I may remind my distinguished colleague that I would have been more than happy if I had been allowed an hour or more to speak, and then we might have entered into a unanimous-consent agreement which did not represent an attempt to compel the Senate to vote tonight, when we do not have our maximum strength in terms of votes—and this is true, I think, of both sides of the aisle, though I have knowledge only of this side of the aisle.

As I said when I began, I deprecate what has occurred. We put ourselves in an odd position. I used the word "unseemly." I think it is, in the eyes of the world, to have an attempt to press for action on a question which has been before the Senate since June 5. All of a sudden, we are urged to vote tonight—not tomorrow. It would have been simple to enter into a unanimous-consent agreement for 8 or 10 hours' debate, to have adjourned the Senate so that Members might have supper at 7:30 or 8 o'clock, to have resumed the session tomorrow, and by 3, 4, or 5 o'clock, we might have had a vote. We do not show ourselves too well in the eyes of the world when we have to engage in moves which they cannot interpret as anything else than an effort by either side to follow the strategy of attempting to force a vote when they feel that their side will have the most Members present, or of trying to catch their opposite fellow Members off guard. On the contrary, in the eyes of the people of the United States, it should be made evident that we would want all 98 Members of the Senate present, that we would go out of our way to have that occur, to wait an hour or two, or 8 or 10 hours, in order to give every Member of the Senate an opportunity to cast his vote.

If this issue is important enough to have held up the consideration of matters of importance to the country and to all mankind since June 5, which it has, although we have performed essential business in the meantime; if it is important enough to have been the main business of the Senate since June 5, it certainly is important enough to get all 98 Senators present and give them the opportunity to cast their votes on the question.

Mr. JOHNSTON of South Carolina. So the Senator does acknowledge at this time that he is delaying the Senate in order to get Members on his side present so there will be more on his side to vote?

Mr. JAVITS. The Senator from New York does not acknowledge anything of the kind. I had a long speech to make on Strauss. I am making it. I have the highest regard for my distinguished colleague from South Carolina, who has been so courteous to me. I would not wish to impose a burden on him. If he had been present to listen, he would agree that my remarks have been germane; that, I hope, I have been interesting; that, at least, I have been thoughtful; that I have shown the result of having done my homework; that I have not repeated myself; and that I have really tried to make a dignified contribution to this debate.

I give the Senator from South Carolina my word as a Senator that when I stop being able to do that, whatever may be the consequences to my side, I will sit down. I assure the Senator of that. I expect, from present appearances, that I still have somewhere in the area of an hour or 2 hours to occupy fruitfully the time of the Senate. Beyond that, I do not know what anyone else will do or what disposition Senators will make of the remaining time. But I only tell the Senator of the amount of time I feel I can use to advantage in a constructive contribution to this debate.

I think the Senator knows me well enough to be aware that I will try, in the next hour or so, not to repeat myself, as I have not done, to be germane, and to continue to make a constructive contribution to what has been made—and I did not make it—a major issue in the Senate.

Mr. JOHNSTON of South Carolina. I think the Senator will do that. I think the Senator will talk on the subject and will stick to the subject. What I wanted to know was whether the Senator was going to talk and then somebody else was going to talk after the Senator finished. If that is the case, I should like to get a little rest.

Mr. JAVITS. I think the Senator can consult the oracles on his side of the aisle, as well as on mine, and can come to a proper conclusion. The Senator is a man of great experience in these matters.

Mr. President, as I said, again Mr. Strauss disclosed his humanity as the Director of the Memorial Hospital in New York. There it became his tragic duty to tell our illustrious colleague, Robert Taft, that his illness was to be fatal. I think this is rather illustrative not only of the humanity of the man but of his integrity, rather than a lack of integrity. Think of the kind of decency, the kind of character, the dignity—indeed, the kind of love of man for his fellow man—involved when one man has to tell another, especially another whose own career was so illustrious as that of Bob Taft, such sad news. Senator Taft was then the leader in the Senate on the Republican side. Mr. Strauss had to tell him he had only a number of months to live. The mere fact that Mr. Strauss was chosen by the doctors or by his fellow directors at Memorial Hospital to do this again indicates what I have said before.

How is it that this man, considered to be a man of the highest probity, of the greatest integrity, of the most distinguished personality and standing, as evidenced by all the actions which have occurred in his life, suddenly becomes a man who cannot be trusted, who lacks integrity and whose nomination to be a Cabinet officer should be denied? Again, I say, Mr. President, it is just outside reason and outside human experience.

Mr. President, to continue, after the outbreak of World War II, Mr. Strauss, being a Navy Reserve officer, was ordered to active duty in February 1941. I point out that that was long before Pearl Harbor. It was almost a full year before Pearl Harbor.

In the Bureau of Ordnance, where he served, he originated the "E" pennant for civilian contractors. As I said when I began, I had a considerable amount of contact with Mr. Strauss in the Bureau of Ordnance because I was then in the Chemical Corps myself and had a very close relationship with the Navy's Bureau of Ordnance in connection with work in which both Mr. Strauss and I were engaged. I was then a lieutenant colonel in the Chemical Corps for the combined Chiefs of Staff.

Incidentally, Mr. President, I know of my own personal knowledge that Mr. Strauss held within his own grasp not only the highest order of authority in the Navy—and I ask Senators to remember he was a Reserve officer and not an Annapolis graduate—but he also held the highest confidence in terms of the knowledge he was allowed to possess as an officer of the Navy. This is one other aspect of an honored life lived in an aura of the greatest credit and the greatest integrity, which we are suddenly asked to believe has completely changed and reversed itself and become unworthy of trust.

Incidentally, this is one of the things which nobody is denying to Mr. Strauss. He originated the "E" pennant for civilian contractors, which was a great morale builder during World War II.

Mr. President, it amuses me that the very extended hearing got to the point of minutia, as is evident when one reads the transcript, considering the fact that Mr. Strauss was not claiming credit for being responsible for the H-bomb development, but that he was entitled only to a little bit of the credit and was not entitled to all the credit; and that Mr. Strauss was not claiming all the credit for a detection system with regard to atomic explosions by which in 1949 we first detected that the Soviet Union had exploded an atom bomb, and that he was not entitled to all the credit but was only entitled to a little bit of the credit.

Mr. President, it seems to me that anybody who was entitled to only a little bit of the credit for events of that character is certainly worthy of praise. If I were entitled to a little bit of the credit for having developed the detection system which detected the first Russian atomic explosion, or if I were entitled to a little bit of the credit, just a small percentage of the credit, for the foresight of pushing forward the American development of the H-bomb, I would consider I was one of the most honored citizens in the United States of America.

Mr. President, I assure Senators that I would not haggle about whether I were given all the credit or just a little bit of the credit. It seems to me that we as Senators of the United States ought to be very grateful for men who are entitled even to a little bit of the credit for such elements of our national survival as that, and we should be a little more gracious about it than to suggest that he is claiming too much credit.

In any case, Mr. President, with respect to the "E" award, nobody argues about that. Apparently Mr. Strauss did originate the idea for the "E" pennant, which was a great morale builder during World War II. He coordinated the Navy's inspection of weapons production, and he represented the Navy in the interdepartmental committee on atomic energy.

Those are pretty high-class jobs, Mr. President. This is in my opinion the Navy's way of saying that Mr. Strauss is a pretty high-class man.

Secretary of the Navy Forrestal made Strauss his special assistant. When he left the Navy after 4 years of active duty with the rank of rear admiral, he had been awarded the Legion of Merit with gold star in lieu of a second award, and the Distinguished Service Medal with an oak leaf cluster in lieu of a third award.

This seems to me to have been a pretty illustrious naval career, especially for a Reserve officer.

Mr. Strauss had hardly returned to civilian life when President Truman nominated him as a member of the Atomic Energy Commission.

I should like to digress at this point for a minute, Mr. President, because I must say that the effort to dress up the opposition to the nomination of Mr. Strauss as being based on a lack of competence, it seems to me, really collapses in the face of that kind of fact. I think this only goes further to confirm the postulate of my argument that Mr. Strauss is being tried on the issue of integrity and not on the issue of competence.

It is almost inconceivable that Mr. Strauss could be incompetent, since he served all through World War II as one of the principal officers for ordnance in the Navy, right under the gaze of Harry Truman's Joint Supervisory Committee, which was the reason why Harry Truman became a candidate for Vice President on the Democratic ticket, since he had done such a splendid job in the Senate on the committee which was supervising our war effort and our war operations.

It is inconceivable that if President Truman had the remotest notion that Strauss, who was immediately under his gaze as one of the main officers of the Navy in ordnance, was a man who lacked competence and integrity, he would have named him as one of the members of the new Atomic Energy Commission. Obiously, again, we have a white light on the situation so far as the estimate of Strauss' capability and integrity is concerned.

Again I come to the question of credit. Admiral Strauss was at least one of those mainly responsible—although there are those who say that he claims too much credit—for the establishment of a detection system for atomic explosions. As I stated a moment ago, this was the system which, in 1949, confirmed Russia's possession of the atomic bomb.

Also, in the same way, he is at least one of those in high places who urged that the United States begin immediately the production of a hydrogen bomb, and he had an important responsibility in forwarding our hydrogen bomb program. Here, too, there are those who say that he claims too much credit.

Let us assume that he does. Let us assume that that is a serious fault, a grave mistake. But it does not represent any lack of integrity. Neither does it represent a situation in which a man has not rendered great service to the country. I repeat, a little credit in connection with such colossal events as determined the very survival of the United States as the main force for freedom in the world would certainly entitle such a man to commend himself to the Senate of the United States, rather than to have such a circumstance used as a term of deprecation or criticism of his qualifications for high public office.

Mind you, the indictment is that he claimed too much credit. No one denies that he is entitled to some of the credit. In my opinion, some of the credit in such matters entitles him to be commended to us and entitles him to the gratitude of the United States.

When Mr. Strauss retired to private life after serving more than 4 years as a member of the Atomic Energy Commission, where President Truman had him under his view, and where he could observe him all the time, Admiral Strauss wanted to know what President Truman thought about him. I am sure that President Truman knew that Strauss was a Republican. That was no secret from him. President Truman offered Strauss a position as a member of the Federal Reserve Board, but Strauss chose to go back to his private concerns and became financial officer for the Rockefeller brothers.

Three years later he was recalled to Washington. Although he had supported Senator Robert Taft in opposition to Mr. Eisenhower as a candidate for the Republican nomination for the Presidency, it was President Eisenhower who appointed Admiral Strauss as Chairman of the Atomic Energy Commission, and who, since his retirement as Chairman of the Commission, appointed him last October as Secretary of Commerce.

We should have before us the facts as to the honors which have been awarded to this man by our own and by foreign governments and by institutions of higher learning. I have pointed out that he has been awarded the Legion of Merit with gold star awarded by the Navy in lieu of a second award, and the Distinguished Service Medal with an oak leaf cluster awarded by the Army. He has been made an officer of the Legion of Honor by France and a grand officer of the Order of Leopold of Belgium, and has received a number of other decorations and awards from foreign governments. He was awarded the Medal of Freedom by President Eisenhower in July of 1958. He has received 23 honorary degrees from colleges and universities in the United States and other countries.

I think that is a pretty fair score. I doubt very much if one could get very far beyond the fingers of one hand in numbering the citizens of the United States who have been similarly honored. I am not aware of the exact census, but I think this company is a pretty select one. Let those of us who are to vote on the question of confirmation of Mr. Strauss' nomination think for a moment about the effect upon governments which have decorated Strauss—the Government of France, the Government of Belgium, and of other governments; let us think about the effect upon the faculties, student bodies, and bodies of alumni of the schools and universities which have awarded him honorary degrees; and the effect upon the congregation and temple which he headed in such a distinguished manner for so many years, if we turn down his nomination. I think this should be a very heavy burden upon the conscience of every Senator who proposes to take action in this case which would place Strauss in a most unfortunate light.

Mr. Strauss is president of the board of trustees of the Institute for Advanced Study at Princeton. I should like to point out that after Dr. J. Robert Oppenheimer had lost his security clearance Mr. Strauss voted to retain him as director of the Institute for Advanced Study. To those who might suggest, notwithstanding the facts in the record as to participation by Mr. Strauss in Dr. Oppenheimer's loss of clearance, that this was an act of contrition, I should like to say that Mr. Strauss also retained Dr. Oppenheimer as head of a committee to make awards to scientists from the Lewis and Rosa Strauss memorial fund, which is Mr. Strauss' own charitable foundation.

I think that is a very interesting point. I am not passing judgment; I am not trying to pose as a supercensor, but it is said that what was done with regard to Strauss in the committee, and various aspects of the testimony against Strauss, were attributable to the Oppenheimer case. I shall not pass judgment on that question, but certainly Dr. Oppenheimer himself must have had a judgment. At least, he must have had a judgment that Strauss was acting as an honest man, that Strauss was at least a man of personal integrity and character. If he had thought, for example, that Strauss was a man who lacked character and integrity, that he was a man who could not be trusted, that he was a very slippery fellow, do any of my colleagues believe that a man of Dr. Oppenheimer's character would have continued his association with Strauss? I am here to testify to Dr. Oppenheimer's character, whatever may have been charged with respect to security indiscretions. He is a great character. He is an outstanding scientist not only in the United States but in the world. Is it conceivable that such a man would have allowed himself to remain associated with the personal charity of Strauss if he had thought that in the proceedings on security clearance Strauss had shown any lack of character or integrity? He might have disagreed with him. He would not be half the man he is if he did not disagree with him. But obviously he had no reservations about the honesty of his purpose or the integrity of his decisions.

I think that is a very revealing and important thing. When I read the

biography of Strauss, and the intimate details of which I was not aware, this particular incident had a very profound effect on me.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield for a question.

Mr. LAUSCHE. Does the Senator fron New York know that three members of the committee, who had formerly been Governors of States, and who felt that the prerogative of the President in the choice of his top-echelon officials ought not to be repudiated unless it was established by clear and convincing evidence that the nominee was disloyal to the country, incompetent, or dishonest, submitted a report, in which they made this statement concerning the Oppenheimer issue:

> In every facet of this issue there was involved solely a question of judgment. On the Oppenheimer case the nominee was one of nine in an official position who was required to pass on the revocation of the security clearance. The decision of the three-man "Gray Board" was reviewed by the Manager of the Atomic Energy Commission, and thereafter by the five-man Atomic Energy Commission itself. The "Gray Board" decision was 2 to 1 to revoke the security clearance, in which the Manager of the AEC concurred, and the "Gray Board's" decision was upheld on review by the Commission by a vote of 4 to 1. The very number of persons who participated officially in the Oppenheimer case indicated conclusively that the decision was a matter of judgment, not of personal prejudice.

Is the Senator from New York familiar with that statement of three members of the committee who were former State Governors?

Mr. JAVITS. The Senator from New York has a clear recollection of that, but I am delighted to get the question in the precise form in which the statement was made. I thank the Senator from Ohio. He is helping me to illustrate the fundamental thesis which I am trying to place before the Senate, and that is that the practices of a lifetime and the built-in character of a man show in ways which are quite outside the purview of a contested hearing, where many are against him and he is trying to fight back, and that within the context of his life it is shown that the man is not a man who lacks integrity, and that he is a man who can be trusted rather than a man who cannot be trusted.

As the Senator points out, the very makeup of that proceeding, the very number of people who participated, the very role Strauss played in it, when coupled with the fact which induced the Senator's question—that after the security clearance was denied, to which Strauss was one of nine parties, nonetheless Oppenheimer remained as a consultant in a personal charity—not of the Institute for Advanced Studies, of which Strauss was Chairman of the Board. Oppenheimer, having made that his life's work, could have said, "I will take it from the hands of anyone, because this is my life, this is my work." But this was the personal charity of Strauss, in memory of his parents, and Oppenheimer stayed—and considering a man of the high character Oppenheimer is, this is a very material element to anyone who is, as I am, a character witness for Strauss.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to the Senator from Ohio.

Mr. LAUSCHE. Is it not a fact, if I may ask the Senator from New York, that if Strauss is to be condemned because of what was done in the Oppenheimer case, then every one of the nine men who took action similar to that taken by Strauss are likewise to be condemned and labeled as unfit to hold office?

Mr. JAVITS. It seems to me, sir, that that is the gravamen of the complaint, and I would say—let me not give my own opinion, but let me put it this way. Those who oppose Strauss on that ground should equally oppose the others.

Mr. LAUSCHE. I should like to have the Senator's opinion on what would be the state of mind on the Senate floor today if Strauss had repudiated the recommendation of the "Gray Board," which had suggested that clearance be removed, and he now were here labeled as a man who was giving comfort and succor to the Communists.

Mr. JAVITS. Well, I will say to my colleague, and I smile when I say it, that very probably there would be another heavy minority against him on that ground, but perhaps differently constituted than the present minority. He would be in trouble either way.

Mr. LAUSCHE. Does the Senator from New York know that in the effort to label Strauss as being zealous in his dominating position on the Atomic Energy Commission, by questions and innuendo it was said that Strauss deliberately dissuaded a Dr. Baker, the president of Ohio University, from accepting a position on the Atomic Energy Commission, which was tendered to him?

Has the Senator heard anything about that?

Mr. JAVITS. I have not, but again it is just of a piece with the effort which was made and is being made to emphasize that this man cannot be trusted.

The Senator from Ohio in his question and in the information which it discloses bears out again my fundamental thesis that we are asked to make a lack of integrity finding; and in Strauss' case, considering his whole life and the frame of reference, that is tantamount to asking us to convict him of a crime.

Mr. LAUSCHE. Does the Senator from New York know that, in effect, it was implied by the questions which were asked, that Strauss wanted no strong men on the Atomic Energy Commission, so that he could completely dominate it; he ostensibly met with Baker and dissuaded Baker from accepting an appointment, and that Strauss had to answer questions on that subject, propounded by a number of members of the committee?

Mr. JAVITS. The Senator from New York is aware of that general situation. However, I will say that the question, for which I am very grateful to the Senator from Ohio, brings out the color and character which is so much of a piece with the criticism of Strauss because he claims too much credit. I mentioned this before when I said that even if he had a fraction of 1 percent of the credit, the Nation ought to be grateful to him. Everyone admits that he has done what I have said.

Mr. LAUSCHE. Has the Senator given consideration to a paradoxical situation which is related to Strauss' claiming undue credit? What I have in mind is that, on the one hand, he has been labeled as an enemy of humanity, one who might be responsible for sending the hydrogen through the air and bringing destruction to humanity, and, on the other hand, he is being charged with having claimed too much credit for what has been done.

Mr. JAVITS. These are the paradoxes which people will get into when they try to crowd an issue and overweight it. I thank the Senator. I should now like to complete my statement.

Mr. SCOTT. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Pennsylvania for a question?

Mr. JAVITS. I yield.

Mr. SCOTT. On the issue of taking credit for the atomic bomb—and the whole United States knows, I believe, that Admiral Strauss was administratively, at least, one of the persons most responsible for the bomb; a crime for which he seems to have been condemned in certain places—I wonder whether the Senator knows what the Russians have been saying in support of the charges made against Admiral Strauss? If the Senator is not familiar with that, I should like to read something to him in the content of my question.

Mr. JAVITS. The Senator from New York may be aware of the particular statement which is being made by the Soviet Union.

If the Senator from Pennsylvania will ask me that in the form of a question, I will advise the Senator whether I am aware of it or not.

Mr. SCOTT. I should like to continue, if I may, with the question, because I would like to know if the Senator is aware that Radio Moscow, through Tass radio teletype in Russian to Europe, on May 6, 1959, seems perfectly willing to credit Admiral Strauss with his activities in connection with the development of the H-bomb, a crime with which he is charged by all of the three nonsenatorial witnesses against him, and two of the four on major points. I have in mind the two scientists. The scientists are praised in the Russian teletype and press, and this is what they say:

> The appointment of Strauss is also opposed by those who feel that he continuously disrupted the efforts directed toward the achievement of an international agreement on the cessation of nuclear weapon tests.

A number of scientists testified against Strauss. The Russian dispatch says:

> Another physicist, David Hill, in his speech accused Strauss of having published illusory statements concerning the danger of radioactive fallout and said: "The majority of scientists in the United States would prefer Mr. Strauss to be completely relieved of his duties in the Government.

That is the end of that particular quotation. There is nothing which would make the Russians happier than the rejection of the nomination of Mr. Strauss.

The next Russian comment comes from Moscow, the Soviet North American service in English, under date of June 2, 1959, a Leonid Yeniseyev commentary. I read:

Of course, all of this is no reason for cherishing illusion. It is well known that there are plenty of influential people in the United States who, for one reason or another, need the arms race. Take, for instance, a fact that was learned from the candidature of Strauss (who was?) being discussed for the post of Secretary of Commerce? The Senate admitted, to all intents and purposes, that when Strauss headed the Atomic Energy Commission he was chiefly to blame for the disarmament talks being broken off.

Next I read an excerpt from a speech delivered by Khrushchev in the Soviet pavilion at the Leipzig Fair on March 6, 1959. Speaking of the alleged chorus of the West against trade with Communists, Khrushchev said:

Recently the voice of U.S. Secretary of Commerce Strauss has been particularly noticeable in this chorus. Yet, such arguments cannot really convince anyone.

Khrushchev goes on with his well-known ranting and then says:

By ignoring the interests of millions of people, capitalism is discrediting itself still more in the eyes of the peoples. People will increasingly come to the conclusion that the capitalist system does not give them the possibility of securing their livelihood and the livelihoods of their families. It is in this, Mr. Strauss, that the danger to capitalism lies, and not in the notion that by trading with us you will strengthen communism.

Finally, Moscow, in its Soviet African service in English, under date of February 14, 1959, attacks Secretary Strauss and says:

Three hundred major Soviet scientists and prominent specialists in every branch of the economy compiled the 7-year plan. This scientifically based plan, discussed by the whole nation, takes account of the latest achievements of science and engineering. A fitting answer to people like Strauss who advance such ridiculous assertions as the unreliability of the Soviet control figures was given by the British newspaper Reynolds News, which said that only a fool can now laugh at these plans, which are backed by gigantic achievements.

I ask the Senator from New York if he would not conclude from the excerpts which I have read that the Soviet Government is well aware of the contributions made by Admiral Strauss to the development of the H-bomb program; well aware of his patriotic services to the United States, which the Russians regard as unpatriotic; and well aware that the testimony of Dr. David Inglis, who is relied upon in the minority views, is an authoritative reason, one of seven given in the report, why Admiral Strauss should not be confirmed. The minority said that Dr. Inglis was their authority. I ask the Senator from New York—and then I shall be finished with this query—does he not agree that the Russians are well aware of the contributions of Admiral Strauss to the defense of the United States?

Mr. JAVITS. My answer is that the Russians are very well aware of it, and that Dr. Inglis was aware too. I do not want to be gratuitous about this, but I hope that even the opponents of the Strauss nomination are aware of it also.

Mr. President, I have taken much of the Senate's time. I shall conclude my statement with a very brief analysis of two of the major points which are made against Strauss, and which I, as a lawyer, have examined. There are two major specifications which, it seems to me are essentially lawyers' concepts. One is the argument that Strauss has persisted in asserting before the Committee on Interstate and Foreign Commerce that the so-called Dixon-Yates contract was "valid," even after the Department of Justice had filed a pleading which alleged that the contract was invalid as a matter of law.

The misconception of that argument is simply that Strauss was not passing upon the validity of the contract as a lawyer; he was passing upon the validity of the contract as a businessman. The evidence shows that. He was passing upon the validity of a contract which he thought would be profitable to his particular interest, in this case, the U.S. Government. He is not a lawyer; it is very clear that he was not speaking as a lawyer. As evidence of that, I give this answer by him to a question:

As of that time, under those circumstances, I thought it was a good contract. I think its provisions were fair; I think as a matter of fact they were more than fair to the Government of the United States. And today we could not get the money for such a figure, anything like such a figure; and I doubt whether we would ever be able to get any companies to agree to the limitations on earnings which these companies at that time were willing to agree to.

The important thing to point out is that the objections which were made by the Government were essentially objections as a matter of law. In its answer, the Government said that the alleged agreement as set forth in the pleadings in the case of Mississippi Valley Generating Co. against the United States, as defendant, was in violation of a statute, "for the following reasons, among others." Then the reasons set forth were legal reasons; they were not factual reasons, or reasons which bore on business judgment.

Finally, I wish to address myself to the controversy or the colloquy which occurred with respect to the charge against Strauss that he was duplicitous in respect to a certain letter written by counsel for the Atomic Energy Commission, and which had been signed, not by Strauss, who stated at that time that he was in Rome. In his testimony before the committee he said the letter was written by Dr. Libby, one of his associates on the Commission.

That issue turned upon this fulcrum. Strauss, like any other businessman, said he assumed responsibility for whatever his subordinates did. But the minority of the committee has tried to charge him with not only the responsibility for what a subordinate did, but also the motive and the nature of the conduct of the subordinate in doing it.

In short, this is certainly a strange doctrine for any lawyer to accept. Assumption of liability is a clear legal doctrine. One may assume the obligation to pay for simple damages caused by the fraud of another, but one cannot assume, even if he wanted to, any lack of integrity in another. Fraud or duplicity is a tort or a crime which is personal to the one who commits it and cannot be assumed by another.

Mr. President, I sum up as follows: The whole case of the opponents is built fundamentally upon a lack of integrity. This is clear from the record and clear from their argument. To sustain that case against a man in the position of Admiral Strauss, is, in effect, to sustain against him a finding as serious to him as conviction of a crime. Certainly that should not be done except on the basis of evidence beyond a reasonable doubt; and I cannot conceive how any objective and fairminded appraiser of the facts could find other than that this evidence not only falls short of being beyond a reasonable doubt, but even falls short of a preponderance of the evidence or falls short of a test of equal fairness which anyone might wish to apply.

Mr. President, I hope the Senate will confirm the nomination of Admiral Strauss to this office, as he richly deserves to have his nomination confirmed.

Mr. President, I am grateful to the Senate for its indulgence; and I yield the floor.

(During the proceedings on the nomination of Mr. Strauss, the following message was received from the House of Representatives:)

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had disagreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) to strengthen the wheat marketing quota and price-support program; that the House insisted upon its amendment to the bill; requested a further conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. GRANT, Mr. ALBERT, Mr. HOEVEN, Mr. DAGUE, and Mr. BELCHER were appointed managers on the part of the House at the further conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 1) to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes, and it was signed by the Vice President.

NOMINATION OF LEWIS L. STRAUSS TO BE SECRETARY OF COMMERCE

The Senate resumed the consideration of the nomination of Lewis L. Strauss to be Secretary of Commerce.

(Mr. GOLDWATER addressed the Senate. After having spoken for about 1 hour and 40 minutes, he said:)

Mr. President, the distinguished Senator from Connecticut [Mr. DODD] was listed earlier today to speak. For reasons of his own, he was not able to make his speech, which I have seen in part and which I consider to be a very excellent treatise on this debate.

I therefore ask unanimous consent that the Senator from Connecticut may address the Senate at this time, with the understanding that I will not lose the floor.

Mr. ANDERSON. Mr. President, reserving the right to object, would the Senator from Arizona agree to two things in this connection? In order to prevent the breaking of the continuity of his speech, would he permit the remarks of the Senator from Connecticut to appear before his remarks?

Mr. GOLDWATER. Certainly.

Mr. ANDERSON. Will the Senator from Arizona agree that this break shall not be regarded as transaction of business? He knows the circumstances. It would be subject to a quorum call if it were regarded thus. With that understanding, I would not object.

Mr. GOLDWATER. That is the understanding of the junior Senator from Arizona.

Mr. ANDERSON. With that understanding, I have no objection.

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

Mr. GOLDWATER. Mr. President, I have another request. The distinguished senior Senator from Oregon [Mr. MORSE] has some remarks which I know he wanted to make today. They are not lengthy, and I ask unanimous consent that after the Senator from Connecticut has concluded his remarks, the Senator from Oregon may be allowed to make his remarks, without my losing the floor.

The PRESIDING OFFICER. Is there objection?

Mr. ANDERSON. Mr. President, reserving the right to object, am I to understand that this is under the same circumstances as the permission which was granted to the Senator from Connecticut?

Mr. GOLDWATER. Yes.

Mr. ANDERSON. With that understanding, there is no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(Mr. GOLDWATER thereupon yielded to Mr. DODD and subsequently to Mr. MORSE and other Senators, who addressed the Senate. After the conclusion of their address, Mr. GOLDWATER resumed and concluded his speech, which appears entire at a subsequent place in the RECORD.)

Mr. DODD. Mr. President, it is the inscrutable irony of public life in a democracy that he who devotes his life to enlarging the security of his country has himself no security; he who strives for the achievement of peace is himself destined for a life of violent controversy and ceaseless contention; and he who most earnestly and honorably seeks the favor of his countrymen is the most in danger, in the end, of being painted an "enemy of the people."

It is a further paradox that those in political life who are the victims of this irony, and who have the most reason to deplore it, are by the nature of their role so often compelled to act as prosecutor, judge, jury, and sometimes executioner of the careers and the reputations of their colleagues.

And thus it is this week the Senate of the United States is passing judgment on, and perhaps will bring to a bitter end the long and eventful public service of Adm. Lewis Strauss.

If, after a successful business career, Lewis Strauss were being appointed to his first Government post, or if he had a record in public service that was unobtrusive and unspectacular, past experience indicates his nomination would have been confirmed with ease and dispatch.

It is therefore precisely because he has played a commanding role, an aggressive role, a decisive role in Government that his confirmation is in doubt.

Is it a singular defect in character, a personal failure in public service, that has brought on this protracted and bitter conflict over Admiral Strauss? Or, is it rather in the nature of public life that a resourceful and vigorous figure, continually in the storm center of contested issues, will inevitably antagonize diverse factions that will at length combine to destroy him?

If it is only a personal failure that is involved here, the Strauss affair has limited significance. But if the root of this confirmation struggle is not failure but achievement, then we are writing another episode in a continuing story that has universal implications, a story which may contain a chapter for each of us.

Lewis L. Strauss is a man of 63 years.

He is a former shoe salesman with a high school education who has received honorary degrees from 29 colleges and universities.

He has a background of devoted service to philanthropic and religious affairs.

He has earned distinction and wealth in the field of finance.

He has a record of honorable achievement in the naval service, in which he rose progressively to the rank of rear admiral.

He has played some role in almost every administration, Democratic or Republican, since the days of Woodrow Wilson.

He has earned letters of commendation from five Presidents.

He has been awarded five of his country's highest decorations.

He has been honored by grateful nations of the free world.

He has taken firm positions on matters of first importance to this Nation, positions that were controversial, positions that were right.

Now, in the 42d year of his public life, at its climactic hour, we in the Senate are asked to reward this man by visiting upon him a condemnation and a repudiation that have not been accorded any other American in a generation.

The accusations against Strauss include charges of sufficient gravity to warrant his rejection should they be proved. The opponents of Strauss include respected, and I must say revered, Members of the Senate. They had the full right, the full duty, and the full opportunity to prove their charges conclusively.

In my judgment, they failed to do so.

Admiral Strauss' achievements, his experience, his competence are clear matters of record. The charges against him remain unclear and unresolved matters of contention.

I have therefore decided to vote for the confirmation of the nomination of Lewis Strauss, and I shall state for the record the reasons that led me to this decision.

If I could briefly summarize all the charges made against Strauss, I would divide them into three groups:

Accusations that are grave but not proved;

Accusations that are proved but not grave;

Accusations that are both grave and proved but which, in my judgment, reflect credit and not discredit upon Admiral Strauss.

The most serious charges against Strauss, in my opinion, concerned his participation in the Dixon-Yates contract. Adolphe Wenzell, who helped to negotiate this contract, represented both the Government and a corporation doing business with the Government. It is charged that Strauss knew of this conflict of interest. No motive has been assigned to Strauss for this hinted conspiracy. Even if we could assume, as I cannot, that Strauss could descend from a lifelong standard of honor and probity to adopt the tactics of a common cheat, there is no way he could have profited from doing so. The motive is nonexistent, and the evidence is unconvincing.

It is argued that Strauss must have known of the serious conflict of interest involving Adolphe Wenzell because the men around him knew of it. This is mere inference. And in the one case where there has been an authoritative judgment on this point, the instance of Mr. Hughes, the U.S. Court of Claims held that the greater weight of evidence indicated Hughes had informed Strauss only of Wenzell's connection with the First Boston Corp.

It is asserted that Wenzell, himself, told Strauss that he represented the Bureau of the Budget, and Wenzell has so sworn under oath. But under questioning Wenzell was so vague and so obscure about everything else discussed in this 10-minute meeting that his testimony on so crucial a point, I say, cannot be relied on. Note carefully that on the occasions when Wenzell visited the AEC, he listed himself as a representative of the First Boston Corp., not of the Bureau of the Budget.

Nothing has been introduced into the RECORD to refute the statement of Strauss that he saw Wenzell only twice in his life, once for a brief introductory meeting that neither participant remembers clearly; and once when they were merely

in the same room, with others, for a very short time.

Strauss is charged with personal responsibility for doctoring the chronology of the Dixon-Yates contract in order to cover up the role of Adolphe Wenzell. But the fact is that Strauss was away from Washington when the chronology was prepared and that while he, as head of the Commission, must and does take general responsibility for the preparation of that chronology he cannot, I say, in justice, be held personally culpable for any defects in it.

Another large portion of the hearings was devoted to the relationship of Strauss with the Joint Atomic Energy Committee. It is maintained that his conduct toward the Joint Committee was characterized by deceit, evasiveness, and a lack of cooperation.

Strauss countered this with the claim that three of the four Joint Committee chairmen who served during his tenure on the Atomic Energy Commission held the highest opinion of his services and shared the deepest respect and cordiality toward him. He further introduced messages from the three executive directors of the Joint Committee who preceded the present incumbent, letters testifying to Strauss' complete and unqualified cooperation with the Joint Committee.

Several instances are recorded of delayed communication between the AEC and the Joint Committee. But this must be considered against the background of the thousands of instances of prompt and proper communication. During the period of Strauss' chairmanship, the average number of letters and reports from the Commission to the Joint Committee approximately doubled, compared with the period of his predecessor.

The "cause celebre" of Strauss' alleged failure to inform properly the Joint Committee is the question of a bilateral executive agreement concerning an exchange of nuclear submarine information between the United States and Great Britain, an agreement which Strauss submitted to the President prior to advising the committee. The Senator from Rhode Island [Mr. PASTORE], the able chairman of the Subcommittee for International Agreements and Cooperation, is the Senator most involved in this incident. This was one of 43 bilateral agreements which the Senator from Rhode Island worked out with Admiral Strauss.

He has said of this matter:

> What I am interested in is whether or not this man deliberately repressed a report that should have gone to the Joint Committee.
>
> If Lewis Strauss did that, as much as I love and respect him I would have to vote against him. If he repressed information that he was obliged to give under the law, I too would have to vote against him.

But the Senator from Rhode Island [Mr. PASTORE] voted to report favorably Strauss' nomination with the obvious conviction that any failures of Strauss to inform properly the Joint Committee were due not to deceit but to the element of human limitation in the face of an enormous task.

A typical attack on Strauss is the assertion that he is "an apostle of anti-intellectualism and a discourager of science," and that this attitude demoralized the Atomic Energy Commission, alienated the scientific community, and even discouraged young men and women from entering the field of science. That is a dreadful accusation.

Again, the record fails to support this accusation. The list of Strauss' lifelong friends includes some of the world's most respected scientists. Many of them have come forward to speak in his behalf.

Long ago, Strauss established a personal foundation for the purpose of encouraging and rewarding scientific endeavor. During his AEC Chairmanship, and at his urging, expenditures for pure scientific research doubled.

At his recommendation, the President appointed two distinguished scientists to the Atomic Energy Commission, marking the first time that science has been represented on the Commission to that extent. Perhaps the most convincing answer to this vague charge of anti-intellectualism is the fact that Strauss' own son, at Admiral Strauss' encouragement, became a physicist.

If a portion of the scientific community condemn Strauss because he has rigidly enforced security laws with which they disagree, it is hardly conclusive evidence against Strauss. It should, rather, be construed as the expected lot of any man responsible for regulating the activities of people who do not want to be regulated.

Admiral Strauss answered this charge in an able and compelling manner when he said:

> If the enthusiasm of scientists to work for the Government requires a change in the law, or a change in procedures, or exceptions to the law in particular cases, or the exclusion of scientists from the laws which govern other citizens, these are matters for the lawmakers. I do not believe that this is true of scientists. It is not true of those I know, and I know hundreds of these gifted and patriotic men.
>
> I continue to believe that on respect for law, world peace and national security finally depend.

Mr. President, Admiral Strauss, it is said, was too dedicated to a one-track atomic policy, based on the mistaken belief that we could maintain a permanent nuclear lead over the Russians, and could depend upon that lead for our security. If this were true, it would only indicate to me that Admiral Strauss shares with the administration and with the Congress the guilt for a policy that has seen us steadily whittle away our conventional forces, because of an assumed nuclear advantage that has now disappeared.

But the record indicates that Admiral Strauss was one of those who doubted our atomic supremacy from the outset, and who was so doubtful of our lead that he was the main motivating force behind the development of the monitoring system which first detected Russian atomic tests, and thus disabused us of any illusions we might have had about being very far ahead of the Russians.

Those who believe that the path to peace lies in various forms of appeasement are ever ready to launch the epithet of warmonger at those who believe that peace can be achieved only by national strength in support of right principles.

It is not unusual, therefore, that Admiral Strauss stands accused of being a worshipper of blind, naked force, and has been attacked for his single-minded dedication to the maximum development of the nuclear power of this Nation.

The author of this attack, Dr. Inglis, discredited himself and his testimony in my eyes, when he said that the United States bore "a national guilt" for the nuclear armaments race, and when he implied that the United States and Russia are equally guilty for the failure of progress in disarmament negotiations.

Mr. President, all honor to Admiral Strauss for his dedication to the maximum development of our nuclear power. All honor to him for insisting that we push ahead and develop the hydrogen bomb, when Inglis and many others who now oppose Admiral Strauss were urging a halt to further developments until the Soviet Union had caught up with us, in the vain and futile hope that Russia could be persuaded to forego development of the H-bomb.

Admiral Strauss' work in behalf of the peaceful uses of atomic energy provides perhaps the best answer to the strange and venomous statement that he is a "worshiper of blind, naked force." He was the author of the President's atoms-for-peace program which so stirred the imagination of the world. And under Admiral Strauss' leadership of the AEC, the annual budget of Project Sherwood, the program for developing peaceful uses of atomic energy, has been expanded from $400,000 a year to between $20 and $30 million a year.

The attacks on Admiral Strauss by Inglis and Hill recall to mind the attacks of Cyrus Eaton, the scandalous apologist for Communist Russia. The nature of these attacks, the philosophy behind them, the basic injustice of them brought home to me the character of some of the opposition, and recalled to my mind the statement first made of Grover Cleveland:

> We love him for the enemies he has made.

There has been placed in the record a good deal of testimony to the effect that Admiral Strauss was too security-conscious, that he placed too much emphasis upon security in the atomic energy program. At one point in the record, Dr. Inglis referred to Admiral Strauss as the "watchdog of security" in the AEC, as if that were a term of opprobrium.

Admiral Strauss has given an answer to this charge, in words that deserve to be repeated:

> There are some who think that in the past we have erred on the side of excessive security. There are others who think we have revealed too much information. Many years of association with the problem have shown me that when the error is on the side of too much security, that can be rectified; but if the error has been in the other direction, there is nothing appropriate but handwringing and vain regrets.

Mr. President, this subject leads us to a discussion of the Oppenheimer case. Not much has been said about it recently; but it was raised in the hearings, and it was raised for the purpose of hurting Admiral Strauss.

It was alleged that Admiral Strauss, through vindictiveness and personal spite, persecuted Dr. Oppenheimer, ruined his reputation, and drove him out of Government service.

It is unfortunate that Dr. Oppenheimer's self-styled supporters persist in dragging his tragic and unfortunate case before the public again and again. Neither the committee hearing room nor the floor of the Senate is a proper place to retry the Oppenheimer case, and I very deeply regret that the question was ever raised. But since it has been raised, I think it is necessary to comment upon it.

Mr. President, if ever a Government official, in possession of critical secret information, indicted himself as a security risk by his own words and actions, it was Oppenheimer. No vindictiveness or personal spite on the part of anyone, much less Admiral Strauss, need be invented to explain the dismissal of Dr. Oppenheimer.

It is an uncontested fact that over a period of many years, Dr. Oppenheimer persisted in Communist associations. He was a regular financial contributor to the Communist Party. His wife, his brother, and his brother's wife were all former Communist Party members. And I think it is about time that the people of this country were reminded of this, or perhaps learned of it for the first time. A number of Oppenheimer's friends were Communist officials and Communist Party members. In one incredible instance, a Communist functionary named Haakon Chevalier approached Dr. Oppenheimer, in an attempt to get atomic secrets from him.

It is an admitted matter of record that Oppenheimer concealed this espionage attempt from security investigators of our Nation, in an attempt to protect a Communist spy. With this background, it was inevitable that Oppenheimer would be subjected to repeated security board hearings. It was not Strauss that decided Oppenheimer's fate. He was only one of nine men to pass upon his security qualifications. A three-man security board, composed of Gordon Gray, Thomas A. Morgan, and Ward Evans, held exhaustive hearings. Oppenheimer was present; he was represented by counsel; he had full opportunity to confront the witnesses against him.

The Gray Board decided, by a two to one vote—Evans dissenting—to recommend that Oppenheimer be denied security reinstatement. Yet some of these people would have us believe it was Strauss who, out of vindictiveness and spite, got rid of Oppenheimer.

The Gray Board finding was submitted to the General Manager of the Atomic Energy Commission, General Nicholas, who ruled against Oppenheimer. This finding was appealed to the full Atomic Energy Commission where it was approved by a vote of four to one.

Nine people, therefore, judged the Oppenheimer case. Seven of them, including Strauss, ruled against Dr. Oppenheimer.

I suppose I should not be too surprised or shocked, as I am, because it is typical of the leftwing extremists that they refuse to accept a decision so arrived at as the honest judgment of a preponderance of reasonable and dedicated men. It is typical of the intolerance and arrogance of this group that they should cry foul, that they should attribute this decision to the sinister motives of one man, and that they should persevere in their attempts to destroy him.

Strauss' conduct on the Oppenheimer matter was exemplary throughout. Should it be held against him by the Senate, it would be a shabby reward for his diligence in carrying out a public trust.

Mr. President, I had expected at this point to ask unanimous consent to have inserted and printed at this place in the RECORD some excerpts from the Oppenheimer hearing. I shall not do so, because I understand the parliamentary situation, but I urge all within the sound of my voice and all who, I hope, will read what I have said tonight to take the time to read the Oppenheimer record. Every person in this country should read it. They should know what went on, and they should read it if they want to be clear about the part Mr. Strauss played in that matter.

Some say that the tenor of Strauss' committee testimony gives conclusive evidence of intent to evade and deceive. This has been said time and again.

I have tried to study his testimony with a dispassionate eye, and with the belief that the principal witness in these hundreds of pages of involved testimony should be given the benefit of every doubt.

That was my premise. Other Senators may not agree with me. I think I can defend my premise. I think it is right. I think a Presidential nominee with 42 years of public service has the right to the benefit of every doubt and the presumption that he will be given the benefit of that doubt. So I gave it to him.

As I read the record, and I want to be frank, I say it is true that, in my judgment, Strauss' answers are often characterized by a certain formalism, a certain legalism which might be interpreted as evasiveness. It is true that some apparent contradictions, some mistakes remain uncorrected in the record. Yet, who among us could undergo so gruelling and all-encompassing a cross-examination of so complex a career without making mistakes and contradictions?

It is not an easy thing for a man to defend every day, every minor event, every chance remark of a tremendously complicated public career against attacks from all sides.

Anybody who knows anything at all about human nature knows it is only natural that, in defending against attack on so many fronts, there should be some omissions, some contradictions, and some mistakes. As a matter of fact, if there were none, I would be highly suspicious of the witness.

There are instances in the record in which Strauss has made statements that appear misleading and confusing. The confusion invariably arises from statements on minor points which are in themselves of small significance. The controversy over these subordinate points has obscured the fact that again and again, on the essential point involved, Strauss acted rightly. Let me comment on two of the most oft-rehearsed examples.

Strauss was accused by a newspaper columnist of having sent for top secret security information on Dr. Inglis in the hope of discrediting him, and of displaying that top secret file in clear view of Dr. Inglis while Inglis was testifying, presumably to intimidate Inglis and shake him up.

What are the facts? When I first read the accusation, I said, "This is pretty serious business. I would not like a man in a high post in Government who would resort to that tactic." The fact of the matter is, and I say it, I hope, clearly and unmistakably, that there is no substantiation in the record that Strauss was in possession of any such file. On the contrary, the record shows—and that is all I can go on; I was not at the hearings—but the record shows that Strauss never made any inquiry for security information and that no security information on Inglis was ever released.

Those are the facts. If anybody can find anything in the record to the contrary, I will eat it.

The confusion arises from the fact that Strauss did ask the AEC one or two general questions, or some questions, about who Inglis was and what his area of interest was, in order that he might anticipate what type of testimony Inglis might make against him.

Any lawyer in this body knows that any prudent man would do that. Anyone who has ever practiced law would have done it. If I had been legal counsel, I would have done it. Strauss did right in doing it for himself. Who does not want to know who is going to appear against him to condemn him? What is wrong with wanting to know?

Strauss did only what any logical and prudent man in his position should have done and no just criticism should be leveled at him because of it, but it has been.

His statement under cross-examination, that he had never asked for anything on Dr. Inglis in his life was technically incorrect. But if by "anything," Strauss referred to top secret, confidential, or other security information, which was the matter being discussed at the time, then his inaccuracy becomes merely a question of semantics.

This is where we get some confusion. When he said he had not asked for "anything," I was shocked. I read it several times. As I read the whole record, it was clear what was being discussed and what was at issue. When one looks at that with a fair eye, the inaccuracy becomes merely a question of semantics.

True enough, Strauss was confused about the actual date on which he asked

for this information. But the essential fact is that he never asked for anything he should not have, he was not guilty of the charge made against him in the press, and whether one regards his statement as misleading or not is dependent upon one's interpretation of the word "anything" referred to in the context of the hearing.

Suppose he had. Would this disqualify him for the post of Secretary of Commerce? This is an instance of what I had in mind when I said there are a lot of trivia, a lot of unproven accusations, but none of them are important.

If Mr. Strauss had stood up and said, "Yes; I asked for it," I would not have condemned him. I would have asked for it. I would have wanted to know all about anybody who was about to appear before me, to condemn me, particularly if I did not know about him.

On the question of the steel pipe shipment to Russia, the essential point is—again, I want to talk about the essentials—that Strauss made a decision which he had the clear authority to make. He made a decision to prohibit that shipment.

The fact has been established that a State Department representative on a joint advisory board, below the policy meeting level, disagreed with Strauss' decision. But the State Department did not disagree strenuously enough to make a formal appeal, a procedure that was open to it.

It could have done so. Herein lies the cause of confusion. Strauss erred in telling the committee that the State Department fully concurred in this decision.

But he meant this in the sense that officially speaking, failure to dissent formally constituted concurrence.

Many people use language in that way. An appeal could have been taken, but it was not taken. It is not unreasonable for a man who is not a lawyer and who is not trained in the careful use of language to say that was a concurrence. What of it? What if he did? Does that destroy his character? Does that render him incompetent to serve as Secretary of Commerce? Or is this more trivia?

There is no reason to doubt that Strauss' statement, confusing as it was, was made in good faith and that it even possessed a certain technical accuracy.

Neither in this case nor in the Inglis incident could Strauss have had any possible motive for misleading the committee about his actions.

This is important. Reasonable men who are called upon to pass judgment on their fellowmen always look for motives. There was not any motive. Mr. Strauss had no motive for the so-called misleading of the committee.

His action in each case was completely above reproach. It is only the recollection of his action which was a bit confused in his mind, and it is little wonder. In that context, his misstatements should be construed, in charity and in justice, as understandable mistakes—beleaguered, badgered, and besieged as he has been for these many long weeks. These were mistakes made under incredibly punishing pressure, mistakes which do not constitute any conscious pattern of deceit.

It is Admiral Strauss' career, his record of public service, which are on trial here and not his memory of subordinate details. It is his essential honesty that we are weighing, not his human failing to recall with perfect clarity every event of a crowded career.

I am not one who dismisses lightly the Senate's role in the confirmation of Cabinet appointees. If there are any who feel the Senate should perfunctorily approve all Presidential Cabinet nominees, I am not one of them. I disagree with them.

The Senate has grave duties and responsibilities in connection with confirmation. And in this case it has exercised those duties and fulfilled those responsibilities to an unusual degree.

And just as Senators have the right and the duty to base their decisions on the closest possible scrutiny, so they have also the further responsibility of abiding by the final decision of the majority.

Why do I say this? I say it because I have read, I have heard, and it has been repeatedly said, in particular by the Washington Post and Times Herald, that whether or not Strauss could win confirmation, he should withdraw because the fight over the confirmation of his nomination has made him so controversial that, to quote the stock and cheerless phrase, "His usefulness has been impaired."

Dr. Vannevar Bush, during a recent television appeal for support of the President's foreign aid program, was confronted by a reporter with the statement that only 51 percent of the American people support foreign aid.

Dr. Bush came back with what I thought was a wonderful response, when he said, "In a democracy, 51 percent is enough."

In a Senate confirmation battle, 51 percent is enough. Once we accept the doctrine that the sustained opposition of a minority of Senators can so impair a nominee's usefulness that his name should be withdrawn, we then subordinate the right of the majority to the caprice of the minority.

And we would thus give free reign to any minority faction to light a fire under any Presidential appointee and then claim he was so badly burned he was unfit to serve. This attitude puts me in mind of the old story about the young man who shot and killed his mother and father and then claimed that he was entitled to the special consideration of the court because he was an orphan. [Laughter in the galleries].

At the opening of my remarks, I commented on the seemingly cruel fate that seems especially reserved for people in public life. Yet, to genuine public servants, to those who feel the magnetic pull of political affairs, to those who have experienced the special satisfaction that comes from the performance of public duties, there is no doubt that the rewards of public life amply compensate for its disadvantages.

Admiral Strauss is obviously a genuine public servant in the truest sense of the word. He is one who feels something of the magnetic pull and fascination of public life, one who openly and frankly, like many of us, prefers it to any other type of career.

He is a man who takes whatever lumps public life has to offer without complaining, a man who loves the rough and tumble of political strife and makes no mournful complaints about being misused or abused.

He is a man who joyfully accepts both the prerogatives and the penalties of public position without asking quarter, or demanding special consideration.

I like him for that.

I am not a member of the Committee on Interstate and Foreign Commerce and was not personally present at the hearings. It is said that Strauss manifested traits of character which turned some committee members against him during those hearings.

I was not present, but I did read the record, and the printed text reveals one apparent quality which, I am frank to say to my colleagues, arouses and stimulates my admiration for the man.

Strauss knew from the beginning—he had to know; he was a very bright man—that he was on trial for his political life. There could be no doubt about that. If he had put on a false humility, if he had disguised his assertiveness, if he had practiced the genial arts of diplomacy in his appearance before the Committee on Interstate and Foreign Commerce, I would not have admired him much; and, indeed, we might have had reason for feeling that he was seeking to deceive the Senate.

Instead of that, what did he do? He honored the committee by meeting his inquisitors on their own terms. He arrived at the committee room each day prepared to do battle. He arrived with that irrepressible zest for the combat of ideas which has always been—and with God's help always will be—the hallmark of the great public servant. There was no whining, no cringing, no crying, no talk of quitting. There was never any appeal to sentimentality or sympathy. There were never any concessions, never any opinions tailored to mollify his critics. He sat there like a man and a soldier. If some of his answers were less than lucid, so were some of the questions.

If the hearings revealed Strauss as a prideful man, as has been said, I remind my colleagues of the statement of a favorite poet and critic of mine, an obscure man, but a wise one, Churton Collins, the British writer, who said:

> Though pride is not a virtue, it is the parent of many virtues.

If some of the statements were vague and oblique, it is also true that many of his statements were admirable and memorable. The greater part of his testimony did him immense credit. The record as a whole, in my judgment, reveals a man who has courage, competence, intellectual power, a sincere and deep patriotism, and an essential integrity that shines through the mistakes and inaccuracies to which all men are subject.

So I rise to support the confirmation of the nomination of Lewis Strauss today, not reluctantly, as in the case of one who should merely be given the benefit of every doubt, but rather with the comfort and the conviction that I am supporting a man who ought to continue in Government, who has rendered great services to his country, and who deserves the gratitude of the American people.

Mr. GOLDWATER. Mr. President, I wish to compliment the Senator from Connecticut on the speech he has just made, which I consider to be one of the finest during the debate. It shows the careful and conscientious effort of the Senator from Connecticut. I compliment him on his fine analysis of the testimony and the presentation of it in a very succinct, easy-to-understand way.

Mr. President, there was an agreement that the senior Senator from Oregon would speak for a few minutes. Until he arrives, I can address myself a little further to my effort of the evening.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I will be glad to yield in a moment.

I can remember coming into the gallery of the Senate when I was a young man and wondering what was going on, when there was much talk, and all of it seemed to be the same. I later learned that it was called a filibuster, and I later learned that the purpose of it was to delay.

In case my colleagues have any question about what my purpose is in obtaining the floor this evening and hanging on to it, it is to delay. Why? We want our side to have all our votes present. That is a perfectly good tactical maneuver. The majority leader, when he felt that he had more votes than we had, pressed for a vote. We do not have all our votes here yet. One is on the way in from one airport, and another from another airport. A third is still in the air. The one in the air will probably be still in the air when he arrives here. He will probably arrive here between 3 and 6 o'clock tomorrow morning, so until that time I intend to retain the floor.

Let me say to my colleagues that I will not suggest the absence of a quorum. So if Senators wish to take advantage of the situation and retire to their offices or to the marble room, they may do so. The junior Senator from Arizona, who has control of the floor, will not yield for the purpose of a quorum call.

Mr. MORSE. Mr. President——

Mr. GOLDWATER. Under an agreement between the distinguished acting majority leader, the junior Senator from New Mexico [Mr. ANDERSON], the Chair, and myself, I shall allow the Senator from Oregon to speak at this time. He said he wished to speak for half an hour; but it is difficult for me to believe that he could restrict himself to that brief a time. However, I will not quibble over a few minutes.

Mr. MORSE. Mr. President, I always like to surprise the Senator from Arizona, and I shall surprise him here tonight.

I believe that the parliamentary strategy of the Senator from Arizona is perfectly proper, and I think he owes it to his absent colleagues to exercise his parliamentary rights on the floor of the Senate, as he has been doing. I think he is to be commended for his forthrightness. I assure him that if I were in exactly the same position he is in, I, too, would exercise my parliamentary rights, as I have done on more than one occasion.

Earlier in the day, as one who is generally opposed to unanimous-consent agreements for votes on major issues in the Senate which are highly controversial, and with respect to which I think it is necessary to have full debate, I stated that ordinarily I do not agree to unanimous-consent requests fixing a time to vote, at least until we have reached the point where I feel that the argument is in, and that what is left is principally cumulative, and can be presented within a reasonable time limitation.

Mr. GOLDWATER. Before the Senator begins, I suggest that the Senator's remarks appear immediately following the remarks of the Senator from Connecticut, and preceding my remarks, because my remarks are connected, and I would not want the speech of either Senator to appear in the midst of my remarks.

Mr. MORSE. That was my understanding.

Mr. GOLDWATER. Will the majority leader agree that I may be permitted to yield to the distinguished Senator from Nebraska [Mr. CURTIS] to exercise his right to speak for a few minutes, which privilege is being allowed the Senator from Connecticut and the Senator from Oregon?

Will the majority leader agree that, without my losing the floor, that I might yield to the Senator from Nebraska [Mr. CURTIS] for a few minutes?

Mr. JOHNSON of Texas. Mr. President, I have no objection. As a matter of fact, I said to the minority leader earlier in the evening that although a motion to table would lie, I do not expect to make such a motion.

I anticipate that we shall try to reach some agreement as to when we can vote, but I wish to make it abundantly clear that I am not attempting to force a vote until all Senators have an opportunity to be present and vote. If I had intended otherwise, I could have entered a motion much earlier.

I want to be cooperative. I do not want anyone to get the illusion that the majority leader is trying to prevent a vote.

Mr. GOLDWATER. The junior Senator from Arizona had no idea that the Senator would try something like that; he just suspected it. [Laughter.]

The PRESIDING OFFICER. Is there objection to the Senator from Nebraska following the Senator from Oregon, without the Senator from Arizona losing his right to the floor? Without objection, it is so ordered.

Mr. MORSE. Mr. President, when I made objection the other day to limitation of debate, I knew that there were several major speeches to be delivered in opposition to the nomination. I felt that there should be no time limitation whatsoever imposed upon the Senate until those speeches were made. In fact, I would prefer to have the entire issue handled without a time limitation. But those speeches have been made.

So far as the opposition to the nomination is concerned, much that is to be said by the rest of us is bound to be cumulative. In fact, I have a very lengthy speech, but it involves a discussion of some of the same topics which have already been discussed in connection with the nomination. When I get to those topics I shall insert them in the RECORD without taking the time to read them, and thus shorten my speech.

Several days ago, when the debate on the nomination of Mr. Lewis Strauss to be Secretary of Commerce was just getting underway, I spoke in opposition to his confirmation, and said I believed him to be an enemy of the American people.

Considerable issue was made over that appellation; the supporters of Mr. Strauss threw up their hands and said I was calling him a traitor and exceeding the bounds of propriety. I not only stand upon my statement that Mr. Strauss is an enemy of the people of this country, but in the course of my address tonight, I shall document the many instances in which he has earned that label.

As a matter of fact, many of my colleagues have already documented it. Tuesday we heard a magnificent presentation by the senior Senator from Wyoming [Mr. O'MAHONEY] in which he reviewed Mr. Strauss' use of the plea of executive privilege to controvert the right of Congress to certain information about the Dixon-Yates contract. As the Senator from Wyoming showed, Mr. Strauss not only used this device to keep information from Congress, he used it directly in the face of a statement from the President, his own President, that the action by the executive branch on the Dixon-Yates matter was open to the public.

For that action, I regard Mr. Strauss as an enemy of the people. I would vote against his confirmation for that one reason alone, even if there were no others.

The Senate has also heard a remarkable recitation by the junior Senator from Wyoming [Mr. MCGEE] in which he itemized instance after instance when Mr. Strauss practiced deceit and deception upon the Senate's Committee on Interstate and Foreign Commerce. Every time he tried to deceive that committee, Mr. Strauss was an enemy of the American people.

The Senator from New Mexico [Mr. ANDERSON] has given the Senate a similarly itemized account of the occasions upon which Mr. Strauss has dealt in bad faith with the Joint Committee on Atomic Energy. On every one of those occasions, Mr. Strauss was an enemy of the American people.

The Senator from Tennessee [Mr. KEFAUVER] has given the Senate a carefully documented account of the Dixon-Yates scandal, and the role Mr. Strauss

played in its negotiation and in pressing for its acceptance, a contract the Attorney General declared null and void because it was conceived under an illegal conflict of interest. In his effort to foist this illegal contract upon the country, Mr. Strauss was an enemy of the American people.

Only a few days ago, Mr. Strauss attempted to appoint a railroad financier to make a study of the Nation's transportation industry for the Department of Commerce, an appointment which was hastily withdrawn when some of us made an issue of it here on the floor of the Senate. In turning over this study to a man who was directly and heavily involved financially in its outcome, findings, and recommendations, Mr. Strauss acted contrary to the interests of the American people.

In his continuing opposition to suggestions and proposals which seek to limit the testing and use of nuclear weapons, Mr. Strauss has been an enemy of the American people.

On all these counts, and in all these areas, I believe the nominee has demonstrated repeatedly that he has traits and habits of mind which are contrary to the interests and welfare of the people of this country.

Let me make it clear that I do not contend that Mr. Strauss is disloyal to the United States; not at all. But I do contend that he has no understanding of what is meant by the public interest; nor does he understand or appreciate our constitutional system of government and the responsibility of every official in it to make it work. Such a person is not a friend of the people; he is their enemy.

RESPONSIBILITY OF THE SENATE ON NOMINATIONS

Before taking up the disqualifications of the nominee, however, I want to discuss first the amazing argument that is heard frequently these days, especially in the press, that the President of the United States is entitled to have whomever he wants in his Cabinet and therefore the Senate ought to confirm this man without further ado. The argument is made that Cabinet officers are in effect personal advisers to the President and so should be people of his choosing, Senate objections to the contrary notwithstanding.

In the first place, Cabinet officers are a lot more than personal advisers to the President. Their duties of office, their responsibilities as Government officials, are statutory. Their primary job and function is to administer the laws passed by Congress, not to give personal advice to the President. Every Department in the executive branch was created by Congress; every law a Cabinet officer administers was enacted by Congress. They are executive officers, yes, and responsible to the President, and undoubtedly advise him on many matters, but they are by no means personal staff advisers in the staff sense. They are not the President's personal assistants; they are executive officials holding offices and carrying out duties established by Congress.

Second, that the President has any right to the exclusive selection of Cabinet members has no basis in our Constitution. Where an appointment involves his personal staff, the President certainly does have the exclusive right of selection; but where the selection is for a post requiring the advice and consent of the Senate, no such right exists.

As I did in the case of another nomination that was before us recently, that of Mrs. Luce to be Ambassador to Brazil, I would like to take the Senate to the appointive authority contained in article II of the Constitution and to the discussion of its meaning and purpose in the Federalist writings.

What we find there is that the President is endowed with the exclusive right of nomination, not appointment.

Article II of the Constitution describes the executive power of the Federal Government. In it, the power of appointment is clearly divided between the President and the Senate. Section 2 of article II states that the President shall—

> Nominate, and by and with the advice and consent of the Senate, shall appoint ambassadors, other public ministers and consuls, judges of the Supreme Court, and all other officers of the United States whose appointments are not herein otherwise provided for, and which shall be established by law.

Thus, the power of appointment to the Cabinet—and all department heads have been designated by law as requiring the advice and consent of the Senate—is shared. The advice and consent clause is a conferral of executive duty upon the Senate, one of several instances in the Constitution where the Senate is given duties of an executive and judicial nature above and beyond its legislative duties.

That the authors of the Constitution did not for a moment mean the President to have exclusive right and authority over high-level appointments is also made clear in the Federalist. In his separate minority views, the Senator from Oklahoma [Mr. MONRONEY] has already referred to Hamilton's writings on this subject.

But I wish to read to the Senate, Hamilton's specific rejection of the idea that the President should have the right to anyone of his choosing. In writing of those in the Constitutional Convention who wanted to give the President exclusive jurisdiction over appointments, Hamilton said in his "Federalist Paper No. 76":

> They contend that the President ought solely to have been authorized to make the appointments under the Federal Government. But it is easy to show that every advantage to be expected from such an arrangement would, in substance, be derived from the power of nomination, which is proposed to be conferred upon him; while several disadvantages which might attend the absolute power of appointment in the hands of that officer would be avoided. * * * The person ultimately appointed must be the object of his preference, though perhaps not in the first degree. It is also not very probable that his nomination would often be overruled. The Senate could not be tempted, by the preference they might feel to another, to reject the one proposed; because they could not assure themselves that the person they might wish would be brought forward by a second or by any subsequent nomination. They could not even be certain that a future nomination would present a candidate in any degree more acceptable to them; and as their dissent might cast a kind of stigma upon the individual rejected, and might have the appearance of a reflection upon the judgment of the Chief Magistrate, it is not likely that their sanction would often be refused, where there were not special and strong reasons for the refusal.

Mr. President, Hamilton might just as well have written those words yesterday. They are just as applicable today as they were when this great constitutional father wrote them at the time our organic law came into being.

As Hamilton pointed out it is not to be expected that the refusals will be frequent but that the power to refuse, vested in the Senate, was put there by the constitutional fathers to act as a check upon the Executive when he makes a bad nomination.

That is the whole theory of our checks and balances system. How precious it is to the freedom of American citizens. How essential it is to a system of government by law, rather than by men.

Here is one of the checks placed upon the Chief Executive which gives us an asurance of government by law instead of by the arbitrary, capricious discretion of a President, unchecked by the elected representatives of a free people in the Senate of the United States.

I think it is extremely important that we always refresh our minds as to these basic procedural safeguards that the constitutional fathers were so farseeing as to write into this organic law. The Senate is called upon to act on the basis of that check tonight, because we argue that this is a bad nomination, one which justifies the exercise of the check.

Mr. President, Hamilton then went on, in this great paper, to say:

> To what purpose then require the cooperation of the Senate? I answer, that the necessity of their concurrence would have a powerful, though in general a silent, operation. It would be an excellent check upon a spirit of favoritism in the President, and would tend greatly to prevent the appointment of unfit characters from State prejudice, from family connection, from personal attachment, or from a view to popularity * * *. It will be readily comprehended that a man who had himself the sole disposition of offices would be governed much more by his private inclinations and interests than when he was bound to submit the propriety of his choice to the discussion and determination of a different and independent body, and that body an entire branch of the legislature. The possibility of rejection would be a strong motive to care in choosing * * *.

In the next paper, Alexander Hamilton continued his discussion of the advice and consent clause with these words:

> In (our) plan, the power of nomination is unequivocally vested in the Executive. And as there would be a necessity for submitting each nomination to the judgment of an entire branch of the legislature, the circumstances attending an appointment, from the mode of conducting it, would naturally become matters of notoriety;

Which in Hamilton's day meant simply publicity, I might say, rather than bad publicity, as it means today—

> and the public would be at no loss to determine what part had been performed by the different actors. The blame of a bad nom-

ination would fall upon the President singly and absolutely. The censure of rejecting a good one would lie entirely at the door of the Senate; aggravated by the consideration of their having counteracted the good intentions of the Executive.

If an ill appointment should be made, the Executive for nominating, and the Senate for approving, would participate, though in different degrees, in the approbrium and disgrace.

Mr. President, we simply cannot read Hamilton and escape the conclusion that there is no basis in fact for the propaganda which has been fed to the American people during the past several weeks while this nomination has been before the country that we ought to take it for granted that the President should be allowed to appoint whomever he wants to be Secretary of Commerce or to any other office which requires the advice and consent of the Senate. It never was so intended by the constitutional fathers. It never was so written into the Constitution. That is why I have been heard to say before, and I repeat tonight, that it happens to be my solemn obligation, and that of every other Member of the Senate, to keep faith with the oath of office we took when we came into this body, when we come to vote on this nomination tonight.

If we believe in our hearts that this man is not qualified for this position and fails to meet one or more of the historic criteria I am about to discuss in this speech, then we have the constitutional duty to vote against him. To carry out my oath of office and the great trust which my oath of office places upon my shoulders, I shall vote against this nomination when the roll is called.

Certainly the President was given exclusive authority to nominate; but the idea that this should embrace the entire power over appointments was clearly discussed and discarded by Hamilton and the other constitutional fathers.

So it is evident that our Constitution vests responsibility for the result of an appointment with both the President and the Senate. There simply is no right of the President to have whomsoever he wants in his Cabinet.

Suppose this particular nominee is confirmed, and his service damages the interest of the American people, as I have no doubt it would. No Senator who voted to confirm would ever be able to say: "The responsibilty lies with the President because all we did was vote to give him whomever he wanted."

STANDARDS USED BY SENATE IN CONSIDERING NOMINATIONS

As the Senate knows, I have referred many times in recent years to a survey of all Senate debates on nominations since the founding of the American Government which I made in 1945, my first year in the Senate, when the nomination of Henry Wallace to be Secretary of Commerce was before the Senate.

Of nominations to Cabinet posts, there had been 7 rejections out of almost 400 nominations by 1945. But that is not the whole story of the application of the advice and consent clause by the Senate. Many more of the 400 nominations were debated at great length before they were confirmed. There have been thousands of nominations to lesser domestic posts and to diplomatic jobs, some of which were rejected, some of which were withdrawn when confirmation appeared doubtful, and many more which underwent very extensive study and debate by the Senate.

These debates have revealed a pattern of four general criteria which have evolved. They are, first, the character and mental soundness of the individual. In discussing these criteria in 1945, I listed these separately, but I think they can be considered together. Is the nominee of good character and mentality, as the terms are generally understood by all?

Second, the criterion of loyalty to the United States and our form of Government.

Third, the test of whether any personal or financial conflict of interest exists that would be affected by the nominee's handling of his job.

And fourth, the general test of competence. Will the individual render good service which will be in the public interest and which will protect the interests of our citizens as a whole.

In my opinion, the nominee presently before us fails to meet the first and fourth of these historic criteria.

His tactics of deceit are clear evidence of a lack of intellectual integrity. I note that the majority report—and it is as thin a majority as it is possible to have—of the Interstate Commerce Committee, does not refute or try to refute the point-by-point listing of Mr. Strauss' deception of the committee during the recent hearings. The majority said the charges had been refuted, but do not say how, where, or by whom.

His record of dealings with Congress during his terms of executive officeholding have been a record of a man who lacks intellectual integrity; he simply does not "come clean."

I do not deny that Mr. Strauss is probably a very intelligent man; but native intelligence is only part of one's mental equipment. All the brains in the world are no saving grace to an individual, either in public life or out of it, who lacks the character quality of intellectual honesty.

On the second criterion, I do not find the nominee lacking. I do not think he is disloyal to our country or our form of Government, in the sense that he has a superior loyalty to another country or other form of government. I do think, however, the nominee does not understand what is meant by separation of powers, and by the public interest; but I believe these failures fall under the fourth criterion, rather than any other one.

As for the third one, I do not find that Mr. Strauss has used his powers of office, or will so use them, to enrich himself. He made to the committee a general, though not complete, statement of his holdings. On the face of it, there is no indication of a personal conflict of interest. I believe he fails completely to understand the meaning and danger of conflict of interest in government, but that this also falls under the standard of competence, rather than personal conflict of interest.

On the fourth criterion, I am convinced that the nominee fails completely to meet the standard of one who is competent to do his job in a way that will further the public interest. The majority report says he is competent, and that his competence for the job remains unquestioned. I not only question it, as do many of my colleagues in the Senate; I think it is nonexistent.

Undoubtedly, Mr. Strauss is competent in many ways for many things. He was probably very competent in private business. But he is incompetent when it comes to serving as a public official in furtherance of the public interest. He is incompetent in these respects, for example, because he does not know that the Congress of the United States has a right to information which is not in violation of the national security, and which it needs to have in order to formulate legislation. Mr. Strauss has thwarted that right of Congress, by drawing a cloak of "Executive privilege" around information which was not entitled to be so cloaked.

Second, the nominee lacks the qualification of competence to serve in the public interest, because he has no understanding or appreciation of the meaning of conflicts of interest in government.

Few public issues are as troublesome as this one. The question of when and whether a person in either the executive or legislative branches passes upon matters that directly affect his financial holdings or those of his family is a question that committees, commissions, advisory groups, Members of Congress, and many others, have wrestled with for many years.

We have tried to enact statutes to prevent and prohibit people from serving in posts where they might further their own economic interests, either by barring them from a job, or by requiring that their holdings be disposed of before they take office. Here in Congress, I have for 13 years been advocating that the Nation guard against conflict of interest in Congress, by requiring full publication of all sources and amounts of income by Members of Congress, as well as by those in executive agencies who receive salaries of $10,000 a year or more.

The conclusion of many who have tried to find the final answer to this problem has been that conflicts of interest cannot be legislated out of existence. It is a matter of ethics and ethical standards, we are told. I agree with that; but I also think the light of full publicity has a very salutary effect in raising people's ethical standards. If we cannot legislate out of existence unethical behavior of this kind, we can turn the spotlight of full disclosure upon it, and let the people be the judge of whether an officeholder has used his office to feather his own nest.

But so far, we have no full disclosure of that kind. We have on the books some laws to try to prevent conflicts of interest from occurring; but the ethical standards of individuals on this point still constitute the principal safeguard against unethical conflict of interest.

Yet we have before us the nomination of an individual who demonstrated, first in the Dixon-Yates case, and then in the near appointment of Armand Erpf, that conflict-of-interest means nothing to him. After the Talbott case, the Wenzell case, and the Sherman Adams case, it is incredible to me that we should be seriously considering this person for Cabinet status.

STRAUSS LACKS INTELLECTUAL HONESTY

The repeated examples of the nominee's lack of intellectual integrity have been largely documented by the minority report of the Interstate and Foreign Commerce Committee. As I have pointed out, they are not refuted by the majority, except by the broad statement that refutation was made in the hearing. The Senator from Wyoming has further itemized these cases for the Senate; and the Senator from New Mexico, Mr. Anderson, has shown the cases in which Mr. Strauss deceived his committee or failed to comply with its directives. I shall review them only briefly.

The first seven instances were reported in the minority report.

First. The Steel Pipe case. Mr. Strauss knowingly deceived the committee when he stated that there "was absolutely no difference between the State Department and the Department of Commerce on this," and that the decision to withhold permission to export the pipe, too, was made "with its—State Department—complete concurrence"—hearings, page 44.

Yet the Department of State had clearly expressed, in a statement to the chairman of the Operating Committee, that it "considered that this item—steel pipe—should not be included in the group of items subject to a presumption for denial, when intended for a Soviet bloc country." The following is part of the text of that letter.

> In the case in question, information which has become available since the review of U.S. export controls strengthens the Department's belief that the United States cannot exercise an effective unilateral control over this item, and that denial of export licenses for the pipe in question will not have a significant adverse effect on Soviet bloc war potential. While the foregoing views represent the Department's considered opinion, it is not proposed to appeal to the Advisory Committee on Export Policy the recommendation of the chairman of the Operating Committee.

I am not denying that the nominee had the legal right to make the decision he did, nor am I contesting the soundness of the decision. What I am stating is that the nominee knowingly deceived the committee when he stated that there was complete concurrence on the part of the State Department with his decision.

Second. The "duplicitous" letter incident. The nominee charged that a statement made by him before the House Appropriations Committee, accepting full responsibility for a letter written to the Joint Committee on Atomic Energy by the Commission, was incorrect, and that he had never made the statement.

Yet the chairman of the House Appropriations Committee, CLARENCE CANNON, has had the official reporter who recorded this part of the hearings go over his notes; and he has found them to be absolutely identical with the printed text of the hearings. The witness was given the chance to change his statements, after his appearance before the House Committee; yet he did not avail himself of the opportunity. Instead, he allowed the statement to stand, only to repudiate it later, before another committee. It should be obvious that the nominee then found it to his advantage to stick with the statement. Now it is not; so he claims it a falsehood. Says he, "I never said it."

Third. The isotopes case. The nominee carefully and skillfully evaded answering Senator ANDERSON'S charges that the nominee had prohibited further shipment of isotopes to Norway, and thereby circumventing a law which allowed such an export. Strauss claimed that the isotopes were going to be used in the manufacture of jet engines, but the Senator from New Mexico has testified that the isotopes were intended for basic research only, and were thus eligible for export. Furthermore, Norway simply had no firm manufacturing jet engines at that time.

Fourth. The nominee skillfully and carefully evaded answering Senator ANDERSON'S charges that he failed to keep the Joint Committee fully informed. In the instance of the negotiations with Great Britain on the exchange of nuclear information on submarines, the nominee declined to inform the Joint Committee, even though the Attorney General stated that—

> In view of the sensitive subject matter here involved and its apparent importance, I believe that in this instance, the matter should be discussed with the Joint Committee before the agreements are entered into.

The nominee claims he had never seen the letter stating the Attorney General's opinion until he was confronted with it in the hearings. He claimed that when the matter was discussed by the Commission, he was in Havana. Yet the matter was discussed less than a week later—on February 2, 1956—at a meeting of the Commission at which the nominee was present. His presence has been verified by a letter from the present Chairman of the AEC. I quote from that letter:

> On February 2, 1956, the AEC General Counsel discussed certain aspects of the Attorney General's opinion. Commission records reflect that Mr. Strauss attended this meeting.

Yet notice again the testimony of the nominee:

> The first time that I can recollect ever having any acquaintance with the letter was on the occasion, was it yesterday or the day before—and as I say, the letter was received, it was written on the 26th day of January, it was received on the 27th in the Commission. It was discussed in a Commission meeting on the 27th. I had left for Havana. * * *
>
> I should have seen it. * * * But I haven't seen it.

Note that the nominee remembers a discussion of the letter which the Commission held when he was not present, but says he does not remember a discussion of it which took place when he was present.

Fifth. The next example I would cite is the Dixon-Yates affair and the strange relationship between Mr. Wenzell and the nominee. It seems that everyone knew Wenzell was representing the Bureau of the Budget, when conversing with the nominee, except the nominee himself. I shall go into that matter more fully in a few minutes.

Sixth. The sixth example of lack of intellectual integrity on the part of the nominee occurred when he attempted to allege that the classification of information regarding the safety measures at the Detroit reactor project was mistakenly done by the AEC staff, without his knowledge. Yet a review of the record shows conclusively that he was responsible for the suppression of this information—hearings, page 512, and "A Study of AEC Procedures and Organization in the Licensing of Reactor Facilities" by the Joint Committee on Atomic Energy, pages 117 to 122 and 125 to 127.

Seventh. The Inglis case. In still another instance, the nominee deceived the committee which was charged with hearings on his nomination as Secretary of Commerce. The nominee denied he had made requests concerning information about Dr. Inglis.

The nominee's assertion to the Interstate Commerce Committee that "I have never asked for anything on Dr. Inglis in my life" is well known. It has been asserted that the nominee was referring to security files or confidential information. Yet, on the next page of the hearings, at the bottom of page 828, the following colloquy takes place between the junior Senator from Wyoming and the nominee. Here both of them dismiss the reference to top secret information as, in the nominee's words, a "columnist's hyperbole."

> Senator MCGEE. I question myself the use of that phrase "top secret." I am sure nobody would violate security by bringing top secret documents in here.
>
> Mr. STRAUSS. Senator, I suggest the "top secret" part was a columnist's hyperbole.

Mr. President, that exchange took place after the junior Senator from Wyoming had asked the two counsels of the nominee, Mr. Dodds and Mr. Arundel, the same question that he asked the nominee himself. This would clearly indicate that the nominee knew that the Senator from Wyoming was referring to nonsecret material on Inglis. Yet a letter from AEC Chairman McCone to Senator ANDERSON states that Strauss personally requested from the AEC information regarding Inglis, before Inglis had even testified.

The Chairman of the Commission stated in the letter to the Senator from New Mexico:

> About April 20 Mr. Strauss advised Mr. Ink of my office that he had learned of the possibility of Dr. Inglis testifying at the hearings, and in order to have a general idea as to the area Dr. Inglis might cover, it would be helpful to know whether he was employed by an AEC contractor and, if so, the name of his profession. Since both points were a matter of public information,

he was advised on April 21 by Dwight Ink that Dr. Inglis was employed at Argonne and that the "American Men of Science" listed several fields of competence. No further information was requested by Mr. Strauss and no further information was provided him directly or indirectly re Dr. Inglis except to later answer affirmatively—April 30—to a question directed to our Security Division from the Department of Commerce staff as to whether Dr. Inglis had a Q clearance.

Thus, the nominee had clearly requested information about Dr. Inglis from the Atomic Energy Commission; yet he categorically denied it. What could be more explicit than the statement "I have never asked for anything on Dr. Inglis in my life"?

Eighth. The nominee's attitude toward the responsibility of informing a congressional committee can be best illustrated in the following exchange between the then Republican Chairman of the Joint Atomic Energy Committee, Representative Cole, and the nominee, during the committee hearings on the Atomic Energy Act of 1954.

Mr. President, if anyone desires to read a good example of hedging, evasion, dodging, and deceit, let him read this colloquy, because it is a further indication of this trait on the part of the nominee:

Mr. COLE. I will express it differently. You will agree there have been recent instances where that principle [of informing the Joint Committee] has been resisted, where the Commission has resisted the committee on matters which the committee requested of the Commission?

Now, my purpose in bringing that out is at this time to write into the bill [the Atomic Energy Bill of 1954] language which may be even stronger than what is in there now, and I do not know what stronger language could be used than to say it is the duty of the Commission to keep the Joint Committee fully and currently informed on all the Commission's activities.

Mr. STRAUSS. Would you accept the change in wording, Mr. Chairman, that instead of resisting, it has been delayed? I do not believe there is anything which the Joint Committee had requested that the Commission has failed to comply. Nor in respect to such information as crosses the desk of the Chairman has there been any delay in furnishing, as a matter of fact.

Mr. COLE. It may not be in your memory, but it certainly is within mine, that for the first time within the history of this committee it was necessary for the committee to adopt a formal resolution to get information from the Commission.

Mr. STRAUSS. I am aware of that.

Mr. COLE. You may not call that resistance, but I do.

(Hearings of Joint Committee on Atomic Energy, June 3, 1954.)

Mr. President, I cite that as a classic example of the nominee's admitting that he has withheld information from the committee.

Ninth. As Acting Secretary of Commerce, the nominee has already shown a willful failure to cooperate with the Joint Committee on Atomic Energy. Early this year, Chairman DURHAM wrote to the Patent Office, part of the Commerce Department, requesting information on patent applications on atomic energy processes. That information has been denied by the nominee.

In fact, Mr. President, I would have the Congress and the American people remember that if this nominee is confirmed as Secretary of Commerce, he will be the top man in the Patent Office of this Government; and I would also have the Congress and the American people remember that in the next few years, the handling of patents in regard to atomic-energy matters will be of vital concern to the American people.

Referring again to the information requested by the Joint Committee on Atomic Energy, we should recall that the committee needed the information, in order to decide on legislation regarding the extension of the Atomic Energy Act. The Patent Office refused to divulge any information on patent applications relating to atomic energy, even though the Atomic Energy Act of 1954 specifically states that—

Any Government agency shall furnish any information requested by the Joint Committee with respect to the activities of responsibilities of that agency in the field of atomic energy.

This refusal took place in April of this year, even though the AEC had stated that it would be glad to furnish any and all information that it had concerning patent applications. It was willing to comply with the Atomic Energy Act, but the Patent Office in the Department of Commerce was not.

Then the subcommittee chairman wrote to the nominee asking him to request the Patent Office to comply with the request of the Joint Committee. Mr. Strauss replied to Chairman HOLIFIELD that he had read Patent Commissioner Watson's reasons for refusing information to the Joint Committee and that "Those views and opinions and that conclusion—of Watson—I share"—CONGRESSIONAL RECORD, May 28, 1959, page 9327.

This is a further example of where the nominee fails to act responsibly to the laws of the United States. Once again he puts himself up as his own judge and jury of his actions.

I shall also refer to this incident as an example of Strauss' unjustifiable exercise of "Executive privilege."

Tenth. In discussing his last appearance before the Joint Committee the nominee once again showed his lack of intellectual integrity. He characterized the meeting as an emotional one for him, as he was giving his account of his stewardship of the AEC. Here is Strauss' description of this meeting as he related it to the Interstate and Foreign Commerce Committee:

It was on June 24, 1958, 6 days before the expiration of my term of office, and it was my last meeting with the committee. I tried—it was an emotional occasion for me—I tried to give them a general accounting of my stewardship (Hearings on Strauss Nomination, p. 678).

The fact is true that it was Strauss' last appearance before the Joint Committee. But that is where the truth ends. It was a meeting for the nominee's farewell address as he implies. Listen to Chairman DURHAM's description of the purpose of the Joint Committee meeting. His opening words:

Chairman DURHAM. This afternoon the Joint Committee on Atomic Energy is meeting in executive session in order to receive testimony from the AEC Commissioners and staff concerning proposed revisions to H.R. 12459 and S. 3788, the AEC authorization bills for the fiscal year 1959. (RECORD, June 11, 1959, p. 10504.)

Then the chairman describes why the meeting was called, the preparation done for it, and the work of the committee that morning. Not until 280 words later does the chairman state that:

We are glad to note that Chairman Strauss could attend the meeting as well as General Fields. This will undoubtedly be your last appearance before the committee in your current capacity. I should like to take this opportunity to repeat on behalf of the committee that we wish you the best of luck and good wishes in your new endeavors.

Now obviously had the purpose of the meeting been for the nominee's account of his stewardship the chairman would have said so, the chairman would not have mentioned the nominee so late in his introductory remarks, nor would he have expressed his pleasure at seeing Strauss there because he would have known he would have been there.

Now, this may seem to be a very trivial point, but it clearly shows that the nominee is willing to be deceptive on both the big and small points if it is to his advantage to do so.

Eleventh. The next instance I wish to cite did not take place before a governmental body. Perhaps it is even more serious because we are fairly used to his instances of deception. Instead, it occurred after the nominee had delivered an address before the annual conference of the Thomas Alva Edison Foundation Institute in 1955. The nominee's speech concerned the standards of teaching in fields of mathematics and sciences and he used certain statistics and facts to prove his case. The facts he used were inaccurate. His speech, unfortunately, received nationwide attraction and was widely quoted by other public officials, such as ex-President Hoover and Vice President NIXON. As a result, these half-truths were innocently spread as the truth.

When officials of the NEA, the National Education Association, notified him of his errors, he refused any assistance which would correct his misrepresentations and half-truths. As a result, the National Association of Secondary School Principals has gone on record as "strongly—opposing—the confirmation of Rear Admiral Strauss as Secretary of the Department of Commerce"—CONGRESSIONAL RECORD, June 4, 1959, page 9843. A letter from the executive secretary of this association to the Senator from Washington [Mr. MAGNUSON] reads in part as follows:

Rear Admiral Strauss did inestimable damage in shattering the public confidence people normally have in their schools and was unwilling by his future actions to make any correction, even though no public retraction was ever requested of him.

We, speaking from secondary education, do not believe that such a man, a purveyor of half-truths, operating in an ethical manner, and unwilling to correct what may have been an inadvertent or an honest error, should hold such a prominent position as Secretary of the Department of Commerce. The Secretary must always be above suspicion to all people and at no time should

there be any question of the Department of Commerce to the educational authorities of this country or to the public in general by the Secretary of Commerce.

I submit that when such a nonpartisan group makes such a serious charge as it has, that there is something obviously disqualifying about the nominee.

Twelfth. The final instance I wish to cite is another example very similar to the fourth one. Here the nominee again illustrates his arrogance by claiming that his judgment is valid in all matters. In the fourth instance the nominee neglected and refused the advice of the Attorney General to inform the Joint Committee on the treaty negotiations with Great Britain. In the instance I will cite now, the nominee clearly shows his attitude toward the legal adviser of the executive branch.

Before the Antitrust Subcommittee in 1955 the nominee stated:

> If I am advised that I have no privilege by the Attorney General, I might still feel that my construction of the Constitution was correct, by which I should abide.

The nominee is not a constitutional lawyer. He is not even a lawyer. Yet here he assumes for himself the interpretation of a very involved legal matter: the realm of executive privilege. But not only has he assumed for himself the role of counsel, but in doing so he has usurped the legal role of the Attorney General himself. This, Mr. President, seems to be the ultimate in arrogance.

The nominee obviously has no conception of the constitutional process.

He does not understand that the Attorney General is the legal officer of the U.S. Government, or if he does recognize that fact, he refuses to apply it. Presumably, he would take the same position as Secretary of Commerce. That the nominee lacks intellectual honesty is proved by all these cases I have reviewed. They are my evidence that he does not meet the standard of character and mental soundness which the Senate has applied in the past.

STRAUSS LACKS COMPETENCY TO SERVE PUBLIC INTEREST

In discussing these examples, I have stressed them as evidence of Strauss' lack of intellectual honesty. But they also prove that he does not understand that the public interest is not served when a national official deals in deception of Congress.

That brings me to the nominee's whole concept of public interest. Mostly, I would say, he lacks all understanding of it. And I do not regard such an individual as competent to serve in an executive capacity, least of all in the Cabinet.

1. QUESTIONABLE USE OF EXECUTIVE PRIVILEGE

First, the nominee has used the plea of Executive privilege to hide his participation in the negotiation of the illegal Dixon-Yates contract. The judgment of the Justice Department on this contract was stated as follows:

> The alleged agreement set forth in the petition is in violation of the statutes and laws of the United States and is unlawful, null and void, and contrary to public policy for the following reasons, among others.

The principal reason was the participation of Adolphe Wenzell, a salaried vice president of the First Boston Corp., in its negotiation. While still a salaried vice president of the First Boston Corp., Mr. Wenzell also became a consultant to the Budget Bureau for the purpose of helping to write this one particular contract.

This Justice Department pleading was entered when the Mississippi Valley Generating Co., commonly known as Dixon-Yates, sued to get from the Government what expense had been incurred in connection with the project before cancellation of the contract. Continued the Justice Department:

> He (Wenzell) assisted in negotiating and promoting the very project and alleged agreement between plaintiff (Dixon-Yates) and defendant (the Federal Government) which resulted in the employment by plaintiff of First Boston Corp. on behalf of plaintiff and as plaintiff's agent to effect the sale to various banks and insurance companies of plaintiff's securities, in the aggregate principal amount between $99,815,000 and $120 million proposed to be issued by plaintiff to finance said project.

Of course, advisability of the contract became an issue in the debate on the atomic energy bill of 1954, which many of us remember so well. The purpose of the contract and who was responsible for it, of course, came under congressional inquiry. It should have.

The contract was intended to replace the requirements of the Atomic Energy Commission for TVA power. But, as the Senator from Wyoming pointed out here a few days ago, that is a matter of public policy. Whether the Tennessee Valley Authority should obtain its power through its own or other publicly owned generators, or shift to contracting for privately generated power is a public issue. It is not something for the executors of the laws of Congress to decide behind closed doors. It was a matter of public policy even before the conflict of interest matter was raised in February 1955, by our colleague from Alabama [Mr. HILL].

They did anyway; but having done so, they still would not and could not bring themselves to come before the appropriate Senate subcommittee and tell what they had done.

At the outset of the investigation by the Antitrust Subcommittee of the Senate Judiciary Committee, it was made clear that the prime moving on the Dixon-Yates matter was done by the Atomic Energy Commission and the Budget Bureau, not by TVA.

The testimony of the then Budget Director Rowland Hughes was:

> I did not know anything about this, of course. This came to me as a finished job by Messrs. Dodge and Strauss, to find the solution by providing a relief to the TVA of its power in the power demands, of the AEC power demands on TVA.

Mr. Dodge was Hughes predecessor as Director of the Budget Bureau.

But when the subcommittee sought to find out from Mr. Strauss just what his role had been in this illegal contract, he drew around himself the curtain of Executive privilege.

As Senator O'MAHONEY has made clear, Strauss did not do that with the permission or blessing of the President himself. President Eisenhower, when asked about it at a news conference on August 17, 1954, said that every single action he took, involving the contractual relationships of the United States with anybody, and except only when the question of national security was directly involved, was open to the public.

That is the President's statement, as put into the third person by the New York Times.

One wonders, of course, where Mr. Strauss got the idea that he was entitled to invoke any Executive privilege, anyway. We have the discussion in the subcommittee between the nominee and Senator KEFAUVER on this matter. Mr. Strauss claimed Executive privilege on the theory, and I quote him:

> On the theory that a conversation between myself and an aid to the President or the President is a privileged conversation as long as I am a member of the Atomic Energy Commission.
>
> If I am advised that I have no privilege by the Attorney General, I might still feel that my construction of the Constitution was one by which I should abide; but I have not received any such instruction and I have not asked for it, Senator.

Mr. Strauss' curbstone analysis of the Constitution falls on two counts; first, he was being questioned about a matter and negotiation that produced something illegal. There is no Executive privilege that can be invoked to hide a collusive relationship among the individuals responsible for the contract.

Secondly, Mr. Strauss seems to think he was part of the executive branch when he was Atomic Energy Commissioner. He was not; the Atomic Energy Commission is an independent administrative agency, an arm of the Congress, not of the Executive. When the Atomic Energy Commissioner was asked questions about his activities by the Congress, the Congress was simply investigating the activities of one of its own agents.

Third, Mr. Strauss has tried to imply in the hearing on his nomination that he was invoking Executive privilege for the President's part in the matter, rather than his own. But the President declared at the time that it was all public information, as far as his role was concerned.

In my opinion, when he invoked Executive privilege on the Dixon-Yates matter, Mr. Strauss was standing on the edge of contempt of Congress.

I very much regret that neither the Congress nor the Justice Department took any further action on the matter. The contract was found to be illegal; apparently the persons responsible for the illegality are not only to go uninvestigated by the administration, but are to be promoted right into the Cabinet.

It might be said that the Senator from Oregon is jumping to conclusions, because the role of the present nominee in the Dixon-Yates scandal has never been revealed. Well, I know that the right of an individual to take the fifth amendment is a sacred constitutional

right, and one I would not alter one iota. It is a part of our Constitution; but when it is invoked time and time again by the same person to avoid answering questions of personal finances, affiliations, and activities, I draw certain conclusions. Those who invoke the fifth amendment before congressional committees are within their rights, but those who draw their own conclusions from it are within their rights, too.

There is no constitutional protection of Executive privilege for Mr. Strauss in the Dixon-Yates matter; yet he invoked it, and apparently will not be pressed further by either the Congress or the Justice Department. But we are all free to draw our own conclusions as to what he might have had to hide.

We also have the testimony of others. The Senator from Tennessee [Mr. KEFAUVER] has discussed the conflicting statements of Strauss and Wenzell on this matter, and I shall repeat it only briefly.

Addressing Mr. Wenzell, the Senator from Tennessee asked:

Did you go into the Atomic Energy Commission representing the Bureau of the Budget or the First Boston Corp.?

Mr. WENZELL. At that time I considered my work entirely as a representative of the Bureau of the Budget.

Mr. KEEFFE. Did you tell Admiral Strauss you were a representative of the Budget, a consultant of Mr. Hughes?

Mr. WENZELL. Yes, sir.

Senator KEFAUVER. Let's get that straight. I didn't understand the import of your question. You explained to Admiral Strauss that you were there as a consultant of the Bureau of the Budget?

Mr. WENZELL. The appointment having been made by the Bureau of the Budget; yes, sir.

Senator KEFAUVER. And you talked with him as a consultant?

Mr. WENZELL. I did; yes sir.

And later, the Senator from Tennessee asked:

Mr. Wenzell, you said a few minutes ago that Admiral Strauss knew who you were, knew that you were a consultant to the Bureau of the Budget. You were down there several times, subsequently; were you not?

Mr. WENZELL. Yes, sir.

Senator KEFAUVER. He certainly knew who you were, didn't he?

Mr. WENZELL. I told him so at the beginning.

But Mr. Strauss stated on page 1187 of the same hearings, and I quote:

I have no recollection of Mr. Wenzell's status that is in conflict with my then belief that he represented his firm, the First Boston Corp., advising all present at the conference on the availability and cost of financing.

In the chronology of events on the Dixon-Yates contract prepared by the Atomic Energy Commission, the inclusion of Wenzell's name in the early draft of the chronology was stricken out at the behest of the Budget Bureau; the general manager of the AEC, Mr. Kenneth Nichols, was fully aware of the omission.

On pages 711–712 of the hearings, is the following:

Mr. COOK. General Nichols was aware that they (the names of Wenzell and Miller) were stricken from the chronology that was finally issued.

Senator KEFAUVER. Did he agree to that?

Mr. COOK. He did.

Senator KEFAUVER. Well, now just when did you talk with General Nichols about it?

Mr. COOK. On the day that the first draft came out without their names.

Senator KEFAUVER. You mean after Mr. McCandless suggested you leave them out, you took it up with General Nichols to see if he would agree?

Mr. COOK. To see if it was acceptable to him.

Senator KEFAUVER. And he said it was acceptable?

Mr. COOK. I think he said this, and this is a long time to remember back, that "as far as I am concerned, I see no objection to taking them out. I see no objections to leaving them in."

Senator KEFAUVER. In other words, the Bureau of the Budget, if it wanted it done, it was all right with him.

Mr. COOK. Well, it must have been. The final decision was to leave them out; yes.

Senator KEFAUVER. Have you had any conversations with anybody in the White House about this entire matter?

Mr. COOK. Yes. During the course of the events leading up to the contract, I think on several occasions I have made explanations of various provisions of the contract, things of that kind.

Senator KEFAUVER. Who to in the White House?

Mr. COOK. I would have to refresh my memory. I don't go there very often.

Senator KEFAUVER. Well, did you go over there to make explanations about it?

Mr. COOK. As I recall; yes.

Senator KEFAUVER. You don't remember who it was you talked with?

Mr. COOK. I have talked to so many people about this contract, I can't keep track of it.

Mr. Cook was Deputy General Manager of the Atomic Energy Commission.

That chronology was finally published on August 21, 1954; yet, when Mr. Strauss was questioned about the negotiation of the contract in November 1954, he told the Antitrust Subcommittee:

I have no knowledge of any consultants that Mr. Dodge may have had, or whether he had any.

As the Senator from Tennessee has pointed out, Mr. Nichols sat beside Strauss as he made that statement.

It is the conclusion of the Senator from Tennessee that Strauss himself must have known of the conflict of interest. Perhaps we will never know; but when Executive privilege was invoked by Strauss to cut off further inquiry, I, like the Senator from Tennessee, draw my own conclusions.

A second abuse of the Executive privilege was discussed by the Senator from New Mexico and myself on this floor on May 28.

In the course of his remarks, the Senator from New Mexico pointed out that as Acting Secretary of Commerce, Mr. Strauss was taking the position that the Patent Office, which is in his Department, is not going to make available to the Joint Committee on Atomic Energy information on patent applications in the field of atomic energy and its use.

In 1954, the Congress was presented with what was called the adminstration's atomic energy bill. In it, there were patenting provisions that gave monopoly powers through patent control to the companies who already had been doing atomic work for the Government in a contract basis.

The provision for compulsory licensing of some of those patents found to be affected with the public interest was to be effective for only 5 years.

The Senator from New Mexico explained on May 28 of this year that when the Atomic Energy Committee tried to obtain from the Patent Office the necessary information on patents on which to formulate new legislation, its request was refused. It did so in spite of the language of section 202 of the Atomic Energy Act which provides, and I quote:

Any Government agency shall furnish any information requested by the Joint Committee with respect to the activities or responsibilities of that agency in the field of atomic energy.

The hearings by the Joint Committee on this matter were held only a few weeks ago; much of the discussion relating to the decision by the Patent Office to withhold the information came on April 21, 1959, while the nominee was Acting Secretary of Commerce.

How can Congress legislate if it continually is refused information by the executive branch in violation of law? We would have to create a mammoth investigative bureau of our own to get information if we faced a Lewis Strauss in every department. Or we would have to subpena the whole executive branch. The legislative process, in either case, would come to a complete standstill. If everyone maintained the position of the nominee, a situation too ludicrous for words would result.

But even if the nominee did not claim executive privilege the cat and mouse game one must play with him in order to get an answer would still frustrate the whole legislative process.

2. STRAUSS LACKS UNDERSTANDING OF CONFLICT OF INTEREST

As I stressed earlier in my remarks, I believe Mr. Strauss is incompetent to serve the public interest because his record shows that he has no understanding of the threat which conflict of interest in high office poses to the interest of the American people.

Irrespective of his knowledge of Mr. Wenzell's conflict of interest, we have Mr. Strauss' own statement to the Interstate and Foreign Commerce Committee on his estimate of the value of the Dixon-Yates contract:

I thought it was a good contract and I still do.

When asked by Chairman MAGNUSON if the Dixon-Yates contract were before him now, would he approve it, the answer was:

If the circumstances were the same, I would approve it, certainly. I think it would be a good contract.

That was on April 30, 1959. Senator ENGLE tried to pin down the nominee on the conflict of interest issue. He asked him:

What I want to ask you is this: Do you believe a contract that is infected with a conflict of interest is a good contract?

Mr. STRAUSS. I don't believe that it has ever been demonstrated or proven in a court of law that this contract is infected with a conflict of interest. That is the subject before the court.

Senator ENGLE. If that does prove to be the case—

Mr. STRAUSS. Then I would, under those circumstances, I would naturally change my opinion as to its validity. As to the essential integrity of its terms, that is another matter. It seems to me the question of its validity, and the question of whether it is good—if by good you mean binding, and a conflict of interest is proved, it is not good. If by good you mean whether it is advantageous to the Government of the United States, that is another question, sir, I submit.

Obviously, the nominee before us thinks conflict of interest may invalidate a contract, but he does not think it has any effect upon the public interest. If he did think so, he had ample opportunity to say so.

I also remind the Senate of the nominee's late and unlamented effort to put the railroad financier, Mr. Armand Erpf, in charge of a study of transportation in this country for the Department of Commerce.

In the Washington Post story on this proposed appointment, dated May 28, it was pointed out that Mr. Erpf is a partner in the firm of Carl M. Loeb, Rhoades & Co., a firm which is the holder of record of more than $20 million in 17 of the Nation's railroads. Mr. Erpf himself has a $321,000 holding in the Seaboard line.

Mr. Erpf thought it was Marxian to raise any question whatsoever of his lack of objectivity in a study of all transportation in the United States. There was apparently no discussion between him and Mr. Strauss of a disposal of his transportation holdings before he undertook to make the study and make recommendations to the Department of Commerce. As the nominee told the Interstate Commerce Committee, there had already been discussions in connection with the study Erpf was to head of bringing all transportation-ratemaking bodies within one agency under the Department of Commerce.

Mr. Strauss implied that the proposal had been brought to him by a reorganization committee; for practical purposes it was a reshuffling of both executive agencies and regulatory bodies, which are branches of the Congress, to bring all transportation matters under the Department of Commerce. Senator MONRONEY asked him:

And the record shows, very clearly, you talked about a transportation study, which is entirely different, as I read the record from the reorganization of the Department of Commerce to make it a Department of Commerce and Transportation.

Mr. STRAUSS. No, sir; I considered them one—the study and this thing that you are speaking of, as one and the same.

Later, Committee Chairman MAGNUSON asked:

Admiral, on that transportation matter, as I recall your testimony we didn't discuss personnel that might be involved. Have you selected the man who will head the transportation study?

Mr. STRAUSS. I asked two or three men to help me last February or March, but they have all shied away from lending me a hand in view of the uncertainty of my tenure. The study is moving along—to the extent that it is moving along—with people in the Department and some academic people; no business people.

The CHAIRMAN. But we are to understand that as of now you have not selected a person?

Mr. STRAUSS. To head it?

The CHAIRMAN. Yes.

Mr. STRAUSS. Yes, I have a man in mind I would like to head it. I don't know if he would.

The CHAIRMAN. Is that Mr. Erpf?

Mr. STRAUSS. Yes. E-r-p-f. And I haven't spoken with him in nearly 3 months.

Senator MCGEE. Mr. Chairman, I wasn't quite through with my questions on this point.

The CHAIRMAN. The reason I asked the question is that I happened to read in the New York Herald Tribune a long piece by Mr. Erpf regarding this matter; and the implication was that he was going to do it but he was waiting. There was a long piece in, I think, the Herald Tribune.

Mr. STRAUSS. I didn't see it. I have no idea whether he is still available. As I said, I haven't seen him or spoken to him in months. We have talked to a number of academic people, and we have had looking after the pulling together of the technical end of it a Dr. Ernest Williams, of Columbia University.

Mr. Strauss refers to some academic people who were already working on the study. I wonder if he knows that we have many people in this country, in academic fields in particular, who are experts in transportation. We also have management experts and consultants who are professionals at the kind of organizational study Mr. Strauss seemed to contemplate.

The argument has been heard that a railroad financier was just the man to head up a transportation study. I say he was just the man not to head it. It is not as though people in his position of direct financial involvement were the only ones available; far from it. We have utility commissions not only in the Federal Government but in nearly every State who are manned by people who have been adjudged sufficiently expert in the field to qualify them, without their having great financial holdings in the business they are supposed to regulate.

Surely the Department of Commerce could find such people to do this study.

His action in the Erpf matter convinces me that nominee Strauss has no understanding at all of his duty to protect the public from invasions of conflict of interest. He has promoted conflict of interest; I have not found that he gained any personal profit, but certainly others stood to make great financial gain from the assistance Mr. Strauss gave them.

I remind him, and I remind the Senate that it was not many months ago that the President's chief aid, Mr. Sherman Adams, departed the scene because he did not guard the public interest against conflict of interest; he promoted conflict of interest, just as Mr. Strauss has done. Yet the Senate is being asked to elevate this man into the Cabinet. To confirm him in that post would be to more than undo what little progress may have been achieved from the Adams departure in this whole area of conflict of interest in Government.

3. STRAUSS LACKS APPRECIATION OF NEED FOR ANTIMONOPOLY SAFEGUARDS

Another respect in which I regard this nominee as lacking the competence to serve in the public interest is his lack of understanding of the need to promote active competition in business and the need to free industry from the shackles of monopoly control.

Senators who were here in 1954 and participated in that historic debate on the administration's atomic energy bill well recall the tremendous fight that occurred over the patent provisions of that bill. The patent provisions were as big a giveaway as has ever been attempted in this country.

I started the long campaign against the giveaway provision in that bill myself when I objected to a unanimous consent agreement sought by the then Republican majority leader to bring the 104-page bill to a vote almost immediately.

The Atomic Energy Act of 1946 had banned patents for inventions or discoveries which concerned the production of fissionable materials or the utilization of such materials in atomic weapons. Patents could be granted in the nonmilitary field, but they were subject to a public interest declaration under stated conditions, in which case the Atomic Energy Commission and its licensees automatically were entitled to their use, with reasonable compensation to the owner.

The bill sent to us by the administration, which was drafted for the administration by the AEC, provided in its section 152 that whenever a patent had been declared affected with the public interest, the Commission automatically was licensed to use the invention or discovery covered by the patent, but another person desiring to use the patented invention or discovery would have to apply to the Commission for a patent license, which the Commission would have the discretion to grant or not grant, under varying conditions.

Under that bill, the applicant for a patent license had to prove to the satisfaction of the Commission that the use of the invention or discovery was of primary importance to the use of fissionable material or atomic energy, and of primary importance to the effectuation of the policies and purposes of the act.

Under the McMahon Act, the declaration that a patent was affected with the public interest was mandatory, provided the invention utilized or was essential to the utilization of fissionable material or atomic energy, or if the licensing of the invention was necessary to effectuate the policies and purposes of the act.

It was the proposal of the AEC and the administration that the Commission would be empowered to grant the license if it found that the applicant met the additional primary importance tests in section 105(a) of the administration bill, but then the applicant had to show that use of the invention was of primary importance to the conduct of the activity in which he proposed to engage in order to have the invention declared to be affected with the public interest.

Senators who were here then will remember the struggle that took place over those patenting provisions. The minority of the Joint Committee had said and I quote its report:

The application that can survive this procedure will be an impressive one indeed.

The patent attorneys may derive more satisfaction from section 152 than the would-be user of the invention.

The AEC, under Mr. Strauss, tried hard that year to change the patenting provisions of the McMahon Act which had afforded genuine protection to competitive use of atomic power. The AEC, under Mr. Strauss, wanted to gain tremendous freedom of discretion in the issuance of licenses; we did not succeed in making all the changes that should have been made in that bill.

One provision that remained in it was the expiration of compulsory licensing of patents after only 5 years. At the time, I pointed out in the Senate that the testimony on the bill had shown that 5 years was not a very long time for compulsory patenting to remain in effect; many believed it should be longer, if the public interest was to be protected. Patents on inventions worked out while a company was engaged in work under Government contract in the atomic-energy field had to be licensed for use by others. But the requirement was for only 5 years, although the testimony made it apparent that the real advantage from the Government contract would come between 5 and 10 years after the time when we were considering the bill. It was to expire on September 1, 1959. That date remained in the final bill.

And it is almost upon us. I have already related the experience of the Joint Committee in seeking to obtain from the Patent Office the information it will need to determine whether or not the compulsory patenting provisions should be extended.

Do not forget that if the nominee is confirmed there will be put in charge of the Department of Commerce, with his jurisdiction over the Patent Office, a man who in 1954 was a party to an attempt to get the atomic-energy bill through this body without a single provision in it protecting the American people in regard to their patent rights in connection with atomic energy, although the American people had paid the total cost of the atomic-energy development, to the tune of between $12 billion and $14 billion. And Strauss was one of those who was perfectly willing to turn that whole program over to the monopolies of this country.

I called it then, and repeat the statement tonight, one of the greatest proposals for a political steal in the history of our Republic.

I want to tell you, Mr. President, one of my great fears of this nominee, with the record showing his lack of character and integrity, his tendency to deception, is that he would be in charge of the Patent Office as Secretary of Commerce; and I say to the American people, figuratively speaking, "Keep your hands in your pockets, or the monopolies of the country, through the patent gimmick, will steal you poor."

Oh, Mr. President, this man's record, in regard to this patent matter, is such that it is not in the public interest to put him in a position where he will have administrative control of the Patent Office.

The Patent Office will play a key role in the future use of patents in the area of atomic power. Mr. Strauss, as Acting Secretary of Commerce, has certainly not extended the cooperation of his office to the Joint Committee. The Commissioner of Patents has so far refused to comply with the committee's request. It does not surprise me, in light of the bill sent us by the AEC in 1954, that Mr. Strauss is to be found in charge of the Department which is seeking to maintain control over the Nation's patent system, even in the face of the directive in the law which requires every agency of the Government to furnish needed information to the Joint Committee.

I warn the Senate, the President, and the country, that the nominee is not a friend of competitive enterprise. He is undoubtedly aware of the tremendous importance of patents in control of industry and manufacturing, and industrial monopoly of many kinds. He certainly is aware of its importance in the field of atomic energy and fissionable materials.

If he should be confirmed, I foresee a use of the patenting system to foster and expand monopoly in America, because the record of the nominee shows that is his predilection. We are again putting the fox in charge of the chickencoop when we put Mr. Strauss in charge of the Department which houses the Patent Office.

Mr. President, we have here a nominee, whose record shows him to be one of the greatest monopoly advocates in America. In my judgment, he is not competent to serve as Secretary of Commerce, and every small businessman in America should tremble at the very thought that Strauss might become Secretary of Commerce.

NOMINEE'S ATTITUDE ON NUCLEAR TESTING

The nominee's attitude toward the cessation of nuclear testing is likewise of great concern to me. It has been discussed by other Senators. I only wish to say that another aspect of the nominee's record which I am convinced bodes no good for the American people is the fact that he has always been uncooperative with those of us who have been seeking a cessation of nuclear testing.

Great discussion continues on both sides as to whether the testing of nuclear weapons is dangerous or not. But the position of the nominee in this debate is quite explicit.

In a hearing before the Senate Subcommittee on Disarmament on Thursday, April 17, 1959, the following exchange took place between the Senator from Missouri [Mr. SYMINGTON] and the nominee:

Senator SYMINGTON. * * * Based on your testimony this morning, you do believe this effort to sell public opinion to stop tests now—is against the security of the United States; is that correct?

Mr. STRAUSS. Yes. (Subcommittee on Disarmament Hearings, April 1958, p. 1568.)

And later in discussing the proposal that the United States accept the Russian proposal to cease testing of nuclear weapons the nominee further elaborated his views:

What I understand is now proposed is that we should accept their most recent proposal, which is to cease testing at a time when they have completed a series of tests when we are about to start a series leading to the development of a better defensive posture.

My apprehension, as I expressed it this morning, is that if that transaction is limited only to testing, we will be at a disadvantage in that they will be able to continue to perfect the delivery system of the weapons they have, and we will be frozen in the present state of our art for interception (ibid., p. 1569).

And again:

Senator HICKENLOOPER. Do I understand your position, Mr. Chairman [the nominee], to be this: That if we go into a discussion where the only subject on the agenda today is the cessation of testing, then that is all that is going to be talked about, and the only result of that, if we agreed, would be greater disservice to the United States and our security in the future.

Mr. STRAUSS. In my opinion, sir.

Senator HICKENLOOPER. I say do I understand that?

Mr. STRAUSS. That is right (ibid., p. 1572).

What the nominee does is not in fact openly oppose cessation of testing of nuclear weapons, but rather to make it obvious that there is no other alternative but to continue testing.

Mr. President, I wish to say that the United States and Russia are leading mankind rapidly down the road to the brink of oblivion, so far as civilization is concerned, unless we find a way, and find it soon, to bring to an end the mad race in which Russia and the United States are engaged, because, Mr. President, there is no question that if either side goes over the brink and starts a nuclear war, it would be the end of Western civilization. It would be the end of Russian civilization. The hope of future civilization will rest with the remnant of mankind left alive in those remote parts of Asia and Africa that will not be touched by the radiation which will remain on the face of this earth, as scientists tell us, for some 3,000 to 9,000 years, doing irreparable damage to all forms of life.

Yet the attitude of Strauss toward a bilateral agreement with the U.S.S.R. is that it too would be unsuccessful because of the lack of equivalent moral standard between the contracting parties. This leaves the United Sates, in the nominee's opinion, with no other choice but to continue testing.

Mr. Strauss accepts cessation of testing only if it is part of a comprehensive plan to include all phases of disarmament. He is opposed to, in his own words, a piecemeal plan. What the nominee fails to realize is that by negating the step-by-step approach any attempt to attain disarmament is nullified. The insistence on a comprehensive plan kills any attempts at negotiation from the very beginning.

In his role as Atomic Energy Commissioner, Mr. Strauss did not afford any assistance at all in the solution of what I believe is mankind's gravest problem—the fallout from bomb testing and the real possibility that Western civilization may be exterminated in a nuclear war.

Our only hope is for agreement wherever it can be reached. That does not mean we have to disarm unilaterally, but it means that both we and the Soviets must abandon our all-or-nothing positions.

Mr. Strauss takes the all-or-nothing view; I am sure he realizes it is one that affords no possibility of agreement of any kind with the Communists, and that it promotes the ever-growing stockpiles of nuclear weapons on both sides and promotes the ever-growing possibility that they will be used on mankind.

Mr. President, I cannot vote for a man who has taken the attitude that Strauss has taken in regard to the continuance of testing, because I recognize that in this generation there will be some who will raise their voices against the course of conduct which the United States and Russia are following in threatening the future of all nations.

In concluding my remarks on this nomination, I should like to address for a moment not the Senate so much, as the President of the United States.

It is the President who created and who now perpetuates this conflict between himself and the Senate. At his press conference Wednesday, he expressed again his determination to continue to press this nomination in the face of strong Senate opposition. In answering a question about whether or not he was lobbying for Strauss, he replied:

> I'm going to use every single influence that I can from the executive department to get the Congress to see the light. If that's lobbying, I'm guilty, but I don't think there's anything else to do about it.

Let me say to the President that there is something else he can do about it. Many Presidents throughout our history, when they have sent a nomination to the Senate which has stirred up great opposition, have recognized that they have an obligation in the interest of good government to cooperate with the Senate. Some of our Presidents in the past have recognized that when a nomination receives strong and continued opposition from the Senate, that this body is giving its advice against a nomination. Some Presidents have been able to take our constitutionally given advice without pressing this body into refusing to give its consent.

We have heard that the Senate has rarely refused to confirm a Cabinet nomination, or any other to high Government posts. But I remind the President that several nominations have been withdrawn. For example, in 1845, President Tyler withdrew two nominations to the U.S. Supreme Court, those of Edward King and Reuben Walworth, when strong opposition to them developed in the Senate.

In 1874, President Grant withdrew successive nominations for Chief Justice those of George H. Williams and Caleb Cushing, again after strong opposition was voiced in the Senate.

In 1946, President Truman withdrew the nomination of Edwin Pauley to be Under Secretary of Navy, and in 1949 he withdrew the nomination of Mon Walgren to be Chairman of the National Security Resources Board, when many Senators indicated strenuous opposition.

In at least two other instances, nominees have themselves seen the wisdom of withdrawing. In 1914, Thomas D. Jones asked to be withdrawn as a member of the Federal Reserve Board after hearings on the nomination had brought out vigorous opposition; and in 1943, Edward Flynn asked to be withdrawn as Minister to Australia.

In these cases, the Presidents and the nominees took the advice of the Senate without waiting for the final verdict. When these Presidents have discovered that there is good faith, sincere opposition to a nominee on the part of a considerable number of Senators, they have abided by the spirit and intent of the advice and consent clause and withdrawn the nomination.

Technically, a President can take the position that under the advice and consent clause, a majority of the Senators are required to prevent confirmation. A President can stand on that right if he wants to, and insist upon it; but that is not the way to promote cooperation between the President and the Senate, particularly when the President is of one party and the Senate is of another.

I wish to emphasize that in this instance the President himself is largely responsible for the acrimony which has developed over the Strauss nomination because he has permitted his anger and petulance to blind his judgment and to cause him to make an issue out of this bad Strauss nomination, which in terms of history is bound to do great damage to Strauss, to the President himself, and to the welfare of the American people.

The President needs to be told again and again that the American people are entitled under the advice and consent clause of the Constitution to receive from him the nomination of a man for Secretary of Commerce who will have the confidence and the respect of the Senate as a whole. Instead, the President, with the stiffneck stance of an angry man, insists upon doing everything he can to try to ram Strauss down the throats of the Senators and of the American people. He is making a great mistake in judgment.

Other Presidents faced with such a controversy arising under the advice and consent clause of the Constitution have shown much better judgment by withdrawing the nomination, and I believe the incumbent would profit by following their example.

Mr. President, for the reasons I have set forth in this speech I shall vote against the confirmation of the nomination.

I may say, good naturedly, to the Senator from Arizona, although he thinks I did not surprise him, because I talked more than 30 minutes, I want him to know in the course of my remarks I was the recipient of instructions. I am a great one to carry out instructions, when it helps the cause.

Mr. GOLDWATER. Mr. President, I will say to my good friend from Oregon, that is still the shortest 30-minute speech I ever heard him make. [Laughter.]

Mr. President, this is a rather unusual situation, in that we have the first nonpartisan team filibuster I have ever witnessed. We will switch now from the Democratic side to the Republican side, in order to preserve our grounds, so that our brethren may vote.

I am not yielding, Mr. President, but with permission of the Presiding Officer, under the agreement, I understand the Senator from Nebraska may proceed.

The PRESIDING OFFICER. In accordance with the previous agreement, the Senator from Nebraska is recognized.

Mr. CURTIS. Mr. President, I wish to extend my thanks to the distinguished Senator from Arizona and to the majority leadership for permitting me to speak.

I am privileged to speak in support of the confirmation of the nomination of Lewis L. Strauss to be Secretary of Commerce. It is an honor to pledge my vote for confirmation to a truly great American and one of such distinguished service to his country and to his fellow man. His record as a public servant is so well identified and widely acclaimed that it needs no further identification from me. His zeal for devoting time and his brilliant capabilities to humanitarian causes is a monumental tribute to his deep religious persuasion and to his sincere affection for people. His full life of accomplishments reemphasizes what can be done by our citizenry in this land of great opportunity.

It was my pleasure to get to know Admiral Strauss quite well during negotiations which led to the approval of a contract between the Atomic Energy Commission and the Consumers Public Power District of Columbus, Nebr., for the construction of a 75,000 kilowatt atomic power facility at Hallam, Nebr. Many Senators, particularly members of the Joint Atomic Committee, are familiar with this fine project and its importance in our first phase, large reactor program, for the production of electric energy from fissionable materials.

Senators may not be familiar with the fact that Nebraska is the only State in the Union to be wholly served by public power agencies. The generation and distribution of electric energy are the property of the people of Nebraska. By an act of our legislature, in 1933, authority was granted for the creation of power districts which could sell revenue bonds and acquire existing generating and transmission facilities. By 1943 all systems throughout Nebraska were publicly owned.

The Consumers Public Power District, a very competently engineered and managed generating and distributing system, serves about one-half of Nebraska's electric customers. In 1953, Consumers District began its studies of the possibilities of an atomic powerplant in Nebraska when the Atomic Energy Commission asked for proposals from the Nation's utilities on a pressurized water reactor.

For the next 2 years the Consumers District, under authority of the Atomic Energy Act of 1954, worked diligently to shape up a reasonable proposal to construct an atomic powerplant. A study

group of Consumers officials and personnel of the University of Nebraska joined to develop a feasible project. The idea was widely supported in Nebraska by businessmen, educators, scientists, and industrial leaders. The tremendous potential which lies in the byproduct phase of a nuclear powerplant was carefully weighed by the study group.

On October 27, 1955, Admiral Strauss, then Chairman of the Atomic Energy Commission, announced that AEC had officially approved as a suitable basis for further negotiations Consumers proposal to build and operate an atomic powerplant in Nebraska.

We in Nebraska were delighted, and knew we were among the first to be honored at an event of national significance when a contract between the Consumers District and the Atomic Energy Commission was signed in September, 1957, for the construction of the Hallam atomic energy plant. A State served 100 percent by publicly owned facilities to generate and distribute electricity became one of the front runners in this dynamic program to produce electrical energy from nuclear materials.

This triumph was not easily achieved. Applicants in the first phase of the nuclear power program and the AEC were faced with many obstacles seemingly insurmountable. The desire to create an opportunity for the Consumers District was never lacking but there were, inevitably, the dark days. So many unknowns demanded solution in each step of the negotiations that there were several occasions in which it seemed impossible to reach the objective. On many of these occasions I took our troubles to Admiral Strauss. In each meeting Admiral Strauss was adamant that public power will have a share in the nuclear power development program. He, by sincere and vigorous application of his great talents, always found a way to solve the insolubles. At the last meeting with him, when we seemed to have lost our grasp, he personally revived our hopes and, in a short while, put our package together. The current construction of a 75,000 kilowatt atomic powerplant at Hallam, Nebr., in a wholly public power State, is a great tribute to the men of vision at Consumers District who are building this emblem of American ingenuity—it is a personal triumph for Adm. Lewis L. Strauss. I hope he receives the acclaim he deserves in this effort, and I would be ruefully remiss were I not to pay him honor.

I now will address my remarks to another issue raised in this confirmation issue—that of the proposed contract between the Mississippi Valley Generating Co., as seller, and the Atomic Energy Commission, as buyer of electric energy, commonly known as the Dixon-Yates contract. In my years in the Congress, I doubt that I have ever witnessed a controversy so misunderstood or so condemned by innuendo, implication and obfuscation as the Dixon-Yates contract. The name "Dixon-Yates" has almost assumed the character of an epithet in the minds of many Americans. To me, the controversy was based on the simple proposition of whether the Federal Government should build a steamplant to furnish electric energy to the Atomic Energy Commission at a cost of $100 million, or whether private industry should build the steamplant. To many who are familiar with the operations of the TVA, it is anathema to suggest that anyone but the Federal Government build generating capacity. It is not fair, appreciating our economic system, to take such an obdurate position on the matter. We know that invested capital creates jobs, pays taxes, Federal, State, and local, and it is the sinew of the free enterprise system. Unless the business of producing power is a heinous activity, there is no more basis for castigating people who produce power than there is for castigating those who produce pencils, potatoes, pushcarts, or any other of the vast numbers of products we receive from private industry.

When the Dixon-Yates contract became a full-blown tempest, I endeavored to acquaint myself with its nature. To recite, briefly, the Bureau of the Budget undertook in 1953, to determine whether private industry could furnish 600,000 kilowatts of additional generating capacity in lieu of building a steamplant at Fulton, Tenn., at a cost of $100 million to the Federal Government.

Discussion was opened by the Atomic Energy Commission as to the feasibility of drawing additional power from the Electrical Energy, Inc., a private concern, then serving a large quantity to AEC's plant at Paducah, Ky. It later seemed prudent to locate the new generating capacity near Memphis, Tenn. It was then agreed by the AEC and Bureau of the Budget, that Mr. Dixon, president of the Middle South System and Mr. Yates, chairman of the Southern Company System, should make a joint proposal to construct a coal-steam plant near Memphis, Tenn. Their companies served areas adjacent to the TVA system.

The problem was not easy, but a solution developed when the AEC, on April 15, 1954, submitted a second Dixon-Yates proposal to the Bureau of the Budget. Under the arrangement, replacement power would be furnished to AEC, or to TVA for account of AEC. The letter of presentation to the Budget contained a complete factual analysis and concluded, over Admiral Strauss' signature:

> We believe we have explored the subject proposal to the extent practicable at this time. Higher authority will presumably now determine what course of action is in the best interest of the Government.

During the negotiations, did Mr. Dixon and Mr. Yates negotiate solely with Admiral Strauss? Is it not a fact that, on the Government side of the table, experts of the Bureau of the Budget, the Federal Power Commission, and the TVA sat with and assisted the AEC? Were all these high-caliber public servants plotters against the public's good? What were the elements of the Dixon-Yates contract? We will explore those later by comparison with similar contracts whereunder private power companies furnish the AEC huge quantities of power.

Two items in my studies which rose up with clear identity were two other contracts recently negotiated with private power companies for the furnishing of electric energy to the AEC.

In 1951 and 1952, the last 2 years of President Truman's administration, contracts were negotiated—and please permit me to repeat, negotiated—with the Ohio Valley Electric Corp. to furnish the AEC plant power at Portsmouth, Ohio, and with the Electric Energy, Inc., to furnish the AEC plant power at Paducah, Ky. These are private companies furnishing the AEC power at two facilities in quantities more than four times greater than was proposed to be served AEC by the Dixon-Yates contract. I was in the Congress at the time these two earlier contracts were negotiated. I do not recall any hue and cry nor claim of "foul play" when these two contracts were negotiated. I do not condemn these contracts. I am informed they are good contracts, that they are in the Government's interest, and that they are being capably performed. I asked an outstanding authority, not employed by private industry, to compare the Ohio Valley and Electric Energy contracts with the Dixon-Yates proposal. He prefaced his study by pointing out that the Ohio Valley and Electric Energy contracts are excellent contracts. He concludes his analysis by stating:

> The Dixon-Yates contract contained all the good features of these contracts and in addition (and I repeat, in addition) contained the following improvements:
>
> First, there was a firm ceiling on the maximum extent the Government was obligated to amortize the construction cost through its annual payments. The AEC would have shared in its annual payments only 50 percent of any increase up to 9 percent over the agreed estimate. Any increase above the 9 percent would have been borne entirely by the company. At 13.2 percent overrun the return on equity would have reduced to zero.
>
> Second, any increase on the cost of construction over the estimate—whether above or below the 9 percent ceiling—would have decreased the annual return on equity to the company for the life of the contract.
>
> Third, the company would have been responsible for increases in all operating costs other than those for which specific adjustments were provided but, if the cost for these items were less than estimated, the AEC would have shared in the net decrease by receiving an overall billing adjustment.
>
> Fourth, the AEC had the right to supply the fuel which would assure the Government control over the largest single element of cost under the contract.
>
> Finally, there was no guaranteed profit or was there a guaranteed return on equity capital.

In further reference to the Dixon-Yates contract and the earlier two I want to point out an additional statistical comparison. The Dixon-Yates proposal carried a "targeted" cost of energy furnished the AEC at 3.55 mills per kilowatt hour. At that time what was the AEC paying other suppliers? According to AEC it was paying the Ohio Valley Generating Co. 3.79 mills, the Electric Energy, Inc., 3.86 mills, TVA-Oak Ridge 3.78 mills, TVA-Paducah 3.83 mills.

With this I conclude my remarks in the sincere hope that I have been fair,

that I have been objective. I earnestly believe that this nomination can be decided on its merits, free from prejudice. I deplore, as do we all, the annihilation of a great character, a dedicated public servant by innuendos, half-truths and allegations without basis. What is right shall prevail in the confirmation of the nomination of Adm. Lewis L. Strauss.

Mr. GOLDWATER. Mr. President, the task I am about to embark upon is not a pleasant one. I assure my colleagues that I shall not enjoy it any more than they will—and probably not so much. It is unpleasant, because when I came to the U.S. Senate, I came with a strong objection to the filibuster; I felt that it was an unfair practice. But I had not been in this body very long before I found out that the filibuster was a necessary thing if we were to protect minorities or if we were to protect parties or—as we find the situation today—if we are to protect the character of one of America's outstanding men.

Mr. President, as I say, a man's character is being attacked. I have read the report and the minority views. I sat through one or two of the committee meetings. I have listened to the debates on the floor. I have read those which I have missed.

I have yet to find one scintilla of evidence which could make a reasonable man vote against confirmation of the nomination of Admiral Strauss to the post to which the President has appointed him.

Mr. President, I will not fool my colleagues: I intend to hold this floor—my strength lasting, and God willing—until the votes on both the Republican side and the Democratic side, on the part of Senators who are in favor of confirmation of the nomination of Admiral Strauss, appear in Washington.

Mr. President, there is nothing unusual in that. I recall one rainy afternoon here when the Congress was held in session until a member of the opposition completed a landing pattern on instruments, and was brought here by motorcycle escort.

Mr. President, our colleagues are not coming in by motorcycle escort; but they will get here.

I announce now that I will not yield, except for questions; but I shall yield for questions—if they are in the form of questions—and they can be quite lengthy. I shall be very happy to answer them.

Mr. SCOTT. Mr. President, will the distinguished Senator from Arizona yield for a brief question on the point he has just made?

Mr. GOLDWATER. I yield—with the understanding that I do not lose the floor—for a question.

Mr. SCOTT. Is not the distinguished Senator from Arizona aware of the fact that on this day, Thursday, at this time, when we are speaking, the number of Senators present who, it was expected, would be anxious to have something to say in support of confirmation of the nomination of Admiral Strauss is at a slightly lower point than it was on Monday, Tuesday, or Wednesday of this week, or that it would be on Friday, Saturday of this week or on Monday of next week? Therefore, does not the Senator from Arizona recognize some sort of pattern in the apparent insistence upon the taking of a vote this evening, in view of the fact that the vote might well have been taken last night or might well be taken tomorrow?

Does not that perhaps contribute to the thinking of the Senator from Arizona, who is most anxious, I am sure—as all of us are—that Senators who wish to speak against confirmation of the nomination and also those who wish to speak in favor of confirmation of the nomination may be adequately heard, in all fairness to those who may have left the city of Washington, under the impression that their absence on this particular afternoon would not be seized upon as an excuse to force a vote at the hour least favorable to those who favor confirmation of the nomination of Admiral Strauss?

Mr. GOLDWATER. Mr. President, the Senator from Pennsylvania has, I believe, "hit it," as we say. He recognizes that the majority leader is using his power.

I do not blame the majority leader. He wants to defeat this candidate's nomination; and the majority leader has chosen his time and his place of battle.

That is why I intend to engage in a practice for which, frankly, I have no great taste. I think it is a power which the minority must always have. I repeat what I said—namely, that when I came to the Senate, I felt that the filibuster was wrong—if we want to call it a filibuster; those who have engaged in it before have called it prolonged debate or educational debate.

Mr. SCOTT. I think they called it protracted debate.

Mr. GOLDWATER. Yes; there are several terms for it.

I intend to engage in protracted debate or prolonged debate or educational discussion.

I cannot assure my colleagues that I shall assiduously stick to the topic. I have a number of speeches to read—speeches which I have been making around the country, and which I certainly think my colleagues should hear. [Laughter.]

Mr. SCOTT. I am sure that what the Senator from Arizona will say will be relevant to the general issue.

Mr. GOLDWATER. Usually, because it will apply to the United States. [Laughter.]

For instance, Mr. President, I have a book which I wrote, but which I could never sell; and I am very anxious that my colleagues have a chance to hear it. [Laughter.]

So, Mr. President, if they will kindly be quiet and be seated, I should like to read it.

Mr. SCOTT. I should like to ask a question—with no thought that by yielding for this purpose, the Senator from Arizona will be yielding the floor: Although all of us have an immense respect for the ability of the majority leader, whose power and influence are indisputed on this one hill, wherein is vested more power than on the seven hills of Rome, perhaps there is some relevancy in the ancient maxim that "it is good to have a giant's power, but it is tyranny to use it."

Does the Senator from Arizona agree?

Mr. GOLDWATER. The Senator from Arizona would not agree with that entirely, as it applies——

Mr. SCOTT. Mr. President, it has no application to this Hill; I was speaking of the judicature and the Capitoline Hill of ancient Rome.

Mr. GOLDWATER. Then I would certainly agree.

But, Mr. President, I repeat that I cannot blame the senior Senator from Texas [Mr. JOHNSON], the majority leader. As I have said, he does not want the nomination of Mr. Strauss confirmed; certainly that is what we are to imply. And the majority leader is using his skill and his adroitness. He has held his troops together, although we were not able to hold ours together. However, thanks to the rapid and swift transportation of the air age, we are able to bring them back.

In my own case, I had to cancel a speech which I was to make today to the Young Republicans in Denver; and I also had to cancel a speech which I was to make in the home State of the majority leader, the senior Senator from Texas, tomorrow night.

I do not wish to think for a moment that he purposely kept me here, so that I could not go to Houston. [Laughter.] On the contrary, he has assiduously tried to get me to go out of town—for instance, to go to Houston. [Laughter.] But I have had to postpone that speech until tomorrow night.

What hurts me worst is that I have had to postpone a trip to Monterey, Calif., where my godchild, my favorite niece, is being married on Saturday. Of course, I hope very much that the vote will be taken in time to permit me to take wing and fly to the west.

Mr. SCOTT. Mr. President, I am sure that the majority leader would like very much to hear what the Senator from Arizona would say about him, in Texas. But all of us must deny ourselves some of the pleasures of this life, in order to attend to the business which commands our attention on Capitol Hill.

I agree with the Senator from Arizona that the distinguished majority leader is a very able and much beloved man; and we wish to act in accord with his wishes whenever we can.

Having that in mind, I hope he will act in accord with some of our necessities, one of which, in this case, is to have an opportunity to bring to the floor of the Senate some Senators who wish to be heard on this particular matter.

Mr. GOLDWATER. I thank my friend from Pennsylvania for his questions.

Now, Mr. President, if my colleagues want to call this a filibuster, I am not ashamed of it. I will use it, because I am fighting for a friend's character. I heard this man called an enemy of the people. I happen to agree with Admiral Strauss and his philosophy. I suppose,

therefore, I am an enemy of the people. I suppose that the beloved and distinguished senior Senator from Virginia, HARRY BYRD, is likewise an enemy of the people.

Any enemy of the people, to me, means a traitor; and, as I told my friend from Oregon, I cannot stand still when a friend of mine is called a traitor or an enemy of the people. But I will address myself to that subject after this vote, at a later date.

I will say this: Do not blame those of us who are for Admiral Strauss for this delay. We tried, days ago, to get an agreement to vote. I think we could still very easily get a unanimous-consent agreement on this side to vote at a time certain tomorrow or Saturday or Monday or Tuesday; and I think that the opposition must take the full blame for this delay. They are the ones who want to blacken this man's character. They are the ones who have used every trick in the book to defame and defile.

After listening to the debate and reading the reports, I cannot, for the life of me, understand what this is all about. I have not heard, as I said, one scintilla of evidence which would prove this man to be dishonest or which would prove him to be unfit for the post. To the contrary, the more I hear, even of the speeches of the opposition, the more I am convinced that he is more honorable even than I thought he was.

I think, Mr. President, there is a little jealousy mixed up in this issue. I am reminded of the time when I was a boy playing baseball. I used to play in right field, and I was always angry because I did not get as much credit as the pitcher did. That seems to be the sum and substance of what started all this controversy.

I think it is regrettable, because what started this controversy involves some of my closest friends in the Senate, men for whom I have the utmost admiration and affection; and it seems to me they are entirely out of character in pursuing the line they have pursued relative to this nominee.

I imagine, too, that public power gets in the act. Now, it is said that Western Senators believe in public power. I am a Western Senator. I do not believe in public power. The West was not built on public power. For the life of me, I cannot understand why that issue gets into the argument, because Mr. Strauss, as Secretary of Commerce, has nothing to do with power. But if he believes that private industry should develop the power of this country, then again I am in agreement with him.

I think, Mr. President, that this controversy might be said to be the continuing fight between the liberals and the conservatives in this country, the fight between those who want to see everything concentrated in Washington, who want to see the powers of the States destroyed and placed in Washington, and those of us who are conservatives, who want to go ahead on the proven values of the past.

But, as I say, Mr. President, it is difficult—nay, it is impossible—for me to know what has brought this controversy on, and it is disturbing to me, because I think the Congress of the United States has been hurt by these actions.

I may remind my colleagues that there is no dignity vested in the Senate by law or by the Constitution. Dignity is brought to this body by the individuals who are elected by the people, and dignity is maintained in this body only so long as Senators conduct themselves in a dignified way.

I picked up the Washington Post and Times Herald of Wednesday, May 13, 1959, and I saw an article in it by Mr. Roscoe Drummond. I usually do not read past the funny pages in the Washington Post. [Laughter.] But something happened on that day, and I wandered over onto the editorial page.

I might say, by the way, one of the saddest things in this whole debate has been to witness what is considered by some to be one of America's greatest newspapers become so cowardly that it backed off from support of Admiral Strauss and said that he should withdraw his name. I am used to editors and publishers with courage, editors and publishers who will take a stand. I may not agree with them, but they take a stand and stick to that stand. I was shocked to see a newspaper to which my university gave an award for its advocacy of freedom of speech turning tail on a great American.

I will not read past the funny pages any more. [Laughter.]

But I read from the article written by Mr. Drummond. The headline is "Congress Hurts Itself—Senate Abuse of Power Seen Against Luce, Strauss."

This is what he said, I quote from his article:

> I am not one who likes to see Congress hurting its own prestige and impairing its influence. Right now it is tending to do both.
>
> How can Congress effectively oppose secrecy in the executive branch of the Government when it insists on keeping even its payrolls secret to make it easier to employ relatives?
>
> How can the Senate exert a constructive influence on Presidential appointees when it makes a spectacle of itself over such able appointees as Mrs. Clare Boothe Luce and Secretary of Commerce Lewis Strauss?
>
> When the Senate abuses its power, as it seems to me it has in harassing Mrs. Luce and Admiral Strauss, it will in the end undercut its authority by lowering its standing with the public.

Let me interject at that point, Mr. President, that in my job as chairman of the Republican senatorial campaign committee I spend my weekends traveling—which is something else I do not particularly enjoy, but I get to see a lot of America. I have been in 27 States since January, and, Mr. President, I am shocked by what the American people are saying about the Senate for the treatment accorded Mrs. Luce and Mr. Strauss, and, yes, one of its own Members, the Senator from Oregon [Mr. NEUBERGER]. This is a very serious situation. I do not think we would have engaged in this rather sordid spectacle had we known that the American people looked to us to maintain dignity, and not merely to make speeches.

To continue with what Mr. Drummond said:

> Nothing so erodes the democratic process and thereby reduces the standing of Congress as actions which spread political cynicism.
>
> The way Congressmen have lately been hiring their cousins and aunts and children—and then trying to cover it up—is the kind of stuff out of which the worst cynicism is made.
>
> The way Mrs. Luce and Secretary Strauss have been manhandled causes people to view all government as "just politics."
>
> From my observation, this kind of cynicism is becoming epidemic. It is a real peril to the functioning of our democratic system. It discredits Congress and undermines the quality of Government at a time when quality in public life is our most needed possession.
>
> Mrs. Luce, who proved to be an outstanding U.S. Ambassador to Italy and who was especially qualified to serve in Brazil, is now a casualty of this kind of irresponsibility. Mrs. Luce is not the principal loser. Good government is the principal loser.
>
> Secretary of Commerce Strauss is not going to resign, however much he might wish to put Washington and its political brickbats behind him—for the sake of his family's peace of mind if not for his own. He is too far into the battle to withdraw. But how many other able Americans, Democrats and Republicans alike, are watching and wincing at this petty, petulant smear-mess and are saying to themselves: "Not for me; stay away from Washington."
>
> And Government and public and party are the losers because quality in public life is given the red light.
>
> In the case of Admiral Strauss, here is an official who, with whatever human shortcomings, has given distinguished and loyal service to three Presidents—Roosevelt, Truman, and Eisenhower—and was a close associate of Herbert Hoover's in his great food mission after World War I. All have testified to the quality and integrity of his public service.
>
> How is it, then, that one Senator can bring in the name of President Truman—but with no direct quotation—in a way which seems derogatory to Admiral Strauss? I think I am correctly informed when I say that this Senator wrote to Mr. Truman a one-sided version of Admiral Strauss' testimony and naturally got back one of H.S.T.'s fiery epistles saying, ""Taint so." Then, when the sense of the letter was leaked to the press, Mr. Truman had second thoughts, began to see that he had been given a distorted picture of Admiral Strauss' statements, and hastily informed the Senator that he was not to release his letter.
>
> The fact is that President Truman has a high regard for Admiral Strauss' service on the Atomic Energy Commission, as have four of the five different chairmen of the Joint Congressional Committee on Atomic Energy. It just might be that the four other committee chairmen are right and Senator CLINTON ANDERSON is wrong.
>
> But the issue goes beyond Mrs. Luce and Admiral Strauss. Unless the objections are transcendent, the President has the right to appointees of his own choosing. To interfere captiously with that right is to violate the separation of powers. And to overassert its own right to advise and consent is for the Senate to take responsibility for the personnel of the Cabinet and the Foreign Service, which is the President's.

Mr. President, as I say, these are not the words of this Senator. These are the words of one of America's distinguished columnists, an intelligent observer of the Washington scene, Mr. Roscoe Drummond.

I will say that later on this evening I shall read additional columns and editorials, probably 250 to 275 of them, all pretty much in the same tone.

Mr. CASE of South Dakota. Mr. President——

Mr. GOLDWATER. Mr. President, I announced earlier that I would yield only for a question. Does the Senator desire to have me yield for a question? If so, I ask unanimous consent that I may do so without losing my right to the floor.

Mr. ANDERSON. I will have to object to that point, Mr. President. The Senator from Arizona recognizes the parliamentary situation. The Senator can yield for a question without following that course. There would be no question about it.

Mr. GOLDWATER. I do not quite understand to what the Senator is objecting.

Mr. ANDERSON. If the Senator asks unanimous consent, that is the transaction of business and the Senator could ask for a quorum call. If we leave it as the asking of a question, that is perfectly all right, and is still within the rules. Nobody would want to object.

Mr. GOLDWATER. I am sure nobody would want to object. I am merely following a procedure I have heard followed on the floor for 7 years.

Mr. ANDERSON. I think that is perfectly all right in normal times. All the Senator has to do is yield to the Senator from South Dakota for a question, and no question would be raised.

Mr. GOLDWATER. I yield for a question.

Mr. CASE of South Dakota. Mr. President, the Senator from South Dakota would like to ask the Senator from Arizona a question, although in view of what I have just heard I can anticipate the answer.

Would it be possible for the Senator from Arizona to yield to the Senator from South Dakota so that he could read a 2-page statement relative to a bill he introduced earlier in the day, without the Senator losing his right to the floor?

Mr. ANDERSON. He could not.

Mr. GOLDWATER. I would have to ask unanimous consent for that, I feel certain. I feel certain that the acting majority leader would not impinge upon my right to the floor in any respect.

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Is there objection to the unanimous-consent request?

Mr. ANDERSON. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. GOLDWATER. Mr. President, earlier today, in the morning hours, I read something into the RECORD which I wish to repeat now, because I think it is very apropos. In fact, I wonder if my uncle up in heaven might not have had something to do with my picking this particular day to read the item. He might even be looking down on me with some approbation for being engaged in the task in which I find myself engaged.

I remarked earlier today that last Sunday it was my good fortune to be able to visit Arizona and spend a few hours with my family. I was perusing my library on Arizona, and I came upon some of the typed and hand-written notes of my uncle made during the constitutional convention back in 1910. My uncle was a Democrat, but he was a real Democrat, a Jeffersonian Democrat. I imagine he is spinning around up there on cloud nine watching what his party is doing today.

Nevertheless, during the convention of which he was vice president, he offered a resolution which was adopted. It is very short and reads:

MORRIS GOLDWATER RESOLUTION

Resolved, That any member having a prepared speech of which he is proud, and which he desires to have perpetuated, be given leave to file a typewritten or printed copy of the same, prepared at his own expense, with the secretary of the convention, to be published in the journal; that the secretary be authorized to insert at such intervals as he may deem proper in said speech these words in parentheses, "hear, hear," "applause," "loud applause," "laughter," etc.

That is the substance of the resolution which my uncle offered, which was adopted by the constitutional convention. I read it here because I think we have been repetitious. I certainly make no claim to adding anything to the discussion by my lengthy argument this evening. Nevertheless, I shall continue.

Mr. President, the general nature of the Senate's power has been discussed at great length on the floor. I have with me a number of statements relative to the general nature of the Senate's power of confirmation. I should like to go through them, enumerating them as I go.

The first is in the Constitution of the United States, article II, section 2, which states:

He—

Referring to the President—

He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur; and he shall nominate, and by and with the advice and consent of the Senate, shall appoint Ambassadors, other public ministers and consuls, Judges of the Supreme Court, and all other officers of the United States, whose appointments are not herein otherwise provided for, and which shall be established by law; but the Congress may by law vest the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of departments.

The President shall have power to fill up all vacancies that may happen during the recess of the Senate, by granting commissions which shall expire at the end of their next session.

Let us see what Alexander Hamilton said about that matter in the "Federalist." I quote from that book:

It will be the office of the President to nominate, and, with the advice and consent of the Senate, to appoint. There will, of course, be no exertion of choice on the part of the Senate. They may defeat one choice of the Executive and oblige him to make another; but they cannot themselves choose—they can only ratify or reject the choice of the President. They might even entertain a preference to some other person, at the very moment they were assenting to the one proposed, because there might be no positive ground for opposition to him; and they could not be sure, if they withheld their assent, that the subsequent nomination would fall upon their favorite, or upon any other person in their estimation more meritorious than the one rejected. Thus it could hardly happen that the majority of the Senate would feel any other complacency toward the object of an appointment than such as the appearances of merit might inspire, and the proofs of the want of it destroy.

I think that is a very important statement by Alexander Hamilton, particularly the last sentence. Let me repeat it:

Thus it could hardly happen that the majority of the Senate would feel any other complacency toward the object of an appointment than such as the appearances of merit might inspire, and the proofs of the want of it destroy.

As I said earlier, I find no conclusive argument that Mr. Strauss lacks merit. I find the case against him built upon other hypotheses, one being his lack of truth, another lack of honesty, and so forth. But there is no evidence of lack of merit. To the contrary, I find much in the testimony, and much written in other places, in support of his merit; and I doubt that we can honestly believe that Mr. Strauss lacks merit. But let us go on:

But might not his nomination be overruled? I grant it might, yet this could only be to make place for another nomination by himself. The person ultimately appointed must be the object of his preference, though perhaps not in the first degree. It is also not very probable that his nomination would often be overruled. The Senate could not be tempted, by the preference they might feel to another, to reject the one proposed, because they could not assure themselves that the person they might wish would be brought forward by a second or by any subsequent nomination. They could not even be certain that a future nomination would present a candidate in any degree more acceptable to them; and as their dissent might cast a kind of stigma upon the individual rejected, and might have the appearance of a reflection upon the judgment of the Chief Magistrate, it is not likely that their sanction would often be refused were there not special and strong reasons for the refusal.

Digressing from the quotation, long ago our Founding Fathers recognized that there was a tremendous burden involved in the power vested in the Senate. In fact, they went so far as to recognize that it could "cast a kind of stigma upon the individual rejected."

I agree completely with the thesis developed by my good friend, the senior Senator from New York [Mr. JAVITS], when he pointed out that, in effect, we are trying a man, and that if we find him not acceptable to the Senate, in effect he will be found guilty of dishonesty and the other charges which have been placed against him by those who object to him. So the wisdom and the truth of our Founding Fathers, which we must recognize constantly, day by day in a stronger and stronger way, are in no way better expressed than in the statement found in the "Federalist," that we "might cast a kind of stigma upon the individual rejected."

Mr. CASE of South Dakota. Mr. President, will the Senator yield for a question?

Mr. GOLDWATER. I yield for a question.

Mr. CASE of South Dakota. Would it interest the distinguished Senator from Arizona to know that when he recently came to my State of South Dakota and addressed a stockgrowers' convention, the reaction I noted from those who heard his speech was very commendatory? Would the Senator be interested in knowing that?

Mr. GOLDWATER. The Senator from Arizona is always interested in information like that, because when I return from some of my speaking engagements I hear quite to the contrary.

Mr. CASE of South Dakota. Would the Senator be interested in knowing that if he were to come to my office some time I could show him some letters evidencing the truth of what I have said?

Mr. GOLDWATER. The Senator from Arizona will be very happy to do so. After the nomination of Admiral Strauss is disposed of, my spirits will rise, but I doubt if they will rise sufficiently high to enable me to enjoy the whole day; but I shall certainly partake of those missives of joy in the Senator's office.

While this has little to do with the nomination—and it will be found that I have less and less to do with it—the Senator from Arizona was able to enjoy South Dakota. For the first time I was able to stand on the ground and look at the memorial on Mount Rushmore. Many times, in order to get a look at it, I have flown past Washington's nose, which is 17 feet long. That is one of the most inspiring sights in America. I think the people of South Dakota should be perpetually proud that the beautiful Black Hills, covered with green forests and filled with the gold of the land, were chosen as a site for that most patriotic sculpture.

By the way, now that the Senator brings up the subject, I know that the Senator from New Mexico [Mr. ANDERSON] understands the history of the Southwest better than any other living man. The sculptor of the great statues on Mount Rushmore, Gutzon Borglum, and a brother—not many people have heard of him—did the famous equestrian statue in Courthouse Square of Prescott, Ariz., which depicts Bucky O'Neill as he charged up San Juan Hill with the Rough Riders, under the command of Teddy Roosevelt.

Mr. CASE of South Dakota. Is the Senator familiar with the fact that Gutzon Borglum has four pieces of sculpture in the Capitol, including the famous head of Lincoln, the Greenway figure from the Senator's own State of Arizona, the Zebulon Vance figure from North Carolina, and the Alexander Stephens figure. I believe he has more pieces of sculpture in Statuary Hall than any other sculptor. Is the Senator familiar with that fact?

Mr. GOLDWATER. I believe I was aware only of the head of Lincoln. I will look the others up, because I am a great admirer of the artistic ability of Gutzon Borglum.

Mr. CASE of South Dakota. Did the Senator from Arizona know the former Representative Greenway?

Mr. GOLDWATER. Yes. When the junior Senator from Arizona was only a boy, and was much more athletic than he is now, he used to perform in the Greenway Relays, which were the annual State high school track meet. General Greenway was one of our outstanding citizens. His wife later became a Representative in Congress from Arizona, the only woman Representative we have ever had.

Mr. CASE of South Dakota. After the Senator from Arizona has had an opportunity to examine the Greenway figure, will he advise the Senator from South Dakota if he thinks Borglum's figure of Greenway is on a par with the other works of Borglum to which reference has been made?

Mr. GOLDWATER. The Senator from Arizona will do that after his next trip through Statuary Hall.

I thank the Senator for his contributions.

Mr. President, I wish to continue with my discussion of the "Federalist Papers." Continuing where I left off:

> To what purpose then require the cooperation of the Senate? I answer, that the necessity of their concurrence would have a powerful though, in general, a silent operation. It would be an excellent check upon a spirit of favoritism in the President, and would tend greatly to prevent the appointment of unfit characters from State prejudice, from family connection, from personal attachment, or from a view to popularity. In addition to this, it would be an efficacious source of stability in the administration. (Paper No. LXXVI, "Everyman's Library Edition," p. 388).

I think that is another good point made in the "Federalist." If there is to be stability in any administration, certainly the head of the administration, or the President, should have the right to select the persons he wants around him, unless we can prove to our complete satisfaction that an appointee is not fit for the particular job. If we lack such proof, I think it is the duty of the Senate to confirm.

I realize that the opposition are doing their best to convince us that we are wrong. As I say, I have read and I have listened to their arguments. I may be too prejudiced in one way, but I have not been moved by any argument presented as to Admiral Strauss' lack of merit.

The third source is Henry G. Wood, legislative counsel of the U.S. Senate. I quote from him:

> In the case of appointments, the argument that the Senate merely has a veto power over the President's action is presumably based upon the fact that under the present practice the advice and consent of the Senate are customarily given or withheld only after a nomination has been submitted. It is true that the Constitution imposes a specific duty upon the President to nominate "Ambassadors, other public ministers and consuls, Judges of the Supreme Court, and all other officers of the United States whose appointments are not herein otherwise provided for, and which shall be established by law" (art. II, sec. 2, par. 2). The only exception to this duty to nominate occurs in the cases in which the Congress exercises its own constitutional prerogatives and by law vests "the appointment of such inferior officers, as they think proper, in the President alone, in the courts of law, or in the heads of Departments" (art. II, sec. 2, par. 2).
>
> However, when a nomination is submitted to the Senate in compliance with the constitutional mandate it really amounts to nothing more than a suggestion or recommendation. The nomination has no operative effect by itself since the Senate must determine the propriety of appointing the person nominated, and it is only when the Senate's consent has been obtained that the President can issue a commission to such person and thereby complete the process of appointment. The President thus has no power of appointment independently of the affirmative action of the Senate in cases in which he is required by the Constitution to nominate to offices (letter to Senator William H. King, June 15, 1939, published in "Memorandum Relating to Appointments to Federal Offices," S. Doc. No. 93, 76th Cong., 1st sess., July 11, 1939, p. 20).

Mr. President, let us turn now to President Andrew Jackson, who said:

> I disclaim all pretension of right on the part of the President officially to inquire into or call in question the reasons of the Senate for rejecting any nomination whatsoever. As the President is not responsible to them for the reasons which induce him to make a nomination, so they are not responsible to him for the reasons which induce them to reject it. In these respects each is independent of the other and both responsible to their respective constituents. Nevertheless, the attitude in which certain vital interests of the country are placed by the rejection of the gentlemen now renominated require of me frankly to communicate my views of the consequences which must necessarily follow this act of the Senate if it be not reconsidered. (Message to Senate, March 11, 1834, renominating Henry D. Gilpin, Peter Wager, John T. Sullivan, and Hugh McEldery to be directors in the Bank of the United States for the year 1834. James D. Richardson, "Messages and Papers of the Presidents," 20 vols., 1926 ed., vol. III, p. 1261).

My fifth source is President John Tyler. He said:

> The power of appointing to office is one of a character the most delicate and responsible. The appointing power is evermore exposed to be led into error. With anxious solicitude to select the most trustworthy for official station, I cannot be supposed to possess a personal knowledge of the qualifications of every applicant. I deem it, therefore, proper in this most public manner to invite on the part of the Senate a just scrutiny into the character and pretensions of every person I may bring to their notice in the regular form of a nomination for office. Unless persons every way trustworthy are employed in the public service, corruption and irregularity will inevitably follow. I shall with the greatest cheerfulness acquiesce in the decision of that body, and, regarding it as wisely constituted to aid the executive department in the performance of this delicate duty, I shall look to its consent and advice as given only in furtherance of the best interests of the country. I shall also at the earliest proper occasion invite the attention of Congress to such measures as in my judgment will be best calculated to regulate and control the Executive power in reference to this vitally important subject (special session message, June 1, 1841, Richardson "Messages and Pa-

pers of the Presidents," vol. 20. 1926 ed., vol. IV, p. 1903).

Now let us turn to a President of more modern times.

For my sixth source I turn to Franklin D. Roosevelt:

Senator Glass in his letter asked if Federal appointments, for which Senate approval was necessary, would be subjected to the effective veto of the Governor of Virginia.

To this I replied on March 18, explaining to the Senator the difference between the appointive power, which is in the President, and the power of confirmation, which is in the Senate. I pointed out to the Senator that time-hallowed courtesy permits Senators and others to make recommendations for nomination, and, at the same time, that every President has sought information from any other source deemed advisable (letter to Judge Roberts, Feb. 7, 1939, after the Senate's rejection of his appointment as U.S. district judge for the western district of Virginia. "The Public Papers and Addresses of Franklin D. Roosevelt," 1939 vol., p. 127).

I turn now to a westerner for the next point, point 7. Senator Elbert D. Thomas, of Utah, said:

The President of the United States has written a letter to Judge Roberts which contains this paragraph:

"To this I replied on March 13, explaining to the Senator the difference between the appointive power, which is in the President, and the power of confirmation, which is in the Senate. I pointed out to the Senator that time-hallowed courtesy permits Senators and others to make recommendations for nomination, and at the same time that every President has sought information from any other source deemed advisable."

There is much confusion of thought, such poor description of constitutional practice, and such a mixture of the official with the unofficial, that these words ought not to be left without comment.

The constitutional point turns on the words "by and with the advice and consent of the Senate." The President says the appointive power is in the President and the power of confirmation is in the Senate.

In appointments that require confirmation by the Senate there can be no appointment without Senate action. Therefore, the appointive power cannot be in the President (speech in Senate, February 9, 1939, on Judge Roberts' rejection. CONGRESSIONAL RECORD, 76th Cong., 1st sess., vol. 84, pt. 2, pp. 1284, 1285).

For my eighth point, I quote from "The American Commonwealth," by James Bryce:

As the President is charged with the whole Federal administration, and responsible for its due conduct, he must, of course, be allowed to choose his Executive subordinates. But as he may abuse this tremendous power the Constitution associates the Senate with him, requiring the advice and consent of that body to the appointments he makes. It also permits Congress to vest in the courts of law, or in the heads of departments, the right of appointing to inferior offices. This last clause has been used to remove many posts from the nomination of the President. But a vast number, roughly estimated at 3,500, and including, for example, nearly 600 places under the Treasury, and nearly 2,000 postmasterships, still remain in his gift. The confirming power entrusted to the Senate has become a political factor of the highest moment. The Framers of the Constitution probably meant nothing more than that the Senate should check the President by rejecting nominees who were personally unfit, morally or intellectually, for the post to which he proposed to appoint them.

Mr. President, I call attention to the recognition by James Bryce that rejection of nominees should be based upon the fact that they are personally unfit morally or intellectually. Again, I repeat, with all due respect to those who honestly are opposed to the appointment of Admiral Strauss, the arguments have not convinced me in any way that this man is personally unfit to occupy the post of Secretary of Commerce. He certainly is not morally unfit, and I cannot conceive of anybody saying that this outstanding American is intellectually unfit to be Secretary of Commerce.

I continue to read from Mr. Bryce's book:

The Senate has always, except in its struggle with President Johnson, left the President free to choose his Cabinet ministers. But it early assumed the right of rejecting a nominee to any other office on any ground which it pleased, as for instance, if it disapproved his political affiliations, or simply if it disliked him, or wished to spite the President.

Mr. President, I do not wish to associate myself with the thought that those who are opposed to Admiral Strauss want to spite the President. I think their opposition is probably based more on the fact that they dislike Mr. Strauss. So I do not want anyone to draw from my remarks the inference that I believe any of my colleagues who are in opposition to this appointment is opposing the nomination solely on the ground that he wishes to embarrass President Eisenhower. I continue to read from "The American Commonwealth":

Does the control of the Senate operate to prevent abuses of patronage by the President? To some extent it does, yet less completely than could be wished. When the majority belongs to the same party as the President, appointments are usually arranged, or to use a familiar expression, "squared," between them, with a view primarily to party interests. When the majority is opposed to the President, they are tempted to agree to his worst appointments, because such appointments discredit him and his party with the country, and become a theme of hostile comment in the next electioneering campaign.

Mr. President, I would not wish to associate myself with the thought that the objection to Admiral Strauss is on political grounds. I for one, a Republican who campaigns rather vigorously, would certainly not relish the thought that we were dragging Clare Boothe Luce, Richard Neuberger, and Admiral Strauss over the coals of discredit which they have been dragged across in the Senate. I myself would abhor the idea of making a political issue out of this matter. If it becomes a political issue, it will not be of this Republican's making, nor of any Republican's making. If it becomes that, distasteful though it may be, credit must go where credit is deserved. I continue to read from "The American Commonwealth":

As the initiative is his, it is the nominating President, and not the confirming Senate, whom public opinion will condemn. These things being so, it may be doubted whether this executive function of the Senate is now a valuable part of the Constitution. It was designed to prevent the President from making himself a tyrant by filling the great offices with his accomplices or tools.

Mr. President, to digress, again, from "The American Commonwealth," the man about whom we are talking has served under three Presidents—two Democrats and a Republican. Certainly if Admiral Strauss were dishonest or morally or intellectually unfit, I doubt that President Roosevelt ever would have appointed him. I doubt that President Truman would have appointed him. I know certainly that President Eisenhower would never have appointed him. So we cannot say that the President is appointing an accomplice or a tool, because Admiral Strauss has served the American people since he first started his Government service under Herbert Hoover. He has served meritoriously and well—so well that he has been decorated by the Government with the third highest decoration which this land offers, the Distinguished Service Medal.

I continue to quote James Bryce in "The American Commonwealth":

That danger has passed away, if it ever existed; and Congress has other means of muzzling an ambitious chief magistrate. The more fully responsibility for appointments can be concentrated upon him, and the fewer the secret influences to which he is exposed, the better will his appointments be. On the other hand, it must be admitted that the participation of the Senate causes in practice less friction and delay than might have been expected from a dual control.

Mr. President, I might, in an aside, say that this book was written some time ago, when Mr. Bryce was exploring the American Commonwealth. I certainly do not think he had in mind the Senate of the 86th Congress, 1st session:

The appointments to the Cabinet offices are confirmed as a matter of course. Those of diplomatic officers are seldom rejected. "Little tiffs" are frequent when the senatorial majority is in opposition to the Executive, but the machinery, if it does not work smoothly, works well enough to carry on the ordinary business of the country.

Mr. President, I have been quoting from "The American Commonwealth," an exceptionally fine book on American Government, and one which I would advise every American to read. It is the 1888 edition, volume 1, pages 56 to 57 and page 106.

Now I shall read an excerpt from an article which appears under the heading "The Senate and Cabinet Nominations."

Mr. President, I might remind my colleagues that this will be repetitious; it has been said before. I apologize for that; but I have announced my reasons, and I think my colleagues will bear with me.

I now read:

THE SENATE AND CABINET NOMINATIONS

All told, there have been 379 occupants of Cabinet positions in the Federal Government (Senate Manual, Appendix). In addition, there have been several cases of appointments declined after confirmation by the Senate.

Of course, only a few weeks ago we witnessed one of those, when an outstanding American woman—who, by the way, is a part-time constituent of mine, and I have often wished she would give up the beautiful State of Connecticut and would confine her residence entirely to the State of Arizona, but she has not yet found it proper to do that—was so harassed and badgered and "torn down" that she honestly felt that her effectiveness overseas was destroyed. I think we must have great admiration for her, in that she did not desire to occupy the place to which she was appointed because she honestly felt that any effectiveness which she might have had had been destroyed.

I may say at this point, in relation to that appointment, that she was studying the language and the customs of the country to which she was appointed. As a matter of fact, we find that very few ambassadorial appointees go to that trouble. If she had stepped off an airplane in the land to which she had been appointed, she would have greeted the people in the language of their land—something which, I may say, is very seldom done by North Americans who are appointed to serve in Latin countries.

I read further:

Of perhaps around 400 Presidential nominations to the Senate for Cabinet positions the Senate has rejected 7, or about 1¾ percent. The seven rejections are as follows:

1. Roger B. Taney, of Maryland, nominated by President Jackson to continue an interim appointment as Secretary of the Treasury, rejected June 24, 1834, by a vote of 28 to 18.

2. Caleb Cushing, of Massachusetts, nominated by President Tyler for Secretary of the Treasury, rejected March 3, 1843, three times by votes of 27 to 19, 27 to 10, and 29 to 2.

3. David Henshaw, of Massachusetts, nominated by President Tyler to continue an interim appointment as Secretary of the Navy, rejected January 15, 1844, by a vote of 34 to 8.

4. James Madison Porter, of Pennsylvania, nominated by President Tyler to continue an interim appointment as Secretary of War, rejected on January 30, 1844, by a vote of 38 to 3.

5. James S. Green, of New Jersey, nominated by President Tyler for Secretary of the Treasury, rejected June 15, 1844, without a record vote.

6. Henry Stanbery, of Ohio, nominated by President Johnson for Attorney General, rejected June 2, 1868, by a vote of 29 to 11.

7. Charles Beecher Warren, of Michigan, nominated by President Coolidge for Attorney General, rejected March 10, 1925, by a vote of 41 to 39—a tie vote of 40 to 40 having been broken by Senator Reed, Republican of Pennsylvania, switching his affirmative vote to a negative one to move for a reconsideration. Vice President Dawes was not in the Senate to break the tie vote. President Coolidge resubmitted the Warren nomination on March 12, 1925, and it was rejected again on March 16, 1925, by a vote of 46 to 39.

9. Lindsay Rogers: "The President can recruit his Cabinet much as he wishes and is restrained only by a fear of popular disfavor or senatorial objections; the Senate as a rule allows the President a rather free choice in the selection of his heads of departments. Only on four occasions has the Senate actually rejected nominations. From 1868, when it refused to confirm Judge Stanbery as Johnson's Attorney General, down to its two refusals to confirm Charles B. Warren as President Coolidge's Attorney General in March 1925, the Senate has interposed no veto on Cabinet appointments. On three occasions the Senate has objected to secretaries who were given recess appointment. That the President is allowed such independence of choice, limited only by party pressure, exigencies and personal considerations, is at once an application of the separation of powers theory and an indication of the subordinate position of the Cabinet."

Mr. President, that quotation is to be found in the "Encyclopedia of the Social Sciences," volume 2, page 134.

I continue to read:

Unfettered Presidential discretion would be more plausible if the United States had a real Cabinet—if, in other words, there were some collective responsibility, and if decisions were not taken by an executive unadvised except by politicians, who are outside of the Government and whose interventions are not advertised. This is a consideration that should not be lost sight of: Executive responsibility for appointments in Great Britain and executive responsibility for appointments in the United States are quite different. The one is collective, the other individual; the one can be enforced, the other cannot. There may be, therefore, grave dangers in a Presidential appointing power unchecked by the Senate; certainly the vetoes that the Senate has placed on Mr. Coolidge's nominations have been due to the quality of the appointees rather than any senatorial courtesy, and recent experience fails to suggest that this quality would improve were the President to be able to follow his own sweet will.

On the whole, the Senate has shown restraint in interposing vetoes in the case of major appointments. There is little attempt to control the selection of ambassadors; what investigations of and objections to judicial nominees are made rarely turn on questions of politics, but go to the issue of fitness. Occasionally, in respect of the administrative commissions, objections are made on the ground that certain sections of the country are not represented, but, on the whole, senatorial courtesy is confined to those offices which are more political. Furthermore, the tradition has been pretty well established that the President is entitled to the Cabinet—the heads of departments—he desires, and that the Senate will not interfere even though it may be of the opposite political party.

The shattering of this tradition in March 1925, was more apparent than real. Not since 1868 had the Senate refused to confirm an appointment to the Cabinet, but it took this action in the case of President Coolidge's choice for Attorney General. Mr. Warren's former close connection with the Sugar Trust (just charged by the Federal Trade Commission with activities in restraint of trade) was the gravamen of the objection; the Senate feared that the trust laws would not be vigorously enforced. This belief was probably intensified by the character of some of Mr. Coolidge's appointments to the Tariff, Federal Trade, and Interstate Commerce Commissions, for these bodies had seemed to be adopting the theory that the prosperity of the country was synonymous with "big business" getting and keeping what it wanted. The Senate was influenced also by recollections of its consent to President Harding's appointment of Mr. Daugherty as Attorney General, and its subsequent investigations of his office. The more care, therefore, with the new Attorney General, Mr. Coolidge for a time proposed to fight. He announced that he would give Mr. Warren a recess appointment, but his resolution weakened when the opposition persisted in face of the threat. He therefore failed to realize his hopes, expressed in a statement to the public, "that the country may have the benefit of his (Mr. Warren's) excellent qualities and the President may be unhampered in choosing his own method of executing the laws." That the President should be unhampered is, generally speaking, sound doctrine; but the Senate has a responsibility, which it cannot avoid. Whether the standard set up in the Warren case was extreme or not is beside the point; if the Senate believes that a nominee is unfit, it should interfere; a reasonable presidential discretion should not be presidential license. Similarly—as I will point out in a moment—the Senate has the right and is even under a duty to call for the dismissal of unfit members of the Cabinet. This is a familiar occurrence in a parliamentary system, and that, as alleged, frequent senatorial interference might lead to some responsibility of the Cabinet to Congress should be a near hope rather than a remote fear. Were the American Cabinet something more than an amorphous body of chief clerks there might be some check on appointments and encouragement of resignations other than by the President. In Great Britain, certain of the Cabinet anomalies the United States has occasionally seen would have been impossible: a Prime Minister would have been unable to persuade able and eminent persons to enter his government if he intended also to include political pariahs. * * * The pertinence of this point will also appear later.

Here, Mr. President, is a problem I think we are encountering in this country—that of obtaining a constant stream of qualified men who desire to serve their Government. It is difficult, in the first instance, to get a person to move to Washington from the Far West, or even the Middle West. As the westerners and middle westerners, as well as easterners and southerners and northerners, witness the continued harassing of outstanding Americans, there is less and less stomach to help their country, and I am afraid we shall come to days of second-rate persons serving first-rate people.

I have quoted, up until my interpolated remarks, from "The American Senate," published in 1926, pages 28 to 31.

Let us get a little more up to date. This is my 10th point. I quote former Senator George Wharton Pepper, of Pennsylvania:

I have for two reasons chronicled this incident in some detail: First, because it was a family quarrel of considerable magnitude; and, second, because it presents an interesting picture of Senate procedure. From such an incident a strong argument can be made against the wisdom of vesting in the Senate the veto power over Presidential nominations. What happened in the Warren case might be cited as falsifying Alexander Hamilton's prediction as to the policy of the Senate in acting upon Presidential nominations. "It could hardly happen," he wrote, "that the majority of the Senate would feel any other complacency toward the object of an appointment than such as the appearances of merit might inspire and the proofs of the want of it destroy." It was a view quite generally expressed at the time by the press that the rejection of Mr. Warren's nomination was due to a desire to embarrass the President. I personally gave to the majority the benefit of any doubt that there might have been on this point and assumed that each Senator had voted accord-

ing to his honest opinion. In other words, I criticized the judgment of my colleagues and not their morals.

Let me interject at that point, Mr. President, to say that I do not criticize the morals of my colleagues who speak out against this man. I criticize only their judgment. Particularly do I criticize the judgment of the opposition Member who calls this man an enemy of the people.

To continue the quotation:

But in any view of the case it was obvious that no question of character or capacity was involved but only the question whether the President should be hampered by the rejection of a well-equipped and distinguished lawyer merely because, some 20 years before, he had sustained a relation to the American Sugar Refining Co. If the Senate were habitually to reject a Cabinet nomination on such a ground the letter of Hamilton's prediction might not be falsified but its spirit would have vanished. The Senate would then be influencing nominations and not merely acting upon them; for the necessity of making a forecast of the attitude of the Senate would inevitably affect the President's choice.

Mr. President, I have read from Senator Pepper's comment on the Warren rejection in "Family Quarrels, the President, the Senate, the House," published in 1931, pages 82 to 84.

In that publication, I may say, Mr. President, Senator Pepper touches on what we have come to call the conflict of interest. Here again is a term which I think has been greatly overused and greatly abused. I do not believe a true American can have such a thing as a conflict of interest. I do not believe a man who has worked hard all his life in order to become a good citizen, in order to be a success in law or in business or in medicine or in the use of his hands, would take a government job with the idea that he was going to make something out of it. Frankly, I cannot go along with all of this talk of conflict of interest. I think we can pretty well tell whether a man is going to abuse his office by taking advantage of it for his own profit or for the profit of friends.

I think if we applied the doctrine of conflict of interest far enough, we would have vacant seats in the U.S. Senate and House of Representatives, because certainly I, as a businessman, would have to absent myself from many rollcalls if I suspected that I would vote in favor of my position only because it was to my personal interest to do so.

I am sure the distinguished Senator from New Mexico would agree with me that this conflict of interest matter has been overstressed to the point that American businessmen do not look forward to appointments in our Nation's Capital. I think that is a very serious and very dangerous thing.

Mr. President, we come now to rather modern times. I desire to quote Mr. Walter Lippmann, who wrote in the Washington Post for February 13, 1945:

If the Senate asserts the power to reject Mr. Wallace on the ground that it does not agree with him, then it is claiming the power to appoint the Secretary of Commerce. If it says to the President: "You cannot have Henry Wallace in your Cabinet because we do not like him," then it can say the same thing to the next man and the next man after that whom the President nominates. It can say to the President: "The only man we are willing to confirm is a man that we, not you, have named."

No such power is vested in Congress. The Senate's power to confirm has never been regarded as meaning the power to control the selection of the President's Cabinet. The limits of the power of Congress are clearly indicated by the fact that it has no power to remove a Cabinet officer except by impeaching him and convicting him of "treason, bribery, or other high crimes and misdemeanors."

I interject, Mr. President, to comment on Mr. Lippmann's observations. I do not think anybody opposing the confirmation of the nomination of Admiral Strauss, with the possible exception of one, would accuse him of treason. That one has already called him an enemy of the people, which to me is synonymous with being a traitor.

Certainly no one in opposition to Admiral Strauss can accuse him of being guilty of bribery, and no one can accuse him of having committed high crimes and misdemeanors.

I continue to quote from Mr. Lippmann's article:

If Congress cannot remove a Cabinet official because it does not agree with him, then it has no constitutional ground for refusing to confirm him because it does not agree with him.

I said at the outset, Mr. President, I find it impossible to find any grounds on which the opposition to Admiral Strauss is based, except it be the ground that some persons do not agree with him.

There have been presidential appointments made by my own President with which I did not agree. There have been appointments made by Democratic Presidents with which I have not agreed. There have been many with which I have agreed.

I think we would be remiss in our duties if we failed to express disagreement, or agreement. But to make disagreement the only bias for turning down a Presidential appointment to me, Mr. President, is stepping outside the intent of the Constitution.

I continue to quote from the article:

The attempt to reject Mr. Wallace is, to put it bluntly, a usurpation of power which, if it succeeded, would establish the right of Congress, by rejecting anyone it had not chosen, to appoint the executive officers of the Government. The American system would be unworkable if Congress assumed the power to appoint the officials through whom the President performs his duties. For under our system Cabinet officers are merely his assistants, and their acts are the President's acts.

If Congress has the power to control the selection of the President's Cabinet, then what is to happen if the President wants Henry Wallace and Congress refuses to confirm him? How is the deadlock to be broken, and the business of governing carried on? Under the British parliamentary system, if the legislature votes no confidence in a member of the Cabinet, the Prime Minister has the right to dissolve Parliament, hold an election, and let the country resolve the conflict. But the President does not have that power. Unless he does have it, the Cabinet cannot be made the creature of Congress without paralyzing the Government.

As long as we have a Government based on the separation of powers, we must as Madison said when the question was debated in the Philadelphia convention, insist that the Executive and legislature "be independent of each other." This independence would disappear if the Senate asserted the right of controlling the appointment of Cabinet officers.

As I say, Mr. President, that was a very well-written, very well-thought-out article by Walter Lippmann. It was published in the Washington Post of February 13, 1945. Those were the days when the Washington Post offered more than a good "funny paper" section.

Mr. President, to continue, again in modern times, the following statements are taken from the Senate debate on the Warren nomination in March of 1925. All the page citations are to the CONGRESSIONAL RECORD of the 69th Congress, special session, volume 67, part 1.

The first quotation is from remarks of former Senator William E. Borah of Idaho, a Republican:

The President of the United States is authorized by the Constitution to nominate men for certain public offices, and the Senate of the United States must advise and consent before the appointments take place. The powers of the President with reference to appointments to office are very limited, most circumscribed. His power to appoint obtains only and alone concerning those appointments which are necessary to fill up vacancies that happen during a recess. In this instance before us he has only the power to nominate, and the question arises, What are the duties of a Senator and what is the duty of the Senate in case a Senator or a majority of the Senate have fairly and honestly reached the conclusion that they should not advise and consent?

Is the obligation which rests upon us merely a perfunctory one? Is not the obligation a most exacting one? Have we not a full share, and an inescapable share, of the responsibility for a strong, a clean, and a patriotic Government?

The argument has been advanced here and elsewhere, and particularly in the able editorial pages of the press, that the Senate ought to yield entirely to the judgment of the President; that we ought to treat the obligation which is imposed upon us by this provision of the Constitution as nothing more than a courteous gesture, and that really no part of the responsibility for this official or for other officials rests upon us; that it rests wholly and exclusively upon the President. Such is not the Constitution. Such is not the obligation we have assumed.

I am frank to admit, Mr. President, that to a marked degree, in practice, that has been the construction of the Constitution. It has arisen very largely out of the fact that all people regardless of party respect the Presidency and all people respect the man who has become President of the United States regardless of which party places him there. Therefore, no Senator and no Senate ever challenges an appointment of the President of the United States unless upon most substantial and controlling reasons which appear to them to be guiding and conclusive reasons.

Leaving Senator Borah's comments for a moment, he once again was reiterating what has been said about this power from the days of the Founding Fathers; namely, that it is our responsibility, in the assumption of this power, to be guided by conclusive reasons.

I do not contest the sincerity of those who oppose Admiral Strauss but I must repeat that I have seen nothing which reasonable men could call guiding and conclusive reasons in the arguments used against this eminent American.

I continue to quote the remarks of former Senator Borah:

In all the long history of nominations by Presidents and the confirmations which have taken place there have been but few controversies in regard to the matter. In my humble opinion if there has been dereliction of duty it has not been on the side of opposing the President but it has been rather a disposition to shirk for ourselves and to put upon the President the sole responsibility, a very large portion of which is upon the Senate, inescapably upon the Senate.

I have no doubt either that things have happened within the last few years which have not only aroused the country, but aroused the Senate to the necessity of reexamining its duty and its obligation with reference to this important part of executive duties devolving upon us. I have no doubt that incidents could be recalled, if it were not unpleasant to do so, which, even if there had never been a precedent before, would be sufficient to justify the Senate in adopting a more rigid and more exacting and more determined rule in regard to its conduct in these matters. It is not a perfunctory duty. It should no longer be considered as such. I agree, however, perfectly with those who say that only upon the most substantial grounds and the most controlling reasons should we oppose a nominee of the President (pp. 256–257, Mar. 16, 1925).

That was Senator William Borah speaking on March 16, 1925. I reiterate his statement, that he agrees "perfectly with those who say that only upon the most substantial grounds and the most controlling reasons should we oppose a nominee of the President."

I say again, as I said at the outset, that I have heard no compelling reason, and I have not been convinced that there were any substantial grounds upon which this man should be rejected, the least of which should be the grounds offered by one of our body that he is "an enemy of the people." I believe that even those who are against the admiral would reject that charge wholeheartedly.

Listen to what Senator James Couzens, of Michigan, another Republican, had to say:

Mr. President, in view of the fact that Mr. Charles Beecher Warren is from my home State, and I have been personally and intimately acquainted with him for 20 years, nothing would give me greater pleasure than to be able to stand upon this floor and urge with all of my power his confirmation. When during the last Congress one of my fellow Michiganders was in difficulty I stood upon this floor and with my limited ability defended him to the utmost. I believed that Mr. Denby was an honest, faithful Secretary of the Navy. I did everything I could to prevent the Senate passing a resolution condemning him. I would rather stand upon the floor of the Senate and talk for somebody and for something than to stand here and talk against anybody or anything.

But, Mr. President, on this question I feel so keenly that I am convinced I should not let the matter come to a vote without expressing not only my personal feelings, but I am sure I am expressing the feelings of my colleague from Michigan [Mr. Ferris], and the feelings of at least nine-tenths of the citizens of Michigan when I say that we do not believe that Mr. Warren would make a good Attorney General. We do not believe that he would elicit public confidence, and if there is any one thing the Government needs at this particular time it is that the great masses of the people should have confidence in their Government.

I would not hesitate particularly to put Mr. Warren in the Department of Justice if I were going to have the right to watch him and follow him. I would not hesitate to declare that he might under those circumstances do his duty. But we have 110 million citizens who must have confidence that the laws are going to be enforced, and I want to say that the American public will not have confidence if Mr. Warren is placed at the head of the Department of Justice.

I am, first of all, interested in my country. I am, first of all, interested in all the people. Next, I am interested in my party. I cannot condone, however, many things that my party has done and things that my party continues to do. I am sorry that my party is insisting upon the confirmation of this nominee. I am sorry that the President made the appointment. I am sorry to have to talk against it. I am sorry, finally, to have to vote against it (p. 100, Mar. 10, 1925).

Let me say, in connection with Senator Couzens' remarks, that here was a man from the home State of the nominee. He spoke this way not only for himself, but for his colleague, and he said he spoke for nine-tenths of the citizens of his State.

The two Senators from the present residence of the nominee, Admiral Strauss, have spoken most highly and glowingly of him; and the two Senators from the State which he calls home, the State of Virginia, have likewise spoken most highly and glowingly of this man.

I might say, for the information of the Senate, that while the interest in this affair has not run at fever pitch in my State of Arizona, because it is two thousand miles away. Nevertheless, my mail on the subject is quite heavy. I have not received one expression from the people of my native State against the nomination of Admiral Strauss—not one.

To continue from the CONGRESSIONAL RECORD, which I have cited earlier in the debate over Mr. Warren back in 1925, I quote from Senator Albert B. Cummins, of Iowa, a Republican:

It should be borne in mind throughout the consideration of this nomination that it is for a place among the close, intimate, and confidential advisers of the President; and in my judgment the rule which should be applied in performing the functions of the Senate in connection with such a nomination is not quite the same as the rule which ought to be applied to other officers of the Government whom the President under the Constitution must appoint. We should, of course, insist that the men he selects for his official family are men of high character. That seems not to be disputed here. We should insist that they are men well disposed toward their country and its institutions. That test seems to be fully answered. In addition to all the other services which Mr. Warren has rendered to his country, his work during the war was of the highest order; and if anyone is in doubt with respect to his legal qualifications, his qualifications as a lawyer, I would suggest that he inquire of Gen. Enoch H. Crowder, whose assistant he was during the war. I think we all know that his service in that capacity merits the highest esteem.

Mr. REED of Missouri. Mr. President, may I inquire what particular service the Senator refers to?

Mr. CUMMINS. He was one of the judge advocates of the Army.

Mr. REED of Missouri. Yes. There were a very large number of them.

Mr. CUMMINS. Oh, there were a great number of them, and necessarily so.

Mr. REED of Missouri. I just wanted to ask the Senator what he referred to.

Mr. CUMMINS. That is the tribute that I desire to pay to Mr. Warren for his work during that perilous time.

We should also insist that these members of Mr. Coolidge's official family have an understanding of public affairs, and we should insist that the execution of the laws can be fairly entrusted to them. That, I think, is the substance of the test announced by the Senator from Montana, and I am entirely satisfied with that announcement.

Further than that, however, we ought not to go. We ought not to deny Mr. Warren confirmation simply because we would not have selected him had the choice been ours. The President has selected him, and we ought to leave the President a free choice and hold him responsible for the faithful execution of the laws (p. 75, Mar. 10, 1925).

Mr. President, to digress for a moment, it is strange, in reading this debate which occurred many years ago, and in reading the writings of Alexander Hamilton, that we find in the conclusions contained in the minority views on the nomination of Lewis L. Strauss to be Secretary of Commerce these words, at page 17:

We have concluded for all the reasons set forth above—partly on evidence as to his past record, but mostly on the basis of his conduct and demeanor before us—that Lewis L. Strauss is lacking in the degree of integrity and competence essential to proper performance of the duties of the office to which he has been nominated. We regret that this is so, but we cannot otherwise read the record he has made before our committee.

We therefore recommend that the Senate reject the nomination of Lewis L. Strauss to be Secretary of Commerce.

Mr. President, I merely comment in this vein because the language is not entirely in keeping with the historic powers of this body. Even if it were, we have no proof at all that these conditions prevail.

Senator Woodbridge N. Ferris, of Michigan, Democrat, said:

Mr. President, I shall not consume any of the time of the Senate in discussing Mr. Warren's nomination. I have known him for many years, and as we meet men and know men I esteem him very highly. But the information that has been brought out in the Senate is of such a character as to make me feel that I owe it to the State of Michigan and I owe it to the United States to oppose the confirmation of Mr. Warren as Attorney General (p. 100, Mar. 10, 1925).

Senator George W. Norris, of Nebraska, Republican, said:

It is no indication of disrespect for the President when we disagree with him. It shows no disrespect to a Senator if we disagree with him. There is room enough for honest men to disagree, and when the President sends in a nomination which the Senate, or any Member of the Senate, thinks is wrong, it is our duty to oppose it, and if we do not oppose it, we are violating our oaths as Members of this body to support the Constitution (p. 270, Mar. 16, 1925).

Senator Lee S. Overman, of North Carolina, Democrat, said:

Mr. President, I voted in the Committee on the Judiciary to report favorably the nomination of Mr. Warren to be Attorney General. I wish to say just a few words in explanation of my vote.

Calvin Coolidge was elected President of the United States by an unprecedented majority. Congress makes the laws. The President enforces the laws. The Supreme Court interprets the laws. If Calvin Coolidge does not enforce the antitrust laws or any other laws, which he has sworn to do, he is responsible and the people will hold him responsible.

For 136 years it has been the policy of the Government to allow the President of the United States to appoint his own official family without hindrance with perhaps six rare exceptions. I took the position when Woodrow Wilson was elected President, when there was threatened a fight against two of the members of his Cabinet, that the President ought to have the right to select his official family, for the responsibiilty had been placed upon him by the American people, and that he would enforce the laws. I took that position then, 16 years ago, and I take it now (pp. 100–101, March 10, 1925).

Senator James A. Reed, of Missouri, Democrat, said:

Mr. President, I desire to take up another question. An insidious argument has been whispered around this Chamber, has been promulgated in the press, has been instilled into the minds of some wise men—for wise men do not always think. It is that the Senate has no responsibility; that we should say to the President: "This is your office. Do with it as you please. Handle it as you might your own private property, and then in the end we will hold you responsible."

Mr. President, a falser doctrine was never promulgated. It is false in fact, false in theory, false in its logic, and infamous to a degree that can scarcely be portrayed.

Let us see. When our fathers established this Government they did not set up a one-man government. They trusted no man. They created a government of checks, of safeguards, and of balances of power. Beginning with the structure of the States, in which there was to be left an enormous independent power, and proceeding to the formation of the Federal Government, they vested substantially all power in the legislative branch; for I affirm that the legislative branch of this Government could, if it saw fit, absolutely paralyze the arm of the Executive, and it was intended that it should be so. But they did not trust the business to one body of Congress. They divided it into two branches so that one should be a check upon the other. They gave to the President the power of veto, that he might be a check upon both.

They gave to the Congress the power to overturn the veto, that it might still work its will; and they vested in the Congress the power to impeach the President of the United States.

They gave to the Executive only a few limited powers. They made him Commander in Chief of an Army, but they gave him no Army to command. For that he must come to Congress. They made him Commander in Chief of a Navy, but they gave him no Navy to sail the seas. For that he must come to Congress. They made him the head of all the executive departments of the Government, but those executive departments cannot function for a single day save Congress shall sanction it by the appropriation of money. They gave him the power to appoint certain officers, but in every instance, unless Congress waives its right, he must make those appointments by and with the advice and consent of the Senate.

It was not intended that we should waive that right. We have no more business to waive our sworn duty to advise properly and honestly—for that is what our oath means—to an appointment than the President has the right to waive the responsibility of his appointment, and say: "I pass it over to Congress. They need not consent if they do not wish to consent."

Moreover, substantially all of these executive offices, and particularly this office, were created by the Congress. We made the office. The Constitution did not make it. When we erected this office, we provided that the Senate should advise and consent in the appointment to fill it.

It is said, "This man and others are the Cabinet of the President." There is no such thing as a Presidential Cabinet. That is a mere name, a mere figure of speech that has been devised. These 10 men usually called the Cabinet are only the heads of the 10 departments each created by a particular law.

It is said they are the advisers of the President. If they are the advisers, they are those whom he voluntarily calls in, and he has as much right to call in outsiders as to call in any one of these men. He has the right never to call them in consultation if he desires. It is purely a voluntary act on his part. But they have certain legal duties to perform under the law, and those duties embrace finally the entire conduct of the administrative business of the United States. Every bit of it is in the hands of these 10 men.

They represent, therefore, not the President, not themselves, not a combination known as the Cabinet. They represent the majesty of the law, of Congress, and the effective and practical Government of 110 million people. We stand here charged under our oaths of office to see to it that proper men assume these positions, and he who can anoint his conscience with any kind of salve that will enable him to escape that responsibility has a conception of the duties of the office of Senator of the United States widely differing from my own (p. 94, Mar. 10, 1925).

Senator Joseph T. Robinson, of Arkansas, Democrat, said:

Mr. President, this controversy must not degenerate into an issue between the Executive and the Senate. No justification exists for the display of animosity or resentment, either by the President toward the Senate or by Senators toward the Executive, in connection with the question whether the Senate shall advise and consent to the nomination of Charles B. Warren as Attorney General.

The law of the land requires action by both. It is the plain intent of the Constitution that neither shall act with entire independence of the other. The President nominates public officers, but, except when the Congress so authorizes, his appointments cannot become effective without the advice and consent of the Senate. Wise public policy requires that both the Executive and the Senate shall act temperately and dispassionately, and that each shall proceed with due regard and consideration for the prerogatives of the other.

The Senate should not arbitrarily refuse its advice and consent to a nomination for office made by the President, and the Executive is not justified in demanding the acceptance of a candidate found objectionable by the Senate. Since the action of two coordinate departments of the Government is required by the Constitution in filling Federal offices, the representative of neither should employ compulsion or intimidation with respect to the action of the other. The advantage of requiring a joint decision is lost if the function of one of the departments becomes merely perfunctory or acquiescent.

Some who admit the correctness of the general principle now asserted think that it should not be applied to those officers commonly known as members of the President's Cabinet. Undoubtedly deference for the President's convenience and wishes should prompt the Senate to accept the President's choice for Cabinet positions when serious questions of public policy or moral deficiency are not raised. It will hardly be suggested by any Senator that this body should under no conditions object to a nominee for the Cabinet. Such a contention has never been made, and might necessarily involve a plain violation of official duty—assuming that a President might be uninformed as to the moral or mental fitness of his choice (p. 274, Mar. 16, 1925).

Senator Thomas J. Walsh, of Montana, Democrat, said:

Mr. President, I subscribe to the doctrine that under all ordinary circumstances the nominations of the President of the United States for members of the Cabinet should be confirmed by the Senate without delay and that opposition of a political or factional character ought to be discountenanced. The President is charged by the Constitution to take care that the laws be faithfully executed, and he ought to be given the greatest liberty possible in the selection of those who immediately under him are to carry out his policies in accordance with the laws of Congress. Nevertheless the founders of our Government, the framers of our Constitution, deemed it unwise to trust unrestrictedly to any one man the appointment of any of the principal officers of the Government, and accordingly provided that in the case of all nominations made by the President of the United States confirmation by the Senate should be necessary except in the case of such inferior officers as Congress might provide should be appointed by the President alone, by the courts, or by the heads of the departments. The responsibility, accordingly, for the appointment of all the Federal officers where confirmation is necessary rests upon this body jointly with the President of the United States. Whether equally or in lesser degree it is unnecessary to canvass. It is indisputable that we share that responsibility and that we must assume it, at least in part.

All will agree that if a nominee, even for a Cabinet position, is lacking in moral character, he should be rejected by the Senate; but it is contended by some that otherwise his confirmation should follow as a matter of course. I cannot think so. A man may have some serious blemishes in the matter of his private character and still be an able administrator and a courageous and patriotic official. Instances of that character will readily occur to any student of history. On the other hand, a man may have led the most exemplary life and yet be totally unfit for the duties and responsibilities of high official position. It is unwise, even if it were possible, accordingly to attempt to lay down any general rule which ought to govern the Senate in its action upon nominations for public office.

* * * * *

Mr. Warren, it is no injustice, I think, to say, has no reputation whatever as a laywer. The attachés of the Supreme Court of the United States apparently have no recollection of ever having seen him before that tribunal in the presentation of a case. It is said in his behalf, Mr. President, that he represented the United States in two important international arbitrations—the Bering Sea fur-seal arbitration and the North Atlantic fisheries case. He did, indeed, appear on the record in the fur-seal arbitration, but we were represented in that proceeding by Mr. Don M. Dickinson, of the city of Detroit,

Mich., and, as my information is, Mr. Warren, at that time being 26 years of age, was a clerk in his office and went on the record with him. He did, however, make an argument in the North Atlantic fisheries case at the Hague, and I must say, to his entire credit, that the argument was lawyerlike in character, and indicated that Mr. Warren is a man of ability; but, as I have stated, I think I do him no injustice whatever to say that he has no reputation whatever as a lawyer.

I think that he ought not to be made Attorney General not only because he is not eminent in the profession but chiefly because for years he was a representative in his State of the Sugar Trust, one of the most offensive and oppressive trusts with which the American people have unfortunately been familiar in the present and past generations (pp. 18–19, Mar. 7, 1925)

Oswald Garrison Villard said:

In its attitude in the Warren case the Senate stands squarely on its constitutional rights. Nothing, in my judgment, has honored the Senate more than its display of independence in this matter. To see Borah, Johnson, Norris, MacMaster (just elected as a Republican), and Norbeck refusing to obey the crack of the President's whip is to make one wish to throw up one's hat and give three hearty cheers. No matter if the main line-up in the Warren case is political, the refusal of even a few to bow down to the power of party and Presidential patronage is something to thank one's stars for. ("In Defense of the Senate," the Nation, Mar. 25, 1925.)

ADDENDA

At the end of the quotation from Senator Elbert Thomas, of Utah, item No. 7, pages 3–4, add the following:

We know the origin of the words "advice and consent" so far as our Constitution is concerned. We know from the practice of our Executive in the very first administration that Washington assumed that advice meant advice, both in regard to appointments and in regard to the ratification of treaties. Since his time so much has it been assumed that this is correct that in some appointments the action of the Executive is merely a perfunctory one. But never has the action of the Senate, while it becomes perfunctory in executive sessions during confirmations, been assumed to be a perfunctory one; for even when a resignation takes place in the Army, the vacancy is never filled without Senate action, and Army promotion is probably as routine a matter as any in our Government. The right of appointment is both senatorial and Presidential. (CONGRESSIONAL RECORD, 76th Cong., 1st sess., vol. 84, pt. 2, p. 1285.)

Mr. President, I yield the floor.

Mr. President, it is my understanding that the majority leader and the minority leader have reached an agreement concerning a vote this evening. I do not wish to prolong this discussion. I think the discussion has been a very helpful one and it has brought to the attention of the leadership the desirability of voting tonight.

I wish to thank all those who have so graciously helped me. It was the easiest filibuster in which I ever engaged. I think we have developed a new idea of the team filibuster, where we can spread ourselves on each side of the aisle and we can go on ad infinitum. However, it is rather late.

Mr. President, I ask unanimous consent that there be printed in the body of the RECORD a telegram from Mr. Richard C. Patterson, Jr., in support of the nomination of Mr. Lewis Strauss.

Mr. Richard C. Patterson, Jr., was Assistant Secretary of Commerce under a former Democratic administration.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

MAY 13, 1959.

Hon. WARREN G. MAGNUSON,
Chairman, Interstate and Foreign Commerce Committee, U.S. Senate, Washington, D.C.:

As you are seeking facts on the career, ability, and character of Secretary of Commerce Lewis Strauss, I should like to give you my appraisal based on close personal associations lasting for more than 40 years.

I was Assistant Secretary of Commerce in 1938–39, and thereby am somewhat familiar with the scope and responsibilities of the Department of Commerce.

As a former Ambassador in Europe and Latin America under Presidents Roosevelt and Truman, I was an eyewitness of growing communistic economic power and military threat. Secretary Strauss is one of the Nation's best-informed men on this subject. He is ideally suited to exert leadership in countermeasures which must be taken to defend the free world against the Sino-Soviet economic war.

Over the years I have observed him in his positions of private responsibility and public trust. He has faced many problems of magnitude, and has acted with wisdom and courage. He is a man of integrity and deep spiritual impulses.

Under three Presidents he has given distinguished service—Roosevelt, Truman, and Eisenhower. Also, after the First World War he worked with Herbert Hoover. These four men have testified as to his loyalty and integrity.

The fair-minded public will never accept personal antagonism as sufficient reason to drive from a President's own Cabinet a public official of such ability and character.

Thirteen Secretaries of Commerce appointed by Democratic and Republican Presidents have served their country since the office was established in 1913. Every preceding presidential nominee was confirmed regardless of his political affiliations.

My understanding is that the total number of Senate hearings on all of Secretary Strauss' predecessors was 7 days: Secretary Hopkins, 3; Secretary Wallace, 2; Secretary Sawyer, 1; Secretary Weeks, 1. No hearings are recorded on others. Hearings on Secretary Strauss began in the middle of March and no end is in sight.

When I consider the career of Lewis Strauss, the time he has devoted to humanitarian service, his life signalized by integrity and honor, I am appalled at the treatment to which he is being subjected by his critics.

All over this country Democrats, Republicans, and independents urge you to close these hearings and to confirm the man of the President's choice.

RICHARD C. PATTERSON, Jr.

Mr. GOLDWATER. Mr. President, I yield to the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be 30 minutes more of debate on the nomination, to be controlled by the minority leader and myself, and that 30 minutes from now there be a quorum call, to be followed by the yea-and-nay vote on the nomination.

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. I should like to make it clear to all Senators who are present, and to the aids of other Senators who may not be in the Chamber at the moment, that the minority leader and I expect to yield during the 30 minutes to Senators who had planned to speak this evening. At the end of the 30 minutes there will be a quorum call.

Following the quorum, the vote on the nomination will take place. I thank all Senators for their cooperation.

Mr. KUCHEL. Mr. President, before the Senator from Texas leaves the floor, may I inquire if time will be available subsequent to the vote to enable me to make a brief speech?

Mr. JOHNSON of Texas. Yes.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the distinguished Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, it has always seemed to me that the President of the United States should be accorded considerable leeway in the choice of the members of his Cabinet. I would not want anyone to try to select for me the members of my own staff. I feel that the President's Cabinet occupies the same relationship to him as the members of my staff occupy with relation to my position as a Member of this body.

Mr. MANSFIELD. Mr. President, I yield 6 minutes to the distinguished junior Senator from West Virginia.

Mr. BYRD of West Virginia. Mr. President, I have listened carefully to the debate on the nomination of Lewis L. Strauss to be Secretary of Commerce. I have read the committee report, and I have read, and to some extent I have reread, the 1,128 pages of hearings conducted by the Senate Committee on Interstate and Foreign Commerce. I have given much thought to this controversial matter, and I have tried conscientiously to weigh the pros and cons in such a manner as would enable me to arrive at a decision which is in the best interests of the people. I have reached that decision, and I intend to cast my vote against the nomination. Enough has already been said on this subject, and I shall therefore be brief in what I have to say.

I have no personal grudge against Mr. Strauss. I am not a member of the Committee on Interstate and Foreign Commerce, and I had no opportunity, therefore, to observe the conduct of the witness during the several days of hearings. A careful reading of the hearings, however, is sufficient and will perhaps permit one more impartially and objectively to study the information revealed during the hearings than would be the case if one acted as a participant in an atmosphere charged with tension and feeling on both sides.

My personal contacts of Mr. Strauss have been very limited. As a matter of fact, I have only been in his presence upon two occasions, one of which was when he spoke in Charleston, W. Va., some years ago, at which time I think I met him. The other occasion was of recent date, when he very graciously accorded my colleague, the senior Senator from West Virginia [Mr. RANDOLPH] and me, and West Virginia Members of the House of Representatives, an opportu-

nity to be heard on the matter of residual oil imports. This was a matter which we pursued with several department heads and even with the President himself.

From a purely personal standpoint, my limited impressions of Mr. Strauss have been favorable. I have liked the personality and manner of the man during the few minutes in which we were together. Consequently, I have formed no dislike for him, but, to the contrary, I think I like him and could perhaps like him even better personally if I knew him better. One should not vote for or against a nominee for such an important position as this, however, on the basis of a favorable or unfavorable impression of a personality or on the basis even of friendship or the absence thereof. I have a duty to perform, as do the other Senators, and it is a Constitutional duty.

It is incumbent upon us by virtue of our high office, and it was reposed in us by the Founding Fathers who devised the Constitution of the United States. We are sworn to discharge that duty faithfully. We have a responsibility and duty to advise the President in respect of nominations of this kind, and we have a similar profound and sacred duty to consent or decline consent to nominations.

It is a serious matter, pregnant with import and one which is not to be approached lightly. A man is on trial here and the future welfare of our country is at stake. In fact, what we do here in confirming or rejecting a particular nominee for so high a position as Secretary of Commerce will have its effect upon the future course of this country in dealing with other countries. Relationships between our Government and other governments depend much upon the ability, the personality, the philosophy of each Member of the President's Cabinet. The program sponsored by our President, the policies he will follow in dealing with other governments, and in domestic issues as well, will be largely influenced by the members of his Cabinet. Insofar as his policies are influenced by Congress, we Members of the Congress must, in turn, be guided by the information we secure from the very departments headed by the same Cabinet members. Consequently, this is not a decision which we must reach on the basis of what some newspaper editor may write in his column or on the basis of what any single individual in public or private life may say, regardless of how important he may be. We Members of the U.S. Senate have the overriding interests of the country and the public welfare to consider. I have sought to reach my decision on this basis.

My study of the printed hearings convinces me that Admiral Strauss was a prime promoter of the notorious Dixon-Yates contract, a contract which the President was forced finally to order canceled. Admiral Strauss has maintained that he was innocent of any knowledge of the conflict-of-interest role played by Mr. Adolphe H. Wenzell in the preparation of the contract. Yet, the whole country was aware of it, and Wenzell himself stated under oath that he had informed Admiral Strauss of the capacity in which he was acting as a consultant to Mr. Hughes in the Bureau of the Budget at the same time he, Wenzell, was signing the admission cards at the office of the Atomic Energy Commission as being associated with First Boston Corp., of which he was vice president.

It is difficult, extremely difficult, for one to believe that Admiral Strauss knew nothing about the possibility of a conflict of interest in Mr. Wenzell's role when, on February 18, 1955, many months before the contract was finally canceled because of the conflict of interest, the Senator from Alabama [Mr. HILL] made a speech on the floor of the Senate calling the attention of the country to the fact that Wenzell had participated in the Dixon-Yates deal in a dual capacity as a consultant to the Bureau of the Budget and, at the same time, as a vice president of First Boston Corp.

The reports on Senator HILL's speech were carried in the press throughout the Nation, and on page 189 of the hearings, the Senator from Tennessee [Mr. KEFAUVER] stated that 54 or 56 references to Senator HILL's speech, in the form of newspaper clippings and memorandums, were placed upon the desk of each Commissioner at the Atomic Energy Commission the morning after the speech. In my opinion, Admiral Strauss should be charged with knowledge of the speech, and possessing such knowledge, he had a responsibility to act in the face of what was obviously a conflict-of-interest violation. But he did nothing about it. As a matter of fact, he later prevailed upon the President to order the Atomic Energy Commission to enter into the contract even in the face of the opposition of the other members of that Commission—pages 183–185 of hearings. According to the printed hearings, page 329, Mr. Strauss still maintains that the contract was a good contract, even though the Department of Justice has taken the position in the Dixon-Yates case that the Dixon-Yates contract was null and void because it was made in violation of the statutes and laws of the United States and was contrary to public policy—title 18 United States Code. One cannot help being suspicious of the motives which prompted the elimination of Wenzell's name and the name of Mr. Paul L. Miller, assistant vice president of First Boston Corp., from the AEC chronology of meetings in which Wenzell and Mr. Miller participated in discussions leading to the Dixon-Yates agreement.

I am not saying that Admiral Strauss deleted the names, but he, as Chairman of the Commission, must take the responsibility for it. On page 285 of the printed hearings, it was pointed out that the names of Wenzell and Miller were in the rough chronology from which the final chronology was based, and they were omitted after conferences with the Bureau of the Budget. I cannot believe that this evidence could have been purposely omitted and suppressed without the Chairman of the Commission knowing something about it. Despite the knowledge, at high levels in the administration, of the important, as well as of the questionable, aspects of the role of Wenzell, his name was stricken from the chronology by Mr. R. W. Cook, Deputy General Manager, AEC.

Mr. President, I am convinced that Admiral Strauss' role in the Dixon-Yates deal was not one which was in the best interest of the country, and his insistence that he lacked knowledge of Wenzell's actions in a dual capacity reveals either that he was speaking falsely or that he was grossly ignorant of things to which everybody else in the country had been alerted in the press. In either situation, he would be rendered unfit, in my opinion, for the position of Secretary of the Department of Commerce.

Mr. President, I have not been particularly impressed with the arguments pro and con concerning Mr. Strauss' part in the matter of exporting isotopes to Norway and other countries, or in the matter of his rejecting an application for a license to export steel pipe. With regard to the exportation of isotopes, the Commission having decided 4 to 1 to proceed with such shipments to Norway in 1949, Mr. Strauss, according to the testimony of Dr. David L. Hill, a scientist, on page 432 of the hearings, "still continued by every means at his disposal to oppose and to frustrate the plan for the United States to make a friendly and helpful gesture to its allies through sharing its unclassified materials."

Dr. Hill stated in the hearings that "radioisotopes in the minimum weight elements had nothing to do with fissionable material which was restricted by the McMahon Act from shipment abroad." This eminent scientist said on page 432 of the hearings that "no security information of any sort was issued with these radioisotopes and that it would have made no difference to the military position of the United States if they had been sent directly to the Academy of Sciences in Russia or to any other country."

I, of course, cannot understand why, in the face of such dependable scientific testimony, Admiral Strauss would have opposed the shipment of radioisotopes to Norway in 1949, and I am all the more confused by his apparent insistence even today that these shipments should not have been made. As to the matter of the exportation of steel pipe, the only thing that appears significant to me is the apparent misrepresentation, on the part of Admiral Strauss, of the position of the Department of State in the matter, saying, as he did, that his action was taken with the "complete concurrence" of the State Department when, in actual fact, the State Department's position was in complete opposition to that of the Department of Commerce, of which he was Acting Secretary at the time.

Mr. President, I am very much concerned with the evidence that was brought out during the hearings which pointed to the failure of Mr. Strauss to keep the Joint Committee on Atomic Energy properly informed as to the activities of the Atomic Energy Commission at various times in the past. The nominee's defenses to the charges of the Senator from New Mexico [Mr. ANDERSON] of failure to keep the Joint Committee

"fully and currently informed" of AEC's activities were only partial and somewhat oblique. The law requires that the Joint Committee be so informed by the AEC. It was eminently clear, from a reading of the hearings, that Senator Anderson was not the only individual who ever encountered difficulty in securing necessary and required information from Admiral Strauss. Former Republican Congressman W. Sterling Cole objected, at the time he was chairman of the Joint Committee on Atomic Energy, to the resistance he had met in securing information from the Commission. On page 606 of the hearings, Chairman Cole is quoted as having said to Mr. Strauss:

You will agree there have been recent instances where that principle has been resisted, where the Commission has resisted informing the committee on matters which the committee requested of the Commission?

Chairman Cole went on to say:

Now, my purpose in bringing that out is at this time to write into the bill language which may be even stronger than what is in there now, and I do not know what stronger language could be used than to say it is the duty of the Commission to keep the Joint Committee fully and currently informed on all the Commission's activities.

Former Republican Representative Cole said to Mr. Strauss:

It may not be in your memory, but it certainly is within mine, that for the first time within the history of this committee it was necessary for the committee to adopt a formal resolution to get information from the Commission.

Mr. Strauss is then quoted as saying:

I am aware of that.

Chairman Cole then said:

You may not call that resistance, but I do.

Mr. President, enough has already been said concerning the difficulties which have confronted members of appropriate congressional committees in their attempts to be kept currently informed, as prescribed by law, of the activities of the AEC during Mr. Strauss' tenure as Chairman. The evidence produced in the hearings also revealed that he did not keep the other Commissioners informed, in spite of the Murray amendment sponsored by Senator ANDERSON in 1955 to require that all the Commissioners be kept informed. A good example of this withholding of information from the Joint Committee appears on page 512 of the hearings, in connection with Mr. Strauss' failure to inform the Joint Committee on Atomic Energy concerning the transfer of the secrets of the *Nautilus* reactor to Great Britain, a country where security questions still existed at the time. The Attorney General of the United States had informed the AEC on January 26, 1956, that such a transfer of secret information was legal, but the legal opinion contained this caveat:

In view of the sensitive subject matter here involved and its apparent importance, I believe that, in this instance, the matter should be discussed with the Joint Committee before the agreements are entered into.

Mr. Strauss did not inform the Joint Committee, as was suggested by the Chief Legal Adviser of the Government, but rather, according to Senator ANDERSON's testimony on page 512, Mr. Strauss "sat on it until June 8, 1956, the day after the British agreement was sent to the President for approval. At a hurriedly convened executive session of the Joint Committee on June 8, Mr. Cole objected to the agreement as illegal. But Mr. Strauss went right ahead and bulled the agreement through even though Commissioner Murray raised security questions. These events are all set out in the chronology."

An example of his failure to keep the Joint Committee members, and apparently, his fellow Commissioners, informed of certain AEC activities is rereferred to by Senator ANDERSON on page 513 of the hearings, and it is in connection with the Philadelphia Electric-General Dynamics gas-cooled reactor project.

Mr. President, I think it is a matter of vital importance to the country that committees of the Congress be supplied with adequate and necessary information from the Departments so as to enable the Congress to wisely legislate. The withholding of legally required information from congressional committees, whether it be withheld intentionally or inadvertently, constitutes a serious detriment and an obstruction to the legislative processes of our Federal Government. Instance after instance of such withholding of facts by Mr. Strauss is referred to in the course of the hearings, and this has had a tremendous bearing on my decision. I do not believe that our Government can properly and efficiently function when vital information is withheld from appropriate committees of the Congress. It is not in the best interests of the country.

I am in no position to say that Secretary Strauss resorted to falsehoods in the course of his testimony. Nonetheless, I cannot but note that his statements time after time were destroyed by subsequent testimony. For instance, he categorically denied having ever requested information on a hostile witness, yet he was forced subsequently to admit that he had personally inquired of the AEC for background material on Dr. David R. Inglis, chairman, Federation of American Scientists. I have no quarrel with his having sought the information, but I do think that it was wholly unbecoming of him to deny that he had ever asked for such information as he did on page 827 of the hearings where he said:

I have never asked for anything on Mr. Inglis in my life.

On page 844 of the hearings a letter appears from the Atomic Energy Commission flatly stating that Mr. Strauss had earlier inquired about Dr. Inglis. One cannot believe that Mr. Strauss' denial of his having inquired into the background of Dr. Inglis could be attributed to a failure of memory in view of the fact that this inquiry to the AEC had been submitted less than a month prior to his denial.

Mr. President, I do not wish to belabor the subject. It has been carefully and fully discussed during this debate which has extended over a period of several days. I merely wish to conclude by saying that, in my opinion, it would not be in our country's best interests to have this nomination confirmed. I do not feel that Mr. Strauss is indispensible, and I am not convinced that the President cannot nominate someone else with equal or greater ability, someone who is far less controversial, someone whose relations with congressional committees are not brought into question. Mr. Strauss' connection with the Dixon-Yates deal and his apparently dilatory withholding of information from the Congress do not recommend him for future service as head of the Department of Commerce.

This is to say nothing of his actions on the Commission which have, according to the testimony of eminent scientists, done injury to the relations existing between the Atomic Energy Commission and the scientific community. I am convinced that, if he is confirmed, many of us here can never be sure that we are securing the full and complete facts from the Department of Commerce on a given matter as long as he is Secretary. Without this degree of trust in information provided by the Department to the Congress, we cannot properly legislate in certain fields.

Moreover, if he is confirmed, I am now convinced that a good and warm relationship will not exist between the Department of Commerce and much of the Congress. Such a relationship is so necessary if we are to work together. There must be mutual respect and cooperative effort between the Cabinet officers and the Congress if the country's welfare is to be served and furthered. I cannot believe that such a feeling of mutual respect, that such a spirit of warm understanding, that such a high degree of cooperative effort will be existent between the Congress and the Department of Commerce if the nomination is confirmed.

The President does not enjoy a right to confirmation by the Senate of any particular nominee to fill a particular office. He may nominate, but with the "advice and consent" of the U.S. Senate. The onerous duty and responsibility of advising and consenting is one which bears heavily upon the Members of this body. Having carefully weighed the facts in this case to the best of my ability, I consider it now my duty to vote against the nomination of Mr. Lewis L. Strauss.

Mr. President, the Senate will shortly reach a decision on this nomination. Some of us will vote for the nomination, some of us will vote against it. I trust that each Senator will search and vote his or her own conscience; and may the verdict be in the interest of our beloved country.

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from Nebraska.

Mr. HRUSKA. Mr. President, I rise in support of the nomination of Lewis L. Strauss as Secretary of Commerce.

His record of public service is long. It occurred under four Presidents of the United States. It was in a variety of

capacities and stations, each of them important and meaningful, each of them carried out in creditable fashion.

It was upon the basis of this record and of his acquaintance with the nominee, that President Eisenhower selected him and appointed him as Secretary of Commerce. It is well to note that the President has been in the business of appointing associates for 40 years.

It should be noted that he has himself compiled a brilliant and varied record to become a figure of world renown. He could not have achieved the high position he now holds in the minds and the hearts of people all over the world without having had some considerable success in his judgment of human nature and capacity as contained with men whom he brought into his association. Mr. Strauss is entitled to have his nomination to be Secretary of Commerce confirmed.

Mr. President, the printed record of the hearings before the Interstate and Foreign Commerce Committee in March and in May is extended.

There is one particular aspect of these hearings and of the debate pertaining to the confirmation of the nomination of Mr. Strauss which especially engaged my interest.

It has to do with the assertion by the nominee of the so-called executive privilege or the doctrine of separation of powers in certain instances during the Senate Judiciary Subcommittee hearings in 1955, and again during hearings of his nomination in March and May of this year.

Objections are made to the confirmation of the nomination, among other reasons, in three points in this particular respect.

Mr. President, I ask unanimous consent that a statement I have prepared in this regard be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HRUSKA

1. He refused to answer certain questions propounded to him by Senate committee members.

2. He set himself up as sole judge as to when the right to refuse an answer should be asserted.

3. He erroneously refused to recognize a certain statement of President Eisenhower to a press conference in 1955 as a waiver of immunity.

MR. STRAUSS' REFUSAL TO ANSWER CERTAIN QUESTIONS

The occasions on which Mr. Strauss refused to answer arose when he was asked about his conversations and negotiations with the President, with members of the President's staff, or members of the executive branch of Government. Here are typical examples.

At page 158 of the nomination hearings (p. 1149 of the 1959 hearings) Mr. Strauss stated:

"Senator, I will have to respectfully decline to reply to a question as to discussions with the executive branch that I may have had."

At page 159 of the nomination hearings, in 1955, witness respectfully declined to answer as to "any conversations that I may have had with any of the assistants to the President or any other persons in the executive branch of the Government."

Again, at page 162, he stated: "* * * I am sorry, I can't testify as to any conversation I had with the President, Senator."

And at page 163, Mr. Strauss answered: "With great respect, again, may I request you to permit me not to testify and not to press me on the conversation with the President."

MR. STRAUSS' EXPLANATION AND JUSTIFICATION FOR HIS REFUSAL TO ANSWER

In fairness to the witness, as well as to the Senate, we should turn to the reasons as narrated by Mr. Strauss himself as to why he refused to answer. We can then consider the soundness of his reasons in the light of history, precedent, and public policy.

During the hearings, the Senator from New Hampshire [Mr. COTTON] addressed Mr. Strauss as follows, at page 337 in the nomination hearings: "* * * Senator KEFAUVER, you remember, several times referred to your claiming of privilege when you were before his committee; and I am wondering if you would have some brief comment to make on what type of questions you did not answer, and why you didn't answer them, without going into long detail and going into a lot of evidence, but I think it should be touched upon."

Mr. Strauss answered at the same page 337, as follows:

"The Senator said I refused to answer all sorts of questions. I declined—I respectfully declined, and I would emphasize that—to reply to any questions which asked for what direct conversations I had with the President or members of his personal staff. I didn't plead privilege, Senator COTTON.

"I said I declined to do so on the doctrine of the separation of powers. I pointed out, or I think I pointed out, the fact that the Attorney General, for a long period of years, from Washington's time on, had given such assurances to the President; and I believe with few exceptions, most Presidents had had this kind of difference of opinion with the legislative branch.

"It seems to me that it would be as improper as if the President were to ask you what you were just discussing with Senator BUTLER, or to ask you for your communications with Senator MAGNUSON.

"Therefore, I said that I respectfully decline to answer that. I said:

" 'If you want to know how this contract came to be entered into, I have no hesitation in telling you, it is in the record. It was at the direction of the President. It was terminated at the direction of the President. But what was said, if anything was said, it seems to me, should not be asked by you.'

"I said if there is a penalty involved in my not replying, I would rather accept that penalty than violate in my small way this great principle. I have been brought up to believe in it as a schoolboy, and I do very strongly.

"Senator COTTON. Mr. Secretary, in other words, you now indicate that in these refusals to answer referred to by Senator KEFAUVER you were claiming privilege not for yourself, but you were claiming privilege for the President of the United States in his freedom of communications with his subordinates in the executive branch of the Government?

"Mr. STRAUSS. That is true, sir."

In affirmative fashion, the witness testified that the only occasion when he declined to answer during the course of the testimony was when he was asked questions which did not involve communications between the President of the United States or his associates in the executive branch. Here is how that came about, and it follows the testimony immediately following that which is quoted above:

"Senator SCOTT. Now, may I ask you this, did you at any time before any Senate committee, decline to answer, withhold any information, in any way evade any question that did not involve communications to you from the President of the United States or his associates in the executive branch, but on some other ground or some ground in behalf of yourself?

"Mr. STRAUSS. No, sir, I did not, and I felt very much aggrieved at Senator KEFAUVER's inference that I had."

MR. STRAUSS' JUSTIFICATION IS SOUND, HIS ACTION NECESSARY

It is plain from these comments of Mr. Strauss that he was asserting and explaining the logic and necessity of a principle of orderly administration, which was established in the early beginnings of our Republic, and which has been followed by every President and every Cabinet member as far back as President Washington's time and so far as we know.

The refusal to answer such questions as those propounded is simply a declaration of nonavailability of preliminary thoughts as distinguished from final official acts by responsible officials.

At no time did he refuse to supply any substantive matter or any records, but he has steadfastly and properly refused to make available the advising and consultation with the President, among staff members and among others in the executive branch of the Government. He has steadfastly and properly refused to make available recommendations from subordinates to superiors, especially those not yet acted upon.

One of the best expositions of the necessity for this principle of orderly administration was brought out by his testimony at pages 1159–1160 of the 1955 hearings (p. 165, nomination hearings). He stated:

"The Atomic Energy Act, both the existing one and the McMahon Act, which is superseded, established the Joint Committee on Atomic Energy and enjoined the Commission to keep it fully and currently informed and despite that, the Joint Committee, I started to say on numerous occasions, on three that I can think of and probably more, has declined to press for information to which some of its members thought they have access.

"As a matter of fact, the junior Senator from Tennessee on an occasion not long ago agreed with me that certain documents that he had requested and certain conversations which he asked should be introduced into the record, should, for the reasons that I had tried to expound, not be requested.

"I pointed out to him that the whole business of Government would grind to a halt if all conversations between members of the executive branch were subject to inspection and review. It would mean that we could only communicate by telepathy.

"Invariably these reports contain the opinions of the staff and of the other members of the administration with whom one consults. These opinions frequently contain personalities. They are not infrequently a result of debate and consultation exchange.

"It would be grossly unfair to expose such communications and advices to the general public view. In a business, it would be impossible to conduct its affairs on any such arrangement.

"Now, it is not because of the practicability of such a division that I take this position, and I realize, Senator, that in taking it I am really putting myself in jeopardy. I know that, and I am unhappily conscious of it, but it is because of the fact that I believe that a great constitutional issue is at stake.

"If I am wrong, I will have to pay the penalty. I would certainly say this: There is no disposition on the part of myself or any of the witnesses for the Commission to

fail to testify on any substantive matter about this contract."

One more very expressive excerpt from page 1149 of the 1955 hearings (p. 158 of the nomination hearings) is as follows:

"Senator KEFAUVER. Who else did you talk with about it? Did you talk with Sherman Adams in the White House?

"Mr. STRAUSS. Senator, I will have to respectfully decline to reply to a question as to discussions within the executive branch that I may have had, or even to imply that I had any by declining to be responsive to you on that question.

"Senator KEFAUVER. Why, Admiral Strauss? I do not understand.

"Mr. STRAUSS. Well, Senator, it seems to be that it is basic to the whole concept of government that the separation of powers provided for in the Constitution enables the individuals of the executive branch of the Government to confer without inquiry as to their conferences."

Just to show that the assertions and views of Mr. Strauss in this regard are in line with precedent and history, I ask unanimous consent that there be set out in the CONGRESSIONAL RECORD at this point in my remarks excerpts from President Eisenhower's May 17, 1954 letter to the Secretary of Defense and from the Attorney General's memorandum attached thereto.

The first paragraph of the President's letter reads:

"DEAR MR. SECRETARY: It has long been recognized that to assist the Congress in achieving its legislative purposes every executive department or agency must, upon the request of a congressional committee, expeditiously furnish information relating to any matter within the jurisdiction of the committee, with certain historical exceptions—some of which are pointed out in the attached memorandum from the Attorney General. This administration has been and will continue to be diligent in following this principle. However, it is essential to the successful working of our system that the persons entrusted with power in any one of the three great branches of Government shall not encroach upon the authority confided to the others. The ultimate responsibility for the conduct of the executive branch rests with the President."

The third full paragraph of the Attorney General's memorandum is as follows:

"For over 150 years—almost from the time that the American form of Government was created by the adoption of the Constitution—our Presidents have established, by precedent, that they and members of their Cabinet and other heads of executive departments have an undoubted privilege and discretion to keep confidential, in the public interest, papers and information which require secrecy. American history abounds in countless illustrations of the refusal, on occasion, by the President and heads of departments to furnish papers to Congress, or its committees, for reasons of public policy. The messages of our past Presidents reveal that almost every one of them found it necessary to inform Congress of his constitutional duty to execute the office of President, and, in furtherance of that duty, to withhold information and papers for the public good.

"Nor are the instances lacking where the aid of a court was sought in vain to obtain information or papers from a President and the heads of departments. Courts have uniformly held that the President and the heads of departments have an uncontrolled discretion to withhold the information and papers in the public interest; they will not interfere with the exercise of that discretion, and that Congress has not the power, as one of the three great branches of the Government, to subject the executive branch to its will any more than the executive branch may impose its unrestrained will upon the Congress."

CURRENT DEBATE AND DISCUSSIONS GENERALLY ON "RIGHT TO KNOW"

The historical basis, the origin, and the justification of this entire subject has been canvassed thoroughly and many times on the floor of this body, in the other body, in their respective committees, in legal literature, and otherwise.

The Senator from Nebraska is aware of the current push and furor about the so-called right of the people to know and the right of Congress to know.

Likewise, the Senator is aware of the declared and evident determination of certain Members of the present Congress to batter down and level off, if possible, the barriers which exist as to certain information in the executive branch of our Government.

On the subject of executive privilege and the doctrine of separation of powers, the Senator from Nebraska does not contend that either of these concepts is unlimited.

In fact, he would contend to the contrary; that is to say, that they are limited; and that they, just as every other fundamental principle of our Government, are subject to limitations which derive from a balance of consequences.

Moreover, the Senator from Nebraska is fully aware of the argument made that either of these principles can be abused to the high detriment of our public interest and well-being. Resort to these principles can be employed to cover up mistakes, sources of embarrassment, maladministration and maybe even wrongdoing.

As a member of the Subcommittee on Constitutional Rights of the Senate Judiciary Committee, these possibilities have been canvassed, testimony has been taken on them from eminent authorities, and I trust that effort will be continued to take such steps as are available within constitutional limitations to hold any abuse to a minimum, and to exclude it as much as possible.

But the possibility of abuse in the case of executive privilege or the doctrine of separation of power does not vitiate or render nonexistent either of these principles, and their high necessity in the orderly administration of our Government.

Nor does the possibility of abuse of legislative action or legislative inquiry vitiate or render nonexistent either of those prerogatives of the Congress.

THIS IS NOT THE TIME TO SETTLE SOUNDNESS OF EXECUTIVE PRIVILEGE OR SEPARATION OF POWERS OR EXTENT OF THE RIGHT TO KNOW

But in spite of all the discussion, dispute, and disagreement as to executive privilege, the doctrine of separation of powers, and the right to know, it will serve no purpose to try to decide the merit or the feasibility of several viewpoints here on the occasion of debating confirmation of a Cabinet nomination.

This is not the time to try to settle such an issue.

Those who attempt to raise it here at this time in reality seek to impose a new criterion for confirmation for Cabinet nominees to those criteria already historically established and recognized.

The Senator from South Carolina [Mr. THURMOND] not long ago on this floor in debating this very nomination stated:

"Only recently it was argued persuasively to this body that the historic criteria used by the Senate on questions of confirmation of appointments are four in number, and consisted of good character and mental soundness, freedom from conflict of interest, loyalty to our system of government, and competency to perform the job for which the appointment was made."

Now come along critics and opponents of the nomination to interpose and add a new and additional criterion.

In reality they seek to say: "No nominee for a Cabinet appointment shall be confirmed if he declares that he will follow the principle of orderly administration which is sometimes referred to as executive privilege, and sometimes described as a refusal to disclose information in reliance on the doctrine of separation of powers."

If that test is applied henceforth, it is extremely unlikely and it is highly improbable that there will ever be another confirmation of any other Cabinet post nominee.

This follows because it is difficult to envision any prudent, thoughtful person of sufficient stature, integrity, competency, good character, and of loyalty to our system of government who would expressly and in advance of taking office declare that he would repudiate this time-honored, soundly founded, and indispensable principle or orderly administration.

Since George Washington's administration all of the Attorneys General serving in that high Cabinet post, and all of the Presidents of whatever party affiliation have testified to and practiced the principle to which reference is made and which is at issue here.

If any Cabinet officer served in his post holding a different concept and a different idea in regard to this principle, his existence and his convictions in this regard have not been brought to our attention.

We can go a step further and readily surmise that if after his nomination, and during the course of hearings thereon in the Senate committee, such a nominee did make a pledge to repudiate that principle, his tenure in office would and should be brief indeed.

As a matter of fact, if any such nominee in committee hearings would declare that insofar as he was requested and able to do he would freely communicate to congressional committees all his conversations with the President, with the President's staff, with members of the executive branch of Government, as well as produce all papers, records, and memorandums of any and all description bearing on such negotiations and consultations, if there were such a declaration by a nominee, the greater likelihood is that he would not receive confirmation at the hands of this body. And he should not.

Already attention has been called to historical material and to Mr. Strauss' own explanation and justification for the adherence to executive privilege and the doctrine of separation of powers.

Let me at this point suggest the language of President Eisenhower himself when he stated the practical need for confidence which must be accorded certain realms and activities in the executive branch of Government.

His statement is in the New York Times for July 7, 1955, as set out on pages 347–348 of the nomination hearings:

"If anybody in an official position of this Government does anything which is an official act, and submits it either in the form of recommendation or anything else, that is properly a matter for investigation if Congress so chooses, provided the national security is not involved.

"But when it comes to the conversations that take place between any responsible official and his advisers, or exchange of little, mere little slips, of this or that, expressing personal opinions on the most confidential basis, those are not subject to investigation by anybody, and if they are, will wreck the Government.

"There is no business that could be run if it—if there would be exposed every single thought that an adviser might have, because in the process of reaching an agreed position there are many, many conflicting opinions

to be brought together. And if any commander is going to get the free, unprejudiced opinions of his subordinates he had better protect what they have to say to him on a confidential basis.

"It is exactly, as I see it, like a lawyer and his client or any other confidential thing of that character."

EXECUTIVE PRIVILEGE, LEGISLATIVE PRIVILEGE, JUDICIAL PRIVILEGE

This body and the entire Congress should be deeply concerned with the doctrine of separation of powers.

We believe in them. We certainly must believe in them because we practice them in the Congress.

We have our executive sessions of committees, both in the respective Houses as well as in conference committees. It is insisted that juries deliberate in secret. When more than one judge sits on a case, and in the case of appellate courts, they likewise deliberate in secret.

There is a jealous guarding by the judicial and the legislative branches of their privilege, which in reality when challenged by another department is based on the doctrine of separation of powers.

Both the Congress and the courts have stoutly resisted any detraction of this principle, or deviation therefrom.

LEGISLATIVE PRIVILEGE ASSERTED

One instance occurred only recently, in the 81st Congress. A subpena duces tecum issued out of the U.S. District Court for the District of Columbia, calling for production of certain records of the House.

That body, in House Resolution 427 of the 81st Congress, asserted "* * * that by the privileges of this House, no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control of possession but by its permission."

JUDICIAL PRIVILEGE ASSERTED

In order to make this cycle of separation of powers complete, permit me to recall the occasion in June 1953 (see p. 922 of the New York Times, June 2, 1953) when Judge Louis E. Goodman, speaking for the seven Federal judges of the northern district of California, refused to answer certain questions by a House Judiciary Subcommittee investigating the actions of the courts in that district.

He stated that to do so would make the Judiciary subservient to the legislative branch of the Government.

With respect to judicial proceedings, he stated, "the Constitution does not contemplate that such matters be reviewed by the legislative branch but only by the appropriate appellate tribunals. The integrity of the Federal Courts upon which liberty and life depend, require that such courts be maintained inviolate against the changing moods of public opinion."

Again, we can run into a lot of discussion, debate, difference of viewpoint, and so forth in this regard. But this debate on confirmation of a Cabinet nominee is not the time for such a debate or policy determination.

Nor is this a time to seek to add a new criterion to those historically considered the basic and the sound ones for consideration of Presidential appointments which require confirmation.

MR. STRAUSS DOES NOT SEEK TO BE SOLE JUDGE OF "EXECUTIVE PRIVILEGE" USE

The charge that Mr. Strauss asserts the right to set himself up as a sole judge of when and where he can deny information to Congress is not sustained by the record.

The assigned basis for this charge is his testimony at page 1159–1160 of the 1959 hearings (p. 165, nomination hearings), as follows:

"If I am advised that I have no privilege by the Attorney General, I might still feel that my construction of the Constitution was one by which I should abide, but I have not received any such instruction, and I have not asked for it, Senator."

With unseemly and undue haste this has been seized upon as basis for the conclusion that Mr. Strauss would do as he chose, regardless of what anyone else might say.

Mr. Kenneth Cox, special counsel, of the Interstate and Foreign Commerce Committee, went about it in a more deliberate, and might be added, in a much more fair fashion as well. On page 338 of the nomination hearings, Mr. Cox read the quoted portion of the 1955 hearing and ascertained from Mr. Strauss that it was the latter's position as of the date of the testimony then being given. Mr. Strauss answered in the affirmative whereupon we find this question and this answer (p. 338):

"Mr. Cox. Doesn't this set you up as above the law in your dealings with Congress, if you are going to make your own personal interpretation?

"Mr. STRAUSS. No, the law sets up three separate independent branches of the Government. If the President said to me, 'You may reveal your conversation with me; you may reveal your conversation with my personal assistant,' I would feel that he had waived this privilege. But no one else, no one else, could waive it for him or for me."

In short, as Mr. Strauss testified earlier (see p. 337, nomination hearings) he was claiming privilege not for himself but for the President of the United States. It would not be for the Attorney General, or any other official to release him, but for the President himself to do so.

DID THE PRESIDENT RELEASE MR. STRAUSS

This brings me to the third objection in the field of Executive privilege: namely, that President Eisenhower had waived any privilege as to the Dixon-Yates contract in his August 17, 1954, press conference when he stated to the assembled newsmen:

"Any one of you here present might singly or in an investigation group, go to the Bureau of the Budget, to the Chief of the Atomic Energy Commission, and get the complete record from the inception of the idea to this very minute, and it was all yours."

At page 339 of the hearings, Mr. Cox, Special Counsel for the Committee, read that presidential statement as quoted above to Mr. Strauss, and thereupon the record reads:

"Mr. Cox. Now, isn't it reasonable to interpret that as a waiver of immunity as to this matter, not to be countermanded by the President's subordinate?

"Mr. STRAUSS. I do not personally interpret it as a waiver to me to repeat a conversation with the President.

Mr. Cox. Doesn't the complete record to which he refers include conversations among major participants in the negotiation for the Dixon-Yates contract?

"Mr. STRAUSS. It does not conclude, from my construction, any waiver of the doctrine of separation of powers."

And at page 340, nomination hearings, the record reads:

"Mr. Cox. * * * What kind of a statement from the President would you have regarded as permitting you to testify before Congress as to these conversations, and would in your mind have constituted a waiver? What could he have said above and beyond what he stated in this press release?

"Mr. STRAUSS. Mr. Cox, a conversation is not a record. Do you suppose that this meant that I should reduce to writing every conversation that occurred, place it in a file, as against some subsequent date when it is to be released? Or that it would be fair to the individual with whom I have had colloquy, as representing what he said? I do not do that. There was no such record of conversations. I don't maintain them."

On the very next page (p. 341) it was developed by questions of the Senator from Ohio [Mr. LAUSCHE] that the press conference statement of the President is the only basis for claiming that Mr. Strauss was relieved of his obligation of "keeping in trust the talks which he had with the President of the United States."

There was no statement by the President to Mr. Strauss, such as: "You are at liberty to reveal the conversations that we had in respect to this subject."

It would appear to be a little farfetched to consider an informal, extemporaneous statement of the President to a news conference, to construe an informal, extemporaneous statement by the President to a news conference as the President's waiver of Executive privilege, and as an authority to reveal conversations, conferences, and the like.

This is particularly true if we consider the entire statement of the President as detailed in the New York Times for August 17 (by AP) as found on page 346 of the nomination hearings. It will be noted that in the examination of Mr. Strauss only the last four lines or the underscored portions thereof were quoted.

However, the entire quotation from the New York Times is as follows:

"Now, as to his [the President's] actions, his own actions, he was not going to defend himself, as he had told the reporters time and again he should not. He merely said this: Of course, he approved the recommendations for this action, and every single official action he took involving the contractual relationships of the United States with anybody, and except only when the question of national security was directly involved, was open to the public.

"Any one of you here present might singly or in an investigation group, go to the Bureau of the Budget, to the Chief of the Atomic Energy Commission, and get the complete record from the inception of the idea to this very minute, and it was all yours. Now, that was all he had to say about it."

MR. STRAUSS' STATEMENT IN SUMMARY ON THIS POINT

By way of summary at this juncture, (p. 343, nomination hearings) Mr. Strauss then stated:

"May I add this, Mr. Chairman, that when and if I am confirmed as Secretary of Commerce, it would certainly be my intention to supply to this committee, voluntarily, on its request, all records that the committee calls for; but I do not, and you should know it, I do not intend to respond to any request, if you make it, for the substance of a conversation, or the details of a conversation, that I may have with the President without his express concurrence, and if this is a disqualification, you should know it."

Again, the Senator from Nebraska would like to emphasize that for the nominee to have expressed any other or contrary views, would have amounted to a repudiation of a long-honored, time-tested, and indispensable principle of orderly administration.

Again, they may be some who disagree with this principle, in its operation or its application; they may contest, attack, and dispute it or its soundness; but there is no escape from it as a reality in the governmental processes of our Republic.

There is no escape from the fact that all Attorneys General and all Presidents, from George Washington's time on, regardless of party affiliation, have recognized this principle, have applied it, and abided by it.

It is not Mr. Strauss who should be disqualified from nomination on this score for

the position he takes. It would be for one who repudiates that principle, whose qualifications to serve in the Cabinet should be and, would be, questioned seriously, and in fact to the point of rejecting confirmation.

Mr. DIRKSEN. Mr. President, I yield 3 minutes to the distinguished Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, it had been my intention to speak at greater length on the nomination of Lewis L. Strauss; but because of the situation which has arisen suddenly this evening concerning the agreement to vote very soon, I shall confine my remarks to 3 minutes.

First, I have had extensive association with Lewis Strauss since 1947. He was a member of the first Atomic Energy Commission. My association with him in atomic energy matters, and otherwise, has been close, and of such a nature that I have been able to observe his conduct.

I say, without reservation, that Lewis Strauss is one of the most outstanding, able American citizens today. He has had perhaps as great a period of public service, public experience, and public accomplishments, as has any man who is available for public life in this country.

I think it is tragic, Mr. President, when I read the record of the hearings that were held, and when I read of the tortured attempts to pick out small things and try to build them into great mountains.

The record of Lewis Strauss has been written in the hearings and in this debate. I shall not attempt to recite his many accomplishments, his recognition by four Presidents, his able service in public life; the fact that he has been a leader; the fact that he has been an administrator of outstanding ability; the fact that he is a man of tremendous success in his own private life.

Surely no one questions his ability.

Surely no one who gives thought or consideration to the matter questions his patriotism.

There have been some who have dared question his honesty; but I submit that anyone who reads the record, anyone who has really associated with him, cannot question his honesty, because those who have been associated with him in the main, over the last 30 or 40 years, testify unequivocally to his great honesty, his basic integrity, and his great ability.

My experience with him has been in connection with my service on the Joint Committee on Atomic Energy, more than in any other field.

Some question has been raised about his cooperation with the Joint Committee. I can say to you, Mr. President, that throughout the life of the Joint Committee on Atomic Energy, no member of the Atomic Energy Commission has given greater or more zealous cooperation to the Joint Committee on Atomic Energy than has Lewis Strauss. So far as furnishing information to the Joint Committee is concerned, he has been meticulous and careful in his zeal to furnish the Joint Committee on Atomic Energy with all pertinent information touching the activities of the Commission. The records will show that. There may be disputes on this little matter or that little matter; but the volume of information has been fantastically great; it has been so great that the Joint Committee itself cannot digest the amount of information that has been given to it.

Those are the facts; I cannot detail them now.

The PRESIDING OFFICER. (Mr. SCHOEPPEL in the chair). The time yielded to the Senator from Iowa has expired.

Mr. HICKENLOOPER. Mr. President, may I have 1 additional minute?

Mr. DIRKSEN. Mr. President, I yield 1 additional minute to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized for 1 additional minute.

Mr. HICKENLOOPER. Mr. President, I might call attention to Lewis Strauss' lifelong humanitarian activities; to the fact that he is, in fact, the one prominent person in this country—although there were others—who probably was more responsible than anyone else for the early warning system of detection of enemy attack; that his voice was perhaps the loudest and the most important and the most persuasive in connection with development of the hydrogen bomb in this country, after the Russians proved that they had been able to build the atom bomb.

Lewis Strauss was the instigator and the sparkplug of the program for atoms for peace in the world; and I say that, Mr. President, based upon years of intimate experience with the Joint Committee on Atomic Energy, the Atomic Energy Commission, and Admiral Strauss.

Mr. President, it would be a tragedy if the Senate failed to confirm his nomination.

The PRESIDING OFFICER. The additional time yielded to the Senator from Iowa has expired.

The majority leader has 9 minutes remaining under his control. The minority leader has 5 minutes remaining under his control.

Mr. DIRKSEN. Mr. President, I yield to the distinguished Senator from South Carolina [Mr. THURMOND].

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, the debate thus far on the nomination of Mr. Strauss to be Secretary of Commerce leads me to believe that many have been so obsessed with the details of the voluminous record of hearings before the Commerce Committee that they have failed to put the issue in proper perspective. It is a matter of not being able to see the forest for the trees. For this reason, I should like to point out the relation of certain specific items of testimony and facts to the overall question.

A great deal of concern has been evidenced, in connection with this nomination, over the nominee's purported claim of executive privilege when being queried by congressional committees on his actions in the executive branch. I may say at this point that I do not believe that anyone is more concerned than I over the continual usurpation by one branch of the Government of the powers of the other, and this includes the encroachment of the executive branch on the constitutional powers of the Congress. This concern, however, should not blind us to the facts of the case at hand.

What are the facts? Let us look at the record. When the nominee was testifying before the Subcommittee on Antitrust and Monopoly, on the Dixon-Yates matter, he was asked several questions with reference to conversations which the nominee, as Chairman of the AEC, had with the President and members of his staff. The nominee claimed Executive privilege, and declined to testify with regard to any such conversations. He did not decline to disclose any official actions with respect to the transaction under investigation, nor did he decline to give full information on the transaction itself. There is a tremendous difference. Much has been made of the President's statement at a press conference, by which he is alleged to have waived any objection to a full revelation of any conversations he may have had with his subordinates. The text of the President's statement is as follows:

> Any one of you here present might singly or in an investigation group, go to the Bureau of the Budget, to the Chief of the Atomic Energy Commission, and get the complete record from the inception of the idea to this very minute, and it was all yours. Now, that was all he had to say about it.

Mr. Strauss' opponents allege that this statement gave the President's permission for Mr. Strauss to testify as to his conversations with the President and his staff. The quotation was from a press conference on August 18, 1954, and appears reprinted on page 346 of the hearings on this nomination. If there is really any doubt as to whether the President intended to include the conversations in question in the phrase "complete record," one needs but to refer to the President's press conference of July 7, when the same subject was discussed. That press conference is quoted directly and is printed on pages 347 and 348 of the hearings before the Interstate and Foreign Commerce Committee. I quote, beginning with the last paragraph on page 347; and these are the President's words:

> If anybody in an official position of this Government does anything which is an official act, and submits it either in the form of recommendation or anything else, that is properly a matter for investigation if Congress so chooses, provided the national security is not involved.
>
> But when it comes to the conversations that take place between any responsible official and his advisers or exchange of little, mere little slips, of this or that, expressing personal opinions on the most confidential basis, those are not subject to investigation by anybody, and if they are, will wreck the Government.
>
> There is no business that could be run if it—if there would be exposed every single thought that an adviser might have, because in the process of reaching an agreed position there are many, many conflicting opinions to be brought together. And if any commander is going to get the free,

unprejudiced opinions of his subordinates he had better protect what they have to say to him on a confidential basis.

It is exactly, as I see it, like a lawyer and his client or any other confidential thing of that character.

Can we honestly read those words, and conclude that Mr. Strauss was directed by the President, in his previous press conference, to testify as to conversations with the President and his advisers? Was the nominee just being arbitrary, or was he reacting as any other reasonable man in the same circumstances would act? I wonder how many Senators would consider such action arbitrary if it were their staff member who took such a position. There is no precedent for revealing such conversations, and I doubt seriously that there ever will be. Mr. Strauss claimed no Executive privilege beyond that which has repeatedly and consistently been claimed in the past, and that which undoubtedly will be claimed again in the future, possibly by Members of this body.

Another matter which seems to have gotten completely out of perspective is the often referred to letter of the Attornew General concerning the transfer to England of information on the *Nautilus*. Much has been made of the fact that the letter was not revealed by the nominee to the Joint Committee on Atomic Energy. The pertinent part of the letter reads as follows:

In view of the sensitive subject matter here involved and its apparent importance, I believe that, in this instance, the matter should be discussed with the Joint Committee before the agreements are entered into. This, presumably, would be undertaken in an informal basis in the interest of ascertaining preliminarily the views of the committee and, at the same time, permitting the committee to become aware of proposed developments in the field of international cooperation which might have significant effects upon the atomic energy program.

Let us look at this matter objectively. In the first place, the letter was addressed to the Defense Department, and a copy was sent to the Atomic Energy Commission. There is considerable doubt as to when the letter actually came to the nominee's attention. In any event, the primary burden to comply with the Attorney General's suggestion was on the Department of Defense, and even a larger burden than that on the AEC was on the State Department, which handled the matter. These matters, however, are largely beside the point. The Attorney General advised that the proposed transfer of information be discussed with the Joint Committee. That was done prior to the agreement's being consummated. Of what possible relevance is it that the letter of the Attorney General was not transmitted to the Joint Commitee? The sinister conclusions stemming from the fact that the Joint Committee did not receive the letter itself escape me. The prominence which the subject has occupied in this debate is just another indication that the matter has not been considered in its proper perspective, and that is probably a considerable understatement.

There is another factor about the testimony which evidently has not been comprehended. Mr. Strauss was called on to testify in the most minute detail concerning matters in the technical field of atomic energy which occurred over a period of some 10 years. He had at his disposal only his personal papers, as was obvious to anyone who watched the hearings. He did not have for reference the file of the AEC, about which agency's actions he was testifying; nor did he have access to the files of the Joint Committee. Obviously, the assistants who worked with him were energetic and conscientious. It was equally obvious that they were totally unfamiliar with the field of atomic energy and the persons who are knowledgeable in that field. As a result, the nominee had trouble with details and chronology of events. His testimony indicated that he was making an extreme effort to recall the details of past years and be responsive to the questions asked and the issues raised. Under the circumstances, he did an excellent job.

There seems also to be an impression that the nominee was reluctant to admit his shortcomings. Unquestionably, Mr. Strauss is a proud man, and I would be the last to say that he has no reason to be so. He did not hesitate, however, on a number of occasions to voluntarily correct his own testimony, and admit he was in error. On the question of keeping the Joint Committee informed, he admitted that he had made mistakes and had not always complied; and these are his own words from the testimony:

In other words, the inference there is that I am withholding information from the Joint Committee up to the time of my demise. If human error, to which I have confessed that I am as liable as the next man, or more so, is a dereliction of duty, then that is a construction which you will have to place on those occasions—and I say that there were such—when the Joint Committee may not have been informed as fully or as promptly as, under ideal circumstances, it should be. But in the great majority of cases, in the preponderant majority of cases, the Joint Committee was kept fully and currently informed; and what is more important, that was the motivation of the Chairman and members of the Commission during my term of office.

Mr. Strauss admitted, but did not apologize for, his own errors. That is the sum and substance of it.

Time lapse and unavailability of files were not the only handicaps under which the nominee testified. There is also a matter of security classifications, and I shall cite the outstanding example of how that handicap operated.

The witnesses who opposed confirmation of the nomination accused Mr. Strauss of telling falsehoods with respect to the reasons for his opposition to the shipment of isotopes to Norway, in 1949. Mr. Strauss had testified previously that he opposed the shipment because they were "to be used for research in the development of more heat-resistant alloys for jet engines." This the witness characterized as an unqualified falsehood; and from the testimony it appears that at the time of the witness' appearance before our committee, there was no available record to substantiate the nominee's assertion. However, at a time when the hearings were nearing conclusion, the nominee succeeded in obtaining from the Department of State a paraphrase of the cablegrams between the State Department and the American Embassy in Oslo, Norway, concerning the request by Norway for the isotopes. Those cablegrams had until that time been classified and held in the State Department files. Until that point, the nominee had had to rely solely on his memory. This is the pertinent part of the cablegrams:

We have contacted the director of the project referred to in your cable (giving reference number of cable paraphrased immediately above). Mr. A is an able young physical chemist heading a group of about nine employees in developing high temperature alloys at a theoretical level and which has as yet no practical use. The country's resources of cobalt, columbium and other metals leads the enterprise to believe that alloy development research is desirable. Iron used for diffusion experiments as a function of time and temperature in low-iron-containing alloys in order to check up possible lattice or other changes.

It is desired to develop alloy for jet or gas turbine use at a temperature as high as possible, i.e., particularly above 700° centigrade, if possible. Work already started and looks promising. It is expected eventually that there will be publication. Two patent applications have already been filed on this work. Mr. A is not presently available for personal interview. Will try to get further details later in week when Mr. B returns.

Subsequent cables revealed in essence that there were no grounds to assume that the research would be successful, or could be applied to rockets or other military weapons if it were successful.

The point that is clear is that the nominee stood on what appeared to be a fabrication of his own imagination, for the simple reason that the classification of the records on which he based his statement prevented substantiation of his statement. The handicap is obvious. How many other instances of this nature are in the record for which the corroborating records are still unknown to us and are unavailable because of security classification? I can see possibilities of this sort in several other instances.

These are but examples of the many details of these voluminous hearings which have appeared to be out of focus at times during this debate. I sincerely hope that they will impress on each Senator that it is essential to put the miscellaneous excerpts from the record into the proper perspective, before judgment is passed.

Mr. COOPER. Mr. President——

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the Senator from Kentucky [Mr. COOPER].

The PRESIDING OFFICER (Mr. BUSH in the chair). The Senator from Kentucky is recognized for 2 minutes.

Mr. COOPER. Mr. President, I rise to support the nomination of the Honorable Lewis L. Strauss to be Secretary of Commerce.

I have never had any doubt in my mind about supporting this nomination because I know Lewis Strauss.

I have not read the full record of hearings; but I have read the parts of the record on which the opposition to confirmation of the nomination of Mr. Strauss—however sincere that opposition may be—has been based.

As one who is not a member of the committee, but who has read dispassionately and without emotion these critical parts of the record—and I believe I could speak for all who have read the record in that way—I say there are no substantial facts in the record on which opposition to confirmation of the nomination of Mr. Strauss can be based. It is a flimsy, tenuous record of hearsay, and hearsay about hearsay.

If I can add anything to this debate, it is upon one point—the Dixon-Yates contract. I know something about it; I am one of the few Members on this side who opposed the contract. At the time the contract was being considered, I spoke to the President and to Mr. Hughes, then the Director of the Bureau of the Budget; and I talked with Mr. Strauss about the proposed contract.

Dixon-Yates was the administration policy. I disagreed with the policy, but to have a policy is not in itself dishonorable. From the record, and from my talks with Mr. Strauss at the time, I can say to the Senate that there was nothing dishonorable in the fact that he espoused that policy.

Mr. President, I close—because my time is limited—by saying that I have been disturbed by the exaggeration of "mousetracks" by the determined effort to build a record against the nominee, without regard to his character, his future, and his family.

The PRESIDING OFFICER. The time yielded to the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, may I have 1 additional minute?

Mr. DIRKSEN. Very little time remains under my control; but I yield 1 additional minute to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 1 additional minute.

Mr. COOPER. Mr. President, those of us who are lawyers know there is one final witness for one who is charged falsely or mistakenly by a witness; that is the witness of his own character—the witness of the life and reputation that he has built.

Against the thin, insubstantial case against Lewis Strauss, labored by those who oppose him, there stands the best and truest witness. It is a record of a lifetime of good character, of integrity, of service to our Nation, of the patriotism of Mr. Strauss—a record that cannot be torn down, even by political maneuvers in this body.

Mr. President, I hope and believe that the nomination will be confirmed.

The PRESIDING OFFICER. The additional time yielded to the Senator from Kentucky has expired.

The majority leader has 9 minutes remaining under his control. The minority leader has 1½ minutes remaining under his control.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to my colleague from Texas [Mr. YARBOROUGH].

The PRESIDING OFFICER. The junior Senator from Texas is recognized for 2 minutes.

Mr. YARBOROUGH. Mr. President, although the Senate has heard considerable debate on the nomination of Mr. Strauss to be Secretary of Commerce, since I am a member of the Interstate and Foreign Commerce Committee, and heard most of the evidence in the 16 days of hearings, had never seen Mr. Strauss before, and had no fixed opinion on the subject when the hearings opened, I feel that I should state the reasons for my opposition to confirmation of his nomination.

It has been said that there are at least four grounds upon which a nominee for high executive office must be tested: First, his integrity and character; second, his competence for the job; third, his emotional and temperamental stability; and, fourth, his freedom from conflicts of interest. I believe that here there is a fifth reason to be explored: Would or would not this nominee abide by the doctrine of separation of powers and be guided by the spirit of the U.S. Constitution?

I submit that an intelligent reading of the hearings on the nomination clearly shows that this nominee will so act as to submerge the legislative and the judicial branches under a tide of executive supremacy. I do not think this body should act to participate in its own funeral. A vote for Mr. Strauss will be a vote for the supremacy of the executive branch over the legislative branch. It will be a vote for Senate inferiority.

The President and his advisers flail the Congress about the laws it does or does not pass, and they alternatively call the Congress "do nothing" and "spendthrift," apparently oblivious to the mutually exclusive nature of the two charges. The President threatens vetoes, and attempts to bludgeon the Congress into abject acquiescence to his demands. Then he sends up his nominations, and demands that the Senate abdicate its constitutional duty of examination, and rubber stamp the nominations, as though a company commander were handing orders to his top sergeant.

The PRESIDING OFFICER. The time yielded to the Senator from Texas has expired.

Mr. YARBOROUGH. Mr. President, may I have 1 additional minute?

Mr. JOHNSON of Texas. I yield 1 additional minute to my colleague.

The PRESIDING OFFICER. The junior Senator from Texas is yielded 1 additional minute.

Mr. YARBOROUGH. Mr. President, what is at stake here is whether the Senate has abdicated its constitutional duty to give the voters who elected us the benefit of our opinion on the fitness of this nominee for this office. We are really to determine whether this room, this rectangular box, this modest meeting place, is still the Hall of the States. Or is it to become just a cozy club of yes-men?

The PRESIDING OFFICER. The additional time yielded to the junior Senator from Texas has expired.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that the entire statement I have prepared be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR YARBOROUGH

Though the Senate has heard considerable debate on the nomination of Mr. Strauss as Secretary of Commerce, since I am a member of the Interstate and Foreign Commerce Committee, and heard most of the evidence in the 16 days of hearings, had never seen Mr. Strauss before, and had no fixed opinion on the subject when the hearings opened, I feel that I should state the reasons for my opposition to his confirmation. Although I have voted against this nominee in the Interstate and Foreign Commerce Committee, and ratify fully the reasoning as reflected in the minority report of that committee, I believe that there are additional reasons for rejection which should be seriously considered by every Senator.

It has been said that there are at least four grounds upon which a nominee for high executive office must be tested: (1) His integrity and character, (2) his competence for the job, (3) his emotional and temperamental stability, and (4) his freedom from conflicts of interest. I believe that here there it a fifth reason to be explored—would or would not this nominee abide by the doctrine of separation of powers and be guided by the spirit of the U.S. Constitution? I submit that an intelligent reading of the hearings on this nomination clearly show that this nominee will so act as to submerge the legislative and the judicial branches under a tide of executive supremacy. I do not think this body should act to participate in its own funeral. A vote for Mr. Strauss is a vote for the supremacy of the executive over the legislative branch. It is a vote for Senate inferiority.

The Strauss protagonists have revealed the weakness of their position by their efforts to achieve a confirmation through use of strawmen, rather than on the qualifications of Mr. Strauss. These strawmen included a defense against a nonraised charge of controversial; an unsubstantiated charge that Mr. Strauss had been mistreated by the committee, a ridiculous claim that it was more patriotic to vote for Mr. Strauss than against him.

I would be the last to assert that we should refuse confirmation because we disagree politically with a particular nominee, if such political views do not amount to a virtual conflict of interest in relation to the position sought. Neither do I think a man's being controversial is any bar—any man of strong convictions becomes controversial, and this country is the better off for it. If being controversial were a bar, neither Thomas Jefferson, Alexander Hamilton, Andrew Jackson, Abraham Lincoln, Franklin D. Roosevelt or Harry Truman would have been eligible for a Cabinet post.

The claim that Mr. Strauss is opposed because he is controversial is an echo claim. It was not voiced by Democrats opposing the nomination; the Republicans are listening to their own echoes down the corridors of time, and are speaking subconsciously, while dreaming of what they would do if the tables were reversed. But I see no reason why this body should not take advantage of past experience and reject a man who has a demonstrated strong aversion to allowing the legislative branch to participate in the processes of government.

I would almost use the word "destructive" of our system of government but for the unfortunate connotations that word has. It is admitted that Mr. Strauss is deeply loyal to this country, as he envisions it. It is admitted that he is strongly motivated to

serve in high public office, which is commendable, if done solely in the public interest. Indeed, we may perhaps all agree that Mr. Strauss has in the past performed commendable service to this country, in some capacities. But we have developed a record of more than 1,100 pages in an effort to determine whether that service has done more harm than good. At best it is a tossup, but I would be more than content for Mr. Strauss to retire quietly with those laurels he has already won, and not embarrass himself, the administration, and the country, by forcing this fight, and a careful scrutiny of his qualifications.

Of course, it is not an easy task for those of us who are concerned about this nomination to obtain a candid evaluation of our belief in the need for full scrutiny. Since the nomination was first announced there has been a constant refrain in much of the press that the Senate had no business in closely examining Mr. Strauss, since the President is entitled to choose his advisers. Of course, the Senate doesn't contest the right of the President to choose his advisers—he can seek advice from anyone he chooses and the Senate has no desire to vote on his golf partners. But that is quite a different matter from placing a man in charge of an executive department with over 30,000 employees, charged with administering a vast number of the laws of Congress, and in the line of presidential succession. For that the Constitution gives us the duty of advice and consent.

Some of these same papers which object to our study of the Strauss nomination have been most vociferous in urging the President to use his veto powers on legislation passed by this Congress. They evidently don't realize that our Constitution opens a two-way street; the President looks at our laws and we look at his men. I think the Senate should show the same restraint and sense of duty in its confirmation powers as does the President in his veto power. Of course, we should not take out on Mr. Strauss any feeling we may have that the President has been less than constructive in his program this year. We have an independent responsibility to enact a legislative program for the good of the country and a responsibility to screen the President's nominees for the good of the country. I do not believe that it is the Congress which is always at fault, as many parts of the press would have you think. I don't believe that the President appoints a higher percentage of qualified men than the Congress enacts worthy laws. The President's nominees have been treated more than generously by this Congress, but we intend to preserve our right to an independent objective view in the same manner as does the President, by exercising it.

We send the laws down Pennsylvania Avenue, he sends the nominations up to us. Does anyone think that the number of bad laws that we have sent down exceeds the number of unqualified men he has sent up?

The President and his advisers flail the Congress about the laws it does or doesn't pass—call it alternatively "do nothing" and "spendthrift," apparently oblivious to the mutually exclusive nature of the two charges. He threatens vetoes, and attempts to bludgeon the Congress into abject acquiescence to his demands. Then he sends in his nominations, and demands that the Senate abdicate its constitutional duty of examination, and rubberstamp the orders, as though a company commander were handing orders to his top sergeant.

What is at stake here is whether the Senate has abdicated its constitutional duty to give the voters who elected us the benefit of our opinion on the fitness of this nominee for this office. We are really to determine whether this room, this rectangular box, this modest meeting place—is it still the Hall of the States? Or is it to become just a cozy club of yes-men?

Believing that we have here the representatives of an equal and coordinate branch of government—equal in power to either the judicial or the executive, I pass on to the qualifications of the nominee.

My colleagues know the history of the hearings so ably and fairly conducted by the senior Senator from Washington on this nomination. Under the most trying and difficult of conditions the nominee was afforded a complete opportunity to develop the facts on all the various matters before the committee. But, of course, our inquiry into any matter unfavorable to the nominee was resisted by those who hold the autocratic theory that the Presidential blessing forecloses any independent examination by the Senate. It is interesting to note that the nominee apparently shared this view. To understate the case, he was impatient of a detailed inquiry into his past actions and policies, and future intentions.

Fortunately, while it was by no means easy to resolve all disputed issues, or to fully develop the matters raised by all the protesting witnesses, sufficient testimony was adduced to convince 8 out of the 17-man committee that this nomination should not be confirmed because the nominee was "lacking in the degree of integrity and competence essential to proper performance of the duties of the office." It is to the broader considerations, however, that I turn my attention. Our democracy works through a system of checks and balances employed between the branches of our Government created by the Constitution. When the branches disagree, the laws are vetoed, or requested laws are voted down. But this system cannot exist if enacted laws are ignored by the Executive, or if reasonable appropriation requests to keep the Government going are not passed by the Congress.

To perform its function in examining the body of legislation to see what is needed or should be deleted, the Congress is dependent upon executive reports as to facts within the executive cognizance. The Congress has a duty to initiate legislation when it is needed, but it cannot exercise its function efficiently and fairly to all segments of our economy, if the Executive should conceal or mislead the facts calling for remedial legislation. To me, the most serious substantiated charge of all against this nominee is that he is unwilling to accord the Congress its privilege of ascertaining all the facts upon which to base legislative action.

For example, there is the much noted matter of the export license for 30-inch iron pipe to be shipped to the Soviet Union. Although the Secretary of Commerce had the legitimate right to refuse such a license, and has an arguable if hardly persuasive case in his support, the State Department has the duty of giving its opinion on such a matter. It is imperative that the Congress should be aware of the two schools of thought on this important matter. But I defy anyone to find in Mr. Strauss' testimony, even after repeated questioning, the fact that the State Department did oppose the Secretary of Commerce in the discussions on this point at the working level (pp. 43–48; appendix C, p. 1074).

The "30-inch-pipe issue" is but one example of Mr. Strauss' apparent conviction that the Congress, and any of its committees he may face, is not entitled to a frank disclosure of the doings of the executive, especially if that executive is Mr. Strauss. Of course, frequently these matters are claimed to be privileged, and we then respect that claim if adequately supported by the precedents. Aside from such limited instances, there is a great deal that can be hidden by obfuscations and legalisms, strawmen, and half responsive answers, without either frankly answering, or by frankly claiming privilege and saying "I won't tell the elected Congress." Those of us who participated in the recent hearings know that the present nominee is without peer in giving such evasive answers.

We have a new type of answer hardly known to the legal profession or governmental practice prior to this hearing, a "Strauss answer," an answer to a question that is long, circuitous, devious, indirect, confusing, revealing nothing the answerer doesn't want the questioner to know, and concealing everything the answerer wants concealed.

I am quite convinced that should this nominee be confirmed, we shall never again secure any information from the Commerce Department other than what they choose to feed us. I do not relish such a prospect; I can think of no surer way to start this body toward obsolescence. As a Senator I would have no confidence in the honesty of any report made by the Department of Commerce with Mr. Strauss as Secretary. In my opinion he would report what he wanted the Congress to hear, and only such facts.

I do not think this situation is limited to the years when the executive and legislative branches are held by different parties. This body should well be as fearful of such a nominee if the executive branch were in the hands of the Democratic Party, or if both branches of the Government were in the hands of either the Republican or Democratic parties. It is the ultimate means by which bureaucracy will crush a well-intentioned but uninformed and ineffectual legislature, unless checked.

I have alluded to Mr. Strauss' concealment of the fact that the State Department disagreed with the Commerce Department on refusing an export license for the 30-inch pipe. Let us examine other instances of the nominee's refusal to be frank with the Congress.

A charge was made by a witness that Mr. Strauss in 1947 opposed the shipment of isotopes abroad for use in medical research and treatment. (Dr. Hill, p. 432.) Mr. Strauss had also opposed an isotope shipment to Norway in 1949 for some industrial research. Mr. Strauss introduced and defended the latter, but denied the former by lumping and confusing the two, saying it was an "unqualified falsehood" that he opposed the shipment of isotopes for medical purposes in 1949. This "strawman" was set up and vigorously asserted by Mr. Strauss in discussions ranging over some scores of pages of the printed hearing before, at last, Mr. Strauss was pinned to the mat by our distinguished colleague the junior Senator from New Mexico and admitted the truth of both items, with some conditions. He still adheres to his views, and presents at least rational arguments for them.

But why does a committee of Congress have to spend hours and hours of questioning in an attempt to find the simple answers to what his views were on medical isotopes in 1947 and industrial isotopes in 1949? The proper answers may not particularly reflect on whether or not Mr. Strauss should be confirmed, since they go to a question of policy in which he is entitled to his views; but his efforts to conceal the facts and confuse isotopes for medical uses 1 year with isotopes for industrial uses 2 years later, certainly do disqualify him as a man in whom I can repose trust and confidence. I can assure the Senate that if another answer is sought of Mr. Strauss comparable to finding out his isotope export position there is not time left in the 86th Congress to dredge it out.

A third instance of this deplorable reluctance to give any information to the Congress

occurred during the hearings when it appeared that Mr. Strauss had solicited information from the Atomic Energy Commission about Dr. David Inglis, an adverse witness. When first questioned about this matter on May 11, Mr. Strauss stated: "I have never asked for anything on Dr. Inglis in my life" (p. 827). But later testimony developed that only a few days before, about April 20, Mr. Strauss had contacted the AEC seeking information on Dr. Inglis (p. 844). This fact was revealed by the AEC itself—it is obvious that Mr. Strauss would never have told us what he did. No doubt he did not contemplate that the AEC would be so commendably frank and fail to protect him.

Notice also that Mr. Strauss, when he conceded, at first conceded that he called the AEC only after a certain newspaper column had appeared on May 5, stating that he had called the AEC previously. This defensive manuever, implying a more legitimate reason for calling, was only exposed by the AEC; Mr. Strauss did not voluntarily recall that he had personally checked on the witness on April 20. When that date, revealed on May 13, conflicted with his testimony of 2 days before, that the date of the call was subsequent to May 5, which latter date was emphasized by Mr. Strauss, then the date became of "no significance" (p. 845). Contrast that with the earlier emphatic denial (on May 11) "I have never asked for anything on Dr. Inglis in my life." Mr. Strauss concluded our discussion with him of this conflict by saying "Senator, you have to draw whatever inference you can" (p. 846). And so, with his consent there stated, I do draw an inference—that Mr. Strauss will never tell the Congress the whole truth if such facts would in any way reflect on him, or even be unpleasant to him.

There are numerous other instances documented in this hearing where Mr. Strauss did his best to impede the course of our inquiry. I can safely say that this hearing, whose length was so vehemently complained of in some quarters, could have been completed in less than one-half of the time had we received the frank cooperation from Mr. Strauss that a Cabinet officer should give the Senate.

In addition to the grounds outlined above, which I think adequately illustrate our view that the nominee is lacking in the required degree of integrity and competence in his relations with Congress, I am far from satisfied that the nominee has any particular concern to avoid conflicts of interest. You will recall the role of Mr. Wenzell in the Dixon-Yates case. To avoid the imputation of giving this First Boston Corp. special privileges while an outsider employed by a special interest, the Bureau of the Budget tenderly placed Mr. Wenzell on the payroll and made him an insider and an outsider at the same time. We can all derive satisfaction from Mr. Strauss' statement that he was not misled by any such assertion of Budget Bureau employment by Mr. Wenzell at their meeting—Strauss knew him as a First Boston man, and no further qualification was needed for Mr. Strauss to bring Wenzell into the AEC consultations. To this day Mr. Strauss denies being told that Wenzell was working in the Bureau of the Budget—I suppose on the theory it was better to have a First Boston man participating in AEC business than a Budget Bureau official.

The hearings just concluded offer some additional indications of how Mr. Strauss views potential conflicts of interest. You will recall that it came to light that Mr. Strauss had contacted a Mr. Erpf, a leading railroad financier, to head a proposed transportation study in the Department of Commerce. Mr. Erpf was contacted in January and agreed to commence service after Mr. Strauss was confirmed, according to Mr. Erpf's statements in the press. After Mr. Strauss knew this was public knowledge, his testimony was as follows:

"The CHAIRMAN. Admiral, on that transportation matter, as I recall your testimony we didn't discuss personnel that might be involved. Have you selected the man who will head the transportation study?

"Mr. STRAUSS. I asked two or three men to help me last February or March, but they have all shied away from lending me a hand in view of the uncertainty of my tenure. The study is moving along—to the extent that it is moving along—with people in the Department and some academic people; no business people.

"The CHAIRMAN. But we are to understand that as of now you have not selected a person?

"Mr. STRAUSS. To head it?

"The CHAIRMAN. Yes.

"Mr. STRAUSS. Yes; I have a man in mind I would like to head it. I don't know if he would.

"The CHAIRMAN. Is that Mr. Erpf?

"Mr. STRAUSS. Yes; E-r-p-f. And I haven't spoken with him in nearly 3 months.

"Senator MCGEE. Mr. Chairman, I wasn't quite through with my questions on this point.

"The CHAIRMAN. The reason I asked the question is that I happened to read in the New York Herald Tribune a long piece by Mr. Erpf regarding this matter, and the implication was that he was going to do it but he was waiting. There was a long piece in, I think, the Herald Tribune.

"Mr. STRAUSS. I didn't see it. I have no idea whether he is still available. As I said, I haven't seen him or spoken to him in months. We have talked to a number of academic people, and we have had looking after the pulling together of the technical end of it a Dr. Ernest Williams, of Columbia University" (p. 807).

"But earlier in the hearings, before these facts had become public knowledge, note and compare Mr. Strauss' testimony on the selection of personnel for the study:

"Mr. STRAUSS. Senator, the Department, in response to the direction of the President, has begun to assemble the staff and to have some consultations with industry groups and with transportation specialists, academic people not connected with the transportation industry * * * (p. 86).

"The CHAIRMAN. You mentioned the kind of organization you are going to try to have. Generally speaking, we are in the same sort of dilemma up here. It is just where to get the right people; but we did decide, as a committee, that we would keep this within the committee rather than farming it out.

"We ask the question: 'Are there any plans for the employment by the Department of outside firms?'

"Mr. STRAUSS. Not at the present time. This has also been considered by us, whether we should farm it out to a college, a university, whether an outside firm should be engaged, and we will not.

"Senator SCHOEPPEL. Mr. Chairman, I would like to ask a question.

"The CHAIRMAN. Could I finish these two questions here, and then you can go on?

"The Senator from Kentucky asks this question: 'Do you plan to have a representative on your study committee from the inland waterway carriers?'

"Mr. STRAUSS. We are not having representatives of industry on the committees, sir.

"The CHAIRMAN. That answers the general question. You do not plan, as I understand it, to have representatives of industry as of yet?

"Mr. STRAUSS. Not at all; in other words, we want to avoid advocacy of any specific industrial point of view.

"Now let me modify an answer to a previous question in which I gave you a positive negative to the effect that we would not engage any outside institution. Mr. Allen, Secretary Allen, under whose particular supervision this study is being conducted, has indicated that is still an open question with respect to air and merchant marine. My own feeling is against it. But, I would not like to come back here some day and have you remind me that I had given you a flat negative, and had violated it.

"I will say this, though, that in the event that we change this procedure I would feel under obligation to inform you" (pp. 89–90).

Note that Mr. Strauss says, "We are not having representatives of industry on the committees, sir." Evidently this is to be sold as a great independent scientific study, with no taint of industry influence. But who did he then contemplate leading it? A railroad financier. Mr. Strauss seems to think the way to achieve independence is to let finance companies study garnishment laws, or bankers study interest rates, or mortgage brokers study home loans. I submit that the American people deserve protection from this theory that a person has no special interest if it's only his money that is involved. That would be wonderful news indeed if it were characteristic of the circles of higher finance with which Mr. Strauss is familiar, but I have yet to be convinced that the debtor or manager is tainted while the creditor or owner is above and beyond self-interest and special interest.

The confirmation of Mr. Strauss after these facts have been so fully developed would be giving implied consent by the Senate to any sort of such further conflicts of interest that would result, and I predict that under this nominee they will result unless we follow our duty.

As a member of the Interstate and Foreign Commerce Committee, I shared in the imposing task of shedding a little light on some of the past activities and future intentions of Mr. Strauss. It was not possible for me to sit there day after day, listening to reams of evasions, half-truths and diversions, without concluding that here was a nomination that should not have been sent to the Senate. Our friends on the other side of the aisle who are making a partisan test of this nomination, should not say to me that I must consent in an action I feel is wrong—had the President been better advised before this nomination, there would be no question of my consent.

If the President wants confirmation, let him send us qualified men. But above all, let us fulfill our duty to the people detailed in the Constitution. Upon my oath to uphold the Constitution, I cannot vote to confirm this nominee.

Mr. DIRKSEN. Mr. President, I yield one-half minute to the Senator from Kansas [Mr. SCHOEPPEL].

The PRESIDING OFFICER. The Senator from Kansas is recognized for one-half a minute.

Mr. SCHOEPPEL. Mr. President, heretofore I have spoken briefly on this matter, about which I feel so deeply.

I came to the Chamber, this evening, prepared to speak at some length on the nomination before us. In view of the unanimous-consent agreement which has been reached, I shall content myself with offering for the RECORD my narrative summary of the hearings on the nomination of Adm. Lewis L. Strauss.

I ask unanimous consent that two statements which I have prepared for delivery be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SCHOEPPEL IN SUPPORT OF CONFIRMATION OF THE NOMINATION OF LEWIS L. STRAUSS

President Eisenhower announced the appointment of Lewis L. Strauss to succeed Sinclair Weeks as Secretary of Commerce on October 24, 1958. Mr. Strauss took the oath of office and entered upon his duties as Secretary of Commerce on November 13, 1958. He has been directing the operations of the Department of Commerce by virtue of the President's recess appointment since that time.

President Eisenhower sent Mr. Strauss' name to the Senate for confirmation on January 17, 1959, and the nomination was immediately referred to the Committee on Interstate and Foreign Commerce. The committee took no formal action on this nomination for 2 months after it was received. On March 17, 1959, the committee held its first hearing into the fitness and qualification of Lewis L. Strauss to be the Secretary of Commerce. Before the committee concluded its inquiry there were 16 days of hearing spread over the period from March 17 to May 14. A printed record of over 1,100 pages was compiled in what in many respects turned out to be one of the most extraordinary inquiries to be made by a Senate committee regarding the fitness of a well known and highly respected public figure for a post in the President's Cabinet.

The hearings which began on March 17 continued on March 18 and were then recessed, subject to the call of the Chair, for the Easter holiday. The hearings did not begin again, however, until April 21, 2 weeks after the close of the Easter recess. They then continued, with some interruptions, until their conclusion on May 14.

Upon reconvening the hearings on April 21, the chairman was moved to note the criticism which had developed over the manner in which this nomination was being handled. After detailing various reasons for the delay, the chairman put into the hearing record a compilation of nominations which had taken time. This list (found on p. 61 of the printed hearings) included only one Cabinet nominee, the nomination of Henry A. Wallace to be Secretary of Commerce. In this case the nomination was referred on January 22 and finally approved by the Senate on March 1, the total elapsed period being about 3 weeks less than the time which passed between the reference of the Strauss nomination and the first hearing by the committee. Even more extraordinary is the fact that in the case of the Wallace nomination there also intervened an adverse committee report, and a 1-month postponement of consideration by the Senate at the request of the majority leader.

Delay, in and of itself, however, turned out to be one of the less significant of the many other unusual features which developed during these remarkable proceedings.

We need to consider the hearings in detail to understand the burden which a distinguished citizen had to bear. During the first 4 days of hearings the committee dealt with Lewis L. Strauss and the Department of Commerce. The two Senators from the nominee's home State of New York appeared first and they endorsed him in the highest terms. Senator KEATING concluded most aptly and succinctly, by saying:

"He is man of energy, conviction, depth, and experience. His integrity is above any innuendoes or political assaults, and he deserves to be confirmed and the country deserves to have his continued services.

"He is one of the most courageous protagonists in the country of our private free enterprise system" (p. 3).

The Senators from Virginia wrote letters in which they also commended the nominee to the committee.

Mr. Strauss then came forward to testify. For 4 days he was the witness before the committee and the members of the committee dealt with subjects regarding which they were particularly knowledgeable—the Department of Commerce, its functions and its policies. During this period the members of our committee dealt with subjects we knew well and which we were expected to know well for the orderly and expert conduct of the business of the Senate. The questioning was detailed—so much so that on a couple of occasions the chairman felt impelled to say:

"I hope you won't think we are being too lengthy about all this, but we very seldom get a prospective Secretary of Commerce in front of us on the policy matters that this committee is dealing with every day, so I think it is well that we do make a general record on these matters."

To which Mr. Strauss replied:

"May I say, Mr. Chairman, that I hope to be available to you continually, and as often as you wish. And as a matter of fact, I have been looking forward to the opportunity of discussing with you and the committee some of the quite emergent problems that have presented themselves, not only in respect to the Maritime Administration, but other activities and responsibilities of the Department" (p. 35).

Much transpired in the hearing room and outside since those first days. Most of us may have understandably forgotten that Mr. Strauss' views on the various functions and responsibilities of the Department of Commerce were actually carefully examined and thoroughly explained. There was nothing in the record for this first period to indicate that there was any dissatisfaction with the views or qualifications of the nominee. The first 4 days established without much room for doubt that here was a man particularly qualified by his experience and possessed of an exceptional grasp of the needs of the position for which he had been named.

What was the information which the committee elicited for the Senate during this, the pertinent portion of its inquiry?

Mr. Strauss' first public service began in 1917 as private secretary and assistant to Herbert Hoover. He continued in this position until 1919. Since that time he has served in some capacity in every administration, Democratic and Republican.

Mr. Strauss was in the Naval Reserve from 1926 until January of last year when he was retired for age with the rank of rear admiral of the upper half. He saw active duty for 5 years, beginning 10 months before Pearl Harbor and through World War II. For his naval service, Admiral Strauss was awarded the Distinguished Service Medal, the Legion of Merit three times, and other awards by the U.S. and foreign governments.

From 1919 until he resigned in 1946 to become a member of the Atomic Energy Commission, Mr. Strauss was with the banking firm of Kuhn, Loeb & Co. Mr. Strauss left Kuhn, Loeb & Co. in 1946 and did not thereafter return. He was a senior partner in 1946, when he relinquished his business connections in compliance with the requirement of the Atomic Energy Act provision which forbids Commissioners engaging in any business or profession. Mr. Strauss served as a member of the AEC until his resignation in 1950.

From 1950 to 1953, he made his office with the Rockefeller brothers, serving the family as consultant and financial adviser. During this period he was also a consultant to the Joint Committee on Atomic Energy. In this capacity, at the request of Senator McMahon, the chairman, he headed a panel which made a study and report on construction delays and labor problems at the atomic installations being built at Portsmouth and Paducah.

Also, at the request of Gen. George Marshall and Secretary Lovett, Mr. Strauss headed a panel which studied and reported on incentive hazardous duty and special pays in the armed services. He also served during the Korean war, at the request of the Secretary of Defense, to recommend methods to expedite military procurement.

In February 1953, Mr. Strauss became special assistant to President Eisenhower, and in July 1953, he was appointed and confirmed by a unanimous Senate to the post of Chairman of the Atomic Energy Commission. During the Senate proceedings to confirm Mr. Strauss as AEC Chairman, Senator MAGNUSON rose to say:

"I do not know of any finer statesman in the United States than is Lewis L. Strauss. He is my personal friend."

Mr. Strauss served as Chairman of the AEC until June 30, 1958, when his term expired.

The period of his term as Chairman of the AEC saw the launching of the first nuclear-powered submarine, the commencement of commercial nuclear power, large scale support of research to control the thermonuclear reaction for power, the Geneva scientific conference, and the initiation of the atoms-for-peace program of the President. Mr. Strauss again retired from public life at the end of his term as Chairman of the AEC. President Eisenhower, on July 14, 1958, awarded him the Medal of Freedom. Mr. Strauss returned to public life in November 1958, to accept the appointment as Secretary of Commerce.

Senator PASTORE asked Mr. Strauss why he accepted President Eisenhower's appointment after having retired from public life. Three reasons were given:

"In the first place, I deeply respect and admire the President and the duty to which he called me was a responsibility in which I felt I could be effective.

"In the second place, I held it to be a very great honor to occupy a post in which my former chief, Mr. Hoover, had set so high a standard of public service.

"Third, and finally, I believe that the economic warfare which the Soviet Government has declared upon the United States can be most effectively countered in the work and decisions of the Department of Commerce. I have certain strongly held views as to the gravity of the Communist offenisve at the present time" (p. 7).

Mr. Strauss was asked for his personal views on trade with countries behind the Iron Curtain. He answered:

"I believe that if we could trade with the Russian people and sell them the things that the Russian people want, not necessarily the things that the Government wishes to buy, but the things that the Russian people want and need that would relieve the drabness of the life in Russia as it is reported by competent observers who visit them, that this might tend in the long run to increase the pressure from them on their government for the domestic supply of such goods.

"It is the sort of trade that I think the President must have had in mind in his reply to Mr. Khrushchev when he said that peaceful trade with Russia was a desire on the part of the people of the United States.

"The sale to the Russians, on the other hand, of items which would find their way into their military effort and which would relieve the pressure on their manufacturing capacity of such goods, I think is not in the public interest. This is an expression of my own view. I would not like to commit any other officials of the Government to it" (p. 18).

The recent report on oceanography made by a committee of the National Academy of

Science served as the basis for some discussion regarding the Coast and Geodetic Survey. Mr. Strauss made this observation during the course of his testimony:

"The whole business of the Coast and Geodetic Survey and currents, tides, and whatnot, really is an American science. It was begun by Commodore Matthew Fontaine Maury. I was raised in the tradition of the fact that that great officer, during the War Between the States, had really been the father of all oceanography and all hydrography. The Department of Commerce has in its Bureau of Coast and Geodetic Survey a remarkable group of men.

"I do agree with you that they are underequipped. I expect a report from Dr. Mervin Kelly, the one to which I referred in the course of the first day's testimony. He and his group have been surveying all the scientific activities of the Department. This is one of them and his recommendations will have very great weight with us in going to the Director of the Budget and the President for funds that are demonstrably necessary in order to carry out the mission of this Bureau adequately" (p. 108).

He was questioned regarding various aspects of our maritime problems, needs and policies.

On the question of superliner construction, Mr. Strauss said:

"Now, we in the Commerce Department, and the Maritime Administration, are anxious to see these two vessels constructed; we believe that there is a need for them. We believe that, in addition to the commercial need for them, on the basis of representations that have been made to us by the Navy Department, that there is a defense need for them. This, however, has not been expressed in terms sufficiently affirmative by the Navy, in respect of priority over other Federal expenditures for the Naval Establishment, to warrant the administration thus far in treating this as a project to be subsidized to the extent that would be required to take up the slack.

"I would emphasize, however, that the matter is very much alive. It is not pigeonholed, and I would expect shortly to return to you with a proposal and to consult with you with respect to it" (p. 68).

Regarding the importance of the merchant marine, he agreed with the Chairman that we were running into a problem of block obsolescence and emphasized that Maritime was an important part of the activities of the Department of Commerce and that it would receive careful and aggressive attention. Asked whether he had come to any conclusion on the availability of private financing for ship construction, Mr. Strauss said that his study had indicated it was available but that he had yet to discover whether the cost would be attractive enough. He also said that he would personally support a Maritime Board request for more funds for construction so we could fulfill existing contractual commitments. On the effect of flags of convenience upon maritime unionization, Mr. Strauss said:

"I am sympathetic to the idea of the unions obtaining such work as is possible for their members. I am extremely skeptical as to whether the steps which apparently were contemplated at that time, and may still be for all I know, will achieve the result that they seek, but on the contrary, that they will drive these ships out of our effective control by causing the owners who now operate them under the flags of Liberia, Panama, and Honduras, to sell them. This may work very much to the advantage of the British and other purchasers and operators of ships who pay their crews well below our standards, and who will take still more of the traffic that you indicated a few months ago was, percentagewise at any rate, declining.

"Now, in view of the fact that this is an issue on which there were strong points of view held by the operators and held by labor, I have undertaken to give it study in the event that the issues should be raised and become critical at some time in the future. So far as I know, there has been no violation of our laws which would give the Secretary of Commerce any reason for asking for some action by the Attorney General or anything of the sort; but I do know this, that it is a complex issue, that it can deprive us of the services of about 500 vessels, and I am also informed that with respect to several hundred of them, two or three hundred of them, the contracts are sufficiently valid and the circumstances sufficiently sound that there is hardly any doubt of their availability to us in the event of a national emergency or hostilities.

"The CHAIRMAN. Well I think you will find a great deal of disagreement on that.

"Mr. STRAUSS. I want to smoke out that disagreement, Senator, and that is what I am trying to do" (p. 80).

The chairman referred to Senate Resolution 26, which directs the Commerce Committee to conduct a transportation study. He asked if the study to be made by the Commerce Department would not conflict with the committee's study. Mr. Strauss replied:

"Senator, the Department, in response to the direction of the President, has begun to assemble the staff and to have some consultations with industry groups and with transportation specialists, academic people not connected with the transportation industry. I would say that there might be some conflict between these two studies, but Congress is certainly responsible for writing legislative policy into law and it is, therefore, necessary that the Congress in its committee inform themselves fully as to all phases of every legislative program and problem, and a full study of transportation is, of course, required by the Congress.

"On the other hand, the President has to be independently fully informed. Not only in regard to any legislation enacted by Congress in order to know whether his approval or veto would be in order but in addition, the President is called upon to report to the Congress in his state of the Union message, and to make such recommendations therewith, as are appropriate.

"Under the basic act which set up the Department of Commerce back in 1903, the Department is told, and I am quoting, 'To foster, promote, and develop' a number of things, among them, the transportation facilities of the United States. It is, therefore, in carrying out that function that the President assigned this responsibility to the Department.

"We hope to do a job which will be informative to him, acceptable to the Congress, and constructive with respect to the whole transportation system.

"There are very interesting things about the transportation system. There hasn't been a hundred miles of mainline railroad constructed since the early 1930's. The population of the United States has increased 40 percent in that interval. There are various things of this sort that indicate that it is high time that we take a look at transportation, since it is comparable to the circulatory system of the blood in the human organism. This is the way we get about and the way we move goods and people, and it hasn't been looked at from an overall point of view in a considerable time.

"I should think that the studies made by your committee and those made by the Department of Commerce might be overlapping in some particulars, but they might be complementary to one another in many others, and I look at it with no apprehension" (p. 86).

In response to a question of mine, Mr. Strauss had this suggestion to make:

"Every employee of the Department of Commerce is obviously at the disposal of this committee. It might very well be that after you have selected the chief of your study group, that we meet with him. It might be too much to hope, but perhaps there could be some community effort. It would certainly make for the possibility of a more harmonious conclusion in results if such a thing could be worked out. I have never done anything of that sort, and it may be that it is too much to expect, but I would like to try it.

"There is another argument in favor of such an idea, and that is that the number of men who are qualified transportation experts, but who are not likely to be charged with a conflict of interests by virtue of the fact that they work for one or more transportation interests, is a very limited number.

"There are not many people who are simply professional transportation people. Most of them are on the faculties of universities, or organizations like Brookings, or what not. It may be that we can, by pooling our inquiries in this limited field of available talent, help ourselves and help the study" (p. 91).

There were other topics covered: the census, the highway program, construction and operation of nuclear powered merchant vessels, trade policy, and others. Mr. Strauss, at the chairman's suggestion, readily provided a statement of his financial interests and he expressed the intention to hold regular press conferences just as soon as he was confirmed.

So far as the Department of Commerce, its functions and its responsibilities were concerned the hearings concluded on the fourth day. The first 119 pages of the printed transcript are witness to Lewis L. Strauss' knowledge of and views concerning the activities and responsibilities of the post to which he was named by President Eisenhower and in which he has served now for over 6 months. The questions he was asked regarding the vast variety of important responsibilities of the Secretary of Commerce were searching and incisive. His answers were knowledgeable and candid. Some of his frank views have been set out in the excerpts quoted above. All of the details regarding the nominee's grasp of the problems of the office of Secretary of Commerce that one may need to judge the outstanding qualifications of Lewis L. Strauss to be Secretary of Commerce may be found in the first 4 days of the hearings on his nomination.

The printed record goes on for about 1,000 more pages. The committee sat for 12 more days. The Department of Commerce, its functions and its responsibilities were hardly considered again.

It is possible to reproduce on the printed page the words spoken, it is not possible to recreate the atmosphere in which those words were spoken. For the first 4 days the committee conducted hearings; the 12 days that followed sometimes seemed more like a trial. As one Senator put it, possibly giving inadvertent expression to his subconscious understanding—

"This case is not only being tried before us, it is being tried before the people of the United States, many of whom are represented here" (p. 670).

These words appear in the record. Perhaps we should not charge the Senator with too literal a responsibility for his words and the meaning ordinarily attributed to them. They are evidence, however, that tension had replaced calm objectivity.

What had started as a hearing, became more than a hearing. Witnesses were not limited to those who voluntarily came to testify against the nominee—they were sought out. Charges were not specifically

stated nor subjected to proof by objective and relevant testimony from those who could competently testify from their own knowledge. Charges were dropped by innuendo or introduced with casual disclaimers of intent. Testimony that was at best second and third hand recital of hearsay conclusions was given free reign before the Committee. The minutiae of a record of over 40 years of distinguished public service was fine combed for whatever material prejudicial to the nominee could be found. Statements made by the nominee in a highly charged atmosphere were picked over and over in tedious detail for the most minute literal departure from absolute fact—a literalness demanded, incidentally, only from the nominee, as the record so clearly shows.

That our Committee departed from subject matter germane to its inquiry and within the experience and competence of most of its members is amply apparent. The extent of this departure was well expressed by Senator MONRONEY when, speaking for himself, he pointed out:

"This committee is sitting de novo on many, many subjects with which we do not have experience. We have not had the advantage of familarity with the proceedings and the vast and difficult and complicated activities of the Atomic Energy Joint Committee or the Atomic Energy Commission.

"Our judgment in this case must rest on whether patterns are set, I feel, myself, of certain limits that might be disqualifying. I frankly am disturbed by the testimony, perhaps because of my own ignorance of the facts; perhaps because of the experience and the vast knowledge that the admiral has in this field that he may perhaps jump over some of the things we are presumed to know" (p. 684).

Senator ANDERSON in his opening remarks pointed out that if Mr. Strauss had been named for the Atomic Energy Commission—

"I had intended to conduct a full and thorough investigation as soon as his nomination reached us. This might have required months, but if it had been completed, every Senator would have had a sound basis on which to cast his vote for or against confirmation.

"However, the name of Admiral Strauss did not come to the Joint Committee on Atomic Energy, but is before this committee. My testimony will outline some of the lines of inquiry which I would have followed, and which in my opinion this committee could profitably follow" (p. 507).

But how did Senator ANDERSON feel about Mr. Strauss and the Department of Commerce:

"Senator COTTON. His performance of duties as Secretary of Commerce so far you do not take exception to?

"Senator ANDERSON. I take no exception to his work as Secretary of Commerce so far" (p. 557).

Senator ANDERSON made his charges in 2 days of testimony. The rebuttal of those charges took several days more. When charges of the type leveled in these proceedings are to be answered, how should one proceed? Should he consider the words in which the charges are made for their literal meaning, their judicial meaning, or, are the boundless limits of their every implication the measure of his task? It is, to say the least, a confused and copious record of charges dealing more often with implied subjective motivations rather than observable objective facts.

Senator ANDERSON in his opening said:

"In the statement which follows, I intend to raise certain questions about the views and methods of operation of this nominee which are relevant to the position of Secretary of Commerce. These questions fall into the following categories:

"1. Why are we only now getting around to considering this man's qualifications?

"2 What financial information should he furnish?

"3. What were his relationships with Congress and the Joint Committee on Atomic Energy? Did he attempt to deceive the Congress and to avoid keeping Congress and the Joint Committee on Atomic Energy fully and currently informed?

"4. Has he been obsessed with secrecy, and has he manipulated secrecy labels for his own public relations?

"5. Has he sought to create myths about his accomplishments, particularly with reference to the establishment of a long-range detection system and the development of the A-bomb?" (p. 504).

What about the first of these questions. Is this a charge against Mr. Strauss or against the Senate Mr. Strauss was confirmed by the Senate for high office three times in his career. Once to be an admiral in the Navy and twice for a place on the Atomic Energy Commission.

On his last nomination, the Senate acted expeditiously but undoubtedly properly whatever the implications sought may be. Senator ANDERSON, after the nomination had been approved, said, for the CONGRESSIONAL RECORD:

"We who are members of the Joint Committee on Atomic Energy were happy to report favorably the nomination of Admiral Strauss, and I was glad to see that the Santa Fe New Mexican recently published an editorial entitled 'New AEC Chairman,' commenting on the appointment in a most enthusiastic fashion" (p. 590). (CONGRESSIONAL RECORD, vol. 99, pt. 12, p. A4138.)

It was during the discussion of the nomination also that the CONGRESSIONAL RECORD shows Senator MAGNUSON to have stated:

"Mr. President, I merely wish to say that I do not know of any finer statesman in the United States than is Lewis L. Strauss. He is my personal friend" (p. 538). (CONGRESSIONAL RECORD, vol. 99, pt. 6, p. 7415, June 27, 1953.)

The second question, "What financial information should he furnish?" turns out to have been the entry to a veritable catacomb of innuendo. By the time this question was asked, Mr. Strauss had already willingly furnished a statement of his holdings. But, this is how the charge was enlarged in the printed transcript:

"I frankly do not know if personal financial interests have influenced in any degree Mr. Strauss' activities in the atomic energy field and in the field of Government generally. However, the committee might want to look at the allegations in the story carried by the St. Louis Post-Dispatch to which I alluded before. I quote from the St. Louis Post-Dispatch story:

" 'When he was with the Rockefellers, Strauss figured in a bitterly contested legal battle over Eastern Air Lines acquisition of Colonial Airlines. The Civil Aeronautics Board approved the transaction as being in the public interest, but it held that Eastern had violated the act because purchasers within its influence had acquired control by Colonial before getting CAB approval by buying 110,000 shares of Colonial stock.

" 'Among these purchasers were Laurence S. Rockefeller who bought 27,200 shares, and a Strauss family trust, which bought 16,000 shares the same day. The trust, called the Flumen Corp., was headed by Strauss' brother, L. Z. M. Strauss, and Lewis Strauss was a stockholder in it' " (pp. 508, 509).

Note the innuendo in that opening sentence. And that is followed by some of the most conspicuous half-truths in this entire proceeding. What was not mentioned in the Post-Dispatch story was that Mr. Strauss, Flumen, and Mr. Rockefeller were cleared by the Civil Aeronautics Board of wrongdoing in this case. The hearing examiner in his report found that neither Flumen nor Strauss had violated section 409 of the Civil Aeronautics Act, and in connection with this conclusion also found that there had been no connection between Flumen, Strauss or Rockefeller and Eastern Air Lines so far as their purchase of Colonial Airlines stock was concerned. The examiner's conclusions were accepted by the CAB in its own unpublished report—a report which was not published simply because President Eisenhower did not agree with the Board that violations of the law by Eastern Air Lines, however technical, should be overlooked because of economic necessities.

The matter was not allowed to rest however with Mr. Strauss' explanation that he had not been found to have violated the Civil Aeronautics Act. On June 1, while the transcript was being rushed to completion for printing, a memorandum by a member of committee staff appeared in the appendix to the transcript. This memorandum and the reply of the general counsel of the Department of Commerce are found on pages 1107, 1108, and 1108a of the printed record. That the CAB found Eastern Air Lines to have violated section 408 of the Civil Aeronautics Act is clear, but from that to conclude also that therefore Mr. Strauss was a party to violation of the law requires imaginative thinking of the sort that can operate only if totally unburdened by consideration of the weight of contrary fact.

Mr. Strauss' relations with Congress were the burden of another charge and very extensive testimony. It would be pointlessly prolix to stir the minute details which become involved in this charge, but let me instead read this language from our majority views:

"The next test is that of cooperation with Congress. Here, we can count noses. For example, during the time that the nominee served on the Atomic Energy Commission, the Joint Committee on Atomic Energy had five chairmen. The first of them, Senator Brien McMahon is dead, but a letter which he wrote to the nominee in 1950 in behalf of the Joint Committee praised Mr. Strauss' service during his first term on the AEC and invited him to become a consultant to the Joint Committee. The second chairman, Senator BOURKE B. HICKENLOOPER, submitted a statement supporting the nominee and testifying to his fine cooperation. The third chairman, former Congressman W. Sterling Cole, by a May 5, 1959, cablegram to the nominee introduced into the RECORD, confirmed "existence cordial relationship with you as Chairman AEC and I chairman Joint Committee * * *." The fourth chairman, Congressman CARL T. DURHAM, who immediately preceded Senator CLINTON P. ANDERSON as chairman of the Joint Committee, was reported in the hearing on May 6, 1959, as willing to appear and testify if our committee wished to hear him. We are authorized by Congressman DURHAM to say that had he appeared, he would have testified to a cordial and cooperative relationship with the nominee reaching back more than 20 years. In addition, former Senator John W. Bricker, who was a member of the Joint Committee on Atomic Energy from 1948 through 1958, praised the nominee for his cooperation with Congress."

Finally, we come to what were called "obsessions" and "myths." Mr. Strauss took the position that he could not answer to Congress on discussions with the President or the President's staff. This, as he sought to explain over and over, was based upon the concept of separation of powers and not any privilege. This idea is neither original nor recent. More than 125 years ago Andrew Jackson stated it thus:

"The executive is a coordinate and independent branch of the Government equally with the Senate, and I have yet to learn under what constitutional authority that branch of the legislature has a right to require of me an account of any communication, either

verbally or in writing, made to the heads of departments acting as a Cabinet council. As well might I be required to detail to the Senate the free and private conversations I have held with those officers on any subject relating to their duties and my own.

"Feeling my responsibility to the American people, I am willing upon all occasions to explain to them the grounds of my conduct, and I am willing upon all proper occasions to give to either branch of the legislature any information in my possession that can be useful in the execution of the appropriate duties confided to them.

"Knowing the constitutional rights of the Senate, I shall be the last man under any circumstances to interfere with them. Knowing those of the executive, I shall at all times endeavor to maintain them agreeably to the provisions of the Constitution and to the solemn oath I have taken to support and defend it.

"I am constrained, therefore, by a proper sense of my own self-respect and of the rights secured by the Constitution to the executive branch of the Government to decline a compliance with your request." (III Richardson, "Messages and Papers of the President," 36.)

If Mr. Strauss sought to create any myth regarding his accomplishments, we might surely deduce from the record of testimony that he failed conspicuously in the case of at least one of our distinguished colleagues. Nevertheless, even Senator ANDERSON was moved to make this concession:

"I have always conceded in public and in private that Admiral Strauss strongly supported the position that this Government should make an all-out effort to build a hydrogen bomb" (p. 537).

And further, that "I have never at any time failed to say that Admiral Strauss helped in the development of the hydrogen bomb, against other members of the Commission" (p. 539).

How much credit Mr. Strauss deserves for his vigorous concern over our Nation's security in connection with the development of the hydrogen bomb and other matters is best left to the judgment of history. It is universally admitted that he fought hard for principles which perhaps some of his fellow citizens did not find agreeable—many others are grateful that he fought. All of us can probably agree that the exercise of independent judgment is not an offense. Senator LAUSCHE brought this out to some extent in his questioning of Senator ANDERSON at one point in the hearing:

"Senator LAUSCHE. After that occurred, and after Mr. Strauss was supposed to have committed the error of not sending isotopes which were supposed to be used for pharmaceutical purposes, President Truman reappointed him?

"Senator ANDERSON. That is correct.

"Senator LAUSCHE. Did President Truman know about this dispute, and this charge that Mr. Strauss had violated humanitarian services by declining to send those isotopes?

"Senator ANDERSON. I don't think there was ever a charge that anybody violated anything. President Truman is, as you well know, a little bit of a dissenter himself. And he was not shocked when a member of the Commission exercised his own independent judgment" (pp. 521, 522).

Senator KEFAUVER appeared before the committee to say:

"It is not my purpose to retry the Dixon-Yates deal before this committee" (p. 122).

But, hardly a breadth later he was saying:

"I believe, of course, that before any final action is taken by this committee it is essential that the committee have all of the facts regarding Admiral Strauss' role and his responsibility for the mess in which the Government had found itself in the Dixon-Yates deal" (p. 123).

Addressing himself only to a very limited point in the Dixon-Yates matter, the Senator introduced into the confirmation record more than 100 pages of transcript, pleadings, letters, and other material dealing with Dixon-Yates. All of this being certain evidence that at the least this matter had already been amply aired before another Senate committee, had been exhaustively studied by the Attorney General, and was even now the subject of a court proceeding.

Jarrell Garonzik, a Dallas, Tex., lawyer, was brought forth. His testimony was received by the Committee in executive session but reproduced in the printed transcript. Mr. Garonzik did not make clear what his purpose was in connection with Mr. Strauss' confirmation. Any pertinency in his testimony to the qualifications of Lewis L. Strauss is difficult to fathom—Mr. Garonzik never met Mr. Strauss, never received any letters from him, and never had any dealings with him.

Two scientists were brought in to testify against Mr. Strauss. Dr. David R. Inglis and Dr. David L. Hill. Neither knew Mr. Strauss personally, neither ever had any personal dealings with him, and neither knew anything of his activities on the basis of their own knowledge. They could, however, spread rumor and adjective in a profuse obliteration of a precious reputation. They presumed to speak for scientists and yet they were hardly known to anyone in the room. There is no use giving any more currency to their spate of invective and unsubstantiated rumor.

Dr. Edward Teller and Dr. Detlev Bronk, who needed no introduction, also appeared and they testified as to matters of their own knowledge or of public record. For example Dr. Teller said:

"As a scientist, I would like to testify concerning Mr. Strauss' longstanding, warm, and effective support of science, and this is my only purpose. In doing so, I will try to save your time and talk only about things which, as far as I can guess, are not known to all of you and which merit perhaps some attention.

"I have known Secretary Strauss for many years. I met him first at Temple Emanu-El a little more than 10 years ago. He was president of that congregation.

"I happened to remember that I talked about the need of the most close and effective cooperation between nations in this atomic age, and this laid the ground for a long friendship. I have known in a personal way of Lewis Strauss' great respect for science and friendship for scientists. His friends have included eminent people like Fermi, Von Neumann, Niels Bohr, Ernest Lawrence, and others."

* * * * *

"I should also tell you that during his chairmanship, the budget of pure research in the Atomic Energy Commission has increased quite greatly. I have inquired into the matter of these budget figures and, in a very few seconds, I want to read them to you. I would like to say that these are not research and development figures, not figures expended upon reactors or upon explosives. These extremely important and massive undertakings need more money. I am here talking about the support of pure science, in the early research phases particularly. Specifically these include support of biology and medicine; the research division; Sherwood, which is the controlled thermonuclear reaction on which we are still working; and further scattered items as best I could collect them. And I have tried to get as complete a listing and as exhaustive a listing for pure science as I could.

"The last budget in these categories that we had before Chairman Strauss came in was $74.9 million. Chairman Strauss' first budget was $88.1; his second $97.5; his third, $114.5; his fourth, $136.7; and his fifth and last, $182.8. During his chairmanship, the support of pure science has increased considerably better than by a factor of two" (pp. 577, 578).

Dr. Bronk testified:

"When I was chairman of the Naval Research Advisory Committee in 1947, I believe it was, Mr. Strauss was a member of that committee. I remember him as a wise and helpful member of the committee with an interest in science and an understanding of science which I thought remarkable for one who had not been trained in science.

"As President of the National Academy of Sciences, I have had some administrative responsibility for the conduct of the Atomic Bomb Casualty Commission, which has been surveying the biological effects of the bombs dropped on Hiroshima and Nagasaki. That study has been supported by funds from the Atomic Energy Commission since 1947. On various occasions, Mr. Strauss gave personal assistance in solving administrative problems. I know of no instance in which he impeded the scientific study, and in many instances he was very helpful indeed.

"When in 1953 the Director of the Bureau of Standards was dismissed for reasons which seemed to scientists generally, and to me personally, to be inappropriate reasons, I promptly called Mr. Strauss, who was then not in Government employ, and asked him if he would aid me in securing a reversal of that dismissal. He immediately arranged for me to meet Secretary Weeks, with happy and generally satisfactory consequences" (pp. 709, 710).

Where shall we look for the judgment of scientists—to Inglis and Hill or to Teller and Bronk and the 50-odd other distinguished scientists whose names and statements are to be found in the record beginning at page 1056.

Not just scientists, but distinguished Members of this body, who had worked closely with Mr. Strauss, testified to his dedication to the national welfare and security.

Our former colleague, Senator Bricker, appeared before the committee and spoke from his own personal recollection regarding the exceptional efforts with which Mr. Strauss advocated development of the hydrogen bomb, establishment of the long-range detection system, development of peaceful applications for our newly found scientific knowledge, and the building up of our scientific manpower. Senator Bricker concluded his remarks by saying:

"I consider him one of the dedicated, at times seemingly almost consecrated, public servants, for his ability, earnestness, and the desire to serve his fellow man, and to build a greater day for tomorrow" (p. 634).

Senator HICKENLOOPER, in a statement submitted to the committee, confirmed, out of his own experience, Senator Bricker's testimony. Describing the period of Mr. Strauss' chairmanship of the AEC, Senator HICKENLOOPER said:

"During this term, more extensive progress was made in the atomic program, peaceful and military, than during any prior period.

"Any objective and impartial examination of the record shows that this progress was made not only in peaceful uses in the fields of research, biology, and medicine, but also in the extent and diversitiy of our exploration and expansion of the development of potential economic power. This development is likewise true so far as the diversity and versatility of our weapons program is concerned" (p. 775).

In summary, a hearing on a nomination for the post of Secretary of Commerce became almost a trial of a record compiled during more than four decades of distinguished and unselfish public service. Not even his most insistent detractors have questioned the ability and competence of Lewis L. Strauss to be Secretary of Commerce.

As to his integrity, distinguished statesmen and scientists have come forward to bear witness to the character of Lewis L. Strauss, his dedication to public service, and his friendship for science.

His fitness for the post of Secretary of Commerce was best summed up by one whose own integrity and dedication to service is a part of our history. Herbert Hoover said:

"Here is a man who has served with unvarying commendation under both Democratic and Republican Presidents.

"There has never been in our public service a man so unpolitical, so dedicated, and so able in his tasks, as to command such approvals and commendations upon the completion of every task assigned to him.

"I served 8 years as Secretary of Commerce. I can say without reservation that Lewis Strauss is the best man who could be selected for that position" (p. 831).

STATEMENT BY SENATOR SCHOEPPEL

LEWIS L. STRAUSS "STEEL PIPE CASE"—A REPLY

The so-called "steel pipe case" is a good example of the way in which opponents of confirmation have concentrated their attention on matters which tend to obscure the really substantial activities and accomplishments of Mr. Strauss. Last Friday, June 12, Senator MONRONEY spoke at considerable length in opposition to Admiral Strauss' appointment as Secretary of Commerce. He spent virtually all his time on the "Steel Pipe Case." There is a great deal more to Mr. Strauss' views on our trade with Communist countries than this one case.

In his testimony before the Commerce Committee, Mr. Strauss was asked for his personal philosophy regarding trade with countries behind the Iron Curtain. He expressed his views in these terms:

"I believe that if we could trade with the Russian people and sell them the things that the Russian people want, not necessarily the things that the Government wishes to buy, but the things that the Russian people want and need that would relieve the drabness of the life in Russia as it is reported by competent observers who visit them, that this might tend in the long run to increase the pressure from them on their Government for the domestic supply of such goods.

"It is the sort of trade that I think the President must have had in mind in his reply to Mr. Khrushchev when he said that peaceful trade with Russia was a desire on the part of the people of the United States.

"The sale to the Russians, on the other hand, of items which would find their way into their military effort and which would relieve the pressure on their manufacturing capacity of such goods, I think is not in the public interest. This is an expression of my own view. I would not like to commit any other officials of the Government to it" (pp. 18–19).

The printed record of the hearing shows, for several pages after this statement, that Mr. Strauss answered various questions giving his views on aspects of our trade with Iron Curtain, Communist, and nonsatellite Communist countries.

Nowhere in these debates have we heard any exception taken to the views which Mr. Strauss expressed on this oftentimes hotly debated subject. No claim has been advanced that Mr. Straus has expressed views which ought to disqualify him from the important task of administering our export control laws or charging him with any dereliction in his administration of these laws during his stewardship so far. Where have his opponents sought to have the issue joined? It is with respect to a single application for a license to export to Soviet Russia a quantity of steel pipe useful for the construction of an oil or gas pipeline. Mr. Strauss decided to deny this application in the national interest. Do the opponents of his confirmation now stand to oppose this decision or contend that it is wrong and ought to be changed? No indeed: As Senator MONRONEY so carefully put it last Friday:

"Let me make absolutely clear, so that my position will not be misconstrued, that I am not criticizing the action of Mr. Strauss in denying the particular license which was involved in this incident. It should also be noted that his action had not been criticized in the committee. This incident involved his exercise of an authority and a responsibility which was clearly his under the Export Control Act of 1949. He was not under obligation to refer the matter to the Advisory Committee on Export Policy or to follow the recommendations of the Department of State. He was under an obligation to tell the committee the truth about it" (CONGRESSIONAL RECORD, p. 10649, June 12, 1959).

The issue then becomes even more narrow. We are not asked to concern ourselves with Mr. Strauss' views on our trade relations with Iron Curtain countries; or with his administration of our export control laws, or even with the correctness of his action in denying a particular license application—we are asked to concern ourselves only with his explanation of some descriptions of the way in which the decision to deny this single application was taken.

Mr. Strauss was asked to comment on an editorial which had appeared in the Providence Evening Bulletin. The full text of this editorial has already been inserted in the RECORD and it appears at page 43 of the printed hearings on confirmation. This editorial included the following:

"As Commerce Secretary, Mr. Strauss still appears to be trying to impose his policies unilaterally on the State Department, at least in the important sphere of economics."

Mr. Strauss promptly replied to the committee regarding the views expressed by this editorial. He said:

"That editorial is based upon a story which appeared in the press several days ago, and it, in effect, quotes from that story. The story quoted an unnamed spokesman in the State Department to this effect: That I had acted unilaterally, that the State Department thought this was unwise. The day that it appeared, the Acting Secretary of State called me and told me that they regretted this, that it was completely unauthorized, and that the State Department press officer would issue a clarifying statement, which I believe was done. I have not seen it in the press.

"There was absolutely no difference between the State Department and the Department of Commerce on this. The final determination is the determination of the Secretary of Commerce, but there was no unilateral action in the sense that this was not done in consultation with the State Department and with its complete concurrence" (p. 44).

The newspaper account to which he referred has also been reproduced in this record. This account included the following:

"It is within the discretion of the Secretary of Commerce to call in the interdepartmental advisory committee where the positive list is concerned. Mr. Strauss had not consulted the committee when he previously denied the export license for the steel pipe." (CONGRESSIONAL RECORD, p. 10647, June 12, 1959.)

Describing this newpaper account, Senator MONRONEY said:

"The Times story was an exceptionally accurate piece of reporting, and it was completely accurate information on which the Bulletin editorial was based." (CONGRESSIONAL RECORD, p. 10648, June 12, 1959.)

However, as a matter of fact, the statement in this exceptionally accurate news account that "Mr. Strauss had not consulted the committee when he previously denied the export license for the steel pipe" is just not exactly accurate. Mr. Strauss did not "previously deny this application." This application had twice previously been denied by the Department licensing officers without being referred to the Secretary of Commerce pursuant to a policy adopted before Mr. Strauss ever became Secretary of Commerce.

Literally, there was then this inaccuracy in the New York Times story. Note the thrust of the editorial and the remarks of Mr. Strauss to see how significant this inaccuracy became. Mr. Strauss did not act unilaterally. The application was considered by the Operating Committee which includes representatives from the State, Defense, Treasury, and Commerce Departments, among others. The State Department representative noted a view supporting grant of the license. However, State's convictions in the matter were not so strong as to take the step of appealing to the Advisory Committee on Export Policy or to the Secretary of Commerce. This is the procedure by which licensing policy is established. State did not choose to carry its objection beyond the staff level either by appealing to ACEP or to the Secretary from the recommendation of the chairman of the Operating Committee.

On the basis of the available procedures and the steps taken thereunder, Mr. Strauss' contentions that he did not act unilaterally without consultation with State and that there was no difference between State and Commerce on this, are correct. Perhaps we may argue whether they are "absolutely" or "completely" so but then again it must be conceded that the Times story was not "completely accurate" either. Neither was it exactly accurate for the Providence Bulletin editorial to contend that Mr. Strauss was unilaterally trying to impose his policies on the State Department in the sphere of economics on the basis of the action taken in this one case.

Mr. Strauss was making a decision in an area in which he had the responsibility to decide. The State Department did not utilize the procedures available to persuade Mr. Strauss to make any decision other than the one he finally made. If the State Department felt that Mr. Strauss was in any way compromising our foreign policy they would certainly have taken the additional steps available to them.

Why do I spend so much time on this pipe case? The answer is that the many, many important and significant contributions made by Mr. Strauss during his long public career are being disregarded by those who resort to this type of case to justify their opposition to his confirmation. I believe it is incumbent upon us to look to Mr. Strauss and his record; his many accomplishments; his oustanding contributions to our security and well-being; and his more than 40 years of dedicated service—these should be the measure of his qualification.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Virginia [Mr. BYRD].

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. BYRD of Virginia. Mr. President, this is a nomination by the President of the United States of a man to be a member of his own Cabinet. The President of the United States is both the executive head of the Government and the leader of the political party in power. Members of his Cabinet assist and advise the President in both capacities, and the administration must be responsible for their acts.

It has been traditional in the 170-year history of the U.S. Senate that wide latitude is given the President in the

selection of the members of his Cabinet. The Senate has confirmed nearly 99 percent of the nearly 450 Cabinet nominations which have been submitted by 33 Presidents. None of the reasons for the rejection of 7 nominations which have failed of confirmation is applicable in the pending case.

The opposition to the appointment of Lewis L. Strauss to be Secretary of Commerce for the remaining 18 months of the Eisenhower administration has made no substantial criticism of his work in this capacity, although he has served as Acting Secretary for the past 8 months. Neither has any case been made to indicate that he is incompetent or dishonorable.

On the contrary, his capabilities, demonstrated over a long period of time dating back to 1917, have been recognized by five Presidents of the United States, and his cooperative relationship with the legislative branch have been testified to by Members of Congress who know him well.

His business ability is unchallenged, and the respect with which he is regarded in the commercial community is undisputed.

His patriotism is beyond reproach; and it and his devotion to protection of the free enterprise system upon which this Nation is built are matters which are documented in his enviable record.

The majority leader of the Senate has said that this nomination is not a party matter; and the President of the United States, whose prestige is vital to the free world, has said that he would not withdraw the nomination, even if Mr. Strauss requested him to do so.

I submit that no case has been made for opposition to this appointment, and that history, precedents, and the record of the nominee justify voting for confirmation, which it will be my pleasure to do.

Mr. President, I ask unanimous consent that the complete statement which I have prepared be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BYRD OF VIRGINIA

The Senate's action on the nomination of Lewis L. Strauss to be Secretary of Commerce will be historic. The records reveal no nomination which has been the subject of such exhaustive hearings or consumed so much of the Senate's time.

In the U.S. Senate precedents have great influence. Our rules are largely constructed on past actions of the Senate. What one Senate does influences actions of the Senate on future occasions.

It is important to keep in mind that Mr. Strauss has been nominated to a position within the President's own Cabinet. Under our form of government the President is responsible for the executive direction of the Government. Under our political party system he must assume responsibility for the policies of the party in power. By the same token, the party in power is responsible for the actions of its President.

In the traditional organization of our Government the President's Cabinet serves him directly in both capacities—as head of the Government and as head of the party in power. As executive department heads, Cabinet members are his ranking administrative assistants and advisers on both the executive conduct of the Government and political policy.

From the beginning of our Government, the Senate has recognized that there is a definite distinction to be made between presidential appointments to his Cabinet and those to inferior executive branch positions, or those to the judicial branch of our Government.

The Constitution wisely provides that all principal presidential appointments, including Cabinet appointments, are subject to the consent of the Senate. This is in accordance with our theory of checks and balances. And, of course, no man found to be unfit for office because of dishonorable acts or lack of competence should be confirmed.

But to give to the President wide latitude in choosing his own Cabinet is not in conflict with either the constitutional requirement for Senate confirmation or the checks and balances theory. On the contrary, it is traditional in our form of constitutional democracy. It is in the interest of efficient administration by the Chief Executive. It is in the interest of fixing responsibility on the President as head of the party in power.

I can speak from some personal experience with respect to a Chief Executive's requirement for a Cabinet of his choice.

When I became Governor of Virginia four highly important members of my cabinet were elected officials with no direct responsibility to the chief executive.

I immediately recommended amendments to the State constitution making the Governor, in fact as well as in name, the chief executive of the State by providing that he should appoint for terms coinciding with his own all members of his cabinet, subject to senate confirmation.

The people of Virginia recognized the desirability of the amendments. They were willing to divert themselves of the right to elect these officials to give the Governor of Virginia a cabinet responsible to his administration. The constitution was so amended in due course by a popular vote. The efficiency of Virginia's government was greatly improved.

My experience as Governor, applied to the vast operations of the Federal Government, convinces me that the President should have the necessary latitude to make his cabinet appointments, subject to reasonable interpretation of the power of the senate to confirm. Given such reasonable latitude in the choice of his cabinet, the President's responsibility for the party in power is complete.

With this stewardship subject to national referendum every 4 years, under our form of government and political party system, the people of the United States can freely exert their approval or disapproval of the party in power.

The Library of Congress has summarized the record and precedents with respect to the Senate's recognition of need to give the President wide latitude in appointment of members of his own Cabinet. I quote directly from a Library of Congress memorandum.

"REJECTION OF CABINET NOMINATIONS BY THE SENATE

"Only seven Cabinet nominations have been rejected in the history of the United States. By well-established custom, the Senate accords the President wide latitude in the selection of the members of his Cabinet, who are regarded as his chief assistants and advisers. It is recognized that unless he is given a free hand in the choice of these assistants he cannot be held responsible for the administration of the executive branch.

"The first rebuff to a President in this matter was administered to Andrew Jackson in 1834. Four rejections occurred in 1843 and 1844 after President John Tyler had broken with the Whigs and had become a President without a party following in Congress. In the last hundred years only two nominations to the Cabinet have been rejected—Henry Stanbery in 1868 and Charles B. Warren in 1925.

"Roger B. Taney was the first Cabinet nominee to be refused appointment by the Senate. President Jackson sent to the Senate Taney's nomination to be Secretary of the Treasury on June 23, 1834. Taney was rejected by a vote of 28 to 18 on the following day. Although the nominee had been given a recess appointment 9 months earlier, Jackson anticipated that the nomination would be rejected and delayed sending it to the Senate until the last week of its session.

"Taney was rejected because he withdrew Federal funds from the Bank of the United States on the specific direction of the President. His predecessor, William J. Duane, had refused to carry out the President's order and had been dismissed. Jackson then appointed Taney, his Attorney General, as Secretary of the Treasury.

"The withdrawal of Federal funds from the bank a few months before its charter was due to expire aroused a storm of protest throughout the country, and it was the subject of a 3-months' debate in the Senate. A resolution condemning the withdrawal as illegal and calling for restoration was adopted by the Senate but failed to pass the House. The prospect for the passage of an act to recharter the bank over the veto of the President was dim, but the rejection of Taney was regarded by friends of the bank as essential in the fight for a new charter.

"In the last 2 years of President Tyler's term the Senate rejected four nominations to his Cabinet: Caleb Cushing as Secretary of the Treasury, 1843; David Henshaw as Secretary of the Navy, 1844; James M. Porter as Secretary of War, 1844; and James S. Green as Secretary of the Treasury, 1844. The nominations were rejected not for any lack of qualifications, but rather because Senators of both parties desired to embarrass the President.

"On March 3, 1843, the Senate rejected Caleb Cushing's nomination by a vote of 27 to 19. President Tyler, who, according to custom, was in a room adjoining the Senate Chamber to receive last-minute messages from Congress, promptly renominated Cushing. The Senate just as promptly rejected the nomination a second time, 29 to 9. When Tyler sent in Cushing's name a third time on the same day, the Senate again rejected him, with only two Members voting in favor of the nomination. On this same night, Henry A. Wise was also three times nominated and rejected as Minister to France.

"In the following year the Senate refused consent to David Henshaw, who had been given a recess appointment as Secretary of the Navy. He received only eight favorable votes, and James M. Porter, appointed during the recess as Secretary of War, received only three.

"Henry Stanbery, who was rejected as Attorney General in 1867, had previously held the Office, resigning to serve as one of Andrew Johnson's counsel during the President's impeachment trial. When Stanbery was subsequently renominated to the Office, a majority of the Senate, smarting under its failure to convict the President, rejected the nomination.

"In 1925 the Senate rejected the nomination of Charles B. Warren to be Attorney General under President Calvin Coolidge. As an aftermath to the scandals during the Harding administration, the Senate was in a mood to examine with care any nomination, and particularly that for Attorney General.

"Warren was a man of national prominence who had earlier served as Ambassador to Japan and Mexico. He was also a former

national committeeman and influential member of the Republican Party. But the damning fact about him in the eyes of many Senators was his position as president of the Michigan Sugar Refining Co., which was closely associated with and partly owned by the American Sugar Refining Co.—the so-called sugar trust.

"On the floor of the Senate he was vigorously attacked because of this association which, it was asserted, disqualified him for the Office of Attorney General, in which position he would be responsible for the prosecution of antitrust actions.

"When the Senate, by an unprecedented vote of 41 to 39, rejected Warren on March 10, 1925, President Coolidge promptly renominated him. The second nomination was defeated by a clear margin of 46 to 39.

"The vote of March 10 came so unexpectedly that Vice President Dawes was at his hotel taking an afternoon nap. In his absence, the vote came out a tie—40 to 40. Had Dawes been present Warren's appointment would have been confirmed.

"Frantic efforts were made to get the Vice President to the Senate Chamber when it was realized how close the vote might be. But as he had not yet arrived by the end of the rollcall, Senator Reed, of Pennsylvania, a Warren supporter, switched his vote before the 40–40 figure was made official and moved for reconsideration of the vote.

"By this parliamentary maneuver Reed gave the Warren opposition a 41 to 39 majority, but it was hoped that the same tie vote as preceded Reed's switch would defeat the motion to table. But after Senator Walsh had made the tabling motion, Senator Overman, of North Carolina, who had voted for Warren, voted with the Warren opposition. The motion to table Reed's motion for reconsideration was thus carried and the 41 to 39 vote made official. Warren had been rejected."

The need to fix responsibility on the party in power through latitude in Cabinet appointments is summed up succinctly in a telegram sent to me on May 26 by our former colleague in the Senate, the Honorable James F. Byrnes, of South Carolina. I quote:

"First as Senator and later as Director of War Mobilization I knew Admiral Strauss. During his service with the Navy in World War II and later with the Atomic Energy Commission he impressed me always as being able, truthful, forthright, and courteous. I think it is right and wise to let the President select members of his Cabinet for then the people will hold him and his party responsible for their acts."

I know of no better authority on the process of our Government than Governor Byrnes. He served in the House of Representatives and for many years as U.S. Senator. He served as a Supreme Court Justice. He served as Assistant President during World War II. He served as Secretary of State. He served as Governor of South Carolina. In fact, he has served at all levels of government—local, State, and Federal—and in the Federal Government he served in all three branches.

Governor Byrnes has assisted in choosing Cabinet appointments. He has served in the Cabinet and in the judiciary, subject to Senate confirmation. As a Member of the Senate he has considered and voted on Presidential Cabinet and other nominations.

When Governor Byrnes said: "I think it is right and wise to let the President select members of his Cabinet, for then the people will hold him and his party responsible for his acts," he was not saying anything new.

Historically this view has predominated in Senate deliberations over Cabinet nominations. The record tells the story. In 170 years of this Government's history, 33 Presidents have submitted nearly 450 nominations to their Cabinets. The Senate's consent has been given in confirmation in all but seven instances.

One of these instances involved a conflict of interest; another involved participation in impeachment proceedings; four occurred in the Tyler administration when the President was without a party; and the seventh was a direct result of a controversy between the President and the Congress.

None of the reasons for the seven rejections in the past exists with respect to the nomination of Secretary Strauss.

It is traditional in the Senate that Members may properly vote for confirmation of a Cabinet nominee without personally approving the selection. By the same token, those voting against Cabinet nominations should carry the burden of showing overriding cause for rejection. The record of the Senate over 170 years clearly indicates this is the policy which has been followed.

I submit the record made in the consideration of the Strauss nomination shows no overriding cause for breach of precedent, attitude and practice in the Senate of the United States.

As the Senate approaches the vote on confirmation of the President's nomination of Lewis L. Strauss to be Secretary of Commerce, it may be well to note that this body, without recorded opposition, has already confirmed his nomination to other offices of public trust on three previous occasions.

President Truman appointed him to be rear Admiral, U.S. Naval Reserve, during World War II, and subsequently in 1947 a member of the Atomic Energy Commission. President Eisenhower appointed him to be Chairman of the Commission in 1953.

His fine record of service to the Government of the United States started 42 years ago in 1917. The contributions he has made in this long record have been recognized by five Presidents—Wilson, Hoover, Roosevelt, Truman, and Eisenhower.

His tremendous usefulness has been demonstrated in international affairs, military activity, scientific development, and in consultant capacities in both the legislative and executive branches.

He first entered public service during the World War I period, and continued on after the war. In the years 1917–19 he served as secretary to Herbert Hoover as Chairman of the Commission for the Relief of Belgium, and as U.S. delegate at the Final Armistice Convention.

As the Nation began to prepare in 1941 for its entrance into World War II, he went on active duty as a Naval Reserve officer. During the course of the war he earned successive promotions through the officer grades to the flag rank of rear admiral, a distinction seldom achieved in the Naval Reserve. President Roosevelt earlier had selected him as the first Reserve admiral. But Mr. Strauss insisted that a Reserve officer fighting with the fleet be given that honor.

During his service in the Navy he was—

Staff Assistant to the Chief of the Bureau of Ordnance;

General Inspector of Ordnance;

Assistant Chief of Procurement and Materiel;

Special Assistant to the Vice Chief of Naval Operations;

Special Assistant to the Secretary of the Navy;

Navy member of the Army-Navy Munitions Board; and

Navy member of the Interdepartmental Committee on Atomic Energy.

In the immediately post-World War II period, Mr. Strauss served as a member of the first Atomic Energy Commission, and as a member of the Naval Research Committee.

During the Korean war period he was consultant to the Joint Congressional Committee on Atomic Energy, acted as adviser to congressional and executive agencies concerned with production and procurement problems in the Department of Defense, and developed the Defense Department report on hazardous duty and other special pay.

Since the inception of the Eisenhower administration, Mr. Strauss has served as special assistant to the President, and as Chairman of the Atomic Energy Commission, chairman of the U.S. delegation to the United Nations Conferences on the Peaceful Uses of Atomic Energy, and as chairman of the U.S. delegation to the first meeting of the International Atomic Energy Agency.

He has been Acting Secretary of Commerce for the past 8 months, since last October, pending Senate confirmation of his appointment. Upon confirmation he would serve for the remainder of the Eisenhower administration—18 months.

Former President Herbert Hoover is the authority for the high regard in which President Wilson held Mr. Strauss' service. And Mr. Hoover himself has advised the Interstate and Foreign Commerce Committee of his great respect for Mr. Strauss as a person for the quality of his Government service, and for his business ability and integrity.

President Roosevelt used his services extensively during World War II and wanted to make him the first Reserve admiral. And when Mr. Strauss resigned from his first tour of service on the Atomic Energy Commission, President Truman said:

"The sound policies which today guide the national atomic energy program bear in large measure the impress of your efforts in support of civilian direction which will serve the military needs of the Nation."

With respect to Mr. Strauss' work in the field of scientific research and development we have the word of Dr. Vannevar Bush, who guided our unprecedented research and development efforts during World War II and immediately thereafter. Dr. Bush has testified as follows:

"During the war he demonstrated to me—which he did not need to demonstrate because I already knew it—a very keen mind in regard to scientific matters, an understanding, and a quickness of grasp which is quite extraordinary."

Four of the five Members of Congress who have served as chairmen of the Joint Committee on Atomic Energy when Mr. Strauss was on the Atomic Energy Commission have been exceedingly complimentary of his cooperative relationship with the committee. Statements by three of these former chairmen—Senator Bourke B. Hickenlooper, and former Representatives W. Sterling Cole and Carl T. Durham are on the record with respect to the pending nomination. The fourth chairman was the late Senator Brien McMahon.

The high regard and respect in which he is held by the business community is virtually unchallenged. It is a matter of general knowledge.

With a record such as that made by Lewis L. Strauss, combined with the fact that he has been nominated four times—twice by Democratic Presidents and twice by Republican Presidents—for high positions subject to Senate confirmation, we can understand why the Senate majority leader says this is not a party matter.

There is no doubt about the great loyalty of Mr. Strauss to this Nation. On the contrary, he has vigorously opposed subversive influences. There is no doubt that he has used his influence to protect our free enterprise system, and in doing so has made enemies.

His reputation is of such quality that the President feels that not even the ordeal of these confirmation proceedings has impaired his usefulness in the Cabinet; and action by Cabinet members is the administration's responsibility.

In this connection there is another aspect of this nomination which deserves the Senate's most thoughtful consideration. The

President of the United States is in the public eye throughout the world. He is facing problems of immense importance to the future of our country. It is vital that his personal prestige not in any way be impaired.

The world knows that this is a personal appointment by the President. He made this appointment knowing the full record of public service of Admiral Strauss. He has stated repeatedly that notwithstanding the criticism of this appointment, he would not withdraw it even though Admiral Strauss should request it.

The rejection of Admiral Strauss in these circumstances could not fail to attract worldwide attention as indicative of the prestige of the President at home.

It is proper to assume that the minority report of the Committee on Interstate and Foreign Commerce is the official statement of the members of that committee who oppose the Strauss nomination. I have carefully read this report. Although he has served 8 months as Secretary of Commerce, and this is the office to which he has been appointed, I fail to find any substantial criticism of his conduct during the period he has served as Secretary of Commerce.

Personally, I want to say with all the sincerity of which I am capable that after a long and intimate association with Lewis Strauss, extending for more than a third of a century, and a close contact with him in his public positions, I have never known him to commit what I would regard as a dishonorable act.

I believe him to be a man of intense patriotism who has dedicated himself to the public service with a selfless devotion to our country.

He has done all he could to preserve and protect our fundamental principles; he has been alert to oppose subversive influences, and no man in public life for the past generation has been more conscious of the dangers of the infiltration of communism and the necessity of protecting the vital secrets of the military use of atomic energy.

In summary:

This is a nomination by the President of the United States of a man to be a member of his own Cabinet. The President of the United States is both the Executive head of the Government and the leader of the political party in power. Members of his Cabinet assist and advise the President in both capacities, and the administration must be responsible for their acts.

It has been traditional in the 170-year history of the U.S. Senate that wide latitude is given the President in the selection of the members of his Cabinet. The Senate has confirmed nearly 99 percent of the nearly 450 Cabinet nominations which have been submitted by 33 Presidents. None of the reasons for the rejection of seven nominations which have failed of confirmation is applicable in the pending case.

The opposition to the appointment of Lewis L. Strauss to be Secretary of Commerce for the remaining 18 months of the Eisenhower administration has made no substantial criticism of his work in this capacity although he has served as Acting Secretary for the past 8 months. Neither has any case been made to indicate that he is incompetent or dishonorable.

On the contrary, his capabilities, demonstrated over a long period of time dating back to 1917, have been recognized by five Presidents of the United States, and his cooperative relationship with the legislative branch have been testified to by Members of Congress who know him well.

His business ability is unchallenged and the respect with which he is regarded in the commercial community is undisputed.

His patriotism is beyond reproach; and it and his devotion to protection of the free enterprise system upon which this Nation is built are matters which are documented in his enviable record.

The majority leader of the Senate has said that this nomination is not a party matter, and the President of the United States whose prestige is vital to the free world has said that he would not withdraw the nomination even if Mr. Strauss requested him to do so.

I submit that no case has been made for opposition to this appointment, and that history, precedents, and the record of the nominee justify voting for confirmation.

Mr. DIRKSEN. I yield to the Senator from New Jersey [Mr. CASE].

Mr. CASE of New Jersey. Mr. President, I rise in support of the nomination of Lewis L. Strauss to be Secretary of Commerce.

I know of no better testimony as to the qualities of the nominee than his distinguished record under several Presidents, in war and in peace.

Born in West Virginia, Lewis Strauss was educated in the Richmond, Va., public schools.

In 1917 he became secretary to Herbert C. Hoover, who was then the U.S. Food Administrator and Chairman of the Commission for the Relief of Belgium. At the final armistice convention he served as a U.S. delegate. Following the war period he was associated with the investment firm of Kuhn, Loeb & Co., becoming a partner in 1929. Meanwhile, he joined the Naval Reserve in 1926, and from 1941 to 1946 was on active duty. He was one of the first Reserve officers to reach the rank of rear admiral. His Navy assignments included: 1941–43, staff assistant to the Chief of the Bureau of Ordnance; General Inspector of Ordnance; 1943–44, Assistant Chief of Procurement and Material; special assistant to the Vice Chief of Naval Operations; 1944–46, special assistant to the Secretary of the Navy; Navy member of the Army-Navy Munitions Board; 1945–46, Navy member of the Interdepartmental Committee on Atomic Energy.

In 1946, he was appointed a member of the first Atomic Energy Commission by President Truman. At that time he relinquished all business directorships. Between 1946 and 1952, he served as a member of the Naval Research Advisory Committee—the Office of Naval Research was established following Admiral Strauss' recommendation to Secretary of the Navy Forrestal. Subsequent to his resignation from the Atomic Energy Commission in 1950, he was appointed a consultant to the Joint Congressional Committee on Atomic Energy. In the years immediately following he also served as an adviser to congressional and executive agencies studying and reporting on production and procurement problems for the Department of Defense. Among other things, he worked on the report of hazardous duty and other special pays at the request of the Armed Services Committee of the Senate in 1953.

In that year he was appointed a special assistant to President Eisenhower and was also nominated by the President to be Chairman of the U.S. Atomic Energy Commission. While Chairman, he served as chairman of the U.S. delegation to the United Nations Conferences on the Peaceful Uses of Atomic Energy held at Geneva, Switzerland, in August 1955, and September 1958. He developed the concept which resulted in President Eisenhower's speech of December 8, 1953, before the United Nations General Assembly. He also administered the actions taken to implement that program, representing the U.S. Government at the sessions at the United Nations and as chairman of the U.S. delegation to the first meeting of the International Atomic Energy Agency.

In 1958 he was appointed special assistant to the President on matters concerning atoms for peace, following his retirement at the end of his 5-year term as Chairman of the AEC.

His service has been recognized on many occasions. Among the awards and honors conferred upon him are the Distinguished Service Medal; and the Legion of Merit with Gold Star—Navy—in lieu of a second award and an oak leaf cluster—Army—in lieu of a third award. He is an officer of the Legion of Honor—France—a grand officer, Order of Leopold—Belgium, and holds a number of other decorations from foreign governments. In 1958 President Eisenhower personally awarded him the Medal of Freedom. He is the recipient of 23 honorary degrees from colleges and universities in the United States and abroad.

His public service includes activities in a number of private organizations. He is president of the board of trustees of the Institute for Advanced Study at Princeton University. He is also trustee of the Hampton Institute, the Sloan-Kettering Institute Memorial Center for Cancer and Allied Diseases, the New York Institute for the Crippled and the Disabled, the Jewish Theological Seminary of America, Belgian-American Educational Foundation, Metropolitan Opera Association, Inc., Virginia Museum of Fine Arts at Richmond, and Congregation Emanu-El of the city of New York (also its past president).

Much has been said about his relations with the scientific community. In this connection, Mr. President, I would like to read what some of the most outstanding scientific men of our time have said about him. On the occasion of his leaving the Atomic Energy Commission, Commissioner Libby, a distinguished chemist who was then a member of the Commission, remarked:

> The Atomic Energy Commission has been built by a small group of remarkable men, gifted and unselfish, and has devoted itself to the protection of our country from foreign attack. Lewis is the most important member of this group and the world peace we enjoy today is in a major degree his doing. I recall how during these years his wise counsel has prevailed at crucial times and saved us from losing our strong defensive position. Few men in the history of the United States have contributed more to her defense.
>
> The peaceful atom as an instrument of our foreign policy is his invention. The famed Atoms-for-Peace Conference in Geneva in 1955 was his idea. The International Atomic Energy Agency was also his idea and the second Atoms-for-Peace Conference to be held in Geneva this September will reflect his great interest in the atoms-for-peace program. The exhibits there were developed at his suggestion and urging and

the fine impression they certainly will make will be largely his doing.

Lewis' great interest in basic research has resulted in the increase of the support the AEC gives these vital activities by a large factor during his term of office. Therefore, there is hardly a physical scientist, physicist, physical chemist or metallurgist in the country who does not owe Admiral Strauss a great debt. Perhaps the most tangible evidence is the Sherwood project which this year will be spending about $40 million. It is most likely, in my opinion, that we will be the first home in this development, and this victory, if it does come true, will be largely due to his support of the project. I am sure our leaders in the work, Tuck, Spitzer, Post, and others would agree.

Dr. Warren C. Johnson, Chairman, General Advisory Committee to the AEC, July 7, 1958:

Although it was no surprise to me that you decided not to stand for reappointment to the Commission and as Chairman of that body, nevertheless, I was frankly disappointed. I had hoped that you would continue in spite of obvious difficulties not of your own making. My association with the atomic energy program dates back to July 1, 1943. Since the establishment of the Atomic Energy Commission in 1946, much progress has been made. However, it is my opinion, that during the past 5 years more real, intrinsic, and imaginative progress has been made under your regime than during any other period.

During the past 5 years we have seen a significant growth in the national laboratories, the development of a civilian power reactor program on a sensible basis, the development of a military power reactor program on an unprecedented basis unequalled by any other nation, the establishment of an atoms-for-peace program of undreamed of proportions and of international importance, the development of unique weapons, and the development of the controlled thermonuclear power program, to mention only a few of the more important contributions.

These achievements have been largely the result of your leadership and establish a record that perhaps only a few well-informed individuals are aware of today; however, they will be generally recognized at some later time.

Dr. John A. Wheeler, Palmer Physical Laboratory, Princeton University, May 12, 1959:

At a time when you are living through such a trying experience, I want you to know that I and many others cannot forget the energy and single-mindedness with which you have always worked for what you believe in.

Dr. Eugene N. Beesley, president, Eli Lilly & Co., June 9, 1958:

The American people owe you a debt of gratitude for the public service you have rendered and for the great wisdom and statesmanship you have demonstrated in guiding the affairs of the AEC.

Hon. Gordon Dean, late Chairman of the AEC, June 16, 1958:

In but a few days time will run out on your service as Chairman of the Atomic Energy Commission. As one who has been a few years in this spot, and probably lost a good many more from the time allotted to all of us, allow me to say that I have a real appreciation of the energy and hours and devotion which had to be applied, and were applied by you to the program. I am sure that in time and in many places, you will have the satisfaction of seeing the fruits of your thinking and your labors, and there will be a long trail observable for years to come of good things that you thought of and implemented. As you must know, there are no honors involved in such service as an AEC Chairman performs.

Dr. Alan T. Waterman, Director, National Science Foundation, July 22, 1958:

I can think of no other person more deserving of the Medal of Freedom than yourself.

Dr. Niels Bohr, Atomic Energy Commission, Copenhagen, Denmark, June 30, 1958:

Learning about your decision to resign from the U.S. Atomic Energy Commission, by which during your chairmanship so important development has been initiated, your friends in Denmark want to express their deep gratitude for the kind help you have given us in our endeavors. We will never forget the encouragement you from the very beginning have given us.

Dr. Mervin J. Kelly, past president, Bell Telephone Laboratories, June 12, 1958:

From my intimate knowledge of the military application portion of the Atomic Energy Commission's responsibility, I know of the outstanding contribution to weaponry that has been made under the Commission's guidance. You have contributed so much to this, both in your earlier position as a member of the Commission and your later assignment as Chairman of the Commission. You should have much satisfaction and pride in these contributions.

Dr. Shields Warren, radiologist, New England Deaconess Hospital, Boston, June 7, 1958:

As a citizen I heard the announcement of your resignation from the chairmanship of the Atomic Energy Commission with a real sense of loss tempered by vicarious pride in all that you have accomplished.

Dr. Alvin M. Weinberg, Director, Oak Ridge National Laboratory, June 17, 1958:

I am writing this note to express to you, both on behalf of the scientific staff in Oak Ridge and personally, our disappointment that circumstances have made it impossible for you to continue as Chairman of the Commission. I think those of us who have really been close enough to the operation of the Commission to judge the real situation are sensitively aware of the enormous contributions which you have made, not only to atomic energy but also to the well-being of the American scientific community. I am sure that, as the years go by, your contributions will become more and more widely recognized, and that this recognition cannot help but be a source of great personal satisfaction to you. I was particularly pleased that in the President's letter to you he gave you full credit for the happy inspiration on your part to which the Geneva Conferences owe their origin.

Lord Cherwell, scientific adviser to Prime Minister Winston Churchill, August 19, 1955:

I have just seen Plowden and heard of the tremendous triumph you had at Geneva. I little thought when you proposed it (the First International Scientific Conference on the Peaceful Uses of Atomic Energy which took place in Geneva in August 1955) at Bermuda that it would be such a great show.

Dr. Eugene P. Wigner, physicist, Princeton University, June 9, 1958:

I now realize how serious you were when you last spoke to me about this (retirement). I could not express my sentiments more eloquently than by repeating all that Mr. Eisenhower wrote to you. It is a great loss to all of us .* * * Let me express the hope that our association will continue with undiminished intensity.

Dr. Alexander Hollaender, Chief, Biology Division, Oak Ridge National Laboratory, June 13, 1958:

I just read the * * * editorial about you in the New York Times. I am sorry they missed one important point—the support and encouragement you have given to scientific investigation. When other people could not see the significance of this work, you supported us. * * * Let me express my personal gratitude.

Dr. Carl H. Holm, Head, Torpedo Countermeasures Division, U.S. Navy Mine Defense Laboratory, June 19, 1958:

I have followed your every action. * * * My expression of concern has been generated from appreciation of the extreme importance of retaining at the wheel during times of national exigency men like you and our mutual deceased friend, Secretary Forrestal. Dr. Rohrman, the director of this naval laboratory, feels as I do that unless the doctrine initiated while you have been in office is consistently executed, the results may prove fatal to this country.

Dr. Lawrence Hafstad, head of research for General Motors, formerly Chief of the Reactor Development Division of the Atomic Energy Commission, and co-inventor of the proximity fuse, April 13, 1959:

I recall so distinctly your visit to our proximity fuse laboratory at a crucial period in the development, and our very frank discussion when it was my privilege to drive you back to the Navy Department afterward. In my opinion, your decision to back what appeared to be a somewhat questionable project at that time was essential to its ultimate success.

Dr. Norris E. Bradbury, physicist, Director, Los Alamos Scientific Laboratory, June 6, 1958:

It will be very difficult for one to think of the Atomic Energy Commission without thinking of Lewis Strauss. It will be even more difficult to find anyone who can approach the unstinted effort and devotion which (he) has given to furthering the position of the United States in every aspect of nuclear energy and its application.

Dr. T. Keith Glennan, former president, Case Institute of Technology, now Administrator, National Aeronautics and Space Administration, June 22, 1958:

I think you can step down with your head held high as having met every challenge in a forthright and gentlemanly fashion. * * * I want to express to you my appreciation as a citizen and as a friend for the service which you have rendered this Nation.

Dr. Jaime Benitez, chancellor, University of Puerto Rico, June 11, 1958:

I deeply regret your decision to leave the chairmanship of the Atomic Energy Commission. In addition, I doubt very much if we could have succeeded in effecting our present program and in overcoming the multiple difficulties involved therein if we had not had the benefit of your considerate understanding and your unwavering support.

Dr. John C. Bugher, Rockefeller Foundation, June 27, 1958:

I have had many occasions to be thankful for the breadth of your understanding and

your resolution in confronting difficult situation. There is not an informed person in this country who can honestly say that the Commission during these years has not maintained the health and welfare of people as its first consideration. * * * You can enjoy without question the sense of a job well done.

Dr. Gunnar Randers, physicist, International Atomic Energy Agency, June 6, 1958:

Your departure is a great loss, not only to the United States, but also to all the atomic people in the rest of the world. In any case, I think you must be satisfied when looking upon the immense task which has been accomplished under your leadership.

Dr. Charles L. Dunham, Director, Division of Biology and Medicine, AEC, June 27, 1958:

In an organization as large and complex as the AEC, where lesser programs can be so easily obscured by the big ones, it would have been so easy for you first as Commissioner and again for the past 5 years as Chairman to be so preoccupied by other matters as to look upon the problems of the Division of Biology and Medicine as little more than minor irritants, ones to be ignored if possible. This you never did, and I can with complete sincerity say that there has never been a Commissioner, nor I fear will there be one in the near future, who better understood our mission as laid down in 1947 by the Medical Board of Review or who more graciously, promptly, and effectively responded to our needs when we made them known to you. I need hardly tell you how your personal interest in our research program in the peaceful uses of atomic energy in medicine and agriculture and especially in helping the fight against cancer has challenged me and my two predecessors to push on with the work to the best of our abilities. I must go further and express to you my gratitude as a citizen for your having always put the national welfare before personal interest, and your persistence in spite of tremendous and at times ugly counterpressures in making it possible for the programs of the AEC to go forward.

Dr. Paul B. Pearson, Division of Biology and Medicine, AEC, June 9, 1958:

With the passage of time, I am confident that the wisdom of your judgments and the dynamic vigor that you gave the program will be fully appreciated. It has been an honor to have served during your able and distinguished leadership.

Samuel Untermyer 2d, physicist, General Electric Co., June 14, 1958:

Some of your severest critics would change their opinion if they could review the fruit of your accomplishments as of 1978. * * * You can take lasting pride on your record throughout this difficult period of nuclear instability.

Dr. Richard Courant, mathematician, New York University, June 6, 1958:

What you have achieved, often almost singlehanded, against powerful and skillful opposition, has been of truly historical significance in strengthening the security of our Western World. When people will have time to reflect and to see things in clearer proportions, your vision and courage will be regarded as an outstanding example of genuine leadership.

Dr. Jesse W. Beams, physicist, University of Virginia, June 10, 1958:

It was indeed disturbing news to hear that you have decided not to continue on as Chairman for another term. Certainly no one else can fill this most important post so effectively and with such great patriotism, wisdom, leadership and vision.

Dr. Carson Mark, physicist, Los Alamos Scientific Laboratory, June 9, 1958:

I was truly sorry to hear of your decision to leave the Atomic Energy Commission, although I think I understand what an inhuman burden your responsibilities with the Commission has entailed. I am sure we have had different opinions on various matters in the past, but from our association I have gained a very great respect for your sincerity and wisdom and devotion to the country's needs.

Dr. Seeley Mudd, Los Angeles, June 6, 1958:

Your judgment has been sound and you have fought hard and stood by the highest principles. * * * You have done a most magnificent job for your country.

Dr. H. W. Jones, president, Youngstown University, June 20, 1958:

We know what outstanding leadership you have given the Atomic Energy Commission. * * * Like thousands of other Americans, I am grateful for the guidance you have given our atomic energy program during a crucial period.

Dr. Allan C. Johnson, manager, Idaho Operations Office, AEC, July 3, 1958:

Your stewardship of the Commission has been outstanding. * * * The interest you have shown in field operations and your frequent visits to the various sites has been an inspiration both to the AEC field people and to their contractors.

Dr. E. D. Harrison, president, Georgia Institute of Technology, June 24, 1958:

As a taxpayer and citizen I honor you and appreciate your contribution toward making America great.

Dr. Lawrence A. Kimpton, chancellor, University of Chicago, and Director, Argonne National Laboratory, June 16, 1958:

You have done a magnificent job and those of us who are involved with the Commission's affairs will miss you very much indeed.

Dr. Kenneth S. Pitzer, chemist, University of California, Berkeley, July 3, 1958:

Now that you have once again completed a most important period of service to the atomic energy effort and more generally to the defense of the country, I want to say once again how much I for one appreciate it. You have kept the atomic energy program at the top of the list in terms of vigor and quality of scientific work among Government operations and can certainly take satisfaction in turning over a healthy and well-directed program to your successor.

Dr. Paul S. Larson, professor of pharmacology, Medical College of Virginia, June 27, 1958:

Along with so many others, I am very grateful for the devoted service that you have given through your chairmanship of the AEC.

Dr. Raymond Allen, president, University of California, Los Angeles, June 6, 1958:

Your contribution as some of us know has been an epic and historical one in which you and all your friends may take great pride and which your detractors will ultimately concede. Please accept my felicitations.

Dr. Leland J. Haworth, director, Brookhaven National Laboratory, June 20, 1958:

It is almost trite to say that you will leave having in this work rendered services to our country, to science and to all humanity such as have been given by few people.

I conclude, Mr. President, by reading a letter, dated June 1, 1959, which I have received from our beloved former colleague H. Alexander Smith, who has known Lewis Strauss for upward of four decades:

JUNE 1, 1959.

Hon. CLIFFORD P. CASE,
Senate Office Building,
Washington, D.C.

DEAR CLIFF: I am writing this personal note to those present Members of the Senate who were colleagues of mine during these past years.

I am distressed over the charges that have been made in the current debate on the confirmation of Admiral Lewis Strauss to be Secretary of Commerce which appear to reflect on his character and on his integrity. We must bear in mind that he has been nominated by President Eisenhower to be a member of the President's Cabinet.

I have known Lewis Strauss since World War I when we served together in the U.S. Food Administration under former President Hoover. I have been privileged to be associated with him in all President Hoover's postwar relief and educational activities. We are both members of the Belgian-American Educational Foundation.

I have followed with great interest and admiration his brilliant business career and his outstanding military service in World War II. I know of no one who has maintained during his entire life higher standards of integrity and dedicated selfless public service than Adm. Lewis Strauss.

Let me add that Lewis has had no part in my sending this letter nor does he know I have done so.

With warm personal regards, I remain,
Always cordially yours,
ALEX.
H. Alexander Smith.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from New Jersey [Mr. WILLIAMS].

Mr. WILLIAMS of New Jersey. Mr. President, after long and detailed study of the record with respect to Admiral Strauss, and after the deepest reflection, I have arrived at the reluctant conclusion that I cannot vote to confirm his nomination. I say reluctant, because I recognize the fundamental point of view that the President should have the widest possible latitude in choosing his own Cabinet members. Reluctant, too, because on the very rare occasions when the Senate has exercised its power to deny confirmation under the Constitution, the fundamental motivation has—more frequently than not—been political, and there are those who hold that this applies in the case of Admiral Strauss.

I make this statement with deep regret. Admiral Strauss has served in public office for many years; and in many ways has contributed a great deal to the public service of this Nation.

I am certain that many motives have impelled different Senators to come to the same conclusion as I have. The fundamental reason for my negative vote is the clear evidence—and to my mind unrefuted evidence—that Admiral Strauss is almost totally insensitive to a

very basic principle of our constitutional form of government. The Congress cannot legislate intelligently if it does not have full access to the facts. In instance after instance it has been demonstrated that Admiral Strauss, if caught in an embarrassing position, prefers to mislead the Congress rather than to admit error or admit an embarrassing situation. This was true in the case of Dixon-Yates. It was true in the matter of the export of isotopes. It was true when he misrepresented the facts as to his responsibility for rejecting an application for a license to export steel pipe.

It was true in the statements he made before a subcommittee of the House Appropriations Committee. It was true in his failure to keep the Joint Committee on Atomic Energy properly informed. It was true in his actions with regard to the Atomic Energy Commission. It was true in the case of Dr. Inglis.

Some contend that this is due merely to human frailty and forgetfulness. But, in instance after instance he has obviously designed to cover up activities which were embarrassing.

Today it is more important than ever that the Congress has full, complete, and accurate information on all public matters. If the people of this country, through their representatives, are going to have the voice they must have in the gigantic decisions we face we must be frank and honest with each other. It is very unfortunate that in the record of Admiral Strauss we do not find a pattern of behavior we need in order to give us the confidence we must have in public officials today.

I agree with Vice President NIXON when, as a Member of the House of Representatives, he said:

> The point has been made that the President of the United States has issued an order that none of this information can be released and that, therefore, the Congress has no right to question the judgment of the President. I say that that proposition cannot stand from a constitutional standpoint or on the basis of the merits for this very good reason, that would mean that the President could have arbitrarily issued an Executive order in the Meyer's case, the Teapot Dome case, or any other case denying the Congress information it needed to conduct an investigation of the executive department, and the Congress would have no right to question his decision (CONGRESSIONAL RECORD, vol. 94, pt. 4, p. 4783).

Not only has Admiral Strauss failed to provide the Congress with needed information, but he has on a number of occasions deliberately misled the Congress and the public. If the instances were not so numerous, I would give the nominee the benefit of the doubt and act in accordance with my basic principle that the President should be given the broadest latitude. But it has not been a matter of one instance, or two instances; they are many. And they form a pattern. They are well documented and they have been unanswered. Therefore, after the deepest reflection I feel that this is an instance where the Senate has an obligation under the Constitution to exercise its rarely used power to deny the nomination.

Mr. HENNINGS. Mr. President, I ask unanimous consent that remarks I had prepared before the unanimous-consent agreement was reached, for delivery on the floor of the Senate, be printed in the RECORD preceding the quorum call. I believe it is only proper that my reasons for opposing Adm. Lewis Strauss be made a matter of public record.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HENNINGS

I am going to speak for only a few minutes on how I shall vote on Admiral Strauss' nomination.

I have reached my determination as to my vote only after a thorough study of all information that is available to me. I have read the testimony of the nominee before the Commerce Committee. I have head the testimony of those who favor the nomination. I have read the testimony of those who oppose the nomination. I have examined the thorough questioning of all the witnesses. I have followed closely the debates in the Senator Chamber. I hope I am not doing Admiral Strauss an injustice by my decision; however, from my understanding of the nature of the issues relating to Admiral Strauss' nomination, I am convinced I am not. It is always difficult to sit in judgment of a nominee, but Members of the Senate have this constitutional duty and responsibility which cannot be avoided and should not be lightheartedly entered upon or tinctured with partisanship.

As all Senators are political partisans, so am I. However, there are many realms of senatorial responsibility that do not properly lend themselves to partisanship. The welfare, safety, and security of our country transcend all political consideration. To the same degree, the judgment of the Senate upon qualifications of Presidential appointments is an equally solemn undertaking. It is a matter of the greatest moment, because appointees of the President of the United States—whether they be in the judicial or the executive departments—are charged with the constitutional responsibility of making our Government a government of laws, not a government of men. They are charged with the responsibility of administering their duties as servants of all the people of the United States—not as servant of just some of the people—not as servant of members of one particular political or economic group. Judicial and executive officers, when confirmed by this Senate, enter upon the fulfillment of some of the highest and most important objectives of our free system. Therefore, I am compelled as a matter of public duty to vote against the confirmation of Admiral Strauss.

I know, as do others, that during my almost 9 years as a Member of the U.S. Senate, I have only in one instance opposed a nominee of the President of the United States. In fact, on several occasions, it has become my duty to vigorously support his nominees over the opposition of members of his own party. I have worked consistently for the confirmation of nominees to the Supreme Court, to lower Federal courts, to executive departments, and to independent agencies. I have spoken out on behalf of the Chief Justice and at least three Associate Justices when members of their own political party remained silent, or, in fact, were taking positions against them.

My record of nonpartisanship in areas involving the security, safety, and welfare of our Nation is quite clear. Indeed, were I confronted with the necessity of judging the fitness, capacity, and public record of Admiral Strauss, were he a member of my own political party, I would be constrained to oppose his confirmation.

The Constitution of the United States imposes on the Congress the responsibility to regulate interstate and foreign commerce. The Congress in fulfillment of this responsibility created the Department of Commerce and the post of Secretary of Commerce to help carry out the executive functions in the field of commerce. The Department of Commerce is responsible for the Coast and Geodetic Survey, the Weather Bureau, the Bureau of Standards, the Patent Office, the Bureau of Public Roads, the Defense Air Transport Administration, the Maritime Administration, the Maritime Board, the Business and Defense Services Administration, the Office of the Bureau of Economics, the Census Bureau, the Business Advisory Council, the Advisory Committee on Export Policies, the Bureau of Foreign Commerce, and the Office of International Trade Fairs. The Department has approximately 31,000 employees.

The work of the Federal Government in the field of foreign and interstate commerce has always been of the utmost importance, but, in more recent years, it has become critical. The Soviet Union has clearly declared all-out economic war against the United States, and it is an absolute necessity that the United States and the free nations of the world overcome this challenge so that peace and freedom may be maintained throughout the world.

Our Nation must strengthen our allies of the free world by helping them to help themselves. We must also work to establish through the channels of trade and other constructive efforts a stable economy in the free world.

The Secretary of Commerce has the authority to control our Nation's exports. In the expression of his own views, this power should be used with respect to our foreign trade policy only to the extent of furthering our domestic economy. It should not be used to substitute the Secretary of Commerce's views on foreign policy for the determination of the State Department. However, Admiral Strauss refused to allow the export of 28- and 30-inch oil pipe to Russia over the objection of the State Department. In doing this, Strauss was furthering his own policy respecting the Soviet Union in contravention of the position of the State Department.

It is true that the State Department did not object strongly enough to appeal the decision of the chairman of the Operating Committee, but this does not change the fact that Admiral Strauss made his determination on the basis of his own foreign policy views. It is imperative that the State Department have the primary voice on foreign policy. However, if Admiral Strauss is confirmed, his past performance as Acting Secretary shows that he will do as he pleases in this critical area.

The Congress cannot carry out its constitutional mandate to regulate commerce without a free flow of information. The nominee has proven in the past that he cannot be relied upon by Congress to give it full and complete information. Congressman COLE, when chairman of the Joint Committee on Atomic Energy, found it necessary on one occasion to have the committee adopt a formal resolution requesting information from Chairman Strauss and the Atomic Energy Commission. The Joint Committee also found it necessary in 1954 to amend the Atomic Energy Act.

Prior to that time, the act required the Atomic Energy Commission to furnish the Joint Committee full and current information. Because of performance of the Commission, the word "all" was inserted to show that Congress really meant what it said in the first act.

One of the most flagrant failures of the Commission under the chairmanship of Lewis Strauss to comply with the law as to keeping the Joint Committee informed occurred in 1956. The Commission was negotiating with England respecting the secrets of the *Nautilus*. The Attorney General in January prepared and sent to the Commission an opinion respecting the legality of the proposals under consideration. In this letter, the Attorney General advised the Commission to discuss the matter with the Joint Committee before the agreements were entered into. The Attorney General thought this necessary because of the sensitive subject matter and its importance to the Nation.

The Commission completely disregarded this advice and the committee first learned of these negotiations the day after the agreement was sent to the President for approval in June. The committee did not learn of the Attorney General's opinion until some weeks later when in a hearing its existence became known. All of these instances, plus many others which were brought out in the hearings, leave no doubt in my mind that the Congress would be unduly handicapped by either a lack of information or distorted information, if Lewis Strauss is confirmed.

The record is quite clear that a majority of the scientists in the Nation lack some degree of confidence in Lewis Strauss. This was brought about because of several reasons, the foremost being Strauss' role in the Dr. J. Robert Oppenheimer proceedings in 1954. This is indeed a serious problem because the Coast and Geodetic Survey, the Weather Bureau, the Bureau of Standards, and the Patent Office are under the Secretary of Commerce.

Through these units of Government, Admiral Strauss can bring his influence to bear on our Polaris missile submarine program because of its reliance on oceanography. He can also bring to bear his influence on nuclear detection through the Department's seismologists and meteorologists. From past experience, I have no doubt that he will avail of this opportunity to the fullest extent of its possibilities.

Because of Lewis Strauss' background, I was indeed surprised, I must confess, by the hearing record of the first few days when he was being questioned as to his policies in different areas within his jurisdiction.

Even though he had been Acting Secretary since last November, his answers were often quite inadequate. He seemed to know very little as to the many areas outside his special interests. When asked about ship subsidies, roads and aviation, transport policy and other diverse subjects, he could only answer in a most general way and promise to furnish answers later. However, he was able to answer foreign trade questions at length. But even then I question some of his answers. He explained how Russia was only able to get 28- and 30-inch oil pipe from the United States. Nevertheless, the State Department says such pipe is available elsewhere in the world and therefore unilateral export restrictions by the United States are ineffective. I do not doubt the Admiral's intelligence but I feel he has shown a complete lack of intent to learn what he should know to effectively carry out his duties as Secretary of Commerce.

I was quite shocked to read in several papers recently of lobbying activities on behalf of Admiral Strauss. I hope these reports are not true. I hope that no one interested in the confirmation has had the consummate temerity to suggest to any Member of the Senate that he or his State would be the beneficiary of any favors that the Secretary of Commerce has in his power to bestow. I hope that appeals have not been made to Senators from one section or another of the Nation that special consideration will be given to their problems.

I like to think that this Nation is a nation as a whole and not divided into special interest groups. This ideal may not as yet be fulfilled, but I deeply believe it to be one of our goals. I certainly hope none of these published reports are true. But even if true, I do not believe there is any Senator who would do anything other than deeply resent any effort to influence his judgment by any promise of favorable exercise of the great power invested in the Secretary of Commerce of the United States.

I have hoped, and still do, that the President of the United States will change his mind and withdraw the name of Admiral Strauss. The President has many friends in the business world in whom he doubtless has great confidence. Why then does he insist on a man with the past record of Admiral Strauss. Whether he is confirmed or not, the vote will be close. If he is confirmed, the Nation will not progress economically and socially in broad terms as it should to the greatest fulfillment of its strength in these desperate days of crisis and irrevocable decisions. The very existence of our Republic is in the balance in our economic as well as our military confrontation with Soviet imperialism. The President would be much wiser if he has such extraordinary confidence in the ability of Lewis Strauss to give him a job such as that of George Humphrey, who wields great influence at the White House.

Mr. DIRKSEN. Mr. President, how much time remains under my control?

The PRESIDING OFFICER. The Senator from Illinois has 1 minute remaining under his control.

Mr. DIRKSEN. Mr. President, I can think of only one comparable situation in history that might be regarded as analogous to the problem that confronts the Senate tonight. It dates back to the reign of Henry VIII and to his Lord Chancellor, Cardinal Wolsey. Cardinal Wolsey was charged with treason, and was on the way to the Tower of London, to be tried. To his successor, Thomas Cromwell, Shakespeare makes him say this:

> Had I but served my God with half the zeal
> I served my king, He would not in mine age
> have left me naked to mine enemies.

Lewis Strauss was born in the same month I was born, in the same year, and has served under four Presidents.

He has served honorably and well. Tonight it is up to us to decide whether we are going to impeach and destroy a good public servant.

He is not merely a Secretary of Commerce. He is a man with a son who has been very successful as a physicist in Philadelphia. The nominee has three grandchildren and a very gracious and lovely wife. He came out of humble circumstances in Charleston, W. Va., and came up, like all Americans do, to reach a high rung on the ladder of achievement.

So, Mr. President, a man is being weighed in the balance tonight.

If tonight we reject his nomination, then in his moments of quiet introspection, he can say, with Cardinal Wolsey—as Wolsey said when he was on the way to the Tower of London to be tried, and had he lived long enough, to be beheaded—"If I had served my God as I served my king, He would not have deserted me in my old age."

A man is on trial tonight. May all Senators regard that issue wisely, prayerfully, and well.

The PRESIDING OFFICER. All time under the control of the Senator from Illinois has expired.

The majority leader has 2½ minutes remaining under his control.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll and the following Senators answered to their names:

Aiken	Frear	McGee
Allott	Goldwater	McNamara
Anderson	Gore	Monroney
Bartlett	Green	Morse
Beall	Gruening	Morton
Bennett	Hart	Moss
Bible	Hartke	Mundt
Bridges	Hayden	Murray
Bush	Hennings	Muskie
Butler	Hickenlooper	Neuberger
Byrd, Va.	Hill	O'Mahoney
Byrd, W. Va.	Holland	Pastore
Cannon	Hruska	Prouty
Capehart	Humphrey	Proxmire
Carlson	Jackson	Randolph
Carroll	Javits	Robertson
Case, N.J.	Johnson, Tex.	Russell
Case, S. Dak.	Johnston, S.C.	Saltonstall
Chavez	Jordan	Schoeppel
Church	Keating	Scott
Clark	Kefauver	Smathers
Cooper	Kennedy	Smith
Cotton	Kerr	Sparkman
Curtis	Kuchel	Stennis
Dirksen	Langer	Symington
Dodd	Lausche	Talmadge
Douglas	Long	Thurmond
Dworshak	Magnuson	Wiley
Eastland	Mansfield	Williams, N.J.
Ellender	Martin	Williams, Del.
Engle	McCarthy	Yarborough
Ervin	McClellan	Young, Ohio

The PRESIDING OFFICER (Mr. BUSH in the chair). A quorum is present.

Mr. JOHNSON of Texas. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The Senate will be in order.

The question is, Will the Senate advise and consent to the nomination of Lewis L. Strauss to be Secretary of Commerce?

Mr. JOHNSON of Texas. Mr. President, I ask that the yeas and nays be ordered.

The yeas and nays were ordered.

The PRESIDING OFFICER. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. JOHNSON of Texas. Mr. President, may we have order in the Chamber, please?

The PRESIDING OFFICER. The Senate will be in order. The visitors in the galleries are reminded there must be order in the Senate. The Senate must be quiet while the roll is called so that Senators may answer to their names and be heard by the clerk and other Senators.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with

the Senator from North Dakota [Mr. YOUNG]. If he were present and voting, I am informed he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. MANSFIELD. Mr. President, I announce that the Senator from Arkansas [Mr. FULBRIGHT] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from North Dakota [Mr. YOUNG] is absent by leave of the Senate, and his pair has been previously announced by the Senator from Montana [Mr. MANSFIELD].

The result was announced—yeas 46, nays 49, as follows:

YEAS—46

Aiken	Dirksen	McClellan
Allott	Dodd	Morton
Beall	Dworshak	Mundt
Bennett	Eastland	Pastore
Bridges	Ellender	Prouty
Bush	Goldwater	Robertson
Butler	Gore	Russell
Byrd, Va.	Hickenlooper	Saltonstall
Capehart	Holland	Schoeppel
Carlson	Hruska	Scott
Case, N.J.	Javits	Stennis
Case, S. Dak.	Keating	Thurmond
Chavez	Kerr	Wiley
Cooper	Kuchel	Williams, Del.
Cotton	Lausche	
Curtis	Martin	

NAYS—49

Anderson	Hennings	Moss
Bartlett	Hill	Murray
Bible	Humphrey	Muskie
Byrd, W. Va.	Jackson	Neuberger
Cannon	Johnson, Tex.	O'Mahoney
Carroll	Johnston, S.C.	Proxmire
Church	Jordan	Randolph
Clark	Kefauver	Smathers
Douglas	Kennedy	Smith
Engle	Langer	Sparkman
Ervin	Long	Symington
Frear	Magnuson	Talmadge
Green	McCarthy	Williams, N.J.
Gruening	McGee	Yarborough
Hart	McNamara	Young, Ohio
Hartke	Monroney	
Hayden	Morse	

NOT VOTING—3

Fulbright	Mansfield	Young, N. Dak.

So the nomination of Lewis L. Strauss to be Secretary of Commerce was rejected.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the nomination was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Montana to reconsider.

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be immediately notified.

The VICE PRESIDENT. The President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

ORDER FOR ADJOURNMENT TO MONDAY NEXT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until Monday at noon.

The VICE PRESIDENT. Without objection, it is so ordered.

SUCCESSFUL NEGOTIATIONS FOR UPPER COLUMBIA DEVELOPMENT GIVE HOPE FOR SAVING SALMON

Mr. NEUBERGER. Mr. President, ever since my election to the Senate, I have sought to implement negotiations between the United States and Canada so that the flood control and hydroelectric potential of the upper Columbia River could be adequately developed at the earliest possible date. One of my reasons for seeking construction of these vast upstream storage dams was that their completion would postpone the day when concrete barriers would be proposed on streams now utilized by migratory salmon and steelhead of the Columbia basin. I have spoken in the Senate a number of times to urge speedy action in this realm of our affairs with Canada; and I also had an opportunity to preside over some hearings of the Senate Interior and Insular Affairs Committee where information was obtained on action of the two Governments to implement a favorable pact.

Now, I am greatly encouraged about the prospects for early agreement between the two countries on a plan for upper Columbia development. We are receiving good reports from both sides of the border about the progress being made. My own interest in the United States-Canadian projects is shared by many newspaper editors in my home State. Recently, two outstanding editorials have appeared which pointed out the necessity for preserving the upstream spawning areas used by anadromous fish. Both articles emphasized the desirability of holding up construction of dams in the middle Snake area pending outcome of research on passage of migrants back and forth over high dam structures. I ask unanimous consent to have these editorials from the Oregon Statesman and the Astorian-Budget printed in the RECORD, along with my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Oregon Statesman, June 14, 1959]

TWO POWER ITEMS

Saturday's papers carried two items on water resource development in the Northwest. Announcement came from the board of the Corps of Engineers of its approval of a high dam at Mountain Sheep site on Snake River between the outlets of Salmon and Imnaha Rivers. And the Vancouver (B.C.) Province quoted Gen. A. G. L. MacNaughton, chairman of the Canadian section of the International Joint Commission, as saying "the worst hurdles are over in negotiations between Canada and the United States over a joint program for the Columbia River system."

The first item will not satisfy conservationists who want to protect the spawning beds of the Imnaha. A great deal of sentiment both in official and nonofficial circles in Oregon favors a moratorium on more dams in the middle Snake until the problem of fish migration past dams is solved, a matter of some years. Unless Congress takes action, however, the Federal Power Commission could grant a license to a private corporation for this project.

As to the second item, that is very significant. General MacNaughton has been a stanch protector of Canadian interests, as is his duty; but his earlier proposal of possible diversion of Columbia floodwaters into the Fraser system, thus finding the sea without entering the U.S.A., caused great alarm in this country. U.S. power production and flood prevention would be greatly enhanced by water storage in Canada for later release down the present channel. A recent report of investigating engineers, however, made no such recommendation, so that idea seems to have been dropped.

The International Joint Commission meets in Montreal again the last of this month. Douglas McKay, U.S. opposite number to MacNaughton, plans to attend. McKay has been undergoing treatment in Walter Reed Hospital in Washington, but expects to be released this week and to go to the International Joint Commission meeting in Montreal. He is greatly in hopes of consummating a fair agreement with Canada.

In view of this favorable prospect with Canada, though it may take many months to conclude terms of an agreement, it looks as though we could safely postpone building a high dam at Mountain Sheep, giving the salmon runs up the Snake as long a life as possible.

[The Astorian-Budget, June 13, 1959]

MOUNTAIN SHEEP DAM

Approval of a high dam at Mountain Sheep on the Snake River by an Army Engineers Review Board comes in the face of a movement by Northwest Members of Congress for a 5-year delay in dam construction on the middle Snake to give time for speeded-up research to solve problems of getting fish past dams.

For that reason the Engineers' action is regrettable. Construction of this dam would block the upper Snake and possibly the Imnaha River to use of spawning salmon. The Imnaha is considered by fishery people to be an important fish-producing tributary, and the upper Snake also is important.

The Mountain Sheep Dam isn't as bad from the fishery viewpoint as the Nez Perce Dam, farther down the Snake, which some public power interests want to build. The Nez Perce Dam would block the same streams that Mountain Sheep will block, plus the important Salmon River, possibly the biggest single salmon producing stream left in the whole Columbia River system.

Mountain Sheep, however, is bad enough to do serious damage to the fish runs and ought to be delayed at least to permit the proposed 5-year study to be made.

NATIONAL FUELS POLICY STUDY

Mr. MOSS. Mr. President, I am gravely concerned about the sharp downward trend in coal production in this country. Less and less coal is mined each year in my State of Utah, despite the fact that we have enormous coal deposits, manpower, and transportation facilities. I know many other coal-producing States are in a comparable dilemma.

During the past 40 years there has been a gradual but inexorable shift away

from coal as our principal energy-producing fuel—a shift that can be portrayed swiftly in a few statistics. In 1920, coal produced over 78 percent of the energy consumed in this country. In 1947, when bituminous coal production reached an all-time peak of 630 million tons, it still provided about 50 percent of our energy needs. Last year, coal production stood at about 430 million tons, 200 million tons below the 1947 figure, despite the fact that a tremendously stepped-up industrial machine was consuming more energy than at any time in history.

For reasons that I do not understand, the Federal Government is treating this gasping industry as an unwanted stepchild. It is making no effort to stabilize an undertaking and product which are essential to our national security.

Mr. President, I suggest that the time has arrived when the Congress should authorize a study of the immediate and long-range energy-production needs of this country with the objective of establishing an overall national fuels policy.

The need for such a policy was the theme of a dinner-conference held late in April here in Washington, D.C., by the National Coal Policy Conference which is composed of mine operators and owners, officers of the United Mine Workers, presidents of some 30 railroads which transport coal in volume, and officials of coal mining equipment companies, and of the great utilities which consume coal. It was my privilege to be one of the guests, as it was the privilege of other Members of this body.

The coal problem was summed up by United Mine Workers' president, John L. Lewis, who said:

> The coal industry does not ask that its product be subsidized, although every other nation of which I know, having coal measures in their natural form, is doing everything possible to make their usage possible, either through Government operation or Government expenditures, or subsidies. Our own neighbor of Canada is subsidizing the output of coal in various ways. The mines of England are nationalized.
>
> And in that respect may I point out that free enterprise—capitalism, investment for profit, reward for incentive—is on trial throughout the whole world. Our own country almost stands alone as one of the last Simon-pure free enterprise nations. Can we keep it that way?
>
> The organic values produced by the earth through untold milleniums are wrapped up in coal. And it is our task to make those values important and of service to the existing generation and to the generations that follow. We cannot do it unless there is public recognition and widespread public support for a rational set of rules, to be worked out by the Congress, that will equalize the competitive participation of American coal with other forms of American fuel.

Public recognition of coal industry straits—as a foundation for the acceptance of a set of fuel rules—will come only as a result of public education, and the National Coal Policy Conference has taken on this vast educational job.

But the Government is doing almost nothing to solve the problem, equalizing competition among energy-producing fuels.

It should be emphasized that President Eisenhower's mandatory quotas on imports of residual oil, which were announced on March 10, were a heartening step in the direction of helping the ailing coal industry. Residual oil was being dumped in ever-increasing quantities on the eastern seaboard, without regard to price, in an effort to grab off more of the coal market. This type of oil provides fuel mainly for factories, rather than for residential heating, though an attempt has been made to indicate otherwise.

In this connection, I should like to quote briefly from the dinner-conference address of Mr. George H. Love, Chairman of the National Coal Policy Conference:

> Let me explain very quickly why residual oil is such an unfair competitor from time to time and can alone wreck the entire coal industry and the eastern railroads, which need the coal traffic so badly. Any great natural resource such as oil must at times be in over supply. Plans for the production of oil are made 5 and 10 years in advance, and exploration and development sometimes bring in great new fields unexpectedly. Every 4 or 5 years the world seems to be faced with a tremendous over supply of oil.
>
> The only place in the entire world where this oil surplus could suddenly be absorbed in volume is along the eastern seaboard, where so many of our large industrial plants and utilities are equipped with dual-burning equipment, so that by turning a valve, a plant may switch from coal to oil.
>
> This is all right, if coal were not the fundamental and cheapest fuel for these seaboard plants (at least 80 percent of the time) and if the coal and railroad industries could survive as standby industries during this short period of oil surplus.
>
> And finally, it would be all right if this foreign oil could be available during the next world emergency. But in every past crisis it has rapidly disappeared.

Mr. Love made two excellent points: First, that the coal industry cannot possibly survive on a standby basis, and second, that we must keep the coal industry running and healthy as a matter of national security.

People who are not familiar with mining operations do not always realize that a coal mine cannot be turned off and on like the lights in an office building. Once a coal mine is shut down ordinarily it takes from 6 months to a year and a large outlay of cash to reopen it.

To ask, or to expect, coal operators to keep their mines open on a standby basis is completely unreasonable. The cost would be prohibitive, and no investor would buy stocks or bonds in such a venture.

We must also consider the impact on the Nation's railroads of a steady reduction in the use of coal as fuel, or of placing any substantial number of our coal mines on a standby basis.

Mr. Howard E. Simpson, president of the Baltimore & Ohio Railroad Co., covered this matter at the dinner in the following paragraphs:

> The Nation's railroads have available for coal traffic, a fleet of over 500 thousand hopper cars, and an investment of over $3 billion in equipment and facilities used primarily for the movement of coal.
>
> It is clear that a progressive drying up of coal's share of the fuel market will seriously affect railroad plants. Cars, locomotives and tracks supported primarily by coal traffic don't stand idle indefinitely until they are suddenly needed again.
>
> Lost also would be a substantial portion of more than 800,000 skilled railroaders now at your service. Business concerns like railroads are forced to scrap excess facilities. No self-supporting enterprise can afford to maintain standby service.

But the most dangerous aspect of the whole coal quandary is what we are doing to our future by allowing the industry to disintegrate.

Fifteen short years from now our energy requirements in all likelihood cannot be supplied by gas, oil or nuclear power. Coal will have to come to the rescue.

It is conservatively estimated that by 1975 the amount of nuclear power available will be equivalent to 50 million tons of coal and this will constitute virtually the entire nuclear contribution to our energy supply.

This means that the coal industry will have to supply 475 million tons for the generation of electricity and about 425 million tons for metallurgical and other uses, which is more than double the present coal output.

The coal industry cannot meet these goals if it is not put on an equal footing with other energy sources so it can keep operating on a steady, year-round basis, with mining equipment and transportation in good shape through regular use, and miners on hand to bring the coal up.

In my opinion, Mr. President, the Congress should take a hard look at the coal problem, and then establish a committee of qualified men to study what should be done about a national fuels policy.

WATER POLLUTION CONTROL PROGRAMS

Mr. HUMPHREY. Mr. President, this past week the House of Representatives, by a vote of 255 to 143, passed a bill, H.R. 3610, sponsored by Representative JOHN BLATNIK, of Minnesota, to increase Federal grants to be used by local communities for water pollution control programs.

As the sponsor, along with the junior Senator from Minnesota [Mr. MCCARTHY] of a companion measure here in the Senate, S. 805, I was, of course, greatly pleased at the action taken by the House of Representatives on this important measure.

This bill, which would increase from $50 million to $100 million the annual Federal grant authorization for the construction by local communities of water treatment plants, is now before the Senate Committee on Public Works, and I am hopeful that hearings will soon be held.

The progress made on the construction of water treatment plants since the enactment of the Federal Water Pollution Control Act of 1956 attests to the merit of this program.

In this morning's Washington Post there was published an excellent editorial in support of the Blatnik-Humphrey-McCarthy bill, and I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CLEANING UP THE RIVERS

House passage of the Blatnik bill to double the amount of Federal help on pollution control is a hopeful sign of increased awareness in Congress of what has been happening to the Nation's rivers. Prediction after prediction has held that the country faces a water shortage over the next generation—not an absolute shortage, but a shortage because industrial and household wastes are contaminating water sources. The problem is remediable, but only with considerably greater effort than is now being exerted.

Since passage of the original Blatnik bill in 1956, there has been encouraging progress in the construction of municipal sewage treatment plants, especially in smaller communities. Four States, of which Maryland is one, have enacted assistance programs to accompany Federal grants-in-aid. The current bill would increase from $50 million to $100 million the annual Federal grant authorization over a 10-year period, with local communities supplying 70 percent of the funds and the Federal Government 30 percent.

The Republican minority, reflecting the view of the administration, contended that the States ought to match the Federal grants and advocated a formula of 50 percent local, 25 percent State, and 25 percent Federal funds. Certainly pollution control is partly a State responsibility. But the plain fact is that with a few conspicuous exceptions the States have not been in a position to give much help. The struggle for State revenues is, if anything, more intensive than the struggle for Federal revenues. Many States as well as communities recognize the problem, but the attack is very slow. It is significant that Republican Governor Rockefeller of New York endorsed the Federal stimulus.

Speed is part of the objective. It won't be much consolation if the States finally get around to acting 50 years hence, after streams are more heavily polluted and the cost of providing potable water goes up enormously. We hope that the Senate will act promptly on the Humphrey-McCarthy bill which is the counterpart of the Blatnik measure, and that the administration will acquiesce. This is a good example of the sort of sensible investment in the national welfare for which more public spending is thoroughly warranted.

YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Mr. President, I received recently a fine letter from Pastor Herbert D. Cressman of Harrisburg, Pa., commenting on our proposal for a Youth Conservation Corps (S. 812), which is now before the full Committee on Labor and Public Welfare, after having been favorably reported by the Subcommittee whose chairman is the senior Senator from West Virginia.

Reverend Cressman suggests and urges that attention be given to the problem of spiritual support and guidance for the boys in the YCC, and I wish to say that this suggestion has my warm and hearty approval. I am hopeful that in the formulation of the regulations for the corps, provision will be made for this very necessary function. I ask unanimous consent that the letter from Reverend Cressman be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE LUTHERAN CHURCH
OF THE REDEEMER,
Harrisburg, Pa., June 9, 1959.

The Honorable HUBERT H. HUMPHREY,
U.S. Senate Office,
Washington, D.C.

MY DEAR SENATOR: I was pleased to read in the New York Times of June 7 that there is under consideration a modified version of a measure introduced by you. I refer to the action of the Senate Labor Subcommittee which voted to set up a Youth Conservation Corps patterned after the old Civilian Conservation Corps of depression days.

This is a lofty purpose: to combat delinquency by taking unemployed youth off the city streets and giving them healthy constructive outdoor work. As I have traveled throughout the various States I have observed some of the fine projects that were made by the old Civilian Conservation Corps. I think it is far better to give these youths a group activity of a constructive nature, rather than to pay them a dole while they loiter about in their months of unemployment.

I write not only to commend you for this introduction of this measure but also to make a request. Some type of chaplain or other spiritual or moral agent should be designated to have at least occasional contact with these youths in their camps.

Sincerely yours,

HERBERT D. CRESSMAN.

Mr. JOHNSON of Texas. Mr. President, the Senator from California [Mr. KUCHEL] is seeking recognition.

The VICE PRESIDENT. The Senator from California [Mr. KUCHEL] is recognized.

NATIONAL SECURITY AND DEFENSE PROCUREMENT

Mr. KUCHEL. Mr. President, ever since the late Dr. Albert Einstein first wrote to President Roosevelt in 1939, informing the President that the Germans were then experimenting with the possibility of developing an atomic weapon, we have lived in a Jules Verne world. In these past 20 years changes in military and naval strategy, more far reaching and spectacular than the invention of gunpowder have occurred. Yet, because we live in the midst of these vast changes, where the scientist assumes a role preeminent in our defensive system, it is very difficult, if not impossible, to grasp what has been taking place.

Since the end of the Korean war, at least, American defensive strategic doctrine has centered on the concept of deterrence and massive retaliation. Such retaliation has been built around the Strategic Air Command's ability to inflict a level of damage which an enemy would consider unacceptable as too high a price to pay for an aggressive act against us. Since the first launching of an earth satellite 2 years ago, greater attention has been directed toward the development of intercontinental ballistic missiles and intermediate range missiles, and the platforms and mechanisms from which to launch them. The problem for the United States and its allies has been to develop balanced forces capable of deterring potential global conflict and also capable of meeting the threats posed by limited hostilities, such as the Korean war. All strategic planning here proceeds from a fundamental principle: America will never be an aggressor.

It should be clear that we cannot simply abandon a strategic air force in favor of missile development in quite the way the Russians could. We cannot overnight mobilize by Executive order all our energies to develop one or two weapons systems. We seek to maintain our domestic economy and our high standard of living in consonance with a major defense force and with our system of defensive alliances. But we have learned that timing in developing new weapons which may lead to a breakthrough involves concentrated continuous attention. The engineering manhours required from the original go-ahead on a new weapon to the 200th delivery, is staggering. For example, 250,000 engineering man-hours were involved in producing the P–51 from go-ahead to 200th delivery in 1940–42; 2,800,000 engineering man-hours were required from go-ahead to the 200th delivery of the F–86D in 1949–53; and 18,440,000 engineering man-hours would be required to develop the superfighter interceptor, F–108 from initial design to the 200th delivery.

In order to develop the power and speed required of modern weapons, necessitated by our strategic doctrine, the Department of Defense has sought to adapt its procurement policies to insure the shortest possible time between the drafting board and delivery to the operational military unit. And always its policies must be designed to insure that the Russians do not succeed in confronting us with a break-through in weapons technology comparable to our development of the first atomic bomb in 1945.

The accelerating rate of change in weapons technology during the last 10 years, most especially in the last 5 years, has placed severe demands upon Government and industry, that has called for innovations and adaptability unthinkable even a decade ago. Fortunately, a long pioneer period in building aircraft and related parts enabled California manufacturers to help meet the Nation's needs for military aircraft in World War II. From this vital role in the Nation's defense during the Second World War and during the Korean war, California industry has developed the basic technologies needed for the reseach, development, and manufacture of new aircraft, missiles, and electronic, and rocket propulsion systems. Modern weapon systems development is highly complex requiring the interdependence of many factors. First in importance is advanced scientific research and development; here research includes basic as well as applied research and the facilities of the entire Nation's resources may be called upon for support—in the universities and technical schools, in private and Government research laboratories, and in the research divisions of major industrial concerns. Next is engineering know-how of a high order. A current recent example is the development of a 2-mile-long linear accelerator at Stanford University. Designing and building this particular machine will call for engineering skills of the highest magnitude, and awards to complete the linear accelerator will be made to the

best qualified companies, no matter where located. Once completed, this machine will aid all research institutions performing the basic research essential to truly great advances in science. It is axiomatic that skilled manpower, large and complete production facilities, and the competent management needed to harmonize such a complex into a productive unit must be available to translate blueprints into delivered products. And nowadays, weather and the nearness of test areas must also be considered in the development of a new aircraft, a new missile, or a new ship.

In addition to a desirable combination of these factors, dispersal of defense industries must be taken into account. To the extent that it is wise government policy to disperse industry or defense installations, such a policy should be, and is being pursued in recognition of military necessity. The Office of Civilian and Defense Mobilization has developed regulations which take into account vulnerability to attack; but such regulations are not and should not be based upon questions of economic dislocation. The plan now in operation has been fashioned on the basis of the Nation's security needs.

Pending the arrival, someday, somehow, we pray of that utopian era when a foolproof, enforcible, honorable, and multilateral agreement on disarmament may be achieved, it will be our lot to spend, each year, vast sums of money for our defense. All of us recognize that and all of us are prepared to do it, if that is what is required to preserve freedom as we in America know it.

What is it we wish to buy with our annual Federal expenditures of nearly $40 billion? We wish to buy a defensive system which will successfully deter aggression or will successfully combat it; such a system, in this era of outer space, indicates new and unbelievable nuclear weapons whose speed and accuracy and destructive capacities are appalling—a quality, by the way, which would surely indicate to any potential aggressor the swift and sure penalty which he would suffer as the cost of his own attack.

Sound barriers will be crossed with ever mounting speeds. Guidance equipment will constantly improve in its efficiency. And American scientists, teams of American scientists, wherever they may be, and with maximum freedom to work and to think how our defense might be strengthened and improved, now constitute our best assurance of a military establishment equipped to assure America's perpetuation.

In recent years Congress has clearly evidenced its determination to compel administrative accountability to the Comptroller General in the execution of delegated powers. This is made particularly clear in emergency or defense legislation. One form which the effort has taken has been the requirement of periodic reports to Congress.

Appearances by military and civilian officials of the Defense Department before the appropriate committees of Congress have been a principal means of keeping Congress informed about procurement policies and defense contracts.

Now, Mr. President, my two distinguished colleagues from New York introduced a bill (S. 1875) recently which they allege will increase competition in awarding defense contracts. The initial statement of policy contains certain objectives with respect to competition with which all of us would completely concur. But this laudable and abstract objective is later undermined by requiring not unlimited competition, but contracts to be awarded on a basis of taking them away from where the Defense Department has now placed them. The real objective of the bill was succinctly stated by my eminent colleague, Mr. JAVITS, on the floor of the Senate when he said:

> Mr. President, we believe and I think it is a unilateral conviction that if the bill is passed it will result in improving the total percentage of prime defense orders which flow to the State of New York.
>
> We feel a very much larger percentage of the contracts is going to the west coast, particularly California, and a very much smaller percentage of contracts is going to New York, than have heretofore gone there.

The Federal purchase of new instruments of mass destruction is not made to benefit the economy of our country nor of any State or section of it. We spend these prodigious sums from the public treasury, in the language of the Constitution's preamble "to provide for the common defense." We do not deal here, with the question of economically depressed communities. We deal here with the crucial problem of survival.

A careful reading of S. 1875 leaves no doubt that this proposal is totally and fundamentally wrong. Indeed it would defeat the very objective it seeks to achieve.

Listen, Mr. President, to this indefensible provision, section 2c(iii):

> In placing purchases under this chapter, the procuring agency shall consider the strategic and economic desirability of allocating purchases to different geographic areas of the Nation, and to eligible suppliers from whom relatively smaller proportions of procurement have been purchased.

Mr. President, this provision contravenes, in my view, the wise policy which Congress annually lays down. In every defense appropriation bill, Congress has adopted this proviso:

> *Provided, further,* that no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations.

That is section 625, Public Law 85–724, 85th Congress, H.R. 12738, August 22, 1958. This declaration of public policy in last year's Defense Appropriation Act states the sense of Congress and represents sound doctrine.

Lt. Gen. Bernard A. Schriever, USAF, Air Research and Development Command, candidly observes:

> Our policy is to buy the best that industry can offer on a competitive basis * * * in every case we try to pick the company that is most competent for the job, regardless of where it is located.

This language of S. 1875 by which it attempts to award more defense contracts to eligible suppliers from whom "relatively smaller proportions of procurement have been purchased" is simply bad national policy. Why should companies which have received one or two small contracts automatically receive any consideration to which they may not be entitled? Such a position cannot be justified. It is essential to reemphasize that the only relevant criteria in awarding those contracts at all must remain the capability of the company or group concerned to do the job needed in the shortest possible time so far as adequate American defense is concerned.

At the present time, the Department of Defense awards contracts wherever possible in areas which have been designated as labor surplus areas by the Department of Labor.

The primary method by which defense procurement is used to assist areas of substantial labor surplus is to set aside or reserve a specified portion of a quantity of an item for exclusive negotiation with firms in labor surplus areas, provided certain conditions have been met.

In S. 1875, section 2c(ii) would require that "a fair proportion of purchase made under this chapter be placed with concerns located in areas of substantial labor surplus." Aside from the difficulty of defining "a fair proportion of purchase," the present set-aside program has been designed to accomplish this objective as far as practicable.

After it has been determined by a military service that the purchase of a specific military item is required, the proposed procurement is reviewed to ascertain whether a portion can be reserved—i.e., set aside—for purchase at a price no higher than those which will be paid on the original portion of such procurement—i.e., on the unreserved or non-set-aside portion—from firms located in a labor surplus area. If it is practicable to set aside or to reserve a portion, bids or offered prices are obtained on the non-set-aside portion following the usual defense procurement procedures. After the price has been established, on the non-set-aside portion, bidders who have submitted bids within 120 percent of the highest price paid on the non-set-aside portion and who are located in substantial labor surplus areas, are treated as preferred bidders, and are given the opportunity to accept a contract for all or part of the set-aside portion of the highest non-set-aside price.

If the lowest responsible bidder on the non-set-aside portion was also in a labor surplus area, he would be eligible for consideration on the set-aside portion as well.

Mr. President, labor surplus areas are probably aided more in the normal course of contract procurement than through specialized programs.

Were defense contracts now to be made, as S. 1875 provides, upon considerations of the economy of a given area, the resulting plant relocations, dislocation among industrial workers and skilled technicians, would destroy the efficiencies which present Defense Department policy has helped to provide.

It is unthinkable to me, Mr. President, that anyone can seriously propose imposing these unneceessary burdens upon defense procurement agencies at this or any time. I say this time, Mr. President, because we are rapidly approaching the time when the missile gap between this country and the U.S.S.R. will reach the greatest critical point. That will be the time of maximum peril in the Nation's future unmatched during any period in its recent history.

Competition is vital to our economic system, and competitive bidding on defense contracts has always had my wholehearted support. But it is important to note that the specifications and requirements for the weapons of today, tomorrow, and especially the day after tomorrow, weapons which may be no more than a wild gleam in somebody's eye at the moment, cannot be forecast. It is not possible for the procurment agencies to adopt procedures far in advance to take account of the rapid and great change in weapons technology without creating dangerous delays in moving from the drawing board to production. Wherever possible, competitive negotiation is employed by the Defense Department, but the principle which must underlie all procurement policy is the maximum of defense at the lowest cost consistent with effective performance.

Negotiated contracts are awarded on the basis of many criteria, and they are designed to utilize new discoveries in industry which may not be known by the Defense Department at the time a contract is negotiated. To insist upon advertised competitive bidding for all defense contracts would destroy the great advantage in leadtime which the present system has produced.

The Department of Defense deserves and has received high praise for the fair, just, and wholly patriotic manner in which it has administered the laws of Congress relating to procurement.

Mr. President, I have been highly honored to sit in the Senate representing, in part, my native State of California. I am proud of the fact that over the years, Californians have provided the scientific brainpower, the managerial techniques, the employee skills, and the God-given climate to produce for America and for the free peoples of the world, great aircraft and a great defensive nuclear arsenal which measurably assure the perpetuation of our free way of life.

But far more important, and here I speak as an American, is the shining fact that in our country, not alone in the State from which I come, but in areas all across the Nation, are the men, the ideas, and the raw material to add great strength to our security. This is the important thing.

The PRESIDING OFFICER (Mr. KEATING in the chair). Will the Senator from California permit the Chair——

Mr. KUCHEL. Mr. President, I raise the point of order that the Senator from New York, as the occupant of the chair, ought not to indulge in any colloquies with Senators who are on the floor.

The PRESIDING OFFICER. The Senator from California is out of order so far as the remarks the Chair might make are concerned.

Mr. KUCHEL. I appeal from the ruling of the Chair. [Laughter.]

Mr. MANSFIELD. Mr. President, I call for the regular order.

The PRESIDING OFFICER. The Chair has no improper remarks to make. On Monday the occupant of the chair will endeavor to reply to the esteemed Senator from California.

Mr. KUCHEL. There is no Member of the entire Congress for whom I have a more wholesome or more vigorous respect than I have for the distinguished American who now graces the chair in the Senate Chamber. In this instance, however, I look forward to having the opportunity to correct the quite obvious difficulties under which the distinguished junior Senator from New York, who now occupies the chair, would describe the defense procurement policies of our country.

NATIONAL ACADEMY OF CULTURE

Mr. CASE of South Dakota. Mr. President, today I introduced a bill which would establish a National Academy of Culture. George Washington, the first President of the United States, said that he was persuaded that there was nothing which could better deserve our patronage that the promotion of science and literature.

President Eisenhower, in his 1955 state of the Union message, recommended that awards of merit be established whereby it would be possible to honor our fellow citizens who make great contributions to the advancement of our civilization and of our country.

Mr. President, I ask unanimous consent that a statement which I have prepared in connection with the introduction of the bill, may be printed in the RECORD at this point in my remarks, to be followed by the text of the bill which I introduced earlier today.

There being no objection, the statement and bill was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CASE OF SOUTH DAKOTA

NATIONAL ACADEMY OF CULTURE

President Eisenhower in his 1955 state of the Union message recommended that awards of merit be established whereby we can honor our fellow citizens who make great contributions to the advancement of our civilization and of this country.

The bill I am introducing today would be a step in the fulfillment of this recommendation. Our country has a rich cultural heritage, one which we can all take pride in. Too often the great contributors to our culture pass on with little or no recognition. This bill provides for a program of living awards in the creative and performing arts—art, sculpture, music, literature, drama, poetry and dance. By making annual awards to persons making outstanding contributions in these fields, we will be vigorously demonstrating our government's interest in the cultural progress of this nation. I would hope that these awards would eventually become the most coveted awards in their respective fields. They will serve as a goal to young, ambitious Americans who have dedicated their lives to the creative and performing arts.

Many of the countries of the world give recognition to the outstanding contributors to their cultures. For example, in Belgium, the Order of the Crown of Belgium was instituted to honor those who have distinguished themselves in artistic, literary, or scientific works, in commercial or industrial activities, or by devotion to the works of African civilization.

And in France, the Legion of Honor, which was instituted by Napoleon, has five classes of the award.

In Great Britain, the Most Excellent Order of the British Empire, is in five classes, for men and women, and is conferred for services rendered to the Empire at home and abroad, and there are both military and civilian divisions.

Our country has developed an extensive system of national awards for those who distinguish themselves while in the military service. From time to time, our Federal Government has provided recognition for outstanding civilian accomplishment including those in the creative and performing arts. There is no provision for such recognition on a regular and consistent basis. Neither have we developed a system of truly national award for those American citizens who make outstanding contributions to our culture.

There is a broadening interest in the arts as is evidenced by the recent dedication of Lincoln Center in New York and efforts to erect a national culture center here in the Nation's Capital.

The proper recognition of the Nation's outstanding cultural contributions will enhance the stature of our Nation in the eyes of the rest of the world. Further, these contributions can be advantageously incorporated into our cultural exchange program, a vital link in the communication of ideas with the peoples of the rest of the world.

I opened my remarks by quoting the present Chief Executive on this subject. I shall close by quoting the first President of the United States.

George Washington, in his message to the first Congress, recognized the importance of the arts:

"Nor am I less persuaded that you will agree with me in opinion that there is nothing which can better deserve your patronage than the promotion of science and literature. Knowledge is in every country the surest basis of public happiness. In one in which the measure of government receive their impression so immediately from the sense of the community as in ours, it is proportionately essential. To the security of a free constitution, it contributes in various ways."

Thus, Mr. President, the bill seeks to implement a national aspiration eloquently voiced by both our first President and by our present President of the United States.

The bill (S. 2207), introduced by Mr. CASE of South Dakota, is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Academy of Culture Act".

SEC. 2. It is the purpose of this Act to stimulate the American public to acquire a keener and more profound interest in the fine arts; to encourage American artists, composers, musicians, writers, poets, dancers, and other creators or performers of the fine arts to achieve ever greater degrees of excellence in the qualities of their works; and to promote the cause of international peace and good will through that medium of mutual understanding which is so effectively engendered through cultural exchange, and a broader appreciation of the fine arts of the various nations of the world.

SEC. 3. In order to carry out the purposes of this Act there is hereby established a

National Academy of Culture (hereinafter referred to as the "Academy"), which shall be composed of those citizens of the United States who shall have been selected for membership therein by reason of having made an outstanding contribution in either the creative or performative field of one or more of the following fine arts: (A) art, (B) sculpture, (C) music, (D) literature, (E) drama, (F) poetry, or (G) dance.

SEC. 4. It shall be the duty of the President, with the advice and assistance of the Advisory Commission on Cultural Awards (created by section 5 of this Act), to select once each year those American citizens who have made the greatest contemporary contribution to each of the fine arts referred to in section 3. Those individuals so selected shall be awarded a life membership in the Academy in a public ceremony conducted by the President or his representative.

SEC. 5. (a) (1) The Advisory Commission on Cultural Awards (hereinafter referred to as the "Commission") shall be composed of not more than nine members appointed by the President, from among officers and employees of appropriate instrumentalities of the Government and from persons in private life who are peculiarly qualified, on the basis of their knowledge of or experience in, or for their profound interest in, one or more of the fine arts. It shall be the duty of the Commission to advise, aid, and assist the President in selecting the individuals who are to be awarded membership in the National Academy of Culture.

(2) Members of the Commission shall be appointed for a period of three years.

(3) The Commission shall elect a Chairman and a Vice Chairman from among its members.

(4) The Commission shall meet at the call of the President or the Chairman, but not less often than twice each calendar year.

(5) Members of the Commission shall receive no compensation, but shall be reimbursed for actual travel and subsistence expense necessarily incurred by them while engaged in performing the duties of the Commission.

(b) (1) The Commission shall have an executive secretary who shall be appointed by the President after consultation with the Commission. It shall be the duty of the executive secretary to provide the Commission such secretarial, clerical, and other staff assistance as the Commission shall find necessary for the proper discharge of its function.

(2) The executive secretary of the Commission shall be compensated at the rate of $ per annum.

(3) Other employees of the Commission shall be appointed and compensated in accordance with the provisions of the civil service laws and the Classification Act of 1949, as amended.

SEC. 6. All agencies and instrumentalities of the Government which are charged with the duty of promoting cultural interchange between the United States and other nations of the world shall consult and cooperate with the Commission with a view to maximizing the utilization of the talents and abilities of members of the Academy in the implementation of Government programs of cultural interchange.

SEC. 7. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

THE PROBLEM OF SCIENTIFIC EDUCATION

Mr. KUCHEL. Mr. President, a distinguished Californian, the eminent Dr. Edward Teller, the father of the H-bomb, and now a scientist recognized around the globe for his talents and also for his passion for freedom, delivered an address last month before the student body at Marquette University. It was entitled "The Education of the Scientist in a Free Society." This is a splendid document. It indicates the need for developing scientific education in our country. I ask unanimous consent that it be printed in its entirety in the body of the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE EDUCATION OF THE SCIENTIST IN A FREE SOCIETY

(By Dr. Edward Teller)

Ladies and gentlemen: I should like to talk to you about a subject which I believe has a very great importance. At the end of the war there was no question where the leadership in science was to be found. It was to be found right here in this country. We had the best scientists, the biggest and best trained group of engineers, the most forward-looking group of men in the applications of science to increase our power over nature and to use this power to the happiness and advancement of all.

If you would then have enumerated the other countries in the world, Russia would have come way down on the list. By quite a few of us, Russia might have been forgotten.

Today there is a question where the leadership lies. And there is no question which country is developing scientists most effectively. This country is Russia. I think there cannot be a shadow of doubt that 10 years from now, Russia will be the unquestioned leader in the scientific field.

This is something which I believe we cannot change, no matter what we do today. To educate a scientist is a long-drawn-out process. It takes many years. The best minds are the youngest minds. The chief contribution to scientific work is made by people between, let us say, 25 and 30 years of age. The people on whom this duty will fall in 10 years are learning today. They are in greater number and they are better educated in the Soviet Union than they are anywhere else. And even if we bend all our efforts to a change of the present situation, all we can hope for is to regain lost leadership later. That we are going to lose our leadership is inevitable.

Before I go on with this discussion, before I try to trace the reasons for this situation and before I venture to make suggestions how to improve our position, I should make clear to you one or two thoughts.

One thought is this. That advancement of science and advancement in education should be and is for me something admirable, no matter where and how it occurs. To my mind, the Russians are to be congratulated on their achievements, and to my knowledge in the whole story that unfolds behind the Iron Curtain, this is probably the only one in which we can and should take genuine pleasure.

On the other hand, I have another thought. And it is this. Science today is technology tomorrow. And technology means a better and more abundant life. Technology means a better state of defense and of military power. The Russians—we are all aware of this fact—are bent on world domination. If the present course is not changed, there is no doubt in my mind that the world before the end of this century will be modeled after Russian ideas and not after ideals of our own. This, I think, should leave you with no question about the importance I attribute to this particular issue. And it is with this in mind that I should begin to discuss with you the details.

First of all, how did Russia achieve this progress, this leadership or future leadership in science? Russia, by the organization of its country—an organization which does not simply find its roots in communism but which goes back throughout the centuries—is a country where the individual is told what to do and he does it. After the Revolution the Russians were told, "We have to do something about science." A few months after the Revolution in Russia, the Commissar for Education, Lunacharsky, issued an order abolishing three letters in the Russian alphabet. These three letters were superfluous. Before that time, Russian spelling was almost, but not quite, phonetic. There were three sounds which could be written in one of two alternative ways. The three unnecessary letters were abolished. And Russian became a completely phonetic language.

Compare the Russian youngster with our luckless kids who learn in their first 2 years in school, by the example of reading and writing, that education is arbitrary, difficult and boring. They carry along this memory. Yet it is something about which it is immensely difficult for us to do anything and I don't propose that we do anything.

The Russians did other things, which I do not want to enumerate in detail. But they did one thing in particular. In Russia, a scientist is a privileged individual. He has all the honor, the comforts, and he has also security. This in Russia means more than it means in our country. We believe, and I think we rightly believe, that all of us should be respected if not honored; that all of us should have a comfortable life, and most of all, the life and liberty of all of us should be secure. This is as it should be. But in the Soviet Union a child knows that he can be comfortable only if he is a politician (a successful politician, that is) or a scientist. And he can be secure only if he is a scientist.

In order to embark on their scientific career, they work hard. They have to work hard. There is the whip of necessity which falls on every person in the Russian society.

I haven't visited the Soviet Union myself. But I have talked with many of my good scientific friends who have visited there. What they report is generally a friendly reception. The vituperations of the Soviet officials do not represent the feelings of the man on the street in Moscow. But when any one of my friends happened to have occasion to mention that he was a scientist, this was another thing again. He became a wonderful person, no matter where he came from. A scientist. This is really fine.

Now let us consider the position of the scientist in our country. Let me start by saying that I am going to criticize—but I am going to criticize in a matter which is not easily changed, and I can offer no easy remedies. The poor situation in science stems from a generally good situation of society as a whole; I will try to explain how in my mind these two things are connected. And I certainly don't want to change the general good background to save a detail even if that detail be ever so important. We shall have to think our way around this problem.

But first, let me try my hand at the diagnosis. I told you that the Russian children are driven on by the whip. Ours are not. And I think this is right. If we should embark on a competition in wielding a whip, there is no doubt that the Russians will win. Furthermore, the greatest accomplishments in this world are not accomplished by the whip. They are accomplished for other reasons—for reasons of inner necessity and that is how it should be.

But this inner necessity is not independent of the circle in which we live. Man is a social animal. And the most social of the social animals is the child. He feels his way in a society new to him and he adapts himself to what is around him. And what does he see?

We live in a democracy. I am almost tempted to say that we live here, in this country, in the only true democracy the world has ever known. And by that I mean

not only political democracy, not only that we have the means by which to determine our political fate. I mean more. Much more.

I mean economic democracy. I mean that all our production is for the masses. All value judgments are for the masses. What is good for just a few is not appreciated. What is good for everyone is paramount. This makes it more difficult for the privileged ones among us; because even if you have money, and even if you have not paid it all in taxes, you do not really have anything to spend it on. Because if you try to buy something that is better, you usually wind up with something that is merely different. This is in my opinion again as it should be. It takes off the edge of the competition that otherwise would be nasty. It takes away another motivation which is an external and really not thoroughly correct motivation, and throws the individual back into the freedom of his own soul where he can do with his otherwise comfortable life what he chooses. This is good, if applied to good people who know how to use their freedom.

But now let us consider the consequences of applying this thoroughly democratic order of things to the pursuit of intellectual achievements. Intellectual achievements are not attractive in themselves. The enjoyment of intellectual achievements is most definitely an acquired taste. You don't start out by liking classical music. You learn to like it. You don't start out by seeing the difference between good and bad architecture. You have to learn to see. And you sit down in front of a scientific treatise and unless you have worked on it a lot, it might as well be Chinese.

Intellectual achievement is not, and perhaps never can be, for everybody. This is not appreciated in our democratic society. Now it has been said recently about the American public, about American opinion, that it is anti-intellectual. I believe that this is not so. American opinion is not anti-intellectual. It is pro-intellectual. An intellectual is not resented; he is recognized as a person outside the common society. If he gets something accomplished, he is even greatly honored. He may be put on a pedestal, which is not the right place for him to be, in my opinion. But he is never, never understood.

When he begins to talk about his specialty to any but his closest colleagues he can, if he wishes to watch, notice the ear flaps coming down. Society says to the intellectual, says specifically to the scientist: "Go ahead and play, but leave us alone." Now this attitude by the public has produced a response from the scientists, and a response from the intellectuals. And this response is no less disastrous than the cause that has produced it. The response is this: "I am an intellectual. I love my subject. It is the whole world to me. Practically nothing else exists for me. And you people don't give a hang what I am doing. Well, I don't give a hang what you are doing. I will be by myself, go off into a corner with some of my close associates, and we'll talk to each other in polysyllables which only we understand, and sometimes I wonder whether anybody else understands me but myself."

There is a chasm separating the scientist from the common crowd. This chasm has been established on both sides, and both sides must make an effort to overcome it. Our society will not be healthy until, and unless, this chasm is bridged.

This chasm exists in science. It exists in education. You may recognize that science is important for our future, and you may tell your son, "Study mathematics, study physics. Those are the fields in which the future lies." And your son will evaluate your advice consciously and even more frequently but more effectively, nonconsciously, in the light of what he sees you are doing. If you yourself know nothing about mathematics and know nothing about physics, why should he be different? When all the other children around him consider these subjects slightly ridiculous, why should he be different from them?

Let me dwell a little longer on the public attitude and on the attitude in the schools.

Let me tell you right here and now the direction in which I wish we would be going. I think we should recognize, all of us, that in this technological age a person cannot be an educated person if he does not understand as much of the world that God has created as one can understand in general terms. And if we do not understand the changes that we men have made in this world around us, by the remarkable achievements of technology, we are not going to guide our future in the right way. As long as we consider the scientist as a magician, most often as a student of black magic we shall be ignorant strangers in this technological world.

Now let me give you a few examples. How many of you know how big an atom is? I would somehow imagine that this is an interesting piece of information. How many of you know the elementary principles according to which a modern computer can not only solve the most intricate mathematical problems but can translate idiomatically a language into another? And by which it haltingly but effectively begins to learn how to play chess? How many of you know it?

I do not merely mean the electronics of a computer; I also mean its logical operation: the fact that there is no mental function which you can clearly define and which we cannot implant in that machine. How many of you know this?

Let me give you an example of another kind. During the last presidential election some of you might remember that there was a big discussion of a strange and not yet forgotten phenomenon called fallout. I am not going to tell you whether I am "for it or against it." But I will tell you about one of the few television shows that I have seen. And in that television show, there was a man, a good politician, running for office. He would not say anything that isn't popular. He was asked about this question of fallout, and I forget whether he was for it or against it. But he said, "Now you know, I know nothing about nuclear physics, but * * *" And then he gave his opinion.

Assume that he had been asked a musical question. Would he have started his answer by, "Now you know, I never listen to the music of Beethoven, but * * *" He would have known that with some of the voters, and not such a small number, this would have been unpopular. And even if it had been true, as a good politician he wouldn't have said it.

With nuclear science, it is otherwise. There, ignorance is today a political virtue.

This is the world in which our children make up their minds whether to become scientists or not. What professions do you think these children, the most alert of them, will choose? I know of one they are not likely to choose.

Now, as to the teaching of science. I would like to say a word about that, too.

I am sorry to confess to rather common taste in my reading, but I have to tell you that I like to read detective stories. These sentences in a very successful story struck me, and I quote:

"The rest of Thursday morning slipped by on leaden wings. I had dire trouble remaining awake (that is, in a courtroom). A whole stream of alert, good-looking State police troopers paraded to the stand and like eager young professors in math talked endlessly and accurately about the charts of measurements."

The writer of this book is a very prominent legal authority. He is obviously a highly literate and cultured man. This is what he has to say, I am afraid not incorrectly, about a good math professor: he talks endlessly and accurately. He does.

When I look into my son's math assignments, I find questions like: "Farmer Jones owns 27 acres. On each square foot he grows a certain amount of wheat. He does this, having taken a loan at such-and-such percent interest." And then it goes on until finally my son has to calculate when the farmer will go broke. One such example would be fine, but there are dozens and dozens and dozens. And if he ever finishes with them, he might in the end qualify for the job of an accountant, but not for the job of a scientist.

Let me make a comparison. Not all of us are, and I think not all of us should be, musicians. But we try to educate our children in music and that is again as it should be. How do we do that? Do we select the easiest instrument—let us say, the piano, make sure that the child begins to learn the simplest thing on the piano, and tell him that for the next 3 years he must practice scales? What kind of outlook this will produce on music is easily imagined. This is in essence what we are doing in math and in some branches of science.

In music we teach our children music appreciation. In science we should teach everyone science appreciation—a knowledge of how far our scientific horizon extends. What are the simplest and most interesting facts in science? What are the surprises and unexpected things in science? These things everyone can understand. And when a person gets interested in these things, and when he catches a glimpse into the spirit of science, then he will have an entirely different outlook.

You have heard it said here before I started to talk, that scientists are involved in making decisions which affect the whole Nation and, in fact, all of mankind. I should like to say that generally this is not so and should not be so. These important decisions belong to the people and to the representatives of the people who aren't and who shouldn't be, as a general rule, scientists. They make these decisions in a scientific world, and, more frequently than not, they make them wrongly. I am advocating that they should be replaced in the next generation by people who have an ear for science as some people have an ear for music. They should be able to tell good science from poor by listening to the inner consistency, by understanding the connection in which statements occur. This is the art of government—a difficult art in every time and an impossibility if the mere elements of knowledge are lacking as they are in the scientific field. Also I am asking for an atmosphere in which a scientist will not be admired, not be put on a pedestal, but appreciated according to his merits and above all, understood. In this atmosphere, the small minority of our children who are really interested in science will become scientists, and this is the first decisive step in our educational problem.

So far I have talked at length about the diagnosis, and I did so because I had a little confidence that in the main I am not wrong. Now I should like to talk about the cure; and this is infinitely more difficult. I will try to make suggestions only in order to be contradicted, because I do not imagine that my suggestions are right. At least they may get a discussion going.

First of all, how do we seek out the good material—the really talented scientists—among our children? I would like to tell you two things about them.

First of all, a good scientist starts young. My memory of my interest in numbers is

older than any other memory I have. We cannot begin soon enough with the little games, the puzzles, with which a scientific education starts. And how do we recognize scientific talent? I would like almost to ask, What is scientific talent? To my mind, scientific talent is nothing more nor less than a strong, abiding interest in questions connected with science. This interest feeds on itself. The further you go, the more amusement you can have; science is an endless game with surprises around every corner. It is not different from a puzzle, only that it is more—it is a pyramid of puzzles that culminates in the kind of thing that nobody has ever dreamed about. It is this interest in puzzles, it is this tenacity—the losing sight of everything else while one is immersed in this particular activity—which you can notice in some children and which should be and can be encouraged from the very beginning.

We have grave problems. The gravest problem that faces us now is that we do not have enough teachers and we do not have good teachers in science. Let me tell you what I think a good teacher should be. You have heard frequently that a good teacher is a person who knows how to teach. In fact, the education of our teachers is based on this obvious doctrine. I think this doctrine is erroneous. Many obvious things are erroneous. I also have heard a different statement, that a good teacher is someone who knows his subject. Well, to know one's subject is an advantage, but I do not think that this is so terribly important either. The most important thing in a good teacher is that he should love his subject, and that the love of his subject should be plainly visible to his pupils.

I have been told that we are all descendants of monkeys, and this fact is most evident in our children. And like good monkeys that they are, if I get up in front of them and talk about something which I clearly enjoy, they will want to imitate me, and they will find a way to enjoy it, too. If I make a mistake because I don't know my subject well enough, that only adds to the fun, as long as I don't insist on my mistakes and as long as I demonstrate to them that the most common situation in which a scientist finds himself is to make mistakes, recognize them, and correct them. Such teachers we do not have today. In what general direction I would like to change the education of our teachers is obvious. But this is a slow process, and I would like to recommend to you a number of things that we could do right away.

One of them is this: In our public schools no one is allowed to teach except somebody who has gotten the official stamp of approval by having learned in a laborious manner not what to teach, but how to teach. We are, as far as science is concerned, in a real emergency. Our future, our freedom, is at stake. I think that it is necessary, as an emergency measure, that we permit anyone with an appropriate degree to teach in our schools—let us say master's or doctor's degree—in mathematics, in science, physics, or chemistry, or in engineering. I believe that many of our university professors will be willing to give of their time in individual lectures or even in a regular course at our high schools.

I know that many of our industries will allow some of their scientific employees to take time off, without loss of pay, and tell schoolchildren about the excellent work that is going on in industry and to make them better acquainted with the workings of our technoloy.

These are simple and practicable steps. The schools would not have to ask for the services of a man who does not have the knack of teaching. They could select the right teachers—the best teachers. And I think it would be a great stimulus.

Among our regular teachers we should give the highest reward to those who teach successfully and who keep teaching successfully. I would suggest—just as an idea—that there be established an honor society of teachers—I mean elementary and high school teachers. The members of that society would not have any additional duties but they would have the distinguished privilege of obtaining an additional salary equal to the salary they are making as teachers—a salary which would expire together with their membership in the honor society as soon as they take a job other than teaching.

The question is how to select these really successful teachers. I would not select them by examining them. I would select them by looking at the children whom they taught. If really successful boys and girls come from their schools into the colleges and universities, if their pupils gain honors in considerable numbers in science fairs; if they do well in the scholarship examinations; then those teachers who have produced these good scientific minds must be good teachers. And what is the secret of a good teacher? I do not know. But I would like to measure the quality of the teaching by its success.

Another suggestion: I think that we should make more use of counselors. We have, in our high schools, counselors who give their counsel to the teachers. We need traveling counselors, particularly in the rural districts, who give their advice to the students, who go two or three times each year to the schools, talk with the talented students, inspire them, give them books to read, keep an eye on them. By relatively little contact, a lot can be accomplished.

When my father, who was a lawyer, discovered that I had some real interest in playing with numbers, he went to an old friend, a university professor in projective geometry—not considered generally a very inspiring subject. This Professor Klug had a few conversations with me—not many. I was then 10 years of age. He determined my future. Because no matter what the subject was, it was something into which I could dig my teeth, and there was the obvious fact that Professor Klug had more fun than any grownup I had met to that date.

I think that contact with practicing scientists, whether as teachers or counselors, would do a lot for our youngsters.

There is still another approach and perhaps the most fruitful one. I mean the use of television and films. How to do it I do not know. There are probably as many approaches as there are people—I tried it myself. I think that if many of us scientists tried to express ourselves clearly, we would get these adventurous and inspiring ideas into every home and into the mind of every child.

I would like to make another suggestion. My enjoyment of the frequent phenomenon of commercial advertising is rather on the moderate side. This advertising does not usually give me a great surprise except the surprise of feeling that this particular product, too, is stupendous and better than anything else. I somehow have the feeling that most people must be tired of being talked down to in such an idiotic manner. I wonder what would happen if some of our big companies, who can afford it, would in lieu of advertisement give a 5- or 10-minute talk by one of their practicing scientists on one of the problems in which he is interested. He could say what the oil production people are thinking about the methods of drilling holes in the ground or where to dig them. He could talk about the marvelous structures which act as molecular filters, letting through only molecules of a certain size. A simple, single idea can be transmitted inside of 10 minutes in such a way that every alert youngster will be able to pick it up. This will be indirect, but effective advertising, and not only directed to the future customer, but also, what is equally important, to the future employee.

I wonder how many of these ideas and what other ideas we could use. One advantage we have over the Russians is that each of us can think independently; and each of us can carry his ideas to the free market where it will be adopted or rejected, not always according to its merits, but frequently according to its merits.

I have talked to you longer than what I consider is the proper length of a lecture. I will, however, ask you to listen to me even longer on a subject on which I am rabid. And this subject is the metric system of measurement. In 1927, the Russians did away with whatever versts and other absurd units they had and like most of the rest of the world, they completely adopted the metric system. Also relatively recently, the Hindus and the Japanese have adopted it.

But there are still some wild Anglo-Saxon tribes which cherish their traditions above everything else. Let me mention to you a few of these traditions. It is said that King Henry I established the yard by measuring the distance between the tip of his finger and the tip of his nose. It is indubitably true because it is found in the 17th pronouncement of King Edward II that an inch is three, dry, round barley corns laid end to end. You all know that the mile comes from the Latin "mille" or thousand, for the thousand double steps of the average Roman soldier. The French, who since that time have improved their ways, had a more civilian and more civil measure of great length; and that was the "pipe"—the distance you can walk while smoking your pipe.

The scientists believe in a strange thing, the CGS system, in which seemingly quite unrelated things like magnetism, time, space, and weight are all related to each other. The English system is much more diversified. There length and area are measured in quite independent units, in feet and in acres. Volume is something different again. In our country it is measured by the old Queen Anne's wine gallon. Incidentally, in the mother country this has been superseded by the imperial wine gallon which is kept in the Tower of London and which is obviously more practical because it contains almost a quart more of liquid.

I would like to tell you one more story about lengths. Right now the inch is undergoing one of those great reforms. It used to be defined by the National Bureau of Standards as 2.540005 centimeters. This is the American inch. The Australian inch is 2.54 nothing centimeters. And the British inch, with appropriate understatement, is 2.53999 something centimeters. There have been attempts to agree and we have agreed with the Australians on 2.540, which the British are right now taking under favorable consideration. In the meantime, the revolution has broken out among the geodesists in this country. All our Coast and Geodetic survey maps are based on 2.540005 centimeters and so our miles would be off by many thousands of an inch. The revolution was successful and now this country has two inches—the international inch and the geodetic inch.

You may know that our temperature scale comes from an erudite German, Gabriel Daniel Fahrenheit. Mr. Fahrenheit waited in Danzig until it had got as cold as it could get. Then on the day that was absolutely the coldest possible, he stuck his thermometer out the window, and that was zero. Then he put it under his arm. He seemed to have a slightly elevated temperature, and that became 100. So the history of our system of temperatures goes back to the fact that there was once, in a rather cold town, a rather hot guy.

The scientific system of measurement which has been invented in the French Revo-

lution is considerably more prosaic. It has less to do with barleycorns and arms' lengths and things like that, and a little more to do with the measurement of the earth, which in a millenium or two will again look provincial but right now it is what we share with all humanity.

This method of measurements is based on the decimal system and is therefore a great timesaver. If we would introduce this system, we would reap immediate and great benefits: simpler work in engineering, an end to the schizophrenia which now exists between engineering on the one hand and science on the other hand. Whenever these two meet, they have first to explain their terms, have to translate laboriously from inches to centimeters and vice versa.

If we do not introduce this metric system, our children will continue to sweat over questions such as: How many grains are there in a gram? How many liters make up an acre-foot? Before they can dig their teeth into any real problem of science, before they can catch a glimpse of the order, the scope, and the beauty of the universe, they are stultified by the man-made confusion and boredom of the arithmetic of the inches.

It is time for a change. If we do not change, we shall lose in the economic competition with Russia. If a country has a chance of buying a piece of machinery in which he understands how to replace a screw and how to measure that screw without the introduction of a whole new branch of learning, he will buy that simple machinery. So far the English-speaking world has enjoyed a practical monopoly. This is at an end. We are faced by a powerful competitor who is going to come into his own in the next decade. And we have to prepare for that competition as well as for the competition in the scientific and military fields.

Our present Secretary of Commerce has laid plans to go over in a considered and careful manner the metric system of measurements. He has asked the Bureau of Standards to work out the means by which the transition can be performed gradually and as painlessly as possible, but also as speedily as possible. We have untold millions of dollars invested in the screws and nuts and bolts and other units which go into our industrial machinery. All this will not be changed easily. It will not be changed without resistance, but changed it must be if we are to educate our children in an expeditious manner and if we are to live with our neighbors successfully.

I have told you everything that I can reasonably tell you about scientific education and some other things as well. Let me take a very short time to talk to you about an even more general subject of which education is but a little part.

I have started out by telling you that we must respect and take pleasure in the accomplishments, in the scientific progress that has taken place behind the Iron Curtain. There can be no greater mistake than to underestimate the Russians and the Communist empire. To my mind, together with this appreciation which may be the basis of a future understanding, there must go another realization. Russia, the Communist world, is a machine. It is a magnificent machine. It is an admirable machine. But it is a machine. And the men in Russia are no more than parts of this machine. We in the free world have the enjoyment and responsibility of being free, of not being told what we should do and should not do. This can be a curse and it can be a blessing. If we take a shallow view of our responsibility, it is a curse. And this curse has been demonstrated in many of the mistakes of which we all have been, and are, guilty.

It can be a blessing, because the highest achievements come through the inner conviction, through the inventiveness, through the ideas, through the dedication that I cannot imagine to be associated with anything but freedom. We, the free people of the free world, are faced with a great challenge. In mere size, in geographical space, and numbers of people involved, in the concreteness and the suddenness of the dangers that face us, it is a greater challenge than ever has faced humanity. I won't say that it is the greatest challenge in every respect, because each age feels its own challenge as the most unique and the most terrible thing that could be. It is our challenge; it is our world.

I feel that the basic fact of this challenge is this: The world has become very small. We do influence our neighbors. Our neighbors do influence us. Today we have learned how to harness the atom. Tomorrow we are likely to find out how to influence the weather. Man has cultivated the land for millenia. We may soon find out how to cultivate the oceans.

All this is impossible for an individual, for a company, even for a nation. It cannot be accomplished except by a cooperation between nations. The question before us is this: Shall that cooperation be enforced by an iron rule or shall it be a cooperation between free partners? We know our answer. We know the difficulties of the adjustments that go with our answer, and we would like to take time to work out our solution. But time is what we don't have, because the Russians on the other side are not taking time.

There is going on today, in the world, a revolution of the underdog of yesterday. It is the revolution which has been called the revolution of rising expectations. It proceeds along with the turbulent expansion of the industrial revolution over the whole world. Who will lead that revolution? We, or they? The advantages of direct action, of strict organization, is with them. We have nothing but the ability of the individual. It rests on the individual, on each of us, whether this revolution will bring about a world which will be slave, or a world that will be free. And the education of the scientist is an integral and an important part of that fateful decision.

FRIENDLY ACTS SPEAK LOUDER THAN WORDS AMONG GOOD NEIGHBORS

Mr. MANSFIELD. Mr. President, on June 11, 1959, the distinguished senior Senator from Oregon [Mr. MORSE], chairman of the Subcommittee on American Republics Affairs of the Committee on Foreign Relations, delivered an address at the commencement exercises of Mexico City College. The address entitled "Friendly Acts Speak Louder Than Words Among Good Neighbors," is, in my opinion, worthy of the attention of all Members of the Senate. Therefore, I ask unanimous consent that the address be printed at this point in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

FRIENDLY ACTS SPEAK LOUDER THAN WORDS AMONG GOOD NEIGHBORS

(Address of Senator WAYNE MORSE, chairman, Subcommittee on American Republics Affairs, U.S. Senate Committee on Foreign Relations, at commencement exercises, Mexico City College, June 11, 1959)

Ambassador Hill, President Murray, Vice President Elmendorf, members of the faculty of the college, graduates, and friends, it is a great honor to be introduced on this great occasion by our very able Ambassador to Mexico, the Honorable Robert C. Hill. As a member of the Foreign Relations Committee of the Senate, I am familiar with the fine record he has made in strengthening our Foreign Service. We are proud to have him represent our Government as a symbol of American foreign policy in Mexico.

I wish to express our great pleasure with the invitation you extended to Mrs. Morse and to me to participate in these commencement exercises.

Mexico City College is making a fine reputation for itself not only in Mexico and in other Latin American countries, but also in the United States. The educational statesmanship of President Murray and Vice President Elmendorf and the high academic standing of its faculty entitle it to enthusiastic support from the friends of education particularly in both Mexico and the United States. As one who taught in universities for 21 years, I am very favorably impressed by the curriculum of this college which was designed to meet many special needs of its student body. In Mexico City College, I see the sound foundations on which to build a great powerhouse of education generating much needed brainpower to serve the human needs. The goals of world peace, political freedom, universal decent standards of living, and the rights of individual liberty are dependent for their attainment in no small measure upon raising the level of enlightenment of millions of people. As Jefferson once put it, "the strength of a democracy can be no greater than the enlightenment of its people."

Mexico City College is doing much and provides an educational resource for doing much more toward improving relations between the United States and all of Latin America. Every student who graduates from this college is bound to be an enlightened source of good will and intelligent understanding of many of the problems of our Western Hemisphere.

Mexico City College deserves the financial support of educational foundations and friends of education in both the United States and Mexico. Yes, it deserves its fair share of support from any educational aid program that may be a part of the foreign aid program of the United States.

We are all here to honor the young people who are graduating today from this outstanding educational institution. To them, I extend my sincere congratulations.

Today they enter into full citizenship and responsibility, not only as citizens of a particular nation, but also as citizens of the world and its community of nations. No one of us can ever escape these responsibilities. We may evade or avoid them, but they are ours, nonetheless.

One of the distinguished former Ambassadors of the United States to Mexico, Mr. Dwight Morrow, once said that one of our troubles is that we judge ourselves by our motives and others by their actions.

I would like to talk to you about motives and actions in inter-American relations.

First, about motives. It is my firm conviction that the peoples of the Americas generally share the same motives. Their desires in life, it seems to me, were best described by one of my country's greatest Presidents, Franklin D. Roosevelt, in his annual message to Congress in the dark days of 1941.

"In the future days, which we seek to make secure," he said, "we look forward to a world founded upon four essential human freedoms.

"The first is freedom of speech and expression—everywhere in the world.

"The second is freedom of every person to worship God in his way—everywhere in the world.

"The third is freedom from want—which, translated into world terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants—everywhere in the world.

"The fourth is freedom from fear—which, translated into world terms, means a worldwide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor—anywhere in the world."

This was not only a statement of American foreign policy; it was also a statement of universal aspirations. These same sentiments have since been embedded in the Charter of the United Nations, the Charter of the Organization of American States, and in other inter-American agreements.

But I think any objective student would have to admit that our actions have not always been well calculated to attain these noble ends. When I say "our actions," I speak as a member of the human race and not of the U.S. Senate. The blame for our failure thus far does not lie entirely in any one place; it must be shared, not only in the United States and in the other American Republics but also by mankind generally.

My purpose, however, is not to rehash the mistakes or fancied mistakes of the past; a look backward would be inappropriate on this occasion anyway. My purpose, rather, is to look forward, to try to ascertain what we in the Americas ought to do from this point on.

A short backward look is indispensable, nevertheless.

Although we have fallen short of the ideal mark, we have not done too badly. As a matter of fact, our successes themselves make our failures stand out all the more sharply and therefore make them all the more frustrating and annoying.

Let us consider briefly progress in the Americas in the last two decades in regard to each of Roosevelt's four freedoms.

First, freedom of speech and expression. There has, happily, been great progress made in this field in the Americas. Unhappily, there remain a few spots where this freedom does not yet exist—spots which are made more conspicuous because there are so few of them. Our distress that such spots still exist should not blind us to the fact that very considerable progress has been made.

Second, freedom of religion. On this one, I think we can say that, by and large, the record of the Americas is pretty good. But this good record should not blind us to the fact that incidents of bigotry and of persecution of minority groups still occur from time to time in certain areas.

Third, freedom from want. In terms of the numbers of people involved and of the magnitude of the task, this has been our biggest failure in the Americas; but even here, remarkable progress has been made. Over most of the last decade, for example, the average annual rate of growth in real gross national product for Latin America as a whole has been 4 percent or more—a figure higher than that for the United States, incidentally. This is an area, however, in which one must keep running in order to stand still, and I do not think we are now running fast enough.

Fourth, freedom from fear. We have not achieved, either regionally or worldwide, the kind of reduction in armaments that Roosevelt was talking about. We may achieve in Geneva at least a partial limitation on existing armaments in the form of a suspension of nuclear testing. In the Americas, however, we have made some progress along an alternative course leading to freedom from fear. I refer to the really encouraging development of the Organization of American States as an agency for the pacific settlement of disputes.

The most significant force which will shape the future of Latin America is the profound surge of freedom, now clearly evident, which is destined to overtake this entire hemisphere.

It is a happy coincidence that Mexico should be the place for one to remark on the force of freedom in Latin America; for Mexico's great revolution of 1910, which destroyed the dictatorship of Porfirio Diaz that held Mexico in its tyrannical grip for a third of a century, foreshadowed the ultimate fate of dictatorships in this hemisphere. It is Mexico, also, which demonstrated that a popular revolution need not slip back into chaos and disorder. Instead, Mexico recuperated from its agony of civil war and went on to form the creative instrument of the revolution—its revolutionary party—which has been the architect of Mexico's new society. Mexico's revolutionary party has given this great nation political stability and tranquillity, and economic and social development. It has been a true expression of the revolution of 1910; for by eliminating the military as a political sector of the revolutionary party almost three decades ago, the popular will was made the foundation of Mexico's political and social order; and the revolutionary party has itself reached out to include and reflect the will of all the diverse sectors of Mexican society. Perhaps one of the most noteworthy features of the revolutionary program is that it was made in Mexico. Mexico did not need to borrow from abroad—it forged its own instruments for progress under freedom. Mexico stands today as an example—as well as inspiration—for this hemisphere, as to the achievements to be won when a revolution brings freedom and when freedom makes government responsive to the people.

The force of freedom in Latin America is not a transitory thing. True, it began a long time ago and has languished from time to time, even during its modern phase which began about the turn of the century. Yet when one contemplates the record of the past 7 years, it is truly remarkable. No less than eight countries—Argentina, Bolivia, Colombia, Cuba, El Salvador, Honduras, Peru, and Venezuela—took the long step toward democracy, mostly by revolution. The combined population of these countries is about 55 million—and I wish to remark, parenthetically, that if we fully understood the significance of the struggle for freedom of this huge sector of humanity, we would put aside one day in all of America, call it the "Day of Liberty," and forever commemorate the acquisition of freedom by the people of America.

The number of men and women who so recently gained their freedom represents the crescendo in freedom's force in Latin America. But it is not alone the number—striking as it is—which tests this force of the surge of freedom. The test is found in two facts, often overlooked. One is that the tyrannies which were overthrown were not isolated tyrannies. They constituted a system, a network, a sinister apparatus aiding one another, so that what was destroyed and put to rout was an international system of despotism. The second fact is that the people who won their freedom, won it by their own efforts, by their own sacrifices. Thus, while the extent of the force of freedom is signified by the numbers involved—and this number can be increased if we go back a few years before 1952—the strength of the force of freedom is revealed by the international strength of the apparatus it has destroyed, and the durability of the force of freedom is revealed by the fact that it was achieved by the people themeselves. I know that the people of the United States applaud this effort, and that in their achievement the people of Latin America have won a position of lasting dignity in the minds and in the hearts of the people of my country.

Let me turn now to the future and to the question of how we can improve on what we have done, how we can overcome our failures, and how we can devise among ourselves more friendly acts which will, at one and the same time, match the friendly words which one still hears around the hemisphere and also drown out the unfriendly words which have come in increasing volume in the last year.

What is the significance of freedom's powerful surge for the future of Latin America? The consequences I see for the future are deep and overwhelming in their impact.

First, is the now inevitable trend toward democracy. What has been revealed during the past decade or so is the instability of dictatorship, which is another way of saying, the instability of governments not founded on the will and consent of the people. I may be accused of excessive optimism, but instead of a past in which occasional experiments in democracy interrupted a general practice of dictatorships, in the future I see dictatorships, if they reappear at all, as momentary interruptions in the inevitable and irresistible growth of democratic government.

Second, the force of freedom carries with it a profound popular will for economic development. When economic and business activity is in the hands of a dictator supported by a small aristocracy, the rhythm of development is slow, erratic, and incomplete. Where people are free, the will to develop is comprehensive and strong. Economic development is inevitable for Latin America, at a faster pace than ever before and on a broader scale.

Third, the fruits of economic development are bound to be better distributed. Economic development requires careful planning, the proper selection of objectives, the training of people and the exercise of self-discipline. In the free community, the support of the people must be solicited for the nation's program. It can only be done by giving the people a permanent stake in the community's welfare. The people of Latin America have already demonstrated that their struggle for liberty has been won in the midst of widespread poverty. They will not again easily surrender their liberty for bread alone. But the demand for economic development which originates with the people must promise a rise in the standards of living. It must promise widespread education and technical training. It must promise the increased application of modern science and technology in all avenues of life. When it is the popular will from which development springs, the riches of development must return to the people in increasing measure. Thus it is that the force of freedom presages a final conquest over the ancient plagues of poverty, disease and illiteracy.

Finally, I foresee an eventual development of a new level of friendship and understanding between the United States and Latin America. Friendship between nations must ultimately rest upon the deepest sense of dignity, of self-respect, which nations feel about themselves. As freedom is acquired, as development occurs, as stability and progress are achieved, a nation's self-respect grows. The extremes of popular nationalism, so widespread at the beginning of the journey of progress, are converted into self-confidence as nations acquire the mastery of self-government. And when self-confidence begins, so does the possibility of friendship and understanding. I foresee, thus, as the product of the present surge for freedom, a new level of friendship—a friendship between the United States and its neighbors based upon equality in freedom and equality in our confidence to master and employ for the good of all, the instruments of progress.

These, then, are the future products of the force of freedom. They constitute all together a vast change in a New America, from the pessimism of Simon Bolivar about the possibilities of freedom in America, to the optimism of freedom's own conquest.

There are many obstacles yet to be overcome, but the people of this hemisphere will conquer these obstacles. Communism is one of these obstacles. At this very time the forces of communism are attempting to link themselves to Latin America's march to freedom. But what has communism to offer? It offers this hemisphere a formula on how to lose freedom. Whichever way one looks at communism, at bottom its fundamental doctrine is revealed: That the only way a community can progress is to surrender its freedom to a dictatorship of self-styled pundits—the so-called leadership of the proletariat—who arrogate to themselves the final wisdom about the laws of mankind's development. Dictatorship is the heart of the Communist matter; but Latin America already knows more about freedom and how to acquire it than does Soviet Russia.

The whole question of inter-American relations and its role in all these areas is currently the subject of a thorough-going study by a subcommittee, of which I have the honor to be chairman, of the Foreign Relations Committee of the U.S. Senate. This subcommittee has been diligently at work for almost a year; it has another year's work still ahead of it. We have called in some of the outstanding universities and research institutions in the United States to study various aspects of the problem and report to us. Those reports, which are not yet complete, will be followed by hearings and further exploration by the subcommittee itself. We are determined to do a thoroughly objective, nonpartisan job, and we hope that we can make useful, constructive recommendations. It would be premature at this point for me to try to anticipate what those recommendations will be, and I shall not do so. I think I can, however, lay down certain general principles.

I want to speak particularly of economic development which is the modern expression for Roosevelt's "freedom from want" and which is by all odds the major problem of inter-American relations.

There are, it is said, many ways to skin a cat, and there are also many ways to achieve economic development. I am distrustful of anybody who picks out one way, and says this is the only road to salvation.

I do, however, have some suggestions to make regarding economic policy for all the American countries, my own included.

There are three elements in economic development, and each is as important as one of the legs on a three-legged stool. These elements are people, resources, and capital. Any two can be partially substituted for the other, but if any one is totally absent, economic development will not occur. For balanced economic growth, development of each of the three should proceed harmoniously and concurrently.

Much of the current discussion of inter-American economic problems, I think, centers too much on the need for capital to the neglect of the development of human resources, and the problem thereby tends to become distorted. But I do not underestimate the need for capital, so let me talk about that first.

At this particular point in time, it is in the national interest of the United States to export capital, just as it is in the national interest of most of the other American Republics to import capital. And this is exactly what has been happening to the tune of several million dollars a year. It has occurred largely in the private sector, and on balance, it has made a great contribution to economic growth.

But it is mainly equity capital, looking for a profit. There is nothing wrong with this, as far as it goes. The trouble is it it doesn't go far enough. It doesn't go into the kind of nonprofit development which is essential to economic growth. A great many developments of this kind have been financed through the International Bank for Reconstruction and Development, the Export-Import Bank, and the Development Loan Fund. I hope more will be done through the forthcoming Inter-American Development Bank. But I wonder if all of this is being done in the most effective way possible.

Better results would follow, in my judgment, if greater use were made of line-of-credit arrangements under which credits are established and drawn on, as needed, for a variety of specific projects. In certain circumstances, it might even be possible and desirable to work out provisions for these lines of credit to revolve—that is, for repayments automatically to replenish the total amount of credit that could be drawn.

Greater use of such line-of-credit arrangements, it seems to me, would make it easier for all the peoples of this hemisphere to develop their own resources in their own way. This surely is fundamental.

I think it must be frankly realized that all of the investments and all of the technology of the United States will not by themselves bring about the kind of economic development which we are seeking in the American Republics. That can only be done by the people of these Republics themselves. We in the United States can help, but we cannot do the whole job.

If it is fundamental that people have the right to develop their own resources in their own way, it is equally fundamental that they are the ones who must do the developing. A 20th century economy cannot exist in an 18th century social structure. Education is of paramount importance in this respect, and so far as I am aware, not a single country in the Americas is making a sufficient investment in its own people.

In fact, frankness compels me to call to the attention of the citizens of the United States in this audience that our own country is falling far behind in an adequate education program. We are denying to thousands of American boys and girls the opportunity for a college education such as the one obtained by the members of this graduating class today. How are we doing it? We are doing it by making it necessary for thousands and thousands of children to go to grade schools and high schools in some parts of the United States so low in their academic standards that the students who attend them cannot possibly qualify for college admission requirements when they reach college age. This is a great waste of human resources.

We cannot expect to stay ahead of Russia in manpower, but we must see to it that we stay ahead of Russia in brainpower. Yet, when some of us propose in the Congress of the United States that our Federal Government also has some responsibility in helping the States develop adequate educational facilities, we are charged with various things, such as interfering with States rights or being advocates of creeping socialism or what not. All we are trying to do is to give to every boy and girl, irrespective of place of birth, an equal opportunity to enjoy the advantages of a good education and the maximum development of the student's potential brainpower.

It takes capital to develop resources, but it also takes people; and the people came first. This is a field in which the activities of the Organization of American States could well be expanded.

Another field for greater OAS concern is that of economic cooperation. In considering the economic problems of this hemisphere, we ought, in my judgment, to pay more attention to Adam Smith's doctrine of natural advantage. That is, each of us ought to concentrate on doing that which we can do best. No nation of this hemisphere, not even mine, is big enough to be a self-contained economic unit. If any nation tries to become self-sufficient, it is not only doomed to failure; worse, it wastes resources which are more badly needed in other lines of endeavor.

From this, it follows, in my judgment, that we should think more along the lines of moving toward economic unity just as we have moved toward political unity. I realize that this will be difficult, that it will involve some possibly painful adjustments for some of us, and that it cannot be done overnight. But I think its benefits will make all its difficulties and adjustments worthwhile. I am hopeful that the Central American Economic Union will point the way toward larger groupings.

An American common market would not only lead to more efficient use of resources; it would also contribute to the formation and growth of the institutions which are indispensable to economic development. It would, for example, make possible larger financial institutions and more extensive markets for securities.

Finally, it seems to me that the OAS could make a historic contribution in the field of intrahemispheric defense. We have seen how the OAS has already made great and encouraging progress in the pacific settlement of disputes among its members. I suggest the time has come to build upon this progress and explore the possibilities of arriving at a regional agreement, within this hemisphere, for the reduction, or at least the limitation, of armaments. Such an agreement would have several obvious and immediate advantages.

For one thing, it would at once free very considerable resources which are now going into armaments and which are more badly needed for schools and other aspects of socio-economic development.

For another, it would tend to diminish the influence of the military and increase the influence of the civilian branches of government. This would have a very salutary effect, especially in those few countries which still suffer under military or quasi-military dictatorships.

Finally, it would, I think, set a good example for the rest of the world.

As many of you know, I hold to the position in the Senate of the United States that the United States should not grant military aid to dictatorships anywhere in the world, including Latin America. I am willing to support some military aid to free nations in Latin America for hemispheric defense, but even here I think it is preferable to develop a hemispheric police force under the jurisdiction and direction of some international organization such as the Organization of American States.

I am a strong supporter of increasing economic aid programs for Latin America, preferably on a line-of-credit loan basis related to specific economic projects that will help bring direct economic benefits to the people of Latin America.

A distinguished Brazilian pointed out a few months ago that "the relations between the United States and Latin America are perturbed, on both sides, by the prevalence of psychological behavior complexes." As a consequence, he added, "the instrumentality of inter-American cooperation has increasingly become a mechanism for juridical and political coexistence rather than a system for mutual understanding."

Our biggest piece of unfinished business is to repair our mutual understanding. This is what the members of this audience are peculiarly well equipped to do. Whatever your vocation may be, I ask you to make this your avocation. I ask you to take it seriously.

In closing, I wish to charge the members of this fine graduating class with the moral obligation of dedicating yourselves to the cause of world peace. Each one of you has the opportunity of repaying, in part, the debt which you owe Mexico City College for the fine education it has given to you by making yourself an ambassador of good will

in the cause of world peace. Your generation has an opportunity to lead mankind toward a system of international justice through law under which international disputes will be settled by the application of rules of reason through judicial process applied by international organizations such as the Organization of American States and the United Nations. The answer to the international tensions that threaten world peace today is not to be found in a nuclear war. It must be found by enlightened people everywhere seeking to solve the causes of international misunderstanding and to strengthen the forces of freedom of which I have spoken to you.

I congratulate you on your opportunity to take up the burden of this great moral obligation. May God bless you in all of your endeavors.

INCENTIVE AWARD TO MRS. ELIZABETH HANUNIAN, TRANSLATOR IN LIBRARY OF CONGRESS

Mr. LANGER. Mr. President, I am delighted to see, from the information bulletin published by the Library of Congress, that Mrs. Elizabeth Hanunian, a translator in the Library has been given the employee incentive award. I am sure that almost every Member of this body, has, at one time or another, been the recipient of Mrs. Hanunian's very capable services.

The Librarian of the Library of Congress is to be complimented on his good judgment in giving the incentive award to Mrs. Elizabeth Hanunian to whom I extend my congratulations and good wishes that this recognition may lead to her promotion.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

ADDITIONAL BILL INTRODUCED

The following additional bill was introduced:

By Mr. BUTLER:

S. 2211. A bill to provide for the conveyance to the State of Maryland of a tract of land located on the campus of the University of Maryland, College Park, Md., which was previously donated by the State of Maryland to the United States; to the Committee on Interior and Insular Affairs.

ADDITIONAL REPORT OF A COMMITTEE

Mr. HUMPHREY, from the Committee on Government Operations, to which was referred the bill (S. 1851) for the establishment of a Commission on a Department of Science and Technology, reported it favorably, without amendment, and submitted a report (No. 408) thereon.

AMENDMENT AND CLARIFICATION OF REEMPLOYMENT PROVISIONS OF UNIVERSAL MILITARY TRAINING AND SERVICE ACT—AMENDMENTS

Mr. SALTONSTALL submitted amendments, intended to be proposed by him, to the bill (S. 1191) to amend and clarify the reemployment provisions of the Universal Military Training and Service Act, and for other purposes, which were referred to the Committee on Armed Services, and ordered to be printed.

RELIEF OF MATILDA KOLICH

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 384, Senate bill 1613.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1613) for the relief of Matilda Kolich.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

ADJOURNMENT TO MONDAY, JUNE 22, 1959

Mr. BYRD of West Virginia. Mr. President, in accordance with the previous order, I move that the Senate adjourn until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 12 o'clock and 52 minutes a.m. on Friday, June 19, 1959) the Senate adjourned, under the order previously entered, until Monday, June 22, 1959, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 18, 1959:

DIPLOMATIC AND FOREIGN SERVICE

Bernard Gufler, of Washington, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ceylon, vice Lampton Berry.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 18, 1959:

DIPLOMATIC AND FOREIGN SERVICE

John Howard Morrow, of North Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Guinea.

William M. Rountree, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Pakistan.

Dempster McIntosh, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Colombia.

DEPARTMENT OF COMMERCE

John J. Allen, Jr., of California, to be Under Secretary of Commerce for Transportation.

REJECTION

Executive nomination rejected by the Senate June 18, 1959:

Lewis L. Strauss, of New York, to be Secretary of Commerce.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 18, 1959

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Ephesians 5: 1–2: *Be ye therefore followers of God, and walk in love, as Christ also hath loved us.*

Almighty God, grant that we may be abundantly equal to the duties and tasks of this new day, confronting them with a sense of power that exceeds our sense of difficulty.

Deliver us from the anxieties and worries which consume our strength and mar our peace. May we remain calm and courageous in the contemplation of Thy divine grace and love.

Show us how the lofty ambitions and aspirations, which animate us and which we cherish, may be brought to fulfillment and fruition.

We are daily praying that the spirit of peace and good will may have an ever-widening dominion, removing the things that engender strife and strengthening the bonds of friendship among all the nations.

Hear us in the name of the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the amendment of the House (to the Senate amendment to the House amendment) to the bill (S. 1) entitled "An act to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) entitled "An act to strengthen the wheat marketing quota and price support program."

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the Joint Select Committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the U.S. Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 59–12.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATON BILL

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes, with

Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota? The Chair hears none and appoints the following conferees: Messrs. WHITTEN, MARSHALL, CANNON, ANDERSEN of Minnesota, and TABER.

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent that the conferees on the disagreeing votes of the two Houses on the bill H.R. 7175 may have until midnight June 22 in which to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

CALL OF THE HOUSE

Mr. ANDERSEN of Minnesota. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 90]

Ashley	Daddario	Powell
Belcher	Davis, Tenn.	Rabaut
Blatnik	Dorn, S.C.	Rostenkowski
Blitch	Gray	Scherer
Canfield	Hagen	Short
Carter	Harris	Teague, Tex.
Celler	Harrison	Willis
Cohelan	Kasem	Wilson
Cooley	McGinley	Withrow
Curtis, Mass.	Macdonald	

The SPEAKER. On this rollcall 404 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

WHEAT PROGRAM

Mr. POAGE. Mr. Speaker, I call up the conference report on the bill (S. 1968) to strengthen the wheat marketing quota and price support program, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 560)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) to strengthen the wheat marketing quota and price support program, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That title 1 of the Agricultural Act of 1949, as amended, is amended by adding the following new section:

" 'SEC. 106. Notwithstanding the provisions of section 101 of this Act, for each of the 1960 and 1961 crops of wheat price support shall be made available as provided in this section. The support price for each such crop shall be 80 per centum of the parity price therefor. Wheat of any such crop shall be eligible for price support only if (1) the farm on which the wheat is produced is in compliance with the farm wheat acreage allotment for such crop, and (2) the total acreage on the farm devoted to the production of crops supported under the Agricultural Act of 1949, as amended, which would normally be harvested in the calendar year in which the wheat crop for which the producer applies for price support is normally harvested, does not exceed the total average annual acreage on the farm devoted to the production of such price supported crops for harvest in 1957 and 1958, less an acreage equal to 20 per centum of the farm acreage allotment for the crop of wheat for which application for price support is made which would be in effect for the farm except for the reduction thereof as provided in section 334(c)(2) of the Agricultural Adjustment Act of 1938, as amended: *Provided, however,* That a farm shall be deemed in compliance with the foregoing requirements for price support for wheat if no crop other than wheat supported under the Agricultural Act of 1949, as amended, is produced on the farm for harvest in 1960 or 1961, whichever is applicable, and the farm is in compliance with the farm wheat acreage allotment. In accordance with regulations prescribed by the Secretary, the acreage of such price supported crops for 1957 and 1958 may be adjusted for abnormal weather conditions, established crop-rotation practices for the farm, diversion under soil bank programs, and to reflect acreage history preserved under section 377 of the Agricultural Adjustment Act of 1938, as amended, to the extent of any unused allotment not diverted to the production of such price supported crops. For the purposes of this section a producer shall not be deemed to have exceeded the farm acreage allotment or the acreage of permitted price supported crops for the farm unless the producer knowingly exceeded such allotment or permitted acreage. In addition, for the 1960 or 1961 crops of wheat, if marketing quotas for the particular crop are in effect and the producers on the farm meet the foregoing requirements for price support and, in accordance with regulations prescribed by the Secretary, designate an acreage on the farm equal to the 20 per centum reduction in the farm acreage allotment required under section 334(c)(2) of the Agricultural Adjustment Act, as amended, for the particular crop of wheat and do not produce any crop thereon which is normally harvested in the calendar year in which the particular crop of wheat is normally harvested and do not graze such acreage during such year, such producers shall be entitled to a wheat payment in kind from Commodity Credit Corporation stocks equal in value to one-third of the average annual yield in bushels of wheat per harvested acre on the farm for the three years immediately preceding the year for which the designation is made, adjusted for abnormal weather conditions and as determined under regulations prescribed by the Secretary, multiplied by the number of designated acres. Such wheat may be marketed without penalty but shall not be eligible for price support. The payment in kind shall be made by the issuance of a negotiable certificate which Commodity Credit Corporation shall redeem in wheat equal in value to the value of the certificate. The certificate shall have a value equal to the number of bushels determined as aforesaid multiplied by the basic county support rate per bushel for number one wheat of the crop normally harvested in the year for which the acreage is designated and for the county in which the designated acreage is located. The wheat redeemable for such certificate shall be valued at the market price thereof as determined by Commodity Credit Corporation. The Secretary shall provide by regulation for the sharing of a certificate among producers on the farm on a fair and equitable basis. The acreage on the farm which would otherwise be eligible to be placed in the conservation reserve program for 1960 or 1961 shall be reduced by an amount equal to the required reduction of 20 per centum under section 334(c)(2) of the Agricultural Adjustment Act of 1938, as amended, for the wheat crop of the corresponding year. Price support at 80 per centum of parity under this section shall be made available only to cooperators and only if producers have not disapproved marketing quotas for the crop: *Provided further,* (1) That beginning with the crop of wheat to be harvested in 1960, the total amount of price support extended to any person on any year's production of wheat through loans or purchases made or made available by the Commodity Credit Corporation, or other agency of the U.S. Department of Agriculture shall not exceed $35,000, (2) That the term "person" shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or any two or more legal entities the beneficial ownership of which is substantially the same or is in members of the same household, or a State, political subdivision of a State, or any agency thereof, except that in the case of a partnership made up of two or more separate families or households each such family or household may be considered at its option as a person for the purposes of this subsection, (3) That in the case of any loan to, or purchase from, a cooperative marketing organization, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support received by such person for purposes of such limitation, and (4) That the Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to prevent the evasion of such limitation. In case marketing quotas are disapproved, price support to cooperators shall be as provided in section 101(d)(3).'

"SEC. 2. (a) In lieu of the provisions of item (1) of Public Law 74, Seventy-seventh Congress, as amended, the following provisions shall apply to the 1960 and 1961 crops of wheat:

" '(1) If a national marketing quota for wheat is in effect for any marketing year, farm marketing quotas shall be in effect for the crop of wheat which is normally harvested in the calendar year in which such marketing year begins. The farm marketing quota for any crop of wheat shall be the actual production of the acreage planted to such crop of wheat on the farm less the farm marketing excess. The farm marketing excess shall be an amount equal to double the normal yield of wheat per acre established for the farm multiplied by the number of acres planted to such crop of wheat on the farm in excess of the farm acreage allotment for such crop unless the producer, in accordance with regulations prescribed by the Secretary and within the time prescribed therein, establishes to the satisfaction of the Secretary the actual production of such crop of wheat on the farm. If such actual production is so established the farm marketing excess shall be such actual production less the actual production of the farm wheat acreage allotment. Actual production of

the farm wheat acreage allotment shall mean the actual average yield per harvested acre of wheat on the farm multiplied by the number of acres constituting the farm acreage allotment. In determining the actual average yield per harvested acre of wheat and the actual production of wheat on the farm any acreage utilized for feed without threshing after the wheat is headed, or available for such utilization at the time the actual production is determined, shall be considered harvested acreage and the production thereof in terms of grain shall be appraised in accordance with regulations prescribed by the Secretary and such production included in the actual production of wheat on the farm. The acreage planted to wheat on a farm shall include all acreage planted to wheat for any purpose and self-seeded (volunteer) wheat, but shall not include any acreage that is disposed of prior to harvest in accordance with regulations prescribed by the Secretary.'

"(b) Notwithstanding the provisions of item (2) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(2)), the rate of penalty on wheat of the 1960 and 1961 crops shall be 65 per centum of the parity price per bushel of wheat as of May 1 of the calendar year in which the crop is harvested.

"(c) In lieu of the provisions of item (3) of Public Law 74, Seventy-seventh Congress, as amended, the following provisions shall apply to the 1960 and 1961 crops of wheat:

"'(3) The farm marketing excess for wheat shall be regarded as available for marketing, and the penalty and the storage amount or amounts of wheat to be delivered to the Secretary shall be computed upon double the normal production of the excess acreage. If the farm marketing excess so computed is adjusted downward on the basis of actual production, the difference between the amount of the penalty or storage computed on the basis of double the normal production and as computed on actual production shall be returned to or allowed the producer or a corresponding adjustment made in the amount to be delivered to the Secretary if the producer elects to make such delivery. The Secretary shall issue regulations under which the farm marketing excess of wheat for the farm shall be stored or delivered to him. Upon failure to store, or deliver to the Secretary, the farm marketing excess within such time as may be determined under regulations prescribed by the Secretary the penalty computed as aforesaid shall be paid by the producer. Any wheat delivered to the Secretary hereunder shall become the property of the United States and shall be disposed of by the Secretary for relief purposes in the United States or foreign countries or in such other manner as he shall determine will divert it from the normal channels of trade and commerce.'

"(d) Item (7) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(7)), is amended to read as follows:

"'(7) A farm marketing quota on any crop of wheat shall not be applicable to any farm on which the acreage planted to wheat for such crop does not exceed fifteen acres: *Provided, however,* That a farm marketing quota on the 1960 and 1961 crops of wheat shall be applicable to—

"'(i) any farm on which the acreage of wheat exceeds twelve acres;

"'(ii) any farm on which any wheat is planted if no wheat was planted on such farm for harvest in the calendar years 1957, 1958, and 1959; and

"'(iii) any farm on which any wheat is planted if any of the producers who share in the wheat produced on such farm share in the wheat produced on any other farm.'

"(e) Item (12) of Public Law 74, Seventy-seventh Congress, as amended (7 U.S.C. 1340(12)), shall not be applicable with respect to the 1960 and 1961 crops of wheat.

"(f) In lieu of the provisions of section 326(b) of the Agricultural Adjustment Act of 1938, as amended, the following provisions shall apply to the 1960 and 1961 crops of wheat:

"'(b) If a farm is in compliance with its farm acreage allotment for any crop of wheat and the actual production of such crop of wheat on the farm is less than the normal production of the farm wheat acreage allotment, an amount equal to the deficiency may be marketed without penalty from wheat of previous crops stored by the producers on the farm to postpone the payment of marketing quota penalties.'

"SEC. 3. The Agricultural Adjustment Act of 1938, as amended, is amended as follows:

"(a) Section 334 is amended by inserting "(1)" after "(c)" and adding a new subparagraph (2) following subparagraph (c)(1) to read as follows:

"'(2) Notwithstanding any other provision of law, each old or new farm acreage allotment for the 1960 and 1961 crops of wheat as determined on the basis of a minimum national acreage allotment of fifty-five million acres shall be reduced by 20 per centum. In the event notices of farm acreage allotments for the 1960 crop of wheat have been mailed to farm operators prior to the effective date of this subparagraph (2) new notices showing the required reduction shall be mailed to farm operators as soon as practicable.'

"(b) Section 334 is further amended by inserting a new paragraph (d) between paragraphs (c) and (e) to read as follows:

"'(d) For the purposes of subsections (a), (b), and (c) of this section, any farm—

"'(1) to which a wheat marketing quota is applicable; and

"'(2) on which the acreage planted to wheat exceeds the farm wheat acreage allotment; and

"'(3) on which the marketing excess is zero

shall be regarded as a farm on which the entire amount of the farm marketing excess has been delivered to the Secretary or stored in accordance with applicable regulations to avoid or postpone the payment of the penalty.'

"(c) Subsection (f) of section 335 is amended by striking out the semicolon at the end of item (1) and adding 'and shall not apply to other farms with respect to the 1960 and 1961 crops;'.

"(d) Section 362 is amended by deleting the second sentence thereof.

"(e) Subsections (b) and (c) of section 335 of the Agricultural Adjustment Act of 1938, as amended, are hereby repealed and subsection (d) of said section is repealed effective beginning with the 1960 crop of wheat.

"SEC. 4. Section 101(d) of the Agricultural Act of 1949, as amended, is amended by striking out paragraph (5).

"SEC. 5. This Act may be cited as the 'Wheat Act of 1959'."

And the House agree to the same.

HAROLD D. COOLEY,
W. R. POAGE,
GEORGE M. GRANT,
CARL ALBERT,
Managers on the Part of the House.

ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
HUBERT H. HUMPHREY,
MILTON R. YOUNG,
KARL E. MUNDT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) to strengthen the wheat marketing quota and price support program, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

House action was on H.R. 7246, following which the Senate bill was taken from the Speaker's table and amended by striking out all after the enacting clause and substituting the language of H.R. 7246 as passed by the House. The amendment reported herewith combines the provisions of the Senate bill and the House amendment and was agreed to by the conferees as a substitute for the House amendment.

EFFECT OF THE BILL

The overall effect of the bill as agreed upon by the conferees and reported herewith will result in a wheat program for the years 1960 and 1961 which will—

(1) reduce wheat production an estimated 200 million to 300 million bushels per year;

(2) result in a cash saving to the Government of an estimated $150 million to $200 million per year.

SHORT EXPLANATION OF CONFERENCE SUBSTITUTE

The conference substitute contains the following major provisions of a temporary nature, applicable only with respect to the 1960 and 1961 wheat crops:

(1) provides price support at 80 percent of parity;

(2) reduces each farm acreage allotment by 20 percent below the allotment it would otherwise receive for the crops of 1960 and 1961;

(3) prevents the diversion of such 20 percent to any other crops receiving price supports by conditioning wheat price support on reducing the acreage of other price supported crops below the 1957–58 average by an acreage equal to the 20 percent reduction in wheat acreage;

(4) provides a payment in kind (one-third of the average annual yield) on an acreage equal to such 20 percent, if such acreage is not used for the harvest of any crop nor grazed;

(5) imposes penalties on the actual yield of wheat from acres in excess of the farm acreage allotment (or double the normal yield if the actual yield is not shown);

(6) increases the marketing penalty on excess wheat from 45 percent of parity to 65 percent of parity;

(7) reduces the 15-acre exemption to 12 acres, and restricts it to farms which planted wheat in 1957, 1958, or 1959, and to producers who produce wheat on only one farm;

(8) removes the 30-acre limitation on the feed wheat exemption; and

(9) restricts to farms which are in compliance with their acreage allotments the right to withdraw and market wheat stored from a previous crop to avoid penalty.

The conference substitute makes the following permanent changes in the law:

(1) limits wheat price support operations to $35,000 per producer per year;

(2) repeals the 200-bushel exemption;

(3) prevents an acreage history penalty where, by reason of production failure, the producer has no marketing excess which he can store to avoid such a penalty;

(4) repeals the authority for price support to noncooperators with respect to any basic agricultural commodity; and

(5) repeals a provision requiring the County Agent or the local Committee Chairman to maintain an additional copy of the acreage allotment list for each commodity.

COMPARISON WITH HOUSE AMENDMENT

The acreage reduction and price support provisions of the bill follow the House amendment, including the denial of price support on wheat if the diverted acreage is

devoted to any other crop eligible for price support, a payment in kind if the diverted acreage is not used for the production of any crops whatever nor grazed, and limitation of price support to the commercial wheat producing area. The major differences between the House amendment and the conference substitute are that the level of price support is 80 percent (instead of 90 percent in the House amendment) and the required reduction in acreage is 20 percent (instead of 25 percent as in the House amendment).

The House provision providing price support for noncooperators if marketing quotas for wheat should be disapproved is not contained in the conference substitute. In its place, the conferees adopted the Senate provision which will have the effect of prohibiting price support to noncooperators with respect to any basic commodity. If marketing quotas should be disapproved, price support at 50 percent of parity would be made available only to cooperators. The conference substitute will make no change in the existing provision of law which fixes the minimum CCC resale price for wheat at 105 percent of the current support price, plus carrying charges.

In order to qualify for the payment in kind provided by the conference substitute, the producer is required, in accordance with regulations prescribed by the Secretary, to designate an acreage on the farm equal to the 20 percent reduction in the farm wheat acreage allotment. A great deal of authority has been left in this matter to the discretion of the Secretary. The intention of the conferees is that an acreage of cropland approximately equal in productive capacity to the producer's wheat acreage shall be designated, but experience under the Soil Bank Act has shown that it is difficult to spell out this intention within the rigid framework of law. The conference therefore leaves it to regulation, which may be adapted to new cases or problems as they arise. The Secretary is authorized and is expected to issue such regulations as may be necessary to effect the reduction in production contemplated by this provision.

The conference adopted the Senate provision relating to production of wheat on acreage in excess of acreage allotments. Under this provision any wheat produced on excess acreage will be considered farm marketing excess and subject to penalty. Under the House amendment, the marketing excess would have been reduced to zero if the total production on the allotted and excess acres did not exceed the normal production of the allotted acres.

The conference substitute contains the Senate provisions restricting the 15-acre exemption to 12 acres in 1960 and 1961. This permits any producer who has harvested wheat in 1957, 1958, or 1959, except producers operating more than one farm, to take full advantage of the 12-acre exemption. The House provision would have restricted the exemption to 12 acres or the highest acreage planted on the farm in the immediately preceding 3 years.

The conference substitute makes no change in the provisions, common to both the Senate and House bills, permitting a producer to grow as much wheat as he wants if he uses it all on the farm where it is produced.

With respect to eligibility for voting in the referendum on wheat marketing quotas, the conference substitute follows the Senate bill, which made no change in existing law. Under the conference substitute, producers who will be subject to the marketing quotas upon which the referendum is held will be eligible to vote in that referendum. Thus, all producers who are affected by the temporary reduction in the exemption from 15 acres to 12 acres will be eligible to vote in the referendum to be held next July on the 1960 wheat crop.

HAROLD D. COOLEY,
W. R. POAGE,
GEORGE M. GRANT,
CARL ALBERT,
Managers on the Part of the House.

Mr. POAGE. Mr. Speaker, I yield 10 minutes to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Speaker, the conferees bring for the consideration of the House today a compromise bill which has been worked out in conference with the conferees of the other body in 2 days of sessions. The form of the bill which we bring today follows substantially the form of the House bill. The compromise is a compromise with respect to the support level and with respect to cuts in allotments.

The Senate bill was a multiprice bill which provided for various stages of price support ranging from 65 to 75 to 80 percent of parity with a stairstep of cuts ranging from no cuts to cuts up to 20 percent. It was the opinion of the House conferees that that kind of bill would not do the job; we would have no way of knowing whether we would get any cuts either in price or in acreage. Certainly it would be sure that we would not get enough cuts to bring the production of wheat below the disappearance of wheat. The bill upon which the conferees have compromised reduces the price support feature contained in the House bill from 90 percent to 80 percent. The House conferees submitted practically every possible intervening proposal between 90 percent and 80 percent, and all proposals were rejected by the Senate conferees until we reached the level of 80 percent. There were some who wanted to continue the support level at 75 percent. The majority of the members of the House conferees wanted the House bill. This conference report represents a compromise.

This bill also will provide for a reduction in acreage allotments by 20 percent. In the considered judgment of your conferees this bill will take more than 11 million acres out of production and will cut the production of wheat by about 300 million bushels per year in a normal year. It will cut costs to the Government an average of about $200 million a year. It will aid the wheat farmers of this country because it will begin to get disappearance above production, and everybody that knows anything about the program knows that the wheat farmers cannot expect to continue with a program under which the Government is buying at the rate of 100 million to 400 million bushels of wheat per year and storing it at a carrying charge of from 18 to 30 cents a bushel, wheat which we can neither sell nor give away at home or abroad. That is the important issue in this bill.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from Indiana.

Mr. HALLECK. When the bill was before the House the gentleman offered an amendment which, as I understood, gave the small wheat farmer a vote in the referendum. The gentleman made a very persuasive argument for it. Now, is that provision still in the bill under this conference report, or has it been taken out?

Mr. ALBERT. No; the Senate provision was accepted. The Senate provision is a partial victory for the small farmer, and giving up the right to vote was a partial loss to the small farmer.

Mr. HALLECK. In other words, the right of the small wheat farmer to vote in the referendum has been taken out of the bill by the conference action?

Mr. ALBERT. Only those subject to marketing penalties are permitted to vote, which means those who have allotments of more than 12 acres, I will say to the distinguished gentleman; or to those who plant more than 12 acres.

In return for that, the Senate bill is more liberal in its acreage allowance to the small farmer, because under the House bill the exemption extended either to 12 acres or the highest planted. Under the conference report any farmer who planted wheat in any amount, from less than an acre up, is entitled to the full exemption of 12 acres under this bill.

Now I want to go to the basic philosophy of this bill. The purpose of this bill is to cut Government costs, to cut wheat production and to try to do that without wrecking the economy of the wheat farmer. That is the purpose and the philosophy of this conference report.

The President's press conference yesterday has been quoted quite a bit lately, as to whether he will sign or veto this bill. I do not know what the President of the United States will do and I do not think you can tell from his press conference what he will do. But I know this, that if the President vetoes this bill it will be his responsibility and his alone. If the President signs this bill, the primary responsibility for what happens will be in the Congress of the United States where it should be. We are the primary legislative authority of this country and I, for one, am willing to take my share of the responsibility.

If the President vetoes this bill, he will be vetoing a measure which contains in many particulars legislative reforms which he has advocated. Everything in this bill but the support level has been advocated by the President of the United States. In his message to Congress on January 29, the President of the United States said that the control aspect of this approach is drastic regimentation which Congress has not been willing to impose. While this approach might have merit for an emergency adjustment it would not be in the best longtime interests of the wheat growers and agriculture generally.

Mr. Speaker, if there was ever a time when we have an emergency adjustment period that time is now. What else did the President recommend? He recommended that we eliminate the provision allowing farmers to grow up to 15 acres. We have reduced that to 12.

He recommended that we raise the penalty rate for overplanting to a point that will stop the practice, and we have done that precisely as he recommended.

He has recommended that we base the penalty for overplanting on the actual overproduction rather than the normal yield per acre. We have done that precisely as the President has recommended.

He has asked that we eliminate the 55 million acre minimum, and we have reduced that minimum to 44 million acres.

He has asked on various occasions that we allow unrestricted production of wheat for feed on the farm so that a farmer can plant all he wants to plant for his own purposes. We have done that precisely as the President of the United States has previously recommended.

This bill will reduce production, I repeat, by 300 million bushels a year. This bill will cut the cost. This bill should be enacted.

Mr. POAGE. Mr. Speaker, I yield 10 minutes to the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Speaker, with reference to where the responsibility may lie as far as the enactment of wheat legislation is concerned, the fact still remains that the responsibility for enacting realistic legislation which can be enacted into law is within the province of the Congress of the United States. You cannot shift that responsibility to the President of the United States, no matter how hard you try.

Mr. HALLECK. Mr. Speaker, will the gentleman yield for a brief observation?

Mr. HOEVEN. I yield to the gentleman from Indiana.

Mr. HALLECK. In light of the statement made by the gentleman from Oklahoma, I certainly do not know whether the President will sign this bill or not if it is passed by the Congress in its present form, and I do not think anyone else knows.

As far as I am concerned, I commend the gentleman from Oklahoma for saying that if it becomes law it is the responsibility, and it will be the responsibility may I say, largely of the majority party here in the Congress of the United States. And if that is the situation then certainly you carry the responsibility and one day if it becomes law, because it is not going to really cut down on the production, it is going to continue to be an expensive program, and does not deal realistically with the real problem that is before us, so as far as I am concerned, the majority will have to carry that responsibility.

Mr. HOEVEN. There is so much to be said against the conference report and so little time in which to say it under the parliamentary situation which prevails so I can only hit the highspots. First of all, let me say that the conference report was not signed by the minority Members of the House who were among the conferees. Neither was it signed by the ranking minority Member in the other body. A strange alinement has sprung up in opposition to the conference report. I understand it is being opposed by those who want 90 percent of parity. On the other hand it is opposed by those who want less than 80 percent of parity.

Mr. ALBERT. Mr. Speaker, will the gentleman yield for a question at this point?

Mr. HOEVEN. I yield to my friend from Oklahoma.

Mr. ALBERT. Has not the gentleman hit the nail on the head? In other words, that this is a compromise between those who want low prices and those who want high prices?

Mr. HOEVEN. Of course it is a compromise but a compromise is not necessarily always right.

Again, I say the conference report seems to be opposed by those who contend we should have 90 percent of parity. It is opposed by those who say that 80 percent of parity is too high. It is opposed by those who feel that a 20-percent cut is too drastic and it is opposed by those who feel that a 20-percent cut is not enough. And if we can get the facts to the people, I am sure that they as taxpayers are also opposed. In short, I have been unable to find anyone who is really hot for this legislation when you boil it all down.

The conference report does not come to grips with the surplus problem. It costs more than the present program. In the general debate on the main bill the other day I tried to point out two criteria that had to be met so far as I was concerned, and I believe I reflect the position of the minority in that regard. First, any legislation must result in reducing the surplus as it encompasses all crops and, secondly, any new proposal must cost less than the present program. If we do not accomplish this, we are simply shadow boxing.

This bill has one fundamental weakness. It attempts to go in two directions at the same time. On the one hand it tells farmers that they must reduce their acreage of wheat by 20 percent. On the other hand it tells farmers to step up their yields per acre because the Federal Government will support the price at a higher rate per bushel.

Those who have not examined the historical facts very carefully would believe those who claim that a 20-percent reduction in acreage would reduce production by approximately 20 percent. However, all history and all statistical data point in the opposite direction. In the 5-year period, 1949–53, the harvested acreage averaged 67.7 million acres, with an average yield during that period of 16.5 bushels per acre. Under acreage controls in the 1954–58 period acreage was reduced by over 25 percent but yield per acre jumped to 21.4 bushels per acre, about 30 percent. We would expect that the same situation would happen in 1960 and 1961 as has happened in the past. Cut the acreage and yields jump. This may be expected since the poorest acres come out and all the technology is poured on the remainder.

There seems little justification in raising price supports at a time when we have 1.3 billion bushels of wheat in surplus representing over $3.5 billion. The bill approved by the conference committee does just that. It raises price support for wheat by some 12 cents per bushel from 75 percent of parity to 80 percent of parity. While raising supports, the conference bill cuts the acreage of wheat farmers by 20 percent. This is a harsh cut to the individual farmer. We know from experience that a cut in acreage never brings a corresponding cut in production. The Department of Agriculture estimates that the 20-percent cut in acreage will bring only a 10-percent cut in wheat output.

Thus the farmer is asked to take a further cut in his wheat acreage under a program which will not really reduce the surplus.

The payment-in-kind provision is still in the conference bill—and let me say that in my opinion this administrative monstrosity is completely unfeasible. The payment-in-kind provision calls for the Government to channel back into the market an amount of wheat equal to one-third of that which would have been raised on the wheat acreage in the 20 percent cut. In other words, this payment-in-kind gimmick means that the actual amount of wheat available on the market would be only 13 percent less than at present if a 20-percent cut in acreage resulted in a 20-percent cut in output. We know this cannot happen. If we use the Department's estimate that a 20-percent cut in acreage will result in only a 10-percent cut in wheat production, the payment-in-kind gimmick will cause only a 3-percent cut in the total wheat supply on the market. This is not enough to cut into surplus. Therefore, Uncle Sam will either buy back his own wheat or buy other wheat to replace that which was given away. This just doesn't make sense. There are many administrative problems raised by the payment-in-kind provision. For example, how will the Department determine the actual yield on every wheat farm in the United States? There are no such records now. How can such a program be administered? You would have to catalog every wheat farm in the United States and would have to keep a careful check on each farmer's wheat production and figure out the amount of his payment in kind. The whole program would have to be carefully policed and supervised. In my judgment, this provision in the bill cannot be enforced.

The fact that the wheat farmer faces a bleak future under this bill is evidenced by the lack of support by farm and commodity organizations. I have heard no clamor for its enactment. On the contrary, I have heard only criticism from all quarters. The bill not only imposes a sharp cut in acreage, lower income, and no hope of alleviating surpluses at less cost, but it does not give a clear-cut choice in the national referendum.

Here is the choice a wheat farmer must make—a wheat farmer who is eligible to vote, that is, since the overwhelming majority of wheat farmers are still denied the right to vote—the wheat farmer must either take this bill or nothing. If marketing quotas are voted down, only cooperators would get price support. That means 50 percent of parity of $1.18 per bushel on the present allotment, hardly survival price.

The bill specifically prohibits price support to noncooperators. In addition, CCC could release its tremendous surplus at approximately 53 percent of parity, so the market price would be so dramatically depressed that noncooperators could not survive either. The only choice offered farmers is the bill. The referendum would be mere window dressing.

There are still many loopholes in this bill. There is no cross compliance. A wheat farmer can still raise corn, grain sorghum, or any other price-supported crop if he wishes to do so. All he would lose would be his price support on his wheat and the payments in kind. It has been argued that this is a sufficient inducement to cause the individual farmer to forsake planting any price-supported crop. However, my experience has been that America's best businessman is the American farmer. He will recognize and utilize this loophole. I want to say to you representatives from the Corn Belt that these diverted acres can be put into grain sorghums which are already creating a great surplus problem. Furthermore, the diverted acres can be put into corn, barley, oats, and other price-supported crops in direct competition with corn and feed grains. In reducing some of the wheat surplus, you are, by the same token, adding to the surplus of general farm commodities and, hence, you are getting nowhere fast.

The cost of this bill is more than the present program. Under this bill, the export subsidy which we pay on every bushel of wheat would be raised by 12 cents. This alone means an additional cost of $63 million per year.

The payment-in-kind provision is estimated to be $113 million per year. The cost of supporting additional crops planted on that acreage taken out of small farms and additional crops grown by farmers who do not take payments in kind would be around $75 million per year.

The savings to CCC by virtue of the 20 percent acreage allotment cut would run about $240 million per year.

Thus, when we add the increased export subsidy of $63 million plus the payment-in-kind provision of $113 million, plus $75 million for diverted acres, and subtract possible savings by the required allotment cut, we come out with a program costing some $11 million per year more than at present.

You are not meeting the issue, and you are only adding to the cost of the overall surplus problem.

Mr. FRIEDEL. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. FRIEDEL. If we do not adopt the conference report would we go back to the old law?

Mr. HOEVEN. If the conference report is not adopted and no other action is taken by the Congress, the present law will prevail, which means 75 percent of parity and an allotment of 55 million acres.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. ARENDS. I wish the gentleman would explain to the House what is going to happen to the 15-acre wheat farmer, and we have many, many of them in Illinois, when they become, as I understand, 12-acre wheat farmers, yet will not be allowed to participate in the referendum. Is that correct?

Mr. HOEVEN. That is correct. The farmers whose exemptions have been reduced from 15 to 12 acres will not be eligible to vote in the referendum. The only one who can vote is the one who plants more than 12 acres, if he has an allotment and is willing to pay a marketing quota penalty if he overproduces.

Mr. BASS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. HOEVEN. I yield.

Mr. BASS of Tennessee. Does not every farmer who now votes, vote under this legislation?

Mr. HOEVEN. The present law still applies, and the 12-acre farmer does not vote. I think that is one of the glaring faults of this bill. The bill does nothing for the small-sized farms. The 12-acre farmer is disfranchised. The situation is just as it is in the present law.

This conference report, if adopted, would drive us to programs which would involve us in even greater trouble than the present one. Let us not prescribe for a sick patient another dose of what caused the illness in the first place.

Mr. POAGE. Mr. Speaker, I yield 1 minute to the gentleman from Montana [Mr. ANDERSON].

Mr. ANDERSON of Montana. Mr. Speaker, the House last Friday approved a good wheat bill. It would have reduced surpluses, cut the costs of the wheat program, and yet would have maintained farm income at a decent level in comparison with the rest of our Nation's economy.

The House wheat bill as reported out by our Committee on Agriculture would have reduced our wheat surpluses by about 200 million bushels. It would have saved more than half a billion dollars in Government outlays, and it would have avoided increased surplus problems for feed-livestock producers. Our House wheat bill would have provided 90 percent of parity in return for a 25-percent cut in acreage allotments and without cross compliance.

I know this would have been workable legislation. I know that our Nation's wheatgrowers would have accepted the measure, even though it called for substantial sacrifices. But we were willing to make those sacrifices in order to further the national interest.

I would like to highly commend our Committee on Agriculture and its able and distinguished chairman, the Honorable HAROLD COOLEY, for bringing out this legislation. Further, I think we should pay high tribute to the Wheat Subcommittee chairman, the Honorable CARL ALBERT, and his vice chairman, the Honorable PAUL JONES. They all did a grand job.

Unfortunately, the conference committee this week was forced to largely accede to the Senate position so that the proposal now before the House makes a demand for still greater sacrifices on the part of our Nation's wheat farmers.

In my opinion, the conference report now before us is little better than the original Senate bill that we had hoped would be improved.

The conference report has the proposal that we further slash the farmers' income after that segment of our population has had years of steadily declining farm income in the face of constantly rising costs. It would cut farmer income around 10 percent in 1960.

Whereas those who work for wages or salaries and get fringe benefits now have a share of the national income at the highest level in our Nation's history the farmer's share now is less than half of what it was only 13 years ago. There are 4,810,000 farm families in the United States, and the income per family, I repeat, per family and not per person in that family, is only $2,947. Even with a gross of $10,000, a farmer makes net after costs no more than most local schoolteachers, and not as much as skilled labor—often less than common labor—despite his large investment.

Wheatgrowers have been falsely getting a lot of damnation of recent years concerning the price of bread. Yet, if a farmer in Kansas gave away his wheat we would still pay 17½ cents for that 20-cent loaf of bread.

It is with the greatest reluctance that I shall vote for the conference report as the lesser of two evils.

In the event that this House does turn down this conference committee report, I would hope that the conferees could then prevail upon the Senate conferees to agree to something about on the order of the House bill which this body, in its wisdom, approved last week.

Mr. POAGE. Mr. Speaker, I yield such time as he may desire to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Speaker, the wheat bill passed by the House of Representatives was in the national interest. Under the House version, production was cut by 14 million acres. That was a drastic cut, but it was a realistic move to attack the surplus problem. In order to compensate the farmer for his loss of production, 90 percent of parity was reinstated, and payment in kind provided. Such a cut without an increase in supports would be disastrous to the farmers.

The Senate, on the other hand, passed a wheat bill which, under the highest graduated scale, provided for a 20 percent cut in acreage but provided only 80 percent supports. Such a bill was entirely unsatisfactory, since it drastically reduced farm income and, at the same time, did not go as far as the House bill in meeting the surplus problem.

The conference committee has in essence agreed to the Senate version, when it adopted the 20 percent cut and 80 percent support version. This would require the farmers in North Dakota to accept an acreage cut of 20 percent with but a 5 percent increase in support price. This would mean a drop of 10 percent to 12 percent in farm income. This would mean that farmers, having suffered the results of falling prices these last 6 years, and having been caught in a cost-price squeeze, would now be asked to reduce their income by another 10 percent to 12 percent.

I was not sent to Congress to reduce the income of farmers. I cannot, therefore, accept the conference report. It is my opinion that if the conference committee version which is, in the main, the Senate version, were to become law, thousands of farmers in the Middle West would become bankrupt, and many would join the ranks of the unemployed in the cities.

I therefore urge my colleagues not to concur in this report.

Mr. POAGE. Mr. Speaker, I yield 1 minute to the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Speaker, the House passed a reasonable wheat bill. It provided a sufficient cut in acreage to insure that production would be below annual consumption, and help reduce the surplus. It provided a modest yet reasonable protection of income for the small farmers, and also provided a limit on support to large operators.

It further provided the farmers with a fair alternative choice by vote between a program of reasonable controls with reasonable prices and a program of 50 percent of parity support level with uncontrolled output.

I deeply regret the action of the Conference Committee. This bill cuts wheat farm income by 9 percent. The small operators in my district cannot stand this lowering of income.

I think people are entitled to have us take steps which will guarantee to reduce the surplus in the face of the high cost of carrying it. The conference report may have the effect of not reducing surpluses at all.

I hope the House will support this position and that the Conference Committee will bring back a bill that will keep faith with the interest of the farmers, as well as the interest of the taxpayers by further increases in support prices compensated by further cuts in production.

Mr. HOSMER. Mr. Speaker, will the gentleman from Texas [Mr. POAGE] yield to me?

Mr. POAGE. I yield to the gentleman from California.

Mr. HOSMER. Mr. Speaker, there are a number of us who would like to vote against all of these bills, but we are not going to have a chance to do that on this vote or any other vote in this session?

Mr. POAGE. I hope not.

Mr. HOSMER. I thank the gentleman.

Mr. POAGE. Mr. Speaker, I yield such time as he may desire to the gentleman from Kansas [Mr. BREEDING].

Mr. BREEDING. Mr. Speaker, since I represent one of the largest wheat producing districts in the Nation, I feel I must make a few remarks in regards to this conference report.

It is my belief that in passing H.R. 7426 last week the House did a good job. I believed then, and I still believe, that we passed a bill that was good for all Americans.

For the taxpayer, it meant a reduction of more than one half billion dollars during the next 2 years in the cost of the program. It also meant that a significant part of our wheat surplus would be used up.

For the wheat producer, H.R. 7426 meant that his income would be protected during this difficult transition period while the surplus is being whittled down.

Mr. Speaker, I cannot agree to this conference report because it does not give the wheat farmer the protection he must have to survive in a period when his income is going down and the costs of operating are going up.

This conference report, by reducing the support level from 90 to 80 percent of parity, cuts the income of the farmer too much. It means a reduction in income of approximately 10 percent.

Under the formula in this conference report, farmers would have in my district $150 to $200 less income from a quarter section of land.

It is true that acreage would be reduced 20 percent instead of 25 percent as provided in H.R. 7426. But a 20 percent reduction in acreage, together with only a slight increase in the support level, adds up to substantially reduced income for the farmer.

Wheat farmers in my area accepted H.R. 7426. They realize that the present surplus of wheat must be reduced. They realize, as I do, that the only practical methods for reducing the surplus are to reduce production or find new uses for wheat. Certainly no wheat farmer wants to lose the use of part of his land, and he cannot afford to lose the use of his land unless he is compensated in part.

H.R. 7426 would have reduced production. It would have saved substantial sums for the taxpayers. And it would have given adequate income protection to the wheat farmer.

However, I submit, Mr. Speaker, that this conference report calls upon the wheat farmer to share too much of the burden in achieving a reduction in production and in the wheat surplus. I seriously doubt the ability of wheat farmers in Kansas to absorb a reduction of $150 to $200 per quarter section of land and remain in business.

The Wheat Subcommittee of the House Agriculture Committee worked long and hard in writing H.R. 7426. We heard witnesses from every wheat producing section, including the National Association of Wheat Growers and the Kansas Association of Wheat Growers. We produced a bill that was fair to everyone.

I regret very much that the House conferees accepted the conference report which is before us today. I cannot, as the representative of a wheat producing area, accept this conference report or vote for it.

If I did, I would be voting against the best interests of wheat producers in my district who, I am sure, will be hard-pressed to operate successfully under the provisions of the conference report. Therefore Mr. Speaker, I am opposed to this conference report.

Mr. POAGE. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. LATTA].

Mr. LATTA. Mr. Speaker, I agree with the gentleman from Oklahoma [Mr. ALBERT] that this is a compromise bill. It is a compromise at the expense of the right to vote of the small wheat farmers of America. I say this is too much of a compromise.

When the bill was before the House for consideration, the House adopted an amendment to an amendment which I offered to give all wheat farmers of America the right to vote in a wheat referendum. The amendment to my amendment, offered by the gentleman from Oklahoma [Mr. ALBERT] provided that the right to vote would be given to all wheat farmers if they stayed within their allotment. The House agreed with that amendment and adopted it. I say that the amendment was a gain for the small wheat farmers of America. By virtue of this compromise that the gentlemen from Oklahoma is asking the House to adopt today, they have lost that right to vote.

I say that wheat farmers, regardless of how large or how small, should have the right to vote in America. We should not have different rules for different commodities raised in America. For example, the tobacco farmer, regardless of the size of his allotment, is allowed the right to vote in America. I say we have been discriminating against the small wheat farmer in America by denying him a right to vote. As long as he stays within his allotment he should be entitled to the right to vote.

Mr. Speaker, I urge that the Members of the House go on record against this compromise and for the right to vote for the small wheat farmers of America.

Mr. LEVERING. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Ohio.

Mr. LEVERING. Mr. Speaker, I voted in favor of the House bill last week because I thought it contained some important provisions, which if properly administered, might solve our No. 1 farm problem. It was far from a perfect bill, but I felt it would reduce the cost of the wheat program to the taxpayers of the country, and that it would reduce the mounting surplus of wheat, all without injury to the farmer or to the consuming public. I supported it too because it provided that which the farmers in my district have wanted for years—the right to vote on whether they want or do not want a farm program.

I rise at this time to associate myself with the remarks of the gentleman from Ohio [Mr. LATTA], with reference to the fact that when the conference committee struck out the right of the small farmer to vote in a wheat referendum, it acted against the interests of the small wheat farmers of Ohio and the Nation.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Speaker, when this matter was under debate on the floor of the House on the House bill, my very good friend, the Majority Leader, undertook to chastise the Republican Members for being for the big fellow and never for the small fellow. It

looks this time like the shoe is on the other foot. The conference committee action here takes away the right of the small wheat farmer to vote which, in my opinion, is a bad situation.

Mr. LATTA. I agree with the gentleman.

Mr. JOHNSON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. May I note that most of the wheat farmers who are producing on 12 to 15 acres are not making their primary income out of wheat and I do not think we should use them to confuse the situation.

Mr. LATTA. In answer to the gentleman's statement I would like to say it does not matter, in my opinion, as to whether he is making his primary income from wheat or whether it is used in a proper rotation of his crops, as is done in the State of Ohio.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. POAGE. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. Mr. Speaker, I would like to inquire of the chairman with respect to one particular aspect of this bill. Several weeks ago the gentleman from New York [Mr. TABER] introduced an amendment which limited the payment or loan to any one farmer to $50,000. I understand that figure was subsequently reduced by conference. Is there any provision in this bill which limits the payment or loan to the farmer to any particular figure and, if so, how much?

Mr. POAGE. This bill has a limitation of $35,000 to any one individual farmer or corporation.

Mr. SANTANGELO. In other words, no farmer, no matter how many bushels he produces, can obtain from the Commodity Credit Corporation a reimbursement of more than $35,000?

Mr. POAGE. Not only is there a limitation on the size of the loan made to any particular farmer; it is at the lowest level. It is less than I thought desirable, but I think the House expressed itself on that issue, and this compromise contains the limitation the House heretofore approved.

Mr. HOEVEN. Mr. Speaker, if the gentleman will yield, this $35,000 limitation applies only to wheat.

Mr. SANTANGELO. We are talking about the wheat bill now.

Mr. POAGE. We have nothing before us except the wheat bill. We could not act on any other commodity in this bill. We do retain the minimum limitation approved by the House last week.

Mr. SANTANGELO. I thank the gentleman.

Mr. POAGE. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. BASS].

Mr. BASS of Tennessee. Mr. Speaker, my friend from Iowa and the other Republicans who have taken the floor against this wheat bill today have expressed the "Republagin" philosophy. Now, I want to spell that word "Republagin," R-e-p-u-b-l-a-g-i-n. It is synonymous with "Republican Party". They are "agin" public housing; they are "agin" aid to airports; they are "agin" aid to depressed areas; they are "agin" water pollution control; they are "agin" the tobacco bill; they are "agin" the wheat bill; they are "agin" the farmer in general; in fact, I do not know of anything in the world they are not just plain "agin," except for raising the public debt and interest that the poor man has to pay on borrowed money. Now they bring up this bugaboo about the farmers not voting in the wheat referendum. The wheat bill was written in 1938, 21 years ago; in fact, it is an adult this year; it has come of age, and this is the first time they ever worried about him voting, just because he happens to be 21 years old, and they cannot think of any other good reason to oppose the bill before us today.

Mr. POAGE. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. QUIE].

Mr. QUIE. Mr. Speaker, the bill before us today is a lot worse than the bill that was passed by the House just the other day. How anybody, whether they voted for or against the bill that passed the House, could ever vote for this bill I do not know. It does many things that are bad. One has been mentioned before: It denies the right to vote by those people who have traditionally been raising up to 15 acres of wheat and are now cut back to 12 acres of wheat, unless they happen to have an allotment of between 12 and 15 acres. So, it actually denies some people the right to vote on whether their acres should be reduced or not.

Secondly, it offers no protection whatsoever if the farmer should vote out quotas. Now the wheat farmers have a chance to decide whether they want quotas or not by a referendum held each year. If you support this bill, it means that you want those farmers to have no protection whatsoever if they vote out those quotas. If they vote out those quotas and do not stay within their allotments, they would get no price support whatsoever and the 1.3 billion bushels of wheat now in storage would be thrown on the market for 52.5 percent of parity. It would completely ruin the wheat industry in this country, to say nothing of the total feed-grain industry.

Another thing, this bill would not cut back on the surpluses that are now burdening the Federal Government and it would not cost the taxpayers less money. Now, if that is not an indictment against this program that we are attempting to pass today, I do not know what it is.

The bill that we passed the other day did not satisfy me, and I offered a number of amendments which would have made it better. I think we must come to the conclusion that we should offer the farmers of this country a choice, because we cannot agree amongst ourselves. We should give them a choice between freedom to plant all they want and give them only the price support necessary to protect their income, or else give them a high price support and the controls necessary to make it work. Anybody that says 80 percent is as high a price as the farmers should receive does not know what he is talking about. The amendments I wanted to offer the other day would have provided the necessary controls to make that higher price support work, and then the program would have been beneficial and been a good and just bill. But, today all the rights of the wheat farmers were compromised away, and I never could support a bill of this nature.

Mr. POAGE. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. ALBERT].

Mr. ALBERT. Mr. Speaker, with reference to the right of the small grower to participate in a referendum, this bill does not change existing law. If you defeat this bill, no farmer who plants under 15 acres will have that right. If you pass this bill, you will enfranchise 94,000 growers between 12 and 15 acres. This is a more democratic bill than present law. The issue here is between this bill and present law and not anything else. The statement of the gentleman from Minnesota [Mr. QUIE], if I understood him, to the effect that this bill disfranchises somebody simply is not true.

Mr. Speaker, every grower, large or small, under every program that I know anything about who is subject to marketing penalties is given the right to vote. This bill gives every such grower the right to vote. It does not change the law. Any grower who is under marketing quotas has the right to vote. There is not any question about that either in existing law or in this conference report.

This is a compromise between the House and the Senate bill. It is a good compromise on that point, and every Member of this House should not be deluded by the propaganda which Secretary Benson has sent down here in opposition to this bill. The question before those of you who come from farm districts is: "Do you believe in the House Committee on Agriculture or do you believe in Secretary Ezra Taft Benson?

Mr. POAGE. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota [Mr. MCGOVERN].

Mr. MCGOVERN. Mr. Speaker, I think that the decision that we are going to have to make in a few minutes will be the hardest decision that those of us from farm States will have to make in a long, long time. Either way that we decide we are going to disappoint a lot of sincere people in our States who look to the Congress for leadership. But unfortunately or fortunately, as the case may be, we cannot qualify a vote. It is either yes or no. And for that reason I want to explain why I have decided, after a great deal of soul-searching to vote in favor of the conference report.

It represents a great disappointment to me that we lost the fine bill that was passed here in the House of Representatives a few days ago. That was a bill which would have maintained wheat prices at 90 percent of parity, reduced production by 480 million bushels and costs of the program by $500 million. The bill also contained my amendment limiting price-support loans for any one producer to $35,000. I wish that bill

which we passed had not been blocked by the Senate conferees. I am not satisfied with the substitute bill before us but if we turn it down, I fear we are inviting a continued buildup of wheat surpluses which may lead the public to demand an end to our entire price-support program.

The bill that is now before us means a drop in farm income to wheat farmers all over the country. It would result in a drop of somewhere between 7 and 10 percent. But on the other hand if we encourage by the defeat of this bill the continuance of the buildup of wheat surpluses, it is entirely probable that we will lose the entire price-support program. To me that would be the greatest disaster that could happen to American agriculture.

What we are confronted with here today are the sad results of the very bad leadership that we have had from the Department of Agriculture. Secretary Benson has undercut everything that we have attempted to do. Large sections of the public have been poisoned against constructive farm legislation of any kind. It is my hope, whether we pass or defeat the measure before us, that the Committee on Agriculture will, sometime before the end of this session, come up with a comprehensive farm bill that will respect the interests of the farmers, the taxpayers and the consumers; and that it will be the kind of a bill that will win overwhelming support here in the House. I intend to continue to fight with all my strength for a better break for the American farmer. The efficiency of our farmers is the envy of the world and these hard-working citizens are entitled to a fair return on their labor and investment.

Mr. POAGE. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. DAGUE].

Mr. DAGUE. Mr. Speaker, I am one of the conferees who did not sign this report. I believe it is definitely not the solution to our present problem.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. DAGUE. I yield to my colleague from Ohio, Mr. LATTA.

Mr. LATTA. Mr. Speaker, I think the play on words that has just been made by the gentleman from Oklahoma [Mr. ALBERT] concerning who has the right to vote and who does not have the right to vote under this bill and under the present law should be cleared up. Under this bill as reported by the conference committee and under the present law, a small wheat farmer below 12 acres would not have the right to vote, notwithstanding the fact that he stayed within his allotment. He is not subject to marketing quotas in either case so let us not attempt to confuse the other Members of the House.

Mr. POAGE. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman.

Mr. POAGE. Do they have the right to vote now?

Mr. LATTA. They do not now have the right to vote under the existing law and that is exactly what the House gave those small farmers on last Thursday and that is what the conference committee took away from them.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. DAGUE. I yield.

Mr. HALLECK. Let me just say that in my time here I have seen conference reports voted down and subsequently good legislation has been brought forward and enacted into law. So if this conference report is defeated here today, certainly no one can say that subsequently good legislation could not be enacted. This is a congressional responsibility at this point. So far as I am concerned, I do not think we should get the Secretary of Agriculture mixed up in it too much because at this point it is a congressional responsibility, and a continuing responsibility. If this conference report is voted down, then subsequently good legislation can be enacted.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. POAGE. Mr. Speaker, I yield myself the remainder of the time.

Mr. Speaker, the gentleman from Oklahoma has correctly stated the issues. You do not have a choice here of voting for this bill or the bill that you want. The bill that you want is not before the House. It is not going to be before the House. There is no one in this House who can write the bill that you collectively want because no one can say what the House wants. There are too many different ideas. What you do have is a choice between this bill and the present expensive program. If you want to continue to pile up surplus wheat, you will vote against any change. We have just heard some complaints about who should vote in this referendum. There is not a man who has complained who has offered any practical way of working that out and there is not a man who has complained who has voted for practical legislation to reduce the surplus of wheat. If you want to reduce the surplus of wheat, you have a clear opportunity to do it by voting for this report.

I am speaking to the gentlemen on my side of the aisle, on the Democratic side, because we are not going to get one vote from the other side of the aisle—maybe we will get one or two from the great wheat-growing States—I hope we may. But, we are not going to get a half dozen votes on the other side of the aisle. I want you people on this side to know that. I want my Democratic colleagues to know that if we are going to have a wheat bill that reduces the surplus, if we are going to stop the drain on the Treasury in paying for this unwieldy surplus, we are going to do it by adopting this conference report this morning. This is all there is. You are going to have your choice now in just a few moments. You are going to be called upon to go on record and vote.

Now what can you vote for? You can vote for the conference report which will materially cut the production of wheat. There is not a man who has denied that this report would materially reduce production. On the other hand, we have had some people complaining about this report because they felt that we went too far and cut the supports too much. I, myself, feel that it would have been better to give a higher support. I favored a higher level of support but this was the best we could get. The other body, and many Members of this body, wanted an even lower level, but no one has questioned the fact that this report would reduce production. If you seriously want to check overproduction, then vote for this report.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. ALBERT. With reference to the question on the right to vote that was in the House bill, do you recall anyone voting for the House bill who has complained about that?

Mr. POAGE. No, sir; those who complained so bitterly this morning had their opportunity and they did not vote for what they now say they want.

But back to the report. Do we need a cut in wheat? I do not think anybody will deny that we do. I do not think the most extreme person will deny that we need a substantial reduction in the production of wheat. This bill gives you a reduction of 11 million acres plus whatever reduction there is involved in the reduction of the exemption from 15 to 12 acres. I do not know how much of a reduction that will amount to. But we have heard enough talk on the subject to assume that it will amount to a great deal. But whatever it is there will be more than 11 million acres of wheat taken out of production. Do you think that the taking out of production of 11 million acres of wheat will have a drastic effect upon the production? Oh, they tell us that farmers will add fertilizer. Where will they add fertilizer? They are already fertilizing all over the East and you and I know it. How many of you who live in that western country where they grow the great volume of our wheat would spend one dime putting a load of fetrilizer on your wheatland when you do not know the moisture conditions? The experts told the committee that they felt that they could not see any substantial increase in the use of fertilizer at this time.

Mr. BERRY. Mr. Speaker, will the gentleman yield for a question?

Mr. POAGE. I yield.

Mr. BERRY. I would like to have the gentleman explain to the House what the two issues will be on this referendum. Will it be 80 percent of parity providing they reduce their acreage by 20 percent? Or 50 percent of parity without limitation? Is that essentially correct?

Mr. POAGE. That is exactly right.

Mr. ALBERT. Mr. Speaker, will the gentleman yield for a correction?

Mr. POAGE. I yield.

Mr. ALBERT. No; the issue here is 80 percent of parity with a 20 percent cut, or 50 percent of parity for cooperators only.

Mr. BERRY. That is right.

Mr. POAGE. That is correct, but the gentleman was saying that if after this bill is passed it goes to a referendum of the wheatgrowers, the wheatgrowers can accept the program this bill provides which is 44 million acres with 80 percent support, or they can vote down quotas; and if they vote down quotas and stay

within their allotment they get 50 percent support.

If the individual does not comply with his allotment he gets nothing.

I think the choice which is available to the farmer is a fair one, but the choice to the American people, that is the big thing here before us right now; it is your choice. Are you tired of paying these tremendous sums for storing wheat that nobody needs? If you are you must vote for this bill, because if you vote against this conference report you have voted to continue the present program of 55 million acres of wheat each year with Government support at 75 percent of parity on that entire production—a production several hundreds of millions of bushels in excess of our needs.

Mr. COAD. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. COAD. What happens if this bill is sent back to conference?

Mr. POAGE. You will probably get no bill. I gave my opinion a while ago. You have got one chance, and it is now, within the next 5 minutes to vote for this bill or get no bill. There is no use talking about doing something else; there is no alternative except what is going to be before you on the vote. You have got to face that issue, every one of the Members here, Mr. Speaker, has got to face that issue, and you have got to face it now; and your vote is going to be whether you are in favor of continuing a known and admitted wasteful program, a program that nobody supports; or are you going to join hands with the farmer, ask him to make a cut of 11 million acres, 20 percent of every acre that he grows in return for an increase in supports of only 5 parity points. Surely the farmer is making a substantial sacrifice.

And, you Members from the large cities please remember this: That is the equivalent of asking a workingman to work 1 less day a week. It is exactly the equivalent of saying to the workingman that he must give up 1 day every week in order that the work may be spread and that he may receive a living wage. That is what we are asking the farmer to do. We are not asking for him to get a dollar an hour; we are asking for him to get only 80 percent of a fair price for the 4 days he has left. How can you do less for any fellow man?

Are we asking too much? Are we exorbitant in our request? We are asking that you stay with us to give this farmer a chance to make a sacrifice of one-fifth of all the wheat he grows and get an increase of only five parity points. I want to ask my Republican friends: Are you going to veto this bill for a nickel? That is what they are threatening us with—a nickel veto.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. ABERNETHY. I think most of the Members of the House, want to try to do the right thing about this program. As to those who want to continue the tremendous losses and the tremendous buildup of wheat, would not the thing for them to do be to vote "no" against this report, to vote against it? And those who want to continue the tremendous loss of the Commodity Credit Corporation should do likewise?

Mr. POAGE. Yes; but I cannot imagine anyone wanting to do that.

Mr. ABERNETHY. Is it not also a fact that if they want to cut production 20 percent and reduce the losses to the Commodity Credit Corporation proportionately as well as reduce the surplus would not they follow through on their objective by voting for the conference report?

Mr. POAGE. They certainly would, because this will cut production.

Mr. ABERNETHY. Is it not also true that we have not had too much cooperation from the minority in bringing out any kind of wheat bill?

And is it not a fact that when this Congress ends we are going to be confronted with statements from those on the other side of the aisle: "You had control, you had a chance to do something and you have done nothing." And is it not also true that the gentlemen on the other side of the aisle have contributed materially to the confusion that exists in the hope we will not do anything?

Mr. POAGE. I would say that is a fair conclusion, although I would not want to draw it.

Now, just a word to those who have not already closed their minds. I am talking to those who have an open mind, who might be interested in doing something for the taxpayers, who might be interested in doing something to save this country from the tremendous surplus of wheat that exists. If you want to do that you have the opportunity this morning, by adopting this report. Remember, if you vote against this report you vote to keep 55 million acres in production.

This compromise does not go as far as I would like to go. I would like to make it a 25-percent cut and I would like to pay our farmers more; but it does go a long way in the direction that every one of us has publicly said we want to go. Now, vote the way you said you wanted it to go.

The SPEAKER. The time of the gentleman from Texas has expired.

GENERAL LEAVE TO EXTEND REMARKS

Mr. POAGE. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD on the bill under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, I oppose the conference report because everything I have heard here today indicates that nobody thinks this is a good bill. It is hard to recall a time when a piece of legislation was presented with as much confusion as this so-called compromise. The people of my district want a realistic, constructive, and workable program and certainly this legislation will not accomplish these objectives. I hope the Agriculture Committees of both bodies will present such a program in the immediate future.

Mr. GUBSER. Mr. Speaker, the following statement of Secretary Benson tells, in a nutshell, why this is a bad bill and should be defeated. I heartily endorse it and urge my colleagues to do likewise:

STATEMENT OF SECRETARY BENSON RE PENDING WHEAT BILL

The conferees' wheat bill would continue programs harmful to farmers and unfair to every taxpayer.

It would mistakenly perpetuate the basic elements of a wheat program that has created the very problem Congress is now struggling to solve.

The bill would intensify rather than improve the wheat crisis.

The bill moves in the exact opposite direction from which history proves we should be going. It tells farmers to increase their yields per acre because the Federal Government will support the price at an even higher rate than helped to stimulate the present vast surpluses.

The bill contains a 20-percent wheat acreage reduction which is practically meaningless when combined with the increased price incentive which will stimulate larger production on remaining acres.

The bill is harmful to farmers. It perpetuates the inequities of a wheat program that denies acreage to the efficient producer and encourages the inefficient wheat producer to greater production efforts that further aggravate the wheat surplus problem, both from the standpoint of quantity and quality.

At a time when the Nation is shocked with the expensive wheat program, the Congress now considers a bill that is even more costly.

American farmers do not want to be saddled with the impossible chore of defending such an expensive program. Taxpayers on the farms and in the villages and cities of this Nation have a right to object to such fiscal irresponsibility.

This bill does nothing to give small family-sized farms a vote in a wheat marketing quota referendum. Tobacco farmers with one-tenth of an acre allotment are allowed to vote on their programs but wheat farmers with as much as 15 acres are not permitted to vote.

This bill imposes additional restrictions on farmers when the nationwide cry among farmers is for more freedom.

This bill is unsound, unjust, unrealistic, and unwanted by farmers and other taxpayers.

The House should reject it today and commence work on a wheat bill that is reasonable, realistic, and beneficial to farmers of the Nation.

Mr. BROOMFIELD. Mr. Speaker, the wheat bill arrived at in conference and which is before us today for consideration will not begin to solve any of our major farm problems. In addition, it will continue and expand a program which has imposed undue and unnecessary restrictions on our farmers, robbed our taxpayers of billions of dollars annually and priced food products out of reach in many instances.

It will make our farm situation worse, not better. At a time when we should be moving toward less controls and more reliance upon the law of supply and demand, we find we are presented with a measure which will increase our surpluses, cost us more money and tie the farmer hand and foot with red tape and bureaucracy.

We should be moving in the direction of curing our farm ills, not providing a crutch which can only lead to further weakening of the sinews of our farm economy. We should start abolishing controls and price supports and permit our farm goods to compete on world markets. This is the only way we are going to get rid of our mounting surplus stocks of wheat and other crops.

This bill will not accomplish what it is supposed to do. Wheat farmers will simply grow more wheat on fewer acres if this proposal is permitted to become law. Our agriculture expenditures are going to continue to increase, gobbling up ever-growing amounts of our Federal budget, wasting tax dollars at a time when we can use every dollar we can get, stifling freedom with the excuse that a nebulous security can be achieved.

Our farmers do not have to be coddled. Our taxpayers do not have to be milked. Our consumers do not have to be squeezed by higher prices. Why do not we admit that our farm support program has been a colossal multibillion-dollar failure and take steps to get rid of it?

When we start moving in the direction of free market conditions for our farm products, we will start seeing some end to this problem. We will see our crops become increasingly important in world trade and greater consumption of these goods in our domestic market.

I urge my colleagues to join with me in defeating this bill and give the conference committee another opportunity to draft legislation which will alleviate our farm program, not make it worse.

Mr. DORN of New York. Mr. Speaker, I represent a city district in which the people have been paying more and more for staple food. Bread prices have been on the rise. These people are sick and tired not only of paying higher prices for food, but of paying higher taxes in order to have the privilege of paying higher prices. They are hit doubly.

Some of us would not object to this legislation if it were really helping the small farmer. Statistics, and the information at hand, point to the fact that it is the large farmer who is being helped, especially in the wheat program. If the farmers and the professors in agricultural colleges, the farm organizations, and the U.S. Department of Agriculture have not, and apparently cannot, reach some sensible agreement with respect to a program which can be administered, and will, under actual trial, prove to be a reasonably effective solution, it is high time for the Congress to call a halt. I hope you will vote against the conference report.

Mr. ULLMAN. Mr. Speaker, I intend to vote for the wheat bill now before the House but I do so with the greatest possible reluctance. It is a most unhappy compromise but, unfortunately, it appears to be the only bill standing any chance of enactment.

Last Friday the House approved wheat legislation which I firmly believe marked a sincere and responsible approach to the wheat surplus problem facing the Nation. It called for a 25-percent cut in wheat acreage with a 90 percent of parity provision. Major reduction in our wheat surpluses would have resulted from the bill's enactment.

Mr. Speaker, the bill approved by the House last week was not going to make the average wheat farmer a wealthy man. Enactment would have resulted in a substantial cut in the income of the average wheat farmer. If we take a 500-acre wheat farm as an example, assume a 30-bushel yield and take into consideration payment-in-kind, my figures show that the gross income of that farmer under the present program amounts to approximately $7,515. The bill approved by the House last week would have cut that income to $7,095. The bill before us today would further cut that gross income to $6,722.

Mr. Speaker, when we recall the cost-price squeeze affecting all segments of agriculture and when we remember the large investment that any wheat farmer has in his farm operation, we soon find that the legislation before us today is far from satisfactory. It fails miserably to meet the problems of the small farm operator. That problem still remains unsolved and grows increasingly complex. It is my fervent hope that the 86th Congress will have a further opportunity to reconsider the problems facing American agriculture so that constructive action can be taken.

Mr. HOSMER. Mr. Speaker, previously I have spoken to this body regarding my four-point program to end the farm mess. The plan is to stop all farm subsidies now, hold a fire sale to get rid of our $9 billion in surpluses costing $1 billion a year to store, then use the proceeds to relocate small farmers who cannot survive without supports, to reduce the National debt, and to start tax reduction. I believe it should be of interest to this body to know that from the great farm area of our country mail is coming into my office approving this program, just as it is coming in from city areas. Further details will be found in the RECORD for June 9, at page 10325.

A letter from Northbrook, Ill., says:

As a taxpayer your four-point program earns my wholehearted support.

From Geneva, Ill.:

As a farmer owning and operating a farm, I wish to state that I am in accord with your four-point program to end farm subsidies.

From Elmhurst, Ill.:

You have the only plan that will work. I am writing my opinion to him (my own Congressman) in another letter.

From Glenview, Ill.:

We want free enterprise and your ideas will surely help make this possible.

From Chicago, Ill.:

Your four-point program to end the farm subsidy mess is the best thing I have ever heard of.

From Palatine, Ill.:

Hope you will continue to fight for free enterprise.

From a Chicago commodity broker:

Your program to end the farm mess deserves a letter of commendation from every taxpayer in the United States.

From another Chicago commodity broker:

Congratulations on your sensible and courageous stand on the farm problem, since grain marketing is my business, I know whereof you speak.

From another Chicagoan:

I certainly wish that all Congressmen would support this sensible view that you have proposed.

There are a lot of us here in the House that would like a chance to vote against all farm subsidies, I would like to know if we are going to have a chance to do so on the forthcoming vote, or at any time this session.

Mr. LATTA. Mr. Speaker, during the debate on the wheat bill, I mentioned that I would offer at the proper time the amendment to restore the 15-acre exemption for the small wheat farmer. I did so to forewarn the House that such an important amendment would be forthcoming. My remarks appear on page 10553 of the RECORD concerning my intention to introduce this amendment. Notwithstanding this fact, the chairman of the Agriculture Committee, the gentleman from North Carolina [Mr. COOLEY], moved that the debate on the bill cease before I had the opportunity to offer the amendment. Mr. COOLEY's motion to close the debate was agreed to. Due to the adoption of Mr. COOLEY's motion, I was unable to explain my amendment at the time it was offered, and it was rejected. My amendment to restore the 15-acre exemption appears on page 10557 of the RECORD. As a consequence, thousands and thousands of small wheat farmers in America will be forced to take a 3-acre reduction in their wheat acreage and will be deprived of much needed income if this bill becomes law.

Mr. MCGINLEY. Mr. Speaker, the wheat farmers of my western Nebraska district are well aware that the surplus stocks of wheat now in storage and now under production are a detriment to their own security in a sound wheat market. They are aware, too, of the increasing Government costs and the administration of the surplus storage. It is a bitter irony for the Nebraska farmer, who cherishes his independence, that he is forced to look to the Federal Government for market security against an avalanche of commodity production which our great natural resources can provide in fiber and food.

The problem is, as everyone knows, growing more serious each year, and under the planned attack by our national publicity media, the farmer continues to lose public prestige in the face of increasing crises in their threat to his way of making a living.

Realizing this predicament, most wheat farmers in my area are willing to make sacrifices by cutting down further on their acreage production and thereby to diminish the surplus.

With this willingness to accept acreage cuts, expressed through their farm organizations, the farmers can rightfully expect the wheat program to compensate them with higher support prices. In spite of propaganda to the contrary, the adequate support price is the only

medium the Government has to induce the farmer to comply with controls that would effect decreasing production. Higher support prices for wheat are not synonymous with higher food costs. Higher support prices do, however, promise the surety of decreased production, decreased administration costs of the wheat program, and increased financial security to the farmer rather than the middleman who is the chief beneficiary today of the high Government cost of storing farm surpluses. H.R. 7246, which in 1 week had passed the House and suffered a defeat in approval of the conference report, definitely was a moderate and helpful approach toward a change of departmental policy which, although not the sole cause of the wheat crisis, has greatly contributed to the magnitude of the crisis.

Like many others from the western wheat region, I did not believe H.R. 7246 was anything more than stopgap legislation. More effective legislation has been introduced but the red flag of the administration had been raised against it. Therefore I commend the Agriculture Committee for its sincere efforts in issuing a moderate proposal. This measure would not have been financially beneficial in the immediate 2-year period to the farmers of my district, but it represented a step toward some solution to his ever-growing surplus.

I regret that at the time the House voted on H.R. 7246 I was committed to an appearance in my State. Had I been present, the bill would have had my favorable vote. I voted for the conference report with considerable reluctance but in the spirit of offering a bill that would have cut our excessive surpluses.

Mr. POAGE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. HOEVEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 214, not voting 18, as follows:

[Roll No. 91]

YEAS—202

Abbitt	Brock	Dowdy
Abernethy	Brooks, La.	Downing
Albert	Brooks, Tex.	Doyle
Alexander	Brown, Ga.	Durham
Alford	Brown, Mo.	Edmondson
Andersen, Minn.	Buckley	Elliott
	Burke, Ky.	Everett
Anderson, Mont.	Burleson	Evins
	Cannon	Fascell
Andrews	Carnahan	Fisher
Anfuso	Carter	Flood
Ashmore	Casey	Flynt
Aspinall	Celler	Foley
Avery	Chelf	Forrester
Bailey	Coad	Fountain
Barden	Colmer	Frazier
Bass, Tenn.	Cook	Gathings
Beckworth	Davis, Ga.	George
Bennett, Fla.	Davis, Tenn.	Grant
Berry	Dawson	Gray
Boggs	Dent	Green, Oreg.
Bolling	Denton	Hall
Bonner	Diggs	Hardy
Bowles	Dingell	Hargis
Brademas	Dollinger	Harmon
Harris	Mahon	Rogers, Tex.
Healey	Marshall	Roosevelt
Hébert	Matthews	Roush
Hemphill	Metcalf	Rutherford
Herlong	Miller, Clem	Santangelo
Hogan		Saund
Holifield	Miller, George P.	Scott
Holland		Selden
Huddleston	Mills	Shelley
Hull	Mitchell	Shipley
Ikard	Montoya	Short
Jarman	Moorhead	Sikes
Jennings	Morgan	Sisk
Johnson, Calif.	Morris, N. Mex.	Slack
Johnson, Colo.	Morrison	Smith, Miss.
Johnson, Wis.	Moss	Smith, Va.
Jones, Ala.	Moulder	Spence
Jones, Mo.	Multer	Steed
Karsten	Murray	Stubblefield
Karth	Natcher	Sullivan
Kee	Norrell	Teague, Tex.
Keogh	O'Brien, Ill.	Teller
Kilday	O'Hara, Ill.	Thomas
Kilgore	O'Hara, Mich.	Thompson, La.
King, Calif.	O'Konski	Thompson, Tex.
King, Utah	Oliver	Thornberry
Kitchin	Passman	Trimble
Kluczynski	Patman	Tuck
Landrum	Perkins	Udall
Langen	Pfost	Ullman
Lennon	Pilcher	Vinson
Lesinski	Poage	Walter
Libonati	Porter	Wampler
Loser	Preston	Watts
McCormack	Price	Weaver
McDowell	Prokop	Whitener
McFall	Rains	Wier
McGinley	Randall	Williams
McGovern	Reuss	Winstead
McMillan	Riley	Wolf
McSween	Rivers, Alaska	Wright
Machrowicz	Rivers, S.C.	Young
Mack, Ill.	Roberts	Zablocki
Madden	Rogers, Fla	

NAYS—214

Adair	Derounian	Keith
Addonizio	Derwinski	Kelly
Alger	Devine	Kilburn
Allen	Dixon	Kirwan
Arends	Donohue	Knox
Ashley	Dooley	Kowalski
Auchincloss	Dorn, N.Y.	Lafore
Ayres	Dulski	Laird
Baker	Dwyer	Lane
Baldwin	Fallon	Lankford
Baring	Farbstein	Latta
Barr	Feighan	Levering
Barrett	Fenton	Lindsay
Barry	Fino	Lipscomb
Bass, N.H.	Flynn	McCulloch
Bates	Fogarty	McDonough
Baumhart	Forand	McIntire
Becker	Ford	Mack, Wash.
Bennett, Mich.	Frelinghuysen	Mailliard
Bentley	Friedel	Martin
Betts	Fulton	Mason
Boland	Gallagher	May
Bolton	Garmatz	Meader
Bosch	Gary	Merrow
Bow	Gavin	Meyer
Boyle	Giaimo	Michel
Bray	Glenn	Miller, N.Y.
Breeding	Goodell	Milliken
Brewster	Granahan	Minshall
Broomfield	Green, Pa.	Moeller
Brown, Ohio	Griffin	Monagan
Broyhill	Griffiths	Moore
Budge	Gross	Morris, Okla.
Burdick	Gubser	Mumma
Burke, Mass.	Haley	Murphy
Bush	Halleck	Nelsen
Byrne, Pa.	Halpern	Nix
Byrnes, Wis.	Hays	Norblad
Cahill	Hechler	O'Brien, N.Y.
Cederberg	Henderson	O'Neill
Chamberlain	Hess	Osmers
Chenoweth	Hiestand	Ostertag
Chiperfield	Hoeven	Pelly
Church	Hoffman, Ill.	Philbin
Clark	Hoffman, Mich.	Pillion
Coffin	Holt	Pirnie
Collier	Holtzman	Poff
Conte	Horan	Powell
Corbett	Hosmer	Pucinski
Cramer	Irwin	Quie
Cunningham	Jackson	Quigley
Curtin	Jensen	Ray
Curtis, Mass.	Johansen	Reece, Tenn.
Curtis, Mo.	Johnson, Md.	Rees, Kans.
Daddario	Jonas	Rhodes, Ariz.
Dague	Judd	Rhodes, Pa.
Daniels	Kastenmeier	Riehlman
Delaney	Kearns	Robison
Rodino	Smith, Kans.	Van Zandt
Rogers, Colo.	Springer	Wainwright
Rogers, Mass.	Staggers	Wallhauser
Rooney	Stratton	Weis
St. George	Taber	Westland
Saylor	Taylor	Wharton
Schenck	Teague, Calif.	Whitten
Scherer	Thompson, N.J.	Widnall
Schwengel	Thomson, Wyo.	Withrow
Siler	Toll	Yates
Simpson, Ill.	Tollefson	Younger
Simpson, Pa.	Utt	Zelenko
Smith, Calif.	Vanik	
Smith, Iowa	Van Pelt	

NOT VOTING—18

Belcher	Cooley	Magnuson
Blatnik	Dorn, S.C.	Rabaut
Blitch	Hagen	Rostenkowski
Boykin	Harrison	Sheppard
Canfield	Kasem	Willis
Cohelan	Macdonald	Wilson

So the conference report was rejected.

The Clerk announced the following pairs:

Mr. Cooley for, with Mr. Harrison against.

Mr. Willis for, with Mr. Wilson against.

Mr. Rabaut for, with Mr. Belcher against.

Mr. Cohelan for, with Mr. Canfield against.

Mr. Magnuson for, with Mr. Macdonald against.

Mrs. Blitch for, with Mr. Dorn of South Carolina against.

Mr. Blatnik for, with Mr. Hagen against.

Mr. Boykin for, with Mr. Rostenkowski against.

Mr. DENT and Mr. FOLEY changed their vote from "nay" to "yea."

Mr. DERWINSKI and Mr. BARR changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

Mr. ALBERT. Mr. Speaker, I move that the House insist on its amendment to the Senate bill and ask for a further conference with the Senate.

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. COOLEY, POAGE, GRANT, ALBERT, HOEVEN, DAGUE, and BELCHER.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7349. An act making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HOLLAND, Mr. ELLENDER, Mr. MAGNUSON, Mr. KEFAUVER, Mr. HAYDEN, Mrs. SMITH, Mr. BRIDGES, and Mr. SALTONSTALL to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7453. An act making appropriations for the legislative branch for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. HAYDEN, and Mr. BRIDGES to be the conferees on the part of the Senate.

AMENDING MUTUAL SECURITY ACT OF 1954

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7500, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, there was pending the amendment offered by the gentleman from Alabama [Mr. SELDEN].

Without objection, the Clerk will again report the amendment offered by the gentleman from Alabama.

There was no objection.

The Clerk read as follows:

On page 6, line 2, strike out "$800,000,000" and insert in lieu thereof "$700,000,000".

Mr. CARNAHAN. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, when the Committee rose on yesterday there was pending an amendment on page 6, line 2, which would strike out "$800,000,000" and would insert "$700,000.000."

This item has to do with the Development Loan Fund.

I would like to call the attention of the members of the Committee to the fact that the Committee on Foreign Affairs gave very careful consideration to this item. The item was considered in connection with two other items in the bill.

This item was considered in connection with military assistance and with defense support. It was the aim of the committee in the action we took on these three items to show a shift in emphasis in the mutual security program.

We wanted, first, to show an emphasis in a shift from military assistance to economic assistance. The committee reduced the request for military aid rather substantially. We also reduced the request for defense support and we increased the request of the executive department for the Development Loan Fund. This request for an increase is rather meager. We increased the request by $100 million and, as I said, we would like for this to show a shift in emphasis on the program from military assistance to economic assistance.

The Committee of the Whole has already sustained our committee in the first two items, that in military assistance and that in defense support. We sincerely trust that the Committee will now go the rest of the way with the Committee on Foreign Affairs and indicate this shift in emphasis from military to economic assistance by voting down the pending amendment, which would reduce the figure.

The Development Loan Fund was increased for another purpose. Aside from the fact that this item is justified on its own merits, it was increased to show that we would like to have a trend from grants to loans in this program. So many times here before the House the Committee on Foreign Affairs has been urged to shift from grants to loans. Now we are attempting to make such a shift. We hope you will sustain us in this shift. If we are ever going to get away from foreign aid by grants and shift to loans, we are going to have to give increased attention to the Development Loan Fund.

I urge, and the committee urges, that you now sustain us in the third item which indicates these shifts.

Mr. MERROW. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, we must keep in mind that one of the major postwar phenomena is the determination of people all over the world to improve their standards of living. There is much we can do to give this urge direction and meaning and even turn it to our advantage.

In adopting legislation to set up the Development Loan Fund are these words, "The progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts."

THE ECONOMIC FRONT

We are engaged in a worldwide struggle with international communism and therefore the necessity of passing measures for the defense of our own country and for the defense of the free world. In my remarks during the general debate on this bill we are now considering, I termed it "the second defense measure" to be acted upon by this House in the past few weeks. We are now discussing a most important section of the present defense measure which has to do with the economic development of various countries.

I am glad that we always approve practically unanimously the appropriations for the Defense Department. Military strength and preparedness are absolutely essential in preserving our freedom and the freedom of our allies, but I do not hesitate to say that in the long run the struggle in which we are now engaged will probably be resolved on the economic front. Therefore, the necessity of the Development Loan Fund.

For a long time, I have been of the opinion that we should provide at least a billion dollars a year to carry on the work of this Fund. I am pleased that the committee this year increased the Executive request by $100 million and I hope that the House will sustain the action of the committee.

THE DRAPER COMMITTEE

May I call attention to the words from the report of the Draper Committee, appointed by the President to study U.S. military assistance. The Committee made a significant observation on the role of economic help in the following statement:

The fostering of economic growth throughout the free world presents a real challenge to the American people. Here is a positive goal which is consistent without long-term economic interests and at the same time provides an opportunity to further the free political development of other nations. This opportunity calls for a cooperative effort by the United States and other nations which can generate export capital. There is need for both public and private financing, and for multilateral and unilateral programs, with increasing emphasis on loans rather than grant aid.

The Committee further emphasized:

The proposed economic assistance program for fiscal year 1960 is the minimum needed. Material reductions in the total might well restrict the United States to a disproportionately military approach, and thus make the Communist economic offensive more effective. In fact, a level of lending for economic development under the mutual security program at a rate of at least $1 billion a year will probably be needed for fiscal year 1961.

WHY THE DEVELOPMENT LOAN FUND SHOULD NOT BE CUT

The Foreign Affairs Committee added $100 million to the Executive request of $700 million for the Development Loan Fund. The committee added these additional funds because:

First. The committee wished to increase the emphasis on economic aid and these extra funds reflect the change in emphasis.

Second. The Development Loan Fund is a relatively new departure in foreign aid. It is based on loans instead of grants and it places Development Loan Fund assistance on a businesslike basis.

Third. The Development Loan Fund has done an outstanding job in assisting the less-developed countries.

Fourth. There is a need for increased help to the less-developed areas. The friendship of these areas is important to the United States and anything we can do to help them achieve economic development is in our own interest.

Fifth. If we do not assist these less-developed areas, there is a danger that the Russians may step into the breach, bringing with them possibilities of subversion and disruption.

Sixth. As of June 12, 1959, the Development Loan Fund had made commitments of $765.5 million. The Fund's total availability to date is $850 million. Consequently, the present capital of the Fund, capable of being used for new loans, is $84.5 million. On May 31, 1959, there were loan applications outstanding of $1,402 million. As of that date, the Fund had rejected $889.5 million in loan applications.

DEVELOPMENT LOAN FUND NOT TAKING PLACE OF PRIVATE INVESTMENT

The Development Loan Fund, it should be stressed, is not taking the place of private investment. To the degree it is successful private investment will be successful. At the present time private

investment cannot do the task alone. Investors understandably feel that the risks in less-developed countries outweigh the gains. As economic development moves forward and political stability develops, private investment will find opportunities in those areas as attractive as they now find them in Canada and Western Europe.

Perhaps our people have become so accustomed to hearing about ill-conceived economic ventures abroad that they overlook the businesslike approach of the Development Loan Fund in discharging its responsibilities. The Fund acts only on specific development proposals which have been carefully screened to determine whether technically and economically they contribute to the productive growth of the country in which particular projects are located. Loans are made only on the basis of firm commitments by the borrower to repay and upon a finding that there are reasonable prospects for repayment.

The Development Loan Fund by law is something of a bank of last resort. Each financial transaction requires that certain determinations be made before a loan is advanced: Specifically, first, whether financing could be obtained in whole or in part from other free world sources; second, the economic and technical soundness of the activity to be financed; third, whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacity; and fourth, the possible adverse effects upon the economy of the United States with special reference to areas of substantial labor surplus.

The people who live in the less-developed areas are determined to achieve dignity, self-respect, and economic development. If we assist them, we will help ensure their friendship and understanding in future years. Furthermore, the United States has traditionally believed that less-fortunate people should be assisted. If we fail to help them, there is a real danger that instability and chaos in these areas will result and that the Russians will capitalize on this instability and chaos.

Mr. MATTHEWS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, there are three main philosophies concerning the mutual security program. There is the philosophy embraced by those who are enthusiastic supporters of the program. There is the philosophy embraced by those who are enthusiastic adversaries of the program. There is the philosophy embraced by those who, like me, are reluctant supporters of the mutual security program.

Now, one reason I am a reluctant supporter of the program is because so many of my people are not for the mutual security program. I try to talk with them and plead with them to understand the reason I have voted for this program, and I hope with all my heart that they do understand it.

Mrs. CHURCH. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The chair will count. [After counting.] One hundred and six Members are present, a quorum.

Mr. MATTHEWS. Mr. Chairman, I just said that I am a reluctant supporter of the mutual security program, and one reason I am is because so many of my people are opposed to it.

Now, I find it difficult to explain to them, for example, why in the mutual security program we do not have adequate methods of accounting that we should have. I cannot explain, as I would like to explain, why we have different rules for the economic justification of rivers and harbors projects than we have in these countries, and there are many other similar defects in this program, Mr. Chairman, that I cannot explain to my whole satisfaction to the wonderful people that I represent. But, I always come to the conclusion that this is the foreign policy of the United States of America, and even if it be a patched foreign policy, it is better than no policy at all. So, I suggest that if we do not have this policy, what particular policy can we have? I have said to my people that this is a gamble, but according to the best convictions that I have it is more of a gamble with money and less of a gamble with the precious blood of American youth.

Having said that I am a reluctant supporter of this program, Mr. Chairman, I reserve the right to vote for every amendment that will cut this authorization down to a more economical level. We talk about shifts from this to that. Yet we still have too much money in the program. We can have all the money we need without shifting to the right or shifting to the left, by voting for the amendment that the gentleman from Alabama [Mr. SELDEN] has offered. What did the gentleman tell us yesterday? He said that in this Development Loan Fund we have already appropriated, as I recall, about $850 million. As I recall, the committee wants to give $800 million in this bill, $100 million more than the President of the United States requested. And, Mr. Chairman, his requests have not been minimum requests. According to the gentleman from Alabama [Mr. SELDEN] if the sum of $800 million is approved as the committee recommended we would have $884,500,000 in this Development Loan Fund or enough to process 60 percent of the $1,400 million in applications that are pending. That would be a far more liberal record than we are able to have with the Small Business Administration of this country that processes loans, and they are hard money loans for the little businessmen of America.

Mr. Chairman, let me remind you of this, that these loans that we make from this Development Loan Fund, no matter how optimistic we are about them, at the very least are what we call soft loans.

Mr. Chairman, I want to say to the new Members who are here that 3 years ago we were told that if we did not authorize every dime that was requested in the mutual security program we would be faced with peril; we would be faced with destruction. Well, we did not authorize $1 billion that was asked; $1 billion was refused. We found at the end of that fiscal year that we had one-half billion dollars remaining in the fund despite $1 billion we refused. In other words, we appropriated $1 billion less than was actually asked, and despite all efforts to spend the money there was a surplus at the end of the fiscal year of one-half billion dollars.

Mr. Chairman, I think that the amendment of the gentleman from Alabama [Mr. SELDEN] is reasonable. It cuts this appropriation down. It gives us all the shift we need on the economic aspects of this program.

Mr. Chairman, I hope the gentleman's amendment will be approved.

Mr. BOWLES. Mr. Chairman, I rise in vigorous opposition to the amendment. In the general debate, I suggested that the future of our country will depend upon our capacity in the coming years to accomplish two objectives.

We must create a military barrier so powerful that the Communist nations will not be tempted into overt aggression. The military assistance program and the defense support program which are part of this mutual security bill are critically important elements in this effort.

Yet it is folly for us to assume that a military barrier, in itself, will assure our future as a powerful and prosperous Nation. The world we live in will be increasingly shaped and ultimately decided by what happens behind our defense barrier.

We Americans are now spending something over $45 billion every year on foreign policy programs connected in one way or another with the cold war.

Ninety-six percent of this sum goes to build our absolutely essential military defenses.

Only 2 percent of this expenditure goes into direct development loans and grants, designed to help build the conditions on which to create the gradually increased living standard within a framework of freedom which represents our best hope for peace.

Even if we add our imaginative new use of food surpluses through the Public Law 480 program, the total of our positive effort will be less than 4 percent of the total.

Let me repeat: 96 percent of our entire effort is going to build the military barrier against Communist overt aggression; while only 4 percent is going to create the conditions behind the barrier which will give the non-Communist people of the underdeveloped world a future worth fighting for and if necessary dying for.

Many observers assert that in the last few years the Communists have gained ground while our position has slipped. If so, it must be said that their gains have not come through military aggression, but through their skill in playing on the political forces which are now creating such revolutionary ferment throughout Asia, Africa, and Latin America.

Our own military strength and that of our allies is absolutely essential to our national security.

Yet communism may ultimately come to the Middle East, south Asia, and to other parts of the world—not because our military strength is inadequate to

keep out the Soviet armored divisions, but because the people in their poverty and frustration may be moved in their desperation to accept Communist political and economic leadership.

Let me discuss for a moment one single but important example.

All over Asia and indeed throughout the underdeveloped world, the principal topic of conversation is the economic and political contest between democratic India and Communist China.

These two great nations with more than one-third of the world's population between them, are tackling their economic problems in dramatically different ways.

Through totalitarian methods, including the use of savagely heavy taxes and the denial of all improvements in living conditions, the Chinese Communists have been able to save 25 percent of the annual output of the Chinese people to use as capital for future industrial growth.

Further to strengthen her efforts, Communist China has the full economic support of the Soviet Union.

As a democracy, India is competing under the most difficult circumstances. Although her tax system is by all odds the highest of any non-Communist country in the underdeveloped areas, her annual savings are much less than one-half that of China.

If India were to tax her people still heavier or to postpone any improvement in the Indian living standards, the result would certainly be a political explosion.

Yet if India fails to meet its minimum economic goals, the political situation there will become grave, and as other non-Communist countries, discouraged by India's failure, lose heart, the prospects for democracy from Casablanca to Tokyo will become dim indeed.

Mr. Chairman, India is only a single example of why we must have an adequate Development Loan Fund. This program represents the very heart of our positive efforts to help improve the prospects for freedom, not only in Asia but in Africa and Latin America.

Therefore I urge the defeat of this amendment.

Mr. Chairman, I now turn to a different but still related subject.

It is important, I believe, that we avoid the impression that the criticism which has recently been directed at certain aspects of our mutual security program in Laos reflects in any way on the present Laotian Government.

This small, strategically placed country with its long common frontier with Communist China and Communist North Vietnam, is now showing extraordinary courage in both its internal and external affairs.

The government of Phoui Sananikone, which was formed last August, has eliminated Communists from the Cabinet, completed a major monetary reform, and launched broad reforms to eliminate the corruption which had plagued its predecessors.

The decision to introduce the long postponed monetary reform in October 1958 was an act of particular political courage.

Some people had profited handsomely from the old exchange rate and the import licensing system. Others recalled with resentment and suspicion the abrupt but ineffective devaluation which the French had effected in 1953. Others felt that a question of their country's sovereignty and independence was involved. Still others had honestly concluded that devaluation would be economically unsound.

It was against this background that the earlier Laotian leadership had become convinced that devaluation was politically unacceptable.

After the Communist show of strength in the May 4, 1958, elections, the present Prime Minister made up his mind that monetary reform was necessary. Once his government accepted this necessity, it proceeded to push a monetary reform measure through the National Assembly in the face of strong opposition.

The success of monetary reform to date has vindicated this courageous decision. It should prevent further abuse in the commercial import program. It should insure the most effective use of all foreign aid. It should provide a stable currency as a basis for the national economy.

The present leadership of Laos is composed of men who have not hesitated to identify themselves ideologically with the democracies.

Their country has a population of only 2 million and an army of only 25,000, directly adjacent to the two leading Communist military powers in the Far East.

Communist North Vietnam, with a population of 14 million has a regular army of some 280,000. Communist China, with a population of some 650 million has an army of 4 million.

These two nations have applied tremendous propaganda pressure to Laos in an attempt to intimidate its people and its Government and thereby prevent it from taking strong measures against internal subversion.

But when an intensive propaganda barrage was launched against it, accompanied by actual violations of its frontiers, the new Laotian Government responded boldly by asking for and receiving extraordinary powers from its freely elected National Assembly.

Laos has declined to accept aid offers from the Communist bloc or to establish diplomatic relations with members of the bloc. Despite its peculiarly vulnerable geographic location, it has declined to recognize the Communist regime in mainland China.

In the face of intensive Communist subversive pressure and propaganda threats, it has rejected the temptation to abandon democratic procedures. It is constantly taking steps to improve the effectiveness of its governmental administration, while retaining its constitutional government based on universal suffrage.

In short, this small new country confronted by problems and dangers almost overwhelming in their complexity, is making a determined effort to unite all the democratic elements of its population so that they may maintain their independence under the most difficult circumstances.

The brave efforts and the sacrifices which the people and the leaders of Laos have made since 1954, but most particularly in the past year under its new Government show them to be deserving of America's continued support and confidence. I believe that it is important that the record of these debates leave no room for doubt on this question.

Mr. PILCHER. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. Chairman, this $100 million reduction leaves it the same as the President authorized. They talk about this Development Loan Fund being a banking proposition or loan. This group of people have the right to lend money to any country or any corporation or any individual. By the same token they have the right the next week to cancel it. That makes it in one sense of the word a straight out grant. We are going to have a chance to vote on these cuts for years to come, according to a letter that the members of the Committee on Foreign Affairs received this morning from Under Secretary of State Douglas Dillon—and I quote:

THE UNDER SECRETARY OF STATE,
Washington, June 17, 1959.

The Honorable JOHN L. PILCHER,
House of Representatives,
Washington, D.C.

DEAR MR. PILCHER: Last week I used the occasion of a speech at Harvard to spell out my deep personal conviction that our mutual security program will involve a persistent effort over a period of at least 20 or 30 years, if we are to succeed in our efforts to help the newly developing nations achieve economic growth as members of the free world. I am enclosing a copy in the belief that you might find it of interest.

Sincerely,

DOUGLAS DILLON.

Mr. FARBSTEIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Georgia [Mr. PILCHER] just quoted from a letter of the Acting Secretary of State for the purpose of having this amendment voted in. I would like to quote from Mr. Dillon for the purpose of having the amendment voted down. It is not too long so I think I can read part of the statement that he made. He said:

> The Marshall plan is now history. To it, we most certainly owe the present strength and possibly even the continued existence of the free world.

And he goes on and says:

> The attainment of this goal is essential to our survival. We cannot hope to maintain our way of life surrounded by a sea of misery. The less privileged peoples are reaching out for economic growth with almost desperate determination. We must help them find the way in peace and freedom.

How does the loan development plan come into this method of determining assistance? Some underdeveloped country will come to the World Bank and make a request for a loan, or come to the Export-Import Bank and make a request for a loan. Inasmuch as the World Bank only lends money that can

be paid back in the same currency that is lent, there is refusal to lend unless the credit of the country which desires to borrow money is good; that it can repay the loan in that currency. These are hard money loans. The same is true with regard to the Export-Import Bank. Their loans are hard money loans. However, often a country will come to the Export-Import Bank or to the World Bank and request a loan. A portion of the loan will be granted by the World Bank but the World Bank feels that the country should get the balance of the requested loan; however, inasmuch as theirs is a hard money policy they send them to the Development Loan Fund for the balance. As a matter of fact very often the World Bank will suggest that the balance of the loan be made from the Development Loan Fund. This is appropriate because the loan cannot be repaid in hard money.

The purpose of these loans is to help these underdeveloped countries build up so that at some future time they will be in a position where they will be able to return in hard money that which they borrow.

Yesterday we talked about defense support. Instead of defense support being a straight giveaway there was the arrangement, that 90 percent of the money represented by defense support would be equally controlled by this Government and by the government that got the grant.

Under the Development Loan Fund where a loan is made, the recipient country will return the money it borrows, it is true, in soft currency, or the currency of the country that borrows the money. However, we control the soft currency received in payment of a Development Loan Fund loan, in the defense support. It is owned by the recipient country. This money if I may use the word frequently used in racetrack parlance, we can then "parlay," or use in a triangular arrangement. We can take the soft money we receive in payment of a loan, and lend that money we received from A country and turn it over to X country and with it they can buy things they need for their maintenance and sustenance from this other country. Thereby this money, even though it is repaid in soft currencies, can be used by several countries and it will not cost us anything. The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mrs. BOLTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I merely want to put into the RECORD at this point some figures I think we should all be very clear about.

As of June 12, 1959, the Development Loan Fund had made commitments of $765.5 millions.

The fund's total availability today is $850 million.

The present capital capable of being used for new loans is $84.5 million.

On May 31, 1959, just recently, there were loan applications outstanding of $1,402 million. As of that date the Bank had rejected $889.5 millions in applications.

Even so they would not be large enough to meet those which would pass the inspection of the committee.

Mr. Chairman, I yield back the remainder of my time.

Mr. TABER. Mr. Chairman, I rise in support of the pending amendment.

Mr. Chairman, as soon as we get through voting on this bill, it will be up to us to take up another bill to increase the borrowing power of the United States of America. That is a situation that I hate to see happen.

How are we going to be able to remain economically sound if we do not use some judgment in what we do with the money that is involved?

This amendment proposes to reduce the appropriation by $100 million; that is, from $800 million to $700 million, which was the amount the administration asked for.

Frankly, I cannot be a party to loading up my Government with more money than is needed for any activity—it makes no difference to me what the thing is—unless we balance our budget and get the Government of the United States in a position where it is right side up. Economically we are going to be unsound ourselves otherwise. Britain, France, West Germany, Belgium, and Holland are balancing their budgets. We are not.

Is it not about time for us to wake up and meet our responsibilities face to face, instead of running wild and increasing the burden on our people way beyond what those who are involved in asking for this money feel is necessary?

Frankly, I can see no way out for us unless we begin to trim our sails and get to the point where we can take care of the things that we need to have taken care of. I know it is a nice thing to be able to give away money, and that is just what this is. It makes the fellow who gives it away feel bighearted and big, but if we do not use our common sense and our intelligence in approaching this problem, it is too bad.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Louisiana.

Mr. PASSMAN. We were told only day before yesterday by those justifying this item that an agreement had been reached with the administration—the Budget Bureau—and the $700 million was the amount needed, the amount for which they were planning and the amount with which they would be satisfied.

Mr. TABER. That is correct. We were told that. There is no reason in the world why we should go beyond the budget estimate on this item.

Mr. Chairman, I hope that the amendment will be adopted and that the bill will be put back into some kind of an honest condition.

Mr. MORRIS of Oklahoma. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I am leaning very strongly in favor of the pending amendment, although I am going to reserve my final judgment until it becomes necessary for me to vote one way or the other. I think I shall support this amendment, however.

I voted against several amendments yesterday because I thought they were unreasonable and unsound. Of course I am against the whole bill and have always been against this program since I have been a Member of the Congress. I think it is bad in principle.

Let me ask you this very salient question—at least I think it is salient and pungent. Recently a great man died, a very great American, John Foster Dulles. He was praised by practically everyone, Democrats, Republicans, and Independents. Yes; he was a great man. Evidently he did a good job in carrying on our foreign relations as Secretary of State or he would not have been so universally praised. We in this great and beloved Nation of ours know what our Constitution provides, and we as Americans practice the way of life, of liberty, and justice. That is known all over the world. We have been a good nation, we have been good to people, thus we should be generally respected and beloved. But now let me ask you the question: Why should we be as we now are disliked so thoroughly by people all over the world? What is the cause of it? I am not talking about the Communists. Of course they dislike us. I am talking about people of the free nations of the world. Why should we be so disliked by people in South America, in Europe, and in Asia, unless it is because of this program? I think this program is the thing that has caused that feeling more than any other one thing. If it has caused that feeling and is causing it, do you not think it is about time we stop, look, and listen, and change our ways? I do not know of anything else that has caused all this ill will toward America except this program. As I, in speaking of Mr. Dulles, have indicated, evidently this ill will toward us has not been brought about by the State Department.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. MORRIS of Oklahoma. I yield to the gentleman from Florida.

Mr. SIKES. I want to try to help my distinguished friend make up his mind, and I respect him very much for the statement that he is making. But, I would like to point out that we have had quite a bit of experience in Congress in regard to appropriating money that the administration has not requested. It has been our experience that if you appropriate more money than the budget request, it simply is not spent. I think it would be better to support the amendment and leave out the money not included in the budget estimate.

Mr. MORRIS of Oklahoma. I think I shall agree with the gentleman, and I think he made a very fine contribution, but I will reserve my final judgment for a few moments.

Now, coming back to the proposition, I think we have done more harm in the world by this particular program than anything else that we have ever done. I do not believe anybody in the world has a more compassionate heart for starving people than I have. If I had my way about it, and if I were able personally, and if we were able as a Nation, I would

want to send food to anyone who is hungry; or, for that matter, clothing to those who need it. I want to help them. I am not impugning the motives of anyone supporting this bill, because I know you are acting in good faith. I know you think it is a good bill and, God bless you, I will admit that maybe it is; maybe you are right and I am wrong. But, I just believe very firmly and sincerely that we are doing more harm than good by this particular program, this whole package bill that we are being offered to vote on.

Now, we just recently experienced the proposition of turning down the conference report on the wheat bill. I do not know what is going to happen. But, we do know that we have millions of bushels of wheat stored up. We have a large surplus. It does seem to me that we could get our heads together and figure out some reasonable and logical way of sending wheat and other foodstuffs and clothing to these poor people who are so badly in need of it, and thus help them and bring about a different and better psychological feeling toward us throughout the world also.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. MORRIS of Oklahoma. I yield to the gentleman from Illinois.

Mr. MASON. We sent wheat to India, many millions of bushels, but the starving people of India got not one grain of it. We sent it to the government and the government sold it to those who had the money to buy it, and the poor starving fellows got nothing.

Mr. MORRIS of Oklahoma. I thank the gentleman for his contributions, and that is exactly the point that I was trying to make. We are sending this money to certain politicians and heads of governments and unfortunately the poor people are not receiving it as they are entitled to and as intended they should.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I was surprised to hear the gentleman from New York [Mr. FARBSTEIN] say that this Development Loan Fund is for the purpose of building up the free world. I would call his attention to two loans totaling some $27.5 million made to Yugoslavia. I wonder if any Member contends that Yugoslavia is a free nation.

I should like to ask some member of the subcommittee about one of the scores of so-called loans on this list. Here is one for $5 million to the Israel Industrial Institution, Ltd. This loan is made, apparently, to a private outfit in Israel. Now, I would like to ask what agreement we have with the Israeli Government for the repayment of this loan. Just how is this handled?

Let me add this: Evidently this Israel Industrial Institution, Ltd., can turn around and reloan the money. Now, my questions are these: Why do we loan to this private corporation in Israel? What interest rate do we get from this corporation, and what interest rate do they charge to the people to whom they reloan the money?

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Maine.

Mr. COFFIN. I would say, first of all, that this borrower that the gentleman has named in Israel is a loan company or a development company similar to those that we have in several other countries, for instance, the Philippines and Taiwan, for the purpose of making small loans to small business people. In other words, it does not make sense for the Development Loan Fund itself to make loans less than $50,000 or $100,000 directly, so we use a certain amount of money in these countries and funnel it out through these agencies. The gentleman from Oklahoma said that this money was not getting to the small fellow. Well, this is a funnel for carrying the loan fund to the small fellow.

Mr. GROSS. Now tell me how much interest is charged.

Mr. JUDD. 5 percent.

Mr. COFFIN. I believe it is 5 percent.

Mr. JUDD. Repayable in 10 years, at 5 percent interest.

Mr. GROSS. Repayable in what?

Mr. JUDD. In Israeli pounds.

Mr. GROSS. In what?

Mr. JUDD. In Israeli pounds. That is the currency of Israel.

Mr. GROSS. Now, what interest rate does the loan company charge the people to whom they loan the money?

Mr. JUDD. I do not have the details on that, but it is used in their own country and for their own people and would be at the going rate, or less, in the country. The purpose is to get more capital into the country to make possible badly needed economic development.

Mr. GROSS. I want to know what interest rate the loan company gets for the money when they reloan it. We could be making some enemies, could we not, by this financial sleight of hand? Is that not right?

Mr. JUDD. No; I think not.

Mr. GROSS. Why not? Suppose they loan the money at a rate of 10 or 20 percent. Then what?

Mr. COFFIN. Mr. Chairman, if the gentleman will yield further, when we make this loan we have a firm loan agreement with this corporation, and we provide adequate safeguards against that and, I might say to the gentleman, also in case of default of any of these provisions.

Mr. GROSS. Let me ask this question: What are we going to do with Israeli pounds if ever we get them?

Mr. COFFIN. The Israeli pound is by no means a shaky currency.

Mr. GROSS. I did not say anything about its being shaky or unshaky. I asked what are we going to do with them if ever we get them in return for the American dollars we have dished out?

Mr. COFFIN. They will be of use either within Israel or outside of Israel, wherever this currency can be used.

Mr. GROSS. So this currency could be used to build a factory in some other country, as I believe the gentleman from Connecticut suggested, to produce more products to be shipped back into this country to create more unemployment and more abandoned factories in Connecticut and in some other States; is that not correct?

Mr. COFFIN. No, I would say in this case that there has been no instance where it has resulted in that.

Mr. GROSS. There has been a lot of unemployment in Connecticut, is that not correct? And this Development Loan Fund provides for the building of factories in other countries, does it not?

Mr. COFFIN. Not if you read the criteria for the loan. They cannot make a loan unless the administration satisfies itself that there will be no adverse impact on our own industries.

Mr. GROSS. Of course, we are supposed to have protection under the tariff laws to protect American industry and labor. There are the peril point and escape clauses. But the gentleman very well knows what happens and how the President nullifies decisions of the Tariff Commission when it invokes the escape clause or peril point. It just does not work, and the gentleman knows it. And neither will this alleged protection work.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Louisiana.

Mr. PASSMAN. Mr. Chairman, I have a high regard for the distinguished chairman of the Foreign Affairs Committee and for the members who serve with him. But we have been mistakenly referring to this as a loan program.

I think it should be clearly understood that, in reality, it is normally not a loan because of the provision for the use of local currency. If, for example, we make a so-called loan to country X of $1 billion, and country X pays back in local currency, we cannot spend that currency in any other country. We cannot even spend that local currency in country X for something to take out of the country. So, actually, it amounts to a revolving fund for the recipient country. If there is evidence to disprove the accuracy of the statement which I have made, I would certainly like to be confronted with it.

Mr. GROSS. Mr. Chairman, I agree with my friend from Louisiana. I only wish the proposed cut was for the entire $800 million.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I rise not so much to exhort you to do anything on this amendment other than you want to do, but I think it is important that when you do vote you have a clear understanding as to what this Loan Fund is.

The gentleman from Louisiana [Mr. PASSMAN], the very effective chairman of the Subcommittee on Appropriations made the point that the local currencies accumulating in various countries are not freely available to be spent elsewhere; and this, at the present time, is perfectly true. But this does not destroy for a moment the effectiveness of this instrument to carry out our foreign policy. The gentleman from Oklahoma [Mr. MORRIS] when he was talking and, as usual, very effectively, about the results of so much of our program, how it has not gotten through to the little people, how it has caused people to dislike us, was choosing I think perhaps the most inappropriate time in the discussion of this entire bill to make that

point, because this loan program is the most effective thing in terms of personal relationship. Why? Because when a country or a foreign company makes an application to the Loan Fund, they are not doing it as beggars, they are not asking for handouts, but they do it in the context of a banking transaction. There are standards that have to be enforced and complied with. Then there is a loan agreement that is a very detailed, hard-written document, and in respect to that document I would say this, because the statement has been made on the floor earlier that we can cancel the agreement and convert this into a grant. This is not so. Moreover, when a default occurs in payment, under our loan agreements, the total amount of the loan is not only immediately payable, but payable in U.S. dollars.

Mr. MORRIS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman.

Mr. MORRIS of Oklahoma. I somewhat agree with the gentleman that my remarks were not made at the most appropriate time, as part of the reading of the bill. But under the rules of the House we have to speak when we can get recognition. That is why I spoke when I did and also why I suggested that I was not certain whether I would vote against this particular amendment because, if the bill does pass—although I am against the whole bill—I do want to see us write as good a bill as we can. That is why I made that reservation. I am following the gentleman. I probably will wind up by voting for this amendment. But I am listening to the gentleman.

Mr. COFFIN. I thank the gentleman.

Mr. FARBSTEIN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. FARBSTEIN. As a member of the committee, I would like to be straightened out on the triangular phase of the loan. In other words, can we under the law use the moneys, that we receive from a country to which we make a loan where by agreement it is determined we have that right to lend that soft currency to another country? Is there anything in the law to prevent an agreement between this country and the recipient country to use the funds that we receive in payment of a loan from lending those funds to another country for the purpose of buying merchandise from the first country?

Mr. COFFIN. As far as the law itself is concerned, it would still be subject to the general standards that govern any loan under the Development Loan Fund. The same standards would prevail.

Mr. FARBSTEIN. Is there anything in the law that would prevent the triangular use of those funds?

Mr. COFFIN. Not in the law.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. PASSMAN. Is it not a statement of fact that for the type of loans consummated, without exception unless for a definite dollar loan, when we receive the local currencies we cannot purchase anything in that country to be removed out of the country against those local currencies, and that neither can we use local currency of a country for the purchase of anything in another country to be moved to the United States.

Mr. COFFIN. But, as the gentleman knows, we are talking about the repayments under the program.

Mr. PASSMAN. I am talking about the contracts which are now in effect and loans that are now consummated.

Mr. COFFIN. As the gentleman knows, these repayments will be part of the revolving fund subject to the same purposes for which the Loan Fund is set up.

Mr. PASSMAN. The funds are spent in the country in which we receive the local currency.

Mr. COFFIN. I am not aware of any such restriction.

Mr. PASSMAN. I can state categorically that there are such restrictions, and our subcommittee has been so informed.

Mr. COFFIN. I know of no such prohibitions under the law and charter that we have enacted. I understand, however, that the individual loan agreements restrict the use of such currencies.

Mr. PASSMAN. It is provided under the contracts into which we have entered.

Mrs. CHURCH. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I deem this to be a proper point in the discussion to bring the attention of the Committee back to the fact that we are not at this time, except incidentally, debating the actual merits or the demerits of the Development Loan Fund. I personally, although a stern critic of the present mutual security program, have felt that as regards the Development Loan Fund there was certainly a reasonable expectation of success, a departure from the awarding of grants, a new approach. That should be given every bit of full testing. The only issue to be settled in the next few minutes is whether or not we mean to put into any part of the program $100 million more than the administration asked for—$100 million more than any need has been demonstrated for; $100 million more, for which the chief argument raised has been that such action would further indicate the desire of the committee and of the Congress to remove the emphasis from military aid further toward economic assistance.

Mr. Chairman, if by the action of the committee in cutting the military assistance program by 10 percent; if by the action of the committee in its report freely expressing its change of intention; if by words spoken on the floor, that intent has not been made sufficiently evident, without paying $100 million more to make it clear, then no words can speak for themselves. I listened carefully yesterday and I know the gentleman was correct in saying that Mr. Dillon in a later expression did go further than his original $700 million. However, I know of no officer of any administration who, when suggestion is made to him that he may be given more money than he has indicated he needs, would not say that the additional would be welcome. But I take the liberty of reading the words on page 201 of the hearings in which I questioned Mr. Dillon concerning the need for the $700 million requested. The committee will remember that that was the day when the supplemental appropriation bill was to be under discussion. There was some question as to how much money would be given to the Development Loan Fund in the second deficiency appropriation. I asked Mr. Dillon whether he needed $700 million more for 1959, no matter how much authorization might be remaining after the afternoon appropriation; or whether if some previous authorization remained, it could be considered as partially meeting the new request for $700 million for 1959. This was Mr. Dillon's answer, as carried on page 201 of the hearings:

> Mr. DILLON. I think what we really need, Mrs. Church, is authorization for the appropriation of $700 million in the next fiscal year. Whether that can in some fashion be combined with the existing authorizations, if that could be done that would be perfectly satisfactory because what we need is the ability to obtain $700 million next year. Not more than $700 million.

Now, Mr. Chairman, it seems to me that there is something wistfully appropriate about the gentleman from New York [Mr. TABER] whose long service in this House has been spent in trying to save money for the Government of the United States, coming down and making his plea to us, the day before we are to be asked to increase the debt limit. There is major significance in his reminder to us that here is $100 million dollars that we can save.

I would like particularly to address the Members on my own side of the aisle. I have been one of those who has been urged constantly not to go beyond the President's budget, in an effort to end deficit spending. I have, in fact, received thousands of clippings and letters urging me to support that budget. If this extra $100 million is not needed, if we can get adequately through the next year without it, I certainly am not going to make this the occasion to go beyond the amount the President has asked for.

Mr. Chairman, I yield back the balance of my time.

Mr. MORGAN. Mr. Chairman, I rise to see if we can come to some understanding as to time on this amendment.

I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair has noted the names of the gentlemen standing, and will divide the time equally among them. It will come out to about 1¾ minutes each.

The Chair recognizes the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, the air is full of presidential trial balloons sent up by potential candidates of both parties, and senatorial candidates for President are so busy cultivating the voters that they are neglecting their legislative duties and responsibilities.

In order to clear the air of these trial balloons on the Republican side, I propose a team composed of NIXON and Rockefeller, a winning team that would sweep the Nation in 1960.

DICK NIXON for President and Rockefeller for Vice President would unite conservative Republicans and modern Republicans; would combine experience with glamour; would join the West and East; and would tie together the two most populous States of the Nation. It would be an unbeatable combination.

DICK NIXON is the best qualified candidate for President this Nation has had in the past 50 years; qualified by both training and experience. He has had to pinch hit for President Eisenhower on many occasions, representing the President in the field of international affairs, always with dignity and honor, reflecting credit upon himself and the Nation.

Mr. Rockefeller is a glamorous young man, a real vote-getting prodigy. He will make an excellent candidate for Vice President. Mr. Rockefeller needs time to mature, to get experience, and to become seasoned in statesmanship. Four or eight years as Vice President would prepare him to assume the leadership responsibilities that go with the office of President.

NIXON and Rockefeller harnessed together would win the political battle that is in the offing for 1960, and, in my opinion, would determine things for a decade to come.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the pending amendment and in support of the position taken by your committee.

Mr. Chairman, I take this opportunity to say something which I should have said sooner in this debate; that is, to pay tribute to our chairman for his fairness, his ability, and his devotion to duty. He has been a model for all of us on the committee to follow.

It has been suggested that we should follow the recommendation of the administration rather than the recommendation of your committee. I am loyal, sir, to that committee. It has done fine work on this bill. To appraise that fairly you have to look at its action as a whole. There were various cuts or deductions made down the line, but those were somewhat balanced by an increase at this point. When I say I am supporting the committee rather than the administration, I must confess I do not think the administration will object.

What have we done in increasing the provision for the Development Loan Fund and decreasing certain other items? We are moving in the direction of economic rather than military aid. We are moving in the direction of loans rather than grants. Those are the two objectives that have been widely advocated by students of the program and by the public.

I urge the defeat of the pending amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VANIK.]

Mr. VANIK. Mr. Chairman, I take this time to ask some member of the committee why currencies accumulated in repayment of loans through the Fund are not made available and sold to American tourists who travel in these foreign countries? Why shouldn't these contracts provide for the availability of these foreign currencies here in America so that when tourists go to these foreign countries they may use these foreign currencies? As it stands, the program is not a loan, but a grant, because we cannot use the foreign currency as it accumulates in loan repayment.

Mr. COFFIN. The tremendous bulk of our foreign currencies result from the Public Law 80.

Mr. VANIK. This Loan Fund is going to create a reservoir of added foreign currencies, is it not?

Mr. COFFIN. Not a large proportion to what has already been accumulated. The gentleman has suggested a program which would, in my opinion, require legislation to make them available.

Mr. VANIK. The gentleman does not answer the question. Why should we not provide by contract that at least a portion of these foreign currencies be made available to American tourists who are traveling in all of these countries every day spending a tremendous amount of American dollars?

Mr. COFFIN. We hope the Loan Fund will maintain its integrity, and we want it to do so.

Mr. VANIK. The sale of these foreign currencies to tourists would guarantee the integrity of the Loan Fund.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, I rise in support of the amendment to reduce the Development Loan Fund from $800 million to $700 million which is the amount requested by the President in his budget message. I can see no good reason for placing more money in the Fund than the President thinks is necessary. There is nothing in the hearings or in this debate, so far as I can see, to justify this increase in the budget request. Here is a good place to save $100 million.

Before voting on this amendment it might be well to give consideration to the minority views as expressed in the report accompanying this bill.

It is pointed out that our national debt of approximately $286 billion exceeds the national debts of all the other nations of the free world, plus those of Russia and the Soviet bloc, by about $50 million. The dollar is now worth 48 cents in terms of its value in 1939. Once the strongest and most sought after currency in the world, it is now selling at a discount in some countries. The Treasury Department is experiencing considerable difficulty in selling its bonds.

The report also points to the outflow of our gold. In 1958 the United States lost $2.3 billion of gold. Since the first of this year an additional $346 million of U.S. gold has moved to the accounts of foreign holders. More will be lost throughout this year and during 1960, according to financial experts.

Some $20.3 billion is still held by the United States. However, it is not all strictly held by the United States. It must be able to redeem $16.6 billion in foreign time deposits in U.S. banks, foreign held U.S. Government securities, and similar claims. This Nation could find itself in a severe financial squeeze if the foreign claimants demanded to be paid off in gold at once.

The loss of gold has resulted from the fact that as a Nation we are buying more from abroad, and giving away more through foreign aid and military expenditures abroad, than we are selling. It is true that our normal exports exceed our imports, but when you add foreign aid and military expenditures to our purchases, there is an unfavorable trade balance.

Growing competition from Germany, Japan, and other countries has been a factor in causing this unfavorable trade balance. Foreign products can in many instances undersell ours not only in foreign markets but in U.S. markets as well. As a consequence many American manufacturers are building factories abroad. Their products are sold in world markets and in domestic markets in competition with those manufactured here. American jobs have been affected. Since the end of World War II American businessmen have invested $27 billion outside this country. It is estimated that altogether some $40 billions are so invested.

The question which many Americans now have is simply whether or not we can continue our present course. Will we further weaken our currency and our competitive position in the world? It would be advisable for Congress to give this matter most serious consideration.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, I speak in support of the amendment offered by the gentleman from Alabama. And let me remind the Committee that this amendment means an extra hundred million dollars beyond the budgetary provision, to be placed at the disposal of the President to make loans.

When this Committee refused to strike section 202, it forever removed the possibility of any of this money coming back into the Treasury of the United States. It is a direct drain on the Treasury. These moneys become counterpart moneys and can be used for anything they want to use them for.

I am telling you now that unless there is some way to return these funds to the Treasury, I am going to vote against this legislation. I voted against a loan to the British Government in 1946, and I made the statement on the floor of the House at that time it would never be repaid. They have not paid a cent on the principal. There is now a moratorium on interest payments. If England ever gets ready to resume payments on that loan, the money under this section you refused to take out will become a part of counterpart funds, both principal and interest will never come back into the Treasury of the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I would like to ask a few questions, if I can get an answer, and I speak more or less on behalf of the newcomers who for the first time have been exposed to this complex foreign aid spending.

Do I understand correctly that when funds are loaned to a foreign country under this Development Loan Fund we do not exercise complete control as to when they are returned to us or how they can be returned.

Mr. COFFIN. First, 20 percent of the payments are made in dollars. There is no problem there. The 80 percent that is paid in rupees, or whatever it may be, can only be used ordinarily in the country that creates that currency.

Mr. DERWINSKI. In other words, when we lend a number of dollars to India and some repayment is commenced we will then continue to revolve this Fund in India?

Mr. JUDD. Yes, funds from repayment of loans can be used as loans for other projects as they are developed and qualify. We establish a revolving fund.

Mr. DERWINSKI. Suppose we solve all of the problems in any given country, would they then release these funds to us so that we can lend that money in other backward areas?

Mr. JUDD. The funds are ours and there is nothing in the law to prevent our using them wherever we decide to use them. Normally of course, they can be used and reused most advantageously in the country in whose currency they are and whose development we are hoping to further.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, the gentleman who has just spoken hit the nail on the head when he said that this was his first exposure to the complexities of the foreign situation as it affects our U.S. people. Our Foreign Affairs Committee has heard hundreds of witnesses over the years, administration officials of both parties, and private interests, also our U.S. ambassadors and heads of our U.S. military establishments. Let me tell the House that the problems are complex.

The House Committee on Foreign Affairs made a policy recommendation that we cut down on the military emphasis in the U.S. foreign aid program this year and move toward the emphasis toward economic assistance and special types of assistance in the economic field to underdeveloped countries. That is a good policy move. We disagreed with the present administration, so, of course, the administration is not saying this. Further, the House Foreign Affairs Committee voted that we want to move to the basis of loans and to move away from the policy of giveaways in the U.S. foreign aid programs. The House Foreign Affairs Committee decided to give $100 million more to the Development Loan Fund. That Fund has been run well under one of our finest Pennsylvania businessmen, its first Director, Mr. Dempster McIntosh. Everybody will tell you Dempster McIntosh has done a fine job, a topflight job. He was many years a prominent official with RCA International. As a businessman, he has been our U.S. Ambassador to Uruguay, also our U.S. Ambassador to Venezuela, and is now the newly appointed U.S. Ambassador to Colombia. This is a place where the program has been really well run on a business basis. I hope that the Members on both sides will give the Foreign Affairs Committee the chance to change these foreign aid programs to loan programs and away from the giveaway programs. We want U.S. foreign aid policy to emphasize the economic basis of repayment and not place too extreme emphasis on military assistance and economic giveaway programs upon which there is no repayment provided and the items are given as straight grants-in-aid or gifts.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. FARBSTEIN].

Mr. FARBSTEIN. Mr. Chairman, I would just like to clarify one thought that was left in relation to the request of Mr. Dillon when he appeared before the committee in connection with the sum of money that was to be incorporated in the Development Loan Fund. In the course of this testimony this is what he said:

> I testified before regarding that, but I would just like to reinforce what I said at that time, and point out the fact that we feel that this $700 million is an absolute minimum.
>
> The Development Loan Fund, after dwindling out loans that have either been found unacceptable or found of interest to other lending agencies, still has on hand approximately $1.5 billion worth of requests from 44 different countries. There is every reason to believe that we will continue to receive new requests during the coming year in substantial amounts.

In other words, the administration requested $700 million, because they did not feel that the committee would go for any sum greater than that for the Development Loan Fund. But, the committee in its discretion, as has been mentioned here by two of the gentlemen on the committee, determined that they would rather reduce the amount of grant aid and convert a portion of that to the Development Loan Fund so that that money could be loaned rather than given away outright.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, with respect to the President's request for the Development Loan Fund, the administration 2 years ago asked for a capitalization of $2 billion in 3 years. It has received $850 million in 2 years. The Fund wanted more than $700 million additional capital this year but the Bureau of the Budget cut down its request to $700 million because the administration felt it could not come to the Congress and ask for more than $4 billion for the whole bill, in the light of all the other demands on our budget. When, however, the majority of the House committee cut military assistance and other provisions in the bill by $367 million, the committee added $100 million to the Development Loan Fund, making the total for the bill still $267 million less than the President requested. So there is no question but that the Fund needs and can use this larger amount.

This is the first and fundamental question for us to decide: Is it better to give aid as grants or as loans? And are foreign loans bad loans as charged by some? Look at the record of repayment. For the benefit of the gentleman from West Virginia, Britain has paid back more than $300 million on the loan of which he spoke, $50 million in principal in 1958 alone. Since 1946 the United States has extended loans and credits to foreign governments amounting to $14 billion, and the countries to which they have been extended have repaid of the principal more than $5 billion, more than 36 percent of the total borrowed; and in interest and commissions, some $2 billion more. We have received in principal and interest in 13 years more than half of the total amount loaned.

Now, should we make loans on a yearly appropriation basis? Or should we have a Government corporation like DLF with adequate capital so it can study the projects longer and more carefully and the repaid loans can be used over again? Surely the latter is better.

Mr. Chairman, it is sounder economically to furnish economic aid as loans on a businesslike basis; it costs our taxpayers less. It is also better psychologically and better for our international relations to do it this way.

The CHAIRMAN. The chair recognizes the gentleman from Pennsylvania [Mr. MORGAN].

Mr. MORGAN. Mr. Chairman, last year the committee raised the technical assistance funds by $8 million, and we received nothing but praise from both the Members of the House and the administration. Now, the committee has tried to move in the direction of more economic aid, and to give less emphasis to military assistance, now, if you ever want to get out of this business of economic grants in connection with the foreign aid program, we are going to have to expand the development loan program. These are good loans. These are businesslike loans and there is some evidence that some day we will be repaid. I agree with the statement made by the gentleman from Pennsylvania [Mr. FULTON], that in committee we reduced this bill by a total of $366 million with the feeling that if we added $100 million to the Development Loan Fund we would be emphasizing the economic phase of this program.

Mr. Chairman, I ask for the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. SELDEN].

Mr. MORGAN. Mr. Chairman, on that I request tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SELDEN and Mr. MORGAN.

The Committee divided, and the tellers reported that there were—ayes 164, noes 86.

So the amendment was agreed to.

Mr. DENT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: On page 5, immediately below line 21, insert the following:

"(4) Immediately before the last sentence, insert the following: 'No loan may be made by the fund for the construction, alteration, expansion, or improvement of any production facility or facilities which will engage in the manufacture of articles which will be imported into the United States and sold in the United States in competition with articles manufactured in the United States.'"

Mr. DENT. Mr. Chairman, I have purposely refrained from engaging in any of the debates up to this moment except in one instance where I thought the language of the bill was doing something that even the proponents did not want to be done.

However, at this moment I come before you on a matter that does not deal with the philosophy of foreign aid; it does not deal with the amounts of money to be expended or appropriated or loaned or given away, but I come before you to speak on a matter which deals with a fundamental principle that already has had and will have in the future an even greater effect upon our American economics that any other single issue before the people of this Nation today. I have said on a few occasions on this floor that there are two kinds of war ever since the beginning of time. When man invented the first wheel and started to employ someone to push it for him, there has been one kind of war—economic war. And since man first started to look greedily at some property that another man had, there has been the other kind of war—military war. We see embodied in the philosophy behind this legislation the outcroppings and the growths of both these philosophies—war for economic gain and war for strength and material gain.

Mr. Chairman and Members, you will note on page 5 of the committee print of the bill that the committee has for the first time in the 11-year history of this aid recognized the thing that I am putting my finger on—the question of economic warfare between nations. It says in part:

The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people—

Then, if you will look right above that, because that is old language, you will find a new part and they add in section 202, in clause (4), subsection (1) this language, after the provisos that have already been in the bill for years, taking into consideration certain requirements in order to make a loan, they add this language—

and to the net position of the United States in its balance of trade with the rest of the world.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. DENT. I do not like to but I suppose it is a courtesy. I yield.

Mr. BENTLEY. I do not want to take any credit away from the gentleman for having introduced this amendment, but I remind him that I introduced an amendment to the bill last year practically identical with the one the gentleman is offering now. I will not announce to the gentleman what the vote was on that amendment because I do not want to see the gentleman prematurely discouraged, but I am very much in support of his amendment.

Mr. DENT. I welcome the gentleman's support. I believe this, that we are not deciding the question of compassion between peoples and compassion between nations. I say that every man in this room would mount the bulwarks of this country to fight off a military invasion; and it has become just as important to all of us in this room today, and we represent the peoples of our districts, to mount the bulwarks in an economic invasion.

Right now, today, as the steelworkers sit down in controversy and in debate over living conditions with the employers of this country, the very first and foremost argument made by the employers is based upon this situation that has been caused to a large extent by the lack of this amendment in this legislation; and I will quote for you from the steelworkers' periodical sent out the first week of the steel negotiations.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DENT. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

Mr. MASON. Mr. Chairman, I reluctantly, very reluctantly, object.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as the gentleman from Michigan pointed out, we had practically the same amendment before us last year. Last year we wrote into the Development Loan Fund the fourth criterion, that before any loan is made we shall take into account the possible adverse impact on the economy of this country. Every loan made has to be subjected to that provision.

I have probably spent as much time as any man in this Chamber on studying the operations of the Loan Fund. I have gone over every single loan which they have made and have seen instances such as a proposed loan for a citrus fruit company which was turned down because of this fourth criterion.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman.

Mr. DENT. If the gentleman is saying that the Fund operates without the necessity of this amendment, then why do we not spell it out in the law?

Mr. COFFIN. I will tell you why we do not need it. It is a harmful thing. We are administering the Development Loan Fund now so that we help these companies and countries which are underdeveloped; the Fund helps serve these countries in a manner which has no substantial impact on our trade—since adequate markets already exist within these underdeveloped countries for the new products. That is the meaning of being underdeveloped—inadequate productive capacity, inadequate distribution, and inadequate consumption.

If we are to adopt such an amendment, Mr. Chairman, I suggest that we go whole hog and say we shall make no loan which will help any country to export to any other country, because we are always fighting and competing in the markets of the world. You might just as well say, therefore, Mr. Chairman, that we shall not make any loan which will be effective.

We have another provision in this law, Mr. Chairman, and that is the study provision, section 413c. I would like to call the attention of the gentleman from Pennsylvania to this Blue Book which I hold in my hand. This is a study to be made every year, a survey of the impact of the operations of the mutual security program on the U.S. economy. This is the first volume and results from an amendment that we put into the bill last year.

A study of this volume shows that the Loan Fund is in no way responsible for unemployment due to foreign competition.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. GROSS. Will not the gentleman admit that there is quite a little bit of difference between building a factory in this country with our own money, and on the other hand building a factory in a foreign country with our money to compete with our American factory?

Mr. COFFIN. Yes, but that does not happen under Development Loan Fund operations and it is not likely to happen.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the chairman of the committee.

Mr. MORGAN. Is it not a fact that we have had representatives of the United Steelworkers before our committee and they endorsed the bill?

Mr. COFFIN. Enthusiastically.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield.

Mr. DENT. I do not come here representing the United Steelworkers as a separate group, I am representing all the people of Pennsylvania and all the United States of America. They are against building factories that take away their jobs. If you say the Blue Book shows they do not do it, you do not have the same copy I have. I will take page and verse and read to you the very instances where jobs have been taken away from American workmen, and it is listed in the Blue Book.

Mr. COFFIN. There are no loans, in the first place, for that. This program is so new that no factories have been erected. There has been no occasion where an influx of imports has resulted from the operation of the Development Loan Fund.

Mr. DENT. Is this the first appropriation by these United States for assistance to other countries for economic development, or is it just a change in name?

Mr. COFFIN. The loan fund is a substantially different approach to this problem from that which we have ever had before. It is based on ordinary banking transactions of borrowing and

lending, and subject to standards, such as the avoidance of adverse impact on our economy, which we have written into the law.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Minnesota.

Mr. WIER. Mr. Chairman, as I understand the amendment offered by the gentleman from Pennsylvania, it has to do with contracts and the letting of those contracts to foreign firms, particularly in England dealing with a tremendously large contract for so-called power equipment?

Mr. COFFIN. May I correct the gentleman. That is not covered by the amendment, and I refer to purchases under TVA contracts of electrical equipment. They are in no way related to the Development Loan Fund.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. HOFFMAN of Michigan. Mr. Chairman, we have now reached the stage where we are taking the money of our taxpayers, sending it abroad, building factories, hiring workers, sending over know-how individuals to make things which are sent back here for us to buy, forgetting that we have used our funds to set them up in business, make them competitors. We have sent billions over there. Now we are getting the result—competition in our own markets with loss of jobs here—unemployment and, if the overall result is not the height of ridiculousness, I do not know what is.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Pennsylvania to fill in the details on that proposition for his union has advocated foreign aid.

Mr. DENT. I think there has been gross misrepresentation here. American money has been sent abroad to provide facilities abroad, the products of which have been routed to the U.S. domestic market. They say that is not true, but it is, because the facts are proven by a history of the products moving in.

If you will just bear with me 1 minute, I would like to take you on a hypothetical trip. I will not go into detail, and I have discussed that with Members here. There is not time to go into detail. Let me say that no man in this room is more compassionate of the needs of the peoples of undeveloped countries than I am. I have paid my taxes, like millions of other Americans, in the hope that what we gave them assisted in uplifting their way of life. I refuse now and will forever refuse to contribute out of my taxes or ask anybody else to contribute out of their taxes to destroy our American way of life. If you do not think that is a reason for adopting my amendment, then I say you do not know the record as it now stands.

Here is the situation: We find ourselves in the position where there is a manufacturer in a certain locality making rubber balloons. All of a sudden we decide that a certain undeveloped country is the proper place, has the proper equipment, and the proper atmosphere to make rubber balloons. You make them a loan under a contract and they build a factory. This American investor buys in that same factory. You are asking in later legislation for concessions to that American investor. He shuts his plant down in this country and under the same trade name ships his products into these United States and you and I have to pay taxes in order to keep up the unemployed persons.

Here is the very first crack in the line to prove that the standards of living in other countries are now going to be the No. 1 argument at the bargaining table of American labor and American industry. I have had a strike in progress in my home community involving a man who assembles lighting fixtures. He has stated he cannot and will not bargain. He is moving from the community in the very near future because he cannot and will not increase wages or meet any of the demands of his workers because foreign competition has put him in the position where he cannot meet them.

Mr. HOFFMAN of Michigan. Just a minute. That is not the only industry in which our people have lost jobs. There are dozens of them all over the country. I have two of them in my own district. What I cannot figure out is why you unionists have been advocating this foreign aid proposition for so long, supporting the program so consistently.

Mr. DENT. I think that unionists, like all other Americans, have a certain amount of regard for all of the peoples of the earth. They did not hesitate when called upon to pay their share toward making this a better place in which to live. In so doing they did not expect that they would use these very tools of charity, in a sense, or decency, in a second sense, or Christian impulse, in a third sense, to destroy the very means from which they got and received the money which they spend to help their neighbors.

Mr. HOFFMAN of Michigan. We are mighty grateful you are seeing the light. Now, if, on the Labor Committee, you will help write legislation that will protect all of us—then kick out the extortionists—we will be on our way.

Mr. FARBSTEIN. Mr. Chairman, I rise in opposition to the preferential motion.

Mr. Chairman, I will only take about a minute to discuss some of the points raised by the gentleman from Pennsylvania, trying to convince us that we are creating a Frankenstein, that we are creating an organization which will disrupt industry in this country. I read from page 27 of the report, which says:

Loan commitments as of April 30, 1959. Major countries. These are the countries to which we have made loans under the Development Loan Fund.

India, $175 million; Pakistan, $72.2 million; Philippines, $50 million; Iran, $47.5 million; Turkey, $47.5 million; Taiwan, $39.5 million; Yugoslavia, $27.5 million; Argentina, $24.8 million; Spain, $22.6 million; Thailand, $21.8 million. All other countries, $169.5 million.

Most of them, if not practically all of them, are underdeveloped countries. If the gentleman has any fears about competition arising from any of these countries, let them be laid at rest.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DENT. Mr. Chairman, I rise to a question of personal privilege.

The CHAIRMAN. The gentleman cannot do that at this time under the rules of the House.

Mr. DENT. Well, can I not rise to defend myself against the charges of being a hard, coldblooded isolationist? I think we better put some bill of rights in this House.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Michigan [Mr. HOFFMAN].

The motion was rejected.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS and Mr. BENTLEY objected.

Mr. MORGAN. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, the amendment offered by the gentleman from Pennsylvania, or one similar to it, is absolutely necessary in the consideration of this legislation if we are going to leave language in the bill that you find on page 13, paragraph (c). Listen to this:

Foreign currencies received in repayment of principal and payment of interest on any such loan may be sold by the Secretary of the Treasury to the U.S. Government agencies for payment of their obligations abroad.

That is going to permit the TVA—and you will recall the bitter fight we had here some weeks ago on the TVA legislation—to continue to make purchases abroad. They will borrow at a reduced rate, supposedly from the Secretary of the Treasury, these counterpart moneys to pay for these purchases that they are making abroad. If for no other reason this language ought to come out of this bill or the gentleman's amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Pennsylvania [Mr. DENT] to discuss a matter of personal privilege.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

Mr. HAYS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Chair has recognized the gentleman from Michigan [Mr. BENTLEY].

The time of gentleman from Michigan [Mr. BENTLEY] has expired. The

Chair recognizes the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, I want to say in closing that I did not have an opportunity to go through this bill as I wanted to because of a lack of time, and pick out section by section places where admission has been made by the committee itself that this amendment is needed, is required. The provision must be spelled out so that the whole world may understand. If there is no such thing as American money going into foreign competitive enterprises out of the taxpayers' pockets in this country, then this amendment can do no harm. If there is such money being spent by this Government then the taxpayers ought to be advised of it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I ask unanimous consent that the amendment be read again, in my time.

The CHAIRMAN. Without objection, the Clerk will reread the amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: On page 5, immediately below line 21, insert the following:

"(4) Immediately before the last sentence, insert the following: 'No loan may be made by the Fund for the construction, alteration, expansion, or improvement of any production facility or facilities which will engage in the manufacture of articles which will be imported into the United States and sold in the United States in competition with articles manufactured in the United States.'"

Mr. GROSS. Mr. Chairman, I support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. STRATTON].

Mr. PERKINS. Mr. Chairman, I ask unanimous consent that the gentleman from Mississippi [Mr. WILLIAMS] and I may yield our time to the gentleman from New York [Mr. STRATTON].

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. STRATTON. Mr. Chairman, I rise in support of the amendment. I intend to support this bill, H.R. 7500, because I am convinced that it is vital to our national security and a necessary weapon in the world fight against communism. The committee report expresses the point in this way: "If military aid were terminated it would require the organization of a new defense structure. The magnitude of the replanning, reorganizing, and reequipping made necessary by such a fundamental change would take several years to accomplish and add billions to our defense expenditures. Obviously this would result in a heavier tax burden and increase the drafting of young men. During this reorganization and rebuilding, and possibly thereafter, our military potential would be weakened."

During the hearings on this legislation the Secretary of Defense, Mr. Neil H. McElroy, testified as follows:

Speaking as one primarily concerned with making certain that our defense is strong enough to meet whatever tests it may face, I strongly urge support of a program which contributes so much to our own national security at so moderate a cost, and which joins the forces of the free world in an effective military alliance committed to the preservation of the peace.

The Chairman of the Joint Chiefs of Staff, Gen. Nathan F. Twining, also testified to the committee:

The military assistance program furnishes vital support upon which the effectiveness of our military alliance depends. I have already pointed out that I consider these alliances to be essential to our own national security * * * if a substantial part of the free world falls or slips behind the Iron Curtain, our chances of being able to defend ourselves must dim in proportion. The gauntlet is on the table along with the blue chips. The stakes were never higher than they are today. Any limitations or reductions in the program would virtually eliminate all modernization and force improvement needed to accomplish the military assistance program forced objectives.

In view of this testimony, as a member of the House Armed Services Committee who is vitally interested in the defense of our Nation, it seems clear that this bill must be adopted. President Eisenhower himself has repeatedly stressed its importance to our position of world leadership in the fight against communism.

But, Mr. Speaker, in voting for this legislation, I am deeply apprehensive that the funds which are being made available here may continue to be used abroad in such a way as to contribute to our own economic decline and to put American businesses and American workers out of their jobs.

The members of this committee are already familiar with the way in which America's balance of trade has been falling off and foreign imports have been affording stiffer and stiffer competition to American businesses, American working men and women, and American standards of industrial decency. I am afraid that, unless we guard carefully against it, some of the funds appropriated in this bill may be used to promote foreign industrial know-how and foreign plant construction and production at low rates of pay and under lesser standards of protection to working men and women, with the end result of destroying the jobs and livelihood of American industrial workers.

For example, Japan, which is included in this aid program, is vital to our military position. If Japan falls into the Communist orbit in the Far East the disaster will be far greater even than the loss of China. It is absolutely essential that Japan remain free and remain an ally of ours. At the same time, as the representative of a district where gloves and carpets are manufactured and where these traditional American industries provide a substantial livelihood for American workers, I know the serious threat which Japanese imports in these fields constitute, and the degree to which Japanese imports have taken away American jobs and in some cases have even brought about the collapse of American businesses. How can we possibly ask an American taxpayer to contribute out of his own income to a program which will take away his own job and livelihood?

The United Kingdom is also included in this bill for assistance under this program, and yet within recent months lower bids by English turbine manufacturers have taken away the jobs of trained electrical workers in my district in Schenectady, and, in line with a recent ruling by the Office of Civil and Defense Mobilization, threaten to take even more of these jobs away in the future. How can I ask a resident of Schenectady to pay taxes to finance a program which may end up by putting him on the unemployment rolls?

Other industries like automobiles and steel will, I predict, soon be facing these same tough and embarrassing questions. Someday there will have to be a time of reckoning. Someday we will have to face up to the question of whether we can afford to give away our own jobs and businesses to help our friends abroad. It is not an easy question to answer.

Just yesterday, Mr. Chairman, the Army awarded to the General Electric Co. in my district a contract for some $5 million for the construction of turbines for the Barkley Dam in Kentucky. Within a half hour after I received that good information from the Department of the Army, they called me back and said: "We are sorry; we have to rescind that information. The English Electric Export & Trading Co., another bidder, has protested the award of this contract to General Electric and they are taking the whole matter to the Comptroller General." In other words, Mr. Chairman, not only are foregin firms getting an increasing percent of U.S. Government business but they are now even protesting the occasional award of some of this business by our own Government to our own American firms with the prospect of more jobs for unemployed workers in our own communities. My good friend, the gentleman from New York [Mr. FARBSTEIN] read, a moment ago, a list of countries receiving help from the Development Loan Fund. He referred to the Philippines. I wonder if the gentleman is aware that the Philippines are gradually taking the glove business away from the State of New York, a business which is carried on in the cities of Gloversville and Johnstown, as everyone knows in my congressional district. I wonder if the gentleman is also aware that the carpet business is gradually moving to Japan and that people in Amsterdam in the great State of New York, in my district, are also out of work and are on relief in great numbers today, because the carpet business is going abroad, perhaps with the aid of funds which our taxpayers are being asked to contribute through this bill.

Mr. Chairman, I think this is a serious matter. Personally, I hope we can find some solution to the dilemma which confronts us here in dealing with these matters. But I do not believe we will ever find any solution until there is a clearer recognition of some of the dangerous results which a foreign assistance program can promote, and until there is more imaginative administration of this program with a view toward preventing

these results. Just as we need military allies abroad who are economically strong and militarily well trained, we also have an obligation to our own citizens to keep their jobs intact here in this country and to see that in implementing the requirements of our foreign and our military policy we are not at the same time creating dangerous and tragic portents of unemployment at home.

If this bill is to become law, I believe it certainly ought to include provisions to insure that those administering this program recognize that the welfare of American businesses and employees is no less important and no less essential than the welfare and security of those of other lands. I believe that the amendment offered by the gentleman from Pennsylvania will help to insure this result, and I urge its adoption.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I rise in support of the amendment. If I did not have some very deep convictions about this legislation, I would be totally frustrated. I heard on both the last amendment and on this one before us that the purpose of this Development Loan Fund is to assist underdeveloped free nations. I would like to know if anyone here who knows anything at all about what is going on in Yugoslavia today can tell me of any way in the world that these funds could help to develop a free nation in the case of that Communist country.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman and members of the committee, this is getting to be the most enjoyable day of my life. It takes me back to the days of William McKinley. It takes me way back to the protective tariff. Let me see. Yesterday we celebrated the 187th anniversary of the battle of Bunker Hill. You know we were not hiring people in those days to fight our battles for us. We fought our own battles. But getting back to McKinley, I am happy that the gentleman from Pennsylvania [Mr. DENT] and the gentleman from West Virginia [Mr. BAILEY]—Democrats through and through—are talking about and voting for protection. Of course it is only for protection for their people not for it as a policy. That is what we used to talk about—do you remember? Taking care of our own wives and our own families instead of fussing around buying things for strawberry blondes. Taking care of our own country. But here we are seeing that very hopeful sign of a few members realizing that the best policy is to protect our own country—not bankrupt it by wasteful spending which gets us nowhere—and tomorrow we raise the national debt limit—when today it is greater than that of all other nations. Taking care of their own people. Let me congratulate the two gentlemen—a little late—but it is a wonderful thing to see even one go down the sawdust trail.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I rise not to express an opinion at this time either for or against the amendment but to object to the cutoff of debate which prevents us from fully discussing this most important subject. I am sure all the Members are aware of numerous American firms who are losing foreign markets as the result of economic development in nations abroad. At the same time, other American firms are subject to vigorous competition in our domestic market from foreign firms whose plants and production facilities have been rapidly expanded oftentimes with our aid. I sincerely believe that in future years this question of foreign competition; the historic argument concerning tariffs and trade barriers, and the question of whether or not our funds are being diverted to compete with American industry will be a constant issue. Obviously, unemployment in specific areas in our country can even at this moment be traced to the decline of a local plant due to foreign competition. I certainly hope that in the very near future attention will be given this important matter.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, as I understand the amendment, if anything useful is to be produced which may compete with anything produced in the United States, the loan should be denied. Now that means that only useless things could be fostered with this money if this amendment were to prevail. I think that is an absurd position. Actually, as I understand the philosophy of communism, it breeds on the cesspools left by capitalism.

One of my friends puts it simply by saying that you cannot do business with paupers. If we can build up the strength of these countries so that they can resist not only communism but become better markets for the things that we do produce, I have no fear. I happen to be one of those who still believes in competition. I am sorry to see so many of my distinguished colleagues on both sides of the aisle prepared to abandon competition the moment it has to cross the national boundary line. I am not afraid of competition. Competition is what made this country great.

The same kind of argument has been used to oppose every new development. It is the same kind of argument that was raised to oppose the development of every new section of our country. I am not afraid of competition. I am not afraid to see competition from overseas. I cannot forget that I have been sent here to represent the consumers as well, and they benefit from increased production and from competition.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. I will read what Admiral Metzger, Assistant Chief of Transport, Bureau of Supplies and Accounts of the Navy, said this morning about the foreign trade of this country and the necessity of our obtaining for our U.S. economy the necessary national resources and basic materials for our domestic plants and factories.

Our U.S. foreign trade is not a matter of dollars. It is a matter of survival. We nations of the free world within our borders are have-not nations so far as natural resources are concerned.

The average person cannot visualize the vast amount and tremendous quantities moving in world trade on land, on sea, and in the air.

That means that we people in the United States are a have-not nation on our basic resources; we have to import many basic materials such as iron ore in order to keep employment going here in the United States. We need a good international trade; we need a good balanced trade that will bring these resources to us so our workmen can work on them.

The U.S. Chamber of Commerce placed itself on record as favoring this legislation and almost within the exact dollar amount of the total authorization that has been recommended by the House Foreign Affairs Committee. I include excerpts from their statement that outlines their position on the Development Loan Fund. This is the statement given by the Honorable William S. Culbertson, a distinguished son of Pennsylvania, from Westmoreland County:

In reviewing this matter last January 1959 the chamber's board of directors stated:

"Before additional obligational authority is approved for the Development Loan Fund, however, assurance should be had that knowledgeable and competent personnel will continue to administer the Fund; that full and effective coordination with other governmental agencies and private lending organizations will be endorsed; that the stated objective of fostering the role of private capital investment and enterprise be strictly adhered to; and in view of the unusual nature of these loans, that consideration in each instance will be given as to the effect of the proposed project on the American economy."

4. Programs of economic and technical assistance should be designed to provide realistic benefits to the United States as well as to the recipient countries.

We believe that these programs should assume neither the aspect of a welfare project nor that of an attempt to outbid the dubious offers of the Soviet Union. In order to add to the overall strength of the free world, their prime purpose would be to help the recipient nations in their efforts to attain economic and political stability.

Because the funds that the United States can dedicate to economic assistance are necessarily limited, the end-objectives of these programs should be to assist countries so that they themselves, by their own remedial actions, can reduce or eliminate the causes which create the need for outside assistance.

The amount of capital that can be productively invested in any given time in the less-developed countries also is limited. Ill-advised or precipitous forcing of industrialization of areas where conditions are not conducive to constructive and effective absorption of development capital should be avoided. To obtain optimum development in the less-developed nations, encouragement should be given to private enterprise, rather than to Government projects.

I would say that if we are debating issues of tariffs they should be in a tariff bill brought to the floor by the Ways and

Means Committee after study and careful study. We should not put U.S. tariff questions into a mutual security and foreign aid bill for underdeveloped countries. There is a place and a time for tariff legislation and there is a place for foreign aid legislation. We would have to give further serious study on such a broad policy recommended by the gentleman, without regular committee action and hearings.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. GALLAGHER].

(By unanimous consent, Mr. GALLAGHER yielded his time to Mr. COFFIN.)

The CHAIRMAN. The gentleman from Maine [Mr. COFFIN] is recognized for 2 minutes.

Mr. COFFIN. Mr. Chairman, I do not want to discuss further the merits of the amendment. I want to bring out the mechanics of the amendment. I cannot see how this can be worked without creating a huge inspection force. How would you know when you made a loan for factories that the articles they make would not be imported into the United States unless you had somebody to follow that commodity when it leaves the factory, when it goes to the broker, when it goes through the brokers to the hands of the exporter, when it comes to this country, and when it goes through the importer's hands? How could you do that without devoting by far the lion's share of the administration money to an inspection service, money that should be used to administer the program? I do not know.

If for no other reason this is an adequate reason why the amendment should be defeated.

The amendment is the expression of a very understandable wish, but this is not legislation that is capable of being implemented, as a matter of hard, practical fact.

I urge as strongly as I can that the amendment be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I do not believe this amendment is necessary or sound. I cannot believe that the U.S. economy and industry are so fragile that we can continue to exist only by holding back the industrial and economic development of other countries. I do not believe it is sound from either an economic or a political standpoint to put ourselves in the position of refusing to help develop the backward countries where these loans go, just because something they may produce for themselves or their area may conceivably get back to the United States when the same product is made or sold.

Actually, history shows that our greatest amount of trade consistently is with the most industrialized countries, beginning with Canada and Great Britain.

Even if we were to pass this amendment while it would retard the development of the affected countries, it would not stop it, because there are other places to which these people can and, if necessary, will turn for assistance in getting the machinery and materials and technical services they need for their development and for improving their living standards. In the meantime their frustration will undoubtedly weaken our influence with them and to that degree our security and the strength and unity of the free world. The amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close the debate.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly am in sympathy with the gentleman from Pennsylvania [Mr. DENT], because my district is next to his. Unemployment conditions in my district are even worse than they are in his.

I call the attention of the gentleman to the fact that protection is already written in the bill in sections 202(b) and 413. That, I think, will give him the protection he is after.

I ask for the defeat of this amendment.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. DENT].

Mr. DENT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the chairman appointed as tellers Mr. MORGAN and Mr. DENT.

The committee divided, and the tellers reported that there were—ayes 79, noes 170.

So the amendment was rejected.

The Clerk read as follows:

TECHNICAL COOPERATION

SEC. 204. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "$150,000,000" and "1959" and substitute "$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations Expanded Program of Technical Assistance and related fund, strike out "$20,000,000" and "1959" and substitute "$30,000,000" and "1960," respectively.

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 6, strike out all of lines 22 through 25 and insert in lieu thereof the following: "(c) Section 308 is hereby repealed."

Mr. GROSS. Mr. Chairman, this amendment would strike out the International Development Advisory Board, one of the many unnecessary boards, bureaus, and commissions in government.

Let me give you a little history of this International Development Advisory Board. On August 3, 1957, Eric Johnston resigned as Chairman of the Board. I do not know when this thing began, but it does not seem to have performed any useful function prior to that. But, on August 3, 1957, Eric Johnston resigned, Eric Johnston being the $150,000-a-year lobbyist for the movie industry and the man who comes to Congress representing the export segment of the movie industry. On August 28, 1958, more than a year later—mind you, more than a year later—an interim appointment was made of a gentleman by the name of Harry A. Bullis, chairman of the board of General Mills. Between August 1957, and August 1958, this outfit appears to have been completely inoperative except for one individual by the name of William C. Schmeisser, Jr., who was the executive director under Eric Johnston. Then Schmeisser resigned on January 12, 1958, to go over to the White House. Whose payroll he was on then I do not know, but he went over to the White House to help stage the extravaganza that Eric Johnston organized in Washington in February 1958, to do a propaganda job for the foreign giveaway program last year and extension of the so-called Reciprocal Trade Act. On August 31, 1958, 3 days after Bullis, the chairman of the board of General Mills, was appointed interim Chairman of the International Development Advisory Board, this same Schmeisser went back on the payroll of the International Development Advisory Board. Apparently Schmeisser flits around with the greatest of ease from one project to the other, wherever he is needed to do a propaganda job on the country and on the Congress.

I asked the State Department the other day for a report or reports from this Development Advisory Board since the resignation of Mr. Johnston, and there is nothing available, nothing to show for the thousands of dollars that have been appropriated to this outfit.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. LAIRD. This is the same amendment that was adopted last year by the House of Representatives on the mutual security bill offered by the gentleman from California [Mr. LIPSCOMB], is it not?

Mr. GROSS. I do not recall, but if it was offered by the gentleman from Wisconsin I know I supported it.

Mr. LAIRD. Well, the House adopted an amendment which accomplished the same thing last year and which passed the House, and it did the very same thing that the amendment of the gentleman from Iowa does.

Mr. GROSS. My amendment would repeal the provision in law which provides for the establishment of the Board.

Mr. LAIRD. The House conferees gave in to the Senate position, and they restored the language.

Mr. GROSS. At any rate, let us stop this waste of money. We are spending thousands of dollars on a Board that does not function. Let us give it another whirl and try to get it out of here.

This Government has no more need for it than a bullfrog has for feathers.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

The gentleman from Wisconsin is right. The gentleman from California last year offered an amendment on the floor to strike out section 308, and it carried. Of course, section 308 was put back in in conference at the insistence of the Executive and the Senate conferees.

Now, last year the Board was inactive, I agree with the gentleman from Iowa, but it was reactivated late last year. It has held two meetings already this year, one in February and one in March. The Board is active. It has been assigned some specific duties under the Under Secretary of State, Mr. Dillon. They are now working on an analysis concerning the utilization of counterpart funds abroad. The Board is headed by some very fine business people, some outstanding business people in the United States. Let me give you their names:

Henry A. Bullis, Chairman, Minnesota, chairman of General Mills, Inc. Chairman requires Senate confirmation.

Allan B. Kline, Illinois, past president, American Farm Bureau.

Mrs. Olive Ann Beech, Kansas, president, Beech Aircraft Industry.

Harvey S. Firestone, Jr., Ohio, chairman, Firestone Tire & Rubber Co.

Edward S. Mason, Massachusetts, professor of economics.

Clark Kerr, California, University of California.

Lloyd A. Mashborn, California, general president, Wood, Wire, and Metal Lathers International Union.

Richard H. Amberg, Missouri, publisher, St. Louis Globe-Democrat.

Peyton Anderson, Georgia, publisher, Macon Telegraph and Macon News.

Leonard B. Jordan, Idaho, former Governor of Idaho.

Lowell T. Coggeshall, Illinois, dean, division of biological sciences, University of Chicago.

Edwin B. Fred, Wisconsin, president emeritus, University of Wisconsin.

Robert W. Purcell, New York, chairman, International Basic Economy Corp.

Mr. GROSS. I have no doubt that it is a blue-ribbon committee. We have all kinds of them around here telling us what we ought to do and lobbying the Congress to put over various enterprises. I have no doubt it is a blue-ribbon committee, but what has it contributed for what has been spent on it by the taxpayers of this country? Understand, this is the taxpayers' money, not our money, that we are spending for this outfit.

Mr. MORGAN. I think the people who make up this Board are among the biggest taxpayers in this country. I am sure they are not out to waste a single dime of the taxpayers' money. I am sure the work that is assigned to them by the executive branch of the Government is work that is going to help the program. It is not going to be a waste of the taxpayers' money.

Mr. GROSS. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. GROSS. Tell me what this Board has done in the last year and a half.

Mr. MORGAN. I am saying that this is a new Board; it has been reactivated with new membership.

Mr. GROSS. In other words, they have not done anything for the last year or year and a half?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Mr. Chairman, the first meeting of the reconstituted Board took place in February or March of this year. I am sure that the gentleman and everybody else in the House wants to have a group of outstanding citizens of our country who have no personal stake in this agency to watch it, to criticize it and make constructive suggestions where indicated, in order to make it more effective, if we are going to have the program at all. This amounts to a cost of less than $100,000 to study and help improve the program year by year. It would seem to be penny wise and pound foolish to eliminate this Board.

Mr. GROSS. Mr. Chairman, if the gentleman will yield further, what about the Draper Committee that got $400,000 out of the President's so-called emergency fund? What was the function of that outfit?

Mr. JUDD. That was a study of the military assistance program, because of the demands in Congress and elsewhere that it be reevaluated. This Board is to study the operations of the technical cooperation program and the Development Loan Fund which many people believe are the two best parts of the whole program.

Mr. GROSS. How many more of these do you have roaming around?

Mr. JUDD. No others. The Draper Committee was a temporary committee set up to look into criticisms being made. This Board is authorized in the mutual security legislation. Its sole purpose is to have an independent group to study and to ride herd on the agencies, if you wish, to try to make the program what it should be.

Mr. GROSS. What is the State Department doing that we have to go out continually and forever establishing new committees and new commissions and special commissions and special committees, and so forth? What is the State Department doing with the personnel that they have?

Mr. MORGAN. The State Department is doing a real good job but this Board will bring in fresher views, new views, and can give valuable guidance to the Department of State. They will help find the answers to some of the criticisms that have been made of the program, such as those that have been offered by the gentleman from Iowa [Mr. GROSS].

Mr. Chairman, I ask that the amendment be defeated.

Mr. LIPSCOMB. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think it would be well if we reviewed our action of last year and what the situation is at the present time.

This Board was established in 1950. The Congress of the United States appropriated, up to fiscal year 1958, over $324,000 for its operation. It is hard at this moment to tell what value this Board has been over the past 8 years.

Last year we appropriated around $49,000 for the operation of this Board. As has been stated, the situation last year was this. There was no membership on the Board. All of the appointments had expired as of September 1957. There was no staff. The House of Representatives last year adopted a similar amendment that is being offered. The bill went to the other body. They reinserted the section in the bill and in conference the House agreed with the Senate. Therefore we have had this Board on the books since then.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. LIPSCOMB. I yield to the gentleman.

Mr. MORGAN. We were assured in conference that the Board would be reactivated.

Mr. LIPSCOMB. That is right. The distinguished chairman made the statement to me on the floor during the debate, that this Board would be active. But the actual facts are these. The Board was not active during this last year. Only on February 3 of this year were the 12 members of the Board appointed. Mr. Harry A. Bullis is the Chairman of this Board. He was formerly chairman of the board of General Mills. He had an interim appointment as of August 28, 1958. The Senate confirmed him on January 28, 1959.

William C. Schmeisser, the Executive Director, resigned on January 12 of 1958. As has been pointed out previously, he went to work for Eric Johnston on the Conference on Foreign Aspects of U.S. National Security. He was reappointed to this Board as Executive Director, on August 31, 1958.

This Board has requested authorization in this bill of $100,000. That is an increase of $55,000 over what they had in the past year. They asked for and attempted to justify more travel, more consultants, and more staff.

One of the things that is significant is the appointment of their subcommittees. They have appointed a subcommittee entitled "Public Understanding" and, according to the testimony in the record at page 848 of the hearings, John O. Bell, who is the Special Assistant for Mutual Security Coordination, State Department, when asked what this would mean, said:

> We have asked them [the Board] to look at the question of how to get a better understanding of this program in the public mind in the United States, and we have asked them to feel free to provide us with any criticism, opinions, or other ideas they may have.

This is a subcommittee of this Board to study how to propagandize the citizens of the United States. I do not know what justification they have to do this. It does not seem to come within the authorization of this act, in my opinion.

Here we have a Board that is not essential. We have plenty of experts in our Government to do the same job that they are proposing to do. We have distinguished and capable committees of the House of Representatives and of the other body to look into the matters that this Board is proposing to study. Here is an opportunity for the Congress to save $100,000 and at the same time abolish a nonessential Board.

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment.

It has been said when a person finds himself in darkness, he should light a candle and not curse the darkness. We know of the many objectives and criticisms that have been made of the mutual security program. Here is a provision in the law intended to shed light on some of these objections and criticisms. When you consider the amount of money involved in these programs, I am sure you will agree that money spent to assure that the policy behind them is wise is money well spent.

Let us see what this amendment is. We are asked to strike section 308 from the law. Section 308 of the mutual security act as it appears on page 79 of the committee's report under the Ramseyer rule is as follows:

SEC. 308. INTERNATIONAL DEVELOPMENT ADVISORY BOARD.—There shall be an Advisory Board, referred to in this section as the "Board," which shall advise and consult with the President * * * etc. With respect to general or basic policy matters arising in connection with the operation of programs authorized by this title, title II, and section 413(b).

When section 308 speaks of "this title" it refers to technical cooperation. When it speaks of title II, it refers to the Development Loan Fund. Section 413(b) of the law has to do with emphasizing and encouraging private enterprise to participate in economic development.

Section 308 provides for a Board composed of people representing business, labor, agriculture, public health, and so on. Their advice on policy matters could be of great value. It would be a mistake to eliminate this section. I hope that the amendment will be defeated.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I am glad to yield to the gentleman from Florida who has spent so much time in studying this program.

Mr. HALEY. Has this Board ever made a report to the Committee on Foreign Affairs of the House of Representatives?

Mr. CURTIS of Massachusetts. I understand the new Board has just been constituted and has not had time to report.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield.

Mr. JUDD. The gentleman from California a few moments ago read one paragraph of the testimony of Mr. Bell. I know that he was pressed for time, and I would like to read the next paragraph in his statement. It was as follows:

They are independent (that is the Board). They do not have to have their findings approved by us (that is the ICA). They provide us with a cross-section of opinion as to how we can improve the administration and activities of this program.

Surely that is just what we want the Board to do.

Mr. CURTIS of Massachusetts. Mr. Chairman, before I yield to the gentleman from California, I would like to ask him whether he does not want to have further light shed on the policy problems that are confronting us in these complicated programs.

Mr. LIPSCOMB. I do not feel that a Board under the same general setup which was so wanting in the past can offer anything to the Congress or be a constructive advisor to the administrators of this program.

It has been asked if this Board had made any reports in the past.

They have made reports in the past; I think they made some 18 reports. One of the reports they issued in the past was entitled "Background Information Relating to the Problem of Unemployed Intellectuals in Countries Receiving U.S. Foreign Aid."

I do not see how you can possibly determine from the past record that this Board has been of much value over the period of years. I think we should let the State Department, ICA, and other qualified agencies do this work.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Massachusetts. I yield.

Mr. JUDD. I cannot think of anything that is much more important than to try to get into useful work and productive activity the intellectuals who are unemployed in the underdeveloped areas. The first target of the Communists in any country, even including the United States, are the intellectuals who, for whatever reasons feel frustrated and dissatisfied. These are the ones in China, India, and other countries who go after communism most readily because it promises to give to them significant work to do and a sense of importance—all this and heaven, too. I do not know anything better that the Board could do than try to find ways, if it can, to help some of those persons find useful and satisfying work in helping build up their own countries. At present they are the most fertile soil for subversion—and that is a greater danger in most of the less developed countries than actual aggression.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly would not want to oppose the chairman who has spoken in opposition to this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN. At the conclusion of the time of the gentleman from Ohio [Mr. HAYS]?

Mr. MORGAN. At the conclusion of his time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAYS. Mr. Chairman, I would not want to oppose the chairman, as I was saying, nor do I want to intervene in the internecine warfare on the Republican side, because this is an amendment, as far as I am able to find out, to abolish a commission composed of 100 percent Republicans. I am just telling the Democrats for their information and they can be guided accordingly.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken, and the Chair being in doubt, the Committee divided, and there were—ayes 57, noes 62.

Mr. GROSS. Mr. Chairman, I ask for tellers.

Tellers were ordered and the Chair appointed as tellers Mr. GROSS and Mr. MORGAN.

The Committee again divided, and the tellers reported that there were—ayes 75, noes 74.

So the amendment was agreed to.

The Clerk read as follows:

SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 205. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), strike out "1959" and "$202,500,000" and substitute "1960" and "$250,000,000", respectively.

(2) In subsection (c), insert "(1)" immediately after "specify,", and immediately after "ideas and practices of the United States," insert "or (2) for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States,"; and in the last sentence of such subsection, immediately after "as amended," insert "and notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act,".

(3) Add at the end of such section 400 the following:

"(d) Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President is authorized to use foreign currencies accruing to the United States in any Latin American country under this or any other Act (other than under title II of chapter II of this Act) in such amounts as may be specified from time to time in appropriation Acts for the purpose of making loans for land resettlement programs described in clause (C) of subsection (b) of this section."

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and

the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

(c) In the first sentence of section 402, which relates to earmarking of funds, strike out "1959" and substitute "1960."

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "$8,200,000" in the first sentence and substitute "1960" and "$7,500,000", respectively.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out "1959" and "$1,200,000" and substitute "1960" and "$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "$8,600,000" and substitute "1960" and "$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "$11,000,000" and "1959" and substitute "$12,000,000" and "1960", respectively.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960"; and strike out the proviso in the first sentence.

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five."

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "$2,100,000" and substitute "1960" and "$2,300,000", respectively.

(j) Section 410, which relates to Control Act expenses, is repealed.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "$33,000,000" and substitute "1960" and "$39,500,000", respectively.

(2) In subsection (c), strike out ", not to exceed $7,000,000 in any fiscal year," and insert before the period ", and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided*, That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objective of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct".

(l) Amend section 413, which relates to encouragement of free enterprise and private participation, as follows:

(1) In subsection (b)(4)(B)(ii), insert before the semicolon ", revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection".

(2) In subsection (b)(4)(F), strike out "$500,000,000" and substitute "$1,000,000,000".

(3) In subsection (c), delete the words "a study" following the words "shall conduct" and insert in lieu thereof "annual studies"; insert immediately before the period at the end of the first sentence the following: ", and to the net position of the United States in its balance of trade with the rest of the world"; and in the final sentence delete the word "study" following "such" and insert in lieu thereof "studies".

(m) In section 419(a), which relates to atoms for peace, strike out "1959" and "$5,500,000" in the second sentence and substitute "1960" and "$6,500,000", respectively.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 7, line 8, strike out "$250,000,000" and insert in lieu thereof "$171,800,000".

Mr. BENTLEY. Mr. Chairman, this is an amendment to reduce the amount authorized for special assistance. Last year the Congress appropriated the sum of $200 million for this purpose. This year the administration requested $271.8 million, which the committee cut to a sum of $250 million. My amendment would cut this amount further by a total of $78.2 million, or a total reduction from the administration request of $100 million.

Now, Mr. Chairman, I would like to tell the committee just briefly what special assistance is. Special assistance is economic assistance on a grant basis. I repeat this. Special assistance is grant economic assistance. There is no loan feature about it at all. It is designed for those countries, Mr. Chairman, in which either we have none or very little military assistance. It is designed for countries where the Development Loan Fund could not apply; in other words, the countries that are to get this grant assistance are not even good loan risks under the terms of the Development Loan Fund and where technical cooperation is impossible.

Mr. Chairman, there are a number of countries that receive special assistance or that are programed to receive special assistance, and some of them, I will admit, are very worthy recipients, but on the other hand I maintain that some of these countries I do not think the United States has any business assisting at the present time. In view of the impossibility of spelling out which country is to get special assistance and which country is not to get special assistance, I offer this cut in the belief that the committee will agree with me that some of the countries which I am about to read do not require grant economic assistance at this time, and I will now read these.

There is a very small token grant for West Berlin, which, we all want to support, but is perfectly capable of being economically supported by the Federal Republic of Germany. Here are the countries: Afghanistan, Bolivia, Burma, Ethiopia, Haiti, Indonesia, Israel, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, and Yugoslavia.

As I say, Mr. Chairman, this is grant economic assistance which is designed to go to these various countries. The amounts on a regional basis, not by country breakdown—because that is entirely classified—can be found on page 34 of the committee print.

On page 35 of the committee print are certain reasons the committee set forth for justifying its aid programs, and I would like to read two or three:

Bolivia has been assisted in the crucial phases of an effort toward economic stabilization, with a major upheaval and change of political orientation having been avoided.

I remind the Committee of the fact that not too long ago there was a rather substantial upheaval in Bolivia when certain stories came out in one of our better-known magazines, and there was certainly very decided resentment against it at the time.

Yugoslavia, in the face of aggressive Soviet economic action in curtailment of credits, has maintained its national independence of the Soviet bloc.

I leave it to the Members of the Committee to determine just how nationally independent Yugoslavia is of the Sovie bloc.

Now, I repeat, Mr. Chairman, I think there are some countries in which this special assistance program is probably justified, but there are several countries, including some of those that I have not mentioned, where I think the program is not only unnecessary but where I actually think it constitutes a certain amount of bribery and blackmail in these countries to achieve American objectives. I cannot go further into that right now without revealing classified information, but if the Members are interested, they can go up to the tables and look at these vast numbers of volumes and read some of the classified information and see for just what purpose special assistance funds are being used.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in some of these countries that my distinguished colleague from Michigan has mentioned, the United States maintains vitally important air bases and facilities; for instance, in the countries of Morocco and Ethiopia. There are other countries where the preservation of their independence is identified with the United States and the free world, where it is abundantly necessary that we aid them by granting economic assistance, where they cannot qualify for the Development Loan Fund or the defense support program.

This special assistance program has for its purpose to develop and maintain the economic stability and growth of these countries and to insure their identification with the free world and their independence. Since the special assistance funds are so closely connected with the well-being and security of the United States, any further reduction would be ill advised. I do not know where the gentleman from Michigan would start his cuts. We listened to arguments yesterday why we should not advocate high defense and military assistance to these countries. We had it pointed out to us clearly that there were areas where we should assume the beneficent attitude of wanting to help people who are in need of help and who are seeking the free way of life. I do not know what countries we can cut out of this program. Let me point to some of these countries. For instance, Burma, Indonesia, the city of West Berlin—they are vitally dependent on our aid. It is true that in West Berlin we have only a token figure, some $2 million.

Mr. BENTLEY. Mr. Chairman, may I remind the gentleman that that figure is classified.

Mr. GALLAGHER. It may very well be classified, but I want to make it abundantly clear here today that these programs are necessary. Our military leaders feel they are necessary. The administration feels they are necessary. The argument was raised on the world Development Loan Fund that the figure

requested by the administration is necessary. The same argument is equally applicable here so that we can carry out this program.

There is a $35 million program here for the eradication of malaria. We have a $5 million program designed to combat water-borne diseases. These are programs in which we may be guided by the lights of national responsibility and humanitarian purpose with a desire to further the free way of life. We can be further guided by the lights of those who want to follow the democratic way of life so that by helping these people, they will be able to help us and support our way of life. This is the purpose of the mutual security program.

Therefore, I urge that this amendment be defeated.

The executive branch requested $271,800,000 for special assistance. The committee bill authorizes $250 million, which is a reduction of $21.8 million below the executive branch request. A further cut should not be made because the programs under "Special assistance" are vital to our own security.

Special assistance is economic aid and includes a number of types of aid which do not belong under other headings, including (a) economic assistance to countries where the United States is not providing military assistance in support of significant forces and where technical assistance or the Development Loan Fund would not be adequate to meet U.S. objectives; (b) a malaria eradication program of $35 million; (c) $5 million for a program designed to combat waterborne diseases; (d) $1 million for international medical research; (e) $5 million for aid to American-sponsored schools abroad; and (f) $5 million to establish an investment incentive fund so as to increase the participation of U.S. private enterprise in the development of the less developed countries.

Special assistance will be furnished to 16 countries and to West Berlin. The 16 countries are Indonesia, Burma, Nepal, Yugoslavia, Haiti, Bolivia, Morocco, Tunisia, Libya, Sudan, Ethiopia, Somalia, Liberia, Jordan, Afghanistan, and Israel.

Bilateral special assistance has one or more of the following objectives:

First, to develop or maintain economic stability and to support economic growth in countries in order to insure continued independence or identification with the free world; and

Second, to help to secure or maintain U.S. military bases.

It is essentially economic assistance furnished for political reasons or furnished in countries where defense support is inappropriate.

A look at the countries which are receiving special assistance makes it abundantly clear that these are some of the most sensitive areas in the world. For example, Jordan, Morocco, and Tunisia are the three largest recipients of our special assistance.

That form of aid which is known as special assistance has achieved outstanding successes. Among these successes have been those outlined on page 35 of the committee report, as follows:

1. Strategic bases, outside of our territory, have been retained.
2. Jordan has preserved its independence.
3. Lebanon has been helped to meet the economic dislocations of the internal crisis of 1958 and to restore reasonable stability.
4. Tunisia, despite strong anti-Western pressures, has retained its freedom of action.
5. Bolivia has been assisted in the crucial phases of an effort toward economic stabilization, with a major upheaval and change of political orientation having been avoided.
6. Yugoslavia, in the face of aggressive Soviet economic action in curtailment of credits, has maintained its national independence of the Soviet bloc.
7. In West Berlin, continued U.S. economic assistance on a modest scale has contributed to maintaining the Western position in this free enclave in a Soviet-controlled area.
8. U.S. initiative and sharing in the costs of the malaria eradication program, now in its second year of operation, have provided the major impetus in this worldwide program to eliminate malaria.

The United States maintains vitally important airbases and facilities in Morocco, Libya, and Ethiopia. The preservation of the independence of Jordan and Tunisia are important to our security and to the security of the free world.

The committee was assured by the executive branch that special assistance would be provided to Israel and it is from these funds that any grant assistance which Israel will receive will come. It is necessary if we are to continue our encouragement and assistance to that bastion of democracy in the Near East, Israel, that we do not reduce this amount.

Since the special assistance funds are so closely connected to the well-being and to the security of the United States, any further reduction would be ill advised. These funds are necessary to help us preserve base rights in sensitive areas. They are necessary to help us maintain stability in areas where there is serious danger of Communist or other subversion. A reduction in these funds might well mean serious damage to the United States.

I urge defeat of the amendment. I advocate no reduction in this important fund.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as already stated, the executive branch requested $271,800,000 for special assistance. The committee went over this program very thoroughly and reduced the executive request to $250 million. This is a special program that has a great deal of human appeal. Besides, it is a program that is tied, part and parcel, to our own defense system.

I am sure the gentleman will concede that without special assistance some of our bases in North Africa that are now manned by our great Air Force would not be possible. This is a very, very vital part of the mutual security program. If you will read the report you will find some of the reasons why special assistance should be continued in the full amount requested by the executive branch.

Strategic bases, outside of our territory, have been retained.

Jordan has preserved its independence.

Lebanon has been helped to meet the economic dislocations of the internal crisis of 1958 and to restore reasonable stability.

Tunisia, despite strong anti-Western pressures, has retained its freedom of action.

In West Berlin, continued U.S. economic assistance on a modest scale has contributed to maintaining the Western position.

U.S. initiative and sharing in the costs of the malaria eradication program, now in its second year of operation, have provided the major impetus in this worldwide program to eliminate malaria.

The malaria program is now in its third year. It is a worldwide program to conquer malaria and it is a very successful program.

This item also has $1 million in it for international research on cancer and heart disease.

This program has been cut to a bare minimum by the committee. The Executive is going to need every dime of the $250 million. It is a good program, and I ask for the defeat of the amendment.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. BENTLEY. Last year the appropriation for this program was $200 million. I am asking the chairman if the program suffered thereby.

Mr. MORGAN. There are additions to the program that are new.

Mr. BENTLEY. Oh, we are expanding the program?

Mr. MORGAN. The malaria program is in its third year and there are many other programs that require the extra money.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I strongly oppose the amendment to cut the special assistance funds in this 1959 foreign aid bill. We had the Jordan and Lebanon crises last year that were a real problem, and we were able to surmount those because we had adequate funds and forces.

Likewise we have had the Berlin crisis come since, and I certainly do not want the people of Berlin to feel that we are going to let them down in any respect. We must stand up for our good friend, Israel, that was put in this special assistance program really by the House Committee on Foreign Affairs, and because it is not an administration request, Israel will be the first one out.

The United Nations Emergency Force funds are likewise supplied by the special assistance provisions, which assures a guard for peace in the Mideast, and it would be serious to eliminate this.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield at that point?

I want to challenge the gentleman's assertion that the administration is not in favor of aid to Israel.

Mr. FULTON. The administration is in favor of aid to Israel. But several members of the Foreign Affairs Committee are the people that got the State Department to assure us that Israel would be in the program under special assistance. Can the gentleman tell me whether Israel was in the bill for special

assistance when the administration request came out? Of course, Israel was not, I will say to the gentleman from Michigan and he knows it.

May I finish further.

Here is our opportunity in Latin America to make good to them when we are not going to give them the full arms aid which they had expected. Here is a chance to show Latin America we stand behind them as good neighbors to help them move forward in the economic development of underdeveloped areas.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. LAIRD. I would like to ask the chairman a question. It is my understanding that there is $5 million here for research work which is going to be carried on through the World Health Organization in the field of medical research. Is it not true that the World Health Organization reduced the amount at the recent meeting so that the maximum amount that is going to be expended by that World Health Organization is $500,000, of which the United States will only contribute approximately $200,000 instead of the original request that was contained in this bill?

Mr. MORGAN. There is $3 million for the malaria fund for WHO.

Mr. LAIRD. I am talking about the medical research fund.

Mr. MORGAN. There is $3 million for the malaria fund which is controlled by the World Health Organization.

Mr. LAIRD. And there is $5 million for the medical research program; is that not correct?

Mr. MORGAN. There is only $1 million here for the medical research.

Mr. LAIRD. It is my understanding that that was going to be the U.S. contribution to the World Health Organization.

Mr. MORGAN. That is true. It is only $1 million and not $5 million.

Mr. LAIRD. I think there is more money provided here in the bill than will be necessary to make the U.S. contribution.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to point out further the Hungarian refugee support has been in this special assistance fund as well as the escapees and refugees from behind the Iron Curtain countries. We do need this money and strongly need it.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY), there were—ayes 40, noes 101.

So the amendment was rejected.

Mr. GARY. Mr. Chairman, I have an amendment to the bill at page 7. The gentleman from Pennsylvania [Mr. FULTON] has an amendment to a provision of the bill on page 12. I have another amendment to page 13. They all relate to the same subject and I do not think there is any controversy concerning them. Therefore, Mr. Chairman, I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. GARY]?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. GARY: On page 7, in lines 17 and 18, strike out the matter which reads as follows: "section 1415 of the Supplemental Appropriation Act, 1953, or."

On page 13, strike out lines 14 through 23 and insert in lieu thereof the following: "Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation acts."

On page 12, line 13, immediately before "translation", insert "purchase dissemination and"; and on page 12, line 13, immediately before the period insert ", in such amounts as may be specified from time to time in appropriation acts."

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield.

Mr. ZABLOCKI. It is my understanding that the committee is going to accept the gentleman's amendments. I would like to inquire of the gentleman whether he can give me some assurance that the Appropriations Committee will give early consideration to the proposal in section 205; and secondly, will the acceptance of the gentleman's amendments prevent the International Cooperation Administration from utilizing foreign currencies available under the authorization of section 104(e) of Public Law 480?

Mr. GARY. It would not. The effect of the amendment to section 205 is merely to prevent the bypassing of the provisions of section 1415; and I, as one member of the Appropriations Committee certainly will say that I am thoroughly in accord with all three sections of the bill which permit the use of local currencies for the purposes stated and I certainly would do whatever I could to see that the proper appropriations are made to carry them out.

Mr. ZABLOCKI. I thank the gentleman.

Mr. GARY. I feel that the foreign currencies should be used wherever they can in the place of dollars, but the Congress should retain control over them. That is all these amendments attempt to do.

May I explain that the amendment to section 401 on page 12, line 13, is the amendment of the distinguished gentleman from Pennsylvania [Mr. FULTON], and I am offering it on his behalf and requesting that it be considered en bloc with my amendments in order to save the time of the House.

Mr. MORGAN. Mr. Chairman, after a careful examination and consultation with the ranking minority member, the committee accepts all three amendments.

The CHAIRMAN. Without objection, the amendments are agreed to.

There was no objection.

Mr. WOLF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLF: On page 8, line 16, strike out the quotation mark and immediately below line 16 insert the following:

"SEC. 401A. (a) In keeping with the purpose and objective of the Mutual Security Act, to assist in stabilizing economies, to promote the use of the greatest asset of the United States, and to help eliminate famines and hunger in ways that will promote economic development, the President is authorized during the ten-year period which begins on the date of enactment of this section upon the request by the Secretary General of the United Nations to furnish, without charge, to the United Nations or to any agency thereof, from stocks of the Commodity Credit Corporation, commodities which are surplus, as determined by the Secretary of Agriculture. In making such commodities available to the United Nations or any of its appropriate agencies, the United States shall enter into agreements with the United Nations or any of its appropriate agencies providing that—

"(1) Such commodities shall be used in underdeveloped areas to further (A) industrialization and basic capital improvements including (but not limited to) community development projects, harbors, roads, canals, bridges, schools, factories, dams, and the like; (B) education and educational programs including (but not limited to) school lunch and school clothing programs; (C) national food and fiber reserves.

"(2) The United States will pay the costs of transportation of such commodities within the United States to ports of embarkation; and will pay ocean charges.

"(3) Such commodities shall not replace in the countries of use the usual domestic production or imports of the same or similar commodities;

"(4) Such commodities shall be used solely for domestic consumption in the country to which exported, and shall not be reexported nor shall such commodities be used to replace commercial exports from the United States;

"(5) The President will be kept continually informed with respect to the activities made possible by, and uses made of, commodities furnished by the United States under such agreements, and with respect to whether or not the objectives of the United Nations are being carried out through the programs undertaken pursuant to this Act.

"(b) Agreement shall not be entered into under this section which will call for the furnishing in any calendar year of agricultural commodities representing an investment by the Commodity Credit Corporation in excess of $250,000,000.

"(c) The President is authorized to cooperate with the Secretary General of the United Nations in bilateral and multilateral operations with other member nations of the United Nations that wish to further their own economic well-being and the objectives of the United Nations through the contribution or use of surplus foods and fibers."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Iowa is not germane to the pending bill.

Mr. WOLF. Mr. Chairman, will the gentleman withhold his point of order until I have made my statement?

Mr. TABER. I do not think I ought to do that.

The CHAIRMAN. Does the gentleman from Iowa [Mr. WOLF] desire to be heard on the point of order?

Mr. WOLF. Mr. Chairman, I think my statement will cover the point of order.

The CHAIRMAN. The Chair wants to hear the gentleman on the point of order. The Chair will hear the gentleman on the germaneness of his amendment.

Mr. WOLF. Mr. Chairman, I feel very sincerely this amendment is germane to the bill. I feel that we are dealing with mutual security; and, surely, the first security of every human in the world is food. That is the basic necessity of mankind. When you are talking about mutual security you are talking about food as a beginning.

Mr. FULTON. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. FULTON. Mr. Chairman, in support of the gentleman's amendment, may I say that in both the years 1956 and 1958 the House amended Public Law 480 under the mutual security program, and we amended it by saying how foreign currency shall be distributed; so that we have in this particular Mutual Security Act referred to the distribution of U.S. agricultural surpluses abroad. Already we have a legislative history on that.

The CHAIRMAN (Mr. MILLS). The gentleman from Iowa [Mr. WOLF] offers an amendment to which the gentleman from New York [Mr. TABER] makes the point of order that it is not germane to the bill before the Committee.

The Chair has had an opportunity to examine the amendment, also the Mutual Security Act of 1954, as amended, particularly title IV thereof, which has to do with special assistance and other programs, and calls attention to the fact that in title IV there is specific mention of surplus agricultural commodities pursuant to the Agricultural Trade, Development, and Assistance Act of 1954.

The Chair feels that this amendment is germane to the bill now before the Committee, and, therefore, overrules the point of order made by the gentleman from New York.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. WOLF. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WOLF. Mr. Chairman, I do not wish to yield any further until I have completed my statement. I feel my position very strongly, and I feel that interruptions would interfere with my statement.

Mr. Chairman, this is a food-for-peace amendment.

I want to state that the President of the United States in his state of the Union message recommended and asked for a food-for-peace program. We have stated in our platforms that we want a food-for-peace bill.

I sincerely believe that my amendment effectuates the objectives of both parties.

I consider the chairman of the Foreign Affairs Committee one of my closest friends and advisers in the House, and I compliment him for the work which he and the membership of the committee have done.

I believe, Mr. Chairman, that defense weapons and technological development have important places in the plan as a whole, but I feel strongly that our agricultural abundance can be used more effectively than it has been as an instrument of our foreign policy.

There is no question that in many of the underdeveloped countries the rate of progress which our technical aid would make possible would be accelerated if the underfed peoples could be assured of adequate diets.

Lack of food and clothing undermines the health, welfare, and morale of people. When adequate supplies of food do not exist, it is impossible for people to divert their productive efforts for any purpose other than the obtaining of sufficient food and fiber. Hence, certain basic capital improvements, such as harbors, roads, canals, and others, cannot take place.

Mr. Chairman, America's agricultural abundance is the greatest single asset we have with which to fight the cold war, but it is consistently the last resource considered, if at all.

We know that it is now possible for food to be used directly in economic development.

Various studies have shown that food and clothing could be used on community development projects in lieu of money payments to previously unemployed workers.

By using our food and fiber resources in this way, the importing nation would be able to take care of the increased demand for food without causing inflation. Furthermore, by using food in this manner, the participating government would be able to utilize capital for increased industrialization rather than diverting this capital for some labor payments or for the procurement of food. Education programs may also be developed.

Agreements would include the use of our food and fiber for the purpose of building national food and fiber reserves in nations susceptible to droughts, floods, or famines. Nations susceptible to such conditions are more likely to be in danger of political, economic, and social instability. Furthermore, such nations are forced to cut back on industrialization. These problems can be averted with adequate national food reserves.

Under the terms of my amendment, agreements may be made for food and fiber resources between the Secretary General of the United Nations and the President during a 10-year period from the date of enactment of this act. The food and fiber resources to be made available for this program are those commodities held by the Commodity Credit Corporation.

It should be understood that as presently contemplated, there will be no costs to the United States beyond that amount already authorized to the Commodity Credit Corporation.

Mr. Chairman, I firmly believe that food and fiber may be used effectively in promoting strong economic conditions, and fostering hope, confidence and human dignity in areas now underdeveloped.

Mr. Chairman, the adoption of my amendment will show the people who are in need of food that the United States is interested not only in their economic development and their military security but in their own personal well-being.

Instead of being a costly and an extravagant program, it will actually save the United States money. This saving will be accomplished in the following way:

Each year it costs us $28 million to store the $250 million worth of food authorized to be distributed by my amendment. It will cost approximately $40 million to transport the amount authorized.

If for 10 straight years the maximum amount of food and fibers were distributed to the areas of the world which need it, we would have distributed $2,500 million worth of food at a cost of $400 million. By doing so, we would have saved $1,540 million in storage costs. Deducting from this the transportation costs involved we come up with a net saving of $1,140 million.

Let me illustrate:

[In millions]

Year	Amount of food distributed	Amount saved from storage	Cost of shipping
1st	$250	$28	$40
2d	250	56	40
3d	250	84	40
4th	250	112	40
5th	250	140	40
6th	250	168	40
7th	250	196	40
8th	250	224	40
9th	250	252	40
10th	250	280	40
Total		1,540	400

So, if my amendment were enacted and implemented over a 10-year period, we would actually save ourselves $1,140 million over and above transportation costs.

Not only would the recipients of this food be happier because of their increased physical well-being, but they would be better able to apply their energies and their thoughts to pursuits which would contribute to their national development.

I would like to close my statement with reasons for attaching this amendment to the Mutual Security Act and putting the plan through the United Nations rather than on a strict bilateral basis.

Today many of the underdeveloped nations of the world look to the United Nations as their protector, as their hope for peace and security. They look to the United Nations because they owe a large degree of their sovereignty and independence to the United Nations.

By proposing an expanded economic industrial development program for the

United Nations which will have as one of its basic features part of our agricultural resources we will have done much to prove our hope that people all over the world may live in dignity and enjoy freedom from want. Furthermore, we will be showing the world that we hold the United Nations as a great instrument for peace and security in this world.

I would like to close my statement by showing you this picture here. This is their food. This is their mutual security. This is the food that they must have in order to subsist. It begins in the home, with the wives and the children.

The CHAIRMAN. The chair recognizes the gentleman from Utah [Mr. KING].

Mr. KING of Utah. Mr. Chairman, I rise in support of the amendment. This is one of the very rare occasions in which the liberal and the conservative may join hands firmly and sincerely in the support of legislation which represents the best interests of each.

The surplus-reduction program proposed in this amendment promises to alleviate one of the most perplexing and distressing problems in the American economy, the problem of our vast and growing agricultural surpluses.

It also promises to alleviate the most pressing social problem on the globe. This problem is starvation.

The latter makes the liberal's duty on this legislation very clear. The liberal measures legislative values invariably, though not exclusively, by social and human need. His senses of justice and morality are shocked by the very existence of food and fiber surpluses in a world which leaves a majority of its population inadequately clothed and poorly fed. And his same senses are shocked in the extreme by the knowledge that these surpluses rot in storage bins while many nations find economic and social progress impossible simply because their energies are wholly consumed in the quest for the food and fiber they must have to survive.

But I am equally certain the conservative, whose creed stresses fiscal solvency and whose political instincts seek the economic justification in every legislative measure, also sees the merit of the bill.

Our surpluses are now so vast that their storage is a heavy economic burden. We have nearly $9 billion worth of surpluses under loan and storage. The storage costs on them now run approximately $600 million annually with the prospect of its going much higher by the end of this year. We have approximately 1,260 million bushels of surplus wheat, and the storage costs run a minimum of 18 cents a year on every bushel.

For slightly more than twice that amount, for about 40 cents a bushel, we can ship surplus wheat to other continents. In other words, we can put the wheat in the hands of people who desperately need it, we can put it to the purpose for which it was grown, for the same price we pay to store it for slightly more than 2 years.

In time, wheat held in storage is likely to rot. And the wheat which does not rot will eat up its own market value in storage costs. That market value will be eaten up several times over by extended storage.

Since American farms continue to generate food and fiber surpluses, since we foresee no immediate solution to the problem, it seems quite obvious we would be money ahead to ship the surpluses rather than store them.

The objectives of this amendment have been endorsed by the President of the United States. He has repeatedly urged the distribution of our food and fiber surpluses to the needy peoples of southern Asia and to underdeveloped nations elsewhere in the world.

In the name of fiscal responsibility, in the interest of agricultural and economic stability, in the name of kindness, charity, and decency, and in the name of progress and opportunity for all peoples, I urge your support of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Vermont [Mr. MEYER].

Mr. MEYER. Mr. Chairman, I support this amendment because I believe this is one of the real ways in which we can show to the countries and the peoples of the free world that we are interested in them as human beings. I do not know how we can develop our mutual security in a better way than by showing to the people that we are really interested in them as persons. In this way the countries who are free, the countries who want a better way of life, will draw together. I would like to ask the gentleman from Iowa if he could tell us a little bit about the method of distribution to show how it could be done in an efficient way.

Mr. WOLF. I intentionally left this section vague. This is a very difficult section.

I felt that the President of the United States and his appropriate assistants, and the Secretary General of the United Nations would be far better able to work out these details than Congressman LEN WOLF, of Iowa. I have been in several conferences with men at the United Nations and with some State Department people, and they agree that the program can be worked out without interfering with normal trade channels and do a job for the people for whom it is intended.

Mr. MEYER. I think this is the point that should be made, that it is believed by the executive department and other people who are vitally concerned that this can be done efficiently and that the distribution methods can be worked out in a way so that we can secure the maximum good.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. MEYER. I yield to the gentleman from Iowa.

Mr. WOLF. There is already a study being made at the United Nations to effectuate this program if it should succeed. I believe it is only fair to mention that at this point.

Mr. MEYER. I thank the gentleman from Iowa.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL to the amendment offered by Mr. WOLF: Strike out the period at the end of the sentence and add the following:

"Provided further, That no food or fiber products shall be donated or shipped abroad under the provisions of this section which are not available through domestic programs to assist needy persons within the United States, and unless the Secretary of Agriculture shall have so certified prior to such shipment or donation."

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the distinguished and able gentleman from Iowa [Mr. WOLF], who in just a few short months in Congress has already established himself as a clear thinking, vigorous, able, and courageous liberal Member of this body.

Mr. WOLF. Mr. Chairman, I like this section and would like to have it added to my amendment.

Mr. DINGELL. I thank the gentleman.

Mr. Chairman, I would like to explain briefly the purpose of this amendment, which merely sees to it that charity begins at home.

For comparison I would refer to our experience under Public Law 480. That law has dribbled our surplus food products abroad as gifts or as sales for worthless and blocked currencies, to countries all around the world at times when those same foods have been denied to our hungry here at home. For the benefit of my colleagues here in the House I want to cite some examples of foods given away abroad under Public Law 480 which were never made available under domestic programs to feed our own needy: beef, ham, pork and meat products, chicken, poultry, eggs, beans and beets, and other vegetables, fruits, especially citrus, canned fruit products, dried and frozen fruit juices and fruit products, oils, fats, butter—especially butter, cheeses and other milk products have been shipped abroad under Public Law 480 while our needy folks at home have been denied the benefits of these same products under domestic distribution programs.

The purpose of this amendment to the amendment is simply to see that the same vicious practice long carried on under Public Law 480 does not go on under the program to be established by this amendment.

If my amendment to the amendment is adopted I am satisfied that the proposal of the gentleman from Iowa [Mr. WOLF], is a good one, clearly in the public interest.

I commend the gentleman from Iowa [Mr. WOLF], for the clear, candid, and able way he has presented his amendment, and for the effort and thought which he has given to it. I say that this is just one more thing to prove both the ability and diligence of LEN WOLF.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I wonder if the House realizes what kind of an operation this is. Under it surplus foods would be turned over to the United

Nations. We had a sample of that once before when we had UNRRA and Russia was the chief beneficiary. Russia got the credit for all that was sent over. Maybe you folks want to do that, maybe you want to get back into something that has proved a failure and gotten us into difficulty.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Virginia.

Mr. GARY. Does the gentleman know of any machinery that the United Nations has for distributing these foodstuffs?

Mr. TABER. No; but I am sure that something of that kind would be worked out so that Russia would have a finger in the pie.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Michigan.

Mr. BENTLEY. Is it not a fact that when the UNRRA program was in operation in the Communist countries, the Communist governments themselves controlled the distribution of that food and only made it available to their own party members?

Mr. TABER. That is exactly correct; and that is what would happen here.

Mr. THOMSON of Wyoming. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman.

Mr. THOMSON of Wyoming. Cannot the same objectives be attained and are they not being achieved under Public Law 480 program which is under direct control of the United States?

Mr. TABER. If the proponents of this wanted simply to take care of those nations that were friendly to us, that would be so; but that is not the picture.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, this is not a completely new idea. This Congress has heretofore enacted Public Law 480. We heard the President request a food-for-peace plan. We have been waiting to see such a measure brought to the floor. The only difference here is that this amendment proposes a 10-year program. We heard the Secretary say to the Committee on Agriculture that he had trouble sending food overseas on a year-to-year basis. He would have less trouble if we went on a long-term basis. People who have to work in the field of international affairs indicate that they would much prefer a continuing program. The virtue of this amendment is that we move from a year-to-year, catch-as-catch-can program, to a 10-year program. We heard earlier today about the wheat surpluses. Reduction of those surpluses is one concern of this country that will be helped by the adoption of this amendment.

Let me turn to distribution through the United Nations. The Communist countries are not in full control of the United Nations. There are 81 countries in the U.N. Of course, this food will be used in those areas of food deficits. I happen to be one of those who believes there was some wisdom in the remarks of the man from Jerusalem who said:

> Therefore if thine enemy hunger, feed him; if he thirst, give him drink: for in so doing thou shalt heap coals of fire on his head.

I am not afraid to put this program in the hands of the United Nations and make it a 10-year program. Certainly, the provision of food to those who are hungry does not only provide for their security, but it will provide for our security is well. It will provide for the security of the whole world. Mr. Chairman, I urge the adoption of this amendment. I think it is in keeping with the spirit of what the Congress has heretofore done and in keeping with what the President has recommended.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LEVERING].

Mr. LEVERING. Mr. Chairman, the men in the Kremlin have been bragging for a long time about their sputnik. They have been bragging for a long time about their great achievements in the scientific field. But there is one area in which the Russians do not brag. There is one area in which the Russians do not even attempt to say that they compete with the United States and that is in the area of production of food and fiber. Sometimes I wonder what Nikita Khrushchev would do with the great power in the great abundance of food and fiber that we have in this bountiful land of ours. Mr. Chairman, I have a deep feeling that he would use it very effectively to win the minds and hearts of men and women throughout the world. Our country, apparently, is the only country in the world that has to come to grips with a problem called overabundance—surpluses. We had a bitter debate on the floor this morning on the question of what was the best way to handle that problem. It seems to me in adopting this amendment we can demonstrate to the world the great humanitarian side of America. I have seen hunger on the march in "Seven League Boots" across the world, and I can say to you, Mr. Chairman, food has a universal language that even a little child can understand. I think we would be losing a great opportunity to heighten our stature in the free world, if we were to defeat this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, this is a most appealing amendment, because we have food surpluses and the world has hungry people. But I cannot for a moment believe it is a wise idea for us here today to accept this amendment. No hearings have been held on this new proposal by any committee of the Congress. It involves our international relations all around the world. One of the most dangerous things from the standpoint of good relations between countries is food, should it be misused and disrupt normal trade patterns or historic markets, or if its distribution gets into the hands of authorities who allow it to go only to those who join their party or program, and deny it to others.

Again, this proposal would place a burden upon the United Nations which that organization is simply in no position to handle. I do not think anybody in the Congress will accuse me of not being a supporter of the United Nations, but this is not in its line, and I do not want to wreck it by putting on it a tremendous task that it is not set up or equipped to handle. The United Nations is a magnificent forum to investigate, to expose, to debate, to express collective judgments, and to bring matters to the bar of world public opinion. But it is not a government or an operating agency and to try to make it one by act of Congress will not succeed. The Security Council is captive to the veto of the Soviet Union, the assembly has 81 countries with each having one vote. They range from the United States with almost half of the world's wealth to a country that will come into being and undoubtedly be admitted next year that has 1.3 million people with a gross national product of $31 per capita per year and 1 percent literacy. That is the sort of control under which you would place $250 million worth of surplus food and fiber each year.

Mr. Chairman, this ought to be carefully discussed first with the Food and Agriculture Organization of the United Nations itself. We all see the good objectives and fine purposes of the amendment, but we cannot foresee at a glance the bad results that could come from it. Look at the bad relations that have been created even with our closest neighbor and friend, Canada, through our program of disposal of surplus agricultural products around the world. Is the UN likely to do better? Mr. Chairman, this is too big a thing and too far reaching a proposal to adopt today without comprehensive hearings and consideration by responsible committees of this Congress.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. MORGAN] to close debate on the pending amendment.

Mr. MORGAN. Mr. Chairman, I have held meetings with the gentleman from Iowa on this amendment for 2 days. I, too, want to say his amendment has a great deal of appeal. I know that the gentleman from Iowa as well as many, many other Members of the House have a great deal of interest in this amendment. There have been about 27 different bills dealing with this subject introduced in the House which have been referred to the Committee on Agriculture. The United Nations under this amendment has no machinery to dispose of $250 million worth of surplus food and fiber.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. WOLF. I would like to point out that the wording is "up to $250 million." That would not require it until they have the machinery set up to accept it.

Mr. MORGAN. The bill carries $250 million.

Mr. WOLF. Up to $250 million.

Mr. MORGAN. I am like the gentleman from Minnesota [Mr. JUDD]; I do not know what this would do to our foreign policy all around the world and to our international agricultural programs. I think the amendment has a lot of appeal but I think there should be hearings on it and we should hear the testimony of representatives of the Department of Agriculture, the Food and Agriculture Organization of the U.N. and the Department of State. Therefore I ask for its defeat.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan to the amendment offered by the gentleman from Iowa [Mr. WOLF].

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Iowa [Mr. WOLF].

The question was taken, and on a division (demanded by Mr. WOLF) there were—ayes 47, noes 96.

So the amendment was rejected.

The Clerk read as follows:

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1959" and "$155,000,000" in the first sentence and substituting "1960" and "$100,000,000", respectively.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 501, which relates to transferability of funds, insert "(a)" immediately after "TRANSFERABILITY OF FUNDS.—", and add the following new subsection at the end thereof:

"(b) In view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism, and notwithstanding subsection (a) of this section and the sixth sentence of section 202(b), the President is authorized to transfer to and consolidated with funds made available for nonmilitary use under titles II, III, and IV of chapter II up to 30 per centum of the funds made available for military use under chapter I."

(b)(1) Add at the end of section 502, which relates to use of foreign currency, the following new subsection:

"(c) Notwithstanding any other provision of law, foreign currencies available to the United States for utilization under this or any other Act may be utilized by the President, in his discretion, for science and research, including the translation of scientific books and treatises."

(2) In section 503, which relates to termination of assistance, insert "(a)" immediately after "TERMINATION OF ASSISTANCE.—", and add at the end thereof the following:

"(b) In any case in which a nation shall hereafter expropriate or confiscate the property of any person as defined in section 413(b) of this Act and shall fail within six months of such expropriation or confiscation to take steps determined by the President to be appropriate to discharge its obligations under international law toward such person, the President shall withhold assistance under this Act or any other Act to such nation."

(c) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act.".

(d) In section 510, which relates to purchase of commodities, delete the comma following the words "industrial mobilization base" in the third sentence and insert the following: "or to the net position of the United States in its balance of trade with the rest of the world,".

(e) In section 517, which relates to completion of plans and cost estimates, delete the words "title I or" in the first sentence, and insert "title I, II, or", and add at the end of such section the following: "With respect to any loan made under the provisions of title II of chapter II, the President, if he finds it to be in the interests of the United States, may waive any provision of this section."

(f) In section 523(b), which relates to coordination with foreign policy, add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations."

(g) Amend section 527, which relates to employment of personnel, as follows:

(1) In subsection (b), strike out "sixty" and "thirty-five" in the first sentence and substitute "sixty-five" and "forty", respectively; and add the following new sentence at the end thereof: "One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may notwithstanding the provisions of any other law be compensated at a rate not in excess of $20,000 per annum."

(2) In subsection (c), immediately below paragraph (2), insert the following: "To the maximum extent feasible, personnel appointed under this Act to perform services outside the United States shall be appointed in accordance with the civil service laws."

(h) Insert immediately after section 533 the following new section:

"SEC. 533A. INSPECTOR GENERAL AND COMPTROLLER.—(a) There is hereby established in the Department of State an office to be known as the 'Office of the Inspector General and Comptroller', which shall be headed by an officer designated as the 'Inspector General and Comptroller', whose salary shall be fixed at the maximum rate provided by section 527(b), and who shall be appointed by and be responsible to an Under Secretary of State designated for such purpose by the Secretary of State. In addition, there shall be a Deputy Inspector General and Comptroller, whose salary shall not exceed the maximum rate provided under the General Schedule of the Classification Act of 1949, as amended, and such other personnel as may be required to carry out the functions vested in the Inspector General and Comptroller by or pursuant to this section.

"(b) There are hereby transferred to the Inspector General and Comptroller all functions, powers, and duties of the Office of Evaluation of the International Cooperation Administration, and so much of the functions, powers, and duties of the Office of Personnel Security and Integrity as relate to investigations of improper activities in connection with programs under the International Cooperation Administration.

"(c) The Inspector General and Comptroller shall have the following duties:

"(1) Establishing a system of financial controls designed to insure compliance with applicable laws and regulations in carrying out programs under the provisions of chapter I, of titles I, II, III (except section 306), and IV (except sections 405, 406, 407, and 408) of chapter II and of chapter III of this Act;

"(2) Advising and consulting with the Secretary of Defense or his delegate with respect to the controls, standards, and procedures established under this section insofar as such controls, standards, and procedures relate to assistance furnished under chapter I of this Act;

"(3) Establishing policies and standards providing for extensive internal audits of program activities under the provisions of this Act referred to in paragraph (1);

"(4) Reviewing and approving internal audit programs under this section, and coordinating such programs with the General Accounting Office and the appropriate official of other Government departments in order to insure maximum audit coverage and to avoid duplication of effort;

"(5) Reviewing audit findings and recommendations of operating agencies and the action taken thereon, and making recommendations with respect thereto to the Under Secretary of State and other appropriate officials;

"(6) Conducting or requiring the conduct of such special audits as in his judgment may be required in individual cases, and of inspections with respect to end-item use in foreign countries;

"(7) Prescribing a system of financial and statistical reporting with respect to all programs carried out under the provisions of this Act referred to in paragraph (1);

"(8) Advising the Under Secretary of State and other appropriate officials on fiscal and budgetary aspects of proposed programs under this Act;

"(9) Designing the form and prescribing the financial and statistical content of the annual program presentation to the Congress; and

"(10) Carrying out such other duties as may be vested in him by the Under Secretary of State.

"(d) Expenses of the Office of the Inspector General and Comptroller with respect to programs under this Act shall be charged to the appropriations made to carry out such programs."

(i) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In subsection (c), strike out "$26,000,000" and substitute "$27,750,000".

(2) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor and an explanation of

the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the force objectives toward the support of which such aid is proposed to be furnished; the method by which such force objectives were arrived at; and where the force objectives differ from the actual level of forces in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

(j) In section 543(d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

(k) Section 549, which relates to special provisions on availability of funds, is repealed.

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION; AND AMENDMENTS TO OTHER LAWS

International cooperation in health

SEC. 501. The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

Colombo plan council for technical cooperation

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

Amendments to other laws

SEC. 503. The Defense Base Act, as amended (42 U.S.C. 1651), is further amended by inserting in subsection (e) of the first section, between "the approval of this Act," and "and contracting officers" in the first sentence, the following: "and the liability under this Act of a contractor, subcontractor, or subordinate contractor engaged in performance of contracts, subcontracts, or subordinate contracts specified in subparagraph (5), subdivision (a) of this section, and the conditions set forth therein, shall hereafter be applicable to the remaining terms of such contracts, subcontracts, and subordinate contracts entered into prior to June 30, 1958, but not completed on the date of the enactment of the Mutual Security Act of 1959,".

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that the balance of the bill be considered as read, but open to amendment at any section.

Mr. HAYS. Mr. Chairman, reserving the right to object, does that throw open to amendment the part of the bill already considered or just the remainder of the bill?

The CHAIRMAN. Just the remainder of the bill, from this point on.

Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. O'HARA of Illinois. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Illinois: On page 10, strike out all of lines 14, 15, and 16, and renumber the paragraphs.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Have we not passed this section of the bill?

The CHAIRMAN. The Clerk had just concluded reading that section when the amendment was offered 5 minutes ago.

The gentleman from Illinois is recognized in support of his amendment.

Mr. O'HARA of Illinois. Mr. Chairman, this is the first participation of mine in the debate since we have been under the 5-minute rule. I have left it to my distinguished colleagues and the very able chairman of the committee to cover all of the wide expanse of subjects involved in mutual security. I have reserved what little time I thought was proper for one Member to use to present to my colleagues what I regard as one of the most important amendments if not indeed the most important amendment offered for consideration here today.

I must say at the beginning that I submitted the amendment to the Committee on Foreign Affairs, of which I am a member, and I think through confusion obtaining at the time and through lack of understanding the amendment was not accepted by my committee. I trust now that the members of my committee will honor me by listening to a presentment perhaps a little fuller and more understandable. I do have great respect for the ability, the industry, and the dedication of every member of that committee.

Mr. Chairman, an amendment substantially similar to mine was presented to the Foreign Relations Committee in the other body, and I am told was adopted by a unanimous vote. Now, it is not that we are following the other body, but certainly its action should indicate that there is some validity in my position.

This amendment strikes out the authority for the investment guarantee program to increase without any required increase in premium, its risk coverage to include insurrection, rebellion, and civil strife incident thereto.

Back in World War I the Government had a program furnishing war risk insurance. The Rhode Island Insurance Co. sold war risk insurance in competition with the Government war risk insurance and the first year made $6 million. Then encouraged by its success and wishing to attract more business by offering a broader coverage it included damage occasioned by civil strife. As a result this company that had sold war risk insurance at a profit of $6 million in 1 year, went busted the second year when it included coverage of damage arising from civil strife.

That is exactly what I fear will happen to the investment guarantee program if we permit it to follow the pattern of the Rhode Island Insurance Company in the World War I period. The investment guarantee program I regard as the most important instrumentality we have in this field. More and more our private investments are going into foreign countries, and certainly those of us who have regard for the American taxpayers wish to continue, strengthened and not imperiled, the one program which in a greater measure than any other, offers ultimate relief from the drain on Federal funds. Last year more investment guarantee insurance was sold than in the preceding 9 years combined. Not a nickel has been lost in the program, indeed a substantial profit has been made.

I am very much afraid all this would be reversed if we followed the ill-fated example of the Rhode Island Insurance Co. and sought to protect any losses arising from civil strifes. What is a civil strife?

Furthermore, I am concerned because of the greater likelihood of the United States being put under charge on suspicion of interference in the domestic affairs of another nation if an instrumentality of our Government wrote insurance against losses occasioned by civil strifes. Again what are civil strifes?

I have a very deep interest in the investment guarantee program. In an humble way I am one of the fathers of that program, which originated in the 81st Congress as part of the implementing machinery for President Truman's point 4 program. As a member then of the Banking and Currency Committee I participated actively in the hearings on the measure beginning on May 23, 1949. I would be the last person in the world to wish to do harm to a program I in my small way helped to create. I do not wish a program that has accomplished so much and offers us one of our brightest hopes to go the way of the Rhode Island Insurance Co. in the World War I period. Nor do I wish our country thoughtlessly to do anything, even with good intentions, that might put us in the light of interference in the domestic affairs of another nation.

I earnestly urge the adoption of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I think this matter is very important and certainly I believe there should be more time given to the discussion than just taking a vote now.

The CHAIRMAN. The Chair did not observe anyone standing.

Mr. O'HARA of Illinois. Mr. Chairman, I move that one-half hour be given to discussing my amendment.

The CHAIRMAN. The gentleman's motion is not in order.

Mr. COFFIN. Mr. Chairman, I think the gentleman from Illinois is entitled to have his amendment discussed very seriously, and I hope that we can focus on the argument so that the debate will

have quality without an excessive amount of quantity at this late hour. All of our committee respects the gentleman from Illinois a great deal. He has made a great contribution, and I think we listened to him with the utmost seriousness when he proposed this amendment in committee. We did not follow him at that time because of the evidence we heard not only from the State Department itself but from the chief of the Investment Guarantee Division of International Cooperation Administration and the Committee on World Economic Practices, the so-called Boeschenstein Committee.

They noted that we were not attracting to our investment guarantee program all of the business interests that we should. The program has been most effective in the past. It does not cost us, in the sense of a grant. We charge fees for this guarantee and we have been running at a profit. There have been no claims made on the fund.

This adds the risk of insurrection or civil strife based on insurrection. In the opinion of these experts such a guarantee would be of sufficient incentive to draw into the undeveloped areas private industry.

That is what we want. To the extent that we can entice private enterprise to these underdeveloped areas, we reduce the burden of the American taxpayer, and we build into that country not only economic facilities but the great middle class that alone can guarantee that these countries will grow to be stable and free countries. This does not involve money. This is a natural outgrowth of the program that has been in effect some years and is perhaps as much above criticism as any program which we have devised.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this provision in the bill to provide guarantees against revolution and insurrection in foreign countries could open up a Pandora's box. This would provide, I take it, that guarantees could be issued against an insurrection or revolution in France, for instance. What is underdeveloped about France?

Mr. COFFIN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes; I yield.

Mr. COFFIN. Most of the investment of private business of this country overseas is in either Western Europe or North or South America. They do not use this program to the extent that the company going into an underdeveloped area would use it.

Mr. GROSS. Is the gentleman saying it could not be used in France or Italy or in any other country in Western Europe?

Mr. COFFIN. No. As the gentleman knows, it is used in Italy. He cited a case the other day.

Mr. GROSS. And you already have millions of dollars of guarantees in these countries, and you want still more.

Mr. COFFIN. Existing guarantees.

Mr. GROSS. It is like a bank deposit guarantee.

Mr. COFFIN. With no losses.

Mr. GROSS. You have not had time to have losses.

Mr. COFFIN. Oh, yes. It has been in effect some years now.

Mr. GROSS. You now have guarantees against war damage, guarantees against convertibility and against confiscation. How much more do you want? Now, why open this thing up to cover revolution and insurrection?

Mr. Chairman, I do not want to take further time of the committee on this. I have an amendment to offer to this particular section later. I cannot support guaranteeing American investors against insurrection and revolution. I urge adoption of the amendment.

Mr. COFFIN. Is the gentleman aware of the Boeschenstein report on the subject?

Mr. GROSS. No; I am not aware of the Boeschenstein report. We are being suffocated with reports from high-priced consultants and special committees.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. O'HARA].

The amendment was agreed to.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 11, strike out line 18 and all that follows down through line 6 on page 12, and reletter the following subsections accordingly.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ADAIR. I object, Mr. Chairman.

Mr. MORGAN. Mr. Chairman, I move that all debate on this amendment close in 15 minutes.

The motion was agreed to.

Mr. ADAIR. Mr. Chairman, the purpose of this amendment is to remove from the bill certain additional rights of transferability which were written in by the committee. Under the law as it now exists it is possible to take 10 percent from the military assistance funds and use that money for certain economic purposes. The committee added a provision which would make it possible to take an additional 30 percent of military assistance funds and use that for the Development Loan Fund, for special assistance or for technical cooperation.

Under the existing 10-percent provision, which is already in the law—and I wish the Members would keep these figures in mind—more than $1.8 billion of military funds have been taken out and used for economic purposes since 1950.

We were told yesterday that we need every dime that is in this bill for military assistance. In response to my questioning, the chairman of the Committee on Foreign Affairs said that on the floor of this House. But yet, if we permit this wording to remain in the bill, in addition to the 10 percent which we can now take out of military assistance, we can take an additional 30 percent; that is, the Executive can transfer it and use it for economic purposes. Under existing law the 10 percent may not be transferred into the Development Loan Fund. However, even that limitation does not apply with respect to the 30 percent. As I pointed out a moment ago the 30 percent can go into that Development Loan Fund.

If, as the House indicated by its vote, declining to reduce further the military assistance funds—if we need that amount of money which is in the bill, then certainly we have no justification for giving this additional 30 percent transferability privilege. I would further point out that the Executive did not ask for this privilege. Here, again, we are offering something which was not requested. The Executive said in effect, "We can get along as we have in the past very nicely with the 10 percent." Nothing was said about the additional 30 percent by witnesses who came before the committee. I say to the Members of this House that if my amendment is adopted, the 30 percent language would be removed, leaving the 10 percent still there. If the 30 percent is to remain, then we will have taken a step again away from our congressional responsibility. We will be saying in effect to the Executive, "Oh, yes, we authorized almost $1.5 billion for military assistance, but we did not really mean it. You can take about half a billion dollars and use it for these other purposes if you wish."

Therefore, I say to the House that my amendment ought to be adopted so that the funds will be used for the purposes for which we have authorized them.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Virginia.

Mr. GARY. Mr. Chairman, just a few minutes ago we had quite a debate on whether we should retain the amount of $250 million for special assistance and the House voted to retain that amount. Would it not be possible under this 30 percent amendment to transfer 30 percent of the Military Assistance fund to that one item alone, and instead of making it $250 million, it would become $400 or $500 million, absolutely contrary to the intent of the Congress?

Mr. ADAIR. It certainly would; the gentleman is correct.

The CHAIRMAN. The Chair recognizes the gentleman from Delaware, Mr. McDOWELL.

Mr. McDOWELL. Mr. Chairman, I offer a perfecting amendment to the bill.

The Clerk read as follows:

Amendment offered by Mr. McDOWELL as a perfecting amendment to the bill: On page 12, lines 1 and 2, strike out "and the sixth sentence of section 202(b)", and on line 4, of page 12, strike out "II, III," and insert in lieu thereof "III."

Mr. McDOWELL. Mr. Chairman, I agree with the gentlemen who have said that the bill as it is now written would permit the transfer of 30 percent to the Development Loan Fund as well as to other sections of the bill. I agree with him that that should not happen.

I think the Development Loan Fund has a specific purpose and a very good purpose. I am sorry that the House in its wisdom saw fit to further reduce the capitalization of the Development Loan Fund, however, I feel that the other body, perhaps, will help on that situation. I do believe that this provision of 30-percent flexibility should be retained. After all, today one of the main problems and the only real purpose for this program at all is to stop Russian communism. Today the direction of Russian communism is flexible. If we do not have flexibility to meet flexibility, then I do not think we can properly combat the spread of Russian communism in these underdeveloped countries.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. McDOWELL. I yield.

Mr. ADAIR. Do I understand the gentleman's amendment would make it impossible to use the 30-percent transferability to transfer into the Development Loan Fund, but would make the 30 percent available for transfer into special assistance and technical cooperation?

Mr. McDOWELL. That is my understanding.

Mr. ADAIR. Then the only thing it would do is take away the right to transfer to the Development Loan Fund?

Mr. McDOWELL. That is correct. That is my understanding.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the only reason to vote for this bill is the provision on page 11 and previous pages of the bill which provide for military assistance and defense support. This language at top of page 12 permits military assistance to be completely destroyed. At the present time $2 billion a year has been sent from this country to other countries that need it and to help them defend themselves; such as Korea, Vietnam, Burma, the Philippines, Indonesia, Afghanistan, Iran, Greece, and Turkey. Those people do not have any chance to borrow anything and pay it back. They are providing the soldiers and crucial positions to protect the United States. That is being done for very much less than half or even a quarter of what it would cost us to maintain our own troops over there. Why should we try to mess this thing up and mess this law up so that it is absolutely worthless and so destroy the main thing that we should have. Let us adopt this amendment and strike it out.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. FORD].

(By unanimous consent, the time allotted to Mr. LAIRD was given to Mr. FORD.)

Mr. FORD. Mr. Chairman, the Adair amendment must be approved if Congress is to retain fiscal control over this program. Under the bill, as we have it before us, we have a recommendation for $1,440 million for military assistance and approximately $2,100 million for various types of economic assistance. In other words, about three-fifths of the bill goes for economic assistance and approximately two-fifths goes for military assistance.

Under the provision, if it becomes law, $432 million can be transferred from the military assistance part of the law to all or most of the nonmilitary portions of the program. In other words, the executive branch could take $432 million from military hardware and transfer the funds over to some of these economic assistance programs which, in my opinion, are amply funded at the present time. If Congress wants to follow the regular procedure, and this is a copy of one of the justification books which Dr. Morgan's committee spent weeks and weeks on and which the Subcommittee on Mutual Security Appropriations is now spending weeks on, where we get detailed justifications as to the military hardware which is requested and which is necessary, according to the Chiefs of Staff, if we believe in the integrity of these presentations, this amendment should be approved and the provisions should be stricken from the bill.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. FORD. Gladly.

Mr. GARY. May I say to the gentleman that I am in absolute accord with his views, and I hope the amendment will be adopted.

Mr. FORD. Here is a secret justification sheet for one of the most important countries in the program, one of our most ardent and finest allies. It shows the amount of military assistance which will come out of this program for their benefit and for ours. This has been, or will be, detailed as to justification before four committees of the Congress. If this provision remains in the bill you might as well strip the military justification sheet right from this secret document book and throw it away.

I strongly feel that this provision must be stricken for our own national security, particularly when all these economic programs are amply funded and have been amply funded. It would be folly for Congress to abdicate its authority and control by authorizing up to 30 percent in transfers from military to economic programs. The law presently provides that the Executive can transfer up to 10 percent if necessary, and that is ample transfer authority.

May I say in conclusion that we believe that this is a twofold program: One, of economic assistance, and two, for military assistance. I subscribe to both. However, I also believe that the Congress should retain certain control over how these programs should be administered; and if this provision is left in the bill we will lose fiscal control for the Congress. I think that is bad for the country.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, first I should like to associate myself with the very cogent argument just now concluded by my colleague from Michigan [Mr. FORD]. But in addition to that I would like to point out from the experience of the Hardy subcommittee of the Government Operations Committee that it is laxity in the administration of this act and too much flexibility which has given rise to many of the deficiencies which have been exposed by the inquiries of that committee.

As the gentleman from Michigan has pointed out, Congress works its will and after this bill becomes law it is the will of Congress. We debate day after day, adopt amendments in the committee and on the House floor, and after we are all through with the debate and solemnly writing a bill this transfer section tells the administrators: "Go ahead and do it any way you want to regardless of how Congress shaped the program." We should specify in this legislation how we want this program carried out and stick by our decision.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Virginia.

Mr. HARDY. I would just like to make this observation: Flexibility in policy has caused most of the difficulty this program has experienced, and greater flexibility would increase the problems accordingly.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. HOLIFIELD. I intend to support the gentleman's amendment. After the consideration we have given this for 3 or 4 days I do not think we should turn 30-percent control over to anybody.

Mr. MEADER. I thank the gentleman.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MORGAN] is recognized to conclude debate on the pending amendment.

Mr. MORGAN. Mr. Chairman, this provision of the bill was incorporated by the Committee on Foreign Affairs. The Executive did not ask for it.

I understand this amendment is included in the Senate bill, and we are going to have to contend with this amendment in conference.

A lot has been said about abuse. There has not been any abuse of this transferability clause in the last 3 years. I am advised that in 1957 the transferability clause was not used a single time; that in 1958 it was used to the extent of $25 million; 1959 only $4 million.

I do not think there is going to be too much abuse. The gentleman from Delaware has offered an amendment to take out of the development loan section the 30 percent transferability. This will limit the authority under this section and cut down the possibility of abuse.

Mr. GARY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Virginia.

Mr. GARY. If they have had this 10 percent transferability clause in the bill heretofore and they have not used it, what purpose could there be in increasing it to 30 percent?

Mr. MORGAN. An incident might arise such as in Indochina in 1954, when a great amount of funds was transferred from the military assistance portion to

the economic section to save some countries, including China.

The CHAIRMAN. The question is on the perfecting amendment offered by the gentleman from Delaware [Mr. McDOWELL].

The perfecting amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The amendment was agreed to.

Mr. BECKWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BECKWORTH: On page 14, immediately following line 12, insert a new subsection 401(f), as follows:

"(f) Insert immediately after section 517 the following new section:

"'SEC. 518. To the maximum extent feasible, all contracts for construction outside the United States made in connection with any agreement or grant subject to this section shall be made through competitive bidding.'"

And reletter the remaining subsections.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. BECKWORTH. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, the gentleman prepared this amendment during the markup of the bill, but it came to the committee too late for incorporation in the bill. After discussions which were held prior to the markup of the bill, the committee has no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BECKWORTH].

The amendment was agreed to.

Mr. BENTLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENTLEY: On page 14, line 8, strike out ", and add" and all that follows down through line 12 on page 14, and insert in lieu thereof a period.

Mr. BENTLEY. Mr. Chairman, this is an amendment to section 517 bill entitled "Completion of Plans and Cost Estimates."

This section provides that no agreement or grant which constitutes an obligation of the United States shall be made for any assistance authorized under titles I, II, and III, unless "if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States of providing such assistance, have been completed."

That, I think, is a very fine provision.

Section 517 also requires no agreement or grant be made "if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed within 1 year from the date the agreement or grant is made."

Mr. Chairman, those two provisions are already in the law with regard to any agreement or grant constituting an obligation of our country. The committee wrote in a provision that those two very fine and worthy conditions with respect to plans and cost estimates could be waived with respect to any agreement entered into under the Development Loan Fund. I see no reason for any such waiver with respect to the Development Loan Fund. I think the loans or agreements made under the Development Loan Fund should be subject to the same conditions that are already in the bill in respect to any other agreements or grants which constitute an obligation of this country.

Mr. Chairman, I ask that my amendment be adopted and that this waiver provision for the Development Loan Fund be stricken out of the language of the bill.

Mr. COFFIN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan.

Mr. Chairman, the committee did a service last year by writing section 517 into the bill. The committee did a service this year by bringing the Loan Fund under this provision.

We say that if, in the judgment of the President our national interest requires, he may be able to negotiate a tentative commitment with a country before the actual projects themselves are firmed up. At the present time before a loan agreement is signed, these projects are firmed up. I have every confidence they will continue to be. But if the Loan Fund is to be an instrument of national policy, we ought to leave a loophole for the President.

This is in accordance with the thinking of the House which has built in a 10 percent transferability clause into this act. That is a safety valve that we need.

Mr. BENTLEY. Mr. Chairman, will the gentleman yield?

Mr. COFFIN. I yield to the gentleman from Michigan.

Mr. BENTLEY. Does the gentleman think we should make loans of any type anywhere for projects that are not even in the planning stage yet?

Mr. COFFIN. There are times when the President would have to be in a position to make an agreement with a country depending on subsequent plans that may come after the agreement. For example, and I am thinking of India, the President should be in position to say, "Yes, we will make available X million dollars before and dependent upon the receipt of actual plans."

Mr. BENTLEY. Without any plans being made available?

Mr. COFFIN. Before the money is expended, plans would have to be made available and to conform to prevailing standards, of course. We do not want to tie the President's hands completely. We are requiring this decision to be made at the highest level, but we think that kind of a safety valve is necessary.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Michigan [Mr. BENTLEY].

The question was taken; and on a division (demanded by Mr. BENTLEY) there were—ayes 43, noes 81.

So the amendment was rejected.

Mr. HARDY. Mr. Chairman, I have two amendments and I ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. HARDY: On page 18, line 2, strike out the period and insert a colon and the following:

"*Provided*, That all documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the Office of Inspector General and Comptroller shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Office, upon request of the General Accounting Office or such committee or subcommittee as the may may be."

On page 18, immediately below line 2, insert the following:

"(i) Amend section 534, which relates to reports to the Congress, by inserting '(a)' immediately after 'Reports.—' and by adding at the end thereof the following:

"'(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration upon request of the General Accounting Office or such committee or subcommittee as the case may be.'"

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, first I want to pay tribute to the gentleman from Virginia and his Subcommittee on Government Operations which has worked in very close cooperation with the Committee on Foreign Affairs. We worked very closely with him today in adjusting and improving these amendments, and I can say, after consultation with the minority side, that we have no objection to the incorporation of the amendments.

Mr. HARDY. Mr. Chairman, I am deeply indebted to the gentleman from Pennsylvania, and I want to thank him and his whole committee for their consideration of the several suggestions which I have made on behalf of our subcommittee. There has been a fine relationship between our two committees and I feel confident this has been mutually helpful in the discharge of our respective duties.

Mr. Chairman, when I spoke on the floor during general debate I called attention to the degree to which Congress has lost control of the mutual security program. I said:

We have responsibilities for exercising judgment just as the Executive does. We ought to form our judgments independently, but we cannot do this unless we require the agencies to give us full and complete factual information. It is our duty to inquire into every aspect of foreign aid. It is our duty to require that not some, but all of the relevant facts about its operation be

made known to us. It is our duty to discover its weaknesses and to insist that they be corrected.

If we can assure for the Congress full and complete information which will enable us to continue to pinpoint weaknesses in the administration perhaps we may be able yet to see the foreign aid program administered with a creditable type of performance.

The obtaining of full information has been difficult both for congressional committees and for the General Accounting Office, the Congress' administrative watchdog.

On May 5 of this year, Mr. Leonard J. Saccio, who was then Acting Director of the International Cooperation Administration, testified before the Senate Subcommittee on Constitutional Rights. Involved was a question as to the right of the General Accounting Office to see certain ICA documents. During his testimony, he said, in part:

I am not falling back, now, on legal distinctions or principles here. I am saying, in effect, that if ICA wanted to apply the executive privilege, GAO would not see one thing, because practically every document in our agency has an opinion or a piece of advice.

What this amounts to is a clear assertion by the International Cooperation Administration that its officials can refuse to reveal to the General Accounting Office anything that they feel like refusing. If they can deny this information to the GAO, they can also deny it to the Congress.

This is an intolerable situation. It is unthinkable that the Congress can secure the information it needs to perform its constitutional responsibilities only at the sufferance of administrative personnel.

We have a right, as we have a duty, to examine any and all executive branch information which we may consider necessary in the evaluation of the foreign aid program.

I am offering two amendments which make this right clear. They are almost identical in wording. One requires that the International Cooperation Administration must provide the Congress and the GAO upon request with any and all information needed to evaluate the performance of that agency.

The other requires the newly created Office of the Inspector General and Comptroller, which will function under the Department of State, to provide similar information. It should be noted that if this Office does not supply the information requested, the funds set aside for its operation are not to be available.

These amendments will vastly improve the bill. The lack of a definite statutory mandate for providing Congress with information has hampered us all, and correction of this situation is long overdue. I am gratified that the committee recognizes the merit of my amendments and has accepted them. It is my hope that they may be adopted without dissenting vote.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Virginia [Mr. HARDY].

The amendments were agreed to.

Mr. FASCELL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. FASCELL. Mr. Chairman, the Hardy amendment providing for access by the Congress and its agent, the General Accounting Office, to ICA information overthrows the sweeping claims by executive officials that they, and they alone, will determine what the Congress shall know about the operations of the Federal Government.

Shortly after the ICA's Office of Evaluations began its operations in fiscal year 1957, a policy of excessive secrecy was developed. The agency told the General Accounting Office that its reports were privileged documents, and a privileged nature for the agency's information was claimed before committees of both the House and the Senate.

The unreasonableness of the agency's attitude is exemplified by a former Director of the ICA, who told the Congress—see House Report No. 2578, 85th Congress, 2d session, page 127:

In the case of reports which have been classified "For official use only" I am reserving the right to determine in individual cases whether and on what grounds reports so classified will be made available to congressional committees.

On June 18, 1957, the ICA Director made formal the policy of secrecy with a directive to his staff to deny the GAO access to the agency's evaluation reports. The first report refused under the policy was a study dated April 1, 1957, covering the operations of the assistance program for Formosa. The ICA's adamant refusal to cooperate with the GAO became the official policy in spite of a law directing all agencies of the Federal Government to give to the GAO all papers, documents, and other material necessary for the agency to carry out its statutory duties. That law, which is section 313 of the Budget and Accounting Act of 1921, states:

SEC. 313. All departments and establishments shall furnish to the Comptroller General such information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective officers as he may from time to time require of them; and the Comptroller General, or any of his assistants or employees, when duly authorized by him, shall, for the purpose of securing such information, have access to and the right to examine any books, documents, papers, or records of any such department or establishment. The authority contained in this section shall not be applicable to expenditures made under the provisions of section 291 of the Revised Statutes.

The GAO was established to help the Congress to carry out its duty of overseeing the efficiency and economy of Government. The reason for establishing the GAO, under the Comptroller General, was set forth in clear and unambiguous language during the debate by the chairman of the select committee which had held hearings on the GAO enabling legislation. He explained—CONGRESSIONAL RECORD, October 17, 1919, page 7085:

At present Congress has no power or control over appropriations after they are once made. This control passes to the executive departments, and these departments practically audit their own expenditures, and the legality of expenditures by an executive department is passed upon by an official appointed, and who can be removed at any time, by the Executive. After appropriations are once made by Congress, the control over expenditure of the money appropriated passes from Congress. * * * The position is a semijudicial one and the tenure of office is made secure so long as the official performs his work in a fearless and satisfactory way. * * * Congress and its committees will at all times be able to consult with officials of this department (GAO) regarding expenditures and from it will be able to obtain the most reliable information regarding the use to which any appropriation has been put or the efficiency of any department of the Government. * * * If duplication, inefficiency, waste, and extravagance exist as the result of any expenditure, the President will be held responsible therefor if he continues to ask for appropriations to continue such practices. The knowledge on the part of every executive and bureau chief that such an independent and fearless department exists, and that every act and deed they perform will come under the closest scrutiny of this department, will in itself force a much higher degree of efficiency in every department of the Government.

The GAO cannot carry out its legally assigned duties under the restrictive policy now followed by the ICA. The Comptroller General and his GAO auditors repeatedly informed the ICA of their need for—and legal right to—the papers and documents ICA was refusing. But in April 1958, the ICA again denied a formal request to make information available to the GAO. This time the agency refused to divulge its report on aid to Laos. Then the ICA put the stamp of secrecy on its report of aid to Pakistan and subsequently the GAO was refused access to ICA evaluation reports on aid to India, Bolivia, Brazil, and Guatemala. Access to these ICA reports is necessary, the GAO has informed Congress, "so that our findings and reports will be as complete, accurate, and objective as possible and will thus be of maximum usefulness to the Congress and interested officials and agencies concerned"—hearings of the Subcommittee on Independent Offices of the House Appropriations Committee, April 15, 1959, page 1053.

The Hardy amendment assures that the committees of Congress and the GAO, which serves as the auditing arm of the Congress, will now receive from the ICA the information that is vital if it is to carry out its duties. The amendment clearly states that all the information which ICA has, or which the proposed Office of Inspector General and Comptroller may gather, will be available to the GAO and congressional committees. The amendment spells out the fact that nothing can be withheld—not evaluation reports, not communications, not recommendations—nothing can be withheld.

I believe the amendment will end, for all time, the danger to our democratic system of government created by ICA's

claim of immunity from congressional inquiry. The amendment spells out the clear intent that the Congress, not the ICA administrators, will decide what information Congress needs to appropriate the dollars and establish Government policies.

Mr. MOSS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. MOSS. Mr. Chairman, while the Hardy amendment to make available information to the GAO applies, in the legislation we are discussing today, to only one agency, the effect of the amendment will, I believe, be governmentwide.

Time and again the departments, bureaus, and agencies of the executive branch have raised the claim of Executive privilege to refuse information to the Congress and to the auditor of Congress, the GAO. Probably the most blatant, groundless claims have come from officials of the ICA who are spending the billions of dollars Congress appropriates. The shield of Executive privilege has also been held up against congressional access to information about the Nation's missile program. It has been used to hide facts about the operation of the Military Sea Transportation Service and even to cover up scandals. The Hardy amendment is a warning to all Government agencies that the Congress will not abdicate its constitutional duty to appropriate funds to run the Government and to make sure that those funds are expended efficiently and economically.

The very first article of the Constitution states that "all legislative powers herein granted shall be vested in a Congress of the United States." But how can the Congress, today, exercise its legislative powers if the claim of Executive privilege is allowed to stand and agencies are permitted to cover up the facts necessary to legislate?

The distinguished Senator from Wyoming, Mr. O'MAHONEY, made the point concisely just the other day. He said:

> When any branch of the Government is dealing with subjects having to do with the appropriation of money, the expenditure of money, or the action by executive authority in the field which constitutionally is covered by legislative authority, there is no such thing as executive privilege.

The Hardy amendment is a firm congressional stand against the unconstitutional claim of executive privilege. It spells out the GAO's right of access to information which the agency must have to do its statutory job of auditing the expenditure of money appropriated by Congress.

The amendment under consideration today will require the ICA to make available to congressional committees and the GAO all of the documents, papers, communications, audits, reviews, findings, recommendations, and reports under its control or which may be developed by the proposed Inspector General and Comptroller. The information which the ICA has been secreting from the Congress and its auditors—the evaluation reports on aid to Formosa, Pakistan, Laos, and many other countries—cannot be hidden with the Hardy amendment in effect.

The ICA established its system of evaluation reports after the Congress, in the Budget and Accounting Procedures Act of 1950, directed all executive agencies to set up systems of accounting and internal control. In section 117(a) of that same law the GAO was directed to audit each agency's internal controls and related administrative practices. But the GAO cannot do the job it was given by law if an executive agency can refuse to disclose how it is spending the money Congress appropriates.

The Hardy amendment will assure the GAO of the information necessary to do its statutory job within the ICA and it will stand as a warning to all other executive agencies that the Congress does not intend to turn its legislative duties over to appointed officials.

Mr. MEADER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. Mr. Chairman, I rise in support of the amendments offered by the gentleman from Virginia to require that the General Accounting Office and congressional committees be permitted to have access to the files and records of the International Cooperation Administration with respect to the administration of the foreign-aid program.

My record has been clear in asserting the right of the Congress to obtain information from the executive branch of the Government. I have denounced the growing tendency in the executive branch of the Government under both Democratic and Republican administrations to withhold from the Congress and its committees information concerning its operations.

There has been an effort on the part of spokesmen in the executive branch to establish by assertion a so-called privilege in the executive to withhold such information. I have discussed this matter extensively in an exchange of correspondence with the Attorney General, and my remarks will be found in the CONGRESSIONAL RECORD, volume 104, part 3, pages 3784, 3848–3854; volume 104, part 5, pages 5857–5859, 6548–6549, 6569.

Mr. MONAGAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MONAGAN. Mr. Chairman, I support the amendments offered by the gentleman from Virginia [Mr. HARDY].

These amendments would require the furnishing of appropriate documents and information to an investigating committee of the Congress.

I have had the honor to serve on the Foreign Operations Subcommittee of the House Government Operations Committee under the chairmanship of the gentleman from Virginia. Any one who has read the recently-filed report of this subcommittee will appreciate the outstanding contribution which was thereby made to our understanding of the mutual security program and, particularly, of the substantial defects in its operation.

By a temperate and factual approach, the subcommittee has materially aided the House Foreign Affairs Committee in its consideration of the mutual security program and has aided all the Members of the House in their study of the proposed mutual-security extension.

Unfortunately, the work of the Hardy subcommittee has too often been hampered by a refusal of the executive branch to provide documentary information essential to its investigation and necessary to discover the facts in the study of details of administration of the economic aid program.

I have no doubt that inefficiency, stupidity, and perhaps crime have been concealed by this refusal.

The proposed amendments may not eliminate such refusals in the future but they will make them much more difficult and they will materially aid the investigatory work of this important subcommittee.

If the House wishes the vital work of the Hardy Committee to continue effectively, then all Members will support these proposed amendments.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS: On page 8, strike all of lines 8 through 16 and insert the following:
>
> "The Congress of the United States, recognizing the serious financial situation which confronts this Government in the form of a $286 billion Federal debt and a current deficit of $13 billion, declares it to be the policy of the United States that member nations of the United Nations pay their pledges and fair share of the United Nations Emergency Force; and that unless the financial support of other member nations of the United Nations is forthcoming as pledged that the United States will have no recourse but to withdraw its support."

Mr. HAYS. Mr. Chairman, I make a point of order against the amendment that it comes too late. We had already read through the section before the bill was open to amendment.

The CHAIRMAN (Mr. MILLS). No; as the gentleman will recall, the Clerk had concluded the reading of this section as the last section that was read when amendments were offered and immediately following the consideration of those amendments, unanimous consent was obtained that further reading of the bill would be dispensed with. So this section was open at that time.

The point of order is overruled.

Mr. GROSS. Mr. Chairman, I would point out to the Members of the House that we are now contributing to the United Nations almost $98 million a year. Some people seem to think that we are making only comparatively small contributions to that polyglot organization up in New York. I refer Members to

the hearings by the House Subcommittee on Appropriations for the Department of State. I would like to suggest to the Members of the House that they would do very well to read those hearings particularly with respect to the United Nations and its subsidiary organizations. Contrary to the hearings of the Committee on Foreign Affairs, the Appropriations Subcommittee hearings are not riddled with nonsensical security deletions. You can get something out of them.

Moreover, you will be able to read page after page of lists of countries that have refused to pay their contributions to the various United Nations and other international organizations, and to the tune of millions upon millions of dollars.

All my amendment seeks to do is to tell these countries that are pledged to contribute to the support of the United Nations Emergency Force that they must make good the money and that we are getting tired of paying the bills. It is time we quit this business of carrying the load for all of these international organizations.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MORGAN. I just wanted a clarification of the amendment.

Do I understand that the gentleman strikes the language from line 7 down to line 16?

Mr. GROSS. That is right, and substitutes a new declaration of policy, one that has some meaning, rather than the meaningless words the gentleman's committee put in this bill.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this House last year by a very large vote approved funds for the United Nations Emergency Force. The United Nations Emergency Force is now in operation over on the Gaza Strip and is a very useful organization. The United Nations has a budget of $19 million for this organization, and our assessed contribution is only $4,900,000. Special assistance funds are to be used to make a voluntary contribution to the budget to the additional amount of $3.5 million.

But not one single incident has broken out over in the Gaza Strip in the conflict between the Arabian countries and Israel. This force is doing a terrific job. Most of the budget has been paid by other nations. Many small nations with limited budgets are making contributions to this organization. It is a good organization and I think it should stay in effect.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: On page 13, line 2, strike out the quotation mark and immediately below line 2 insert the following:

"(c) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a detailed plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced."

Mr. ROGERS of Florida. Mr. Chairman, first of all, I want to express my appreciation for the consideration the very able chairman of the Foreign Affairs Committee has shown me in connection with the amendment which I am presenting for the consideration of the House.

This amendment is designed to bring about a detailed plan for progressive reduction of the categories of economic aid designated as Defense Support and Special Assistance. The amendment directs that the President shall include in his recommendations to the Congress for the 1961 fiscal year a detailed plan country by country for those receiving bilateral grant assistance whereby such grant assistance shall be progressively reduced.

If the House adopts this amendment it will be the first concrete step toward phasing out the controversial grant features of the foreign aid program. If the House adopts this amendment it will indicate that it is the feeling of this body that it is time for a critical reappraisal of the foreign aid program—particularly emphasizing reductions in programs involving gifts and grants.

The underlying reason for its introduction is really very simple. No one wants to be considered a charity case. It is only human nature for a man not to want to be obligated to his neighbor to the extent that he loses his self-respect. So it is with nations. Rather than handouts, we should begin thinking in terms of encouraging these underdeveloped countries to stand on their own economic feet. In fact, only recently, a former Director of the International Cooperation Administration cited the need for reducing expenditures in this field and further added that we should "teach our friends abroad that our assistance is an emergency measure, not a continuing subsidy."

Surely, too, we must have learned by now that the old saying, "you can't buy friends" is as true today as when first uttered. The sooner we can reduce these type programs the sooner we can develop friendly relations with other nations of the free world based on respect and mutual admiration—which only springs from nations with self-respect.

I am sure, too, that the American taxpayer will overwhelmingly endorse the adoption of this amendment by the House today for they have been waiting some period of time to see some thought given to the reduction of this foreign aid grant program. Important as the impact of this amendment can be on our own national budget to reduce expenditures—I feel that the American people will welcome this action by the Congress for the ray of hope that it presents.

In conclusion, I would also urge an increased spirit of cooperation between the Congress and the executive agencies charged with administering the foreign-aid program to constantly search for ways to reduce expenditures. I am certain that through such a concerted effort we can arrive at a solution to the problem which is best for the American taxpayer and our friends abroad. I hope that the House will support this amendment.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman.

Mr. MORGAN. Mr. Chairman, this amendment, in my opinion, is a very good amendment. When I was before the Committee on Rules seeking to obtain a rule to bring this bill to the floor I testified that I thought the grant assistance in this bill should be reduced. I think maybe the gentleman's amendment would prod the administration along that line in future years. After consultation with the Members on the minority side, I would like to say that we have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida.

The amendment was agreed to.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 13, line 2, strike out the quotation mark, and immediately below line 2, insert the following:

"(c) If the President determines with respect to any nation that the purposes and extent of assistance furnished under this Act to such nation have been intentionally misrepresented to, or that adequate information with respect thereto has been substantially withheld from, the people of such nation by officials of the government thereof, then he shall terminate all assistance under this Act to such nation, and not resume the furnishing of assistance until he determines, with respect to any future assistance, that adequate, accurate, and complete information will be furnished by officials of such government to the people of such nation concerning the purposes and extent of assistance furnished by the United States."

Mr. PORTER. Mr. Chairman, I know the hour is late and that this deliberative body has been doing a lot of deliberating. I will try to be brief. I will say though in passing, it has always interested me at this stage, and this is the third year I have participated in this.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield.

Mr. MORGAN. Mr. Chairman, at the conclusion of the remarks by the gentleman from Oregon, I ask unanimous consent that all debate on this amendment close in 1 minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PORTER. That cuts off any rebuttal. I thank the gentleman.

Mr. Chairman, as I was saying, I am always interested in seeing how Members become interested in the electoral process which is so important. We hear them say from time to time spontaneously and enthusiastically "vote." I am sure that is in keeping with the great purposes of this bill which seeks to help liberty-loving peoples in many lands.

Mr. Chairman, under my amendment the President is given the power to cut off aid when he decides a recipient nation is intentionally misrepresenting or substantially withholding information about the purposes and extent of the aid given.

I have a case in point. The nation I have in mind is Spain. We have spent nearly a billion dollars there and the Spanish people have not been informed as to the purposes and extent of our aid. Indeed, they have been told by their government that our aid has caused inflation in their economy. Our program has been misrepresented intentionally. This has been substantiated in the New York Times, and in the Christian Science Monitor.

There is no question about the withholding of information and intentional misrepresentation of our program. Franco in his New Year's speech this year used 8,000 words talking about the condition of his country and he gave no credit to the biggest single factor in the survival of his country as an economic unit, namely, our aid program.

In Spain today there is very little use of the Voice of America. Our ambassador's speeches are distributed on a very limited scale. But on the other hand, the Soviet Union beams in 8 radio stations—8 Soviet stations are heard regularly and clearly in Spain. We have none heard there.

Whatever you think about Franco, it is pretty clear that he is not going to be there for long and you may remember that he was not elected. He is not popular. The government that comes in will no doubt be closer to the people. It will be too bad if the new government turns out to be anti-American and will not allow us to use those bases. I have a letter from the State Department and I want to read one paragraph on this matter. It is dated January 29:

> Our representatives in Spain have informed the Department of the degree to which the Soviet broadcasts are heard in Spain. These are broadcast by both Soviet and satellite transmitters and Communist exiles from Spain to the U.S.S.R. and are part of a massive, and presumably costly, Soviet effort to spread anti-American propaganda in Spain.

Then it says that budgetary considerations prevent us from doing that.

If this amendment were adopted, we would be telling Spain and other countries when we distribute our aid in their country that they cannot intentionally misrepresent its purpose and extent and they cannot withhold information about it.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will only take about 1 minute to point out that this amendment is aimed directly at washing out the investment we have in our bases in Spain. Presumably, it is in line with the pronouncements of the gentleman which I read in the press when he was in Europe last week. He says that the reports are not correct. The press carried the statement that the gentleman made in an hour long speech advocating recognition of Red China. This would be right along the same lines.

The CHAIRMAN. All time for debate on the pending amendment has expired.

The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 3, noes 131.

So the amendment was rejected.

Mr. POFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. POFF: On page 14, immediately below line 12, insert the following:
>
> "(f) Add the following new section immediately after section 517:
>
> " 'SEC. 518. PROHIBITION AGAINST FURNISHING ECONOMIC AID TO FOREIGN COUNTRIES WHICH HAVE REDUCED INCOME TAXES.—None of the funds made available under titles II, III, or IV of chapter II of this Act, and none of the counterpart funds generated as a result of assistance under this Act or generated under any other Act, shall be used for furnishing assistance under such titles, or for furnishing economic assistance under any other Act, in any foreign country during the fiscal year following any fiscal year in which the income taxes imposed by such country upon its citizens have been reduced.' "

Mr. POFF. Mr. Chairman, simply stated, this amendment would deny economic foreign aid to those nations which have reduced their citizens' income taxes in the preceding fiscal year.

The amendment was patterned, both in principle and in language, after section 516 which was added to the act in 1958. Section 516 prohibits the use of foreign aid funds for "payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government."

It seems clear that the same economic, diplomatic, and policy considerations which justified section 516 justify this amendment.

At my request, the gentleman from Indiana [Mr. ADAIR] was kind enough to offer this amendment in executive session of the Committee on Foreign Affairs. As originally considered by the committee, the amendment applied not only to income taxes but to excise taxes as well. After consultation with members of the committee and several tax experts, I decided to confine the amendment to income taxes alone. Excise taxes affect the availability and salability of consumer commodities. It frequently happens that a nation finds it advisable to reduce excise taxes, either generally or selectively, in order to increase consumption, encourage industrial growth, provide more jobs, broaden the general tax base and thereby increase the income tax yield. Accordingly, the amendment as it now reads applies only to income taxes, both individual and corporate.

From the best information available, only a few foreign nations reduced income taxes during the current fiscal year and would be affected by this amendment. Accordingly, the primary impact of the amendment will be largely prospective rather than retroactive. With this amendment a part of the organic foreign aid law, foreign nations will be forewarned about the effect of reducing their own citizens' responsibility to support their government.

One of the best yardsticks of a man's ability to make a gift is the ratio which his debts bear to his earnings. Where nations are involved, earnings are measured in terms of the gross national product. For the last years for which reliable figures are available, America's national debt was 63.5 percent of her gross national product. Stated differently, America owed 63.5 percent of her annual earnings. By comparison, Spain owed only 29.8 percent of her annual earnings; Cuba, 26.2 percent; Indonesia, 15.1 percent; and Venezuela, 0.1 percent. For the rest of the free world at large, the average figure per nation was only 39.6 percent.

Mr. Chairman, I want to emphasize that this amendment does not apply to military foreign aid. Neither would it affect the right of foreign nations to negotiate loans through international credit institutions or to obtain technical and other assistance through the United Nations, neither of which is germane to the legislation now under debate. This amendment applies only to those categories of American assistance commonly designated "economic aid."

This amendment does not represent a departure from the stated purpose of the Mutual Security Act. America's purpose has been to help others help themselves. When that purpose has so far succeeded that others no longer need to help themselves, the program has become self-defeating. American taxpayers, representing only 6 percent of the world's population, are shouldering a national debt greater than the debts of the rest of the nations of the world combined. American taxpayers, struggling against inflation at home and a soft currency abroad, are borrowing money to buy military security. American taxpayers have had only one general tax cut in the last 11 years and enjoy little hope of another in the near future. Just as American taxpayers should not be asked to finance debt reduction of foreign nations, American taxpayers should not be asked to finance income tax cuts for foreign taxpayers. Surely, it is not uncharitable to ask them to share their own load.

The CHAIRMAN. The gentleman from Ohio [Mr. HAYS] is recognized.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. At the conclusion of the statement of the gentleman from Ohio [Mr. HAYS]?

Mr. MORGAN. Yes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HAYS. Mr. Chairman, this amendment, of course, would have some appeal for home consumption; but what is the fact of the matter? I do not

know what particular country it would be aimed at. I have heard Great Britain mentioned because the British have come up with a small reduction in their income tax.

The whole idea of the Marshall plan from the beginning was to put the nations of Western Europe back on their feet economically so they could buy their own products and buy our products and engage in world trade. As far as I am concerned I would like to reduce taxes in this country as well as anybody, and I think the time will come when we will.

People are always saying that the Europeans do not pay any taxes. If we had the kind of tax here that they have in some of the European countries, I suspect you would really hear a howl go up.

The British pay an excise tax of 50 percent on automobiles. The lowest excise tax they pay on anything except food is 5 percent. The British have some exemptions in their income taxes the same as we do. They have some basic exemptions comparable to our $600 exemption. But where do the British start their tax? What percent is it after you take out the family allowance? You pay 42½ percent. That is in the low-income bracket. And because they have achieved enough of an economic stability to reduce it from 42½ percent to 37½ percent—get that, to 37½ percent—somebody says we ought to fix the law so that if a necessity arises we cannot do any business with them or cannot help them.

The truth of the matter is they are getting no economic assistance. There are no nations in Western Europe, except two, that are getting economic assistance. There are two nations in Europe getting economic assistance at the present time.

As far as I can see, this amendment would serve no purpose except a political one in this country and would have the effect of hamstringing the administration of this bill in case of an emergency which we cannot foresee now but which could possibly rise.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Does not the gentleman agree that in some of these less developed countries which have never had a modern or balanced tax system, one of the most important things necessary to give them a better chance for real economic development, is to make some tax changes? Is it not also true that often by reducing taxes that are primitive or out of balance, the economy is stimulated with actual increase of their revenue and of their ability to provide more of their own needs?

Mr. HAYS. I agree with the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. POFF].

The amendment was rejected.

Mr. ROUSH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSH: On page 18, strike out line 8 and all that follows down through line 3 on page 19 and insert in lieu thereof the following:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act for fiscal years ending after June 30, 1960, and within ninety days after the date of enactment of the Act making appropriations to carry out this Act in the fiscal year ending June 30, 1960, there shall be submitted a detailed budget, on a country-by-country basis, showing with respect to military assistance, defense support, technical cooperation, and special assistance, the specific programs and projects to be carried out in each foreign country, the commodities, equipment, services, and materials to be furnished to such country, and the purposes in detail, for which funds requested, and funds otherwise available, will be obligated during the fiscal year for which the requests are made. Such budget shall also be accompanied by a report which, with respect to each country, shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor; an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country; a clear and detailed explanation of the force objectives toward the support of which such aid is proposed to be furnished for each such country; the method by which such force objectives were arrived at; and where the force objectives differ from the actual level of forces in any such country, an explanation, in detail, of the reason for the difference between such level of forces and force objectives. Except where the President determines that the national interest requires that funds available for programs and projects detailed in any budget submitted pursuant to this subsection be transferred in accordance with section 501 to other programs and projects, funds appropriated, and funds otherwise available, for any fiscal year shall be available only for the programs and projects proposed and commodities, equipment, services and materials to be furnished, as stated in the budget submitted for that fiscal year."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close 6 minutes after the gentleman uses his time.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. MORGAN]?

There was no objection.

Mr. ROUSH. Mr. Chairman, I am sorry that it is so late in the afternoon and that we are all just a little weary. I consider this a very important and far-reaching amendment. I have a brief summary on the pages' desk in case you are interested.

Now, this is an amendment which you can in all good conscience support whether or not you favor or disfavor the principle of mutual security. It does not matter whether you sit on this side of the aisle or on the other side of the aisle, you can in good conscience support this amendment. It does not matter whether you are a spender or a saver, you can support this amendment. It is merely procedural.

Now, what is my amendment? My amendment, in very brief detail, does just this: It requires the submission of a firm detailed budget and it makes adherence to that budget mandatory on the part of the people administering this program. It places the budget presentation and adherence on exactly the same basis as a Federal agency administering domestic funds. It provides for a special provision for the fiscal year 1960 so as to furnish that same control and that same adherence.

Now, why do we need this? I recognize the fact that this committee has included in this bill new language which requires a more detailed submission of facts, but that language will do no good unless we can put some teeth in it. It is my thinking that this Congress is responsible for the administering of our taxpayer's dollar and that we have not assumed that responsibility in permitting an agency administering funds abroad to spend that money as they see fit.

Now, how many of you in this body have tried to construct a dam in your district? You know what torture you have to go through. You have to get the engineer to draw the plans. You have to get the approval of a committee. You have to get it included in the rivers and harbors bill. You have to bring it to the floor of this House. And, after it is approved, what else must you do? A lot of things. You have to get an appropriation. I have gone through that. Even though I have only been here 5 months, I know the complex procedures we go through. But, supposing they want to build a dam abroad, how would they build that dam? Why, a country would say, "We need a dam." ICA, if they agreed with their plans, would merely say, "All right, we will build your dam, and they would build that dam." This Congress would have absolutely no control over the construction of that dam. I tell you what they want. They want what they call a post-audit system, whereby we sit here as a Congress and say, "You did a good job last year, so now we will appropriate funds for next year." That is what they want and that is what they have. Oh, they have arguments against this. Of course they do. They say that the program needs flexibility. Well, would not an administrator of a Federal agency in this Government like that same flexibility? Would he not like to administer his funds as he sees fit and not be subject to the control of this Congress? I will say he would. And yet we let our foreign aid funds be administered in a loose, haphazard manner which has caused us to be criticized all over this world; all the peoples of the world are critical and laughing at us because of some things that have happened in the administration of our mutual security program. All my amendment does is to require the submission of a firm budget and adherence to that budget. It gives the control of this expenditure of funds abroad to this Congress. And, I want to say to you that I believe it is the sense of this Congress that this is not to be an eternal program. Whether you are for or against the program, it does not matter; it is not to be an eternal program, and if we are ever to terminate it, then who is to terminate it except this Congress?

But, as long as the people administering it are not subject to the control of this Congress, it will be a never-ending program.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Pennsylvania.

Mr. FULTON. What would you do in case a crisis came up like Lebanon and Jordan? What would your amendment do in that case? Would they have flexibility enough to handle it under the ICA?

Mr. ROUSH. Oh, they do not have to spend these funds under my amendment; I refer to funds available and their expenditure. Is it any different if a crisis occurs here in the United States of America within the framework of one of our domestic programs?

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. MORGAN. Mr. Chairman, of the remaining 6 minutes I ask that 3 minutes be given to the gentleman from Missouri [Mr. RANDALL].

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. RANDALL].

Mr. RANDALL. Mr. Chairman, the hour is very late, and I want to speak just a few minutes in support of the amendment offered by the gentleman from Indiana. I was back in the cloakroom a few moments ago talking with some of the Members of this House who said that they were not for the bill, but I can report to you that they said if this amendment was adopted, they would be for the bill.

Now, I want to cite just a few facts in support of the amendment. First of all I want to quote from an editorial which appeared in the RECORD back in March. It was headed "Waste, Don't Mention It." It seems as though there was some taboo, something unmentionable about giving any publicity to the facts and figures of these expenditures. This editorial said:

> What happens to the billions spent on foreign military aid, however, is a secret. It is a secret from the American people themselves. These expenditures, country by country, are a mystery for security reasons.

I want to call your attention to volume II, page 1681, some testimony given before the Committee on Foreign Affairs, by the former President of the United States back in May of this year. Mr. Truman said:

> I know there are problems about the way the program is administered. But, the answer to this is to try to improve the administration of the program, not to destroy the program itself.
>
> I hope you (the committee) will encourage ways and means for the agency administering the program to keep the American people better informed as to how it is operating and what it accomplishes.
>
> * * * * *
>
> And second, and more important, it would increase the understanding of the American people as to the necessity for and the benefits of mutual security.
>
> Unfortunately, the general public does not know a great deal about this program.

Most of the Members in this House at one time or another have held local office or State office. They know that they are held to a rigid budgetary program as to expenditures and after those expenditures, they have to voucher them and have to account for them. If they do not, there are criminal proceedings to see that they do. I think that is what the gentleman from Indiana has in mind by his amendment, and I urge you to support this amendment.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Let me tell you a little bit of the legislative history of section 537(f). Last year, during the debate on the mutual security bill, the original section 537(f) was suggested by the gentleman from Virginia [Mr. HARDY] and was accepted by the Committee on Foreign Affairs. We took section 537(f) to conference, and after many hours in conference came out with revised language. It was not satisfactory to the author of the amendment, the gentleman from Virginia. This year the gentleman from Virginia furnished the Committee on Foreign Affairs a copy of 537(f). That is now incorporated in the bill. On Tuesday, when the gentleman from Virginia was speaking in the well of this House, he said this:

> I want to commend the Committee on Foreign Affairs for the revised language of section 537(f) as contained on page 18 of the bill.

This is the language of the gentleman from Virginia which is in the bill and which the proposed amendment would modify. We hope to take it to conference and to retain the language in the bill.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Virginia.

Mr. HARDY. I do think the language in the bill will do essentially what the gentleman from Indiana apparently wants his amendment to do. I do not see where the amendment which he proposes strengthens the language which the bill now has.

Mr. ROUSH. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. ROUSH. Does the language in the bill require an appearance before the budget and a submission?

Mr. MORGAN. The President is not going to do that, anyway. I think the gentleman's amendment would have a similar effect, but I think the restrictions he has in it makes it unworkable.

Mr. ROUSH. The gentleman evades my question. Does the present bill require a strict adherence to the budget submission procedure?

Mr. MORGAN. Not section 537 as now written, but it would not be effective in causing the President to do what the gentleman wants, anyway.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ROUSH].

The question was taken; and on a division (demanded by Mr. ROUSH) there were—ayes 47, noes 111.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I move that all debate on this bill close at 6 o'clock.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GROSS: On page 10, strike out all of lines 17 and 18.

Mr. GROSS. Mr. Chairman, this amendment would strike out the increase of a half billion dollars in the capital funds for the so-called guarantee program. I would like to ask why in all conscience American taxpayers should be guaranteeing or putting up any money in any way to guarantee the investments of American businessmen in France or in England. Will somebody tell me why?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. JUDD. The basic reason is that we believe in the free enterprise system. We believe, in accordance with the gentleman's quotation from George Washington's address yesterday, that the more our relations with other countries are on a private and commercial basis rather than on a government-to-government basis, the better it will be. This provision does not guarantee any American's investment in a foreign country. It is an insurance system and the investor pays a premium. We give no foreign countries any money. If the investor makes any money, the fund guarantees that it can be converted into dollars. If the foreign government, by legal action, should expropriate or nationalize that property, the person guaranteed can come to the insurance fund and be made whole. Our Government will then try to recover from the foreign government on the property. The net result of the program is that we have had it now for 10 years and there has not been a single dime paid out and more than $3.5 million of insurance premiums have been paid in.

Mr. GROSS. Then what is the need for this if it is not serving any purpose?

Mr. JUDD. It is needed because many businessmen need reassurance before they will go into areas that are not stable.

Mr. GROSS. Just a minute. Do English businessmen need any assurance to invest their money and deposit their gold in this country against the expropriation or seizure of their investments by the U.S. Government?

Mr. JUDD. No, but Americans do. This is going to some 40 countries, I may say.

Mr. GROSS. With all of the billions of dollars that we have loaned and given to Great Britain has not a climate been established that is favorable to American investors in England? Has not a good faith climate been established?

Mr. JUDD. Many businessmen and firms will invest their money and not come to the guarantee fund and pay to be insured. But some will not.

Mr. GROSS. We have poured some $11 billion into France and, yet, it is necessary to set up a billion dollar fund, backed by tax dollars to guarantee American investors if the French Government confiscates their business?

Mr. JUDD. Not a cent of American money has ever gone to France or Britain under this program.

Mr. GROSS. There has never been a test of this guarantee program and the gentleman knows it.

Mr. JUDD. Not a dime has been spent in France or Britain. It goes only to American businessmen if they are insured and qualify under the terms.

Mr. GROSS. You mean if the government seized a factory, for instance the Ford investment in France, if the Government of France seized that property and millions of dollars' worth of similar properties, then it would be up to the American taxpayer to underwrite the losses; is that not correct?

Mr. JUDD. The fund would reimburse the American investors who had bought the insurance.

Mr. GROSS. What would happen if there should be a succession of failures? Would it not wipe out the fund?

Mr. JUDD. In that respect it is just like any insurance proposition. If a whole city burns down, that would be pretty hard on the companies that have sold fire insurance policies in that city. This is an actuarial estimate and, as a matter of fact, it has worked out far more successfully than any of us expected.

Mr. GROSS. The gentleman from Minnesota still has not answered my question. Why is it necessary to guarantee American investments in England, Italy, and France?

Mr. JUDD. It is not necessary. We do not guarantee them unless they want it and pay for it.

Mr. GROSS. But you certainly do guarantee them.

Mr. JUDD. The program follows the general philosophy of all insurance practices.

Mr. GROSS. But you do guarantee them against confiscation of their property, as to convertibility of currency, and against damage in the event of war if they want all three coverages.

Mr. JUDD. It follows this principle. Where private business or persons want to invest their money and want to pay a premium to buy this insurance, it is in the interest of the United States to have private persons or corporations invest as much of their own funds as possible. That requires less from our taxpayers in aid to the country.

Mr. GROSS. Let me ask the gentleman this question. Can Mr. Draper get a guarantee for his power company in Mexico? That is the same gentleman who recommended an additional $400 million for this foreign giveaway program.

Mr. JUDD. Mexico has not signed one of these guarantee arrangements with the United States.

Mr. GROSS. But if they do sign, he could come in and get it. And Eric Johnston could get a guarantee if the movie industry wanted to go into business in a big way; he could get guarantees in France, Italy, and England too, could he not?

Mr. JUDD. If his project meets the criteria written into the law, and if we have an agreement with that government under which it promises to make whole individual investors who lose their investment by reason of expropriation, then that could be done. We have to have an agreement with the government before that could happen.

Mr. GROSS. Mr. Chairman, it just does not make sense that we should jeopardize a single dime of the American taxpayers' money to guarantee investments of American businessmen in England, France, or Italy, or any other countries where we have pumped billions of dollars since the end of the war. I wonder if American taxpayers are underwriting the yacht that the Prime Minister of Ghana bought from the British recently?

If this business of insuring American investors in foreign countries carries no real risk, as the gentleman from Minnesota implies, and if it is so lucrative as others suggest, I wonder why the big insurance companies of this country have let this business slip through their fingers? It is my observation that private insurance companies are ready, willing, and able to insure any business operation where there is no abnormal risk and where they can expect a reasonable return.

I urge the adoption of my amendment.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would just like to say that the gentleman's amendment proposes to strike out the only moneymaking provision in this whole bill that I know of. These people can buy this insurance. Certainly, there will be a minimum of it in France or England. There is very little there. They can buy it by paying the premiums. Over 10 years it has made the Government a profit of $3.5 million. It is the only thing in the whole bill that has made any money. I should think we should leave it in by all means.

Mr. FULTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, may I say to the gentleman from Iowa that he is in a good position to oppose this guarantee program because his State of Iowa is one of the States where no businessman or corporation has used this program at all since its beginning. Nobody in Iowa has used the U.S. guarantee program of private investments abroad. So I would like the good people of Iowa to look into the question and see what a good program it is.

I think the gentleman is doing a job here in calling this program to our attention and to the particular attention of the country including Iowa, so that some of us can explain it, although he does oppose the program. For example, this is to help private business abroad and to move our U.S. mutual aid from the governmental level into private business channels.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. HAYS. I think we have got the amendment defeated if the gentleman will just let us vote on it.

Mr. FULTON. Possibly the more time the less amendments.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to my friend the gentleman from Iowa [Mr. WOLF].

Mr. WOLF. I thank the gentleman for the kind words he said about the State of Iowa.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield.

Mr. GROSS. Does the gentleman know of anything in this bill for Pennsylvania except debt and taxes?

Mr. FULTON. Yes, I do. I would say that we in Pennsylvania are part of the great Commonwealth of Pennsylvania, and we are part of the United States of America, and we know that under this bill we have to protect the 250 U.S. defense bases around the world to be safe. We are against the "fortress America" concept where we let the enemy move into our very doorsteps before we act. It is better to strive and work for a world of progress and development of all peoples than to close our hearts and minds, and withdraw behind closed walls in fear of our fellow human beings who need our help and assistance to progress and peace.

I disagree with the gentleman strongly. I want to say that I believe this mutual security program will pass with a greater majority than it has ever passed before the present Congress, and I would like to bet the gentleman something on the order of a dollar, or some token like that, that it will.

Let me finish seriously by saying that this guarantee program has been successful.

Mr. HAYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HAYS. Mr. Chairman, I make the point of order that if it is not illegal, at least it is unethical to gamble on the floor of the House.

Mr. FULTON. The offer was not accepted.

The CHAIRMAN. The gentleman from Pennsylvania will remain in order and conclude his remarks.

Mr. FULTON. How much time have I remaining?

The CHAIRMAN. The gentleman has a short minute remaining.

Mr. FULTON. Seriously, this guarantee program is one I would like to sustain and that this committee has strongly recommended to the Congress.

I thank you.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 15, immediately below line 8, insert the following:

"(3) Add at the end of such section the following:

"'(f)(1) In employing or assigning personnel under this Act, no political test shall be required and none shall be taken into consideration.

"'(2) Any person who violates the provisions of subsection (a) of this section shall be imprisoned not more than one year, or fined not more than $5,000, or both'."

Mr. PORTER. Mr. Chairman, first I would like to tell the gentleman from Ohio that it is no secret on the floor of this House, that I believe our China policy needs revision and I trust others will help review it in due course. Also, I think it is very important that we be concerned about what the Spanish people think of us and our actions, and what the Chinese and other peoples think about our country. This has much to do with the attainment of peace, the great purpose of this bill.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield.

Mr. HAYS. I would suggest to the gentleman that the best answer to the people of Spain is to tell them that his amendment got three votes.

Mr. PORTER. Sometimes, as the senior Senator from my State has said, legislation takes 10 years for enactment. We have had just 7 hours today. This may be the beginning of a new and better policy.

The amendment before the House is to take the spoils system out of the employment and assignment of personnel employed under this act. There are 5,612 ICA employees. Sixty percent of them are under the Foreign Service Reserve and the Foreign Service staff, plus the consultants and personnel on loan. There are in all more than 4,000 people, 4,018 people overseas, none under civil service.

There is a provision on page 15 of the bill, lines 5 to 8, which reads:

> To the maximum extent feasible, personnel appointed under this act to perform services outside the United States shall be appointed in accordance with the civil service laws.

I have checked this provision with the general counsel of the Civil Service Commission. He states that it is not feasible at all and will have no effect at all in protecting these people overseas from being affected by political considerations. There are no civil service employees overseas.

My amendment simply puts a penalty on what is already in the Foreign Service Act, namely, a provision against using a political test in employing or assigning personnel.

You might say this has never occurred? You would be wrong. Until April 1958, every employee of ICA who was going to get over $3,100 had to be cleared through the Republican National Committee. I am not proud of that.

The name of the man who checked for that clearance was Mr. Gillen, and before him the checking was done by a lady by the name of Betty Crites. Everyone seeking employment in ICA had to be cleared politically.

We want to have a good law. We do not want to have a political test. If you put this penalty in here saying any person who violates the provision of subsection (a), and subsection (a) is already in the law, and the State Department agrees with it, it will improve the bill.

We do not want political tests. I do not think anyone wants a political test involving a person working under this bill. All this amendment does is put teeth in this law. If you believe that politicians should not decide who gets to go overseas to spend and to supervise the spending of these great amounts of money, then you should vote for the penalty that I am seeking to put into the law by my amendment. We do not want to have politicians deciding what people go overseas. We have had that situation in the past. That is why James H. Smith, Jr., was not appointed Secretary of the Navy. He abolished the political test in April 1958, due to pressure I think I put on; he changed this, and as a result he was not recommended by Mr. Alcorn to be Secretary of the Navy, and he did not become Secretary of the Navy. A sad story for him and for the taxpayers.

I had an equivocal answer the other day from the new Director of ICA as to whether he is going to use the old political clearance method. I think we should make sure that political tests are not going to be used. We should provide a penalty for violations of a well-settled policy against the spoils system in these circumstances.

I say to the gentleman from Pennsylvania that I will ask for a division on this vote.

Mr. MORGAN. Mr. Chairman, section 1005 of the Foreign Service Act already provides what the gentleman is requesting.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Oregon.

Mr. PORTER. It does not provide any penalty. It has no teeth in it.

Mr. MORGAN. It provides that no political test shall be required.

Mr. PORTER. Yes, but it does not provide a penalty.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. As I understand the gentleman's amendment, if, as the polls show, we win in 1960, we cannot fire any Republicans and put Democrats in, can we?

Mr. MORGAN. Mr. Chairman, I think what the gentleman is trying to do is already incorporated in both the Civil Service and the Foreign Service Acts, and I therefore ask that the amendment be defeated.

Mr. FULTON. Mr. Chairman, the distinguished chairman of the Committee on Foreign Affairs is exactly right. This amendment is already covered by language in the bill. The only difference is the gentleman from Oregon wants to put a very severe penalty in. Our committee has decided against that. I might further state that one of the reasons it is not necessary is because the distinguished Mr. James W. Riddleberger, our former U.S. Ambassador to Greece, a career man in the State Department, is the man who is the new Director of the ICA and will do a good job. I know him personally. He is a fine fellow.

Mr. PORTER. If it is not necessary because it will be enforced, then there will be no political tests, so why do you fear the consequences if we put teeth in it?

Mr. FULTON. I have firm confidence in Mr. Riddleberger who is going to be the new ICA Director. I do not think we should find him guilty beforehand. Therefore, I oppose the amendment, as does the whole Committee on Foreign Affairs. There is no one on the committee who is for this particular amendment. So, I too, will join the gentleman and ask for a division.

Mr. COLLIER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the debate on the mutual security program, which has extended over the past 3 days, has been punctuated with emotionalism, conflicting opinions, and conjecture—as a matter of fact, there is even a conflict in the basic purpose of many parts of the program itself.

I think the time is long past due to peel away the shell of inconsistency and vague intentions of the overall picture of foreign aid and get to some agreement on its purpose.

There are many folks who believe in foreign aid because it is basically benevolent from a humanitarian standpoint.

Others insist, in view of the military expenditure, that it is essential to our security as a Nation and even our mutual security.

And there are others that take the position that it is a parcel embracing all of these things.

However, I believe we must determine whether this security is necessary as a force of opposition to the tyranny of communism and as a means of preserving our free way of life.

Just yesterday this House defeated by a margin of 10 votes an amendment which would have withdrawn any assistance to Yugoslavia, a nation that is lock, stock, and barrel Communist.

Communism, whether it is in Russia or Yugoslavia or anywhere else in the world, represents a system which deprives the individual of his freedom and any part of those things which are and have been our great American heritage.

How then, in good conscience, can we sit in this House and approve a program which embraces assistance to Yugoslavia, where thousands of people have had their homes and possessions taken away from them, where children are indoctrinated with communism and all of its godless ideologies and even contend by any stretch of the imagination or justification the basic purpose and principle of this program?

If we are to assume that because Tito has, as some people put it, acted independently of the Soviet Union, then we are simply saying, in sum and substance, that the man who commits a crime should not be punished simply because he is not part of the big crime syndicate.

For whatever many other reasons there might be for opposing this program, none is more flagrant in inconsistency than this particular phase of it.

If there is a ruffle of any nature in our own national affairs, whether it be in the area of racial discrimination or in the effect of any particular legislation, there

are those who repeatedly reflect a concern over the effect upon the nations of the world who look to America as a showpiece of democracy.

Yet I have heard no one even mention how a program which subsidizes a Communist country might look to those nations which we are so concerned in teaching the ways of democracy.

Can this possibly be construed by any of these nations as sincerity of purpose?

Regardless of what I might say, this program will go through in its original form and Communist Yugoslavia will continue to be the beneficiary of American tax dollars.

But it makes it none the less wrong.

If freedom from tyranny and suppression is the foundation upon which we have built a democracy, certainly no one can deny that assistance to Yugoslavia, as provided in this bill, shatters this principle and leaves as the purpose of the program an expediency which does not speak well for the spirit so frequently extolled as the basic virtue of democracy on the floor of this House.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon [Mr. PORTER].

The question was taken; and on a division (demanded by Mr. PORTER) there were—ayes 7, noes 129.

So the amendment was rejected.

Mr. BROOKS of Louisiana. Mr. Chairman, I rise to speak on section 401(b) of the bill as amended in committee. This would authorize the President, at his discretion, to use foreign currencies available to the United States "for science and research, including the translation of scientific books and treatises."

Mr. Chairman, this is a most important amendment and one which, in my opinion, should be approved by this body.

While I cannot, of course, speak for each member of the committee which I have the honor to chair, I believe that I can safely say that each of us on the Committee on Science and Astronautics has been greatly impressed in recent months with the tremendous importance which scientific research is coming to have for the welfare of our Nation. And it is an importance that is very nearly all-encompassing—which has great meaning for our national defense, for the economic health of the country, for our industrial progress, and for the political stature of the United States in its dealings with the international community.

Mr. Chairman, the Committee on Science and Astronautics—which began to function on a permanent basis only in January of this year—has been especially industrious during these past 6 months. We have tried to inquire into all forms of scientific research and development, Government and non-Government, in order to inform ourselves not merely on the present status of scientific research in the United States, but on our needs and potentialities in this field. I believe we have done a pretty good job so far in getting the picture.

So let me say this: On the strength of what we have learned, I—for one—am convinced that we cannot overemphasize the significance which scientific research holds for the American people, nor can we afford not to take advantage of the very considerable scientific competence of our friends abroad.

If there is one thing the inquiries of our committee have taught us, it is that the United States has no monopoly on technical talent. Indeed, our scientists need and want the cooperation of their colleagues elsewhere in the free world just as much as foreign scientists desire our aid.

I submit, Mr. Chairman, that these facts add up to a compelling reason for adopting this section of the bill.

It has become common knowledge, among those of us who have been living with the problems of scientific research and development, that many foreign scientists in the free world are unable to make the great technical contributions of which they are capable simply because the support they must have is not available in their own lands. It has also become common knowledge that American scientists, engineers, and technicians are often deprived of vital information and data because some of the best scientific work being done abroad fails to reach them. There is a breakdown in communications, a failure to translate and disseminate these foreign studies.

It seems to me that this section of the bill will be of real help in overcoming both these conditions if we are to have a continuation of this program. I can think of no better way to use the currencies available under the act. Certainly they will be invaluable in the tangible ways I have suggested. They should likewise have a positive intangible value in advancing the American cause of peace and in the crucial matter of promoting lasting friendship among the world's scientific fraternity.

Mr. GALLAGHER. Mr. Chairman, the Executive request for the contingency fund for fiscal year 1960 was $200 million. The committee authorized $100 million, which is a reduction of $100 million below the Executive request and $55 million below the amount appropriated last year for this purpose.

A further cut beyond that made by the committee might result in serious difficulties for the program.

The purpose of the contingency fund is to provide funds for, first, anticipated program requirements which are not firm at the time of the congressional presentation; and, second, unforeseen contingencies.

The first category, that is, anticipated requirements which are not firm, would occur when the executive branch is considering furnishing either military or economic aid to a country which is not currently in the program or is considering a sharp increase in aid to any recipient nation. It would be unsound programing practice to include funds for needs which are not firm. If this were to be done the result would be unnecessary appropriation and authorization for programs which might never materialize.

The second type of need, that is, unforeseen contingencies, is self-explanatory. Among such contingencies would be hostilities in any area resulting in increased requirements for military and economic assistance. As a result of the hostilities in Taiwan, additional assistance is being furnished from the contingency fund. Additional assistance was also necessary for Lebanon as a result of the crises in that country. Other types of contingencies, such as floods, earthquakes, other natural catastrophes and sudden deterioration of economic conditions in a country vital to the defense of the free world, may very well require immediate action on the part of the U.S. Government.

It might be possible to meet these needs from regular program funds, but to do so would mean that previously authorized programs would have to be disrupted and the entire mutual security program might have to be revised. Such a program is obviously contrary to good management policy.

Further cuts in the contingency fund would not be justified. Fiscal year 1958 was the first year in which a special fund was set aside for contingencies. In that year the Congress appropriated $225 million to meet the purposes of this contingency fund and certain other requirements. Of the $225 million, $149 million was used to meet contingency requirements such as those which would be covered under this section. In fiscal year 1959 the Congress appropriated $155 million for contingency purposes. As early as February 17 of this year, $106.8 million of the contingency fund had already been programed. This left only $53 million to cover requirements arising during the last part of the fiscal year.

Under these circumstances it is obvious that by careful management the executive branch would be able to get by with $100 million for the contingency fund. On the other hand, past experience clearly demonstrates that any cuts below the $100 million mark will have adverse effects on the conduct of the mutual security program.

The committee action was based on the feeling that since the contingency fund covers both economic and military assistance the change in emphasis might reduce requirements for increased military assistance. Furthermore, it was believed that good management could probably reduce requirements under this section. On the other hand, the committee cannot prevent contingencies from occurring and if they do funds must be available to meet them.

Uses of the contingency fund for fiscal year 1958 and the programed purposes for fiscal year 1959 are found on pages 142 through 147 of the red Worldwide Book. Among the anticipated uses for the current fiscal year are extra economic aid required by the Turkish economic crisis, extra defense support for Greece, increased payments for bases, additional payments to Jordan, emergency relief in Indonesia and Singapore, and so forth.

This fund is vital to our national security and I urge its passage.

Mr. DONOHUE. Mr. Chairman, there will be few, if any, measures more important to our national security and world peace, that will come before us

this session than the Mutual Security Act we are presently considering.

The distinguished chairman of the Foreign Affairs Committee and the able and industrious members of that committee have indeed labored long and hard to present a reasonable bill to this body. Although it may not meet with unanimous agreement in all its provisions the committee is to be congratulated for their energetic, conscientious and patriotic work.

The reductions that the committee has made in many of the items, although much less than a great many of us would like to see, are nevertheless a real step in the right direction. We have a chance, by amendments, to make further reductions, and I hope that will be done.

The increase in the Development Loan Fund, in my opinion, is well warranted and I personally feel that this phase of the program, together with other features, of economic aid constitutes a sounder investment for us and promises a more lasting and loyal allegiance from the smaller nations so assisted.

The provisions the committee inserted in this bill to improve the administration of the program are timely and essential. The provision requiring more specific information from the executive branch in presenting future requests is to be especially applauded. If there has ever been one truly legitimate indictment of this program and one which has aroused the greatest criticism of the membership here, it is the unfounded and unwarranted attempts at secrecy of the extravagance and waste in this whole aid setup, which we have too often had to learn from sources outside the administration.

If Congress is to legislate in conscience and patriotism and intelligence we must be provided with all the information, good and bad, to do so. In my judgment the administration has a very high obligation to place full information before us and they have unfortunately and obstinately too often and too much failed in that obligation, thereby dangerously and unnecessarily periling the reasonable continuation of the program. Let us hope they will be wiser in the future.

Let us also hope that those who have been the loudest in bewailing the advocated reductions in this bill and extolling the fullest expenditures will be just as considerate of our own American taxpayers when the time comes to grant assistance to them in our domestic programs. Some of these sincere but misguided people apparently dismally fail to realize that without the existence of a high morale among our citizens neither this program or any other will ever be successfully maintained.

While, in the interest of our overburdened and overtaxed citizens, we perseveringly work toward continuing reductions and the early end of all giveaway phases of this foreign-aid program, the present bill merits the fullest consideration of this body and I am sure you will all judge it, in your own conscience, on its necessity to the survival of ourselves and the free world.

Mr. ALGER. Mr. Chairman, nothing learned during debate has disproved the need stressed yearly in the minority report accompanying mutual security that this program is long overdue for review, appraisal and reconsideration in the light of well understood and clearly stated U.S. self-interest policy.

Study of the hearings, the report, and listening to the debate has resulted in an accumulation of rather damning evidence that foreign aid is off the track and is self-defeating. Here are some of the criticisms which impress me and which together show the imperative need for a complete reevaluation of this program before we appropriate any more of the taxpayers' money:

First. A temporary program has become permanent without being called permanent.

Second. In the Development Loan Fund, and generally throughout the program, Congress has progressively abdicated its constitutional control.

Third. There are too many examples of waste and inefficiency, graft and corruption.

Fourth. The program is too costly in view of the U.S. debt and continued deficit financing, weakening of U.S. currency, and loss of gold. It is ridiculous to extend grants and loans when we are borrowing what we are giving away.

Fifth. The economic development of other nations using U.S. taxpayers' money has built industrial competition which threatens U.S. industry, like cutting your throat to give someone else blood.

Sixth. The self-perpetuating bureaucracy in 11 years has grown from 450 to over 12,000 people.

Seventh. We are subsiziding and promoting foreignisms which are in deadly competition with the very survival of capitalism and free enterprise. We subsidize and build Socialist and Communist nations, and in many nations our money is used to nationalize industries or spent on projects and in ways in which we in the United States will not permit Federal money to be spent. For example, Yugoslavia, Poland, India.

Eighth. We are confusing the humanitarianism of charity, which is people-to-people, that is person-to-person, with diplomatic and foreign policy aims, which is healthy self-interest in obtaining national objectives, not charity.

In summary of these criticisms, which are only a partial list, the following facts are inescapable.

First. That our Government intends that foreign aid shall be continuous and global.

Second. That the threat of Communist aggression rules out our continuing to dispense lavish foreign aid when our own economy is threatened and our defenses are inadequate.

Third. That in a number of recipient countries our foreign aid helps to strengthen political systems hostile to our own.

Fourth. That our foreign aid speeds rather than retards the growth of communism; it inflates our economy; it is partially responsible for the alarming flight of gold from our control; it is destroying our foreign markets and increasing unemployment among American workers.

Fifth. That by the very nature of the foreign aid we extend it must be inefficient and wasteful.

Sixth. That our governmental foreign aid program is unsound in principle.

Therefore, I would suggest these recommendations:

First. That our traditional generous private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts.

Second. That in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued but on a realistic basis.

Third. That foreign aid which directly or indirectly promotes governments that are hostile to our constitutional concepts of government be terminated immediately.

Fourth. That so long as governmental foreign aid is continued the recipient should pay a part of the cost of the proposed project; that our aid should terminate when the conditions on which that request is based have been remedied; that private technical, scientific, and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis.

Fifth. That until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign aid funds, be diverted to and handled by the Export-Import Bank.

Sixth. That the $3.9 billion requested by the President for the fiscal year 1960 be reduced $2 billion, and that each year thereafter foreign aid be substantially reduced until terminated within 3 years.

Congress should follow the advice of those Members writing the minority report and set up a bipartisan Commission to make a thorough investigation of foreign aid. The Comptroller General should be empowered also to make further studies in conjunction with the work of this Commission. This study should be made before we appropriate any more money in the mutual security foreign aid program.

Mr. DIGGS. Mr. Chairman, one of the most significant developments with regard to the proposed Mutual Security Act of 1959 is its new emphasis upon economic assistance. I think this ought to be most gratifying to those who have recognized, on the one hand, how essential it is to the interest of our own national defense and as the only realistic approach to the building of peace in the world that we continue the mutual security programs, yet, on the other hand, have felt great concern over the lack of balance between the military and economic aspects of our programing.

The reasons for military assistance continue just as important today as they were at inception of the mutual security

programs. There is no lessening of the Communist military threat to the survival of the free world. Military assistance must be continued, but in many parts of the world our present emphasis upon this type of aid has resulted in excesses and misallocations which have adversely affected our basic aim concerning an interdependent allied free world. The revised foreign aid bill now on the floor, however, contains new standards that would tend to curtail such excesses by granting military aid, in general, to those countries actually endangered by Communist aggression or infiltration and, upon findings reported to Congress, to such other countries as might be deemed by the President to need such aid. It is hoped that in some areas, such as in the Latin American hemisphere, where some adverse effects have been felt, there may be a gradual reduction of military armament grants with the ultimate goal of termination of the grant program.

The bill on the floor, while authorizing $1,440 million of the $1,600 million budget request for military assistance for allies, wisely recognizes that in the end peace in the world can only be achieved as we aid allies of less-developed nations to maintain and strengthen their own political and economic bases. In this connection, a firmer approach to this end has been established so that economic and technical assistance is placed in the major context it warrants. New standards have been set up here, also, to assure the most effective use of resources in those countries where governments are endeavoring to respond to the long-range economic, political, and social aspirations of their people; where they recognize that the achievement of economic development requires the effective mobilization of internal resources; and where they can demonstrate that assistance from the United States contributes to a practical set of long-term economic objectives developed by the country of the borrower.

Despite the yearly opposition to foreign aid programs, it has been of particular interest to me to note the strong trend toward getting down to the very essence of assistance programing. President Eisenhower, Adlai Stevenson, Vice President Nixon, and a host of other concerned people, have recently couched the case for strong foreign aid programs in terms of moral responsibility. They have pointed out that the United States must prove to other peoples that free world democracy is infinitely superior to communism in providing for man's material needs. They have pointed out that the major problems of our day, in national and international affairs, present themselves in moral terms—that is, responsibility for the economic and social welfare of fellowmen—and, as a consequence, it is the quality of the people's moral response to such issues which is the decisive factor in governmental affairs.

The realities of the situation are these: There are revolutionary changes taking place in many areas of the world still free of Communist control. One-third of the world's people live in these areas which are classified as "less-developed countries." And many of these less-developed countries have only recently achieved their independence, while others are on the verge of independence. Another one-third of the world's population are inhabitants of Communist-dominated countries. The monumental fact we cannot get around is that the major issues concerning all of these peoples are issues of economic development and how the goals desired can be attained through political organization. When we talk about an ideological war with the Communists, we are talking about a struggle to establish under what concepts and principles of government men have the greater potentiality for achieving freedom from economic and social oppression. This is foremost because it is out of government that economic and social oppression, or freedom from economic and social oppression, results. Hence, the recurring overthrow of governments in certain areas of the world to try out new ones.

The peoples of these areas are, indeed, determined to improve their standards of living, their health and education, and they are determined to govern their own destinies and to achieve dignity and self-respect. Within Communist Russia, this has resulted in a phenomenally successful crash-program of economic development. Moreover, the Communist bloc has undertaken broad programs of economic and military assistance in underdeveloped areas of the world, in an attempt to extend its ideology and its moral response to world need. It has made credit and grant agreements, particularly stressing economic assistance, of more than $2 billion to some fifteen or more free world countries. Its determined end is to gain control of such countries by economic penetration. This leaves us to face the fact that if we, as a free world democracy, do not rise to these moral issues, our very failure to do so will be a decisive factor in world political affairs.

As our distinguished colleague the gentleman from Massachusetts [Mr. O'NEILL] pointed out yesterday:

> The United States is today responsible for about half of the entire production of the earth, producing and consuming in this country as much as all other countries in the rest of the world combined. We are being asked to set aside to lend to underdeveloped countries of the free world in Development Loan Funds about one-fourth of 1 percent of this tremendous outpouring of machines, consumption goods, services, and agricultural products—and we are still in a time when our standard of living is rising by the year.

The legislation we are now considering authorizes new capital of $800 million for the Development Loan Fund, $100 million above budget request. It also authorizes technical assistance of $179.5 million and an additional $30 million as the U.S. share of United Nations technical assistance; $250 million in special assistance to 16 areas for health and education and for maintaining U.S. base rights; and other contributions to the United Nations Children's Fund and atoms for peace program. The program for technical cooperation will, for example, amount to $23,700,000, for an increase of $6,369,000 in Europe and Africa over the present year. Practically all of the increase relating to the African portion of the program resulting from new programs in Morocco, Tunisia, Ghana, Somalia, Nigeria, and the British East African territories, and emphasis on multicountry projects for Africa south of the Sahara, and the expansion of programs in Ethiopia and Liberia. This, particularly, is a gratification, for it indicates a growing awareness of the revolutionary potential upon world affairs of the emergence of the nations of this vastly populated continent into independent status. From the negative approach, we cannot afford to leave Africa prey to Communist entanglements resulting from economic and military assistance. Its military and strategic importance to free world defense is beyond question. From the positive approach, we should be sharing Africa's aspirations for freedom and the opportunity to live in dignity under government self-determined.

In other vitally important areas, such as the Near East and South Asia, the 1960 program is estimated at $50,600,000, for an increase of $8,722,000 over the present year; the largest increase being for Sudan which is less than 2 years old and in a phase of rapid expansion. Major increases are also included for Pakistan and India.

The Far East region is programed at $36,700,000, for an increase of $4,250,000, resulting from expanding programs primarily in Vietnam, Indonesia, and Korea. A decrease, however, is proposed for the program in Japan.

For Latin America, the total program amounts to $45,200,000, for an increase of $9,050,000, with substantial expansions proposed in the Brazil program.

Mr. Speaker, this new emphasis of our foreign aid programs should be tremendously encouraging to all of us as we view the current world situation of continued tension and understand its basic causes and will ourselves to a realistic approach to the prospect of peace. The bill which has come from the Foreign Affairs Committee, of which I am honored to be a member, incorporates a constructive and strong military and economic program—both of which we must have properly in balance. This bill has heartening bipartisan support and I fervently trust for the welfare of all the freedom-loving peoples of this Nation and of the world, it will receive the resounding endorsement of this body. It would be a tremendous free world tragedy, if in the name of economy—that about which this bill is so rightly and gravely concerned as it relates to other peoples of the world—these programs were heedlessly bludgeoned.

The CHAIRMAN. Are there any other amendments?

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7500) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, pursuant to House Resolution 293, he reported the

bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mrs. CHURCH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentlewoman opposed to the bill?

Mrs. CHURCH. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. CHURCH moves to recommit the bill H.R. 7500 to the Committee on Foreign Affairs for further consideration.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. GROSS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 271, nays 142, answered "present" 1, not voting 20, as follows:

[Roll No. 92]

YEAS—271

Addonizio	Clark	Garmatz
Albert	Coad	Gary
Anderson Mont.	Coffin	George
Anfuso	Conte	Giaimo
Arends	Cook	Glenn
Ashley	Cooley	Goodell
Aspinall	Corbett	Granahan
Auchincloss	Cramer	Green, Oreg.
Avery	Curtin	Green, Pa.
Ayres	Curtis, Mass.	Griffin
Baker	Daddario	Griffiths
Baldwin	Dague	Gubser
Barrett	Daniels	Halleck
Barry	Davis, Tenn.	Halpern
Bass, N. H.	Dawson	Hardy
Bates	Delaney	Hays
Baumhart	Derounian	Healey
Becker	Diggs	Hechler
Beckworth	Dingell	Hess
Bennett, Fla.	Dixon	Holifield
Blatnik	Dollinger	Holland
Boggs	Donohue	Holtzman
Boland	Dooley	Horan
Bolling	Dorn, N. Y.	Hosmer
Bolton	Downing	Huddleston
Bowles	Doyle	Ikard
Boyle	Dulski	Irwin
Brademas	Dwyer	Jackson
Breeding	Edmondson	Jarman
Brewster	Elliott	Johnson, Calif.
Brooks, Tex.	Evins	Johnson, Colo.
Broomfield	Fallon	Johnson, Md.
Broyhill	Farbstein	Johnson, Wis.
Buckley	Fascell	Jones, Ala.
Burdick	Feighan	Jones, Mo.
Burke, Ky.	Fenton	Judd
Burke, Mass.	Fino	Karsten
Bush	Flood	Karth
Byrne, Pa.	Flynn	Kastenmeier
Byrnes, Wis.	Fogarty	Kearns
Cahill	Foley	Kee
Carnahan	Forand	Keith
Carter	Ford	Kelly
Celler	Frelinghuysen	Keogh
Chamberlain	Friedel	Kilburn
Chenoweth	Fulton	Kilday
Chiperfield	Gallagher	King, Calif.
Kirwan	Natcher	Schwengel
Kluczynski	Nelsen	Selden
Kowalski	Nix	Shelley
Lafore	Norblad	Sheppard
Lane	O'Brien, Ill.	Simpson, Pa.
Langen	O'Brien, N.Y.	Sisk
Lankford	O'Hara, Ill.	Slack
Lesinski	O'Hara, Mich.	Smith, Iowa
Levering	O'Neill	Smith, Miss.
Libonati	Oliver	Spence
Lindsay	Osmers	Springer
Loser	Ostertag	Staggers
McCormack	Patman	Stratton
McDowell	Pelly	Stubblefield
McFall	Perkins	Sullivan
McGovern	Philbin	Taber
Machrowicz	Pillion	Taylor
Madden	Pirnie	Teague, Calif.
Magnuson	Porter	Teller
Mahon	Powell	Thompson, N.J.
Maillaird	Price	Thornberry
Marshall	Prokop	Toll
Martin	Pucinski	Tollefson
Matthews	Quie	Trimble
May	Quigley	Udall
Meader	Rains	Ullman
Merrow	Randall	Vanik
Metcalf	Ray	Van Zandt
Meyer	Reuss	Vinson
Miller, Clem	Rhodes, Pa.	Wainwright
Miller, George P.	Riehlman	Wallhauser
Miller, N. Y.	Rivers, Alaska	Walter
Milliken	Roberts	Watts
Mills	Robison	Weis
Monagan	Rodino	Westland
Montoya	Rogers, Colo.	Widnall
Moorhead	Rogers, Mass.	Wier
Morgan	Rooney	Wolf
Moss	Roosevelt	Wright
Multer	St. George	Yates
Mumma	Santangelo	Younger
Murphy	Saund	Zablocki
	Schenck	Zelenko

NAYS—142

Abbitt	Forrester	Moulder
Abernethy	Fountain	Murray
Adair	Gathings	Norrell
Alexander	Gavin	O'Konski
Alford	Grant	Passman
Alger	Gray	Pfost
Allen	Gross	Pilcher
Andersen, Minn.	Haley	Poage
Andrews	Hall	Poff
Ashmore	Hargis	Preston
Bailey	Harmon	Reece, Tenn.
Baring	Harris	Rees, Kans.
Barr	Harrison	Rhodes, Ariz.
Bass, Tenn.	Hemphill	Riley
Bennett, Mich.	Henderson	Rivers, S.C.
Bentley	Hiestand	Rogers, Fla.
Berry	Hoeven	Rogers, Tex
Betts	Hoffman, Ill.	Roush
Bonner	Hoffman, Mich.	Rutherford
Bosch	Hogan	Saylor
Bow	Holt	Scherer
Bray	Hull	Scott
Brock	Jennings	Shipley
Brooks, La.	Jensen	Short
Brown, Ga.	Johansen	Sikes
Brown, Mo.	Jonas	Siler
Brown, Ohio	Kilgore	Simpson, Ill.
Budge	Kitchin	Smith, Calif.
Burleson	Knox	Smith, Kans.
Cannon	Laird	Smith, Va.
Casey	Landrum	Steed
Cederberg	Latta	Teague, Tex.
Chelf	Lennon	Thomas
Church	Lipscomb	Thompson, La.
Collier	McCulloch	Thompson, Tex.
Colmer	McDonough	Thomson, Wyo.
Cunningham	McGinley	Tuck
Curtis, Mo.	McIntire	Utt
Davis, Ga.	McMillan	Van Pelt
Dent	McSween	Wampler
Denton	Mack, Wash.	Weaver
Derwinski	Mason	Wharton
Devine	Minshall	Whitener
Dowdy	Mitchell	Whitten
Everett	Moeller	Williams
Fisher	Moore	Winstead
Flynt	Morris, N. Mex.	Young
	Morris, Okla.	

ANSWERED "PRESENT"—1

Herlong

NOT VOTING—20

Barden	Durham	Morrison
Belcher	Hagen	Rabaut
Blitch	Hébert	Rostenkowski
Boykin	Kasem	Willis
Canfield	Macdonald	Wilson
Cohelan	Mack, Ill.	Withrow
Dorn, S.C.	Michel	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Dorn of South Carolina against.

Mr. Mack of Illinois for, with Mrs. Blitch against.

Mr. Herlong for, with Mr. Barden against.

Mr. Wilson for, with Mr. Belcher against.

Mr. Rabaut for, with Mr. Michel against.

Mr. Cohelan for, with Mr. Withrow against.

Until further notice:

Mr. Morrison with Mr. Canfield.

Mr. HERLONG. Mr. Speaker, I have a live pair with the gentleman from North Carolina [Mr. BARDEN]. I voted "yea." If he were present he would have voted "nay." I therefore withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

DISPOSAL OF CERTAIN OBSOLETE LOCKS AND DAMS OF THE BIG SANDY RIVER, KY.-W. VA.

Mr. PERKINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 5515) to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam numbered 3 on the Big Sandy River, Ky.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act to provide for the disposal of federally owned property at obsolescent canalized waterways and for other purposes", approved August 6, 1956 (70 Stat. 1062), is amended by striking out "$50,000" and inserting in lieu thereof "$100,000".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING THAT THE SEVERAL STATES SHALL NOT IMPOSE TAXES IN RESPECT OF INCOME DERIVED FROM CERTAIN INTERSTATE ACTIVITIES

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the bill (H.R. 7715) to provide that the several States shall not impose taxes in respect of income derived from certain interstate activities, introduced by the gentleman from Connecticut [Mr. KOWALSKI] on June 12 last and referred to the Committee on Ways and Means, be rereferred to the Committee on the Judiciary.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

GENERAL PERMISSION TO EXTEND REMARKS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill H.R. 7500.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REPRESENTATIVE GOVERNMENT

The SPEAKER. Under previous order of the House, the gentleman from Missouri [Mr. CURTIS] is recognized for 60 minutes.

Mr. CURTIS of Missouri. Mr. Speaker, there are two theories of representative government. One, that the representative whom the people elect should reflect the thinking of the people who elect him. The other, that the representative should reflect his own judgment of what is best for the people.

I believe these are not inconsistent theories in practice. Who, indeed, knows what the people of a congressional district think, even with a great variety of public opinion polls? What the people think is a matter of judgment on the part of the representative. On the other hand, the representative seeking to reflect his own judgment does so on the basis of the information which he obtains in his capacity as a representative and which if it becomes available to his constituency will tend to make their judgment the same as his. Certainly, if he is truly a product of and close to his community this will be so.

Perhaps there is a third theory of representative government that needs expression. That is the one that says a representative should regard his constituency, those citizens able to vote, as trustees for all the people of the district whether they are of an age or capacity to vote or not, and a trustee of the future generations who cannot vote. Of course, if those able to vote do not look upon themselves as trustees, a representative who regards his duties in this light will probably not long remain a representative. However, I have taken that point of view and though my political existence has been precarious, I have survived.

In the United States today representative government requires the representative, whatever theory he may hold as to his duties, to gather together whatever information he can on the subjects that come before him in his representative capacity for guidance in the action he must take. If his constituency never find out any information beyond that which they already know on the subject he probably can relax and vote on the basis of his limited knowledge and still get reelected.

However, the representative does run the risk of his constituency finding things out and so changing their opinion on an issue. This will leave him in the position of having acted contrary to their newly formed judgment. And it is the newly formed judgment that reelects Congressmen, not the old judgments.

But to revert to my point. I believe that representative government if it is to work in America today requires that the representative do his best to inform himself on the issues that come before him for action. If the people whom he represents are to participate in their Government through him he must, as best he can, pass back to them the information he has gathered.

Another way of putting the matter is this. The people of any community are rather fully occupied making a living, raising children, keeping a home, and doing this and that in the community. They do not have the time to find out the facts and arguments that are involved in the many issues, simple and complicated, that face the Nation, and the National Government. Accordingly, they pick someone from the community and designate him to be the one who is to find out what the situation is. If this is what a representative is, of course he has no business putting his ear to the ground just trying to figure out what his people are thinking. He has a duty to find out what the facts and arguments are, act upon this study and then report back to the people who sent him what he found out and why he did what he did.

Maybe this is a new concept of a representative. I think it is. But I certainly believe that in this day and age this particular approach is basic if we are to preserve government of, by, and for the people. I have ofttimes remarked that we can have government for the people without too much trouble but if government by the people—through their informed and informing representatives—goes by the boards government for the people will shortly thereafter go by the boards. Then government of the people will have to reassert itself through revolution if it too is not to go by the boards.

This preamble is necessary in order to understand the fundamental problem we face in the Congress in organizing ourselves in order to gather together whatever information and wisdom there may be in our society in respect to the various issues that face us and then apply that information and wisdom to the solution of the problems.

Congressional debate is only the last stage of this process. And yet if congressional debate has disappeared I think we can be fairly certain that whatever other processes we have developed have previously disappeared.

The Congress early in its history broke itself down into committees in order to study the issues at hand with more efficiency. But these committees, of course, were mere creatures of the Congress required to report back to the body that created them. Each Congressman depends upon the work his colleagues do on the various committees in order to inform himself on the issues.

How, indeed, can he vote with intelligence or inform his people of what the issues are if the committees supposedly acting in his behalf assume that the committee's job is not to gather information for the House and submit recommendations to the House, but rather to gather information for themselves and then make the decisions themselves and ask the House to rubberstamp these decisions?

Regrettably, this is exactly what has been happening over the 9 years I have been in the House. There is a marked trend. Certain provisions of law today require that the executive branch cannot act in certain areas without reporting to a committee. The laws do not state report to the Congress. They state report to certain committees of the Congress. We have committees taking trips all over the world, theoretically to gather information for the Congress and yet the Congress all too often never receives a report on what these committees found out.

We have the situation where major bills come to the floor of the House and the committee's printed hearings are not available to the House membership in time for the debate. It is the exception nowadays when a committee has its report available to the membership sufficiently ahead of the debate to give the Members a chance to read it.

There is a growing tendency on the part of the committees during general debate to take all the time for the committee members and then when the bill is read under the 5-minute rule when the House membership might participate to close off debate.

Last year I was shocked to find the leadership trying to put through three major pieces of legislation under suspension of the rules which permits no real debate and permits no amendments at all. This year we passed the first authorization bill of the Committee on Space in its history, under suspension of the rules, with 40 minutes' debate. How could any Member of the House know anything about the new Space Agency under this process? How can the people know?

The greatest tragedy lies in the fact that this could not occur without the tacit consent of the majority of the Members of the House and certainly it could not occur without the leadership's positive decision to do it.

So I come to the military appropriation bill which was on the floor for debate 2 weeks ago. A bill which vitally affects the welfare of every American. A bill which holds the fate of America in it, not just from the standpoint of military defense, but also from the standpoint of the economic health of the Nation.

I will not dwell, too much, on the debate that occurred other than to state that the House was in complete default to the people of this country as far as gaining an understanding of what was in the bill and what the issues were. The committee, itself, I believe would admit that much of what they did was the result of faith. Yet it presented an adamant front. It wanted a minimum of questions and a minimum dispute. It might just as well have brought the bill out under a closed rule. In fact, the attitude of committee seems to be to try to gain the results of a closed rule.

I tried to direct the House's attention to an important feature in this bill. It was an item of $250 million appropriation over and above the amount of appropriation requested by the Defense Department and the administration. During general debate the chairman of the committee and the ranking minority member stated that the budget proposals of the administration, of course, changed with the passage of time. That the budgets were prepared many months before they finally hit the floor of the House for debate. I asked them if the changes the committee made in either increasing or decreasing budget requests were referred back to the Department of Defense to see if these changes conformed to their ideas as the result of passage of time. The answer was, no. I then suggested that the committee certainly should explain in some detail any deviations from the Executive budgetary requests so that the House membership could evaluate the reasons for going against the executive department's judgment.

The committee made no explanation of the addition of the unrequested $250 million for antisubmarine warfare. I took the floor the next day under the 5 minute rule to point out to the House a matter which was shocking to me when I discovered it and is equally shocking to me today. The committee's report to the House on this subject was contrary to the information in the committee's hearings. The committee's report stated the Russian submarine fleet was growing. The uncontradicted testimony in the hearings was that the fleet was not growing, indeed, that the previous estimate of its size had been wrong and the number of submarines was less than estimated.

The important point though was the failure of the committee either in the report or the hearings to try to make an evaluation of antisubmarine warfare needs. Antisubmarine warfare is directed against two targets. The submarines themselves and the bases from which the submarines must operate.

The U.S. Navy when it comes before the House for appropriations for its needs has many times pointed out that there is no sense in giving them ships if at the same time they are not given the bases from which to operate the ships.

I asked the committee, What about bases? I have in the past asked the Navy, What about Russian submarine bases? The answer is that Russia has no open-sea ice-free ports from which to operate their submarines.

The Navy spokesmen point to the German submarine menace of World War II. But Germany had a great many open sea sub bases. Yet it was largely the blockade the Allies threw around these bases and the attacks they made on them that defeated the German submarine menace. Blockading Russia's ports in closed seas, and those where ice is a problem is a relatively simple job compared with blockading the Bay of Biscay, the Normandy peninsula, the North Sea and the southern coast of Norway.

The Navy knows this. Yet they deliberately misrepresent the case to the Congress and the people of the country by relating the Russian submarine menace to Germany's World War II submarine operations.

Now let us take the matter a step further. What kind of war is the Navy contemplating where Russia will use these submarines like Germany used hers? It obviously is not the 15 minute warning all-out hydrogen bomb blitz. When you pose this question to the Navy spokesmen, and I have, they abandon their ground and do not want to talk any more about World War II type submarine operation. They then start talking about how the Russian submarines can shoot missiles off their decks and bomb American cities. I then pose the question, Are submarines to be part of this massive attack with only 15 minutes notice? If so, sending the submarine fleet to sea will be the greatest break America could have because then we probably would get 2 or 3 days warning.

Then why does Russia have submarines? The answer is known to the Navy submariners and the Congress and the people should know it. The main reason Russia has submarines is to get information. A submarine's main mission is spying and getting information. Secondly, a submarine is a great defensive weapon against a fleet attack. Does anyone believe that Russia would not undertake to defend herself in some way against the great and terrible power of our surface fleet, part of it located in the Mediterranean, part of it near Japan and the Russian maritime provinces of the Pacific? Of course they have submarines and they have bases in the closed seas which border Russia, and as best they can they have bases even where ice makes these bases a difficult problem. But the essential purpose of her submarines is to get information and provide defense.

The Navy spokesmen have answered me on this observation by saying, "But, of course, a submarine can be made into an attack weapon." Certainly it can, but the likelihood of Russia doing this depends again upon the type of war where this kind of attack weapon is meaningful. It is hard to contemplate, as Secretary McElroy said in his testimony, this kind of war occurring today. Furthermore, this kind of submarine use is greatly limited by the bases available.

Some of my colleagues say, "How about the atomic-powered submarine." Yes, indeed. That is a different question. That kind of weapon is not greatly dependent upon bases. But Russia has no atomic-powered submarine, and all the propaganda we in this Congress and the previous Congresses and the people have been exposed to about the terrible Russian submarine fleet had nothing to do with atomic-powered submarines. Furthermore, our antisubmarine warfare and this one-quarter billion dollars has nothing to do with the atomic-powered submarines.

Let me state this: An atomic-powered submarine is an entirely new weapon. It has practically no relationship to what we have in the past referred to as submarines. The submarines of World War II and today are not submarines in the true sense of the word. They are submergibles. They are surface ships which are capable of submerging for limited periods of time. Ninety percent of the time these vessels are on the surface. The basic theories of antisubmarine warfare are based upon the fact that these vessels are submergibles, not submarines. In World War II we were able to blockade the Bay of Biscay, or, rather the British coastal command was, because it was known that within a 200-mile stretch a submarine had to surface; it could not stay under any longer and go a further distance than that. Snorkel submergibles did not alter that picture or basically change antisubmarine warfare. The snorkel was merely a refined submergible. I might add, we got our share of snorkels in the latter part of World War II.

The atomic-powered submarine, however, is a real submarine. It is not a surface ship. In my limited knowledge, it is the most powerful weapon today. Certainly the Russians can make an atomic-powered submarine. I expect they are engaged in this activity right now. The fact that we had one first gives us a great advantage in trying to figure out how to defend against this new and powerful weapon. How we defend will be an entirely new art of war and will have little to do with our present antisubmarine warfare equipment and techniques. This art will be as different as the atomic submarine is from the present submergibles.

The $250 million had little to do with defense against the atomic submarine. I doubt if we are at a stage where we know enough to know how we might spend money advantageously for such defense. The quarter of a billion dollars had to do with antisubmergible warfare for which we have more than adequate funds and equipment. Soon we will start generating vast obsolete and surplus properties from this program.

I close these remarks by referring to the concern I expressed in the beginning about the decline of congressional debate and the failure of congressional committees to regard themselves as creatures and servants of the House. Our committees need the knowledge gathered by other committees. They need the knowledge that other Members of the House have on particular aspects of these problems.

No one gets anywhere in congressional debate today when for example less than 50 members will sit and listen to the general debate on the $38.8 billion military appropriation bill, let alone read the committee reports and certainly let alone read or even scan the committee's hearings.

The House has many men of great talents on both sides of the aisle. I have seen these talents rust from disuse and become dull through frustration. I think it is a tragedy that the procedures of the House which on paper are good, the result of a century and a half of evolution, are being cast aside. These

procedures properly followed would enable the talents of the House membership to be utilized to the fullest. It would bring back representative government at the Federal level to the people. And above all, it would result in some intelligent solutions being reached on some of the great problems facing our society, instead of the utter nonsense we have in the agricultural program, the tangled and self defeating mess we have in the program entitled "Mutual security," not to mention the extravagance and waste in our military program, which not only hurts us economically but defensewise as well.

Now, Mr. Speaker, I will yield to the gentleman from New York at this point.

Mr. STRATTON. Mr. Speaker, I appreciate the courtesy of the gentleman from Missouri in yielding. I want first of all to ask the gentleman if I understood him correctly. In the course of his remarks, did the gentleman say that the Navy had agreed that the Soviets had no ice-free bases on the open seas from which to operate their submarines?

Mr. CURTIS of Missouri. I did not say the Navy said that. I said that the geography and the information shows that there are none. I might say to the gentleman, as I did state for the record and as I told him and as I notified the House, that I would take this special order so that he or anyone else could engage in the debate. As I stated at that time, the point is not as the gentleman would have it: Whether or not there are bases that Russia has from which she can operate submarines, because obviously she has, in the Black Sea and in many other enclosed seas. The point I am trying to drive home, and I think I am successfully driving home, is that the type of submarine such as was used in World War II, and the present submarine, except for the atomic submarine, are submergibles, and are vitally dependent upon bases. In World War II we attacked two aspects of the submarine warfare—one was by attacking the submarine and the other was by going after its bases. The point is this. That to have a good submarine base you have to have it on the open sea and it should be in warm water. Now you can operate a submarine from a closed base and you can operate it from a base that has ice as a serious problem. But the operation is limited and the problem of the antisubmarine operation is easier.

Mr. STRATTON. Mr. Speaker, will the gentleman yield to me?

Mr. CURTIS of Missouri. Yes.

Mr. STRATTON. I understood that the gentleman had yielded to me, but the gentleman seems to be taking up most of the time.

Mr. CURTIS of Missouri. Mr. Speaker, I will decline to yield any further if that is the manner in which the gentleman is going to proceed. I want to say this. I yielded to the gentleman and when the gentleman posed a question when I yielded to him, I was answering it.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman for a question or a statement.

Mr. STRATTON. I asked the gentleman whether in his statement he had said that the Navy had claimed the Soviets had no ice-free open bases.

Mr. CURTIS of Missouri. I said the Navy has made no comment on that. But as a matter of fact, the Navy personnel, except for the gentleman, has not challenged that statement. He happens to be the only one I know of who has challenged the statement I have made, and I reiterate it, that there is not one single open sea ice-free port available to the Russians to operate submarines. That is a true statement. The gentleman contests it and he is the only one I know of who does.

Mr. STRATTON. Mr. Speaker, will the gentleman yield further?

Mr. CURTIS of Missouri. I yield.

Mr. STRATTON. Did I understand the gentleman correctly to say that he acknowledges there were certain open sea bases but that these bases were such that the ice made the operation of submarines a very difficult problem? Am I quoting the gentleman correctly?

Mr. CURTIS of Missouri. That is certainly true.

Mr. STRATTON. Now, Mr. Speaker, is it true that the gentleman on the 5th of June had this to say in the House of Representatives? Is it true that the gentleman said he would offer a case of whisky to any naval personnel who can cite a single ice-free open base that the Soviets possess from which to operate these submarines?

Mr. CURTIS of Missouri. Yes, that is correct.

Mr. STRATTON. Mr. Speaker, if I can demonstrate to the gentleman a base which is on the open sea and a base which does not have any ice that interferes with the operation of submarines that would certainly be an ice-free open-sea base; would it not?

Mr. CURTIS of Missouri. No, if they have a problem with ice and, incidentally, the two bases that the gentleman mentioned, and as I pointed out, if the gentleman had shown the courtesy to the House by reading to the House the documents that he had from the Shipping Guide, of the ice conditions in both those ports, he would have then presented the case in the proper light because in both those statements, it is pointed out that icebreakers are necessary to keep the lanes open. And, I may say something further.

The Russian submarines that operate out of those ports where ice is a problem have to be especially equipped in order to cope with it, and they encounter damage and considerable difficult problems in coping with the ice.

Furthermore, the point is that when you do use icebreakers and create channels that is exactly what limits the use of a port for operating submarine warfare and enables the opposing forces to detect the submarines. That was exactly what I was referring to. If the gentleman can show me a port where ice is not a problem that is on the open sea I am willing to concede, but I have not heard that yet.

Mr. STRATTON. I appreciate the very learned discussion which the gentleman from Missouri is presenting to the House. I think it is unfortunate that there are not more present to hear the discussion; but I want to address myself in a colloquy with the gentleman to the specific question of whether there is or is not at least one ice-free open-sea Soviet base from which submarines can operate.

Mr. CURTIS. I do not believe there are any.

Mr. STRATTON. The gentleman well knows that I pointed out to the House some days ago, proceeding out of order in the course of the debate on the tobacco bill, that there were at least two that I knew of, Murmansk, and Petropavlovsk.

The gentleman says the Member from New York is the only one who has taken exception to his remarks. It so happens that I was called by a number of high-ranking naval officers, one of whom was a very close friend of mine, who spent the entire period of World War II in Murmansk. And these gentlemen pointed out to me, Mr. Speaker——

Mr. CURTIS of Missouri. Will the gentleman cease for just 1 minute? Let us not get into hearsay, please.

Mr. STRATTON. If the gentleman declines to permit me to answer the somewhat hasty dismissal that the gentleman had put in the RECORD the other day, I do not know how he can determine whether this wager that the gentleman rather lightly played up has actually been lost or not.

Mr. CURTIS of Missouri. Just a minute. I do not intend to yield for further statements of that kind. If the gentleman wants to come forward and present it in a forthright manner, leaving out the adjectives and the adverbs and present his information that establishes that there are these bases, I will listen.

Mr. STRATTON. Mr. Speaker——

Mr. CURTIS of Missouri. I will not yield further at this point. I do not intend to listen to a presentation such as the gentleman has made in that kind of fashion.

I do want to know this: The gentleman had the shipping guides at the time apparently that he made his statement on the floor of the House with which I was not familiar.

The gentleman said about 5 minutes before the bells rang that he was going to take the floor, and I was in committee on debt limitation so I could not be here, but I did read the statement.

Mr. STRATTON. Mr. Speaker, will the gentleman yield in order to keep the chronology correct?

Mr. CURTIS of Missouri. Certainly.

Mr. STRATTON. Is it not true that the Member from New York called the gentleman from Missouri and informed him he intended to present this information? Is it not true that the gentleman was in the House and that the Member from New York advised him that he intended to obtain time during the debate on the tobacco bill to proceed out of order?

The gentleman appeared in the hall for a while and then left. And is it not

also true that as soon as the gentleman from——

Mr. CURTIS of Missouri. The gentleman is asking me questions; let me answer them. May I?

The answer to the questions is that the first the gentleman from Missouri knew that the gentleman was going to take the floor was just before the bells rang. I had been in committee all morning on the question of debt limitation. I advised the gentleman exactly of the fact. The gentleman said he was going to go ahead and take the floor.

Mr. STRATTON. Mr. Speaker, will the gentleman yield for a further question?

Mr. CURTIS of Missouri. I yield.

Mr. STRATTON. Is it not true that the Member from New York showed the gentleman from Missouri as soon as he came back into the hall the locations of the bases?

Mr. CURTIS of Missouri. Correct.

Mr. STRATTON. That he pointed it out to him and also gave him the benefit of additional information which was available to the gentleman because he was proceeding out of order in the tobacco bill that could not be presented to the House?

Mr. CURTIS of Missouri. Now, the gentleman has asked me a question. Please let me answer.

Mr. STRATTON. I rather resent, Mr. Speaker, the implication the gentleman included in the RECORD for Tuesday, June 16.

Mr. CURTIS of Missouri. Let me answer the gentleman.

Mr. STRATTON. I rather resent, Mr. Speaker, the implication of the gentleman when he included in the RECORD for Tuesday, June 16, that the Member from New York was somehow hiding some information from the House, when, as a matter of fact, I presented all of the information in a friendly manner to the gentleman from Missouri.

Mr. CURTIS of Missouri. May I answer the question? The gentleman came over and showed me the Shipping Guide and I asked the question why he did not read it all. I asked the gentleman why he thought these were ice-free ports when the Shipping Guide said they were kept open by icebreakers. When I read the RECORD the next day I was amazed to find that the gentleman had not called that fact to the attention of the House.

I stated I was going to have a special order so the gentleman would have an opportunity to discuss this matter and engage in colloquy. I pointed out the fact that that information had not been included. I am sorry the gentleman resents it, but I think he presented a half case for the consideration of the House.

The second point that we are talking about is this: I was disappointed yesterday that the gentleman instead of waiting until today when I got this order for an hour that he went ahead. I told him he would have an opportunity to discuss it, but he did not wait then and proceeded ahead unilaterally.

Mr. STRATTON. If the gentleman had delayed his response until the special order today instead of including it in the body of the RECORD, together with this reference and the manner in which the information had been brought to his attention, I am sure the Member from New York would have delayed also until today. But if the gentleman from New York were trying to hide anything from the House he would not have given the information willingly and in a friendly fashion to the gentleman from Missouri who has voluntarily offered a case of whiskey.

Mr. Speaker, if the gentleman will yield further, I do not think any advantage is to be gained in discussing procedure.

Mr. CURTIS of Missouri. I might agree with that.

Mr. STRATTON. The question is: Does Russia have an ice-free base?

Mr. CURTIS of Missouri. That is right.

Mr. STRATTON. The whole thing depends on the gentleman's interpretation of the term "ice free." Since he was kind enough to get the hour today——

Mr. CURTIS of Missouri. I think I have yielded to the gentleman pretty well.

Mr. STRATTON. Since the question resolved around the matter of whether this is or is not an ice-free base, and since the gentleman has completely refused to discuss this question during the special order, the only thing——

Mr. CURTIS of Missouri. Mr. Speaker, I do not yield further. I will not yield at this point until the gentleman makes correct statements. He made the statement there that I would not yield to discuss the matter and the gentleman was proceeding to discuss it. Please be accurate in your statements. I yield further to the gentleman.

Mr. STRATTON. I thank the gentleman for yielding to me. If he does not want to yield, that is certainly his privilege.

Mr. CURTIS of Missouri. Mr. Speaker, I do not yield any further until the gentleman proceeds in some semblance of a courteous discussion. I have yielded to him. The gentleman says, "The gentleman will not yield," and so and so. If the gentleman wants to discuss that, I will be very happy to. The issue is this: I was the one who made the statement about the ice-free open sea ports. It was in context and I think the gentleman should keep it in context with the point I was trying to call to the attention of the House; that is, a limitation of antisubmarine warfare and the fact that the Russian submarine fleet is limited by the type of bases it has. That is an interpretation the gentleman has placed on these words. I was the one who used them.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from New York.

Mr. STRATTON. The gentleman offered on the 5th of June a case of whisky to anybody who could cite a single ice-free open sea base in Russia.

Mr. CURTIS of Missouri. That is correct.

Mr. STRATTON. Mr. Speaker, I presented certain information to the House on the 10th of June, I believe it was; then on the 16th of June, the RECORD of that day includes a reference to information presented to the House by the Member from New York and the statement that this information falls short, in the opinion of the gentleman from Missouri, of meeting his challenge.

Mr. CURTIS of Missouri. That is correct.

Mr. STRATTON. Because both ports require icebreakers to cope with the ice.

Mr. CURTIS of Missouri. That is correct.

Mr. STRATTON. Mr. Speaker, during the course of the special order which the gentleman asked for today, until he was good enough to yield to the gentleman from New York, there was no discussion of whether these ports were or were not ice-free; therefore, in order to determine whether the gentleman has lost his wager or not, it is necessary to discuss the term "ice-free." In the gentleman's opinion, the only thing I have to go on is the statement the gentleman put in the RECORD on June 16.

Mr. CURTIS of Missouri. The gentleman could have read that in context, because I was referring to the debate that had preceded that on the day before in reference to the military appropriation bill.

Mr. STRATTON. The gentleman is mistaken. I made reference to the statement of June 16.

Mr. CURTIS of Missouri. I said if he read it in context that statement was made as a result of the fact that there had been a picture or an article in the morning paper saying that the Navy had offered Navy personnel a case of whisky to whoever sighted a Russian submarine. So, I took the floor and said, "Well, I will counter that offer if anybody can show or cite an ice-free, open seaport and in time for us to save the quarter of a billion dollars that we voted over and above the appropriation request." Now, is that not in the statement?

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. Is that in the statement you are referring to?

Mr. STRATTON. The statement I am referring to occurs in the CONGRESSIONAL RECORD of June 16, and the statement the gentleman just referred to occurs in the RECORD of June 5.

Mr. CURTIS of Missouri. No, no. I said read the statement of June 16. I beg your pardon. The 16th; you mean the one where I said I was going to debate this under a special order?

Mr. STRATTON. Yes.

Mr. CURTIS of Missouri. Oh, well.

Mr. STRATTON. I think I am almost as familiar with the statement that the gentleman put in the RECORD as the gentleman is himself.

Mr. CURTIS of Missouri. I am pleased that somebody reads it, at any rate.

Mr. STRATTON. I am saying when it comes to the definition of "ice free," which is the matter at issue here, the only reasoning on the part of the gentleman that I am familiar with is what appears in the RECORD of June 16.

Mr. CURTIS of Missouri. Now wait. Why does not the gentleman consider

the June 5th and the debate that preceded it, which refers to the definition of "ice free"?

Mr. STRATTON. Because, Mr. Speaker, the reference on June 5, as I just read it, simply says "ice free." And it does not give any idea what the gentleman meant by "ice free."

Mr. CURTIS of Missouri. Now wait. You made a point. Let us proceed in an orderly way. You made a statement. Let me counter, and then I will let you counter. My point is very clear. If you would read what I said during the debate on the appropriation bill—and everything refers back to that—the gentleman would have seen the context which would have identified for him what I was talking about when I said "open sea" and "ice free," and there is where you can find what is meant by that, and you would not go charging after and accepting wagers that you were going to lose.

Mr. STRATTON. Mr. Speaker, if the gentleman will yield further, I think it is quite clear, the context in which the gentleman used the term, because the gentleman on June 5, when he offered this wager, somewhat hastily, in my judgment, referred to the Soviet submarine fleet as a base-less fleet.

Mr. CURTIS of Missouri. Yes.

Mr. STRATTON. Now, Mr. Speaker, I wonder if the gentleman would feel that if he found two or three ice cubes floating in New York harbor, that that harbor was not an ice-free harbor.

Mr. CURTIS of Missouri. No. The gentleman is trying to be facetious, as I myself was when I used the word "baseless," because I thought it was a pretty good play on words. I was contending all this time that the 450 submarines was a much enlarged figure, and I was referring to that. Now, if the gentleman wants to talk seriously, all right. And, I say this, the definition is based on where ice is a serious problem in establishing and maintaining a base; in other words, the best submarine base you can have, and one that any Navy man would want, would be open sea and warm water.

Mr. STRATTON. Mr. Speaker, if the gentleman will yield further, because I think we are dealing with a fairly technical question which is whether a particular port is or is not ice-free and when it becomes ice-free. I am interested in the gentleman's views on the broad subject, but he has made a specific wager on a particular point.

Mr. CURTIS of Missouri. To establish a particular point, which is that you have to pay attention to bases when you are talking about antisubmarine warfare. That is what I am trying to drive home. And, I used this little play, you might say, to point this thing out, which the gentleman has seen fit to try to turn into something more serious. But, essentially it still remains the case.

Mr. STRATTON. The gentleman does not deny, does he, that he offered a case of whisky if anybody could find one ice-free, open-sea base; is that correct?

Mr. CURTIS of Missouri. Oh, I said that many times.

Mr. STRATTON. Fine. That does not have anything to do with the broader question about the extent of the Soviet submarine fleet.

Mr. CURTIS of Missouri. Of course it has to do with that, because I immediately referred to the fact that I was talking about $250 million. I do not take the floor of the House, I might say to the gentleman, just to idly banter—and I am afraid that is what this is turning into. I am concerned about getting that $250 million out of the appropriation bill over in the Senate. And if, through this device I can call the attention of the Senators and the people of this country to the fact that there are not adequate bases to operate this exaggerated, Soviet submarine fleet, I want to do it.

The point of this thing is this, that in antisubmarine warfare, if you have your enemy submarines operating out of a bottled-up environment, whether bottled up by reason of the fact that they are on inland seas or bottled up because they have ice conditions to cope with, you have an easier problem of combating them than you had, for example, in World War II with the German submarine menace, where they had the southern coast of Norway, the North Sea, the Normandy Peninsula, and the Bay of Biscay to operate from. And, you must admit that the Navy is constantly calling to our attention, "Look what the German World War II submarines did. Oh, watch out for the Russian submarines."

And therefore, that is the context in which the gentleman must determine what was meant when he said ice-free open-sea bases.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. Yes.

Mr. STRATTON. I do not want to argue the question of who is raising a matter of levity, because it was the gentleman who offered the case of whisky and not the gentleman from New York. Since the gentleman has suggested that we take his words in context, is it not true that the gentleman said that if somebody could tell him of a single ice-free open port, then he would offer——

Mr. CURTIS of Missouri. Open-sea port.

Mr. STRATTON. Then he would offer, not one case of whisky, but two, if that information came in time to save the taxpayers the extra quarter of a billion dollars that the Navy is getting to fight the base-less Soviet submarine fleet?

Mr. CURTIS of Missouri. That is right.

Mr. STRATTON. Mr. Speaker, is it not true that if the gentleman found out that there was not just one but perhaps two or three of these bases, then there would be even more necessity for the money put in by the House, in its wisdom, to fight the Soviet submarine threat? And the gentleman's remarks are, therefore, meaningless because there would be a need for a greater expenditure of funds rather than a lesser?

Mr. CURTIS of Missouri. Of course, the answer to that is that if there were any ice-free open-sea ports there might be something to it, but there are not.

Mr. STRATTON. But we would not be wasting the taxpayers' money; we would be using it wisely, would we not?

Mr. CURTIS of Missouri. I think the gentleman had better go back and read the debates. I should like to lay out this course of action for the gentleman, in all kindness. First, read the debates on the military appropriation bill, because this is a serious matter. Second, read the references in that debate that I made to the committee hearings, and read the hearings. And then, third, read the committee report. Then read what I said here today on the subject of antisubmarine warfare.

There are plenty of areas in which we can have honest differences of opinion. I think we have whipped this particular one pretty much to death. I made my statement as to what I meant by open-sea, ice-free. I think anyone in the House can read this record and see. The gentleman has made his statement. He recognizes, does he not, that both the ports that he mentioned do need icebreakers in order to open them up, that they do have ice conditions, and that the Russians have to cope with those ice conditions in order to utilize those ports?

Mr. STRATTON. Mr. Speaker, does the gentleman yield?

Mr. CURTIS of Missouri. Does the gentleman agree with that statement?

Mr. STRATTON. I am trying to answer that question, if the gentleman will give me the opportunity before his special order runs out. I would have to take issue——

Mr. CURTIS of Missouri. Mr. Speaker, I have yielded to the gentleman to answer the question.

Mr. STRATTON. I thank the gentleman. The gentleman said a moment ago, I think——

Mr. CURTIS of Missouri. Will the gentleman answer the question, please; does he agree?

Mr. STRATTON. The answer is no, to the gentleman's question.

Mr. CURTIS of Missouri. Does the gentleman agree that there are ice conditions at both those ports that he mentioned—yes or no?

Mr. STRATTON. The answer is no, I might say to the gentleman.

Mr. CURTIS of Missouri. Then I suggest to the gentleman that he put in the RECORD his own Shipping Guides which show the situation.

Mr. STRATTON. If the gentleman will yield, so that I could get his views.

Mr. CURTIS of Missouri. I yield.

Mr. STRATTON. He said a moment ago that if ice were found floating in New York Harbor, in the middle of the wintertime, that would not mean that the harbor was ice-clogged or that it was unusable for traffic.

Mr. CURTIS of Missouri. That would not be an ice condition serious enough to warrant that charge. The conditions in the Russian ports are serious.

Mr. STRATTON. May I ask this further question? Would the gentleman not agree that if I can demonstrate to him that ice does not represent an obstacle to navigation in a particular port, even if you could find a few chunks floating around, or some skimming on

the surface, that this would be an ice-free port? Will the gentleman answer that question?

Mr. CURTIS of Missouri. I will answer it by saying that that is not the test I would apply. The test that I would apply is whether or not it impedes the operation of submarines, whether it would impede the operation of submarines, and whether it would facilitate the efforts of those who are trying to combat those submarines; in other words, if the ice condition is such as to hamper the operations. That is the test. And I think the answer in both those ports is that they certainly are. And the truth of that is the fact that the Russian submarines are especially beefed up in order to help take care of this situation.

Mr. STRATTON. Mr. Speaker, it is difficult to get the gentleman from Missouri to answer these specific questions, and I am afraid that——

Mr. CURTIS of Missouri. Mr. Speaker, just a minute. I do not yield for that kind of discussion. If the gentleman wants to be courteous, that is one thing. I have tried to answer every question. If the gentleman wants to pose a question here, I will try to answer it.

Mr. STRATTON. I apologize to the gentleman.

Mr. CURTIS of Missouri. I accept the gentleman's apology.

Mr. STRATTON. If I have been discourteous, I apologize. I have tried to lean over backward trying to be courteous. But would the gentleman acknowledge, if a situation exists where ice does not represent any obstruction to navigation that that port is ice free?

Mr. CURTIS of Missouri. I answered that question by saying that that would not be the whole test. Part of it would be this. You could make a channel through ice with icebreakers but, by that very system, you provide an easier job for your antisubmarine warfare operation, because you have channeled the subs. So what I am saying is that its relation to navigation is one aspect of it.

Mr. STRATTON. Mr. Speaker, if this condition does not exist and any ice that is found does not impede the operation of submarines or anything else, then the gentleman would agree, would he not, that the harbor is ice free?

Mr. CURTIS of Missouri. That is correct.

Mr. STRATTON. Mr. Speaker, with that concession on the part of the gentleman from Missouri, may I read from the document which the gentleman was referring to which is the Navy Shipping Directions HO–137A, first edition 1953, which refers to the port of Murmansk. It says ice does not generally interfere with oceangoing vessels, but when it does, icebreakers are employed.

Mr. CURTIS of Missouri. All right, that proves my point.

Mr. STRATTON. May I complete the thought? Here is the official statement by the Navy Department that the ice does not interfere with oceangoing vessels.

Mr. CURTIS of Missouri. Except when they have to use an icebreaker. Would the gentleman read the whole thing?

Mr. STRATTON. The ice does not interfere with oceangoing vessels and an icebreaker is used to remove it. How can ice interfere with these vessels, if the ice is removed?

Mr. CURTIS of Missouri. Now the gentleman has answered his own question and I think we have had enough of this.

Mr. Speaker, I yield back the balance of my time.

Mr. STRATTON. If the gentleman does not want to hear the additional evidence, I am sorry.

Mr. CURTIS of Missouri. Just a moment, I will yield to the gentleman for a courteous statement.

Mr. STRATTON. I am trying in the most courteous way that I know of Mr. Speaker, to give the gentleman this additional evidence.

Mr. CURTIS of Missouri. If that is the best that the gentleman can do, I am very sorry for him but I yield to him.

Mr. STRATTON. I am trying to answer the gentleman. I apologize, for being a new Member.

Mr. CURTIS of Missouri. This has nothing to do with being a new Member. This is simply a matter of courtesy.

Mr. STRATTON. I am trying to present this information to the gentleman before his time runs out. I might add, Mr. Speaker, I have consulted personally with a naval officer who, as I mentioned, spent the war in Murmansk and he advises me that never at any time throughout World War II, contrary to the impression of the gentleman from Missouri, incidentally, was the harbor iced over at all, and the only ice that forms is a skim which does not even impede a motorboat. He points out, Mr. Speaker, which the gentleman from Missouri ought to know, that actually the submarines that operate out of Murmansk operate out from a position which is removed from the harbor itself, and in that position no ice forms whatsoever.

Mr. CURTIS of Missouri. That is just exactly right. As a matter of fact, if we were going to discuss hearsay evidence, I might say that a high-ranking naval officer pointed out to me that because the ice in the river in Murmansk harbor was such that in certain months out of the year they actually move the operation down many miles south of there, about 40 or 50 miles and, therefore, the very base that the gentleman has mentioned is not used because, although they can operate with icebreakers and a lot of other things, it is a lot more convenient to go farther south from there and operate from another base.

Mr. STRATTON. We must be talking about two different places.

Mr. CURTIS of Missouri. No, we are talking about Murmansk.

Mr. STRATTON. You move north, Mr. Speaker, to get away from the ice and not south. The reason that Murmansk is ice free is that the Gulf Stream runs by there and the submarine base is to the north and that is why there is no ice around there.

Mr. CURTIS of Missouri. The point is they do move out of Murmansk because of the ice conditions. The gentleman himself has said that, and I think it clearly establishes the point I am making.

Mr. STRATTON. The gentleman has misunderstood me. The submarine base is located permanently in an area where there is no ice. There is no movement of submarines, so far as I know, according to the unclassified information that has been made available to me, if there is any movement at all.

Mr. Speaker, I presented to the gentleman another base which is on the open sea and which is also not impeded by ice.

Mr. CURTIS of Missouri. Oh, no, read the "Shipping Guide" for that.

Mr. STRATTON. The gentleman, in fact, was not even aware that that base existed until I pointed it out to him.

Mr. CURTIS of Missouri. I might say just to keep the record straight that the gentleman from Missouri does not, of course, agree with that last statement. I yield further to the gentleman.

Mr. STRATTON. The gentleman is free to agree or disagree.

Mr. CURTIS of Missouri. I certainly am. I yield to the gentleman.

Mr. STRATTON. May I read from the "Shipping Direction," unclassified naval source, H.O. 122A, second edition, 1951, corrected to April 16, 1958, referring to Petropavlovsk, which, Mr. Speaker, happens to be one of the major Soviet naval bases in the Far East. Very definitely it is an open sea harbor and is reported to be easy to keep open. Icebreakers work in the severe months.

Mr. Speaker, if a harbor is easy to keep open, I submit the harbor is ice free. If we are going to quibble over whether the ice is removed manually or removed by the sun, I think the gentleman realizes that he has made a wager on something that he is not entirely familiar with, and I think he ought to recognize that a base that can be kept open easily throughout the winter months where there is no interference with the operation of submarines certainly means that the Soviet submarine threat, which the gentleman from Missouri has tried to minimize, and which he has suggested is baseless and which he has suggested the Navy is trying by false and fallacious propaganda means to enlist the funds to fight this Soviet threat is, in fact, a very real threat.

Here are two bases which are on the open sea which are not impeded by ice and which actually not only could but do support the tremendous Soviet submarine fleet. Therefore I think the gentleman should acknowledge to the House that his implications that this is a baseless threat are certainly not founded on fact.

Mr. CURTIS of Missouri. The gentleman from New York is very capable with words. The gentleman from Missouri made no such statement as baseless threat. The gentleman pointed out that the Navy had exaggerated and engaged in propaganda.

I think the gentleman from New York by the matter he has read in his own statement has demonstrated that his case is not well founded.

Mr. GEORGE. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. GEORGE. I wonder if the gentleman will not agree that the cost of the case of whisky would be much less than the cost of printing the CONGRESSIONAL RECORD of the proceedings of the last hour?

Mr. CURTIS of Missouri. The gentleman is quite correct on that and I frankly am not at all pleased with this kind of banter because this is a serious question. My purpose in having brought it up in this fashion was having seen in the paper the offering of a case of whisky to whoever sighted a Soviet submarine at the time when we were engaged in an appropriation bill dealing with defense and naval matters. So I chose this method of bringing up the other aspect, antisubmarine warfare. That was one of two aspects; the other was the requirement of bases.

They are limited in their bases, and it is a very serious question and I have tried to discuss it seriously, and given the opportunity to others who might want to discuss certain aspects of it with me.

Mr. GALLAGHER. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. GALLAGHER. Just that we may conclude on a note of harmony, I am sure there are some others who would join in making a contribution to the Red Cross of a case of whisky to be used for medicinal purposes.

Mr. CURTIS of Missouri. I agree with that also.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. If the gentleman will recognize by his statements that I have been yielding to him. Will the gentleman agree that I have yielded to him?

Mr. STRATTON. I do not think there is any doubt but what the gentleman from Missouri has been most generous in yielding his time.

Mr. CURTIS of Missouri. I thank the gentleman.

Mr. STRATTON. Will the gentleman yield to me now?

Mr. CURTIS of Missouri. I yield.

Mr. STRATTON. I agree with the gentleman's statement that this is not a joke, in spite of the so-called wager which, incidentally, as the gentleman knows, I do not want myself, but suggested that it be dedicated to the American Red Cross. What we are dealing with is a very serious naval question that involves the security of the country.

Mr. CURTIS of Missouri. Correct.

Mr. STRATTON. And is it not true that the gentleman implied in his wager that the Soviets did not have any base which they could operate on the open sea throughout the year? And is it not true that on the basis of the information which I have developed it turns out that the Soviets do have two bases on the open sea in which ice is no problem, that the ice does not interfere with operations? And, therefore, is it not true that the gentleman from Missouri has lost his wager and that they really have two ice-free ports?

Mr. CURTIS of Missouri. The answer of the gentleman from Missouri is obviously "No." I disagree with the gentleman on the basis of the very matter the gentleman himself has read into the RECORD.

Mr. Speaker, I yield back the balance of my time.

AMERICAN VETERANS COMMITTEE PLATFORM ON NATIONAL AFFAIRS

The SPEAKER. Under the previous order of the House, the gentleman from Michigan [Mr. DIGGS] is recognized for 60 minutes.

Mr. DIGGS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DIGGS. Mr. Speaker, at its 1959 convention at Sackett Lake, Monticello, N.Y., on May 15–17, the American Veterans Committee adopted a most comprehensive platform on national affairs. Mr. Irvin Lechliter, executive director of the organization, has sent me a copy of that platform; and, at his request, I wish to extend my remarks to include it so that the Congress and others may be informed, first, as to the American Veterans Committee's expansive interest in all areas of national concern and, second, as to the position the committee takes with respect to legislative proposals touching upon national issues.

I commend the organization for acting affirmatively as regards issues facing the Nation, for offering its own thoughtful and constructive suggestions for a liberal legislative program to meet the challenges we face today.

The platform follows:

NATIONAL AFFAIRS PLATFORM OF THE AMERICAN VETERANS COMMITTEE, ADOPTED AT THEIR 1959 CONVENTION, MAY 15–17, AT SACKETT LAKE, MONTICELLO, N.Y.

STATEMENT OF PRINCIPLES

AVC stands for the Bill of Rights as a living force animating the political life of our Nation and as a firm limitation on the arbitrariness of government.

AVC stands for the Bill of Rights as a guarantee of our freedom to speak, to assemble, to believe, and to dissent without fear from the conformities of the day.

AVC stands for the constitutional guarantees of equality for all regardless of race, color, ancestry, national origin, and religion.

AVC stands for responsible, efficient and honest government and for the merit system in government employment.

AVC stands for a government possessing and willing to exercise all powers necessary to bring about a solution of our national problems.

AVC stands for the just representation of the people in their legislatures within the framework of our national Constitution.

AVC supports the basic economic policy of the Employment Act of 1946 which holds out the promise of economic security for all.

AVC supports the active intervention of government, primarily of the Federal Government, in the economy and general welfare of our country to stimulate and provide employment, to improve the physical conditions of our cities and towns, of our housing and our schools, to bring to all the greatest benefits from the development and conservation of our natural and industrial resources and to provide for the general welfare and health of our people.

AVC supports a tax policy based on ability to pay and opposes regressive sales and excise taxes.

AVC stands for the recognition of equal rights for labor and management and for improved social benefits of employees.

AVC supports an educational system and a public health service which will give the American people, and America's youth in particular the knowledge, skills, and training, and the physical and mental health and stamina, to continue their forward march toward America's democratic fulfillment.

GOVERNMENT AND LIBERTY

I. The Nation's freedom—the Bill of Rights

1. We reaffirm the basic right of all Americans to due process of law, the right to counsel and to freedom from unlawful search and seizure. We oppose all efforts to suppress freedom to believe, speak, write, assemble, criticize, and dissent.

2. A. We urge the passage and enforcement of Federal legislation and regulations which will insure to the citizens of the United States and of the several States the full measure of their privileges and immunities of due process of law and the equal protection of the laws guaranteed to them by the Constitution, regardless of race, color, ancestry, national origin, religion, or sex.

B. In furtherance of the decision of the U.S. Supreme Court calling upon the States to integrate their school systems "with all deliberate speed" we urge the passage of Federal legislation which will:

(1) Direct the Secretary of Health, Education, and Welfare to give technical assistance to communities engaged in integration—as well as draw up plans for any community which has failed to initiate such integration plans of its own.

(2) Give the Secretary of Health, Education, and Welfare the further duty of seeking assistance from the Attorney General to enforce the above through all legal means at hand.

(3) Provide Federal funds to help support school systems deprived of State financing because of State or local laws designed to hinder or evade integration.

(4) Empower the Attorney General to seek injunctions or proceed under law on behalf of persons claiming deprivation of civil rights or liberties.

C. We urge the enactment of Federal, State, and local legislation to prevent discrimination, whether through segregation or otherwise, because of race, color, national origin, ancestry, religion, or old age and also the denial of equal opportunity in:

(1) Voting: (a) by abolition of poll tax and any other undue restriction or voting rights; (b) by legislation which makes it mandatory for all State voting registrars to maintain their records; (c) by legislation empowering the Justice Department to obtain such records under orders from any Federal District Court.

(2) Housing: By legislation aimed at cutting off Government aid at all levels to builders practicing racial or religious discrimination.

(3) Employment: By creation of a Federal Commission on equal job opportunity under Government contracts; and legislation at all levels aimed against segregation in employment.

(4) The use of facilities and accommodations open to the public.

D. We urge the inclusion in all Federal legislation making grants to States, municipalities or private institutions, of a provision

requiring these grants to be used without discrimination on the basis of race, color, ancestry, national origin, religion or sex (except for institutions limited to the members of a particular denomination or of one sex.)

E. We urge protection by Federal law of all members of the Armed Forces from physical violence, because of race, color, ancestry, national origin or religion.

F. We urge making lynching a Federal crime as well as making provisions for compensation to the families of lynching victims.

G. We favor Federal legislation making it a crime to bomb or to conspire to bomb school, church and other public and quasi-public property.

H. We believe in the principle of church-state separation and are therefore opposed to the use of public funds for church-administered schools, the display of religious symbols on public property and sectarian instruction in public schools.

I. We favor freedom from censorship of newspapers, magazines, radio, television, motion pictures and other media by the Post Office, Customs Bureau, police departments and other units of government as well as by private pressure-groups.

J. We oppose wire-tapping and electronic eavesdropping, whether by private individuals or Government officials, elected or appointed.

3. A. The right against self-incrimination. A personal right to refuse to testify on any matter which he fears may tend to incriminate him is a fundamental constitutional right which should not be diluted or impaired. No inference of guilt in any legal proceeding should be drawn in regards to any person solely because such person exercises this right.

B. The right to travel. The right of an American citizen to travel abroad should not be arbitrarily abridged by the Federal Government. A citizen should be free to leave this country without an "exit permit" which the passport has in recent years in large part become.

C. Immigration and naturalization. We urge revision of the immigration and naturalization laws to eliminate racial and religious discrimination, to eliminate the outdated national origins quota system and to do away with distinction in the treatment of native born and naturalized citizens.

We urge that all hearings on immigration and naturalization matters be subject to the safeguards of the Administrative Procedures Act.

We urge revision of our nationality laws to remove from them the provisions on loss of citizenship except for loss of citizenship through voluntary expatriation.

We urge that no person should be deported for any activity which was legal at the time of such activity. We urge furthermore, a revision of our deportation policies so as to make any person who has lived a major portion of his life in the United States since childhood not subject to deportation.

II. The Nation's Government

1. Freedom of information: The right of the people to full knowledge of governmental affairs must not be abridged, except where disclosure would imperil the national security or where disclosure would, without substantial public benefit, encroach on the right of the individual to personal liberty or freedom.

2. Congress: We urge proper changes in the rules of the Congress of the United States which will make it possible for the majority of the Members to vote cloture or close debate on legislation after a reasonable period, and which will make merit, not tenure alone the standard to be used in the selection of committee chairmen.

3. State and Federal relations: Federal payments to the States for aid to schools in federally impacted areas, for assistance to the blind, disabled, dependent children, and the aged, for slum clearance, waste treatment facilities, vocational education, and hospital construction must be continued. We favor Federal supervision which assures minimum standards in the performance of these cooperative programs.

4. State and local government: We urge reapportionment within the States to provide for equitable representation based on current population distribution.

5. The Federal civil service:

A. Apart from discharges based on reorganization of Government activities or reductions in force, Government employees should be discharged only for cause and through due process of law. The employee should be presented with a written statement of charges, have the right to a hearing before an impartial board. He shall have the right to present evidence, be confronted with adverse witnesses, cross-examine witnesses, and receive a transcript of the hearing free of charge. Action toward his separation from from the Government service should be taken only on the basis of the record thus made.

B. The rights granted to veterans in the Veterans Preference Act in regard to discharge procedures and appeals should be extended to all Government employees except those in probationary status.

6. District of Columbia: We urge that the District of Columbia receive:

A. The right to full local self-government;

B. The right to vote in presidential elections and to representation in the electoral college in proportion to its population;

C. The right to elect one nonvoting Commissioner to sit in the House of Representatives and to represent the District in Congress;

D. A fixed annual contribution in lieu of real and personal property taxes on federally owned property within the District of Columbia.

ECONOMIC SECURITY

III. Basic economic policy

1. We continue to support the Employment Act of 1946 which states it is the policy of the Government to create and maintain "conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work and to promote maximum employment, production, and purchasing power."

2. To insure the interest of the consumer, we urge Congress to establish a Department of the Consumer, to be headed by a Secretary of Cabinet rank.

3. We know from our national experience that maximum prosperity, without inflation, can only be attained and maintained so long as the national economy continues to expand its consumption and investment with increased leisure at a rate equal to our population growth, plus rising productivity per man-hour. National policies and programs to insure this rate of national economic growth should be established.

IV. Monetary and tax policy

1. Monetary policy:

A. We urge the increase of and additional appropriations for much-needed social, welfare and economic measures as sound investments in the well-being of our Nation.

B. We urge easier credit for small business, home building, and the family farm.

C. We urge the establishment of a Federal capital budget for reimbursable public works projects with a life in excess of five years, in order to rationalize public works appropriations and to improve the accounting and budgetary operations of the Government.

2. Tax policy:

Increased economic activity together with stricter enforcement of our tax laws should produce much of the income needed to finance the Government programs which we support.

We urge the elimination of special provisions in the internal revenue laws which are discriminatory in nature. As blatant examples, we point to the favored tax treatment of the extractive industries, the restricted stock options for corporate executives, the retirement income credit, the preferred tax treatment of profits on stock market transactions, and the dividend exclusion and credit provisions.

We also call for an end to the abuse of the deductibility of business expenses to finance luxurious travel, vacations, and entertainment for business management, professional men and sales executives.

V. Housing and urban renewal

AVC is vitally aware of how closely the country's economy and well-being are dependent upon the building and housing industries and of the continued need for additional housing at reasonable rents. With this in mind we offer the following housing program:

1. That the FHA and VA insure mortgages for a term up to 40 years with low downpayments and that the Federal Government make said mortgages attractive investments to lending institutions.

2. An enlarged and vigorous middle income program both publicly owned and Government stimulated and privately sponsored including consumer cooperative housing as the best method of meeting the needs of an ever-growing middle class.

3. That the Government (municipal, State, Federal) pursue a vigorous program of urban renewal planning and make provisions for the smaller builder-owner and individual owner to participate actively.

4. Vigorous enforcements of present Government antidiscrimination clauses in FHA and VA loan provisions and a Federal law insuring open occupancy in all sales and rentals.

5. Continued and expanded publicly owned housing for low income groups, together with a Government stimulated, privately sponsored program to provide housing for said groups with a view toward giving subsidies, grants-in-aid, mortgage guarantees, site clearance aid and real estate tax abatement.

6. That the Government (Federal, State, and municipal) make allowance in the form of subsidized additional mortgage guarantees and real estate tax abatement to builders and owners who make special provisions for the disabled and the aged.

VI. Conservation and development of natural resources

We view the development and conservation of our natural resources as a vital part of the Government's role and policymaking function in the economy. Because of the scope of the subject, we state, however, our proposals in this field under a separate heading.

1. Department of Natural Resources. We suggest the reorganization of the Department of Interior as a Department of Natural Resources to promote effective application of the principles of conservation and development to all segments of our national life concerned with natural resources, and to center Federal responsibility in this field clearly within a single agency.

2. Soil and Forest Conservation. We urge the Department of the Interior and Agriculture to continue and expand their programs of education and control designed to encourage wise conservation practices. We further request the appropriate committees of Congress to remain constantly vigilant to detect and prevent by appropriate legislation any unnecessary destruction or loss of the truly irreplaceable resources of soil and forest.

3. Water conservation. We recognize that, if water use continues to increase at its

present rate, we shall be faced within a century with the necessity of using and reusing every gallon of water available from natural sources within our country.

A. We therefore, reaffirm our strong support of the comprehensive river basin development (one river—one plan) principle first proclaimed by Theodore Roosevelt in his message to Congress of February 26, 1908.

B. We urge the accelerated application of this principle to our great river basins in order to assure their full development and to prevent the waste of a large proportion of their resources, and condemn the abandonment of this principle by the present administration in the Hells Canyon conflict and the violation of the comprehensive plan for the Columbia River Basin.

C. We favor enactment of legislation to establish a coordinated Great Plains Administration and the coordination of separate regional developments of this type, both with respect to river valley considerations and to national economic policies.

D. We urge the Federal Government to undertake the planning and construction of multi-purpose water and power projects similar to the one provided for in the Tennessee Valley. The value of the social and economic benefits provided by these projects to these areas and their inhabitants are far in excess of the investment made by the Government in their development. Their very scope and vastness preclude their proper development by the short-term, piece-meal operations of private power interests.

E. With the limitations of fresh water from natural sources clearly in view, we ask for development and conservation of all our water resources for maximum domestic, agricultural, industrial and recreational uses.

F. We urge the Department of the Interior to expedite the program to develop economic means of converting brackish and saline waters into usable fresh waters at economic cost.

4. Energy resources conservation: We call for the establishment of a rational, comprehensive national policy to guide the development and use of our energy resources and a positive, dynamic Federal program to effectuate that policy, especially:

A. The maximum feasible development of our only perpetually renewable energy resource, the hydro-electric power of our great river systems, including Federal construction of such multi-purpose power dams as Hells Canyon Dam, the Trinity River project and other waterpower, irrigation, flood control and navigation works, using standards of feasibility for such projects based upon their reasonably expected service life.

B. A continuation and acceleration of the Federal programs to develop and stimulate development of effective processes for the utilization of our immense reserves of oil, shale and coal.

C. The speedy development of atomic energy (both fission and fusion type) for power and other peaceful purposes, including the construction of atomic power reactors and powerplants by the Government, to develop atomic technology and ultimately to provide for low-cost atomic power.

D. With our production and consumption of electric energy increasing at phenomenal rates, we urge the establishment of a rational and coherent national policy to maximize the benefits available from the great strides technology has made in high-capacity, high-voltage generation and transmission and to assure to every part of the Nation the economic stimulus of abundant low-cost power.

5. Wildlife and recreation: We urge an increasing expansion of our national park system, national monuments and national forests for recreation of the people of the United States and for preservation of wildlife and the conservation of the few remaining wilderness areas in our country in their natural state.

6. Public lands and Indian rights: We strongly recommend enactment of laws making it mandatory for the executive branch to submit to Congress for prior approval any proposal to sell or grant proprietary privileges in Federal-owned land or resources to private interests. We oppose revocation of Federal commitments entered into by treaty between the U.S. Government and various Indian tribes. We shall support efforts to safeguard Indian lands and resources from exploitation and expropriation in violation of treaty obligations.

VII. Agriculture

We believe that the land, water and other natural resources should be used and conserved by owners and operators in such a manner as to pass on these irreplaceable natural resources undiminished to future generations.

We are convinced that families on family farms can best conserve these priceless national assets and that they are an essential balancing force in the social, economic and political structure that is vital to the stability, preservation and improvement of representative democratic government.

We support the right of farm families to earn and receive income from their work, management, and property ownership equivalent to those earned and received by people in other walks of life from similar productive resources.

We believe that these aims can be attained through combined individual and cooperative private action with and under programs of democratic government.

Industrialized agriculture, which now is able to use unprotected and sweated farm labor, domestic and imported, in competing unfairly with family type farming, must be brought into compliance with all labor and welfare legislation which now protects nonfarm industrial workers, including the Wage-Hours Act, social security, unemployment compensation, the Taft-Hartley Labor-Management Relations Act and State workmen's compensation, health and safety laws. Only as these long overdue extensions of coverage are made can more than 2 million migrant farm workers—the most depressed, helpless, and exploited remaining segment of our society—be given first-class citizenship in our economy; only as this is done can family farm operators be assured of the fair competition needed for their survival at a truly American standard of living.

VIII. Labor and social policy

We urge:

1. An increase in the Federal minimum wage to $1.25 and extension of Federal minimum wage legislation to cover employees now excluded. We favor similar extension of coverage for the Fair Labor Standards Act as a whole.

2. Federal standards to increase unemployment insurance benefits, more realistic eligibility standards and lengthening of the period for which benefits are paid to 39 weeks.

3. Improved social security benefits, including earlier optional retirement. We warn against the tendency of administrators of the act to construe the act narrowly in many individual cases, so as to deny social security benefits contrary to the spirit of the act.

4. Amendment of the Taft-Hartley Act to outlaw State right-to-work laws, to compel the NLRB to accept jurisdiction whenever an employer is actually engaged in interstate commerce, to grant strikers the right to vote in certification elections and generally to establish labor's equality with management in labor's own sphere. Such changes in the law are necessary since the Taft-Hartley Act has not brought about friendly relations between management and labor but has unjustifiably limited—especially as currently administered—the sphere of union activity and has unjustly prevented workers, in many parts of the Nation, especially in the South, from exercising their right to organize.

5. Enactment of laws for the full disclosure of the administration of pension and health and welfare plans, whether administered by unions or management or jointly by both. Federal law should follow existing Federal securities legislation and State laws such as that of the State of New York, except for the exemptions contained in the latter.

6. The recently disclosed abuses in labor union management call for labor vigorously to clean its own house with the aid of Federal remedial legislation. Caution should be exercised in regard to legislation dealing with internal union management so that it will strengthen, not weaken an independent democratic labor movement. In particular, we oppose proposals to bring the labor union under the sway of the antitrust laws.

7. Legislation requiring unions to admit to membership qualified applicants without regard to race, color, ancestry, national origin, religion or sex.

8. Legislation granting official recognition to Federal employee unions.

IX. Education

Impressed by the fresh insights and persuaded by the soundness of the Rockefeller Brothers Fund 1958 Report on Education in America, we call for active governmental leadership, community interest and support;

1. To promote widespread recognition of the fact that "in the quality of education lies the fate of freedom itself," to provide educational opportunity for every American to the limits of his capacity, and to identify the talented among us and challenge them to their highest achievement.

2. To insure the availability of adequate funds for public school construction and raising teachers' salaries, such as in the revised Murray-Metcalf bill (or similar legislation) and for necessary expansion of the physical plant in tax-supported institutions of higher learning, all on a scale sufficient to satisfy the demands imposed by continuing increases in student population and the cost of living, to improve the quality of education and to elevate the status of the teaching profession to a level commensurate with its social importance; also to explore the practicability of the creation of a large fund to provide loans repayable by the borrowers over long terms out of excess earnings attributable to education above minimum levels.

3. To improve and extend existing scholarship and loan programs for college and university students.

4. To extend scholarship and exchange programs for study by Americans abroad and by nationals of other countries in the United States.

5. To appropriate adequate Federal aid to communities impacted by Federal programs.

X. Public health

We urge:

1. Increased Federal expenditures for research in the prevention and cure of illness.

2. Expansion of medical insurance and group medical care plans, including a plan for national health insurance.

3. Expansion of public health facilities and services, hospitals and nursing homes and facilities for the rehabilitation of the aged and disabled.

4. Access by patients to all health facilities and services, hospitals and nursing homes without regard to race, color, ancestry, national origin, religion or sex.

XI. Civil defense

Aware of the importance of a vigorous civil defense effort to the very survival of the United States and its people, AVC favors effective action at all levels of governmental and individual effort in order to secure the maximum degree of protection.

ANNOUNCEMENT OF HEARINGS ON THE BIOLOGICAL AND ENVIRONMENTAL EFFECTS OF A NUCLEAR WAR

The SPEAKER. Under the previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 15 minutes.

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOLIFIELD. Mr. Speaker, modern science and industrial techniques have produced many types of nuclear weapons and systems of delivery. Individual nuclear weapons may range in quantities of released energy from a few hundred tons of TNT power to 10, 20, 30 millions of tons of TNT power. A thousand-ton TNT bomb is called a kiloton bomb, a million-ton TNT bomb is called a megaton bomb.

It is common knowledge in military circles that the nuclear weapons inventories of the United States, the United Kingdom, and the Soviet Union are computed in thousands of megatons. Each of these nations are producing many additional megatons of nuclear weapons annually for their respective inventories.

Each of these nations have announced to the world that they will use their nuclear weapons in defense of their national interest to preserve their particular way of life.

The threat of nuclear war, therefore, hangs over the world unless somehow a way can be found to establish universal peace between the nuclear weapons owning nations of the world.

The great problem which faces, not just the diplomats, but the more than 2½ billion people who live in the present uneasy cold war situation, is to find a solution to prevent a worldwide nuclear war.

Before any problem can be solved it must be understood. The more difficult and complicated the problem, the harder it is to find the solution.

Since the dawn of history, we know that war has existed between tribes, empires, and nations. Wherever men with antagonistic beliefs and ambitions of conquest possessed the weapons of their age, it seemed that—almost automatically—there was conflict—war.

The simple weapon, a club, a spear, a sword or a gun, was improved and multiplied and wars became more efficient, in the slaughter of greater numbers of human beings. The increase in efficiency of weapons did not prevent wars. In each succeeding war more advanced weapons were used.

History does not record an instance of a nation refusing to use its most efficient weapon if faced with the threat of survival.

The most efficient weapon ever developed in man's long history is the atomic-hydrogen weapon. One 10-megaton nuclear weapon will release almost four times the energy which was released in all the bombs of World War II—2,600,000 tons of TNT equivalent.

We have no reason to believe that history will not be repeated. In the light of man's long and violent history, how can we say with confidence, "There will be peace in our time. Nuclear war will not be visited on the people of the world"?

The major nations of the world are engaged in a mad race to increase their inventories of nuclear weapons and to develop a more efficient method of delivery upon their potential targets in other nations.

More than half of the Federal budget of the United States is expended in the armament race. The same situation exists in all the great nations. Humanity is carrying a crushing and suicidal burden.

How can this burden be lifted?

How can man be saved from the suicidal result of the nuclear armament race?

If we are to prevent nuclear war there must be a reversal of the trends of historical behavior. There must be as great a revolution in the minds of millions, yes hundreds of millions of human beings throughout the world, as there has been in the efficiency of weapons since 1945.

What can cause this revolution in the minds of men, which will be so world sweeping in its effect as to reverse the centuries-old trend of human behavior?

Can it be caused by political ideas? Conflicting political ideas have been the genesis for wars beyond number.

Can it be caused by religious ideas? Conflicting religious ideas have been the cause or excuse for wars as far back as history is recorded.

I know of no political ideology whose attraction is so universal as to create the change in man's behavior which we seek.

I know of no religious faith whose attraction is so strong as to inspire universal acceptance by all races and creeds.

Is there a natural trait in man which is universal and powerful enough to cause the same response in people of all religions, races, and creeds?

I have tried to find such a trait. Love, hate, hunger, fear—all these traits I have weighed and found wanting. Then I thought of the desire to live. Certainly here is the most compelling universal trait of the natural compulsions in man.

There is an end to love, to hate, to hunger, and even to fear. But, the will to survive, the will to live, persists in most men until conscious mind ceases to function.

Is it true that the will to survive is the first and strongest law of nature? A plant, an animal, yes, and a man will strive against all the adverse elements of the environment to survive.

It may be that the desire to live, the will to survive, is the key to man's survival in the nuclear age.

If, however, this trait within all humankind is to be utilized, it must be awakened to the threat against survival which I firmly believe exists in the on rushing danger of nuclear war. Before the minds of men can be awakened and convinced that their own life, their actual survival and the survival of their families is involved, they must understand the nature and effect which a nuclear world-wide war would have upon the human race. They must know and believe that their individual chance for survival is very meager. It must become, in each mind, a conviction that nuclear war is a hazard which they cannot escape by good fortune. Each person must realize that a great personal hazard exists of loss of their life. Or, if they do escape death, they will probably have their bodies so damaged by radiation that their life span will be shortened.

They must also realize that the survivors will live in a world where damaged genes and chromosomes will exist in the genetic pool of human life for untold generations.

In my considered opinion, an understanding of the effects of nuclear war is an absolute necessity then, if a conviction of personal and family hazard is to become a part of a force which can affect or regulate the behavior of human beings throughout the world. This understanding must be built upon logical and provable facts, rather than appeals to emotions, such as blind fear, hate, or philosophical, political, and religious views.

This reasoning is not to disparage any of these strong factors which may be dominant in the mental control of behavior. It is a recognition, rather, of the historical fact that their degree of control has not been universal in application or effect upon the global man.

Approach to the human mind must continue to be made through any avenue where effective understanding can be made. The time may be tragically short.

How can the people of the world be reached with the true facts attendant upon a full scale nuclear war?

First, they must be furnished those facts in a calm and judicious manner. We must establish—on the record—basic scientific facts and interpretation of facts in the field of nuclear weapon effects on man and earth's environment. Those facts must be based on the testimony of professional experts in each field of knowledge. Those professional experts must be chosen because of their expertness rather than because they may be newsworthy or "big name."

In order to bring to the people the vital facts, the special Subcommittee on Radiation of the Joint Committee on Atomic Energy will hold a series of public hearings on the biological and environmental effects of a nuclear war. The hearings will begin at 10 a.m. on June 22, 1959, in the Senate caucus room. Additional hearings will be held each day during the following 4 days in the old Supreme Court room.

The subcommittee has, for some time, realized that considerable confusion exists in the public mind as to the probable effects of nuclear weapons and their

aftermath in the event of their employment in war.

We believe it is in the national interest to clarify this confusion and that clarification can be accomplished within the limits of unclassified information.

The subcommittee and its staff have earnestly and diligently prepared an agenda and invited a distinguished and competent group of professional experts to be witnesses. These witnesses have been chosen strictly on the basis of their competence and experience in the different fields of nuclear phenomena, with particular emphasis on nuclear weapons effects.

In the biomedical field, we have chosen the men who have had the most experience in laboratory work on animals and actual experience in treating human beings who have been exposed to radiation, such as the Japanese survivors of Hiroshima and Nagasaki, and the Marshall Islands victims.

In the field of structural damage from blast and fire, we have chosen the experts who conducted or evaluated the "on the ground" results of bomb tests at the Nevada and South Pacific testing grounds.

We turned to the experts in the U.S. Weather Bureau, backed by their worldwide organization, to establish for us a typical weather pattern for the date of our simulated attack.

The Office of Civil and Defense Mobilization has cooperated to the fullest extent in transferring our attack assumptions to maps, charts, and other visual aids. Their experience in computing structural damage by blast and fire, as well as human casualties in the various "Operation Alerts," provided us with responsible and competent assistance in these vital fields.

We have utilized a mass of unclassified data from governmental and private sources on the effects of radiation. We are particularly indebted to Dr. Paul Tompkins, his associate, Mr. W. R. Strope, and others from the Naval Radiological Laboratory.

The resources of the Atomic Energy Commission, its personnel, and unclassified publications have been made available by Chairman McCone and have been of great value to the subcommittee and its staff.

It is the sincere purpose of the subcommittee to bring to the people of our country and the world the vital facts regarding the effects which a nuclear war would have on man and his environment. We believe that an informed and intelligent citizenry is the best insurance for the survival of free people.

JOINT COMMITTEE ON ATOMIC ENERGY—PROPOSED OUTLINE FOR PUBLIC HEARINGS ON THE BIOLOGICAL AND ENVIRONMENTAL EFFECTS OF NUCLEAR WAR TO BE CONDUCTED BY THE SPECIAL SUBCOMMITTEE ON RADIATION, JUNE 22–26, 1959

GENERAL SCOPE OF THE HEARINGS

Purpose

To project as far as is technically possible the probable impact of the detonation of X000 megatons of nuclear weapons upon man and his environment both in the countries attacked and elsewhere on the planet. Competent witnesses in the biological and physical sciences will testify. The main emphasis of the hearings will be on the nuclear radiation effects of modern weapons.

Background

The subcommittee has, for quite some time, held the opinion that considerable confusion exists in the public mind as to the probable effects of nuclear weapons and their aftermath in the event of their employment in war. It is in the national interest to clarify this confusion insofar as possible within the limits of classification regulation.

Part of the apathy in the U.S. civil defense effort may be traced to ignorance of the true effects of radioactive fallout. In a time of national emergency an uninformed public could present a very real hazard to the Nation's security.

Limitations

No attempt will be made in this series of hearings to consider the overall impact of nuclear war upon the Nation's economy, specific recovery measures, or the degree of industrial recuperability in the long range post attack situation.

Classification

Since the hearings will deal directly with the effects of nuclear weapons and their biological consequences, extreme care must be exercised to prevent the introduction of classified material.

The attack pattern

To assure a uniform basic problem it was decided that the attack pattern would be specified by the committee. This would provide a common basis from which independent analysis could then be made by each witness.

To absolutely insure against the possibility of any direct or indirect inferences to existing classified war plans or stockpile information, the committee, by design, refrained from requesting the support of any Department of Defense agencies in establishing this pattern or from using any classified information.

The pattern was developed under the following assumptions:

1. Type of attack: A limited attack delivered against Western European bases and the continental United States by an aggressor employing any or all of the following weapons systems (the term "limited" is meant to denote less than the maximum scale of attack but with greater dispersion of weapons than an attack directed only against strategic force bases):

A. Long range bombardment aircraft.

B. Submarine delivered missiles.

C. ICBM's.

For the purposes of computing global fallout a limited retaliatory attack against the aggressor homeland is used.

In making these assumptions the subcommittee has, in no manner, attempted to "wargame" or explore the many factors involved in the problem of delivery or retaliation but is accepting for working purposes a net delivery in the limited types of attack involving the megatonnage indicated.

2. Selection and location of targets: The targets in the continental United States were selected in accordance with those types used by OCDM in the conduct of their unclassified civil defense exercises and from published lists of military bases and Atomic Energy Commission installations. It was necessary to designate specific targets in order that realistic casualty and damage estimates could be prepared.

No attempt was made to pinpoint targets outside the continental United States. However, a total yield contribution in the Northern Hemisphere is necessary for long range, world-wide fallout computation.

3. Weapons:

(a) Weapons spectrum:

10 MT 3 MT
8 MT 2 MT
1 MT

(b) Total megaton contribution on continental United States: 1,453 megatons.

(c) Continental U.S. target distribution:

Target:	*Total megatons*
70 Critical target areas industrial complexes, communication centers, population centers)	566 MT
112 Air Force installations	653 MT
21 AEC installations	168 MT
12 Army installations	24 MT
5 Navy installations	28 MT
4 Marine Corps installations	14 MT

(d) Time of attack: 12 o'clock, Greenwich Meridian time, on a typical mid-October day (assumes completed harvest in aggressor homeland).

(e) Weather pattern: Actual pattern of October 17, 1958.

(f) Height of burst: All weapons ground burst.

(g) Fission-fusion ratio: 50/50 (all weapons).

(h) Megaton contribution on Northern Hemisphere outside the continental United States: 2,500 megatons (includes (a) contribution on aggressor homeland; (b) contribution on overseas U.S. and allied targets).

TENTATIVE SCHEDULE

Monday, June 22

Morning session, 10 a.m.; location, caucus room, Old Senate Office Building.

I. Opening statement by Chairman HOLIFIELD: 10 a.m.–10:20 a.m. (20 minutes).

II. Basic assumptions and presentation of the attack pattern: 10:20 a.m.–10:40 a.m. (20 minutes).

A. Topics covered: Over-all situation, type of attack, time of attack, weapons and yields involved, target complexes.

B. Witness: Mr. Eugene Quindlen, Office of Defense Mobilization.

III. Statement for the record—comments on the assumptions: 10:40 a.m.–10:50 a.m. (10 minutes).

Witness: Office of the Secretary of Defense.

IV. Basic effects of the specific weapons used in the hypothetical attack pattern: 10:50 a.m.–11:20 a.m. (30 minutes).

A. Topics covered: Blast, thermal and initial radiation effects of the following weapons: 10-megaton, 8-megaton, 3-megaton, 2-megaton, 1-megaton.

B. Witness: To be announced.

IV. Initial radiation and physical effects of the attack against the continental United States: 11:20 a.m.–12:15 p.m. (55 minutes).

A. Topics covered:

1. Radiation patterns, below 60,000 feet for the period: D-Day plus D plus 90 days.

2. The blast and thermal damage assessment—not to include human casualties.

B. Witness: Dr. Charles Shafer, Office of Civil Defense Mobilization.

Monday, June 22

Afternoon session, 2 p.m.; location, caucus room, Old Senate Office Building.

V. The worldwide fallout pattern: 2 p.m.–2:15 p.m. (15 minutes).

A. Topics covered:

1. A presentation of the worldwide fallout pattern resulting from the aggressor attack on the continental United States and U.S. and allied bases in the Northern Hemisphere and the retaliatory attack on the aggressor homeland by the U.S. strategic forces.

2. The long-term hazard.

B. Witness: Dr. Lester Machta, U.S. Weather Bureau.

VI. Basic properties and effects of radioactive fallout: 2:15 p.m.–3:15 p.m. (60 minutes).

A. Topic covered:

1. Composition of debris.

(a) Radioactive elements produced by fission and fusion.

(b) Effects on dose rates and total dose. (Notes.—Each single factor will be related to the time and distance from a single detonation.)

2. Deviations from theory.

B. Witness: Dr. Terry Triffet, Naval Radiological Defense Laboratory, San Francisco, Calif.

VII. Factors modifying behavior of radioactive deposits:

A. Topics covered:

1. Effects of meteorology (wind and weather conditions), 3:15 p.m.–3:30 p.m. (15 minutes).

Witness: Dr. Lester Machta, U.S. Weather Bureau.

2. Degree of builtupness on the deposits and radiation fields produced, 3:30 p.m.–4:15 p.m. (45 minutes).

Witness: Dr. Charles M. Eisenhauer, National Bureau of Standards, Washington, D.C.

3. Neutrons (prompt gammas), 4:15 p.m.–4:45 p.m. (30 minutes).

Witness: To be announced.

Tuesday, June 23

Morning session, 10 a.m.; location, room P–63, the Capitol.

4. Normal weathering and the effects of terrain (mountains and hills; ravines and gullies; vegetation, etc.), 10 a.m.–10:50 a.m. (50 minutes).

Witness: Mr. Myron Hawkins, project civil, University of California.

VIII. Round table panel discussion on the basic properties and effects of radioactive fallout: 10:50 a.m.–11:50 a.m. (60 minutes).

Panel membership: Dr. Paul Tompkins, Naval Radiological Defense Laboratory; Dr. Terry Triffet, Naval Radiological Defense Laboratory; Dr. Charles M. Eisenhauer, National Bureau of Standards; Mr. Myron Hawkins, project civil; Mr. Robert Corsbie, U.S. Atomic Energy Commission; Dr. Charles Shafer, Office of Civil Defense Mobilization; Dr. Lester Machta, U.S. Weather Bureau.

IX. Biological effects:

A. Humans:

1. Blast effects, 11:50 a.m.–12:30 p.m. (40 minutes).

Witness: Dr. Clayton S. White, Director of Research, Lovelace Foundation, Albuquerque, N. Mex.

Tuesday, June 23

Afternoon session, 2 p.m.; location, room P–63, the Capitol.

2. Heat and light (thermal burns and flash effects on the eyes), 2 p.m.–2:40 p.m. (40 minutes).

Witnesses: Dr. William T. Ham, Jr., department of biophysics, Medical College of Virginia, Richmond, Va.; Dr. George Mixter, Jr., associate professor of surgery, NYU Post Graduate School of Medicine; Cmdr. Charles H. Fugitt, USN, radiation consultant.

3. Radiation: (a) Acute effects, 2:40 p.m.–3:20 p.m. (40 minutes).

Witness: Dr. Payne S. Harriss, health research division, Los Alamos Scientific Laboratory.

(b) Effects from protracted exposures.

(1) Experimental: 3:20 p.m.–4 p.m. (40 minutes).

Witness: Col. J. E. Pickering, USAF, School of Aviation Medicine, Randolph Air Force Base, Tex.

(2) Humans: 4 p.m.–5 p.m. (60 minutes).

Witness: Dr. Robert R. Newell, Naval Radiological Defense Laboratory, San Francisco, Calif.

Wednesday, June 24

Morning session; 10 a.m.; location, room P–63, the Capitol.

(c) Skin (beta burns): 10 a.m.–10:30 am. (30 minutes).

Witness: To be announced.

(d) Acute effects of ingestion and inhalation of fallout debris:

(1) Ingestion: 10:30 a.m.–10:50 a.m. (20 minutes).

Witness: Dr. Gordon Dunning, Division of Biology and Medicine, U.S. Atomic Energy Commission.

(2) Inhalation: 10:50 a.m.–11:30 a.m. (40 minutes).

Witness: Dr. Stanton Cohn, Brookhaven National Laboratory.

(e) Measures of body burdens of fission products: 11:30 a.m.–12 noon (30 minutes).

Witness: Lt. Col. James B. Hartgering, M.D., USA, Walter Reed Army Medical Center, Washington, D.C.

Wednesday, June 24

Afternoon session, 2 p.m.; location, room P–63, the Capitol.

(f) Somatic and genetic effects:

(1) Somatic: 2 p.m.–2:40 p.m. (40 minutes).

Witness: Dr. Hardin Jones, Donner Laboratory, University of California, Berkeley, Calif.

(2) Genetic: 2:40 p.m.–3:20 p.m. (40 minutes).

Witness: Dr. James V. Neel, department of human genetics, University of Michigan Medical School, Ann Arbor, Mich.

X. Panel on biological effects: 3:20 p.m.–4:20 p.m. (60 minutes).

Panel members: Dr Paul C. Tompkins, Naval Radiological Defense Laboratory; Dr. Robert R. Newell, Naval Radiological Defense Laboratory; Dr. Donald Chamberlain, University of Pennsylvania; Dr. Gordon Dunning, U.S. Atomic Energy Commission; Dr. Hardin Jones, Donner Laboratory; Dr. Payne S. Harriss, Los Alamos Scientific Laboratory; Dr James V. Neel, University of Michigan.

XI. Environmental contamination:

A. Effect on animals: 4:20 p.m.–4:40 p.m. (20 minutes)

Witness: Dr. Bernard F. Trum, director, animal research division, Harvard University Medical School, Boston, Mass.

B. Effect on food supply:

1. Soils and crops: 4:40 p.m.–5 p.m. (20 minutes).

Witness: Dr. Robert T. Reitemeier, Department of Agriculture, Washington, D.C.

Thursday, June 25

Morning session, 10 a.m.; location, room P–63, the Capitol.

2. Processed foods: 10 a.m.–10:40 a.m. (40 minutes).

Witnesses: Dr. Edwin P. Laug, Bureau of Biological and Physical Sciences, Food and Drugs Administration; Mr. Shelbey B. Gray, Bureau of Program Planning and Appraisal, Food and Drug Administration.

C. Long-term effects on environment:

1. Experimental: 10:40 a.m.–11:20 a.m. (40 minutes).

Witnesses: Dr. Kermit Larsen, UCLA, Atomic Energy Project, Los Angeles, Calif.; Dr. James Neel, UCLA, Atomic Energy Project, Los Angeles, Calif.

2. Long-range implications: 11:20 a.m.–12 noon (40 minutes).

Witness: Dr. John Wolfe, Division of Biology and Medicine, U.S. Atomic Energy Commission.

Thursday, June 25

Afternoon session, 2 p.m.; location, room P–63, the Capitol.

XII. Casualty estimates (human beings in the United States).

A. Under conditions of attack pattern outlined: 2 p.m.–3 p.m. (60 minutes).

1. Casualties from blast and fire.

2. Immediate casualties from acute radiation.

Witness: Mr. Eugene Quindlen, Office of Civil and Defense Mobilization.

B. Delayed casualties from radiation: 3 p.m.–4 p.m. (60 minutes).

Witness: Dr. Gordon Dunning, Division of Biology and Medicine, U.S. Atomic Energy Commission.

XIII. Survival measures (technical considerations) and their effects on saving human lives: 4 p.m.–5 p.m. (60 minutes).

A. Topics covered:

1. Population shelters: (a) Protection available from existing shelters; (b) special shelters.

2. Protective measures for emergency supplies and equipment (food, medical, water, essential equipment, etc.).

Witness: Mr. W. E. Strope, Naval Radiological Defense Laboratory.

Friday, June 26

Morning session, 10 a.m.; location, room P–63, the Capitol.

XIV. Emergency protection measures: 10 a.m.–10:50 a.m. (50 minutes).

A. Topics covered:

1. Warning devices.

2. Communications.

3. Monitoring.

Witness: Dr. Willard F. Libby, Commissioner, U.S. Atomic Energy Commission.

XV. Panel discussion: 10:50 a.m.–12 noon (70 minutes).

A. Topics to be covered:

1. Reliability of estimates.

2. Strategic implications (role in deterrence).

Panel members: To be announced.

SUGAR LEGISLATION

Mr. LANE. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, sugar is a completely controlled commodity.

Shades of Soviet Russia.

Not content with the power vested in the Federal Government to manipulate supply and price, there are some well-meaning but misguided people who would make this control permanent. If they succeed in this, the next step is legislation that will forbid us to use Cuban or Puerto Rican sugar, and force us to depend on rationed supplies of domestic sugar.

I wonder what would happen if the consumers rebelled against these monopolistic practices, and decided to go on strike against inflated prices based on artificially created shortages? Perhaps the lobbyists would then push for forced feeding legislation.

The alleged reason for making permanent the Sugar Act of 1948 is to protect the domestic sugar-producing industry. Up to a certain point they have a legitimate claim to our consideration, but when they seek extreme protection, the time comes when we must say "No."

Look at the special benefits we already provide for the favored domestic sugar industry.

First. Import duty. We do not object to this, because we believe it reinforces our contention that similar protection should be accorded to other American industries.

Second. The processing tax.

Third. Direct payments by the Federal Government to producers. If only such generosity had come to the rescue of our textile industry.

Fourth. Quotas for domestic producers and foreign countries. Here is where the shell game comes into play.

Are they satisfied with these subsidies paid for by the consumers and the general public? Not at all. They want to freeze this preference forever.

It is not surprising that the Director of the Sugar Division of the Department of Agriculture admitted that the administration of the Sugar Act has been in accordance with the desires of the domestic sugar industry. But it is justifiably resented by the manufacturers who depend upon sugar as the basic material in their products and by the consumers of the end-product.

Here is an example of the harm done. Puerto Rico, an important east coast supplier, was unable to fill its quota of our normal needs in 1958. The northeast was faced with a shortage unless the Puerto Rican deficit should be reallocated to Cuba—the dependable supplier of the northeast—or some other area or country in a position to provide us with the required supply to meet demand. Under the 1956 amendments, however, the other domestic producing areas were given priority in filling the Puerto Rican deficit. This imbalance meant that more sugar was made available on a relative basis to the western part of the United States—the area of smallest consumption—and a relatively shorter supply along the eastern seaboard, which is the area of heaviest consumption. In the fall of 1958, when it became plain that domestic producers could not meet all of their quotas following the deficit reallocations, Cuba was permitted to ship an additional 50,000 tons, as a token correction that did not remedy the situation.

I congratulate the Director of the Sugar Division of the Department of Agriculture for the forthright advice in his address to the Hawaiian Sugar Planters Association on December 21, 1958 when he said:

> Many tend to overlook the fact that our large consuming population of the Northeast is dependent entirely upon offshore supplies. Year after year supplies for that area have been down to rockbottom at the year end. Many of the proposals for obtaining materially higher prices through tighter controls would, if adopted, result in a severe shortage of sugar in the northeastern States. I submit to you the question of whether the Sugar Act would long remain on the statute books if the northeast were to run out of sugar.

And they want to make it permanent?

Unless more consideration is shown for the consumers, and the candy manufacturers, the Sugar Act will pay the price of its own monopolistic appetite. It will have to be amended and moderated or risk the defeat that it deserves.

The kids do not vote but their parents do. And when they learn how the domestic sugar growers will be responsible for boosting the price of candy permanently, watch out.

MANAGEMENT OF THE NATIONAL DEBT

Mr. SMITH of California. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. BECKER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BECKER. Mr. Speaker, I am voting against any increase in national debt, for what I believe to be the best of reasons.

The last time the matter came up in the House in respect to increasing the national debt to meet the Nation's monetary obligations, I was implored to vote for this on the grounds that the "bills had to be paid." However, I have given this matter great thought and have to the conclusion that for 7 years I have consistently voted to cut appropriations and authorizations and at every turn have fought the big spenders in the House; however, without great success.

I therefore feel that those who have been advocating spending, and voting for the spending causing the great deficits each year, should carry the responsibility of increasing the national debt, but I want to point out here and now that last year when this matter arose the voting record in the House will show that many of the Democrat big spenders voted against increase in the national debt, as usual, playing both sides of political expediency.

Another reason I am voting against an increase in the national debt, and the most important one: It is my opinion that if we do not increase the national debt, regardless of what spending bills are passed by Congress that cause a deficit, the executive branch of the Government will just be unable to obligate that spending unless there is revenue to provide for it. By refusing to increase the national debt, the executive branch of Government will be prohibited from borrowing money against a deficit. Therefore, the executive branch would pay for the necessary obligations, would pay the bills of necessary expenditures such as our national defense, but for those nonessentials, these would be forced to wait until sufficient revenue was forthcoming.

The people of our country are rapidly awakening day by day to the dangerous effects of inflation. They find their dollar buying less and less. The people having to live on fixed incomes such as pensions, insurance, and annuities cannot exist much longer if their dollars keep shrinking.

Therefore, Mr. Speaker, I am certain that the best act I can perform today is to vote against the increase in the national debt as being one of the only ways I can help stop the budget-busters and the big spenders.

LABOR-MANAGEMENT REFORM LEGISLATION

Mr. GALLAGHER. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. TELLER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. TELLER. Mr. Speaker, I have this day introduced a compromise labor-management reform bill H.R. 7811, known as the Labor-Management Reporting and Disclosure Act of 1959, for the consideration of our House Committee on Education and Labor, and I hope its provisions will serve as an aid in the desires of the Congress for the prompt enactment of a fair labor reform bill.

Mr. Speaker, this is an area of bitter controversy, where points of view are wide apart from one another, and beliefs and prejudices are firmly held. It is my hope that a spirit of adjustment and compromise will be brought to bear upon the general problem of labor-management reform, that prejudices will yield to a willingness to try to see the other fellow's point of view.

Anyone who embarks upon the objective of compromising contending viewpoints in the field of union-management relations often assumes a thankless task. I have no illusions that my bill H.R. 7811 will satisfy everybody, but some leaders of our American labor unions will have to sacrifice some of their firmly held beliefs and some management interests will have to yield some of their rigidly held points of view. I do, however, have a good measure of confidence that both management and unions will do so because I believe that the American people want an effective labor-management reform law, and both management and labor union leadership are aware of this fact.

H.R. 7811 is not a radically new approach, it is not designed to raise new controversies, but is rather an attempt to integrate the best features of a number of pending labor-management reform bills, and it draws substantially from the Kennedy-Ervin bill, both as reported by the Senate Labor and Public Welfare Committee and as passed by the Senate.

Senator KENNEDY deserves the Nation's gratitude for his valiant efforts toward working out an acceptable labor-management reform bill. Had he not laid the groundwork in his bill S. 505, my bill H.R. 7811 would have been impossible. While, however, my bill integrates a good deal of the Senate's contribution to this field, I have somewhat reduced the powers and functions of the Secretary of Labor because of my belief that the American people favor the diffusion of power rather than its concentration in any one person or office. I have also cut down to an extent what I believe to be the excessive recourse to the criminal laws, particularly in situations where it may be expected that when American people are told that they are legally required to do something, they will conform to the legal requirement. I have, therefore, given over to individual enforcement and to the courts much of what is left for criminal prosecution under vague language in other bills.

H.R. 7811 seeks to accomplish a program of labor reform without being repressive either to unions or to management. The American system of collective bargaining can succeed only if strong and stable unionism is allowed to

exist. For this purpose we need to encourage, certainly not to tie the hands of, responsible union leaders able and willing to carry on the process of collective bargaining, to abate the causes of strikes, to enforce the sanctity of collective-bargaining agreements, and to make of the union movement an effective partner with management in the American system of free enterprise which has helped to make us a beacon of world freedom.

H.R. 7811 omits the controversial amendments to the Taft-Hartley Act. It is exclusively a labor-management reform bill. I have heretofore proposed the establishment of a joint committee on labor and industrial relations, and I urge upon the Congress that it enact my proposed joint resolution, House Joint Resolution 182, for this purpose. In this way, the controversial Taft-Hartley amendments, which are unrelated to the problem of labor-management reform, will be considered separately in an atmosphere divorced from surcharged problems of reform.

H.R. 7811 contains a so-called bill of rights under which union members will be protected, but it does not paralyze the legitimate internal operation and management of labor unions.

The following is a summary explanation of some of the principal features of H.R. 7811:

H.R. 7811 contains seven titles:

Title I contains the usual definitions of terms used in the bill.

Title II summarizes and declares the rights of union members which are implemented and enforced in the bill.

Title III provides for reports to the Secretary of Labor by unions, union officers and employees, employers, and "middlemen" on their administrative practices and financial operations. These reports are to be public information. Extortionate picketing and bribery are also outlawed in title III.

Title IV provides for reports by national and international unions on trusteeships imposed by them over subordinate local unions and authorizes union members to sue in the Federal courts to require them to be administered in accordance with the union constitution and bylaws.

Title V requires periodic election of union officers by secret ballot or at a convention of delegates chosen by secret ballot, provides procedures through means of members' suits in the Federal courts, to safeguard members' voting rights in union elections, challenge improper elections and remove officers guilty of serious misconduct, and bars from union office or employment (other than in a purely clerical or custodial capacity) persons convicted of specified serious crimes or any violation of the bill.

Title VI provides for voluntary adoption of codes of ethical practices, similar to those adopted by the AFL–CIO, by national and international unions and industrywide and nationwide employer associations, establishes a tripartite advisory committee on ethical practices, and requires a report by the Secretary of Labor to the Congress within 3 years on the operation of the bill.

Title VII contains miscellaneous provisions dealing, among other things, with the prevention of the use of force or violence, or threats thereof, to restrain, coerce, or intimidate any union member for the purpose of interfering with or preventing him from exercising any rights to which he is entitled under the bill, the obligation of unions to furnish copies of collective bargaining agreements to employees and local unions having members who are affected by the provisions of such agreements, and the bonding of union officers and employees who handle union funds.

Aside from omitting the controversial Taft-Hartley Act amendments, the principal features of H.R. 7811 are as follows:

BILL OF RIGHTS

First. With respect to a bill of rights of union members, H.R. 7811 represents a compromise between the provisions of the Senate bill, S. 1555, as reported and as passed. It contains a separate title—title II—as does S. 1555 as passed, summarizing and declaring certain federally protected rights of union members. It does not, however, as does S. 1555 as passed, simply declare general rights which would take years of litigation to define. Instead, as in S. 1555 as reported, the rights that would be federally protected are limited in title II of the bill to those for which specific implementation and remedies are provided in other titles. The rights which every member of every union engaged in industries affecting commerce would be specifically guaranteed under the bill are, first, the right to support and vote for candidates of his choice in union election, and to be a candidate for and hold union office, as provided in title V—elections; second, the right to have access to adequate and accurate information on the conduct of his union's business and its financial operations, as provided in title III—reporting and disclosure; third, the right to have his union's funds and property effectively safeguarded, and specifically against embezzlement, theft, or other unlawful and willful conversion, as provided in title III—reporting and disclosure; fourth, the right to have the affairs of his union administered in accordance with codes of ethical practices, as set forth in title VI—codes of ethical practices; and fifth, the right to have his union placed and maintained under trusteeship only for such purposes and such periods of time as are prescribed in title IV—trusteeships.

FIDUCIARY RESPONSIBILITIES OF UNION OFFICERS

Second. In line with the basic principle embodied in the bill that any federally protected rights should be specifically defined in relation to the specific remedies which are provided for their implementation, and that the abuses to be eliminated and prevented should likewise be specifically defined, the bill omits broad assertion of fiduciary responsibility on the part of union officers and employees such as is included in S. 1555 as passed. Specific provisions in the bill seek to prevent abuses of trust by union officers or employees by requiring them to report any conflict of interest transaction in which they may engage and prescribing penalties for failure to report or for false reporting of any such transaction. In addition, embezzlement of union funds or property is made a Federal crime, and individual union members are given a right to bring suit in the Federal courts when any union officer or employee has been convicted of embezzling union funds or property to recover such embezzled funds and property. Such suits could only be brought, however, when the union's executive board or officers have failed or refused to do so written 12 months after having been requested to do so. Unions would also be prohibited from paying the fine of any union officer or employee who is convicted of embezzling union funds or property.

Third. Employer reporting: The employer reporting requirements have been tightened and strengthened as compared with those contained in other pending House bills and in S. 1555 as reported and as passed. Since unions that are required to report under the bill must report all their financial transactions under the bill, employers should at the very least be required to report any expenditures they make, not only for direct antiunion activity, but also for all employee relations activities that affect the right of their employees to organize and bargain collectively through representatives of their own choosing.

Fourth. Union reports: As reported and passed, S. 1555 leaves it discretionary with the Secretary of Labor whether to exempt from the union reporting requirements small unions having fewer than 200 members and gross annual receipts of less than $20,000. Under H.R. 7811 this provision is converted into a mandatory exemption for these small unions. The Secretary may revoke the exemption for a particular small union under the bill, but only if he finds, after a hearing, that the exemption of the particular union is permitting substantial improper practices to exist and thus interferes with or is not compatible with the objectives of the bill.

Fifth. Union elections: The substantive provisions with respect to the conduct of union elections which are contained in H.R. 7811 are substantially the same as those included in S. 1555 as reported and as passed. The procedure for challenging a union election has, however, been changed. Instead of authorizing members of a labor organization to file written complaints of violations of the election provisions with the Secretary of Labor and then authorizing the Secretary of Labor to bring suits in the Federal courts to have the challenged election declared invalid, the bill provides that a union member who is aggrieved by any election violation and who has exhausted reasonable remedies available to him within the union may sue directly in the Federal courts. The procedure in any such court action upon the filing of such a suit would be the same as under S. 1555 as reported and as passed.

Sixth. Trusteeships: The trusteeship provisions contained in H.R. 7811 differ in the following respects from those contained in S. 1555 as reported and as

passed. The substantive provisions dealing with trusteeships are limited to reporting requirements and a declaration of the purposes for which trusteeships may be imposed. Among these purposes is the enforcing of the union constitution and bylaws, as well as the correction of corruptive or financial malpractice, assuring the performance of collective bargaining agreements, restoring democratic procedures, and so forth. As in the case of elections, there has been substituted for the procedure of a written complaint to the Secretary of Labor of a violation of the trusteeship requirements and a suit by the Secretary of Labor in the Federal courts, provisions that would permit any union in trusteeship or any member of such a union to bring suit in the Federal courts directly to restrain administration of the trusteeship that is not in conformity with the union's constitution and bylaws. Here again, as in the case of the provisions dealing with elections, such suit could only be brought by a member who is aggrieved by any such violation of the trusteeship provisions and who has exhausted the reasonable limitations available to him within the union.

EX-CONVICTS BARRED FROM UNION OFFICE

Seventh. H.R. 7811, as passed, contains a provision with respect to the barring of ex-convicts from holding union office which is a compromise between the provision on this subject that was included in S. 1555, as reported and as passed. Persons convicted of certain specified major crimes—the same as those listed in S. 1555, except that "rape," "assault with intent to kill," and "assault with intent to inflict grievous bodily injury" have been omitted because they deal with offenses that may or may not, depending on the facts, be a proper basis for disqualification from holding union office or employment—would be barred from holding union office or employment within 5 years after being convicted of any such crime or after having served any part of a prison term resulting from such a conviction. To meet possible constitutional requirements, the disqualification would apply only in cases where the conviction occurs after enactment of the bill; it would not apply, as is the case under S. 1555, as reported, to persons convicted prior to the bill's enactment, also, as under S. 1555, as reported, the disqualification would be lifted, if within the 5-year period the person's citizenship rights having been revoked as a result of such conviction are restored, or the Secretary of Labor, after a hearing, determines that the person's services as a union officer or employee would not be contrary to the purposes of the bill. After the expiration of the 5-year period, of course, the disqualification would automatically be lifted.

Eighth. Remedies: Title II of H.R. 7811 provides that, notwithstanding any other Federal or State law, the remedies provided for violations of rights prescribed by the bill shall be exclusive. The bill does not, however, limit or impair any rights or remedies a union member may have within his union under its constitution and bylaws, nor does it limit or impair the union's authority or responsibility for the conduct of its internal affairs, except as specifically provided by the bill.

These provisions take the place of section 602 of S. 1555 as passed which would subject unions and employers, not only to the requirements of the bill, but also to all other Federal and State laws on the same subjects, no matter how serious the conflict between these other Federal and State laws and the provisions of the bill. They are designed to prevent the imposition of many onerous and uncertain Federal liabilities and obligations on unions in the areas dealt with in the bill in addition to those to which they are already subject under the laws and court decisions of the 49 States. They are based on the premise that unions and employers engaged in industries which affect interstate commerce should be subject, with respect to the matters covered by the bill, to uniform Federal standards and regulations. This is necessary if unions and employers in different States throughout the United States are to be treated equally and fairly.

Of course, the areas preempted for Federal regulation under the bill are limited to the specific subjects for which remedies are provided in the bill. Thus, with respect to reporting any disclosure, section 304(c) provides that no person shall be required by any State law to furnish to any State officer or agency any information included in a report required to be filed with the Secretary of Labor under the bill, if such person furnishes such State officer or agency a copy of such report, or of the portion of the report containing the information in question. With respect to union trusteeships, once a Federal court assumes jurisdiction in an action brought by a member under title IV, its jurisdiction would be exclusive under section 405. Under section 603, the duties imposed on unions, and the remedies provided for members with respect to voting in union elections and the conduct of elections for the election and removal of union officers shall be exclusive. No union subject to the election provisions of the bill may be required by any law, State or Federal, to conduct union elections with greater frequency or in a different form or manner than is required by its own constitution and bylaws, except as otherwise provided in the bill.

H.R. 3

Mr. GALLAGHER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. DINGELL. Mr. Speaker, I oppose H.R. 3, a bill which is supposed to make clear the relationship between the Federal Government and States and their laws by providing that unless there be a clear conflict between Federal and State statutes, or unless the Federal statute expressly so states, there shall be no preemption of the legislative field solely by reason of enactment of the Federal statute.

In a nutshell, this bill seeks to return the United States to the days of the Articles of Confederation when we had a weak, ineffectual Federal Government entirely incapable of meeting domestic problems affecting the States and their people, protecting the people of the several States from foreign enemies or acting to prevent Balkanization of the States, tariff walls, and sundry restraints on interstate commerce. So weak was the Government of that day that the several States, recognizing the need, met and framed the present Constitution of the United States. That the Founding Fathers knew what they did, and that they worked carefully and wisely through the many drafts of the Constitution to produce a document setting forth principles of sound government which will last through the ages, can be seen from the fact that the country in almost 200 years has adopted very few amendments, one of which has been repealed as unwise and unworkable.

H.R. 3 virtually does away with the power of the Federal Government to be supreme in the fields of international relations, interstate and foreign commerce, civil rights, protection of citizens, and the many other fields where the Government properly and constitutionally acts as the Government of one United States. It would go far to make the Federal Government the weak clearinghouse or representative of a series of semiautonomous Balkan States.

H.R. 3 is a vicious measure with evil results going far beyond anything contemplated by friend or foe in the discussion of it.

It will require relitigation of almost every question which has risen in the past with regard to State-Federal action, especially questions involving interstate commerce, Federal taxing power, and national defense.

In one fell stroke the Congress will modify, or apparently modify, every statute and court decision which the Supreme Court and the Courts of the United States have made in the history of the country and will open a Pandora's box of litigation with results undreamed of. Employers will undergo a long period of confusion, difficulty, and litigation before they are able to finally clarify, if ever, their relations with their employees under the National Labor Relations Act and the Taft-Hartley Act. Federal civil rights legislation will be clearly open to attack, litigation and relitigation. Federal legislation in the fields of narcotics, land condemnation, water rights, navigation on rivers, lakes and oceans, military procurement, wages and hours, railroads, trucks and airlines, radio and television, elections and election practices, Federal lands, National Parks, forests and wildlife refuges, regulations on the taking of migratory waterfowl under the Migratory Bird Treaty, and other treaties, as well as Federal statutes outlawing and making uniform the treatment of subversion and subversives, will all be subject to litigation.

If it is the wish of Congress to enact legislation to readjust responsibilities of

the Federal Government and States in any field, the problem should be attacked with a surgical scalpel to be sure that the effect of the action is what Congress intends.

To attack the whole system of Federal statutory and case law with so wide and sweeping an attack and alteration is unwise in the extreme and will lead to results which will frighten not only those wise enough to oppose this legislation but ultimately also its backers both in Congress and out.

Every American has a real stake in the fight against this bill. Those who seek a stable and continuing economy free from blurring, alteration, relitigation, and obscuring of all of the multitude of rights, responsibilities, and obligations which have been established in our society should oppose this measure with all their strength. H.R. 3 is bad and should be summarily defeated.

PRESIDENT EISENHOWER COMES OUT IN FAVOR OF THE PRINCIPLE OF THE CLARK-REUSS BILL

Mr. GALLAGHER. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. REUSS] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. REUSS. Mr. Speaker, the Nation's eyes are on the deadlocked steel negotiations. Knowing what a pacesetter steel has been for price increases in recent years, the public is apprehensive about further increases.

H.R. 6263—the Clark-Reuss bill—seeks, among other things, to bring to bear an informed public opinion upon administered price increases, and associated wage increases. The bill was favorably reported by the House Committee on Government Operations on June 12, and is now awaiting a rule.

Yesterday a perceptive reporter asked the President at his press conference the $64 question on the Government's role in this vital private-public matter of Big Steel:

Question. RAYMOND P. BRANDT (St. Louis Post Dispatch): Mr. President, both the steel management and the steel unions are issuing self-serving statistics which are in great conflict. Is there any way that Government can bring out impartial figures on profits and wages and productivity so the people can understand the issue and make their own decisions?

The PRESIDENT. Well, I think you have asked about the most intelligent question on this particular question, particular matter; and I haven't thought about it in this particular way, to put these statistics together, you might say in columns right down the line and seeing what the judgment is.

I don't know whether this would be helpful or not, but I'll take your suggestion, and I'll have it studied. It's one that I just wouldn't want to shoot too rapidly on for the simple reason that, that they are tough questions, they are people that are bargaining right now, and it's not my business to try to influence them.

But I do say, this is a matter that affects the public, and I do have a public duty to do what I can, as long as I don't get into the business of the bargaining itself.

Question (no name). Mr. President.

The PRESIDENT (continuing). Therefore, if I can do anything, why, you can bet I will.

Reporting on the press conference in this morning's Washington Post and Times Herald, staff reporter Bernard D. Nossiter correctly points out that apparently "Ike's" right hand knoweth not what his left hand doeth:

The President also praised as most intelligent a suggestion that the Government resolve conflicting union and industry statistics by publishing impartial data on profits, wages, and productivity.

Bills embodying the impartial-data idea have been proposed by Senator JOSEPH C. O'MAHONEY (Democrat, Wyoming) and Representative HENRY REUSS (Democrat, Wisconsin) with Senator JOSEPH CLARK (Democrat, Pennsylvania).

The administration strongly opposes both measures.

An editorial of June 16 in the Washington Post and Times Herald, entitled "The Wage-Price Game," gives some good reasons why the public is entitled to help in trying to understand the conflicting claims of labor and management in the steel dispute:

THE WAGE-PRICE GAME

We commend to the steel wage contract negotiators a recent item from Business Week, entitled "You, Too, Can Play With Numbers, or Statisticianship, the Art of Numerically Proving a Point Without Actually Falsifying the Basic Data." The McGraw-Hill economists got into this game in an effort to unscramble the conflicting claims of various politicians and economists about the rate of growth of the American economy.

They worked out a little table covering the years 1946 to 1958, set up in the fashion of a multiplication chart or a railroad timetable, from which one may quickly ascertain the average annual growth rate between any 2 years within this span in terms of constant 1958 dollars. With this you can make a liar out of almost anybody (although even with the table at hand, it is impossible to evade the conclusion that in the past 10 years the economy has been sharply and almost steadily slowing down).

Messrs. Blough and McDonald (of United States Steel and the Steelworkers Union, respectively) might speed up the contract talks by reducing their statistical flights to an orderly chart. Then, instead of one talking about steel profits and wages in terms of steel output and another of profits and wages in terms of gross income, both could talk about a trend line (or lines) reflecting all factors. Each side would then be reduced to saying simply, "things look good, and we want ours—as much as we can get."

With this basic identity of interest established, it might then be easier for government and the public to assert the broader interest in a noninflationary settlement. And that, of course, is exactly why the companies and unions will go on playing the statistical game.

In an article in the May 28 Reporter magazine, I put forth my conception of what the President's duties ought to be with respect to administered prices:

FACING UP TO THE FACTS

(By Representative HENRY S. REUSS)

At his May 5 press conference President Eisenhower, asked about possible price increases by Big Steel, replied:

"I say this, and I say it and emphasize it: Here is something in which not only Government but public, the whole public, 175 million people are involved and their interests are going to be preserved or damaged or possibly even advanced by decisions reached by the employees and employers in this field.

"It is a basic industry and whatever is done affects all the rest of industry, and I can say only this: that we must look to them for some good sense and some wisdom in, I mean real business-labor statesmanship or in the long run the United States cannot stand still and do nothing."

The President then went on to "explain" that this year's first-quarter profits for United States Steel were well below last year's. He seemed to accept United States Steel's statement of first-quarter earnings, despite what the Washington Post and Times Herald reported as the widespread judgment in investment circles "that the big steel company has understated its earnings substantially in preparation for current wage negotiations."

Earlier, in April, the administration had hurriedly published figures showing that in recent years steel wage increases had sharply outpaced productivity—only to have the Bureau of Labor Statistics retract the productivity estimate as in error a few days later.

Of course the President is right that the whole public is affected by collective bargaining in the steel industry. But what the public needs is some institutional arrangement whereby it can get the full facts on wages, prices, productivity, and profits for steel and related industries. Without the full facts—or worse, with half facts about profits and productivity—the public is like the cub war correspondent whose first cable home read "Great battle in progress. Utter confusion. Can learn nothing."

In terms of the goals of the Employment Act of 1946—maximum employment, production, and purchasing power—what can be said of our economic record in recent years? An unemployment total much beyond 3 percent of the work force is generally agreed to be intolerable, but the figure for more than a year has never gone much below 6 percent.

Our gross national product, if we are to improve our standard of living here at home and accept our responsibilities abroad, must increase at the rate of 4 or 5 percent per year. But our actual annual growth rate since 1953 is only 2½ percent, contrasted with Soviet Russia's 8 to 10 percent and Western Europe's 5 percent. As for our record in maintaining the purchasing power of the dollar, both the wholesale price index and the consumer price index have risen more than 8 percent since 1953, despite the recessions of 1954 and 1957–58.

The administration's basic economic policy has been the classic one of tight money. With the exception of the recession months of 1957–58, the Federal Reserve System has been choking off demand by restricting the money supply (currency and demand deposits). From the end of the first quarter of 1953, to the same point in 1959, the money supply has grown by only 11 percent, while gross national product has grown by 27 percent. Asking a money supply adequate for 1953's $365 billion gross national product to do the job for today's $465 billion gross national product is sending a boy to do a man's job.

But most annoying of all—the policy of checking demand and production in order to stop inflation has not worked. Particularly in those concentrated industries like steel and automobiles, where a few producers control the market, prices and wages have continued to advance even in the face of insufficient overall demand. Thus the steel industry announced a $4.50-a-ton price increase last August when it was operating at only 60 percent of capacity.

These "administered price" increases—set by the not very competitive leaders in the giant industries—have been the real pace

setters. According to the Kefauver subcommittee, 85 percent of the 8 percent increase in the wholesale price index from 1953 to October 1958, was caused by steel and steel-using industries, such as automobiles and machinery. Without steel's contribution the rise in the wholesale price index would have been less than 1 percent rather than 8 percent.

The phenomenon of administered prices has been stressed in recent years by economists like John Kenneth Galbraith of Harvard, Dr. Gerhard Colm of the National Planning Association, and Gardiner Means, whose thriving zoyzia-grass business refutes the conventional notion that an economist is a fellow who has never met a payroll.

Meanwhile the administration, wedded to the idea that monetary and fiscal policy is the proper and sole remedy for inflation of any type, ignored the problem of administered prices as long as it could. The President's Economic Report last January, for example, failed to mention it. But recently such administration figures as Council of Economic Advisers Chairman Raymond Saulnier, Federal Reserve Board economic adviser Woodlief Thomas, and the Federal Reserve Board's research director, Ralph Young, have all recognized that such prices do exist, and that general monetary and fiscal controls cannot affect them much.

The administration's restrictive monetary policy would be the appropriate cure for a demand inflation—the situation where too much money chases too few goods. But it cannot come to grips with an administered price inflation. And vague Presidential exhortations, unfortified by facts, that labor and management should forgo unstatesmanlike wage and price increases have had no visible effect. If abstract pleas to be reasonable won't work, what will?

A bill cosponsored by Senator JOSEPH S. CLARK, of Pennsylvania, and myself would update the Employment Act of 1946 to try to meet the central problem of 1959: how to avoid inflation, whether "demand" or "administered," and still have maximum employment and production. The bill would make sustained economic growth an explicit object of national policy, and would direct the President to fix quantitative goals for the Nation's employment, production, and purchasing power. It would also make "reasonable price stability"—the opposite of inflation—an explicit goal, and direct the President "to bring to bear an informed public opinion upon wage and price increases which in his judgment appear to threaten national economic stability." This the President would do by holding hearings on price increases, and associated wage increases, in the concentrated, pace-setting industries, and making the facts available to the public.

A powerful array of forces has lined up against the proposal. The administration is against it because "it would tend to substitute Government inquiry into the reasons for, and the justifiability of, any price increase for our traditional ideals of prices set in response to free market forces." The National Association of Manufacturers felt the bill would "generally retard technological improvements and the forward progress of our economy." The United States Chamber of Commerce opposed it as signaling "the end of consumer sovereignty and freedom." To United States Steel Chairman Roger M. Blough, it would lead to "gradual destruction of the greatest industrial machine the world has ever known." The AFL–CIO opposed the bill as serving "no useful purpose." And David J. McDonald, president of the United Steelworkers, called it "a radical departure from the national policy of free collective bargaining," adding that Senator KEFAUVER, who has been conducting hearings on steel prices and wages, "should keep his nose out of my business."

The House Government Operations Subcommittee, which early this month reported our bill favorably, evidently felt that the contentions of big labor and big business tended to cancel each other, and put more stock in the testimony of economists like Gerhard Colm, who said:

"Let me first say that the threat of an imminent runaway inflation is not why I favor this proposal. As a matter of fact, I believe that some of the fears which have been expressed by people inside and outside the Government are grossly exaggerated. In the long-term perspective the recent price increases in the United States have been relatively mild, if we exclude the periods of war and the aftermath of war. I am concerned, however, with the persistency of small price rises, particularly in periods of slack demand. If the Government officially adopts a policy of looking in the other direction whenever prices rise, business, labor, consumers, and investors may anticipate a continuing price rise with the consequence that a small price rise would soon become an inflation spiral.

"Some may say that since the situation is not yet alarming, we might as well wait until the problem becomes really urgent. My answer is that at this point we may be able to achieve reasonable price stability with mild measures and avoid the necessity of price and wage controls. If the public gets the impression that the Government is not really serious about keeping prices in line, then the speculative anticipation of further price rises may magnify the problem; in the end this might lead to the necessity of price and wage controls. Thus, it may well be that a proposal such as the one before this committee may be regarded as a measure avoiding rather than leading to price and wage controls."

So the issue is joined. The administration sees a serious demand inflation, to be met by an ever more restrictive tight-money policy.

Some Members of Congress disagree. Noting that the consumer price index has been stable for a year they ask that excessive monetary restraint cease until the economy is moving forward at an adequate growth rate, and until unemployment is substantially eased. It is this skepticism about the old-fashioned economic theories of the administration that has given impetus to the Kefauver-O'Mahoney hearings and the proposed amendment to the Employment Act already mentioned.

It could be that the goals of adequate growth and of price stability are entirely consistent. But one thing is sure. A new approach to the problem of stability and growth is painfully emerging from the discussions, arguments, and self-questioning now going on in Congress, the academic community, among commentators on public affairs, and even among business and union leaders. We still know far less than we should about the proper management of our economy; and in some fields we don't even know what we know. Nevertheless, this new state of mind may already have had its effect on the big steel negotiations now taking place by putting a damper on opinionated aggressiveness. If a price increase is avoided, it may mark the beginning of a new and sounder national economic policy.

The report of the House Committee on Government Operations on H.R. 6263, filed June 12, contains an excellent "Summary of Provisions" and "General Statement" explanatory of the bill:

SUMMARY OF PROVISIONS

H.R. 6263 proposes to amend the Employment Act of 1946 in two major respects:

1. By declaring it to be the sense of Congress that the President and the Federal Government in carrying out the purposes of the Employment Act should give due effect to certain provisions of the act which are referred to and in some cases are more precisely delineated:

(a) The declaration of policy in the act which sets forth the goals of maximum employment, production, and purchasing power. The bill makes explicit that the term "maximum production" includes the concept of sustained growth and that the term "maximum purchasing power" includes the concept of reasonable price stability.

(b) The provisions of section 3(a) of the act requiring the President to include in each year's Economic Report the levels of employment, production, and purchasing power which he deems maximum. Here the bill requires these levels to be stated in quantitative terms. The bill also requires the President to include in the report current and foreseeable trends.

(c) The provision of the act giving the President discretion to transmit periodically supplementary or revised recommendations during the year.

(d) The provisions of the act requiring a review of the economic program of the Federal Government and economic conditions affecting employment, production, and purchasing power and the provisions requiring a program and recommendations. Here the bill calls upon the President to include monetary and credit policies in the review, the program, and the recommendations to the same extent as other policies. The bill also provides that if the Federal Reserve Board disagrees with these monetary and credit policies the President shall include the Board's views and its reasons in his report.

2. The bill requires the President, directly or through any Federal agency which he designates, to hold public hearings concerning price increases, impending or in effect, which in his judgment appear to threaten national economic stability. He shall also hold hearings on wage increases, impending or in effect, and the relationship of the price increases to these wage increases, which the firm involved declares to be a cause of the price increases referred to above. The President is to issue factual summaries of the hearings, and where he deems it advisable, he may issue advisory statements.

GENERAL STATEMENT

I. The bill expresses the sense of Congress that the President and the Federal Government, in executing the Employment Act of 1946, should give due effect to the provisions of the act listed and amplified in the bill. In carrying out the policies of the act, the President and his Council of Economic Advisers have not been giving sufficient attention or emphasis to all of its provisions. The Employment Act was designed to operate as a unified whole and in order for it to be most effective, particularly in times of economic stress, all of its provisions should be utilized. The President and the Council have practiced selective utilization of the provisions of the act. This legislation will elucidate the legislative purpose in imposing on the President the duties enumerated in the act and will serve to direct the full utilization of its provisions.

Thus, "due effect" is a direction to the President to proceed accordingly. No greater implication than this should be placed on the term and no substantial change is intended in the Employment Act by the use of the term.

II. The goals in the Employment Act of maximum employment, production, and purchasing power are amplified by the bill to make explicit what the committee believes is already implicit therein. These are the concepts of sustained growth and of reasonable price stability. This is desirable so that the act's design and intentions will be perfectly clear.

The term, maximum production, is thus clarified to include sustained growth. In

a dynamic economy such as ours with a constantly increasing population and an ever prevalent desire to raise the standards of well-being of our people, sustained growth should always be our national policy. This being so, the Federal Government, as required by the act, should at all times take steps to foster and encourage such economic growth. It could be argued that maximum production means only the highest utilization of existing facilities. The concept of sustained growth, however, suggests no such ceiling. It does suggest, on the other hand, that productive facilities as well as their utilization be constantly expanded as needed. Sustained growth also suggests the encouragement of a rational balance in productive items so that basic needs, both physical and social, will always be met.

The concept of reasonable price stability is incorporated in the term, maximum purchasing power. The President and the Council of Economic Advisers requested that it be made explicit. We agree that this is desirable so that there will be no question that the Employment Act comprehends an unrelenting effort to prevent inflation. We recognize that inflation may cause a disastrous erosion of purchasing power, thereby damaging our economy as a whole.

III. The committee believes that it is both possible and essential for a clear understanding of economic processes and proposals that the President include in his economic report in quantitative terms the levels of employment, production, and purchasing power which the President deems maximum, and the current and foreseeable trends in those levels. This is not asking for quantitative economic forecasts or predictions. The difficulties in making such forecasts or predictions are well recognized. What is sought here is a quantitative statement of the levels which the President and his Council of Economic Advisers believe should be reached. The problems that critics of this approach have raised are untenable. The statement of maximum levels can be made relatively precise. So, also, can the statement as to current and foreseeable trends.

IV. The bill requires the President to give due effect to the provision of the act authorizing him to submit supplementary reports to the Congress including such supplementary or revised recommendations as he may deem necessary and desirable. The purpose here is to insure that in the event of a shift in economic currents, such as we recently experienced, the President will not wait for the preparation of his annual Economic Report in order to make recommendations to the Congress to meet any urgent problems which may arise. In recent years this authority has not been used although there have been economic situations in which such use would have been consistent with the mandate of the act.

V. Changes in the supply of money and the expansion or contraction of credit have obvious important consequences for the national economy. The policies pursued by the Government and its agencies in these fields likewise have a potent effect. The Employment Act does not specifically mention monetary and credit policies, as such, as factors to be considered by the President in the preparation of his Economic Report and recommendations, but it is highly improbable that a sound program could be formulated without this consideration. From time to time the President's Economic Report has included monetary and credit recommendations. In recent years, however, this has not been done. The bill, therefore, calls for monetary and credit policies to be included in the economic program contained in his report to the same extent as all other policies affecting employment; production and purchasing power are so included. Thus, this necessary and constituent part of any presentation of a national economic program by the President will be included so that the program will be both realistic and complete.

Congress has given to the Federal Reserve Board the power to tighten or expand credit as in its judgment economic needs require. This power has at times been exercised at seeming cross purposes with other economic policies of the Government. The committee, however, expresses no opinion here on the merit of any past conflict in policy between the Federal Reserve Board and any other agency of the Federal Government. Nevertheless, that any divergence in policy that would have an important effect on the economy should be openly expressed and the reasons therefor presented to the Congress. Thus, the bill provides that if there is a disagreement on the part of the Federal Reserve Board with the monetary and credit policies to be included in the President's Economic Report, as above required, the President shall include the Board's views and reasons in the report. This, of course, means that the President will advise the Board of his views concerning monetary and credit policies in advance of the report so that the Board's views can be obtained.

The committee states emphatically that by this provision it does not attempt to change the status of the Federal Reserve Board. Neither does it intend, in any way, to enlarge or restrict the Board's jurisdiction.

VI. The committee believes that appropriate steps should be taken by the Federal Government to discourage price increases which would affect national economic stability. Price increases in key products industries often exert upward pressure on costs and prices in other sectors of the economy, thus contributing to the inflationary process. This is especially true in those concentrated industries where production is in the hands of a relatively few giant corporations which can singly, or in concert, act to raise prices regardless of market conditions or demand for the product. The bill will give to the President, directly or through any Federal agency he designates, authority to hold hearings concerning price increases in such concentrated industries, prospective or actual, which in his judgment appear to threaten national economic stability. He may also hold hearings on wage increases, prospective or actual, including the relationship of the price increases thereto, which the firm involved declares to be a cause of the price increases specified above. The President may issue factual summaries of such hearings, and, where he deems it advisable, issue advisory statements.

The committee believes this to be a practical approach to a serious problem which gives the President something more than a precatory power. It will also assist in mobilizing public opinion against unjustified price increases and thereby, it is hoped, help prevent or reduce them. The committee, even though it abhors the specter of inflation, feels that price controls should be exercised only as a last resort. It believes that hearings such as contemplated here would not lead to price controls or wage controls, but would instead benefit the public by making available the facts concerning the price and wage increases and the President's statements, if any, concerning them.

The procedure proposed has been criticized because no subpena power is provided to require the attendance of persons and the production of pertinent records for scrutiny. The committee believes the hearings can be effective without this power and although there have been such instances in the past, only rarely would a party to be called refuse to comply and bring the necessary records. If, however, such refusal becomes general, Congress could reconsider the question of granting subpena power for such hearings.

Mr. Speaker, I know that all Members are interested in the question of how we can have full employment without inflation. H.R. 6263 is an attempt to come to grips with the question.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. McSWEEN for Friday, June 19, and Monday June 22, on account of official business with the Committee on Agriculture at Dallas, Tex.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. DIGGS for 1 hour, today, and to revise and extend his remarks and include extraneous matter.

Mr. HOLIFIELD, for 15 minutes, today, and to revise and extend his remarks and include extraneous matter and tables.

Mr. BAILEY, for 40 minutes, on Monday next, June 22, 1959.

Mrs. ROGERS of Massachusetts (at the request of Mr. SMITH of California), for 10 minutes, on June 19.

Mr. McSWEEN (at the request of Mr. GALLAGHER) for 30 minutes on June 30.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. BRADEMAS.

(At the request of Mr. SMITH of California, and to include extraneous matter, the following:)

Mr. JOHANSEN in three instances.

The following Members (at the request of Mr. GALLAGHER) and to include extraneous matter:

Mr. CELLER.

Mr. DINGELL in four instances.

Mr. DULSKI.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2256. An act to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1. An act to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that

that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 2256. An act to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes.

ADJOURNMENT

Mr. GALLAGHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Friday, June 19, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1105. A communication from the President of the United States, transmitting amendments to the proposed appropriations previously transmitted for the fiscal year 1960 for the Atomic Energy Commission, involving a net increase of $83,300,000 in the amounts now before the Congress for its consideration (H. Doc. No. 179); to the Committee on Appropriations and ordered to be printed.

1106. A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation entitled "A bill to amend section 204 of the Career Compensation Act of 1949 with respect to the payment of flight pay"; to the Committee on Armed Services.

1107. A letter from the Acting Secretary of State, transmitting a report entitled "Rio Grande International Storage Dams Project—Report on Proposed Diablo Dam and Reservoir" prepared by the U.S. Section of the International Boundary and Water Commission, United States and Mexico, dated September 1958; to the Committee on Foreign Affairs.

1108. A letter from the Secretary of the Interior, relative to the construction and operation of saline water demonstration plants, pursuant to Public Law 85–883; to the Committee on Interior and Insular Affairs.

1109. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to establish revolving-type funds in the Treasury for the Southeastern Power Administration and the Southwestern Power Administration, and for other purposes"; to the Committee on Interior and Insular Affairs.

1110. A letter from the Under Secretary of the Interior, transmitting a draft of a proposed legislation entitled "A bill to amend the Bonneville Project Act, as amended"; to the Committee on Public Works.

1111. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 14, 1958, submitting a report, together with accompanying papers and illustrations, on a survey of Cedar River, Wash., authorized by the Flood Control Act approved June 22, 1936; to the Committee on Public Works.

1112. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Rural Electrification Administration, Department of Agriculture, for the fiscal year ended June 30, 1958; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DURHAM: Committee on Armed Services. H.R. 6500. A bill to amend Public Law 85–818; without amendment (Rept. No. 561). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS of Louisiana: Committee on Science and Astronautics. Report on status of missile and space programs. (Rept. No. 562). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON of New Jersey: Joint Committee on the Disposition of Executive Papers. House Report No. 563. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred to as follows:

By Mr. BUCKLEY:

H.R. 7808. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich. as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. METCALF:

H.R. 7809. A bill to amend the provisions of law authorizing Federal assistance for construction of community hospitals which will serve Indians; to the Committee on Interstate and Foreign Commerce.

By Mr. ROOSEVELT:

H.R. 7810. A bill to credit periods of internment during World War II to certain Federal employees of Japanese ancestry for purposes of the Civil Service Retirement Act and the Annual and Sick Leave Act of 1951; to the Committee on Post Office and Civil Service.

By Mr. TELLER:

H.R. 7811. A bill to provide for the reporting and disclosure of certain financial transactions and administrative practices of labor organizations and employers, to prevent abuses in the administration of trusteeships by labor organizations, to provide standards with respect to the election of officers of labor organizations, and for other purposes; to the Committee on Education and Labor.

By Mr. BLATNIK:

H.R. 7812. A bill to amend the provisions of law authorizing Federal assistance for construction of community hospitals which will serve Indians; to the Committee on Interstate and Foreign Commerce.

By Mr. IRWIN:

H.R. 7813. A bill to provide for the vesting of primary responsibility for the protection of the public health and safety from radiation hazards in the Public Health Service of the Department of Health, Education, and Welfare, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. JUDD:

H.R. 7814. A bill to amend the provisions of law authorizing Federal assistance for construction of community hospitals which will serve Indians; to the Committee on Interstate and Foreign Commerce.

By Mr. MORRIS of New Mexico:

H.R. 7815. A bill to amend the Civil Service Retirement Act to credit certain military service for purposes of disability retirement, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BROWN of Missouri:

H.R. 7816. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. DAVIS of Tennessee:

H.R. 7817. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. EDMONDSON:

H.R. 7818. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. FALLON:

H.R. 7819. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. JOHNSON of California:

H.R. 7820. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. KLUCZYNSKI:

H.R. 7821. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. SMITH of Mississippi:

H.R. 7822. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. THOMPSON of Louisiana:

H.R. 7823. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. FLYNN (by request):

H.R. 7824. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mr. JOHNSON of Wisconsin (by request):

H.R. 7825. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mr. KASTENMEIER (by request):

H.R. 7826. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mr. REUSS (by request):

H.R. 7827. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mr. ZABLOCKI (by request):

H.R. 7828. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mr. HALPERN:

H.R. 7829. A bill to authorize the construction of a Federal building in Queens County, Long Island, N.Y.; to the Committee on Public Works.

By Mr. MACDONALD:

H.R. 7830. A bill to provide for the entry of certain relatives of U.S. citizens and lawfully resident aliens; to the Committee on the Judiciary.

By Mr. TOLL:

H.R. 7831. A bill to authorize the establishment of a Youth Conservation Corps to provide healthful outdoor training and employment for young men and to advance the conservation, development, and management of national resources of timber, soil, and range, and of recreational areas; to the Committee on Education and Labor.

By Mr. ELLIOTT:

H.R. 7832. A bill to provide for the construction, alteration, and acquisition of pub-

lic buildings of the Federal Government, and for other purposes; to the Committee on Public Works.

By Mr. LINDSAY (by request):

H.R. 7833. A bill to provide civil remedies to persons damaged by unfair commercial activities in or affecting commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. O'KONSKI:

H.R. 7834. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mrs. BLITCH:

H.R. 7835. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. BURKE of Kentucky:

H.R. 7836. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. CLARK:

H.R. 7837. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. COOK:

H.R. 7838. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. GRAY:

H.R. 7839. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. HARGIS:

H.R. 7840. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. HULL:

H.R. 7841. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. JONES of Alabama:

H.R. 7842. A bill to designate the new lock on the St. Marys River at Sault Ste Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. McFALL:

H.R. 7843. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mrs. PFOST:

H.R. 7844. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. WRIGHT:

H.R. 7845. A bill to designate the new lock on the St. Mary's River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. YOUNG:

H.R. 7846. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. CELLER:

H.R. 7847. A bill to make the uniform law relating to the record on review of agency orders (Public Law 85-791) applicable to the judicial review of orders issued under the Federal Aviation Act of 1958 and the Food Additives Amendment of 1958; to the Committee on the Judiciary.

By Mr. HOSMER:

H.R. 7848. A bill to repeal price support subsidies and direct the sale of Commodity Credit Corporation inventory; to the Committee on Agriculture.

By Mr. TOLLEFSON:

H.R. 7849. A bill to strengthen and improve State and local programs to combat and control juvenile delinquency; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DONOHUE:

H.R. 7850. A bill for the relief of Dr. Charles C. Yu and his wife, Dr. Maria S. (Tantongco) Yu; to the Committee on the Judiciary.

By Mr. FOGARTY:

H.R. 7851. A bill for the relief of Louis C. Wheeler; to the Committee on the Judiciary.

By Mrs. GRANAHAN:

H.R. 7852. A bill for the relief of Michael George Petrakis; to the Committee on the Judiciary.

H.R. 7853. A bill for the relief of Osanna Biagini; to the Committee on the Judiciary.

By Mr. KEOGH:

H.R. 7854. A bill to provide tax relief to the Annuity Fund of the Electrical Switchboard and Panelboard Manufacturing Industry of New York City and the contributors thereto; to the Committee on Ways and Means.

By Mr. POWELL:

H.R. 7855. A bill for the relief of Janina Maciejewska; to the Committee on the Judiciary.

By Mrs. ST. GEORGE:

H.R. 7856. A bill for the relief of Chester Josiah Babcock; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H.R. 7857. A bill for the relief of Richard C. Long; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

A Proposal To Encourage Students' Purchases of Musical Instruments

EXTENSION OF REMARKS

OF

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursdays, June 18, 1959

Mr. BRADEMAS. Mr. Speaker, this week I have introduced in the House of Representatives a bill, H.R. 7725, to remove the 10 percent excise tax on all musical instruments costing $150 or less.

This legislation is aimed at encouraging the purchase of low-cost musical instruments by students for use in elementary, high school, and college music courses.

Mr. Speaker, today the study of music is accepted as a normal part of the educational curriculum of American boys and girls, and I feel we should do all we can to encourage young people with talents in the field of music to play musical instruments.

I should like to emphasize that although music instruction in one form or another is required in most elementary schools and is an elective course in most high schools, students who purchase their own instruments are under the existing law obliged to pay the 10 percent excise tax.

Instruments purchased by schools, however, are exempt from this tax.

I should like also to point out that 93 percent of the sales of band and orchestra instruments in the United States are made to parents, students, private teachers, schools, and religious and character-building organizations. More than two-thirds of these sales are made by or for students. Furthermore, Mr. Speaker, more than 80 percent of all musical instruments manufactured are purchased for educational purposes. I am particularly aware of the problem facing young people interested in music because Elkhart, Ind., which is located in my district, is one of the great centers of the band instrument industry in America.

The figures I have cited were compiled in a recent survey by the National Association of Music Merchants, and I believe they indicate the need for a revision of the law to reduce the excise tax on musical instruments for the many young people who study music in our country.

Mr. Speaker, I hope very much that Congress will adopt my proposal.

The Legacy of Lewis and Clark

EXTENSION OF REMARKS

OF

HON. FRANK CHURCH

OF IDAHO

IN THE SENATE OF THE UNITED STATES

Thursday, June 18, 1959

Mr. CHURCH. Mr. President, it was little more than a century and a half ago that the astute and farsighted President, Thomas Jefferson, dispatched Meriwether Lewis and William Clark to explore the great American wilderness beyond the Mississippi. The result of that tremendous and courageous undertaking gave the United States a solid claim to the Oregon section of the country.

On this same trek to the Pacific, Lewis and Clark were the first white men to cross and explore part of my own State of Idaho. Today, a new highway is being punched through the magnificently scenic Bitterroot Mountains along the same general route followed by the explorers as they entered Idaho; it has appropriately been named the Lewis and Clark Highway.

As is well known, this year the State of Oregon is observing its centennial. As part of the national salute to his great State, the distinguished and talented junior Senator from Oregon [Mr. NEUBERGER] has written a fascinating account of the Lewis and Clark Expedition, which appears in this month's issue of Think magazine. I commend it to my colleagues and all others interested in one of the classic adventures of all time.

I ask unanimous consent to have this dramatic and significant article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE LEGACY OF LEWIS AND CLARK

(By Senator RICHARD L. NEUBERGER)

In this 100th year of membership in the Union for my native State of Oregon, we Americans are eyeing the limitless vistas of outer space. Hope and fascination attend these stirring observations. Already our satellites travel in far orbit around the earth. A few even have passed beyond the earth's ken. On some eventful night, the pioneer spacemen actually may soar out into the cosmic distances which surround our terrestrial home. They will be exploring the ultimate mysteries of the universe.

Yet, fragmentary though may be our knowledge of such incredible sweeps of sky and infinity, it is still greater than that known about their itinerary by the first Americans to trek overland to Oregon, which in 1959 is conducting extensive celebrations as it observes the centennial of its statehood.

The names of the leaders were Meriwether Lewis and William Clark. So prodigious was the feat they accomplished, without map or chart, that the very phrase "Lewis and Clark" has become practically synonymous with exploration. In the spring of 1804 their faces were turned toward a trackless wilderness, then more of a riddle than is outer space to us today. No civilized person of any nation knew any verified facts at all about the domain which lay between St. Louis, at the junction of the Mississippi and Missouri Rivers, and the hazy shores of what many then called the western ocean—and which we know as the Pacific, mightiest of earth's seas.

Thomas Jefferson, third President of the United States, had just bought Louisiana Territory from France for an eventual total of $27,267,622. All at once, part of the realm to be traversed by Lewis and Clark had become American territory, and yet it was territory that no American ever had looked upon. Lewis and Clark were headed into a blank expanse on the map of North America. Their President had bought a package yet to be opened. And it covered a fabulous area of about 1 million square miles; this was 5 times the size of France, the nation that had sold it.

At St. Louis, geography ended and legend began. Many solid citizens feared that Lewis and Clark would come to their deaths amidst jagged peaks of broken glass. Was this because Indians whispered of the Shining or Rocky Mountains, which seemed to dent the sky? A few people insisted that Lewis and Clark would drop off the edge of the world for the roundness of our globe was not then universally accepted. Prehistoric monsters snorting fire and brimstone were said to inhabit the solitudes which Mr. Jefferson had purchased. The President himself possessed no specific information to refute these disturbing rumors, but he felt confident that Lewis and Clark could explore the great wilderness beyond the Mississippi and form a line of communication from sea to sea.

Much of this confidence stemmed from his knowledge of the men who were to lead the expendition, particularly his 29-year-old private secretary at the executive mansion, Meriwether Lewis. U.S. Government personnel was spread thin in those days. The President had to draw on the most intimate member of his own staff to head the most important exploring party in American history. Lewis was quiet, determined and taciturn. There was about him a brooding intensity which countenanced no failure or turning back. Jefferson felt if anybody could unlock the inner secrets of the North American continent, this was the man to do it. He had known Lewis since the latter's boyhood in Albemarle, Va.

Because the President proposed that Lewis choose an alternative commander, to take his place if he should fall, Lewis selected his best friend and military companion, William Clark. This 33-year-old artillery lieutenant was almost the direct opposite of Meriwether Lewis. Clark was talkative, exuberant and outgoing. He was the extrovert of the expedition, Lewis the somber intellectual. Clark passed up the officers' mess to eat with his men. He called generals and Indian scouts, alike, by their first names. Despite the fact that one was an Army captain and the other a lieutenant, Lewis assured Clark that his status in the expedition "shall be equal to my own." This pledge was never violated. During 2½ years of lonely ordeals in the wilderness, there is record of neither quarrel or tension between this remarkable pair of leaders.

Economy was a genuine watchword when the struggling new Nation was trying to stabilize its finances. So, in spite of the perils ahead, no surgeon accompanied the expedition. Lewis took a refresher course in first-aid and simple remedies from the illustrious Dr. Benjamin Rush of Philadelphia, and that was it. Congress had allowed only $2,500 for supplies. This barely paid for arms and trade goods. They would have to live off the country, because a mere $224 could be invested in rations. Members of the party were enrolled in the U.S. Army at $5 a month for privates, $8 for the three sergeants and $80 apiece for Lewis and Clark. This was not as parsimonious as it seems, for all had been promised parcels of rich land upon their return. Homestead acreage was a prime source of wealth on the old frontier. Lewis and Clark had their pick of many recruits—blacksmiths from Kentucky, adventurers from Virginia, carpenters from Pennsylvania, farmers from Vermont, voyageurs from across the border in Canada. It was not hard to enlist 29 members.

Watch them as they row up the languid Missouri in May of 1804, the flag with 15 stars flapping symbolically overhead. Clark is accompanied by his stalwart Negro servant, York. Lewis' big Newfoundland dog, Scannon, occasionally scampers along the wooded shore. Pvt. Peter Cruzat strums a lively folk tune on his battered fiddle. With these argonauts, as they voyage into the unknown, go the hopes of the little country along the Atlantic seaboard for eventual dominion over vast portions of a continent. The British, too, have been probing westward in the direction of the legendary great River Oregon, which may also be the Columbia. Explorers carrying the Union Jack, like Simon Fraser and Alexander Mackenzie, would like to navigate its turbulent reaches ahead of Lewis and Clark. And in his kitbag Lewis carries a letter of credit in President Jefferson's own handwriting, drawn on all American counsels in foreign parts. The President had ordered Lewis, if the Indian tribes proved too menacing on the outbound journey, to "seek a passage 'round by sea in such vessels as you may find on the western coast.' "

From the beginning, the journals of the two leaders were packed with new lore about animals, shrubs, and trees. They described the antelope, black-tailed deer, prairie dog, wild upland goat and elk. Between dawn and dusk, they counted on a single day 52 separate herds of bison. These covered the prairie like a moving cloak. Clark and a mountain man named George Drouillard nearly lost their lives to a 600-pound bear which absorbed five or six musket balls before it died. This was not the harmless little black bruin of New England. Ursus horribilis, the frightful bear, Captain Lewis called the discovery. Today we know this massive creature, with reddish-brown fur and pitchforklike claws, as the grizzly.

Near the present location of Sioux City, Iowa, Sgt. Charles Floyd died agonizingly of what Lewis described as colic. From the symptoms listed in the journals, it may have been a ruptured appendix. All of them suddenly realized what it meant to be far from the United States without a doctor in the party and only $55 worth of medicines. By popular vote, grizzled Patrick Gass, of Irish descent, was chosen to succeed Floyd as a sergeant. For the first time Americans had voted in the immense realm they would one day rule by the ballot.

Winter's snows found them 1,600 miles up the Missouri not far from where Bismarck, N. Dak., stands today. They spent the winter among the friendly Mandan Indians. Here Lewis and Clark acquired an interpreter, a shiftless halfbreed named Toussaint Charbonneau. This incident might never have reached the pages of history had it not been for Charbonneau's Indian wife, a lithe 19-year-old Shoshone with dark eyes and darker braids. Sacajawea had been stolen from her people and made a slave girl. Lewis hesitated to take along a woman on the expedition. Still, he needed the interpreter. He also made note of the fact that Sacajawea's people were said to live back of the high ranges. Perhaps she knew the way westward.

When the spring of 1805 released the plains from the clutch of snow and ice, they continued up the Missouri. On May 26, Lewis sighted majestic mountains on the far horizon. Never before had an American seen such peaks in his native land. That night, in the glow of the dancing campfire, the captain's introspective views were confided to his journal: "I beheld the Rocky Mountains for the first time. I reflected upon the difficulties which this snowy barrier probably would throw in my way to the ocean. I thought of the sufferings and hardships of myself and party in them. This in some measure counterbalanced the joy I had felt."

His estimate of difficulties was not exaggerated. The Missouri dwindled into three swift but shallow tributaries, which they named the Jefferson, Gallatin and Madison Rivers in tribute to their patron saint and two members of his Cabinet. They sloshed through icy waters to push the boats up rushing rapids. Their ankles were too numb to feel pain. Finally they could navigate no further. Gorges hemmed in the stream. They had come to the cradle of what Lewis described as "the heretofore boundless Missouri."

With nearly 300 pounds of trade articles and ammunition per man, they needed horses to cross the forbidding ramparts which towered above them. Lewis and three picked companions wandered alone in the mountains, looking for Indians with ponies to barter. At Lemhi Pass, in one of the decisive moments of American history, they met Chief Cameahwait and 60 mounted Shoshone warriors. Lewis had just become the first American ever to cross the Continental

Divide. Now he and his three subordinates faced armed Indian braves who never before had seen people of white skin.

Lewis dropped his gun to the ground and advanced with the flag to meet Cameahwait, who came forward on his prancing steed.

"Tabba bone, tabba bone (white man)," Lewis kept repeating. He rolled up his tattered buckskin jacket to show the pale color of his arm.

Meriwether Lewis, in that instant, represented the vanguard of the advancing Nation which one day would dominate the continent and relegate such tribes as the Shoshones to crowded reservations. Cameahwait could have given the signal to wipe out the four beleaguered strangers and the whole pattern of North American development might have been altered, or, at the very least, delayed. But the chief slid from his horse and embraced President Jefferson's secretary.

"Ah hi e [I am much pleased]," he said.

Thirty-eight ponies were obtained from the Shoshones, a trade which became easier after Sacajawea proved to be Cameahwaits' long-lost sister. Yet their sternest hardships still awaited them—in the endless labyrinth of the Bitterroot Range, sprawling across what is now northern Idaho. Their aged Shoshone guide, whom Clark dubbed "Old Toby," lost the route. The first snows of fall trapped them on the high ridge above the Lochsa Fork of the Clearwater River. Thirty-two adults and Sacajewea's baby often had no more than a brace of grouse to eat during a 24-hour period. Lewis got off his horse and gave the seat to a private with a racking cough. At a chilly meadow which they named "Indian Post Office," they left cairns of rock to guide them on their return journey—if ever they returned. And at last they clambered off the Lolo Trail and bivouacked beside the main stem of the Clearwater, where they hollowed out four huge logs of Ponderosa pine to take them to the sea.

ON TO THE PACIFIC

They shot the Clearwater to the Snake, and the Snake to a massive and surging torrent which could only be the Columbia. They paddled past Indians spearing tons of salmon. They looked up at lordly white volcanic cones that appeared lost in the heavens. One morning Lewis thought he heard the dull boom of artillery. The water had a salty tang. Gulls wheeled in the air. Around noon of November 7, 1805, a dense fog lifted from off the Columbia like the curtain on some mighty stage. They peered intently westward. And there it was, breaking in white-capped splendor beyond the bar—the spume and foam of the ocean which stretched across the globe to ancient Cathay.

For the first time, men carrying the American flag had spanned the continent. Clark scrawled enthusiastically in his diary, "Ocean in view. Ah, the joy. We are in view of the ocean, that great Pacific Ocean which we have been so long anxious to see."

On the fir-dotted grasslands near the ocean, they built the stockade known as Fort Clatsop. Never before had Americans lived on the Pacific's shores. As these words are written, the U.S. National Park Service is building the Fort Clatsop National Memorial on the site of the ancient fort, in memory of the valiant party whose winter there helped to establish their country's claim to more than half a continent. Yet, when Lewis and Clark were at Fort Clatsop, they did not consider themselves within the jurisdiction of the United States. One morning Clark carved the cryptic record in the bark of a tall forest giant of Douglas-fir:

"Wm. Clark, Dec. 3d, 1805,
By land from the U. States
In 1804 & 5."

BACK FROM THE WILDERNESS

The vessel which Jefferson had hoped for never anchored off the Oregon seacoast while Lewis and Clark wintered there. But their experiences with the Indians had been mainly amicable and they did not shrink from the homeward trek by land. Ironically, however, the brig *Lydia* from Boston put into the Columbia's mouth less than 3 weeks after the Lewis and Clark expedition had started up the majestic river at the end of March, 1806. By that narrow margin did they miss a boat ride around the Horn and back to the United States.

As it was, they reached St. Louis on September 23. They had been gone approximately 2½ years and they had journeyed about 8,000 miles. Because virtually all hope had been given up for them, they could not have been greeted more surprisedly than we might herald a wayfarer back from outer space today. And surely outer space contains no more amazing tales than did the western portion of the North American Continent in the bygone era, before maps ever had been made of what is now our country.

My friend, the late Bernard DeVoto, distinguished winner of Pulitzer Prizes for his writings on the American West, once told me that, if he could have been reincarnated at any period in history, he would have chosen to go along with Lewis and Clark.

"Imagine," said he, "at the incomparable thrill of being first to see the sources of the Yellowstone and the Missouri, to span the Rockies, to drink from the headwaters of the Columbia and to come, at last, to the Pacific from upstream. What other experience in our history could possibly compare with this?"

And, as if to demonstrate that he truly meant what he said, DeVoto's final request asked that his ashes be scattered at Indian Post Office on the Lolo Trail, where still remain the cairns of granite and lava rock which guided Lewis and Clark back across the terrible Bitterroots on their return journey.

My wife and I have stood on the high divide above the Lochsa, beside those fateful and crumbling cairns. A trail threads to them through the alpine meadow. It is the only trail there, so it must be the Lolo of such great destiny. Along that strip of forest duff came the first westbound Americans long ago, hungry and cold and in quest of their way. As I looked at the wavering path, I thought I saw them in my mind's eye, led by the gallant officer from Albemarle, Virginia, who had served his President both in executive offices and hostile wilderness.

And I hoped and prayed that we, in our own era, were worthy of that bygone journey which had accomplished so much for the United States of America.

Notice of Hearings on Proposed Legislation on Functional Discount Bills

EXTENSION OF REMARKS
OF
HON. EMANUEL CELLER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 18, 1959

Mr. CELLER. Mr. Speaker, as chairman of the Antitrust Subcommittee of the House Committee on the Judiciary, I wish to announce the commencement of hearings on proposed legislation now pending before that subcommittee. The proposed legislation consists of the following bills: H.R. 848, introduced by Mr. MONTOYA; H. R. 927, introduced by Mr. ROGERS of Colorado; H.R. 2788, introduced by Mr. OSMERS; H.R. 2868, introduced by Mr. DONOHUE; and H.R. 4530, introduced by Mr. REUSS.

These bills would amend the Robinson-Patman Act so as to provide for the mandatory nature of functional discounts under certain circumstances.

Hearings will be held on Thursday, June 25, and Friday, June 26, 1959, at 10 a.m., room 346, House Office Building.

All persons who wish to appear and testify at the hearings on these bills are requested to notify Mr. Herbert M. Maletz, chief counsel, Antitrust Subcommittee, room 230, Old House Office Building, telephone Capitol 4–3121, extension 4853, as soon as possible, and in any event, before the close of business on June 22, 1959.

Proposed Establishment of Senate Committee on Veterans' Affairs

EXTENSION OF REMARKS
OF
HON. RICHARD L. NEUBERGER
OF OREGON
IN THE SENATE OF THE UNITED STATES
Thursday, June 18, 1959

Mr. NEUBERGER. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD my affirmative statement to a special subcommittee of the Senate Committee on Rules and Administration urging the establishment of a standing U.S. Senate Committee on Veterans' Affairs.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR RICHARD L. NEUBERGER IN SUPPORT OF RESOLUTIONS TO ESTABLISH A SENATE STANDING COMMITTEE ON VETERANS' AFFAIRS, SUBMITTED TO A SPECIAL SUBCOMMITTEE OF THE SENATE COMMITTEE ON RULES AND ADMINISTRATION

Mr. Chairman, I wish to commend the Senate Committee on Rules and Administration for establishing a special subcommittee and holding hearings on the four Senate resolutions, sponsored by 35 Members of the Senate, which would establish a standing Committee on Veterans' Affairs in the Senate.

Such a committee is long overdue, and it seems only fair that veterans' legislation receive careful and sympathetic consideration in a committee which devotes itself exclusively to veterans' affairs.

Since I have been a Member of the Senate, in January 1955, I have joined in sponsoring with my colleague resolutions to establish such a committee. This year well over a third of the Members of the Senate have joined in sponsoring resolutions to establish a Senate Committee on Veterans' Affairs.

Jurisdiction over veterans' affairs is concentrated in a single standing committee of the House of Representatives. This arrangement has worked well. The House Veterans' Affairs Committee is able to consider the great number of legislative proposals dealing with veterans.

In the Senate, jurisdiction over veterans' legislation is spread among several committees, which must necessarily deal with many other important matters in other fields. Due to the press of committee business, veterans' legislation is often sidetracked in favor of the regular committee business.

Federal funds for veterans' services and benefits in the 1960 budget total $5.1 billion, 6.6 percent of the entire Federal budget. The fourth largest expenditure of our Federal Government is for veterans, with only defense, interest on the debt, and agriculture receiving a greater share of funds. The vast score of the Federal veterans' program and funds expended demand a Senate committee which can devote full time to these matters.

The nearly 23 million war veterans and their dependents who are affected by the veterans' services and benefits program are entitled to have legislation considered by a Senate Committee on Veterans' Affairs.

For the committee's consideration I ask that a table be included with my statement showing the number of veterans of all wars, deaths in service, number of living veterans and dependents on compensation and pension rolls as of December 31, 1958. These figures were supplied by the Veterans' Administration.

Number of participants and deaths in service during all wars; number of living veterans and veterans and dependents on compensation and pension rolls, Dec. 31, 1958

REVOLUTION (1775–83)	
Participants	395,000
Deaths in service	4,000
Last veteran died Apr. 5, 1869	Age 109
Last dependent died 1906	Age 92
WAR OF 1812 (1812–48)	
Participants	536,000
Deaths in service	2,000
Last veteran died May 13, 1905	Age 105
Last dependent died 1946	Age ?
MEXICAN WAR (1846–48)	
Participants	130,000
Deaths in service	13,000
Last veteran died Sept. 3, 1929	Age 98
Dependents on compensation and pension rolls:	
Widows	4
Children	1
CIVIL WAR (1861–65)	
Participants (Union Forces only)	2,213,000
Deaths in service (Union Forces only)	364,000
Last veteran died Aug. 2, 1956 (Union Forces only)	Age 109
Veterans and dependents on compensation and pension rolls:	
Widows (Union and Confederate Forces)	3,514
Children (Union and Confederate Forces)	828
Veterans (Confederate Forces only)	2
INDIAN WARS (APPROXIMATELY 1860–98)	
Participants	106,000
Deaths in service	1,000
Living veterans	73
Veterans and dependents on compensation and pension rolls:	
Widows	788
Children	22
Veterans	73
SPANISH-AMERICAN WAR (1898–1902)	
Participants	392,000
Deaths in service	11,000
Living veterans	46,000
Veterans and dependents on compensation and pension rolls:	
Parents	3
Widows	79,904
Children	2,430
Veterans	41,531

Number of participants and deaths in service during all wars; number of living veterans and veterans and dependents on compensation and pension rolls, Dec. 31, 1958—Con.

WORLD WAR I (1917–18)	
Participants	4,744,000
Deaths in service	131,000
Living veterans	2,828,000
Veterans and dependents on compensation and pension rolls:	
Parents	12,752
Widows	390,362
Children	79,030
Veterans	910,103
WORLD WAR II (SEPT. 16, 1940–JULY 25, 1947)	
Participants	[1] 16,535,000
Deaths in service	409,000
Living veterans	[2] 15,265,000
Veterans and dependents on compensation and pension rolls:	
Parents	255,313
Widows	84,665
Children	175,502
Veterans	1,648,988
KOREAN CONFLICT (JUNE 27, 1950–JAN. 31, 1955)	
Participants	[1] 6,807,000
Deaths in service	54,000
Living veterans	[2] 5,423,000
Veterans and dependents on compensation and pension rolls:	
Parents	36,207
Widows	9,944
Children	36,207
Veterans	208,030
TOTAL, ALL WARS	
Participants [3]	31,858,000
Deaths in service	989,000
Living veterans	[4] 22,717,000
Veterans and dependents on compensation and pension rolls:	
Parents	[5] 320,492
Widows	[6] 583,483
Children	[7] 289,327
Veterans	[4] 2,898,264

[1] Includes 1,476,000 who served in both World War II and the Korean conflict.

[2] Includes 935,000 with service in both World War II and the Korean conflict.

[3] Persons who served in more than one war are counted as participants in each.

[4] Includes approximately 90,000 former members of the (peacetime) Regular Establishment who are receiving VA disability compensation.

[5] Includes 16,217 parents of deceased former members of the (peacetime) Regular Establishment.

[6] Includes 14,302 widows of deceased former members of the (peacetime) Regular Establishment.

[7] Includes 10,524 children of deceased former members of the (peacetime) Regular Establishment.

The proposal for the establishment of a standing Committee on Veterans' Affairs is not a new one. It was recommended in 1946 by the Joint Committee on the Organization of Congress, the famous La Follette-Monroney committee. Neither is the proposal for such a committee a partisan recommendation. The four Senate resolutions to establish such a committee are sponsored by members of both political parties. It also has the strong support of all major veterans' organizations.

It seems only fair to me that veterans' legislation should be considered by a single committee which can devote full time to these matters affecting such a large number of our citizens. The committee members would be familiar with veterans' problems and needs and could give sympathetic and prompt consideration to proposed legislation, protecting both the interest of the Nation and the veteran.

Now that the hearings are being held, I urge the Senate Committee on Rules and Administration to report to the Senate a resolution to create a standing Senate Committee on Veterans. I believe that all the Members of the Senate should have an opportunity to vote on this important question.

Manipulation of Interest Ceilings

EXTENSION OF REMARKS

OF

HON. THADDEUS J. DULSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 18, 1959

Mr. DULSKI. Mr. Speaker, after serious consideration of the special message to Congress from President Eisenhower, calling for abolition of the legal ceiling on Government bond interest rates and the increase in the debt ceiling, I am convinced of the need for the separation of the two items for consideration and feel that every possible avenue of approach should be explored before crashing the interest ceiling barrier which has served our Nation so well for 40 years, through wars, inflation, and depressions and recessions.

The present tightening of credit has been a deliberate, manmade effort to drive up interest rates, with the cooperation of Wall Street, the bankers, and the Federal Reserve Board.

The Federal Reserve System was organized to aid the fiscal activities of the Federal Government. The Federal Reserve Board has the weapons such as open market operations, the discount, the reserve requirement, to establish interest rates at any level, up or down. It can modify its present policy and moderately support the prices of Federal bonds at low interest rates, to enable the Government to borrow long term money without breaking the 4¼-percent ceiling.

When Government, through the constitutional right of Congress to regulate the value of money, ceases to regulate it by surrendering to the economic royalists, we are then crossing the thin wavering line between liberty and tyranny.

This point is a good spot and a good time for a start toward returning to the Congress of the United States its constitutional independence and integrity as a policymaking body by reversing the process of concentration of economic power in the hands of a few—to defy those who are attempting to destroy the safeguards which stood us well for 40 years.

Our national debt is concentrated in the hands of big bankers who are demanding the necessary nourishment of increased interest rates. This debt is primarily a compilation of war debts. It is unfortunate that as a matter of social justice, that men, against their will, are required to serve as soldiers, and wealth, on the other hand, is not conscripted to serve on an equal basis.

Raising of the interest ceiling is a poor way to turn off the faucet of bank credit from adding its flood of monetary purchasing power to feed the existing inflationary spiral. It is taking money out of the pockets of all of the people in order that it may find its way back into the pockets of a few of the people. It will decrease the real incomes of all persons receiving fixed incomes through pensions, prices will be higher, each dollar will buy less. It will divert investment funds from private enterprise and subsidize and enrich wealthy bondholders. If interest rates rise, businessmen will borrow less, and produce less goods and employ less workers. It will create a large cyclone cellar of tax-exempt Government bonds which will hit the citizens in the pocket and the pocketbooks as a method of legalized embezzlement by artificial manipulation of interest ceilings without any clear mandate or necessity. It will drive up the cost of homes, hospitals, schools, and roads, and feed the upward cost spiral of Government financing.

Are we in Congress going to be men, or rubber stamps? Are we going to be a meek and willing partner to this pyramiding of the public debt? Are we going to place this heavy burden of increased money costs upon the backs of our citizens?

There is a fundamental principle of fiscal policy involved in this matter of interest rates that should be met head on with candor and courage, and I for one urge the retention of the current interest ceiling as the soundest policy that we can follow.

Opposition to Fair Trade Legislation

EXTENSION OF REMARKS
OF
HON. JOHN D. DINGELL
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 18, 1959

Mr. DINGELL. Mr. Speaker, pursuant to permission granted I wish to insert in the RECORD a copy of a letter from the Vice President of the United States, the Honorable RICHARD NIXON, in opposition to fair trade legislation.

The distinguished Vice President joins a solid front of Government agencies, including the Department of Justice, the Department of Commerce and the Federal Trade Commission, in opposing H.R. 1253.

Uniform editorial opinion throughout the country is also in vigorous opposition to this measure.

Consumers everywhere recognize this as just another special interest effort to put a hand into their pockets. Economists have said that this measure will cost between $1.4 and $12.4 billion dollars a year to the consuming public.

The letter follows:

OFFICE OF THE VICE PRESIDENT,
Washington, D.C., May 27, 1959.

Mr. CHARLES F. FORT,
President, Food Town Ethical Pharmacies, Inc., Post Office 2911, Baton Rouge, La.

DEAR MR. FORT: Some time has elapsed since you wrote me concerning so-called fair trade legislation, and I want you to know that your letter did not go unnoticed.

I share your view regarding the dangers to our economy involved in this legislation. You may have noted since you wrote that both the Justice and Commerce Departments have testified against such bills.

In my opinion, fair trade or price fixing is inconsistent in a free enterprise economy. Certainly at a time when we are already greatly concerned with high prices the passage of fair trade legislation would contribute nothing to reasonable price stability or future economic growth.

You may be sure that I appreciate having the benefit of your comments on this matter. I am glad to have this opportunity to extend my best wishes to you.

Sincerely,

RICHARD NIXON.

Father of the Modern Post Office

EXTENSION OF REMARKS
OF
HON. AUGUST E. JOHANSEN
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Thursday, June 18, 1959

Mr. JOHANSEN. Mr. Speaker, on last Saturday, June 13, citizens in the largest city in the Third District of Michigan—the district I have the honor to represent in this House—participated in the dedication of a new modern post office at Kalamazoo, Mich.

The occasion marked the culmination of more than 4 years of planning and anticipation—and many more years of a growing need for more adequate postal facilities for a dynamic, growing, thriving Michigan city.

I share with the citizens of Kalamazoo and the personnel of the Kalamazoo post office, headed by Postmaster John Van Eck, their pride in this impressive, well-engineered, modern-equipped new postal facility.

Highlight of the dedication ceremonies and of a postdedication luncheon, the latter sponsored by the Kalamazoo Chamber of Commerce and attended by representatives of all segments of community life, was the participation of the Postmaster General of the United States, native of Michigan, son of one of the State's two original rural carriers, and originator of the commercial lease program for financing construction of new post offices, Hon. Arthur E. Summerfield.

The Postmaster General spoke at both the dedication and the luncheon, and following his luncheon address presented a motion picture, "The World's Most Mechanized Post Office," the story of the modernization and mechanization of the Washington, D.C., post office. Many of my colleagues in Congress visited this pilot plant of postal improvement here in the Nation's Capital when it was formally dedicated on March 3 of this year.

The new Kalamazoo post office, like the Washington post office, is a symbol of the great advances being made in the mail service under the leadership of Postmaster General Summerfield.

A graphic example of these advances—familiar to many of the Members of this House—is the construction of some 3,000 urgently needed new post offices during the past 6½ years. These post offices, located in every State in the Union, have been built with private funds and leased to the Post Office Department, thereby avoiding a virtually impossible demand upon Federal funds and, at the same time, keeping the property on local tax rolls to bear a share in the costs of local government.

As I was privileged to point out in my own remarks at the post-dedication luncheon in Kalamazoo, under the administration of President Eisenhower and the leadership of Arthur E. Summerfield in the Post Office Department, the Department has been making revolutionary strides in automation and mechanization; methods of transportation have been modernized and adjusted to changing overall transportation patterns in the United States; research and experimentation have been established as a vital activity in the Department; rates have been revised and placed on a more realistic basis; liberal and progressive personnel policies—including substantial pay increases—have been inaugurated. All of this has been done with the cooperation and support of the Congress on a basis which transcended party lines.

Only recently the Nation has been given a dramatic demonstration of the potential of missile mail—a development, I am sure, which would have fired the enthusiasm of the imaginative and inventive Benjamin Franklin, first Postmaster General of the United States.

I not only was honored to welcome Postmaster General Summerfield to Kalamazoo and the Third Michigan District, but I was delighted on this dedicatory occasion—and I am here—to pay tribute to his enormous and continuing contributions to an improved postal service, moving toward the declared goal of next-day delivery of first-class mail anywhere within the country.

For what he has done, and is doing, I salute Postmaster General Summerfield as the father of the modern post office.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 19, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Psalm 62: 8: *Trust in Him at all times.*

Eternal God, who art always manifesting Thy grace and mercy unto us, may we be truly grateful for our many material and spiritual blessings.

Help us to covet and cultivate more eagerly those longings and aspirations which Thou dost delight to satisfy.

May all who are guiding the Ship of State embody and exemplify that noble kind of patriotism which seeks, in personal character and public service, to preserve and perpetuate the good name of our beloved country.

Inspire us to labor faithfully and pray fervently for the coming of that better day when men everywhere shall be brought into a right relationship with Thee and their fellow men.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

HOUSING BILL

Mr. RAINS. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight tonight to file a conference report on S. 57.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. HALLECK. Mr. Speaker, reserving the right to object, and of course I shall not object, I would like to have some information, if we might have it. This is the conference report on the housing bill, I take it.

Mr. RAINS. That is correct.

Mr. HALLECK. As to when it might come on the floor for action.

The SPEAKER. On Tuesday next.

Mr. HALLECK. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that all subcommittees of the Committee on the Judiciary may be permitted to sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PUBLIC DEBT ACT OF 1959

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 300 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7749) to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN]; and pending that I yield myself such time as I may consume.

Mr. Speaker, this is a rule making in order a bill from the Committee on Ways and Means to increase the debt limit. The rule provides for 3 hours of general debate and as usual in matters of this kind it is a closed rule.

It is a bill that I regret to have to bring to the House but nevertheless it is a necessary thing in view of the fact that we are facing a deficit of about $12 billion, and the debt limit has to be raised.

Mr. Speaker, I do not care to use any further time on the rule.

Mr. ALLEN. Mr. Speaker, I am certain I need not mention that this is a most distasteful bill, but it would be even more distasteful if we had bills presented to the U.S. Treasury Department which were returned marked "No funds available." I think that would show a financial irresponsibility upon the part of the Congress of the United States. We cannot afford that. We cannot afford to have bills returned marked "No funds available" whether the bills are for veterans' benefits, bills to pay the interest on our national debt, bills to pay farm subsidies or to pay disabled veterans' widows and orphans. So I say, while it is extremely distasteful, I think the only thing we can do is to discharge our responsibility.

When I came to Congress, 28 years ago, the national debt was $22 billion. This bill raises it to $295 billion. The only way out, as I see it, is to cut out all these extravagant and reckless spending schemes that seem to be coming before the Congress continually.

So I say in conclusion, Mr. Speaker, that I am supporting this bill. In my opinion, under the present deplorable circumstances, the debt limit must be raised.

Mr. SMITH of Virginia. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 93]

Barden	Dorn, S.C.	Moore
Barry	Fallon	Morrison
Bass, N.H.	Farbstein	O'Hara, Mich.
Boland	Fino	Powell
Bonner	Hagen	Rabaut
Bow	Healey	Rostenkowski
Bowles	Jackson	Santangelo
Boykin	Kirwan	Shelley
Buckley	Kluczynski	Spence
Bush	Loser	Staggers
Canfield	McSween	Teague, Tex.
Celler	Macdonald	Teller
Coad	Mack, Ill	Tuck
Cohelan	Mack, Wash.	Westland
Cook	Mailliard	Willis
Cramer	May	Wilson
Davis, Tenn.	Meader	Withrow
Diggs	Meyer	Zelenko
Dollinger	Michel	

The SPEAKER. On this rollcall 378 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

PUBLIC DEBT ACT OF 1959

Mr. MILLS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7749) to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7749, with Mr. ANFUSO in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MILLS. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the bill, H.R. 7749, pending before the committee, deals with the statutory limit on the authority of the Treasury to issue notes, bills, and other obligations constituting the debt of

the Federal Government, with particular application to the fiscal year 1960.

The bill is reported by the overwhelming vote of the Committee on Ways and Means. Although there was no record vote on reporting the bill by the committee, I think it can be said that there was perhaps only one vote in the committee against the reporting of the bill.

My colleague, the ranking Republican member of the committee, the gentleman from Pennsylvania [Mr. SIMPSON], joined me in introducing this legislation reflecting the will of the Committee on Ways and Means.

The bill itself, Mr. Chairman, raises the overall ceiling on the issuance of public obligations by the Treasury, which are provided for by the Second Liberty Bond Act, as amended, to $295 billion. The present ceiling on the public debt is $288 billion, voted by Congress last year; $5 billion of that $288 billion is temporary in nature, and the authority for it expires on this June 30. The permanent debt ceiling under existing law is $283 billion. This bill raises the permanent ceiling from $283 billion to $285 billion and allows for this coming fiscal year, until June 30, 1960, additional temporary authority of $10 billion, making the total $295 billion. The total is in line with the request of the President in his message of June 8 that we increase the debt ceiling, in total, to $295 billion.

The President asked that we raise the permanent debt ceiling from $283 billion to $288 billion and provide for $7 billion of temporary debt for the fiscal year 1960. The committee reached the conclusion, after very careful consideration and following public hearings on the matter, that it could justify to the House an increase in the public debt to $285 billion but did not feel it necessary to take the step of recommending to the House a permanent ceiling of $288 billion.

Our reasoning I think is quite simple and can be very plainly stated. The actual debt itself on June 30, 1959, will approximate $285 billion. On the basis of projections that are now being used it would appear that the debt on June 30, 1960, will approximate $285 billion. The President's request for a permanent debt ceiling of $288 billion was based upon this same forecast of a debt at the end of the fiscal year 1960 of $285 billion plus an allowance of $3 billion for contingencies. Under the circumstances, the committee felt it was better for the permanent debt itself to be held to the figure of $285 billion rather than to make it $288 billion so as to include in the permanent debt ceiling the $3 billion that the Secretary of the Treasury wanted for contingency purposes. So we have carried that $3 billion over into the temporary amount of $10 billion. In addition we permit $7 billion more in the temporary debt because, during the first 6 months of the fiscal year 1960 our collection of taxes is largely concentrated between January and June. It is anticipated that we will go an additional $7 billion in debt, because of the general practice of spending more in the first 6 months of the fiscal year than is normally received in that part of the fiscal year. I must point out that that is a seasonal situation.

We deceided in the committee to recommend to you that we consider these contingencies and the seasonal operations in the temporary side of the debt rather than putting it into the permanent ceiling. I think there is a great deal to be said for what the committee has done. We have dealt with this as factually and as realistically as we can. We are not putting the Treasury in the position of having more obligations outstanding on June 30, 1960, as we view the situation today, than they will have authority to have outstanding at that time. If we continued the $283 billion as the permanent ceiling, and we know that there will be $285 billion of debt outstanding at that time, June 30, 1960, we will be called upon to act again. Whether that is a valid reason or not, we thought in this instance that we could avoid the need for any concern.

Why do we have this bill before the House today? I may point out that it is in line with the predictions we made last year that we would have it here. Last year when we brought in debt ceiling bills, we were not making provision at that time for whatever deficit might develop in the fiscal year 1959. This bill does make provision for the deficit that has developed in the present fiscal year. Without this authority, the Secretary of the Treasury will find himself during the fiscal year 1960 without the capacity and the ability to pay certain obligations of the Government that are now in process of being voted by the Congress either at the request of the administration or by the decision of the Congress. I think the most ridiculous thing that we can permit to happen here in the United States is for the Secretary of the Treasury to have to issue I O U's. There was a period when the then incumbent of the position of Secretary of the Treasury was so tightly squeezed between the debt ceiling and the actual debt, that he had to ask people in the fall of 1957, as I recall, not to present bills. Of course, he could have had the Congress come back into session through a call by the President. It is not a good situation to put the Secretary of the Treasury in the position of being threatened with the possibility of not being able to pay bills when they come due.

The $13 billion of deficit for the fiscal year 1959 results from two things. First of all, we had a very decided drop in revenues, as all of us know, of approximately $7½ billion in the fiscal year 1959 under our original estimates. This is because we were in a business downturn—for whatever reason that might have occurred. Second, our expenditures in 1959 rose above the previous year by about $5½ billion. We were making efforts last year at this time to try to get out of the downturn of economic activity. I think we can be encouraged today by the fact, for whatever reason has caused it, that we are definitely turning now on the upswing. The result in all probability will be that our estimates of revenues, that we are presently considering as good for the fiscal year 1960, will prove too low; and that they will be greater even in the course of the fiscal year than we now predict.

If we look to the situation over a period of years, we find complete justification at this moment in taking the position that we will not consider all of this deficit of 1959 as a permanent addition to the debt. We will look to the opportunity over the fiscal years immediately ahead, just as we have been able to do in the past, of finding such surpluses of revenues over expenditures as will enable us to reduce some of this $295 billion debt and, I hope, to bring it back, certainly to $285 billion. If the opportunities are good, perhaps, we may even be able to bring it below that. Now, I do not look with a great deal of pessimism, I might say, on the possibilities that may exist over the next few years of being able to do that. But let us keep our house in order so that we can do it through elimination of the temporary ceiling without now forcing upon our people the thought that we have despaired of any hope or opportunity in the immediate future of taking care of any of this deficit that arose in fiscal year 1959. Of course, we would have liked to have prevented the deficit which developed in 1959, but we do not know what the economic situation would have been had we not taken the course which was followed. I urge the House to approve the bill, as it is.

The Members of the House are aware that the President's request for this debt ceiling increase was accompanied by a request for legislation to remove the limitation on interest rates for bonds with a term of over 5 years. The Committee on Ways and Means is aware of the serious issues involved in this matter and is giving intensive consideration to it in executive session. In the interest of expediting action on the debt limit which must be completed by June 30, we decided to bring this bill to you separately. We have not made up our own minds on the interest rate issue and we are going to continue to explore it with the Treasury Department and the Federal Reserve Board.

Mr. Chairman, I will take only 1 more minute because I want to talk about some of the comments that have come to my attention this morning, to the effect that "I would like to be able, Mr. Chairman, to vote against this bill, because I would like to indicate my enthusiasm for economy." A vote against this bill today, if I may trespass upon the example of my friend the gentleman from Florida [Mr. HERLONG], is like knocking the gage off of the boiler. The gage does not have anything to do except to indicate the pressures that are building up within the boiler. If the pressures do not diminish with respect to the boiler, the boiler may explode whether you knock the gage off or not. If you vote against this provision, to me it is comparable to taking a position as thinking you are eliminating the pressure on the boiler by merely knocking the gage off of it.

I hope that my friends on both sides of the aisle will not feel that a vote against this can be interpreted in any quarter with any degree of reasonableness as being a vote for economy. We are now in the process of paying the piper for what has already happened, good or

bad. We do not save anything by putting the Treasury of the United States into the position of not being able to pay the bills that are coming due; and, actually, I do not know what would happen if the Treasury could not pay its bills.

One statement was made this morning that it might affect veterans' payments; one might well inquire, is there any assurance that it does not affect the ability of the United States to defend itself if we do not go along with the authority that is contained in this bill?

I urge the adoption of the bill by the Committee.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I endorse the statements made by the distinguished chairman of the Ways and Means Committee and join with him in urging the unanimous support by the membership of the House for H.R. 7749, authorizing an increase in the Federal debt ceiling.

The chairman has stated plainly and clearly the principal issues at stake in this matter. This is basically a question of whether or not the credit of the United States is to be maintained, or, putting it another way, whether or not the debts of the United States are to be paid. To use expressions familiar in your family and in my family, it is a question of are we going to pay the bills that are coming in for the services, for the goods that we have bought or contemplate buying in the next year? If we have been extravagant, if we have spent for those things which we do not need, if we have bought the things we would like to have and yet cannot afford, we either have to pay the bills or we have to acknowledge we are in default; and the credit, whether it be of the Nation or of the family, if we do not pay, is discredited, and we are in a sorry plight.

As the distinguished chairman appropriately suggested, this measure of the amount of the debt ceiling is but a valve; it is not the cause, it is the result of that which we have done before, that which we have done, either wisely or wastefully.

Mr. Chairman, it might be said that the consideration of the bill H.R. 7749 is another day of fiscal atonement for the membership of the House of Representatives. It is an occasion made necessary by the fact that we have not succeeded in handling our fiscal affairs so as to pay our own way.

This legislation is the third bill which the Congress has been called upon to enact in the last 18 months making upward revision in the statutory debt ceiling. Unless we are successful in reversing a trend of the last 30 years, we will inevitably be again called upon in the near future to pass on legislation similar to that before us today increasing our present indebtedness in the expectation that it will be paid for later.

A review of the past 30 years gives little cause for pride with respect to the way our Nation's budgetary affairs have been handled. In 25 of those 30 years we have had budgetary deficits of varying magnitudes ranging from one-half billion dollars to $57 billion. Deficit financing has become our Government way of life. In the last three decades the Federal Government has operated in the red more than 80 percent of the time. We have increased the magnitude of the Federal debt by approximately $270 billion from $139 per capita to more than $1,600 per capita. We have spent more than $1¼ trillion and in spite of record-high tax collections we have added one-quarter trillion dollars to the national debt.

This 30-year growth in the national debt has brought us to the point that aside from spending for national security the largest single item in the Federal budget is the $8 billion cost of paying only the current interest charges on that debt. Instead of spending what we can afford, we have spent what we cannot afford. We are in truth spending today the tax collections that will be paid by our children. Every dollar of deficit spending has been a dollar of deferred tax increase. These three decades of deficits have brought an inflexibility to our fiscal posture that finds our Nation in difficulty, if not in downright trouble with respect to the management of our monetary affairs.

The question of whether or not the House of Representatives will vote to increase the statutory debt limit is not answered by any policy decision that we might make today. Instead the question is answered by the actions of the Congress in providing for the Federal spending it has authorized over the past three decades. We have no alternative but to approve the increase in the debt ceiling as proposed in H.R. 7749. The conclusion is inescapable that this legislation must be passed; particularly those who have traditionally voted for spending are conscience bound to vote for its passage.

The need for action on this legislation should be a stern reminder to each of us that we must more rigidly adhere to the criterion of absolute essentiality in evaluating spending authorizations and appropriation bills. In view of the extravagance we have indulged in during the last 30 years, it is not enough that we should today merely pay our way. A balanced budget must be our consistent goal and our ultimate objective must be sufficient budgetary surpluses to enable us to engage in a program of substantial debt reduction.

If we were to begin in fiscal year 1960 paying $1 billion a year on our national debt, and assuming no further deficits in the intervening period, we would not have completed paying off the $285 billion until the year A.D. 2245, and in that period the interest charges would exceed $1.5 trillion. I submit to the membership of the House that those figures are not mere statistics. Instead they affect the economic opportunity of our citizens, the industrial growth of our Nation, and the fiscal integrity of our Federal Government. If it is our intention to repay this public debt, we should take courageous steps in that direction today; to start tomorrow may be a start too late.

In appearing before the Committee on Ways and Means in behalf of legislation concerning the management of the public debt of which H.R. 7749 represents one aspect of that legislative proposal, our distinguished and able Secretary of the Treasury, the Honorable Robert B. Anderson, said that he was appearing before the committee to support policies he sincerely believed to be in the best interests of 176 million Americans. In essence Secretary Anderson spoke convincingly and courageously in behalf of fiscal responsibility and in behalf of businesslike management of Federal monetary matters. His testimony appears in the printed hearings held by the Committee on this subject, and I commend its reading to my colleagues in the House of Representatives.

Mr. Chairman, under existing law we have a permanent debt ceiling of $283 billion with a temporary ceiling of $288 billion through June 30, 1959. The administration request for legislation with respect to the debt ceiling called for a permanent limit of $288 billion with a temporary ceiling through June 30, 1960, of $295 billion. In the legislation reported by the Committee on Ways and Means to the House of Representatives we would provide an overall ceiling of $295 billion with $10 billion of that being temporary in fiscal year 1960 with a permanent limit of $285 billion. The change in the administration proposal that has been made by the committee can be justified on the ground that it is expected that on June 30, 1960, the public debt will not exceed $285 billion.

In May 1959 the public debt rose to an alltime high of $287.2 billion and has receded slightly from that level since. To put that debt in some perspective with respect to its magnitude, it can be stated that the Federal Government owes as much money as the combined debt of all the corporations in the United States. The national debt equals the debt of all individuals combined with the debts of all State and local governments. Management of this debt requires a certain amount of leeway to allow for unforeseen contingencies and to enable the refinancing of maturing obligations. In the fiscal year 1960, for example, the Treasury Department will have to refinance $76 billion of short-term securities that will mature in that period.

A restrictive debt limit is perhaps desirable from the standpoint of whatever psychological value it may have as a restraining influence on the expenditure of public money. However, if such a limit is too restrictive, it may impair and hinder the efficient management of our debt. In urging a debt ceiling of $295 billion, the Secretary of the Treasury presented three persuasive reasons as to why the leeway provided under your commttee bill is necessary. The first of these reasons was the need for permitting the Treasury in the conduct of its debt operations a margin of $3 billion to provide flexibility in debt management operations and contingencies. A second reason for providing some margin of flexibility in the debt limit is the fact that the Treasury Department will be able to refinance maturing obligations in advance of the maturity date if such

action would add materially to the success of a particular financing operation. A third reason for providing some leeway relates to the possibility that there may be sudden demands on the Treasury in the event of a national emergency when the Congress might not be in session.

Even if we are successful in maintaining a balanced budget for fiscal year 1960, the $295 billion ceiling proposed under your committee's bill will not be excessive when it is recalled that our tax collections are heaviest in the second half of a fiscal year whereas our expenditures are approximately even so that there will be an excess of expenditures over revenues in the first 6 months of a fiscal year and a surplus of revenues in the second 6-month period of a fiscal year. Thus, our debt will tend to rise in the last half of calendar year 1959 and decline in the first half of calendar year 1960.

Mr. Chairman, I am confident that there is no member on the Committee on Ways and Means who does not regret that the fiscal exigencies confronting the Nation require the presentation of this legislation to the House today. I am convinced, as I am sure my Committee colleagues are convinced, that instead of talking about debt ceiling increases, we should be talking and acting to achieve actual debt reduction. However, the facts being what they are, because in large part of our own legislative actions, we have no alternative but to enact this legislation at this time.

What we are asked to do today is to give the Secretary of the Treasury the authority to borrow the money which he cannot secure in taxes, and utilize that money to pay the cost of Government. It is basically as simple as that, and I hope every one of us will see fit to support the bill, because we are not by that act of support giving approval to anything like deficit financing. We are not giving approval to wastefulness. We are, however, being realistic. We are recognizing that the majority in the Congress has seen fit to authorize the spending but those who may have a record of having voted for economy are nevertheless bound by the actions of the majority. Here where the basic issue is the maintenance of the credit of the United States with all that that phrase implies in the world today, the basic issue is retention of the credit of the United States. We, in my judgment, have no alternative other than to authorize the Secretary of the Treasury to secure the money where and how he may.

It has been suggested that we summarily increase taxes and take from the people of our country the vast amounts of money which we are borrowing and which admittedly will have to be taken from our children and their children in future years. It has been suggested emphatically by some people of learning that we should perhaps increase our tax levies today and take currently out of the economy the money with which to pay the going expenses of Government.

There are different answers to that problem. I believe quite firmly that under the present ratio of taking one-third of the income of every American today in taxes, whether it be Federal, State, or local, we are taking the maximum that can be taken without seriously and adversely affecting the economy of our country.

If I believed that we could levy taxes and take the additional amount of revenue from the earnings of today, I would support such an effort provided I were convinced today the revenues were for necessary spending. However, I believe we have reached the point of diminishing returns in our tax rate structure. Any meaningful amount of additional revenue would have to come in large part from low-income families—from people who earn less than $8,000 a year. So I suggest to you that if we were to increase taxes and take the money from the economy of today, we would be taking in taxes income that our citizens need to sustain themselves. On the other hand by not paying our way we are imposing a tax on future generations. If we do not succeed in limiting spending and in avoiding onerous taxation we will bring about a curtailment in our industrial growth, and we will, as a formerly great distinguished chairman of this committee used to say, and I refer to the gentleman from North Carolina, Mr. Doughton, kill the goose that lays the golden egg.

It was suggested by one of our distinguished colleagues who appeared before the Committee on Ways and Means in public hearing that we should provide in the law a guarantee that there would every year be applied against the national debt from the revenues of Government a certain amount of money so that in theory each year the debt would be reduced. Of course, the proposal is open-ended. If we adopted that principle and applied a percentage payment on account of the national debt, we would at the same time authorize the Secretary to borrow more from the other end and in the long run we would never eliminate the debt in that manner. That is not to say that the problem of debt reduction is not a vital one.

We are today talking about a debt that we are handing on to future generations. It is the price they will pay for our extravagances, yes, and our necessary expenses, but I should like to think for worthwhile expenditures, because I earnestly hope and pray that we will pass on to those generations a firm and a lasting foundation for this, the greatest country in the history of mankind.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. SIMPSON of Pennsylvania. I yield to the esteemed gentleman from Florida.

Mr. HALEY. Using the illustration of the distinguished chairman of the Committee on Ways and Means, does the gentleman think it is a part of the obligation of the people who have constantly voted against these extravagant things to vote for this bill if they are not the people who have fed the fire, and we have been telling them that the pressure was building up? I do not think it is now an obligation of a man who stood here on the floor of this House and opposed these spending programs to now support any increase in our national debt ceiling. I realize the practical situation that exists here.

Mr. SIMPSON of Pennsylvania. I respectfully suggest, in view of the fact that the crisis which now faces the country in the event we do not pay our bills is so definite, so serious, I believe upon further thought the gentleman might agree with me we should all support the proposal pending before us.

I yield to my able and informed colleague on the Committee on Ways and Means, the gentleman from Ohio [Mr. BETTS].

Mr. BETTS. Mr. Chairman, I wish to associate myself with the remarks of the chairman of the Ways and Means Committee and the ranking minority member, the gentleman from Pennsylvania. To those of us interested in economy in Government, it is not easy to vote for a debt limit increase. It is also difficult to explain satisfactorily why we must raise the debt limit of a country which is regarded as the richest in the world. In addition, it is a sad commentary on the financial situation of the Nation that we cannot retire our debt or pay the interest on what we owe, much less meet our current obligations. The simple fact is that in prosperous times our rich country spends more than it makes and has to borrow money to pay its bills.

I support this legislation because we must see to it that our national credit is not impaired. But it seems to me our national credit would be in better shape if we spent less, balanced our budget, and kept our dollar sound for the millions of Americans who have saved some for a rainy day.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I want to thank my good friend from Arkansas, the distinguished chairman of the Committee on Ways and Means [Mr. MILLS], for giving me this time, although it is a very limited time and insufficient to go into the subject that I would like to go into. I will probably have to hurry, but I will just hit the high spots and put my speech in the RECORD.

Mr. Chairman, the objection I have to the bill and the reason I am going to vote against this bill is because of the committee's failure to give this House the benefit of information we should have in passing on a subject like this. The question is whether or not we have a free market in the United States on Government bonds. I hope my friend listens to this. We do not have a free market in the United States. It is a fixed market, and I am in a position to document that, and I will use as my witnesses people from the Treasury and the Federal Reserve Board. It is a fixed market. I do not care how many times you raise the debt limit, we will have to keep on raising it. We have raised it six times in the past 4 years, all because of high interest. High interest is the only inflation we have had. It is the inflation we have today. It is absolutely against conscience, the way the people are being charged high interest rates,

and the Government, for the use of its own money, in particular.

Now, I have a chart here, showing the profits which member banks of the Federal Reserve System have made each year, beginning with 1953, just from trading in Government securities. You will notice that in most of these years the banks made profits of $57 million, $31 million, $61 million and so on—just on transactions in Government securities. But now notice this: In 1953, the money managers ran the price of Government bonds way down—and the interest rates way up. The member banks, not all of them, but those in the know, mostly a few big banks, bought Government bonds at those low prices. Then when the money managers ran the price of Government bonds up again in 1954, the banks unloaded and made a profit of $417 million. That was several times the profits they had from speculating in Government bonds in any previous year. Then in 1957, the money managers ran the price of Government securities way down again, and kept them down until the early part of 1958, when they drove the price up. That year, 1958, the member banks of the Federal Reserve System made profits of $681 million just from speculating in Government bonds. This is just like gambling with loaded dice, such as I have here. Everytime you throw these dice, it matters not how you throw them, they either show 7 or 11. You cannot lose. The big banks and bond speculators have loaded dice, too.

Mr. HOFFMAN of Michigan. Throw them again.

Mr. PATMAN. Throw them any way you want to. That one is 11. There is no way to miss, either 7 or 11 come up each time. That is the way it is with these bankers in the know. They are able to throw 7 or 11 every time.

Now, do you know how much $681 million is? That is over 10 percent of the amount of the invested voting stock in these banks. In 1 year, just in speculating on Government bonds, using loaded dice, the banks made 10 percent of their capital investment in stock.

Now, of this $681 million, only 10 big banks made $124 million last year, which is an average of $12.4 million each.

Mr. HOFFMAN of Michigan. You have these dice loaded. There are nothing but sixes on these and fives on these.

Mr. PATMAN. That is true with these big banks. They have the bond rates fixed. I am making the situation comparable. Those dice are loaded so they will only show 7 or 11 each time they are thrown.

Mr. HOFFMAN of Michigan. That is a crooked deal.

Mr. PATMAN. Sure, it is a crooked deal, and in the Government bond market, too. That is what I am saying. That is the reason I say that the Committee on Ways and Means ought to bring out a report here, after having a full hearing, on the fixed market on Government bonds. You know, conditions in the Government bond market have become so bad that the Treasury and the Federal Reserve Board were finally forced to investigate. And, yet, before they reveal what they have found out, they ask us to raise the debt limit. We ought to defeat this bill or send it back to the committee. We have got plenty of time to act on this matter. We do not have to be rushed on it. Here I have 10 minutes on a bill like this, and no amendments permitted. We are being treated as we were by the old gentleman who used to come down here with what he said was a very fair rule, "plenty of debate and no amendments." Well, that is about the way it is here; except that we do not have plenty of debate. I have only 10 minutes and others have about the same length of time.

Let us send this bill back to the committee and then bring it out with plenty of time to debate it.

The next 10 largest banks made $98 million on a capitalization of $354 million of their common voting stock. In other words, the next 10 banks, after the first 10 had made $12 million each, made as much as one-third of their capital voting stock investment in 1 year. That is just on one item alone. They cannot lose; loaded dice—everything fixed.

If this is not so, why do they not have unlimited debate here and let us explain it? Why gag us? Why have a closed rule on a matter like this?

During wartime we brought in bills to fix the prices of many commodities and rents, under an open rule, and we got a bill passed. But why should a simple bill like this be brought in under a gag rule, and not in a moment of emergency. That is an insult to the intelligence of every Member of the House of Representatives. This should not be tolerated. We should send this bill back or defeat it. I am not impugning the motives of any member of the committee. I know they are working together and trying to do what they believe should be done under the circumstances. But that does not make this procedure right.

Just the New York banks alone last year made $92 million on sales of Government securities; 18 New York banks made $92 million, using loaded dice in the Government bond market. Fourteen Chicago banks made $48 million. Thirty-two banks in the two Central Reserve cities earned—"earned"—that is a loose use of the word, I know, but they profited by $140 million from manipulations of the Government bond market.

There is no public supervision over the Government security market. There is public regulation and supervision over almost all commodity markets, including the onion market and the asparagus market, but we do not have any supervision over the U.S. Government bond market. We should not pass a bill like this under these circumstances.

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I am sorry, I cannot yield. I was yielded only 10 minutes. I wish I could yield, but I do not have enough time. When the reserve requirements bill comes up I hope to have a little time then. The Committee on Rules gave an extra hour on that bill, so I could have it. I hope I get it. If I do, then I can yield to anybody.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. MILLS. The Rules Committee did not give anything except what the Committee on Ways and Means asked. The rule provides for 3 hours of general debate, and that is what we asked for.

Mr. PATMAN. We are not talking about the same thing.

Mr. MILLS. I am sorry.

Mr. PATMAN. I am talking about the reserve requirements bill, S. 1120, which gives away to the banks about $15 billion of Government bonds which the Government has already paid off. The Committee on Rules did give an extra hour for debating the bond giveaway bill, when it comes up.

Mr. MILLS. Is that the bill the gentleman is talking about now?

Mr. PATMAN. No, I am not. The gentleman from California asked me to yield, and I said I could not yield now, because I do not have enough time, but that when the reserve requirements bill comes up, when I am going to offer an amendment to cancel $15 billion worth of bonds that have been paid for once, then I hope to have an hour, because the Rules Committee gave an extra hour with the understanding that I would get it. And I say, I hope I get it.

Mr. MILLS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. PATMAN. I thank the gentleman very much.

Mr. Chairman, the debt limit is high because interest rates have been high. Too much of the Treasury's revenue is going to pay exorbitant interest charges on the debt. How can we ever get out of debt, pay the debt off, if we have to pay out such huge sums in interest charges. I know that the only way you can have a sufficient circulating medium in this Nation is to have debt, public or private, because money is based on debt. No debt, no money. But let us pay off the Federal debt, and let individuals and corporations go into debt to supply the money. This huge Federal debt is in competition with the progress of the Nation. We should cut it down, and as quickly as possible. But you will never be able to pay it off by raising interest rates. If one of your constituents asked you to explain how you can justify paying interest on your own money, I cannot imagine how you would explain it. It would be pretty hard to do. But that is what we are doing—paying interest on our own money. That is, the Government is paying interest for the use of its own money. It allows the commercial banks to use, free, its money-creating powers to create money to lend to the Government and to charge the Government exorbitant interest on it. I am perfectly willing to do that up to a point—2 or 2½ percent interest. But when the Government is charged highway robbery rates of 4½ percent, I am against it. I believe we ought to roll interest rates back instead of rolling them forward.

Interest rates are something that can be handled. They are determined by the Federal Reserve Board in cooperation with the Treasury. These agencies can fix any level of interest rates they want.

And if the rates are high, it is because they want them high.

The bond rate was held low all during the greatest war in all history—during the most difficult period in our history to keep prices low and keep interest rates low. Yet we kept the interest rate on bonds at 2½ percent. Bonds never went below par during those many years Mr. Roosevelt was President. And the bond rate never went above 2½ percent, under Mr. Truman, as long as he had control.

Mr. Chairman, I come now to my prepared speech, which I would have made entirely if I had had sufficient time. But with the time so short, I will be able only to begin it and insert the remainder for the RECORD.

THE DEBT INCREASE BILL IS A BANKERS' BILL TO HAVE THE GOVERNMENT CREATE UNNECESSARY DEBT PAPER

If any Member of this House handled his personal finances the way we are being asked to handle the Government finances here today, his constituents would take him as being foolish in the head. Frankly, I doubt if there is any Member of this House who would go down to his bank and borrow money to pay his bills when he had more than enough money in his pocket to pay his bills and had no other need for that money. We would all consider that kind of financing very foolish. Yet that is just what we are being asked to do here today in managing the Government's financial affairs. This is a banker's proposal to have the Government create more debt paper so that the banks can buy it on bank created money and collect exorbitant interest.

THE GOVERNMENT OWNS $15 BILLION OF ITS OWN DEBT OBLIGATIONS WHICH SHOULD BE CANCELED IMMEDIATELY

The plain fact is that the Government owns $26.5 billion of its own debt obligations, which it has bought in the open market and paid for, and it has no need to hold them. At least $15 billion of these bonds and other interest-bearing securities can and should be canceled immediately. At least this amount of the $25.6 billion of Government obligations which are now being held in the vault of the Federal Reserve Bank of New York have been admitted by all authorities to be unneeded for any policy or mechanical purposes of Government. In fact, the Federal Reserve Board has been and is now urging Congress to help it get rid of a large slice of this $25.6 billion of Government securities. It is urging Congress to pass legislation that will authorize the Board to give away this amount of securities to the private banks. So if the Federal Reserve System can spare them for a giveaway to the private banks, it can certainly spare them to help the taxpayers of this country, who own these securities. The banks certainly do not own them, and have no claim to them.

I can understand why the people who engage in building space rockets and launching space rockets keep trying to shoot rockets higher and higher into outer space, just for sheer fun and experimentation, but I do not understand why in handling the national debt the Members of Congress should try to shoot the national debt higher and higher into outer space just for fun and experimentation. The Congress would look a little silly, it seems to me, to increase the debt while the Government is holding $15 billion of its debt obligations which have been canceled in effect, and should be canceled in fact. In truth, if we did such a thing our act could rightfully be called fiscal irresponsibility.

BOTH FEDERAL RESERVE AND AMERICAN BANKERS ASSOCIATION HAVE REPORTED $15 BILLION DEBT CAN BE CANCELED

And the Congress would look even sillier, if I may use a mild word for it, if we raise the debt by $12 billion and then turn around this afternoon or next week and pass legislation to give away to the private banks this $15 billion, which we refuse to cancel. Yet this is a very real prospect. As the Members know, the American Bankers Association has some legislation pending here in the House, S. 1120, a bill to revise the required reserve system. That bill, which we are scheduled to vote on as soon as this debt-increase bill is out of the way, will transfer about $15 billion of these Government-owned securities over to the private banks without cost to the banks, but with the cost to come out of the taxpayers' pockets. Some public-relations expert has nicknamed this bill the vault-cash bill.

Now how much of the Federal Reserve's present portfolio of $25.6 billion of Government securities does it actually need to give it a comfortable income—in lieu of appropriation—plus all the conveniences, luxuries, and possible needs that might arise for policy purposes?

Let me read from a report which the Board of Governors of the Federal Reserve System has sent up to the Committees on Banking and Currency of the House and the Senate in support of the bond giveaway bill. This was the Board's position on April 7, 1959. This report is recommending the American Bankers Association legislation to have the Federal Reserve System transfer ownership of about $15 billion of these Government-owned securities over to the private banks, on a cost-free basis, by reducing the banks' required reserves. This is from the conclusion of the report. I quote:

CONCLUSIONS

It may be concluded from this discussion of the appropriate level of reserves that, to permit effectuation of appropriate monetary policies, reserve requirements of member banks do not need to be as high as they have been in recent years. A lower level of requirements would improve the earning position of banks and aid them in building up their capital positions * * *.

Then in the next paragraph this report continues:

To the extent necessary to avoid undue credit expansion, reserves released by any reduction in requirements could be absorbed by Federal Reserve sales of securities in the market. This would in effect shift earning assets from Federal Reserve banks to member banks. The present System portfolio is adequate to permit a substantial reduction and still leave enough to provide sufficient earnings to cover necessary expenses, as well as for current purposes of policy.

Any decrease in requirements, however, should leave the Federal Reserve with a portfolio adequate to cover possible future contingencies, such as a large inflow of gold or economies in the use of currency that might add reserves in excess of appropriate needs.

Now what is the Federal Reserve Board saying? It is saying that it proposes to transfer its holdings of Government-owned securities over to the private banks for one reason, and one reason only, which is to increase bank profits. And it is saying, furthermore, that for all the purposes it has enumerated it needs a portfolio of Government securities of certainly not more than $10 billion. Six billion dollars would give it a handsome income at present interest rates. And no more than $2 billion or $3 billion would be needed for the emergencies it mentions, and even its emergencies can be met in other ways.

Now what does the American Bankers Association say about the size of the portfolio of Government securities the Federal Reserve needs to keep? When the American Bankers Association started its drive for legislation to liberate about $15 billion of the Federal Reserve's hoard of Government securities, it made a long report to the Federal Reserve Board, setting out its proposed program and its specifications for legislation. I quote from that report:

It is clear from the figures that the System's holdings are far in excess of the amount needed for the Reserve banks to cover expenses and dividends. Even if these holdings were reduced by as much as $15 billion, the System would still have some net earnings after dividends.

So here is the American Bankers Association saying that the Federal Reserve's holdings can be reduced by $15 billion. Furthermore, it is saying that with reference to a period when the Fed's portfolio amounted to $23.7 billion, not the $25.6 billion it holds today. Yes, the American Bankers Association is saying that $15 billion can be taken away from the Federal Reserve and still leave it with all the interest income it needs to meet expenses, and then it would still have some income left over which it would have to pay back into the Treasury.

You see, this is the way Congress appropriates money for the Federal Reserve System; instead of appropriating, it simply tells the Federal Reserve it can call up the Bureau of Engraving and Printing, obtain all the Government currency it wants, use this currency to buy interest-bearing securities of the Government, collect the interest on these securities, use all the interest income it wants to for expenses, and then return what is left over back to the Treasury.

Now what is in the Federal Reserve's holdings of $25.6 billion of securities, and how did it acquire them?

These securities are all interest-bearing obligations of the U.S. Government. They are bonds; they are Treasury certificates, and Treasury bills. The majority of its holdings are in short-term securities which it exchanges for like securities as they mature. In other words, although many of the securities are in 91-day bills, the Federal Reserve

simply exchanges the maturing bills for new bills every 91 days, so it is a continuing debt.

THE FEDERAL RESERVE HAS ACQUIRED INTEREST-BEARING OBLIGATIONS OF THE GOVERNMENT BY HANDING OUT NONINTEREST BEARING OBLIGATIONS OF THE GOVERNMENT

This $25.6 billion has been acquired over a long period of years. It has been acquired, as I have said, by purchases in the open market, not from the Treasury, so the Federal Reserve has paid full price for them.

Furthermore, there is no argument about who owns them. They have been paid for with Government funds, and not a penny of any private bank's funds or deposits with the Federal Reserve have been used to acquire these securities. Not even the American Bankers Association in the reports it has made in support of the bond giveaway proposal makes any claim that the private banks have any ownership or any rights whatever to these securities.

So ownership is not in question.

In the last analysis the Federal Reserve has acquired these interest-bearing securities of the United States in exchange for non-interest-bearing securities of the United States. It has acquired the interest-bearing securities by reason of the fact that the general public—not the bankers, the general public—has accepted in exchange an equal amount of currency.

This is the way it works. The Federal Reserve Board hands out currency called Federal Reserve notes. To get these notes it simply calls up another agency of the Government, the Bureau of Engraving and Printing, and orders whatever amount it wishes to have printed, sends an armored truck over to pick them up, and then passes them out in exchange for Government bonds and other interest-bearing securities.

FEDERAL RESERVE NOTES ARE LIABILITIES OF THE TREASURY

These Federal Reserve notes are obligations of the U.S. Government, not obligations of the Federal Reserve System. It says so right on the face of them. And they are signed by the Secretary of the Treasury and by the Treasurer of the United States, not by the Federal Reserve Board. But the Federal Reserve Board obtains them from the Bureau of Engraving and Printing without any cost whatever. It goes through the motion of paying the printing cost, which is quite small. But actually this cost comes out of the Treasury, because it is deducted from the income which would otherwise be returned to the Treasury. These Federal Reserves notes do not pay interest, although the Federal Reserve Board in returning its income to the Treasury, except for what it uses for expenses, chooses to report these payments to the Treasury as interest payments on the use of the Federal Reserve notes. To repeat, the way it works is this: The Treasury pays the Federal Reserve interest on this $25.6 billion of interest-bearing obligations. The Federal Reserve uses what it needs for expenses, sets aside 10 percent of what is left over in a surplus fund, then returns the remainder to the Treasury with a report that it is paying the Treasury that amount of interest on the Federal Reserve notes which it has used to acquire these interest-bearing obligations.

I have proposed that $15 billion of the interest-bearing obligations be canceled. These are all included in the debt which is subject to the legal ceiling. However, the Federal Reserve notes are not subject to the debt ceiling. They are obligations of the Government, but they are not expected to be redeemed. The amount of this currency which is in circulation is determined in the last analysis by the amount which business and consumers find convenient for carrying on trade and commerce. The amount in circulation is the amount of money which business and commerce prefer to have in currency, rather than in bank deposits. Business and consumers have acquired this currency by going into the banks and asking for currency in exchange for credit in their deposit accounts. Most of the money is still in bank deposits, not in currency.

EXCEPT FOR GAG RULE AND BANKERS' OPPOSITION, IT WOULD BE A SIMPLE MATTER TO CANCEL $15 BILLION OF UNNEEDED DEBT

It would be very easy to cancel $15 billion of these securities. I have proposed legislation which would accomplish this. It would simply require the Federal Reserve Board to turn over to the Treasury for immediate cancellation $15 billion of these securities.

I have no doubt that Chairman Martin and some of the other members of the Federal Reserve Board would object to this. The $15 billion have, from their point of view, been earmarked for a giveaway to the banks. I have no doubt Chairman Martin could think of all kinds of pious-sounding excuses as to why he would think it impossible to transfer assets from one Government agency to another. In fact, I understand he has written to some of the Members saying that such a transfer could not be made because it would unbalance the Federal Reserve's bookkeeping. You see, the Federal Reserve keeps an account of the amount of Government currency it hands out, so on the liability side of its balance sheet it reports $26.9 billion of Federal Reserve notes outstanding. And on the asset side of its balance sheet, it reports the $25.6 billion of interest-bearing Government obligations it has acquired with these notes. The $26.9 billion of Federal Reserve notes has gone to pay for the $25.6 billion of Government securities, plus other things.

I have proposed legislation which would cancel $15 billion of these bonds. And the amendment I have proposed could also take care of the bookkeeping in a nice, tidy, orthodox way. It would transfer the $15 billion of assets to the Treasury for cancellation, and at the same time it would transfer to the Treasury $15 billion of liabilities for the outstanding Federal Reserve notes. This will keep the books in balance. And certainly the Treasury can have no objection to assuming the $15 billion of liabilities for these Federal Reserve notes, because the fact is, as I have pointed out, these notes are already liabilities of the Treasury, all $27 billion of them. And they are a convenient sort of liability to have because, as I have said, no one will ever try to redeem them, and if a holder of these notes should try to redeem them, the only thing he could demand in exchange would be another Federal Reserve note just like the one he wants to redeem. So this method of transfer would take care of the matter very nicely.

Unfortunately, the Members of the House are meeting here under a gag rule. The Rules Committee has not seen fit to give Members of the House an opportunity to propose amendments to this debt-increase bill, otherwise I would offer an amendment which would substitute a figure permitting the $12 billion increase in the debt limit for a figure which would bring about a net reduction of $3 billion in the debt limit. And it would, furthermore, require the Federal Reserve Board to transfer to the Treasury for immediate cancellation $15 billion of its unneeded debt obligations.

I hope, however, to be able to offer this as an amendment to the bond giveaway bill, S. 1120, when we take that up. So that the Members may be informed, I will insert at the conclusions of my remarks a copy of the amendment I propose to make at that time, assuming that the House should make the unfortunate decision to approve this debt-increase bill.

Furthermore, I am sure that if the Federal Reserve Board really could find it in its heart to try to help the taxpayer, instead of the bankers, it could figure out many other ways whereby this $15 billion of Government-owned securities could be transferred from one Government agency to another.

CONGRESS TO ACT NEXT ON THE BANKERS' BILL, S. 1120, TO APPROVE A $15 BILLION BOND GIVEAWAY

Just to illustrate what can be done, let me point out how the Federal Reserve is proposing to transfer Government-owned securities over to the private banks under the bond giveaway bill.

First of all, of course, the member banks of the Federal Reserve System are required to keep a small percentage of their depositors' money in cash and on deposit with the Federal Reserve banks. This helps safeguard the depositors' money by making sure that the banks do not put it all out in loans and investments. But when a customer comes to a bank and wants to take some of his deposit balance out in currency, this makes it kind of hard on the bank. Most of the depositors' money is let out or invested and is not in cash. So to satisfy the customers' demand for currency, the bank has to go to the Federal Reserve to get it, and it gets it only by drawing on its reserves. If this draws down the bank's reserves below the required minimum, then the bank either must borrow from the Federal Reserve, and pay interest, or it must sell some of its securities to get the cash. So to help the banks along, the Federal Reserve follows this practice: Each time it buys any Government securities it gives the banks an equal amount of cash reserves. The theory of it is this:

Several years ago, when my children were small, I had a small savings program going, and I made it a rule that each time I bought a Victory bond I would put a certain amount of cash in a little savings bank we had for the children. It became the children's money then and there, but with strings attached. It was to help them build up an account, and they had to keep it in savings. They could not draw it out and spend it for the movies.

So the Federal Reserve theory is the same. It has given the banks a million dollars of cash reserves, as a free gift, each time it has bought a million dollars of Government securities, but there has been a condition attached. This cash was to be held as reserves to help safeguard bank depositors' money, not to be drawn out and spent or lent. At present, member bank reserves amount to 14.9 percent of their demand deposits, and to 5 percent of their time deposits.

The bankers are proposing now, however, that the percentage of reserves they are required to keep be reduced. In other words, the Federal Reserve Board is recommending to Congress that the banks be allowed to draw out some of these reserves, provided they use them to buy the bonds now owned by the Federal Reserve. No money will change hands, actually. It is just a proposal to change the bookkeeping so as to transfer the bonds over to the banks. After this is done the books will still be in balance, and the only actual changes which will have taken place will be these: First, bonds now owned by the Government and paying interest back into the Federal Treasury will be owned by private banks and paying interest into private bank profits; second, when this $15 billion of bonds become due, the Government will have to hand out $15 billion more to buy them back again.

GIVING AWAY $15 BILLION OF BONDS WILL MEAN TAXPAYERS WILL HAVE TO PAY FOR THEM AGAIN, PLUS INTEREST

Here is an added note which may be of interest to the Members. The American Bankers Association argues that transferring these bonds to private banks will not mean the Treasury will lose all the interest payments on them for this reason. The banks pay Federal income taxes so they will pay back about 52 percent of these windfall interest payments in the form of taxes. This is quite true. But what the American Bankers Association neglects to point out is that under the methods whereby this $15 billion of Government securities will be transferred to the banks, the banks will not pay an income tax—not even a gift tax—on the receipt of the $15 billion of principal.

Now, why should Congress increase the debt ceiling and have the taxpayers saddled with more debt when this is completely unnecessary? The only excuse we could possibly have is that we intend to earmark the $15 billion of debt that could be canceled for a giveaway to the banks. And that is not a good excuse. The banks do not need this money. Bank profits are now at an alltime high and still going up. Furthermore, in case any of us has forgotten how much $15 billion is, let me point out that it is just about the total Federal cost to date of the farm price support, acreage allotment, soil bank, and other programs since such programs were begun a quarter century ago.

I urge that we cancel this $15 billion of bonds so as to reduce the debt by that amount. This will make it unnecessary to saddle the American people with more debt. Furthermore, it will help keep interest rates down. If we take the alternative course which the American Bankers' Association is proposing and give away $15 billion of bonds, even though they are a gift, they will be back into the market. They will depress the price of Government securities, which means running up the interest rates. It will mean running up interest rates not only on Government securities, but all interest rates that business, consumers, and farmers have to pay, because interest rates on Government securities very largely determine all other interest rates.

What can the Members of the House do about this matter? This is what we can do and what we should do: Vote down this debt-increase bill. Send it back to the committee and let it come forward again, not under a gag rule which denies the Members of the House any opportunity to make amendments to the bill, but with an open rule which gives the Members of the House some opportunity to think and act for themselves. When that is done, we can amend the bill to cancel $15 billion of the unneeded debt obligations and save the taxpayers the cost of a $15 billion giveaway plus the burden of having another $12 billion of debt paper created for the benefit of the bankers. The bill as it now stands should be defeated.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Chairman, in my opinion, you have been listening to a loaded speech. I say that from the standpoint of one who majored in economics and took several courses in banking and currency and who has a badge or two that show I fooled my professors into believing that I was rather smart.

I will say this, that I could not follow the reasoning of the gentleman who made that speech, and I doubt that very many Members of the House could follow the logic—or the objectives, of the speech you have been listening to. To illustrate, he said the debt limit is high because interest is high. Well, now, that on the face of it is absolutely false. The debt limit is high because we have been spending, we the Congress have been spending, more money than the Government has been taking in. Therefore, the obligations of the Government have continually gone up. Of course, in order to meet those obligations, you have to have a debt limit on those obligations that we make. So I say, and I say very confidently, that there are not two people in this House who could follow the reasoning of that loaded speech, and where it would lead to.

Now then, so much for that. The chairman quoted an old threadbare saying, as I recall it, that those who would dance must expect to pay the piper or the fiddler. The opposite of that is that those who refuse to dance need not feel obligated to pay the fiddler. The parallel is that those Members of this House who have been voting for these expenditures beyond the receipts of the Federal Government must, if they are consistent, vote today to raise that debt limit in order to cover what you have been authorizing to be spent. There is no getting out of that, and those of us who have been consistently voting "no" against those extravagant and unnecessary expenditures need not feel obligated to vote to increase the debt limit.

I know that it must be done, and I know that it will be done, but to vote "no" is the only way I have or you have to register our protest against this kind of spending. That is the only way I know of to do it.

Let us cite particulars: Yesterday by an overwhelming vote we authorized the expenditure of something like $4 billion. It was voted, I believe, by a majority of 120 or more. Those who voted for that expenditure are under obligations today to vote to increase this debt limit. Those who voted "no," yesterday need not feel any obligation today to vote to increase this debt limit.

Some of us are wishful thinkers, we refuse to face the facts that are before us; we live in a kind of hopeful world of our own making, and we have voted in the last 12 years something like $70 billion of foreign aid in order to contain communism, a worthy objective, but during those same 12 years communism has expanded until it covers twice the territory, practically speaking, and has taken in about twice as many adherents. That is what our $70 billion of expenditures for foreign aid has accomplished.

Mr. Chairman, there are a few of us, I would say a very few of us, who love to spend other people's money and then they think, they think they can pay for those expenditures in phony dollars, in synthetic dollars, rubber dollars.

It just cannot be done; it just cannot be done, no matter how persuasive they seem to be. I cannot follow them; it just simply cannot be done. It has to be paid for by money borrowed in the money market at the going rates. That is the only way you can pay for it.

And so because of these facts I shall vote "no" on this debt ceiling simply as a protest vote against the spending that has gone on under both administrations during the last 18 to 20 years, expenditures more than our receipts, and they have got to be paid.

I say to you people, every one of you, that in voting for these expenditures you are under moral obligations to vote for the increase in the debt ceiling. The few of us who have voted against these expenditures need not feel under any obligations to vote for this increase in the debt ceiling. It is only the spenders who need to vote for that.

Mr. FORAND. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. HAYS].

Mr. HAYS. Mr. Chairman, without any argument about the merits or demerits of the presentation of the gentleman who preceded me, I want to speak a word about the qualifications with which he qualified himself to make this

speech. He said he had majored in economics.

You know, I had a professor at Ohio State who taught economics out there for 30 years. He gave the same questions in the final examination every year for 30 years. You might wonder why everybody did not get an A. The reason was he changed the answers every year for 30 years.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I think that this problem which faces many people when it comes to voting on this matter of debt management each time rests more on semantics than anything else. Unfortunately, the bills in the past few years have been called debt limitation bills, and I think that is what has added to the confusion. This year I am happy to say the Committee on Ways and Means has a little better description of the bill itself. It is referred to as the bill on public debt. Actually it should be called a debt management bill, because it has nothing to do with what the debt is. This is not a ceiling. The only thing it has to do with is what kind of securities evidence the debt. In other words, are we going to evidence the debt with bonds or are we going to evidence it with greenbacks or just how are we going to manage the debt?

I might say that in the committee report we have lent to that confusion because we continually talk about debt ceilings. Anyone who will examine into this problem will see it is not a debt ceiling.

Let me illustrate to some degree, and this is a political statement I am going to make really, to counter a political statement that is constantly being made by some of my Democratic friends. It was made during these committee hearings.

On page 150 of the committee hearings I asked the Secretary this question in order to point this up. Many of my Democratic friends have pointed to the fact that the debt, as they call it, in 1953 was $267 billion, and the debt now will be $285 billion. Therefore, have we done a good job?

I am going to read the question I asked Secretary Anderson as follows:

> There was some reference made by one of the questioners to the debt in 1953 as $267 billion and the debt of 1960 about $285 billion. However, that is only an incomplete fiscal picture as I see it. To each column should be added new obligations which in 1953 were $81 billion, carryover from appropriations $78.4 billion, carryover from other authorizations of $24.4 billion, making a total of $450.8 billion in 1953 and putting a column to the other side for 1960 of $285 billion debt, $77 billion new obligations, $41.5 billion carryover, and a $30.2 billion carryover from other authorizations, giving us a figure of $433.7 billion against $450 billion.

Actually as far as what is against the full faith and credit of the United States in 1959 or 1960 is an improvement to some degree over 1953, about $17 billion improvement.

I would say to the House that what I have given is still not a complete picture of the real fiscal situation of the United States. Last year when another bill was up of this same nature I put in the RECORD the additional contingent liabilities against the full faith and credit of the United States. Now, this time the Secretary of the Treasury had this matter ready and available for the RECORD, and on page 151, at my request, the Secretary put into the hearings pertinent data. And, I hope for the benefit of the House, at least for anyone in the House who is interested enough to try to explain this matter to their constituents so that at least the people will be in on this to some degree, that that will help make it clearer.

You will find on page 151 the long-range commitments and contingencies of the U.S. Government as of December 31, 1958.

On page 152 of this insertion you will find two columns, the gross amount of commitments and contingencies, and then another column, public debt securities held by the Government and other agencies. With that, plus what I have also read, I think you can understand—and also the warning statements—and I must not forget those—the warning statements of the Secretary of the Treasury, which is in his statement, not to use this contingent liability as if it were the same as the Federal Government debt that is evidenced by our bonds, because it is an entirely different thing. Who can really evaluate what contingencies we are going to have to pay? And, when we list these contingencies, being around $315 billion, which they are, that does not mean by any stretch of the imagination that the Federal Government would ever be liable for that amount. But, nonetheless, just look how the budgets and expenditures have been upset by the contingent liabilities under the Commodity Credit Corporation, because that is one of these contingencies. These are the areas, what we call the back door to appropriations, so in figuring out just where the Federal Government stands in 1960 in relation to 1953, if anyone is interested, there is the way to evaluate it. And, I might say in that realm there is plenty of room for honest political debate, but there certainly is not any room for any part presentation of just taking one aspect of the Federal debt for comparison.

Now, then, the situation that is before the House now is this: We are doing nothing to the Federal debt. The debt is already there. It has been created by the appropriation bills and these back-door methods of hitting the Treasury. What we can do about that are four things: We can take care of the debt by issuing more Government bonds, which is deferring the payments. That is what this bill has to do with, gentlemen. The question before the House is, Do you want to take care of this debt that we have by issuing more bonds? That is the question, and it is no more than that. Your alternatives, though, are three: We could take care of it by raising taxes, and that is a fair area to argue about. We could do it by raising taxes. There is a third way we could do it, by issuing greenbacks. I might say that is the way many of the people seem to want to finance the Federal debt, because that is a quiet way that you do not get caught with politically when you do it, but one which will hit the little people the most. There is a fourth way, which is more difficult even than raising taxes, and that is by rescinding certain appropriations that we have already passed or rescinding some of these back-door authorizations. So I say to those who want to vote against this bill: You are saying that we do not want to manage the Federal debt by issuing more bonds, but that we want to do it by increasing taxes. I happen to be opposed to that for the reason that I happen to believe that the present rate of taxation is actually undermining our economic growth and stability, and I am fearful if we increase the tax burden—we are already beyond the point of diminishing returns—we will complicate it still further. If that is so, raising taxes is really not a solution, even if we have the political courage, which I doubt very many Members of the House have, to increase taxes. Of course, the other way would be inflation, which I am afraid many people have already got in their minds that that is the way they are going to do it. The fourth way, as I say, is to rescind appropriations that we have already committed the Federal Treasury to; and if you want to do that, then come in and tell the Committee on Ways and Means and tell the House which acts to rescind. So those who want to vote "no" on this bill have a responsibility, I believe, to tell the House, to tell their constituents, that if they do not want to manage the Federal debt through additional Federal bonds, they want taxes increased, then what taxes or what appropriation bills they actually want rescinded; and if none of these, then be honest with their constituents and say, "Look. We can drift into inflation and finance it in that way," and it can be done.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the distinguished chairman.

Mr. MILLS. I think it should be made eminently clear that this debt ceiling request is not before us because of expenditures for the fiscal year 1960. It is before us because of the deficit in the fiscal year 1959. Those moneys have already been spent.

Mr. CURTIS of Missouri. That is right. I think the gentleman is right except in one degree, if I may say so. We are obligated, although the money has not all actually been spent. But we regard money that is obligated as having been spent. So the Congress still does have control over the funds that have been obligated but not actually spent. Essentially what the gentleman has stated is true.

Mr. QUIE. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman.

Mr. QUIE. Is not the issuing of bonds inflationary? In fact, is it not more inflationary than issuing greenbacks?

Mr. CURTIS. Oh, heavens, no. The issuance of bonds is much less inflationary because it will actually withdraw from the economy a certain amount of savings. Greenbacks would put more in. It has the effect of the flow of money. That makes for the inflationary pressure. I think any economist would agree that bonds would tend to be somewhat deflationary. Certainly greenbacks are the essence and the classic example of inflation. But I will say this, the fact that you have the debt, the fact that the debt is increasing and you have to do something about it some way, that, in itself, is inflationary. But what we are talking about, how best to manage the debt in order to keep it as deflationary as possible, is something else. Increasing taxes would be more deflationary than issuing bonds.

Mr. QUIE. Then is the answer yes or no? Issuing bonds in itself is not inflationary?

Mr. CURTIS of Missouri. That is correct.

Mr. QUIE. But the fact that you issue bonds because of increased national debt makes it inflationary?

Mr. CURTIS of Missouri. Yes. What I am saying is, you do not issue bonds to increase the debt. The debt already has been increased by appropriation bills. What we are deciding is how do we manage this debt that we have created. I am saying that managing it through issuing more bonds is somewhat deflationary and it certainly is as an alternative to greenbacks.

Mr. Chairman, I want to talk to my very good friends in the conservative bloc, at least as far as fiscal affairs are concerned. There are many of them who are tempted, I know, and sincerely, to vote against this because they say, "We certainly did not vote for these increased appropriations." I think everyone recognizes that I am among those who have tried to keep down these appropriation bills. I have borne the brunt of all the demagogery and flamboyant appeal to the little man, the widows and the orphans, the sick people—all these emotional matters—and treated as if, for heaven's sake, I did not have basic humanity in me and Christian principles, because I insisted that we had to keep these appropriations down. I say now is the time for those who wanted to dance to the tune of being the great Lady Bountiful, and give the people all this, to face up to what they have done, because you are damaging the little people when you go ahead and spend beyond our means and create a situation which is going to bring about inflation, however we manage the debt that has been created.

So I say to my good, conservative friends, "Do not join the grasshoppers." I know the temptation there is to vote against evidencing the debt increase to show you were against this increase. But do not give the spenders respectability by joining with them in voting "No" on this. Let them face up alone to their constituency and the people of this country of playing one side of the fence one day, and saying that we are for all the good things for our people, and then on another day playing the other side by voting against financing this debt through the issuance of bonds, and letting it be financed by the sneak-thief inflation in the hopes that they can disassociate themselves from such company.

Mr. WAINWRIGHT. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WAINWRIGHT. Mr. Chairman, the gentleman from Missouri [Mr. CURTIS] is absolutely right when he talks about political courage. In my State of New York, Governor Rockefeller met the challenge. Mr. CURTIS says that we in Congress wouldn't have the courage or guts to raise taxes to meet our fiscal obligation. The New York Republican members of the assembly and senate showed that they had courage by balancing the State budget. There was only one way to do this: pay for the services through taxation. Governor Rockefeller, against the advice of the professionals, met the test with vigor and energy.

Furthermore, the House of Representatives is now treading water on labor legislation. Once again Governor Rockefeller trod where the angels in the House have feared to tread. A labor bill sponsored by the Rockefeller administration was introduced into the New York Senate on March 13 of this year. It specifically calls on labor unions to do much of what is required by the Senate-passed labor bill.

I intend to say more on this in the days to come.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, Congress has not had much choice about increasing the debt ceiling. Unless we act, the ceiling will become $283 billion on July 1. We are over that amount already. To fail to act would cause the curtailment of vital programs. It would also result in more "monkey business" in order to evade the debt limit, such as borrowing by Fannie Mae at higher interest rates than the Treasury would have to pay if it borrowed directly.

But while we are in the act of increasing the debt limit, let us look at what has brought us to this pass.

The reason why we have to increase the debt limit is because we ran a $2.8 billion deficit for fiscal 1958, and are running a $13 billion deficit for fiscal 1959. The reason we have run these deficits is because we have had a most damaging recession. Had we had the maximum employment and maximum production which this country is supposed to have, there would very probably have been enough revenues for the Government at present tax rates not only to balance the budget but to yield a surplus for this period.

And what caused the recession? More than any other single thing, the recession was brought on by the faulty tight-money, high-interest rate policy of the administration. From the first quarter of 1953 to the first quarter of 1959, our gross national product rose from $364 billion to $467 billion, an increase of 27 percent. During the same period, the money supply of the Nation rose from $124 billion to $138 billion, an increase of only 11 percent.

Plainly, the administration's holding back on the money supply held back adequate growth of the economy. When the administration contracts the money supply, its purpose is to cause economic contraction. At this, it has been magnificently successful.

The tight money policy has brought about our deficits not only in this indirect way—by causing recession, and insufficient economic growth, and thus depriving the Government of necessary revenues.

It has also contributed to budget deficits directly. For example, the President's budget submitted last January was in precarious balance at $77 billion. The largest single nondefense item was the $8.1 billion for the interest charges on the national debt. Just a few days ago the President sent up a renewed estimate of expenditures which included an additional $500 million for interest charges on the national debt—enough to put the President's own budget into the red unless matched by increased revenues.

The epithet "budget buster" has been cast around these Halls rather loosely recently. But for the greatest "budget buster" of them all, I suggest you take a look at the man whose tight-money policy is responsible for the $15.8 billion in deficits we have had in the last 2 years, on the revenue side, and an increase of several billions in interest charges, on the spending side.

When you Democrats "bust" the budget, you do it to the tune of a few millions. And your aim is to help the old folks, or clean up water pollution, or build houses or highways or hospitals. When Ike "busts" the budget, he does it in the grand manner—by the billions, and without having anything to show for it but a recession. Mr. Chairman, that is real "budget busting."

And what is a constructive alternative to the economic policies which have brought us once again to pierce the ceiling of the national debt?

First, the administration should abandon its tight-money, high-interest policy, and instead adopt a policy of expanding the money supply sufficiently to take care of the needs of a growing economy. If there is an adequate supply of money, we will find interest rates going down for a change, instead of always upward. While the administration and the Federal Reserve should not supply 1 penny more money or credit than is needed to call our resources of men and materials into play, it certainly needs to provide much more money for a $500 billion economy than it did for a $300 billion economy.

Second, the administration should achieve whatever expansion in the money supply is needed in a way that will be helpful to the management of the national debt, rather than by its present method, which is helpful solely to the banking system. The administration's

present method of creating money—and one it vows to continue in the future—is by lowering the reserve requirements of the banking system. The method which I have been advocating—identical from the monetary standpoint—is by Federal Reserve purchases of U.S. securities. By either method, not 1 penny's worth of money in excess of that needed would be created. The administration method, by its own testimony, has the sole virtue of aiding the banking system. The method I advocate helps the bankers, it is true, but it also spreads some of its benefits on the general taxpayer, and assists materially in the management of the national debt.

I hope, Mr. Chairman, that the administration will not take our action in raising the debt ceiling as a mandate to continue its present monetary policies. Rather, it should take our action as a breathing spell to enable it to adjust its monetary policies to the world of 1959. If it does, this is the last time that it will need to come to Congress in search of an increase in the debt ceiling.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield.

Mr. BOGGS. First, I would like to commend the gentleman on the statement he is making. I think he is putting his finger on the economic difficulties that we are confronted with in this country. I might say to the gentleman, we have had Governor Martin of the Federal Reserve Board before the Committee on Ways and Means now for the past week or so. Some of us have tried to ascertain from him what, if anything, the Board proposes to do in this situation and so far as I have been able to find out, they propose to do nothing. So that if this continues, we will be again confronted next year with the same problem we have now. This, I believe, is the third time in 3 years under the Eisenhower administration that we have been called upon to raise the debt ceiling, and I see no end to it unless some reversal is made in the fundamental policy of the administration. I, again, congratulate the gentleman on the speech he is making.

Mr. REUSS. I think the gentleman is exactly right. Unless the administration changes its shortsighted and wrongheaded economic policies, it is going to be right back here again, asking for still another increase in the debt ceiling.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield.

Mr. BYRNES of Wisconsin. The only way I can interpret what the gentleman is saying is that we should abolish the independent status of the Federal Reserve Board.

Mr. REUSS. That is certainly not the case.

Mr. BYRNES of Wisconsin. And make it an arm of the executive. The gentleman is saying that the administration is responsible for the monetary policies of the Federal Reserve Board. The gentleman knows the Federal Reserve Board is an independent agency, and that the Chairman of the Board is a former Under Secretary of the Treasury under the Democrat Secretary Snyder. The gentleman is either going to abolish the independence of the Federal Reserve Board or he is going to leave it independent, and then give it the responsibility. While it is independent he cannot charge the administration with responsibility.

Mr. REUSS. I believe in a Federal Reserve Board that is independent. I do not believe in one that is irresponsible.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I did not think I would be around here long enough to see what might be called a unanimity of irresponsibility. It does not matter whether you say you will vote against this bill because of some manipulations by the Federal Reserve Board that you do not like or that you are going to vote against it because you want to voice a protest against spending. Either course is irresponsible.

This bill presents only one issue to you, as I see it, and that is: Shall the Government of the United States continue to pay its debts and meet its obligations? It is just that simple. The money that we authorize and appropriate here in the Congress is spent by the executive departments under the President. When they spend that money or obligate it, it is up to us, the Congress, no matter how we voted originally on the authorization or on the appropriation, to make sure that the credit and the financial standing of our country remains good throughout the world. That we can do only by making it possible for the Government to pay its bills. Therefore, it is essential, as the able and distinguished chairman of the Committee on Ways and Means has pointed out to you, to raise the debt limit that is made necessary as a result of the expenditures and obligations incurred up to now.

I will vote for this bill but with a feeling of having been let down. In doing so I want to pin the responsibility for spending and budget busting where that responsibility belongs. Despite the fact that I have received no medals for studies in economics, I know that interest and interest rates are a part of our fiscal policy and a part of this national debt, the limit of which must be raised so that we can remain a financially responsible Government.

Let us take the year 1953, and for my figures I will take the end of the year so there will be no dispute as to who was responsible for what happened in 1952 and 1953. At the end of the year, the Nation's personal income was $288 billion. Today it is $372 billion, an increase of $84 billion.

Within that figure for personal income is included salaries and wages. They have gone up $42 billion in that same period.

What do the American citizens, the American taxpayers, the American wageearners think about who are the irresponsible spenders and budget busters? Let me give you the answer by way of some more figures. At the end of 1953—again the end of the year—the debt limit was $275 billion; today it is $285 billion. Included in those sums are the nonmarketable savings bonds held by the wage earners of the country, the little people. In 1953 they held $65.1 billion of those savings bonds; today they own $51.4 billion of those savings bonds.

Today they own $13.7 billion less of those bonds than in 1953. Each year during the last 6 years they have been cashing those bonds faster than they have been buying them, and during that same period their personal earnings have gone up by more than $40 billion.

One of the reasons they have turned their backs on their Government is because while the Treasury Department appeals to them to buy bonds as patriotic Americans, the same Treasury Department is running up the interest rates for the benefit of the bond dealers and the big bankers. The nonmarketable, low interest rate bonds are offered to the lower income earners. The negotiable bonds, the high interest rate bonds, the short and long term maturity bonds sold under buy-back agreements, and with 2½ percent downpayments, are delivered to the bond dealers and the big banks.

Do not believe for one minute that the higher interest rates paid by the Government during the last 6 years have not run up the cost of operation of the Government and are not reflected in this debt limit. Every dollar of interest paid by the Government on its securities must be reflected and considered as a part of debt management by the Government, the same as by any going business. The Government interest rate does not follow the commercial rate; the commercial rate follows the Government rate. Government bonds are riskless bonds. Every bond ever issued by our Government and every bond which our Government ever will issue, I am sure, will be paid at maturity dollar for dollar with interest in full.

Every time the interest rate on a riskless Government security is increased, the commercial market and the banks follow along and increase their rate. It would be absurd to think that investors would buy risk securities or lend money with or without security for private purposes at a rate equal to or less than that being paid by the United States Government on riskless securities.

In 1953 we were paying 2½ percent interest on the Government debt; today we are paying over 4 percent.

Do you know what that means? When our debt limit in 1953 was $275 billion the Government had outstanding interest-bearing obligations totaling more than $231 billion. Today with the debt limit at $285 billion the Government has outstanding interest-bearing obligations of more than $240 billion. An increase of only 1 percent a year on $231 billion is $2.31 billion. An increase of 1 percent a year on $240 billion is $2.40 billion a year. If you take the lesser of the two figures, in 6 years that increase would cost the U.S. Government more than $13.8 billion in excess interest. That is not the whole interest on the debt for the 6 years, that is merely the increase if it were only 1 percent a year.

That demonstrates the irresponsibility of this administration. They did not have to and they do not have to raise those interest rates.

I remember only too well the campaign speeches of General Eisenhower in 1952, repeated by him and his Republican campaigners in 1956. They were going to run this Government on a business basis. They were going to balance the budget and reduce the national debt. The world knows too well that those were empty promises. We could excuse them the first time because of the President's lack of knowledge. There was no excuse for his repeating those promises the second time, after having broken them the first time.

Instead of reducing the debt limit, he and his appointees have cooperated in forcing it up and in requiring us to spend more money instead of less money. There were any number of ways in which he could have kept his promise. He could have prevented the tremendous waste of billions of dollars that has occurred and is occurring throughout his many departments. Instead of increasing his own executive budget and setting the example for his appointees to do likewise, he could, at least, have kept it at what it was.

If he and his Secretaries of the Treasury had not insisted upon a tight money policy and had not insisted upon pushing interest rates up, the cost of Government would have been kept down at least to what it was. Either the elimination of waste in Government, or the maintenance of the 1953 interest rate, would have saved us from the necessity of raising the debt limit as we must do today.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. KNOX].

Mr. KNOX. Mr. Chairman, I have listened with a great deal of interest to the remarks of my colleagues relative to the bill pending before us today which will provide flexibility to the Secretary of the Treasury in order that he may meet the obligations which the Congress has imposed upon the Treasury of the United States.

If there is anyone who can qualify in a protest on voting against this bill, I believe I can, because of my record as far as appropriations that were before this Congress in the past session and previous sessions are concerned. Today, however, we are confronted with this legislation because of a ghost, or, I should say possibly a giant, which was put in the closet last year.

The ghost of that giant is outside the closet today and we are confronted with this ghost in an endeavor to keep our Government on a solvent basis where it will be able to meet its obligations as they become due.

This legislation is not here because of something the administration did. It is here because of something that the Congress did and that is excessive spending beyond the revenues of this Nation.

There is a cure and I think the cure is this: We must be realistic and face up to our responsibilities. When we launch a new program of spending, this Congress should have the moral courage to present to this body the necessary tax bills in order to meet the expenses of any new spending program. Unless that is done we are going to sink deeper and deeper into debt and the boys and girls now who are sitting in the gallery with their fathers and mothers are the ones who are going to have to meet this responsibility, not only the responsibility of their generation but the responsibility of the generation of today which has created this huge debt and put upon the younger people for generations to come, yes, on children who are yet unborn, the burden of meeting these responsibilities that are rightfully ours today but this Congress lacks the moral courage to live up to them.

I feel constrained today to vote for this legislation, although I have not been a liberal spender as far as appropriation bills are concerned.

But there is one thing I hope never happens with my vote and that would be a situation where the Treasury Department is unable to meet the obligations which the Congress has imposed upon them. Therefore, I am going to vote for this legislation today.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I thank the gentleman from Michigan for yielding. I would like to call the attention of the committee to the fact that at the close of the fiscal year 1953 the total obligations of our Federal Government were $330.8 billion and at the close of the fiscal year 1959 the total obligations of our Federal Government were $317.5 billion, which shows a reduction of over $13 billion during the period from 1953 to 1959.

This is brought about in view of the fact that on June 30, 1953, the total unexpended balances carried forward were $78 billion and of which $64 billion was obligated. These were direct obligations of the Federal Government, but were not at that time included in the national debt figure. This situation has been changed, and as of June 30, 1959, the unexpended balances have been cut down to $40 billion and of that only $32 billion was in direct obligations. In other words, firm obligations outside the national debt figure have been reduced from $64 billion to $32 billion during that period of time from 1953 to 1959 and the overall obligation of the Federal Government including the national debt has in effect been reduced by $13 billion since 1953. This accomplishment has been completely overlooked in the debate today.

Mr. KNOX. I thank the gentleman for his contribution.

Mr. BAKER. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from Tennessee.

Mr. BAKER. I want to compliment my colleague from Michigan for the very fine presentation he has made and to associate myself with him in support of this bill, although I would have much preferred not to have to vote for it. However, it is the only sensible thing to do from the standpoint of fiscal responsibility.

Mr. KNOX. I thank the gentleman. I, too, would prefer not to have to vote for the legislation, but if we are going to have a sound Government and a Government that is going to be responsive to its obligations, then this legislation must be enacted.

Mr. GUBSER. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from California.

Mr. GUBSER. A previous speaker made the statement he was confident that Government bonds would always be redeemed dollar for dollar. Would not the gentleman agree with me that his statement would have been more accurate had he said they would have been redeemed in this way: A 100-cent dollar would be redeemed with a 47-cent dollar.

Mr. KNOX. The gentleman is correct and I concur in what he says.

Mr. JOHANSEN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHANSEN. Mr. Chairman, as I have done in the last two instances of proposed increases in the debt limitation, I intend again today to vote against this newest increase of $2 billion in the permanent limit and $10 billion of temporary increase.

Once again we are at the last phase of the three-phase cycle of extravagance, fiscal irresponsibility and self-deception, which cycle of folly we seem to repeat with regularity and increased frequency.

We vote to spend money we do not have. We fail to vote additional revenues to maintain even a current balance of the budget. Then we vote to relax further the restrictions and limitations on our debt ceiling which we previously had imposed as a supposed control on ourselves.

I am voting against this increase in the debt limit as a protest against the sham and hypocrisy of the whole process. I do so with consistency because I have opposed the increasing federalization of governmental spending in the United States. I do so because the course we have been pursuing and are continuing to pursue is the course of irresponsibility, weakened national credit and ultimate bankruptcy.

Of course, our fiscal problems are compounded by our necessary defense spending, although the recent deficits actually reflect increases in nondefense spending out of all proportion to the increases for defense purposes.

Since, however, defense spending is a part of the picture, I must remind the House that the Nation this week has witnessed another episode—incident, in my judgment, is an inadequate term—which raises disquieting concern and anxiety with respect to our national defense. I refer, of course, to the attack by Communist jets on an American patrol plane over international waters off North Korea; to the anxieties and uncertainties in the public mind with regard to the evident defenselessness of this plane and, finally, to what I reluctantly regard as the less than adequate answers to the questions and concern of the American

people over this situation provided both by the Defense Department in general and Secretary McElroy in particular.

The issue here, of course, goes far deeper than the matter of the billions which have been and are being spent for national defense. Yet, there is justification certainly for weighing this matter also against the background of the huge defense expenditures and the increase in the debt limitation under consideration here today.

I have made it a point to secure the official minutes of the press conference held by the Honorable Neil H. McElroy, Secretary of Defense, yesterday afternoon. I have carefully read and reread Secretary McElroy's comments regarding the attack on the American patrol plane.

I confess to grave concern over some of the premises and some of the comments offered by Secretary McElroy regarding this episode.

I believe the American people are entitled to better answers to their questions than they are given in some of the comments offered by Secretary McElroy in his response to inquiries at this news conference.

I note for example that Secretary McElroy says that to his mind "the things that have been given the greatest attention are not the most significant things about this incident."

Secretary McElroy added that:

> The really important thing to my mind was here was an aircraft on a peaceful mission, flying over waters that are clearly international waters, and this plane was attacked by what I would consider an irresponsible pair of fighters with the results that are well known.

Further, Secretary McElroy expressed the view that:

> The question of whether we provide heavy armament for a ship, an aircraft which is on a peaceful mission in international waters * * * is something which I think is kind of aside from the main issue.

I note further that Secretary McElroy used an analogy which, in my judgment, falls far short of a valid comparison. After saying:

> In even a condition of cold war you don't expect that you have to be in a position to defend yourself against irresponsible attack, if you were flying over international waters which are clearly your right to fly over.

He added:

> I think it is not dissimilar to the kind of situation you might have here in Washington. People don't go out at night with guns in their pockets, and yet that doesn't mean some irresponsible person may not attack you and injure you or even kill you.

Certainly, in my judgment, a naval patrol plane—if I understand its role in our defense operations—is hardly in the position of a private citizen walking the streets of a city. It seems to me that a much truer comparison would be the policeman walking his beat or cruising the streets in his patrol car.

Certainly, as the Washington Evening Star commented editorially tonight:

> It seems astonishing that in the latest of these incidents (over the Sea of Japan, 38 miles off the coast of Communist North Korea) the American naval plane involved was so poorly armed that it was incapable of answering the fire of the Soviet-built MIGs that wantonly attacked it.

The thing that seems incredible to me is the apparent effort of the Secretary of Defense to minimize the reasonableness and justification of the serious concern of the American people on the score of the defenselessness of Navy air patrols, particularly in such an area.

It is here that I feel that the American people are entitled to better answers than they have received to date and to better answers than they have been given by Secretary McElroy. Certainly they are entitled to know whether there is valid reason why this particular plane or this particular type of mission—or any American military plane or mission, especially in potential trouble areas—should be exposed to total defenselessness against enemy attack.

They are entitled to know how prevalent, how extensive, how unavoidable, and how perilous, not only to members and units of our Armed Forces but to the security of the Nation itself, this or any other type of exposure to total defenselessness may be.

They are entitled, within the limits of genuine national security considerations, to know what can be done, what is being done, and what is proposed to be done to minimize or eliminate such a condition.

And, finally, because of their very willingness to bear the necessary defense costs which are part of our national defense picture—they are entitled to know how the existence of this condition disclosed by the episode off North Korea can be reconciled with our enormous defense expenditures.

Of course, the whole problem goes even deeper, and admittedly this is a matter of high policy, as Secretary McElroy intimated. This is one of some 30 unprovoked Communist attacks on American planes, which have left 112 Americans dead or missing.

Is there never to be a genuine showdown?

If the purpose of our vast investments in military power, and of our desperate efforts to keep ahead in the fiercely competitive race for superior military technology, is not that of forcing effective and decisive showdown, and is not that of meeting acts of lawlessness and violence with swift, effective, punitive retaliation, then what is their purpose?

The highest priced, best trained, best equipped police force a community can provide would be only a futile financial burden, and a mockery to itself and to those it is supposed to defend, if it did not meet and defeat the lawless gangster in the only fashion he comprehends and which can successfully prevail over him.

It is well enough for Secretary McElroy to say that "this country, of course, will not have its rights infringed."

The American people have every basis for wishing to know when that brave sentiment will have the substance we have thought we are paying for.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. WRIGHT].

Mr. WRIGHT. Mr. Chairman, I would not trespass on the time of the House today, except that I feel there is something which needs saying in connection with this discussion that has not been said. Nor should anything I say here be construed as an argument against the enactment of this bill.

It seems to me that in the present situation we have gotten ourselves into through a series of circumstances, with June 30 immediately ahead of us, we have no other alternative than to enact this bill into law.

I am not going to engage in any argument as to whose fault it is that we find ourselves in this situation. I think it can be argued with some validity that it is at least in part due to some of us who have voted for certain so-called spending bills. I have voted for some of them. I think there is equal validity to the argument it is at least in part attributable to the high interest rates we are having to pay, as they take an enormous toll annually in tax dollars. It might even be argued that it is in part attributable to people who voted for the tax reduction bill of 1953, that it reduced the income coming to the Federal Government. But there is little to be gained at this point in arguing over the cause or trying to assess blame.

Mr. MASON. Mr. Chairman, if the gentleman will yield, but the tax reduction bill brought in more dollars afterward than before.

Mr. WRIGHT. I am expressly trying to stay out of a political argument on this issue, and it is a little hard to do, sometimes. One of the things I want to say is that we have to look to the future instead of the past. What we need to do is not to attribute the cause for our predicament but to figure a way out. The gentleman from Texas [Mr. IKARD], and I, along with 19 other Members of the House, have introduced identical bills which would call for a gradual system of orderly retirement of this national debt. I think this is something which needs desperately to be done. I want to thank the committee for its graciousness and courtesies in having heard us. They still have it under advisement. Apparently I was not sufficiently persuasive, through no fault of the proposal we have advanced but through the failure of my own ability to explain it thoroughly. No opportunity was given to offer it as an amendment to this bill.

I want to mention four things, if you will follow with me, which I believe are demonstrably true. The first is that unless and until we set up a definite policy of taking something out each year to pay on the retirement of the principal of the debt, we are never going to reduce this enormous debt. It is just like a family head who follows the policy that we have been following as a Congress and as a Government. He may say, "Well, I will wait until the end of the month and see if, happily, there might be some money left in the bank with which I can pay off some of my debts." Now, I am afraid most of us, if we were to follow that policy, would find to our consternation at the end of the month that we had spent everything and that there was nothing left to pay on the debts. What that family head should do is to take something out first each

month and pay on the debt; make it the first item in his budget. That is what I am suggesting that we adopt as a policy for this Congress, because I think until we do it, until we set ourselves definitely to a course of paying off so much on the debt as a minimum every year, that it is not ever going to be convenient for us to pay a big lump sum, and we will never get to the end of a fiscal year in which we have no crisis and a big surplus by which we can make a dramatic reduction.

Second, it is demonstrably true that it is cheaper in the long run to the taxpayers of the United States for us to pay this debt than it is to continue to owe it. We are paying $8.5 billion per year in interest alone, simply for the privilege of owing this huge debt. It is the second largest single item in the cost of operating our Government. It represents about 11 cents out of every dollar that the taxpayers pay.

In the third place, it seems clear to me that we should make some systematic plan for reducing this debt and follow it annually, in the interest of fairness to future generations. It seems manifestly unfair for us to expect them to pay for things which we, meanwhile, will have used up and worn out.

Finally, I am convinced that the public expects us to develop such a plan, to the end that we could reduce some of this debt, and that the public will not only accept such leadership, but applaud it, if this Congress will establish such a policy and set it in motion. I believe that the public would be willing to pay a special tax even, if the proceeds from such a tax were earmarked exclusively for the retirement of the national debt.

The bill we have offered is not a cure-all, nor is it intended to be. But it would set us on a new path of annual payments on debt retirement, and I respectfully ask your serious consideration in its behalf.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CEDERBERG].

Mr. CEDERBERG. Mr. Chairman, it is very interesting to listen to some of the words and fine speeches by our Democratic colleagues. But, you know, there is one place in the CONGRESSIONAL RECORD where you can determine whether you are for spending and increasing the national debt, and it is in the place where they record you as "yea" or "nay" on these bills that require increased spending. There is where you find it, and not in all of the areas where we find these fine speeches.

I am interested in the program of my good friend, the gentleman from Texas [Mr. WRIGHT]. It is an ideal program. We are going to reduce the national debt 1 percent per year, and yet the gentleman from Texas votes for increasing the sewage treatment authorization from $50 million to $100 million; votes more money for roads, votes more money for hospitals, votes more money for schools, votes more money for everything. Now, we have to get on one side of the street or the other. If you are going to spend the money, you cannot reduce the national debt unless you raise taxes. It is just that simple.

Mr. DEROUNIAN. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from New York.

Mr. DEROUNIAN. The gentleman from Michigan neglected to announce that the gentleman from Texas [Mr. WRIGHT] also voted for the public housing bill this year. Last year he voted for the depressed area bill, he voted for the community facilities bill, he voted for the public housing bill, and all of these votes cost to the tune of about $12 billion. At the same time he has a bill, or a gimmick, I might call it, to reduce the national debt. He votes for spending and then he criticizes a rise in the national debt. He is on both sides of the street.

Mr. CEDERBERG. My colleague from Wisconsin, who made a speech here, has never been known, to my knowledge, in his career in Congress to vote for anything that did not cost more money. Now, about the recession and how much revenues we lost in the recession; if we had listened to some of the spending proposals of our colleagues on the Democratic side of the aisle this increase in the Federal national debt would be billions more than it is now. And because of the wise programs of this administration we have come a long way and our economy is sound and stable today.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. REUSS. I shall not try to answer the charge made against me by my friend from Michigan, but I would say concerning my friend, the gentleman from Texas [Mr. WRIGHT], that not only has he voted for clean streams and for decent homes but, so far as I know, he has been against infantile paralysis, too. The record should be complete.

Mr. CEDERBERG. We are all for clean streams. But we ought to raise the money to pay for the job and not try to do as has been done here on the floor of the House, say one thing, and vote the other.

I say to the gentleman from Wisconsin that he raised this issue about the attitude of this administration. I am always amazed that we have so many experts here on how to manage the national debt. And the same people who are the great experts on managing the debt are the great experts in creating the debt.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. MULTER. I wonder if the gentleman has ever tried to make a computation that would show each year how much could be bought and paid for, in the way of eliminating stream pollution, in the way of better sanitation, public housing, and all the other things the gentleman says we voted for on this side of the aisle, with the $2¾ billion extra interest every year that it has cost us since Mr. Eisenhower took over the presidency of this country.

Mr. CEDERBERG. I will say to the gentleman that the Chairman of the Federal Reserve Board is a Democrat who served as an Under Secretary in the previous Democratic administration. This argument about interest rates is a matter of opinion. Let me say to the gentleman from New York that if we had had the intestinal fortitude to raise the money to pay the bills instead of creating the debt, we would not have to worry about this problem today. But we have been content to let future generations pay the bill, because that is the easy way out.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Chairman, I should like to say to the gentleman that I acknowledge I have voted for a number of bills that he calls spending bills. I have done that because I thought it was in the interest of the country when I did it. On other occasions I have voted against increased spending when I have believed that to be in the interest of the country. I do want to say that at the end of each year I have tried to total up the bills that I voted for to spend money and balance them against the taxes which I have supported. In my own instance I have tried to get what satisfaction I could that it came out even.

Beyond this, I would say that I would never question the gentleman's motive or his sincerity in the offering of any proposal, nor would I say of him that he was talking out of one side of his mouth one time and out of the other side another time. Nor would I say, as our colleague from New York has just said, that any bill which he seriously offered and sincerely supported was nothing more than a gimmick.

I think that when we apply our judgment to measure another person's motive, we are treading upon the exclusive domain of God. In the matter of judging our colleagues and their motives, I would urge the advice of the only perfect human being who said, "Judge not that ye be not judged."

Mr. CEDERBERG. I just made this statement, that you cannot reduce the national debt and vote for more spending at the same time. There is no answer to that. The rules of arithmetic have not been repealed.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. Mr. Chairman, I wish all the gentlemen in the House would pay heed to what the gentleman from Texas [Mr. WRIGHT] has just said. We heard on the floor of the House the majority leader say, about a week ago, that this side of the aisle was interested in money and those on his side of the aisle were interested in human beings. That was the leader of the Democratic Party.

I have maintained time and again that this business of attacking the motives of those who disagree with us moves this country backward instead of forward. I think it is proper to point out inconsistencies in people's positions. But in these money bills, too often I have heard the plea from the other side of the aisle that we who want fiscal responsibility,

because we think that is in the best interests of the country, therefore are not interested in eliminating disease or in providing people with cheap and adequate homes, or in obtaining clean streams. I believe we are all interested in that. But this debate is over how we may best obtain those things in this world of human beings.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman.

Mr. ARENDS. I have been a Member of Congress for 25 years. When I came here a little more than $8 billion ran this whole Government each year. Today we are paying better than $8 billion as interest on our national debt. During that time I might say to those who have pointed the finger at us on my side of the aisle that out of those 25 years, our party has been in control only 4 years. So I might well say, let not the majority point the finger at somebody else. It is your responsibility.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. BOGGS].

Mr. BOGGS. Mr. Chairman, as my good friend, the gentleman from Texas [Mr. WRIGHT] said a moment ago, it is rather difficult to discuss this subject without getting into an argument. We were going along here for quite a little while pretty much without argument, but then we got to pinning some labels and examining votes, and so on. I presume that this is because there is a fundamental difference here and one that we might as well put on the table where it belongs. I have no intention of criticising the way anybody votes on anything. I think the only people who can justly make that appraisal are the people who send us here and take us back. And that applies to either side of the aisle. I do think the gentleman from Wisconsin [Mr. REUSS] who spoke here a few moments ago, and who is a member of the Joint Committee on the Economic Report, pretty well put his finger on the main issue and that is the fundamental economic policies which this Government has been following. Granted that the expenditure of x number of dollars is bound to have budgetary effects. But, in all of these questions, we are guided by policy considerations. For instance, no one, certainly, in the world in which we live where the demand for education is so great; where we need to do so much to fight disease and so on—think of what we would contribute to human happiness if we could discover a cure for cancer—and to go back—the gentleman from Rhode Island [Mr. FOGARTY] comes in each year and he says to us, "We need x number of dollars for heart research. We need x number of dollars for cancer research. We need x number of dollars for research in these crippling and paralyzing diseases." Then we try to cut the pattern to fit the cloth—and usually we cut pretty deep. But, the point I am making, Mr. Chairman, is that we would not dare to appropriate—what was it—$39 billion for our national defense and only several hundred million dollars for the whole research program if it were not for the fact that we do live in a world that requires us to appropriate $39 billion to maintain the security of our Nation.

So in all of these programs, whether it be for clearing slums in the cities or building highways or controlling pollution in our streams or providing for some assistance in the building and furnishing of community facilities, recognizing the fact that there are areas in the United States that are depressed and need some assistance—basically, we do these things to preserve the United States of America. The fundamental issue is whether or not we have enough confidence in the American system of free enterprise, a system if you will as compared to the all-powerful state Communist system, to believe that we are big enough and strong enough and intelligent enough to have adequate national defense; to have a farm program; to have a sound domestic program—and still balance the budget. Now when I say I believe in a balanced budget, I mean just that and I believe just that. I do not believe in deficit financing—I have never believed in deficit financing and do not believe in it now. I subscribe to the statements of the gentleman on my left who said, "If you are going to spend then you ought to balance this budget." I believe in that. But how do budgets get out of balance? Do they get out of balance exclusively as a result of what we appropriate? Not by any stretch of the imagination. The budget is out of balance this year by about $13 billion, and of that $13 billion at least 50 percent of it, if not 75 percent of it, is not attributable to what we, the Congress, have done in the way of appropriations, but is attributable to the decline in the gross national product of this country as the result of the 1958 rescession. Now who do I cite for that statement? I cite the Secretary of the Treasury himself.

Let me say this in all earnestness and in all sincerity. I have had the honor and privilege of serving as a Member of the House of Representatives for a good many years. I have seen many public officials, Democrats and Republicans, but I have seen no man whose sincerity of purpose and whose devotion to his country exceeds that of the Secretary of the Treasury, Mr. Anderson. Mr. Anderson in testifying before our committee was asked about this very question that the gentleman from Wisconsin [Mr. REUSS] raised a few moments ago. Mr. KARSTEN of Missouri and I hope the gentleman from Missouri will not mind my quoting him, had the following colloquy with Mr. Anderson:

Mr. KARSTEN. In other words, you would not attribute the blame to the Congress for this deficit.

Secretary ANDERSON. No, sir; I think that the analysis fairly put is applicable to the recession and to the programs in existence such as crop-support programs when we had a very heavy crop and that sort of thing.

Mr. KARSTEN. In your statement you make the statement that it was the recession. Can we rely on that and it was not the Congress that caused this.

Secretary ANDERSON. You can rely on the fact that the biggest single cause was the decline in revenue.

Mr. KARSTEN. And that was the recession quite apart from the Congress itself.

We can argue back and forth. As a matter of fact these things have always been the subject of political debate.

Back in 1952, when President Eisenhower was running, we Democrats were depicted to the country as wild spenders ruining the stability of the dollar. The country was told that we should be returned to private life and our friends the Republicans put in.

The American people did just this in a very big way. President Eisenhower was elected President of the United States by, I think, the biggest majority in history. He was elected again in 1956.

Yet, despite these statements, the deficit today is higher than it has ever been. The cost of servicing the national debt is higher than it has ever been. As a matter of fact, it costs almost $3 billion more now than it did when President Eisenhower was elected to service the national debt, and there has been no successful program put forward to decrease the national debt. In addition to that this administration has come here, I think, six times since 1952, and asked us to raise the ceiling on the national debt.

I am not saying this in a critical vein, I am saying it only because it is a matter of record; I am saying it because this is a problem which all of us must face whether it be your side of the aisle or my side. We can demagog as much as we want to, but just wishing about this thing will not make it go away. In my judgment until and unless we have courage enough to recognize that our economy must grow at a rate of at least 3 percent a year to absorb our farm commodities, to provide employment for our young people, to provide resources for research programs and provide for national defense, then we are going to have deficit after deficit, interest piled on interest. This ever-rising interest rate takes it out of the hide of the average American, the pockets of the small homeowner, the fellow who wants to buy a house, the housewife who wants to buy an appliance, and so on.

So in my judgment it is time that we recognize the fundamental fact that we are going to have to meet this situation and I do not mean by the kind of speeches that were made here just a few minutes ago. Unless we do meet it there are going to be some very red faces in the Republican administration.

Mr. Chairman, I yield back the balance of my time.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Chairman, I have listened very carefully today, as I have in times past, to this matter of debt reduction and spending. I want to make the simple statement to my colleagues that as I see it the financial problems of this Nation spring from one source and one only, and that is, that the Federal Government is spending too much money; and that is defined as spending more than income. So it applies to Members on both sides of the aisle, and I think we ought to stand on our records, how we

vote, as to whether or not we are following a sound budget so as to stay within our income.

I listened with interest to the remarks of my distinguished friend the gentleman from Texas [Mr. WRIGHT]. We have adjoining districts. I wonder if the gentleman thinks he can take a position on the floor of the House that leaves all the rest of us as being suspect in our viewpoint. So I must protect myself in my district, if it comes to that, even as I want this viewpoint of fiscal responsibility not to become forgotten, if there is danger of it. We must at least balance the budget before we can talk about a debt reduction.

So it is that I must help pick up the tab for my big-spending colleagues in this effort to balance the budget. My record supports the balanced budget viewpoint. I have every reason today, therefore, to vote against the debt ceiling increase, but I will vote for it. Why? Because I will not repudiate what Congress owes, anymore than what the family owes when we run up expenses at the grocery store or the department store. After we run up the bills we have to pay for them. And so with the Government, when we run up bills as a government we have to pay those bills. That is all this increase is. If we are going to spend this money we will have to pay the bill, we cannot limit the debt ceiling as the means to cut spending.

The way to prevent debt ceiling increases as I see it, is to reduce spending, and therein lies my objection to the argument of my colleague who believes we can spend for all these programs, each program of which individually might be considered praiseworthy, but like the expansion of family expenditures must be curtailed. You want a car or a new suit of clothes. But you say you will not buy it this month or this year because we are short of income. Why do we not practice this in our Government affairs? We either hold down spending or we must raise taxes.

The national debt is the direct result of spending and we cannot correct it unless we stop spending. As one of my colleagues on this side said, "If you try to hold down the debt by holding down the debt ceiling instead of cutting spending, it is like trying to stop the elevator by hanging onto the pointer that indicates the floor the elevator's at."

Really, it is not a matter of argument as to this proposition of a balanced budget. You can take most any individual program and point out the worthiness of it, but I think we are all agreed that when we spend more than we take in year after year we are wrong. I try to look at that when I vote. My voting record is one for reduced Government expenditures and balancing the budget and not voting for all the spending bills, then virtuously saying: "Let us cut the debt by holding down the ceiling." I do not think that is the way to do it.

It was mentioned here earlier that we as family heads should set aside a little from time to time and try to live within our budget. I must point out from what I have learned about economics through the school of hard knocks and as a small business man that I have observed the Government pursue a course that a businessman could not pursue in the course of his business, of spending more than he takes in. Yet the Congress year after year does spend more than it takes in, and that can affect the value of the money that is left for all the rest of us to spend. It affects all of the people we represent. Congress spending beyond income also results in inflation and it hurts most of all those people of modest means I hear so much pleading for here on this floor in the name of big Federal spending. We should protect them realistically by not inflating the currency through our spending policies.

Now, because of what was said earlier, I would like to read from the record as to the matter of the Federal Reserve being independent of this body, which was set up under a previous administration. A previous President took a very statesmanlike position in making the Federal Reserve an independent agency of Government.

I refer to page 201 of the hearings:

Mr. CURTIS of Missouri. I find that there is one great misconception about the Federal Reserve Board and I note in your preliminary remarks you stated that you are appearing here not as spokesman for the administration but as Chairman of the Board of Governors. Now, in your capacity as Chairman of the Board of Governors of the Federal Reserve Board, you are not a part of the administration, is that true?

Mr. MARTIN. That is correct.

I think we should all understand that the Federal Reserve Board is independent of this body when it comes to interest rates.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman from Wisconsin.

Mr. REUSS. As I read the colloquy on page 201, Mr. MARTIN did say, indeed, what is correct doctrine: that the Federal Reserve is independent of the Executive, but he did not say—at least I cannot find it—that the Federal Reserve is independent of Congress. I certainly hope that is not the case, although I must say sometimes the way they comport themselves you would think they were.

Mr. ALGER. I would say that the way we discuss it here you would think we have a direct control over the Federal Reserve Board. That is not correct.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield.

Mr. CURTIS of Missouri. I am happy to hear the gentleman from Wisconsin make the point because in the beginning Mr. Martin said that many people regard the Federal Reserve as an arm of the Congress and derived from the power of the Congress to coin money and fix its value. If it is anything, it is an arm of the Congress rather than the executive department. Certainly it is not a part of the administration, and all these arguments about interest rates have no bearing as far as this particular bill is concerned.

Mr. ALGER. I thank the gentleman.

In revising and extending I want to add some views from page 2 of the committee report on the matter of yearly debt reduction. First, I want to observe that debt reduction is meaningless unless the Congress balances the budget and leaves a surplus.

The report states:

Your committee * * * did not believe that an automatic program for debt retirement would be effective for two reasons. In the first place, the amount, if any, of net debt retirement in any year depends upon the excess of budgetary receipts over budgeting expenditures. If there is a surplus, there will be debt reduction. If there is a deficit, there will necessarily be an increase in the public debt. An automatic debt retirement provision does not alter the fact that debt cannot be reduced when there is no surplus.

What we really need is a constitutional limitation on the Government power to tax, spend, and borrow. Meanwhile, when we spend money we must foot the bill. The debt ceiling must be increased in order to pay Government bills that cannot now be repudiated.

Mr. MILLS. Mr. Chairman, I yield 3 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I think our Republican colleagues are against any wild spending that is not first approved by the White House. I would like to state that the national debt of the United States was increased by some thousands of dollars last night by an action of the White House and the Republican Party in rounding up votes in support of Mr. Strauss' candidacy for the office of Secretary of Commerce. The words of the Air Force song can now be changed to reflect the heroic efforts of the Air Force last night and early this morning, acting under direct orders of the White House, to rescue Mr. Strauss and the Republican Party from ignominious defeat. Off we go into the wild blue yonder, gathering up Republicans hither and yon. I do question the propriety of a group of influential Republicans, big wigs, and the White House using $2 million plus worth of aircraft for the purposes of the Republican Party and to rescue Mr. Strauss from political oblivion. The efforts of the White House and such substantial expense to the taxpayers did not even save Mr. Strauss and the Republican Party from defeat. It is a ray of hope, in a sense, for the lessening of bitter interservice rivalry, that the Air Force could rise to such Herculean efforts on short notice to do so much to rescue a former admiral from political oblivion, but unfortunately the taxpayers got it in the neck.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Ohio.

Mr. VANIK. Does the gentleman know whether the planes were armed or unarmed?

Mr. DINGELL. I would be delighted to give the gentleman that information, but I have been trying all morning to find out what these two trips cost the taxpayers, and I cannot even get that information from the Air Force.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado [Mr. JOHNSON].

Mr. JOHNSON of Colorado. Mr. Chairman, I am going to vote for the bill because I think it is the prudent course of fiscal responsibility. I am frank to say that I have read the report of the committee and I find that the debt ceiling is of relatively little value. Every time we bump our heads against it, we come in here and modify it, and the record of those modifications is contained in full in the report of the committee.

For those who are interested in this question, I invite their attention to the remarks of Dr. Walter Heller, chairman of the department of economics, University of Minnesota, and former Assistant Director of the Division of Tax Research in the Treasury Department. He spoke last fall before the annual conference of taxation of the National Tax Association, raising the question as to whether or not the Federal debt limit in fact serves the purpose of sound financial management. Dr. Heller points out that it has caused erosion of Federal budgetary integrity, interfered with efficient expenditure scheduling and effective debt management, endangered our defense program, and aggravated the 1957–58 recession.

WHY A FEDERAL DEBT LIMIT?

(By Walter W. Heller, chairman, department of economics, University of Minnesota, before the 51st annual conference of taxation of the National Tax Association, October 28, 1958)

The position taken in this paper can be briefly put by amending the title to read, "Why a Federal Debt Limit, Indeed?" Far from promoting fiscal prudence and expenditure restraint, as claimed by its protagonists, the Federal debt limit has in fact eroded the integrity of our Federal budget, interfered with efficient expenditure scheduling and effective debt management, endangered our defense program, and aggravated the 1957–58 recession. The facts and analysis underlying each of these indictments form the core of my paper.

No attempt will be made here to trace the history of the debt limit, nor to identify the half billion dollars of public debt obligations not subject to the limit. The testimony of Treasury Secretary Anderson before the Ways and Means Committee last January contains a most useful historical survey of, and commentary on, the debt limit.[1] An annual summary of the basic data and history of the debt limit is contained in the annual reports of the Secretary of the Treasury.[2] A monthly release summarizing the status of the debt is issued by the Treasury Department Fiscal Service. The latest one, for example, shows a margin of roughly $12 billion between the outstanding debt on September 30 of $276.4 billion and the limit of $288 billion (consisting of the permanent limit of $283 billion, as amended September 2, 1958, and a temporary additional $5 billion, expiring June 30, 1959).[3]

A. EROSION OF BUDGETARY INTEGRITY

One of the most serious charges against the debt ceiling is that it has served as stimulus and sanction for devious budget practices and proposals. Quite apart from the costly defense slowdowns last year, which have been very much in the public eye, the ceiling has been a major factor in prompting (1) manipulations to remove certain spending items from the budget entirely (e.g., in 1953, $1.2 billion of price support loans), (2) proposals in 1955 for highway financing outside the conventional budget and outside the debt limit, and (3) substitution in 1957 of costly agency borrowing for cheaper Treasury borrowing.

Under the impact of the large deficit in fiscal 1953, compounded by the sparce receipts typical of the July-December half of each fiscal year (when only 40 percent of the year's receipts typically flow into the Treasury), the pressure of the debt limit mounted steadily. By August 1953, Treasury Secretary Humphrey was moved to say, "The present debt limit severely restricts flexibility and will more and more limit our ability to administer the financial affairs of the Government."[4] Simultaneously, the fiscal authorities found an escape valve that has been utilized many times since, namely, requesting Federal agencies to finance themselves by direct operations in the money market rather than through Treasury borrowing. The Commodity Credit Corporation led the way be selling $1.2 billion of certificates of interest to the commercial banks during the second half of 1953 against a nationwide pool of price-suport loans on grain. This amount stayed out of the national debt and the nearly $1 billion still outstanding on June 30 quietly disappeared from the fiscal 1954 Federal budget.[5]

When the rest of the 1953 support loans matured in 1954, bringing much of this amount back onto the budget a roughly equivalent amount was similarly fianced the following summer. When the phase of off-the-budget financing was terminated in fiscal 1955 by retiring about a half-billion dollars of certificates still outstanding, the Federal National Mortgage Association (FNMA) issued an offsetting amount of notes directly to the public. The collateral in this case was not farm crops but the FNMA mortgage portfolio. In both cases, interest costs were substantially higher than on direct Treasury obligations.

In 1955, a related fiscal maneuver in connection with the Federal highway program never got beyond the proposal stage because of a storm of congressional protests. The proposal was that an independent authority be set up to finance the program by the issuance of general revenue bonds to be repaid out of the growth of Federal revenues from excise taxes on gasoline and lubricating oils.[6] There was bitter objection to thus circumventing the debt limit and hiding the expenditures from ordinary budget view. As finally passed, the program provided for increased highway-user taxes, earmarked for highway purposes and channeled through a special trust fund.

One does not have to go back to 1953 and 1955 for examples of evasive action and financial brinkmanship under the debt ceiling. The Treasury's greatest hour of jeopardy to date under the ceiling was in 1957. No halfback threading his way precariously down the sidelines ever executed more nimble maneuvers than the Federal fiscal authorities did to keep from going out of bounds during the past fiscal year.[7] "In order to help keep the debt under the limit in 1957–58 various agencies, particularly the Federal National Mortgage Association, borrowed funds from the public to permit repayment to the Treasury of sums which had been advanced to them. About $1.5 billion of such repayments were made by the Federal National Mortgage Association from February 1957 to March 1958."[8] Coupled with these moves were slowdowns of defense programs and payments (to be examined in sec. C) and monetization of some of the Treasury's gold.[9]

The debt limit, then, has served as an ethical shield behind which assaults have been made on the fidelity of our Federal budget.

---

[1] Statement by Treasury Secretary Anderson before House Ways and Means Committee on H.R. 9955 and H.R. 9956, bills to amend the statutory debt limitation, Jan. 17, 1958, U.S. Treasury Release No. A–138.

[2] See, for example, the "Annual Report of the Secretary of the Treasury on the State of the Finances, Fiscal Year 1957," U.S. Government Printing Office, Washington, 1958, tables 26 and 27, pp. 432–433. These tables show the fiscal yearend status of the debt under the limit and the history of the debt limit since 1941. Monthly summaries are presented in the Treasury Bulletin. The pre-1941 history is summarized in the Treasury's annual report, fiscal year 1940, p. 70.

[3] Treasury Department Fiscal Service, "Statutory Debt Limitation as of September 30, 1958." Release No. A–341, Washington, Oct. 9, 1958. The two controlling laws at the present time are the act of Sept. 2, 1958: U.S.C., title 31, sec. 757b, and the act of Feb. 26, 1958: Public Law 85–336, 85th Cong.

[4] Treasury Department release, Aug. 3, 1953 (H–211).

[5] The Treasury noted that this financial maneuver increased the participation by banks in the crop loan program and gave temporary assistance to the Treasury in staying below the statutory debt limitation (U.S. Treasury, annual report, fiscal year 1954). Pressure on the budget and the public debt was also diminished by "the Federal National Mortgage Association's accelerated program of mortgage sales and repayment of advances by local housing authorities to the Public Housing Administration." Ibid. For a more detailed explanation of the maneuvers to minimize the budget totals in 1953–54 see Frederick C. Dirks "Recent Progress in the Federal Budget," National Tax Journal, June 1954, vol. VII No. 2, pp. 141–154.

[6] House of Representatives, Committee on Public Works, hearings on national highway Program, 1955, p. 130. For the detailed proposals and the criticisms directed at them, see these hearings as well as the corresponding hearings before the Senate subcommittee of the Committee on Public Works, also in 1955.

[7] The following item from the Wall Street Journal, Sept. 27, 1957, p. 1, vividly brings out the mood of the time and the measures that were contemplated to meet the debt ceiling crisis: "Fiscal chiefs struggle to stay under the debt limit. They seize on new tactics. Defense officials postpone every postponable spending item beyond the critical next few months. They confer with major contractors on delaying payments. Less urgent operating maintenance outlays will wait till after January. The Budget Bureau holds back funds to keep other agencies from expanding employment as much as Congress allowed, at least for now. Other weapons are in reserve. Farm officials consider selling private banks certificates representing shares in a pool of price-support loans; the cash would ease the current squeeze. The Federal National Mortgage Association can sell more securities privately, pay off some debt owed the Treasury. Money men talk of last-ditch moves if the scrape with the debt ceiling gets desperate. Defense officials say they could stop paying all bills until January tax receipts roll in."

[8] The First Boston Corp., "Securities of the United States Government," 18th edition, 1958, Boston, pp. 40–41. This publication also summarizes the history of debt limit legislation from 1917 to 1958 and charts the relationship between the debt and the legal limit for the fiscal years 1954–59.

[9] Monetization is effected by converting the free gold in the Treasury's general fund into gold certificates for deposit in Treasury balances in the Federal Reserve banks. By this method, $500 million of gold was monetized in November 1953, and another $100 million in February 1958. The process is described in detail in the Treasury's annual report, fiscal year 1954, p. 26.

I put it this way, because some of the manipulative practices described above were attractive in serving quite a different purpose, namely, to make the budget look smaller than it really was—sort of an incredible shrinking budget—but they might not have been dared without the protective casuistry of the debt ceiling.

B. SELF-DEFEATING EXPENDITURE CONTROL

Defenders of the statutory debt limit usually cite its salutary effect in curbing Federal spending. For example, in the hearings on the debt limit last January, Senator HARRY BYRD asserted, "The only protection Congress and the people have against wasteful expenditures is the debt limit." Prof. Yale Brozen, of Chicago, came to its defense in a similar vein during a panel discussion before the Joint Economic Committee last February. Prof. Lester Chandler, of Princeton, had proposed that they should abolish the debt limit or raise it so much that this would become ineffective as a ceiling, a position quickly concurred in by Prof. J. Kenneth Galbraith, of Harvard, Mr. Ralph J. Watkins, director of economic studies of the Brookings Institution, and Prof. Roy Hough, of Columbia. Mr. Brozen disagreed, stating, "I think to some extent there has been a salutary effect from the existence of the debt ceiling inasmuch as the administration does tend to think a little more seriously about its overall spending program." [10]

The expenditure restraint which these statements contemplate typically has two facets. One is economizing, i.e., eliminating waste and thereby providing a given service with a smaller input of money and resources. The other is simply the curbing of growth, or forcing of cutbacks in Government spending when deficits threaten to push the debt through the legal ceiling.

On the first score, the record of the debt ceiling is lamentable. It has forced Government borrowing into uneconomic, expensive channels. The $802 million FNMA notes sold outside the debt limit a year ago are a perfect case in point. That they were sold at the Treasury's request in the context of the painful debt squeeze is beyond dispute.[11] That they were costly is also beyond question. Maturing in only 8 months, the notes carried an interest rate of 4⅞ percent, when the Treasury could have borrowed the money directly at 4 percent.[12] In other words, a loss of $4,667,000 can be laid directly at the debt limit's door on account of this single evasive action.[13]

One cannot so readily put a price tag on the much greater waste attributable to the debt limit's disruptive effect on expenditure management and scheduling of particular programs. The force of the debt ceiling can strike swiftly, and to some extent, unexpectedly. Consider, for example, that Secretary Anderson's estimates last January (later revised) placed the prospective debt as of September 30, 1958, at $271.3 billion and the required debt limit at $274.3 billion. In fact, the debt was $276.4 billion on September 30. Even when the debt squeeze was anticipated in 1957, and advance action was taken to slow down expenditures, still further stretchout and pinchpenny economizing measures had to be taken when the squeeze turned out to be worse than expected. The resulting on-again, off-again scheduling of expenditures is just as wasteful of public moneys as stop-and-go driving is of gasoline.

As an overall curb on the growth of Government, the debt limit is even more inept and perverse in its impact. In a boom, when cutbacks might make some sense as an anti-inflationary device, bulging revenues nullify any restraining effect. Thus, Federal cash expenditures rose from $70.5 billion in fiscal 1955 to $80 billion in fiscal 1957 at a time of little or no discomfort under the debt ceiling. It is at the onset of recession, as in the fall of 1953 and again in 1957, that the debt ceiling tightens its grip.

Does it then lead to rational choices among alternative programs to a careful weighing of relative returns offered by different possible applications of resources? Quite the contrary. It seems to be a case of the Devil—i.e., the debt ceiling—taking the hindmost. For example, when the psychological impact of the periodic debt-limit wrangle hit Congress last July, the $2 billion community facilities bill bore part of the brunt, not necessarily because it was deemed a poor use of resources, but because it happened to be under active consideration when the debt-limit psychosis took hold.[14] This is budget pruning by the "last-in first-out" principle.

But perhaps it is fruitless to ascribe to the debt ceiling any rigorous disciplinary logic at all. Perhaps it is more realistic to view it as an atavistic or nostalgic substitute for the annually balanced budget in the age-old battle between rules and authority, between laws and men, in Government budgeting. In this light, the debt limit is seen as a wistful vestige of the fiscal orthodoxy which, for example, led Franklin Roosevelt to drive income and excise tax increases through Congress in 1933 at the depths of the great depression in a quixotic attempt to carry out his campaign promise of a balanced budget.

Its kinship with the ill-fated "legislative budget" procedure (enacted in 1946) is even clearer. Under that procedure, Congress tried, unsuccessfully, to impose budgetary discipline on itself by requiring the enactment early each session of an overall ceiling on expenditure appropriations. But in the very first year of operation the sum of the individual appropriations pierced the House ceiling by nearly $6 billion and the Senate ceiling by nearly $3 billion. In effect, the procedure foundered on our national schizophrenia in budget matters which leads us to recoil in dismay from the budget totals, even though they be no more than the sum of the parts we have warmly embraced one by one.

Failing in its attempt to curb its own spending tendencies with the aid of one rigid rule or another, the Congress has, ironically, used the debt ceiling to harass and castigate the executive authorities for the deficits which congressional budgetary enactments have forced them to incur. In this sense, the statutory limit has been an instrument of fiscal hypocrisy.

If the influence of the debt ceiling were benign, or at least negligible, we could afford to indulge ourselves in this hollow symbol of our budgetary schizophrenia. But the facts simply do not permit such tolerance. Last year's undercutting of defense in the very teeth of sputnik is a most telling case in point.

C. THE NATIONAL DEFENSE CRISIS OF 1957

The operation of the debt ceiling "as a ruinous and arbitrary determinant of Government policies" is nowhere better illustrated than in last year's actions. "In the second half of 1957 the debt ceiling forced the administration to cut back programs needed for long-term national security. And the resulting slash in defense expenditures was an important contributing cause of the recession.[15]

A bill of particulars on the disruption of the defense program was summarized as follows a year ago: "Here are major Defense Department actions in recent months that are related to the campaign to save the debt ceiling: (1) The services stretched out production schedules—for at least 19 big plane and missile projects, (2) overtime for defense contracts was restricted, (3) installment buying of weapons was banned, (4) a $38 billion spending ceiling for fiscal 1958 was clamped on, stimulating a new round of program reshuffling. From this action came the 5-percent reduction in progress payments; an order to contractors to cut payroll costs 5 percent; the Air Force's limitations on monthly payments to contractors, creating new stretchouts, a 200,000-man cut in the Armed Forces." [16]

Apart from the dangerous 1957 slowdown itself, these actions have had lingering effects which have undermined the vigor of our response to the Soviet challenge. As the Wall Street Journal reported (July 8, 1958), "Because of the delayed action effects of the Wilson economy slashes, spending actually dropped in the post-sputnik January–March quarter of this year to $9.4 billion, from $9.6 billion in the previous quarter." Even as late as May and July 1958, defense contractors were expressing such apprehension of a repetition of the 1957 slowdown of payments and stretchouts in delivery schedules that the Secretary of Defense was moved to write a memorandum referring to "needless apprehension about a financial crisis." [17]

Thus far, the consequences of the 1957 cutbacks have been no more than dangerous for our national security. They could have been tragic.

D. PERVERSE STABILIZATION EFFECTS

We have already noted the perversity of the debt limit in relation to inflation and recession. Its discipline on spending is little felt in the boom, but pinches hard in recession. The defense cutbacks to squeeze by under the ceiling are believed by many to have helped trigger the 1957–58 recession and increase its severity. As Ralph Watkins so forcefully put it: "* * * the crisis of confidence which shook American society last fall * * * may well have been precipitated by the cutbacks

---

[10] Joint Economic Committee, U.S. Congress, hearings, January 1958 Economic Report of the President, U.S. Government Printing Office, Washington, 1958, pp. 490–491.

[11] See, for example, the Business Week article, "Treasury's Eye Is on Ceiling," Nov. 2, 1957, p. 46.

[12] Outstanding Treasury notes maturing in June were yielding 3⅞ percent at the end of October 1957. Assuming that the Treasury would "sweeten" the yield a bit to gain market acceptance of a new issue, one arrives at a Treasury interest rate of 4 percent.

[13] In reporting plans for redeeming the FNMA 8-months notes, the Wall Street Journal on June 16, 1958, reported that the notes, which had been issued "at the request of the Treasury, when the Federal debt was close to the ceiling," would not be replaced with a new offering, thereby reflecting "the improved position of the Treasury since the new debt ceiling went into effect." The higher interest rate was also cited as a factor dictating against any refunding of the maturing notes. In other words, with the debt limit straitjacket loosened, the Treasury followed a course directly opposite to the one that had been forced on it by the debt ceiling squeeze in 1957.

[14] Wall Street Journal, "Treasury Seeks Debt Ceiling Hike to $288 Billion," Aug. 25, 1958.

[15] Quotations are from a Business Week editorial, "Common Sense in Budgeting," June 28, 1958, p. 124.

[16] Business Week, "Treasury's Eye Is On Ceiling," Nov. 2, 1957, p. 47. The various moves are also described in Editorial Research Reports, under the heading, "Fiscal Maneuvers to Avoid Piercing Debt Ceiling" in its article, "National Debt Limit," Nov. 27, 1957, vol. II, pp. 879–880.

[17] As quoted in "Getting the Budget Back In Line," Business Week, July 12, 1958, p. 27. See also, "Arms Makers Fear Retrenchment," Business Week, May 21, 1958, pp. 21–22.

and stretchouts in military procurement starting in the summer. They affected a wide range of industry all across the country and, added to the impact of evidence of slow payment of bills by Government, could hardly fail to influence business confidence adversely. The real culprit, given our defense needs, may have been the arbitarary debt ceiling * * *."[18]

Apart from its direct impact in accelerating the 1957–58 recession, the debt ceiling has a more insidious indirect effect in that it condemns deficits without regard to economic circumstances. As long as there is substantial unemployment and idle plant capacity, deficits should be applauded as the hero of the peace, not hissed as the villain. They act as a constructive economic force, cushioning the shock of recession and stimulating production during the recovery phase. They become destructive only when the response to their expansionary impact is no longer rising employment and output, but rising prices. i.e., inflation. But the debt ceiling condemns all deficits alike, whether expansionary or inflationary.

Undoubtedly, the debt limit played a considerable role in restraining the administration and Congress from taking more resolute action to counter the recession in 1958. To be sure, it is a matter of open dispute whether the avoidance of tax cuts was economically a good or bad thing. It can be argued on one hand that we are enjoying a brisk recovery without tax reduction. It can be argued on the other that, with them, we might be farther along the path toward our full economic potential of $470 to $475 billion of gross national product against a current level approaching $450 billion. But even if the no-cut position could be proven correct, the debt limit would, at best, gain the distinction of being the wrong reason for reaching the right decision.

E. RIGIDITY IN DEBT MANAGEMENT AND THINKING

The debt ceiling also inhibits stabilization policy by denying the Treasury the flexibility it needs to make full use of debt management, epsecially in strengthening our defenses against inflation. This point has been stressed again and again by Treasury officials in petitioning Congress for an increase in the statutory limit. As Secretary Anderson stated in his January testimony: "There is need for more flexibility for more efficient and economical management of the debt." He went on to say: "We have been able to discharge our obligation within the debt limit * * * only by maintaining cash balances which have been distressingly low at times. We have had little or no margin for contingencies. We believe that with some flexibility we would have been better able to manage the public debt to a better advantage for the public interest."[19]

With a higher debt ceiling, or in its absence, the Treasury would be able to build up a more comfortable cash balance when good opportunities presented themselves for marketing long-term debt. Long-term borrowing might be advantageous, for example, shortly in advance of a refunding operation. The net cash redemption or attrition, during the refunding could readily be handled out of the ample cash balance. Given the debt ceiling, however, the Treasury might run afoul of too little attrition, i.e., the refunded issue would overlap the newly issued long terms, thereby piercing the ceiling. To avoid this contingency, the Treasury, in the shadow of the debt ceiling, would have to give up the opportunity to go into the long-term market and rely on bills instead.

Such rigidity in the short run is perhaps symptomatic of the patterns of thought that inhibit the all-out use of debt management as a stabilizing instrument. In this pattern, the debt ceiling assumes more the position of a limiting strategic factor than that of a basic cause.

If we are truly confronted with a complex of inflationary forces in the longer run, it is high time that we removed such shackles as the debt limit and permitted the Treasury, for example, to compete aggressively for long-term funds at the height of the boom and, if necessary, stockpile the proceeds in the Treasury cash balance. We need to reexamine the near axiom that the Treasury cannot borrow long in a boom because it would impinge unduly on sources of investment funds needed for private capital construction and State-local public works. Perhaps such borrowing, combined with stockpiling of the cash or retirement of bonds owned by the Federal Reserve Banks, has advantages over traditional Federal Reserve measures to restrict the availability and raise the cost of credit. More freedom in shifting from one type of debt to another also merits further exploration. To clear the way for moving from a largely passive to an aggressively active debt management policy would involve many things. One of them would be to abolish the debt limit.

F. MEASURING DEBT BURDEN

This brief digression on unleased debt management raises doubts that our statutory debt limit—insofar as it may be anything more than an empty gesture—is even cast in meaningful terms. As it stands, the debt limit perpetuates the myth that the overall dollar figure somehow represents the burden of the debt. But this figure bears little relationship to our fiscal capacity or to the burdensomeness of the debt.

Merely subtracting the debt held by Government agencies gives us a more meaningful figure for most purposes. As part I of the accompanying table shows, the $270 billion of debt subject to the ceiling in mid-1957 shrinks to $215 billion if we exclude the holdings of Government agencies and accounts and $192 billion if we eliminate the Federal Reserve holdings to arrive at privately held debt.

To infuse greater significance into the debt figure, even if still in a rather passive sense, we need to relate it to some magnitude that measures or reflects our ability to carry the debt burden. Part II of the accompanying table shows that, as a proportion of annual national income, the Federal debt was cut in half, or more, between 1946 and 1957. Or relating the interest on the debt to national income, the burden has fallen by one-third.[20]

The size of the Federal debt and interest, 1946–57—A comparison of various measures

[In billions]

PART I: DOLLAR AMOUNTS OF DEBT, CASH BALANCE, AND INTEREST

Fiscal year [1]	Total outstanding debt	Total debt less debt held by Government account [2]	Privately held debt [3]	Treasury cash balance	Annual interest charge on total public debt
1957	$270.5	$214.9	$191.9	$5.6	$7.3
1956	272.8	219.3	195.5	6.5	7.0
1955	274.4	223.9	200.3	6.2	6.4
1954	271.3	221.9	196.9	6.8	6.3
1952	259.1	214.8	191.9	7.0	6.0
1950	257.4	219.5	210.2	5.5	5.6
1948	252.3	216.5	195.1	4.9	5.5
1946	269.4	240.3	216.5	14.2	5.4

PART II. RATIO OF DEBT AND INTEREST TO NATIONAL INCOME [4]

Fiscal year	Total debt as percent of national income	Total debt less debt held by Government accounts as percent of national income	Privately held debt as percent of national income	Interest on public debt as percent of national income
1957	74	59	53	2.00
1956	78	63	56	1.99
1955	83	68	61	1.94
1954	90	74	65	2.09
1952	89	74	66	2.05
1950	106	91	83	2.31
1948	113	97	87	2.44
1946	149	133	120	2.96

[1] All debt and cash balance figures are shown as of June 30, the end of the fiscal year.

[2] "Government accounts" includes Government agencies and trust accounts.

[3] Excludes debt held by Federal Reserve banks as well as debt held by Government accounts.

[4] These percentages relate June 30 debt totals and fiscal year interest charges to the calendar year national income.

Source: U.S. Treasury, Annual Report, fiscal year 1957, Washington, D.C., 1958. National income figures underlying pt. II were taken from U.S. Department of Commerce, "Survey of Current Business," July 1958.

Quite apart from these quantitative measurements, the real burden of the debt in a functional sense consists of its complication of inflation control, the possible unsettling effects of public debt transactions on the money markets, and the disincentive effects that may be involved in transferring funds from taxpayers to bondholders. Only a dynamic and continuous analysis of the debt, its composition, and its relation to economic conditions will serve as a basis for appraising its burden in this sense. Any single magnitude merely diverts attention from the intrinsic debt problem.

G. CONCLUSION

Trying to infuse into the debt ceiling as now stated any rationality as an indicator of debt burden probably goes far beyond its central purpose: to curb Federal spending. This paper has shown that it not only fails to accomplish this purpose, except in occasional episodes of arbitrary and capricious cutbacks, but that it involves heavy costs which are out of all proportion to any value it might have as a nostalgic symbol of passive and puerile government.

In the name of budgetary integrity, financial prudence, adequately financed national security, and aggressive policies to combat inflation and counter recession—in other words, in the name of everything that is fiscally holy and wholesome—our anachronistic Federal debt limit should be abolished.

The debt must be seen in the perspective of our whole money supply. For

[18] Joint Economic Committee, "Hearings on the January 1958 Economic Report," op. cit., p. 467.

[19] Statement to the House Ways and Means Committee, Jan. 17, 1958, op. cit., pp. 1–2.

[20] Another approach to measuring the dead weight burden of the debt is suggested by James Buchanan in his new book, "Public Principles of Public Debt" (Richard D. Irwin, Homewood, 1958, pp. 206–210). First, he would adjust the maturity value of the debt downward for increases in the interest rate since issuance, a process which would have shaved $15 billion off of the size of the debt in mid-1957. Next, he would capitalize the value of the stream of interest payments on the debt in accordance with the pure rate of yield on capital investment at the margin of use. This brings the sum of the debt down to $185 billion, a "pure" measure of the national debt in the sense that the net yield from $185 billion of earning assets in the private economy is obligated to the service of the national debt.

money supply is more than gold and silver, it is also the demand deposits created by new bank loans.

Take a look at the deflation between 1929 and 1933. Only the Federal Government could be expected, in face of such deflation, to step in and take any steps it could to maintain the money supply and the level of economic activity. The charge is not that we then did too much; the charge really is that we did not do enough. The same questions may have been asked with respect to congressional behavior last year. We were told we spent too much. Yet perhaps the trouble was that we spent too little. Had we spent more, or had we cut taxes momentarily, perhaps we might very well have seen a sufficient increase in the level of economic activity so that the Treasury would have had an increase in total revenues. Then the debt would not have risen, because the budget would have been in balance by the higher revenue resulting from that increased economic activity.

I submit that we should discuss debt rationally; it is not just a matter of the Federal debt, but of Federal debt, State and local debt, corporate, and personal debt.

If the total of all debt is increasing too rapidly, that is cause for inflation. I would note that in 1951 it was not primarily Federal deficits that caused the inflation. It was rather that every "patriot" rushed out to buy before the "hoarders" came into the market. As a result consumer credit increased $1 billion a month in aggregate volume during that period. This was the real cause of inflation then, in response to the Korean incident.

When we debate the question of who is responsible for inflation, let us remember that the actions of Congress are only one of the places where the decisions get made. The decisions also get made in the Board of Governors of the Federal Reserve System and in every bank.

Mr. MILLS. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may have permission to extend their remarks in the body of the RECORD on the bill presently before the Committee of the Whole.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DEVINE. Mr. Chairman, as a protest against continued reckless spending and financial irresponsibility, I am compelled to cast a negative vote against the increase in the national debt. I am fully aware of the need of the Federal Government to meet its obligations, and keep faith with its creditors, but the practice of raising the debt ceiling almost annually merely tends to encourage further irresponsible spending programs in the future. If the House approves this bill, it will be the sixth time since 1954 that the debt limitation has been increased.

Mr. DOWDY. Mr. Chairman, I am opposed to increasing the debt limit. I have become convinced that Congress will appropriate and the administration will spend every available dollar, whether from borrowing or from tax receipts.

It is past time that an effort be seriously made to bring deficit financing to an end. Here is the opportunity to do it. Frankly, the debt is already so great that the Treasury is having difficulty borrowing money now. If we do not balance our budget and reduce the debt in these times, we might as well face it that eventual repudiation is staring at us. That is more serious than the fear expressed here about not meeting our current bills. We should tighten the Federal belt, now, instead of stampeding into bankruptcy. That is what a family or a business confronted with the same problem would do.

The truth of the matter is there would be no necessity for the administration to be in here asking for this debt increase if it were not for its insistence on prolonging the foreign aid program. As long as we continue this song and dance thing of giving billions to foreign governments, our fiscal condition will be hopeless—especially while we seem determined to take care of all the needs of all the countries of the world, friend and foe, alike.

I hope, for the sake of our Nation, and for the sake of future generations, that this bill will be defeated.

Mr. CUNNINGHAM. Mr. Chairman, I have continually voted against foolish and reckless spending of money since I have been a Member of this Congress. Therefore, I feel under no obligation to bail out the big spenders who seem to dominate this Congress and who are responsible for the financial crisis we face in this country today. I hope that all the big spenders will now vote for this bill as the sole responsibility for this mess is theirs.

This country may still have a chance to survive but the outlook is not encouraging as we witness, day after day, the spending of money we do not have. The laborer, the pensioner, the housewife, and millions of other loyal Americans are paying a terrible price for the fiscal irresponsibility which exists today, and I hope that the big spenders in the Congress will realize the seriousness of the situation before it is too late.

Mr. Chairman, I oppose H.R. 7749 because, as I said before, I do not feel as though I should be called up to bail the big spenders out of this mess. I have tried to be responsible in my voting by opposing the spending of money the Government does not have. I am proud to have a record which indicates my fundamental belief in the greatness of our Nation, and I shall continue to vote against any and all measures which would bust the budget and result in higher and higher deficits.

Mr. ROGERS of Florida. Mr. Chairman, it has been estimated that our national debt will total some $285 billion by the end of the current fiscal year. While the President originally estimated a surplus of half a billion dollars, a revised estimate of receipts and expenditures for fiscal 1959 indicates that we face a deficit of some $12.9 billion. The prospect of a balanced budget during 1960 also appears to be somewhat dim despite the President's prediction of a small surplus. An error in computing anticipated revenue similar to the one which occurred at the beginning of the 1959 fiscal year will lead to another deficit for the 1960 fiscal year. The programs now in the process of obtaining congressional approval which carry with them vast new obligational authority are bound to have a considerable impact on a balanced budget for years to come. It makes one wonder just when in the future we might look forward to spending less than we take in. In any event, based on past history, it will take a concerted effort on the part of both the legislative and the executive departments of Government in order to insure some sort of a surplus in the near future.

This state of fiscal affairs leaves us with two alternative courses of action. The first of these might properly be termed the easy way out. It would be to continue on a program of deficit financing and continue to raise the debt ceiling as deficits occur. The adverse effects of such a fiscal policy are many and varied. For the purposes of this statement I will touch lightly on two fundamental effects. Maintenance of the principal of the debt and the constant payment of accruing interest, estimated at some $8 billion for the coming fiscal year, tend to cripple the productive capacity of our people. Second, and equally important, is the fact that the immense size of the debt and its service reduces the action of the Treasury and the Federal Reserve System in their credit policy. The value of Government securities tends to depress thus making them less desirable to the investor. In short, the larger the debt and interest load currently, the less room there will be for the Government to finance readily and soundly some future emergency.

The other alternative open to us consists of a sound Government spending program which includes some provision for paying off this staggering debt. I have been privileged to join with JIM WRIGHT and FRANK IKARD and others in submitting a plan to the Congress which would provide an orderly, systematic method for reducing the debt. Our proposal would require the Secretary of the Treasury to include in his annual request for funds an amount sufficient to pay off 1 percent of our national debt.

Objectively speaking, there is substantial merit in a program of gradual debt retirement. Some advantages to be realized are: First, that it results in a saving of governmental expenditures for interest second that it strengthens the credit of the Government so that it can better meet an emergency; third, that in times of inflation it may serve as a tool to cope with excessive spending; fourth, that money paid out in debt retirement could well serve as a stimulus to business. Of the amounts paid to individuals and financial institutions, a limited sum may be held in idle balance, but the bulk will be reinvested thus helping to shore up our economy in times of recession.

The important thing to remember in any program of debt reduction is that we must make up our minds to go ahead and then do it. It is no answer to say that now is not the time. I submit that

we are passing through one of the most prosperous economic periods in our history. Let us chart a course now rather than take a chance that a more convenient time will materialize in the future. We need only remember that throughout our history the greatest obstacles to national financial strength and the most acute dangers of fiscal collapse have never been the results of inadequate or failing resources but always consequences of weak financial policies.

Mr. PELLY. Mr. Chairman, I voted against an increase in the statutory limit of the national debt last August and for the same reasons I intend to vote "no" on similar legislation today and under H.R. 7749 to increase the amount of obligation of the United States which may be outstanding at any one time.

Last year the Congress authorized a temporary debt ceiling of $288 billion which on July 1, 1959, automatically drops to $283 billion.

The measure before us today provides for a $10 billion temporary increase which in turn will drop next June 30 to a new permanent limit of $285 billion.

Here is one of the sources of creeping inflation that contributes to the shrinking buying power of wages, pensions, and savings. Our responsibility is to stop the excess in the amount of Government expenditures over and above the amount of Government revenue from taxes.

I realize the Government has to pay its bills and am prepared to vote to up the debt limit to meet the Treasury needs arising from those expenditures that I vote for through constitutional appropriations. In other words I recognize the obligation of Members of Congress to support and provide through taxation or through loans the funds to cover Federal debts incurred by appropriation bills.

But I take the position that the backdoor approach to the Treasury and the billions of dollars of debt incurred by Federal agencies borrowing direct from the Treasury and thus bypassing the constitutional process of congressional appropriations is the basic reason for this and other recent raises in the legal Federal debt limit. My opposition to statutory authorizations for Federal debt increases is that I know of no other way to bring the issue to a head and terminate the provision in the law that requires the Secretary of the Treasury to cash the notes of Federal agencies to finance their operations; $43 billion of the national debt is due to backdoor spending.

The majority leader recently said progressive legislation could never have been enacted had it not been for the backdoor method of financing such programs.

My position is that the only way to stop overspending is to terminate any and all expenditures not studied and approved by the Appropriations Committee, and to state my position further, under the present congressional leadership, the only way I see to achieve such control of spending and get all expenditures under the Appropriations Committee is by holding the legal debt ceiling as it is now and forcing the issue.

The President had no alternative other than to request that the national debt ceiling be increased. Congress by fiscal irresponsibility and establishing in past years huge spending programs has forced Mr. Eisenhower to make the request.

Mr. Chairman, personally I have voted against excessive spending, but I am in the minority. However, were I not in the position of voting against huge Federal spending programs I would certainly be subject to criticism in opposing the higher debt ceiling.

There is plenty of time to report out and pass the Smith resolution to stop the flow of Federal money under the backdoor approach. We can restore control of the Federal purse to Congress and its apropriation process as called for in the Constitution.

If the leadership will support that desirable step toward fiscal responsibility I will then vote to up the debt limit. Control of spending would then be restored to Congress and control of the financial deficit with it.

Another aspect Congress should consider in connection with changing the limitation of Federal indebtedness is contained in various proposed measures providing for systematic reduction of the national debt.

I will support debt reductions in two ways. First, I will vote for legislation to provide a means of cutting the debt if such legislation is considered in the House.

Second, and most important, Mr. Chairman, I will continue to support efforts in the House from day to day, and on spending measure after measure to hold down expenditures below Federal income so as to provide annual surpluses. After all, that is the first and most important step in carrying out fiscal responsibility.

Mr. Chairman, I trust these remarks will explain my "no" vote on this proposal to increase the national debt.

Mr. QUIGLEY. Mr. Chairman, today is the day we meet again to vote again to increase again the ceiling on the national debt. We have done it before and I regret to predict we will do it again. Like most of you, I have voted to increase the debt ceiling in the past. Like most of you, I will vote to increase it today. When and if the question comes up in the future I will undoubtedly vote the same way because, viewed realistically, what other alternative do we have.

Today, June 19, is also the publication date on a new book which, in my judgment, should be made a matter of required reading for all Members of Congress. The book, "The National Debt Ceiling: An Experiment in Fiscal Policy," is written by Marshall A. Robinson and is a result of a Brookings Institution study and, according to the advanced reports, the author's conclusion is that the national debt ceiling has failed as an effective device for controlling Government spending and should be thoroughly revamped. I think all of us, regardless of how we will vote today, are inclined to say "Amen" to the first of Dr. Robinson's conclusions. I think we owe it to ourselves and to the Nation to seriously study his conclusion about revamping and to really consider whether his or some other alternative proposal could not lead us away from these repeated, continuous—and because we cannot say "no"—pointless demands for constant increases in the national debt limit.

Mr. Chairman, I would like to conclude my remarks by including a statement of June 15 put out by the Brookings Institution which highlights the conclusions reached by Dr. Robinson in the book published today.

The statement follows:

The national debt ceiling has failed as a device for controlling Government spending and should be thoroughly revamped, according to a Brookings Institution study scheduled for publication this week.

Not only has the debt ceiling been unable to prevent deficits and the longrun growth of debt, as its backers had hoped, it has also given rise to numerous abuses. The study, "The National Debt Ceiling: An Experiment in Fiscal Policy," by Marshall A. Robinson, concludes that the statutory limit on the size of the national debt has jeopardized longrun national defense policy, interfered with compensatory measures during recession, hampered proper debt management policy, fostered budgetary subterfuge, and increased the cost of financing the Government.

The debt ceiling issue is currently before Congress, owing to the expiration on June 30 of a temporary $5 billion increase in the ceiling. The permanent debt ceiling is now $283 billion and the debt is about $285 billion. The administration is asking that the ceiling be raised temporarily to $295 billion.

The Brookings book discusses the origins of the debt ceiling, the characteristics of the debt, the case for the debt ceiling, the case against it, and some economic implications of the debt in relation to problems of inflation, economic growth, and national solvency. It concludes that an arbitrary device is no substitute for fiscal discipline. The real need is for long overdue budgetary reform that will enable Congress to obtain a comprehensive look at its spending and tax programs.

As to the debt ceiling, the book proposes that the Treasury be given authority to borrow whenever Congress approves spending in excess of tax receipts. Thus, as the debt increases, the ceiling would be raised. According to Dr. Robinson, "Congress can fulfill its constitutional duties by establishing a flexible ceiling that always leaves room for the Treasury to borrow what it needs to finance the outlays approved by Congress."

Highlights of the book—which will be published June 19—are summarized below.

ORIGINS OF THE DEBT CEILING LAW

The legal limit on Federal borrowing is an incidental outgrowth of the Second Liberty Bond Act of 1917 which authorized the Treasury to issue about $7.5 billion in bonds. The debt increases since that time—including those incurred during World War I, the depression of the 1930's, World War II, and the Korean war—have all been authorized as amendments to the Second Liberty Bond Act. The debt limit in its present form, however, dates back only to 1941 when the Congress lumped its authorizations for bonds, certificates, notes and bills into one debt figure. The amendment to the Second Liberty Bond Act approved in that year "created the sort of debt ceiling we are are using today—a ceiling on the total outstanding debt. The only essential legal change that has occurred in the 18 years since 1941 is that the ceiling has been raised from $65 billion to $288 billion."

The study also points out that the interest rate ceiling of 4¼ percent on Government bonds is a carryover from 1918 when Congress authorized the 4¼-percent Third Lib-

erty Bonds. Dr. Robinson says: "The potential restraint of present-day debt management by credit conditions in 1918 is anomalous for a government that claims to support the flexible use of monetary and debt management policies."

THE CASE FOR THE DEBT CEILING

The study points out that legal limitations on the power of government to borrow are common in the United States. Twenty-two State constitutions virtually prohibit borrowing, and most other States require that borrowing be approved by popular referendum. These provisions are intended to preserve the solvency of the State and to protect taxpayers from the cost of large sums for debt service. They reflect a rather widespread popular disapproval and fear of debt in general.

Supporters of the debt ceiling are also quoted as arguing that the debt ceiling is an important device for controlling Government spending and it is needed to control the growth of the national debt.

"In summary, control over appropriations, it is argued, is not an adequate device for managing the flow of Federal spending. Congressmen do not always make careful evaluations of expenditure proposals and, too often, are swayed by political rather than economic considerations. They are, it is said, too prone to approve specific appropriations and to end up dismayed at the total amount of spending that has been voted. Moreover, the appropriation process itself provides only loose control over Federal spending; although the amount to be spent may be definite, the rate and timing of the spending is usually left to the discretion of the administrators of the program. In addition, some spending can be done outside of the formal appropriation procedure; hence, there is an uncertain amount of leeway between what Congress appropriates for a given year and what the Government actually spends.

"Supporters of the debt limit argue that the statute compensates for the uncertainties of this budgetary situation; it is the way that the Congress can set a maximum for spending inside and outside of the regular appropriation process."

The advocates of the debt ceiling also argue that the debt is too high relative to other economic magnitudes, such as the total wealth of the country, that it is costly to the American people, that it is a major source of inflation, and that it is a threat to national solvency. The supporters of the debt ceiling argue that the Nation cannot escape these consequences, unless a tight ceiling is maintained.

THE CASE AGAINST THE DEBT CEILING

"In general, those opposed to an arbitrary debt ceiling hold that the national debt should be held under control and that the Nation should attempt to match expenditures with taxes except during periods of unemployment in the private economy. They argue, however, that there are times when important Government programs, especially national defense, should not be curtailed, even temporarily, merely because the Government has failed to raise the necessary taxes. The debt limit, they argue, requires this sort of curtailment and then forces the Government to adopt a variety of expensive ways to bypass the ceiling. * * *

"The debt ceiling, they say, has turned out to be a costly and fruitless attempt to achieve fiscal discipline. The arguments they give are as follows."

1. The ceiling has frustrated the efforts of Congress to provide for national defense and to maintain a growing economy with maximum employment. For example, the study pins on the debt ceiling much of the responsibility for the cutback and stretchout that weakened the 1957 defense program. It adds:

"One corollary of the pinch was that many of the private contractors who performed much of the work needed for the Nation's defense had to wait for payment of their contracts with the Government. * * *

"The consequences of the contract payment slowdown should have been an important lesson for the managers of the Nation's finances. The lesson was: debt did not stop growing because of the Federal debt limit—it merely shifted to the private sector. * * * The Nation was treated to the curious spectacle of the Federal Government, whose credit standing is supposedly the best in the Nation, being supported by the borrowings of private contractors."

The debt ceiling must also bear some responsibility for the onset of the recent recession and for subsequently the largest annual cash deficit of the Federal Government since the end of World War II. According to its critics, it interferes with the operation of the economy's built-in stabilizers and merely heightens the force of the contraction.

2. The debt limit has forced the administration to use costly and wasteful means to finance programs approved by Congress:

"A businessman knows that whenever his normal sources of credit dry up or when he has reached the limit of his alloted line of credit, additional funds can be obtained only as a greater cost [such as selling some assets, discounting receivables faster and so on] * * *. Needless to say, no intelligent businessman would willingly create a circumstance that would curtail his line of credit—yet the critics of the debt ceiling say that is precisely what our Federal Govment has been doing."

The study explains that one of the devices for meeting essential governmental commitments when the debt is pressing against the ceiling is to borrow funds outside the legal limitations by means of Federal agencies that normally borrow from the Treasury but also have the power to sell their securities directly to financial institutions. For example, in October 1957 and again in January 1958 the Federal National Mortgage Association sold securities to investors instead of obtaining the funds it needed from the Treasury. In 1957, it paid an interest rate of 4.87 percent compared to 3.91 for comparable Treasury securities; in 1958 it paid 3⅜ percent when comparable Treasury issues were yielding about 2¾ percent. In commenting on these episodes and another involving the Commodity Credit Corporation, the book states:

"Counting only those issues that were clearly linked to the debt crises of these years, the additional cost of the Commodity Credit Corporation and Federal National Mortgage Association operations was about $18 million. The critics of the debt ceiling ask what this money bought. The debt limit was eventually raised, and most of the funds ultimately came from the Federal budget. Thus, they argue, that the $18 million was a needless and wasted outlay."

3. The debt limit has harassed and restricted the freedom of the Treasury in management of the national debt.

In offering new securities to pay off the securities that are coming due (rolling over the debt) the Treasury seeks to obtain the lowest interest rate that is consistent with the broader objectives of a growing and stable economy. An unnecessarily high rate will increase the costs of servicing the debt and too low a rate will mean that some of the issue may not be sold.

"Without a tight debt ceiling, the Treasury can solve this problem by offering its new securities some time before the old issue matures. It can try out a rate that it thinks will be adequate, but if that rate turns out to be too low, it can then take time to plan another issue carefully. It can pick the best time to do its selling so as to avoid undue competition with other issues of governments or business. It can do these things if it has borrowing leeway to permit it temporarily to increase the debt by overlapping debt issues."

But if the debt ceiling is tight, new securities cannot be issued before old ones mature without piercing the debt ceiling; nor can the Treasury take a chance on not selling the entire issue because of its lack of a cash balance.

"In brief, it can only offer a new batch of securities on the same day as the old ones are maturing—and offer interest coupons that will make their sale a certainty. Without flexibility in the timing of its issues, the Treasury is not only at the mercy of the market; it often has to pay the market more than would otherwise be necessary."

4. The debt limit has weakened congressional control over the operation of Federal Government activities.

"The President must interpret a tight debt ceiling as a congressional directive that he is to cut something from congressional appropriations. Under a tight debt ceiling, the President is the one who must choose the programs that will be actively carried on; he also must decide which will receive only token attention. When the financial pressure is on, his administrators are forced to make the decisions that Congress has refused to make."

The ceiling not only gives the President authority equivalent to the item veto, it also undermines the decisionmaking responsibilities of Congress.

"Under the protective covering of the debt ceiling, the Congressman is able to vote for things that he might otherwise reject. Indeed, under the theory of the debt ceiling, he could approve every spending proposal that comes before Congress, and reject every attempt to increase taxes. The debt ceiling supposedly would be the safeguard that would turn down some of the proposals. The Congressman would not have to step on any toes; he would not have to make the hard decisions required for fiscal discipline."

Summing up the case against the debt ceiling, Dr. Robinson states:

"The case against the Federal debt ceiling is formidable. Based on the record of the Nation's experience with the ceiling, one must conclude that it is not the proper way to achieve fiscal discipline. Moreover, its threat to the Nation's security program and its disregard of the Government's role in periods of growing unemployment, identify it as a danger to our people. It has cost taxpayers millions of dollars as the Government has sought means to bypass its barrier. More serious than this, it has allowed Congress to avoid its basic and time-honored responsibilities in deciding how to use the resources of the U.S. Government. On its record, it would seem that the Nation's experiment with a statutory debt limit has been a failure.

TOWARD FISCAL DISCIPLINE

"What then is to be done? The seemingly obvious remedy—abolishing the debt ceiling—is not a sufficient solution. The Constitution states that Congress has the power 'to borrow money on the credit of the United States'; thus the debt ceiling serves as a way for Congress to exercise its constitutional control over borrowing. The ceiling thus cannot be eliminated unless an alternative control is provided. The present type of debt limit is not necessary, however. Congress can fulfill its constitutional duties by establishing a flexible ceiling that always leaves room for the Treasury to borrow what it needs to finance the outlays approved by Congress. Responsible debt management policies require a permanent gap between the existing debt and the ceiling. A debt ceiling that is automatically increased when the debt is increased would, in effect, abolish the debt ceiling as a part-time and arbitrary barrier to congressional fiscal policy.

"* * * Even makeshift solutions, such as raising the current ceiling by $10 billion or $20 billion, would be better than what we have now. Although these makeshift solutions would not repudiate the theory of a debt ceiling, they would at least rid us of the dangers and the extra cost of the present tight ceiling.

"Elimination of the debt ceiling clearly is no panacea for our long-run fiscal problem. It should, however, end the spectacle of our Government resorting to the petty practice of evading its bills and pretending not to increase its debts when it actually has increased them. It should bring an end to the practice of limiting our defenses by an arbitrary barrier that makes no allowance for what other nations are doing.

"Congress can take a step toward fiscal discipline by replacing the debt ceiling with budgetary reforms that will force it to take a comprehensive look at the revenues and expenditures it has approved. The Federal debt need not increase merely because the legal ceiling is removed. We can pay as we go by levying taxes adequate to support the Government. We can even reduce the debt, if that is our wish. By budgeting for a surplus during periods of great prosperity, debt can be retired in greater amounts than it needs to rise during downswings.

"The administration can do its part by applying sound principles of debt management. Interest rates and maturities of Government securities can be geared to the State of the private economy, and the debt can be used to facilitate stable economic growth. Determined leadership and rigorous application of known debt management principles can solve the important problems of our large national debt. These are the options open to the American people. Our Government need not cower under a makeshift ceiling, for it has the tools and the power to achieve sound debt management."

Mr. HENDERSON. Mr. Chairman, it has been suggested that this bill comes up today because a dire emergency exists, occasioned by the expiration of the temporary debt ceiling on June 30. I agree that an emergency exists and has existed for some time in this Nation, an economic emergency which has been brought about by the spineless philosophy of unlimited spending.

Each Member of Congress is aware that the situation has been brought about by the enthusiasm with which the Congress has said "Yes" to every harebrained scheme to live beyond our income, and by the reluctance of the Congress to say "No" to any scheme which might curry favor with a group of voters.

I am confident that some of my colleagues, being able politicians, will attempt to attribute the necessity for increasing the debt limit to the administration and that they will refer loudly to this as an Eisenhower deficit, or even possibly a Republican-caused situation. Well, I want to say here and now that the deficit position this Nation now finds itself in is one that the Congress of the United States has brought about. It is the sole and exclusive province of the Congress to enact the laws of the land, those that call for spending, and those that call for a halt in spending. It is the sole and exclusive province of the Congress of the United States to enact laws for the levying of taxes. It is the sole and exclusive province of the Congress to appropriate funds. How, then, can the situation be ascribed to the administration, or to the Republicans?

The 84th, 85th, and 86th Congress have been dominated by Democrat majorities which have on countless occasions declared themselves to be free and independent in their actions and unwilling to bow to the will or desire of the administration. This simple, incontrovertible fact is that the full and complete responsibility for the necessity to increase the debt ceiling of the United States is with the Congress of the United States, whose majority party advisors champion even greater spending schemes. The people of the United States are not going to be hoodwinked by the protests of the Democrats, who attempt to escape the responsibility, who attempt to point the finger of blame at the administration, which neither makes the laws, imposes the taxes, nor appropriates the funds; or who attempt to indict the Republican delegation in Congress who have been in the minority since January 3, 1955.

It is time that this Congress breaks itself of the economic narcotics to which it has become so addicted. This is admittedly difficult and is probably a miracle which cannot be expected to happen. However, demagogery must be faced in this Chamber and clearly understood by the people. The Democrats are talking out of both sides of their mouths on this issue. The fact that increasing the debt limit arises at all is a result of spending authorized and often conceived by the majority party. This legislation only dramatizes the more sober and inevitable necessity of paying the Government's bills even if it means going into greater debt to do it to keep current on meeting our obligations.

I am going to vote against increasing the debt limitation, either temporarily or permanently. I have voted for and will continue to vote for a legislative program which would make this action entirely unnecessary.

Assuredly, it is almost an idle gesture to talk about fiscal responsibility in an atmosphere such as dominates this floor today. I can, however, register my protest and that of my constituents by voting against this measure which will legalize a further step toward insolvency.

Mr. CLARK. Mr. Chairman, I am opposed to a further increase in the national debt limit because I believe it is time to start retrenching and living within our means. Year after year the costs of Government have been increasing and we are forced to increase the debt limit. There is entirely too much waste in Government now, and a little belt-tightening, principally in the Pentagon, is in order. The annual interest on our present national debt amounts to about $50 for every man, woman and child in this country. Each time we boost the debt, we boost the interest payments. It is time to stop this foolishness and get down to a businesslike way of running the Government. No private business, no family group, could operate the way the Government does without eventually going bankrupt.

Mrs. ROGERS of Massachusetts. Mr. Chairman, in the consideration of this legislation to raise the debt limit of the Federal Government it is important to observe the United States of America is a rapidly expanding country. Not only is our population increasing at this time at an exceptional rate, but also our industrial capacity is increasing as well as other economic facilities, resulting in a constantly increasing value of the gross national product.

The existence of a restrictive debt limit plays an important part in the fiscal soundness of the United States. By having this established debt limit, attention can be focused from time to time on the problems of sound Government finance. In my view, the debt limit should be restrictive enough to accomplish this purpose and yet sufficiently flexible so as to permit efficient financing operations of the Federal Treasury. In other words, the Treasury should not be forced into short-term financing both from the point of view of refunding operations and new borrowings when it would be less costly to achieve these purposes with longer term financing.

It is my understanding that on June 30, 1957, after 2 fiscal years of budget surpluses aggregating more than $3 billion, the public debt subject to the statutory debt limitation was $270.2 billion. However, as a result of the recession in late 1957 through early 1958, the Treasury incurred a budget deficit of $2.8 billion in the fiscal year 1958 and will incur a budget deficit of almost $13 billion during the year that will end on June 30, 1959, based on the President's January budget estimates.

The financing of these budget deficits is now expected to bring the public debt subject to limit to approximately $285 billion on June 30, 1959—$2 billion over the present regular ceiling. As a result, President Eisenhower is proposing an increase in the regular statutory limit to $288 billion, an increase equal to the $275 billion debt limit in effect at the beginning of the fiscal year plus the estimated deficit for the current year.

This will enable the Treasury to conduct its debt operations with a margin of $3 billion to allow for flexibility in debt management operations and contingencies. A $3 billion margin is essential to proper handling of the Government's operations. The Treasury has been operating on an average cash balance of about $4½ billion during each of the last 3 fiscal years. This is relatively small; the average operating cash balance this year has averaged only 69 percent of average monthly budget expenditures—the lowest percentage for any recent year. The Treasury's cash balance is no higher today than it was a decade ago, when budget spending was half its present rate.

The efficient use of cash balances in this way has, however, gone about as far as it can without impairing efficiency of Treasury operations. There are times when a somewhat larger cash balance would have given the Treasury much needed flexibility in timing its borrowing operations so that it could ride out a period of market apathy for new issues, rather than forcing the Treasury to borrow in an unfavorable atmosphere because it was running out of cash.

Secondly, in addition to maintaining an adequate cash balance the Treasury should also be prepared to sell new issues of securities a week or so in advance of the maturity of old securities if such action would add materially to the success of a particular financing operation. This was true, for example, of the recently completed May 1959 financing. As part of this financing the Treasury sold $2 billion of 11-month Treasury bills with an issue date of May 11 to provide most of the funds necessary to pay off a $2.7 billion Treasury bill issue maturing on May 15. For the intervening 4 days, therefore, there was an increase in debt of $2 billion. This was possible only because the Treasury had some flexibility under the $288 billion temporary ceiling. This flexibility was approved by the Congress last summer. Thirdly, the $3 billion debt leeway provides for sudden demands on the Treasury in event of a national emergency, when the Congress might not be in session.

It is not only necessary but essential to sound financing for the Congress to approve this recommended increase in the debt limit at this time.

Mr. SIKES. Mr. Chairman, I am very relucant to vote against this bill. I recognize the necessity for meeting the obligations of the U.S. Government. My concern with this vote lies in the fact that I have seen this situation develop many times before. Each time we are told there is no choice; that we must pay our bills and to do so it is necessary to make it possible to borrow more money. In the interim periods there seem to be no realistic efforts to reduce the national debt, or to live within our means, so that these situations can be avoided. There seems to be an acceptance that we can go on and on without a balanced budget and without a systematic plan to reduce the national debt and that Congress will periodically raise the debt limit. Therefore my vote will be in protest against the failure of the administration and of Congress to meet four-square this most serious problem which never can be cured through present policies.

I would cheerfully vote for this bill if provisions were tied to it which offered hope for a correction of the basic reasons for the need for an increased debt limit. I would vote for it if I could see in the actions of the Congress a determination to avoid constant repetition of today's situation. On yesterday the House voted to authorize an additional foreign-aid program of $3.5 billions. In principle, had that aid not been voted, we would not now be forced to increase the debt limit. Yet we were voting monetary aid to nations which do not have the debt problem which confronts us. In fact our debt is larger than all of theirs combined. We are borrowing money in order to give it away. This is only one example but to me it is one of many examples which just do not make sense.

There is not sufficient acceptance of our own fiscal responsibilities or of our fiscal limitations. I see no indication of change in this distressing policy. Therefore I must vote against it.

I think it would be highly fitting if these deliberations today could include a procedure for reducing the national debt. The experience of the United States in recent years should demonstrate conclusively that unless definite procedures are written into the law for reducing the national debt, we can anticipate only a continuation of the present constant increase of the national debt in the years ahead. We simply cannot afford to trust to chance to have the national debt reduced.

The public is becoming more and more concerned about the national debt which now stands at a staggering $283 billion and that the present annual interest charge of $8.1 billion.

I have joined a number of my colleagues in introducing legislation which would provide a definite method for the reduction of the debt and I sincerely had hoped the great Committee on Ways and Means would give favorable consideration to those bills. My bills are House Concurrent Resolution 199 and H.R. 7589. There are a number of identical bills to acomplish the same purpose.

Mr. Chairman, the American people deserve and expect that a systematic plan for retiring the national debt be established. I feel that we must not continue to let the debt ride along for future generations to be saddled with. Even if we pay off 1 percent of the present debt annually, 100 years would be required to clear the books and return to a debt free status. This is an alarming situation. Yet, to me it is even more alarming that at present we have no systematic plan for reducing and eventually eliminating the national debt. I have heard it said that America owes more money than all other people on earth combined. Constant inflation adds to the gravity of this situation. Fifty-cent dollars are not pleasant to behold and there is reason to anticipate that the situation will get worse. Certainly it will get worse unless this committee seizes the initiative and requires the administration to accept a systematic plan for controlling the national debt.

Several of my colleagues have conducted polls among their constituents and the results have shown that the American people realize their obligation to the Nation and are willing to make further sacrifices in order that the Federal Government might live within its means. But, they want the Government conducted on a businesslike basis. It has often been stated that the U.S. Government is the biggest business in the world. If that is true, it is important that we operate our business according to sound practice. The people realize that no business can survive indefinitely by continuing to go in debt or while paying big interest costs without retiring the principal indebtedness. We are going further in debt and of every dollar paid by the taxpayers in Federal taxes, approximately 11 cents must go for carrying charges on the debt.

Of course, we must provide for a national defense and we must provide necessary programs for the benefit of our citizens. In that connection, it is interesting to note that in these days of great turbulence when we must stay prepared to meet any emergency, it is ironical that the interest to be paid on the national debt for the new fiscal year beginning July 1 will purchase approximately 176 Skipjack submarines at $46 million each.

Our news media frequently carry stories about the decline in our gold reserve, about the threats of inflation and the drop in the value of the dollar. I contend that the longer we delay taking the necessary steps to reduce the national debt the more fire we add to the menace of inflation and recession. The current national debt of $283 billion can be represented by a stack of 1,000 dollar bills which reach further into space than any human being has ascended. Unless the present trend is reversed, we can eventually climb that stack of 1,000 dollar bills and reach outer space without missiles and spaceships. I sincerely hope the necessary action will be taken to provide a means for reducing the national debt on a planned program, and that we can avoid a repetition of the action which is requested today.

Mr. LEVERING. Mr. Chairman, we all know our Government must honor its debts, but I am voting today against increasing the debt ceiling for the reason that my investigations heretofore made, reveal that there is no emergency existing at this time to justify such action. I believe it is unfortunate that this bill came to the floor under the closed rule which does not permit a full exploration out in the open as to why the increase to the debt limit has been made at this time. I think we should give serious consideration to the matter of stopping the $15 billion giveaway proposal and instead cancel the $15 billion in obligations which have already been paid for, thereby saving the taxpayers several million dollars a year in interest, and possibly a tax reduction.

Mr. ROBISON. Mr. Chairman, it has been hinted here this afternoon that a vote against the Public Debt Act of 1959—H.R. 7749—would be an irresponsible vote.

Now, of course, I am realistic enough to recognize that the bills submitted to the Federal Government must be paid, and on time, no matter how much I may have disagreed with or voted against the spending authorizations that created those bills.

However, as I did last year on a similar occasion, I will vote "No" on H.R. 7749 because, and only because, it provides for a $2 billion permanent increase in the debt ceiling as well as a $10 billion temporary increase. If the full $12 billion was temporary in nature only, I would vote for this bill, or, could an amendment be offered to such an effect, I would support such an amendment.

My reasons are simple of explanation, and I do not regard my conclusions as being, in any way, irresponsible. It seems to me that every time we add to the permanent debt ceiling we are simply admitting defeat insofar as having any hopes of again getting below that limit is concerned. On the other hand, every temporary increase is something we know we are to be called on to wrestle with again. As the able Secretary of the

Treasury admits in the committee report it serves to "focus attention in a unique" way on the part this Congress plays in helping establish a policy of either sound or unhealthy finance.

Or, to put it another way, being required, each year, to face up to its fiscal sins of commission is the best spring tonic Congress could possibly have prescribed for it.

Mr. BURDICK. Mr. Chairman, this matter came before the Congress today under a closed rule and with inadequate time for discussion. However, it was pointed out by the Honorable WRIGHT PATMAN, one of the distinguished Members of the House, that inadequate consideration had been given to canceling $15 billion of bonds which had already been paid for. If that fact is true, no emergency is presented in the matter of the debt limit. Since the statement had not been refuted by any member of the committee during debate, I shall vote against the bill, on the grounds that no emergency is presented to the Congress. But for this fact, I would have voted for the bill under our responsibility to provide the funds to discharge the obligations we have incurred.

Mr. HEMPHILL. Mr. Chairman, last year when the extension of raising the debt limit was brought up before the House of Representatives, I voted against the raising of the debt limit and my vote was a protest vote. I felt at that time that we should make some move in the other direction and I still feel so. I protest again today.

In the hearings before the Committee on Ways and Means of the U.S. House of Representatives on June 12, 1959, I urged the committee to force the administration into some effort towards the reduction of the national debt. Along with my distinguished colleague, JIM WRIGHT, of Texas, I have introduced legislation to start on the road back to security solvency of the United States.

Last year I predicted that the temporary increase would become permanent, and my prediction has come true. This year, I predict that the temporary increase of $10 billion will become permanent within 24 months.

When are we going to face up to the responsibility. Yesterday, I voted against foreign aid. Yesterday I received a letter from Hon. OTTO E. PASSMAN, Member of Congress from the Fifth District of Louisiana, and a distinguished member of the Appropriations Committee and the chairman of the Foreign Operations Subcommittee, showing the mutual security funds actually available. This total was $8,766,343,107. Despite these facts which were, or should have been, known to the Foreign Affairs Committee and to the Congress as a whole, the House voted a mutual security authorization which carries us further down the road to financial ruin.

Where are we going to stop? Are we going to continue to see other countries have their currencies appreciate in value and in esteem in the eyes of the world, and ours depreciate? Are we going to surrender to inflation? I believe the administration has done so, and the spending of this administration will go down in history as the worst and the greatest case of fiscal irresponsibility ever in the history of this or any other country governed by a republican form of government.

I am not going to vote for the bill because I feel that we have to reappraise our debt to be sure we need this legislation.

I want this House to know that I stand ready and willing to vote for legislation to cut every part of the budget 10 percent, and to tell those in the administration and agencies to live with what we give them. That is the only way we are going to get on the road back and if austerity be necessary in some of our Government services, then we must force this austerity upon the agencies and the administration if they do not have the courage and the patriotism to do something about this debt.

Mr. Chairman, this is a bad bill because it reflects bad practices by our Government, and the evil purposes by our administration. I hope the people of this country will demand of each national political party in 1960, that the platform declare and bind those parties to a reduction of the national debt and return to financial soundness.

Why is our gold outflow increasing? It is because other countries are making suspicious appraisals at our fiscal soundness. Why are we about to lose the balance of trade? It is because of our policies.

What have we gained by spending $297.9 billion as compared with the gain of Russia in spending only $2.4 billion?

Since 1953, we have spent billions of dollars and I think we have spent our foreign relations down the drain. During that period Russia has consistently gained and we have consistently lost and so the peoples of the world think of us as having only money and Russia as having the experienced hand and craft of skilled diplomacy.

What a sad, sad picture this presents, especially when there are millions in our home land who are hungry, ill clothed, and ill housed.

We are not going to spend our way to security, prosperity or freedom, and it is high time we realize that.

Thank you.

Mr. REES of Kansas. Mr. Chairman, the legislation under consideration is not a vote to increase the amount of the public debt. The debt has already been increased. This is a vote to legalize the debt.

This legislation has been pretty well explained on the floor of the House today. Unless the ceiling is lifted, it will be a violation of the law for the Treasury to pay any more money to anyone above the amount of ceiling and the ceiling has been reached.

I have voted against a number of appropriations on the ground that I did not think such expenditures were necessary especially in view of the condition of the Federal Treasury. The majority of the House and Senate have seen fit to support such expenditures. In any event, the money is spent or authorized, so the only thing we can do, as I see it, is to protect the Treasury.

I hope it will not be necessary to take such action again in the future, but so long as we approve huge expenditures of funds beyond the amount of our income, there will be little opportunity to lower the debt limit. The money is spent, the debt is increased beyond our income. It is our obligation to take care of that debt. Let me repeat, it is unfortunate that we have to admit we spend more money than we take in, while our people are being taxed to the limit.

Mr. ROOSEVELT. Mr. Chairman, I intend to vote against raising the national debt ceiling for several reasons. Briefly, the reasons are these:

First my vote is a protest vote against the semantic fraud continuously being perpetrated on the American people by the constant emphasis on and constant reference to a "permanent" debt ceiling—I underscore the word "permanent" so there can be no mistake as to the point I am trying to make. Time and time again, when emergency situations have arisen, we have lifted a ceiling which is supposedly permanent. I do not argue here that such emergencies do not require this, but merely to point out that it is about time we recognize the completely misleading impression given to the American people, which obviously results in a public misunderstanding when national debt matters come before this Congress. Many responsible financial experts have so testified countless times.

Frankly, I believe there must be flexibility in the operation of our national financial obligations, and until this matter is approached in such a fashion, I shall continue to oppose the fiction under which we have been viewing the national debt; that is, a debt with a permanent ceiling.

Secondly, Mr. Chairman, and of equal importance, if not greater in the long run, I have yet to be convinced that this administration has made a case for lifting the ceiling and am concerned that while it advocates this, it also advocates simultaneously an increase in the interest rate—both proposals must make the moneychangers jump with joy while Mr. John Q. Taxpayer will be asked to foot the bill for the financial windfall benefiting a select few. Is the administration taking the line of least resistance? I cannot help but think it is. Why, for example, cannot the administration seek other means of obtaining additional revenue? Why has it not advocated, for example, closing some very apparent tax loopholes?

Finally, Mr. Chairman, I could understand the administration's request much more clearly if, as is practiced by corporations, it wished to borrow to increase its assets for future development. There is nothing in the administration's program that calls for future goals to be started now. I, and I know many, many members of my party, would welcome this type of leadership which would propose or support programs of both short- and long-range application, programs that would be good for the American people and hence the Nation.

I might add that many of us are accused of being irresponsible spenders advocating pie-in-the-sky programs, but it

might be well to note and to remind such critics that if they take the trouble to look at the programs we advocate, they will find more often than they would like to admit that these programs are self-liquidating and, by adding to the gross national product, would bring in more revenue for the National Treasury.

Mr. ULLMAN. Mr. Chairman, I plan to vote against the legislation now before the Committee. I, for one, refuse to be stampeded into rubberstamping another aspect of the present administration's ill-advised fiscal policies.

I believe it unconscionable for the administration to have waited until the last minute before coming to Congress with a request for an increase in the debt limit. In effect, the administration is refusing us an opportunity to examine alternative methods of financing.

Mr. Chairman, the administration request embodied in H.R. 7749 is just another example of the high interest rate, tight-money program of economic strangulation which has been saddled on the Nation. The recession last year was a direct consequence of that policy and the loss of Government revenue resulting from that recession is, of course, the crux of our present budgetary problems.

If the legislation now before the Committee is defeated, as I hope it will be, the House Ways and Means Committee will be given an opportunity, as will the administration, to investigate and suggest alternative ways of financing. I need hardly add that such an investigation is long overdue. Moreover, we are all aware that should a fiscal emergency occur, legislation raising the debt limit could be brought to the floor of the House in a matter of hours. For these reasons, I am voting against H.R. 7749 and urge my colleagues to do likewise.

Mr. COLLIER. Mr. Chairman, today, for the third time in a span of 2 years, Congress was called upon to increase the debt limit of the United States. Regardless of the weak justification for the present condition of the Federal Treasury, the fact remains that had we followed a course of fiscal prudence rather than political expediency in this Congress in recent years, we would not be faced with this serious problem today. Fortunately, there are still a comparative few Members of this House who, like I, know that "budget busting" can only result in the inability of the Federal Government to meet the obligations it incurs. Now in the face of another boost in the debt ceiling, it should behoove every taxpayer to look into the voting record of his Representative and place the responsibility for this situation where it properly belongs.

Fiscal prudence is not always politically expedient because one who voted along the lines of sound Government economy is certain to alienate many groups seeking special benefits of one type or another. As has been said many times in the past, Government economy is generally popular except when it deprives some individual or group of a pet project or benefit.

To appease every segment of the voting populace in the interest of political expediency, Congress has become so addicted to the policy of spending more and more money for new schemes and programs that we may well be heading down the "road of no return."

It seems to me that it is about time to lay the cards right on the table. It is time that we give the American people the truth about Federal spending and the cold facts regarding deficit spending. Perhaps even now it is too late—but the fact of the matter is that every dollar the Congress appropriates must be paid by the taxpayers of this country—and the future taxpayers of the next generation. The idea that there is a bottomless pit from which we get money for Federal spending here in Washington is in reality nothing more than a fantasy of bad psychology. Even in the face of the so-called cold war and the repeated emergencies, Government must live within its means. Fiscal responsibility must be returned to Washington as a demand upon the legislative branch of Government.

Even the big spenders in Government know full well that deficit spending must stop somewhere. If we were to live under the illusion that the astronomical national debt is immaterial, then we have no business taxing the American people at all. To carry this point further, we could further assume the position that we can operate the Government entirely in the "red" and eliminate taxes completely. Obviously, this is ridiculous.

Government is run by money furnished by the U.S. Treasury. The only place from which this money can come is taxes. When the Treasury runs into debt, it must borrow money to pay its bills or go bankrupt. It is as simple as that. When the Treasury borrows money, it must eventually tax the people to pay this money back. And while it is operating on borrowed money, it is paying interest which again becomes a burden to the taxpayers.

In order to borrow money, the Treasury Department enters the money market to secure a loan. Then inflationary pressure mounts and once again we find this nibbling-away process in operation as the dollar becomes less and less valuable.

Many of us were amazed by stories of the inflation that followed World War I in Germany which became a definite factor in the situation which led to nazism. We were also amazed by stories of inflation which struck Greece and France after World War II. I can recall pictures of men shoveling millions of drachmas into the fire to destroy currency because of inflation in Greece.

And all this boils down to what? Simply that there was never a greater demand upon elected public officials to face the reality of a dangerous situation—a situation which is today worse because we must pay the fiddler for being expedient rather than practical in the handling of Government affairs.

I often wonder how we can impress upon the people of this country the seriousness of deficit spending in Government. How can we impose the philosophy of self-restraint in the interest of preserving the sound internal security essential to the greatness of a nation? The whole matter is disturbing, to say the least—particularly when one views the burden that will be placed upon the shoulders of our children in the generations ahead. Just what good will all the Government-sponsored programs and services be to them if they fall heir to a nation that is tottering on the brink of national bankruptcy—if not already falling into the abyss?

Yes, there are those who contend that this type of fear is something that we never have to worry about. In fact, there is an apathy toward the symptoms of our fiscal sickness. Perhaps even all the facts and figures may fail to dent this apathy or maybe some folks just do not care about the future as long as the doles are served today. If the majority of the people feel this way, it will be reflected in the attitude of their elected Representatives. But, if we continue along the road we have been traveling in the past 30 years, I can only say, "May the Lord help us as a nation."

Aside from the aspect of fiscal disaster, the tremendous expansion of the Federal Government has other implications which may well be destructive to the foundation of free enterprise upon which this great Nation was established.

The only honest way to meet the problem of Federal spending is to let the American people know that each program the Government assumes is going to come directly out of their tax dollars. Going into debt is a way of not only saddling each taxpayer with an obligation for future payments but likewise automatically reduces the value of everybody's dollar. When the Government spends money, it should face up to the fact that it must tax the people to do so. When the Government spends more money than it derives from taxes, it should increase taxes to meet the overspending rather than run into debt. But prudence in the conduct of government demands that we keep expenses at a minimum and within the confines of good judgment so that taxes may likewise be kept at a minimum. Hence, instead of the Government spending the individual's money in many cases, folks would have more of their own money to spend themselves.

Because I have voted consistently in a manner that would result in the balancing of our Federal budget since I was first elected to Congress, I voted against the increase in the debt limit today. As I pointed out on the floor of the House yesterday, the majority of the Members of Congress, who supported by their vote the many programs which created spending beyond the bounds of our national income, are morally obligated to vote for extension of this debt limit today since the situation we now face is their responsibility.

Mr. MILLS. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. SMITH].

Mr. SMITH of Iowa. Mr. Chairman, I just want to make one observation. I have heard all kinds of talk about all kinds of causes for this debt except the major one. During World War II—and a lot of Members here today were here at that time—there was a decision made

to finance World War II by issuing bonds instead of on a pay-as-you-go basis. The debt that was created then came to a total of $215 billion. The interest that has been paid upon that $215 billion since World War II, together with the $215 billion, totals $290 billion, the total amount of our debt. We have been paying enough taxes to take care of the postwar defense of our Nation on the services for the people, but we have not paid for World War II.

The same people who did not want to pay for World War II at that time still do not want to pay for it now, and want to talk about everything else except the real cause of this debt. It seems to me it is an insult to the intelligence of the American people for Members of this House to stand up here and talk about the domestic programs being the cause for this debt when actually 75 percent of it was created during World War II and the rest of it equals the accumulation of interest on that debt since that time.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from South Dakota [Mr. BERRY].

Mr. BERRY. Mr. Chairman, this is the most important measure Congress will be called upon to enact this session. It is the third time in a year and a half that congressional spending has required the executive branch of Government to come back to Congress asking for an increase in the debt limit because Congress passed these spending laws without providing equalizing tax revenue to meet such spending.

On February 26, 1958, the debt ceiling was increased from $275 to $280 billion. On September 2, 1958, the debt ceiling was again increased from $275 to $288 billion. Now, 10 months later, another increase in the debt ceiling of $7 billion is necessary, bringing the total to $295 billion. As was recently pointed out by Senator BYRD of Virginia:

> Never before in the peacetime history of our country have three debt ceiling increases been requested in 16 months.

Senator BYRD added:

> No thoughtful person can deny that we are facing a perilous fiscal situation. The solution does not lie in increasing the debt and thereby further stimulating dangerous inflation, which has already begun. The only sane solution to our fiscal problems is to start immediately reducing Federal spending which is in excess of our revenue.

Let me say, Mr. Chairman, that I agree completely with the statement of one of America's outstanding statesmen, Senator HARRY FLOOD BYRD of Virginia. However, there is another solution if the spenders of Congress refuse to slacken their pace, and that is to provide sufficient taxes to equal the increased spending.

It seems to me, Mr. Chairman, that this is a good time for the Congress to seriously consider a proposal I have made for a constitutional amendment—the same being House Joint Resolution 417.

The proposed amendment simply would make it a constitutional requirement that when Congress passes an appropriation measure, the bill be accompanied either by a certificate that such expenditure, when considered with the whole, will not exceed the national income or that the bill incorporate within its provisions a tax measure raising sufficient revenue to cover such authorized expenditure.

Mr. Chairman, Congress dare not continue to push this Nation into economic chaos and bankruptcy. If Congress does not have the intestinal fortitude to say "no" to some of these demands for unlimited spending, then the people of the Nation themselves must assume the responsibility—must take the initiative and, through passage of an amendment to the Constitution, force this reckless spending body to use simple judgment in keeping the income equal to the outgo. This can be done by increasing the revenue through taxation when a spending bill is passed.

This is not an original idea. It is a requirement in some of the parliamentary bodies of Europe. It is the only way the people of a nation can force a balanced budget upon politically minded parliamentary bodies.

There are two principal reasons why the debt limit must be increased today. The first is a new philosophy that has grown up that it is the obligation of the Federal Government to assist local communities, local groups, and individuals in doing for those local governments, local groups, and individuals the things that in the past have been considered their obligation instead of the obligation of the Federal Government. It is a philosophy of shifting the responsibility to a higher level of government, primarily because local governing bodies are reluctant to levy taxes on their own and their neighbors' property to pay for these local improvements. They in turn seek to shift the obligation to a higher level of government whose governing body is further removed from the taxpayer, and thus is more difficult for the taxpayer to contact. The second cause of the build-up of this new philosophy is that most States and local governments have legal and constitutional debt limitations, whereas the Federal Government has no effective debt limitation.

If these local burdens can be shifted to the Federal level, they can be added to the national debt and everyone can go merrily on his way with the local community saving itself the present burden of taxation. Members of Congress obtain credit for getting something for their people at home and the American taxpayer postponing until tomorrow the day when the tax collector may demand his pound of flesh.

As I indicated at the outset, Mr. Speaker, this rush to the Federal Treasury will not be stopped until the people of the Nation chain and padlock both the front door and the back door of the Treasury with a provision in the Constitution prohibiting an expenditure of funds until an equal tax revenue has been levied. Last year I cast an irresponsible vote when the debt ceiling increase was before the House. I voted against it because I felt that somehow Congress and the American people had to be awakened from their lethargy. Further than that, had my votes and the votes of those of us in the minority who believe in balanced budgets prevailed, there would be no need for an increase in the debt limit. It is time for Congress to stop, look, and listen. Failing in that, the American people must assume the obligation and place a limitation in the Constitution of the United States compelling a balanced budget.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 3 minutes to the gentlewoman from Illinois [Mrs. CHURCH].

Mrs. CHURCH. Mr. Chairman, I had not intended to speak on this measure, but it has become apparent to me during the debate today that someone should speak for the millions in this country who know that the only way to avoid borrowing is to cease overspending. I am certainly not an international financier, nor a specialist even in national finance. I do not carry the responsibility of being a member of the House Committee on Ways and Means. From a different perspective, perhaps, it has appeared to me that there might be an opportunity and a need for an average citizen like myself to speak and answer this continuing and repetitive argument that we have to keep the credit of our Government good—and that the only way to keep the credit of our Government good and to pay our bills is by indulging in this continuous increase of the public debt limit and further public borrowing.

Mr. Chairman it is fatuous to attempt to parallel this situation with family spending, as has been done. Government spending should be done as carefully as family spending, but I have seen no evidence of such wisdom here. A family handles its finances very differently—or it rapidly has to admit that it has no finances at all. This happens to be the sixth time in my 9 years in the Congress that I have been asked to increase the national debt. Each time, the chairman and the ranking member of the Committee on Ways and Means carrying, as I say, this heavy burden and responsibility for which I respect them greatly, have made the same plea. They have eloquently argued that the proposed increase was necessary to maintain fiscal solvency, to uphold national credit and to pay our bills. I will say to you very simply, Mr. Chairman, there is only one way to obtain solvency, or to escape from inflationary deficit spending—and that answer is not to increase the debt. The answer is to exert pressure on the Members of Congress, on the responsible Members of the Congress particularly, to stop excessive Federal spending.

Mr. Chairman, I happen to have had, from the galleries of this House, a long experience. I remember that in early 1935, when I first sat in the gallery, the national debt of this country was not far above $25 billion. I happen to remember the occasion in 1939 when the House voted to increase the limit to $45 billion. Mr. Chairman, there was thought then among responsible Members of the House that there should be a halt. I admit that there have been two wars, and fear of war. The question we must face, however, is the continued deficit spending of this very Congress. I was tremendously impressed last week when

the chairman of the House Committee on Rules pointed out that at this very moment there are pending before the Committee on Rules or on their way to that committee, authorization bills calling for the expenditure of an estimated $10 billion. Mr. Chairman, I would most respectfully point out that the pressure in this instance should be not to let off the steamcock that holds back the steam, but if I may use that homely term, to turn the steam on the Members of Congress who do not seem to know that if they keep on spending, somehow or other they must go on borrowing. Very frankly, Mr. Chairman, I think back to the first time, in 1954, when I was asked to vote to increase the national debt. Naively, I admit, but because I was tremendously concerned lest my natural instinct to vote against an increase in the national debt might result in a denial of my own responsibility, I went out and put through a call to the office of Senator BYRD of Virginia. I would not presume at this time to burden that honored gentleman with my question, but I then asked whether Mr. BYRD thought that the increase in the national debt was the only answer. Well, Mr. Chairman, the next day, the response not having come before then, I was summoned to the telephone as the roll was called. The Clerk had just called the first name starting with the letter "C" when word came that the gentleman from Virginia in the other body was himself not going to support the requested increase in the national debt limit; that he thought that the appropriate answer was to stop spending.

I accepted his advice, good now as then.

Mr. Chairman, I have never voted to increase the debt limit. This denotes no lack of sense of fiscal responsibility, but rather a long-range sense of protection of my country. I claim that there has to be somewhere in this House a protest vote against continued excessive and unnecessary spending.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, if I remember correctly, the chairman of the committee, the gentleman from Arkansas [Mr. MILLS], earlier this afternoon said that this legislation was made necessary because of spending prior to the end of this fiscal year. I recall that not so long ago the House voted $1,375 million to increase the capital of the International Monetary Fund and the International Bank for Reconstruction and Development. That was piled into this year's deficit, deliberately piled into this year's deficit, and is a charge against the Federal debt. About the same time, $150 million was voted in a supplemental appropriation bill for the Development Loan Fund. This also was charged to this year's spending. That is a total of more than a billion and a half dollars, not a dollar of which is going to be spent in this fiscal year, because they could not possibly establish the programs and spend the money in this fiscal year.

I recall, also, that a couple of years ago the House suspended British debt payments. I recently asked the Library of Congress to prepare for me a statement of the British debt owed to the United States and was informed that it amounts to between $12 billion and $13 billion, all payments on which have been suspended. It would not be necessary to have this legislation before us today if we were getting a substantial part of the money that is owed to us by the British Government. Payments were suspended, however, for a period, if I remember correctly, of 8 years. No payments on either principal or interest, and that money is loaned at 2 percent interest, incidentally.

Mr. Chairman, it is not often that the House has the opportunity twice within 24 hours to vote on issues that deal as heavily and directly with the finances of this country. However, it is entirely fitting that within this 24-hour period there should be a vote on the multi-billion-dollar foreign giveaway program and another on increasing the Federal debt limit to a staggering $295 billion.

I declined to take off on that flight of foreign-aid spending yesterday, and I have no intention of taking off on this debt increase flight today. I just do not care for the crash landing that is inevitable.

Moreover, I want to be in the consistent position of being able to vote to sustain a Presidential veto of both the foreign handout bill and this legislation to increase the debt limit, since neither of these proposals is consistent with the administration's campaign for a sound dollar and other sound fiscal policies.

I regret that this measure comes to the floor under a closed rule, for I would like to have offered as an amendment the bill I have introduced to provide for mandatory annual budgets and mandatory annual payments on the Federal debt. Only in this way can fiscal sanity be restored.

This Government is in deep financial trouble. The road we are traveling leads inevitably to chaos and bankruptcy. The temporary and expedient answer of the spenders is to increase the debt ceiling and load the children of today and tomorrow with hopeless mortgages of debt. To this I am unalterably opposed.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. ROOSEVELT. Does the gentleman know whether there is any emergency which requires action today?

Would it not be well to postpone this so that we could go into the suggestions made by the gentleman from Texas [Mr. PATMAN] and others to see whether this is actually necessary as of this moment?

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Arkansas.

Mr. MILLS. I can assure the gentleman that there is an emergency with respect to this matter. The legislation has to become law by midnight June 30 if the Secretary of the Treasury is going to pay bills that might put him in excess of the $283 billion debt. We know, on the basis of information presently available to us, that there will be such bills within a few days after the 1st of July, if not on the 1st of July, and that it is actually going to be about $285 billion.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. GUBSER].

Mr. GUBSER. Mr. Chairman, the remarks I will make here today will be the ultimate in simplicity. They will be nothing more than a restatement of simple facts which any fourth grader knows and understands.

This is my 7th year in Congress and I have heard this debate several times. It always assumes the same pattern. One side accuses the other of spending the country into bankruptcy, and the other side lays it on the administration. Those who seek to blame the President overlook the simple truth about which I would like to speak.

In every family in America it is well known and accepted by the members of that family that the parents decide how much is going to be spent. The parents also have direct control over the income which comes to the family to pay for the obligations which it incurs.

This Congress is not any different from any other family. I do not think anyone on this floor can name a single penny which can be expended out of the Federal Treasury which is not authorized or appropriated by this Congress. No one can point to a single penny which comes to the Treasury of the United States which is not made possible by a tax enacted by Congress.

You can try to shift blame to the Federal Reserve Board or blame the administration. You can say that the administration manipulates the bond market, the interest rate, and meddles with the gross national product. You can dodge and duck all you wish but if Congress wants to create a sound fiscal structure it has the power to do so. The Federal Reserve Board, which has been criticized here today, can be controlled by act of Congress. So can the other things of which we speak.

It all comes down to this simple, basic fact: This Congress, like the parent in the family, has the sole and exclusive ability to manage our fiscal affairs. The gentleman from Missouri [Mr. CANNON], the distinguished chairman of the Committee on Appropriations, said on this floor not long ago that it is this Congress which is responsible for the financial situation in which we find ourselves today. I believe he is eminently correct.

I suggest, having listened to these arguments for 7 years, that the Congress stop using its tables and its fancy figures to shift blame back and forth but step up and assume its constitutional responsibility to raise the revenue to pay the bills it, and it alone, creates. If this Congress wishes to write a liberal record then let it have the moral courage to enact the taxes to pay for that record. If we do not want to do this then let us quit spending.

It is just that simple.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, it is surprising that on an issue that has so much potential political turmoil, our discussion has tended to be as practical,

realistic and nonpartisan as it has. I might, for example, point out to the gentleman from Iowa [Mr. SMITH] who spoke a few minutes ago, that I disagree completely with his observations and his political philosophy, but I cannot help having complete respect for his sincerity and his obvious attempt to solve the problem which we have before us.

I would, if possible, like to make a few political references and at the same time be diplomatic. A year from now, a major political campaign will be in full progress. The pattern for political debate has already been set. We Republicans truthfully will call the Democrat Party budget busters, and they will reply by calling us mossbacks who are outmoded in our conception of present and future Government development. However, we will cross that bridge when we come to it.

One of the interesting questions the campaign presents is that should the voters of the country make some mistake in the presidential election in 1960 and elect the Democratic candidate for President, you gentlemen may find yourselves in this embarrassing position: Your President will, among other things in his honest and sincere way, attempt to reduce the national debt. He will say that we must cut spending, we must reduce taxes. But this Congress and past Congresses have built into the Federal budget spending programs which the future Congresses will not be able to curtail. We have had a dozen issues here this year where the difference has been a question of dollar amounts and not of approving or disapproving a program. Do we spend $200 million or $100 million? Do we spend $50 million or $100 million? The question is why should we have spent the first dollar in so many of these unnecessary spending programs.

I would like to suggest that with the seriousness and the obvious sincerity and intelligence that most Members of Congress are giving to this debate, we forget politics and concentrate first of all on stopping the present spending programs. Second, let us stop dreaming of new spending programs, even if they are claimed to be temporary, since we know they are going to become permanent. I cannot speak for the rest of the Members, but I receive 50 to 100 letters a day. The taxpayers and voters of my district are concerned with one thing, and that is Government spending and a tax reduction.

Mr. Chairman, let me make my position clear and state that I cannot in good conscience support this measure and must vote against both the raising of the permanent debt ceiling and the temporary debt ceiling.

I do so, not with any politically inspired thinking, but in my sincere belief that vigorous opposition must be maintained on behalf of the taxpayers of our country against the philosophy that our national debt may be constantly increased.

I believe we all agree privately, if not publicly, that this is not a popular choice and, if at all possible, should be avoided. The administration is certainly not to blame, since we realize from the problems that the Treasury Department has in managing the Federal debt that this action is absolutely necessary. Who is to blame for this constant pyramiding of our national debt that represents a costly and ever-growing burden upon the taxpayers of future gnerations?

First of all, Congress is to blame by shirking its responsibilities to citizens and repeatedly bowing to the pressure of special-interest groups who demand excessive and irresponsible spending programs to benefit their pet projects. These special-interest groups must bear the responsibility for the ever-growing spending here in Congress, since they fail to explain to the recipients of Government spending that what Government spends it must first extract from citizens in the form of taxes. No citizen ever receives something for nothing from Government. If he personally does not contribute taxes, the very least he surrenders when Federal spending and Federal authority are increased is a degree of freedom.

The public should bear a large part of the responsibility, since only infrequently is there the realization that Government spending comes from each individual and in the long run, when demanding unnecessary and excessive governmental programs, a citizen is actually working against the long-range solvency and soundness of his country.

Mr. Chairman, I wish to make it perfectly clear that if I had the deciding vote I would have to cast my vote for a temporary increase in the debt ceiling. It is obvious, however, that, despite the vigorous and, in too many cases, politically inspired oratory that is being indulged in this afternoon, an overwhelming number here will vote to increase the debt ceiling.

I, therefore, join the handful of others who assume the often unpopular and misunderstood position of voting "no" in order to remind the responsible leaders of the administration, responsible Members of Congress and the taxpaying citizens of this country that there is constant, firm, vigorous opposition to increasing the Federal debt, and this opposition must emphasize the undeniable fact that Government spending programs must be drastically reduced in order to maintain the value of our dollar.

Mr. Chairman, we are not only concerned with the present; it is the future of our Nation and the generations to come who must receive our most serious consideration. Let me reemphasize that I am not "crying wolf" when I say that the real danger to America is not the threat of conquest by the Communist world, but the internal collapse that threatens us by virtue of the socialistically inspired, irresponsible spending programs in the United States itself.

The "no" vote that I must cast is actually an affirmative vote in support of the broad concept that reduction of Government spending, decentralization of Government, reducing and removing the shackles of bureaucratic control from our Nation's economy, and it is an affirmative voice in calling to the attention of the taxpaying voter that when his Government is spending, it is his own personal money that is being spent—oftentimes against his best interest.

Mr. Chairman, I think if we could give them their wishes, regardless of the political implications this action could have at any given time, I believe we will be building a stronger and sounder America.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, as this debate has proceeded, I think we have at times gotten a little off the basic issues. We have heard talk about interest, talk about the money policy of the Federal Reserve Board. I would remind the House that we should very shortly have before us legislation where the discussion of interest and discussion of Federal Reserve Board policies will be entirely appropriate. I would hope that the committee, acting responsibly, as it always does, will report out legislation in connection with the request of the administration to give the Secretary of the Treasury the proper tools for a more efficient management of our public debt. In anticipation of that and as the result of some of the comments that were made today about interest, just let me call your attention to what I think was a very splendid editorial on this subject that I inserted in the RECORD the other day. It is an editorial from the St. Louis Post-Dispatch. Let me just quote a few sentences from it at this time, but I would like to ask that all of you read the editorial in full. I would also ask that you read the statement of the Secretary of the Treasury as it appears in our hearings on this legislation. Let me quote from the St. Louis Post-Dispatch:

> As with the ancient dream of eating one's cake and having it too, the hope of simultaneously enjoying the best of two possible worlds has a strong grip on some Senators and Representatives. They would like to enjoy both the full employment of boom times and the low-interest rates of depression times. Who wouldn't? But up to now nobody has been able to figure out a safe way of doing both at the same time.
>
> Easy credit is a consequence of expression of underemployed resources, and relatively tight money is the price that usually must be paid for good times. Though it is proper for the Government to do everything possible to mitigate the effects of tight money, making credit fairly available to all sectors of the economy, no way has yet been devised of generally depressing the price of credit during a boom without adding inflationary pressures.
>
> Nor has anybody figured out a practical, noninflationary way by which the Government can segregate itself from the influences that affect credit for everybody else. When the Treasury borrows money, it must compete with other borrowers. If the other borrowers can and do pay higher interest rates than does the Government, the public in peacetime is not going to rush its money into Government securities no matter how many patriotic appeals are addressed to it.

Now, it seems we have some magicians here in the House who apparently have found a way in their own minds to give us the benefit of these two worlds at the same time.

Let me also make a comment with respect to the Federal Reserve Board.

One can readily differ with the Board as to whether or not it has been too restrictive in the amount of currency and credit that have been available to become a part of our money stream and whether it should be loosened, but let me call the attention of my friends to this fact, that the Federal Reserve Board is an independent agency.

Now, the gentleman from Wisconsin [Mr. REUSS], was trying to put the responsibility for the money supply upon the administration as such; that it was the administration policy. And, I suggested to him at that time that the Federal Reserve was an independent agency. I will grant to my colleague that theoretically it is an arm of the Congress, but if he is going to insist that it is an agency of the Congress as such, then I would point out to him that this Congress has been in the control of the Democrat Party for some considerable period of time.

No. 2, Mr. Chairman, let me say this: I referred to the fact the present Chairman of the Federal Reserve Board, Mr. Martin, was a former Under Secretary of the Treasury under President Truman, when Mr. Snyder was the Secretary. I do not say that in any way critical of Mr. Martin, because in my book we in this country are lucky, real fortunate, in having at the head of the Federal Reserve Board a man of the capacity and ability of Mr. Martin.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I yield to the gentleman from Wisconsin.

Mr. REUSS. I would ask my colleague, the gentleman from Wisconsin, whether the administration or the Republican Policy Committee, of which he is chairman, is prepared to repudiate the performance of the Federal Reserve System.

Mr. BYRNES of Wisconsin. No, I am not.

Mr. REUSS. Does the gentleman approve it? Does he say it is good?

Mr. BYRNES of Wisconsin. I do not say that they have not made mistakes any more than I would say that I have never made a mistake. But I will say basically that I am glad we have the Federal Reserve Board as we have it today. I am glad that we have Mr. Martin as its Chairman, and I am glad that they have been pursuing some of the policies they have pursued. They are trying to save us from the catastrophe of inflation and in that battle I wish them success.

Mr. REUSS. Mr. Chairman, will the gentleman yield further?

Mr. BYRNES of Wisconsin. I am sorry I cannot yield further. I would like to come to the real issue we have before us today and that is the question whether we shall vote to increase the debt ceiling. Let us understand this fact. The money has been spent. There is nothing we can do about turning the clock back, much as we would like to. Many of us certainly would like to turn the clock back with respect to some of the expenditures that have been made. But the money has either been spent or the orders for the goods and services have been placed. The bills will be coming due. The issue before us is only whether or not the Federal Treasury will have the capacity to meet those bills, to pay them when they are presented for payment. That is the fundamental issue here before us.

The gentleman from California [Mr. ROOSEVELT] inquired as to what was the urgency of this. The public debt already incurred is now and will, in just a couple of weeks, on June 30, be $285 billion. That is within the statutory debt limit today. But let us remember that the statutory limit goes down under the law on June 30, to $283 billion. So the state of the law and the state of the debt, unless we act and the other body acts and the bill is signed by the President before June 30, will be that we will have a debt of $285 billion, but with a limitation on the amount of the debt that can be outstanding of only $283 billion.

What about the little holder of an E-bond who comes in on July 1 and says, "I bought this bond and you said you would redeem it at any time; it has run its course; I need the money." The Secretary of the Treasury would have to say, "No, I am sorry, we are broke."

The Secretary of the Treasury must borrow money to pay salaries. Unless we pass this bill he will have to say, "No, I cannot pay you. We have no money and the Congress won't permit me to borrow."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BYRNES of Wisconsin. I am sorry, I cannot yield at this time. I know the gentleman is a wizard and has some real gimmicks that can get us out of all this trouble. We could spend from here to eternity without any regard to anything, and he would find a way to take care of it, and without any further taxes, I suspect. He would start the printing presses rolling and get us into the greatest inflation this or any other country has ever seen.

Mr. PATMAN. Mr. Chairman, will the gentleman yield now, since he has referred to me?

Mr. BYRNES of Wisconsin. I am sorry, I refuse to yield.

Let me point this out. This bill does not either increase or reduce expenditures by one thin penny. We talk about billions every day, but this does not affect expenditures of one penny by this Government. That has been done in other legislation, authorization bills, appropriation bills, this, that, and the other. But this bill does not affect that.

Mr. Chairman, let me say this further. If we do not pass this bill, the results may well be one of the greatest catastrophes that has ever faced this Nation. The Government of the greatest country on earth would not be able to pay its bills. We had a bad time in 1929, but at least the Government then was able to pay its bills. If we get to a point where the Federal Government cannot pay its bills, and their credit is gone, you will have the greatest catastrophe we have ever faced.

Of course, if that happened, we would be back here so fast, passing this bill, that it would make your head swim. But great damage would have been done already.

Why are we in this situation? We are in this situation because we have authorized and committed the Government of the United States to expenditures beyond its income. It is just as simple as that. When I say "we," I mean the Congress of the United States.

Now, maybe there are some Members who live in a dream world where they feel they can turn their backs on the facts. It has been said by some, "I didn't vote for the spending; I didn't cause the conditions in which the Treasury now finds itself. I, therefore, am not going to vote for this bill." If that could be considered good logic, I certainly would be justified in voting against this bill. I cannot follow their logic. When we individual Members of Congress vote on the basis of whether or not we caused the condition giving rise to the need for legislation, the country will indeed be in a sad way. Mr. Chairman, every Member of Congress must face up to his responsibility and face up to the situation, not as he would like to have it, not the way he would want it, but the situation as it exists. The fact that every Member of Congress must face is that the Congress, of which he is a Member, has by a majority vote ordered expenditures beyond our Government's income. For any Member to turn his back on that fact and suggest that he is justified in letting somebody else worry about how the bills are to be paid would be acting just like the fireman who sees a fire but says, "I am not going to help put that fire out because I did not cause it." We would have a fine state of affairs if our fire departments took the attitude that the only fires they would put out were the fires they themselves created.

My colleague, the gentleman from Louisiana [Mr. BOGGS], said a number of things this afternoon with which I would have to disagree, but when he said, "We can demagog all we want, but the problem is not going to disappear," he was 100 percent right. We have to meet the problem which will confront the Treasury on June 30 and the only way to meet that problem is to enact this bill.

Mr. MILLS. Mr. Chairman, we have no further requests for time in general debate.

The CHAIRMAN. All time has expired.

Under the rule, the bill is considered as having been read for amendment.

The bill is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 21 of the Second Liberty Bond Act, as amended (31 U.S.C., sec. 757b), is amended to read as follows: "The face amount of obligations issued under authority of this Act, and the face amount of obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), shall not exceed in the aggregate $285,000,000,000 outstanding at any one time."

SEC. 2. During the period beginning on July 1, 1959, and ending on June 30, 1960, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended, shall be temporarily increased by $10,000,000,000.

SEC. 3. This Act may be cited as the "Public Debt Act of 1959".

The CHAIRMAN. Under the rule, no amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

Are there any committee amendments?

Mr. MILLS. There are no committee amendments, Mr. Chairman.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ANFUSO, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7749) to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time, pursuant to House Resolution 300, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. PATMAN. Mr. Speaker, I have a motion to recommit.

Mr. MASON. Mr. Speaker, I offer a motion to recommit, which is at the Clerk's desk.

The SPEAKER. The gentleman from Illinois [Mr. MASON], a member of the Committee on Ways and Means, and in the minority, has the right to make the motion to recommit.

Is the gentleman from Illinois opposed to the bill?

Mr. MASON. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MASON moves to recommit the bill, H.R. 7749, to the Committee on Ways and Means.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division—demanded by Mr. PATMAN—there were—ayes 24, noes 127.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. PATMAN. Mr. Speaker, I ask for a division.

Mr. CURTIS of Missouri. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 256, nays 117, not voting 61, as follows:

[Roll No. 94]

YEAS—256

Addonizio	Baldwin	Bolling
Albert	Barrett	Bolton
Alger	Bass, Tenn.	Bowles
Allen	Bates	Boyle
Andersen, Minn.	Baumhart	Brademas
	Beckworth	Brewster
Anfuso	Belcher	Brooks, La.
Arends	Bennett, Fla.	Brooks, Tex.
Ashley	Bennett, Mich.	Broomfield
Aspinall	Bentley	Brown, Ga.
Auchincloss	Betts	Brown, Mo.
Avery	Blatnik	Brown, Ohio
Ayres	Boggs	Broyhill
Baker	Boland	Burke, Ky.
Burke, Mass.	Hess	O'Brien, Ill.
Byrne, Pa.	Holland	O'Hara, Ill.
Byrnes, Wis.	Holtzman	Osmers
Cahill	Horan	Ostertag
Carnahan	Hosmer	Perkins
Carter	Huddleston	Pfost
Casey	Ikard	Philbin
Chamberlain	Irwin	Pilcher
Chenoweth	Jarman	Pirnie
Chiperfield	Jennings	Poage
Coad	Johnson, Calif.	Porter
Coffin	Johnson, Colo.	Preston
Conte	Johnson, Md.	Price
Cooley	Johnson, Wis.	Prokop
Corbett	Jones, Ala.	Quigley
Curtin	Judd	Rains
Curtis, Mass.	Karsten	Randall
Curtis, Mo.	Karth	Ray
Daddario	Kasem	Reece, Tenn.
Dague	Kastenmeier	Rees, Kans.
Daniels	Kearns	Reuss
Davis, Tenn.	Kee	Rhodes, Ariz.
Dawson	Keith	Rhodes, Pa.
Delaney	Kelly	Riehlman
Denton	Kilburn	Riley
Derounian	Kilday	Rivers, Alaska
Dingell	King, Calif.	Rivers, S.C.
Dixon	King, Utah	Roberts
Donohue	Knox	Rodino
Dooley	Kowalski	Rogers, Colo.
Dorn, N.Y.	Lafore	Rogers, Mass.
Downing	Landrum	Rooney
Doyle	Lane	Saund
Dulski	Langen	Schenck
Durham	Lankford	Shelley
Dwyer	Latta	Shipley
Edmondson	Lesinski	Simpson, Pa.
Elliott	Libonati	Sisk
Everett	Lindsay	Slack
Fascell	McCulloch	Smith, Miss.
Feighan	McFall	Smith, Va.
Fenton	McGinley	Steed
Fisher	McIntire	Stratton
Flood	Machrowicz	Stubblefield
Fogarty	Madden	Sullivan
Foley	Magnuson	Taber
Forand	Mahon	Teague, Calif.
Ford	Marshall	Thomas
Frazier	Martin	Thompson, N.J.
Frelinghuysen	Matthews	Thomson, Wyo.
Friedel	Merrow	Thornberry
Fulton	Metcalf	Toll
Gallagher	Miller, Clem	Trimble
Garmatz		Udall
Gary	Miller, George P.	Vanik
Gathings		VanPelt
Gavin	Miller, N.Y.	Van Zandt
Giaimo	Milliken	Vinson
Glenn	Mills	Wainwright
Goodell	Mitchell	Wallhauser
Granahan	Moorhead	Wampler
Gray	Morgan	Watts
Green, Pa.	Morris, Okla.	Weis
Griffin	Moss	Westland
Halleck	Multer	Withrow
Halpern	Mumma	Wolf
Hardy	Murphy	Wright
Harris	Murray	Yates
Harrison	Natcher	Young
Hays	Nelsen	Younger
Hébert	Nix	Zablocki
Hechler	Norblad	
Herlong	Norrell	

NAYS—117

Abbitt	Dent	Jones, Mo
Abernethy	Derwinski	Kilgore
Adair	Devine	Kitchin
Alexander	Dowdy	Laird
Alford	Evins	Lennon
Anderson, Mont.	Flynn	Levering
	Flynt	Lipscomb
Andrews	Forrester	McDonough
Bailey	Fountain	McGovern
Baring	George	McMillan
Barr	Grant	Mack, Wash.
Becker	Green, Oreg	Mason
Berry	Gross	Minshall
Blitch	Gubser	Moeller
Bosch	Haley	Montoya
Bray	Hall	Morris, N. Mex.
Breeding	Hargis	Moulder
Brock	Harmon	O'Konski
Budge	Hemphill	Oliver
Burdick	Henderson	Passman
Burleson	Hiestand	Patman
Cannon	Hoeven	Pelly
Cederberg	Hoffman, Ill.	Pillion
Chelf	Hoffman, Mich.	Poff
Church	Hogan	Powell
Clark	Holt	Pucinski
Collier	Hull	Quie
Colmer	Jensen	Robison
Cunningham	Johansen	Rogers, Fla.
Davis, Ga	Jonas	Rogers, Tex
Roosevelt	Simpson, Ill.	Utt
Roush	Smith, Calif.	Weaver
Rutherford	Smith, Iowa	Wharton
Saylor	Smith, Kans.	Whitener
Scherer	Springer	Whitten
Schwengel	Taylor	Wier
Scott	Teague, Tex.	Williams
Selden	Thompson, Tex.	Winstead
Sikes	Tollefson	
Siler	Ullman	

NOT VOTING—61

Ashmore	Hagen	O'Brien, N.Y.
Barden	Healey	O'Hara, Mich.
Barry	Holifield	O'Neill
Bass, N.H.	Jackson	Rabaut
Bonner	Keogh	Rostenkowski
Bow	Kirwan	St. George
Boykin	Kluczynski	Santangelo
Buckley	Loser	Sheppard
Bush	McCormack	Short
Canfield	McDowell	Spence
Celler	McSween	Staggers
Cohelan	Macdonald	Teller
Cook	Mack, Ill.	Thompson, La.
Cramer	Mailliard	Tuck
Diggs	May	Walter
Dollinger	Meader	Widnall
Dorn, S.C.	Meyer	Willis
Fallon	Michel	Wilson
Farbstein	Monagan	Zelenko
Fino	Moore	
Griffiths	Morrison	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack for, with Mr. Tuck against.

Mr. Keogh for, with Mr. Ashmore against.

Mr. Bass of New Hampshire for, with Mrs. St. George against.

Mrs. May for, with Mr. Bow against.

Mr. Widnall for, with Mr. Moore against.

Mr. Barry for, with Mr. Short against.

Mr. Healey for, with Mr. Dorn of South Carolina against.

Mr. Buckley for, with Mr. Cramer against.

Mr. Mailliard for, with Mr. Bonner against.

Mr. Morrison for, with Mr. Fino against.

Mr. Celler for, with Mrs. Griffiths against.

Mr. Zelenko for, with Mr. Diggs against.

Mr. Walter for, with Mr. Willis against.

Mr. Dollinger for, with Mr. Thompson of Louisiana against.

Mr. Teller for, with Mr. Barden against.

Mr. Farbstein for, with Mr. Macdonald against.

Until further notice:

Mr. Santangelo with Mr. Bush.

Mr. O'Brien of New York with Mr. Canfield.

Mr. Cook with Mr. Wilson.

Mr. Fallon with Mr. Michel

Mr. Monagan with Mr. Jackson.

Mr. Sheppard with Mr. Meader.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS AND INCLUDE EXTRANEOUS MATTER

Mr. MILLS. Mr. Speaker, I ask unanimous consent that those Members desiring to do so, who spoke on the bill in Committee of the Whole, may be permitted to include extraneous matter in their remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House

adjourns today, it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY NEXT WEEK

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule may be dispensed with on Wednesday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PROGRAM FOR THE WEEK OF JUNE 22

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I asked for this time for the purpose of inquiring of the acting majority leader concerning the program for next week.

Mr. ALBERT. Mr. Speaker, in response to the inquiry of the distinguished gentleman from Indiana, the minority leader, there is no further program for this week.

Monday is District Day. There is no business.

There are three privileged matters which will take only a matter of minutes, I understand, from the House Administration Committee. One is House Concurrent Resolution 170, the printing of the Abraham Lincoln Ceremonies.

House Resolution 258, printing of the report on communism.

S. 602, Memorial, Boy Scouts of America.

H.R. 3, State laws, rules of interpretation. That would be the adoption of the rule and general debate on Monday.

Mr. HALLECK. Mr. Speaker, can the gentleman tell us how much time is provided under the rule for general debate on that bill?

Mr. ALBERT. Five hours, I will say to the distinguished gentleman.

On Tuesday and the balance of the week: It is hoped that we may finish H.R. 3 under the 5-minute rule on Tuesday. The Private Calendar will be called on Tuesday.

Also a conference report on S. 57, the Housing Act of 1959.

In addition to H.R. 3, to which I have referred, there will be S. 1120, reserves, Federal Reserve Act; H.R. 4957, courts, admission of evidence; and H.R. 4049, airline pass privileges.

There are the usual reservations that any further program may be announced later and conference reports may be brought up at any time. There may be one or two conference reports on appropriation bills.

Mr. HALLECK. Mr. Speaker, may I make one further observation and perhaps the acting majority leader may make some reference to it. A number of our Members are going to Montreal for the Canadian-American Interparliamentary Conference, leaving here either next Wednesday evening or Thursday morning.

I am informed that a very considerable number of Members on this side, as I am sure there are Members on the gentleman's side, are planning to go to the dedication ceremonies of the St. Lawrence Seaway. In view of that fact, and without undertaking to bring about any definite commitments, I wonder if it might be understood as a matter of convenience for all of us that every effort will be made to try to conclude whatever program needs to be concluded by Wednesday evening or else to try to do what we can to protect those Members who are going to be away on these official matters.

Mr. ALBERT. I may say to the distinguished gentleman that, of course, the opening of the St. Lawrence Seaway is a very important event in the history of this hemisphere, and the other matter of official business of the committees of the House will be considered. I am sure the leadership on this side will endeavor to expedite the program so as to accommodate these Members in any way possible.

Mr. HALLECK. I thank the gentleman.

OIL AND GAS LEASES

Mr. THOMSON of Wyoming. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. THOMSON of Wyoming. Mr. Speaker, last Wednesday, I introduced H.R. 7787, to which I would like to call the attention of the House. This legislation is designed to correct the situation which theratens great harm to the country and particularly to the western public land States.

In recent months, the Department of the Interior has undertaken to cancel oil and gas leases issued under the act of February 25, 1920, as amended, on public lands on the grounds that someone had at one time held these leases, whose holdings, including the leases in question, exceeded the acreage which any person, association, or corporation can hold in any one State. The position taken by the Department of the Interior is that the lease shall be forfeited and canceled, even though the present holder is in all respects qualified to hold the lease and was in no way connected with or a party to the violation of his predecessor in title.

Oil and gas leases are commonly transferred many times before and after they are drilled and developed. It is impossible for a purchaser to determine whether or not each of those in the chain of title was in compliance with the acreage limitations. The violator should be punished and denied any benefits from his wrongful act, but the innocent purchaser for value, who acted in good faith with due diligence should not be made to suffer.

The interest of the public goes beyond the matter of the equities as between the parties. It is in the national interest that these lands be developed. This has been repeatedly recognized by the Congress. To the public land States involved, this is particularly important to their economic well-being and to providing jobs for their citizens.

The finding of oil and gas and the development of an area requires a tremendous expenditure. Naturally, no one will be disposed to make this investment if they are threatened with cancellation of their lease through no fault of their own, or without any wrongdoing on their part.

I am advised that as a result of the Interior Department's action, some transfers and development work have already been held up because the title was not approved. Unless something is done to clarify and remedy the situation, this will undoubtedly spread and could conceivably stymie further development on the public lands. The result of this would be to cut off the royalties to the Federal Government, deny this resource to the Nation, and to seriously affect the economy of the States and local areas involved.

I believe that H.R. 7787 fairly handles this situation. It provides for cancellation of the interest of the wrongdoer by the Secretary in administrative proceedings. It goes even further by providing that if the Secretary has reason to believe that fraud has been committed, he may request the Attorney General to institute proceedings in the district court, and authorizes the court, if fraud is found, to declare the violator ineligible thereafter, either permanently or for a lesser period, to hold any lease or other interest in land under the provisions of the Mineral Leasing Act. The public interest in avoiding a stymying of development and the innocent party are protected by providing that the cancellation or forfeiture shall not apply so as to affect adversely any lease or interest in a lease acquired in good faith and in compliance with the law.

Three proceedings have already been instituted by the Secretary, two in the State of Wyoming and one in the State of Montana. As to these and other proceedings which may be commenced, it is provided that any party shall have the right to be dismissed as such party upon showing that he acquired the interest involving him as such a party in good faith, without violating any of the provisions of the act. If development rights of an innocent party are suspended pending a decision, provision is made for extension of his interest for a period of time equal to that for which they were so suspended.

In addition to correcting the current situation, it is desirable to clarify and perfect the act so as to prevent future unintentional violations. The present law provides separately for the amount of acreage that can be held by lease and the amount of acreage that can be held by option. The proposed legislation would remove this distinction, without increasing the total acreage that may be held by any one person, association or

corporation in any one State. Under its provisions, no person, association or corporation shall hold oil and gas leases, including options, exceeding in the aggregate 246,080 in any one State, except the State of Alaska, which is the same total provided in the existing law. Alaska is excepted because of special conditions prevailing and the fact that separate legislation to provide a limitation in Alaska is now pending in the Congress. Any limitation finally provided for Alaska would be written into the proposed legislation by amendment. There seems to be uniform belief that removing the distinction between leases and options will be of substantial assistance in avoiding future violations of the acreage limitations.

The proposed legislation further provides that no option shall be valid unless notice thereof and required information concerning the option is filed in the local land office.

H.R. 7787 would further change existing law by making the term of an oil and gas lease 10 years, and so long thereafter as oil and gas is produced in paying quantities. This amendment is not related to the problem which I have outlined above. Its purpose is to remove administrative burden and cut costs of administration. Present law provides for a 5-year lease with a preferential right of renewal for an additional 5-year term. This involves additional paper work, administrative burdens, and cost to the Government.

Mr. Speaker, it is most important that something be done to correct this situation which has created uncertainty in the development of oil and gas on the public lands. I believe the solution proposed by H.R. 7787 is a fair and just solution. I sincerely hope that this legislation may receive prompt hearings and the early and favorable attention of the Congress.

NEED FOR EMPLOYER REPORTING PROVISIONS IN LABOR-MANAGEMENT REFORM LEGISLATION

Mr. McGINLEY. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. SHELLEY] may extend his remarks at this point and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SHELLEY. Mr. Speaker, under leave to extend my remarks, I am including a letter which I have sent to the Honorable GRAHAM A. BARDEN, the distinguished gentleman from North Carolina and chairman of the House Committee on Education and Labor. I have noted that the Member from New York, the Honorable LUDWIG TELLER, has provided for tightening of the employer reporting provisions in his bill, H.R. 7811; and, although I have not analyzed this bill in its entirety, I would certainly like to commend our distinguished colleague in his recognizing the necessity for this very important and essential provision in any labor-management reform legislation that is adopted by this Congress.

Mr. Speaker, the complete text of my letter follows:

JUNE 17, 1959.

Hon. GRAHAM A. BARDEN,
Chairman, House Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Although not a member of the Committee on Education and Labor, I have followed the progress of so-called labor-management reform legislation very closely since the issue first arose last year. Because I am not a member of the committee, I have thus far refrained from making any public comment about this important piece of legislation. However, I have reached the point where I feel I must speak out frankly for I am deeply disturbed that, if the present situation is not radically changed, a terribly unfair and discriminatory blow will have been dealt the honest trade union movement of this country.

My deep interest in labor legislation flows in part from the fact that I was for some years prior to my coming to Congress an active official of the trade union movement. Nobody has been shocked more than I at the disclosures of wrongdoing on the part of some trade union officials. They have violated their trust as guardians of a movement aimed at the welfare of working men and women. No punishment, no condemnation, no scorn, in my judgment, can be too strong for such wrongdoers.

The wrongdoers, however, are not to be found among trade union officials alone. If the McClellan hearings have demonstrated anything at all, Mr. Chairman, they have revealed that corruption, gangsterism, violence, and bribery have characterized too well the behavior of some management officials, some unethical lawyers, and other types of labor relations middlemen, and some corrupt public officials. In case after case, it has been demonstrated that union officials have been bribed into, threatened into, or maneuvered into corrupt coalitions with crooked elements that originate outside the labor movemeent.

I have waited patiently until now to see what kind of legislative remedies would be proposed to deal with this multifaceted corruption that has wormed its way into labor-management relations in this country. I speak out today to declare that I am deeply disappointed at the failure of those directly involved in the development of this legislation to propose suitable remedies for correcting abuses in all but one of the areas of the problem.

I am prepared to vote for labor-reform legislation that is not punitive and will not disrupt the normal functioning of honest trade unions. But I am similarly prepared to vote for legislation that is aimed at the whole problem, not just one facet of it.

I do not think we will erase the problem of labor-management corruption if we get rid of only the Becks.

I don't think we'll be hitting at the real problem until we get at all the Shefermans in the business. And when I say all the Sheffermans I mean not only those who, like Shefferman, have been engaged in flagrant, obvious types of unethical, if not illegal, behavior. I mean all those hundreds, perhaps thousands, of respectable lawyers and labor relations consultants who daily advise business on how to seduce labor officials, how to threaten union spokesmen, how to beat up labor organizers who refuse to be seduced or silenced.

And we won't be meeting the problem of labor-management corruption until we find ways to prevent professional gangsters, including the Mafia gang, from developing schemes to monopolize their business interests under the guise of unionism.

The major spokesmen for the American labor movement have made it very clear, and their actions by and large have carefully followed their words, that trade union ethics should not be modeled after the ethics of the marketplace. Nevertheless, it would be naive and unrealistic to expect trade union officials and labor organizations to be totally immune from the cultural climate in which they operate. They cannot operate in a vacuum. Their own standards of behavior are influenced by, encouraged by and distorted by the moral standards of the society of which they are a part. Union affairs are so intimately related to business activities that it is not too surprising that occasionally the ethics of the business world become the standards of behavior for some labor representatives.

The truth is altogether too clear that the ethics of the business world are mighty low. In a business climate characterized by tax cheating, stock manipulations, collusion, bribery, call-girl operations, Government procurement frauds, mislabeling, etc., it is small wonder that a union official occasionally forgets his original dedication and emulates his business friends.

Unless the lawlessness which has so tragically invaded every facet of American life in recent years is properly understood and attacked, it is pointless to hope for complete elimination of corruption in the labor-management field. So widespread is this general corruption that a clergyman declared recently in a Fortune article, "Even in my ivory tower * * * I have been urged by businessmen to accept a gift for the theological seminary in return for admitting a student * * * and have been threatened by withdrawal of contributions to the school if I failed to do so."

This same clergyman recalled that a rapidly rising young businessman had told him, "It is impossible to conduct business in the United States today without breaking the law."

Although it is a safe assumption that the great bulk of these violations of law go undetected and unpunished, nevertheless available statistics on known business offenses are indeed shocking.

Let me cite a few examples:

Prof. Marshall Clinard, formerly an employee of the OPA enforcement department, has estimated that almost one-half of all business concerns in the country were guilty of violating OPA regulations. Clinard asserts that "farmers, packers, manufacturers, wholesalers, retailers, large and small companies—all participated in the black market and each one took his particular share in illegal profits." He notes that the black market was not the creation of hoodlums and fly-by-night operators, but that regular business was primarily responsible for the black market.

The House Committee on Government Operations recently estimated that the American consumer is being cheated to the extent of $100 million each year through the sale of weight-reducing preparations alone because of the failure of FTC to discharge its responsibilities.

In the period from 1955 to 1957, an average of 400 individuals per year have been convicted and sentenced in criminal actions for violating the pure food and drug statutes.

Testimony given early this year to the House Appropriations Committee has revealed unconscionable violations of the Federal minimum wage law. The Labor Department estimates place the total loss to our lowest paid citizens at $80 million a year. One out of every two establishments visited by wage and hour inspectors has revealed some violations of the law, either rates of pay, overtime, or child labor. There were situations in which children as young as 6 were employed at rates of 10 cents an hour and in which adults worked for more than 100 hours a week at 20 cents an hour.

An article in Life magazine (October 14, 1957) reports: "So many unscrupulous busi-

nessmen have diverted to their own use the money collected for their employees' withholding and social security taxes that the delinquent accounts in this category now amount to nearly $300 million."

The Better Business Bureau of metropolitan Washington handled 5,673 complaints last year, and the New York bureau handled 28,237 complaints concerning bait advertising alone.

Mr. Chairman, I am frank to admit that I do not know what the answers are to this general problem of corruption and immorality in all the forms it has developed. But I feel strongly that the answers must be found.

For almost 3 years now, the Senate Committee on Improper Activities in the Labor or Management Field has conducted a searching and valuable inquiry. Much light has been revealed in several important areas of American life. As the committee prepared to complete its work, I must say frankly that I am disappointed in the fact that it has not begun to scratch the surface in the area of unethical conduct among businessmen, lawyers, and public officials. As the name of the committee implies, its responsibility was to study improper activities in the labor or management field, not only the labor-management field. Some of the business practices to which I have earlier referred should have been subjected to the searching glare of congressional inquiry.

The McClellan investigations have, however, dealt with at least some of the more flagrant types of abuses in activities related to labor-management relations. The public, I fear, is not nearly as aware of these revelations as it is of the affairs of the Hoffas and the Dios. Even more disturbing, however, is the fact that the current legislative proposals do not reflect awareness of these disclosures.

Neither the Kennedy-Ervin bill as it passed the Senate, the Barden bill, nor the Kearns bill comes anywhere near solving the kinds of problems which have been exposed in the course of the McClellan hearings. I have not had the time to search all the records of those hearings and of related developments, but I am listing below some pertinent excerpts from committee reports and brief accounts of some of the exposés which have been made of shady practices attributable primarily to management or to representatives of management, sometimes with the collusion of public officials and/or union officials.

I am citing these excerpts and these examples to you and to the membership of the House because I believe that the public has been misled into thinking that corruption in labor-management relations is limited to trade union officials and into thinking that the problem would be licked if we placed Federal agents in every local union. The Nation's press has simply failed to do a balanced job in presenting the full story to the American people. How much of this is due to the fact that some newspaper publishers have themselves been involved in shady practices is not yet clear, but it has certainly been an important factor in the picture.

COLLUSION WITH DISHONEST LABOR LEADERS

A substantial part of all so-called labor corruption takes the form of collusion between crooked employers and crooked union officials. Thievery is a unilateral operation. But bribery can exist only when there is both a taker and a giver. And unlike the Biblical mandate that "It is better to give than to receive," in bribery it is just as reprehensible to give as to receive. In its interim report early last year, after only 1 year of hearings, the Senate select committee reported:

"Certain managements have extensively engaged in collusion with unions:

"(a) They have paid high union officials to obtain favored treatment by way of 'sweetheart' contracts.

"(b) They have paid off to obtain inferior contracts which impose substandard working conditions on thousands of workers.

"(c) They have connived with 'approved' unions at under-the-table agreements to permit organizing of their workers to the exclusion of other unions.

"(d) Certain companies have granted business concessions and loans to union leaders with whom they want to curry favor.

"(e) Trade associations have conspired with unions to achieve industry monopolies.

"(f) So-called 'whip' companies have been set up to keep rival companies in line, and have been blinked at by unions even when they have themselves broken union rules."

THE SHEFFERMAN OPERATION

Perhaps the only exposé of management by the select committee that did get substantial public attention was that of Nathan W. Shefferman and his firm, Labor Relations Associates, of Chicago. Before summarizing briefly a few of the cases handled by Shefferman, I would like to quote from the committee's interim report to show how widespread was the use of this Shefferman operation:

"The committee finds that the activities of Shefferman provide a shocking indictment of the activities of a number of employers. Although his list of clients reaches some 400 employers, testimony before the committee touched on the activities of only his largest customers. Among those whom the committee found had used Shefferman's firm for union busting were: Sears, Roebuck & Co.; the Whirlpool Corp., of Marion, Ohio, and Clyde, Ohio; the Morton Frozen Food Co., of Webster City, Iowa; the Mennen Co., of Morristown, N.J.; the J. V. Pilcher Co., of Louisville, Ky.; the Seamprufe Co., of McAlester, Okla.; the Allstate Insurance Co., of Skokie, Ill.; the Englander Co., of Chicago.; and the H. P. Wasson Co., in Indianapolis.

"As long as there are employers who persist in the antiquated notion that all unions are evil and their organization attempts may be met by any tactics, fair or foul, Shefferman and other fixers and middlemen like him will continue to exist and prosper."

Shefferman's business paid off handsomely. The firm earned $2,481,800 in fees and retainers in the 7-year period from 1950 through 1956. Sears, Roebuck paid $239,650 for a 4-year period. The Whirlpool Corp. shelled out $137,000 over a 3-year period. Shefferman and his son received almost half a million dollars in personal salary and expenses over a 7-year period.

The interim report then comments on the inadequacy of present law to deal with the Shefferman type of operation:

"We find that the present law as administered by the National Labor Relations Board, is impotent to deal with Shefferman's type of activity and with the employers who retain him. Despite the fact that firms he represented had been involved in scores of unfair labor practice cases, Shefferman has never received even a slight reprimand, and the companies that he represents merely make a written statement that they will not do again what they have done. Shefferman moved from town to town, from State to State, with impunity, and the law as presently written is apparently powerless to deal with his activities. This situation should be remedied."

I believe that the pending legislation comes nowhere near remedying the Shefferman situation.

SHEFFERMAN ILLUSTRATION NO. 1—MORTON PACKING CO.

The company's new plant in Webster City, Iowa, was faced with organization efforts by the packinghouse workers. It was paying between 26 and 48 cents less than comparable food plants in Nebraska. Morton called for Shefferman, who outlined a union-busting campaign, including the use of a local attorney who helped form an anti-union committee. After defeating the union, the company switched its operations and brought in the bakers' union with the help of the local teamsters' business agent. When the bulk of the workers were maneuvered into signing union-authorization cards, a contract was drawn up in Shefferman's office without any union representatives present. A bona fide union was thus defeated and a "sweetheart" contract with another signed.

SHEFFERMAN ILLUSTRATION NO. 2—WHIRLPOOL CORP.

Whirlpool manufactures appliances for Sears, Roebuck and for R.C.A. When it purchased the Marion, Ohio, plant of Motor Products Corp. it refused to recognize the UAW which had had a contract in the plant. Shefferman was hired. Two men were sent in to give a human equation test to job applicants. This test was designed simply to ferret out pro-union individuals. When the UAW started organizing efforts, the full anti-union treatment was given. This included finding a lawyer to set up a vote "no" committee, locating willing leaders, using local American Legion for distribution of material, actively rotating shop committee to locate pro-union elements, using merchants and clergy to fight union, getting vote "no" committee to visit homes and pay them for lost time, and having union thrown out of their building.

SHEFFERMAN ILLUSTRATION NO. 3—SEARS, ROEBUCK

In 1938 Shefferman had organized a Sears, Roebuck Employees' Council for Boston's seven stores to head off the AFL retail clerks. In 1950 the head of the council, Roy Webber, told the clerks that the council was ready to shift because management was pushing it around. Eighty percent of the council signed with the clerks. Shortly before the NLRB election, however, Webber reversed his stand, and the revolt failed. It was revealed later that Webber had been bribed with a $20 a week raise.

Several years later, interest in the retail clerks was revived, and the full Shefferman threatment was applied, including the setting up of a new council of loyal employees. Shefferman himself arranged for the final stroke in the maneuver. He persuaded the retail clerks' organizer to leave that union for a job with the laundry workers, who then loaned him to the teamsters who had been persuaded to compete with the clerks in a diversionary move. Result was that the majority of employees voted for no union.

GARBAGE INDUSTRY RACKETS

The committee's investigations into the private carting of garbage in New York City and Los Angeles revealed strikingly how the most criminal elements have wormed their way into this crucial public service and have used the facade of unionism to do their criminal work. Key figures in this industry, the committee interim report states, "obviously feel that the public exists for their benefit rather than vice versa, and that customers at odds with this credo must have it hammered into them by threats, shakedowns, and if need be, by outright denial of garbage-collecting services."

The committee found that a pernicious monopoly exercised by a Greater Los Angeles trade group known as the San Fernando Valley Rubbish Collectors Association * * * had carved up the 220-square-mile valley into exclusive private preserves for its members, thus paving the way of arbitrary price fixing and poor service.

In New York, the committee found that the garbage-collecting industry has been infiltrated and dominated by the basest criminal elements in the country, men whose other profitable enterprises include the dock and numbers rackets and worldwide traffic

in dope and whose copious criminal records include arrests for everything from murder to mayhem, interspersed with felonious assault, extortion, coercion, grand larceny, burglary, and vagrancy. Among this tasteless assortment of jailbirds, thugs, gunmen, and thieves are many members of the notorious international brotherhood of the Mafia.

Typical of the activities of the leaders of this racket is Vincent Squillante who maneuvered his association members into setting up a $57,000 defense fund for the industry, out of which he personally obtained $26,000 to pay his back income taxes, State taxes, and fees for an attorney he had hired to investigate the Nassau County district attorney, who was investigating him.

CHICAGO HOTEL AND RESTAURANT INDUSTRY

The committee's investigation revealed that Abraham Teitelbaum, former counsel for gangster Al Capone, had been hired as a $125,000-a-year general counsel on labor relations for the Chicago Restaurant Association. His $18,000-a-year assistant was Louis Romano, reputed by committee witnesses, including Chicago Crime Commission Director Virgil Peterson, to have been handpicked by the crime syndicate for the labor relations job.

At the conclusion of this particular investigation, Senator MCCLELLAN charged that dishonest management had employed gangsters and hoodlums to negotiate collusive deals, and he cited a staff document which listed management savings of more than $258,000 a year on wages through these deals.

TRUCKING INDUSTRY'S HELP TO HOFFA

Collusion between industry and discredited union officials was perhaps most strikingly illustrated in 1957 during James Hoffa's trial on bribery charges.

John Bridge, head of the Motor Carriers Labor Advisory Council of Chicago, told the Senate committee that he and several other industry leaders had tried to get good newspaper publicity for Hoffa because he had been very helpful to the industry. Under the plan, representatives of different carriers were to contact certain people in the press in an effort to put a better light on what Hoffa was doing.

The committee termed these industry efforts as highly improper and suggested that these efforts were apparently designed to influence the jury in the Washington trial.

COIN MACHINE INDUSTRY

In opening the hearings on the jukebox rackets, Chairman MCCLELLAN declared that racketeers had obtained a stranglehold on the industry through collusion between employers and through creation of unions which have no relation to legitimate labor objectives but are created for the sole purpose of acting as an enforcement arm for hoodlums.

Milton Hammergren, a former vice president of Wurlitzer Co., one of the Nation's major companies in the field, told the committee that his company had used underworld connections in order to sell its machines. He said that violence, including murder, was a pattern in the industry. "We didn't like it," he said, "but we still had to sell jukeboxes."

INSURANCE COMMISSIONS

The McClellan committee has charged that a Chicago insurance agency milked 21 health and welfare funds of an estimated $500,000 in excessive commissions.

Policies were issued by Occidental Insurance Co., which 2 years ago came under committee fire for paying allegedly exorbitant commissions on insurance for the Western Conference of Teamsters.

Head of the agency involved, Harland R. Maris, of Dearborn Insurance Agency, took the fifth amendment when questioned about alleged secret payoffs.

Harry Chaddick, an employer-trustee for one of the welfare funds, charged Occidental reported paying commissions of only one-half of 1 percent when it actually was paying Maris 4 percent. Based on the ethical practices code of the National Association of Insurance Commissioners, the committee charged, the commissions ran as high as 200 percent in excess of normal.

In one letter from Maris to his associates, introduced at the hearings, the agency official explained his operations this way:

"In this type of business, when you are working as a corporation, there is only one profitable method of doing business and that is to write deals that are controlled without bids. Then it is possible for the company to get enough premiums to do the job, and, inasmuch as commissions are built upon percentage of premium, obviously the higher premium we get, the higher commission we get."

NEWSPAPER INDUSTRY

One of the most shocking revelations to date in all of the McClellan hearings is the story of leading New York publishers knuckling down to cheap extortionists. Testimony introduced to the committee indicated that more than $750,000 in payoffs had been given to alleged labor racketeers.

An official of the Hearst-owned American Weekly, a Sunday supplement carried in scores of papers across the country, admitted paying $24,000 over the past 6 years as the price of labor peace.

Spokesmen for the New York Times and New York Daily Mirror acknowledged that in 1946 and 1948 they paid out a total of more than $80,000 to insure delivery of Sunday supplements threatened by strikes against a private printing concern.

Nine New York newspapers' deliverers pleaded possible self-incrimination in refusing to testify about $425,000 in alleged payoffs to officials of the unaffiliated Newspaper and Mail Deliverers to get favored contract treatment.

ANTIUNION VIOLENCE

I was pleased to note that the McClellan committee plans, before winding up its affairs, to hold a set of hearings in the crucial matter of antilabor violence.

It is almost 25 years since the Congress passed the Wagner Act guaranteeing workers the right to organize into unions of their own choosing. By this time, it would seem reasonable to expect, we would be free of industrial spies, of hired thugs, of cruel violence.

It is a sad fact, however, that in recent years there has been a resurgence of merciless violence aimed at union organizers and officials who are trying to bring the benefit of unionism to some of America's most downtrodden workers. Two years ago, the Textile Workers' Union of America appealed to the McClellan committee to look into this horrible practice engaged in by unscrupulous employers, frequently with the connivance of corrupt local public officials. In requesting such an investigation, the union cited these illustrations of the problem:

On March 14, 1956, four TWUA organizers were beaten by a mob at Limestone Manufacturing Co., a division of M. Lowenstein & Sons, Gaffney, S.C., when they complained to the sheriff they were threatened with arrest.

Two weeks later, five employees of Limestone's, Rock Hill, S.C., attempted to distribute leaflets in Gaffney, and were attacked by company supervisors with fire hoses and a mob from the plant with baseball bats and revolvers. (NOTE.—In May 1957 the National Labor Relations Board upheld the finding leaflets at the plant gate. The U.S. De- "aided and encouraged" these Gaffney assaults on unionists.)

In Alexander City, Ala., the police chief tried to drive an organizer out of town with threats of violence, then instigated his beating by two men on the mill payroll, climaxing the case by arresting the organizer for "breach of the peace."

At Tallapoosa, Ga., while a police officer looked on, two cotton plant employees mercilessly stomped a TWUA member distributing leaflets at the plant gate. The U.S. Department of Justice indicted the culprits, but a local jury "dominated by mill officials" threw the case out of court.

In more recent months, we have seen additional evidences of lawlessness directed at decent, devoted trade unionists:

The beating of Robert D. Beame, a hosiery workers organizer, February 11, 1959, in Franklin, N.C.

The beating of Textile Workers Union of America Vice President and Regional Director Boyd E. Payton in Henderson, N.C., February 24.

The beating and knifing of TWUA field representatives Frank Barker and Frank Chupka in Fitzgerald, Ga., May 22, 1959.

The beating of ILGWU Vice President Charles Zimmerman in May 1959, in Miami Beach, Fla., while attending the union's convention there. This followed by 3 months the beating of his assistant Sol Greene in Tenafly, N.J. Both these men have been actively engaged in the campaign to organize garment shops which underworld forces have been controlling. Other ILGWU leaders, including Mrs. Min Lurye Matheson, Wilkes-Barre organizer and sister of William Lurye who was stabbed to death leading a dress strike 10 years ago, have recently received telephone death threats.

ROLE OF UNETHICAL LAWYERS

Over and over again, in the various disclosures of the McClellan committee, it has been very clear that much of the corrupt practices, both on the labor and the management side, have been engineered, directed, and protected by the activities of members of the legal profession. In a very impressive article in the May 1958 issue of the American Bar Association Journal entitled "Union Racketeering: The Responsibility of the Bar," Senator JOHN KENNEDY makes a moving appeal to the legal profession to lay down some ethical standards for its members and affiliates. Senator KENNEDY summarizes the major abuses of which lawyers have been guilty:

"1. Lawyers who, working for a union official, arrange, conceal, and, worst of all, share in the illicit profits of a variety of improper transactions that use union funds or power for private gain.

"2. Lawyers paid from union funds, to which all of the union's members have contributed, who appear before our committee or a court to advise the union's suspect officers against revealing the purposes for which those members' dues have been used, or otherwise to defend those officers against charges of stealing from or defrauding these same members that pay the lawyer's salary.

"3. Lawyers who represent management in the morning and so-called unions or union leaders in the afternoon, who draw up the 'sweetheart' contracts that keep respectable unions out, keep wages low and keep the profits to both the employers and the fake union leaders very high indeed.

"4. Lawyers who organize 'paper' locals, sham employer associations, so-called independent unions and fake health and welfare plans in order to promote the kind of collusion that cost responsible management and labor—as well as the general public—dearly.

"5. Lawyers who use their position with the union to promote their own financial interests, using union funds or union power to accomplish transactions and investments of benefit only to themselves."

I was shocked to find that on the Senate floor the very mild provisions in the committee bill affecting the operations of lawyers were completely vitiated by a Goldwater amendment that in effect exempts all lawyers from any reporting requirements.

Mr. Chairman, I have tried in the foregoing to cite some of the areas of unethical and/or illegal activities in the field of labor-management relations which have received disproportionately little attention from the Nation's press and from the Congress thus far. I have tried to balance the record somewhat through this submission. I have not tried—since I do not have access to all of the available materials—to make a very thorough record.

As I indicated at the beginning of this statement, there is a serious problem of trade union leaders who have betrayed their trust. Some legislation is needed to help the labor movement clean up this cancer. I will vote for such legislation. But I will not vote, in the guise of reform legislation, for a measure which is aimed at weakening the legitimate, honest, militant, trade unions of this country. They have done too much good for all of America for me to join in the labor baiters and the labor haters at this time.

I also hope to be able to vote for legislation which will really get at the Sheffermans, at the crooked lawyers, at the employers ready to use any tactics to remain nonunion, at corrupt public officials.

Mr. Chairman, let us never be fooled into thinking that punitive, one-sided, politically attractive, antilabor legislation is going to solve corruption, immorality, or lack of democracy in labor-management relations.

I call upon the House Labor Committee and the Congress itself to proceed carefully and fairly and enact legislation which will really strike at the problem of corruption in our society wherever and in whatever form it takes place.

Sincerely yours,

JOHN F. SHELLEY,
Member of Congress.

EULOGY ON ETHEL BARRYMORE

Mr. FLOOD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FLOOD. Mr. Speaker, a great nation is made from many things—not the least of these is its culture. High on the list of culture is the theater—the legitimate theater—and first in the hierarchy of the names in the American theater is that of Barrymore. And at the zenith of that family, the brightest star of its galaxy of stars is the name of Ethel. The royal family has lost its queen. A little bit of our heart is stilled, a touch of our rich voice is lost, and part of our heritage is gone.

I think of the words of the poet—

They are not dead as we, who are left shall die;
Age shall not weary them nor the years condemn
At the going down of the sun and in the morning
We shall remember them.

This thought particularly has value when applied to the great tradition in the American theater created by the Barrymore family and chiefly by the beloved Ethel.

I think of the tremendous scene I saw played by her famous brother, John, and his never-to-be-forgotten reading of the soliloquy from "Hamlet" and particularly there comes to my mind at this time that part of the soliloquy which reads:

To die, to sleep, perchance to dream—
Aye, there's the rub.

The thought, however, meant by Hamlet when he spoke those lines of fear and uncertainty of the afterlife and the lack of peace which might come from death by suicide with which the melancholy Dane was then toying, of course, is not what brings the lines to my mind at this moment as we think of the death of Ethel, because there comes to mind again another famous line from Shakespeare as the curtain line of another of his great plays upon the passing of King Henry. And I am sure Americans will permit me to paraphrase that line as this final tribute to the queen of the American theater:

Goodnight, sweet queen,
And flights of angels sing thee to they rest.

ETHEL BARRYMORE IS DEAD AT 79; ONE OF STAGE'S "ROYAL FAMILY"—FAMED ACTRESS BEGAN CAREER AT 14, CAPTIVATING AUDIENCES WITH VOICE AND MANNER

HOLLYWOOD, CALIF., June 18.—Ethel Barrymore, last of the trio known to Broadway and Hollywood as the "royal family" of acting, died here today of a heart ailment. She would have been 80 years old on August 15.

Miss Barrymore started on the stage at 14 and made her last public appearance on television during a testimonial to her on her 78th birthday. The two others in the Barrymore triumvirate were her brothers, John, who died in 1942, and Lionel, who died in 1954.

Although Miss Barrymore talked amusingly of the past, she refused to live in it and had little patience for those who resented changes in drama brought on by movies and television. In one of her last interviews, several weeks ago, she said:

"We must recognize that change is not going to appeal to us personally if we are irrevocably determined to abide by the traditional standards of taste."

The square-jawed actress with the classical profile had done no acting for movies since 1954, when she made "Young at Heart," with Frank Sinatra and Doris Day. She took her final acting role on television in a "Playhouse 90" dramatization in 1956.

While no longer active as a performer, Miss Barrymore maintained a strong interest in the theater, movies, and television. Leading stars of Broadway and Hollywood would visit or telephone her about show business.

With Miss Barrymore at her death in her modest apartment in Beverly Hills were her son, Samuel Colt, who lived with her, and her nurse and companion, Anna Albert. Her daughter, Mrs. Ethel Miglietti, and her other son, John Drew Colt, were said to be flying here. No date has been set for the funeral.

MORE REGAL THAN ROYALTY

Born to the theatrical purple, but by her own right and dramatic genius holder of the stage's brightest scepter, Ethel Barrymore once received this crowning accolade: "More regal than royalty."

The star, descended from two of the theater's great families—the Barrymores and the Drews—achieved her dramatic fame in the golden era of the American theater and held her grip on the hearts of theatergoers long after she had moved from glamorous roles to mature characterizations.

Critics have written of weeping from the beginning to the end of a play Miss Barrymore acted and forgetting completely to follow the plot. Clifford Odets has told the story of trying to select a pathetic little hat for her to wear in her role as the poor London charwoman in the movie "None But the Lonely Heart." After trying on countless hats, Miss Barrymore turned for approval of the latest headgear and Mr. Odets burst into laughter.

"You still look like a queen," he told her.

She was then 65 years old and Hollywood passed over the glittering array of fine talent that year to give its own Academy Award for acting to Broadway's still-reigning sovereign.

HELD AUDIENCES ENTHRALLED

Miss Barrymore was described by Harold Clurman, author and critic, as possessing a naturally regal quality that was as easy and organic for her as breathing.

"It is a spiritual rather than a social quality," he observed. "Very few kings and queens have possessed it."

Her acting held her audiences enthralled and silent. And so did her manner. She was asked once what she did when playgoers began coughing in the theater. "I never let them cough," she replied, then added: "They don't dare."

Throaty and vibrant, her voice captivated audiences through half a century and more. But as one admirer noted, it did not merely make a rich sound—it was the echo of an inexhaustible wealth of experience. It was the echo of a life Miss Barrymore once thought of describing as "too many tears" in her biography, but later decided to call "Memories" because of her reticence about the expression of her private emotions.

HAILED BY TRUMAN

The actress, who had a theater named after her—on 47th Street, west of Broadway—and who on her 70th birthday was hailed by former President Harry S. Truman as "a great lady and a great artist," recalled once that she had never really wanted to be an actress.

"I always hoped to be a pianist," she confided. "But I had to eat, and acting seemed like the natural thing to do, since the family was already in it." Long after she had achieved fame she said she was always scared to death because of her shyness when she went on stage.

Last night at 8:30 in remembrance of Miss Barrymore, the marquee lights of the Ethel Barrymore Theater were dimmed for 10 minutes just before the performance of "A Raisin in the Sun."

Miss Barrymore, who was born in Philadelphia on August 15, 1879, was 14 when she decided it was time to think about earning a living. She left the Convent of the Sacred Heart in Philadelphia to join her grandmother, Mrs. John Drew, Sr., one of the first of the outstanding American actresses. Miss Barrymore made her debut in New York in the role of Julia in "The Rivals," at the now defunct Empire Theater on January 25, 1894.

ELITE OF THE THEATER

She was watched carefully by the critics. Her father was Maurice Barrymore, a matinee idol and a Beau Brummell of his day, and her mother was the lovely Georgiana Drew, whose family for generations had been among the elite of the theater. Her mother's brother was John Drew and her great-grandmother, Eliza Lane, was an English actress and singer of note. These were her antecedents, and the critics were curious.

It was not a particularly brilliant debut, and managers did not rush to add this latest Barrymore to their lists of stars. But John Drew, whose leading lady then was the celebrated Maude Adams, found a small part for her in his vehicle "The Bauble Shop," and Charles Frohman, the producer, saw her and thought she might do.

She was on her way. A few years, first, of small parts, tours, and little cash. But she began to attract favorable attention and, in

1901, rose to stardom when Mr. Frohman gave her the leading role of Mme. Trentoni in "Captain Jinks of the Horse Marines."

PLAYED IN NOTED HITS

Then, for a decade or more, she appeared in some of the hits of the day, including "Cousin Kate," "Sunday," "A Doll's House," "Alice Sit-by-the-Fire," and "The Silver Box." It was for "Sunday" that Miss Barrymore came out on stage to quiet the thunderous applause and announced: "That's all there is, there isn't any more"—a line that became a part of the national language.

Among her notable roles were in the plays "The Corn Is Green," "The Constant Wife," "School for Scandal," and "The Kingdom of God." She also appeared on the screen with her brothers in "Rasputin and the Empress."

It was in the early 1900's that Miss Barrymore became the idol of her public. Just as schoolgirls of later periods copied the late Jean Harlow's platinum-blond hair, Joan Crawford's eyebrows, and Hedy Lamarr's coiffure, young girls of Miss Barrymore's earlier days solemnly adopted what they called the "Ethel Barrymore voice," "Ethel Barrymore walk," and a dozen other mannerisms of the star.

RUMORS OF MARRIAGE

On March 14, 1909, after it had been rumored at various times that she was to be married to a dozen or more men—among them Prince Ranjitsinihi, famous British-Indian cricket player; Gerald du Maurier; Capt. Harry Graham of the Scots Guards, and others—Miss Barrymore surprised her public with her marriage to Russell G. Colt, son of Col. Samuel Pomeroy Colt, then board chairman of the U.S. Rubber Co.

Three children, Samuel Colt, John Drew Colt, and Ethel Barrymore Colt, all of whom have since made efforts toward theatrical careers, were born to them. In 1923, after numerous separations and reconciliations, Mr. Colt and Miss Barrymore finally were divorced.

About the time the motion pictures began raiding Broadway for stars, Miss Barrymore accepted a year's contract in Hollywood. Of her career in the silent films, Miss Barrymore once said that the only picture she ever made that she could bear to look at was "The Awakening of Helena Ritchie." She was very happy to return from the silents to the stage.

RETIRED IN 1936

In 1936 she announced that she was definitely retired from the stage and intended to devote the rest of her life to the business of being a mother to her children. But a year later she was back on Broadway in the Theater Guild's "The Ghost of Yankee Doodle." In 1938 she starred in the role of a 101-year-old matriarch in Mazo de la Roche's "Whiteoaks." In "Constant Wife" she gave 295 performances on Broadway, but later "The Corn Is Green" ran for more than a year in the initial showing.

Miss Barrymore never kept a single clipping and never collected a scrapbook. "I remember only what I want to remember," she declared. "Why clutter up the house with a lot of dead history?" She collected books, however, and devoured them. At one time they lined the walls of her house, spilled over onto chairs, extra tables, and the floor. Even her garage was lined with bookshelves—all packed.

Miss Barrymore could be very blunt. In 1933 she told an audience of Philadelphia clubwomen that they were "moronic," and that she did not know why she bothered to speak to them at all. On her 75th birthday she was asked what she thought of television. Her reply: "It's hell."

PASSING ENDS TRADITION BORN WITH HER FAMILY

HOLLYWOOD, June 18.—Ethel Barrymore, queen of the great acting family and a star for 58 years, died today. She would have been 80 on August 15.

Miss Barrymore joined her brothers, John and Lionel, in death at 9 a.m. Present in her Beverly Hills apartment were her son, Samuel Barrymore Colt, and a nurse, Anna Albert. They had sat by her bed through the night.

Invalided with a heart ailment, her condition worsened in the last 2 weeks.

Last rites were administered by a priest of the Roman Catholic Church. Miss Barrymore had been a Catholic all her life and never rewed after her unhappy marriage to firearms heir Russell Griswold Colt, which ended in 1923.

In her last days, the actress was bedfast, but kept a lively interest in her beloved show business through TV. She especially liked the baseball games, having been a Giant fan since youth. "I never could get interested in football because I was always playing Saturday matinees," she often explained.

HONORED ON TV

She had been unable to take acting roles for a year and a half. Her last film was "Johnny Trouble" in 1957. In November 1957, she appeared on a TV show to receive tributes from such friends as Tallulah Bankhead, Frank Sinatra, Casey Stengel and Roy Campanella.

A broken arm in January 1958, caused her to withdraw from a Playhouse 90 film.

Her passing ended a glorious career unmatched in the American theater. Heiress to generations of tradition on the stage, she and her brothers became the top stars of their era. The Barrymores were the royal family of the American theater, and Ethel was unquestioned queen.

Her very manner was regal. Audiences were awed by her beauty and poise from the time she became a star at 21 in "Captain Jinks of the Horse Marines." Her hoarse, minor-key voice was widely imitated, especially with her trademark, "That's all there is, there isn't any more." It was her curtain line in "Sunday."

DEVOTED TO CHILDREN

Each of the three great Barrymores was unique. Ethel was the most versatile, playing light comedy or tragedy with equal skill. Her private life was circumspect and she was devoted to her three children, Sammy, Ethel and John.

John was flamboyant, a star in the headlines as well as the theater. Lionel was introspective, not as highly charged an actor as his brother and sister, but an accomplished artist and musician.

The trio appeared together only once—in the movie "Rasputin and the Empress" in 1932.

Miss Barrymore was born in Philadelphia to Maurice Barrymore, a footloose actor, and Georgie Drew, daughter of the Irish actor John Drew. Despite this heritage, she said in late years:

"I never really wanted to be an actress. I always hoped to be a pianist. But I had to eat, and acting seemed like the natural thing to do, since the family was already in it."

At 14, she emerged from 8 years in Philadelphia's Notre Dame Convent School to accompany her grandmother on a Canadian tour in "The Rivals." She played a minor role and later appeared with her uncle, John Drew.

FAMED AS A BEAUTY

It was "Captain Jinks" that made her a star. The epitome of the Gibson girl, she was hailed for her beauty and charm on both sides of the Atlantic. Among her admirers during her London triumphs was Winston Churchill.

She disappointed dozens of suitors to marry Colt in 1909. She recalled he had tremendous humor and at first his lighthearted irresponsibility—he never really grew up—seemed only to add to his charm. But the charm grew thin, and after many separations they were divorced.

Miss Barrymore plunged into her stage career with dedication and went from hit to hit. Her last big play was "The Corn Is Green." Then she turned to films with equal success.

Among them: "The Farmer's Daughter," "The Spiral Staircase," "The Paradine Case," "Moss Rose," "Portrait of Jenny," "Pinky," "That Midnight Kiss," "Just For You." She won the Academy Award for her supporting performance in "None But the Lonely Heart" in 1944.

She also did many roles on television and was hostess of a series, The Ethel Barrymore Theater.

To the end, she was the queen. Her patrician beauty undimmed by the years, she could still wither a reporter with an icy stare for an impertinent question, but with her friends, she was a warm, fun-loving woman with great compassion.

The actress will be buried Monday in Calvary Cemetery, alongside the tombs of the other great members of the dynasty, John and Lionel.

STAGE NOTABLES JOIN IN TRIBUTE

NEW YORK, June 18.—Broadway joined today in tributes to Ethel Barrymore.

Commented Helen Hayes—"All of us work hard in the theater, but none of us can ever give it the luster that she did."

Cornelia Otis Skinner—"She lifted the standards of American acting and gave all who knew her an impetus to lift to her level."

Guthrie McClintic, who directed her in "International Incident"—"This is the passing of an era. Miss Barrymore was * * * perhaps the most glamorous actress ever to appear on the American stage."

Herman Shumlin, producer of "The Corn Is Green"—"She was a grand lady—and always behaved like one. No one else remains from that period of highly unique performers."

Tallulah Bankhead—"I loved her with all my heart. We'll never see her likes again."

The Ethel Barrymore Theater dimmed its lights for 5 minutes in remembrance before the night performance of "A Raisin in the Sun."

PRESERVING THE PEACE

Mr. McGOVERN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. McGOVERN. Mr. Speaker, in last night's Washington Star, Fletcher Knebel observed in his usual humorous style that it is a strange world. "Russia attacks one of our planes and Congress promptly declares war on the Pentagon."

I personally believe that Mr. Knebel's point is well taken. As Secretary of Defense McElroy has suggested, the issue is not the armament on American reconnaissance planes but the blunt fact that "an aircraft on a peaceful mission over clearly international waters was attacked by an irresponsible pair of fighters."

The dismantled guns on this reconnaissance plane would not have been a match for the attacking jet fighters even if they had been operative, the Secretary said.

We all know that one of the great hazards of our time is that some trigger-happy border patrol or pilot will accidentally set off the chain reaction that could plunge the world into world

war III. I hope that the Congress will not add to the tension and recklessness that might lead to such an unthinkable catastrophe. I want to express my own confidence in the patience and discretion of our frontline forces knowing that these splendid men hold the peace of the world in their hands.

TO CORRECT AN INJUSTICE TO CERTAIN FEDERAL EMPLOYEES OF JAPANESE ANCESTRY

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, we all recall that shortly following the Pearl Harbor tragedy, the U.S. Government declared an existing emergency on the Pacific coast with respect to Japanese-American residents in that area. Accordingly, there was established the War Relocation Authority which ordered the evacuation of all Japanese residents from their homes to 10 internment camps.

Under security measures issued by authority of the War Relocation Authority, four Nisei Americans, on the rolls or later to become eligible for employment in the Los Angeles Post Office, found themselves under the jurisdiction of the War Department and shut off from Federal employment or the promise of same. Consequently, various benefits and advancements which would have accrued to them in the Postal Service were denied since their eligibility was canceled by circumstances over which they had no control.

The Nisei Americans to whom I specifically refer—Hiroshi Neeno, James Kaneda, Frank Emi, and Togo Furumura—were ultimately restored to Federal employment and eligibility for same under Public Law 545, enacted by the 82d Congress.

Unfortunately, however, this law does not go far enough in righting the wrong that was done in denying these loyal Americans the benefits and advancements they would have received had they not been interned. Public Law 545 fails to provide them with the appropriate credits for annual leave and retirement which other Federal employees, hired or eligible for employment, received during the period of internment.

To correct this injustice, I have introduced a measure, H.R. 7810, designed to provide credit for leave and retirement purposes to these faithful citizens who have not only proved their loyalty to this country, but who have performed in highly creditable fashion as postal employees.

Recently Attorney General William Rogers, in commenting on the completion of a program to restore citizenship to some 5,000 Nisei who had renounced their citizenship in understandable bitterness, and in calling our attention to the settlement of all claims arising from the hasty evacuation of these Japanese-American residents, stated that—

Our country did make a mistake. We publicly recognized it and, as a free Nation, publicly made restitution.

Today, one small segment of justice needs yet to be done by providing these long overdue benefits to the Nisei to whom I have referred.

Mr. Speaker, I respectfully urge my colleagues to support this bill so that this lingering vestige of injustice may be corrected by statute.

HOUSING ACT OF 1959

Mr. SPENCE submitted a conference report and statement on the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Bow (at the request of Mr. HALLECK), for June 19, 1959, on account of official business.

Mr. BUSH (at the request of Mr. FENTON), for balance of the week, on account of death in family.

Mr. CHAMBERLAIN (at the request of Mr. HALLECK), for June 22 and June 23, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mrs. ROGERS of Massachusetts, for 10 minutes, on Monday next.

Mr. SCHWENGEL, for 30 minutes, on each of the following days: June 23, July 1, July 8, and July 15.

Mr. MOELLER, for 20 minutes, on Wednesday next.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. RAINS and to include a speech by Mr. ROBERTS.

Mr. NATCHER and to include extraneous matter.

Mr. SCHWENGEL.

Mr. WOLF to revise and extend his remarks in the RECORD in four instances and to include extraneous matter.

Mr. HOSMER and to include extraneous matter.

Mr. FULTON and to include extraneous matter.

At the request of Mr. MCGINLEY, the following Members to extend their remarks in the RECORD and to include extraneous matter:

Mr. BROWN of Missouri in one instance.

Mr. FEIGHAN in two instances.

At the request of Mr. SMITH of California, the following Members to extend their remarks in the RECORD and to include extraneous matter:

Mr. BERRY.

Mr. VAN ZANDT.

ADJOURNMENT

Mr. MCGINLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 47 minutes p.m.), under its previous order, the House adjourned until Monday, June 22, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1113. A letter from the Acting Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation entitled "A bill to provide for the hospitalization, at St. Elizabeths Hospital in the District of Columbia or elsewhere, of certain nationals of the United States adjudged insane or otherwise found mentally ill in foreign countries, and for other purposes"; to the Committee on Education and Labor.

1114. A letter from the Attorney General, relative to the presentation of the Young American Medal for Bravery by the President of the United States at the White House on May 8, 1959, pursuant to the act of August 3, 1950 (64 Stat. 397–398); to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XXIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. PFOST: Committee on Interior and Insular Affairs. H.R. 3682. A bill to permit the processing of certain applications under the Small Tracts Act for lands included in the Caribou and Targhee National Forests by the act of August 14, 1958; with amendment (Rept. No. 564). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLATNIK: Committee on Public Works. H.R. 1074. A bill to repeal the act of August 9, 1939, creating the Louisiana-Vicksburg Bridge Commission; without amendment (Rept. No. 565). Referred to the House Calendar.

Mr. SPENCE: Committee of conference. S. 57. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes (Rept. No. 566). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. ASPINALL:

H.R. 7858. A bill to amend the Revised Organic Act of the Virgin Islands, as amended; to the Committee on Interior and Insular Affairs.

By Mr. BAKER:

H.R. 7859. A bill to amend section 1034 of the Internal Revenue Code of 1954 to provide that where the taxpayer or his spouse has attained the age of 65 no gain on the sale or exchange of the taxpayer's home will be taxed; to the Committee on Ways and Means.

By Mr. BLATNIK:

H.R. 7860. A bill to repeal the tax on transportation of persons; to the Committee on Ways and Means.

By Mr. BOGGS:

H.R. 7861. A bill to amend section 213 of the Internal Revenue Code of 1954 to repeal

the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses; to the Committee on Ways and Means.

By Mr. BYRNE of Pennsylvania:

H.R. 7862. A bill to provide for the disposition of the Philadelphia Army Base, Philadelphia, Pa.; to the Committee on Armed Services.

By Mr. DENT:

H.R. 7863. A bill to provide that the authority to enter into foreign trade agreements shall expire on June 30, 1960, and to provide that the Congress may disapprove any foreign trade agreement proposed to be entered into during the 1-year period beginning on July 1, 1959; to the Committee on Ways and Means.

By Mr. DOOLEY:

H.R. 7864. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. ELLIOTT:

H.R. 7865. A bill to establish a teaching hospital for Howard University, to transfer Freedmen's Hospital to the university, and for other purposes; to the Committee on Education and Labor.

By Mr. HARRISON:

H.R. 7866. A bill to provide benefits under title II of the Social Security Act for the survivors of certain individuals who died before 1940; to the Committee on Ways and Means.

By Mr. HORAN:

H.R. 7867. A bill to amend the Internal Revenue Code of 1954 to impose import taxes on lead and zinc; to the Committee on Ways and Means.

By Mr. LANE:

H.R. 7868. A bill to amend title III of the act of March 3, 1933, with respect to the acquisition by the United States of articles, materials, and supplies for public use; to the Committee on Public Works.

By Mr. MULTER:

H.R. 7869. A bill to prohibit the shipment in interstate commerce of plastic bags unless such bags are labeled or manufactured in accordance with standards prescribed by the Secretary of Commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. O'BRIEN of New York:

H.R. 7870. A bill to amend the Revised Organic Act of the Virgin Islands, as amended; to the Committee on Interior and Insular Affairs.

By Mr. PRICE:

H.R. 7871. A bill to provide that an officer of the Army, Air Force, or Navy assigned to serve as Director of the Armed Forces Institute of Pathology shall hold the rank of not less than brigadier general or rear admiral, as the case may be, while so serving; to the Committee on Armed Services.

By Mr. SAYLOR:

H.R. 7872. A bill to amend the Revised Organic Act of the Virgin Islands, as amended; to the Committee on Interior and Insular Affairs.

By Mr. SCHWENGEL:

H.R. 7873. A bill to designate the new lock on the St. Marys River at Sault Ste. Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. SCOTT:

H.R. 7874. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. SIMPSON of Pennsylvania:

H.R. 7875. A bill to assure that income allocated as patronage dividends by cooperatives is taxed either to the cooperative or the patron; to the Committee on Ways and Means.

By Mr. STEED:

H.R. 7876. A bill amending paragraph 1020 of the Tariff Act of 1930, as amended; to the Committee on Ways and Means.

By Mr. KOWALSKI:

H. Con. Res. 205. Concurrent resolution recognizing the Polish Legion of American Veterans as a bona fide veterans' organization, and favoring recognition of its representatives in the prosecution of certain claims; to the Committee on Veterans' Affairs.

By Mr. SCOTT:

H. Con. Res. 206. Concurrent resolution expressing the sense of the Congress with respect to a program for paying the national debt; to the Committee on Ways and Means.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Massachusetts, memorializing the President and the Congress of the United States on the adoption of legislation providing for the establishment of a permanent advisory committee on intergovernmental relations, which was referred to the Committee on Government Operations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLATNIK (by request):

H.R. 7877. A bill for the relief of Vladislav Fotich; to the Committee on the Judiciary.

By Mr. MAGNUSON:

H.R. 7878. A bill for the relief of Albert Goodson, of Seattle, Wash.; to the Committee on the Judiciary.

By Mr. PELLY:

H.R. 7879. A bill for the relief of Albert Goodson; to the Committee on the Judiciary.

By Mr. REUSS:

H.R. 7880. A bill for the relief of Yadwiga Boczar; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Operation Bootstrap, Indian Style

EXTENSION OF REMARKS
OF
HON. E. Y. BERRY
OF SOUTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. BERRY. Mr. Speaker, I have asked unanimous consent to insert in the RECORD a statement on my Indian bill which I have chosen to term "Operation Bootstrap," Indian style, because the plan has been copied pretty much from the plan of Operation Bootstrap in Puerto Rico.

Since the introduction of this bill 2 weeks ago I have had dozens of letters from organizations interested in Indian problems, from industrial plants interested in the provisions of the bill, and from Indians themselves who see in this bill an opportunity for they and their family to obtain the better things of life.

Contrary to other proposed legislation for the Indian people, Operation Bootstrap does not propose the direct expenditure of a single cent of taxpayers' money. True, there is a tax exemption provided for an industrial plant locating on the reservation's area which one might call an indirect subsidy but it requires no personnel, it requires no direct appropriation. The only cost to the taxpayer is the cost of the tax exemption for the industrial plant.

On the other hand, the benefits, Mr. Speaker, are manifold. The principal problem on the Indian reservations of America is the fact that there is no employment and as my grandfather, a good old Dutchman from Pennsylvania used to say, "And Satan finds some mischief still, for idle hands to do."

No work, no job, no income—other than relief—they sit unemployed without hope or purpose.

Where industrial development has offered employment, the entire reservation community has been completely changed, homes are repaired, children are clothed, an atmosphere of pride overtakes the community, with a better diet, bodies become more resistant to disease. The manager of the Bulova Watch Co., who have a jewel bearing plant at Rolla, N. Dak., told a group of us at a breakfast one morning that the absenteeism at the Rolla plant, which has 90 percent Indian employment, is less than any plant the company has. He said normal absenteeism ran about 15 percent—at Rolla it is less than 3 percent.

Mr. Speaker, I hope that the Members of this Congress will give serious consideration to Operation Bootstrap, Indian style. Passage of this style of legislation is long overdue.

The Altoona (Pa.) Mirror, One of Pennsylvania's Most Popular and Widely Read Daily Newspapers, Celebrated Its 85th Birthday, June 13, 1959

EXTENSION OF REMARKS
OF
HON. JAMES E. VAN ZANDT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. VAN ZANDT. Mr. Speaker, amid a shower of congratulatory messages that included greetings from President Dwight D. Eisenhower, Vice President Richard M. Nixon, Members of the U.S. Senate and House of Representatives, Gov. David L. Lawrence, of Pennsylvania, and business and industrial leaders, the Altoona Mirror celebrated its 85th birthday, June 13, 1959.

Founded in 1847 by Harry Slep, a youthful German immigrant with a de-

termined purpose in life and unbounded faith in America, the Altoona Mirror from its humble beginning as a four-page paper of five columns steadily grew in importance in the newspaper field under the inspired leadership of its founder.

Today daily issues of the Mirror contain many pages of eight columns each in presenting practically every facet of news found in the metropolitan daily papers.

The largest edition of the Mirror consisted of 128 pages and was published August 6, 1949, in heralding Altoona's centennial celebration; while the 85th anniversary issue published last Saturday was an 80-page edition replete with interesting articles tracing the Mirror's history and progress and likewise the business and industrial growth of the Altoona area since its first issue over three-quarters of a century ago.

Thus the 1959 anniversary edition embraced the period from the horse-and-buggy era to the present atomic age, and gave an account of the Mirror's stewardship in abiding by the noble precepts of its founder Harry Slep and his son the late Daniel N. Slep, who for many years before his death in 1953 followed faithfully in his father's footsteps.

Truly the successful achievements of the Altoona Mirror and the prominence it has attained as an exponent of clean journalism are enduring monuments that keep alive the memories of a distinguished father and a faithful and renowned son.

Today the legacies of love and devotion to the highest ideals of responsible journalism exemplified by father and son are entrusted to the Mirror family comprised of a 12-member board of directors headed by President and General Manager J. E. "Ted" Holtsinger, who is also recognized in newspaper circles for his marked ability in writing editorials that have been widely acclaimed for their timeliness and content.

With Ted Holtsinger continuing as the guiding genius presiding over the destiny of the Mirror it is the consensus that under his inspiring leadership and administrative ability even greater success and progress are assured as the popular Blair County daily newspaper continues the journey onward to its 100th anniversary.

It was my pleasure to join with the large number of persons in all walks of life who extended on the 85th anniversary of the Mirror sincere congratulations and best wishes to officials and the staff of over 180 dedicated employees, as well as to nearly 500 newsboys, dealers, and independent carriers responsible for the delivery daily of the Mirror to its thousands of readers.

In further salute to the Mirror family incident to the 85th birthday of one of Pennsylvania's most popular and widely read newspapers and in keeping with the spirit of the occasion I wish to include at this point in my remarks an editorial written by the Mirror's president and general manager, J. E. "Ted" Holtsinger, entitled "Our 85th Birthday," together with an article entitled "Happy Birthday" written by Herman S. Reifsnyder, managing editor of the Mirror, who gives an interesting résumé of the accomplishments of the Mirror over a span of 85 years.

In conclusion there is included in my remarks my congratulatory message to the Altoona Mirror on such a memorable occasion as its 85th anniversary:

OUR 85TH BIRTHDAY

(By J. E. Holtsinger, president and general manager)

Eighty-five years ago today the Altoona Mirror was born. Conceived in the brain of a master printer, whose job shop had become an accepted part of the community, it was dedicated to community service. Its continued growth has proven the soundness of its founder's dedication to that service. He had faith in this community and its people.

Harry Slep, the founder of the paper, had a firm conviction that the master craftsmen who lived in Altoona and the surrounding towns would appreciate good printing. He insisted on good legible pages and the type of newswriting that conformed to clean type and good composition of both news and advertising pages.

The Mirror never has been a sensational paper. It has had its share of human tragedy to report, but it has never capitalized on human misery. Its editorial policy has been to give as much space and prominence as possible to the good deeds that men do and never to overplay their mistakes and the penalties they have had to pay for making them.

Starting a business back in those days was quite different in many ways from starting a new enterprise today. The founder and members of his family made up the greater portion of the work force. The apprentices and printers, admen, and reporters all served in dual capacities. Payment for services sometimes consisted of store orders and part cash and it was a happy day when all the pay was in the coin of the realm.

Nothing was deducted from the pay envelopes for social security, income tax, retirement fund, insurance or for any other reason and it did not require several bookkeepers to figure out what part of the pay or income of the business had to be set aside for Uncle Sam, for the Commonwealth, and for the city. Had all these requirements been in force at that time the little newspaper never could have been born and, if by some chance it had been born, it never would have survived.

Cash derived from sales of the paper and from advertising was used to pay the workers and when cash was short, as quite often it was, then the letters FHB were likely to come into use. These abbreviated letters meant family hold back. It was a familiar term with all local business of that era.

When there was surplus money it was spent for more type, better machinery, and that host of little things that go into the printing of a better paper. When the first linotype was purchased, the printers, less than 10 in number, were afraid that this would mean the end of their trade. On the contrary, the speed which was attained in setting type soon made it possible for more men and more machines to be added.

As the city grew, the Mirror grew with it. Today it is a regular visitor to almost every home in the city and it goes into more than 90 percent of all the homes in the county. It has held its own in the matter of quality printing and Mirror makeup and Mirror printing are bywords in the whole industry. In the national scene, competing with the largest newspapers of the country, the Mirror has won more than its share of the prizes and in a State noted throughout the Union for its fine newspapers it is a consistent winner of top awards for editorial and advertising content as well as for its excellence in typography.

The 80-page paper which the Mirror presents to its subscribers today taxed the capacity of the five big Goss units in our pressroom. This is one of about 10 daily papers in this State with an 80-page press. The pressroom, which is visible from the 10th Street side of the building, is acclaimed as the cleanest pressroom in the State by those who regularly call upon the trade in Pennsylvania cities. It is manned by a crew that takes great personal pride in their work.

The composing room, which also is one of the most modern in the State, is kept in good order by the fine mechanics who work there. They also take good care of their machinery, knowing that clean type and dirty machines just don't go together for long. Those who write the news and advertising copy for the pages also have in mind the type of paper that will find ready acceptance in all the homes of the community.

A modern paper has many partners. Its closest partners and the ones whose opinions and preferences are most likely to be reflected are, of course, its subscribers. They make it a valuable asset to a growing region. Their lives and the life of their time are reflected in its daily pages.

Another partner of considerable consequence is the advertising community. Cooperation and common trust between the subscribers and the advertisers make it possible for goods to move freely and services to be provided at lower costs than any other discovered means of trade.

Other partners include, of course, the senior partner mentioned last week. He has never heard of the term FHB; with him it is a matter of uncle comes first. Then there is the Commonwealth which also comes in for its share of the income and the city and county and school district, all of which are dependent upon the profits of industry and the wages that industry provides for their continued existence.

Then, too, there are the guests. They include the Community Chest and Red Cross and all the other agencies that work for the betterment of mankind.

Harry Slep, the master printer, would be amazed at the size to which his family has grown. We believe that he would be pleased with them and with the 80-page paper that they present to their subscribing partners on this anniversary.

May those who write and those who print the anniversary editions in the years to come remember forever his conviction that clean printing, clean thinking and good service are the primary requisites for success.

HAPPY BIRTHDAY

(By H. S. Reifsnyder, managing editor)

"Happy birthday" is a greeting that is just about the nicest statement that anybody can receive, whether it be given to the youngest in years or to the oldest. It's a salutation with much meaning, one of sincerest best wishes, one of praise, one of congratulation, of remembrance, and of accomplishment.

It's a salute that one cherishes as an individual. Yes, even business, industry and all firms appreciate the phrase on the occasion of the anniversary of their founding.

This year, the Altoona Mirror marks its 85th anniversary and it's a birthday, a June 13 one, that has been well remembered by the entire Mirror family and its host of friends far and near and the greetings, received from many, are most certainly appreciated.

Nothing perks up an individual or an organization nearly as much as that greeting "happy birthday." Just remembering it makes the recipient feel proud and happy. Birthdays are noted for their messages of friendship. They also are marked for their congratulations, and of giving and receiving of gifts, whether they be words, of letters, of messages. All are cheerfully given and gratefully accepted.

On this 85th Altoona Mirror anniversary we accept the birthday event as a pretty good occasion to acknowledge remembrances, not only of the day, but of recent days, of recent months and of years gone by, for the Mirror has been the recipient of honors, awards and praises that have accumulated until today we of the newspaper fraternity are really bursting with pride over the numerous gifts that have been bestowed for services, for innovations, for outstanding achievement in the newspaper profession, in civic affairs and in practically every endeavor that the Mirror has been called upon to play some part.

June, of course, is a pretty swell month in itself. It is a month for brides, of roses, of graduations, for vacations, for celebrating the birth of our flag. It is also a month for sunspots, a hot moon, the surprise of heavy and fast appearing thunderstorms, and of hailstorms. It is also the month for the swelling of little apples, green leaves on the corn, and a lot of other important things. It's a good month for the Mirror's birthday, as well.

Eighty-five years represents an experienced age. Just to operate successfully over that period of years is an achievement. To continue a fine reputation for 4 score and 5 years is commendable. To stay young in spirit and continue to grow is even more creditable. And 85 is a fine time to look back over accomplishments and the resultant awards.

The Altoona Mirror has been extremely fortunate in winning laurels. The newspaper also shares many individual awards gained by the editorial, the advertising, the classified, the mechanical, the press, and the job departments. All have been highly praised for their services.

Gold cups, silver cups, loving cups, plaques, certificates, citations, and medals have all been bestowed on the Mirror.

This newspaper is a muchly decorated business building. The walls are adorned with framed citations and with plaques. The library displays cups. It's practically a showplace for citations.

All our awards are cherished. All have tended to make the Mirror bigger and better for they have been an inspiration to the family of workers at all levels of employment.

Compiling a list of awards has been an interesting undertaking within recent weeks. Reciting all of them would consume much time. Even a roster of awards fills quite a large sized volume.

Awards have come to the Mirror in competition, on occasion, with the more than 2,000 daily newspapers in the United States. The Mirror has won in many State competitions, both in the open class against 130 daily papers, large and small, and has competed against newspaprs in four States, combined for some years in an association for mutual benefit to advertisers.

General appearance, makeup, typography, best editorials, best editorial page, advertising promotion, and ideas have all brought the Altoona Mirror high awards.

One of the Mirror's most prized gold cups sort of furnished this newspaper with a motto "A Mirror That Shines." And Editor and Publisher, donor of the cup, editorialized on the victory referring to the Altoona Mirror most glowingly.

"Far above any stood the Altoona Mirror. Every page was made up—made up, and not thrown together by a hurried compositor. It was expert workmanship, performed by skilled workmen, interested in producing the finest and most appealing product. Every advertisement bore the stamp of having been followed through from the front office to the delivery platform with an expert hand and a seeing eye. The writing was of real excellence, the paper one pleasing to the eye of the reader. Even food advertising, an eyesore in several of the papers examined, stood out bright and sharp in the Mirror."

It quite naturally pleased the Mirror as the recipient.

From the Freedoms Foundation came a top award of money and a medal for a Mirror editorial. The Mirror achieved a membership in the internationally famous Headliners Club of newspapermen for a promotion in the news department. We own the President's cup, for the best local advertising campaign. Another gold cup was awarded for excellence in advertising. A bronze plaque came for the best advertising promotion, nationwise, for paper under 50,000 circulation.

A month ago came another award for makeup among papers in Pennsylvania, the Altoona Mirror competing far out of its class, circulationwise, but taking third place, which is an excellent achievement.

The very latest award is less than a few weeks old, being presented for the Mirror's promotion at the 26th salesmanship and idea presentation of the Newspaper Advertising Executives Association in Chicago.

The Altoona Mirror appreciates greatly the numerous citations. The very first plaque ever given any newspaper came to the Mirror, the gift of the Pennsylvania Music Education Association.

Our farm page, a weekly feature now in its 5th year and presented every Saturday, won Penn State University plaudits and more than a dozen grange and farm magazine awards. The Mirror was recognized at a recent national convention of agriculturists held at State College, the Mirror being on the program.

Mirror poetry columns have drawn the greatest correspondence in the entire history of newspapers. Mirror poetry is contributed and a generous space is devoted to all poets from many States. Mirror poetry is quoted consistently in the Williamsport Grit, with full credit with the "appeared in the Altoona Mirror" notation.

The weekly display of infants arriving at the Altoona Hospital has attracted national attention following a glowing report in the Editor and Publisher and many papers have copied the idea.

Mirror editorials are copied profusely, with credit, too, not only in State newspapers but in the CONGRESSIONAL RECORD and in other State journals of large size. Two newspapers have been most generous, especially in copying Mirror editorials, to the extent of over 100 individual items, within the last decade. This naturally pleases the newspaper and the authors.

Mirror individuals are called upon often, and most willingly, to act as judges whether it be writing news, columns, editorials or perhaps beauty contests, civic promotions, out-of-State newspaper contests. Annually, The Mirror staff judges hundreds of papers, Pennsylvania papers reciprocating for their judges of this State's annual newspaper contests.

Over the years Mirror officials and employees have been selected in view of the paper's high standing among the country's newspapers, to fill high offices in State and national associations.

Pennsylvania Week, celebrated for 8 years in the State and founded by a newspaperman, saw the Mirror furnishing the executive director of the newspaper promotion for that week in the State. Twice the Altoona Mirror was honored as its publishers filled the presidency of the Pennsylvania Newspaper Publishers Association, the Mirror being a charter member and one of the founders of this organization.

The Mirror has provided a president for the Pennsylvania Society of Editors, a president of the Circulation Managers Association, and a secretary, vice president, and treasurer for the ANCAMS, the American Newspaper Classified Managers Association. Our display advertising staff has long held important positions with the National Advertising Managers Association and has brought home numerous awards. The Pennsylvania Women's Press Association is officered by the Altoona Mirror also. Recent conventions found the Mirror lauded for its high-class advertising standards from national speakers.

Briefly listing the certificates and citations and medals, includes thanks bestowed on more than one occasion for Armed Forces Day promotions, all the health organizations, the American Legion, National Guard, women's auxiliaries awards for meritorious services, Veterans' Administration, U.S. Treasury, DAV, Kiwanis man-of-the-year award, hospital campaigns, ministerium, the various religious organizations, Boy Scouts, National and State YMCA, U.S. Chamber of Commerce, and many others. All recall happy feelings and tasks well performed and praises and thanks were most generous.

The Mirror especially enjoys receipt annually of a citation from the National Safety Council and of the various newspaper safety groups for its 100 percent perfect record in the delivery of newspapers by truck and carrier.

From our newspaper suppliers we appreciate awards for our long affiliations. The United Press has always been the source of the wire news, the organization presently being United Press International, a fine worldwide news source. Plaques adorn the Mirror plant from the company. Our association with the Newspaper Enterprise Association has likewise been for more than 50 years; in fact the Mirror is a charter member. Newsprint firms supplying paper have long been furnishing the product without delay.

And on this 85th birthday the Mirror can claim many more honors for firsts, the first linotype machine in this part of the State; one of the first to use color on page 1 and in advertising; the first for teletype machines, the first for punchers to tape the news for automatic processing on machines, along with up-to-dateness in giant presses with all the latest improvements for today's high-speed newspaper production.

A Mirror feature of recent months, the city manager election and city operation of 40 years ago, brought many congratulations to the newspaper, the series of 180 daily stories informing Altoonans of problems, of arguments, of political mismanagement. The Mirror has long been an advocate of city manager government, still regarding the few years of operation as the best management this city ever had.

The Mirror is proud of its block-long newspaper plant, more spacious than many of the competitive State newspapers.

Proud indeed, the Mirror commends its loyal employees for long services and the over-25-year club has reached more than 70 in number, with many employees over the 50-year service record, or approaching it within a few years. All help produce "a Mirror that shines."

Keeping up to date and hustling is accomplished through membership in the various newspaper organizations, locally, in the State and nationally. New ideas, new features, new inventions are all studied closely and newspaper employees have the finest and the latest of equipment, lighting and speeding up their work, while at the same time having the employee group enlarged from year to year.

In conclusion, it's our 85th birthday and, as celebrants, we at the Mirror are most happy and grateful for 85 wonderful, prosperous, progressive years.

CONGRESSMAN JAMES E. VAN ZANDT CONGRATULATES THE MIRROR

(Congratulations to the Altoona Mirror on its 85th anniversary have been extended by Representative JAMES E. VAN ZANDT to J. E. Holtzinger, president and general man-

ager of the Mirror Printing Co. Representative VAN ZANDT's message follows:)

Mr. J. E. HOLTZINGER,
President and General Manager,
Mirror Printing Co., Altoona, Pa.

DEAR TED: The 85th anniversary of the Altoona Mirror is a memorable occasion and I extend my heartiest congratulations.

Reaching the important milestone is a source of happiness because it focuses public attention on over three-quarters of a century of progress in the field of journalism in Blair County, Pa.

As you and the Mirror staff of employees joyously celebrate the 85th anniversary of one of central Pennsylvania's most popular and successful daily newspapers, you have the added satisfaction of knowing that the great progress achieved is a monument to the Slep family tradition of strict adherence to the principles expressed in the canons of journalism—an all-embracing code of ethics of the fourth estate.

This happy event recalls to mind that freedom of the press as guaranteed by the first amendment to the Constitution is a precious right. It is common knowledge that from time to time repeated efforts have been made to muzzle or silence the press in the United States while in foreign nations we have the sordid and shameful spectacle of a subservient press bowing to the demands of power-crazed dictators to the extent such newspapers are propaganda machines of the state.

Liberty and freedom of the press are inseparable companions and in preserving them the newspapers of the Nation are mighty fortresses in defense of the truth.

It is recalled that Thomas Jefferson warned: "Our liberty depends on freedom of the press and that cannot be limited without being lost." His words are believed to have been uttered as a result of studying the trial of the crusading and courageous John Peter Zenger, a poor printer who became editor and publisher of the New York Weekly Journal in 1733 and who had his presses demolished and was jailed because of his viewpoint that freedom of the press be unassailed.

Freed from jail when his views were upheld in court his name is revered today wherever a newspaper is printed. In fact one American orator described Zenger's victory as the "morningstar of liberty."

Freedom of the press in full bloom brought tremendous power and influence. It is recorded that in 1805 Napoleon Bonaparte said at the height of his own power "I fear the power of one newspaper more than I fear the guns of 100,000 troops." When these words were uttered the power and influence of the press were yet in swaddling clothes.

Today we have only to recall the fate of the press in countries behind the Iron Curtain or where other dictatorial powers gained the upperhand such as in Argentina when the daily newspaper La Prensa was silenced.

On the occasion of the 85th anniversary of the Altoona Mirror we are forcibly remind that in this blessed United States we have a vigorous, grassrooted free press.

As the Altoona Mirror progresses toward a century of service as a watchdog for the public interest and in helping its readers to keep abreast of events in this fast-moving and changing atomic age, its greatest challenge is to remain steadfast in its 85-year policy of faithful observance of the principles of sound journalism which means continued refusal to slant the news in violation of the highest tradition of a free press. To indulge in such a form of base journalism would defeat the will of the people in seeking to be truthfully informed and thus would give them no opportunity to profit from the assurance of the lowly Nazarene—"ye shall know the truth, and the truth shall make you free."

Mindful that your life is dedicated to upholding the precepts of responsible journalism and since your outstanding ability as an editorial writer is well known, it is a foregone conclusion that your literary efforts will continue to produce pungent, incisive, and thought-provoking editorials so essential in keeping Mirror readers abreast of the issues of the day. You are fortunate in having the aid of such fine editors as Herman S. Reifsnyder and J. Edward Benney, with the result that the three of you through a trinity of effort give ample assurance to the reading public and especially the residents of Blair County that their favorite daily newspaper the Altoona Mirror is in good hands.

It further demonstrates you can be depended upon to continue to carry the torch for freedom of the press in the same commendable manner as in the past 85 years and as envisioned by the Mirror's founder, Harry Slep, when he placed his faith in Altoona and established what is now one of Pennsylvania's most highly respected daily newspapers.

With kind regards, I am,
Sincerely yours,
JAMES E. VAN ZANDT.

CV——718

Madisonville, Ky., a City of Good Government and Good Citizens

EXTENSION OF REMARKS
OF
HON. WILLIAM H. NATCHER
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. NATCHER. Mr. Speaker, I have previously been privileged to call attention to the enviable record that has been established and is being maintained by the city of Madisonville, Ky., population 17,372. For the fifth consecutive year the citizens of Madisonville will not be required to pay a real estate or ad valorem tax.

The city of Madisonville, named in honor of President James Madison, is the county seat of Hopkins County. It is a beautiful city which is continuing to be improved by public-spirited persons who take an active part in their city government, and who have faith in its future. It has been said that the antidote for pessimism is perspective. Surely the people of Madisonville have not been without perspective in any of their worthwhile endeavors. This fact is evidenced by fine churches, schools, and in every aspect of community life.

When visiting the city of Madisonville one is impressed by the warmth and sincerity of its residents. Interest in their community is generated from father to son and is manifested by civic clubs, professional and business men and by those in all walks of life. The local newspaper, the Madisonville Messenger, and also the radio station, WFMW, like the citizens of Madisonville, takes an active part in all activities for the betterment of the community. Through the medium of the Madisonville Messenger and radio station WFMW, the citizens of Hopkins County are the recipients of up-to-date, unbiased news. The owner, editorial staff, and all personnel connected with this newspaper and radio station are indeed serving the best interests of their town, county, and State.

The people who reside in Madisonville have shown foresight and wisdom in the selection of those who are responsible for the good performance of government. The mayor, David Parish, a successful businessman, is fortified in his efforts by members of the city council, as well as all city officials and personnel of the various municipal departments. Because of the untiring services rendered by such men and women, Madisonville is economically operated. The city has a modern sewer system, a sewage-disposal plant, and its own electric and water systems.

Madisonville residents have faced a challenge. Service to their community, conscientious performance of their jobs—sometimes in the face of difficulties—these and many other everyday duties hold the possibility of deep gratification. For their activities they should receive and enjoy praise. However, I am sure, the true satisfaction, the essence of success, comes to them not from praise but from the doing. Good government and good citizens are one and the same; good individuals make good towns and nothing else does. Good communities make a good State and nothing else can. In this knowledge I hold the citizens of Madisonville, Ky., in the highest respect and admiration.

The Wheat Bill

EXTENSION OF REMARKS
OF
HON. FRED SCHWENGEL
OF IOWA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. SCHWENGEL. Mr. Speaker, it was gratifying to note the good judgment expressed by this body Thursday in rejecting the conference report on the wheat bill. All of us who have some feeling for the consumer, the taxpayer, and the farmer, hope that the conferees will go back to work and come forth with legislation which will help solve our No. 1 agricultural problem today.

The conference report certainly did not do it. It would not have substantially cut production and in the long run, it would have cost more money. It would have merely added to our woes by compounding the issue.

It appears to me that the type of legislation which was worked out and presented to this body is just another example that we sometimes get away off the track in representing the interests of the people.

Nobody wanted this legislation; even the majority leadership was lukewarm to it. The wheat farmers certainly did not want it, and in this group I include those who grow and harvest 15 acres or less. In fact, they were going to be the forgotten men if this legislation passed and was put on the books. They would not have any voice in the program whatever.

The clamor across the country is for more freedom for the farmer. They want less Government interference in their programs. They would like to be able to grow what they can and sell it in the open market. They ask for a halfway decent chance to work out their own problems.

Yet the great architects of the planned economy schemes continually ignore these people as individuals with the ability to think for themselves. The social planners work out the legislation so that Washington and its bureaucracy will continue to have a stranglehold on everything that the individual farmer does. They will tell him what to grow, when to grow it, and how much he can expect for his effort under a complicated formula of compliance or noncompliance, but seldom cross compliance.

When we originally considered wheat legislation in the House—and frankly we were long enough getting to it in view of the urgency—we had some commonsense proposals offered from the floor. Most of them were beaten down without too much consideration of their ability to solve aspects of the problem.

When a new wheat bill is drafted—and certainly this Congress is charged with the responsibility of getting something on the books without further delay—it would be well to look at this program from a practical standpoint, and incorporate some of the ideas for holding down production; reducing storage costs and giving the farmer a chance to say about the type of program in which he will participate.

I trust that the conferees will accept this action by the House as indicative that the legislation in its present form is a far cry from what is best for most people. This should be all the prompting they need to go to work and give us a workable bill.

Statement of Hon. Leonard G. Wolf Before the Subcommittee on Dairy and Poultry of the House Agriculture Committee, June 19, 1959

EXTENSION OF REMARKS

OF

HON. LEONARD G. WOLF

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 19, 1959

Mr. WOLF. Mr. Speaker, under leave to revise and extend my remarks, I would like to insert in the RECORD a copy of my testimony before the Subcommittee on Dairy and Poultry of the House Agriculture Committee, June 19, 1959.

The testimony follows:

STATEMENT OF HON. LEONARD G. WOLF BEFORE THE SUBCOMMITTEE ON DAIRY AND POULTRY OF THE HOUSE AGRICULTURE COMMITTEE, JUNE 19, 1959

Mr. Chairman, I appreciate the opportunity of appearing before you today. The problem of egg supplies and low egg prices is not confined to the extreme eastern and western edges of our great Nation. Two-thirds of the egg supply and the price problem is in the great central belt of our country.

As a prolog to my statement, let me say first that abolishing the corn and feed grains price support program is neither an adequate nor an acceptable solution to the egg and chicken problem. One of the reasons that eggs and meat producers are in trouble and getting into worse trouble is because the feed grains programs have been weakened, dismantled and disrupted. If we had had a good feed grains income and supply stabilization program over the past 7 years, egg and chicken prices would not be in the fix they are in now.

I strongly urge that when you come to consider a long-range egg and chicken program, you think of it as part of a comprehensive farm income stabilization program including such parts as the Dairy Marketing Act which you have introduced, a farm crops bill similar to that which my colleague and a member of your subcommittee, Mr. COAD, has introduced, and similar programs for hogs and other major commodities.

Egg and chicken producers cannot, in my opinion, stand alone in this matter, either on the floor of the House nor as an operating program. Consequently, I believe that the programs must be integrated; they must be part of a common agricultural plan.

As the chairman has said, eggs are selling for less now in real terms, in purchasing-power dollars, than at any time in recorded history. They are selling in Iowa this week for 18 cents per dozen for high quality market grade eggs, at least 10 cents per dozen less than actual out-of-pocket cash cost of production.

A dozen eggs right now will probably buy less of the things farmers have to buy for family living and investments than at any time in the history of this country or any other country in the history of the world. With this new historical low on top of us, we need, of course, to work out some kind of stopgap program to help us get out of this crisis. But we also need to start now to develop and enact a long-term program that will prevent the recurrence of this kind of crisis.

To get out of the current crisis, I urge the enactment of a program of income deficiency payments to egg producers geared to the requirement that the producer voluntarily reduce his sale of eggs to 5 percent below his volume of sales during the same month in 1958. Such payments would be calculated as the number of cents by which the national average price received by farmers for eggs is less than 65 percent of the parity price of eggs, the current support level for feed grains. A similar program could be placed into effect for chicken meat.

This program certainly would not solve all of the egg and chicken producer's problems but it would at least stave off widespread bankruptcy while we go about developing a workable long-range program.

In connection with the egg-payment and marketing-adjustment program I have suggested, I hope this Congress will enact mandatory legislation requiring the Secretary to utilize funds available to him to provide for purchase of both eggs and hens to the extent to which he can make humane and economic use of these products under the food-for-peace program and in domestic food distribution programs. Along these same lines, I suggest that we consider the possibility of using chicken and eggs for our school lunch program.

However, Mr. Chairman, partially relieving the current egg and chicken crisis will not be enough. We need to establish an egg and chicken program which will stabilize the market supplies of eggs and chickens at a level that will return a parity of income and price to family farm producers.

I am informed that family farm egg producers have been working for nothing in producing eggs on the average for the entire period since 1954. If this continues, eggs will cease to be an income-producing enterprise on family farms and we will be allowing another nail to be driven in the coffin of the family farm pattern of American agriculture.

For a long-range program, we need to apply to eggs the same principles that are included in the bill which Mr. COAD has introduced for crops.

First, we should set a stabilization level of not less than 90 percent of a fair parity price. This program should be carried out by a workable combination of income deficiency payments and marketing controls such as is provided for milk in the bill introduced by the chairman of this subcommittee. Such a program could be enforced by means of compliance deposits on sale of eggs as is provided in the milk-marketing bill to which I have referred.

The per capita sales of eggs were apparently quite well balanced with demand in 1948, and again in 1952, and were not greatly out of balance in 1958. There is not much oversupply, but that little bit has a very serious price depressing effect.

If we can arrange somehow to stabilize the supply of eggs for a brief period long enough for growing population to catch up with the supply of eggs our problem will be greatly simplified because then we shall be operating a program designed to gear increasing egg production to increasing demand resulting from the increasing population.

Your subcommittee is facing not only a critical crisis in the poultry situation, but also a chronic problem. Appropriate action, may I emphasize, must be addressed to both.

The current egg crisis is not just a temporary problem which can be dealt with in a haphazard manner. It is likely to get worse, and in any event will recur, if we do not develop and put into operation a continuing stabilization program for eggs and chickens as a part of a comprehensive income improvement and stabilization program for all major farm commodities, including among others, hogs, manufactured milk and butterfat, and the feed grains.

Except for the temporary purchase programs I have recommended, the suggestions I have made probably would be cost free to the Federal Treasury unless we should again allow the level of unemployment of labor and plant idleness to climb above the 5 percent level. In that case, the payment approach I have recommended would go into operation to maintain a supply of eggs equal to full prosperity conditions, allowing the market price to drop owing to the national economic recession brought on by unemployment. But such price slump would be made up to egg producers through a deficiency income payment.

I am sure that this subcommittee will make the kind of study and propose that kind of legislation which will benefit the egg farmer and consumer.

I cannot close my statement, Mr. Chairman, without mentioning one other question which occurs to me. While the Iowa farmer is getting 18 cents a dozen for eggs, I paid to the man who delivered eggs to my door this morning 57 cents a dozen. I feel that it is within the jurisdiction of this subcommittee to study why this great disparity between what the farmer gets and what I pay as a consumer. I think it is significant to report that I am paying very little less today than I was paying when the farmer received 40 cents a dozen. I would urge this subcommittee to pursue the idea of what causes this terrible disparity.

Tito Handed Billion Dollars U.S. Taxpayers' Money To Strengthen Communism

EXTENSION OF REMARKS
OF
HON. MICHAEL A. FEIGHAN
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. FEIGHAN. Mr. Speaker, Wednesday during the consideration of the mutual security bill H.R. 7500, I offered an amendment to prevent the use of American taxpayers' funds to support, nurture, and strengthen communism in Yugoslavia. My remarks appear on page 11136 of the CONGRESSIONAL RECORD.

No member of the Foreign Affairs Committee or any other member present was recognized by the chairman to speak in opposition to my amendment.

During my remarks I stated:

Mr. Chairman, in order that the public may have some idea of the extent to which they have been forced to contribute to the spread of communism through Tito, I will include in my remarks the breakdown of the total amounts of economic assistance to Yugoslavia.

The following is a breakdown of the economic assistance to Yugoslavia:

Economic assistance to Yugoslavia

	Obligation	Expenditure	Unliquidated
Cumulative, June 30, 1958	$411,919,000	$399,342,000	$12,577,000
Estimate, fiscal year 1959	11,800,000	12,377,000	
Cumulative, June 30, 1959	423,719,000	411,719,000	12,000,000

U.S. loans to Yugoslavia during fiscal year 1959 have been as follows:

Mutual security program, special assistance, April 7, 1959, $7.7 million.

Public Law 480 (equivalent in Yugoslav currency under sec. 104(g)), March 10, 1959, $69.2 million.

Development Loan Fund, fertilizer project, January 8, 1959, $22.5 million.

Development Loan Fund, diesel locomotives, June 12, 1959, $5 million.

This compilation does not include the hundreds and hundreds of millions of dollars of U.S. taxpayers' money which has been given to Tito for military assistance which he is using to strengthen communism and to maintain his dictatorship over the people of Yugoslavia.

Under leave granted, I insert the above remarks and breakdown figures in the RECORD.

Dedication of Table Rock Dam, Mo.

EXTENSION OF REMARKS
OF
HON. CHARLES H. BROWN
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. BROWN of Missouri. Mr. Speaker, on Sunday last, our beautiful Ozarks had one of its most memorable days.

Senator STUART SYMINGTON dedicated the first Federal multipurpose project in Missouri, Table Rock Dam.

We are proud of Table Rock, and we are proud of STUART SYMINGTON.

One of our distinguished Taney County citizens introduced our great Senator last Sunday; and his eloquent introduction was worthy of the Senator's eloquent record in public service.

So, today, with the consent of the House, I include as a part of the RECORD the remarks of Marvin Millsap and the address by Senator STUART SYMINGTON at the dedication of Table Rock Dam in Branson, Mo., Sunday, June 14, 1959:

INTRODUCTION BY MARVIN MILLSAP

Mr. Chairman, members of the dedication committee, distinguished visitors, and fellow Missourians, someone has aptly said, "Young men shall have visions and old men shall dream dreams." The project we dedicate today was first envisioned nearly a half century ago, and was a cherished dream of many men for the past 25 years. This is an important occasion, significant out of all proportion to its surface implications.

I have heard it said by men privileged to know that this Nation would have found it most difficult to have made sufficient weapons for defense in the last great world struggle without the electricity generated at Grand Coulee and Boulder Dams. While we earnestly hope that no such need ever confronts us again, a sense of security comes from knowing that this dam and its counterparts on the White River will contribute substantially should the need arise. It is interesting to observe that the same groups that opposed this one, opposed those, asserting loudly that there was no need for additional power.

This project, as all others, represents the vision, the thought, effort and toil of many people. Yet it in no way lessens the credit due them to observe that projects of the size and scope of this one are usually completed because of the skilled effort and staunch support of a few dedicated men. None is due greater credit, for none contributed more than the man who is here to make the formal dedication presentation today. From the day he was elected to be your junior Senator, he began a study of this project to determine its merits: and on this deserved basis put his thought, time, and effort, however, whenever, and wherever it was necessary to make certain that this vision and dream would become a reality. With courage and determination, he challenged those who repeatedly recorded their hostile opposition to the principle of Government development, of the Nation's natural resources for the benefit of all.

Since the beginning of statehood Missouri has been fortunate in the men she has selected to represent her in the U.S. Senate. No State can boast of a more outstanding group of men. Witness the distinguished names of Benton, Linn, Atchison, Blair, Schurz, Cockrell, Vest, Geyer, Stone, Reed, and Truman. When time and history, plodding, have written the record, it seems clear that the name of her present junior Senator will be added to this distinguished list. Having announced his intended objective to be that of being Senator of all the people, he transformed this objective, by faithful and diligent performance, into reality by representing farmer, laborer, business and professional man, Republican, Independent, and Democrat alike. If Missouri has been fortunate in his selection, the Ozarks community has been doubly so, for he has given to it time, energy, and thought out of all proportion to its acknowledged political and economic importance.

The aforementioned Senators had one trait in common—a keen sense of duty and responsibility to all the people of the United States. The present instance is no exception. His was the lone voice crying out in a wilderness of unconcern to alert the Nation to the danger to its national security, occasioned by the coming of the space age. Of lesser concern, but of great importance nevertheless, has been his effort on the domestic front to show the need for a national water authority to explore, develop, and conserve our limited water resources to meet the needs of an expanding population and economy.

The press, television, and radio record daily the hopes of many people that the Nation may have the use of his able effort in a greater area of endeavor toward a solution of the stubborn problems of the world that gravely concern man everywhere. They recognize in him an able public servant of great character, willing to defend right as strongly as he denounces wrong, offering a far visioned leadership, characterized by proper proportions of progressive liberalism and valid conservatism. Herein lies wisdom and sound judgment. I am pleased and prvileged to present to our good friend and fellow Missourian, our distinguished junior Senator, the Honorable STUART SYMINGTON—Senator SYMINGTON.

ADDRESS BY HON. STUART SYMINGTON, OF MISSOURI

It is a great privilege to be here at the dedication of this magnificent project.

What a wonderful day for Missouri. Amidst the oldest and most beautiful mountains in the country, we have built our State's first multiple purpose project.

For the many people who helped make this possible, this is the day of a dream come true. I wish all of them could be here, but it is good that many of those who made Table Rock possible are on hand.

A project like this does not rise in a day or even a decade. A generation of patient effort went into Table Rock.

The first surveys of the possibilities of building a dam on this part of the White River were made in 1912. Private surveys continued through the 1920's. The hope for immediate construction was swept away when the depression made private financing impractical.

Nevertheless the potential for water development at this site was too great for the idea to be abandoned.

Early in the 1930's, Congress expressed interest in the development. After preliminary surveys, construction at Table Rock was authorized by the Flood Control Act of 1941. Actual appropriations, however, were not voted until June 1952.

The following year, a cutback in funds threatened the future of the project, but in 1954, more funds were voted and construction put back on an economically sound schedule.

There were more delays and controversies familiar to us all. But now we have it, and all the frustrations of the past can be forgotten in the fresh new hope of achievement.

Today is the beginning of an even greater era in the history of this beautiful section of our State.

If Harold Bell Wright's "Shepherd of the Hills" were to come upon this string of shimmering lakes stretching from Table Rock through Taneycomo to Bull Shoals and Norfolk, he would literally rub his eyes at the beauty which has transformed the economy of southwest Missouri and neighboring Arkansas.

Table Rock Dam will provide a great new source of power for this area. When all four generators have been installed, they will provide 200,000 kilowatts—a tremendous boost for the economy of this region.

Table Rock will help protect nearly a million acres of land in this basin from damaging floods. Annual flood control benefits will average close to $1 million a year.

Table Rock reservoir, with a surface area of 52,300 acres, and a shoreline of 857 miles, will provide unexcelled recreational facilities for many thousands of people.

The White River country can rightfully claim to be one of the most beautiful spots in the Middle West.

Now that the natural beauty of this area has been enhanced with this magnificent series of lakes, it should become—and I believe it will become—the No. 1 recreational area of the Midwest.

There will be expanded facilities for one of the brightest attractions of the Ozark country—trout fishing. A State fish hatchery, fed by waters from this reservoir, is in operation here at Table Rock, feeding an ever-increasing supply to White River fishermen.

The Federal fish hatchery at Neosho will have its capacity doubled. Just this week $320,000 has been voted for a rehabilitation effort which will help stock the expanding fishing facilities in southwest Missouri.

The Missouri State Park Commission is planning to develop areas along the reservoir, and on Friday the Senate passed a bill to provide for the sale of land to the State for this purpose.

In planning for the full development of our State, we should not neglect our forests.

In the Current-Eleven Point Rivers area to the east of here, progress is being made along that line. This week the Senate included in the 1960 appropriation for the National Park Service $35,000 for a cooperative study of the future of that area. The Park Service and the proper State agencies will cooperate in this study to plan the best development of this picturesque section of our State. This will be an important step forward for the Current-Eleven Point Rivers area.

Local interests must work cooperatively with Government agencies to plan and develop our timberlands. Without such coordinated planning, the economic benefits which can be realized from Missouri forests will be lost.

Many other river basins of our State need to be studied and developed as individual units, in a manner compatible with their potential. An example is the Meramec Basin.

In developing these areas, we should be mindful of the advantages of multiple-purpose projects.

Their dividends are many: electric power, recreation, flood control, and water conservation, all for one investment.

Some projects provide sedimentation control. Others make rivers navigable.

Where nature has given us a diamond, why not cut it to its many facets, instead of leaving some sides rough?

The concept of multiple use is increasingly favored throughout the country. Many of the projects now under construction and being planned by the Corps of Engineers will provide a variety of benefits.

Here in Missouri, for example, two multiple-purpose projects will soon join Table Rock. The Pomme de Terre Dam to the north is nearing completion. The Stockton Dam on the Sac River is in the planning stage, and there are others.

Each step we take in using our resources must be orderly and economic.

A project once planned or partially built should move forward smoothly to its completion. It should not suddenly be halted every few years, or with each change of administration.

At the present time, the Government is practicing the policy of no new starts.

Such a policy represents false economy.

It means that needed projects will be delayed for several years, and orderly programs will be disrupted—increasing overall costs.

There has been much debate for many years over what expenditures our Government should and should not make. Even projects for the development of our natural resources have often been called wasteful spending. But it is mighty hard to argue with a dam in being. It stands, as you can see, solid and proud as an asset to the country.

Appropriations for projects like Table Rock Dam are not spending, but investment—investment in the future of America. We will need more such investments in the future. Our country is expanding rapidly, with demands for all types of service increasing. Fifteen years ago the population of the United States was 140 million. Now it is 175 million, and by 1975 will be 235 million.

In 1952, the President's Materials Policy Commission issued an excellent survey of the resource requirements of this country over the next few decades.

The study pointed out that between 1900 and 1950, per capita water consumption in the United States had doubled.

Because our population had also doubled in that period, the demand for water had thus actually increased four times.

This Commission predicted a similar doubling of per capita consumption over the period from 1950 to 1975, as the Nation's standard of living rises.

Missouri, and the rest of the Mississippi Valley, is blessed with a large supply of fresh water. Properly utilized through prudent investment, it can not only support our increasing population but give the people an ever greater standard of living.

Another key resource in which investment is wise is electric energy. The needs of our future growth are sufficient reasons for its development. This same Presidential Commission predicted a rise in our demand for electric power, by 1975, of 250 percent. But the clinching argument for investment here is provided by Premier Khrushchev's bold declaration of economic war on the United States.

In the field of electric power, Russia has the resources to wage such a conflict. The Russians have 10 plants—four of which are completed or under construction, and 6 of which are in planning—each of which produces more kilowatts than the largest dam in this country. Informed authorities in our Government have estimated that the Russians may have already surpassed us in the production of hydroelectric power.

Moreover, in gaging the relative strength of the Sino-Soviet empire and the free world, we can no longer ignore the onrush of Communist China. Its hydroelectric potential has recently been estimated at nearly five times that of the United States.

These figures are the measure of the challenge. As the Communists develop resources that supply economic muscle to their efforts, we must match them to stay ahead.

In our country, energy no longer comes just from fuels and falling water. We have begun to harness nuclear power for this purpose.

A major source of power generation will continue to be water.

Thanks to enlightened leadership, public and private, today mighty power generators stand on many of our Nation's rivers.

But it is estimated that we still have developed only one-fourth of the hydroelectric potential of the United States.

A vast storehouse of 90 million kilowatts remains to be tapped through a sound program of waterpower development.

America should move ahead with surveys, plans and sound construction programs for the basinwide development of the power potential of our rivers.

Such planning should assure that the upper and lower basin areas share equally in the benefits of water development. One part should never be allowed to benefit at the expense of others.

The need for interstate cooperation is paramount in hydroelectric and water programing.

We face a national shortage of developed power.

We must come up with nationwide programing to meet it.

I hope that the State and Federal Governments and the private and local interests concerned can join in formulation of these programs.

Without such cooperation, a few may benefit, but the Nation will lose.

I am confident that with prudent investments in our own resources, our country can stave off any Communist economic challenge.

America and defeat can never be made to rhyme.

With the work, dedication, and patient effort that went into the Table Rock Dam, we can remain the world's No. 1 economic system.

Let the new economic and recreational wonders of Table Rock be a vivid reminder of the richer life that can be available to all if we utilize wisely what nature has given us.

Each new project is but another step on the road to a better tomorrow.

We can be proud of what this dam represents—a resolution writ into our landscape that the blessings which this country has received will be multiplied for the generations to come.

Nuclear War Hearings

EXTENSION OF REMARKS
OF
HON. CRAIG HOSMER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 19, 1959

Mr. HOSMER. Mr. Speaker, on Monday next the Joint Committee on Atomic Energy's special Subcommittee on Radiation, under chairmanship of our distinguished colleage from California [Mr. HOLIFIELD], will commence its hearings on the biological and environmental effects of nuclear war. We do not live in a dream world but in an actual world in which every day everybody faces risks of one kind or another. The degree of these risks is to some extent under our control by reason of our freedom of choice as to what we eat, what we do, how we work, and many other matters of choice. The degree of some of the other risks we face is not a subject of our own choosing but are conditions of the world in which we live.

In approaching these hearings such an evaluation of risks must be kept in mind. Rightly or wrongly the free

world has based its defense on nuclear weapons simply because Communist manpower resources give them overwhelming conventional arms superiority. Unless all its past actions are to be disregarded, the ultimate objective of the Communist bloc is one world, a Communist one.

Realistically, it is safe to say that nothing stands in the way of accomplishing that objective except Sino-Soviet reluctance to pay the price of a nuclear war.

The hearings will deal with what that price is. What it is to the United States and what it is to the rest of the world. What it is to present generations and what it might be to future generations.

Capitulation to the Communists would avoid possible payment of the price of a nuclear war. But there is also a price tag on capitulation. It is the destruction of Western civilization and the relegation of its millions of souls of this and succeeding generations to the slavery of the communes.

What the hearings should provide is the information needed to compare these two prices; that is, the price of possible nuclear war and the price of capitulation. I have no doubt that the price of capitulation will be shown by far the most costly.

I am frank to say that I opposed holding the hearings, not because of what they will disclose, but for fear that the intricacies and technicalities involved, as well as temptations of the sensational, might make it difficult for the price tag I mentioned to be reported accurately to the public. However, the witnesses have been selected with extreme care. They are men of stature and knowledge. They will present their statements insofar as possible in nontechnical language understandable to the layman.

I am hopefully confident that newsmen covering these hearings will report them fairly and fully, without concentration upon the sensational, and in full awareness of the hearings' relationship to the future of Western civilization, as well as the United States. It will be understood that there is a price for not running the risk of nuclear war, as well as for running it. There may also be disclosed in these hearings ways and means to substantially minimize the latter.

Toll of Traffic Accidents

EXTENSION OF REMARKS
OF

HON. ALBERT RAINS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 19, 1959

Mr. RAINS. Mr. Speaker, Members of Congress concerned by the terrible slaughter caused by traffic accidents, and that includes all of us, are deeply grateful to our colleague from Alabama, the Honorable KENNETH A. ROBERTS, chairman of the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce, for the great work he has been doing to promote highway safety. In that connection, permit me to call attention of Members to a splendid paper by our colleague, which was read at the meeting of the American Medical Association in Atlantic City, N.J., June 7. The paper is as follows:

First, I want to extend congratulations to the medical and allied health professions for the gains which have been made toward harnessing many of our mass killers.

Within our lifetime we have seen many diseases which were commonplace early in this century conquered or brought under effective control.

Even now we can look forward to a day in the near future when the terrible crippler polio will be a thing of the past.

New surgical techniques and treatments have substantially reduced the number of deaths and disabilities caused by heart disease.

Progress is being made in the treatment of cancer.

Yet we have with us today a situation of epidemic proportions which is raging out of control and getting worse by the hour.

I speak, of course, of the tragic loss of life, productiveness, and property being caused by automobile accidents on our streets and highways.

Certainly, you who are meeting here—the ones who are called day and night to pronounce dead the persons so needlessly killed—are in a better position to understand the problem than the average layman.

Last year a great amount of publicity was given the fact that the traffic fatality toll was reduced by 1,700 deaths as compared with the figure for 1957.

Why, least year we only killed 37,000 people. Killed them needlessly. I find it difficult to find any comfort in this fact or any cause for self congratulation.

It is my belief that the most probable explanation of the declining death rate is that you doctors are simply getting better at the business of keeping people alive.

Not so widely publicized, however, was the fact that injuries—in both number and rate—had been rising.

Back during the Korean war, the U.S. Air Force got to wondering why it had so many men in hospitals with noncombat injuries.

The investigation had barely started when the Air Force found it was losing more men from automobile accidents than from enemy action.

Furthermore, the automobile injuries were usually more serious and required longer hospital care than the battle casualties.

Further investigation revealed that this situation was true for all of our armed services.

Then the U.S. Public Health Service started to look at the problem with renewed interest, and here we found the most shocking revelation of all.

In 1957, the best estimate we could get from private sources showed that 1,400,000 people were injured in motor vehicle accidents.

The Public Health Service study revealed that the true figure was nearer 5 million—nearly five times greater than we suspected.

Five million injuries a year means 25 million days in bed at the hospital or at home—it means 125 people injured for every one killed in a traffic crash.

I do not believe this terrible situation is going to be improved simply by asking our motorists to stop killing and maiming each other.

Unfortunately, I think we must accept the fatalistic fact that all traffic accidents cannot be prevented. The more cars you put in one place at any one time, the more chance there is for an accident simply by the law of averages.

And so long as we have accidents, we most certainly will have injuries.

As chairman of the congressional Subcommittee on Health and Safety, I have been studying this problem for about 3 years, and I have reached the conclusion that along with improved techniques for treating and healing our injured, we must have improved safety standard in the automobiles we drive to lessen the severity of those injuries and in some cases to prevent them entirely.

I don't think we can stop a driver from going to sleep at the wheel. I don't think we can stop a faulty tire from blowing out and putting a vehicle out of control. I don't think we can catch every drunk driver before he wrecks himself or someone else.

But I do think we can give the driver and his passengers a safer package in which to ride and a far better chance of escaping death or injury.

This to me is a logical conclusion and a logical place to begin working toward a cure for this epidemic.

John Moore, who directs Cornell University's automotive crash research program, has stated that the seriousness of the injury appeared to be very largely a function of the shape and form of interior car components and how the body hit them.

Dr. Fletcher Woodward, who heads your AMA committee on the medical aspects of automobile injuries and deaths, told our subcommittee:

"We are convinced that if speed, recklessness, and drunken driving are controlled, and if improvements in automobile design are provided to protect those involved in collisions, then the present appalling toll of injuries can be reduced."

These facts have repeatedly come up before our subcommittee, and I am sure they have come to the attention of the automobile manufacturers.

Yet, in my opinion, there has been no substantial improvement in automobile design as far as the safety factors are concerned in the 3 years we have been studying these facts.

With this in mind, I have introduced two bills which would direct the Bureau of Standards, certainly a nonpartisan agency, to prescribe certain safety standards for our automobiles.

One of these bills would require all automobiles shipped in interstate commerce to meet these prescribed standards and the other bill would require that all automobiles purchased by the Federal Government meet the standards.

The latter bill would have the effect, we believe, of making the safety standards regular equipment on all cars, as it would be impractical to manufacture one product for Government sales and a different one for regular dealer sales.

I am sure that this legislation is going to be attacked as Federal intervention into private enterprise.

I am equally sure that the attack will be directed from a highly industrialized area in the great State of Michigan.

But I do not consider this any invasion of States rights, any more than I consider it an invasion of States rights for a Government inspector to certify that the meat I buy is safe to eat or that the drugs I buy to cure my illnesses meet certain standards.

We have been told that the public will not buy safety equipment for his car, when it is offered as optional equipment at extra cost.

But no one has told us that the motoring public would not benefit from safety belts, padded dashboards, windshield washers, positive action door latches, and many other devices, if they were made standard equipment on his car.

I do not recall any great hue and cry for the public to demand purity in meats and other foods and drugs before passage of the Pure Foods and Drug Act. Yet we knew thousands were dying every year from

tainted meats, improperly canned foods and drugs dispensed with no supervision.

Who today can deny that passage of the act and the resulting Government inspections and standards has been of tremendous value to all of us and to the country as a whole?

My bills have very simple objectives: to reduce death and injury and to provide the motoring American with the safest possible product.

If it results in the elimination of knife-edged tail fins and projecting spear points from the hoods and fenders of our cars so that a little more money can be spent on cleaning up the interior, I don't believe any of us will suffer or that the economy of the country will grind to a halt.

There are still enough flexible factors such as performance, economy, price and accessories to leave the automobile market one of the most highly competitive in our country.

I plan to hold public hearings on this standards bill in the very near future, and if the provisions of this legislation are in agreement with the policies of your association, I would welcome your support and would hope that you would be willing to have a representative meet with us and make your views known.

Briefly, I would like to discuss with you some other legislation presently before our subcommittee.

Representative PAUL SCHENCK, my colleague from Ohio and ranking minority member of the subcommittee, has a bill which would make it unlawful for automobile exhausts to discharge unburned hydrocarbons in amounts sufficiently concentrated to be harmful to human health. This harmful level again would be determined by the Bureau of Standards.

The Public Health Service has considerable evidence—admittedly some of it is still circumstantial at this time—that air pollution is a possible source of lung cancer, and automobile exhausts are believed to be a major contributor to air pollution.

Then, in the belief that properly trained drivers have fewer accidents and traffic law violations, I have introduced a bill which would provide some Federal funds for research and facilities in the driver training field. These funds would be matched at the State level and control of their use would remain at the State level. None of the money could be used for teacher's salaries, and the Federal Government would only require the submission of a reasonable and workable research plan before granting of the funds.

All the testimony that we have had before the subcommittee has been to the effect that persons who have had formal driver training have about half as many accidents and violations as those who have not been so trained.

There is a great need for some sort of central violations section where the various States can check the previous record of drivers license applicants, and we have before us a bill which would establish such a records section.

I do not mean that every time a motorist got a parking ticket his law violation would be flashed to Washington, but in the cases of the most serious violations, such as driving while drunk or any offense which leads to license revocation, a permanent record would be made of it.

This would prevent habitual law violators from going to a neighboring State and applying for a new license. At the present time, the States have no means of checking at a central location the previous record of any driver.

The legislation I have mentioned here I consider to be of prime importance in bringing this traffic accident epidemic under control.

My personal feeling is that the subcommittee has proceeded with extreme caution in its work and has sought in every manner to avoid compulsive legislation.

But after 3 years of pointing out some of the things which need to be done, and with no indication of early action on the part of anyone else, I believe we must pass some sort of legislation in the best interests of the motoring public.

The time has come when some responsible body must act to curb this terrible loss of life and property.

And act is what we plan to do.

Twentieth Anniversary of the Declaration of Slovak National Independence

EXTENSION OF REMARKS

OF

HON. MICHAEL A. FEIGHAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, June 19, 1959

Mr. FEIGHAN. Mr. Speaker, under leave obtained, I insert in the RECORD an address I delivered March 14, at the Benedictine High School in Cleveland, commemorating the 20th anniversary of the declaration of Slovak national independence:

It is an honor for me to be here with you this evening and to join with you in commemorating the love of Slovak people everywhere in the world for God, freedom, and individual liberty so well expressed in the declaration of Slovak national independence.

The lessons of the ages teach us that from time to time evil forces arise which challenge the dignity of man and seek to overthrow the divine plan which secures that dignity.

In our times we are faced with this challenge on all sides. We find evidence of the dark ages in this 20th century. The human values which mankind has won at such great sacrifice are being trampled under the heavy boots of the Russian barbarians. At this turning point in history we are faced with a series of choices at the core of which rests the fundamental question "Are we willing to sell our birthright for a mess of pottage?"

In a world torn by strife and tension, we are told we can have peace if we are willing to pay tribute to the new barbarians. The peace they offer in return is no peace at all; it is the strange peace of human slavery. Justice, the only basis upon which peace can be built, is rapidly losing its place in the affairs of nations because it permits no compromise on the dignity of man. A peace without justice is the certain formula for war, a war which no thinking man may countenance.

What is the tribute demanded of us by the new barbarians as the price for an unjust peace?

First, they are asking free men, particularly the United States, to acquiesce in their enslavement of 35 percent of the people who inhabit the earth. They are trying desperately to drag the spokesmen for the Western World into another summit conference. At this conference they expect to force recognition of a status quo, that is, recognition of their right to enforce the darkness of despotism and slavery upon humanity. They want free men to guarantee to them that their evil work will go unmolested, that the conscience of the West will not be moved by the sad plight of so many of their fellow men. As they hear the millions of our brothers now persecuted as martyrs to our cause cry out for justice, they are fearful that these cries will be answered by a world enraged by man's inhumanity to man. Evil works quietly in the shadows, always fearful of arousing the forces of righteousness.

That is what lies back of the present Berlin crisis, precipitated by the barbarians of Moscow. First, we are told that unless we desert the people of free Berlin we will be driven out by force. When we responded to the threat by declaring our intention to stand fast in our defense of freedom, the Russians began a series of retreats. Pressed by the deadline which they were so bold to make, and in the face of our determination to be firm, they have now taken the position that if we agree to a summit conference they will not cause a war over Berlin. This is apparent from the fact that only a few days ago the Kremlin spokesman stated the deadline of May 27 would be extended if preparations were under way for such a meeting. But, as always, there is a catch. The continued Russian insistence that no agenda be prepared in advance of the conference gives ample evidence that they intend to limit discussion to those items which force recognition of a status quo.

It is strange, indeed, that at this point in our history, when free men have advanced so far in knowledge and accomplishments, we should be ordered about by the crude barbarians. We must ask ourselves, has our civilization lost its sense of high purpose? Have we surrendered our mission to the world? There is mounting evidence that something is missing from our national life which, in past generations, made our country the beacon light and great hope of the world.

Not many months ago we had a strange visitor come to our country, allegedly on a vacation. He was the eyes, the ears, and the spokesman for the new barbarians. Every schoolchild in America knew who he was and what he represented; yet this same individual was wined and dined by influential segments of our national life. He shrewdly dangled the prospects of huge profits before the eyes of those industrialists and businessmen who willingly paid him homage. He made no mention of the fact that he was simply carrying out the orders of Lenin, who held that when the time came the biggest capitalists would be anxious to provide the rope with which they were to be hanged by the new order. Nor did he mention the plan to destroy the hard-won gains of free labor in the United States by putting it in competition with the products of his slave empire. Few voices were raised in protest to this spectacle, and those who did raise their voices to the danger were branded as extremists and not representative of traditional American hospitality. Few asked, Since when has it been the tradition of our free people to extend hospitality to a person who has the blood of martyrs on his hands, to a person whose whole life has been dedicated to the destruction of those priceless values which we hold to be as dear as life itself? This emissary of evil left the United States with the false impression that we are a divided people; that we are more interested in material things than in spiritual and human values. He could no more understand the American people and our way of life than could Hitler in his time. The tragedy is that the false impressions gathered during Mikoyan's short visit to our country will make our role in world affairs more difficult and increase the dangers of war.

Now one hears the call for compromise on Berlin from quarters and individuals who should know better than to ask the impossible. What do we have to compromise? All we have ever asked for is the right of the German people to determine their destiny by the process of free elections. We are fully prepared to accept the results of

these elections because we believe in the right of all people to self-determination. It is the Russians, the new barbarians, who refuse to accept the verdict of the people directly involved. How can we compromise this position we have taken? There is nothing to compromise unless we are prepared to abandon our position of moral leadership in the world.

There are other disturbing signs of free men growing weary and tired of the struggle for survival. For the many years of the cold war it has been our national policy to bring comfort and hope to the oppressed through the media of international broadcasts. Broadcasting to the people in the countries now overrun by the new barbarians in their native tongues, we have been able to keep alive their hopes for a better life, and a return to the civilization of which they are a part. This has proven to be a work of peace, because so long as they could hope, they could not abandon the heritage of freedom; they would not, in desperation, accept things as they are and make accommodations with the despots. Now, we see this policy in the process of change, a change which bodes evil for the future. Gradually there are being eliminated the many voices which carried this message of hope. The Russian language, the language of the oppressor, is beginning to monopolize the Voice of America programs beamed to the darkened lands behind the Iron Curtain.

This tactic can only alienate our proven friends in these many lands and drive them into the camp of the enemy. Frequently I have asked myself whether this results from ignorance or from a secret agreement already entered into by the Eisenhower administration to accept a status quo, that is, to recognize the permanent occupation of these once free lands by the new barbarians.

These are ominous signs of the times, they threaten the precarious peace which now hangs over a tired and weary world. They are dangerous because the appetite of the aggressor cannot be satisfied by concessions, he must have everything or nothing. He understands firmness and courage, though he lacks it himself. The bully is always a bluffer and he dominates none but the timid.

But there are other signs of our times in which we can take comfort. A very large segment of our people have come to recognize the full meaning of the crises of our times. This awakening to the harsh realities of our divided world is being stimulated by the growing pressures put upon us. A movement to retreat from materialism is under way in the United States. More people are seeking their strength of purpose from that deep spirituality which is our heritage. When all is said and done, the strength of our country rests firmly in the hands of our people. It is within their power to use that strength as we face the test of our worthiness to lead the cause of peace with justice. In generations past we have not feared to face responsibilities, nor have we feared the threats and boasts of tyranny on the march. We, as a nation, have learned well that man lives not by bread alone.

In the perilous days in which we are living, when human freedom has been taken from millions and millions of people by the tyrants of the Kremlin, we can, with profit, reflect on the history of the Slovak people. As good Americans we must be concerned with the fate of the Slovak people and feel it our solemn duty to do everything in our power to see that freedom is restored to this enslaved nation.

The Slovak people can very well be a symbol of hope for the ultimate restoration of freedom and independence throughout all of Eastern Europe. History records that while they were under the hard hand of tyrannous rule for over a thousand years, their spirit of independence and patriotism, their language, their folklore, and their faith, survived the test of tyranny. The gifts of St. Cyril and Methodius to all the Slovak people and to civilization at large, have proved that they can stand the test of time as well as tyranny. These particular saints of the Slovak people gave to the Slavs their first written language—old Slavonic—and were the trailblazers in the affairs of state administration. Their works distinguished the difference between benevolent rule and rule by force. These lessons were so engrained in the Slovak people that no force can take it from them.

With the breakup of the Austria-Hungary Empire after World War I, we witnessed the reshaping of the geography of Europe. At that time the Slovak drive for independence had reached a high peak in the history of its peoples. Right here in Cleveland there was established what later became known as the Cleveland agreement—a document which was intended to express the Slovak bill of rights. This Slovak bill of rights was to be the guidepost in the formation of the new Czechoslovak Republic. It is with sadness that I remind you that the Cleveland agreement was not honored in the formation and development of the Czechoslovak Republic and as a consequence, Slovak autonomy within that republic remained an empty promise up to the outbreak of World War II. But this said event of history did not break the spirit of the Slovak people, because under the leadership of Monsignor Klinka, founder of the Slovak Peoples' Party, the cause of the Slovak nation was preserved.

The agents of the Kremlin and the traitorous agents in its cause will have no more success in subjugating the Slovak people than those who in history past have attempted this same goal. Alien occupation and oppression has not dimmed the aspirations and the hopes of the Slovaks, but has increased their determination for national independence. It is a well established fact that the resistance movement in Slovakia today is among the most powerful in all of eastern and central Europe. The spirit of independence, the love of country, and the burning patriotism of the Slovaks, must be regarded as a great asset in the struggle for freedom of the free world against the tyranny of the Kremlin. I hope that the free world will learn the full lesson of this resistance movement and that in the happy day when freedom is restored to the subjugated lands there will arise a free and independent Slovak nation.

We are saddened by the events which are taking place in Slovakia today. There the evil hand of the Russian Communist is attempting to destroy the very spirit of Saints Cyril and Methodius and to reduce the Slovak people to a state of servility worse than that of the dark ages. But in their evil cause the Russian Communists shall fail, because the spirit of SS. Cyril and Methodius shall prevail so long as there is a Slovak alive anywhere in the world.

Remarks of Vice President Richard M. Nixon at the 11th Biennial Young Republican National Convention

EXTENSION OF REMARKS

OF

HON. JAMES G. FULTON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 19, 1959

Mr. FULTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following remarks of Vice President NIXON at the 11th biennial young Republican convention:

REMARKS OF THE VICE PRESIDENT OF THE UNITED STATES AT THE 11TH BIENNIAL YOUNG REPUBLICAN NATIONAL CONVENTION, DENVER, COLO., JUNE 19, 1959

The Republican Party will have an unbeatable case to present to the American voters in 1960.

American wage earners will have the most jobs at the highest wages, with the best standard of living in the history of the country.

Our foreign policy has today, and will have then, the support of the overwhelming majority of the American people, Democrat and Republican alike. It is tragic but true that the death of Secretary Dulles helped to make people in this country and throughout the free world realize that the "inflexibility," "brinkmanship," and "peaceful liberation" for which he was so caustically criticized, represented basic principles of the highest order.

His "inflexibility" represented simply firmness where fundamentals were involved. As he said: "Communism is stubborn for the wrong, let us be steadfast for the right."

His so-called "brinkmanship" was the recognition of another ancient and honorable principle—by looking a great danger in the face we may avert it and lesser perils, that the United States would refuse to be bluffed into surrender.

And to those who scoffed at his advocacy of peaceful liberation for the captive peoples, he was stating the only position that a self-respecting free people could take. The Communists have no hesitancy in proclaiming their faith in the eventual domination of the world by dictators; let it never be said that we were less determined in our dedication to the cause of freedom from tyranny for all people.

History will be the final judge as to the wisdom of the policies of this administration. But of this we can be sure, the Eisenhower-Dulles foreign policy firmness and strength is right, it has worked and the American people, regardless of party, want it continued.

In 1960, the overwhelming majority of the American people will recognize the striking comparison between the high standards of conduct of this administration and the low state of ethics and morality of the 7 Truman years. No greater service has been rendered by President Eisenhower and his administration than that of restoring confidence and respect of the American people in the honesty and integrity of our Federal officials.

One of the greatest weaknesses of the Republican Party is in its failure to win the support of more younger voters.

It is not enough to ask young people to vote Republican. They must be given an active and important part in our campaign organizations. And one of the most effective ways to enlist their support is to put more young candidates on the ballot at the local, State, and Federal levels.

In 1958, one of the major advantages the Democrats had at all three levels was that generally their candidates were younger, more vigorous and articulate than ours. It is not enough to ask our young Republicans to be simply the balloon blowers, the confetti throwers, and whistle tooters in a campaign. If we want the support of young people, we must earn it by giving them more positions of responsibility and leadership in our organizations.

There is no question but that we have the ingredients for victory in 1960. The great issues will be on our side. The best 8-year record of any administration in history will be working for us. Our Republican organization, learning from the defeat of '58, will be revitalized and strong.

A comparison of our record with that of our Democratic opponents should be enough to assure victory but we have a better case to present, one even more worthy of the great traditions of the Republican Party.

Why is the Republican Party weakest among younger voters? In analyzing the reasons for this, let us see what young people want from government. The great issues of peace, prosperity, security for the future, and honest government have the same appeal to younger voters as to older voters. But in another respect, I believe young people differ from older voters.

There are two conflicting theories as to what is the major motivation for people when they vote. There is one theory that people primarily vote their fears, that they vote against fears—the fear of depression, the fear of inflation, the fear of war—that they vote against rather than for. The other theory is that people vote their hopes—that they vote for those candidates and that party which promises the better life for the future.

But, while both of these motivations affect voters, I do not think there is any question but that generally speaking young people vote their hopes rather than their fears; young people basically are idealistic and progressive; they are not concerned primarily in keeping things as they are; they are more concerned with getting ahead.

Therefore, I believe that if we are to appeal to young people we must do these things. We should point out the magnificent record of accomplishment of the past. We should point out weak points of the record and programs of our opponents. But we should not stop here. We should go further and put our primary emphasis on the hope the Republican policies offer for the future of America.

Let us apply this formula to the issue of inflation. We should point out why inflation is wrong. The fear of what will happen to the value of our pensions, our social security, our life insurance, and the cost of living will concern young people just as it does older voters.

But we should also point out why a sound dollar is right. Only when the dollar tomorrow and 5 years from tomorrow will buy as much as it will today, can you save and plan for your future. And only on the sound foundation of price stability can we avoid a boom-bust cycle and assure that the expansion of our great American economy will be based on solid investment in the future of the Nation rather than on the illusory value of inflated dollars. Let us take deficit spending as another example.

It is pretty well established in the public mind that Republicans generally are for a balanced budget. On the other hand, the Democrats claim that they are for more schools, hospitals, highways, jobs, and security—things which they say more government spending can produce. If this is the way the issue is presented to the people, they will win and we will lose.

We must not allow our Democratic opponents to have a monopoly on being for what people want. The record proves that we have the better case to present.

There are 5 million more jobs in America today than there were in 1952.

In 1952, only 26 percent of American families earned over $5,000. In 1958, 43 percent had an annual income of over $5,000.

The average weekly wage of factory workers today is $90. In 1952, it was $67.97.

In the 7 years of the Truman administration the cost of living went up 50 percent. Under the 7 years of this administration, the increase has been held to 8 percent.

Six hundred thousand more houses were built in the 6 years of this administration than in the 6 years of the Truman administration.

Sixty percent of all American families own their homes today as compared with 56 percent in 1952.

More money has been apportioned to the States for highways under this administration than during the previous 40 years.

More than twice as many school classrooms have been built during the 6 years of this administration than during the 6 years of the Truman administration.

Over four times as much money has been appropriated for medical research than under the Truman administration.

Eleven million more Americans have social security today than had it in 1952 and benefits have been increased by 25 percent.

In summary, the Republican administration produced the things that the Democrats promised.

The choice is not between a balanced budget and progress as the spenders try to make it appear, but between real progress based on a sound foundation as compared with the illusion of progress on an unsound base. In essence, they want Government to spend more. We want people to spend more. Our programs work and and theirs don't.

The lesson for Republicans, if we want to win the support of millions of younger voters, is very simply this: A defensive, static, keep-things-as-they-are philosophy, never wins against an offensive, dynamic, progressive program.

The trouble in the past has been this: The spenders' words are dynamic, their actions static. Our actions are dynamic, our words static. What we need are words to match our actions.

We should be proud of the fact that the Republican Party is the party of sound policies, of safe policies, of conservative policies. But we must constantly reiterate basic truths—that we are conservative because we want progress, that we oppose the big Government programs of our opponents not because they promise too much but because they will produce too little; that as a party we have faith in America, a belief in its future—a future in which people, rather than government, will play an ever-increasing and dynamic role.

SENATE

MONDAY, JUNE 22, 1959

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father God, in our aloneness with Thee may we be spiritually aware of our oneness with all Thy children who find a home on this spinning island in the sky.

May the halls of this Chamber be as clear glass through which we see the needy lands beyond our horizon.

In this and every moment of real devotion may there come the humbling revelation that we cannot make ourselves one with other men until there is no happiness of others in which we are not glad, nor any wound of others in which we are not hurt, and that we are in very truth members one of another.

May we here design our programs and shape our policies with the knowledge that every person is our neighbor, and we are to love our neighbor as ourselves, thus fulfilling Thy law which tells us that goodness is not good unless it suffers and shares.

Deeper than selfish reason, bring us, we pray, even by Thy chastisements, to know, as all men must in the end discover, that even an unshared morsel is spiritual death, and that life has no choice save to break bread or body in the eternal sacraments of finding by losing, which are the paths to final completeness of life.

We ask it in the name of the One who is the life and the way. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the previous session was dispensed with.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on June 19, 1959, he presented to the President of the United States the enrolled bill (S. 1) to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.;

H.R. 7500. An act to amend further the Mutual Security Act of 1954, as amended, and for other purposes; and

H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time.

HOUSE BILLS REFERRED OR PLACED ON THE CALENDAR

The following bills were each read twice by their titles and referred or placed on the calendar as indicated:

H.R. 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.; and

H.R. 7500. An act to amend further the Mutual Security Act of 1954, as amended, and for other purposes; placed on the calendar.

H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time; to the Committee on Finance.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

Automobile Marketing Practices Subcommittee of the Committee on Interstate and Foreign Commerce.

Insurance Subcommittee of the Committee on Post Office and Civil Service.

Civil Service Subcommittee of the Committee on Post Office and Civil Service.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to announce that on Thursday afternoon I discussed with the minority leader, and secured his consent to the arrangement to have the Senate adjourn from early Friday morning until Monday—since the session on Thursday lasted all day and into the early morning hours of Friday, and since last week there were several evening sessions—and not to have the Senate take up the conference report on the housing bill until today.

One of the distinguished minority Members is absent today. The Senate will proceed to consider the conference report on the housing bill; but we shall not insist on the taking of the final vote on it until that Member is able to return. We are very anxious to have the Senate act today on the conference report; so there may be an evening session.

I should also like to point out that Friday a week ago I stated to the Senate that we were anxious to have the Senate dispose of a certain nomination, and that I would again attempt to obtain unanimous consent to have the vote taken on Monday, or certainly not later than Tuesday, and that I wanted all Senators to be on notice that we expected to have the Senate proceed at the earliest possible time to vote on that nomination. So Friday went by, after an official announcement on the floor of the Senate which many persons obviously did not observe, because they said we decided on Wednesday and Thursday. On Tuesday we made an official request. On Wednesday we made an official request. On Thursday we made an official request. I am glad the Senate was able to have a majority work its will.

The Appropriations Committee has before it the following appropriation bills: The general Government appropriations bill, which involves appropriations for the White House, and that bill is a very important one; the Independent Offices appropriation bill; the Department of Health, Education, and Welfare appropriation bill; and the State, Justice, and Judiciary appropriation bill. All those bills have been acted on by the subcommittees. We expect all of those bills to be reported shortly by the full committee. The report is now available from the subcommittee in regard to each of those bills. I have personally called certain Senators who might be interested in certain items and have asked them to look at those reports.

I should like to have all Members be on notice that conference reports and appropriation bills will have high priority; that we expect to consider them as quickly as the Senate will permit; that the reports on the four appropriation bills are now available, if Senators desire to review them; that as soon as the full Appropriations Committee acts, the reports will be at the desk, for examination by Senators who may care to look at them; that we expect the military construction authorization bill to be reviewed in the light of the most recent changes and most recent decisions by the Secretary of Defense—changes and decisions which flowed, I believe, from the action of the subcommittee; and that I am hopeful that on Thursday the Armed Services Committee will act on that bill, which involves the defense of the Nation and is very important.

There may be a Saturday session.

There may be some evening sessions, because I know the Senate wants to transact as much business as it can, as expeditiously as it can, consistent with the painstaking review which we wish to give each money measure.

I may say that I am informed that most of these measures—at least three of the four appropriation bills—are considerably under the budget estimates; so Senators who may be concerned in that field may want to review those bills, particularly the parts of them in which economies have been made.

I wish the Senate to be on notice of the possibility of evening sessions and a Saturday session, so that all Senators who may have speeches to make can make them here on the floor.

I am informed that a delegation headed by the Senator from Vermont [Mr. AIKEN] for some time has had plans made to have a very important conference in one of our neighboring countries. Of course, Members of both parties will be on the delegation. I have consistently taken the position that the Senate cannot stand still simply because two or three or four or six or eight Members do not happen to be present. I hope the Senators in this delegation can arrange pairs. If we have votes, both Democratic Senators and Republican Senators can do as the minority leader and I do; we have a pair at all times. I think other Senators could well do likewise; and they certainly have my approval to do so.

As a matter of fact, the other day I assured the minority leader—when some persons who were ill-informed or uninformed were making statements which were slightly political—that he could be sure that no vote would be taken until his Senators could be paired or could return to the city. So far as I am concerned, I am perfectly willing to have any Senator who happens to be absent from the city arrange with one of his colleagues on the opposite side to have a pair; and I rather encourage that.

Mr. DIRKSEN. Mr. President, I am sorry that committee business detained me so long that I did not hear the remarks of the majority leader in regard to the schedule for today.

Mr. JOHNSON of Texas. They are the same as the ones I made to the Senator from Illinois on Friday.

Mr. DIRKSEN. Yes.

I think we should fill out our conversation by saying now that I talked with the Senator from Indiana [Mr. CAPEHART] in New York; and it is my understanding that he will be here by 4 p.m. today. I am of the opinion that he would like to have a little time in which to present his views on the conference report on the housing bill, and that he would not wish to be foreclosed from having time to do so.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. JOHNSON of Texas. Certainly we shall not have the Senate act on that conference report until the Senator from Indiana is present. He has been very diligent and very nonpartisan, and he is one of the outstanding authorities in the housing field. If it is necessary to hold an evening session, we shall do so, in order to make sure that the Senator from Indiana has full opportunity to express his views. All of us look to him for leadership in connection with matters of this kind, and we know he has a substantial contribution to make.

I did not desire to emphasize that that particular Senator is absent at the moment, but to emphasize that we might have to remain in session until this evening and that we might also have to hold evening sessions for the rest of the time between now and June 30, because a number of conference reports will be coming from the Appropriations Committee, through its various subcommittees. I called the Senator from Georgia [Mr. RUSSELL] this morning about the military construction bill. I was told he was in attendance on the conference on the agriculture bill.

I want all Senators to be on notice that 8 or 10 appropriation bills are going to be considered as soon as the Senate is willing to have them considered. There are going to be more than that number of conference reports to be considered. The Senator may be assured that we shall proceed until sometime after 4 o'clock, when the Senator from Indiana [Mr. CAPEHART] will have an opportunity to be here.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DIRKSEN. Let me ask one further question. My understanding is that the subcommittee has marked up the independent offices appropriation bill——

Mr. JOHNSON of Texas. Yes; and the bill covering general government matters and the State and Justice bill.

Mr. DIRKSEN. And it goes to the full committee this morning?

Mr. JOHNSON of Texas. At 2 o'clock. I mentioned State and Justice; general government matters; independent offices. I think the Health, Education, and Welfare appropriation bill has been marked up, but I do not think it is planned to have it considered this afternoon. I am not advised about that.

Mr. DIRKSEN. I wanted to be sure the Senator from Delaware, who has always some thought about the availability of reports and hearings, fully understood the status so far as reports are concerned. So the independent offices appropriation bill will be marked up by the full committee. I assume reports may be available this afternoon, or, at the latest, tomorrow?

Mr. JOHNSON of Texas. I was informed by the attachés of the Appropriations Committee that subcommittee reports will be available. If there are any changes, they will be made, and we shall have at least a dozen copies or more available at the desk. We will not take the bills up until the 3-day period has expired, if any Senator cares to wait, or if any Senator insists that we wait that long.

We will have a meeting on Thursday, and I want the Members of the Senate who plan to attend the conference in Canada to arrange either to have pairs or plan not to vote on the appropriation bill, because we plan to have a Saturday session, if necessary. We want the bills to get to conference and to get them to the President before the end of the fiscal year.

Mr. CLARK. Mr. President, may I have the attention of the majority leader? With respect to the conference report on the housing bill, I am delighted it is going to be brought up today. I should like to speak on it when it comes before the Senate. I appreciate that the Senate will wait until the Senator from Indiana [Mr. CAPEHART] can return to the Senate. My remarks will not take too long. I have to preside at a committee meeting at 2 o'clock today, which commitment I cannot very well change at this time. Would the majority leader and the minority leader be willing to assure us that before there is a vote on the housing conference report, there will be a quorum call, in order to give us an opportunity to be in the Chamber?

Mr. JOHNSON of Texas. Yes.

Mr. CLARK. All I need is a few notes to make a short speech.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON PRESENTATION OF YOUNG AMERICAN MEDAL FOR BRAVERY

A letter from the Attorney General, reporting, pursuant to law, on the presentation of the Young American Medal for Bravery, for the calendar year 1957; to the Committee on the Judiciary.

REPORT ON PROPOSED DIABLO DAM AND RESERVOIR

A letter from the Acting Secretary of State, transmitting, for the consideration of the Senate, a report entitled "Rio Grande International Storage Dams Project—Report on Proposed Diablo Dam and Reservoir," prepared by the U.S. Section of the International Boundary and Water Commission, United States and Mexico, dated September 1958 (with accompanying papers); to the Committee on Foreign Relations.

AUDIT REPORT ON RURAL ELECTRIFICATION ADMINISTRATION

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Rural Electrification Administration, Department of Agriculture, fiscal year 1958 (with an accompanying report); to the Committee on Government Operations.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A resolution of the House of Representatives of the State of Oklahoma; to the Committee on Finance:

"ENROLLED HOUSE RESOLUTION 564

"Resolution petitioning the Congress of the United States to repeal the Federal excise tax levied on telephone and telegraph services

"Whereas the Federal Government levied an excise tax on telephone and telegraph services during World War II to help defray war costs and discourage the unnecessary use of such services during a period of great crisis; and

"Whereas the national emergency has long expired as has the chief justification for imposing such a tax on the already overburdened American taxpayer; and

"Whereas telephone and telegraph services are essential to the orderly transmission of information required in the transaction of business and personal affairs and should, therefore, not be treated as a luxury item; and

"Whereas the maintenance and use of modern communication systems is essential to the economic well-being and prosperity of this Nation: Now, therefore, be it

"Resolved by the House of Representatives of the 27th Legislature of the State of Oklahoma:

"SECTION 1. That this legislative body in assembly does hereby petition the Congress of the United States to repeal the existing Federal excise tax levied on telephone and telegraph services.

"SEC. 2. That duly authenticated copies of this resolution be forwarded to the members of the Oklahoma congressional delegation, to the Honorable Speaker of the House of Representatives, and President of the Senate of the Congress of the United States.

"Adopted by the house of representatives the 11th day of June 1959.

"CLINT G. LIVINGSTON,
"Speaker of the House of Representatives."

A resolution adopted by the Chamber of Commerce of Indian Rocks Beach, Fla., favoring the enactment of legislation to provide funds for the commencement of construction of the West Coast Intracostal Waterway from Caloosahatchee River to the Anclote River, Fla.; to the Committee on Appropriations.

A telegram from the National Catholic Resettlement Council, New York, N.Y., signed by Rt. Rev. Msgr. Edward E. Swanstrom, chairman, embodying a resolution adopted by that council, favoring the enactment of legislation to provide funds for the relief of refugees; to the Committee on Appropriations.

A resolution adopted at the annual meeting of the American Unitarian Association, at Boston, Mass., relating to a ban on nuclear tests and weapons; to the Committee on Armed Services.

A resolution adopted by the National Congress of Ecuador, expressing sympathy at the death of former Secretary of State, John Foster Dulles; to the Committee on Foreign Relations.

Two resolutions adopted at the annual meeting of the American Unitarian Association, at Boston, Mass., relating to support for the U.S. Supreme Court, and civil rights; to the Committee on the Judiciary.

A resolution adopted at the annual meeting of the American Unitarian Association, at Boston, Mass., relating to integration; to the Committee on Labor and Public Welfare.

A resolution adopted by the Board of Supervisors of Orange County, N.Y., favoring the enactment of the bill (S. 1826) to amend the Federal-Aid Highway Acts of 1956 and 1958 by extending the approval of the estimate of cost of completing the Interstate System for an additional year, and for other purposes; to the Committee on Public Works.

RESOLUTION OF MASSACHUSETTS SENATE

Mr. SALTONSTALL. Mr. President, on behalf of myself, and my colleague, the junior Senator from Massachusetts [Mr. KENNEDY], I present, for appropriate reference, a resolution of the senate of the State of Massachusetts. I ask unanimous consent that the resolution may be printed in the RECORD.

There being no objection, the resolution was referred to the Committee on Government Operations, and, under the rule, ordered to be printed in the RECORD, as follows:

RESOLUTIONS MEMORIALIZING CONGRESS ON THE ADOPTION OF LEGISLATION PROVIDING FOR THE ESTABLISHMENT OF A PERMANENT ADVISORY COMMITTEE ON INTERGOVERNMENTAL RELATIONS

Whereas there is pending before the Congress of the United States H.R. 6904, introduced by Representative L. H. FOUNTAIN, of North Carolina; H.R. 6905, introduced by Representative FLORENCE P. DWYER, of New Jersey; and S. 2026, introduced by Senator EDMUND S. MUSKIE, each of which seeks to establish an advisory commission on intergovernmental relations to bring together representatives of Federal, State and local governments for the consideration of common problems; to provide a forum for discussing the administration and coordination of Federal grants and other programs requiring intergovernmental cooperation; and to recommend the proper allocation of governmental functions and responsibilities among the several levels of government: Therefore be it

Resolved, That the Massachusetts Senate respectfully urges the Congress of the United States to enact legislation to establish said advisory committee on intergovernmental relations, as contained generally in the 30th report of the Committee on Government Operations, in order to assure the fullest cooperation and coordination between Federal, State and local governments, and to promote greater understanding in intergovernmental problems and in the financial problems involved therein; and be it further

Resolved, That an engrossed copy of these resolutions be transmitted to the Subcommittee on Intergovernmental Relations, and that copies thereof be sent by the Secretary of the Commonwealth to the presiding of-

ficer of each branch of the Congress of the United States and to each Member thereof from this Commonwealth.

Senate, adopted, June 10, 1959.

IRVING N. HAYDEN,
Clerk.

A true copy.
Attest:

JOSEPH D. WARD,
Secretary of the Commonwealth.

RESOLUTION OF SOCIETY FOR PROTECTION OF NEW HAMPSHIRE FORESTS

Mr. COTTON. Mr. President, the Society for the Protection of New Hampshire Forests is a nonprofit organization which has long played a leading role in encouraging the conservation and wise usage of the forest resources of New Hampshire. The Society's executive committee recently adopted a resolution commenting on the wilderness bill which is now pending before the Senate Committee on Interior and Insular Affairs.

I ask unanimous consent to have printed in the RECORD, and referred to the appropriate committee, a resolution adopted by the executive committee of the Society for Protection of New Hampshire Forests.

There being no objection, the resolution was referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE SOCIETY FOR PROTECTION OF THE NEW HAMPSHIRE FORESTS, JUNE 15, 1959

Whereas the Society for the Protection of New Hampshire Forests recognizes that wilderness areas for exclusive recreational use are a proper form of management for certain exceptional areas; but

Whereas the Society for the Protection of New Hampshire Forests is opposed to any change in the present policy of multiple use in the White Mountain National Forest: Therefore be it

Resolved, That we the executive committee of said society are opposed to the wilderness bill so-called in its present form.

I certify this is a true copy of resolution dated June 12, 1959.

LAWRENCE W. RATHBUN,
Assistant Secretary.

RESOLUTION OF SUPREME COUNCIL OF ORDER OF THE SONS OF ITALY IN AMERICA

Mr. BEALL. Mr. President, I have received a copy of a resolution regarding immigration legislation which was adopted by the executive committee of the supreme council of the Order of the Sons of Italy in America at Toronto, Canada, on April 4, 1959. This same resolution was approved by the grand lodge of Maryland at its 22d biennial State convention on June 7, 1959. I ask unanimous consent that the resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas thousands of Americans, in accordance with the terms and provisions of existing laws on immigration dealing with fourth preference cases, have filed appropriate petitions for their brothers, sisters, sons, or daughters residing in foreign nations; and

Whereas fourth preference visas can be issued only when deficiencies occur in first, second or third preference which are allotted 100 percent of the quota, a rare and unlikely occurrence in countries with low quota numbers such as Italy (5,645); and

Whereas the accumulated backlog over a 10-year period now numbers approximately 80,000 petitions, causing an uneasy international situation with national repercussions in many countries, including the United States; and

Whereas Public Law 85–316 permits the reuniting of certain relatives under conditions as therein stated: Therefore be it

Resolved by the Executive Committee of the Supreme Council, Order Sons of Italy in America, at Toronto, Canada, this 4th day of April A.D., 1959, That we respectfully request the Senate and the House of Representatives of the United States to amend the provisions of existing law or adopt new legislation, which shall include fourth preference quota cases, in the same classification as first, second, and third preference quota cases, thus permitting these applicants to enter the United States at an early date and reestablish family units which have been separated for long periods of time through no fault of their own; be it further

Resolved, That copies of this resolution be forwarded to: The President of the United States; the President of the U.S. Senate; the Speaker of the House of Representatives of the United States; the Secretary of State of the United States; the chairman of the immigration committees in Congress of the United States; the majority and minority leaders in both Houses of Congress; the director of the immigration bureau, each of the grand venerables throughout the United States.

RESOLUTIONS OF ORGANIZATIONS OF THE STATE OF NEW YORK

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a series of resolutions adopted by organizations of the State of New York.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION ON CIVIL RIGHTS BY NEW YORK COUNCIL OF PIONEER WOMEN

We, members of the New York Council of Pioneer Women, in annual conference assembled at the Statler-Hilton Hotel, Tuesday, May 19, 1959, hereby go on record in support of the civil rights bill, S. 810, introduced in the U.S. Senate by Senators DOUGLAS, JAVITS, and HUMPHREY, and H.R. 3147, introduced in the House of Representatives by Congressman CELLER.

We believe that these bills, if enacted into law will be most effective, because they authorize the Attorney General of the United States to bring injunction actions against those denying Americans equal protection of the law, because of race, color, religion or national origin.

We support these bills because we believe that if enacted into law they will go a long way toward eliminating racial segregation in the schools of our country, and in protecting the voting rights of the people of the United States.

RESOLUTION OF FOREIGN AID BY NEW YORK COUNCIL OF PIONEER WOMEN

We, members of the New York Council of Pioneer Women, in conference assembled at the Statler-Hilton Hotel, May 19, 1959, hereby declare our firm belief in the importance of foreign aid, and the mutual security program as a vital contribution to world peace; and

We believe that all underdeveloped countries should be aided in arriving at economic security as a way to that peace, and deeply concerned about the Middle East as the focal point of so many tensions; and

We sincerely express the hope that our Government will include Israel and all the freedom-loving nations in the Middle East in the foreign aid program.

Be it resolved, That a copy of this resolution be sent to Senator JACOB K. JAVITS, Senator KENNETH B. KEATING, and the Congressmen representing Bronx, Manhattan, and Queens.

RESOLUTION OF PUTMAN COUNTY, N.Y., BOARD OF SUPERVISORS

State of New York, County of Putnam, ss.:

Whereas there has been a tightening in the supply of mortgage funds for VA guaranteed loans generally throughout the country and including Putnam County; and

Whereas qualified ex-servicemen in Putnam County have experienced difficulty in obtaining such loans because Putnam County has been classified by the Veterans' Administration as a part of the New York metropolitan area although it consists of small communities and rural areas without the extensive private lending facilities to handle VA guaranteed loans as required in the metropolitan area; and

Whereas it appears that the only relief for the ex-servicemen under these conditions is to have Putnam County designated by the Veterans' Administration as a direct loan area: Now, therefore, be it

Resolved, That this board of supervisors does hereby recommend that Putnam County be designated as a direct loan area and that a copy of this resolution be forwarded to the two U.S. Senators from New York and the Congressman of this district with the request that they take whatever steps deemed necessary to call this condition to the attention of the appropriate officials of the Veterans' Administration with a view of obttaining the change in designation to a direct loan area.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAVEZ, from the Committee on Public Works, without amendment:

S. 551. A bill to declare portions of Bayous Terrebonne and LeCarpe, La., to be nonnavigable streams (Rept. No. 409); and

S. 1356. A bill to amend the act authorizing the disposal of certain obsolete Federal locks and dams in order to increase a certain authorization in such act relating to dam No. 3 on the Big Sandy River, Ky. (Rept. No. 410).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 1264. A bill to amend the act providing for a program to eradicate the dogfish shark on the Pacific coast in order to expand such program (Rept. No. 411).

By Mr. MANSFIELD (for Mr. FULBRIGHT), from the Committee on Foreign Relations, with an amendment:

S. 1451. A bill to amend further the Mutual Security Act of 1954, as amended, and for other purposes (Rept. No. 412).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 283. A bill for the relief of George Orphanos (Rept. No. 413); and

S. 1135. A bill for the relief of Alice Kazana (Rept. No. 414).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 1705. A bill for the relief of Ivan (John) Persic (Rept. No. 415);

S. 1828. A bill for the relief of Kum Hung Seeto and Kum Wo Seeto (Rept. No. 416); and

H.R. 4693. An act to amend the Bankruptcy Act so as to consolidate the referees' salary and expense funds (Rept. No. 421).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 539. A bill for the relief of Miss Joyce Lee (Rept. No. 417);

S. 640. A bill for the relief of Annibali Pellegrini (Rept. No. 418);

S. 1791. A bill for the relief of Helen Harolan (Rept. No. 419); and

S. 1940. A bill for the relief of Maria Ioannou and Vassiliki Ioannou (Rept. No. 420).

By Mr. MAGNUSON, from the Committee on Appropriations, with amendments:

H.R. 7040. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 423); and

H.R. 7176. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 422).

By Mr. JOHNSON of Texas, from the Committee on Appropriations, with amendments:

H.R. 7343. An act making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 424).

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1960—REPORT OF A COMMITTEE

Mr. JOHNSON of Texas. Mr. President, I should like to have all Senators know that very shortly we will send to the desk committee prints of a report on the Departments of State and Justice, the Judiciary, and related agencies appropriation bill, which has been unanimously reported by the Committee on Appropriations.

The amount of the bill as passed by the House is $646,890,200. The amount of the budget estimate is $677,301,100. The bill as reported to the Senate and recommended to the Senate is $645,418,200.

Therefore the bill is a decrease of $1,472,000 under that passed by the House, and a decrease of $31,882,900 under the budget estimate and $19,028,257 under the appropriations for 1959.

I send the report and the bill to the desk for printing.

I should like to inform all Senators that after we have a sufficient number of copies available, I will confer with the minority leader and the chairman and ranking minority member of the full committee, and attempt to get consent to bring the bill before the Senate.

The VICE PRESIDENT. The report (No. 424) will be received and printed, and the bill will be placed on the calendar.

SPECIAL COMMITTEE TO ATTEND FLAG-RAISING CEREMONIES AT JUNEAU, ALASKA, ON JULY 4, 1959

Mr. GRUENING. Mr. President, from the Committee on Interior and Insular Affairs, I report an original resolution (S. Res. 135), which would authorize the Vice President to appoint seven Members of the Senate as a special committee to represent the U.S. Senate at the ceremonies to be held at Juneau, Alaska, on July 4, 1959, where the U.S. flag bearing 49 stars will first officially be flown in commemoration of the admission of Alaska into the Union as a State, and to designate the chairman of said special committee.

Mr. President, I hope that all Senators will take advantage of this opportunity, and I express the hope that every Member of the Senate will visit Alaska at the earliest possible moment. I think each Senator will be pleased and delighted with what he will find in the 49th State.

The VICE PRESIDENT. The resolution will be received and appropriately referred.

The resolution (S. Res. 135) was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Vice President is authorized to appoint seven Members of the Senate as a special committee to represent the U.S. Senate at the ceremonies to be held at Juneau, Alaska, on July 4, 1959, where the U.S. flag bearing 49 stars will first officially be flown in commemoration of the admission of Alaska into the Union as a State, and to designate the chairman of said special committee.

Resolved further, That the expenses of the committee, including staff members designated by the chairman to assist the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate, upon vouchers approved by the chairman.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. EASTLAND:

S. 2212. A bill for the relief of Theodore Orel; to the Committee on the Judiciary.

By Mr. BUSH:

S. 2213. A bill to limit the power of the States to impose income taxes on income derived exclusively from the conduct of interstate commerce; to the Committee on Finance.

(See the remarks of Mr. BUSH when he introduced the above bill, which appear under a separate heading.)

By Mr. McGEE:

S. 2214. A bill for the relief of Nicholas Ilia Tzovlas; to the Committee on the Judiciary.

By Mr. McGEE (by request):

S. 2215. A bill to amend the Internal Revenue Code of 1954 with respect to court determinations of support for purposes of establishing dependency; to the Committee on Finance.

By Mr. CASE of South Dakota:

S. 2216. A bill providing that hereafter no individual of less than one-quarter degree of Indian blood shall be entitled to any rights, privileges, or benefits granted to Indians by any treaty, agreement, Executive order, or act of Congress, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. ERVIN:

S. 2217. A bill for the relief of Kenneth P. Taylor; to the Committee on the Judiciary.

By Mr. HILL:

S. 2218. A bill for the relief of Dr. Ricardo Ceballos; to the Committee on the Judiciary.

S. 2219. A bill to authorize appropriations for construction of facilities for the Gorgas Memorial Laboratory, to increase the authorization of appropriations for the support thereof, and for other purposes; and

S. 2220. A bill to strengthen the Commissioned Corps of the Public Health Service through revision and extension of some of the provisions relating to retirement, appointment of personnel, and other related personnel matters, and for other purposes; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. HILL when he introduced the last above-mentioned bills, which appear under a separate heading.)

By Mr. JAVITS:

S. 2221. A bill for the relief of the estates of Arthur F. Saladino, Joseph Spivak, and Irving Weinberg; to the Committee on the Judiciary.

By Mr. HUMPHREY (for himself and Mr. McCARTHY):

S. 2222. A bill to amend the provisions of law authorizing Federal assistance for construction of community hospitals which will serve Indians; to the Committee on Labor and Public Welfare.

By Mr. MAGNUSON:

S. 2223. A bill to provide for the preliminary investigation and study leading to the establishment of a Lewis and Clark National Tourway along the route of the Lewis and Clark Expedition; to the Committee on Interior and Insular Affairs.

S. 2224. A bill for the relief of Albert Goodson; to the Committee on Labor and Public Welfare.

By Mr. CASE of New Jersey:

S. 2225. A bill to amend section 203 of the Social Security Act to increase the amount of earnings individuals are permitted to earn without suffering deductions from their benefits;

S. 2226. A bill to amend title II of the Social Security Act to provide extra credit for postponed retirement; and

S. 2227. A bill to amend section 203 of the Social Security Act so as to prevent loss of income by beneficiaries because of deductions from benefits on account of the charging of earnings; to the Committee on Finance.

(See the remarks of Mr. CASE of New Jersey when he introduced the above bills, which appear under a separate heading.)

By Mr. DOUGLAS (for himself and Mr. JAVITS):

S.J. Res. 111. Joint resolution providing for the designation of the week following the Fourth of July as "Captive Nations Week"; to the Committee on the Judiciary.

(See the remarks of Mr. DOUGLAS when he introduced the above joint resolution, which appear under a separate heading.)

CONCURRENT RESOLUTIONS

Mr. McNAMARA submitted a concurrent resolution (S. Con. Res. 50) instructing the Federal Reserve System to assist the Treasury Department in management of the public debt, which was referred to the Committee on Finance.

(See the above concurrent resolution printed in full when submitted by Mr. McNAMARA, which appears under a separate heading.)

Mr. SPARKMAN submitted a concurrent resolution (S. Con. Res. 51) to enroll S. 57, the Housing Act of 1959, with certain corrections, which was considered and agreed to.

(See the above concurrent resolution printed in full when submitted by Mr. SPARKMAN, which appears under a separate heading.)

RESOLUTIONS

Mr. GRUENING, from the Committee on Interior and Insular Affairs, reported an original resolution (S. Res. 135) authorizing the appointment of a special committee to attend the flag-raising ceremonies at Juneau, Alaska, on July 4, 1959, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. GRUENING, from the Committee on Interior and Insular Affairs, which appears under the heading "Reports of Committees.")

RESEARCH ON OCEANOGRAPHY AND REPORT OF COMMITTEE ON OCEANOGRAPHY

Mr. MAGNUSON (for himself, Mr. ENGLE, and Mr. JACKSON) submitted the following resolution (S. Res. 136), which was referred to the Committee on Interstate and Foreign Commerce:

Whereas expanded studies of the oceans and the ocean bottoms at all depths are vital to defense against enemy submarines, to the operation of our own submarines with maximum efficiency, to the rehabilitation of our commercial fisheries and utilization of other present or potential ocean resources, to facilitating commerce and navigation, and to expand our scientific knowledge of the waters covering 71 per centum of the earth's surface, life within these waters, and phenomena which affects climate and weather; and

Whereas several other nations, particularly the Union of Soviet Socialist Republics, are presently conducting oceanic studies of unprecedented magnitude on a worldwide basis, utilizing larger, more numerous, and more modern ships and more scientific and supporting personnel than ever before; and

Whereas a Committee on Oceanography, comprised of eminent scientists from universities and nongovernmental institutions, appointed by the National Academy of Sciences-National Research Council, has prepared a report outlining objectives and recommending a comprehensive program of oceanographic research to be carried out at nominal cost over a period of ten years; and

Whereas the Office of Naval Research of the Department of the Navy, observing that there has been no effort to improve the Nation's research fleet in the past fifteen years, and that there is need for more oceanographic scientists, laboratories, specially designed ships and shore facilities, has prepared a report recommending a ten-year, long-range program for oceanographic research which has been approved by the Chief of Naval Operations; and

Whereas the Coast and Geodetic Survey of the Department of Commerce, directed by statute to conduct hydrographic surveys, seismological investigations, magnetic and gravimetric observations, and other scientific operations, but restricted generally to coastal waters and limited in its work in these waters by obsolescence of its research ships, has drawn up plans to rehabilitate its scientific vessels and broaden the area in which it can operate, subject to departmental and Bureau of the Budget approval; and

Whereas the Bureau of Commercial Fisheries of the Fish and Wildlife Service of the Department of the Interior, faced with a drastic diminution of a valuable food supply and resource and an actual decline of ships and facilities for fisheries exploration and research at a time when Soviet Russia, Communist China, Japan, and many other nations are expanding fisheries research intensively, has a plan, which still waits departmental and budget approval, to replace its present small and overage vessels over a ten-year period: Now, therefore, be it

Resolved, That the Senate—

(1) commends the report of the Committee on Oceanography to the President, the Bureau of the Budget, and to the heads of the five departments and nine agencies which would participate in the ten-year program of oceanographic research recommended by the Committee, for their study and consideration with a view to overcoming this Nation's lag in this scientific field, and urges their support of a comprehensive plan that will assure the United States permanent leadership in oceanographic research;

(2) commends the programs of the several agencies for rehabilitating their research facilities and enlarging their oceanographic activities to the President and the Bureau of the Budget for like study and consideration with the object of developing a well-balanced and coordinated expansion of scientific effort in this vital field;

(3) concurs in the recommendations of the Committee on Oceanography that—

(a) basic oceanographic research be immediately expanded and at least doubled within the next ten years;

(b) in the field of applied research fisheries exploration be intensified, migratory patterns investigated, greater attention given to genetics of fish and other marine organisms, biological surveys augmented utilizing new devices, a program on diseases and other toxic effects in the marine environment established, comprehensive studies made of the economic and legal aspects of commercial fisheries, especially in relation to other industries, and research stimulated on the nature of organisms in the sea on which marine life of commercial or sports value feeds;

(c) training of more oceanographic scientists in private educational and research institutions be encouraged and facilitated by the National Science Foundation and the Office of Education with the object of doubling the number of oceanographers at the doctor of philosophy level during the next ten years;

(d) systematic ocean-wide and ocean-deep surveys be conducted by the Coast and Geodetic Survey and Hydrographic Office, Bureau of Navigation, Department of the Navy to develop much broader knowledge of depths, salinity, temperature, current velocity, wave motion, magnetism and biological activity;

(e) research fleets of the various agencies and institutions engaged in basic or applied oceanographic research, of which most of the vessels are old and obsolete, be replaced by modern ships adapted to oceanwide scientific studies and furnished with advanced scientific equipment, and that the number of ships be increased 90 per centum within the next ten years;

(f) shore facilities commensurate with an expanded program of basic research be constructed in order to derive maximum knowledge from observations and collections made at sea;

(g) development and utilization of deep-diving manned submersibles be expedited to facilitate maximum accomplishments in both basic and applied oceanographic research at all depths;

(h) mineral research be undertaken on the ocean floor with a view to present or ultimate utilization of the untapped resources that lie beneath the ocean; and

(i) extensive scientific investigations be made on the effects of radioactivity in the oceans including the genetic effects of radiation upon marine organisms, the inorganic transfer of radioactive elements from seawater to the sediments, and the circulation and mixing processes which control the dispersion of introduced contaminants in coastal and estuarine environments and in the open ocean;

(4) recommends that in order to coordinate the programs of the various agencies some method of interagency cooperation should be developed, possibly through an Oceanographic Research Board or Commission; and

(5) recommends that cooperation between the United States and other nations in oceanographic research and exchange of data should be considered on a carefully supervised and reciprocal basis.

LIMITATION OF POWER OF STATES TO IMPOSE INCOME TAXES ON CERTAIN INCOME

Mr. BUSH. Mr. President, I introduce, for appropriate reference, a bill to limit the power of the States to impose income taxes on income derived exclusively from the conduct of interstate commerce.

Mr. President, I ask unanimous consent that the bill may be held at the desk until the close of business Tuesday, June 23, in order that other Senators may become cosponsors if they so desire, and that the text of the bill, and a statement in explanation thereof, may be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD, and the bill will lie on the desk, as requested by the Senator from Connecticut.

The bill (S. 2213) to limit the power of the States to impose income taxes on income derived exclusively from the conduct of interstate commerce, introduced by Mr. BUSH, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, after the date of the amendment of this Act, no State, or political subdivision thereof, shall have the power to impose a net income tax on income derived by a person exclusively from the conduct of interstate commerce, solely by reason of the solicitation of orders in the State by such person, or by an agent or employee of such person, if such person maintains no stock of goods, plant, office, warehouse, or other place of business within the State.

The statement presented by Mr. BUSH is as follows:

STATEMENT BY SENATOR BUSH

The bill I have introduced today is intended to eliminate a chaotic condition created by a recent decision of the U.S. Supreme Court which held, by a 6 to 3 vote, that the commerce clause of the Constitution of the United States does not prevent a State from taxing a foreign corporation's net income derived from sales within that State even though such transactions are exclusively in interstate commerce.

The decision, handed down February 24, 1959, in the cases of *T. V. Williams* v. *Stockham Valves & Fittings, Inc.*, and the *Northwestern States Portland Cement Co.* v. *Minnesota*, has thrown the commercial world into confusion. Businessmen are apprehensive that they may be forced to pay income taxes in every State in which they sell their goods.

The problem this decision poses for businessmen was well stated by Mr. Justice Frankfurter in a dissenting opinion, in which he pointed out that "interstate commerce

will be burdened not hypothetically but practically."

"There are thousands of relatively small or moderate sized corporations doing exclusively interstate business spread over several States," Mr. Justice Frankfurter wrote. "To subject these corporations to a separate income tax in each of these States means that they will have to keep books, make returns, store records, and engage legal counsel, all to meet the diverse tax laws in 49 States, with their different times for filing returns, different tax structures, different modes of determining net income and different, often conflicting formulas of apportionment. This will involve large increases in bookkeeping, accounting, and legal paraphernalia to meet these new demands. The cost of such a far-flung scheme for complying with the taxing requirements of different States may well exceed the burden of the taxes themselves, especially in the case of small companies doing a small volume of business in several States.

The decision has opened up a Pandora's box of difficulties and harassment for all businesses, especially the smaller ones. It will take lengthy study to determine its full implications. There can be little doubt, however, as to the serious implications which the decision holds for firms engaged in interstate commerce who now, in each State to which they ship goods, find themselves open to possible liability for income tax levied by that State on profits derived from sales attributable in some fashion to that State. Hitherto, such firms had come to expect that such profits were not taxable by a State unless the firm was engaged in intrastate business or otherwise legally domiciled therein. Also, there is the very serious possibility of double taxation of profits from the same transactions.

In the application of the Supreme Court decision we find that the mere fact that a company sends a salesman into a particular State for the solicitation of business may subject that company to income taxes by that State.

My bill is designed to provide at least a partial remedy. It is not a total solution to the problem but it will, if enacted, afford relief to those companies engaged in interstate commerce whose only activity in other States is sales solicitation and where no stock of goods, plant, office, warehouse, or other place of business is maintained therein.

I feel that the bill is of sufficient urgency that the Senate make a special effort to bring it to a vote in this session of Congress.

PUBLIC HEALTH SERVICE COMMISSIONED CORPS PERSONNEL ACT OF 1959

Mr. HILL. Mr. President, I introduce, for appropriate reference, a bill entitled "Public Health Service Commissioned Corps Personnel Act of 1959." I ask unanimous consent that a detailed analysis of the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 2220) to strengthen the Commissioned Corps of the Public Health Service through revision and extension of some of the provisions relating to retirement, appointment of personnel, and other related personnel matters, and for other purposes, introduced by Mr. HILL, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The detailed analysis presented by Mr. HILL is as follows:

DETAILED ANALYSIS OF DRAFT BILL

(A bill to strengthen the Commissioned Corps of the Public Health Service through revision and extension of some of the provisions relating to retirement, appointment of personnel, and other related personnel matters, and for other purposes)

SECTION 1

This section provides a short title for the bill, the "Public Health Service Commissioned Corps Personnel Act of 1959."

SECTION 2

This section would preclude officers from being appointed or called to active duty in the Commissioned Corps at an age beyond which they could not complete the minimum career service of 20 years for purposes of retirement unless they possess exceptional qualifications. Exceptions to this limitation would be made in the case of Reserve officers who are called to active duty for 1 year or less or in the event that the Commissioned Corps of the Service is declared by the President to be a military service.

SECTION 3

The number of higher grade appointments (full grade or above) authorized to be made in the Regular Corps in any fiscal year under section 207 of the Public Health Service Act is 10 percent of:

(a) The number of vacancies existing on the first day of the fiscal year in the strength of the Regular Corps authorized by Congress in the Appropriation Act; plus

(b) The number of officers in the Regular Corps who during that fiscal year retire or for any other reason cease to be on active duty.

Section 3 of the bill would amend section 207 of the Public Health Service Act to permit those Reserve officers presently on active duty at the full grade or above to be appointed in the Regular Corps regardless of the number of years they have been on active duty, if they have been on active duty for at least 1 year prior to July 1, 1959, and they apply for appointment prior to July 1, 1961. Under section 207, as so amended, Reserve officers entering on active duty after June 30, 1959 would be required to serve on active duty continuously for at least a year before appointment to the Regular Corps, but they could not apply for such appointment after they had served continuously for more than 3½ years. If such requirements are not met, or if a person outside the Service applies for appointment in one of the higher grades in the Regular Corps, the existing 10 percent limitation would still apply.

SECTION 4

This section would revise the existing section 211 of the Public Health Service Act, with respect to the retirement of Regular or Reserve officers of the Public Health Service, in a number of respects. The subsections and paragraphs referred to below are subsection and paragraphs of the amended section 211.

Subsection (a) sets forth the eligibility requirements and the methods of computing retired pay in case of retirement for length of service or age (64 years) of commissioned officers of the Service.

Paragraph (1) of subsection (a) provides that all officers shall be retired on the first day of the month following their 64th birthday. This provision does not represent any change in existing law.

Paragraph (2) of subsection (a) provides that commissioned officers may be retired by the Secretary, and shall be retired upon their application, after completion of 30 years of active service. This provision, which is contained in existing law for Regular officers, would be applicable to Reserve officers as well.

Paragraph (3) of subsection (a) provides for voluntary retirement with the approval of the Secretary, or involuntary retirement by the Secretary, upon completion of 20 or more but less than 30 years of service for both Regular and Reserve officers. Although this provision would provide a new benefit for Public Health Service officers, it parallels similar provisions applicable to members of the military services.

Paragraph (4) of subsection (a) would establish the methods under which retired pay would be computed for active duty officers retiring for age or length of service (20 or 30 years). Under these methods, retired pay would be computed on (i) the basic pay of an officer's permanent grade at the time of retirement or (ii) the basic pay of a higher temporary grade in which he has served on active duty for not less than 6 months and which he would be entitled to receive if serving in such grade at the time of retirement. Basically, retired pay would be equal to 2½ percent per year of active service times basic pay. In the case of physicians and dentists, there would be added to the active service otherwise credited to them 4 years, to compensate for professional education, and one additional year for a medical internship, which years, under current law, are also credited for the computation of basic pay. If, however, any period of such professional education or internship is counted as active service, it will be deducted from the 4 or 5 years. In addition, officers who are retiring for age, who at that time have completed at least 12 full years of active service and who do not use for civil service retirement purposes any service also creditable under the Public Health Service retirement system would be entitled to receive retired pay at the minimum rate of 50 percent of basic pay. In no event would retired pay exceed 75 percent of basic pay. Application of these new methods for computing retired pay constitutes a major change in the existing methods of computing retired pay under such circumstances. Under present law a Regular Corps officer appointed after his 34th birthday and not later than his 45th birthday is retired for age at age 64 with retired pay computed at the rate of 75 percent of basic pay. Likewise, an officer who was appointed to the Regular Corps after his 45th birthday and who is now retired for age has his retired pay computed at the rate of 4 percent for each year of service times basic pay. This change in computing retired pay parallels the formulas applicable to the computation of retired pay for military personnel.

Paragraph (5) of subsection (a) would authorize the Surgeon General, the Deputy Surgeon General, and Assistant Surgeons General to be retired, with the approval of the President, after completion of 25 years of active commissioned service in the Public Health Service and after four or more years in any one or a combination of the general officer grades. This provision, which is presently applicable only to the Surgeon General, parallels provisions applicable to the military services, inasmuch as all military medical and dental officers may retire after 26 years of service (after 25 years of service for medical officers in some instances) with full retired pay.

Subsection (b) of the amended section 211 of the Public Health Service Act provides that if retired pay is computed under subsection (a) (4) of the same section on the basis of the highest temporary grade held, the basic pay involved in the computation would be that pay to which the officer would be entitled if serving on active duty in such grade on the date of his retirement, regardless of the pay or pay grade of such grade at the time the officer served in such grade.

This provision is similar to provisions currently applicable to the members of the military services.

Subsection (c) of the amended section 211 extends to Reserve officers entitled to retired pay under the Public Health Service staff retirement program an existing provision of law which permits the involuntary recall to active duty of Regular Corps officers during periods when the Commissioned Corps is a military service.

Subsection (d) of the amended section 211 defines the term "active service" for purposes of establishing eligibility for and the computation of retired pay. It would include (i) all active service in any of the uniformed services, including the Commissioned Corps of the Public Health Service, but excluding the Coast and Geodetic Survey; (ii) employment with the Public Health Service, other than as a commissioned officer, but not to exceed the last 5 years of such employment preceding retirement whether or not such years are continuous, and limited to those types of employment which are performed by commissioned officers; and (iii) all other active service in another uniformed service (excluding the Coast and Geodetic Survey) which is creditable for retirement purposes under laws governing the retirement of members of such other uniformed service. This subsection would change existing law in two major respects. It would authorize credit, for all retirement purposes, of active service in the other uniformed services, excluding the Coast and Geodetic Survey. Moreover, it would limit to a maximum of 5 years (the last 5 years) the crediting of civilian service with the Public Health Service.

Subsection (e) of the amended section 211 would authorize the crediting of a part of a year of 6 months or more as a whole year for purposes of determining the number of years by which the appropriate percentage (2½ percent) of an officer's basic pay would be multiplied to compute his retired pay. This follows the law applicable to the military services.

Subsection (f) of the amended section 211 would, in addition to a few drafting changes, amend the existing subsection (g) of section 211 to impose, with respect to the crediting of noncommissioned employment in the Public Health Service for disability retirement purposes, the same limitations as are contained in subsection (d) of the amended section 211, described above.

SECTION 5

Subsection (a) of section 5 of the bill would amend section 2 of the Public Health Service Act to add a new subsection (p) defining "uniformed service." The term would include the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, or Coast and Geodetic Survey.

Subsection (b) of section 5 would amend section 208(b) of the Public Health Service Act to authorize Reserve officers retired for age, length of service, or disability to purchase supplies, such as quartermaster supplies, from the military services on the same basis as such supplies may be purchased by officers of the military services. The present provision is further amended by deleting the word "quartermaster," as supplies sold by services other than the Army are not known as quartermaster supplies.

Subsection (c) of section 5 would amend section 210(g)(3) of the Public Health Service Act which relates to the retired pay of a full grade officer of the Regular Corps who is twice passed over for permanent promotion to the senior grade and who is subsequently retired. The bill would make it clear that his retired pay would be computed on the basis of the basic pay of his permament grade.

Subsection (d) of section 5 would amend section 326(a) of the Public Health Service Act to delete therefrom all references to retired personnel of the Coast Guard, Coast and Geodetic Survey, and Public Health Service. The inclusion of such personnel in the existing section 326(a) permits such persons to receive medical care from civilian facilities in emergencies. Such benefit is not available to retired personnel of the military services who are entitled to medical care only at medical facilities of the uniformed services pursuant to section 301(b) of the Dependents' Medical Care Act. The only intent of this amendment is to establish parity between retired personnel of the Coast Guard, Coast and Geodetic Survey, and Public Health Service and retired personnel of the military services.

SECTION 6

One of the main purposes of this section is to safeguard rights earned under the Civil Service Retirement Act for Reserve officers transferred from the civil service retirement system to the staff retirement system proposed by this bill.

Subsection (a) of section 6 provides that service, prior to July 1, 1959, as a commissioned officer of the Regular Corps of the Public Health Service shall be considered, for purposes of credit under the Civil Service Retirement Act, as civilian service. (Service in the Reserve Corps is already considered as civilian service for the purposes of such act.) Such Regular Corps service would not, however, be considered as civilian service for purposes of section 3(f) of the act which requires 5 years of civilian service for eligibility for an annuity under the act. In other words, such Regular Corps service would be creditable under the act only if the officer, after his resignation from the service, completed 5 years in a civil service position subject to the act. One additional exception to this general provision is made in subsection (b) of section 6 (explained below). Also, this subsection provides that Reserve officers, whether on active duty or in an inactive status shall be considered as voluntarily separated on June 30, 1959, from civilian positions subject to the Civil Service Retirement Act. Under this provision any Reserve officer who, as of July 1, 1959, had 5 years or more of service creditable under the Civil Service Retirement Act, including his Public Health Service reserve service, could elect to leave his money in the civil service retirement fund and receive a deferred annuity based on such service commencing at age 62.

Subsection (b) provides the general rule which would preclude the crediting of service under the Civil Service Retirement Act in the case of an officer retiring from the Public Health Service, if such service is also creditable for retirement purposes under the Public Health Service staff retirement system. Any service which is so creditable, such as active commissioned reserve service before July 1, 1959, or civil service employment with the Public Health Service performed at any time, would not, except as explained below, be credited for civil service retirement purposes upon an officer's retirement under the Public Health Service staff retirement plan, regardless of whether such service would be used in the computation of the officer's retired pay from the Public Health Service. If, however, an officer has, at the time of his retirement from the Public Health Service for age or length of service, service which is dually creditable under both the Civil Service Retirement Act and the Public Health Service staff retirement system and which was performed before July 1, 1959, and has not applied for and received a refund of his civil service retirement deductions covering such service, he may waive the use of such credits in computing his Public Health Service retired pay and use such credits for annuity purposes under the Civil Service Retirement Act. For example, an officer, who had 10 years of active reserve service on January 1, 1959, and 20 years of such service thereafter, applies for retirement upon completion of 30 years of service. He may elect to have his retired pay from the Public Health Service computed at the rate of 2½ percent times 30 years times basic pay, or at the rate of 2½ percent times 20 years times basic pay, thus permitting the officer to use his 10 years of service before July 1, 1959, for civil service retirement purposes.

Subsection (c) of section 6 amends section 1(r) of the Civil Service Retirement Act. This section defines "military service" for purpose of that act. The amendment would bring service after June 30, 1959, in the Regular or Reserve Corps of the Public Health Service within the meaning of the term.

SECTION 7

Under an amendment of the Civil Service Retirement Act, enacted in 1956, no service in a uniformed service performed after 1956 may be creditable thereunder if a person is or becomes eligible for old-age, survivors, and disability insurance payments. The purpose of this limitation is to preclude a civilian employee who enters military service from having this period of service credited under both programs. As the Civil Service Retirement Act authorizes a civilian employee to receive gratuitous credit for military service, this limitation is not unreasonable. Public Health Service Reserve officers, however, are compelled to pay for both Civil Service Retirement (at the rate of 6½ percent of basic pay) and old-age, survivors, and disability insurance (at the rate of 2¼ percent of basic pay through 1958 and since then 2½ percent) with respect to their service after 1956 and, assuming enactment of the enclosed draft bill, before July 1, 1959. Yet, the limitation described above is applicable to this group of officers who are the only group of Federal personnel in this situation. Section 7 of the draft bill would resolve this unusual situation to some extent, by permitting such an officer (or his survivors) to use such service for Civil Service retirement purposes for purposes of old-age survivors, and disability insurance, as he (or his survivors) may elect.

SECTION 8

Subsection (a) and (b) of section 8 provide effective dates for the amendment made by the bill.

Subsection (c) is a savings provision pertaining to officers of the Regular Corps on active duty on the date of enactment of the bill (including officers on detail on a leave-without-pay basis). Its purpose would be to enable such officers to retire and have their retired pay computed under either the old or the new section 211, at their election.

Subsection (d) of section 8 is a savings provision for Reserve officers on active duty on June 30, 1959 (including those on detail on a leave-without-pay basis). Under the existing section 211 Reserve officers are, for purposes of disability retirement, credited with all their civilian service with the Public Health Service. Under the amended section 211 the crediting of such service would be limited to 5 years. Thus, to prevent a loss in existing retirement credits, subsection (d) would provide that all Reserve officers on active duty on June 30, 1959 could use the service with which they are credited on the preceding day for purposes of disability retirement under the amended section 211.

PROPOSED AMENDMENTS OF SOCIAL SECURITY ACT

Mr. CASE of New Jersey. Mr. President, I introduce, for appropriate reference, a series of three bills to amend the Social Security Act.

The first bill would permit social security beneficiaries to earn more money on their own and still be able to draw benefits.

Under present law, a person may not earn more than $1,200 a year and still receive his full social security benefit.

An original purpose of the social security law was to facilitate the withdrawal of older workers from the labor force. This law was written in depression times. Young people, hungry for jobs, moved into the working force when their seniors retired.

The so-called earnings test, the ceiling on outside income, was one way of accomplishing this aim of discouraging older workers from continuing in their jobs.

Clearly, the emphasis of our social security programs has changed since those days.

The bills I introduce today would accomplish these purposes:

First. Raise from $1,200 a year to $1,800 the amount which can be earned as income without reduction of the beneficiary's eligibility for full old age and survivors' insurance retirement benefits.

Second. Permit workers who postpone retirement to accumulate extra pension credits for use when they finally do retire. At present, the average age of first entitlement to old-age insurance benefits is about 68 to 69 years. Increasing benefits for persons who delay retirement after 65 would provide an incentive for older workers to continue in productive employment as long as they are useful. Presently, these individuals simply lose the benefits to which their years of employment under the system would have normally entitled them. My bill proposes an increase of one-fourth of 1 percent for each month of delayed retirement, or 3 percent a year.

Third. Prevent actual loss of income as a result of staying on the job past retirement age. Under existing law, it is possible to lose more in benefits deducted as a result of outside income than is gained from the outside employment itself.

The 85th Congress took a halting step toward removing the discrimination against older workers created by the inequitable earnings test. In the omnibus social security bill passed last year, Congress raised from $80 to $100 the monthly limit on outside earnings which a beneficiary could make without losing a month's benefits. Thus, a bill which I, along with others, had previously offered was enacted into law.

But this was a minor change, indeed, and further improvement ought to be made. The Senate Finance Committee, after thorough consideration of the earnings test in 1954, made this report to the Senate:

> Monthly benefits under the old-age and survivors insurance system are paid upon the retirement or death of the family earner. Consequently, the law provides that benefits are not payable to persons otherwise eligible for benefits if they have substantial employment or self-employment earnings, as determined under the retirement test set out in the act.
>
> Your committee seeks to maintain this principle, but has determined that certain amendments should be made to increase the equity of the retirement test and to afford greater opportunities to retired individuals to supplement their benefits through earnings from part-time or intermittent work.

I believe we should move toward these reasonable goals now.

The VICE PRESIDENT. The bills will be received and appropriately referred.

The bills, introduced by Mr. CASE of New Jersey, were received, read twice by their titles, and referred to the Committee on Finance, as follows:

S. 2225. A bill to amend section 203 of the Social Security Act to increase the amount of earnings individuals are permitted to earn without suffering deductions from their benefits;

S. 2226. A bill to amend title II of the Social Security Act to provide extra credit for postponed retirement; and

S. 2227. A bill to amend section 203 of the Social Security Act so as to prevent loss of income by beneficiaries because of deductions from benefits on account of the charging of earnings.

CAPTIVE NATIONS WEEK

Mr. DOUGLAS. Mr. President, on behalf of the senior Senator from New York [Mr. JAVITS] and myself, I introduce, for appropriate reference, a joint resolution to provide for the designation of the week following the Fourth of July as "Captive Nations Week."

I ask unanimous consent that the joint resolution may lie on the table until Friday, June 26, to enable any Senators who may wish to join as sponsors of the joint resolution to do so.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Illinois.

The joint resolution (S.J. Res. 111) providing for the designation of the week following the Fourth of July as "Captive Nations Week", introduced by Mr. DOUGLAS (for himself and Mr. JAVITS), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. DOUGLAS. Mr. President, despite all the talk about more talkathons, whether at Geneva, the summit, or elsewhere, sober minds throughout the world cannot escape the contemplation of basic issues that divide the world. Mere symptoms considered at Geneva or at a summit will not assure us the basis of peace with justice. This concentration on symptoms—today Berlin, tomorrow something else—plays more and more into the poker hands of Moscow. To our own advantage, not to say in behalf of truth, at these conferences we should be relating these symptoms to their basic causes. This, unfortunately, we are not doing, and the impression created by us throughout the world are not favorable to us.

The most basic of issues is the continued enslavement of the captive nations. It is this issue that underlies the so-called Berlin crisis. It is this issue that will be at the foundation of subsequent crises manufactured by Moscow.

The Berlin issue is an inseparable part of the larger issue of a free and reunified Germany and this larger issue is but a part of the general problem of the captive nations. Yet at Geneva and in official quarters little if anything is heard about the captive nations. The very cause of our international crises and tensions is perilously overlooked. This situation has developed so that countless thoughtful minds in this country and elsewhere are beginning to ask: "Is this the preliminary stage to our eventual acquiescence in the permanent captivity of nations in the vast Communist empire?"

Careful analysts know that ever since the launching of the sputniks, the Russian colonialist, Khrushchev, has sought a summit conference to eke out such Western acquiescence. The Berlin crisis was created as a means to obtain a summit conference. And at a summit conference the very omission of a serious discussion about the liberation of captive nations, both in Europe and Asia, would be tantamount—or so construed by Communist propaganda—to Western submission on this basic issue.

Such an outcome would undoubtedly be the greatest victory of Russian cold war diplomacy since the very beginnings of the Communist Empire in 1918. It would irreparably damage our most powerful deterrent against further Communist aggression and, quite likely, a global hot war. This deterrent is made up of the national loyalties and freedom aspirations of the captive millions in Europe and Asia.

This clever and diabolical scheme contrived by the wily Khrushchev must be thwarted. The process of substituting symptoms for their causes cannot be allowed to go too far. Realism must be injected soon in our negotiations with the Kremlin tyrants. As we Americans approach our own forthcoming Independence Day celebrations, the time has come for some sober thinking and reflecting.

Our society, to be sure, is not perfect. But by all evidence it is unquestionably one that has given so much in so many ways to so many within a short span in the history of man. It is one which has made this Nation powerful, exemplary and widely respected. Contrary to some false notions, we do possess a rich and articulate ideology which inspires our continued growth as a strong-willed nation and affords us the successful means to cope with the zig-zags of the international Communist conspiracy. This ideology is plainly and concretely spelled out in our own Declaration of Independence.

With this approaching Independence Day it is therefore timely that we reflect upon the moral and political principles embodied in our Declaration of Independence. Even more important is the application of these perennial principles to other nations and peoples. In our own basic security interest, these principles must be steadfastly held out to all the nations which have been raped and exploited by imperial Moscow since 1918. For our own national freedom we cannot afford to dissipate this greatest deter-

rent against Russian Communist expansionism and a global hot war.

I believe that it is most fitting and proper for us as freemen to express our moral commitment to the freedom and self-determination of the peoples of the captive nations on the eve of our Independence Day. I therefore introduce a joint resolution which provides for a Presidential proclamation designating the week following the Fourth of July as "Captive Nations Week." I am confident that this resolution reflects the thoughts and sentiments not only of the American people, not only of the peoples in the free world, but also of the captive millions behind the Iron and Bamboo Curtains.

Mr. President, I ask unanimous consent that the text of the resolution be printed in the RECORD at this point for the information of Senators, together with the first chapter from Mr. Harry Welton's recent, thought-provoking book "The Third World War: Trade and Industry—The New Battleground." This chapter, entitled "The Struggle for the World," with penetrating insight summarizes the Communist actions subjugating the captive nations and their latest tactics and maneuvers reaching out to dominate the rest of the free world. It is a sober reminder of the grave dangers we face.

There being no objection, the joint resolution and chapter were ordered to be printed in the RECORD, as follows:

SENATE JOINT RESOLUTION 111

Joint resolution providing for the designation of the week following the Fourth of July as "Captive Nations Week"

Whereas the greatness of the United States is in large part attributable to its having been able, through the democratic process, to achieve a harmonious national unity of its people, even though they stem from the most diverse of racial, religious, and ethnic backgrounds; and

Whereas this harmonious unification of the diverse elements of our free society has led the people of the United States to possess a warm understanding and sympathy for the aspirations of peoples everywhere and to recognize the natural interdependency of the peoples and nations of the world; and

Whereas the enslavement of a substantial part of the world's population by Communist imperialism makes a mockery of the idea of peaceful coexistence between nations and constitutes a detriment to the natural bonds of understanding between the people of the United States and other peoples; and

Whereas since 1918 the imperialistic and aggressive policies of Russian communism have resulted in the creation of a vast empire which poses a dire threat to the security of the United States and of all the free peoples of the world; and

Whereas the imperialistic policies of Communist Russia have led, through direct and indirect aggression, to the subjugation of the national independence of Poland, Hungary, Lithuania, Ukraine, Czechoslovakia, Latvia, Estonia, White Ruthenia, Rumania, East Germany, Bulgaria, mainland China, Armenia, Azerbaijan, Georgia, North Korea, Albania, Idel-Ural, Tibet, Cossackia, Turkestan, North Vietnam, and others; and

Whereas these submerged nations look to the United States, as the citadel of human freedom, for leadership in bringing about their liberation and independence and in restoring to them the enjoyment of their Christian, Jewish, Moslem, Buddhist, and other religious freedoms, and of their individual liberties; and

Whereas it is vital to the national security of the United States that the desire for liberty and independence on the part of the peoples of these conquered nations should be steadfastly kept alive; and

Whereas the desire for liberty and independence by the overwhelming majority of the people of these submerged nations constitutes a powerful deterrent to war and one of the best hopes for a just and lasting peace; and

Whereas it is fitting that we clearly manifest to such peoples through an appropriate and official means the historic fact that the people of the United States share with them their aspirations for the recovery of their freedom and independence: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States in Congress assembled, That the President is authorized and requested to issue a proclamation on the Fourth of July, 1959, declaring the week following such day as "Captive Nations Week" and inviting the people of the United States to observe such week with appropriate ceremonies and activities. The President is further authorized and requested to issue a similar proclamation on each succeeding Fourth of July until such time as freedom and independence shall have been achieved for all the captive nations of the world.

The chapter from the book presented by Mr. DOUGLAS is as follows:

THE THIRD WORLD WAR: TRADE AND INDUSTRY—THE NEW BATTLEGROUND

(By Harry Welton)

CHAPTER I. THE STRUGGLE FOR THE WORLD

In every inhabited part of the world the forces of communism and democracy are locked together in combat. In this struggle there are no neutral territories. In some countries the Communists are firmly entrenched; in others, such as the United States and the British Commonwealth, the free peoples hold positions of immense strength. There is, however, a vast no man's land composed of nations in which the issue is in the balance, where probably within the next two decades the supremacy of one side or another will decide the fate of mankind for centuries to come.

This is not an all-out military struggle, and it is unlikely to develop into one, fought even with conventional weapons. A nuclear war, with whole cities being blasted out of existence in a matter of seconds, is even more unlikely. Such events would be the products of madmen. These do not exist among the leaders and potential leaders of the free nations. Nor does Khrushchev, even when he is in his cups, show the slightest inclination to risk the destruction of what he and his forerunners have taken such pains to build. The evidence of the Berlin blockade, Korea, and the Middle East show beyond doubt that armed conflict on a global basis is not part of Soviet strategy.

Indeed there is no reason why it should be. The Russian leaders are realists. They know that the third world war is already in progress, and believe that they are winning it. This great and decisive struggle for supremacy is being fought, not between sputniks in outer space, but between economic systems on earth.

The weapons are marketable commodities such as cars, tractors, industrial equipment, power stations, and consumer goods of all types. The main armies are not soldiers, but salesmen who, operating as a disciplined force, have been told to get into world markets and drive out the products of the Western democracies.

That is the new war. It is based upon the simple truth that Britain—still regarded as the main bulwark against the spread of communism—is either a great trading nation or is not a great nation. Deprived of our trade we become a comparatively unimportant island in the North Sea. We would be incapable of defending ourselves, of maintaining our population, or playing our full part in world affairs. Without a constant and sufficient supply of food and raw materials from overseas we are doomed. We know that, and so do the Russians.

We are also the heart of a great Commonwealth, and the mainspring of the sterling area. Break this country through destroying its economy, and the dream of world communism comes much nearer to reality.

This type of warfare is the more dangerous because of its subtlety. We may not awaken before it is too late. For this reason the Soviet Union runs the most efficient and most costly propaganda machine in the world. Day in and day out it conducts a barrage against the minds of the free peoples. By lies, half-truths, and innuendoes, it seeks to weaken our morale, undermine faith in our way of life, and above all to direct our attention away from the real danger.

Not the least important part of the Soviet trade-war machine exists inside Britain's key exporting industries. There, under the guise of militant trade unionism, a constant battle is going on against the productive efficiency without which we cannot in the long run meet the Soviet challenge.

These Soviet agents, many of whom hold important positions in the trade-union movement, have caused concern among such men as Bill Carron, president of the Amalgamated Engineering Union, who has described them as subversives "acting under the dictates of a foreign power with the declared purpose of wrecking Britain's economy."[1]

It is in this light that the activities of Communists everywhere must be assessed. They are part of a plan, which has been avowed by all Russian leaders from Lenin to Khrushchev, to establish communism on a world basis. Like Hitler, these men, and the theoreticians before them, have frankly declared both their aims and the methods through which they hope to achieve them. Unlike Hitler they have relentlessly pursued these aims without unnecessary risk of armed conflict. They are not men in a hurry.

There is a further similarity. When Hitler was proclaiming his intentions from the housetops, many people either dismissed him as a crank, or in any event refused to heed the warning. So it is today. Leaders of British public opinion, perhaps influenced by the day-to-day propaganda utterances of the Soviet leaders, are reluctant to accept Communist avowals at their true value.

We cannot complain that they have not been constantly and concisely expressed. Over a century ago, for example, the Communist Manifesto, the first fundamental document of modern communism, was simple, straightforward, and to the point. It stated:

"The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communist revolution. In it the proletarians have nothing to lose but their chains. They have a world to win. Workingmen of all countries, unite."

This was given reality by the Bolshevik seizure of power in Russia in 1917. The world movement achieved a base from which it could reach out into the farthest corners of the globe. Adherents in all countries have since then consciously accepted the

[1] Empire News, Sept. 8, 1957.

doctrine that the U.S.S.R. is the Communist heartland, and that its rulers are the potential masters of all mankind.

Directives circulated through hosts of subsidiary organizations have since poured out from the Kremlin, and been accepted and acted upon without question by party members and supporters in every country. These Soviet agents straddle the earth, ready to subordinate everything, their country, their trade unions, their families, and even themselves, to the task of ensuring Soviet domination.

Their duty has, in spite of the heavy Marxist jargon, never been more clearly expressed than by P. E. Vishinsky, the Soviet theoretician who stated in 1948:

"At present the only determining criterion of revolutionary proletarian internationalism is: Are you for or against the U.S.S.R., the motherland of the world proletariat? An internationalist is not one who verbally recognizes international solidarity or sympathizes with it. A real internationalist is one who brings his sympathy and recognition up to the point of practical and maximal help to the U.S.S.R. in support and defense of the U.S.S.R. by every means and in every possible form. Actual cooperation with the U.S.S.R., the readiness of the workers of any country to subject all their aims to the basic problem of strengthening the U.S.S.R. in their struggle—this is the manifestation of revolutionary proletarian internationalism on the part of workmen in foreign countries. * * * The defense of the U.S.S.R., as of the Socialist motherland of the world proletariat, is the holy duty of every honest man everywhere and not only of the citizens of the U.S.S.R." [2]

This welding of international Communist forces into one mighty army directed and controlled by Russia, and owing unqualified allegiance to those in power in that country, has been a prime task of party members everywhere since 1917. Any sign of deviation or movement toward national communism has been ruthlessly suppressed, either by mass executions where Communists rule, or expulsion from the party where dissident comrades are fortunate enough to live in a democracy.

How this army could be used to achieve world conquest was outlined by Lenin many years ago, and incorporated in volume V, page 141, of his "Selected Works." It so impressed Stalin that he repeated the general theme in a major speech in 1924, and it has since been included in every edition of his works (the most recent being in English in 1943 and in Russian in 1949).

This important directive boils down to four essentials:

1. Building up the strength of the Soviet Union.

2. Organizing subversion in the industrialized capitalist states.

3. The fomenting of revolt in colonial countries.

4. A final onslaught using whatever methods are most suitable in the light of prevailing conditions in the country or countries concerned.

The essential aim was summarized in the following statement:

'The victory of socialism in one country is not a self-sufficient task. The revolution which has been victorious in one country must regard itself not as a self-sufficient entity, but as an aid, a means for hastening the victory of the proletariat in all countries. For the victory of the revolution in one country, in the present case Russia * * * is the beginning of and the groundwork for the world revolution.' [3]

[2] "Problems of Philosophy," Foreign Languages Publishing House, Moscow, 1948.

[3] "Problems of Leninism," Foreign Languages Publishing House, Moscow, 1941, p. 113.

These are the words of Stalin, taken from "Problems of Leninism" published in 1941. They declare the blunt truth—that Soviet foreign policy is one of worldwide expansion.

The example of Hungary shows exactly the conditions under which the Soviet leaders will go to war. They will do so when the victim is helpless to retaliate, when they feel they are secure from armed intervention by other nations, and when the use of Soviet armed strength is necessary to obtain or retain complete and absolute control.

Korea and Malaya are instances of an attempt to achieve conquest by proxy, although in each case, the immediate aim was almost certainly more economic than military. The importance of Malayan rubber to the economies of Western Europe and to the stability of the sterling area is as evident to the Russians as it is to us.

The Korean War, apart from sparking off a propaganda campaign in which the Russians out-Goebbeled Goebbels, also caused the British Labour Government to embark upon an arms program in which, by diverting men and materials from badly needed schemes for capital development, and the manufacture of products for export, struck a severe blow against our economy. It also paved the way for many of the industrial troubles from which we have since suffered. Those who doubt the ability of Russia to exert immense influence in this country might ponder over the fact that from 1950 onwards our whole budgetary structure was conditioned by the Soviet military adventure in Korea.

The shift of emphasis from military conflict to trade war was foreshadowed by Stalin in a treatise published just before his death. Referring to the economic integration of the Communist bloc, he stated:

"The result is a fast pace of industrial development in these countries. It may be confidently said that, with this pace of industrial development, it will soon come to pass that these countries will not only be in no need of imports from capitalist countries, but will themselves feel the necessity of finding an outside market for their surplus products.

"But it follows from this that the sphere of exploitation of the world's resources by the major capitalist countries will not expand, but contract; that their opportunities for sale in the world market will deteriorate, and that their industries will be operating more and more below capacity." [4]

Since then this has become the spearhead of the Russian attack. It has dominated life behind the Iron Curtain, where the interests of workers, particularly in the satellites, have, as we shall see in ensuing chapters, been sacrificed to achieve capital formation in excess of that justified by existing productive capacity. Indeed, it is important to reemphasize that the drive for trade mastery has little in common with normal commercial rivalries between competitor countries. Inside the Communist countries it is planned, conducted and financed as a military operation to be successfully concluded without regard for cost. Further, the attack has been launched with the active assistance of Communists working in every democratic country.

By 1955 the progress already made justified the Soviet announcement that "communism has become a world system which is in economic competition with capitalism."

Khrushchev was even more specific when, at a reception held at the Norwegian Embassy in Moscow, he told a British reporter that "Your system will collapse through economic competition with communism." [5]

The Communists, then, have made no secret of their aims or their methods. Political penetration, the actuality or threat of military attack, and the trade war are the avowed weapons to be used to achieve an avowed aim.

Yet in spite of warnings, and the lessons of postwar history, there are still people in high places who believe that the Kremlin is peopled by men and women dominated by fear of "encirclement by hostile capitalist powers," and who only have to be given a little encouragement to become good neighbors with whom schemes for the mutual advancement of all countries can be worked out.

In other words, they believe that the Russians are taking steps toward world domination with great reluctance, not because it is an integral part of the Communist creed, but in self-defense against the machinations of the democratic powers.

When Mr. Aneurin Bevan, then Britain's "shadow" Foreign Minister, visited Moscow in 1957, he returned to express the view that the utterances of Soviet leaders could be dismissed as "ritualistic exercises." These deserve to be categorized as famous last words. Seldom has such a dangerous statement been made by such an important man.

There was nothing ritualistic about Khrushchev's reaction when Hungary attempted to break away from the Soviet empire. Nor was it provoked by a neighborly desire to safeguard Hungarian democracy. His action was provoked by fear that if Hungary succeeded in achieving its freedoms the other satellites in which a great deal of restlessness existed would quickly follow suit.

Anyone who believes that the Communists are playing theoretical games must have slumbered since the Hitler-Stalin Pact, in August 1939, made the Second World War inevitable. This began a period of open expansion. Of the three main powers ultimately engaged in the war against Nazi Germany, only the Soviet Union gained territory.

Poland was invaded. This was followed by the attack on Finland, the annexation of Bessarabia and Bukovina, and forcible incorporation of Estonia, Latvia, and Lithuania into the Soviet Union. Those who believe that there is an easy way to peaceful coexistence with communism should note that Russia had freely negotiated nonaggression pacts with all these countries.

This expansionist phase, reminiscent of imperialism at its worst, received a setback when Hitler bounded on his ally and invaded the Soviet Union.

Once victory in Europe had been achieved, however, Russian imperialism went on with renewed impetus.

What makes this postwar period one of the great watersheds of history is that the extension of Russian control to other countries coincided with an even greater movement of withdrawal and noncommitment on the part of the democracies. At each successive stage, barriers against Communist penetration were weakened over large areas inhabited by millions of people. Russia herself became enriched by the addition of Estonia, Latvia, Lithuania, the eastern provinces of Poland, Bessarabia and Bukovinia from Rumania, the Carpathian-Ruthenia province of Czechoslovakia, half of East Prussia from Germany, slices of Finland, Tannu Tuva, Dairen and Port Arthur from China, and the Kurile Islands and Sakhalin from Japan. Quite an impressive record for a power said to be "in the forefront of the fight against imperialism."

Further, it was Russia who provided aid to the Communists in China and helped to achieve the overthrow of the Nationalist Government which, incidentally, had been recognized by Stalin and Molotov in words oddly reminiscent of Hitler's solmen promises to Poland.

China thus became part of a gigantic Sino-Soviet bloc that is now in the process of be-

[4] Stalin: "Economic Problems of Socialism in the U.S.S.R.," Foreign Languages Publishing House, Moscow, 1952, p. 36.

[5] Sunday Times, November 13, 1955.

coming one huge industrial unit, from which, sooner or later, goods will flow into world markets in ever-increasing quantities.

Once in power, the Chinese Communists followed the example of their Soviet tutors. Tibet was invaded and occupied, North Korea and north Vietnam were subjugated.

It is instructive to examine the methods used by the Soviet rulers to extend the Communist base. Georgia provides a very early example of double dealing. In March 1920, the Soviet Government signed a treaty in which it unreservedly acknowledged the "independence and sovereignty of the Georgian state, and renounced voluntarily all the sovereign rights which had appertained to Russia with regard to the people and territory of Georgia." It also pledged itself not to interfere in any way in Georgia's internal affairs.

In February 1921 Soviet troops invaded Georgia, and Tiflis, the capital, fell to the Bolsheviks. On the day this happened Georgia was proclaimed a Soviet republic.

The annexation of eastern Poland is another instance of Communist duplicity. In the spring of 1939, while Britain, France, and Poland were negotiating with the U.S.S.R. to form an alliance against Nazi Germany, Stalin's agents were secretly in consultation with Hitler himself. The result was a nonaggression pact between the two countries, under which the eastern half of Poland was recognized as a Soviet sphere of interest. The Nazis invaded Poland on September 1, 1939, and thus sparked off the most destructive war in the history of man. By prearrangement, the Soviet Army marched in from the east.

Soviet Foreign Minister, Molotov, speaking on October 31, 1939, boasted:

"One swift blow to Poland, first by the German Army, and then by the Red army, and nothing remained of this ugly offspring of the Versailles Treaty." [6]

Bessarabia and the northern province of Bukovina were acquired by the simple procedure of massing Red army troops on the Rumanian frontier, and delivering an ultimatum that the Rumanian forces move out of these areas and be replaced by Soviet military units, and that all railways, bridges, airfields, factories, and powerplants be handed over in good order.

The Russians moved in on June 28, 1940, and by a combination of force and bullying, seized these territories.

Another classic example of Soviet foreign policy in action occurred in Finland. In the autumn of 1939 Russia demanded territorial concessions and attempted to obtain them by diplomatic bullying and threats of force. When these maneuvers failed, the Soviet Government decided to invade.

In defiance of the Russo-Finnish Non-Aggression Pact of 1934, an armed attack was launched on November 30, 1939. Finland promptly appealed to the League of Nations, and as a result Russia suffered expulsion from that body. The Finns held out until March of the following year, when they were compelled to surrender large areas including Karelia, in which was situated Viipuri, their second-largest town.

Further hostilities broke out in June 1941, and when an armistice was signed 3 years later, the Soviet Union had, by armed aggression, acquired nearly 18,000 square miles—about one-eighth of Finland's total territory—and a population of nearly 600,000 people. Two-thirds of these chose to be resettled in other parts of their country rather than remain under Soviet rule.

The fate of the Baltic States, like that of Eastern Poland, was settled by the secret pact agreed by Hitler and Stalin in 1939. All three, Estonia, Latvia, and Lithuania, had signed nonaggression pacts with the U.S.S.R.

When the war broke out they gave way to severe diplomatic pressure and reluctantly accepted pacts of mutual assistance which gave the Soviet armies the right of admittance into their territory.

Molotov, surely one of the most cynical statesmen in history, gave his assurance that these agreements "strictly stipulate the inviolability of the sovereignty of the signatory States, and the principle of noninterference in each other's affairs. They are based upon mutual respect for the political, social, and economic structure of the contracting parties, and are designed to strengthen the foundations for peaceful, neighbourly cooperation between our peoples." [7]

Molotov said this when he knew that Stalin, by agreement with Hitler, had already decided to annex these countries.

When the Baltic States were finally occupied by the Red army in 1944, the peoples did not surrender without a struggle. Russia embarked upon a campaign of terror, execution, and mass deportation which lasted for several years. Thousands of Estonians, Lithuanians, and Latvians were dispatched to Siberia, and thousands more fled to West Germany and Britain. One of the most pathetic incidents reported was that 30,000 Estonians set out for Sweden in an armada of small boats, a venture which was estimated to have cost nearly 10,000 lives.

The methods used in all three cases followed the familiar pattern—broken treaties, duplicity, and ultimatum backed by force. With the fate of Finland staring them in the face, the three tiny countries, with a total population of less than 6 million, had no alternative but to yield.

Rigged elections on the usual Communist lines took place, and the grisly farce was played out to the end when at their own request Estonia, Latvia, and Lithuania, their peoples, culture, traditions, and way of life, vanished behind the Iron Curtain.

With the war over, Russia was not content to rest on her very considerable territorial gains. She began to export revolution in earnest. Trained Communist cadres, Soviet troops, and political police armed with an established technique for rigging elections, poured into eastern European countries.

The principles of Potsdam and Yalta were speedily jettisoned, and many European statesmen had their first practical experience of Communist double talk and double think. Clauses in the agreements were distorted beyond recognition. "Democratic elements," for instance, was so twisted that it referred only to Communists and their sympathizers. "Fascists" and "reactionaries" became terms of abuse applied to everyone, even democratic Socialists, who resisted the encroachment of the Soviet Union. The Red army, which was deployed across eastern Europe, became the dominating factor. Its ranks were stiffened by Moscow-trained Communist leaders of all nationalities, together with units of political police. Before the dust of conflict had time to settle they began the task of systematically destroying national resistance to Communist rule.

One by one the eastern European countries were caught in the Soviet net. The technique in each case followed the same broad lines; "united front" governments were formed in which Communists held the key positions, and opponents who could not be intimidated were promptly dealt with either by execution, deportation, or imprisonment. Rigged elections were held to give the process an appearance of legality.

Whether these tactics would have succeeded on their own is doubtful. In fact, Stalin took no risks. He knew that with Europe in its war-weary state he could use, or threaten to use, military force within the areas controlled by the Red army without fear of retaliation.

The Communists themselves have openly admitted that Soviet Army backing was an essential ingredient in the early postwar prescription for revolution.

In March 1956 Miron Constantinescu, First Deputy Chairman of the Rumanian Council of Ministers, said:

"The peaceful development of the revolution was facilitated by the fact that at that period the Soviet Army was stationed on Rumanian territory and * * * by its mere presence paralyzed the action of the reactionary forces." [8]

The Cominform journal of March 15th, 1949, carried the interesting admission that "one of the prerequisites of setting up the people's power in Poland was the liberation of Poland by such a revolutionary force as the Soviet Army."

So the tide of Soviet communism swept across Europe toward the Western nations, then impoverished by the dislocation and destruction of war, and, in the view of Soviet economists, on the verge of economic collapse.

In 1947 Stalin had reaffirmed his aims with complete frankness. The tasks of the Communist Party, he said, were:

(a) To make use of all the contradictions and conflicts among capitalist groups and governments which surrounded our country, with the object of destroying imperialism.

(b) To use all their strength and resources to assist the workers' revolution in the West.

(c) To take all measures to strengthen the national liberation movement in the East.

(d) To strengthen the Red army.[9]

Among the factors which prevented the further immediate extension of Communist rule was the need to consolidate their hold on areas already dominated by Russian troops. Stalin at that stage was in no position to attempt military invasion of territories occupied by Allied forces.

Another important point was that Stalin's economic advisers were over optimistic. The threatened collapse of the Western democracies, although perilously close during the winter of 1947, did not materialize. Nor did the successful revolutionary uprisings which Stalin confidently expected to take place in France and Italy, although there were political disturbances on a large scale.

The United States, quick to see the danger, rushed in with massive economic aid through the Marshall plan and the European recovery program which, for obvious reasons, was bitterly opposed by Communists everywhere.

This was a serious blow to Soviet ambitions. So was the speedy United Nations reaction to the invasion of South Korea in 1950, and the building up of defensive alliances designed to prevent further Soviet attempts to annex other countries by force.

Faced with more formidable obstacles, the most potent of which was the American possession of the atomic bomb, the Soviet Government paused both to consolidate and strengthen their base, and to consider future strategy. So far great strides toward world domination had been made through a planned policy of bullying and repression. By use of military force and diplomatic pressure, aided by a willing fifth column in the victim countries, Communist rule was established over one-third of the world.

Could these same weapons be used to conquer the remainder? Not, the Communist leaders decided, without the risk of provoking a major conflict. Tactics were therefore

[6] Speech to the Fifth (Extraordinary) Session of the Supreme Soviet, Oct. 31, 1939.

[7] Ibid.

[8] Cominform journal, March 9, 1956.

[9] Stalin: "The Party Before and After the Seizure of Power," Works, Moscow, 1947, Vol. V. p. 111.

changed. As George Dimitrov, then Secretary-General of the Communist International, and later dictator of Bulgaria, had put it:

"We are sometimes accused of departing from our Communist principles. What stupidity, what blindness. We should not be Marxist and Leninist revolutionaries, nor disciples of Marx, Engels, Lenin, and Stalin, if we were not capable of completely altering our tactics and our mode of action as circumstances may dictate. But all the deviations, and all the ins and outs of our tactics are directed to a single end—the world revolution." [10]

From this reappraisal of the position two clearly defined lines emerged. It was decided to harness the fear of war instead of war itself to the Communist cause. So the peace campaign, always an essential part of Soviet strategy, assumed even greater importance. The worldwide propaganda machine went into action with the simple instruction—everything Russia does must be depicted as a great magnanimous gesture for peace. By contrast, the policies of the United States, Britain, France, and Western Germany must always be denounced as warmongering imperialism.

In this way Stalin, after his death admitted by Khrushchev and the whole Russian Communist Party to have been a bloodthirsty tyrant, became the leader of peace lovers throughout the world. Through subsidiary or front organizations operating inside the democracies, the Soviet leaders repeatedly appealed to the peoples of these countries over the heads of their governments. One aim was to lead the free nations into a false sense of security. Thus, while propagandists were attacking the western manufacture of atomic and hydrogen weapons, glowing accounts were given of progress in Russia, where the concentration was said to be entirely on the peaceful use of nuclear fission. Events have proved just how much truth there was in this version of Soviet policy.

The propaganda machine, together with the industrial and trade attack, were deemed by the Soviet leaders to be the swiftest and surest way of continuing the struggle for power that began even before the war against Germany and Japan was finished.

This new emphasis becomes even more intelligible when it is appreciated that while communism was engulfing and enslaving a third of the earth, the Western Powers set about liberating millions of subject peoples. Freedom and independence were granted to India, Pakistan, Ceylon, Burma, Malaya, the Philippines, Vietnam, Laos, Cambodia, Syria, Lebanon, Jordan, Libya, the Sudan, Tunisia, Morocco, Ghana, and the West Indian Federation.

Some of these places are now trouble spots which have been infiltrated by Soviet agents and technicians. They are also areas which, because of their economic importance, can be decisive in the struggles which lie ahead.

As Spotlight, the monthly bulletin of the International Confederation of Free Trade Unions, to which our own TUC is affiliated, summarized it in November 1957:

"Looking at the facts, we see that only Communist powers such as the Soviet Union and China are now engaged in an aggressive campaign to enslave nations and even whole continents behind a smokescreen of anti-colonialism and anti-imperialism. Indeed, during the time when the western colonial powers granted freedom and independence to 900 million people, the Communists have enslaved 900 million people and deprived them of their freedom and independence."

[10] Speech to Seventh Congress of Communist International, Verbatim Report No. 39, p. 1846.

It is indicative of the help given to Russia by well-meaning but foolish people, that in spite of these facts Prof. A. J. P. Taylor could, even at the time of the Hungarian uprising, be heard on television bracketing the Soviet suppression of Hungary with the colonialism of the British Government.

The unfortunate truth is that these willingly granted extensions of the democratic principle of government have in themselves strengthened the liberty-destroying forces of totalitarianism. Every one of the nations now in or approaching new manhood had its own particular ferment. Each came into being infected with a touchy, easily wounded pride, quick to resent and suspect even the friendliest gesture on the part of the former colonial power. Each had the ravages of war, and admittedly in some cases the neglect of peace, to remedy. Each was the victim of years of unscrupulous Communist propaganda which attributed every problem to the alleged rapacity of the previous overlords. Stress was laid upon what the imperialists had taken out of these lands; very little was said about what had been put in—the vast capital sums, the technical know-how, and the dedicated efforts of thousands of Europeans who had fought with blood, sweat, and tears the poverty, ignorance, and disease which were, and would have remained, an insoluble obstacle to progress.

With their newly won freedom these nations are battling against their own individual problems and their political, racial, and religious rivalries. To keep on the crest of the 20th century wave of expansion in Africa, Asia, and South America, all of them need more capital, more technicians, more trade credits, better education, better health services, and an adequate supply of consumer goods. If the tacticians of the Kremlin could have wished into existence favorable conditions in which to apply their own blueprint for power, they could scarcely have thought of anything better than this new postwar world.

Countries such as these are the natural victims of Soviet infiltration. Unskilled in the arts of government, they are crying out for help and sympathy. These things they are getting, and will continue to get, on a large scale from Russia. Small wonder that Soviet trade missions and financial advisers are swarming into South America and the Far and Middle East, offering prices and terms with which the democracies will find it difficult, if not impossible, to compete.

Some commentators, while fully alive to Soviet intentions and tactics, allow their misgivings to take refuge behind the economic difficulties now apparent inside Iron Curtain countries. These, it is said, set a severe limit on the ability of Russia and her satellites to meet the commitments which, for political reasons, they are cheerfully accepting. So they do—for the moment. But Russian strategy is not based on this year or next; it is the ultimate strength of the Soviet bloc that must be considered.

At the moment the trade war is being waged with an abandon that would be ruinous if judged by normal commercial considerations. Only an empire built on industrial slavery can consistently market its products at less-than-cost price. Only a system in which political opposition and ordinary trade-union functions have been obliterated can achieve such concentration on heavy industry that immense production increases take place without a proportionate increase in living standards. Yet that is what is happening inside the Communist countries. The workers are paying heavily for their leaders' ruthless determination to undermine the free world.

Because of the great advantage enjoyed by totalitarianism, it is possible for Communist trade to be conducted on other than a commercial basis. A surprisingly frank admission of present objectives was made by the Czechoslovak Statistical Institution which, in a reference to the Soviet trade campaign in Southeast Asia and the Middle East, stated:

"Czechoslovak participation in this expansion of trade is not guided by purely practical considerations. * * * It follows a plan carefully drawn up in accordance with political consideration." [11]

We would be extremely unwise to underrate the potential strength of a group of powers with subservience at home and aided by political and industrial agents abroad who are constantly pounding away at the economic stability of the free nations. Under these circumstances time is not too important. The rulers of the Kremlin can afford to wait for their rivals to disintegrate before delivering the knock-out blow.

If the decision was imminent there would be some justification for complacency about the result. The truth, is however, that this new form of warfare will be with us for years ahead. It is likely that the Russian leaders are thinking in terms of 15 or 20 years, but they know what they are doing, and why they are doing it. I wish the democracies could say the same.

As we shall see in ensuing chapters, the Communists are laying their foundations well. By 1975 they hope to have achieved the complete coordination of all Communist countries, including China, into a single workshop directed and fed from the Soviet Union. Division of labor will be extended so as to ensure that each country is concentrating on the type of product to which it is best suited. If and when this reaches fulfillment, the ability of this group to swamp selected markets with cheap industrial products will be frightening.

Even now Russia is in a position to inflict considerable damage in some areas and on certain of our industries. This is clear from the testimony of many business men who have penetrated the Iron Curtain, and who have toured the uncommitted countries. They have expressed grave concern, not only at the Soviet trade potential, but at the immense strides already being made in Britain's traditional markets. Goods are constantly offered at below cost of production prices in order to get or keep a foothold.

While this battle is on, the air will continue to be thick with slogans designed to mislead the innocent. "Peaceful coexistence" and "friendly competition" will figure in almost every Communist propaganda tract.

Offers of economic aid, technical, and financial assistance without strings and, of course, armaments to help "preserve the independence of the peoples struggling against imperialism" will be made.

Khrushchev himself can be relied upon to assure the world repeatedly, as he did in November 1955, that:

"We are often accused of trying to export Communist ideas to other countries; many other stupid things are said about us. * * * But we have never forced on anyone, nor do we now force, our views on reforming society." [12]

To deduce that such statements indicate that Russia's new rulers are content to go their own way and allow other countries to work out their own salvation would be criminal folly. The Soviet Union's export of ideas has not won over any nation to her side, but her export of revolutionary force has gained her the whole satellite empire.

Now that has, for the moment at least, outlived its usefulness. The other weapons in the Communist arsenal are being used. Some of them are old and trusted, others are of more recent date. These include the exploitation of nationalism in such areas, vital to the western economies, as the Middle East, offers of technical assistance to backward

[11] The Observer, Dec. 11, 1955.

[12] Cominform journal, November 25, 1955.

nations and economic missions designed to establish what are now called "client states"—countries which become so dependent upon trade with Russia that they cannot break away without risk of industrial collapse.

A hard task confronts the nations of the free world. For 40 years communism has progressed. One thing that must be done now in the new nations bent upon building their future is to tell the truth about Soviet history and its present methods and intentions. We ourselves must know more about what is going on both behind the Iron Curtain and inside the vital industrial concerns of our own country.

The trade war is the kind of conflict to which we ought to be well suited. We have been tackling world markets for the last 200 years with a great measure of success. We have a wealth of experience behind us which should stand us in good stead.

Further, together with other democracies, we can, if we will, present a solid economic front which the Soviet empire will find it impossible to break. All these things we can do if we have determination based upon a sound knowledge of the threat under which we are living and working.

This book is what in army terms would be described as "an appreciation of the situation." How strong is Russia's present position and what is her potential power? Who are her agents in the democratic countries and how do they operate? What are their weakest points? What forces are at our disposal and how should they be used? In answering these questions I shall draw on authentic and documented reports from Iron Curtain countries, and on a great deal of personal knowledge of Communist subversion inside industry and the trade union movement.

In the following chapters we shall see how the Communist forces swung into action in places as far apart as Korea, the London docks and the British motor industry. I shall show how a meeting in Canada resulted in almost complete paralysis in Britains docklands, and how riots outside Parliament were directed from Prague.

We are in the throes of a war which we dare not lose, yet lose it we will unless free peoples everywhere awaken to the danger, and unite in defense of the freedoms which have taken centuries to build, but which can be destroyed almost overnight.

MANAGEMENT OF THE PUBLIC DEBT

Mr. McNAMARA. Mr. President, I submit a concurrent resolution and ask that it be appropriately referred.

This concurrent resolution, I believe, is one alternative to the demand by the administration that Congress remove the statutory ceiling of 4¼ percent interest on Treasury bonds.

The concurrent resolution would instruct the Federal Reserve System to "assist the Treasury Department in the economical and efficient management of the public debt."

The effect of this language would be to require the Federal Reserve to enter the Government security market, if necessary, to help hold down the interest rate.

This is one answer to the problem. It is my belief that it is a sound approach to clearing up the fantastically expensive fiscal mess into which this administration has plunged the Nation.

Removing the statutory 4¼-percent ceiling would provide, at best, only temporary relief to the Treasury.

It would provide no relief to the taxpayers. Interest charges on the national debt already total about $8.5 billion annually.

Under the administration's proposal, this figure would go still higher and interest rates on cars, homes, and other commercial loans would follow right along.

Instead of this new giveaway, the Federal Reserve should be required to step in and do its duty.

The Federal Reserve is an agency of the U.S. Government, and as such, it is bound by the policy declarations of the Employment Act of 1946. The attainment of the goals of that act, maximum employment, production, and purchasing power, makes effective coordination of our monetary, credit, and fiscal policies absolutely necessary.

It seems absurd that we should be required to force the Federal Reserve System, an arm of our Government, to cooperate with another arm, the Treasury Department, in providing a sound monetary policy. But it now appears necessary for Congress to knock their heads together. We cannot permit the ruinous policies of this administration to continue.

The economy of this country is being slowly strangled by the tight-money noose.

The VICE PRESIDENT. The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 50) was referred to the Committee on Finance, as follows:

Whereas the Treasury Department is charged with the responsibility of managing a national debt of over $285,000,000,000;

Whereas, under the existing circumstances, the Treasury Department is unable to manage the debt except by paying progressively higher interest rates on each succeeding issue of its securities;

Whereas the interest charge on the national debt has grown progressively higher and now stands at more than $8,000,000,000 annually;

Whereas outstanding Government securities are selling on the market at discounts up to 15 percent and more;

Whereas the removal of the 4¼ percent ceiling on long-term Government securities would bring at best temporary relief to the Treasury Department;

Whereas any further rise in the interest rate level could be very harmful for the national economy as a whole;

Whereas the present difficulties of the Treasury Department are due, to a very great extent, to a lack of sufficient coordination of the various components of our monetary, credit, and fiscal policies;

Whereas the Federal Reserve System is an agency of the United States Government, and as such, it is bound by the policy declarations of the Employment Act of 1946;

Whereas a much more effective coordination of our monetary, credit, and fiscal policies is absolutely necessary for the attainment of the goals of such Act; and

Whereas maintaining orderly conditions in all sectors of the Government security market would be an essential first step toward a more effective coordination of such policies: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Federal Reserve System, while pursuing its primary mission of administering a sound monetary policy, should be guided in its actions by a balanced interpretation of the policy objectives of the Employment Act of 1946 (including maximum possible price stability); and that, to the maximum extent consistent with the requirements of a sound monetary policy, it should at all times utilize the monetary means and tools that will best assist the Treasury Department in the economical and efficient management of the public debt.

AMENDMENT OF COMMUNICATIONS ACT OF 1934, RELATING TO COMMUNITY ANTENNA TELEVISION SYSTEMS—AMENDMENT

Mr. MOSS. Mr. President, on May 7 of this year I introduced Senate bill 1886, a measure designed to include in one, integrated bill the proposals of the Federal Communications Commission with respect to community antenna television systems and television booster stations.

Since I introduced the original bill, I have spent considerable time studying the problem, and I have also received many letters from citizens of Utah and other States who will be directly affected by the provisions of the bill. I have likewise reviewed the staff report submitted by the Special Counsel of the Interstate and Foreign Commerce Committee on December 26, 1958.

I have now come to the conclusion that the Commission's proposals, meritorious as they are, must be strengthened if the Commission is to be given the tools to encourage the development and maintenance of free local television in our smaller communities. I am sure everyone will agree that this is a highly desired objective.

Also, I feel it is unfair to impose comprehensive governmental regulations on television stations while community antenna television systems are not required to adhere to any Federal standard of public responsibility.

Therefore, on behalf of myself, and the Senator from Montana [Mr. MURRAY], I submit, for appropriate reference, an amendment to S. 1886, which I believe will make it possible for the Federal Communications Commission to foster truly local, free television systems, and at the same time allow for the development of community antenna television systems, or boosters, when local services are not established.

The amendment provides that the FCC shall be required to deny licenses to community antennas or boosters—and microwave facilities whose primary purpose is to serve community antennas or boosters—in situations where the grant of the authorization would adversely affect the creation or maintenance of a regular local television station which would originate television programs.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Interstate and Foreign Commerce.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1960—AMENDMENT

Mr. SPARKMAN submitted an amendment, intended to be proposed by him, to the bill (H.R. 7454) making appropriations for the Department of Defense

for the fiscal year ending June 30, 1960, and for other purposes, which was referred to the Committee on Appropriations and ordered to be printed.

PROHIBITION OF USE OF AIRCRAFT OR MOTOR VEHICLES TO HUNT CERTAIN WILD HORSES OR BURROS—ADDITIONAL COSPONSOR OF BILL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the name of the Senator from Illinois [Mr. DOUGLAS] may be added as an additional cosponsor of the bill (S. 2167) to amend chapter 3 of title 18, United States Code, so as to prohibit the use of aircraft or motor vehicles to hunt certain wild horses or burros on land belonging to the United States, and for other purposes, introduced by me on June 15, 1959.

The VICE PRESIDENT. Without objection, it is so ordered.

AMENDMENT OF FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949, RELATING TO OVERSEA USE OF SURPLUS PROPERTY — ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 17, 1959, the names of Senators HOLLAND, KERR, and MONRONEY were added as additional cosponsors of the bill (S. 2198) to amend the Federal Property and Administrative Service Act of 1949, introduced by Mr. ALLOTT (for himself and Mr. LANGER) on June 17, 1959.

PRINTING OF REVIEW OF REPORT ON SOUTH BRISTOL HARBOR, MAINE (S. DOC. NO. 30)

Mr. CHAVEZ. Mr. President, I present a letter from the Secretary of the Army, transmitting a report dated May 6, 1959, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of report on South Bristol Harbor, Maine, requested by resolution of the Committee on Public Works, adopted May 18, 1950. I ask unanimous consent that the report be printed as a Senate document, with an illustration, and referred to the Committee on Public Works.

The VICE PRESIDENT. Without objection, it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. HUMPHREY:

Essay written by him, published in the June 1959 issue of Western World, entitled "Steps Toward Effective Unity Are Possible Now."

By Mr. WILEY:

Excerpts from report of the President's Committee on Employment of the Physically Handicapped.

SENATOR MORSE'S RECENT "GOOD NEIGHBORS" SPEECH

Mr. MANSFIELD. Mr. President, last week, I had printed in the RECORD an excellent speech made by the senior Senator from Oregon [Mr. MORSE] at Mexico City College. I am in receipt of a news story covering that speech, which does great credit to the Senator from Oregon, and which was carried in the Christian Science Monitor of June 19, 1959.

I ask unanimous consent that the news story, by Marion Wilhelm, be incorporated at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MORSE SETS CLIMATE FOR MEXICO TALKS

(By Marion Wilhelm)

MEXICO CITY.—Senator WAYNE MORSE's recent "good neighbors" speech is setting a friendly climate for hearings scheduled here next fall by the Senate subcommittee on Latin-American relations.

As chairman, the plain-speaking Democratic Senator from Oregon is directing a 2-year study of inter-American problems which is to move into informal consultations with Mexicans probably in October or November.

Latin-American views will be weighed into recommendations to improve United States policies in the southern half of the hemisphere.

Senator MORSE's address June 11 to the graduating of Mexico City College stirred interest in Latin America for suggestions rarely, if ever, heard here from official United States spokesmen since the end of the Roosevelt administration. The talk was regarded as especially significant because of Senator MORSE's position in the Senate Foreign Relations Committee.

RECOMMENDATIONS OUTLINED

"Without anticipating committee recommendations," he put himself on record for:

1. Line-of-credit arrangements which "would make it easier for all peoples of this hemisphere to develop their own resources in their own way."

2. An American common market embracing the entire hemisphere in the effort now being made by Latin Americans for their own part of Americas.

3. A hemisphere plan to reduce or at least limit armaments in order "to free very considerable resources * * * more badly needed for schools and other socioeconomic development" and to "diminish the influence of the military and increase the influence of the civilian branches of Government."

4. More attention to education—"a 20th-century economy cannot exist in an 18th-century social structure."

DETERMINATION EXPRESSED

"We are determined to do a thoroughly objective, nonpartisan job," said the chairman of subcommittee plans, "and we hope that we can make useful, constructive recommendations. It would be premature at this point for me to try to anticipate what those recommendations will be, and I shall not do so. I think I can, however, lay down (these) general principles."

Senator MORSE said he was optimistic about the "surge for freedom" in the last 7-year period in Argentina, Bolivia, Colombia, Cuba, El Salvador, Honduras, Peru, and Venezuela.

"I foresee an eventual development of a new level of friendship and understanding between the United States and Latin America," he declared.

"Friendship between nations must ultimately rest upon the deepest sense of dignity, of self-respect, which nations feel about themselves. As freedom is acquired, as development occurs, as stability and progress are achieved, a nation's self-respect grows. The extremes of popular nationalism, so widespread at the beginning of the journey of progress, are converted into self-confidence as nations acquire the mastery of self-government. And when self-confidence begins, so does the possibility of friendship and understanding."

CAPITAL GOAL SET

Economically, he went on, it is in the national interest of the United States at this time to export capital, just as it is in the interest of most other American Republics to import capital.

Most of the outflow is equity capital looking for a profit, he pointed out.

"There is nothing wrong with this," according to Senator MORSE. "The trouble is it doesn't go far enough. It doesn't go into the kind of nonprofit development which is essential to economic growth."

Acknowledging the contributions of the World Bank, Export-Import Bank, Development Loan Fund, and the forthcoming Inter-American Development Bank, the Senator questioned the effectiveness of their present approach to basic development in view of what he called the fundamental right of all peoples to develop resources their own way.

CREDIT ARRANGEMENT URGED

He elaborated:

"Better results would follow, in my judgment, if greater use were made of line-of-credit arrangements under which credits are established and drawn on as needed for a variety of specific projects. In certain circumstances, it might even be possible and desirable to work out provisions for these lines of credit to revolve—that is, for repayments automatically to replenish the total amount of credit that could be drawn."

His suggestions of an American common market, hemispheric arms reductions, and expansion of educational facilities cited the Organization of American States as an instrument which could lead the way toward economic and democratic unity.

Communism is one of the obstacles in the way, he concluded.

"But what has communism to offer? It offers this hemisphere a formula on how to lose freedom. Whichever way one looks at communism, at bottom its fundamental doctrine is revealed: That the only way a community can progress is to surrender its freedom to a dictatorship of self-styled pundits—the so-called leadership of the proletariat—who arrogate to themselves the final wisdom about the laws of mankind's development. Dictatorship is the heart of the Communist matter; but Latin America already knows more about freedom and how to acquire it than does Soviet Russia."

Senators JOHN J. SPARKMAN, Democrat, of Alabama, JOHN F. KENNEDY, Democrat, of Massachusetts, BOURKE B. HICKENLOOPER, Republican, of Iowa, GEORGE D. AIKEN, Republican, Vermont, and HOMER E. CAPEHART, Republican, of Indiana, will presumably accompany Senator MORSE when he returns to Mexico in the fall to conduct subcommittee inquiries.

In his first major Latin-American speech off the Senate floor since the subcommittee initiated the inter-American study, the chairman demonstrated keen insight about Mexican viewpoints. "The words of Senator MORSE speak eloquently of his profound democratic character," said a newspaper.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business and take up the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. CHAVEZ, from the Committee on Public Works:

Brooks Hays, of Arkansas, to be a member of the Board of Directors of the Tennessee Valley Authority.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

NEW REPORTS

The legislative clerk read the nomination of Lt. Gen. Emmett O'Donnell, Jr., U.S. Air Force, to be assigned to positions of importance and responsibility designated by the President, in the rank of general.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

APPOINTMENTS IN THE REGULAR ARMY

The legislative clerk proceeded to read sundry nominations for appointments in the Regular Army.

Mr. JOHNSON of Texas. Mr. President, I ask that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

The legislative clerk read the nomination of Col. Jonathan Owen Seaman, U.S. Army, to be brigadier general.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

FAVORABLY REPORTED NOMINATIONS PLACED ON THE VICE PRESIDENT'S DESK

The LEGISLATIVE CLERK. Routine nominations in the Regular Army and in the Air Force, placed on the Vice President's desk.

Mr. JOHNSON of Texas. I ask that they be considered en bloc.

The VICE PRESIDENT. Without objection, they will be considered en bloc; and, without objection, they are confirmed.

Mr. JOHNSON of Texas. I ask that the President be immediately notified of the nominations confirmed today.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

WHEAT MARKETING QUOTA AND PRICE SUPPORT PROGRAM

The VICE PRESIDENT. The Chair lays before the Senate a message from the House of Representatives, which will be read.

The legislative clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S.,
June 18, 1959.

Resolved, That the House disagree to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) entitled "An act to strengthen the wheat marketing quota and price support program";

That the House insist upon its amendment to said bill and ask a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. COOLEY, Mr. POAGE, Mr. GRANT, Mr. ALBERT, Mr. HOEVEN, Mr. DAGUE, and Mr. BELCHER be managers of the conference on the part of the House.

Mr. ELLENDER. Mr. President——

The VICE PRESIDENT. The Senator from Louisiana.

Mr. JOHNSON of Texas. Mr. President, may we leave that matter at the desk momentarily, please? I wish to talk to the chairman of the committee.

The VICE PRESIDENT. Without objection, it is so ordered.

THE NATIONAL DEBT AND INTEREST RATES

Mr. BUSH. Mr. President, of interest these days, especially to the Senate, which will shortly consider the question of the debt ceiling and the removal of the ceiling on interest rates, is an editorial from the Washington Post and Times Herald of June 22, 1959, in which it is pointed out that the removal of the interest rate ceiling, while not being a cure-all for the Treasury's difficulties, certainly provides an essential ingredient for the removal of its difficulties.

I also have an article from the New York Times, written by Arthur Krock.

I also hold in my hand an editorial from the Hartford Courant.

I also have another editorial from the Hartford Courant entitled "Has the National Debt Ceiling Failed."

Because of the current interest in these problems, and because these articles and editorials are informative, I ask unanimous consent that they may be printed in the RECORD following these remarks.

There being no objection, the editorials and articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post and Times Herald, June 22, 1959]

NOW FOR INTEREST RATES

Now that the House has approved the necessary increase in the limit on the debt, it ought to get down to business on the other half of the President's recent financial proposal: The elimination of the interest rate ceiling on Treasury bonds. There are two aspects of this matter which seem not to be very widely or thoroughly understood at the Capitol and to which the House Banking Committee may wish to direct its particular attention.

First of all, the notion ought to be dispelled that the removal of the interest ceiling automatically would mean that interest rates would go up. It is probable that an immediate offering of bonds would command rates higher than now allowed—but what is important is that the Treasury be taken out from under the ceiling so that it can plan its financing and refinancing with greater flexibility. The presence of the ceiling tends to put upward pressure on short-term offerings, and its removal might lower interest rates on such obligations.

In the second place, there is need to scotch the argument that the Treasury can (and just as well might) limp along with short-term refinancing of outstanding short-term debt, on which the ceiling does not apply. The average maturity of the Federal debt has shortened materially in recent years, contributing to the rising interest burden in the budget. If this trend is to be effectively combated, the Treasury must be free to float bonds in place of short-term paper whenever an opening in the market presents itself. The fact that the opening is not now readily apparent does not mean that when the present ground swell of recovery investment levels off such opportunities will not be there. As we have said before, removal of the interest ceiling would be no cure-all for the Treasury's difficulties—but it is an essential ingredient.

[From the New York Times, June 19, 1959]

THE SEARCH FOR A THIRD HORN OF A DILEMMA

(By Arthur Krock)

WASHINGTON, June 18.—The effort, instituted and largely manned by Senate Democrats, to dodge the hard choice presented by the administration's request for authority to raise interest rates on Government borrowings, is a current instance of the willingness of many politicians to face difficult facts. The hard choice in this dilemma is between inflation and acceptance of the inexorable economic law that the price of money rises in boom times.

In trying to find a third horn to hang fiscal policy on, the arguments obscure the fact that, in common with all dilemmas, this situation has only two. But that has not ended a Democratic attempt to pass an economic miracle by finding another horn. And the following are examples of the incantations by which the magical event is being summoned to appear:

(A) The United States is experiencing only an "administered price," not a "monetary," inflation. Therefore, if the Federal Reserve Board will support the Government bond market, and thus remove the need for a rise in interest rates, the amount of money it will have to print to do this will not be inflationary in the fundamentally perilous category.

(B) But, even if the effect of this printing of additional money by the Fed will move

the economy in the direction of monetary inflation, the effect will not appear for several years.

A LAISSEZ-FAIRE COMBINATION

(That is a combination of the laissez-faire philosophies of Louis XV and Mrs. Squeers, the headmistress of Dotheboys Hall in "Nicholas Nickleby." Louis' was "After me the deluge." Mrs. Squeers, relates Dickens, "frequently remarked that, if she had made some * * * mistake, it would all be the same 100 years from now, with which axiom of philosophy she was in the constant habit of reminding the boys * * * when they labored under some more than ordinary ill usage.")

In contrast to these arguments, based on hope doomed in advance by fiscal history or on the practice of postponing hard decisions regardless of later consequences, are statements which have been publicly made by Secretary of the Treasury Anderson. One was to a House committee, friendly because Chairman MILLS and most of his fellow-Democrats in that group are facing up to the choices imposed by the increased interest proposal.

The Senate Democrats who would deny this administration request contend that repeal of the present ceiling will effect a general rise in interest rates. The Secretary, in challenging this, estimated that removal of the limitation would work in the opposite direction because:

1. The Treasury did not set the rates; it sells its securities at the lowest possible rates in a competitive market established by the demand for and supply of funds. These rates reflect the actions of lenders and borrowers of every character throughout the country.

AN INEVITABLE CONSEQUENCE

2. Their expectations of inflation tend to cause higher, not lower, interest rates. These expectations would be the inevitable consequence of the heavy Treasury borrowings in short-term securities it will be compelled to seek by the continued existence of the ceiling. That is because bond buyers are sure to try to compensate for the prospective lower value of the dollar by requiring higher rates of return.

3. The Treasury could live with the 4¼ percent interest rate ceiling on bonds by selling them at a discount, thereby giving the buyer a higher yield. But it prefers the direct approach instead of this circumvention, which, after all, could postpone only briefly the day of reckoning.

4. Holding interest rates to artificially low levels cannot succeed unless demand and supply forces are adjusted to these levels. This would require "direct Government intervention in credit markets and a consequent abridgment of economic freedom." And "high interest rates are not an end in themselves * * * they are the usual accompaniment of the active credit demands that characterize expansion in production, employment and income."

This factual description of the unavoidable alternatives—a lift in the interest-rate ceiling, or monetary expansion that will stimulate the pressures of inflation—now seems to be gaining acceptance in Congress.

[From the Hartford Courant, June 16, 1959]

THE IMMORALITY OF INFLATION

It is one of the paradoxes of today's complex world that inflation is arousing a crescendo of national concern just as the cost-of-living index is registering a rare degree of stability. The paradox, however, is more apparent than real. For that index contains built-in defects that even the Bureau of Labor Statistics, inventor of the index, recognizes and is trying to eliminate. Secondly, the major threats of inflation at the moment are more potential than actual. Over the coming months and years—as, indeed, ever since World War II—inflation looms as the greatest single danger to the Nation's economic security, and to the welfare of its citizens.

Hence today's running debate about budgets and taxes, interest rates, and the dollar. In this process much financial, economic, and statistical doubletalk is being unloosed. Many a layman, owning no Phi Beta Kappa key in economics, feels incompetent to pass judgment on such technical matters, particularly when supposed experts disagree violently. Yet in truth inflation is an issue on which any citizen has the right to speak his mind, and be heard. For all its economic complications, this is basically a moral problem. And the people of the United States ought to demand that it be met, and conquered, on that basis.

Fortunately, the immorality of letting prices and living costs spiral ever upward, to the detriment of the thrifty and the self-reliant, is beginning to attract increasing attention. President Eisenhower, to his credit, is hammering the lesson home at every opportunity. Speaking recently to a session of the American Medical Association, he drew a parallel between an individual's physical health and the Nation's economic well-being, between a balanced diet and a balanced budget. More pointedly, he told a conference of business editors in simple, down-to-earth language how inflation had eroded the value of an insurance policy he had taken out, as a young Army lieutenant, in 1916. The threat, he stressed, is just as real in 1959:

"Today think of the man at the lathe, the drill press, who is earning money which he is putting away in his pension with his company or into an insurance policy. If we cannot today assure him that 40 years from now he is going to be able to have a living left, then I say, sooner or later, he will quit buying insurance policies, he will not have any confidence in a Government bond, and he will not think much of his pension."

In its June economic review, the Federal Reserve Bank of New York took equally emphatic issue with the delusion of cheap money. Challenging those who would let prices inch up by 2 percent or 3 percent a year, the bank thundered that "this is by no means a relatively costless or harmless way of relieving tensions." Instead, it noted, the consequences would include much higher interest rates, distortion, and eventual impairment of saving and investment, wider cyclical fluctuation, and a stunting of growth. The final outcome, said the New York Fed, would be economic stagnation and deterioration of the Nation's moral character.

It is just such terms that the challenge should be measured. Inflation, after all, is largely the work of selfish pressure groups, who rate their own immediate gain above the public interest. And if everyone is in some degree the victim, those who are hurt worst are the old and the ill, who must somehow get by on a fixed number of dollars every year. These forgotten people—self-reliant, frugal men and women—represent far better than do the inflationists the true spirit of America. To keep faith with them, and with those who will be in comparable straits tomorrow, every American should enlist in the fight against that great corrupter, inflation.

[From the Hartford Courant, June 17, 1959]

HAS THE NATIONAL DEBT CEILING FAILED?

The ceiling on the national debt has caused the Treasury to run into trouble when seeking money to operate the Government. One way to deal with the problem is to raise the debt limit. In the past 18 years the limit has exploded upward from $65 billion to $228 billion. The present temporary limit will go back to $283 billion on June 30, when the actual level of debt is expected to be $285 billion. Action by Congress is needed to put through administration requests for an increase. The rigidity of the debt ceiling has forced the Government to use subterfuges to avoid it, under pressure of its need for money to finance programs authorized by Congress. One example is having Federal agencies sell securities direct to financial institutions, instead of borrowing from the Treasury. Other examples are given in the report of a study of the debt limit by the Brookings Institution.

The legal limit on borrowing is accepted as part of our Government because it implies that restraint is being exercised on spending. But its history goes back only to 1917, when the Second Liberty Loan Act was passed. Marshall A. Robinson, who wrote the Brookings study report, says that it has failed as a device for controlling Government spending. It has been unable to prevent deficits and the long-run growth of debt, has hampered proper debt management, and increased the cost of financing the Government.

In place of it he proposes that, as debt increases, the ceiling be raised. Such a flexible ceiling always leaves room for the Treasury to borrow. If this sounds like no ceiling at all, it is because Mr. Robinson would have Congress take full responsibility for having a complete picture of the fiscal situation in mind before authorizing funds. At present Congress seems to spend at random, trusting to the ceiling to protect it, and is sometimes surprised at the magnitude of the total it has voted. With a flexible system, it would be forced to be more careful. That is the theory. Whether it would work out that way if the ceiling were abolished is questionable.

Supporters of the ceiling hold that it does control spending, and prevents growth of the debt. They consider the debt too high, a source of inflation and a threat to national solvency. But the Brookings study rates the debt limit as a failure, since it has not in fact done what it was designed for. Between now and June 30, when the present limit expires, would be a good time to ask ourselves whether there is a better way to keep the national debt under control.

MOTOR FUEL TAX INCREASE NEEDED TO PREVENT INCREASED COSTS, DELAY ON INTERSTATE SYSTEM

Mr. NEUBERGER. Mr. President, I frequently disagree with President Eisenhower on specific issues. Only last Thursday night I voted in opposition to his selection as Secretary of Commerce.

But, Mr. President, I think that President Eisenhower is eminently correct in the recommendation which he sent to Congress yesterday urging us to increase temporarily the Federal motor fuels tax from 3 to 4½ cents per gallon. As a member of the Roads and Highways Subcommittee of the Senate Public Works Committee, I intend to support the President's advocacy as effectively as I can.

Our 41,000-mile Interstate Highway program cannot be abandoned. It has gone too far for that. The Federal Government is putting up to 90 percent of the total cost of this $39.5 billion program. We have several choices as to financing the program. They are these:

First. We can keep the highway trust fund solvent by increasing the Federal motor fuels tax as recommended.

Second. We can resort to deficit financing, which will require huge expenditures in interest rates just for carrying charges on this debt alone.

Third. We can curtail the construction of these needed roads.

Given such alternatives, I choose the first alternative without hesitation.

Mr. President, last week Oregon's highway engineer, W. C. Williams, reported that my State's funds for Interstate Highway System projects will be exhausted by September or October. This means that bid openings may be postponed and the rate of letting contracts decreased. A similar situation exists in many other States. Failure of Congress to act will mean a compounding of costs and delay.

Mr. President, I ask unanimous consent that there appear in the RECORD at this point a story from the New York Times of June 21, 1959, headlined "White House Bids Congress Speed Rise in Gas Tax," together with an Associated Press dispatch which appeared in the Pendleton East Oregonian of June 16, 1959, and describes Oregon's stake in maintenance of the Interstate Highway System program on schedule.

There being no objection, the news articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 21, 1959]

WHITE HOUSE BIDS CONGRESS SPEED RISE IN GAS TAX—WARNS THAT U.S. ROAD FUNDS CANNOT BE ALLOCATED TO STATES WITHOUT ACTION

(By Richard E. Mooney)

WASHINGTON, June 20.—The White House applied new pressure on Congress today for action of the President's request for a gasoline-tax increase.

James C. Hagerty, Presidential press secretary, announced that "as matters now stand" there would be no apportionment of Federal highway construction aid to the States at the normal time this summer.

In a few days, he said, President Eisenhower will receive and make public a report on what this will mean to each of the 49 States.

Asked whether the President would submit the State-by-State report to Congress as a special message, Mr. Hagerty smiled and said:

"I would think every State and motorist in the country would send a special message to Congress."

WOULD HAMPER PLANNING

Failure of the Federal Government to apportion highway aid at the normal time—July—would not mean the halting of construction, but it would cut into advance planning work.

The procedure has been for the Federal Government to apportion aid each July for the fiscal year starting a year later. When the aid is apportioned, a State may proceed to place contracts. The actual money is distributed later, when bills are presented.

The total apportionment this July would be $2,500 million. However, there is a provision in the Federal Highway Act that bars apportionment unless there will be enough money to pay the bills at the time they fall due.

PRESIDENT SEEKS RISE

The money comes from a special trust fund, which is funded from tax collections on gasoline, diesel fuel, tires and inner tubes, and trucks and buses. The fund was set up to finance the 41,000-mile Interstate Highway System, for which the Federal Government pays 90 percent of cost, and the regular Federal-aid highway program, for which the Federal share is 50 percent.

The fund is running down now, and will touch bottom some time in the year following July 1, 1960, unless something is done about it.

President Eisenhower's proposal to raise the gasoline tax from 3 cents to 4½ cents a gallon for 5 years has had a cold reception on Capitol Hill.

Administration officials have conceded that they do not expect Congress to pass that proposal, but they have not come up with any alternatives.

In a special message on May 13, the President urged fast action on the tax increase. He knocked down most of the alternate plans that had been aired—borrowing with a special bond issue, removing the requirement that the trust fund stay on a pay-as-you-go basis, or using other tax collections to finance the program.

Eight days later, the House Public Works Committee approved a bill that would suspend for 2 years the prohibition on apportionment when the trust fund's resources were inadequate. It asked the Ways and Means Committee to decide whether the fund should be augmented during this period by earmarking other tax receipts, such as the excise tax on autos, or simply from general tax receipts.

Mr. Hagerty said that the President was "deeply disturbed about the lack of action on this important program."

"We are right up against the gun," Mr. Hagerty said.

He said it was uncertain how long it would take to make this year's apportionments after Congress had acted. Presumably Congress will act and there will be apportionments, but at a later time than usual.

[From the Pendleton (Oreg.) East Oregonian, June 16, 1959]

HIGHWAY SLOWDOWN EXPECTED AS CONGRESS DELAYS FUNDS

SALEM.—A slowdown in contracting for interstate highway projects in Oregon is threatened because of the delay by Congress in appropriating interstate highway funds, State Highway Engineer W. C. Williams said today.

Williams told contractors, assembled here for the opening of bids on 16 projects, that the scheduled bid opening for July 1 might have to be postponed because of the failure by Congress to provide the interstate money.

He said that Oregon's funds for interstate projects would be exhausted by September or October.

President Eisenhower has asked Congress to increase the gas tax to provide interstate money, but Congress so far has been reluctant to go along with him.

Williams said there is enough money to carry on the projects other than the interstate projects.

Oregon's interstate routes are the Pacific Highway, and U.S. 30 from Portland to the Idaho border.

The commission got some good news today, though, when the low bids on the 16 projects totaled $1,591,592. That was 10.1 percent below the highway commission's estimates.

Apparent low bidders included:

Douglas County: Grade 2.43 miles and pave 2.49 miles of the Elkton-Sutherlin Highway 6 miles south of Elkton. A. L. Harding, Stayton, $42,500.

PROPOSED YOUTH CONSERVATION CORPS

Mr. BYRD of West Virginia. Mr. President, the proposed legislation (S. 812) to authorize the establishment of a Youth Conservation Corps cannot help but challenge the imagination. It is a challenge to prepare for the future. It is a challenge to do something now to further develop and conserve our natural resources. It is a challenge to do something now to stop the wasting of these assets which are being squandered before our eyes if we are but to look about us.

Our greatest asset, our youth of today, are lacking for worthwhile employment not just because of their youth and lack of training but because we have failed to act with the imagination, with the resourcefulness, with the positive faith in the future that was characteristic of the Democratic Party when it took over the reins of Government in a time of desperate economic depression—the year 1933.

We did not hesitate then and we should not now. The challenge in 1933 was accepted and the Civilian Conservation Corps became an important creative and inspiring element in our national life for almost a decade. It is a tragic reflection on our lack of foresight that we did not act to reestablish the Conservation Corps activity after the close of World War II 14 years ago. Think how much more we might have accomplished in conserving our national assets, both in human and natural resources, had this most highly worthwhile activity been reactivated then.

To evaluate our loss through lack of foresight, let us look back and review the magnificent accomplishments and proud record of the Civilian Conservation Corps during the 9 years of its constructive existence. Let us also remember that the Civilian Conservation Corps was a new adventure, starting from scratch, with little or no prior precedent to follow and that a reestablished Conservation Corps with the former corp's experience to draw on would have been even more effective and more productive in effecting the conservation of our human, physical, and even spiritual resources over an equivalent period of time.

I believe that we can agree that had we acted with foresight in this matter following the close of World War II, it is reasonable to conclude that our progress in sustaining and enriching our natural and human resources could have been at least one and one-half that of the distinguished record of the Civilian Conservation Corps in which almost 3 million American boys proudly participated. Boys who have since taken their place in society as substantial and constructive citizens of our great country. Indeed, former members of the corps are represented in our legislative bodies at all levels of Government. The distinguished records both in military and civilian pursuits of many others represent a benefit of incalculable benefit to their country.

In less than three weeks after the enactment of the Emergency Conservation Work Act of March 31, 1933, the first CCC camp was set up and I am most proud to relate that it was in the great State of Virginia in the George Washington National Forest. There began the great adventure of our American youth in the conservation of the resources of America. An adventure which ended on June 30, 1942, 9⅓ years after its beginning. An adventure which should have taught us all a lesson in sound creative national thrift or, in

other words, the conservation of natural resources. An adventure of which the magnificent and far-reaching results were lost sight of by many because of that cataclysmic event, World War II. During the life of this adventure, a total of 2,965,959 youths ranging in age from 17 to 23 and 189,165 war veterans were enrolled in the Civilian Conservation Corps.

What happened during this magnificent adventure? More than it is possible to adequately relate here today, but to which I wish to speak in some detailed degree in order that all may more fully appreciate the significance of the legislation (S. 812) proposed by my distinguished colleague, the honored and farsighted Senator from Minnesota [Mr. HUMPHREY] and cosponsored by my able colleague from West Virginia [Mr. RANDOLPH] by me, and by other Senators.

The Civilian Conservation Corps gave this country vastly improved natural and human resource balance sheets, the cumulative value of which, for the physical improvements and work accomplished in the natural resources field alone, has been estimated at between $1,500 million and $2 billion. However, the corps charted and carried out more than a superbly gigantic program for the natural renewable resources of the United States; it set a new pattern for the most practical useful kind of education a boy could hope to find. It gave him real work to do day by day, work from which he benefited and from which the country has benefited and will continue to do so for long into the future. He learned the how and why of work for conservation; he learned the responsibility of citizenship; he learned the dignity of working in the public service; he learned by doing. He could see and feel the sense of what he was doing and could take pride in the progress and completion of work well done. Here was an invaluable opportunity for youth—an opportunity which youth is sorely in need of today and an opportunity which we should continue to make available to our youth in all generations.

I believe that the average American continues to be a strong supporter of the Civilian Conservation Corps type of program, as evidenced by communications I received daily in support of the proposed legislation for a youth conservation corps. I know that the Civilian Conservation Corps not only taught 3 million youths through daily practice what conservation was but it also dramatically brought a better idea of the meaning of conservation to the American people. However, I believe that because of the passage of time, it is highly important for me to interpret a few of the staggering statistics covering the great variety of work and the total stupendous accomplishments of the Civilian Conservation Corps. I believe it important for me to analyze what these accomplishments meant in terms of the national welfare, national security, and our future well-being.

The 126,230 miles of truck trails and minor or forest roads built and the 580,995 miles of road maintained; the 88,883 miles of telephone lines laid, the numerous fire towers built and other fire prevention and fire hazard removal work completed by the boys; all of these accomplishments meant that the country had a far stronger forest fire prevention system than ever before and meant that, at the time when we faced the possibility of incendiary bombing attacks during World War II, we had the fire towers, truck trails, and communications systems to protect our vital forests and related natural resources.

The 318,076 permanent and 6,341,147 temporary check dams built; the 33,087 miles of terraces put in; the 431,321 outlet structures built; the 638,473 acres of plantings to stop sheet erosion; the many other activities involved in soil salvage work which took place in 45 States and accomplished erosion control on more than 25 million acres—only a start on the millions of acres still needing attention—in the Dust Bowl and on southern, middle western, and western lands; these accomplishments meant that, at a time when this country needed to tax its food productive capacity to the limit, there were 40 million acres of land capable of producing a great deal more food than would otherwise have been possible without the work of our CCC boys. Because of their accomplishments in grazing control and range-water conservation work, our magnificent West, which produced the bulk of the beef, hides, and wool needed for our war effort had, and has today, more water and more grass from which to produce livestock.

The 2,688,527,000 young trees planted on otherwise barren, denuded, or unproductive land means that some 2⅔ million acres of such lands are now green with growing timber from which thinning crops are being taken. It means these acres are now producing timber for human needs, for human enjoyment, for stopping the wasting of soil, or for protecting and sheltering wildlife. In order to develop these trees for planting, the Conservation Corps boys had to collect 875,970 bushels of conifer seeds and 13,624,445 pounds of hardwood seeds to plant in tree nurseries. It also required 6,111,258 man-days to prepare nursery land, sow and seed, weed and transplant, water and tend these seedling trees before they were ready to plant on barren acreage. It means that belief in the future was a basic principle of the Civilian Conservation Corps.

On some 4 million acres, timber stand improvement measures were undertaken to cut out weaker, crooked and diseased trees in order to provide optimum growth conditions for remaining trees. This meant a permanent improvement in the forest stands—a positive investment in forestry. It means that 4 million acres of timberland were placed in better condition for crop production because of corps activity.

Millions of man-days were spent by CCC boys on the forest fire frontlines. This meant a drop of 27 percent in the annual average timbered acreage burned. It meant that our CCC boys saved forests for human needs by preventing them from being charred by smoke and flame. As a result, today we have millions of acres of growing and mature timber which otherwise would have been destroyed by fire.

The 7,955,707 acres on which CCC boys checked or controlled tree diseases and forest insects, and the 6,162,742 acres on which they checked or controlled the rampages of Mormon crickets and grasshoppers meant the saving of enormous values in forest and forage crop resources.

One of the more important natural resources of our West, Middle West and South is grass or forage. The proximity of water to the forage resource is particularly important to survival of sheep and cattle in the semiarid ranges of the West. The improvement of 12,346 springs by damming or piping water, the improvement of 3,311 waterholes, the building of 9,805 small reservoirs by the CCC boys meant better and more stock on these ranges with increased availabilities of beef, mutton, wool and hides for which there is an intensified need in times of national emergency.

In order that we might more adequately cope with a growing and pressing desire of the American people for outdoor recreation, the Conservation Corps built camping spots, picnic grounds, overnight cabins, and other necessities of outdoor life across the Nation. In so doing it landscaped 233,793 acres, developed 52,319 acres as public campgrounds, and 10,398 acres as public picnic grounds. Although highly inadequate in number for present recreational pressures, these accomplishments have served as a stopgap and been a national boon to the American people.

In 47 States, 35 counties, and 74 municipalities, park improvement and development work were carried out by the corps. Indeed, State parks, a negligible factor in the recreation resource picture prior to 1933, came into being because of CCC work. Some 700 camps devoted most of their time to State park projects. The work done on park lands by the CCC meant that the capacity of our recreational areas to accommodate visitors was increased by millions. Had the recreation resource development work undertaken by the CCC been resumed again after World War II, we would not be experiencing the high degree of emergency which has prompted Mission 66 of the National Park Service and Operation Outdoors of the U.S. Forest Service.

The work of the CCC boys was instrumental in gaining recognition for the need for conservation and development of our wildlife resources. They built 4,622 fish-rearing ponds; developed 6,966 miles of streams for improved fishing; stocked streams, ponds, reservoirs, and lakes with some 972 million fish or fingerlings. They built 32,148 wildlife shelters and developed large and small wildlife and game reservations. They prevented the destruction by fire of wildlife habitats and sanctuaries and of wildlife itself throughout the country.

The boys of the corps built 80 emergency airplane landing strips, 116 radio stations, 532 landing docks and piers; they marked 35,442 miles of forest, park, and other land boundaries. They spent 2,079 man-days on emergency work

which, by the way, was the hardest kind of work. It was work on floods, saving people, homes, belongings and livestock; it was work helping stricken humanity after hurricanes and tornadoes; it was the searching out and rescuing of persons lost in forests and mountains; it was the rescuing of prospectors, miners, range sheep, and cattle during the severest blizzards in the West; it was the cleaning up of debris and the making of the forests of New England safe from fire in the 2-year period following the terribly destructive hurricane of 1938.

Admittedly, I have at best only roughly sketched in but a partial picture of the total activity and accomplishments of our CCC boys of a previous decade. Thanks to their efforts, a start was made toward repairing or restoring the neglect, waste, and destruction of many generations, a start which has brought about changes in the landscape of our great country.

We should take steps today to provide for building upon and expanding the start made by the Civilian Conservation Corps. As we all know, much more needs to be done. We have been advised by competent authority, the Natural Resources Council, of the size of the job that needs to be done to sustain the anticipated population of 50 years hence. The Council has estimated the requirements for conserving our natural resource assets over a 10-year period to be the expenditure of $3 billion for forest improvement and management, $4½ billion for soil conservation and watershed protection, $1 billion for rangeland improvements, $2 billion for development and improvement of outdoor recreation facilities, and $1 billion for improvement and development of wildlife refuges and wildlife resources. This amounts to a total of $11½ billion and does not include any financial estimate of the tremendous needs for the conservation and development of the natural resources in our new and magnificent State of Alaska.

I believe that at this moment in the history of our country we have reached a crossroad from which we can move forcefully forward to contain the destructive forces which waste our resources, or we can follow the course of improvisation and take half measures which, if followed, will be described by future historians as measures which were too little and too late. Our population is multiplying so rapidly with attendant ever-growing pressures on our land and water resources that diverse interests and groups of users are now competing for the use of the same land and the same water. We have already fallen behind in the development of the means to satisfy the reasonable desires and needs of our people.

I believe we must all give recognition to a fundamental principle governing the development, the use, and care of natural resources that has been revealed by experience through the ages—the forces of nature either work for man or against him. Where man has disturbed the natural relationships between water, soil, fish, game and timber, the forces of nature have been put in motion against him. Man's disregard for the future—his greedy and heedless use of resources has time after time in the course of history destroyed the bountiful provisions of nature. Lands of plenty have been turned into deserts bringing famine and ruin to past civilizations. It has happened in startling degree in some limited areas in our country even within our own time.

We are at the point in our history today where we can, with a tremendous and continuing national effort, stem the forces of nature and man which are wasting our assets and in time contain them. Unless we are willing to expend our time and energy on the necessary scale, a scale which we have not heretofore sustained, we cannot reverse the cycle, and we cannot get the forces of nature to work for us throughout our great country with respect to the development and conservation of our natural resources. If we continue to take wavering and inadequate steps for the conversation of our resources, we will be taking the road to frustration and will eventually despair of stopping and containing the destruction of our depleting resources, the wasting of our fundamental assets. We will be choosing the road which makes for eventual destruction of the means of survival for our people at some future period in time.

So, also is it with our youth of today and tomorrow. Like nature itself, youth has tremendous physical energy for which an outlet must be provided. Here, again, there seems to be no happy medium—the energy and imagination of youth work either for or against the equilibrium of existing social order. Here, again, the solution is to provide outlets for energy which will work for rather than against man and the society in which he lives.

We need to divert the tremendous energy of youth into constructive work and we must help develop youth's talents for his benefit and the benefit of his children and his children's children. We need to do this equally as much as we need to harness the energy of our great undeveloped and untamed river basins in order that energy which is wasted and increasingly destructive of natural and manmade assets may be utilized to preserve rather than destroy them.

I again wish to impress upon you, here today, a sense of urgency to act and act quickly to stem the course of self-destruction which indeed we will be following unless we immediately take steps on a comprehensively adequate sustained scale to effect a containment of the forces of resource destruction in the foreseeable future. Once the forces of resource destruction reach the point of no return, the point where our present and foreseeable energies can no longer reduce the rate of acceleration of these forces, it is too late. I believe we are so close to that point of no return now that we can no longer afford not to act positively on a coordinated and adequate scale—a scale which will provide the money, the manpower, and the equipment necessary to stem the rate of acceleration of destructive force and in foreseeable time turn the forces of destruction into contained positive forces for the conservation and further development of our resources to meet the needs of coming generations.

To illustrate this sense of urgency, a sense of urgency which is more clearly apparent, immediate, and poignant than that of 1908 when President Theodore Roosevelt in calling the historic Conference of Governors at the While House declared:

> There is no question now before the Nation of equal gravity with the question of the conservation of our natural resources.

I would like to call your attention to the statement of Russell Lord on page 578 of the "Yearbook of Agriculture 1955," published by our Department of Agriculture. This statement reads as follows:

> At least 3 billion tons of solid soil materials are washed out of the fields and pastures of the United States each year by water erosion alone. It has been figured that to move such a bulk of American soil on rails would take a train of freight cars 475,000 miles long—long enough to girdle the planet 18 times at the Equator.

It is against such destructive forces that we must commit ourselves.

In view of such serious circumstances, the proposed legislation (S. 812) to authorize the establishment of a Youth Conservation Corps is most timely, and I earnestly support the establishment of such an organization for purposes of conserving the natural and human resources of our great country. This proposed legislation is not a make-work program. This is a proposal to provide our youth of today and tomorrow with new opportunity, new horizons, and sustaining benefits from constructive experience gained in the public service. It underwrites a work program of enduring value and future benefit to all America and its peoples. I propose that we act with vision to make up for lost years and act to bring the corrosive actions of nature against man under control. Let us start again to rebuild the productivity capacity of our Nation's lands and waters on an adequate scale. Let us accept the challenge to prepare for the future of our children and their children's children. Let us provide our idle boys of today with worthwhile employment. Let us provide them, 150,000 strong, with the means and incentive to carry out our objectives for the conservation of the natural resources of America.

SUPPORT FOR COUNTRY LIFE COMMISSION

Mr. WILEY. Mr. President, from time to time I have brought to the attention of the Senate my interest in proposed legislation which I have introduced—S. 265—for establishment of a Country Life Commission.

As previously mentioned, the objectives of such a Commission would be to, first, take a new long-range look at the agriculture picture for the purpose of assessing its problems, changes, challenges, and related factors which affect the lives of our farm families and also affect the economic life of the Nation;

second, evaluate the impact of technological developments on farm life; third, design an improved program for assisting farm folk to adjust to the far-reaching economic and social changes which are occurring in agriculture; fourth, emphasize the interrelationship of the interests of farm and city folk to assure cooperation rather than friction between such interests; and, fifth, develop a set of principles and guidelines to serve as a basis for improving the outlook for the farmer and the agriculture economy.

We recall the first Country Life Commission appointed by Teddy Roosevelt in 1908, which reported in 1909, made a real contribution toward more effectively dealing with the problems not only of farming itself, but of such related factors as health, schools, rural libraries, and progress in other phases of country life.

To get an evaluation from individuals who, first, were familiar with the work of the first Commission; and, second, are working firsthand with our farm problems today and thus are in a position to evaluate whether or not such a Commission would be useful, I have brought the bill to the attention of—among others—the Cooperative Extension Workers in Wisconsin. The response has been most gratifying.

I therefore request unanimous consent to have a number of the replies from the county agents throughout the State printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JUNE 20, 1959.

Senator ALEXANDER WILEY,
U.S. Senate, Senate Office Building,
Washington, D. C.

Hon. SENATOR WILEY: The changes and conditions in agriculture have been very rapid these past 20 years. I believe even the most informed people are somewhat amazed at the rapid changes that have and are being made.

According to the information I have it has been 50 years since a country life report has been developed. I am sure that a report at this time would be of great assistance in planning for a better country life.

Sincerely yours,

ARCHIE BROVOLD,
Buffalo County, Agricultural Agent.

JUNE 19, 1959.

Hon. ALEXANDER WILEY,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR WILEY: I have reviewed the bill S. 265 and I feel that it is a good idea to establish a Commission on Country Life. As an agricultural extension agent, I feel there is a need for such a Commission.

I would definitely urge that people appointed to this Commission should be closely connected with agriculture and familiar with country life. Perhaps some extension people who are closely connected with country life could serve on such a commission.

Thank you for sending me a copy of the bill.

Sincerely yours,

JEROME L. RIEDY,
Agricultural Agent, Jefferson County.

JUNE 19, 1959.

Hon. ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

HONORABLE SIR: I was real pleased to get a copy of the bill S. 265, and to learn more of the details of your plans for the Commission on Country Life.

In working with this special pilot county project on rural development, we recognize more and more the real changes that are coming to rural living. This Country Life Commission seems to be certainly very timely where a group of people might sit down and more or less look over the past programs and compare them with what is needed in today's economy.

With the very rapid developments in automation in agriculture and with rapid developments of integration I think, too, we need to sit down and rather carefully look over what is happening in agriculture in the light of being able to be of better service to the farm people of the country.

I will appreciate your keeping us informed on the development of this Country Life Commission, and if we here in Price County can be of any help to you we should be glad to hear from you.

Sincerely yours,

MILO V. JOHNANSEN,
Price County Agricultural Agent.

JUNE 16, 1959.

Subject: Opinion on bill S. 265.
Senator ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

DEAR MR. WILEY: I have carefully gone over S. 265 in regard to the establishment of a Commission on County Life and I feel that this is a very worthwhile bill. Although the Commission sets up a number of people serving in the particular capacity, it would be my idea that somehow the Commission pass its findings on local levels somewhat like the report to the President on children and youth is made each 10 years.

Social and economic changes are happening so fast even in a rural county like Crawford County, Wis., that it is difficult to keep up.

In summary, I believe that S. 265 is a top priority bill and I wish you every assistance in getting it written into law.

Very truly yours,

VIRGIL A. BUTTERIS,
Crawford County Agricultural Agent.

JUNE 17, 1959.

Hon. ALEXANDER WILEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I was very happy to have received a copy of your proposed bill S. 265. I think this bill has a great deal of possibilities.

I very definitely feel there is a need for all farm organizations, and farm leaders to project their thinking into the future. I certainly feel this is a step in the right direction in regards to the future of our rural population.

Thank you.

Sincerely,

JOE L. WALKER,
Waupaca County Agricultural Agent.

JUNE 17, 1959.

Hon. ALEXANDER WILEY,
U.S. Senate,
Washington, D.C.

DEAR MR. WILEY: Received your letter of June 9, regarding bill S. 265.

Certainly we are in need of something to make a study of the overall situation of future planning. As to the type of commission or handling of this type of study, you would no doubt be in a better position to make a decision than I am.

I certainly am in favor of something along the line of bill S. 265.

Very truly yours,

W. H. DOUGHERTY,
County Agent.

IRRESPONSIBLE NASSER

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks a very thoughtful editorial from the New Bedford Standard-Times. It refers to the action of President Nasser, of the United Arab Republic, in preventing an Israeli cargo from passing through the Suez Canal.

Three observations may be made about this situation, Mr. President. First, the Suez Canal must be open to every nation of the world, as it is an international waterway. Second, our Government is firmly committed to help preserve the integrity of the free state of Israel, which has, in effect, been challenged by this irresponsible action. Third, such action offends the United Nations in its efforts to keep peace and to work out the solutions to the problems of the Middle East.

Mr. President, I ask unanimous consent to have the editorial printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IRRESPONSIBLE NASSER

On May 21, the Danish-owned ship *Inge Toft*, carrying a cargo of Israeli potash and cement for Far Eastern ports, was halted at Port Said by the Egyptian Government. Since that time, the *Toft* has been refused passage through the Suez Canal, and an Egyptian war-prize court has confiscated her cargo.

This is the latest of several irresponsible acts by Nasser's government with respect to Israel's maritime commerce. Although the Egyptians always have denied transit to any ship flying the Israeli flag, they have in the past permitted foreign-owned vessels to carry Israeli cargoes through the canal.

However, in February and March, Egypt seized Israeli cargoes from ships flying Costa Rican and West German flags. In March, Egyptian officials delayed the passage of a Greek-owned freighter carrying an Israeli cargo. The *Inge Toft* was the first ship with a cargo from Israel to seek passage since the affair involving the Greek vessel.

To date, Premier Ben-Gurion's government has taken no action on the *Inge Toft* because neither Israeli, the United Nations, nor any of the maritime powers has been able to get the Egyptians to say exactly what has been done with the ship or the cargo.

Egypt has attempted to justify these acts by contending a state of war still exists between her and Israel, but this has been refuted twice by the United Nations Security Council, in 1952 and 1956.

As Ben-Gurion has charged, Nasser's actions are "a blow at the Charter of the United Nations as well as at Israel."

Governments of seafaring nations would do well to marshal support of Israeli counteraction in this matter, for it involves high-handed interference with international trade, expropriation without payment, and the operation of an important waterway on the basis of political prejudice.

EQUALITY FOR ALASKA UNDER THE FEDERAL AIRPORT ACT

Mr. GRUENING. Mr. President, my distinguished colleague from Alaska [Mr. BARTLETT] and I introduced on Thursday a bill to provide for equality for the State of Alaska with the other States of the Union under the Federal Airport Act.

As passed by the Congress last week, the airport bill provided merely for an extension of the existing act. When that act was originally passed, the State of Alaska was still a Territory and did not receive equality of treatment with the other States in the distribution of funds under the act.

Since the passage of the original act, however, Alaska has been admitted as an equal and sovereign State, and in all fairness, in all justice, should be accorded the same treatment any other State receives.

The bill which we introduced on Thursday would do just that—no more, no less.

In fairness to the other States in the Union, however, and in order to insure that no State is deprived of any allotment under the original formula, the bill increases the total amount authorized to be appropriated by the exact amount of the increased allotment to the State of Alaska by virtue of its being treated on an equal basis with other States.

I invite the attention of my colleagues to the fact that our proposed action would increase the matching burden upon the State of Alaska. This added burden the State is prepared to assume, as it is prepared to assume the other responsibilities of full statehood. To provide merely for the continuation of the original Federal Airport Act without taking into consideration the fact that circumstances have changed in the interim—that Alaska has been admitted to statehood and is entitled to be treated with full equality—would be to perpetuate an anachronism and to continue an injustice to our 49th State.

When this matter was before the Senate earlier last week, my colleague and I both appreciated the parliamentary situation confronting the leadership, and, in the interests of achieving some progress with respect to the enactment of some legislation in this area, we refrained at that time from moving to amend S. 1 to ensure equality of treatment for Alaska. In view of our restraint at that time, we sincerely hope that the distinguished members of the Interstate and Foreign Commerce Committee will act with all dispatch in reporting this bill favorably so that Alaska can receive its full measure of equality under the Federal Airport Act.

I also invite the attention of the distinguished minority leader to the fact that the proposal which we now make is the same as that contained in the administration's recommendations to Congress with respect to the treatment of Alaska under this program.

HOOVER COMMISSION RECOMMENDATION ON BUDGET REFORM MERITS ADOPTION

Mr. KUCHEL. Mr. President, careful control of the purse strings is vital to the fiscal stability of an individual, a family, a business, or a nation.

Under the leadership of one of America's greatest patriots, former President Herbert Hoover, some sage advice on the way to manage those purse strings in the best interests of all of the taxpayers of the United States was given the Congress by two Commissions on Organization of the Executive Branch of the Government.

The major recommendation of the Second Hoover Commission was for budgetary reforms and changes in accounting procedures. My attention was attracted to those reports because immediately prior to taking my seat in this body I had the honor of serving as the controller of my home State of California. It was a matter of great surprise to me to discover soon after arrival here that in the Federal Government virtually all funds once appropriated by the Congress remain at the disposal of the agency for which they are provided until actually spent. Naturally, I was interested in the proposal of the Second Hoover Commission to adopt an annual accrued expenditures limitation over those large amounts of unspent funds in the interest of more effective fiscal management.

Less than 1 year ago, the 85th Congress enacted Public Law 85–759, authorizing the President to propose accrued expenditure limitations in appropriations requests whenever such limitation could be supported by a suitable accounting system. As a result, President Eisenhower proposed a trial run for such controls on six items in the 1961 budget.

I am distressed at the reception those proposals have received. In the bills sent to the Senate so far this year, not one of the limitations has been included. One attempt by this body to give an experimental test to the principle in the Treasury-Post Office bill was unsuccessful and the fate of a second is hanging in the balance and in the hands of conferees on the Commerce appropriations bill.

I was pleased that the limitation has been restored by our Senate committee to the items of operating expenses and capital outlay for the Canal Zone. I know that the chairman of the subcommittee which brought in the Commerce bill containing those items believes thoroughly in the wisdom of trying out this control and I trust the senior Senator from Florida will be successful in conference in keeping this experimental provision in the bill.

What are the objectives of the accrued expenditures limitation, Mr. President? Simply to place a definite ceiling on the amount of goods and services which can be received in a single year and thus restore to Congress the grasp on the national purse strings which was intended in the Budget and Accounting Act of 1921.

The law enacted last year and the restrictions proposed this year for testing would eliminate the free use of huge balances of prior appropriations. It seems to me this practice would encourage better planning and scheduling of programs by the executive agencies. It should emphasize cost consciousness in carrying on Federal activities. The end result should be more efficiency and economy in Government operations.

I fear that sight has been lost of the need for such controls. This is regrettable when once more we are faced with the inescapable raising of our debt ceiling. It is more so when one considers that last year, for fiscal 1958, the amounts carried forward and thus at the disposal of the executive branch aggregated $44 billion. This was more than one-half of the total amount of new money requested of and voted by the 2d session of the 85th Congress for fiscal 1959. Thus, the multitudinous agencies of the Government actually had upwards of $100 billion to spend during the fiscal year now drawing to a close.

The amounts involved in the six appropriations for which President Eisenhower proposed trial of the limitation next year were relatively insignificant. In total, the unexpended funds estimated to be carried forward into fiscal 1960 amounted to only about $200 million. But they were carefully chosen items where it was believed the procedure could be thoroughly tried and tested.

Conversion to the use of accrued expenditure limitations will be, of course, an evolutionary process. So, also, was the installation of the Budget and Accounting Act. Without that procedure, how could this Nation ever have weathered the fiscal storms which accompanied the depression and World War II?

I am informed that the staff of the Senate Committee on Government Operations currently is making a comprehensive study of all budgetary and accounting proposals advanced since the 1921 act created our Bureau of the Budget. As a new member of the Senate Appropriations Committee, I am awaiting with interest this inventory and report. I trust it will revive interest in various attempted reforms, such as the consolidated appropriation bill so long urged by the distinguished senior Senator from Virginia, and as the accrued expenditures limitation.

In the meantime, Mr. President, I consider it deplorable the Congress has not seen fit to initiate the test of the controls proposed in the 1960 budget. Without actual operating experience, we never will be able to ascertain whether it is possible to take a firmer grip on the purse strings by telling the executive branch plainly and forcefully "so much may you spend next year and not 1 cent more."

It is not right that funds once appropriated by the Congress should remain at the disposal of the agency for which they are provided until actually spent. I believe the recommendations of the Hoover Commission should be adopted. I am rather distressed at the reception the proposals have received in the other body, however.

As a result of the leadership which the distinguished senior Senator from Florida [Mr. HOLLAND] has provided in connection with the appropriation bill for the Commerce Department, we shall have readopted the budget reform provisions of the Hoover Commission report. I very much hope that such recommendations will be approved by the other body and will become law.

LONDON "CITIZENS' CONFERENCE" STIMULATES REEVALUATION OF NATO

Mr. NEUBERGER. Mr. President, earlier this month 650 citizens from NATO nations assembled in London for a 6-day-long meeting of the Atlantic

Congress. Theme of the conference was "The Atlantic Community in the Next 10 Years." Its purpose was to find ways of strengthening NATO and the Atlantic community through political, social, and economic cooperation.

The gathering was truly a "citizens' conference." While the Congress was initiated by NATO country legislators in 1957, NATO governments did not participate in the deliberations and it was specified that not more than one-third of the members of delegations from individual nations be legislators.

Seldom has the layman been provided with so significant an opportunity to participate directly in the shaping of international affairs, an activity normally the exclusive province of diplomats, government officials, and military men. The Atlantic Congress has been described as the largest and most ambitious meeting of this type since the European Congress in The Hague in 1948, which stimulated formation of the Council of Europe. Delegates attending the Congress were representing the 450 million persons who are citizens of the nations which joined in forming NATO 10 years ago.

Because of my belief that NATO can be developed into an effective instrument of broad cooperation among the nations of the Atlantic community I followed the activities of the Atlantic Congress with particular interest—an interest which was intensified by the fact that my wife, Maurine, a member of the Board of Directors of the United States-United Nations Association, was attending the Congress as an official delegate.

The final resolutions of the Atlantic Congress constitute the outline of a program which would permit the NATO countries to realize the full potential of unity originally devoted to construction of a military defense against communism in Western Europe but now recognized as the potential base for creation of a community of cooperation in political, social, and economic fields.

Mr. President, the ideological war waged throughout the world today may ultimately be decided not by the quantity and quality of physically destructive power held by the two sides, but by the skill and adroitness with which each mobilizes its cultural and commercial resources. The continuing danger to the West in such a conflict lies with the possibility of our placing too strong a reliance on a military solution because we have not correctly evaluated our antagonist or the environment in which this contest is taking place.

The proposals advanced by the Atlantic Congress should cause us to reevaluate our position in this respect. The ideas approved by the citizen conferees should stimulate an acceleration of efforts to achieve a wider degree of cooperation and coordination among the NATO nations for the purpose of providing a more total defense against communism in Western Europe and the world. I hope that it is with this viewpoint that the governments of the NATO countries review and study the conclusions of those who participated in the Atlantic Congress.

Mr. President, following her return from the Atlantic Congress, Mrs. Neuberger wrote down some of her impressions of this meeting. Principal among them was recognition of the lack of language proficiency among U.S. delegates. Most Americans found it necessary to rely on translators' versions of Congress speeches by other than English-speaking delegates and officials. Yet those from other nations exhibited an ability to understand addresses delivered in a variety of representative tongues other than that of their own country, such as French, English, and German. The lesson, as she pointed out, is inescapable: The United States has failed to emphasize sufficiently the value of language training in its educational system. The result is a failure in communication by our representatives abroad, be they citizens or diplomats, and a decrease in our total effectiveness in disseminating American views and attitudes. Passage of the National Defense Education Act last year was a step in the direction of correcting this oversight. Continued efforts will be necessary to insure that this problem is satisfactorily met.

Mr. President, I ask unanimous consent that a brief résumé of the activities of the Atlantic Congress prepared by Mrs. Neuberger be printed at this point in the RECORD, together with a column written by David Lawrence which was published in the Washington Evening Star of June 4, 1959.

There being no objection, the résumé and article were ordered to be printed in the RECORD, as follows:

MAURINE ATTENDS THE ATLANTIC CONGRESS

What was the Atlantic Congress?

It was a conference of citizens from all the North Atlantic Treaty Organization nations which met in London to discuss ways of drawing attention to the basic community of interests of the NATO countries and to the need for broadening the alliance's role in the political, cultural, and economic fields.

NATO is a military alliance. The question posed by the Congress was: Should it continue to be only that?

I felt that this gathering of 650 representatives from 14 countries showed a desire for cooperation within the alliance that goes far beyond military defense. It was in this spirit that the Congress divided into five committees to set forth the major principles which guided us in our deliberations.

1. The spiritual and cultural group, of which I was a member, urged increased positive efforts to spread the philosophy of democracy to combat Communist ideology. My specific subcommittee on information and education was headed by a prominent former Oregonian, Palmer Hoyt, now editor of the Denver Post.

2. The political committee brought forth the most turbulent debates. There were those who favored NATO remaining a strictly military alliance and others who emphasized the need for a federal union of the Atlantic communities. The group recommended a greater degree of consultation among NATO nations aimed at securing increased cooperation.

3. The economic group called for efforts to increase economic growth and free trade. It attacked trade barriers within the Atlantic community, including the high tariffs of the United States, and recommended broad economic coordination to include this country and Canada.

4. The free world committee tapped the conscience of delegates on the need for aid to undeveloped nations with special focus on Africa.

5. The Communist bloc group was in agreement on the scope and danger of the Communist threat and the need for common political, economic, and propaganda policies to fight this challenge.

The worthy resolutions approved by the Atlantic Congress must be implemented by action of the NATO nation governments if they are to become effective. I feel that one of the major roles delegates can play now is to talk with church groups, women's organizations, and any who will listen, about the feeling of all of us at the conference of the need for broadening and improving the defense against our common enemy, communism.

One of my dominant impressions of the Atlantic Congress was of our own woeful lack of training in languages.

When one of the members of our subcommittee on information and education was talking, the Americans always could be detected. They put on the headphones to hear the translators' version of what was being said. The delegates from other nations sat by listening in perfect calm and understanding. They knew what was being said without having to tune in on the translations. Their linguistic training was immediately evident. They understood such representative languages as French, English, and German. But we Americans knew only one tongue—English, our own.

I shall carry back to my associates in Oregon's school systems the message to teach more foreign languages, and to do it from the very first grades when other tongues can be picked up so much faster than in later years.

All this is the serious side of our day and night meetings. When I consider the intense and lengthy sessions spent discussing these important matters, I wonder now how I managed to have such a variety of wonderful extracurricular experiences besides.

Our social life consisted of a welcome by Queen Elizabeth in historic Westminster Hall; a tea at No. 10 Downing Street, where I was one of a small group to meet with Lady Macmillan; numerous receptions by our English hosts at historic houses; and even a midnight performance of "My Fair Lady."

I want to go back to London some day when I have more time and explore that beautiful and tradition-encrusted city.

[From the Washington (D.C.) Star, June 4, 1959]

NATO: A POSITIVE ACHIEVEMENT—MAP DEPICTING VAST FORCES FOR PEACE GIVES VISITING TAXPAYER A THRILL

(By David Lawrence)

LONDON.—Can anyone really get a thrill out of the taxes he pays to his government? Well, this correspondent did just the other day when he visited Paris and looked at a certain map in Supreme Allied Headquarters in Europe. It told in part the story of the $42 billion which the United States is spending on armaments each year.

It was like many a military map which shows, with its arrows, the location of potential forces. But somehow, as one studied it, there was revealed at a glance the tremendous defense system the Western allies have set up through what is known as the North Atlantic Treaty Organization.

It reaches, on one side, all the way up to Britain and Norway. On the other side, it extends to Turkey, Greece, Italy, the west of Germany and France. In the Mediterranean there are some big dots that represent small specks on the vast sea, but there one sees the submarines of the future, armed with missiles that can travel 1,500 miles or more into

the territory of a possible enemy in the north.

The explanation that accompanied the map is well understood in military circles, but the people generally do not realize that NATO is tied into airbases in Spain, North Africa and strategic areas in other lands and waters adjacent to Europe.

How, it might be asked, can anyone get any satisfaction out of looking at a military map that means war? But this map somehow doesn't mean war. It gives assurance that any enemy could be deterred and war prevented.

Twice in his lifetime, this correspondent has surveyed the terrible destruction of world wars. Nobody in his right mind could ever want to see war imposed again upon the men, women, and children of Europe.

Also, there is one difference now as compared with the past. Whatever war comes will not be confined to other continents. The destruction would reach into the United States, itself. How much would anyone pay to keep war out of America? It is worth almost any cost. That's why $42 billion is a small sum, relatively speaking, to be spending annually for insurance. The money must, of course, be properly spent and not wasted, and, in general, the armament that America, along with her allies, has developed is effective and is efficiently distributed.

The United States, however, has developed not only weapons but able men to lead us in the foreign field. One of them is Gen. Lauris Norstad, the Supreme Commander of Allied Forces in Europe. He is a dynamic individual—young, energetic and competent in every sense. But he has an even greater asset. He knows how to mingle with military officers of other countries as well as with their diplomats. He is humble and even deferential in the presence of the military men of other countries. He makes them feel that they are really members of a team.

But, above all else, General Norstad has a penetrating grasp of the military problems of Europe. He is not swayed by the talk of disengagement or disarmament. He believes in the objectives of the hour—to get an assurance of peace. But he insists on safeguards, and they must be effective safeguards.

NATO is more than a military organization. It is more than a mere alliance for war. It has many branches and divisions that are slowly being welded together into one of the most effective international organizations yet created.

NATO is an organization of governments whose ambassadors are specially appointed to sit in Paris and discuss diplomatic affairs of a common interest. On the diplomatic side, the United States is represented by a special Ambassador, W. Randolph Burgess, an able businessman of broad experience. His years in the Federal Reserve System and later as vice chairman of the National City Bank of New York have brought to the council table a background of economic experience which is of great value in understanding today's problems of Europe. For nowadays political and economic questions are intertwined.

London is getting ready to welcome on Saturday delegations from 14 of the countries in the alliance as the 10th anniversary of NATO is celebrated. The North Atlantic Treaty Organization is one of the positive achievements of our times.

THE EFFECT OF ADMINISTERED PRICES ON THE ECONOMY

Mr. CLARK. Mr. President, one of the most enlightening brief discussions on the problem of inflation it has been my pleasure to see, was contained in the Chicago Sun-Times, for Monday, June 15. The article is entitled, "DOUGLAS Fires on Administered Prices," and is written by our eminent colleague from Illinois, Mr. DOUGLAS.

Because of the importance of the subject matter to current legislative issues, and the cogency of the able Senator from Illinois' treatment of it, I ask unanimous consent that the article be included in the body of the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DOUGLAS FIRES ON ADMINISTERED PRICES

(By PAUL H. DOUGLAS, U.S. Senator)

We ought to be able to discuss our economic situation with some objectivity and with some regard for the facts. However, it is now apparent that the administration and the Republican National Committee are making the so-called fight on inflation their campaign issue for 1960.

The main administration argument is that we are suffering from "monetary" inflation. They say that this is the result of the huge deficit in the fiscal year 1959 budget and this in turn was due to a wild spending Democratic Congress.

From this follows the additional threat by the President to veto any bills which include items not in his budget, even though these may be paid for by cuts in other items. In addition, as a part of the so-called fight on inflation, he is now asking Congress for the power to remove the ceiling of 4¼ percent on the interest rate for long-term Government bonds. This would have the effect of further increasing interest rates throughout the economy.

Do we have monetary inflation? The answer is "No." We do not have a situation where there is too much money chasing too few goods. There are still almost 5 percent of our people who are fully unemployed and 1 percent who are working only part time.

Industry is not yet at full capacity. Consequently, we do not have a situation in which an excessive amount of money is being used to bid up the prices of goods in short supply, as was true in wartime. As we all know, there is no shortage of steel, cars, refrigerators, household appliances and other consumer items, but there is an excess of these goods at the prices now being charged.

What we do have is an administered price inflation. The main price increases have taken place in those industries—such as steel and autos—which are monopoly or semimonopoly industries and which have the power to control their output, their market and their prices.

The facts are that the consumer price index has risen by only three-tenths of 1 percent in the last year and has not risen at all since July 1958. In fact, we are in a period when consumer prices have been more stable than at any time in our recent history.

On the other hand, the industrial wholesale price index has risen by 3 points in the last year and by over 15 points since 1952. But the general stability in the overall wholesale price index has been the result of a 14.6-point fall in the price of farm products which has been offset by the 15-point rise in industrial prices.

Have the Democratic Congresses appropriated more than the President's budget requests? The answer again is "No." In the 85th Congress, we cut the President's budget requests—including supplemental appropriations which he also requested—by $5.6 billion. The 84th Congress cut his budget request—including supplementals—by $2.3 billion. Thus, the two Democratically controlled Congresses cut the President's own requests by $8 billion altogether.

How then does it happen that the fiscal year 1959 budget has run a $13 to $14 billion deficit? This has happened, even though we cut the President's budget requests, because of the recession. Receipts from taxes fell off by about $8 billion because we do not collect taxes from the unemployed and we do not collect as much from corporations that are working at 50 percent of capacity as when we have full employment.

The other $5 to $6 billion was also due in large part to the recession because of the increased expenditures for unemployment compensation, for higher interest payments on the debt and for increases in welfare payments because of the increased number of people without adequate incomes.

The other major increase which helped account for the huge 1959 deficit was for the farm program. Under Agriculture Secretary Ezra Taft Benson, the surpluses have risen from $2.45 billion, when he came into office, to $9 billion at the present time. The basic cause of this is that he is now paying price supports for crops—such as corn, oats, barley, rye, and grain sorghum—where he has refused to put into effect any kind of production limits, even though he has legal authority to do so.

In addition, the lower price supports on the basic crops have induced farmers to increase production in order to cover their fixed costs of rent, machinery, seed, and taxes. Thus, the average costs of running the Department of Agriculture have increased from $1.8 billion under President Harry S. Truman to $6.8 billion in fiscal year 1959.

In addition, the total deficits for the 6 years in which President Eisenhower has been in office have amounted to $25.1 billion and have been offset by budget surpluses of only $3.1 billion, or a net deficit in 6 years of $22.1 billion. In the 6½ peacetime years President Truman was in office, there were total deficits of $14.4 billion, which were offset by surpluses of $11.9 billion, leaving a net deficit of only $2.5 billion. This almost tenfold increase in the budget deficits under Mr. Eisenhower are facts about which the President and his supporters say very little when they charge us Democrats with being wild spenders.

If the President were really eager to cut the budget, there are a great many places where this could be done so that we could pay for an adequate defense and for schools, hospitals, aid to depressed areas, and adequate unemployment compensation benefits without in any way increasing the total costs of the Government.

In addition to his own excessive personal expenses—including limousines, helicopters, and jet planes—the President could make cuts in the following places:

First, the Defense procurement system has resulted in tremendous surpluses—30 to 40 percent of which are normal commercial items—which now amount to over $27 billion and which over the next 3 or 4 years will amount to $60 billion. The administration is procuring new supplies at the same time that they are selling off equally good items of exactly the same type.

Further, 95 percent of the contracts are let by negotiation rather than by competitive bidding. These practices have led to scandals about the contracts which the Defense Department has made with major companies and which, had they occurred in trade unions, would have brought full-scale investigations by the Congress and the introduction of tough legislation by the administration. In my opinion, there is at least $2 to $3 billion in waste here.

In the second place, there is the farm program. We could do it much better for at least $1 billion less. That much alone could be saved next year if some form of production limitations were required on the crops for which price supports are now paid. This can be done by administrative authority

and requires no legislation. In the meantime, we need a new farm program.

Third, there is a long list of subsidies to businesses—including those to the shipbuilding companies, to some of the airlines, and for second- and third-class mail—which involves about $1 billion altogether.

Fourth, closing the tax loopholes. These would include the depletion allowance for oil and gas, the dividend credit, the failure to report dividends and interest on tax returns, business expense accounts, abuses of capital gains—under which what is ordinary income is taxed at a lower rate—and the spinoffs, splitoffs, and stock options that are now so notorious.

These alone could bring in additional revenues of $3 billion to $4 billion. This could more than pay for our long-neglected social programs—including schools, hospitals, and depressed areas—and still leave enough for some debt retirement and some reduction in taxes.

However, instead of recommending these kinds of cuts and changes which largely affect business groups and upper income groups, the President is insisting that these continue and that instead we cut back on those programs for the weak and the poor.

Thus, the campaign against a "monetary" inflation which does not exist, and the failure to do anything about the administered price inflation which does exist, is basically designed to promote the political interests of the Republican administration. There is no attack at all on the big spending which goes to the well-to-do.

THE ST. LAWRENCE SEAWAY

Mr. YOUNG of Ohio. Mr. President, the St. Lawrence Seaway, one of the world's most impressive monuments to practical international cooperation, has been opened for the traffic of the world.

The United States now has four seacoasts—the Atlantic on the east, the Gulf of Mexico on the south, the Pacific on the west, and the Great Lakes on the north.

The Great Lakes region from Duluth and Chicago to Toledo, Cleveland, Ashtabula, Buffalo, to the Atlantic Ocean, which contain the world's greatest concentration of industrial and agricultural might, now lies open to four-fifths of the seagoing vessels having access to the markets of the world.

Shipment by water has been, and continues to be, the cheapest method of mass transportation available. Therefore, another route is now cleared whereby worldwide shipments can be delivered at a much reduced transportation cost.

By creating a shorter route with reduced transportation costs, the effect of the seaway will be the economic betterment, not only of the North American Continent, but of the entire world.

Mr. President, this new transportation service has a tremendous potential for Ohio and for all the States of the Midwest as far as North and South Dakota. The commerce of the world will come to our ports, and most oceangoing vessels will find no difficulty in proceeding from the St. Lawrence River through the new seaway channels and locks to docks at our Great Lakes ports.

A steamshovel manufacturer near Cleveland can save $467 shipping his product to Stockholm via the seaway.

A chemical manufacturer can save $25 a ton in freight costs on chemicals shipped via the seaway to Rotterdam.

Mr. President, 65 percent of all our exports originate in the hinterlands, in the regions lying behind the Great Lakes. Fully half of the enormous productive wealth of this country is located in the eight States that touch the Great Lakes.

It is estimated that shipping rates on some finished products will drop by as much as from 13 to 15 percent. Authorities estimate that 750,000 new jobs will eventually be created in the harbor areas, bringing approximately 2 million new people to them.

This means more housing, grocery stores, garages, storehouses, and that all manner of new business will spring up to accommodate this welcome influx.

Ohio will become a great community workshop; machinery, automobiles, oil, coal, and lumber can be shipped more economically and more easily by the seaway and direct to the ports of Europe and North Africa, instead of being taken by truck or train to eastern seaports, unloaded, and then loaded on oceangoing vessels.

Mr. President, international trading is not a one-way street. Customers throughout the world will become men of good will, and the promise of permanent peace is really brighter by reason of the great St. Lawrence Seaway.

We can also be proud of the fact that every dollar which our Government has spent to construct our share of the seaway project is a borrowed dollar on which 3½-percent interest is being paid. Both principal and interest must be returned from toll revenue derived from all shipping within a 50-year period. It will not cost the American taxpayer a single tax dollar, Mr. President, and yet, will bring to all of us untold rewards.

No one knows what the ultimate wealth of the seaway will be, but one thing is certain. A new aura of romance has come to the sometime staid Midwest, and America has 8,300 miles of new coastline connected with the oceans of the world.

PROPOSAL FOR ORDERLY RETIREMENT OF THE PUBLIC DEBT

Mr. MOSS. Mr. President, on May 14 the Senator from California [Mr. ENGLE] introduced a bill (S. 1932) to provide for orderly retirement of the public debt. I rise to support that measure.

The bill directs the President to formulate his budget for a year of expected economic growth so that a portion of the total of Treasury income will be available for reduction of the national debt. The bill specifies that the amount made available for debt retirement in this way shall be equal to 10 percent of the estimated growth in gross national product. This means that the President will submit to the Congress not only a balanced budget, but a balanced budget that includes an amount for reduction of the Federal debt.

This is a practical approach to perhaps the most troublesome of Federal financial problems. It requires the President to plan for a budgetary surplus and for retirement of debt when the gross national product is increasing.

Increases in the gross national product bring increases in Federal revenues. The increase in Federal revenues is about one-fifth as much in amount as the increase in gross product which it accompanies. If a surplus equal to one-tenth of the increase in gross product is planned in the budget, the surplus will be about one-half of the annual increase in Federal revenues; thus about half of the increase in Federal revenues would be devoted to debt retirement. The bill would result in dividing the growth of tax revenues about equally between debt retirement and increase of Federal expenditures to meet the requirements of a growing nation.

The amount made available for debt reduction each year would grow according to the rate of growth of gross national product. In a decade of uninterrupted economic growth at the reasonable rate of 5 percent per annum, debt reduction of $30 billion would be achieved. The debt at the end of the decade would be as low as it was before the Korean conflict. The smaller debt and higher gross product would make the gross national product—at $760–$770 billion—about three times as great as the national debt. Before the beginning of the Korean conflict the national debt was as large as the gross national product.

The steady retirement of the debt would reduce the competition of Government for investors' funds, thus facilitating the sale of securities by private productive organizations to raise the money required for expansion. Banks, which now liquidate their security holdings to get the funds required to make loans in prosperous years, would find a better market for Government securities, and become more effective lenders.

Debt retirement would free Government revenues for productive uses rather than payment of debt interest. Debt interest, after a decade of operation of this bill in an economy growing 5 percent per annum, would cost Federal taxpayers about $1 billion less a year than the current cost. The interest charge could be expected to decline faster than the debt. The smaller volume of debt, and steady reduction in volume, would facilitate refinancing the debt at lower interest rates with the result that the interest charge would decline faster than the debt.

It is true that such a program would depend upon the willingness of Congress to hold appropriations within necessary limits. May I point out, however, that since 1955 Congress has consistently appropriated less than the President has requested? And that—judging by our action to date—we will again cut the President's spending requests, despite the drum fire of propaganda that Congress is dominated by "spenders."

The enactment of the proposed bill would provide both the administration and the Congress with a definite program of Federal debt reduction. It would be a modest but yet substantial contribution to economy in Government,

and to the sound financing of economic growth.

I now turn to another subject.

The PRESIDING OFFICER. The Senator from Utah has the floor.

TRIBUTE TO SENATE EMPLOYEES

Mr. MOSS. Mr. President, as a new Member, I have had occasion during the past 5½ months to rely heavily on the services and advice of those who keep the legislative wheels turning and do the housekeeping chores for the U.S. Senate. I have found that backing every Senator there is not only his own office staff, but a body of qualified and dedicated men and women without whom he could not operate for a single week.

I should like, therefore, to take a few moments to say a brief "Thank you" to people like Felton Johnston, the Secretary of the Senate, and his well-trained staff, and particularly to his financial clerk, Robert A. Brenkworth; to Emery L. Frazier, the Chief Clerk, together with his assistants; and to Sergeant at Arms Joe Duke, and his entire office, including John T. Chambers, the famous "Buck" who heads the service department, and all of the people who work with him.

These remarks would not be complete without a special kudo to Superintendent Lou Caraway, and his New Senate Office Building assistant Dave Stevenson, and every other person in this department. How they lived through the recent mass move of the Senators and their office belongings, I will never know. I can only say that whenever either my staff or I had occasion to call on any of them, we found them patient and pleasant, and most helpful.

Whether at the professional, clerical, or custodial level, I have experienced nothing but courtesy and friendly accommodation among the staff of the U.S. Senate, and I take this opportunity to tell them so.

Mr. President——

The PRESIDING OFFICER. The Senator from Utah.

PERSONAL STATEMENT BY SENATOR MOSS REGARDING CERTAIN VOTES RELATING TO SUBSIDIES TO SHIPPING COMPANIES

Mr. MOSS. Mr. President, on Wednesday of last week, June 17, after I had left the city on official business, the Senate had three yea-and-nay votes on amendments to the Commerce Department appropriation bill. On the following day, the 18th of June, I voted for the passage of the appropriation bill. However, I had no opportunity to record my vote on the amendments which were considered on the day before. Had I been present in the Senate and voting, I would have voted for the Williams amendment to cut the number of voyages on which subsidies could be paid. I would have voted against the committee amendment which increased the number of voyages. I would also have voted in favor of the Douglas amendment had I been present and voting at that time.

SCARSDALE'S FOURTH OF JULY IDEA

Mr. KEATING. Mr. President, the New York Times of Sunday, June 21, 1959, contains an interesting editorial entitled "A New Fourth of July Idea." The editorial outlines the special activities being undertaken in Scarsdale, N.Y., in connection with the Fourth of July celebration.

Convinced that this day has become so engulfed with commercial "hoopla" that its true significance has been overlooked, many fine organizations in Scarsdale have organized special projects to aid our friends in Korea. All of us know of the bravery and sacrifices of the Korean people in recent years. We are familiar with the great hardships which they have endured with patience and fortitude. We recognize that their courage helped keep us free. All of us should realize that because we Americans owe so much to these fine people, we should now come to their aid in their time of need.

That is exactly what the people of Scarsdale are doing. By making the Fourth of July a profitmaking venture to benefit the American Korean Foundation, they are practicing the highest ideals of this important day and they are helping in a tangible way to ease the lot of our friends in Korea.

At a time when the heritage which is embodied in Independence Day should be recalled and revived, I salute the Scarsdale community for its inspiring and heartwarming idea. By turning our annual national holiday into a vehicle to promote human welfare and international understanding, they are putting into practice the lessons of freedom. They are demonstrating to the world how democracy in action can work.

It is my hope that other communities will follow Scarsdale's example and will devote time and effort to making July 4 the really meaningful occasion it ought to be. In order that a wider readership may know and applaud Scarsdale's idea, I ask unanimous consent that the New York Times editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 21, 1959]

A NEW FOURTH OF JULY IDEA

The village of Scarsdale, just outside New York, has adopted a new slogan. It is: "Independence—Everyone's Declaring It, Scarsdale's Sharing It."

This year its Fourth of July celebration—and it will be bigger than ever—will be turned into a profitmaking enterprise and all of the profits will be turned over to the American Korean Foundation to go to schools, hospitals, and orphanages in Korea. This American community has adopted some others who are in need. There are many sponsors. The Boy and Girl Scouts, Legionnaires, churches, chamber of commerce, and all city departments are taking part. Dozens of unusual things have been thought up and put into operation to make the festival a real demonstration of community effort.

If this can be some sort of pilot plant for other efforts it will have been invaluable. For a number of years we have celebrated our Independence Day jointly with our Philippine friends. But this is, so far as we know, the first time that a concerted effort has been made to translate the idea of the celebration of our freedom into a concrete effort to help those who are in need.

The Republic of Korea, like the Philippines, is a symbol of real freedom in Asia. Its wonderful people have been our stanch friends and valiant allies. The idea that we can turn our annual celebration into a means of helping them, in even one community, is inspired. And such an idea can spread.

The whole world is in need of better symbols of the idea of the priceless value of freedom. We all know what the V sign and the one Beethoven theme meant in the dark days in Europe. France has her glorious Bastille Day. Other countries celebrate liberation. But what we need to do now is to turn these impulses and emotions into the cause of human welfare and betterment.

This is a new Fourth of July idea. It can well blossom out into something much larger than its original concept. Scarsdale will be happier because of it. Thousands of Koreans will be helped. But, later on, it may be that this will have been the start of a whole new group of projects whose purpose is to celebrate freedom by making it truly happy.

EDITORIAL COMMENT ON THE EQUAL TIME PROBLEM

Mr. KEATING. Mr. President, a number of editorials published in recent days have discussed the problems raised by the Federal Communications Commission's ruling in the Lar Daly case. Every editorial I have read has urged action to reverse that decision so as to permit the radio and television industries to carry out their important work of getting political information to the public.

Great strides have been made by these media in informing the electorate, particularly at election time. I am hopeful Congress will act favorably on ameliorative legislation so that this fine work can continue.

I ask unanimous consent to have printed in the RECORD, following my remarks, editorials on the subject published in the New York Daily News, Newsday, the Christian Science Monitor, Washington Evening Star, and Washington Daily News.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Daily News, June 17, 1959]

AMEND THIS LAW, BUT FAST

The Federal Communications Commission refuses to reverse its ruling that all political candidates must have equal time on TV and radio newscasts. The FCC says it is bound by the Federal Communications Act of 1934.

If this decree stands, it will most likely rule virtually all candidates out of newscasts, to the grave damage of voters anxious to see and hear the people they are asked to vote for.

We believe Congress should amend the law in a hurry, so as to rub out this FCC ruling. And while Congress is about it, why not just reduce the FCC to the status of a mere radio and TV channel traffic policeman? That, it seems to us, is all the power over the airwaves that this agency ought to have.

[From Newsday, June 18, 1959]

REDUCTIO AD ABSURDUM

The Federal Communications Commission (FCC) has demonstrated how knuckleheaded a Government agency can be through its recent ruling that the principle of equal time for political opponents applies to news programs as well as to straight political broadcasts. The President, along with almost all his constituents, has called this a ridiculous situation.

The idea of equal time was devised so that the candidates of minor parties would not be shut completely off the air through lack of funds to pay for programs—though why radio and TV should differ in this respect from newspapers and magazines, which collect money for any political ad regardless of party, is a little difficult to understand.

Well, all right. Let's say that these splinter parties, such as the Prohibitionists, the Socialists, the Socialist Workers, etc., are indeed entitled to present their views to the citizens of this basically two-party country. Can this not be done by weighing out the number of votes each party collects, prorating the time on a percentage basis, and perhaps twice during a political campaign allocating such splinter groups a free, half-hour program in which to expound their differing views? For example, in the last State election, Governor Harriman and Governor-aspirant (and subsequently elected) Rockefeller were required to share time with two varieties of Socialists who monopolized the program. Results of the election: Republican, 3,126,929; Democrat-Liberal, 2,553,895; Socialist, 31,658.

Certainly, the splinter groups have a right to be heard. But not on an equal-time basis, and certainly not on equal time where news broadcasts are concerned. This would be as if a newspaper, having printed a newsworthy speech by one major-party candidate, were required by law the next day to print an unnewsworthy speech by the opposition, or perhaps by all opposition candidates. What is news has to be left to the independent judgment of the editors, whether on TV radio or a paper. If such editors willfully suppress the news, their viewers, listeners, or readers will deal promptly with them.

Fairness is essential, but fairness does not mean giving equal time to every crackpot who has an idea to expound.

Meantime, some sort of formula that gives appropriate weight to the assorted parties, on a strictly pro rata basis as a public service function of the TV broadcasting networks makes more sense to us than this ridiculous attempt by the FCC to gum up the airwaves with the speeches of nonentities.

[From the Christian Science Monitor, June 18, 1959]

NEWS JUST ISN'T EQUAL

Carried to its logical conclusion, the Federal Communications Commission's latest decision on equal air time would either virtually rule out politics as a broadcast news subject or eliminate all other news to make room for an endless stream of opposing politicians.

We agree with President Eisenhower who twice has termed the ruling "ridiculous."

The specific case on which the commissioners ruled involved the showing of newsreel pictures of Mayor Daley of Chicago (1) greeting the President of Argentina and (2) appealing for contributions to a charity.

By a 4 to 3 vote the commissioners interpreted these news telecasts as falling under the FCC's equal time clause—section 315 of the acts of 1945. This section stipulates that equal opportunities must be afforded to all legitimate political candidates if one candidate is allowed to use a station's air time.

To say that the mayor used the station when he greeted President Frondizi is patently ridiculous. If anything, the station used the mayor because his guest was news.

In recent years the FCC's legal counsel has done a cautious but excellent job of explaining section 315 to broadcasters, and in the process trying to get them to put some vitality into their newscasts and even venture into the field of editorials. It would be unfortunate if this progress were to be reversed by the current decision.

Section 315 was designed to give rival candidates equal access to the public's airwaves for campaigning purposes. Obviously any officeholder may be news because of his office. But the incumbent's access to the airwaves is not "use." He may, in fact, turn up in a bad light as easily as in a good light on a newscast.

We believe the majority of commissioners are misinterpreting section 315. But to make the matter perfectly clear we would favor a congressional move to amend the FCC act. This should specify that the equal time rule does not apply to legitimate current news.

[From the Washington Evening Star, June 18, 1959]

THE LAW AND EQUAL TIME

A strict and narrow reading of the letter of the law may justify the 4-to-3 decision of the Federal Communications Commission to stand by its February ruling in the Lar Daly case. Legalisms to one side, however, the ruling itself—in terms of its potential effect on radio and television newscasts during political campaigns—still adds up to impracticality of a sort that cries aloud for corrective action.

Thus, as defined by the FCC majority, Section 315 of the Communications Act means that all political candidates, no matter how insignificant or unnewsworthy or eccentric some of them may be, must be given equal time on broadcast or telecast news programs. If a TV station in Chicago, for example, shows an incumbent mayor greeting a foreign dignitary or dedicating a new public building, then, according to the Daly ruling, every other candidate in the mayoralty race is entitled to appear for the same amount of time on the same station. Clearly, in both its local and national application, this interpretation of the law opens up a situation quite as ridiculous as President Eisenhower has said it is.

Some months ago, citing the 1956 campaign by way of illustration, Frank Stanton of the Columbia Broadcasting System summed up the matter in words that are worth requoting now: "Under the Daly decision we would have been required to give equivalent time * * * to all candidates of all parties who asked for it. There were * * * 24 presidential and vice presidential candidates of 12 parties. To furnish them all with equivalent time would have taken * * * approximately 20 percent more than all the time spent by all our television newscasts on all the news. The absurdity of this can be multiplied by almost any factor you choose when you apply the Daly ruling to primaries, where you may have a dozen or a score of candidates for a single nomination."

The FCC majority, in short, is adhering to a decision that is difficult to square with common sense. The meaning of section 315 apparently needs to be clarified in a way that will resolve the issue on a practical, realistic basis. We hope that Congress, which has begun to investigate the subject, will enact the necessary amending legislation as promptly as possible—before the 1960 campaign is full upon us.

[From the Washington Daily News, June 20, 1959]

THE STUBBORN FCC

One thing can be said for the Federal Communications Commission—it is independent.

Last February, by a 4 to 3 vote, the FCC decided that because a TV station devoted 22 seconds of a newscast to the mayor of Chicago greeting a visiting dignitary, the station also had to give 22 seconds on its screen to a rival candidate for the office.

Three broadcasters, two networks, and the Attorney General of the United States all petitioned the FCC to reverse that ruling. Now, by the same 4 to 3 vote, the FCC has refused.

It has thus placed itself in conflict with its own Chairman, the Attorney General and President Eisenhower. It also is in conflict with common sense.

The law says if a TV station hires out its facilities to a political candidate it also must hire out its facilities to a rival candidate on an equal basis, if he wants them. The law doesn't say anything about equal time on spot newscasts. If it did, as the FCC majority claims, it would be "ridiculous"—to use President Eisenhower's repeated comment on this case.

If the mayor of Chicago shows up at a big fire and the TV cameras happen to catch him there, does the TV station have to arrange the same setting for any nonentity who happens to be running for the same office? If a President, while running for reelection, is pictured addressing Congress, must his rivals be given equal time on a newscast?

This is a foolish ruling. Congress should amend the law promptly—in language that even a bureaucrat can't misconstrue.

PARTICIPATION OF INDIVIDUAL STOCKHOLDERS IN CORPORATE AFFAIRS

Mr. FREAR. Mr. President, one of the distinguishing characteristics of American free enterprise, which, unfortunately, is not completely understood abroad, is the fact that the savings of small individual stockholders provide the capital for America's leading corporations. In truth, they are the owners of American free enterprise.

In sponsoring S. 200 to provide tax relief for innocent stockholders in the Du Pont-General Motors proceedings, I am motivated by my conviction that these citizens and stockholders, who had no voice in the decisions which the Supreme Court has now regarded as contrary to national policy, should not be penalized.

It is refreshing to those of us who understand how American free enterprise operates to see individual stockholders take a more active part in the conduct of their businesses.

The Koppers Co. operates a large wood preserving division in Newport, Del., so I have an interest in their operations. At their recent annual meeting, a stockholder, Miss Mary L. Stevenson, of West Newton, Pa., presented her views on the rights and privileges of stockholders, and stated her opinions on the role of business, labor, and Government.

Miss Stevenson taught at the University of Pittsburgh for a number of years prior to 1932. As a Democrat, I am happy that she has participated actively in the work of the Democratic Party ever since 1932. She has served as a committeewoman in her precinct in West Newton, Pa. She is currently one of the three auditors in West Newton. She is a member of the American Association of University Women and has made a great contribution to a better under-

standing of the role of free enterprise in the troubled world in which we live.

Mr. President, I ask unanimous consent that Miss Stevenson's impromptu but pointed remarks, which were delivered before the last annual meeting of Kopper's stockholders, may be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

WE, THE PUBLIC

(By Mary L. Stevenson)

I'd like to comment on some existing conditions and recent incidents which have been giving me grave concern.

First, I want to make it quite definitely clear that I am not antilabor. Neither am I antimanagement. But I am becoming sick and tired of "labor" in capitals as I am sick and tired of all pressure groups. I feel that divisive tactics aimed to advance power and prestige of individuals or the interest of a particular group they represent can be anything but salutary for the general welfare. In today's world, if we are even to continue to exist, we've got to maintain and foster all of the elements of strength within us. For stability and for survival we've got to get on a sound basis—moral, economic, and political.

WHO IS THE PUBLIC?

Recently a prominent labor leader was quoted in the newspapers as demanding with a grin, "Who Is the Public?" Did the grin mask a sneer? Did you feel affronted, as I did? In any event it would seem to be high time that we stockholders in this and other businesses, a very important segment of the public, find our voice, individual and collective, and let it be known to others than management, that we do exist. Let it be known that we have not only a stake, but a moral responsibility, a sincere concern for everything which makes and keeps America strong and true to the principles of our Founding Fathers. No flippant question as to our identity is going to cause us to disappear or to lie down and play dead.

There are people who relegate "dividend" or "stock" to the category of dirty words. This I resent even as I find grossly unfair the technical terminology of "unearned income" for dividends or interest.

I certainly worked for, earned and saved the money with which I bought the first stock I ever owned. I was then, and have always been, proud to have even a small equity, a part ownership in the industry of America. I like to have even my limited share in furnishing the capital which makes the wheels go 'round, which creates jobs, pioneers new fields, adds to our national wealth and strength.

EMPLOYEES AS STOCKHOLDERS

Employees are often also stockholders, and I think that is good, but all of us who own shares—individually and collectively—we are the real owners of our corporate industries.

The money we invest to buy machines, build plants, etc., is really risk capital. Any number of things may, and sometimes do, cause low profits or even loss or failure in some of our businesses. We invest with the hope of getting a reasonable return for the use of our capital, but we all know that when business is poor, dividends are reduced or passed completely.

Stockholders, as such, have no pensions, social security, unemployment insurance, fringe benefits. Many older ones among us enjoy none of these things from other sources, yet if we have worked hard and saved, according to the good old accepted American way, if we have invested some of our earnings in order to yield us an income and remain independent, we so often find tax programs discriminatory against us.

PROFIT MISCONCEPTIONS

In this regard I think it most deplorable that there is such widespread misconception, such frequent misrepresentation, about profits. Many, many honest folk are confused, and their knowledge of economics does not go beyond the most elementary level. So profits, for bargaining bullying purposes, can become some sort of a whipping boy. We are told a corporation has made millions in profits, and to the unthinking this may appear as a big pie to be cut in little pieces and divided. "Pie-in-the-sky," rather than realism, is the measure of too many present-day attitudes.

To make those millions, how many billions have gone into investment or capital outlay, how many billions of products turned out and sold in a strongly competitive market? But we'll say that in spite of ever-increasing costs a corporation has still shown a profit. Along comes our Uncle Sam to pocket more than half in corporate taxes.

Please, Uncle, just use it wisely—defend us strongly, practice justice and humanity, but don't let the boys in Congress or elsewhere waste or cheapen our hard-earned dollars.

AUSTERITY IN GOVERNMENT

Some of your spendthrifts, Uncle, might be in better health for a small dose of austerity—and please, when it comes out of our pockets, we'd like to know where our money goes. Won't you subject all your bureaus, bureaucrats, and Congress to strict accountability?

But to return to our assumption of some net profits left after taxes. Shall we pass it around and divide it all up, either among shareholders or between shareholders and employees? Who is so senseless or irresponsible as to advocate a regular binge of that sort for any small or large business which hopes to continue? There must be reserves set aside for a rainy day, to plow back for new plants, new tools, materials, etc., and for research which becomes increasingly important—to find new uses, new methods, new products—which will mean new and continued jobs in the production field.

Finally, our stockholder in a profitmaking corporation receives his dividend and is happy when he receives just a proper fair return on his investment. If he has never thought of himself as the forgotten man he is soon disabused, because back comes Uncle for his income tax, there is frequently personal property tax at the local or county level, and the newly proposed tax program suggests a further considerable bite on personal property at the State level (Pennsylvania).

Where is our voice to protest prejudiced and discriminatory measures against our so-called unearned income?

STOCKHOLDERS BEAR TAX LOAD

Certainly the stockholders of business and industries, through invested capital, and taxes on the return thereon, are bearing their share of the load. While we are happy and proud to know this is so, we feel that anyone who doesn't know, or questions "Who Is the Public" should be reminded that we are a segment of that public, that we have a considerable stake, not only in creation of production and employment, but in the best interests, not of a group or class, but of our whole country, its strength and continuance.

Another term which seems to have a dirty connotation or is the boogeyman to some people, is automation. (Some 30 years ago there was technocracy.)

Automation exists. It is progress, but it may often be, at least temporarily, uncomfortable, or even seemingly a hostile or fearful force.

PAINFUL DISLOCATIONS

It seems to me we are living in a fluid period, one of change as was the early industrial revolution in England. There are some painful dislocations, and I believe both management and unions should share some responsibility to restrain and relocate displaced employees. (Two companies in which I had a small equity liquidated this year and I was very glad to note that one was making provision for carryover of the job rights, pensions, etc., with the purchasing company.)

Man is the creator of machines, he tends and directs them, and he is still their master. While, they can take over much that was tedious or routine, they open up new and varied avenues of employment. Research and training programs, by accepting the challenge, can pave the way to a better life.

TRUST IN MANAGEMENT

We, as individuals or a group, do not sit around a bargaining table. We must and do delegate authority, and we must trust management. I believe that this management is trustworthy and that in general management today has an awakened social consciousness.

While we delegate authority, in management, in Government, certain obligations and responsibilities remain vested in us as people, as citizens.

The wind of inflation can bear the seeds of disaster. When a Nation's currency becomes much cheapened by inflation, there seems so often a correlation with loss of moral integrity and stability, both on the part of individuals and governments. History gives us so many unpretty pictures of such decay in both ancient and modern times, and the unhappy fates of other lands are of record for us to heed.

Recent stories from Washington and elsewhere tell of waste and worse at the expense of citizens and taxpayers, and to the shame of all of us.

BUSINESS AND POLITICS

These things I have touched upon are of very real concern to everyone, and must be resolved with intelligence, reasonableness, integrity and courage.

And what do we do, we the public?

Current news stories relate proposals that, as labor is deeply involved, management too should become active in politics.

Whereas management, as a group, would doubtless become a target under such circumstances, we all, individually and collectively, should assume our responsibility in politics, which is the science of government.

I wonder whether we inform ourselves, seek and support worthy candidate, vote, make our wishes and displeasures known as they relate to our own interests, or the best interests of our country.

We are a part of the public which does exist and our role must be enlightened, active, honorable and responsible.

There exists, in some quarters, a very real problem of unemployment, but it must be faced and worked out with both vision and realism, and to me it certainly seems no solution at all, simply to pay bigger wages or benefits to the lucky ones who are still employed. Higher and higher wages and salaries unsupported by more productivity, more business, more real earnings, higher and higher prices, and still the two don't meet. And where do we go from here? Are we so slaphappy, riding our spiral of inflation, that we are economically aiming for the moon and outer space, or can we keep our feet on the ground and anchor our present and future sound values?

CHARGES OF ANTI-SEMITISM IN THE OPPOSITION TO LEWIS L. STRAUSS TO BE SECRETARY OF COMMERCE

Mr. NEUBERGER. Mr. President, one of the most eminent Jewish clergymen in the Nation is the Reverend Dr.

Louis I. Newman, rabbi of Temple Rodeph Sholom in New York City. Therefore, I consider it very pertinent to ask that there be printed in the CONGRESSIONAL RECORD a New York Times dispatch of June 21, 1959, reporting a sermon by Rabbi Newman in which he declared flatly and unequivocally that anti-Semitism was not involved in the opposition of 49 Senators to the confirmation of Lewis L. Strauss to be Secretary of Commerce.

I am requesting this inclusion in the RECORD as a matter of fairness to such of our colleagues as the Senator from New Mexico [Mr. ANDERSON], the Senator from Washington [Mr. MAGNUSON], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Tennessee [Mr. KEFAUVER], the Senators from Wyoming [Mr. O'MAHONEY and Mr. MCGEE], and others who led the opposition to Admiral Strauss.

Charges of anti-Semitism were injected into the debate by some of the backers of Admiral Strauss. Such charges were not only unfair, but also they were totally without substantiation in fact or evidence. I have no desire whatsoever to revive the Strauss controversy, nor do I subscribe to some of the more extreme statements voiced against Admiral Strauss. But I regard the men who led the Senate opposition to Mr. Strauss as completely and totally free of bigotry or religious prejudice. Indeed, they have been in the forefront of crusades for tolerance, brotherhood, and greater understanding among religions.

Thus I believe it is important that the RECORD contain the statement by one of America's most illustrious Jewish rabbis, Dr. Louis I. Newman, to the effect that anti-Semitism was not a factor in the recent controversy over the appointment of Admiral Strauss.

I subscribe to the following declaration by Dr. Newman, which I think is consistent with our best American traditions:

> If a candidate or appointee is lifted to high office, it should not be for his affiliation with a religious or ethnic group; and if he is not appointed, nominated, or confirmed, the allegation should not be made that he has been set aside or rejected because of religious or ethnic origin.

Mr. President, I ask unanimous consent that the article from the New York Times of June 21, describing the sermon preached by Rabbi Louis I. Newman, be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RABBI EXPLAINS VOTE ON STRAUSS—DR. NEWMAN DISCOUNTS ANY ANTI-SEMITISM IN SENATE—OTHER SABBATH SERMONS

The Reverend Dr. Louis I. Newman declared yesterday that anti-Semitism was not involved in the Senate's refusal to confirm Lewis I. Strauss as Secretary of Commerce.

The rabbi asserted that the vote was purely on the basis of Mr. Strauss' past performance and personality. He said it was a mistake to inject anti-Semitism into the controversy.

Preaching at Temple Rodeph Sholom, 7 West 83d Street, Dr. Newman declared that Mr. Strauss' assertiveness and lack of humility were decisive in his defeat.

Dr. Newman noted that one Jewish Senator had voted for Mr. Strauss, while the other had voted against him.

Speaking on "When an American Jew Is Appointed or Nominated," Dr. Newman said: "Candidates and appointees must be judged solely on the basis of their merits or demerits, and no consideration of religious or ethnic background should enter into the picture.

"If a candidate or appointee is lifted to high office, it should not be for his affiliation with a religious or ethnic group; and if he is not appointed, nominated, or confirmed, the allegation should not be made that he has been set aside or rejected because of religious or ethnic origin."

Dr. Newman urged Jewish candidates for public office not to be "errand boys for the reactionary or radical elements of a party." He said a candidate must retain his dignity and protect himself with "humility, tact, and forbearance."

"To be sure, some persons opposing a candidate or an appointee are motivated by hidden ill will and malice," he continued, "but by and large the leaders and the voters of American life can be trusted to judge a man on the basis of his qualifications for an office and let no other consideration interfere.

"Whatever the outcome of any particular debate, it should not, therefore, be laid at the door of religious prejudice."

BUSINESS OWNERSHIP AND RESPONSIBILITIES

Mr. JAVITS. Mr. President, I call the attention of the Senate today to two proposals. One is the very important report issued by the New York Stock Exchange, through its president, Keith Funston. These items indicate how our country is developing in the direction of people's capitalism. By this I mean the widespread corporative ownership of the means of production by the people of the United States.

The number of stockholders in our country has increased from 6,490,000 in 1952 to 12,490,000 in 1959, only 7 years later, according to this study.

What is even more important is that the major ownership is within the bracket of earnings from $3,000 to $10,000. Within that bracket are 68 percent of the stockholders. These are fantastic figures. They indicate where our country is going in terms of ownership of the means of production.

I know of no more solid hope for the people of the free world than is evidenced by this kind of social and economic development. Furthermore, I know of no greater rallying cry for the people of the free world than that private ownership through corporate participation represents the way in which people can retain their freedom both politically and economically. It demonstrates that one does not have to compromise the other, as the Communists contend is absolutely indispensable to the efficient operation of any society.

Mr. President, an editorial entitled "Who Owns U.S. Business?" published in the New York Sunday News of June 21, 1959, is such an eloquent exposition of this subject that I ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHO OWNS U.S. BUSINESS?

One answer to that question—an answer which we imagine would surprise and outrage Nikki Khrushchev of the Kremlin—is offered by the New York Stock Exchange, in a new booklet entitled "Shareownership in America: 1959."

In Russia, of course, the Government—meaning the Communist Party—owns all the business that is worth owning, and the Commies' 190 million or more slaves haven't a ghost of a chance to buy into any of that business.

Things are radically different in the United States. Here, tens of millions of workers own homes, automobiles, bank accounts, insurance policies, and other forms of property.

The above-mentioned booklet (gotten out under the supervision of Keith Funston, president of the stock exchange) shows that workers and so-called middle-class people are now moving in large numbers into another field of property ownership: the field of stocks in corporations.

In 1952, there were only 6,490,000 stockholders in the United States. The figure moved up to 8,630,000 in 1956, has been jumping ever since, and now stands at 12,490,000.

Of these stockholders, 9 percent earn less than $3,000 a year before taxes, 21.1 percent $3,000 to $5,000, 25.6 percent $5,000 to $7,500, 22.6 percent $7,500 to $10,000, 14.4 percent $10,000 to $15,000, 5.7 percent $15,000 to $25,000, and 2.6 percent $25,000 and up. (Excluded from this calculation: 206,000 stockholders not classified by income.)

Mr. Funston says this development evidences "a quiet economic revolution which is reshaping America," and "justifies the confidence of those who believe that America can be a society composed of many millions of private capitalists."

We agree.

Don't kid yourself, though, that you can't lose on stocks, or that all risks have been removed from trading in stocks. You can, and they haven't—and now is emphatically a time to get a broker's, banker's, or investment consultant's advice before putting any important percentage of your money into stocks.

Mr. JAVITS. Mr. President, I call attention to another editorial published in the New York Daily News, this one entitled "Capitalism's Seamy Side." This editorial, following immediately on the heels of the other one I have submitted, deals with another phase of the people's capitalism—a phase which also needs the attention of the people. The editorial points out that now that prosperity is back again, after the recession in 1958 and early 1959, there is the problem, according to the editorial, of lack of courtesy by those who work in retail stores. I know that is not generally true; but there are cases in which undoubtedly it is true. In some cases there is also the problem of lack of care in assembling machinery and automobiles, lack of care in doing repair work, and lack of consideration by others in the service industries.

The editorial states that that is one of the weaknesses of our system—that when there is a period in which services are widely used and in which much merchandise is purchased, there begins to be a slackening of care in rendering services and a slackening of the morale incident to such services. I believe that

those who purchase the securities to which I referred a moment ago are becoming increasingly aware of the need for a high national morale in conection with the rendering of such services to the people of the country.

Therefore, Mr. President, there should be general recognition of the fact that the people's capitalism involves not only the privilege of ownership, but also the responsibility to render the highest kind of service—again, without any governmental compulsion.

I know our people are very much interested in this approach to life. It is very deeply embedded in the entire system of our country. I ask unanimous consent that the editorial be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CAPITALISM'S SEAMY SIDE

The capitalist system isn't perfect, as one might gather that it is from the top editorial in this column. It has its weaknesses; and the Wall Street Journal reports that one of these is showing up again as the Nation zooms out of the recession and toward another boom.

It seems that the customary boom-time happy-go-lucky attitude of many a businessman or employee toward many a customer is having a rebirth already.

SLOPPY DAYS ARE HERE AGAIN

Complaints are being voiced about cleaners, milkmen, et al., who get orders mixed, real estate men standing up prospective buyers, small investors getting the raised-eyebrow treatment from brokers once more reveling in big-customer business.

When times were on the sour side, very little of this stuff went on. Clerks were courteous and helpful. Auto workers put the machines together with care. Brokers gave their best attention to the smallest buying and selling jobs. Businessmen stood behind their wares with assurances of fast repair or replacement in case defects were discovered.

We were hoping that this kind of conscientiousness and attention to business would carry over into the recovery period. We're still hoping that a lot of people learned something from the recession, and won't soon forget what they learned. But we're not betting on it.

EXCELLENCE OF CURRICULUM AT THE U.S. AIR FORCE ACADEMY

Mr. ALLOTT. Mr. President, one of the greatest institutions of the country is the Air Force Academy, established in Colorado. Too little emphasis has been placed upon the quality of instruction given there. As a member of the Board of Visitors to the Air Force Academy for 3 of the last 4 years, I have felt great pride in the high quality of the instruction given at the Academy.

The Air Force Academy is not only a great institution from a physical standpoint; it is not only located in one of the most beautiful spots in the Nation; it is not only a great, beautiful institution of stone and marble; but it is an institution which has demonstrated a remarkable balance in its curriculum.

The newspaper the Catholic Standard, of Washington, D.C., published on June 12 an editorial which sets forth this matter very specifically and in a very able manner, and particularly stresses the fact that the Air Force Academy insists on instruction in the humanities. I ask unanimous consent that the editorial be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SCIENCE IS SACRED

Science is a sacred thing. Sacred because it is, after all, a study of God's creation. And its pursuit in our age is not merely academic. In the struggle for survival against godless communism, scientific achievement is an absolute necessity.

Yet our fears must not make us lose all sense of proportion. The fact that the word "science" refers to all branches of study—history and archeology and languages as well as the physical sciences—is an indication that it would be unwise to neglect other branches of knowledge in our pursuit of one.

We have to take giant steps in the race against Communist achievements in the field of natural science, it is true. But it should be remembered that communism is preoccupied with natural things to the exclusion of spiritual realities. Its leaders have no intention of producing thinking men with a clear knowledge of all truth. They want intellectual robots.

While we join our voices to the cry for more science in our schools, we insist that it is folly to neglect the arts and humanities. Nor are we alone in this thinking. Despite the post-sputnik furor for more emphasis on science, the U.S. Air Force Academy, for one, has demonstrated a remarkable balance in its curriculum. Its students are instructed in science and the humanities in roughly equal doses. The air cadets are being trained to handle complex modern instruments of war; but the Academy insists that they must have the wisdom to use these weapons well.

The example of our nuclear-minded, air-age future leaders studying Greek drama, Chaucer in the original and philosophy should not go unnoticed. We should be thankful that we have high-ranking men who realize that the goal of education is not merely to produce leaders with vast knowledge in a particular field, but leaders with the wisdom born of a knowledge of all truth. Young men and women entering college, too, would do well to follow their example when choosing particular courses.

LEWIS L. STRAUSS

Mr. ALLOTT. Mr. President, I ask unanimous consent that at this time I may speak for 7 minutes.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Without objection, it is so ordered.

Mr. ALLOTT. Mr. President, early last Friday morning the Senate acted on the nomination of Lewis L. Strauss; this is the first opportunity I have had since then to be on the floor of the Senate.

It is not my intention to review the arguments which were made during that long, tiring, tedious, and somewhat disillusioning debate. Many Senators pointed out on the floor very adequately that the two great reasons for rejection of a nomination by the Senate—namely, lack of integrity and lack of competence—did not apply in this case; and I would say so, today, even though the vote were 97 to 1, and even though I were the Senator who cast the one vote in opposition to the 97.

The senior Senator from New York [Mr. JAVITS] has pointed out that the two principal reasons for rejection by the Senate of a nomination should be lack of integrity and lack of competence. Rejection by the Senate of a nomination for any other reason constitutes gross invasion by the legislative branch of the rights of the executive branch. As a member of the legislative branch of the Government, I intend to do all I can to see to it that the functions, duties, and rights of the legislative branch, under the Constitution, are not invaded by any other branch of the Government.

As the senior Senator from New York pointed out so ably, any valid objection to confirmation of that nomination—including any valid objection by the minority of the committee—had to be based on either lack of competence or lack of integrity.

However, Mr. President, one question which has not been discussed is, What is to become of a nominee whose nomination is rejected after he has devoted 42 years of his life to the highest form of service to his country, both in the military and in the civil functions of the Government?

Aside from the question of how he is to make a living in the future—a question relatively unimportant in this particular case—there is the problem of what use will be made, for the benefit of the Nation, of the knowledge and experience of this man, who has given 42 years of his life to the service of his country. In fact, the demands of the position to which he was nominated certainly are not greater, if they are as great, as those of many other positions he has held. I believe this problem should be seriously considered by all Members of the Senate and by the people of the Nation as a whole.

So I express the hope that regardless of the action the Senate took early Friday morning, the President will find a place and a position in which the services of this great humanitarian can be used.

No kind of formal education can produce this man's great depth of knowledge and great breadth of understanding of how the Government operates and great breadth of knowledge in regard to the atomic energy field and many other allied fields. In fact, such knowledge cannot result from even a considerable number of years of public service.

So it would be a great loss to the Nation if his services were not utilized in one of the areas in which he has shown such great brilliance and such outstanding gifts. It is my hope that the President and the country will have the opportunity of utilizing his great brain, his humanity, his kindness, and all the other fine qualities which have brought him so far in this world.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I wish to express the hope that it will be possible for the Senate to consider some appropriation bills tomorrow and the next day. I wish to repeat

that we are going to have the independent offices and State and Justice appropriation bills marked up today; the Health, Education, and Welfare and independent offices bills will be marked up later today and tomorrow. Reports on these bills will be at the desk. We have already given notice to all Senators who we know are interested.

We also will give high priority to conference reports. Earlier today there was laid before the Senate a message from the House on the wheat marketing bill. We did not take up that bill, but we may at a subsequent time. We want all Senators to be on notice. We may send the bill to further conference or have other action taken.

I desire all Members to be on notice that bills on the calendar may be brought up by motion at any time.

The Senator from Florida [Mr. HOLLAND] has asked for early consideration of Calendar No. 342, Senate bill 1512, to amend the Federal Farm Loan Act, and Calendar No. 343, Senate bill 1513, to clarify the status of the Federal land banks. We are now attempting to clear those matters with some members of the committee who are interested in them.

We have the military construction bill, which is an extremely important measure. We expect final action on it this week by the Senate Armed Services Committee.

I wish to repeat, all conference reports and appropriations bills have the highest priority, and we will be giving them that priority. If we are not able to dispose of them expeditiously, we will have evening sessions and a Saturday session, if necessary.

Mr. JOHNSON of Texas subsequently said: Mr. President, I should like to add to the list of bills I previously mentioned, Calendar No. 394, Senate bill 2183, providing for interstate compacts for the development or operation of airport facilities. We are likely to call that bill up by motion. It is a bill in which the Senator from New Hampshire [Mr. COTTON] is very much interested.

ALASKA INTERNATIONAL RAIL AND HIGHWAY COMMISSION

Mr. BYRD of West Virginia obtained the floor.

Mr. MAGNUSON. Mr. President, will the Senator from West Virginia yield for a privileged matter?

Mr. BYRD of West Virginia. I yield.

Mr. MAGNUSON. I ask that the Chair lay before the Senate the amendment of the House of Representatives to the bill (S. 498) to extend the life of the Alaska International Rail and Highway Commission, and to make a change in the membership of such Commission.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 498) to extend the life of the Alaska International Rail and Highway Commission, and to make a change in the membership of such Commission, which was, on page 1, line 6, after "out" insert paragraphs (1) through (4) of."

Mr. MAGNUSON. Mr. President, the amendment of the House makes no substantial change in the bill, whatsoever. It is merely a clarifying amendment.

I move that the Senate concur in the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

INCREASED APPROPRIATION FOR THE LIBRARY SERVICES ACT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may be permitted to speak in excess of 3 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, in urban America the modern public library has become a busy marketplace of ideas and activities. Its fields of interest encompass all areas of thought, and its activities are seemingly unlimited. The city library is a center of learning—an educational agency available to all. It provides materials for relaxation and enjoyment in leisure time. In short, its contribution to community growth and development lies in providing the ways, as well as the means, to a better informed citizenry.

The library permits citizens, even in outlying areas, to become acquainted with people in other parts of the world. Library facilities also allow the businessman to keep himself informed on technological advances, manufacturing data, and business statistics. The farmer is able to keep abreast of the latest information in the fields of agriculture and animal husbandry. Library services can extend to almost every aspect of our social and professional lives, and they should be available to all age groups—from the preschool child to the senior citizen.

Several million Americans live in communities fortunate enough to have a public library which provides a complete range of services. But there are many other millions who have access only to very limited library service, and whose libraries cannot even begin to do the job—either quantitatively or qualitatively—that a library should do. Furthermore, it has been estimated that there are approximately 27 million Americans who do not have ready access to a library of any kind.

In the South, Southwest, and the Midwest, for example, distribution of public libraries is comparatively inadequate, and there are entire counties without a single public library. These areas, however, do not account for all the 27 million persons not benefiting from library services. Throughout the entire country, in fact, numerous towns and cities have no libraries at all. Even in those States which proudly boast of having a library in every town and city, available services and facilities are often below standard.

To correct this situation—to modernize existing facilities and "to provide the further extension in the several States of public library service to rural areas without such services or with inadequate services"—the Library Services Act was passed in June 1956 by the 84th Congress. By the terms of the act, which has a 5-year limitation, Federal funds are made available to State library agencies on a matching basis in order to establish or improve library services in areas containing less than 10,000 population. Each State has the authority to make its own plans for the use of these funds, and Federal control is minimized.

The Library Services Act authorizes annual appropriations of $7,500,000 for each of 5 years. But the fact is, as you know, Mr. President, that funds appropriated during any one year have yet to approach that amount. For fiscal year 1957, the first year of implementation of the act, only $2,050,000 was appropriated for grants to the States. This amount made available $40,000 in Federal funds to each of the 48 States. Thirty-six States participated during the first year by matching the Federal funds available to them. During the second year, all of the States undertook programs under the terms of the act.

A varied pattern of State plans for the use of Federal funds has emerged by this, the third year of operation under the Library Services Act. Most States have granted substantial increases, in one form or another, to their library appropriation. Several State legislatures have passed special library measures; others have granted emergency funds to qualify established library programs for their full share of Federal grants. In fact, since 1956, State funds for library services have increased an estimated 45 percent.

Some States have established cooperative library systems, while others are developing county library facilities. A number have engaged professional library consultants to give advisory assistance to small, poorly supported libraries on a multitude of problems. Book collections have been expanded, reference and loan facilities developed, and professional staffs enlarged. To encourage public support and participation in library activities, professional groups have set out to conduct local demonstrations in schools, churches, and clubs. Moreover, bookmobiles are providing services for individuals living in outlying areas.

In West Virginia, funds provided under the terms of the Library Services Act have been utilized to expand an established institution. The West Virginia State library commission has long maintained a program dedicated to the development of larger and more comprehensive units of library service. The commission, which operates on the policy of exercising its leadership and aid through services, and not through money grants, is striving to enlarge the present scope of loan service to small libraries to include additional books, advisory services, and technical aid. It also is working to expand the centralized ordering and processing of books and materials. In the final years of the act, the commission will work to provide a specific service plan for each problem area through the use of county or regional demonstrations, the development of cooperative planning among existing libraries, and the support of cooperative

efforts between unserved areas and existing libraries.

The administrative program of the West Virginia library commission is premised on the development of a given area through an establishment grant of book and advisory services. A county or regional board is legally appointed by the county court and requested to compile an annual budget to include any and all funds appropriated by the locality. The minimum unit eligible for a demonstration of this type is fixed at 45,000 to 50,000 population.

If the unit includes two or more counties, a contract setting forth the financial responsibility of each county must be signed by the county courts of each county; and, prior to any legal organization, a local advisory board or committee must be formed to receive the commission's preliminary survey—which includes advice on local committees and the processing of contracts. Definite dates for the beginning and ending of each demonstration are set by the commission and the local advisory committee. The demonstration periods are of 3 years' duration. Pilot budgets are set up to determine approximate costs and personnel requirements.

In the first year of each demonstration, the commission assists with organization, stocks the local headquarters with 20,000 books, provides a bookmobile, and gives consultant services. In the second and third years, it provides, on a traveling library basis, 1,200 additional books, a bookmobile, and consultant services. Permanent services from the commission will include 1,200 books a year on a traveling library basis, as well as consultant services. The county and regional demonstrations are assigned on a first-come, first-served basis to units which have signed a contract for regional service, or to a single county which has signed a court order itemizing its appropriations for service and listing the county library board appointments.

As the Members of the Senate well know, Public Law 597 has as its full title, Federal Aid for Library Service in Rural Areas. The ambitious goal and the impressive advances made under its auspices are even more noteworthy when we consider that they have been accomplished in areas which, until now, have had little or no library service. Over 800 rural counties across the Nation are now receiving new or improved public library services under the provisions of this act. Some 30 of these had no library facilities whatsoever prior to the implementation of this legislation.

In essence, the act is an incentive plan designed to provide a demonstration of library services and the benefits to be derived by the citizen from them. It was intended to stimulate State interest in library projects and public interest in library services. The 84th Congress acted on the premise that once good services are established, and once the public interest is developed, there will be, within the individual States, a mutual interest in the perpetuation of strong, well-managed library facilities in rural areas, maintained solely by State and local funds.

The Federal program, planned to continue over a 5-year period, was based on an annual authorized appropriation of $7,500,000—an amount considered essential for the development of a comprehensive pilot project in each State. Unfortunately, this authorized appropriation has never been realized. In the first fiscal year, only $2,050,000 was appropriated. In fiscal 1958, the administration requested a $3 million appropriation. At that time, the Congress, much impressed with the spirit in which the States had undertaken their part in the program, realized that such a sum was insufficient to maintain even the level already achieved. An appropriation of $5 million was granted. In fiscal year 1959, the sum was increased to $6 million. I am convinced that the time has come to appropriate the full amount of $7,500,000 authorized by the Congress.

For, in spite of the limited funds, the library programs under the act have been immensely successful. The spark set by the original Federal grants has kindled the interest and imagination not only of the State governments, but also of the citizens at large. Sound basic programs have been planned, and operational goals set. Full implementation, however, awaits a full appropriation.

If the State governments are permitted the full use of the potential promised by the Federal program under the Library Services Act, books and library services will be brought to a large proportion of the 27 million Americans now unserved by public libraries. Thus, a large section of the American public, which up to now has had but a taste of what libraries have to offer, will have an opportunity to enjoy these benefits more fully.

The States have shown their eagerness and willingness to develop library services on an increased scale by their support in meeting the matching requirements of the act. They have done an admirable job on limited funds. The groundwork has been laid, and plans have been drawn up for a structure that will benefit not only the individual, but, through his enlightenment, the community, the State, and the Nation.

We have created not only a strong foundation and a substantial framework, but we have also created an interest and a desire for quality library services throughout rural America. To gain the full benefit from the effort made thus far, and to realize adequately the stated purpose of the Library Services Act, I hope that the Congress will make an appropriation of the full $7,500,000. I consider this to be the minimum amount of money for a maximum achievement in the development of a strong library system from which all Americans will benefit.

Mr. JOHNSON of Texas. Mr. President, has morning business been concluded?

Mr. SPARKMAN. Mr. President, I have an item for the morning hour.

INTERSTATE COMPACTS FOR OPERATION OF AIRPORT FACILITIES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent, while the Senator is getting his papers together, that the Senate proceed to the consideration of a noncontroversial bill of the Senator from New Hampshire [Mr. COTTON], Calendar No. 394, Senate bill 2183.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2183) granting the consent of Congress to interstate compacts for the development or operation of airport facilities.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce, with amendments, at the beginning of line 3, to strike out:

That the Federal Airport Act, as amended is further amended by adding a new section to read as follows:

"INTERSTATE COMPACTS

"SEC. 21. The."

And insert "That the"; in line 11, after the word "this", to strike out "section" and insert "Act"; and in the same line, after the word "expressly", to strike out "reserved." " and insert "reserved."; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of Congress is hereby given to each of the several States to enter into any agreement or compact, not in conflict with any law of the United States, with any other State or States for the purpose of developing or operating airport facilities. The right to alter, amend, or repeal this Act is expressly reserved.

The amendments were agreed to.

Mr. JOHNSON of Texas. Mr. President, I am informed that the bill was reported unanimously from the Committee on Interstate and Foreign Commerce, of which the distinguished junior Senator from New Hampshire is a member. He is vitally interested in this proposed legislation. We are anxious at all times to work with and cooperate with him. I hope the Senate can act on the bill.

I yield to the Senator from New Hampshire.

Mr. COTTON. Mr. President, I am exceedingly grateful to the distinguished majority leader for having the bill taken up at this time.

This is a noncontroversial bill, which is designed to aid those cities and towns lying on the perimeter of a State which are building airports to be used by citizens of towns and cities of adjoining States. One of these airports, incidentally, is in my hometown of Lebanon, N.H. Towns on both sides of the State line may contribute to an airport which is situated in a town of one of the States, but those in the other State are reluctant to vote funds to match Federal funds for the airport unless they can have some voice in the control of the facilities after they are completed.

The bill simply grants the advance consent of Congress to compacts which

States may enter into for the development or operation of airports. It is entirely safe to do so because the granting of the funds by the Federal Aviation Agency can be withheld unless the compact is entirely satisfactory and the rights and interests of the Federal Government have been completely safeguarded. Furthermore, the bill requires that such compact not be in conflict with Federal law.

I thank the Senator.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 2183) was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. COTTON. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Hampshire to lay on the table the motion of the Senator from Texas.

The motion to lay on the table was agreed to.

THE WHEAT BILL

Mr. JOHNSON of Texas. While Senators are on the floor, I should like to say that after we have disposed of the housing conference report—or it may be before we do that—it is possible that a motion will be made on the wheat bill conference report. I should like to have all Senators know that that may be done sometime during the day.

HOUSING ACT OF 1959—CONFERENCE REPORT

Mr. JOHNSON of Texas. Mr. President, I ask that the conference report on the housing bill be laid before the Senate.

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 23, 1959, pp. 11600–11614, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

Mr. JAVITS. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. JAVITS. I understand the conference report is to be brought up later for action.

Mr. JOHNSON of Texas. It is requested that it be laid before the Senate now, but we will not vote on it until certain Members of the Senate return to town.

Mr. JAVITS. It will be brought up today?

Mr. JOHNSON of Texas. It is being brought up now. We hope to vote on it today.

Mr. JAVITS. That is good. I have no objection.

Mr. JOHNSON of Texas. If necessary, we will have a late session today.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1960—AMENDMENT

Mr. SPARKMAN. Mr. President, before we proceed to the consideration of the conference report, I have a brief item I should like to discuss. I should have brought the matter up earlier in the morning hours, but I will avail myself of the opportunity now.

Mr. President, I wish to propose an amendment to the Department of Defense appropriation bill for fiscal year 1960 which will provide that of the total funds made available for the purchase of supplies and equipment in the continental United States not less than 20 percent shall be expended with small business enterprises for such supplies and equipment.

With respect to the share of Defense Department procurements being awarded to small business concerns in the form of prime contracts, Mr. President, a serious situation has developed. We have watched the small business percentage share of military prime contracts spiral downward from a high of 25 percent in fiscal year 1954 to 16 percent in the first 9 months of fiscal year 1959. This affords a sad commentary on the effectiveness of the small business program of the Department of Defense.

One of the difficulties which is encountered in trying to assure small business firms a fair share of military purchases is that Congress has never indicated to the Defense Department what it considered to be a fair share. Congress has not given the procurement officials of the Defense Department a target at which to shoot.

Consequently, neither the Defense Department officials, nor the Congress, nor the Small Business Administration, nor the whole community of qualified small business concerns which might become effective suppliers to the military services has the slightest notion of what Congress meant when it stated in the Small Business Act of 1958, and in other legislation dealing with Government purchasing, that small business shall have a fair share of prime contracts.

This element of uncertainty has worked, I am sure, to the detriment of the Defense Department's small business program. What is more, this lack of a definite percentage goal to guide military purchasing officials will continue to obscure the purpose of and to defeat the attainment by Congress of its often legislatively stated desire that small business shall have a fair share of Government procurements.

We are all aware, Mr. President, that within the Pentagon apologists of the progressively deteriorating position of small companies as suppliers to the Defense Department point to the increasing complexity of modern weapons as the reason that small firms cannot successfully participate in this type of procurement—a type of procurement which, they state, is taking an increasing share of the procurement dollar. Having made this statement, these apologists seem to feel that they have disposed of the small business problem once and for all.

I am prepared to grant, Mr. President, that there are some areas of military procurement, many missiles, rockets, and other complex electronic equipment, which may be unsuitable for production by small business as prime contractors. However, I am convinced that if a greater effort were made many small firms might become suppliers of components in even the most complex fields of modern weaponry.

But be that as it may, it should not exclude, to my mind, consideration of the equally vast areas of products and services which are susceptible of production by small plants. In this area the Defense Department needs to redouble its efforts in behalf of small business to make up for that portion of military purchases not available by its nature to small enterprises.

The fixed minimum target which my amendment sets up, Mr. President, should not be hard for the Defense Department to hit. After all, it would involve attainment of only the average yearly percentage of small business participation in defense prime contract dollar awards since records began being kept on this program in 1951. That average is just slightly above 20 percent.

I have been informed, moreover, that informed officers of the Defense Department concerned with the small business program feel no dislocation of normal purchasing practices need necessarily be involved in the attainment of this modest goal.

At a time when 74 percent of all military prime contract dollars are being awarded to just 100 very large corporations, the Defense Department can accommodate itself to a small business target of 20 percent of total prime contract dollars spent by three very simple methods.

First, far more effective use can be made of the so-called set-aside program which the Defense Department operates jointly with the Small Business Administration.

Secondly, a determined effort can be made to increase the participation of qualified small companies in the vast area of research and development contracts, the small business share of which

is currently a pitifully inadequate 3.2 percent.

Third, by curbing its prediction for unnecessary sole source procurements and by opening up millions of dollars' worth of contracts which are currently being awarded to sole sources without benefit of competition, the Department of Defense can achieve with ease its 20 percent goal for small business. The Department of Defense will find that it will also be buying its products and services at a substantial saving to the Government as a direct result of introducing small business competition into purchasing areas which are now unnecessarily devoid of meaningful competition from both small and big companies.

Rarely, Mr. President, does the opportunity present itself of accomplishing so much for the general good with so little effort as would be involved in achieving the objective stated in my amendment.

Mr. President, I send the amendment to the desk, and I ask unanimous consent that it may be printed in the RECORD at this point and may lie on the table.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none; and, without objection, the amendment will be printed in the RECORD and will lie on the table.

At the appropriate place insert the following:

"SEC. . Of the funds made available by this Act for supplies and services in the continental United States and Territories (including Hawaii and Alaska), 20 percent shall be available only for the procurement of supplies and services from small businesses which qualify as small-business concerns under the Small Business Act.

"SEC. . Of the funds made available by this Act for supplies and services in the continental United States and Territories (including Hawaii and Alaska), all procurements of $5,000 and above shall be publicized immediately after the necessity for the procurement is established in the United States Department of Commerce Synopsis of United States Government Proposed Procurements, Sales, and Contract Awards, a daily publication, except those procurements which are of a classified nature for security reasons."

ORDER OF BUSINESS

Mr. PROXMIRE rose.

Mr. SPARKMAN. Mr. President, I yield to the Senator from Wisconsin such time as he may desire.

Mr. PROXMIRE. I thank the Senator from Alabama.

Mr. SPARKMAN. And I ask unanimous consent that I may do so, Mr. President, without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama?

Mr. CLARK. Mr. President, reserving the right to object—and I shall not object—I ask my friend from Alabama, how does it happen he is yielding time? Are we operating under a unanimous-consent agreement?

Mr. SPARKMAN. No. Mr. President, if I may answer that question, I have propounded a unanimous-consent request simply because the Senator from Wisconsin has a short speech he wants to deliver, and I am willing to have the Senator deliver it. I am not yielding time. I ask unanimous consent that I may be permitted to yield to the Senator from Wisconsin so that he may make a speech, provided I do not lose my right to the floor.

Mr. CLARK. Do I correctly understand that no unanimous-consent request for a limitation of time with regard to the conference report on the housing bill is presently pending?

Mr. SPARKMAN. None whatsoever.

Mr. CLARK. I thank the Senator.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Alabama? The Chair hears none, and it is so ordered.

PROSPERITY PASSES THE FARMER BY

Mr. PROXMIRE. Mr. President, once again the Nation's farmer is being left out in the cold as the rest of the Nation begins to surge ahead toward prosperity. I am proud to come from one of the Nation's great farm States. What is happening in Wisconsin to farmers is usually similar to what is happening to farmers everywhere in America. What is happening to my farmers right now in Wisconsin is real tragedy. It is stark injustice at a time when the President and Republican Senators are speaking glowingly of the best times this country ever had.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Is the Senate still in the morning hour?

The PRESIDING OFFICER. It is still in the morning hour. However, by unanimous consent, the conference report on the housing bill is being considered.

Mr. CLARK. Does the 3-minute rule apply?

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Is the Senate still in the morning hour?

The PRESIDING OFFICER. There has been no termination of the morning hour by any declaration of the Chair.

Mr. MANSFIELD. In other words, the conference report was laid before the Senate without any consideration being given to the fact that the Senate is not yet out of the morning hour.

The PRESIDING OFFICER. The Senator is correct.

Mr. CLARK. Does the 3-minute rule still apply?

The PRESIDING OFFICER. It does not apply with respect to the conference report. Debate is unlimited.

Mr. CLARK. How about the comments of the Senator from Wisconsin?

The PRESIDING OFFICER. No Senator is required to keep his remarks germane to the matter officially pending before the Senate.

Mr. CLARK. That is not what I asked. I asked if the 3-minute rule applied to the comments of the Senator from Wisconsin.

The PRESIDING OFFICER. The Chair's answer was that it does not apply.

Mr. PROXMIRE. Figures I have just received, Mr. President, show that last month the purchasing power of my Wisconsin farmers dropped again. It is now a shocking 7 percent below a year ago.

The sad story of economic tribulation on Wisconsin farms is told in the June report of the Wisconsin State Department of Agriculture. And I ask unanimous consent that this report be printed after these remarks.

Here Mr. President, is the reason why it is so essential that despite all the very real obstacles it is an absolute duty for this Congress to pass a new farm law that will increase and improve farm income without the waste and extravagance that burdens our taxpayers.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

(Report of Wisconsin State Department of Agriculture, June 1959)

FARM PRODUCT PRICES ARE OFF 5 PERCENT

Purchasing power of Wisconsin farm products is down 7 percent from a year ago. Prices received by farmers are down from a year ago while prices paid show a gain, according to the Federal-State Crop Reporting Service for Wisconsin.

Wisconsin's index of prices received by farmers for products sold in May is 240 percent of the 1910–14 average compared with 300 percent for the index of prices paid by farmers. The prices received index is 5 percent lower than in May last year while the index of prices paid shows a gain of nearly 2 percent. Purchasing power of farm products, the ratio of prices received to prices paid, is 80 percent of the 1910–14 average.

Index figures for every farm commodity group is lower than a year ago. Decreases from May last year include 1 percent for milk, 21 percent for poultry, 33 percent for eggs, 9 percent for crops, and 8 percent for meat animals. The index of meat animal prices is below a year ago as a result of lower hog prices more than offsetting gains in cattle and calf prices. Poultry and egg prices are the lowest since 1941, according to index figures.

Prices received for milk sold by Wisconsin farmers in May averaged $3.05 a hundredweight for milk of average test. This price is 3 cents below May last year and the lowest average for the month since 1955.

Mr. PROXMIRE. Mr. President, I now wish to discuss another subject.

The PRESIDING OFFICER. The Senator from Wisconsin has the floor.

GOVERNMENTAL POLICIES WITH RESPECT TO INTEREST RATES

Mr. PROXMIRE. Mr. President, the President of the United States, the Secretary of the Treasury, and the Chairman of the Federal Reserve Board are all calling for governmental policies that

will let free market forces determine interest rates. They rest their case for an increase in the statutory interest rate paid for long-term Government bonds on the appeal to free competition. What is more, they all contend that it is their dedication to free capital competition that prevents them from supporting a policy of Federal Reserve purchase of Government obligations or any other Federal Reserve policy that will increase the supply of money.

The fact is that this Government is not permitting the free forces of demand and supply for capital to determine interest rates in the open money market. The Federal Reserve Board is today following the tightest money policy this Nation has had in 29 years.

In the first quarter of this year the Nation's money supply was smaller in relation to the national total of all transactions for all goods and services—that is, the gross national product—than at any time since 1930. Since then, with a sharply rising gross national product and stringent tightening of credit by the Federal Reserve Board, the money supply has become relatively smaller, credit tighter every day.

Mr. President, when the Federal Reserve Board increases the supply of money faster than the increase in the gross national product, it is following an easy money policy that shoves interest rates down.

When the Federal Reserve Board lets the economy move ahead as measured by the gross national product faster than the money supply, it is following a tight money policy that pushes interest rates up.

This is simple demand and supply economics because the gross national products, of course, represents the demand for money—the service job that money has to do because the gross national product is the total of all transactions for all goods and services.

It follows that the Federal Reserve Board only follows a neutral monetary policy and lets free market forces determine interest rates when it expands the money supply to keep pace with the increase in gross national product.

As is well known, the Federal Reserve Board, of course, increases the money supply by buying Federal obligations, lowering reserve requirements, or lowering the rediscount rate. It reduces the money supply by simply reversing these actions.

Since 1946 the Federal Reserve Board has followed a remarkably steady tightening policy. Since that year the economy has undergone what is by far the sharpest and most spectacular drop in money supply in relation to the gross national product since the advent of the Federal Reserve Act 45 years ago.

In 1946 the supply was more than one-half the size of the gross national product. Today, for the first time since before Franklin Roosevelt took office 25 years ago the money supply is less than one-third—less than 30 percent—of the total of the value of the transactions in goods and services which that money supply has to serve.

The Federal Reserve Board has not taken actions that actually reduced the supply of money. It hasn't had to do so. It has simply refused to permit the increase in the supply of money to keep pace with the growth of the economy. It is like the parents who starve a baby as he grows because the increase in the food they give him from infancy fails to keep pace with the baby's growing needs.

What this means is that the Federal Reserve Board, far from maintaining neutral influence in a competitive money market, has been driving up the price of money—that is, the interest rate—by keeping the supply of money down as the demand for money has soared. If, for example, the Federal Reserve Board had maintained a constant ratio between the money supply and the demand for it—the gross national product—since 1954 we would today have an additional $25 billion in our money supply. Put another way, free competitive market determination of interest rates since 1954 would have kept the interest rate far lower than it is today. Bond prices would be higher because the Federal Reserve Board could have bought $25 billion in Government securities since 1954.

Incidentally had the Federal Reserve Board done this it would have saved the taxpayers from paying interest on this $25 billion. At current interest rates that is about $1 billion a year. What is more important, interest rates on other Government obligations would have remained much lower, saving even more. And the interest rates the American people are paying on private debt would also have stayed lower.

It is important to note that all this could have been accomplished within a framework of "neutral money" and a competitive free market for money, by merely maintaining the same ratio between the money supply and the job the money supply has to do—that is, the gross national product.

The Federal Reserve Board has now succeeded, by keeping the brakes on while the economy moved ahead, in bringing the Nation back to the ratio of demand and supply for money that existed when Harding, Coolidge, and Hoover were Presidents. But there are indications that credit restrictions will not end there. The Federal Reserve Board, like the Treasury insists that the screws must be tightened even more on the Nation's credit system. Of more long-range significance the Federal Reserve Board has failed to recognize the relationship between a growing economy and the need for a money supply that keeps pace. If the economy keeps moving ahead while the Federal Reserve Board stands still, in a few more years our monetary policies will make Andy Mellon seem like a rootin-tootin, wild-eyed western cheap money man.

Mr. President, I ask uanimous consent to have printed in the RECORD a table showing the gross national product, the money supply, and the ratio between the two since 1916.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Gross national product (current dollars)	Money supply (adjusted demand deposits and currency outside banks)	Ratio of money supply to GNP (money supply divided by GNP) (percent)	Income velocity (ratio of GNP to money supply) (GNP divided by money supply)
	Billions	*Billions*		
1916			28.9	3.5
1917			26.6	3.8
1918			27.6	3.6
1919	$77.9	$21.2	27.2	3.7
1920	85.0	23.7	27.9	3.6
1921	68.2	20.8	30.5	3.3
1922	69.9	21.4	30.6	3.3
1923	81.6	22.7	27.8	3.6
1924	82.0	23.5	28.7	3.5
1925	88.0	25.2	28.6	3.5
1926	92.3	25.7	27.8	3.6
1927	90.9	25.8	28.4	3.5
1928	93.7	26.3	28.1	3.6
1929	104.4	26.4	26.6	3.8
1930	91.1	25.3	27.8	3.6
1931	76.3	23.3	30.5	3.3
1932	58.5	20.8	35.6	2.8
1933	56.0	19.8	35.4	2.8
1934	65.0	21.4	32.9	3.0
1935	72.5	25.1	34.6	2.9
1936	82.7	29.0	35.1	2.9
1937	90.8	30.4	33.5	3.0
1938	85.2	30.4	35.7	2.8
1939	91.1	33.8	37.1	2.7
1940	100.6	39.0	38.8	2.6
1941	125.8	45.5	36.2	2.8
1942	159.1	54.8	34.4	2.9
1943 [1]	192.5	71.7	37.2	2.7
1944 [1]	211.4	84.7	40.1	2.5
1945 [1]	213.6	98.2	46.0	2.2
1946	210.7	105.7	50.2	2.0
1947	234.3	109.4	46.7	2.1
1948	259.4	109.9	42.4	2.4
1949	258.1	108.8	42.2	2.4
1950	284.6	111.5	39.2	2.6
1951	329.0	117.2	35.6	2.8
1952	347.0	123.2	35.5	2.8
1953	365.4	126.2	34.5	2.9
1954	363.1	127.9	35.2	2.8
1955	397.5	132.4	33.3	3.0
1956	419.2	134.2	32.0	3.1
1957	440.3	134.9	30.6	3.3
1958	437.7	136.3	31.1	3.2
1959 (1st quarter)			29.8	3.4

[1] Year marked by extensive price controls, including maximum ceilings, rationing, priorities, allocation, etc.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield to the Senator from Pennsylvania.

Mr. CLARK. Has the Senator concluded his remarks?

Mr. PROXMIRE. I have concluded my remarks.

Mr. CLARK. I would not wish to interrupt the Senator.

I commend the Senator for his continued activity in pointing out the strong and persuasive argument against increasing the interest rate ceiling on long-term bonds under the circumstances in which we find ourselves.

Let me ask the Senator from Wisconsin a couple of questions, and see if we are not in accord.

Does the Senator believe there will be any general shortage of funds available for lending in the near future, or will there be a fairly substantial volume of funds available for investment under the normal workings of supply and demand, assuming that the Federal Reserve Board keeps its hands off the monetary situation in the immediate future?

Mr. PROXMIRE. I think we do have a tight money situation now. There are not sufficient funds available. There

was a hearing this morning before the Committee on Banking and Currency. The Small Business Administrator, Wendell Barnes, was present, and he testified that that agency would like very much to increase interest rates charged small business. We have had instance after instance in which interest rates have had to be increased, because it has been difficult to attract capital into veterans' housing and other fields. So I should say it will be necessary for the Federal Reserve Board to follow policies to increase the supply of money to keep up with the demand for it, represented by the expansion and growth in the gross national product. It is not doing so. The Federal Reserve Board does nothing. It simply sits back. The consequence will be that the money supply will become tighter and tighter.

Consequently, when we have more people at work and higher wages, there is much more work for money to do. We need more money to do it.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. CLARK. I wonder whether the Senator from Wisconsin is familiar with the views of Mr. Gerhard Colm, the chief economist of the National Planning Association, who testified before the House Ways and Means Committee on June 11, 1959. He testified as an individual and not as a representative of the association.

Mr. PROXMIRE. I am familiar with Mr. Colm. I know that he is a reputable economist. However, I am not sure that I am familiar with the particular views to which the Senator from Pennsylvania refers.

Mr. CLARK. I hold in my hand a summary of his testimony before the House Ways and Means Committee. I find it very interesting. I should like to ask the Senator, if he has the time, a few questions about the views of Mr. Colm, and whether he agrees with them.

Mr. PROXMIRE. I shall be happy to have the Senator do that.

Mr. CLARK. He says that he believes a further general rise in interest rates is not a necessity under present foreseeable circumstances. I wonder whether the Senator from Wisconsin agrees with that statement. I do.

Mr. PROXMIRE. I agree most heartily with it. It certainly is not a necessity. I believe we are going to get it. On the other hand, I wish to make my position crystal clear in the RECORD. We are going to get a rise in interest rates if the Federal Reserve Board follows the policy of straitjacketing our money supply, so that as the economy grows and the demand for money increases, the economy is not able to get the money it needs.

Yes, I believe we will get higher interest rates. It will follow as day follows night that that will happen. After all, interest rates represent the price of money. As the demand increases, the price goes up, if the quantity of the money remains the same.

Therefore, a further rise in interest rates is not at all necessary. It is discouraging to our economy, particularly to that part of our economy which needs money with which to build schools——

Mr. CLARK. And to small business.

Mr. PROXMIRE. And to small business, farmers, home buyers, and to everyone else who may have need for money.

Mr. CLARK. Mr. Colm states:

> I see no evidence of a general shortage of funds in the near future.

That is the view I had in recent months. There was an extraordinary demand for funds because the liquidation of inventories had been pretty well completed. Then the inventories began to fill up again, and there was need for credit to take care of them.

Residential construction increased. State and local governments were marketing an increasing number of issues for necessary community facilities. This caused, Mr. Colm says, a temporary deficit in the supply of available funds which he thinks is now over. He points out that certain other special conditions discouraged investments in Government securities.

Mr. PROXMIRE. At that point I should like to interrupt the Senator, with his permission, to say that if that be true, it suggests that we are getting into a period which may be the end of the prosperity and the boom we have enjoyed, and that we may be getting into a period of recession. If that be true, and if businesses and local communities are not going to borrow as much as they did, we are going to experience a slowdown on the construction of projects, with the consequent reduction of employment of people and resources. It is obvious to me that the prosperity we have been enjoying is likely to taper off, if Mr. Colm is right.

On the other hand he might not be correct. It may be that the demand for funds will continue to increase, in which event, if the supply of money remains the same, the interest rate will go up. In either event, we should not have a restrictive money policy.

Mr. CLARK. Nor do I believe we should. However, I want these statements to appear in the RECORD. Mr. Colm would, I think, agree that the demand for funds is going to increase, but I think it is his view that the supply of available funds will be far greater than recent history would indicate, and that this additional supply of funds—and I wish to spell out his reasons because his reasons seem to be persuasive—could result in a definite decrease in the interest rate if the Federal Reserve would only do what Mr. Colm and the Senator from Wisconsin and the Senator from Pennsylvania think should be done in connection with the management of our monetary policy.

Mr. PROXMIRE. That could be. Certainly one factor which would contribute to it is that we will have a budget surplus, or at least something like a balanced budget.

Mr. CLARK. That is because the Senator from Wisconsin and the Senator from Pennsylvania will be unable to press for the enactment and signature by the President of many of the measures which they advocate to provide additional services in the interest of the people, which they believe to be very essential.

Mr. PROXMIRE. Yes. However, I wish to make it clear that I am in favor of a balanced budget in periods of prosperity. If we were successful in our efforts in pressing for enactment of our revenue proposals, we could raise enough money to pay for the cost of these services and also an additional amount to apply to debt retirement.

Mr. CLARK. Our measures would close many tax loopholes. I am happy to note that the Committee on Finance will listen to us, even though it will not listen to any distinguished economists of the country in support of our measures.

Mr. PROXMIRE. Indeed that is the situation. However, to get back to the initial question of the Senator from Pennsylvania with respect to the supply of funds seeking investment, I would be very much interested in knowing where Mr. Colm thinks the money will come from.

Mr. CLARK. I believe he thinks it will come from the extraordinary corporate and individual prosperity which the end of the recession appears to bring to everyone in the middle and upper income brackets, if not for those of lower income and for the inhabitants of our distressed areas. He points out that retained earnings of corporations, savings bank investments and time deposits, and the like, are growing at an extraordinarily fast rate. It is from these sources that he believes the extra supply of funds will come.

However, let me move ahead and point out a few other factors which Mr. Colm believes are important in connection with interest rates and Government securities.

He comments that Government securities issued at lower rates of interest immediately begin to sell at a discount. This means the creation of a situation which involves a psychological fear which our banking friends have promoted as an argument in favor of, first, all sorts of stringent measures against inflation and, second, higher interest rates, which would increase substantially the price of bonds.

Mr. PROXMIRE. There can be no question that high interest rates mean low bond prices.

Mr. CLARK. Mr. Colm also points out that the same fear of inflation, which our friends across the aisle have expressed with such vehemence and so repeatedly, results in taking money out of the bond market and putting it into the stock market, on the theory that is the only safe thing to do to protect one's earnings. Therefore, our Republican friends and, to a certain extent, the Treasury, and perhaps even the Federal Reserve Board, have been feeding the flames of the very inflation they seek to prevent, by reason of their scare talk on the subject of the bond market.

Mr. PROXMIRE. The Senator is absolutely correct. I could not agree with him more completely. There is no

question that when the President of the United States, with the enormous prestige his office enjoys, and the excellent press he always receives, speaks out as often as he does on the prospects of inflation, investors are bound to be influenced by his judgment. After all, he is consulting with the Secretary of the Treasury and the head of the Federal Reserve Board, or is in touch with them with respect to what is going on in the economy, and when he says that prices are likely to increase, it is entirely natural for an investor to say, "I am not going to buy bonds, because the return is fixed, and I will receive back in 10 or 20 years only a certain number of dollars, dollars that will be worth far less. Rather, I will invest in common stocks and protect myself.

There is no question that the scare talk by the President has had a great effect on increasing the prices of common stocks, based on the Dow-Jones Index, from something like 169, I believe, in 1949, to more than 600. That is a fantastic increase, at a time when profits have increased less than 100 percent, and at a time when there is no justification for soaring stock prices except on the basis of discounting a future inflation.

Mr. CLARK. Of course, those who are concerned about inflation could also invest in commodities or real estate, could they not, and thus protect themselves?

Mr. PROXMIRE. They could protect themselves, perhaps, but there would be some question of the value of their investment. Obviously, if they invest in fixed obligations on real estate, they invest in a fixed valuation. If in the real estate itself, then they do have an inflation hedge.

In the commodity markets, the experience has been so erratic that they can easily get burned.

On the other hand, if investors go into the stock market, we must reflect that the experience in recent years has been that the stock market has kept ahead of the inflation, far ahead. This historical record, perhaps, makes it seem the easiest hedge against inflation.

Mr. CLARK. To be more specific than either of us should be, it would depend on what stock they bought, because the background and assets of the corporations would have a very real effect on whether an investment in common stock would enhance in value. Anyone in the business of buying and selling Government bonds would not have to be a good investor.

I ask my colleague to return with me to the views of Mr. Colm. I ask him to listen to two sentences of Mr. Colm's testimony before the House committee:

> I believe that with advancing recovery as great an increase in private and corporate savings will be generated as will be absorbed by private and public demand under present or possibly even somewhat lower interest rates.
>
> Such a development will be enhanced if the Federal Reserve System assists in the maintenance of an orderly market for Government securities through open market operations to mitigate major fluctuations and to promote the development of an interest rate which corresponds to the longer run supply and demand conditions rather than to short-run fluctuations.

I wonder if the Senator from Wisconsin would agree with that statement.

Mr. PROXMIRE. I agree wholeheartedly with it. I think it is a very important statement. But it is quite easy to misinterpret it. I think many persons reading the statement would disagree with the Senator from Pennsylvania, Mr. Colm, and myself, and would say that the effect of pegging the bond market by the artificial action of the Federal Reserve Board fixing the prices of bonds would be to destroy the free, competitive capital market.

That was not what Mr. Colm said at all. He was saying what I said in my speech today. We can buy Government bonds and thereby increase the money supply, and in doing so have a neutral monetary policy, a monetary policy which simply provides that the money supply shall keep pace with the growth of the gross national product. Mr. Colm says pretty much what I said today.

Mr. CLARK. I think so, too. I believe, as I think the Senator from Wisconsin certainly believes, that the Federal Reserve should play a more active part by the purchase of Government securities, but that it could play that part without an inflationary impact. The real fear of inflation could be mitigated by increases in the reserve requirements. All that would do would be to cut down on bank profits. I think that might very well be in the national interest.

Mr. PROXMIRE. I could not agree more fully with the Senator from Pennsylvania. The Federal Reserve has followed precisely an opposite program, particularly in recent years. As an alternative, they can increase the money supply by reducing the reserve requirements, which obviously will accomplish the purpose, in one way, by lending money to the banks through lowering the rediscount rate; or by buying Government obligations.

If the Federal Reserve Board lowers reserve requirements, then a bank can step out and use the additional money to invest any way it sees fit in order to make a profit. On the other hand, if the Federal Reserve increases the money supply by buying Government obligations, it means that those Government obligations, which bore interest to the banks and insurance companies and other private investors, would then bear interest to the Federal Reserve Government agency, which would turn back its profits to the Government, and thereby would make it possible to keep taxes down.

Mr. CLARK. In other words, the Federal Reserve Board, in the Senator's judgment, could move in to support the Government bond market without monetizing it, as our friends across the aisle are always telling us in one of their favorite clichés, and without having any inflationary impact at all, by buying long-term bonds. The inflationary impact could be prevented by raising the reserve requirements or, as the distinguished senior Senator from Illinois [Mr. DOUGLAS] has suggested, by selling short-term Government bonds. So the argument that the effect of the Federal Reserve Board's undertaking to help the Treasury sell bonds—long-term bonds—at a lower rate of interest would have an inflationary impact really has no merit whatever? It simply would not.

Mr. PROXMIRE. The Senator from Pennsylvania is absolutely correct. There can be no question that the reserve requirements are an available means of accomplishing the same thing and counterbalancing support for Government bonds.

Mr. CLARK. One further comment. In the most perfect of all worlds, which, needless to say, we do not live in, I think I would favor the elimination of any interest ceiling of any sort. But this is not the most perfect of worlds, so the only way in which we can force the Federal Reserve Board to do what it should have been doing for years is to hold the interest ceiling and to require them to move into the Government bond market to help their friends in the Treasury, friends whom they have abandoned for so long.

I am not in favor of debt limits. I am not in favor of interest ceilings. I like to see the agencies operate in matters of this kind without congressional inhibition. But if we are faced with the fact that the policy of the regulatory agency seems to be more directed toward increasing the profits of banks than it is toward protecting the country by giving it an adequate monetary supply under proper safeguards, then I say we have to strike back. The only way to strike back is by continuing to impose interest ceilings. I wonder if the Senator from Wisconsin will comment on my statement.

Mr. PROXMIRE. I agree with a part of the Senator's remarks; but I think that even in the best of all possible worlds it might be sensible for Congress to insist on an interest ceiling, for what I think is a good reason. It applies, wisely, only to long-term obligations. I think that the board of directors of a corporation might be very wise to tell their finance officer who borrows money for them—that they do not want to borrow money in the market on long-term obligations if the rate on long-term securities exceeds a certain percentage. That is simply good, sound, sensible financial practice, in my judgment. It is exactly what the law now provides for our Federal Government and what the Senate and House are now saying to the Treasury. We are saying that if the interest rate ever gets too high that is above 4¼ percent, so high that it is necessary to exceed the limit which the Federal Government has imposed for 40 years on long-term bonds, then we had better stay in the short-term market until the rate comes down.

There are problems involved. But if we finance with short-term obligations for several months, or perhaps for a year or so, then it is perfectly obvious, if history is any guide, that interest rates will come down, and that the Government can borrow to the great benefit of the taxpayers.

Mr. CLARK. The Senator from Wisconsin, I assume, is aware that the edi-

torial boards of such great newspapers as the Wall Street Journal and the New York Times have never seemed to meet the arguments which the Senator from Wisconsin, the Senator from Oklahoma [Mr. MONRONEY], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. MCNAMARA]——

Mr. PROXMIRE. And the Senator from Pennsylvania.

Mr. CLARK. And, in his humble way, the Senator from Pennsylvania, have made on this subject. The end result is to suggest that we are merely the descendants of the sons of the wild jackass; that we know nothing about economics; that we ought to leave these problems to people who know better. Then they repeat, over and over again, outworn cliches and obsolete economic theory.

It would be refreshing some day to see each of the comments which have been made by those of us who are in favor of lower interest rates met on their own ground with honest, decent argument, and not some brushing aside of these things as being the kind of argument which only those who did not progress beyond grade school would dignify by their support.

Mr. PROXMIRE. I am delighted that the Senator from Pennsylvania has raised this point, because on the front page of the Wall Street Journal this morning is a reply to a letter I wrote to that newspaper, in which they said that the Proxmire proposal, that the Federal Reserve borrow money in the short-term money market would not work out very well because the rate of increase in interest rates for short-term obligations has been so rapid that in a few months or years the cost of short-term money will be greater than long-term money. Of course, this is no answer at all. It seems to me that from the standpoint of the taxpayer, who is going to pay $8,600 million for servicing the national debt, the Secretary of the Treasury should borrow money in the cheapest way possible, namely, in the form of short-term obligations, and the cheapest way now is in short-term obligations. For reasons I indicated a few moments ago, this is likely to be wise policy even when short terms exceed long terms in rate.

Mr. CLARK. There are few economists of reputation left who will agree with the philosophy which appears almost daily on most editorial pages. Many of the reporters who write the news no longer agree with the editorials which are published in their newspapers.

Mr. PROXMIRE. I conclude by saying that the editorials hardly agree with the principles which they have set forth themselves. I am perfectly willing to concede the other basic principle, which is that we should have a capital market in which the interest rate is fixed competitively by the force of supply and demand. Yet if we accept the principle which they advance, then it follows, as day follows night, that the Federal Reserve Board should increase the supply of money.

I think the Federal Reserve Board should increase the supply of money by buying Government obligations. Perhaps it should increase the supply of money by lowering the reserve requirements. At any rate, it should increase the supply of money.

But the position being taken by these distinguished newspapers and their distinguished financial writers is that any increase in the supply of money, at any time, under any circumstances, is inflationary, regardless of the size of the economy and regardless of the demand or the need for a larger supply of money.

Mr. CLARK. Of course, Mr. President, I am not one to impugn motives; and I do not do so now. But, regardless of motives, the effect of what is advocated by these New York newspapers is an increase in bank earnings, is it not?

Mr. PROXMIRE. It is, indeed.

Mr. President, I thank the distinguished Senator from Pennsylvania for his helpful contributions in connection with the discussion of this matter.

I yield the floor.

HOUSING ACT OF 1959—CONFERENCE REPORT

The Senate resumed the consideration for the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

Mr. MCNAMARA. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. Mr. President, I have a brief statement to make in support of the conference report on S. 57, the Housing Act of 1959. It might be more proper to cite it as the act of 1958 and 1959, because the Senate and the House of Representatives have labored for 2 long years in producing this bill. I think it is a good bill, everything considered; and I urge that the Senate approve the conference report.

Mr. President, I do this in spite of the fact that some provisions in this bill are not exactly as I would have personally recommended. As chairman of the conference committee, I acted in a spirit of cooperation, and tried to obtain the best possible bill within the scope of committee jurisdiction, and in recognition of the many conflicting views on the items in disagreement. I believe the conference did a good job under the circumstances, and I believe that the Housing Act of 1959 will reflect credit upon the first session of the 86th Congress.

In my opinion, the principal concession made by the Senate conferees was on the question of future authorizations for urban renewal grant contracts. The Senate version of the bill had proposed a program of $350 million a year for a period of 6 years—or a total of $2.1 billion. The House had proposed appropriations totaling $1.5 billion to be made in the next 2 fiscal years. The Senate conferees were unyielding in their view that this program should continue to operate through authorizations for contract authority. In order to retain this feature of the Senate version of the bill, I was willing to accept a compromise of $500 million in contract authority to become available on July 1, 1959, and $400 million to become available on July 1, 1960.

Although the total amount of $900 million is less than the total contained in the Senate version of the bill, the rate at which the contracts can be made is substantially the same. The conference report would permit contracts totaling $900 million over the next 2 years, and this is only $100 million less than would have been permitted by the most liberal construction and administration of the Senate version. In fact, I believe that if the Senate version had prevailed, the President might have limited the use of contract authority over the next 2 years to only $700 million, or perhaps $850 million. Some Senators may disagree about the wisdom of this compromise; but I remind the Senate that we shall have ample opportunity between now and June 30, 1961, to review this program and to provide such additional authorization as may be required.

Mr. President, the conference report contains provisions to improve almost every feature of our housing programs. The report lowers downpayments for FHA-insured loans and lengthens the term on both FHA and VA loans. Desirable changes have been made in FHA insurance programs concerned with rental housing, cooperative housing, housing in urban renewal areas, housing for families displaced by Government action, mobile home parks or courts, housing for servicemen, housing in rural and outlying areas, and housing for elderly persons. The conference report extends the FHA insurance program for building houses on military basis, and the program for home repair and rehabilitation. The conference report also authorizes an insurance program for building houses in defense impacted areas near military bases.

I am particularly pleased with the program for housing for the elderly. The conference report contains many improvements in the FHA insurance program, as well as authority for insuring loans on proprietary nursing homes. In addition, the Housing and Home Finance Agency will have a new direct loan program to assist nonprofit organizations who wish to build housing for the elderly.

Changes were made in the law affecting the Federal National Mortgage Association, which should enable it to provide better service through its secondary market operations and its special assistance functions. The availability of home mortgage credit should also be improved by provisions amending the Home Owners Loan Act of 1933, and by extending the voluntary home mortgage credit program.

In addition to providing urban renewal authorization of $900 million, the law governing this program was changed in several respects to improve its effectiveness and usefulness. Associated with these changes are amendments to continue and improve programs for urban planning and surveys of public works planning.

I believe that the conference reached a reasonable compromise on the question of additional units of low-rent housing. The conference adopted the Senate provision which makes approximately 10,000 units available until June 30, 1960, and 35,000 units available until June 30, 1963. In addition, the remaining authorization of the Housing Act of 1949 can be used by the President, beginning on July 1, 1960, at a rate not to exceed 35,000 units a year. This discretionary authority would make available approximately 105,000 additional units.

I call attention to the words, which I purposely used, "discretionary authority," because this authority is discretionary with the President. As a matter of fact, this provision which we have written into the bill is very much the same as the escalator clause contained in the original Housing Act of 1949; that is the Taft-Ellender-Wagner Act.

When we were considering that measure, Senator Flanders, of Vermont, offered an amendment which would have given the President the right to raise or lower the number of units for any particular year, based upon economic conditions, acting with the advice and consent of his Council of Economic Advisers.

The provision contained in the pending legislation is virtually a reenactment of that discretionary power. It simply provides that the President may, in his discretion, use any part of the additional amount whenever he wants to use it—whenever economic factors may make it desirable to use the money—provided he does not authorize more than $35,000 units a year.

The conference report makes other changes in the basic law, designed to increase local autonomy in administering public housing projects. I believe that these changes can make the program operate with much less friction between local and Federal administrators.

The conference accepted the Senate provision authorizing an additional $300 million for the college housing loan fund. The Senate bill also contained an authorization of $125 million to begin a new program of loans to colleges and universities for the construction of educational buildings. The conference committee reduced the authorization for this new program to $62.5 million, and I am pleased that we were able to retain this feature of the Senate bill. The conference also accepted a provision in the Senate bill authorizing scholarships for graduate training of professional city planning and housing technicians and specialists. The amount to be made available through appropriations for these scholarships was reduced from $1.5 million for a 3-year period to $300,000 for a 3-year period.

I am also pleased that the conference accepted a Senate provision authorizing appropriations for farm housing research, although the amount was reduced from $200,000 to $100,000. I know that these funds can be used to good purpose. The conference also accepted a provision of the Senate bill authorizing and directing the Housing and Home Finance Administrator to undertake a study of the housing needs of migratory farmworkers.

In this connection, Mr. President, I ask unanimous consent that there be included in the RECORD as a part of my remarks a section-by-section summary of Senate bill 57 as agreed to in conference.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JOHNSTON of South Carolina. Has the Senator requested that a copy of the bill be printed at this point in the RECORD? I think it would be well to have that done.

Mr. SPARKMAN. I am glad to have that suggestion from the Senator from South Carolina. The bill is, of course, a part of the conference report. What happened was that when the Senate-passed bill went to the House, the House struck out all of the language of the Senate bill, and inserted its own language. The conference committee rewrote the whole bill, and it is contained in the conference report.

I think it would be a good idea to have the bill printed in the RECORD as a part of my remarks, preceding the section-by-section summary. I ask unanimous consent that the bill be printed in the RECORD, following which the section-by-section summary be printed.

There being no objection, the bill and summary were ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this act may be cited as the "Housing Act of 1959."

TITLE I—FHA INSURANCE PROGRAMS

Property improvement loans

SEC. 101. Section 2(a) of the National Housing Act is amended by striking out "September 30, 1959" and inserting in lieu thereof "October 1, 1960":

Section 203 residential housing insurance

SEC. 102. (a)(1) Section 203(b)(2) of the National Housing Act is amended by striking out all that precedes the first semicolon and inserting in lieu thereof the following:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or $25,000 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes)".

(2) Section 203(b)(2) of such act is further amended—

(A) by striking out "85 per centum" and inserting in lieu thereof "90 per centum"; and

(B) by striking out "$16,000" each place it appears and inserting in lieu thereof "$18,000".

(3) Section 203(b)(2) of such Act is further amended by inserting after "unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance" the following: "or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction".

(b) Section 203(b)(3) of such Act is amended by striking out "thirty years" and inserting in lieu thereof "thirty-five years".

(c) Section 203(b)(8) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: *"Provided,* That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness."

Low-cost housing in outlying areas

SEC. 103. Section 203(i) of the National Housing Act is amended—

(1) by striking out "$8,000" and inserting in lieu thereof "$9,000";

(2) by inserting after "97 per centum" the following: "(or, in any case where the dwelling is not approved or mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum)";

(3) by striking out ", and which is approved for mortgage insurance prior to the beginning of construction" and "the construction of"; and

(4) by striking out the comma following the word "highway" and everything that follows and inserting a period in lieu thereof.

Section 207 rental housing insurance

SEC. 104. (a) Section 207(c)(1) of the National Housing Act is amended by striking out "$12,500,000" and inserting in lieu thereof "$20,000,000":

(b) Section 207(c)(3) of such Act is amended by striking out—

(1) "$2,250" each place it appears and inserting in lieu thereof "$2,500";

(2) "$8,100" each place it appears and inserting in lieu thereof "$9,000";

(3) "$2,700" and inserting in lieu thereof "$3,000";

(4) "$8,400" and inserting in lieu thereof "$9,400";

(5) "$1,000 per room" and inserting in lieu thereof "$1,250 per room";

(6) "$1,000 per space" and inserting in lieu thereof "$1,500 per space"; and

(7) "$300,000" and inserting in lieu thereof "$500,000".

(c) The last paragraph of section 207(c) of such Act is amended by striking out "4½ per centum per annum" and inserting in lieu thereof "5¼ per centum per annum".

(d) Section 207 of such Act is further amended by adding at the end thereof the following new subsection:

"(r) Notwithstanding any other provision of this Act, the Commissioner is authorized to include in any mortgage insured under any title of this Act after the effective date of the Housing Act of 1959 a provision requiring the mortgagor to pay a service charge to the Commissioner in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the Commissioner for mortgage insurance premiums applicable to such mortgage."

(e) Section 207 of such Act is further amended—

(1) by striking out "(except provisions relating to housing for elderly persons)" and

"(except with respect to housing design for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))" in subsection (b);

(2) by striking out in subsection (c) the unnumbered paragraph following paragraph (3); and

(3) by striking out "section 210 and section 213" in both places where it appears in subsection (f) and inserting in lieu thereof the following: "sections 210, 213, 231, and 232".

Cooperative housing insurance

SEC. 105. (a) Section 213(b)(1) of the National Housing Act is amended by striking out "$12,500,000" and inserting in lieu thereof "$20,000,000".

(b) Section 213(b)(2) of such Act is amended to read as follows:

"(2) not to exceed, for such part of the property or project as may be attributable to dwelling use, $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects which consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitation of $2,500 per room to not to exceed $3,000 per room and the dollar amount limitation of $9,000 per family unit to not to exceed $9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed $1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require: *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 85 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso."

(c) Section 213(d) of such Act is amended by adding at the end thereof a new sentence as follows: "Property held by a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the Commissioner deems adequate to serve the occupants."

(d) The first sentence of section 213(d) of "5¼ per centum" and (2) by striking out "4½ per centum" and inserting in lieu thereof "5¼ per centum" and (2) by striking out "5 per centum" and inserting in lieu thereof "5¾ per centum".

(e) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

"(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided*, That the Commissioner determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Commission's estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Commissioner and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite."

Increased mortgage amounts in Alaska, Guam, and Hawaii

SEC. 106. The first sentence of section 214 of the National Housing Act is amended by inserting after "maximum or maxima otherwise applicable" the following: "(including increased mortgage amounts in geographical areas where cost levels so require)".

FHA mortgage insurance authorization

SEC. 107. (a) Section 217 of the National Housing Act is amended by striking out "7,000,000,000" and inserting in lieu thereof "$12,000,000,000".

(b) Section 217 of such Act is amended, effective July 1, 1959, by (1) striking out "July 1, 1956", and inserting in lieu thereof "July 1, 1959", and (2) striking out "$12,000,000,000" and inserting in lieu thereof "$5,000,000,000".

Repeal of obsolete provision

SEC. 108. Section 218 of the National Housing Act is repealed.

Section 220 mortgage insurance

SEC. 109. (a)(1) Clause (i) of subsection (d)(3)(A) of section 220 of the National Housing Act is amended by striking out all that precedes the second semicolon and inserting in lieu thereof the following:

"(A)(i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or $25,000 in the case of a two-family residence; or $30,000 in the case of a three-family residence".

(2) Clause (i) of subsection (d)(3)(A) of section 220 of such Act is further amended—

(A) by striking out "85 per centum" and inserting in lieu thereof "90 per centum"; and

(B) by striking out "$16,000" each place it appears and inserting in lieu thereof "18,000".

(3) Subsection (d)(3)(A)(ii) of section 220 of such Act is amended by inserting before the semicolon at the end thereof a colon and the following: "*Provided*, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness."

(b) Subsection (d)(3)(B)(i) of section 220 of such Act is amended by striking out "$12,500,000" and inserting in lieu thereof "$20,000,000".

(c) Subsection (d)(3)(B)(iii) of section 220 of such Act is amended—

(1) by striking out "$2,250" each place it appears and inserting in lieu thereof "$2,500";

(2) by striking out "$8,100" each place it appears and inserting in lieu thereof "$9,000";

(3) by striking out "$2,700" and inserting in lieu thereof "$3,000";

(4) by striking out "$8,400" and inserting in lieu thereof "$9,400"; and

(5) by striking out "$1,000" and inserting in lieu thereof "$1,250".

(d) Subsection (d)(3)(B)(iii) of section 220 of such Act is further amended by inserting after "dwelling use" the following: "(excluding exterior land improvements as defined by the Commissioner)".

(e) Subsection (d)(3)(B) of section 220 of such Act is further amended by striking out "and" at the end of clause (ii), by striking out the period at the end of clause (iii) and inserting in lieu thereof "; and", and by adding at the end thereof the following new clause:

"(iv) include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood."

Section 221 relocation housing mortgage insurance

SEC. 110. (a)(1) The first paragraph of section 221(a) of the National Housing Act is amended to read as follows:

"This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist (1) in relocating families from urban renewal areas, (2) in relocating families to be displaced as the result of governmental action in a community respecting which (A) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101(c) of the Housing Act of 1949, as amended, or (B) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (C) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended, and (3) in relocating families residing in the environs of a community described in clause (2) which are to be displaced as the result of governmental action."

(2) The second paragraph of section 221(a) of such Act is amended—

(A) by striking out all that precedes the first colon and inserting in lieu thereof the following: "Mortgage insurance under this section shall be available only in those localities, communities, or environs of communities, which shall have requested such mortgage insurance to be provided";

(B) by striking out "in any such community" in the second proviso and inserting in lieu thereof "in or near any such community";

(C) by striking out "(1)" in the third proviso and inserting in lieu thereof "(2)(A)"; and

(D) by striking out "(1)", "(2)", and "(3)", wherever they appear in the last proviso, and inserting in lieu thereof respectively, "(2)(A)", "(2)(B)", and "(2)(C)".

(3) Section 101(c) of the Housing Act of 1949 is amended by striking out "if the mortgaged property is in a community referred to in clause (2) of section 221(a) of said Act", and inserting in lieu thereof "if the mortgage property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section".

(4) Section 101(c) of the Housing Act of 1949 is further amended by striking out "in a community" in clause (iii) of the last proviso.

(b) Section 221(d)(2) of the National Housing Act is amended to read as follows:

"(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) $10,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $12,000 in any geographical area where he finds that cost levels so require, (ii) $18,000 in the case of a property upon which there is located a dwelling principally designed for a two-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $20,000 in any geographical area where he finds that cost levels so require, (iii) $25,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $27,500 in any geographical area where he finds that cost levels so require, (iv) $32,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $35,000 in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos: *Provided*, That if the mortgagor is the owner and an occupant of the property at the time of the insurance, he shall have paid on account of the property at least (i) $200 in the case of a single-family dwelling, (ii) $400 in the case of a two-family dwelling, (iii) $600 in the case of a three-family dwelling, and (iv) $800 in the case of a four-family dwelling, in cash or its equivalent, which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value: *And provided further*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to families, referred to in subsection (a) above, priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner; or".

(c) Section 221(d) of such Act is further amended—

(1) by striking out "$9,000" and "$10,000" in paragraph (3) and inserting in lieu thereof "$10,000" and "$12,000", respectively;

(2) by striking out of paragraph (3) "not in excess of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and" and inserting in lieu thereof "not in excess of (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the Commissioner's estimate of the value of the property when the proposed repair and rehabilitation is completed: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; or", and

(3) by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following new paragraph:

"(4) if executed by a mortgagor which is not a nonprofit organization, and which is approved by the Commissioner—

"(i) not exceed $12,500,000;

"(ii) not exceed $10,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $12,000 in any geographical area where he finds that cost levels so require;

"(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

"(iv) not exceed 90 per centum of the Commissioner's estimate of the value of the property or project when the proposed repair and rehabilitation is completed if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project:

Provided, That such property or project when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section: *And provided further*, That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the Section 221 Housing Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; and";

(d) Section 221(f) of such Act is amended by inserting the following before the period at the end thereof: "and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants".

(e) Section 221(g)(2) of such Act is amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (3) o (4)".

(f) Section 212(a) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d)(4) thereof."

Servicemen's housing mortgage insurance

SEC. 111. Section 222(b) of the National Housing Act is amended—

(1) by inserting "or 203(i)" after "203(b)" in paragraph (1); and

(2) by striking out "$17,100" in paragraph (2) and inserting in lieu thereof the following: "$20,000, except that in the case of a mortgage meeting the requirements of section 203(i) such principal obligation shall not exceed $9,000".

Builder's cost certification

SEC. 112. (a) Section 227(a) of the National Housing Act is amended by striking out clause (iv) and all that follows and inserting in lieu thereof the following: "(iv) under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, or (vi) under section 810 if the mortgage meets the requirements of subsection (f)".

(b) The last two sentences of section 227(c) of such Act are each amended by striking out "under section 220" and inserting in lieu thereof "under section 220, section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231,".

Voluntary termination of insurance

SEC. 113. Title II of the National Housing Act is further amended by adding at the end thereof the following new section:

"Voluntary termination of insurance

"SEC. 229. Notwithstanding any other provision of this Act and with respect to any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the Commissioner is authorized to terminate any mortgage insurance contract upon request by the mortgagor and mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds. Upon such termination mortgagors and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured mortgage."

Avoidance of foreclosure

SEC. 114. (a) Title II of the National Housing Act is further amended by adding after section 229 (as added by section 113 of this Act) the following new section:

"Acquisition of mortgages to avoid foreclosure

"SEC. 230. Upon receiving notice of the default of any mortgage covering a one-, two, three-, or four-family residence heretofore

or hereafter insured under this title, the Commissioner, in his discretion and for the purpose of avoiding foreclosure of the mortgage, may acquire the loan and the security therefor upon issuance to the mortgagee of debentures having a total face value equal to the unpaid principal balance of the loan plus any accrued interest and any proper advances theretofore made by the mortgagee under the provisions of the mortgage; and after the acquisition of such mortgage by the Commissioner such mortgagee shall have no further rights, liabilities, or obligations with respect thereto. The provisions of section 204 relating to the issuance of debentures incident to the acquisition of foreclosed properties shall apply with respect to debentures issued under this subsection, and the provisions of section 204 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this section, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner."

(b) Section 204(a) of the National Housing Act is amended by inserting immediately before the last proviso the following: "*And provided further*, That with respect to any mortgage covering a one-, two-, three-, or four-family residence insured under this Act, if the Commissioner finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor and it is probable that the mortgage will be restored to good standing within a reasonable period of time, he may, under such regulations and conditions as he may prescribe, extend the time for curing default and enter into an agreement with the mortgagee providing that if the mortgage is subsequently foreclosed, any interest accruing after the date of the agreement which is not paid by the mortgagor may be included in the debentures."

Mortgage insurance for nursing homes

SEC. 115. Title II of the National Housing Act is amended by adding after section 231 (as added by section 201 of this Act) the following new section:

"Mortgage insurance for nursing homes

"SEC. 232. (a) The purpose of this section is to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services.

"(b) For the purposes of this section—

"(1) the term "nursing home" means a proprietary facility, licensed or regulated by the State (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located), for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with the laws of the State where the facility is located; and

"(2) the terms "mortgage" and "mortgagor" shall have the meanings respectively set forth in section 207(a) of this Act.

"(c) The Commissioner is authorized to insure any mortgage (including advances on such mortgage during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon.

"(d) In order to carry out the purpose of this section, the Commissioner is authorized to insure any mortgage which covers a new or rehabilitated nursing home, subject to the following conditions:

"(1) The mortgage shall be executed by a mortgagor approved by the Commissioner. The Commissioner may in his discretion require any such mortgagor to be regulated or restricted as to charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the Section 207 Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"(2) The mortgage shall involve a principal obligation in an amount not to exceed $12,500,000, and not to exceed 75 per centum of the estimated value of the property or project when the proposed improvements are completed.

"(3) The mortgage shall—

"(A) provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe; and

"(B) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.

"(4) The Commissioner shall not insure any mortgage under this section unless he has received, from the State agency designated in accordance with section 612(a)(1) of the Public Health Service Act for the State in which is located the nursing home covered by the mortgage, a certification that (1) there is a need for such nursing home, and (2) there are in force in such State or other political subdivision of the State in which the proposed nursing home would be located reasonable minimum standards of licensure and methods of operation for nursing homes. No such mortgage shall be insured under this section unless the Commissioner has received such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any nursing home located in the State for which mortgage insurance is provided under this section.

"(e) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe.

"(f) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section."

Technical amendments

SEC. 116. (a) Section 8(g) of the National Housing Act is amended by striking out "and (h) of section 204 and inserting in lieu thereof (h), (j), and (k) of section 204".

(b) Section 213(e), 220(f)(1), 221(g)(1), 222(e), and 809(e) of such Act are each amended by striking out "and (j) of section 204" and inserting in lieu thereof "(j), and (k) of section 204".

Inclusion of conveyance costs in debentures

SEC. 117. Section 204(k) of such Act is amended to read as follows:

"(k) Notwithstanding any other provision of this section or of section 604 or 904 and with respect to any debentures issued in exchange for properties conveyed to and accepted by the Commissioner after the effective date of the Housing Act of 1959 in accordance with such sections, the Commissioner may (1) include in debentures reasonable payments made by the mortgagee with the approval of the Commissioner for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or any other instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Commissioner; (2) include in debentures as a portion of foreclosure costs (to the extent that foreclosure costs may be included in such debentures by any other provision of this Act) payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the Commissioner; and (3) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee, or in the event the contract of insurance is terminated pursuant to section 229."

Investment insurance

SEC. 118. Section 701 of the National Housing Act is amended by striking out the colon at the end of the first proviso and everything that follows and inserting a period in lieu thereof.

Legal notification

SEC. 119. Section 512 of the National Housing Act is amended by adding the following at the end thereof: "For the purposes of compliance with this section the Commissioner's notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm."

TITLE II—HOUSING FOR THE ELDERLY

Mortgage insurance program

SEC. 201. (a) Title II of the National Housing Act is amended by adding after section 230 (as added by section 114) the following new section:

"Housing for elderly persons

"SEC. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

"For the purposes of this section—

"(1) The term 'housing' means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

"(2) The term 'elderly person' means any person, married or single, who is sixty-two years of age or over; and

"(3) The terms 'mortgage', 'mortgagee', 'mortgagor', and 'maturity date' shall have the meanings respectively set forth in section 207 of this Act.

"(b) The Commissioner is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

"(1) involve a principal obligation in an amount not to exceed $12,500,000 or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or

housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation, not to exceed $50,000,000;

"(2) not exceed, for such part of such property or project, as may be attributable to dwelling use, $9,000 per dwelling unit: *Provided,* That the Commissioner may, in his discretion, increase the dollar amount limitation of $9,000 per unit to not to exceed $9,400 per unit to compensate for the higher costs incident to the construction of elevator-type structures and may increase each of the foregoing dollar amount limitations by not to exceed $1,250 per room in any geographical area where he finds that cost levels so require;

"(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purpose of this section, involve a principal obligation not in excess of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *Provided,* That in the case of properties other than new construction, the principal obligation shall not exceed the appraised value rather than the Commissioner's estimate of the replacement cost;

"(4) if executed by a mortgagor which is approved by the Commissioner but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided,* That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Commissioner's estimate of the value of the property or project: *And provided further,* That the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make contracts with and acquire for not to exceed $100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the section 207 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

"(5) provide for a complete amortization by periodic payments within such terms as the Commissioner shall prescribe;

"(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 5½ per centum as the Commissioner finds necessary to meet the mortgage market; and

"(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner, and which may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants.

"(d) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwellings included in such property or project.

"(e) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section."

(b) Section 212(a) of such Act is amended by adding at the end thereof (after the sentence added by section 110(f) of this Act) the following: "The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the Federal Housing Commissioner in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Federal Housing Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction."

Loan program

SEC. 202. (a)(1) The purpose of this section is to assist private nonprofit corporations to provide housing and related facilities for elderly families and elderly persons.

(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)) for the provision of rental housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the corporation shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, and (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

(3) A loan to a corporation under this section may be in an amount not exceeding 98 per centum of the total development cost (as defined in subsection (d)(3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.

(4) There is authorized to be appropriated not to exceed $50,000,000, which shall constitute a revolving fund to be used by the Administrator in carrying out this section. The amount outstanding from such fund at any one time for related facilities (as defined in subsection (d)(8)) shall not exceed $5,000,000.

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c)(2)) of the Housing Act of 1950.

(c) (1) Housing constructed with a loan made under this section shall not be used for transient or hotel purposes while such loan is outstanding.

(2) As used in paragraph (1), the term "transient or hotel purposes" shall have such meaning as may be prescribed by the Administrator, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of paragraph (1) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this subsection the Administrator shall perform the functions vested in the Commissioner by such section 513.

(3) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the construction of housing assisted under this section shall be paid wages at rates not less than those prevailing in the locality involved for the correponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, as amended (the Davis-Bacon Act); but the Administrator may waive the application of this paragraph in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such housing, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the corporation undertaking the construction.

(d) As used in this section—

(1) The term "housing" means (A) new structures suitable for dwelling use by elderly families and new structures suitable for such use by one or more elderly persons, and (B) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families and persons.

(2) The term "corporation" means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

(3) The term "development cost" means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

(4) The term "elderly families" means families the head of which (or his spouse) is sixty-two years of age or over; and the

term "elderly persons" means persons who are sixty-two years of age or over. The Administrator shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this section.

(5) The term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

(6) The term "Administrator" means the Housing and Home Finance Administrator.

(7) The term "construction" means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

(8) The term "related facilities" means (A) new structures suitable for use as cafeterias or dining halls, community rooms or buildings, or infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (B) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Clause (3) of section 302(b) of the National Housing Act is amended to read as follows: "(3) the Association may not purchase any mortgage, except a mortgage insured under section 220 or 803, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded $17,500 for each family residence or dwelling unit covered by the mortgage: *Provided*, That with respect to mortgages purchased under section 304 the principal obligation shall not exceed $20,000."

SEC. 302. The last sentence of section 304(a) of such Act is amended by striking out "advance planning of home construction" and inserting in lieu thereof "home financing".

SEC. 303. Section 305(b) of the National Housing Act is amended—

(1) by striking out "August 7, 1958" and inserting in lieu thereof "September 30, 1960 (except in the case of mortgages purchased pursuant to contracts made on or after August 8, 1958, and prior to the date of the enactment of the Housing Act of 1959)";

(b) by striking out "1½ per centum" and inserting in lieu thereof "1 per centum"; and

(3) by striking out "one-half" and inserting in lieu thereof "one-fourth".

SEC. 304. Section 305(e) of the National Housing Act is amended by adding at the end thereof the following new sentence: "On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not exceed $37,500,000, of which the amount of $25,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative and the amount of $12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative."

SEC. 305. (a) That part of section 302(b) of the National Housing Act which precedes the colon is amended by striking out "to make commitments to purchase and to purchase, service, or sell," and by substituting therefor "to purchase, lend (under sec. 304) on the security of, service, or sell, pursuant to commitments or otherwise,".

(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: "; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304".

(c) The first sentence of section 303(c) of such Act is amended by inserting "or borrower" after "seller" each place it appears.

(d) Section 304(a) of such Act is amended by inserting "(1)" before "To carry out", and by adding at the end thereof the following new paragraph:

"(2) To carry out further the purposes set forth in paragraph (a) of section 301, the Association is authorized to make loans which are secured by residential or home mortgages insured or guaranteed under this Act, the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code. In the interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section shall not exceed 90 per centum of the unpaid principal balances of the mortgages securing the loan, shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors, and shall mature in not more than twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the landing activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. The aggregate amount of all loans outstanding at any one time under this paragraph shall not exceed 10 per centum of the Association's total borrowing authority under this section. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, or any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association."

(e) Section 304(b), section 309(c), and section 310 of such Act are each amended by inserting "or other security holdings" after "mortgages".

SEC. 306. (a) Sections 304(b) and 306(b) of the National Housing Act are amended by striking out "and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States" and inserting in lieu thereof "and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds".

(b) Section 310 of such Act is amended by striking out "in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States" and inserting in lieu thereof "in obligations of the United States or guaranteed thereby, or in obligations which are lawful investments for fiduciary, trust, or public funds".

SEC. 307. (a) Section 306 of the National Housing Act is amended by adding at the end thereof the following subsection:

"(e) Notwithstanding any of the provisions of this Act or of any other law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase and to purchase, service, or sell any mortgages offered to it by the Housing and Home Finance Administrator or the Housing and Home Finance Agency, or by such Agency's constituent units or agencies or the heads thereof, after such Administrator has found the acquisition thereof by the Association to be in the interest of the efficient management and liquidation of the mortgages. There shall be excluded from the total amounts set forth in subsection (c) hereof the amounts of any mortgages purchased by the Association pursuant to this subsection."

(b) In connection with the sale of any mortgages to the Federal National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act, the Housing and Home Finance Administrator is authorized, and any other official, unit, or agency selling such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said Administrator determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been submitted to and finally acted upon by the Congress.

TITLE IV—URBAN RENEWAL

Statewide planning

SEC. 401. Section 101(b) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "The Administrator shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of smaller communities within the State which are undertaking or propose to undertake urban renewal programs whenever that arrangement facilitates the undertaking of an urban renewal program by any such community, or provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities."

Clarifying amendments

SEC. 402(a) Section 102(a) of the Housing Act of 1949 is amended by striking out in the second sentence the words "as part of the gross project cost" and inserting in lieu thereof "for such purposes."

(b) Section 102(c) of such Act is amended by striking out "repayment of" and inserting in lieu thereof "repayment of the pricipal of and the interest on."

Early land acquisition

SEC. 403. Section 102(a) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "In any case where, in connection with its undertaking and carrying out of an urban renewal project, a local public agency is authorized (prior to the approval by the local governing body of the urban renewal plan for such project) to acquire real property in the urban renewal area and to demolish and remove from any real property so acquired any

buildings or structures located thereon, the Administrator, notwithstanding any other provisions of this title, may make a temporary loan or loans to any such local public agency to finance the acquisition of such real property and the demolition and removal of any buildings or structures located thereon: *Provided*, That no contract for any temporary loan for such purpose shall be made unless the governing body of the locality involved shall have by resolution or ordinance approved the undertaking by the local public agency of the acquisition of real property in the urban renewal area and the demolition and removal of buildings or structures located on real property so acquired: *And provided further*, That in any such case, the local public agency shall not dispose of any real property so acquired until the urban renewal plan for the project shall have been approved by the local governing body of the locality involved and any contract for any such temporary loan shall so provide."

Loans

SEC. 404. Section 102(e) of the Housing Act of 1949 is amended to read as follows:

"(e) The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross project cost of the projects assisted by such contracts. To obtain funds for advance and loan disbursements under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President, exceed $1,000,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Administrator shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date."

Grants

SEC. 405. Section 103 of the Housing Act of 1949 as amended—

(1) by amending the first sentence of subsection (b) to read as follows: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make grants under this title aggregating not to exceed $1,350,000,000, which limit shall be increased by $500,000,000 on July 1, 1959, and by $400,000,000 on July 1, 1960."

(2) by striking out the period at the end of the second sentence of subsection (b) and inserting in lieu thereof a colon and the following: "*Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance."; and

(3) by adding at the end thereof the following new subsections:

"(c) Notwithstanding any other provision of this or any other Act, if financial assistance authorized by this title to be made available to a locality or local public agency may be made available to any locality or local public agency within the limitations provided in sections 102(e), 103(b), and 106(e) and the second paragraph following the paragraph numbered (6) of section 110(c), the amount of such financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not otherwise be restricted and, so long as such financial assistance is so available, applications therefor submitted by localities and local public agencies shall be processed, so far as practicable, in the order of their receipt, and there shall not be imposed any limitations upon the size of any urban renewal project which otherwise meets the requirements of this title.

"(d) The Administrator may contract to make grants for the preparation or completion of community renewal programs, which may include, without being limited to, (1) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (2) the measurement of the nature and degree of blight and blighting factors within such areas, (3) determination of the financial, relocation, and oher resources needed and available to renew such areas, (4) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (5) scheduling or programing of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The Administrator may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has approved the preparation or completion of the community renewal program and the submission by the local public agency of an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies", the Administrator may make grant pursuant to this subsection for the preparation or completion of a community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or completion. No grant made pursuant to this subsection shall exceed two-thirds of the cost (as such cost is determined or estimated by the Administrator) of the preparation or completion of the community renewal program for which such grant is made."

Public improvements by Federal agencies in urban renewal areas

SEC. 406. Section 105(b) of the Housing Act of 1949 is amended by adding the following before the semicolon at the end thereof: ": *And provided further*, That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in accordance with this subsection, except that clause (ii) of the subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved."

State loan ceiling

SEC. 407. Section 106(e) of the Housing Act of 1949 is amended by striking out all of the text before the proviso and inserting in lieu thereof the following: "Not more than 12½ per centum of the grant funds provided for in this title shall be expended in any one State".

Relocation payments

SEC. 408. (a) (1) The first sentence of section 106(f)(2) of the Housing Act of 1949 is amended to read as follows: "As used in this subsection, the term 'relocation payments' means payments by a local public agency to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement from an urban renewal area made necessary by (i) the acquisition of real property by a local public agency or by any other public body, (ii) code enforcement activities undertaken in connection with an urban renewal project, or (iii) a program of voluntary rehabilitation of buildings or other improvements in acordance with an urban renewal plan: *Provided*, That such payments shall not be made after completion of the project or if completion is deferred solely for the purpose of obtaining further relocation payments."

(2) No relocation payments under section 106(f) of the Housing Act of 1949 shall be made for expenses or losses incurred prior to the date of the enactment of the Housing Act of 1959, except to the extent that such payments were authorized by such section as it existed prior to such date.

(b) Section 106(f)(2) of such Act is further amended by striking out "$100" each place it appears and inserting in lieu thereof "$200", and by striking out "$2,500" and inserting in lieu thereof "$3,000".

Hotels and other transient housing

SEC. 409. Section 106 of the Housing Act of 1949 is further amended by adding at the end thereof the following new subsection:

"(g) No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal area under this title shall be included in the urban renewal plan unless the community in which the project is located, under regulations prescribed by the Administrator, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing."

Low-rent housing in urban renewal areas

SEC. 410. Section 107 of the Housing Act of 1949, as amended, is hereby amended to read as follows:

"Payment for land used for low-rent public housing

"SEC. 107. When it appears in the public interest that land to be acquired as part of an urban renewal project should be used in whole or in part as a site for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, the site shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to the fair value of land to a private redeveloper who wants to buy a site in the community for private rental housing with physical characteristics similar to those of the proposed low-rent housing project, and such amount shall be included as part of the development cost of such low-rent housing project: *Provided*, That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act with respect to the low-rent housing project into which such land is incorporated shall (if covered by a contract which, in the determination of the Public Housing Commissioner, and without regard to the requirements of the first proviso of such section 10(h), will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act) be accepted as a local grant-in-aid equal in amount, as determined by the Administrator, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital

grant basis) of the difference between the cost of such site (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other project costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act."

Requirements for urban renewal plan

SEC. 411. Section 110(b) of the Housing Act of 1949 is amended by inserting after "to indicate" clause (2) the following: ", to the extent required by the Administrator for the making of loans and grants under this title."

Nonresidential redevelopment

SEC. 412. Section 110(c) of the Housing Act of 1949 is amended by striking out the second paragraph following the paragraph numbered (6) and inserting in lieu thereof the following:

"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided*, That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 shall not exceed 20 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date."

Local grants

SEC. 413. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"Notwithstanding any other provisions of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than five years prior to the authorization by the Administrator of a contract for loan or capital grant for the project."

(b) The requirement in section 110(d) of the Housing Act of 1949 that the assistance provided by a State, municipality, or other public body under that section, in order to qualify as a local grant-in-aid, shall be in connection with a project on which a contract for capital grant has been made under title I of that Act, shall not apply to assistance provided during the period from July 1, 1957, through December 31, 1957, in connection with urban renewal activities which were extended Federal recognition within 60 days after the provision of such assistance was initiated.

Credit for loss of interest

SEC. 414. Section 110(e) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into conisderation for each preceding six-month period the average interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c): *Provided*, That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title, and allocated, as the Administrator may determine, to each of such projects. With respect to a project for which a contractor for capital grant has been executed on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a) gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

"(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of subsection (c); and

"(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such a project is completed;

but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project."

Uniform date for interest rate determination

SEC. 415. Section 110(g) of the Housing Act of 1949 is amended—

(1) by striking out of the first sentence "is approved" and inserting in lieu thereof "for any project under this title is authorized";

(2) by inserting in the second sentence after "Any" the word "such", and

(3) by striking out of the second sentence "contract is revised or superseded by such later contract" and inserting in lieu thereof "later contract is authorized".

Conforming amendments

SEC. 416. The Housing Act of 1949 is amended—

(1) by striking out the word "capital" in section 100, in the second sentence of section 103(b), and in sections 106(a)(3), 106(b), 106(c)(6), 106(c)(8), and 106(e);

(2) by inserting in section 101(a) after the word "title" in the first place where it appears therein "or for grants pursuant to section 103(d)"; and

(3) by adding at the end of section 110 the following new subsection:

"(k) "Federal recognition" means execution of any contract for financial assistance under this title or concurrence by the Administrator in the commencement, without such assistance, of surveys and plans."

Urban renewal areas involving colleges or universities

SEC. 417. Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"Urban renewal areas involving colleges or universities

"SEC. 112. In any case where an educational institution is located in or near an urban renewal area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project or projects in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project or projects in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas: *Provided*, That the aggregate amount of any expenditures made by such educational institution (either directly or through a redevelopment corporation) for the acquisition, from others than the local public agency, of land and buildings and structures within the area of any urban renewal project undertaken by the local public agency in such urban renewal area or within the urban renewal area and adjacent to, or in the immediate vicinity of, the area of any such urban renewal project (which land and buildings and structures is or are to be retained and redeveloped or rehabilitated by such educational institution for use or uses in accordance with the urban renewal plan), and for the demolition of such buildings and structures (including expenditures made to assist in relocating tenants therefrom) if, pursuant to the urban renewal plan, the land is to be cleared and redeveloped, as certified by such educational institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with any urban renewal project being undertaken by the local public agency in such urban renewal area: *Provided further*, That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: *And provided further*, That the term "educational institution" as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual."

Urban planning

SEC. 418. Section 701 of the Housing Act of 1954 is amended to read as follows:

"Urban planning

"SEC. 701. (a) In order to assist State and local governments in solving planning

problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—

"(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization, and (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection;

"(2) official State, metropolitan, and regional planning agencies empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

"(3) cities, other municipalities, and counties which have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', has determined to be a major disaster;

"(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation; and

"(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto. Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems.

"(b) A grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding $20,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

"(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

"(d) It is the further intent of this section to encourage comprehensive planning for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Administrator may require such assurance as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, together with long-range fiscal plans for such development; (2) programing of capital improvements based on a determination of relative urgency, together with definite financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) intergovernmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

"(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities."

TITLE V—LOW-RENT PUBLIC HOUSING

Declaration of policy

SEC. 501. Section 1 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentences: "In the development of low-rent housing it shall be the policy of the United States to make adequate provision for larger families and for families consisting of elderly persons. It is the policy of the United States to vest in the local public housing agencies the maximum amount of responsibility in the administration of the low-rent housing program, including responsibility for the establishment of rents and eligibility requirements (subject to the approval of the Authority), with due consideration to accomplishing the objectives of this Act while effecting economies."

Central administrative office facilities

SEC. 502. The last sentence of paragraph (5) of section 2 of the United States Housing Act of 1937 is amended—

(1) by inserting after "1949" the following: ", or in cases where the public housing agency and the local public agency for purposes of such title I operate under a combined central administrative office staff,"; and

(2) by striking out "its functions as such local public agency" each place it appears and inserting in lieu thereof "the functions of such local public agency."

Rents and income limits

SEC. 503. (a) Paragraph (1) of section 2 of the United States Housing Act of 1937 is amended to read as follows:

"(1) The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing shall be available solely for families of low income. Income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Authority after taking into consideration (A) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (B) the economic factors which affect the financial stability and solvency of the project."

(b) Paragraph (7)(b) of section 15 of such Act is amended by inserting after 'a gap of at least 20 per centum' the following: '(except in the case of a family entitled to a first preference as provided in section 10(g)'.

Minimum age for admission of single persons and elderly families to low-rent projects

SEC. 504. The second and third sentences of paragraph (2) of section 2 of the United States Housing Act of 1937 are amended to read as follows: "The term 'families' means families consisting of two or more persons, a single person who has attained retirement age as defined in section 216(a) of the Social Security Act or who has attained the age of fifty and is under a disability as defined in section 223 of that Act, or the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) has attained retirement age as defined in section 216(a) of the Social Security Act or has attained the age of fifty and is under a disability as defined in section 223 of that Act."

Low-rent housing authorization

SEC. 505. (a) Section 10(i) of the United States Housing Act of 1937 is amended—

(1) by striking out "by thirty-five thousand additional dwelling units on July 1, 1957" and inserting in lieu thereof "(1) by thirty-five thousand additional dwelling units on July 1, 1957, (2) by thirty-five thousand additional dwelling units on July 1, 1959, and (3) by not more than thirty-five thousand additional dwelling units (within the limit provided by subsection (e)) on July 1 of each fiscal year beginning after 1959 with respect to which such increase is specifically authorized as being in the public interest by the President after consultation with the Council of Economic Advisers";

(2) by striking out the first proviso and inserting in lieu thereof the following: ": *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such thirty-five thousand additional dwelling units (except the units authorized under clause (3)) shall terminate four years after the first date on which such authority may be exercised under the foregoing provisions of this subsection"; and

(3) by striking out "authorized in this sentence" in the last proviso and inserting in lieu thereof "authorized by or under this sentence."

(b) The last proviso under the heading "Public Housing Administration, Annual Contributions" in title I of the First Independent Offices Appropriation Act, 1954 (67 Stat. 307), is repealed.

Payment for services

SEC. 506. Section 15 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(10) Notwithstanding any other provision of law or any contract or other arrangement made pursuant thereto, any public housing agency which utilizes public services and facilities of a municipality or other local governmental agency making charges therefor separate from real and personal property taxes shall be authorized by the authority (without any amendment to the contract for annual contributions or deductions from payments in lieu of taxes otherwise payable) to pay to such municipality or other local governmental agency the amount that would be charged private persons or dwellings similarly situated for such facilities and services."

Amendment of existing contracts

SEC. 507. The United States Housing Act of 1937 is amended by redesignating sections 30 and 31 as sections 31 and 32,

respectively, and by inserting after section 29 a new section as follows:

"SEC. 30. Upon the request of any public housing agency the Authority is authorized and directed to amend any or all of its contracts with the public housing agency so as to bring such contracts into conformity with the amendments made to this Act by the Housing Act of 1959: *Provided*, That contracts may not be amended or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved which are secured by any of the provisions of such contracts."

TITLE VI—COLLEGE HOUSING

SEC. 601. Section 401(d) of the Housing Act of 1950 is amended to read as follows:

"(d) To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,225,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed $137,500,000: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed $62,500,000."

SEC. 602. (a) Title IV of the Housing Act of 1950 is amended by adding at the end thereof a new section as follows:

"Loans for classroom buildings and other academic facilities

"SEC. 405. (a) In addition to the other purposes for which financial assistance may be extended under this title, the Administrator may make loans to educational institutions for (1) the construction of new structures suitable for use as classrooms, laboratories, and related facilities (including initial equipment, machinery, and utilities) necessary or appropriate for the instruction of students or the administration of the institution, and (2) the rehabilitation, alteration, conversion, or improvement of existing structures for the uses described above if such structures are otherwise inadequate for such uses. As used in this section, the term 'educational institution' means any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual.

"(b) Any educational institution which, prior to the effective date of this section, has contracted for the construction, rehabilitation, alteration, conversion, or improvement of any structures for the uses described in subsection (a) above may, in connection therewith, receive loans authorized by this section, as the Administrator may determine, but no such loan shall be made in connection with the construction, rehabilitation, alteration, conversion or improvement of any such structure if the work thereon was commenced prior to the effective date of this section, or was completed prior to the filing of an application under this section."

(b) Title IV of such Act is further amended by—

(1) striking out "HOUSING" in the heading of such title and inserting in lieu thereof "LOANS";

(2) striking out "FEDERAL" in the heading of section 401 and inserting in lieu thereof "COLLEGE HOUSING";

(3) inserting after "loan" in clause (1) of the proviso in section 401(a) the following: "(including any loan under section 405 of this title)";

(4) striking out "A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator" in section 401(c) and inserting in lieu thereof the following: "A loan under this section to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator, and a loan under section 405 of this title to an educational institution may be in an amount not exceeding the cost of construction of the structures involved (including related facilities), and the land on which the structures are located, as determined by the Administrator";

(5) inserting "(1)" immediately before the text of subsection (d) of section 401 (as amended by section 601 of this Act), and by adding at the end of such subsection (d) a new paragraph as follows:

"(2) In addition to the notes and other obligations authorized in paragraph (1) of this subsection, the Administrator may issue to the Secretary, from time to time and have outstanding at any one time, in an amount not exceeding $62,500,000, notes and other obligations for the purpose of carrying out the provisions of section 405 of this title.";

(6) striking out section 401(f) and inserting in lieu thereof the following:

"(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary to carry out the purposes of this title."

(7) inserting before the semicolon in section 402(c)(2) a colon and the following: *"Provided*, That the Administrator shall extend financial assistance to educational institutions under section 405 only after consultation with, and in accordance with the advice and recommendation of, said Office of Education";

(8) adding the following new subsections at the end of section 402:

"(e) The provisions of section 309 of the Independent Offices Appropriation Act, 1950 (63 Stat. 662), which are applicable to corporations or agencies subject to the Government Corporation Control Act, shall also be applicable to the activities of the Administrator under this title.

"(f) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this title, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1959, (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended, and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed; but the Administrator may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction,"; and

(9) inserting after "For the purposes of this title," in section 404 the following: "except as otherwise provided in section 405,"

SEC. 603. (a) Section 404(b) of the Housing Act of 1950 is amended by striking out "and (4)" and inserting in lieu thereof "(4)" and by inserting before the period at the end thereof the following: ", and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection".

(b) Section 401 of such Act is amended by adding at the end thereof the following new subsection:

"(g) In the case of any loan made under this section to a nonprofit student housing cooperative corporation referred to in clause (5) of section 404(b), the Administrator shall require that the note securing such loan be co-signed by the educational institution (referred to in clause (1) of such section) at which such corporation is located; and in the event of the dissolution of such corporation, title to the housing constructed with such loan shall vest in such educational institution."

TITLE VII—ARMED SERVICES HOUSING

SEC. 701. (a) Section 803(a) of the National Housing Act is amended by striking out "June 30, 1959" and inserting in lieu thereof "September 30, 1960."

(b) The second sentence of section 803(b)(3) of such Act is amended by striking out "have a maturity not to exceed twenty-five years" and inserting in lieu thereof "but not to exceed thirty years from the beginning of amortization of the mortgage."

(c) Section 803(b)(3) of such Act is further amended by adding at the end thereof the following: "The property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants."

(d) Section 803(c) of such Act is amended by adding at the end thereof the following new sentence: "The Commissioner is further authorized to reduce the amount of the premium charge below one-half of 1 per centum per annum with respect to any mortgage on property acquired by the Secretary of Defense or his designee if the mortgage is insured pursuant to the provisions of this title as in effect prior to August 11, 1955."

(e) Section 803 of such Act is further amended by adding at the end thereof the following new subsection:

"(k) The Commissioner shall not insure any mortgage under this section unless the principal contractor or contractors engaged in the construction of the project involved file a certificate or certificates (at such times, in the course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of such project have been paid not less than one and one-half times the regular rate of pay for employment in excess of eight hours in any one day or in excess of forty hours in any one week."

SEC. 702 (a) The first sentence of section 404(a) of the Housing Amendments of 1955 is amended to read as follows: "Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire, by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commission) (1) any housing financed with mortgages insured under title VIII of the National Housing Act as in effect prior to August 11, 1955, or (2) any housing situated adjacent to a military installation which was (A) completed prior to July 1, 1952, (B) certified by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the Federal Housing Commissioner, and (C) financed with mortgages insured under section 207 of the National Housing Act."

(b) Section 404(b) of the Housing Amendments of 1955 is amended by striking out "constructed under the mortgage insurance provisions of title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955)", and inserting in lieu thereof the following: "described in clause (1) and (2) of subsection (a) of this section."

(c) Section 407(f) of the Act entitled "An Act to authorize certain construction at military installations, and for other purposes", approved August 30, 1957, is amended to read as follows:

"(f) This section shall have no application to any housing described in clause (1) or (2) of section 404(a) of the Housing Amendments of 1955, as amended."

SEC. 703. (a) Title VIII of the National Housing Act is amended by adding at the end thereof the following new section:

"SEC. 810. (a) Notwithstanding any other provision of this title, the Commissioner may insure and make commitments to insure any mortgage under this section which meets the eligibility requirements hereinafter set forth.

"(b) No mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that (1) the housing which is covered by the insured mortgage is necessary in the interest of national defense in order to provide adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States, (2) there is no present intention to curtail substantially the number of such personnel assigned or to be assigned to the installation, (3) adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distances of such installation, and (4) the mortgaged property will not so far as can be reasonably foreseen substantially curtail occupancy in any existing housing in the vicinity of the installation which is covered by mortgages insured under this Act. Any such certificate issued by the Secretary of Defense or his designee shall be conclusive evidence to the Commissioner of the eligibility of the mortgage for insurance in accordance with the requirements of this subsection.

"(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act that the property or project be economically sound.

"(d) The Commissioner shall require each project covered by a mortgage insured under this section to be held for rental for a period of not less than five years after the project or dwelling is made available for initial occupancy or until advised by the Secretary of Defense or his designee that the housing may be released from such rental condition. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure reasonable preference or priority in the sale or rental of dwellings covered by a mortgage insured under this section for military personnel and essential civilian employees of the armed services, and employees of contractors for the armed services, as evidenced by certification issued by the Secretary of Defense or his designee. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the person requiring housing and of such person's need for the housing.

"(e) For the purpose of providing multifamily rental housing projects or housing projects consisting of individual single family dwellings for sale, the Commissioner is authorized to insure mortgages (including advances on such mortgages during construction) which cover property held by a private corporation, association, cooperative society, or trust. Any such mortgagor shall possess powers necessary therefor and incidental thereto and shall until the termination of all obligations of the Commissioner under such insurance be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance.

"(f) To be eligible for insurance under this section, a mortgage on any multifamily rental property or project shall involve a principal obligation in an amount (1) not to exceed $5,000,000 or (2) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed. The Commissioner may increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed $1,000 per room in any geographical area where he finds that cost levels so require.

"(g) To be eligible for insurance under this section, a mortgage on any property or project constructed for eventual sale of single family dwellings shall involve a principal obligation in an amount not to exceed $5,000,000 and not to exceed a sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) of this Act if the mortgagor were the owner and occupant who had made the required payment on account of the property prescribed in such paragraph.

"(h) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed the maximum term applicable to mortgages under section 207 of this Act and shall bear interest (exclusive of premium charges for insurance) at not to exceed the rate applicable to mortgages insured under section 207, except that individual mortgages of the character described in subsection (g) covering the individual dwellings in the project may have a term not in excess of the maximum term applicable to mortgages insured under section 203 of this Act or the unexpired term of the project mortgage at the time of the release of the mortgaged property from such project mortgage, which ever is the greater, and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage of the character described in subsection (g) of this section may provide that, at any time after the release of the project from the rental period prescribed by subsection (d), such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property, Each such individual mortgage may be insured under this section. Property covered by a mortgage insured under this section may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

"(i) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under this section shall at no time exceed five thousand dwelling units.

"(j) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages of the character described in subsection (g) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsection (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided*, That wherever the words "Fund", "Mutual Mortgage Insurance Fund," or "Housing Insurance Fund" appear in section 204 or 207, such reference shall refer to the Armed Services Housing Mortgage Insurance Fund with respect to mortgages insured under this section.

"(k) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured and the expiration date of the Commissioner's authority to insure under this title shall be applicable to mortgages insured under this section.

"(l) If the Commissioner determines that insurance of mortgages on any housing of the type described in this section is not an acceptable risk, he may require the Secretary of Defense to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty."

(b) Section 808 of such Act is amended by striking out "The," and inserting in lieu thereof the following: "Except in the case of mortgages, on multifamily rental housing projects insured under section 810, the".

(c) Section 212(a) of such Act is amended by striking out "or under title VIII" and inserting in lieu thereof "or under section 803 or 810 of title VIII".

TITLE VIII—MISCELLANEOUS

Reacquisition by former owners

SEC. 801. (a) Title IX of the National Housing Act is amended by adding at the end thereof the following new section:

"SEC. 909. Notwithstanding any other provision of law the Commissioner is authorized, in the disposal of properties acquired by him in insurance operations under the provisions of this title, to give former mortgagor-owners a preference and priority of opportunity to reacquire such properties: *Provided*, That such former mortgagor-owners shall be required, under such procedures as may be established from time to time by the Commissioner, to offer prices and terms reasonably commensurate with the value of such properties and not less favorable than prices and terms offered by other prospective purchasers."

(b) Section 608 of such Act is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of law the Commissioner is authorized, in the disposal of properties acquired by him

in insurance operations under this section, to give former mortgagor-owners a preference and priority of opportunity to reacquire such properties: *Provided,* That such former mortgagor-owners shall be required, under such procedures as may be established from time to time by the Commissioner, to offer prices and terms reasonably commensurate with the value of such properties and not less favorable than prices and terms offered by other prospective purchasers."

Surveys of public works planning

SEC. 802. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to use during any fiscal year not to exceed $50,000 of the moneys in the revolving fund (established under subsection (e) to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided,* That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent."

Disposal of Passyunk and Newport war housing projects

SEC. 803. (a) The use of projects PA–36011 and PA–36012 (which were conveyed to the Housing Authority of Philadelphia, Pennsylvania, under section 406(c) of the Housing Act of 1956) for the housing of military personnel and civilians employed in defense activities without regard to their income and the giving of a preference in respect of 700 dwelling units in such projects for such military personnel as the Secretary of Defense or his designee prescribes, for a period of five years after the date of the conveyance of such projects, is hereby authorized; and such use and the giving of such preferences shall not deprive such projects of their status as "low-rent housing" as that term is used and defined in the United States Housing Act of 1937 and within the meaning of that term as used in section 606(b) of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended. The Housing and Home Finance Administrator is authorized and directed to agree to any amendments to the instruments of conveyance which may be required to give effect to the purpose of this section.

(b) Section 406(c) of the Housing Act of 1956 is amended by striking out "three years" in the first proviso and inserting in lieu thereof "five years".

Farm housing research

SEC. 804. Section 693(c) of the Housing Act of 1957 is amended to read as follows:

"(c) The authority of the Housing and Home Finance Administrator to make grants under subsection (b) shall expire June 30, 1961. The total amount of such grants shall not exceed $300,000 during each of the fiscal years ending June 30, 1958, and June 30, 1959, and shall not exceed $100,000 during the period beginning July 1, 1959, and ending June 30, 1961."

VA loans

SEC. 805. Paragraph (1) of section 1803 (d) of title 38, United States Code, is amended by striking out "thirty years" and inserting in lieu thereof "thirty-five years".

Hospital construction

SEC. 806. (a) Section 605(a) of the Housing Act of 1956 is amended by striking out "1958" and inserting in lieu thereof "1960".

(b) Section 605(c) of the Housing Act of 1956 is amended by inserting before the period at the end thereof the following: ", and the sum of $7,500,000 for the purposes of this section for each of the fiscal years ending June 30, 1959, and June 30, 1960".

Savings and loan associations

SEC. 807. (a) Section 5(c) of the Home Owners Loan Act of 1933 is amended by inserting before the colon at the end of the first proviso a comma and the following: "and additional sums not exceeding 20 per centum of the assets of an association may be used without regard to such area restriction for the making or purchase of participating interests in first liens on one- to four-family homes, except that the aggregate sums invested pursuant to the two exceptions in this proviso shall not exceed 30 per centum of the assets of such association".

(b) The second paragraph of section 5(c) of such Act is amended by adding at the end thereof the following new sentence: "Participating interests in loans secured by mortgages which have the benefit of insurance or guaranty (or a commitment therefor) under the National Housing Act, the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code, shall not be taken into account in determining the amount of loans which an association may make within any of the percentage limitations contained in the first proviso of this subsection."

(c) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

"Without regard to any other provision of this subsection except the area restriction, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest an amount not exceeding at any one time 5 per centum of such withdrawable accounts in loans to finance the acquisition and development of land for primarily residential usage, subject to such rules and regulations as the Board may prescribe."

Voluntary home mortgage credit program

SEC. 808. Section 610(a) of the Housing Act of 1954 is amended by striking out "July 31, 1959" and inserting in lieu thereof "July 31, 1961".

Study of migratory workers' housing

SEC. 809. The Housing and Home Finance Administrator is authorized and directed to undertake a comprehensive study to determine the character and extent of the housing needs of migratory workers and the best means of providing for such needs.

Defense housing projects

SEC. 810. Section 606 of the Act of October 14, 1940, as amended (42 U.S.C. 1586), is amended—

(1) by inserting the following sentence after the first sentence of subsection (b): "If any such project is consolidated under a single annual contributions contract with any low-rent project being assisted with annual contributions under the said Act, the payment of any annual contribution on account of any project so assisted shall not be deemed to be a capital grant or annual contribution with respect to any project conveyed hereunder."; and

(2) by inserting the following proviso before the semicolon at the end of subsection (c)(3): ": *Provided,* That the provisions of this paragraph shall not be applicable to any project which is consolidated under a single contract with one or more low-rent projects being assisted under the United States Housing Act of 1937, and all income from any such project conveyed under this section may be commingled with funds of the project or projects with which it is consolidated and applied in accordance with the requirements of the consolidated contract and the provisions of section 10(c) of the said Act".

Disposal of projects

SEC. 811. Section 607 of the Act of October 14, 1940, as amended (42 U.S.C. 1587), is amended by adding at the end thereof a new subsection as follows:

"(h) Notwithstanding any other provision of law, the Administrator may, whenever he deems it desirable, in the public interest, and in the fulfillment of the purposes of this title, consent to the modification, with respect to purchase price, repayment period, rate of interest, time of payment of any installment on principal or interest, security, or any other term, of any contract, sale, mortgage, or other agreement to which he is a party, or which has been transferred to him pursuant to this title: *Provided,* That, in any such modification of a contract, sale, mortgage, or other agreement relating to housing projects heretofore disposed of as a whole or in other portions, exceeding four family dwelling units per portion, under paragraph (c) of this section by sale to a group organized on a mutual or cooperative basis, the Administrator shall endeavor to make such modifications as may be necessary to enable such group to retain possession, wherever this result can be achieved without undue sacrifice of the interest of the Federal Government."

City planning scholarships and fellowships

SEC. 812. There is hereby authorized to be appropriated not to exceed $300,000 for a three-year period commencing on July 1, 1959, to be used by the Housing and Home Finance Administrator for the purpose of providing scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

Real estate loans by national banks

SEC. 813. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(j) Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits."

SECTION-BY-SECTION SUMMARY OF S. 57 AS AGREED TO IN CONFERENCE

TITLE I—FHA INSURANCE PROGRAMS

Property improvement loans

Section 101: Amends section 2(a) of the National Housing Act so as to extend for 1 year (until October 1, 1960) FHA's home improvement and modernization insurance program.

Section 203 sales housing mortgage insurance

Section 102: (a)(1) Amends section 203 (b) of the National Housing Act to increase the maximum amount of an insured mortgage covering a one-family residence from $20,000 to $22,500, or $25,000 in case of a two-family residence.

(2) Amends section 203(b) of the National Housing Act to provide a new downpayment schedule for FHA section 203 sales housing as follows:

Valuation:	*Downpayment (percent)*
Up to $13,500	3
$13,500 to $18,000	10
Over $18,000	30

(3) Amends section 203(b) to permit FHA to accept VA inspection as sufficient to warrant a "new construction" loan-to-value ratio.

(b) Amends section 203(b) of the National Housing Act to increase the maximum ma-

turity of mortgages insured under that section from 30 to 35 years.

(c) Amends section 203(b) of the National Housing Act to make a nonoccupant mortgagor (builder or realtor) eligible for mortgage insurance in the same amount as that available to an owner-occupant under that section, in order to facilitate trade-in financing and avoid duplicate closing costs, if he places 15 percent of the mortgage amount in escrow to be applied to reduce the mortgage should no purchaser be found within 18 months. Under existing law, the mortgage of a nonoccupant is limited to 85 percent of the mortgage which an owner-occupant could obtain.

Low-cost housing in outlying areas

Section 103: Amends section 203(i) of the National Housing Act (relating to low-cost housing in outlying areas) to increase the maximum mortgage amount from $8,000 to $9,000, and to make mortgages on existing housing (as well as mortgages on new construction, to which existing law is limited) eligible for such insurance, with a reduced loan-to-value ratio (90 percent instead of 97 percent) for existing housing less than 1 year old which was not subject to FHA or VA inspection during construction. Removes $100 million total insurance authorization for farm homes insured under section 203(i).

Section 207 rental housing insurance

Section 104: (a) Amends section 207 of the National Housing Act (the regular rental housing program) to increase from $12,500,000 to $20 million the maximum amount of a mortgage which may be insured under that section.

(b) Increases dollar limits (per room and per unit) on FHA section 207 program, as follows:

	Present law		New	
	Per room	Per unit if under 4 rooms	Per room	Per unit if under 4 rooms
Garden type	$2,250	$8,100	$2,500	$9,000
Elevator type	2,700	8,400	3,000	9,400
Increase for high cost areas	1,000	-------	1,250	-------

Also amends section 207 to increase the mortgage limits for trailer courts or parks from $1,000 to $1,500 per space, and from $300,000 to $500,000 per mortgage. Also permits the FHA Commissioner to assess a service charge in connection with mortgages assigned to him under any Title of the National Housing Act.

(c) Amends section 207 of the National Housing Act to increase the maximum interest rate for mortgages insured under that section from 4½ percent to 5¼ percent.

(d) Adds a new subsection (r) to section 207 of the National Housing Act authorizing the Commissioner to require mortgagors on housing hereafter insured under that section or any other provision of the National Housing Act to agree to pay a service charge (in lieu of insurance premiums) if the mortgages are later assigned to FHA.

(e) Amends section 207 of the National Housing Act to delete all provisions relating to housing for elderly persons, since the bill (in title II) establishes a new FHA section 231 program of mortgage insurance for elderly persons' housing.

Cooperative housing insurance

Section 105: (a) Amends section 213 of the National Housing Act to increase from $12,500,000 to $20 million the maximum amount of a mortgage on cooperative housing which may be insured under that section.

(b) Amends section 213 of the National Housing Act to increase multifamily dollar limits per room and per units as follows:

	Present law		New	
	Per room	Per unit	Per room	Per unit
Garden type:				
Nonveteran	$2,250	$8,100	$2,500	$9,000
Veteran	2,375	8,550	2,500	9,000
Elevator type:				
Nonveteran	2,700	8,400	3,000	9,400
Veteran	2,850	8,900	3,000	9,400
High-cost area, increase	1,000	-------	1,250	-------

Also amends section 213(b)(2) of the National Housing Act to increase the maximum loan ratio from 90 percent of replacement cost (95 percent of replacement cost if 50 percent of the cooperators are veterans) to 97 percent of replacement cost.

(c) Amends section 213 of the National Housing Act to permit only community facilities to be included in sales-type housing mortgages and to permit both community and commercial facilities to be included in investor-sponsor-type mortgages.

(d) Amends section 213 of the National Housing Act to increase maximum interest rate of management-type co-ops from 4½ to 5¼ percent; increase maximum interest rate of sales-type co-ops from 5 to 5¾ percent.

(e) Amends section 213 of the National Housing Act to extend the cooperative housing program to existing structures acquired by consumer cooperatives.

Mortgage ceilings for Alaska, Guam, and Hawaii

Section 106: Amends section 214 of the National Housing Act to provide that the 50 percent higher mortgage amount which the FHA Commissioner, at his discretion, may allow in Alaska, Guam, and Hawaii, may be applied to high-cost-area mortgage amounts in the programs where such high-cost-area provisions pertain.

General mortgage insurance authorization

Section 107: Amends section 217 of the National Housing Act to increase FHA's general mortgage insurance authorization by $5 billion for each of the fiscal years 1959 and 1960. The portion of the fiscal year 1959 increase which is unused through June 30, 1959, may not be added to the revolving fund.

Repeal of obsolete provision

Section 108: Repeals section 218 of the National Housing Act, an obsolete provision, which permitted the transfer of application fees from the FHA section 608 program to the section 207 regular rental housing program.

Housing in urban renewal areas

Section 109: (a)(1) Amends section 220 of the National Housing Act (urban renewal housing) to increase the maximum mortgage amount which may be insured by FHA on sales housing, as follows: From $20,000 to $22,500 on one-family homes and from $20,000 to $25,000 on two-family homes and from $27,500 to $30,000 on three-family homes.

(2) Amends section 220 of the National Housing Act to provide a new downpayment schedule on FHA section 220 sales housing as follows:

Valuation:	Downpayment (percent)
Up to $13,500	3
$13,500 to $18,000	10
Over $18,000	30

(3) Amends section 220 of National Housing Act relating to the sales housing provisions to permit a nonoccupant mortgagor to obtain a mortgage in the same amount as that available to an owner-occupant by placing 15 percent of the mortgage amount in escrow to be applied to the reduction of the mortgage if no purchaser is found within 18 months, the same as was done in the section 203(b) sales housing program by section 102(c) of the bill.

(b) Amends the rental housing provisions of section 220 of National Housing Act to increase from $12,500,000 to $20 million the maximum amount of a mortgage which may be insured thereunder.

(c) Amends section 220 of National Housing Act to increase dollar limits (per room and per unit) on rental housing program as follows:

	Existing law		New	
	Per room	Per unit	Per room	Per unit
Garden type	$2,250	$8,100	$2,500	$9,000
Elevator type	2,700	8,400	3,000	9,400
High-cost-area increase	1,000	-------	1,250	-------

(d) Amends section 220 of National Housing Act to permit exterior land improvements (as defined by FHA Commissioner) to be included in the mortgage without being computed as a part of the per room or per unit cost limitation.

(e) Amends section 220 of National Housing Act to permit the inclusion of such nondwelling facilities as the FHA Commissioner deems adequate to serve the needs of the occupants of the project and of other housing in the neighborhood.

Relocation housing

Section 110: (a) Amends section 221 of the National Housing Act (relocation housing) to extend the benefits of the program to any family displaced within the environs of a community that has a workable program provided the community requests such mortgage insurance.

(b) Makes eligible for mortgage insurance 2-, 3-, and 4-family dwellings which meet FHA minimum property standards and appropriate State and local housing ordinances or regulations.

(c)(1) Amends section 221(d) of such act to increase the dollar amount limitations per family unit for mortgages insured thereunder from $9,000 to $10,000 in normal-cost areas and from $10,000 to $12,000 in high-cost areas.

(2) Amends the existing rental housing program for nonprofit organizations in section 221(d) to provide that the maximum loan ratio (which is 100 percent under existing law and would not be changed by the bill) shall be based on replacement cost in the case of new construction and on value in the case of rehabilitation projects, instead of on value in both cases as provided by existing law.

(3) Amends section 221(d) to establish a new rental housing program for profit organizations similar to the section 220 rental housing program. The maximum loan ratio for mortgages under the new program would be 90 percent of replacement cost in the case of new construction and 90 percent of value in the case of rehabilitation projects; and the Federal Housing Commissioner would be authorized to require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation. The maximum mortgage amount and dollar amount limitation per family unit would be the same as in the case of the existing section 221 rental housing program for nonprofit organizations.

(4) Permits inclusion of commercial and community facilities as necessary to serve occupants.

(d) Conforming amendment.

(e) Amends section 212(a) of the National Housing Act to make the labor standards provisions of that section applicable to rental housing projects constructed by profit organizations with mortgage insurance under section 221.

Servicemen's housing mortgage insurance

Section 111: Amends section 222(b) of the National Housing Act (mortgage insurance for servicemen) to (1) permit the benefits of section 222 in the purchase of property constructed under the provisions of section 203(i), and (2) increase the maximum insurable mortgage from $17,100 to $20,000, and in the case of insurance under section 203(i) establish a maximum of $9,000.

Cost certification

Section 112: Amends section 227 of the National Housing Act to revise the cost-certification requirements affecting FHA, section 221, and new sections 231 and 810 in accordance with amendments made by other sections of this bill.

Voluntary termination of insurance

Section 113: Amends title II of the National Housing Act by adding a new section 229 to authorize the FHA Commissioner to terminate any mortgage insurance contract covering a 1- to 4-family home upon request of the mortgagor and mortgagee.

Avoidance of foreclosure

Section 114: Amends title II of the National Housing Act by adding a new section 230 to authorize the FHA Commissioner to extend the time for curing a mortgage default covering a 1- to 4-family residence and, in order to avoid foreclosure, to acquire the mortgage.

Mortgage insurance for nursing homes

Section 115: This section adds to title II of the National Housing Act a new section 232 establishing a program of FHA mortgage insurance for nursing homes.

(a) Declares that it is the purpose of the new section to assist in the provision of urgently needed nursing homes.

(b) Contains definitions of terms used in the section. The term "nursing home" would mean a proprietary facility (i.e., a facility privately owned and operated for profit) which is licensed or regulated by the State (or a political subdivision thereof where there is no State licensing law) for the accommodation of convalescents and other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services; such care or services would be prescribed by, or performed under the general direction of, persons licensed by State law to provide it.

(c) Authorizes the Federal Housing Commissioner to insure mortgages on new or rehabilitated nursing homes and to make commitments for such insurance prior to the execution of such mortgages or disbursement thereon.

(d) Sets forth the conditions on which the Commissioner may insure mortgages covering nursing homes under the new program. Any such mortgage would have to be executed by a mortgagor approved by the Commissioner; and the Commissioner could require the mortgagor to be regulated or restricted as to charges and methods of operation and, if the mortgagor is a corporation, as to capital structure and rate of return. Any such mortgage would be limited in amount to $12.5 million, and to 75 percent of the estimated value of the property. The maximum interest rate would be 6 percent of the outstanding principal balance (exclusive of premium charges for insurance), and the maturity would be determined by the Commissioner.

Also provides that no mortgage may be insured under the new program unless the Commissioner has received a certification of the need for the nursing home from the State agency which has been designated under title VI of the Public Health Service Act to survey the need in the State for the construction of hospitals and for the furnishing of hospital, clinic, and similar services, also that there are reasonable standards of licensure and methods of operation of such homes.

(e) Authorizes the Commissioner to permit the release of a part or parts of the mortgaged property from the lien of any mortgage insured under the program.

(f) Makes the provisions of section 207 of the National Housing Act which relate to premiums and payment of insurance applicable to mortgages covering nursing homes under new section 232.

Also makes the labor standards of the Davis-Bacon Act (as contained in sec. 212 of the National Housing Act) applicable to the construction of nursing homes financed with insurance under new section 232.

Technical amendments

Section 116: Makes various amendments in the National Housing Act to add necessary cross references between section 204 of that act (relating to payment of insurance) and five of the insurance programs (the title I property improvement program, the section 220 sales housing program, the section 221 relocation housing program, the section 222 servicemen's housing program, and the section 809 program for civilian housing at defense installations) to which the section 204 procedures apply.

Inclusion of conveyance costs in debentures

Section 117: Amends section 204(k) of the National Housing Act to permit the Federal Housing Commissioner to include certain costs of conveying property to FHA in the debentures issued to mortgagees on default under any of the title II sales housing programs and under the title VI and title IX programs.

Investment insurance

Section 118: Removes mortgage insurance authority ceiling under title VII of the National Housing Act.

Legal notifications sent by mail

Section 119: Amends section 512 of the National Housing Act to provide that certain legal notifications sent by the FHA Commissioner be considered notice if properly mailed to the last known address.

TITLE II—HOUSING FOR THE ELDERLY

Under this title are two programs: (1) an FHA insurance program and (2) a direct loan program to assist in providing rental housing for elderly families and individuals.

FHA insurance program

Section 201: Adds a new section 231 to National Housing Act to provide a new mortgage insurance program for elderly persons housing, new or rehabilitated. Maximum insurable mortgage would be $12.5 million.

Dollar limits would be as follows:

	Per unit
Garden-type	$9,000
Elevator-type	9,400

High-cost areas increase of $1,250 per room.

Loan ratios would be:

(a) New construction, 100 percent of replacement cost for nonprofit mortgagors; 90 percent of the amount which the Commissioner estimates will be the replacement cost of property or project when completed by profitmaking mortgagors.

(b) Existing construction, 90 percent of value.

Interest rate on new program would not exceed 5½ percent. Maturity to be prescribed by FHA Commissioner. Not less than 50 percent of dwelling units for elderly (defined as any person, married or single, who is 62 years of age or more).

Applies Davis-Bacon Act except where laborers and mechanics donate their services to nonprofit corporation.

Loan program

Under this section, the Housing and Home Finance Administrator would be authorized to make loans to private nonprofit corporations to construct, rehabilitate, or convert structures providing rental housing and related facilities for elderly families and elderly persons (including land acquisition and site improvement).

Terms and conditions of loans

Section 202(a)(1) states that it is the purpose of the title to assist private nonprofit corporations to provide housing and related facilities for elderly families and elderly persons.

(2) Authorizes the Administrator to make loans to carry out such purpose, but provides that no such loan may be made unless the corporation shows that it cannot secure the necessary funds from other sources upon terms and conditions equally as favorable as those applicable to loans from the Administrator.

(3) Limits any such loan to 98 percent of the total development cost of the construction as determined by the Administrator, with a maximum maturity of 50 years. Such a loan would bear interest at a rate not more than the higher of (a) 2¾ percent or (b) the total of ¼ percent added to the average annual interest rate on all interest-bearing obligations of the United States.

(4) Authorizes the appropriation of $50 million as a revolving fund from which the Administrator would make loans under this title, limiting to $5 million the amount which may be outstanding from the revolving fund at any one time for related facilities (defined as indicated below).

(b) Confers upon the Administrator the same functions, powers, and duties as are vested in him for purposes of the college housing program under the Housing Act of 1950. Under the authority granted to the Administrator under this section, he would have power to make necessary rules and regulations, sue and be sued, deal in various ways with any property acquired or held by him, obtain insurance against loss, modify the terms and conditions of loan contracts (which may contain such covenants, conditions, and provisions as he deems necessary), and contract without advertising in certain cases, and his operations under the program would be generally subject to the Government Corporation Control Act.

(c) (1) and (2) Prohibit the use of housing constructed under the new program for transient or hotel purposes while the loans made under this title for such construction are still outstanding. The Administrator would define the term "transient or hotel purposes," but rental for any period less than 30 days would, in any event, constitute use for such purposes.

(3) Requires that all persons employed in the construction of housing under the new program be paid at not less than the prevailing wage rate in the locality, as determined in accordance with the Davis-Bacon Act, except in the case of persons who voluntarily donate their services without full compensation in order to lower construction costs.

(d) Defines terms used in the title. The term "elderly families" would mean families the head of which (or his spouse) is 62 years of age or over, and the term "elderly person" would mean persons who are 62 years of age or over. The term "corporation" would be limited to private, nonprofit corporations which are approved by the Administrator as to financial responsibility. The term "related facilities" would include cafeterias or dining halls, community rooms or buildings,

infirmaries and health facilities, and other essential service facilities.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Increase in mortgage ceilings

Section 301: Amends section 302(b) of the National Housing Act to increase the maximum mortgage which FNMA may purchase from $15,000 to $20,000 in the case of mortgages purchased under the secondary market operation and from $15,000 to $17,500 in the case of mortgages purchased under the special assistance function. Under the bill, as under existing law, these limits would not be applicable to mortgages insured under section 220 or 803 of the National Housing Act or to mortgages covering housing located in Alaska, Guam, or Hawaii.

Financing of existing construction

Section 302: Amends section 304(a) of the National Housing Act to make standby commitment feature of FNMA secondary market operation applicable to the financing of existing homes as well as proposed construction.

Par purchase and reduction of fees

Section 303: Amends section 305(b) of the National Housing Act to extend until September 30, 1960, the requirement that FNMA pay not less than par for mortgages purchased under its special assistance program. An exception to this requirement would be made for mortgages purchased under contracts made between August 8, 1958, and the date of the enactment of the bill.

Further amends section 305(b) of such act to reduce from 1½ to 1 percent of unpaid principal balance the maximum charge which FNMA may impose for its commitments and purchases under the special assistance program, and to reduce from one-half to one-fourth of the total charge the amount which must be paid at the time of commitment.

Cooperative housing mortgages

Section 304: Amends section 305(e) of the National Housing Act to increase the special support fund for section 213 cooperative housing mortgages by a total of $37.5 million. Of this increase, $25 million would be earmarked for mortgages on consumer cooperatives and the other $12.5 million for mortgages on builder-sponsor cooperatives.

Short-term loans

Section 305: Amends section 304(a) of the National Housing Act to authorize FNMA, under the regular secondary market program, to make short-term (12-month) loans on pledged FHA or GI mortgages. Such loans could be made in amounts up to 90 percent of the unpaid principal balances of the mortgages securing them. The aggregate amount of such loans outstanding at any one time could not exceed 10 percent of FNMA's total secondary market borrowing authority. The interest rate on such loans and the charges or fees required would be determined by FNMA from time to time with the objectives of preventing excessive use of its facilities and making its secondary market operations (including the new loan operations as well as the existing purchase operations) fully self-supporting. Borrowers under the new program would be required to make nonrefundable capital contributions (not exceeding one-half of 1 percent of the loan) in the same manner as mortgage sellers under existing law.

Investments by FNMA

Section 306: Amends section 304(b), 306 (b), and 310 of the National Housing Act to authorize FNMA to invest its excess funds in obligations which are lawful investments for fiduciary, trust, or public funds, as well as in obligations issued or guaranteed by the United States.

FNMA purchase of mortgages held by HHFA

Section 307: Amends section 306 of the National Housing Act to authorize FNMA to purchase (pursuant to commitments or otherwise), service, and sell any mortgages offered to it by the Housing and Home Finance Agency or a constituent unit or agency thereof.

TITLE IV—URBAN RENEWAL

Statewide planning

Section 401: Amends section 101(b) of the Housing Act of 1949 to direct the Housing and Home Finance Administrator to give particular encouragement to the utilization of local public agencies which are established by States to operate on a statewide basis in behalf of smaller communities undertaking or proposing to undertake urban renewal programs, subject to local government approval, whenever the utilization of such agencies would promote the slum clearance and urban renewal program.

Clarifying amendment

Section 402: Amends section 102 of the Housing Act of 1949 to make it clear that loan contracts under that section may cover the total cost including interest payments of financing definitive loans to local public agencies.

Early land acquisition and clearance

Section 403: Amends section 102(a) of the Housing Act of 1949 to authorize the HHFA Administrator to permit land acquisition and clearance prior to the signing of a loan and grant contract, provided local law permits such early acquisition and clearance, and provided that land acquired under this procedure shall not be disposed of until the urban renewal plan is approved by the local community.

Urban renewal loan authorization

Section 404: Amends section 102(e) of the Housing Act of 1949 to permit the Administrator to make borrowings from the Treasury in excess of $1 billion at discretion of the President, and to revise accounting methods under the loan program.

Grant authorization

Section 405: Amends section 103 of the Housing Act of 1949—

(1) to provide an additional grant authorization of $500 million on July 1, 1959, and $400 million on July 1, 1960;

(2) to authorize the use of urban renewal grant funds to repay Treasury loans made to finance urban planning advances which are now uncollectible because of cancellation of the project;

(3) to provide that where urban renewal assistance may be granted to a locality or local public agency within the applicable dollar amount and percentage limitations prescribed by title I of the 1949 act, the amount of such assistance shall not otherwise be restricted, and application therefor shall be processed in order of their receipt; and no limitations may be imposed upon the size of any urban renewal project which otherwise meets the requirement of the urban renewal program;

(4) to authorize the Administrator to make grants for plans for community renewal programs. Such a grant could not exceed two-thirds of the cost of the planning.

Public improvements by Federal agencies

Section 406: Amends section 105(b) of the Housing Act of 1949 to facilitate public improvements involving the Federal Government and the District of Columbia in connection with urban renewal projects.

State loan ceiling

Section 407: Amends section 106(e) of the Housing Act of 1949 to eliminate the provision in existing law that not more than 12½ percent of the total loan authorization may be obligated in any one State; but does not alter the 12½-percent State limitation on grant authorization.

Relocation payments

Section 408: Amends section 106(f) of the Housing Act of 1949 to authorize relocation payments when the displacement is a result of any governmental activity in an urban renewal area, and of programs of voluntary repair and rehabilitation; increases from $100 to $200 the maximum amount of relocation payments to individuals and families; and increases from $2,500 to $3,000 the maximum amount of relocation payments to business establishments.

Hotels and other transient housing

Section 409: Amends section 106 of the Housing Act of 1949 to prohibit hotels and other transient housing from being constructed in urban renewal areas unless the community obtains a competent independent analysis of local supply of such housing and determines that there is a need for such housing.

Low-rent housing in urban renewal areas

Section 410: (a) Amends section 107 of the Housing Act of 1949 to facilitate the development of federally assisted low-rent housing in urban renewal areas by providing that where land to be acquired as part of an urban renewal project is to be used in whole or in part for low-rent public housing, it shall be made available to the public housing agency at a price equal to the amount which would be charged to private enterprise for rental housing with similar characteristics and the amount of such price shall be included as part of the development cost of the low-rent housing project. The local contribution in the form of tax exemption or tax remission required under the public housing law with respect to any such project shall be accepted as a local grant-in-aid under the urban renewal program.

Planning requirements

Section 411: Amends section 110(b) of the Housing Act of 1949 to authorize the HHFA Administrator to expedite urban renewal projects by permitting him to omit or to simplify present detailed requirements for the urban renewal plan.

Nonresidential development

Section 412: Amends section 110(c) of the Housing Act of 1949 to permit up to 20 percent of the future capital grant authorization to be used for areas which are not predominantly residential, and which are not to be redeveloped for predominantly residential uses, even if such areas do not include a substantial number of slum dwellings as presently required.

Noncash grants-in-aid

Section 413: (a) Amends section 110(d) of the Housing Act of 1949 to provide that improvements and facilities that are otherwise eligible may be credited as local grants-in-aid to urban renewal projects, provided their commencement does not precede the signing of the loan and grant contract for the project by more than 5 years.

(b) Waives the requirement in section 110(d) of the Housing Act of 1949 for communities whose projects could not obtain Federal recognition during the period from July 1, 1957, through December 31, 1957, because of limitations on the HHFA Administrator to make capital grants or to reserve funds. Under existing law, such Federal recognition is required to enable the local community to include local activities and facilities as noncash grants-in-aid.

Credit for interest payments

Section 414: Amends section 110(e) of the Housing Act of 1949 to authoriez the HHFA to include interest on advances by a city (local public funds) as an item of gross project cost for an urban renewal project.

Uniform date

Section 415: Amends section 110(g) of the Housing Act of 1949 to make uniform the date for determining the application of the "going Federal rate" of interest under urban renewal contracts.

Technical

Section 416: Makes conforming amendments.

Urban renewal areas involving colleges

Section 417: Adds a new section 112 to the Housing Act of 1949 to—

(1) remove "predominantly residential" requirement in areas involving an educational institution;

(2) permit credit, toward the locality's one-third share, of expenditures made by the educational institution in purchasing property and in clearing the property;

(3) permit the expenditure to be counted toward a community's local share provided the expenditure is made no more than 5 years prior to the signing of the loan and grant contract for the urban renewal project.

Urban planning

Section 418: Rewrites existing law to provide that grants-in-aid for planning assistance may be made to—

(1) State planning agencies, or in the absence of any such agency, to an agency or instrumentality of a State government designated by the Governor and approved by the Administrator;

State planning agencies for statewide and interstate comprehensive planning;

Official State, metropolitan, and regional planning agencies empowered under State and local laws or interstate compact to perform metropolitan or regional planning; and

Official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from establishment or increased activity of Federal installation.

(2) Extend urban planning to include—

Municipalities of less than 50,000 population;

Counties of less than 50,000 population;

Groups of adjacent communities with common planning problem having population of less than 50,000; and

Cities, other municipalities, and counties suffering as a result of catastrophe which the President declares a major disaster.

(3) Authorize an additional appropriation of $10 million for the program.

(4) Authorize the Administrator to encourage, in areas embracing several municipalities or political subdivisions, planning on unified metropolitan basis to provide technical assistance for planning and for solution of problems.

TITLE V—LOW-RENT PUBLIC HOUSING

Declaration of policy

Section 501: Amends section 1 of the U.S. Housing Act of 1937 to add the following policy objectives: To make adequate provision for larger families and for families consisting of elderly persons and to vest in local housing authorities responsibility for the establishment of rents and eligibility requirements (subject to the approval of the Public Housing Authority).

Central administrative office facilities

Section 502: Amends section 2(5) of the act of 1937 to permit a local public housing agency to furnish administrative facilities to the local urban renewal agency, at economic rent, in localities where the public housing agency and the local public agency operate as separate legal entities but with a common administrative staff.

Rents and income limits

Section 503: (a) Amends section 2(1) of the U.S. Housing Act of 1937 to remove the existing requirement that rents be at least 20 percent of family income less certain deductions, providing instead that rents and income limits shall be fixed by the local public agency, subject to PHA approval, taking into consideration the rent-paying ability of the family and the financial stability and solvency of the project.

(b) Amends section 15(7)(b) of the 1937 act to provide that maximum rents for public housing may be no higher than the private market in the case of housing for families displaced by governmental action instead of 20 percent below the private market as is provided in all other cases.

Minimum age for admission of single persons and elderly families to low-rent projects

Section 504: Amends section 2(2) of the U.S. Housing Act of 1937 to make the age requirements for admission to and occupancy of low-rent housing for elderly single persons and families conform to the age requirements generally applicable for benefits under title II of the Social Security Act (65 for men, 62 for women, and 50 for disabled persons.)

Authorization

Section 505: (a) Amends section 10(i) of the act of 1937 by increasing the authorization for new annual contribution contracts by an additional 35,000 units to become available July 1, 1959. It would also extend by 2 years the period during which the existing authorizations would be available. This would make available for 2 additional years, until July 31, 1960, any units not contracted for under the first authorization of 35,000 units which expired July 31, 1958, would extend the second authorization of 35,000 units to June 30, 1961, and make the new authorization of 35,000 units available until June 30, 1963.

(b) Technical: Authorizes the President to increase the above authorization by no more than 35,000 units annually starting on July 1, 1960, until such time as the maximum annual contributions are contracted for as provided in subsection (e) of this title. The authority to enter into new contracts for each such 35,000 units shall terminate 4 years after the first date on which such authority may be exercised.

Payment for services

Section 506: Amends section 15 of the U.S. Housing Act of 1937 to authorize local public housing agencies utilizing public services and facilities of a municipality or other governmental agency for which separate charges are made to pay such charges (in the same amounts as would be charged private persons similarly situated) without the necessity of any amendment to the annual contributions contract.

Amendment of existing contracts

Section 507: Adds to the U.S. Housing Act of 1937 a new section 30 directing PHA to amend its contracts with any local public housing agency (subject to the rights of holders of its outstanding obligations), upon the request of such agency, in order to bring such contracts into conformity with the amendments made to the 1937 act by the bill.

TITLE VI—COLLEGE HOUSING

Housing loans

Section 601: Amends section 401(d) of the Housing Act of 1950 to increase the revolving fund for college housing loans by $300 million (the present ceiling is $925 million). Of the $300 million increase, $37.5 million is reserved for "other educational facilities," increasing the reservation for this purpose from $100 million to $137.5 million, and $37.5 million is reserved for student-nurse and intern housing facilities, increasing the reservation for this purpose from $25 million to $62.5 million.

Classroom loans

Section 602: Amends title IV of the Housing Act of 1950 by adding new section 405 which authorizes the Administrator to make loans to educational institutions for the construction of new, or rehabilitation of existing classrooms, laboratories, and related facilities, including equipment and utilities. Authorizes a revolving fund of $62.5 million to finance the new loan program. This section also provides for the prevailing wage scale and overtime provisions of the Davis-Bacon Act to be applicable to all construction financed with college housing loans except for services voluntarily donated.

Cooperative student housing

Section 603: (a) Amends section 404(b) of the Housing Act of 1950 to provide that nonprofit student housing cooperative corporations established for the sole purpose of providing housing for students (or students and faculty) at an educational institution, shall be eligible to receive college housing loans.

(b) Amends section 401 of such act to require that the note securing any such loan to a student housing cooperative corporation be cosigned by the educational institution where the cooperative is located. Under this amendment, title to the housing constructed with any such loan would vest in the educational institution in the event of the dissolution of the cooperative.

TITLE VII—ARMED SERVICES HOUSING

Extension of program; increase in maturity; reduction in certain insurance premiums; labor standards

Section 701: (a) Amends section 803(a) of the National Housing Act to extend the armed services housing mortgage insurance program until September 30, 1960. Under present law the program would expire June 30, 1959.

(b) Amends section 803(b)(3) of such act to increase from 25 to 30 years the maximum maturity of mortgages insured under the program.

(c) Amends section 803(b)(3) of such act to permit the inclusion of nondwelling facilities to serve the occupants.

(d) Amends section 803(c) of such act to permit the insurance premium on a Wherry Act project acquired by the Defense Department to be reduced below the present minimum of one-half of 1 percent.

(e) Amends section 803 of such act by adding a new subsection (k) which requires, as a condition of mortgage insurance, that the principal contractor or contractors engaged in the construction of the project involved certify that the laborers and mechanics employed on the project are being paid time and one-half for overtime employment.

Military housing (Wherry Act) and regular rental housing at military bases

Section 702: Amends section 404(a) of the Housing Amendments of 1955 to authorize the Secretary of Defense to acquire section 207 rental housing completed before July 1, 1952, which is situated adjacent to a military installation and was certified as necessary military housing, in the same way that he is authorized under present law to acquire Wherry housing.

(b) Amends section 404(b) of the Housing Amendments of 1955 to provide that the Secretary of Defense must acquire all of the section 207 rental housing of the type described above which is located at a military installation where section 803 housing is being constructed; this same requirement already applies under existing law to Wherry housing. The amendment also imposes the same requirement of mandatory acquisition, applicable to both Wherry housing and section 207 rental housing, where such housing is located at or near a military installation which the Secretary of

Defense determines to be a permanent part of the Military Establishment.

(c) Amends section 407(f) of the Military Construction Act of August 30, 1957, to provide that neither Wherry housing nor section 207 rental housing shall be declared substandard because the units in such housing do not meet the minimum floor-area requirements prescribed for other military housing.

Defense housing for impacted areas

Section 703: (a) Amends title VIII of the National Housing Act by adding a new section 810 to authorize the FHA Commissioner to insure mortgages on single-family and multifamily projects (not to exceed 5,000 units), the need for which is certified by the Secretary of Defense. Insurance would be on an "acceptable risk" rather than an "economic soundness" basis. The projects would be held for rental for a period of not less than 5 years unless released by the military for sale. Priority in rental or sale is given to military personnel and essential civilian personnel of the armed services as evidenced by certification issued by the Secretary of Defense.

(b) Amends section 808 of the National Housing Act to make applicable the provisions of section 227 of the National Housing Act (cost certification).

(c) Amends section 212(a) of the National Housing Act to make applicable the prevailing wage requirements of the Davis-Bacon Act.

TITLE VIII—MISCELLANEOUS

Reacquisition by former owners

Section 801: (a) Amends title IX of the National Housing Act to authorize the Commissioner, in disposing of properties acquired by him in insurance operations under such title, to give former mortgagor-owners a preference and priority of opportunity to reacquire such properties on prices and terms reasonably commensurate with the value of the properties and not less favorable than those offered by other prospective purchasers.

(b) Amends section 608 of the National Housing Act to give to former mortgagor-owners of projects insured under that section the same right of reacquisition as that which is given to former mortgagor-owners of title IX projects under the amendment made by subsection (a).

Surveys of public works planning

Section 802: Amends section 702 of the Housing Act of 1954 to authorize the Administrator to use during any fiscal year up to $50,000 from the section 702 revolving fund to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated State and local public works requirements.

Disposal of Passyunk and Newport war housing projects

Section 803: (a) Extends by 2 years the period during which military personnel (and civilians employed in defense activities) may continue to occupy the Passyunk war housing projects, which are presently owned by the Housing Authority of Philadelphia pursuant to section 406 of the Housing Act of 1956, with occupancy preference and without regard to their income.

(b) Amends section 406 of the Housing Act of 1956 to provide a similar 2-year extension in the case of the housing project which was conveyed to the Housing Authority of Newport, R.I., under that section.

Farm housing research

Section 804: Amends section 603(c) of the Housing Act of 1957 to extend the farm housing research program for 2 additional years (until June 30, 1961) and to authorize appropriations of $100,000 during such additional period.

VA-guaranteed and direct loans

Section 805: Amends section 1803(d) of title 38, United States Code, to extend maximum term of VA-guaranteed and direct mortgages from 30 to 35 years.

Hospital construction

Section 806: Amends section 605 of the Housing Act of 1956 so as to extend for 2 additional years (through June 30, 1960), the authority granted by that section for loans and grants to public and nonprofit agencies for hospital construction under the Defense Housing and Community Facilities and Services Act of 1951, where applications for such assistance were filed before June 30, 1953, and denied solely because of lack of funds. An appropriation of $7,500,000 would be authorized for each of the 2 additional years.

Purchase of participating interests by savings and loan associations

Section 807: (a) Amends section 5(c) of the Home Owners' Loan Act of 1933 to permit savings and loan associations to purchase (without regard to the existing area restriction) participating interests in first mortgages on 1- to 4-family homes, subject to two limitations: (1) No more than 20 percent of an association's assets may be used to purchase such interests; and (2) the aggregate of such participations plus all outstanding loans which the association has made under the existing exception from the $35,000 and 50-mile limitations may not at any time exceed 30 percent of its assets.

(b) Further amends section 5(c) of such act to provide that participating interests in FHA or GI mortgages shall not be taken into account in determining the amount of loans which a savings and loan association may make within any of the percentage limitations contained in that section (the existing 20-percent limit on loans made without regard to the $35,000 and 50-mile restrictions, the new 20-percent limit on the purchase of participations, and the 30-percent combined limit).

(c) Amends section 5(c) of the Home Owner's Loan Act of 1933, as amended, to permit an insured savings and loan association to invest an amount not exceeding at any one time 5 percent of its withdrawable accounts in loans to finance the acquisition and development of land for primarily residential usage.

Voluntary home mortgage credit program

Section 808: Amends section 610 of the Housing Act of 1954 to extend the voluntary home mortgage credit program for 2 years, until July 31, 1961.

Migratory farmworkers housing

Section 809: Directs the HHFA Administrator to study the housing needs of migratory farmworkers.

Defense housing projects

Section 810: Amends section 606 of the act entitled "An act to expedite the provisions of housing in connection with national defense and for other purposes," approved October 14, 1950, to permit the commingling of Lanham Act and low-rent project funds and the use of all residual receipts for reduction of any Federal annual contributions contract under the consolidated contract.

Disposal of projects

Section 811: Amends section 607 of the act of October 14, 1940 (Lanham Act), to authorize the PHA Commissioner to modify the terms of any contract relating to any housing projects disposed of by him to cooperatives.

Planning scholarships and fellowships

Section 812: Authorizes $300,000 to be appropriated for a 3-year period to be used by the HHFA Administrator to provide scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists.

Real estate loans by national banks

Section 813: Adds to section 203 of the National Housing Act a new subsection (j) providing that mortgage loans insured under that section shall not be taken into account in applying the existing limitations (contained in sec. 24 of the Federal Reserve Act) on the total amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

Mr. JOHNSTON of South Carolina. I commend the conferees of the Senate for working out as good a bill as they have agreed on under the circumstances. Having served on conferences at various times, I realize that the conferees must remain within the bounds of what the House and the Senate have already provided. That being so, I commend the Senator from Alabama for reporting to the Senate the bill which has been brought back to the Senate.

Mr. SPARKMAN. I appreciate the comments of the Senator from South Carolina.

It is true that a great many persons seem to forget that when Members of Congress meet in conference committee there are certain limitations beyond which they cannot go. Acting within those limitations, in an effort to work out a bill, and taking into consideration the disagreements between the two Houses, I think in this instance the conference committee did a good job.

When I read some of the comments in the newspapers and when I hear some of the statements certain persons are making about the conference report—somehow or other—to put it very lightly, they irritate me. For instance, I read an article in this morning's newspaper in which the Americans for Democratic Action accused the House and the Senate Democratic leaders of becoming willing accomplices of the administration in callous disregard of the country's needs. National Chairman Robert R. Nathan was particularly critical of the Senator from Texas [Mr. JOHNSON] for his role in congressional support of the housing and airport bills. He said in a statement that the Democratic leadership whiplashed the Senate-House conferees on the two bills to accept dollar compromises which were less than the figures contained in the bills originally passed by the two Houses. He is quoted as saying, "The Democratic leadership surrendered before a shot was fired."

Mr. President, I know Bob Nathan. He is a very able young man. But I am certain that if Bob Nathan knew what happened in the conference committee and further, knew the limitations within which we were operating, he would not have made that kind of a statement.

I also read in the Washington Post and Times-Herald this morning a statement to the effect that the Committee on an Effective Congress had taken a somewhat similar stand.

There is one point I particularly desire to put on record. Reference is made to the whiplashing of the House and Senate conferees by the leadership. I want to make it clear that the Senator from

Texas [Mr. JOHNSON], whose name is mentioned in the article, did not at any time speak to me about a single provision under consideration by the conferees. The only thing the Senator from Texas ever mentioned to me was as to when we were going to get the conference under way, and later on, what progress we were making.

In addition, about a week or 10 days ago the Senator did question me regarding the advisability of a different approach on the VA direct loan program. He asked whether I would be willing to have the direct loan veterans' program taken from the Vice President's desk and acted upon as a separate measure. I told the Senator from Texas we had similar provisions in the omnibus housing bill. I reminded the Senator that I had spoken to him on two previous occasions regarding the advisability of taking just such action.

We have a sort of split jurisdiction on the subject of VA direct loans. This was discussed at some length when the bill was before the Senate. At the time I pointed out that whereas we were putting the VA housing provisions in the omnibus bill we were going to hold a separately passed House bill, that is H.R. 2256, at the desk, and later we could decide whether to consider the matter as a part of the omnibus bill or take up H.R. 2256 separately.

When the Senator called me and asked me if I were willing to do that, I told him I certainly was willing to do it. I then contacted the Senator from Indiana [Mr. CAPEHART], the ranking minority member of the committee. The bill H.R. 2256 was called up for consideration, and we had a brief exchange regarding it here on the floor of the Senate. I remember the Senator from New York [Mr. JAVITS] and I discussed the bill briefly on the floor. The bill was passed.

So far as the substance of the material which was before the conferees is concerned, the Senator from Texas [Mr. JOHNSON] never mentioned that to me, and I do not believe he did to any other member of the conference committee.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. We worked hard. I will say that for the House conferees and for the Senate conferees. There were more than 100 amendments we had to consider, and mind you—one at a time. We had to work all of them out. Some of these were very material amendments. On many amendments we were far apart. But eventually we came together with a meeting of minds.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. JAVITS. I know the Senator from Alabama, and I have an enormous regard for him, as well as personal affection. I accept at face value what the Senator says about the fact that this was a solution arrived at without the intermediation of the majority leader. I do think we owe an explanation to the country as to how it comes about that the Senate went to conference with a $2.1 billion authorization for urban renewal and the House went to conference with a $1½ billion authorization for urban renewal, yet we suddenly end up, in the conference report, with $900 million, notwithstanding a demonstrated need for urban renewal. Naturally, the people are going to read into that result intendments other than the normal procedures of a conference, where the conferees try to compromise.

Mr. SPARKMAN. If the people do so it will be because they do not know what the conference report will do. I am sure the Senator from New York is asking the question in order to get the information in the RECORD, because I am sure the Senator from New York knows what is involved.

Mr. President, not once, not twice, but probably 50 times during the debate, when S. 57 was before the Senate in the first part of February, it was pointed out that a great deal of the misunderstanding about the size of the program contemplated in the bill had resulted from the fact that the proposed programs ran for different lengths of time. When the Senator from New York speaks of a bill going from the Senate which provided $2.1 billion for an urban renewal program, he will remember to put with that the fact that that was a 6-year program of $350 million a year. We have come back from conference with a 2-year program of $900 million; that is $500 million for 1 year and $400 million for the next, or at least $900 million for the 2 years. Certainly that is more money per year than was provided by the Senate bill.

Mr. JAVITS. Mr. President, will the Senator yield again?

Mr. SPARKMAN. The conference report does not provide for so long a period of time.

I would prefer the 6-year program, as I stated many times when we were debating the bill, because that would allow time in which to make plans and in which to execute these plans. However, the conferees came to the conclusion that the 2-year program, with a substantial amount of money to move the backlog which has accumulated during the time we have had practically no urban renewal money available, would be a great deal better. We thought it would be better to remove the backlog and to provide for 1 year further, which would give us 2 years in which to work out a program to project over a long period of time.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. The Senator from New York is well aware of what is in the conference bill, but the Senator from Alabama, who is my friend, gave some indication that I was satisfied with it. I will say to the Senator from Alabama that the Senator from New York is very much dissatisfied.

Mr. SPARKMAN. Let me stop the Senator from New York right there to say that I do not believe he will find anywhere that I made the statement that I was satisfied. I can point out the words. I said there were many provisions in the bill which did come up to my desires.

No, I am not satisfied with the bill. As a matter of fact, Mr. President, I think it is well to point out that although I have been in the Congress for 23 years, I cannot think of a single complex bill ever passed as to which I could say I was completely satisfied. That is something we ought to remember.

Legislation at its best is a compromise representing the divergent views of those who are conscientiously representing their respective constituents.

Mr. JAVITS. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I should like to finish my statement, if the Senator will permit.

What I said was that under the circumstances, working within the limitations we were bound by in conference and covering the broad field of disagreement we had, I believe we brought out of the conference committee just about as good a bill as we could hope to get.

Mr. JAVITS and Mr. FREAR addressed the Chair.

Mr. SPARKMAN. I point out that this was far from coming up to my own hopes and aspirations.

I will yield first to the Senator from New York, and then I will yield to the Senator from Delaware.

Mr. JAVITS. I thank the Senator for yielding, but I think the Senator misunderstood me. I was not presuming to say that the Senator from Alabama was satisfied.

Mr. SPARKMAN. I thought the Senator said I was satisfied with the bill.

Mr. JAVITS. The point I made was concerning what might have been the implication that I knew what was in the bill and was satisfied.

Mr. SPARKMAN. No. I know the Senator from New York has been very diligent in working for better housing. I compliment the Senator for his work. I know he would not be satisfied with the bill any more than I would be satisfied with it. However, I know the Senator has been involved in obtaining legislation for a long time, and he knows the complexities of accomplishing what is desired. He knows the practicalities involved.

Mr. JAVITS. I should like to consider the merits of the bill. I think Senators like myself could very easily vote against the conference report. If we did so, and if we combined with those who think there is too much money provided, it might mean the defeat of the conference report.

Mr. SPARKMAN. It could have that result.

Mr. JAVITS. Which would frustrate the whole program.

Mr. SPARKMAN. I will say this: It could do that. But it would be my prediction, in that event, that we would not see as good a housing bill again this year.

Mr. JAVITS. Again, if the Senator will yield, we have a lesson from 1958, when no bill was passed.

Mr. SPARKMAN. That is true.

Mr. JAVITS. Therefore, there is a red danger signal. I feel that those like myself who are going to vote for the conference report only because we must save the bill, while others may vote against it because they think it provides too

much while we think it provides too little, should be very clear of the reason for what was done.

There is one thing I should like to have explained. The Senate passed, essentially, a first-year authorization of $500 million. It provided $350 million, which could be added to to the extent of $150 million, making $500 million.

The House passed an authorization for $1 billion the first year. I do not see, therefore, where we compromised anything with the House. We are getting the $500 million, the lower of the two figures, whereas the House passed a $1 billion figure. We passed a $500 million figure. Where is the compromise? Why have we yielded completely, when there was no occasion to yield? There was no controversy with the House. It had approved twice as much as we authorized, yet we take the lesser of two figures. Apparently we not only take nothing, but we asked for nothing.

Mr. SPARKMAN. May I answer the Senator at that point?

Mr. JAVITS. Certainly.

Mr. SPARKMAN. First of all, the amount in the Senate version of S. 57 was $350 million per year over a period of 6 years. The Senate version also contained an escalator clause which would permit the President to go up by $150 million in any 1 year. This escalator clause was not mandatory; I wish to be perfectly clear that so far as the language is concerned, it was mandatory, but I think we would all agree that the President would ultimately have control over whether or not the funds could actually have been used.

If, however, the President employed this authority—increasing the yearly authorization by $150 million—this amount would have been deducted from the aggregate, and in effect, we would use a part of our future urban renewal credit.

When the Senator says that $1 billion was provided in the House bill for 1 year, that was true only as it related to another amendment which we eliminated from the bill—the so-called Thomas amendment—which provided that the urban renewal authorization would have to be appropriated, rather than provided for under the method the Senate insisted upon. So, in all fairness, I think the Senator ought to consider the two factors together. The provision to which he refers was a part of the amendment which permitted $1 billion a year.

The amount provided for in the House version was $500 million a year; and when we eliminated the Thomas amendment, we took out any excess above the $500 million. We must remember that the most we could have had under the House provision was $1 billion for 2 years. The most we could have hoped for under any conditions in connection with the Senate version was $1 billion for 2 years; but had we used it we would have been borrowing from future years. I still say that when we arrived at a figure of $900 million, we arrived at a very good compromise.

Mr. JAVITS. Mr. President, will the Senator yield for one further point?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I refer to the point with regard to the public disclosure of the names of redevelopers under title I. In New York State we are having quite a fracas as between the head of our slum clearance operations, Robert Moses, who is well known throughout the country, and two of our Representatives in the other body, who are insisting that all title I redevelopment projects in New York be investigated.

It seems to me that a rather elementary and minimum concession to the point of view that is very critical of the slum clearance operations might be advisable. I am interested that if there is to be any criticism, it should be constructive, and justified, because I want very much to have the maximum in urban renewal and the maximum confidence on the part of the Congress and of the people of the State of New York

Why would not the disclosure of the names of redevelopers and of all the financial interests involved be a minimum concession to my two colleagues in the other body who feel that this program is not being properly conducted? Why was that provision eliminated?

Mr. SPARKMAN. I will say to the Senator from New York that it was not in the Senate version of the bill.

Mr. JAVITS. I understand that.

Mr. SPARKMAN. That was a House provision.

Mr. JAVITS. That is correct.

Mr. SPARKMAN. The House conferees voted to recede.

Mr. JAVITS. In other words, they themselves eliminated it.

Mr. SPARKMAN. Yes. Let me say to the Senator from New York that that was also in accordance with the recommendation of the administration.

Mr. JAVITS. The administration did not want it either?

Mr. SPARKMAN. It did not want that provision in the bill.

Mr. JAVITS. May I ask the Senator from Alabama whether, from what he heard in conference discussions, there is at least enough substance to the criticism to warrant a hearing if I should introduce a bill providing for one?

Mr. SPARKMAN. I do not wish to betray any confidences in the conference committee. I suppose it would be all right for me to say that there was simply no discussion of the subject. The provision was not ours.

Mr. JAVITS. I understand.

Mr. SPARKMAN. We did not discuss it. My recollection is that the House conferees, having the recommendation from the administration to omit it, decided among themselves that it should be omitted, and they proposed to omit it. There was nothing for us to do.

Mr. JAVITS. I am minded to introduce independent legislation on the subject. I am very glad to have the Senator's expression.

Mr. SPARKMAN. I shall be glad to discuss the subject with the Seantor from New York at any time.

Mr. JAVITS. I thank my colleague.

Mr. SPARKMAN. Is there any other feature in the bill with respect to which the Senator is doubtful?

Mr. JAVITS. Yes.

Mr. SPARKMAN. I should like to make one point. I do not feel that the Senate gave in on any of the principal programs. Of course, there was a provision of $125 million for college classrooms. We compromised that at $62.5 million. We compromised on one or two small items relating to scholarships and farm housing research, but, as I recall, those were the only things on which we compromised.

I know the Senator from New York is interested in public housing. He will remember the consideration we gave that subject when it was before the committee. He will remember that in the bill I introduced originally, which was practically the same bill as that which passed the Senate last year by an overwhelming majority, I provided for carrying forward 17,500 units of public housing. The committee, by a single vote majority, voted to increase that figure to 35,000, and we went to conference with 35,000 units, plus the pickup of 10,000 from the old program.

The House approved a provision which would have provided for the full 140,000 units over the next 4 years. We arrived at a compromise. I think it was a pretty fair compromise. Under it we accepted the Senate provision, so far as immediate allocation is concerned, but lodged discretion in the President to use the other authority as he might see fit. I think it was a pretty good compromise on that provision.

Mr. JAVITS. Mr. President, will the Senator further yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. When I referred to the situation which would exist if the lines were clear and there were no danger of defeating the conference report by reason of a combination of those who thought it was too little and those who thought it was too much voting against it, I was thinking of the urban renewal provisions, which are critically important in every large city in the country, including my own. I think we have written ourselves down very badly, and very much against the national interest, for this reason:

There are $500 million in valid applications now. We passed no bill in 1958, so there have been no authorizations to use during this period. As I say, there are in hand now applications to the extent of $500 million. So when we provide $500 million for the fiscal year 1960, that is the end of it. It is finished. There is no urban renewal program beyond what is already in hand in terms of pending applications. It is true that one application may be withdrawn and another may replace it, but we are providing only for what has already been "soaked up." I believe that the urban renewal program is such a fructifying source of further investment and rehabilitation of the great cities which are in grave danger of going downhill, with tremendous losses to the national interest, that this provision represents a basic and very deep imperfection in the conference report. If I did not fear that its friends and enemies combined could kill it—that is, its more zealous friends—I would vote against it. But under the circumstances I feel that we are in an

impasse, in which those who are dissatisfied by reason of the fact that the bill represents too little had better go along with it because they might get stuck and find themselves voting in the company of those who think it is too much, thereby defeating the entire bill.

The Senator asks what I object to. I object most strenuously to the inadequacy of the treatment of urban renewal, one of the most constructive programs, even in the eyes of the administration. It does not involve inflation. It involves tremendous construction, adding to the assets of the country in an unparalleled way.

I know that it is not necessary for me to "sell" the Senator from Alabama on this subject. I am only pointing out why I am very unhappy about the conference report and why I feel it represents a housing program which is far short of even the minimal demands of the country, especially of the large cities.

Mr. SPARKMAN. I appreciate the remarks of the Senator from New York. I know how he feels. I know how he feels about the whole scope of a good housing program. He knows that I have been in favor of a good, strong urban renewal program. I do not come from a State which has large cities. I have pointed out, however, that smaller cities and towns in my State are making use of urban renewal. It is only a drop in the bucket as compared with great cities like New York, Chicago, Philadelphia, and cities of that size. Nevertheless there are slums even in small towns and cities. I have worked hard for a good, strong urban renewal program. If I understood the Senator from New York correctly, he said something about a strong urban renewal program being of paramount importance in the eyes of this administration. The Senator is bound to know that the administration recommended to Congress a program of urban renewal which would virtually kill the whole program.

First of all, it recommended $200 million for fiscal 1959, if I remember correctly, and $250 million for fiscal 1960. It also recommended $250 million for 1961, and $250 million for 1962, if I remember correctly. It recommended $200 million for the next 3 years, with a reduction during that time of the Federal Government's share, which would have required the local governments to increase their contributions. the Senator knows that had we agreed to the program the administration recommended we would have no urban renewal, certainly, within a very few years' time. So I submit that even $350 million a year is far beyond what the administration recommended. Under the Senate version we made it possible for the amount to be escalated to as much as $500 million in any year if it becomes necessary by reason of applications.

I recognize that there is a backlog of urban renewal applications. The true backlog of urban renewal applications—those that are in process or have been approved and are ready to go—amount to $227 million at the present time. There are other applications in pipeline. However, the Senator from New York knows that it takes years to get some of them approved. I make this prediction. If the bill becomes law, as proposed in the conference report, and there is made available $500 million for the first year and $400 million for the second year, the Senator will find that the urban renewal program will move ahead and there will be no shortage of funds during those 2 years.

Mr. JAVITS. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. JAVITS. The Senator knows that I was opposed to the administration's position.

Mr. SPARKMAN. I know that.

Mr. JAVITS. I voted against it. Ordinarily the Senator from New York speaks very clearly, but apparently he has missed doing so today. What I said was that the administration ought to——

Mr. SPARKMAN. I thought the Senator said it was important in the eyes of the administration.

Mr. JAVITS. That is correct; and it ought to be.

Mr. SPARKMAN. I will agree that it ought to be, but unfortunately it is not.

Mr. JAVITS. The reason I made that point was that we talk a great deal about economy and inflation. I was pointing out that this matter represents a counter-inflation force, because this construction adds to the asset value of the country in a tremendously increased proportion. Based upon the modest amount of funds used, we get back in value an enormous sum.

Mr. SPARKMAN. I agree with the Senator. He knows that he does not have to argue that point with me. As a matter of fact, I believe I am correct in the statement that several statisticians or economists have figured that in the case of urban renewal in a period of 17 years, if I remember correctly, the increased income from the redeveloped area will put back in the Treasury of the United States taxes which will make up all the cost.

Mr. JAVITS. Mr. President, will the Senator yield again?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I know that such calculations have been made. I have great faith also in the fact that what counts is not only what one owes, but also what one has. I am not concerned about the fact that we have a national debt of $285 billion, in round figures, if I also know that we are earning money and that we have assets in the country to meet it. That is the real issue. Of course I am not advocating that we spend money we do not have to spend. However, I point out that this is money we can very well spend.

I conclude on this note. I said that the half billion dollars have been "soaked up." Applications are on hand which meet all the qualifications, and they will use up more than the money which will be provided.

The Senator from Alabama is a great friend of housing, and I know I do not have to sell him on it; nor am I trying to do so. I am trying to point out the reason why I shall support the conference report. I do not want to get caught between the difficulty of voting against it because we do not like it and at the same time voting with those who are against it because they think it is too much; because taking such a position might defeat it.

Mr. SPARKMAN. It is a matter of record that all the conferees did not sign the report. I am sure the Senator from New York has noticed that some of the conferees who have considered the matter, as he has mentioned, seemed to think that it provides too much, while others thought it provides too little, and therefore they failed to sign the report. There was a majority of the conferees on both sides who did sign the report. Some of the Senators seemed to think it provided too much, while others seemed to think it provided too little. I am sure the Senator from New York shares with me the feeling that we never get everything we want in legislation. Sometimes an item which may seem good or attractive, a Member of Congress may vote against it or withhold his vote as a matter of protest. However, someone must carry the burden of legislating, if we are to have laws enacted. I believed that what we ought to do when we come to a proposition like that is to ask ourselves whether it is better to have this or to have nothing at all.

Mr. JAVITS. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. JAVITS. I believe we have yielded too much to caution in this report. But, at the same time, I do not feel prepared to assume the responsibility of voting to reject the report and running the serious danger of having nothing, as happened in 1958. If we did not have that precedent, I would vote against the report without question, but we have that precedent. In the face of these omens, and in view of the tremendous responsibility we carry, I shall vote for the conference report in order to carry on this program.

I should like to point out that we talk a great deal about steel negotiations. The conference report on housing has to do with one of the keystones of a prosperous economic condition in the United States.

Mr. SPARKMAN. I wish to make one statement and then I shall yield to the Senator from Delaware, who has been very patient. The Senator says that we have been entirely too cautious. I believe that is what he said.

Mr. JAVITS. That is correct.

Mr. SPARKMAN. There is only one field in which he represents that to be true, as I understand, and that is in the field of urban renewal.

Mr. JAVITS. That is correct.

Mr. SPARKMAN. I wish to repeat for the record, and I wish it to be clearly understood that the conference report carries $900 million for 2 years for urban renewal. The most we could possibly have gotten out of either bill was $1 billion for 2 years, and under the housing bill there is a possibility that we could not get more than $700 million for 2 years. As between $700 million and a billion dollars, $900 million represents

not a cautious but a very daring thing, when we consider the compromise between the two.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. SPARKMAN. I will not say daring. I will say under the circumstances that it is constructive.

Mr. JAVITS. Let us not say daring, certainly.

Mr. SPARKMAN. Constructive.

Mr. JAVITS. May I finish?

Mr. SPARKMAN. Yes. Then I shall yield to the Senator from Delaware.

Mr. JAVITS. I should like to make this one point.

What people like myself object to is that we cannot look at urban renewal, with its enormous amount of investment, except on a long-term basis, not on any short-term, cut-off basis.

Mr. SPARKMAN. I remind the Senator that I fought for a 6-year term.

Mr. JAVITS. That is why I say that we have erred on the side of being too cautious. However, be that is it may, I believe we have explored the situation fully, and I am very grateful to the Senator from Alabama.

Mr. SPARKMAN. I thank the Senator from New York.

Mr. FREAR. Mr. President, first, I believe the Senator from Alabama is aware of the fact that not only is the administration perturbed about the budget; I think he realizes that many other persons, including some Members of Congress, are perturbed about it.

Mr. SPARKMAN. Including myself. I am very much perturbed because in less than 2 weeks from now we shall come to the end of the present fiscal year having a budget which is $13 billion out of balance. I do not worry about the closeness of the balancing of the 1960 budget. I hope it will balance. However, I do not understand why so many persons become concerned about the 1960 budget but are not concerned about the 1959 budget. That is the budget about which I am concerned. We shall be $13 billion out of balance in the operation of the Government this year; yet we never hear anything said about that. I am concerned about 1959 as well as 1960.

Mr. FREAR. I believe the Senator is concerned about both years. Did I understand the Senator to say that the budget will be $13 billion out of balance at the end of this fiscal year?

Mr. SPARKMAN. The Senator from Delaware should know better than I; he is a member of the Committee on Finance. Is not that the present estimate?

Mr. FREAR. The Senator from Delaware is junior to the Senator from Alabama in membership on the Committee on Banking and Currency.

Mr. SPARKMAN. It is my understanding that that is the latest figure. I respect the Senator's position on the powerful Committee on Finance, which acts on measures levying taxes and is trying to keep taxes in balance with expenditures.

Mr. FREAR. I hope that the deficit for this fiscal year will not be $13 billion; but I realize, from what the Senator from Alabama has said, that the figure will be near that point.

To get back to the question, did the Senator from Alabama say that not all the conferees signed the report?

Mr. SPARKMAN. Yes; the Senator is correct.

Mr. FREAR. Was that on the Senate side only, or on both sides?

Mr. SPARKMAN. No; on both sides.

Mr. FREAR. I gather that the reason why some of the conferees did not sign the report was that some of them thought the amount was too little, while others thought it was too much.

Mr. SPARKMAN. Yes.

Mr. FREAR. As the Senator from Alabama has said, that is the reason why we have conferences. Conferences enable the two Houses to adjust their differences by enabling the confrees to give a little and take a little as the circumstances may warrant at the time of the conference.

The table prepared by the staff of the Subcommittee on Housing of the Committee on Banking and Currency, with which the Senator from Alabama is familiar, gives rise to certain questions on the part of the junior Senator from Delaware.

First, I refer to the item about which I was talking with the distinguished Senator from New York, the subject of urban renewal. As I understand, from the table which has been prepared, the administration in S. 65 and S. 612 proposed $1,550 million in grants for urban renewal over a 6-year period. The conference report proposes, under S. 57, a $900-million grant over a 2-year period. Do I express that proposal accurately?

Mr. SPARKMAN. No; it was $1,500 million in the House version of the bill. Is the Senator referring to the $1,500 million proposed by the House bill?

Mr. FREAR. No, by S. 65.

Mr. SPARKMAN. Oh; the Senator means the administration bill does he?

Mr. FREAR. Yes.

Mr. SPARKMAN. Yes; that is correct. That amount was favored over a 6-year period. Under the scheme I outlined in the colloquy with the Senator from New York a few minutes ago, whereby the amount contributed by the local authority or the local government would go up until at the end of a 6-year period, the payments would be on a 50–50 basis, or a matching basis. As it is now, the Federal Government contributes two-thirds of the net cost, and the local government one-third.

As I explained when the bill was under consideration, when we consider all the money which goes into the plan, the fringe costs and such items, the amount actually paid today is on a basis of dollar-for-dollar spending.

Mr. FREAR. The cost of land acquisition is borne by which contributor—the State government or the Federal Government?

Mr. SPARKMAN. That is where the net cost comes into consideration. The local authority buys the property, razes the buildings, and sells the land for redevelopment. After that has been done, there is a net cost. The Federal Government takes care of two-thirds of that cost, and the local government takes care of one-third of it.

Mr. FREAR. How much of the authorization under urban renewal grants, if the measure shall be enacted, will be spent in fiscal 1960?

Mr. SPARKMAN. Under the new bill, none at all. It will take anywhere from 3 to 7 years from the time when the program is started until it is completed, and probably 3 or 4 years before it is underway and even a single dollar will be spent.

The reason why nothing is reflected in the 1960 budget is that the matter was already provided for in the President's budget message earlier in the year. As I recall, $103 million was to be spent in fiscal 1960 under the urban renewal program, but this amount preexisted the urban renewal program. It will be 3 or 4 years before a single dollar of this money will be shown in the budget.

Mr. FREAR. Then I fail to realize why there is a difference of opinion as between $1,550 million to be spent over a 6-year period and the $900 million to be spent over a 2-year period, if there will be no immediate effect on the budget. Is it true that the administration is recommending $1,550 million in urban renewal grants, and that the conference report is providing $900 million for urban renewal grants, the difference being the period of time in which the money will be spent?

Mr. SPARKMAN. That is correct.

Mr. FREAR. Then I am not quite sure I understand all the talk about balancing the budget, or the effect this item will have upon balancing the budget.

Mr. SPARKMAN. If the Senator will look at the columns at the right of the table, I can give some comparative statements. The administration bill, had it become effective—there were really two of those bills—would have had an impact on the 1960 budget in the amount of $4,600,000. S. 57 if passed the Senate it would have had an impact on the budget in the amount of $22,100,000. The House version of S. 57 would have had an impact on the 1960 budget in the amount of $34,600,000. The conference report bill will have an impact in the amount of $28,500,000. That is the total amount which would be involved in the 1960 budget. In other words, the conference report figure exceeds the administration's request by $23,900,000.

The Senator from Delaware undoubtedly has seen editorials and articles, in the course of the weeks and months during which the bill has been discussed, and has heard commentators speak, about the multi-billion dollar bill, and the hundreds of millions of dollars by which the budget would be thrown out of balance in 1960. The total amount chargeable to the budget in fiscal 1960 would be only $28.5 million.

Mr. FREAR. Certainly, that is true. I have read the newspaper headlines. As a member of the Committee on Banking and Currency, I am unable to appreciate fully all that has been published in the press. But I think the effect the enactment of S. 57 will have on the taxpayers, and, indirectly, on the

budget ought to be made clear to the taxpayers.

But I return to the difference between the administration's recommendation of $1,550 million and the $900 million authorized by Senate bill 57. The proposal of the administration is for a 6-year period, whereas the conference report provides for a 2-year period. Are those differences an indication of how much will actually be granted in that period of time?

Mr. SPARKMAN. Not in that time, but in that time plus such additional period as may be necessary in order to get the applications through. There is a long process in preparing the applications and putting them through, before a single dollar is spent.

For instance, the program was first set up under the Housing Act of 1949.

Mr. FREAR. The Senator from Alabama is referring to the urban renewal program; is he not?

Mr. SPARKMAN. Yes. It was then called the slum clearance program.

Mr. FREAR. Yes.

Mr. SPARKMAN. The Senator from Delaware will remember that the late Senator Taft, of Ohio, was very strongly in favor of this program. He was the one who largely worked out this formula.

I remember his testimony before our committee. He testified that he thought the two-thirds one-third division, as between the Federal Government and the local governments, was correct, because there would be many local expenditures in which the Federal Government would not share.

Over the 10 years the program has been in existence we have authorized a total of $1,350 million. The Senator from Delaware may be interested to know that only $180 million has actually been spent; and for 1960, the total budgeted amount is $104 million.

Mr. FREAR. Yes.

I should like to ask the Senator from Alabama a question about a matter which certainly gives me some concern: Could it be stated that the $900 million would be authorized over a 2-year period; and, if we multiply it by 3, it would be $2,700 million, as compared to the administration's program, this year, of $1,550 million?

Mr. SPARKMAN. No; because the $900 million for the 2 years represented the thinking of the conference committee as to what would be necessary to take care of the accumulated backlog and, in addition, to move it through 1 year of orderly programing.

The Senator from Delaware realizes, I am sure, that last year we had no legislation for additional urban renewal funds.

Mr. FREAR. Yes.

Mr. SPARKMAN. So I think we could say, in fairness, that the $900 million represents approximately a 3-year program.

Mr. FREAR. Mr. President, will the Senator from Alabama yield further to me?

The PRESIDING OFFICER (Mr. McCARTHY in the chair). Does the Senator from Alabama yield further to the Senator from Delaware?

Mr. SPARKMAN. I yield.

Mr. FREAR. Let me say that I also recognize—as I am sure the Senator from Alabama does; and if I am in error, I know he will correct me—that this is an authorization measure.

Mr. SPARKMAN. That is correct.

Mr. FREAR. And before it can become effective, an appropriation must be made.

Mr. SPARKMAN. That is correct.

However, let me say that the program can be contracted for, without an appropriation. But before any money is spent, it must be appropriated.

Mr. FREAR. But is there not a moral obligation—if nothing more—that the money will be appropriated?

Mr. SPARKMAN. I think so.

Mr. FREAR. In other words, if Congress authorizes it, is not that tantamount to an appropriation?

Mr. SPARKMAN. I think so.

Mr. FREAR. Even after the money is authorized, if the same procedure which has been followed since 1949 were to be followed in the next 6 years, is it not logical to assume that the $900 million would be made available for urban renewal grants?

Mr. SPARKMAN. Yes. But I wish to draw attention to a distinction between the phrase "be made available" and the phrase "be spent," because the first is what is authorized. Of course, the $900 million will be authorized, we think, within the 2-year period.

So far as "being spent" is concerned, some of it may not be spent for 10 or 12 years.

Mr. FREAR. Let me ask this question, to clear up the matter in my mind, although I am sure it is clear in the mind of the Senator from Alabama: Under an authorization, is it necessary for the administration to take action to make the funds available to the cities?

Mr. SPARKMAN. Certainly.

Mr. FREAR. Or, in plain terms, does not the administration have a veto power in that connection?

Mr. SPARKMAN. Let us approach this point in two ways: First of all, in order to have an allocation made, the city or the local authority must file its application with the Housing Agency, and must have the application approved by that agency, before any amount may be allocated.

If the Senator from Delaware is speaking of the President's broad power to control expenditures, certainly we recognize the fact that the President can impound funds. So the President does have what might be termed a veto power, although normally such power is not exercised. But we know that there have been times when the President has impounded funds which were proposed for expenditure for certain purposes.

Mr. FREAR. If the conference report is agreed to and the bill is signed by the President, if the President or the administration were then to determine that the $900 million, as provided for in Senate bill 57, should not be made available over a period of 6 years, but, rather, believed that the $1,550 million, as recommended by the administration under Senate bill 65, should be made available, what would be done in that case?

Mr. SPARKMAN. The administration cannot change the term, nor can it change the amount, except through the President's inherent power to impound funds.

The Senator from Delaware may recall that in reporting the Emergency Housing Act, last year, we had a debate about the power of the Federal National Mortgage Association to demand from the Treasury the funds provided by previous legislation. Perhaps the Senator from Delaware will recall that in the report to accompany the Emergency Housing Act of 1958 we included a paragraph in which we stated that we recognized the inherent power of the Executive to control the expenditure of funds, under certain circumstances.

Mr. FREAR. Is that not just as true under this measure?

Mr. SPARKMAN. Yes. As a matter of fact, in this measure we do not include a provision that the allocations must be made within 2 years. We say that the $500 million shall become available on July 1, 1959, and the $400 million shall become available on July 1, 1960. All of that will be available until it is reserved for specific projects.

Mr. FREAR. Then is it not true that the administration can permit the $900 million to be granted?

Mr. SPARKMAN. Yes; unless the President exercises his inherent power to impound funds. Although that power exists, and although it was recognized by our committee in its report, I repeat that it is quite unusual for the President to impound funds which have been made available by Congress. The President has done so; I believe the President impounded 10 percent of the defense appropriations, within the past several years.

Mr. FREAR. Would not that be similarly within his power, in connection with this program?

Mr. SPARKMAN. Yes.

Mr. FREAR. As a matter of fact, in that case, actual appropriations were involved, were they not?

Mr. SPARKMAN. Yes.

Mr. FREAR. Whereas this measure in substance provides for an authorization, although a moral obligation to appropriate the money?

Mr. SPARKMAN. Well, each one was by an act of Congress.

Mr. FREAR. Yes.

Do I correctly understand the Senator from Alabama to say that $227 million of requests for urban renewal were ready for approval?

Mr. SPARKMAN. Yes. In fact, I believe that most of such requests have been approved.

Mr. FREAR. How are they divided as between or among the various States?

Mr. SPARKMAN. I suppose that information can be obtained, but we do not have it before us now.

Mr. FREAR. Of course I am interested in any application for approval which might be made by a State.

Mr. SPARKMAN. We certainly can obtain that information and I shall request it. I ask unanimous consent at this point that the information requested by the Senator from Delaware be included in the RECORD.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

URBAN RENEWAL ADMINISTRATION

Requests for capital grant authority on hand as of June 19, 1959

[Thousands of dollars]

	In process			In stand-by status
	Total	New project applications	Existing projects	
Total (226,847)	58,799	41,395	17,404	168,048
Alabama	1,066	1,066		
Alaska	256		256	
Arizona	516		516	
Arkansas	231	231		4,433
California	4,732	368	4,364	3,823
Connecticut	2,158	485	1,673	11,143
District of Columbia	8		8	
Florida	1,346	1,346		
Georgia	3,691	1,320	2,371	
Illinois	185	66	119	8,358
Indiana	824	824		1,803
Kansas	1,054		1,054	
Kentucky	320	320		11,409
Maine	579	579		797
Maryland				4,045
Massachusetts	6,067	5,914	153	14,460
Michigan	1,723	1,456	267	1,074
Mississippi	412	412		
Missouri	4,237	4,043	194	25,659
Nevada	108		108	
New Hampshire	73		73	
New Jersey	2,637	1,164	1,473	
New York	6,716	4,516	2,200	35,270
North Carolina	1,569	1,569		2,490
North Dakota	97	97		
Ohio	3,199	3,199		
Oregon	270	270		
Pennsylvania	6,940	6,077	863	41,219
South Carolina	199		199	
Tennessee	2,025	1,600	425	
Texas	502	502		1,058
Virginia	407	298	109	
Washington	2,000	2,000		1,007
West Virginia	1,673	1,673		
Wisconsin	963		963	
Puerto Rico	16		16	

Mr. FREAR. Let me ask whether there is a limitation on the amount which any State can be granted.

Mr. SPARKMAN. Yes; 12½ percent is the maximum which may be reserved for any one State.

Mr. FREAR. I recall one of the committee meetings in which the Senator from Alabama and the Senator from New York were very helpful to the junior Senator from Delaware, and he, of course, appreciates that consideration—and the votes, I might add. But the Senator from New York, I think, in response to questions, stated that the State of New York had been able to avail itself of the maximum amount allocated and granted under previous legislation. Is that true?

Mr. SPARKMAN. New York reached its maximum percentage some 2 or 3 years ago. That is correct.

In addition to that 12½ percent, there is a cushion of $100 million to take care of extreme cases.

Mr. FREAR. There is no limitation on that amount so far as its division among the States is concerned, is there? It a State qualifies, it could, conceivably, take the full $100 million?

Mr. SPARKMAN. It could share in that amount over and above its 12½ percent.

Mr. FREAR. To the full extent of $100 million?

Mr. SPARKMAN. That is correct. I believe New York State is the only State——

Mr. FREAR. That has been in a position to take advantage of that provision. That fact is not to be stated as something against the State of New York. I am certainly not indicating any criticism in any of my questions. But is there in S. 57 a similar cushion such as the one the Senator referred to, a $100 million authorization to be available in an extreme emergency in any of the States?

Mr. SPARKMAN. That provision is in the general law, of which Senate bill 57 is simply an amendment. We do not add to that cushion.

Mr. FREAR. No, but once the $100 million has been granted, it cannot be granted again. Is that correct?

Mr. SPARKMAN. It remains until used.

Mr. FREAR. S. 57 would provide no prohibition against the use of whatever remaining part of that $100 million has not been granted?

Mr. SPARKMAN. None whatsoever.

Mr. FREAR. But no additional amount is authorized under S. 57. Is that correct?

Mr. SPARKMAN. That is correct.

Mr. FREAR. The Senator from Alabama has cleared up in my mind some of the questions I had. I am sure that as the debate continues, there will be much more clarification. I do not wish to take up any more of the Senator's time. I notice other Senators are anxious to question the Senator from Alabama. I appreciate his indulgence in my questioning.

Mr. SPARKMAN. I appreciate the interest shown by the Senator from Delaware, who is a member of our committee, and who has helped formulate housing legislation from time to time.

Mr. LAUSCHE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. I should like to go over the figures set forth under urban renewal. The provision of $1,550 million covers a 6-year period. My question is, Does it mean the $1,550 million will be equally divided for each of the 6 years?

Mr. SPARKMAN. No; it does not. The Senator may recall that a while ago, in discussing this matter with the Senator from New York [Mr. JAVITS] I pointed out that the amount was available in varying sums, with a variation in the formula of contribution as between the local and Federal Governments.

If the Senator will wait a moment, I will read the figures which the administration proposed. First, the administration asked that Congress provide $100 million to the President, to be spent at his discretion. That is the first $100 million.

Then, $100 million for fiscal 1959; $250 million for 1960; $250 million for 1961; $250 million for 1962; $200 million in each of the years 1963, 1964, and 1965.

In the meantime, by the time the $200 million figure was reached, the States would have been contributing 50 percent and the Federal Government 50 percent.

Mr. LAUSCHE. That is, the President recommended a program which, on the average, would have made available about $250 million a year?

Mr. SPARKMAN. Two hundred and fifty million dollars.

Mr. LAUSCHE. And the amount gradually was reduced, because we recommended that the municipalities, in the course of 4 years, increase their contribution from 33 percent up to a level of 50 percent, making their contribution equal to that of the Federal Government.

Mr. SPARKMAN. Yes.

Mr. LAUSCHE. Now, the Senate's version——

Mr. SPARKMAN. Before we get away from that point, let me repeat something I said a while ago. As a matter of fact, even though today the formula provides one-third local and two-thirds Federal contribution, when we take into consideration all the money which is spent on one of these projects, the actual cost runs to a proportion of 50–50. The mayor of the Senator's own city, who serves in the same place in which the distinguished Senator served for a long time, testified before our committee, and he gave the figures which the city of Cleveland had spent on projects in that city. He showed that the total spent by the city was a little more than 50 percent of the aggregate amount.

Mr. LAUSCHE. Let us get back to the $1,500 million figure. How much would be available for 1960?

Mr. SPARKMAN. Two hundred and fifty million dollars.

Mr. LAUSCHE. And for 1961?

Mr. SPARKMAN. Two hundred and fifty million dollars.

Mr. LAUSCHE. Under Senate bill 57, it was recommended that there be made available $350 million a year. Is that correct?

Mr. SPARKMAN. That is correct.

Mr. LAUSCHE. Under the House version, it would have been $250 million a year.

Mr. SPARKMAN. No. Under the House proposal, the amount was actually $500 million a year.

Mr. LAUSCHE. That is correct. The appropriation for each of the 2 fiscal years in which the $1,550 million would be spent would have been $750 million.

Mr. SPARKMAN. That figure is a little misleading. We must understand the whole story in order to place that figure in its proper light. Let us go back to the bill. The House committee reported a bill which provided $500 million a year for 3 years. While it was being considered in the House, there was added to the bill the Thomas amendment, offered by Representative THOMAS, of Texas, which changed the method of financing and provided that the financing should be by appropriations.

As a part of that amendment, he took the same amount the House had provided for 3 years and telescoped the amount, making it available in the 2 years. But the conferees did away with the Thomas amendment.

Mr. LAUSCHE. Under the conference report there is provided $900 million for 2 years.

Mr. SPARKMAN. Yes.

Mr. LAUSCHE. How much for the first year?

Mr. SPARKMAN. Five hundred million dollars.

Mr. LAUSCHE. The conference report has lifted the amount by approximately $250 million over what the President recommended, and by $150 million over what the Senate bill provided for the first year.

Mr. SPARKMAN. The amount is $150 million.

Mr. FREAR. Mr. President, did I correctly understand the Senator from Alabama to say that the administration had requested $100 million for the first year?

Mr. SPARKMAN. Yes. But that was fiscal year 1959. The Senator from Ohio asked me specifically about fiscal year 1960.

Mr. FREAR. I am sorry.

Mr. LAUSCHE. The $500 million which the conferees recommend is $250 million more than the President recommended, and $150 million more than the Senate provided in the bill it passed, for 1960. Is that correct?

Mr. SPARKMAN. Will the Senator let me deal with two things which I think will throw some light on the subject?

Mr. LAUSCHE. Yes.

Mr. SPARKMAN. This is one of those questions which can hardly be answered yes or no. Two things ought to be pointed out.

First, the President's request was for $100 million for 1959, which, added to the $250 million for 1960, would have totaled $350 million for the 2 years.

Mr. LAUSCHE. Yes.

Mr. SPARKMAN. Whereas under the bill as it passed the Senate, for that same period of time there would have been $350 million, and under the bill as it passed the House there would have been $500 million.

The second point to which I invite the Senator's attention—and I am sure the Senator will remember it—is that we also wrote in the bill, on the floor, an escalator clause. We realized a backlog had been built up. There was a provision that as much as $500 million could be spent in any single year, provided it did not increase the overall total for the 6 years. In other words, if the money were spent it would be taken out of the $2.1 billion.

Mr. LAUSCHE. Let us consider 1961. There will be provided $400 million, under the conference report, if it shall be agreed to?

Mr. SPARKMAN. That is correct.

Mr. LAUSCHE. That is more than the Senate bill provided for 1961?

Mr. SPARKMAN. Except for the escalator clause.

Mr. LAUSCHE. Yes. And it is more than the President's recommendation?

Mr. SPARKMAN. $150 million more. Let us go one step further, and say it is $100 million less than the Senate provided.

Mr. LAUSCHE. The Senator from Alabama, in answer to a question of the Senator from Delaware, said that these moneys must be appropriated by the Appropriations Committee. It is my understanding that the financing will be provided by the sale of bonds, or what Senators have been calling "back-door financing."

Mr. SPARKMAN. No. The allocation is on contracts. Then, when the time comes to pay the money, the money is appropriated.

Mr. LAUSCHE. In other words, the matter will go to the Appropriations Committee, for it to consider whether the money shall be granted?

Mr. SPARKMAN. Whether the money shall be spent.

Mr. LAUSCHE. Whether it shall be spent.

Mr. SPARKMAN. The allocation is made on the basis of this authorization. Then there has to be an appropriation.

Mr. LAUSCHE. Under the provisions of the bill there will be no circumventing of the powers vested in the Appropriations Committee, either to grant or not to grant these moneys?

Mr. SPARKMAN. I want to be absolutely fair and frank with the Senate. Under the authorization which would be contained in the bill, if enacted into law, power would be given to the agency to allocate. The Senator from Delaware pointed out that this would become a moral responsibility. After the allocations, it might be 2, 3, or 4 years before the time would come for expenditures.

As I pointed out a few minutes ago, we have been conducting a $350 million a year program, but under the program the amount to be spent this year, which is 10 years after the program started, is only $103 million. This money is appropriated on recommendation of the Appropriations Committee. Of course, the request will have to be justified. It will have to be shown that that much money is required. However, I should think that the Appropriations Committee would regard it as a moral obligation to take care of the allocation after it is made.

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. BUSH. The Appropriations Committee really would have no choice at all but to pay the bill, would it? The money would be actually spent, would it not?

Mr. SPARKMAN. No, it would not be spent. It would be committed.

Mr. BUSH. It would be under contract?

Mr. SPARKMAN. Yes, it would be under contract. As I have said, the request would have to be fully justified, to show that the rate of spending was required, but certainly I would regard it as a moral liability and a moral responsibility.

Mr. BUSH. Would the Senator not regard it as a legal commitment, after the Government had contracted for the expenditure?

Mr. SPARKMAN. The commitment is there.

Mr. BUSH. That is correct.

Mr. SPARKMAN. I do not know that the word "legal" adds anything to it, but it is a commitment.

Mr. LAUSCHE. It would mean there would be nothing for the Appropriations Committee to do but to provide the money to fulfill the moral or legal obligation, whichever occurred?

Mr. SPARKMAN. The Appropriations Committee would be the committee to determine that justification was provided.

Mr. FREAR. Suppose the Appropriations Committee did not recommend that the money be appropriated.

Mr. SPARKMAN. I do not think it would be a matter of a lawsuit, if that is what the Senator means, but I would feel very bad if ever, on a commitment such as this, the Appropriations Committee did not provide the requisite appropriations.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. KEATING. A declination of the Appropriations Committee to grant the money would amount to a stopping of the program, would it not?

Mr. SPARKMAN. Yes. The commitments then made would simply be stopped.

Before we go further I should like to mention another point. A great deal is being said about the method of financing. There is not one single dollar of financing in the conference report recommendation contrary to what has been in the housing program all along, or contrary to what was recommended in the President's program. That came out in the hearings before our committee.

If Senators will look at the transcript of the hearings, starting on page 83, they will observe that the distinguished Senator from Virginia [Mr. ROBERTSON] apparently had the idea that we were proposing a new kind of "back-door" financing, and he started asking some questions. Mr. Mason said that there was no difference whatsoever in the approach. He said, "Senator SPARKMAN has indicated that there are certain differences, but substantially the bill is intended to follow the same pattern."

The Senator from Virginia asked Mr. Mason:

> Is there any difference in the method of financing between S. 57—
>
> The bill I had introduced—
>
> and S. 612?

Which was the administration bill, introduced by the Senator from Indiana [Mr. CAPEHART]. Mr. Mason's answer was:

> No; they follow the same pattern.

In other words, the procedure proposed is exactly what has been in existence down through the years in the housing program, and what was requested by the administration this year.

Mr. LAUSCHE. I have one or two more questions, if the Senator will yield further.

Mr. SPARKMAN. I should like to go back to a consideration of the amount. As I pointed out, if we start comparing the President's program by the years, we get thrown a little off the track, because the President asked $200 million additional which would have been available in fiscal year 1959. If we consider the entire period of time—1959, 1960, and 1961—the amount to be provided under

the President's program was $700 million; the amount to be provided under the Senate bill was $700 million in 2 years; and the amount to be provided under the House bill was $1 billion. The amount which the conference committee has recommended is $900 million. That is exactly how close we are.

Mr. LAUSCHE. Mr. President, I should like to ask one further question. I am now referring to page 50 of the conference report, under the heading "College housing." I find the following language:

> The Senate bill contained a provision, not in the House amendment, which would establish a new college classroom loan program, with a revolving fund of $125 million for the purpose of construction or rehabilitation of classrooms, laboratories, and related facilities including equipment and utilities. The conference substitute retains this provision of the Senate bill except that the amount of the revolving fund is set at $62.5 million.

My query is this: If this housing program of the Nation is in part intended to develop the economy and to provide work, what is the theory under which the Federal Government says that the colleges must pay time and a half for all work done in excess of regular hours? What is the theory underlying the provision by the Congress that that shall be done?

Mr. SPARKMAN. A good many years ago, long before either of us came to the Congress, the Congress passed what was known as the Davis-Bacon Act. Subsequently, the prevailing wage-scale requirement of the Davis-Bacon Act has been applied, from time to time, to various housing programs. As a matter of fact, the prevailing wage scale has been administratively applied to the college housing program over the last several years. This year the House wrote the provision in the college housing program. The argument was that the situation should be uniform throughout the housing program. In addition the House required time-and-a-half requirement of the act to be applied to the college housing program.

Mr. LAUSCHE. I notice on page 51 that the provision has also been made to apply to armed services housing.

Mr. SPARKMAN. The same answer applies.

Mr. LAUSCHE. The language reads:

> The House amendment contained a provision, not in the Senate bill, which would require contractors on military housing projects to pay time and a half for overtime. The conference substitute retains this provision of the House amendment but provides that it shall apply only to housing built under section 803, so as to exclude privately owned housing built under sections 809 and 810.

My question is this: If the requirement of time and a half is not made to apply under sections 809 and 810, which deal with private construction, why is it made to apply to housing which deals with public construction?

Mr. SPARKMAN. I think the answer I gave a few minutes ago applies. Section 803 relates to Government housing. Sections 809 and 810 relate to privately constructed single-family dwellings. We took the attitude that certainly the Government had no right to apply these rules to housing being built by the individual for himself, but when we come to Government contracts, the provision should be uniform. The same provisions which are applicable in connection with other Government contracts should be made to apply here.

Mr. LAUSCHE. I agree that the Government should not tell the builder of private housing that he must pay time and a half for overtime; but if that principle is sound with reference to private housing, it should also be sound with reference to military housing, Armed Services housing. There is no justification for applying one formula to one type and a different formula to another type. They are entitled to time and a half if the morality of the proposal warrants it, and if the economy justifies it. But I have a fear that, since the taxpayers' money is to be spent, the tendency is to say "time and a half." In the other instance, in which the money of private persons was to be spent, there was some fear about saying, "Pay time and a half."

If the Senator will further yield, I make these remarks because I believe that if the Federal Government is exerting itself to the limit in stimulating the economy of the Nation, we should not apply Federal moneys, being put up by the taxpayers, to provide for "featherbedding" and for other wasteful expenditures, which merely contribute to the inflation from which we are suffering.

I am very grateful to the Senator from Alabama. He is always most courteous and most desirous of imparting information which is reflective of the facts. There has never been any concealment on his part.

Mr. SPARKMAN. I thank the Senator from Ohio. I appreciate his participation.

Mr. FREAR. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. FREAR. Following up the questions of the Senator from Ohio [Mr. LAUSCHE], I believe the Bacon-Davis Act extends further than merely application to overtime hours. Does it not provide for a rate per hour as set by the Secretary of Labor?

Mr. SPARKMAN. Yes; it provides for prevailing wages.

Mr. FREAR. Yes; but the Secretary of Labor determines the prevailing wages.

Mr. KEATING. The rate is computed in the light of the local wage rate.

Mr. SPARKMAN. The prevailing wages in the area, as determined by the Secretary of Labor, are to apply. I think that is the way it is stated.

Mr. FREAR. The Senator from Alabama has been a Member of Congress for many years longer than I have. I should like to ask him a question. In voting on a conference report, it is my understanding that we must vote it either up or down. There is no way for a Member of the Senate to express his judgment as to whether the appropriation for urban renewal is too small or too great in relation to loans for college housing, for example. If he approves of the college housing plan provision, he must vote for the urban renewal provision, whether he thinks it is too large or too small.

Mr. SPARKMAN. There may be some exceptions, but generally that is the rule. A conference report must be voted up or down.

Mr. FREAR. I thank the Senator.

Mr. SPARKMAN. I certainly would be the last person in the world to claim that the bill is perfect, and is all that we want in every respect. I know very well from my legislative experience that I do not get bills exactly as I want them to be.

Mr. President, I yield the floor.

Mr. BUSH. Mr. President, I rise to speak in opposition to the conference report.

It has been stated this afternoon that this must be a good bill. I am not quite sure what the definition of "good" is when applied to a piece of legislation, but I presume it means that it is satisfactory to the person who says it is good. That I can hardly dispute.

On the other hand, it is contended that the bill is good because certain Senators voted against the bill on the basis that it did not go far enough, did not authorize enough spending; whereas other members of the conference committee voted against it because they felt it went too far, and that it violated the budget and made it difficult for succeeding budgets to be balanced.

So, on the other hand, there are those who are willing to "bust" the budget and, on the other hand, the opponents of the bill whom we could call budget balancers. We have, as I say, from each of these groups Senators who refused to sign the report.

Therefore it must be good, it is reasoned, because it stands between those two opposite views. My point is that it is not good at all, because those who wish to disregard the budget and those who wish to respect it cannot both be right. One side must be right and the other side must be wrong. If they were both right, it would be a good bill, because it would be in the middle. I claim it is not a good bill and would make bad legislation, because it goes far beyond the recommendations of the administration with respect to the whole subject, and violates the budget.

I should like once more to voice my objection to the principle of an omnibus bill in connection with this important legislation. I have felt, and I still feel, very strongly that this bill——

Mr. President, may we have order? I can hardly hear myself.

The PRESIDING OFFICER (Mr. HART in the chair). The Senate will be in order.

Mr. BUSH. I have felt, and I still feel, that the bill contains very important sections which are unrelated. I believe urban renewal and slum clearance are quite unrelated to college housing or college classroom legislation, and that public housing is unrelated to college housing or residential housing.

These things are all tossed into one package. It makes it very difficult for Senators to be discriminating about

these various important issues. Separate bills should be presented to us, instead of one omnibus bill, so that each one of these important subjects could be considered very carefully on its own merits.

Mr. President, as one of the Senate conferees, I have withheld my signature from the conference report on the omnibus housing bill because the conference substitute is extravagant, wasteful, and violates important principles of fiscal responsibility.

I have done so with regret. I regard continuation of sound housing programs, especially in the field of slum clearance and urban renewal, as essential, and I am completely aware of the importance to home buyers and homebuilders of the FHA mortgage insurance program contained in the bill.

President Eisenhower has submitted to the Congress sound proposals for continuation of these programs, and other socially desirable undertakings such as housing for the elderly and loans for the construction of college facilities. The conference substitute should be rejected, and the President's recommendations should be promptly accepted and a new bill brought to the floor. Political maneuvering has too long delayed an acceptable housing bill.

My own State of Connecticut has much at stake in urban renewal. Many communities, small as well as large, have programs underway or in advanced stages of preparation. The State itself assists municipalities in pressing forward with this vital work. Some of our communities have been hampered by the current shortage in authorizations for Federal capital grants.

But the people of Connecticut and of all America have a great deal more at stake in a return to fiscal responsibility by the Congress. The conference substitute is a step backward instead of forward on that path of fiscal responsibility.

I especially regret that a majority of the House conferees voted to scuttle the Thomas amendment which would have required review by the Appropriations Committees of the added budget expenditures provided in the bill. Instead, the conference substitute continues the system of "back door" drains upon the Treasury which have done so much to prevent the Congress from recapturing control of the fiscal affairs of the United States.

The urban renewal program is financed by this "back door" method of automatic borrowings from the Treasury. I concede that this is an easier way of obtaining funds for programs in which one is interested than the sometimes painful process of justifying expenditures to the Appropriations Committees. But in good conscience I cannot acquiesce in such a financing method for urban renewal, and for public housing, and oppose it for other programs. Thus, I regard the scuttling of the Thomas amendment alone as reason enough to reject the conference substitute.

I also take particular exception to the removal of the stimulus, provided in the Senate bill, for States to underwrite a part of the cost of urban renewal. I refer to the Senate provision which would have given priority to urban renewal projects aided by a State grant equal to or exceeding one-half of the local share.

The President has proposed a gradual reduction, over a 4-year period, in the Federal share, now two-thirds or more, to one-half, with States and municipalities paying the remaining one-half. This would give an incentive to States to assume their rightful share of responsibilities for urban renewal. It could make possible substantially larger total amounts of public funds for this essential work than can be made available by continued reliance upon the Federal Government to carry the major share of the load. Unfortunately, this recommendation was not accepted by either the Senate or the House, and so the matter was not subject to conference action. But the Senate bill did contain the priority provision, which I sponsored in committee as an amendment. The elimination from the conference substitute of this lesser incentive to the States is regrettable and adds to the objectionable nature of the bill. It will encourage the unfortunate tendency on the part of the mayors of America to turn to Washington for all financial help in meeting problems which are, in large part at least, a responsibility of the States.

In connection with the slum clearance and urban renewal program, which I have supported from the very start, and support today, I should like to make the point, that the time has come for us not to plunge heavily overboard, but to act cautiously and carefully in making generous appropriations, such as those proposed by the President and by his administration in the early part of this year. The President has proposed a 6-year program to cost, on the average approximately $225 million a year. That is an adequate allocation, under present circumstances, for a program of slum clearance and urban renewal.

We have not seen the final verdict on this great program. Not many projects have yet been completed. Indeed, I understand that only 9 or 10 projects under this legislation have been completed and are in operation.

I know that in some communities where the slum clearance and urban renewal program has been in effect, it has resulted, unfortunately, in moving the slums from one neighborhood over into another. This is causing considerable consternation in communities where such action has taken place. It is most unfortunate, but it is a fact. I am afraid the administrators of the program will have to look it squarely in the face, as will Congress, also.

So I say, this is not the time to double the authorization, as the conference report seeks to do. Now is the time to move cautiously ahead in accordance with the recommendations of those who have had responsibility of administering this program, and who still have that responsibility.

Finally, I object to the conference substitute because it is, in fact, a budget-buster.

It is true that the spending impact in the coming fiscal year is relatively small, some $75 million in grants and direct loans which must be financed through the Treasury—$70 million above the administration's request.

However, over the next 4 fiscal years, such spending will total $752.4 million, as compared with $344.6 million recommended by the administration for that period.

Also, the grand total of new obligational authority, in grants and direct Treasury-financed loans, in the conference substitute is at least $2.2 billion, and may be as high as $5 billion if all the 190,000 public housing units authorized should be built. These sums are far in excess of the total obligational authority, $1.6 billion, which had been proposed by the administration.

I question the wisdom of committing the taxpayers to such enormous expenditures before Congress accepts the responsibility of raising the revenues which will be required.

Mr. President, I have before me a memorandum explaining the major objectionable provisions of the conference report which is before the Senate. The memorandum, prepared by the Housing and Home Finance Administration, which is the administrator of housing legislation, comments upon the large additional public housing program and expenditures. This, as I mentioned earlier, would involve the authorization of 190,000 units. The total amount involved in this large additional public housing program alone would be on the order of $3.7 billion, if advantage were taken of all of it.

The excessive urban renewal grant authorization is another matter. I have spoken of that. The conference report would authorize $500 million on July 1, 1959, and an additional $400 million on July 1, 1960.

The administration recommended $100 million for the fiscal year just ending, $250 million for each of the next 3 years, and $200 million for each of the following 3 fiscal years. This was to be a 6-year program. The conference has reduced the program to 2 years. Comparing the administration's program for the next 2 years with the 2-year program of the bill, the bill calls for an excess of expenditures over the administration's recommendations in the amount of about $400 million in those 2 years.

The memorandum also states the administration's objections to the new loan program for housing elderly persons, the new loan program for classroom construction, and the excessive housing loan authorization, which is an increase of $100 million over that recommended by the administration, which recommended $200 million. The report calls for $300 million.

Also, the report calls for unnecessary authorization for FNMA special assistance for cooperatives. It provides a $37,500,000 additional authorization for advance commitments by the Federal National Mortgage Association to purchase FHA insured mortgages on housing of cooperatives. This authorization is not needed for consumer cooperatives, because FNMA has adequate authority with

respect to their mortgages. No statutory authorization for FNMA special assistance should be provided for the builder-sponsors of sales-type section 213 housing. Any such housing built in urban renewal areas or otherwise qualifying for FNMA special assistance could receive it under other authorizations.

I remind the Senate that FNMA was created originally to conduct secondary mortgage operations; to provide a secondary market for mortgages. It has grown and grown and grown and has gotten into the special assistance field, until the last word I have is that an inventory of FNMA shows it was owning outright some $5 billion worth of mortgages.

It is contended that this does not cost the taxpayers any money, but the Government had to get the $5 billion from the taxpayers by taxation, or else had to borrow it; and it will have to be paid back one way or the other before the program is finished.

Again, the administration objects to a new FNMA loan program, which would authorize the association to make 1-year loans in its secondary market program on the pledge of insured or guaranteed mortgages. This program is unnecessary, because lending operations of the type proposed have been adequately handled by private banking institutions. FNMA also has a procedure available, as a part of its regular secondary market operations, by which the mortgagee can, in effect, borrow money on the security of insured or guaranteed mortgages.

Mr. President, the members of the committee and other Senators have received, I believe, letters from the banks of the country protesting that this program will put the Government into direct competition with the banks in connection with the so-called interim financing of mortgage loans, financing which takes place in the first year, before the final mortgage is placed on the home. It is a direct interference. It brings FNMA directly into competition with savings banks and other types of lending institutions, but particularly savings banks. They object very strongly, and, I think, correctly to the intrusion of the Federal Government into this field, because it is quite unnecessary.

Another objectionable feature of the conference report is its provision on rationing of urban renewal grant funds. This provision would prohibit the Federal Government from rationing urban renewal grant funds, and would require applications for projects to be handled on a first-come, first-served basis. This would prevent the proper review and consideration of applications, particularly at times when the authorization might be close to exhaustion. At such times the order of receipt of applications would not be the most equitable way to apportion the funds. This provision of the conference report would result in having the larger cities obtain most of the funds, because they generally have better planning facilities and thus can more quickly complete their applications.

In the case of a State such as Connecticut or the other New England States or a number of the other States, many of the smaller cities and towns have urban renewal needs which are quite as great as those of the larger cities. On behalf of the smaller cities, I object to a provision which would give preference to the larger cities, because of their greater facilities for planning and their ability to act more quickly and more effectively in connection with such matters. The smaller communities should not be placed at a disadvantage, in comparison with the larger communities.

Another objectionable feature of the conference report is its provision of a new program of loans for land acquisition in urban renewal areas prior to Federal loan and grant contracts. The Federal Government would be advancing funds without knowing whether an urban renewal plan would be approved and a project actually undertaken by the community. I think that is a valid objection, Mr. President.

Finally, Mr. President, one additional objectionable provision is the one which would transfer all defaulted mortgages to the FHA. This part of the conference report provides that the FHA can acquire defaulted home mortgages as soon as the defaults occur; and the lenders would no longer have to acquire title to the property and transfer it to the FHA, in order to obtain the benefit of the FHA insurance. The lenders would thus lose an incentive to work out the mortgage problems with the homeowners. Certainly, it is very important that that incentive remain with the lender.

This provision of the conference report would result in the dumping of defaulted home mortgages on the FHA, and would require it to work out the mortgage problems with the local borrowers. The Federal expenditures would thus be increased, and the Federal Government would take over what should be a local lending operation.

One of the procedures of the FHA which has some merit was the one which used the local business facilities. But this provision of the conference report would throw more detail onto the FHA, which should never be put in a position of doing the detail work. The detail work should be done in the locality in which the loan is made, and should be done by the institutions which make the loans. The local lending institutions should be required to service their loans to the very end, and should not be allowed to turn over the mortgages to the FHA, until they have made their utmost efforts to collect the money due, and still fail to collect it. Such an arrangement would retain the incentive for the local institutions to operate with the Federal Government in connection with this matter.

Mr. President, in conclusion I ask unanimous consent that the memorandum to which I have referred be printed at this point in the RECORD, together with a table prepared by the Federal Housing and Home Finance Agency on this proposed housing legislation. The table gives a comparative summary of the amounts provided for grants, loans, and insurance or guarantees in the administration bills and in Senate bill 57, as reported by the conference committee.

There being no objection, the memorandum and the table were ordered to be printed in the RECORD, as follows:

S. 57, CONFERENCE BILL: MAJOR OBJECTIONABLE PROVISIONS

1. Large additional public housing program: Would authorize 45,000 additional units, plus approximately 145,000 units to be used in the discretion of the President and the Council of Economic Advisers. This would permit the use of all of the approximately 190,000 units not yet built under the original program authorized in the Housing Act of 1949.

The 45,000 units would consist of 35,000 new units prescribed in the bill plus the reactivation of 10,000 from an authorization which has already expired. The 10,000 could be used during the next 2 years and the 35,000 could be used during the next 4 years. These provisions are the same as the provisions in the Seante bill.

The 145,000 additional units, referred to above, could be used at a rate not exceeding 35,000 units a year. The authority to use these units would begin in fiscal 1961. If any number of the 45,000 units is not used within the times prescribed in the bill, the 145,000 units would be increased by that amount.

2. Excessive urban renewal grant authorization: Would authorize $500 million on July 1, 1959, and an additional $400 million on July 1, 1960. The administration recommended $100 million for fiscal year 1959, $250 million for each of the next 3 fiscal years, and $200 million for each of the following 3 fiscal years.

3. New loan program for housing elderly persons: Would authorize appropriations of up to $50 million for direct loans to nonprofit corporations to build housing for elderly persons. The loans would be at a subsidized interest rate which would currently be 2⅞ percent. This program is entirely unnecessary. Housing for elderly persons is now being built under existing FHA mortgage insurance provisions, and the bill would provide for substantial liberalization of those provisions.

4. New loan program for classroom construction: Would establish in the Housing Agency a new college classroom and laboratory loan program with a revolving fund of $62½ million. The loan program of the Housing Agency should continue to be limited to housing and related facilities. The proposed expenditures under the new program would be outside the President's budget. The bill would, in effect, require the program to be carried out jointly with the Department of Health, Education, and Welfare in a manner which is administratively unsound.

5. Excessive college housing loan authorization: Would authorize $300 million. Administration recommended $200 million.

6. Unnecessary authorization for FNMA special assistance for cooperatives: Would provide $37½ million additional authorization for advance commitments by the Federal National Mortgage Association to purchase FHA-insured mortgages on housing of cooperatives. This authorization is not needed for consumer cooperatives, because FNMA has adequate authority with respect to their mortgages. No statutory authorization for FNMA special assistance should be provided for builder-sponsors of sales-type section 213 housing. Any such housing built in urban renewal areas or otherwise qualifying for FNMA special assistance could receive it under other authorizations.

7. New FNMA loan program: Would authorize the Federal National Mortgage Association to make 1-year loans in its secondary market program on the pledge of insured or guaranteed mortgages. This program is unnecessary, as lending operations of the proposed type have been adequately handled by private banking institutions.

Also, FNMA already has a procedure available as part of its regular secondary market operations by which a mortgagee can, in effect, borrow money on the security of insured or guaranteed mortgages.

8. Reinstatement of FNMA par purchase requirement: Would require the Federal National Mortgage Association, until September 30, 1960, to pay the face amount for all mortgages purchased by it under its special assistance program. As many of these mortgages have a market value several percent below par, this requirement in effect constitutes a subsidy from the Federal Government to the business concerns involved. The subsidy is not only unwarranted but would in the long run hurt the programs it is intended to help, because it would strongly discourage private lenders from entering the fields served by the FNMA special assistance program.

9. Prohibition on rationing urban renewal grant funds: Would prohibit the Federal Government from rationing urban renewal grant funds, and would require applications for projects to be on a first-come, first-served basis. This would prevent the proper review and consideration of applications, particularly at times when the authorization may be close to exhaustion. At those times the order of receipt of applications is not the most equitable way of proportioning funds. This provision in the bill would result in larger cities obtaining most of the money, because they generally have better planning facilities and can more quickly complete their applications.

10. Windfalls to localities under urban renewal program: (a) Would permit a city to count streets and other improvements toward the local share of urban renewal costs even though those improvements were made up to 5 years prior to the loan and grant contract for the urban renewal project. This would tend to pervert the urban renewal program into an aid program for municipal public works. There would be no effective requirement that the improvements be built in connection with the urban renewal project.

(b) The bill would also permit a city to count toward its share of urban renewal costs the expenditures made by colleges, within and outside the urban renewal area, for land acquisition and clearances for college structures. These expenditures could be counted by the city even though they were made 5 years before even the urban renewal proect was begun and even though the activities by the college were only remotely related to the urban renewal. The whole land acquisition cost would be included without any deduction comparable to the sales price of the property in an ordinary urban renewal project.

11. New program of loans for land acquisition in urban renewal areas prior to Federal loan and grant contract: Federal Government would be advancing money without knowing whether an urban renewal plan will be approved and a project actually undertaken by the community.

12. Increase in grant funds available for nonresidential urban renewal projects: Would increase, from 10 percent to 20 percent, the amount of the urban renewal grant authorization which can be used for projects which are not predominantly residential. This would divert Federal funds from residential projects where the need and public purpose is greater.

13. Excessive urban renewal relocation payments: Would broaden the scope of these payments to cover displacement of families and businesses caused by any Government agency, caused by code enforcement, or caused by voluntary repair or rehabilitation. The bill would also increase the dollar amounts of relocation payments ($100 to $200 for individuals and families, and from $2,500 to $3,000 for businesses). These changes would result in an excessive burden to the taxpayers. They would also be extremely difficult to administer because of the broad and vague scope of the persons to be assisted.

14. Preference for public housing in urban renewal areas: Would remove the required local contribution to an urban renewal project insofar as land in the project is used for public housing. This would give an unfair advantage to public housing over private construction. The bill would provide for the land being made available for public housing at certain amounts less than fair market value. This would also give an unfair preference to public over private construction.

15. Transfer of defaulted mortgages to FHA: Would provide for FHA acquiring defaulted home mortgages as soon as default occurs. The lender would no longer have to acquire the property and transfer it to FHA in order to obtain the benefit of FHA insurance. He would thus lose an incentive to work out the mortgage problem with the homeowner. The provision in the bill would result in the dumping of defaulted home mortgages on FHA, requiring it to work out mortgage problems with local borrowers. Federal expenditures would be increased, and the Government would be taking over a local lending operation.

Housing and Home Finance Agency

Proposed housing legislation—Comparative summary of amounts provided for grants, loans, and insurance or guarantees in administration bills and S. 57 as reported by the conference committee [1]

[In millions]

Purpose	Total new obligational authority provided		Estimated budget expenditures									
			Fiscal year 1960		Fiscal year 1961		Fiscal year 1962		Fiscal year 1963		4-year total	
	Administration	Conference	Administration	Conference	Administration	Conference	Administration	Conference	Administration	Conference	Admin istration	Conference
For grants:												
Urban renewal grants:												
Fiscal year 1959	$100.0											
Fiscal year 1960	250.0	$500.0										
Fiscal year 1961	250.0	400.0										
Fiscal year 1962	250.0											
Fiscal year 1963	200.0											
Fiscal year 1964	200.0											
Fiscal year 1965	200.0											
Subtotal, urban renewal grants	1,450.0	900.0			$3.0	$7.0	$15.0	$45.0	$35.0	$80.0	$53.0	$132.0
Relocation payments				$3.0		7.0	2.0	11.0	5.0	16.0	7.0	37.0
Urban planning assistance [2]	10.0	10.0	$1.7	1.7	3.9	3.9	4.0	4.0	.4	.4	10.0	10.0
Farm housing research [2]		.1		.04		.05		.01				.1
Public housing: Annual contributions [2]		874.5								13.0		13.0
City planning scholarship [2]		.3		.1		.1		.1				.3
Defense hospital grants [2]		15.0		2.5		5.0		5.0		2.5		15.0
Total for grants	1,460.0	1,799.9	1.7	7.34	6.9	23.05	21.0	65.11	40.4	111.9	70.0	207.4
For loans:												
Urban renewal: Advances			3.6	8.0	10.0	12.0	11.0	6.0	10.0		34.6	26.0
Urban renewal: Temporary loans					10.0	15.0	15.0	30.0	15.0	30.0	40.0	75.0
Public housing: Planning and construction loans				19.0								19.0
College housing: Direct loans [4]	200.0	300.0			125.0	130.0	75.0	160.0		10.0	200.0	300.0
College classrooms: Direct loans [4]		62.5		3.5		35.0		24.0				62.5
FNMA—Co-op housing support		37.5		12.5								12.5
Housing for elderly: Direct loans [5]		50.0		25.0		25.0						50.0
Total for loans	200.0	450.0	3.6	68.0	145.0	217.0	101.0	220.0	25.0	40.0	274.6	545.0
Grand total for grants and loans	1,660.0	2,249.9	5.3	75.34	151.9	240.05	122.0	285.11	65.4	151.9	344.6	752.4

[1] Excludes new obligational authority and budget expenditure effects of certain provisions of the bill that are almost impossible to estimate at this time, such as the FNMA par-purchase requirement and detailed amendments affecting the urban renewal programs.

[2] New obligational authority when actually appropriated.

[3] Conference bill would specifically authorize some 45,000 units of low-rent housing; and provide that, after June 30, 1960, the President with the advice of the Council of Economic Advisers may authorize additional low-rent units up to the total number possible within the existing statutory limitation of $336,000,000 per year on maximum annual contributions commitments. The potential number of units that may be authorized under this discretionary provision is approximately an additional 145,000. The new obligational authority estimate above represents future appropriation requirements for subsidy payments on the 45,000 units over the next 38 to 40 years. If the additional 145,000 units were authorized, the potential new obligational authority would be increased by some $2,825,000,000. Amounts would be new obligational authority each year as appropriated.

[4] Excludes administration proposal submitted by Department of Health, Education, and Welfare for $500,000,000 in grants over 20 years and loan guarantee program to assist construction of college facilities, including classrooms, laboratories, housing, etc. For expenditure estimates see Congressional Record for Feb. 9, 1959, p. 2086.

[5] New obligational authority when actually appropriated.

HOUSING AND HOME FINANCE AGENCY—Continued

Proposed housing legislation—Comparative summary of amounts provided for grants, loans, and insurance or guarantes in administration bills and S. 57 as reported by the conference committee—Continued

[In millions]

Purpose	Insurance and and guarantee authorities		Estimated budget expenditures									
			Fiscal year 1960		Fiscal year 1961		Fiscal year 1962		Fiscal year 1963		4-year total	
	Administration	Conference	Administration	Conference	Administration	Conference	Administration	Conference	Administration	Conference	Administration	Conference
For insurance and guarantees:												
Urban renewal: Guarantee of nonresidential loans for urban redevelopment	[6] $150.0											
Federal Housing Administration: General mortgage insurance authorization	[7]	[8] $10,000.0										

[6] Provides new form of loan assistance within existing authorizations; no increase in obligational authority or expenditures.

[7] Administration bill would provide temporary increase of $6,000,000,000, followed by permanent legislation eliminating ceiling on insurance authorization.

[8] Consists of $5,000,000,000 available immediately and $5,000,000,000 available July 1, 1959; however, unused authority at June 30, 1959, would lapse.

NOTE.—This table assumes that the exchange of mortgages for Government bonds by the Federal National Mortgage Association, as proposed in the 1960 budget, is not prohibited.

Mr. AIKEN. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I yield.

Mr. AIKEN. My attention has been called to the fact that the conference report would result in considerable favoritism to the larger cities, in connection with urban renewal; and that the smaller towns and cities, which are just getting started with their planning, might be at a disadvantage, as compared to the larger cities. Can the Senator from Connecticut inform us about that situation?

Mr. BUSH. I shall certainly be glad to comment on it; in fact, I referred to it a moment ago.

Mr. AIKEN. I am sorry that at that time I was not in the Chamber.

Mr. BUSH. I am glad the Senator from Vermont has brought up the point again, because it is very important.

Mr. AIKEN. Certainly it is very important to me.

Mr. BUSH. I stated that it is important, not only to the New England States, but also to other States which have a number of modest-sized communities which have slum clearance problems just as much as the large cities do.

Mr. AIKEN. I have in mind the city of Burlington, Vt., with a population of 35,000 or 40,000. I have been advised that the conference report would make it virtually impossible for the urban renewal work in the city of Burlington to get under way.

Mr. BUSH. Let me point out what the Housing and Home Finance Agency has emphasized on that very point. It says that the conference report would prohibit the Federal Government from rationing urban renewal grant funds, and would require application for projects to be handled on a first-come, first-served basis. That would prevent proper review and consideration of applications, particularly at times when the authorization might be close to exhaustion. At such times the order of receipt of applications would not be the most equitable way to apportion the funds. This provision of the conference report would result in having the larger cities obtain most of the funds, because they generally have better planning facilities and can more quickly complete their applications.

I say to the Senator from Vermont that since this legislation has been in effect, I believe the facts have borne out the accuracy of the statement that the larger cities have had an advantage because they have had better planning facilities and better organization, and thus have been able to obtain most of the funds. That is one of the objections I have to the conference report; and I am delighted that the Senator from Vermont feels as I do about it.

Mr. AIKEN. I did not say that I feel exactly as the Senator from Connecticut does about it. I was seeking information. But on this point I think I would be in general agreement with the Senator from Connecticut.

Mr. BUSH. I thank the Senator from Vermont for that assurance.

Mr. President, I yield the floor.

Mr. BENNETT. Mr. President, I regret that, although I was one of the Senate conferees on the housing bill, my conscience would not allow me to sign the conference report. It seems to me that the result of the committee's work is an extravagant $5 billion proposal which should be rejected by the Congress. If it is approved by Congress, I hope the President will veto it.

The newspaper accounts of the conference committee's action on this bill have been most misleading; and this obviously is the result of the Democratic attempt to arrive at an overall cost figure lower than the administration's request, while at the same time really spending much more.

This was accomplished by an interesting bit of sleight-of-hand, producing a $1.375 billion figure which is slightly below the administration's original proposal of $1.66 billion. But the trouble is that not all of the cards are on the table. The most important hidden joker is the public housing section of the conference report, which provides for a potential 190,000 public housing units at a cost of $3.7 billion. By adding this to the $1.375 billion figure for the rest of this measure, we get a total of $5.075 billion.

Thus, the "saving" accomplished by the conference committee turns out to be a very costly saving indeed. To brand this measure as "saving" is ridiculous; and I trust that the American people will see through this thinly disguised attempt of the Democrats to eat their cake and have it too.

Since public housing authorizations are in terms of units, rather than dollars, the potential cost of these units was left out of the figures quoted to the public. The conference report provides for 45,000 units on an outright basis. Of this, 35,000 units represent new authorizations, and 10,000 units represent a reinstatement of unused units which expired on July 1, 1958.

At an average cost of $13,600 per unit, plus financing charges, the cost to Uncle Sam would be at least $875 million above the quoted cost of this measure. But this is not all. The conference report, using an annual aggregate contribution authority provided by the Housing Act of 1949, gives the President the discretion to authorize an additional 145,000 units, or a total of 190,000 units. If a President would exercise this authority, the public housing section alone of the bill could total $3.7 billion by the time all the authorized units were built.

Another hidden card is the authorization for early land acquisition loans under the urban renewal program, with absolutely no dollar limit spelled out. The Federal Government would be advancing money without knowing whether an urban renewal plan would be approved and a project actually undertaken by the community.

Probably more important is the total urban renewal grant authorization under the bill. The bill calls for $900 million in new urban renewal grants, less than the $1.35 billion asked for by the administration. But, this money is to be spent in 2 years, while the administration figure was to cover a period of 6 years. In addition, the administration asked for $100 million for fiscal year 1959, which will end June 30. The 6-year potential total under the committee bill theoretically could be $2.7 billion, or twice as much as the administration request. On an annual basis, the administration proposal averages $225 million a year, while the conference bill totals $450 million a year.

The conferees failed to provide limits on the proportion of urban renewal funds that could go to any one State. Funds will be committed on a first-come basis. Thus, the large cities with already developed plans for huge projects will simply drain the pipeline before the small cities can even get projects on the planning boards.

The administration has recommended a gradual reduction of the Federal share of the cost of the urban renewal projects, and a corresponding increase in the State and local share. Under the present law, the Federal Government pays two-thirds of the net project cost, and the locality must provide the other third. But even some of the State and local third may be in the form of noncash grants, such as land or the construction of public facilities. In fact, the bill provides that cities may count as their local contribution to a project certain public improvements that had been made up to 5 years previously. This provision would tend to pervert the urban renewal program into an aid program for municipal public works, and there is no effective requirement that the improvements be built in connection with the urban renewal project.

I believe the Federal share in urban renewal projects should not be more than 50 percent. This was not at issue in the conference committee, because both the House and Senate bills contained the same provision of a two-thirds Federal share. However, this is another reason why the bill itself is unacceptable to me.

No one knows the total amount which will be necessary to eliminate all the slums in our cities, but it obviously will be a staggering sum, and will necessitate greater financial participation by the State and local governments. It is not too much to ask that the local communities, for whose direct benefit this program is established, share equally in the cost.

Other provisions of the bill would add two new lending programs which were not requested by the administration. These are the housing for elderly persons and the college classroom programs. The amounts involved are not great, but the fact that the "foot is in the door" opens up the possibility of expanding these programs into multibillion-dollar proposals.

The bill would authorize appropriations of up to $50 million for direct loans to nonprofit corporations to build housing for elderly persons. The loans would be at a subsidized interest rate which would currently be 2⅞ percent. This program is entirely unnecessary. Housing for elderly persons is now being built under existing FHA mortgage insurance provisions, and the bill would provide for substantial liberalization of those provisions.

The new classroom construction program would establish in the Housing Agency a new college classroom and laboratory loan program with a revolving fund of $62½ million. The proposed expenditures under this new program would be outside the President's budget. The bill would, in effect, require the program to be carried out jointly with the Department of Health, Education, and Welfare in a manner which is administratively unsound. The Housing Agency should not be forced into the education business by adopting such programs as this one involving "other educational facilities."

Having satisfied themselves that they had padded the bill with enough social-spending provisions, the committee members then put a few "sweeteners" in the bill to encourage President Eisenhower to sign it.

One of these "sweeteners" was an increase in the FHA general mortgage insurance authorization to $5 billion for the next fiscal year. To put the pressure on the President, the conference added another $5 billion if the bill were signed into law by June 30 of this year. If not signed by that date, the second $5 billion would be dropped. The President had originally asked for an unlimited FHA insurance authorization. This is the only feature in the bill in which the Federal Government serves as an aid to private enterprise, instead of replacing private enterprise.

The committee also allowed more flexibility in interest rates on the various housing programs, but not as much as the President had requested. Again the committee went a little way on the necessary housing tasks in order to entice the President to add his signature to the bill. But the token gestures on these needed provisions in my opinion, cannot approach a balance to the many bad features of this bill.

The conferees could have salvaged some semblance of a reasonable bill if they had kept in the so-called Thomas amendment, which would have provided effective Appropriation Committee control over the added budget expenditures provided in the bill. This amendment would have prevented "back door" raids on the Treasury, such as in the urban renewal program. But this amendment was rejected by the committee majority, thus striking a blow at fiscal responsibility.

Though I can see the need for Federal support of many of our housing programs, I cannot see the need for the extravagant provisions in S. 57.

This bill is a step toward socialized housing in the guise of another program to fight last year's recession.

For the reasons I have stated I found myself unable to sign the conference report, and I hope that the Senate will reject it.

Mr. HUMPHREY. Mr. President, the discussion of the conference report on the Housing Act of 1959 I think reveals another of the problems which is before the Congress in terms of designing legislation which, on the one hand, is not a complete capitulation to the wishes and the will of the administration, which is afflicted with a kind of what might be called budgetitis and on the other hand, will not lend itself to an obvious charge of extravagance.

What the conference committee has attempted to do, as I see it, is to arrive at a program which, on the one hand, will meet some of the urgent, immediate needs; and, on the other hand, will be able to stand the test of careful scrutiny of objective men and women even if the bill is vetoed.

I am not at all sure that the conference report, if agreed to, will not be vetoed. I hope it will not be, because it surely is a modest and reasonable proposal.

As I have indicated to the subcommittee chairman, the distinguished Senator from Alabama [Mr. SPARKMAN], there are parts of the conference report which are disappointing to me, in the sense that they do not make long enough firm commitments.

I should like to make one or two observations to illustrate what I mean. The bill as passed by the Senate, S. 57, contained a section on urban renewal under which the Congress, had the Senate language been accepted, would have committed some $350 million a year for 6 years to the urban renewal program. There was an escalator clause in the Senate bill which would have permitted a maximum of $500 million in any 1 year, but such $500 million would not have been an addition to the aggregate total of $2.1 billion for the 6 years, at $350 million a year.

That was good legislation, from my point of view. If I am not mistaken, the United States Conference of Mayors and the American Municipal Association both encouraged 10-year commitments in the field of urban renewal.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CLARK. Both the United States Conference of Mayors and the American Municipal Association, I will say for the benefit of the Senator, requested a 10-year program at an annual rate of $600 million a year. The bill which passed the Senate, although it ostensibly carried a rate of $350 million a year for 6 years, also included an escalator clause, for which, the Senator from Minnesota may remember, I was largely responsible, which increased the authorization to $500 million a year. There is a little disagreement between my friend from Alabama and me as to whether the language actually written in the Senate bill would permit $500 million a year for every year until the entire $2.1 billion authorization was used up, or whether it was a one-shot $150 million escalator. My personal intention, which I thought the language achieved, was to make the rate $500 million a year each year so long as there were bona fide applications pending, until the total authorizations were used up, which would be slightly in excess of 4 years.

Mr. HUMPHREY. It was my understanding also that the $500 million would not have been provided for each of the 6 years, because that would have been the equivalent of $3 billion. Instead, the $500 million a year could have been used for slightly over 4 years, to utilize the $2.1 billion which would have been authorized under the terms of the 6-year program.

Mr. CLARK. That was my understanding.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. I have no dispute with the Senator's interpretation. As a

matter of fact, I will refresh the recollection of the Senator from Pennsylvania to the effect that the bill as it came from the Senate committee contained an escalator clause. In fact, there was an escalator clause in the bill which I introduced, to provide for $500 million. What the Senate did was to change the language "within the discretion of the President," to say, in effect, "if there are sufficient applications this will be the case." In other words, the money was made absolutely available.

I never disputed the fact that the program could use $500 million in more than 1 year. If more than the regular amount were used, it would be taken from the sum total of $2.1 billion over the 6 years, so a period of time, presumably, would come when there would not be any money available, it having been all used up.

Mr. CLARK. If the Senator will permit, may I contribute a small bit toward the refreshing of recollections?

The Senator from Alabama is quite correct. What we did to the so-called escalator clause on the floor of the Senate was to substitute the word "shall" for the word "may." This, in my judgment, removed any discretion on the part of the President and required a rate of $500 million a year if bona fide applications were pending at the time.

Mr. SPARKMAN. That is correct.

Mr. HUMPHREY. I think the Senator's interpretation is the one which is generally understood. I hope so, at least.

Mr. CLARK. So it appears clear to me that under the Senate bill, assuming bona fide applications were filed, which I have no reason to doubt, there would have been provided $1.5 billion in the first 3 years.

Mr. HUMPHREY. That is true, from the Senator's observation of his amendment. The bill, as I understand, as it comes from the conference committee, provides for urban renewal at $500 million the first year and $400 million the second year. That is the cutoff. There is only a 2-year commitment, as compared to the 6-year commitment under the Senate bill.

Mr. CLARK. So, in my judgment—and my good and dear friend from Alabama, I think, disagrees with me—the conference report provides less than the amount authorized by either House.

Mr. HUMPHREY. That is correct. Let us put it this way: For 2 years there is $900 million, whereas the maximum which would have been available, even under the interpretation just given in what we can call the pattern of recollection, would have been a billion dollars under the bill, S. 57, as it was passed by the Senate.

Mr. CLARK. No. The situation would be different, because there would be $500 million for the present fiscal year, $500 million for the 1960 fiscal year, and $500 million for the 1961 fiscal year, which would have been available July 1, 1960.

Mr. HUMPHREY. The Senator may have a point there. The Senator, I hope, will not misunderstand my views about the matter. I am not happy with the fact that we do not have a long-term commitment on urban renewal, but I am aware of the fact that for fiscal year 1960 and fiscal year 1961 we have $900 million committed in the conference report.

Mr. CLARK. And the Senator is, I am sure, aware of the fact that there are presently pending applications in excess of $500 million a year.

Mr. HUMPHREY. I am aware of that.

Mr. CLARK. So that no new applications developed during the coming year can be acted on, and action will be limited to those applications already filed or now ready for filing.

Mr. HUMPHREY. I am sure the Senator is correct.

I should like to point out that I concur with the suggestions of the United States Conference of Mayors and the American Municipal Association.

Mr. CLARK. In view of the comments made by my friend, I am happy, and I will speak no longer.

Mr. HUMPHREY. But I add this statement: It is my hope that after 2 years there will be a change around this city, to such a point that we can secure legislation which will not be subject to the threat of veto, and that we will not be constantly compelled to legislate under duress or under the whiplash of executive opinion and executive attitude such as expressed by the administration relating to the housing bill.

I think it is quite obvious that the Members of the Republican Party in the Senate have already stated they are against the conference report because they think it goes too far. One of the leading spokesmen from the minority side on the Committee on Banking and Currency, the Senator from Connecticut [Mr. BUSH], as I recall, according to the statement made available to us in the Senate, stated that he withheld his signature from the conference report because the conference substitute is extravagant, wasteful, and violates important principles of fiscal responsibility.

I suppose the Senator from Connecticut at least states in part the attitude of the administration, namely, that the bill goes further than had been contemplated by the administration's proposals. My feeling is that it does not go far enough, but it goes far enough to keep the program operating. It goes further than the present law, and it goes further, per year, at least for 1960 and 1961, than the Senate bill without the escalator clause, and it goes further than the House version provided. So the conference report does have within it, for 2 years, at least, the sum of $900 million for urban renewal. To me this is vital, because the urban renewal program is possibly the most important urban program we have, and we need to keep it in operation.

Mr. CLARK. Mr. President, I regret to find myself in disagreement on basic facts with my friend from Minnesota. In view of his comment, I am compelled to reiterate what I previously said. The conference report goes below the urban renewal authorization of either the House or Senate versions of the bill.

Mr. HUMPHREY. It does not for the fiscal years 1960 and 1961.

Mr. CLARK. I regret that the Senator is incorrect. I will explain the situation to him later, off the floor; or, if he will do me the courtesy to listen to my speech——

Mr. HUMPHREY. Not only will I gladly listen to it, but I have read it. I appreciate the excellent speech which the Senator from Pennsylvania has outlined for us.

For example, take a look at one paragraph——

Mr. CLARK. Does not the Senator think it might be better to wait until I deliver the speech?

Mr. HUMPHREY. I will use the figures the Senator quotes, quite accurately.

In 1957 urban renewal was $350 million a year. We have in this bill $500 million for 1 year and $400 million for another year.

Mr. CLARK. The Senator is now referring to past history.

Mr. HUMPHREY. Yes.

Mr. CLARK. I am referring to Senate bill 57, as it passed the Senate.

Mr. HUMPHREY. The Senator knows that the bill as it passed the Senate provided $350 million for 6 years, with an escalator clause that provided up to $500 million.

Mr. CLARK. That is correct.

Mr. HUMPHREY. For the fiscal years 1960 and 1961, that means a maximum of $1 billion.

Mr. CLARK. No, because the Senator does not understand that there was an additional $350 million, with an escalator clause, made available upon enactment.

Mr. HUMPHREY. I am talking about the fiscal years 1960 and 1961.

Mr. CLARK. I am talking about money for urban renewal. Under the terms of the bill as it passed the Senate, we would have at least $1,200 million available. Now we are to get $900 million.

Mr. HUMPHREY. Even though that bill passed the Senate, it did not pass the conference. We have a choice between a bill which is better than the administration was willing to have, and having no bill at all.

Mr. CLARK. Whether we are prepared to take the bill or not—and I am—it is less than the bill passed by either House of Congress.

Mr. HUMPHREY. The Senator says that the bill as it comes to us from the conference provides less than was provided by either House of Congress. If I am not mistaken, the bill provides for $300 million for college housing and $62.5 million for classrooms. As I recall the House bill, it provided no money for college classrooms.

Mr. CLARK. But it had $400 million for college dormitories.

Mr. HUMPHREY. And the Senate bill had——

Mr. CLARK. The Senate bill had $125 million for college classrooms.

Mr. HUMPHREY. The Senate bill had $125 million for college classrooms, and the House bill had nothing.

Mr. CLARK. The Senate is correct.

Mr. HUMPHREY. So we compromised at $62.5 million.

Mr. CLARK. We reduced the House figure for college dormitories from $400 million to $300 million.

Mr. HUMPHREY. That is correct. We picked up money for college classrooms, for which the House allowed nothing. The Senate bill went down from $400 million to $300 million, in terms of college housing, or a dormitory housing program. That is less than the Senate had provided, and about as much as the House had provided. Also, as I understand, $50 million is provided for direct loans for housing for elderly persons. The Senate bill did not contain such a provision.

Mr. CLARK. What did the House provide?

Mr. HUMPHREY. $100 million.

Mr. CLARK. We had difficulty with the program because of certain circumstances, as the Senator is aware.

Mr. HUMPHREY. But the Senate bill contained nothing for that purpose. The Senate bill had a housing insurance provision for housing for elderly persons, which is retained in the bill in its present form.

Mr. CLARK. Mr. President, I believe the colloquy between the Senator and myself will be clearer if I say to my good friend from Minnesota that the only part of the bill about which I am complaining is the urban renewal feature. I am complaining very strenuously about that. Nevertheless, I intend to vote for the conference report.

Mr. HUMPHREY. I appreciate the Senator's observation.

As I understand the bill, 45,000 public housing units will be available immediately, for the next 2 years. I ask the Senator from Alabama if that is correct.

Mr. SPARKMAN. The Senator is correct.

Mr. HUMPHREY. There will be 105,000 units of public housing available over the next 5 years, not to exceed 35,000 a year.

Mr. SPARKMAN. At the President's discretion.

Mr. HUMPHREY. At the President's discretion, to fulfill commitments under the 1949 Housing Act. Is that correct?

Mr. SPARKMAN. The Senator is correct.

Mr. HUMPHREY. It seems to me that in connection with the public housing feature there has been some gain, and in connection with the urban redevelopment section there has been some loss in the compromise bill. With respect to classrooms there has been a substantial gain, in terms of the bill as it passed the House; and there has surely been a gain in direct loans for housing for elderly persons.

Mr. President, I desire to conclude my remarks with this observation: I wish that the bill provided a minimum of $500 million a year for the next 5 or 10 years for urban renewal. If I correctly understand the bill now before us, as it comes from the conference committee, as of June 30 this year, if the conference report is approved, there will be $500 million for the fiscal year 1960, beginning July 1st, the end of the fiscal year being June 30th.

The Senator from Pennsylvania properly points out that no additional money is provided in the bill for the remainder of the fiscal year 1959, which the Senate bill did provide.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Remember that when the Senate passed the bill it was the early part of February. The Senate took final action on the bill on February 5. We had half of a fiscal year remaining.

If the Senator will permit me, while I am on my feet I wish to make very clear for the RECORD that I do not agree with the statement to the effect that the amount provided for the urban renewal program is less than that contained in either bill. I submit that the bill as it passed the Senate provided for $350 million a year.

Mr. HUMPHREY. Starting with what year?

Mr. SPARKMAN. Starting with the fiscal year 1959. But that was back in February. The bill contained an escalator clause, whereby we could move up to as much as $500 million, but if we did we would be borrowing from the future.

The thing to remember is that the basic allowance was $350 million a year. Now we have $500 million for the first year and $400 million for the second year.

The 2-year proposal, with the $900 million, will allow us to catch up with the backlog, and give us the hope that in 1961 we may write a program such as all of us would like to have, one that is long enough to permit proper planning, and with sufficient funds to do the job.

As I stated earlier, I come from a State which is not so greatly concerned with slum clearance as is the State of Pennsylvania, the State of New York, the State of Illinois, or other States with large cities. Nevertheless, I have seen the benefits of a good urban renewal program, and I have supported it. The program in the bill is a good program.

If the Senator will permit me, Mr. Mason, Administrator of the Housing and Home Finance Agency, has issued a statement. I do not know whether the Senator from Minnesota has seen it.

Mr. HUMPHREY. I have not.

Mr. SPARKMAN. He has brought up 15 points, or reasons why the conference report is bad. Of the 15 points, 7 of them are directed at urban renewal, on the ground that too much is authorized.

If I may go further, three points are directed at FNMA. One point is directed at public housing, and one point against housing for elderly persons. Two points are directed against college housing and classrooms. Then there is one point against help for defaulted mortgages.

Those are the points of objection. He starts out by saying that this program is of help to the big people. Then he attacks urban renewal, public housing, housing for the elderly, and college housing and classrooms. Those are the big people he is talking about which this bill will benefit. Here on the floor of the Senate, in trying to defend the conference report, I find myself hit on one side with the argument that it does too much for the big people and then I am hit on the other side with the argument that it provides too little. We do not get everything we want. I wish that the Senator from Minnesota would read these 15 points on which Mr. Mason bases his attacks in this bill and say whether he believes in the light of his criticisms that it is a good bill.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Pennsylvania.

Mr. CLARK. Good friends will, of course, sometimes disagree. However, it seems to me that we ought to disagree about an interpretation of the facts, not about the facts themselves. I wonder if I could have the attention of the Senator from Minnesota and the Senator from Alabama while I recite the differences between the Senate bill and the conference report with respect to urban renewal, because I believe we are in accord. If we are in accord on the facts, then we can differ as to their interpretation as we see fit.

Is it not correct to say that under the bill as it passed the Senate there would have been an authorization of $350 million for urban renewal upon enactment, regardless of when enactment took place; that there would be another $350 million authorized for fiscal 1960, which would become available on July 1, 1959; that there would be a third $350 million available for fiscal year 1961, which, in turn, would become available on July 1, 1960; or a total of $1,050 million, which could have been increased at least during that period by an additional $150 million under the escalator clause; so that the total authorized by the Senate bill for the period covered by the conference report would be a minimum of $1,200 million? The House bill for the same period called for $1,500 million. The conference report calls for a maximum of $900 million.

Have I not correctly stated the facts?

Mr. SPARKMAN. Yes, the facts have been correctly stated when we take the number of years into consideration.

Mr. CLARK. I thank my friend.

Mr. SPARKMAN. But the basic intent of the Senate bill is to make available $350 million a year.

Mr. HUMPHREY. I believe it must be taken into consideration that the bill has been in conference for a considerable period of time.

Mr. SPARKMAN. Not in conference.

Mr. HUMPHREY. Not in conference. It was first tied up in the Rules Committee in the other body. Its passage was delayed in the House. It has been for some period of time in conference. In the meantime, the fiscal year of 1959 has just about run its course. There are only about 10 days left in the present fiscal year.

Mr. CLARK. But that fact is absolutely immaterial because the first $350 million was to be available upon enactment, regardless of whether it was before the end of the fiscal year. Another $350 million becomes available on July 1, 1959.

Mr. HUMPHREY. I should like to say to the Senator from Pennsylvania that $500 million of this money will be available upon enactment on July 1, 1959, under the conference report.

Mr. CLARK. But it is not possible to get another amount until July 1, 1960.

Mr. HUMPHREY. That is correct. If the Senator from Pennsylvania is trying to tell me that that is all we want, I say no. All that the Senator from Minnesota is saying is, first, that the conference bill certainly does not go so far as we should go in the urban renewal program. It does not fulfill the long-term commitment. At the same time, $900 million for 2 years will keep the programs alive.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. Not at this moment. It appears to be a little more than the administration would like to spend. There are other factors which I do not think we, as Democrats, should ignore. For example, I believe in some public housing. There are 45,000 units of public housing made immediately available over a 2-year period. Enactment of the bill will provide those goals in the Housing Act of 1949. At the discretion of the President, 105,000 units may be made available. One hundred and fifty-eight million dollars is made available for housing for elderly persons. Two hundred and fifty million dollars is made available for classrooms. Three hundred million dollars is made available for dormitory housing. There is an insurance program for housing for elderly people. There is also an urban renewal section in the bill. It also provides, of course, for one little matter which was contained in the Senate bill and which was important to some local jurisdictions. It is the provision for temporary loans for early land acquisition under the urban renewal program, which the housing bill did not contain.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CLARK. The only point the Senator from Pennsylvania is trying to make is that the amount reported by the conferees for urban renewal is less than the amount in either the Senate or the House bill. With everything else the Senator from Minnesota has said the Senator from Pennsylvania is in complete accord.

Mr. HUMPHREY. I wish to say to the Senator from Pennsylvania that the bill, which would make available immediately an authorization of $1 billion——

Mr. CLARK. It is $1,500 million.

Mr. HUMPHREY. $1 billion for the first year and $500 million the second year. I think that money will yield tremendous dividends in terms of benefits for localities and for private industry. The only point is that the argument is made——

Mr. SPARKMAN. Mr. President, will the Senator yield there?

Mr. HUMPHREY. I yield.

Mr. SPARKMAN. Does the Senator realize that that provision has to go through the appropriation route?

Mr. HUMPHREY. Yes.

Mr. SPARKMAN. If we had not accepted the appropriation amendment, would the Senator have accepted it?

Mr. HUMPHREY. The Senator from Minnesota would have accepted a proposal that would get money for urban renewal.

Mr. SPARKMAN. Does the Senator know that the money would have been provided?

Mr. HUMPHREY. No. I think that what was done is a sound provision.

Mr. SPARKMAN. The Senator knows that when we are talking about numbers, we must remember the terms connected with them. At the beginning of the conference we discussed what this was based upon. We came to the conclusion—in fact, we had the advice of the House Parliamentarian—that it was based upon the yearly allotted amount. That is the manner in which it was considered. When we start talking about 5 or 6 years or this fiscal year or that fiscal year, whether the amount was to be appropriated or whether it was to be acquired through Treasury borrowings, all those things may have an effect, but the thing to weigh them against, certainly from a parliamentary standpoint, is the amount which is available by the year.

Mr. HUMPHREY. I believe the other point which needs to be mentioned is that we could have a bill which would authorize expenditures for 10 years, and that would be fine, except that one Congress cannot bind another, and that it would be possible 2 years from now to defeat such legislation. The duration of the authorization is not so important to me as is the amount of the authorization. The 86th Congress can pass legislation that will get us by for the next 2 years, but whether we are mindful of it or not, there will be an election in November 1960.

These issues are matters to be discussed. I am hopeful that the Democratic Party will go on record as believing in a tremendous urban renewal program as a sound and constructive public policy. An urban renewal program is good economics. It is good for physical plant development. It is good for business. It is possibly the one thing that can provide some hope for a continuation of urban living, and a hope of being able to maintain the core of cities, and to redevelop areas which have become run down and dilapidated.

I have seen urban renewal at work in my city of Minneapolis. I know what it means. It is a great hope for the larger cities of the Nation. Nine hundred million dollars for fiscal years 1960 and 1961 at least will maintain a program with a reasonable amount of activity. Then I suggest that we take this argument away from the Senate and away from 1600 Pennsylvania Avenue, and take it to the American people, and ask the mayors of the great cities of the United States, in the conference of mayors, and public officials and municipal associations to make manifestly clear to the electorate the importance of this kind of legislation.

I, for one, believe I can find no better issue in terms of urban population needs and requirements, and urban business and economic needs, than an urban renewal program. If the administration wants to veto a moderately good bill, one which provides only the beginning of assistance to meet these needs, then let the responsibility rest on the administration.

I am not at all certain what the President will do about the bill. I hope he will sign it. But if he does not sign it, then he will have refused to accept even a reasonable compromise. I know we are living under government by threat of veto. The Senator from Pennsylvania [Mr. CLARK] and the Senator from Alabama [Mr. SPARKMAN] know that the Senator from Minnesota does not intend to let legislation be designed on the basis of what the Bureau of the Budget, which is the right arm of the President of the United States, wants us to pass. That is clearly rubberstamping. There is no need of our adhering to that kind of policy.

But, by the same token, when a bill comes before us which provides for at least a 2-year program and a reasonable degree of financial assistance to provide the machinery for an effective housing program, we ought not to reject it. I do not think we will. I hope Senators on the other side of the aisle will not be so hidebound to the requirements of the Bureau of the Budget and the administration that they will rubberstamp the wishes of the administration and ignore the needs of the communities.

Mr. CASE of South Dakota. Mr. President, I have been reading the conference report as shown in the House print. I should like to read a part of the report signed by the managers with respect to title VII, which relates to armed services housing, and invite comment by some member of the committee of conference.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. CASE of South Dakota. I yield.

Mr. CLARK. I was not aware of the fact that there was any report. The managers on the part of the House said they would make a report, but it is my understanding that there is no report on the part of the Senate conferees, at least. From what is the Senator from South Dakota reading?

Mr. CASE of South Dakota. I have in my hand report No. 566 of the House of Representatives on the Housing Act of 1959.

Mr. CLARK. Is that a House of Representatives document?

Mr. CASE of South Dakota. Yes.

Mr. CLARK. I was a member of the committee of conference who did not sign the report.

Mr. CASE of South Dakota. I assume it is House Report No. 566 which the Senate is considering. I read from page 32, title VII, Armed Services Housing:

> (c) Section 803(b)(3) of such act is further amended by adding at the end thereof the following: "the property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants."

That apparently suggests a new structure or structures of some sort which could be built from the proceeds of insured loans. Would some member of

the committee of conference inform me what nondwelling facilities are and the purpose of them?

Mr. SPARKMAN. They could be playgrounds or meeting places, such as meeting places for Boy Scouts or other activities of the people who live in the projects. This item was specifically requested by the Department of Defense.

Mr. CASE of South Dakota. Does the Senator from Alabama know whether such facilities include commissary buildings, post exchanges, or buildings for commercial use?

Mr. SPARKMAN. Such facilities were certainly not represented to us as being facilities for which the Department of Defense was asking.

I call attention to the fact that this item was included in the Senate bill. In Senate Report No. 41 of the committee, which reported S. 57 to the Senate, there is the provision, on page 45:

> It has been brought to the attention of the committee that some military housing projects are constructed at remote places, or at locations which are remote from the center of permanent military establishments, where facilities do not exist for children's activities. In such cases, no nondwelling facilities exist for activities such as Scout meetings, PTA functions, community club meetings, and other activities essential to a well balanced social program for young people.

That is a condition which was called to our attention by the Department of Defense.

Mr. CASE of South Dakota. Mr. President, I have no objection to providing for such buildings as have been described for children's activities, Boy Scout work, 4-H Club work, or whatever else might be appropriate organizational activity for the children of parents living in such projects. However, I should like to make it clear that the language ought not to encompass commercial buildings.

Mr. SPARKMAN. It does not. I assure the Senator from South Dakota that so far as the intent of our committee was concerned—and I think this is true of both Houses of Congress—we rested upon the recommendations made to us by the Department of Defense, and the buildings were for only such facilities as those I read.

Mr. CASE of South Dakota. I am glad to have that statement as a part of the history of the consideration of the bill and the conference report. My reasons for making the point are twofold. First, proposals have been made at times for the construction of store buildings. The Subcommittee on Military Construction of the Committee on Armed Services has tried to follow certain guidelines in approving such requests. Where commercial facilities existed within a reasonable distance of a housing project, we have not thought that Government funds or Government-insured funds should be used to provide what could be regarded as duplicate facilities.

My second reason is that the allocations for insured loans carry an overall ceiling on the amount of money which can be used for housing projects.

If a portion of the funds is used for nonhousing projects, or, as the phrase in the report reads, "nondwelling facilities," presumably that amount is to be absorbed by the total funds involved in the project.

I would not want space or quality to be sacrificed in the construction of housing units in order that a building might be constructed for use for commercial purposes. The housing ought not to suffer in order to provide buildings for commercial purposes.

Therefore, I think the colloquy I have had with the Senator from Alabama is helpful in interpreting the purpose and the meaning of "nondwelling facilities."

Mr. SPARKMAN. I am in complete agreement with the statements made by the Senator from South Dakota.

Mr. CASE of South Dakota. I thank the Senator from Alabama.

Mr. CLARK. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without losing my right to the floor.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Pennsylvania plan to have the rollcall completed in an attempt to develop a quorum?

Mr. CLARK. No; my suggestion would be to have the roll called as far as "Mr. JOHNSON of Texas" and then to have the order for the quorum call rescinded.

Mr. JOHNSON of Texas. I have no objection. I ask the aides of the Senate to notify absent Senators that their presence is required.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Without objection, it is so ordered.

Mr. CLARK. Mr. President, I rise to explain why I did not sign the report of the committee of conference on S. 57, the omnibus housing bill—and, parenthetically, why, nonetheless, I intend to vote for the adoption of the conference report.

I realize that no individual Senator can expect to get all he wants from any conference committee. In the past, on the few conference committees on which I have been permitted to serve, despite my lack of seniority, I have entered into the conference in a spirit of compromise; and when the give-and-take process between the two Houses was finished, I have signed the conference report, even though I might be in disagreement on important particulars.

If the conference on Senate bill 57 had followed the usual course of compromise between the two Houses, I would have signed the report. But on one major item, which in some respects was the very heart of the measure, it did not follow the usual course.

This was the urban renewal authorization. The conference committee did not accept the Senate version. It did not accept the House version. It did not choose a figure in between the two. Instead, it went out of the bounds of the two versions which had been committed to it, and settled on a figure far less than either the Senate or the House had voted.

In total authorization, the Senate version of the bill provided for $2.1 billion, and the House version provided for $1.5 billion. But the conference report proposes $900 million.

Mr. BUTLER. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I am very glad to yield.

Mr. BUTLER. I should like to ask that the yeas and nays be ordered on the question of agreeing to the conference report. Will the Senator from Pennsylvania yield for that purpose?

Mr. CLARK. Let me ask the majority leader about that.

Mr. JOHNSON of Texas. We shall make that request later.

Mr. CLARK. Mr. President, if we look, not at total funds, but only at the funds made available during the next year, or the next 2 years, the conference report still proposes an amount below either that of the House version or that of the Senate version.

I had thought that this report might, therefore, be subject to a point of order. However, I have checked with the Parliamentarian, and have concluded that, on the basis of a technicality in the Senate rule, a point of order probably does not lie against the report, and that the conferees on the part of the Senate and those on the part of the House—who, I fear, must be designated the third branch of the Congress—can ignore the amounts of authorization in the measure written by the House and can ignore those in the measure written by the Senate, and can bring in a conference report which provides for an authorization smaller than that voted by either body, and that such a measure is still within the technical terms of the Senate rule.

Mr. President, the conferees did not violate the letter of the rule; they simply violated the spirit of the rule.

In these circumstances, in the absence of a point of order, a second course is open—and that is to propose that the Senate reject the report, and recommit the bill to a further conference. But the chairman of the conference committee, the distinguished Senator from Alabama [Mr. SPARKMAN], has expressed the view that if the conference committee were again to consider the matter, the next conference report would be even less desirable than the one now before us.

I have served long enough with the Senator from Alabama to respect his judgment as to what the conference committee would be liable to do. Moreover, once the conference committee meets, he has the controlling votes, because he and the Senator from Arkansas [Mr. FULBRIGHT] hold the balance of power in the conference committee. In effect, they are the "swing men" in the conference committee. When they vote with the Senate liberals—and, in that connection, I refer to the Senator from Illinois [Mr. DOUGLAS], the Senator from Maine [Mr. MUSKIE], the Senator from New Jersey [Mr. WILLIAMS], and myself—our votes prevail. When they

swing their two votes to my distinguished friend, the Senator from Indiana [Mr. CAPEHART], whom I see on the floor at this time, and my distinguished friend, the Senator from Utah [Mr. BENNETT], and my good friend, the Senator from Connecticut [Mr. BUSH], the conservative view prevails.

Mr. President, this leaves only one course open, and that is to express my protest—as I am now doing—on the Senate floor; and then—because, as I have often said in other connections, half a loaf is better than none—to vote reluctantly for the adoption of this conference report.

However, Mr. President, I desire to make clear that the issue I am protesting is not merely a technical one. As I have said earlier, in many respects it goes to the very heart of this measure. The amount of urban renewal authorization determines the whole pace and tempo of the clearance of slums and the rebuilding of our blighted cities and towns and villages. Mr. President, this matter is just as important to the smallest town in Mississippi as it is to the great city of New York.

From the standpoint of our large cities and also from the standpoint of our smaller urban communities, few issues of Federal policy are more vital than the urban renewal program. For millions of our citizens, no program holds more potential for the improvement of the environment in which they spend their lives.

Urban renewal is 10 years old this year; yet it is really just beginning. The process of urban renewal is complex and time consuming. Cities must organize their urban renewal planning agencies for the task. In fact, many urban communities today which are in need of urban renewal and slum clearance do not even have urban-renewal or slum-clearance planning agencies and must create them. But the organization of such an agency is the first step, before the city can obtain its share of the Federal grants in order to clear out blight and develop an environment in which every American family can live in decency—in a house which has a roof which does not leak, and which has a floor which does not sink under the weight of those who live there.

So the cities must analyze their slums and blighted areas, select the sites for redevelopment, prepare and have approved workable programs, make their detailed plans, rally public support, raise the local one-third share of the cost, select developers and negotiate with them, submit their plans for discussion in public hearings, and for local approval, seek Federal grant authorizations, and obtain their approval by the Urban Renewal Administration. Then, with good luck, about 3 years after the grant authorizations, the local municipalities will get their Federal money.

Thus, while 648 projects had been launched by 386 communities, as of December 31, only 10 had been completed. The others were in various stages of the long process of planning and execution. Of the $1.35 billion authorized for Federal grants over the past 10 years, only $181 million has been expended.

But the momentum of the program has been rising sharply. In 1957, the Congress authorized $350 million in capital grant authorizations for 1 year. In 1958, the Senate approved a total authorization of $1.8 billion, with an annual rate of $300 million which could be raised to $450 million in any year at the discretion of the President.

In January 1959, in the hearings before the Housing Subcommittee of the Committee on Banking and Currency, on which I have the honor to serve, Urban Renewal Commissioner Steiner said the rate of new applications, less rejects and withdrawals, had been approximately $480 million a year, or $40 million a month.

The program was accelerating. It was just getting off the ground, when what happened? The money ran out. There was no housing bill last year, and more than $500 million of bona fide applications are waiting on the shelf at the Federal agency, or on the shelf in local communities, with no possibility of getting a Federal grant unless the Congress passes the housing bill and the President signs it.

The question before the conference committee last week was whether the momentum of urban renewal should be maintained or slowed down. Either the House or the Senate bill would have maintained the momentum. By overruling the judgment of both Houses, as expressed in their respective versions of the bill, the conference committee has assured a slowdown.

It may appear, at first glance, that the $500 million authorized for the coming year would permit the Urban Renewal Administration to maintain that annual rate. But this overlooks the fact that no bill was passed last year. During that period, a backlog of roughly $500 million has accumulated. We thus have one year of backlog and one year ahead, at the rate the applications were coming in last fall when the money ran out, or about $1 billion in projects ready for approval immediately, or certainly within a few months after this bill is passed.

Both Houses recognized this need. The House of Representatives provided a flat $1 billion on enactment, and another one-half billion dollars to be available on July 1, 1960.

The Senate provided $700 million immediately that is, $350 million on enactment, another $350 million on July 1, 1959—and a third $350 million on July 1, 1960, and an escalator clause providing at least $150 million to be made available on a mandatory basis, whether the President liked it or not, if bona fide applications for urban renewal grants were pending before the Urban Renewal Administration.

In other words, the Senate total was at least $1,200 million for the next 2 years, starting July 1, 1959. The House total was $1,500 million for the same period. The conferees have made a recommendation of $900 million.

The practical result of this is to provide for a 1-year hiatus in the program.

We have had a 1-year hiatus, because we did not have a bill last year. Now that hiatus is going to be continued for the next 2 years.

The conference report means that any new project, over and above the backlog, made ready during the coming 12 months, cannot be approved for a grant reservation until July 1, 1960, because the backlog on the first-come, first-served basis will take up the $500 million which will be available until that date.

It means that no new community can enter the program during the coming year. This will particularly affect the smaller communities, which have necessarily been slower getting started than the larger cities.

I should like to say to my colleagues at this point that it is not the large cities which are being injured most by the lag in the urban renewal program. It is not cities like New York, Chicago, and Detroit, and Los Angeles. They are being injured, as my friend from Illinois has interjected, but not nearly so much as smaller cities like Huntsville, Ala., and Terre Haute, Ind., and a couple of fine cities in South Dakota, since I see the distinguished Senator from South Dakota present.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield.

Mr. DOUGLAS. I think the Senator from Pennsylvania gives away too much. The great metropolitan centers of this country will be injured severely by the bill which has come from the conference committee. We in Chicago are going to be crippled in our program, with which we are trying to go ahead. The very able Senator from New York [Mr. JAVITS] has testified to a similar effect. The Senator from Pennsylvania, who has had a distinguished career as Mayor of the great City of Philadelphia, knows Philadelphia is being injured. While he very modestly puts the major cities in the background, I want to say that in my judgment they are being heavily injured.

Mr. CLARK. Every word the Senator from Illinois has said is true. I merely want to point out that in some quarters in this country, and, I regret to say, among some of our colleagues on the floor, the impression seems to be that urban renewal legislation is a large city program, that the smaller communities in the country have no interest in such legislation. I may point out that at least 35 cities in the State of Pennsylvania are at one stage or another in their applications for urban renewal aid. As I said earlier, that 386 communities in the United States of America presently have urban renewal projects underway, and scores of others are getting ready to participate.

Mr. President, this is a bill for every urban dweller in the United States of America, no matter the size of his community. Yet my friend from Illinois is quite correct. The large cities are being hurt as badly as any of the others. While it is true that, on the first-come, first-served basis they probably will get more of the money than the smaller communities will, and it is too bad, if we stop the program or slow it down, the end result will be to hurt the large cities, to be sure, but it will hurt the smaller communities even more.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. CLARK. I yield to my friend from New York.

Mr. JAVITS. First, I should like to compliment my colleague on the fine presentation he is making of the case for all of us, rather than simply stating his own point of view.

Second, I should like to join with my colleague from Illinois in respect to the matter of the effect on the large cities. The cities of New York, Buffalo, Syracuse, Rochester, Albany, Schenectady, Troy, and a whole host of other cities in New York will suffer because everything which is to be provided under the bill will be just about "soaked up" on July 1, and there will be nothing left for the rest of the year. We have had experience in that matter already.

One thing which I should like to emphasize with my colleague is that time is not standing still for the large cities. The time bomb is ticking in those cities. New York is not gaining population at the rate other areas are gaining, and is really falling back in terms of population.

What will happen as the result? It is idle to assume that the Senators from rural communities in this Chamber have no interest in New York. In the first place, New York is a tremendous generator of taxes and of personnel for the United States.

With what are we going to compete with the Russians? Will it be the population of farm communities in southern Illinois?

Mr. CLARK. If my friend will permit an interruption, I hope there will also be interest in the birthplace of American freedom, Philadelphia.

Mr. JAVITS. There is no question about that.

Let me point out one other thing. We have utilities in which billions and billions of dollars are invested. We have approximately $8 billion invested in the center of New York in new industrial and commercial construction. Enormous buildings are going up, which are the pride of our country. Yet all around those buildings, lapping right at their construction and constricting it more and more, are the slum areas.

We are not making progress on the diminution of those slum areas. Moreover, we have tremendous populations which deserve a fair chance in life, the dignity and light which come with decent housing.

Urban renewal is the new scheme. Indeed, the present administration considered this a matter of great pride. This was going to be the point to be emphasized in respect to the whole housing program. It does not contribute to inflation. On the contrary, it is the most fruitful source for adding resources and assets to our country.

I am terribly disappointed with regard to the bill. That is what the Senator is expressing for all of us. I am terribly disappointed.

The only reason, as I see it, why Senators such as us will have to support the conference report is that it does not fall between two stools. That does not mean we should not protest vigorously against it and move heaven and earth to supplement it, beginning right now. This is what we can do now. Tomorrow we ought to start again to do our utmost to improve the situation. As the Senator is so magnificently proving, the conference bill is grossly inadequate and unfair to the country.

Mr. CLARK. I thank my friend for his very helpful comments. I wonder if the Senator would like to make a comment with regard to one further observation.

When I was mayor of Philadelphia we used to say—and it was true—that blight was spreading faster than we could stop it. I had felt, about the time the money ran out last fall, that at least in the larger cities—Philadelphia and Pittsburgh and perhaps New York—we were just about catching up with blight, with every hope that in the years to come we would go ahead of the game, and the slums would shrink and decent housing would expand. When the money ran out last fall the improvement stopped, and blight began again to creep ahead of the rehabilitation measures.

As of this minute, I wonder if my friend would agree with me that the situation is still getting a little worse instead of better?

Mr. JAVITS. There can be no question about that. I will say to my colleague, also, that all of the things we do in the really large cities about roads, highways, and other public improvements dislocate more people, who then have to be relocated. One of the major causes for the new slums is the crowding into these areas of the people who are dislocated from areas which are being rebuilt even with urban renewal. We are not keeping up with that task at all, because it is traditionally true that fewer people are resettled on the site, and many of those are of a different character from those who are removed from the site.

Mr. CLARK. My friend has put his finger on a very important facet of this whole subject. That is why we have to have more public housing, to provide for the relocation of families who cannot afford available private housing. That is why we have to have more middle-income housing, as proposed in the bill which the Senator from New York and I have jointly introduced.

Mr. JAVITS. I thank my colleague. I think it is very essential that we make it crystal clear why we are supporting this conference report, and that we do not intend to cease the fight for 1 minute.

Mr. CLARK. Mr. President, the conference report keeps urban renewal on a hand-to-mouth basis. The mayors of our cities, the planners, the developers, and even the President of the United States—yes, Mr. President, I reiterate, even the President of the United States—have told us repeatedly that the important thing in urban renewal is a long-term commitment by the Federal Government.

Mr. President, even the President of the United States wanted a 6-year program. It was inadequate in amount. It was not what we needed, but at least the President recognized the need for a long-term commitment to permit long-range planning, because these urban communities need assurance, before they start down the long road of planning and organizing support for a particular project, that the Federal funds will be available when, many years later, they reach the end of that road, and they are ready to get the fund grant and "put the show on the road."

The American Municipal Association and the U.S. conference of mayors have urged a 10-year commitment. The bill which I introduced this year provided a 10-year program, at $600 million a year.

That is what we need. What do we get? The Senate bill provided a 6-year program at $350 to $500 million a year. The House version provided $500 million a year for 3 years; that is, 1 year's backlog and 2 years ahead. The conference report extends 2 years ahead, but only by, in effect, stretching 2 years' funds over 3 years' needs.

So the conference report says, in summary: No new projects for a year. No new communities admitted for a year. A slowdown in the tempo of the program. No long-term commitment that the program be continued.

And this in defiance of the expressed views of both Houses of the Congress which the conference committee represented and ignored.

All this appears to have been done in the name of a new slogan and a strategy which have been spreading across the newspapers of late. The slogan is "Block that veto." The strategy is to send the President what is described as "veto-proof" legislation.

Block that veto is made to sound bold and aggressive. To write veto-proof legislation is made to appear as though the President is being outwitted by a clever Congress. But let us look carefully at what it really means.

Let us put it in A–B–C terms. President Eisenhower is a Republican. Presumably he does not believe in the Democratic Party platform. If he did, he would be a Democrat. But he is not.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. DOUGLAS. I think that is the understatement of the year. I would also say the President does not believe in a program to help the American people.

Mr. CLARK. The Senator and I like to consider ourselves parts of a responsible opposition. We always tend to understatement in these matters. I thank the Senator for his helpful interjection.

Mr. President, I think it must be clear that the President is not a Democrat. He would be a member of our party if he were. In fact, it has been said that he was asked to become one, by a former distinguished President of the United States, but he declined with thanks. The President of the United States is a Republican. If we translate the Democratic Party platform into legislation, he will veto it. If we send him legislation based on the Republican platform, or possibly a watered down and unrecognizable mixture of the two, he may sign it.

So what is "veto-proof legislation?" It is legislation which renounces or blurs

or fuzzes or muddies the Democratic Party platform, policies, and program.

"Block that veto" is a euphemism for "Give the President what he wants," whether or not we think it is good for the country.

In the old days, when the President dictated legislation, the Congress was called a rubberstamp Congress. Now it is pictured as a foxy Congress that is skillfully avoiding vetoes, peering around one corner, and running down to the other, getting away from the veto policeman, and making it possible to say, "Mr. President, we did not pass as much legislation as we said we would in our party platform. We have not done much for the good of the country. We put through some bills which the President wanted. But he did not veto anything. Look at us. We are good."

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. McCARTHY. Is there not grave danger that the standard by which any Congress may be judged in the future is whether or not any bills it passed have been vetoed or not?

Mr. CLARK. I am afraid that is a real possibility which we must face in the future.

I suggest that if the people had wanted the Republican President to write our legislation, or set the bounds and limits within which we must write it, they would have elected a Congress of his party. Instead, in 1958 they gave the Democratic party the biggest majority since the days of Franklin D. Roosevelt.

I suggest that the people gave us on this side of the aisle a mandate. It was a mandate to write a Democratic program—based on the Democratic platform of 1956—embodying the Democratic philisophy and approach to Government. I sugest that it is our responsibility to write that kind of program and send it to the President, today, next week, and every week until this Congress adjourns, and to come back and do it all over again at the second session of the 86th Congress. Then, perhaps, in God's good time, the American people will decide that the Democratic Party is faithful to its trust; that when we write a platform we stick by it; and that when we say we will do things, and we have the congressional majority to do them, we will get them done. If the American people ever make up their minds that that is the fact, we will get a Democratic President in 1960. If they do not, we will not.

I suggest that it is our responsibility to write the kind of program which I have been outlining, and send it to the President. If he vetoes it, we should pass it over his veto. If we do not have enough votes to override the veto, then it will be time enough to offer the President a compromise.

At this point I should like to read into the RECORD the plank on housing, from the 1956 Democratic Platform, adopted August 15, 1956, by the Democratic National Convention, meeting in Chicago, at which convention I had the good fortune and honor to be a delegate. The plank is short, and I will read it:

> We pledge our party to immediate revival of the basic housing program enacted by the Democratic Congress in 1949, to expansion of this program as our population and resources grow, and to additional legislation to provide housing for middle-income families and aged persons. Aware of the financial burdens which press upon most American communities and prevent them from taking full advantage of Federal urban redevelopment and renewal programs, we favor increasing the Federal share of the cost of these programs.
>
> We reaffirm the goal expressed by a Democratic Congress in 1949 that every American family is entitled to a "decent home and a suitable living environment." The Republican administration has sabotaged that goal by reducing the public housing program to a fraction of the Nation's need.
>
> We pledge that the housing insurance and mortgage guarantee programs will be redirected in the interest of the homeowner, and that the availability of low-interest housing credit will be kept consistent with the expanding housing needs of the Nation.
>
> We favor providing aid to urban and suburban communities in better planning for their future development and redevelopment.

I point out to my lonely friend across the aisle, the distinguished Senator from Indiana [Mr. CAPEHART], that our program did not say anything about housing being something to cure a Republican depression. It did not say anything about housing and urban renewal being things that could be stopped, if we should find that the recession was tending to end, and employment was building up.

We were for housing in good times and in bad times, and until we got our slums cleared, and until the goal of the legislation enacted in 1949, with the able assistance of the Senator from Illinois [Mr. DOUGLAS], known as the Wagner-Ellender-Taft bill, became a reality, providing a decent home for every American family.

How is the strategy made that we Democrats, with our huge majorities, should renounce our platform and our program and send the President only veto-proof legislation?

I submit that if one examines the process closely he will discover that this strategy is actually made by a coalition of Republicans and a minority of Democrats.

And the minority of Democrats who are joining in this strategy are preponderantly from States where Democrats do not even have to contest with Republicans in elections.

The majority of Democrats in the Senate, who have to go out and face Republicans, are not a party to this strategy. But they do not determine the kind of image which the Democratic Party in the Senate presents to the Nation.

Urban renewal is a case in point.

When the housing bill was before the Senate last February 5, I offered an amendment to establish a 6-year program, with an annual rate ranging from $450 million to $600 million a year, by reason of an escalator clause which would have stepped up the rate of urban renewal authorizations and grants at the discretion of the President.

I had already been cut down partly to size. The mayors of our cities, through their associations, asked for $600 million a year for 10 years. They needed it and were entitled to it; and if we are to clear our slums, some day they will have to get it. This was the figure contained in the bill S. 193, which I had introduced.

But I know when I am licked. When I came to the floor I thought perhaps we could get half a loaf. So I reduced my proposal from 10 years to 6 years, and from $600 million to $450 million with the escalator clause.

This was quite a retreat. I called for a yea-and-nay vote on the amendment, and invited some comments from certain of my friends. This appeared rather foolish, because I did not expect to muster more than a corporal's guard to vote for the amendment. It was perfectly clear that it was not supported by the committee or by the leadership.

What happened? The Democrats in the Senate voted 32 to 26 for my amendment. Of the 26 who voted in the negative, only 8 came from States where the 2-party system is a reality. Thus Democrats from the 2-party States voted in favor of this amendment, 28 to 8. It was the Republicans who beat the amendment. They defeated it wholeheartedly, with something approaching unanimity. They are not really much interested in such amendments as those relating to urban renewal. I honor them for their views. I wish we could persuade them that they are mistaken. My good friend from New York [Mr. JAVITS], whose presence in the Chamber I note, was not among those who defeated this amendment. But he was the only one.

What happened in the conference committee last week? The same alinement appeared. There was a motion to go outside the bounds of both the House and Senate versions and approve the $900 million figure. This motion was supported by a coalition of three Republicans and two Democrats, both Democrats being from one-party States. The four Democrats elected from the two-party States all voted in the negative.

That conference committee was really a pretty interesting show. I wish my colleagues in the Senate who were not present could have hidden under the rug to listen to how we operated.

It was perfectly clear that urban renewal would involve a critical vote. It was perfectly obvious that what had happened previously in conference pointed to that result.

I wish my friend from Indiana [Mr. CAPEHART] were present in the Chamber. I expect him to return very soon. It was perfectly clear, before the vote on urban renewal, that the vote would be critical; that no one was going to stand up for the Senate bill; that no one was going to stand up for the House bill. The question was, How soon could the conferees from the House join the conferees from the Senate in backing away from both bills?

I notice that my good friend from Indiana has returned to the Chamber. I will ask him to confim this little com-

ment I am making in a more or less light vein.

What worried me was that the distinguished Senator from Indiana would engage the attention of the chairman of the conference before I was able to do so.

I knew that as soon as he could he was going to propose that the Senate recede and approve the $900 million total authorization, which finally got into the conference report. My friend from Alabama—he is not only a good friend of mine, but he is a good Democrat—recognized me before he recognized the Senator from Indiana. I am not quite sure which one of us was shouting the loudest at that point for recognition. So, Mr. President, knowing that we could not get the Senate bill, I still thought that perhaps the Senate could recede and accept the House proposition from which the Thomas amendment had already been stricken. So I proposed that the Senate recede and accept the House bill and provide $1,500 million, which would be still less than the Senate had voted, and I thought at that point I had come down on my views as to what was half a loaf. It still looked like a half a loaf. Four Democrats from the two-party States and three conservative Republicans were on opposite sides. My two good friends, the Senator from Alabama [Mr. SPARKMAN] and the Senator from Arkansas [Mr. FULBRIGHT]—and I have no better friends than these two able Senators on the conference committee—stood with my conservative friends, and my motion was defeated.

No sooner had that happened than the distinguished Senator from Indiana indicated that he desired recognition. He proposed the figures which are presently in the conference report. We did not even argue the question. There was no discussion. There had been plenty of discussion before the conference met. Everyone knew what was going to happen. The chairman very properly put the question to a vote. It was the same old combination. The same old vote of 5 to 4: Four Democrats from the two-party States voted "no. Three conservative Republicans joined two Democrats from the one-party States. So we are here with $900 million, which is at least $300 million less than the 2-year total of either the House or the Senate bills.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. McCARTHY. As I understand, the Senator from Pennsylvania is arguing that there is needed $500 million a year for a period of 10 years? Is that correct?

Mr. CLARK. I think $600 million.

Mr. McCARTHY. As a minimum.

Mr. CLARK. $600 million a year for 10 years. I think not only do we need that amount, but that we can well afford to pay for it without undue hardship on the taxpayers.

These are not wild-eyed spending schemes. For every dollar of Federal money put in urban renewal there is expended by private interests between $5 and $15 of private funds. The Federal Government picks up a minimum of 20 percent of that in income taxes. So it can well be afforded.

Mr. McCARTHY. The Senator has stated that the administration recognizes the problem and has indicated it is very much their concern.

Mr. CLARK. I do not believe I said very much concern. I said concern.

Mr. McCARTHY. It has indicated that it is concerned.

Mr. CLARK. The administration sent a message to Congress asking for legislation.

Mr. McCARTHY. As I look at the report which the Housing and Home Finance Administration has filed, it is manifestly clear that this is a program of progressive moderation.

Mr. CLARK. I think that is correct.

Mr. McCARTHY. In which it is recognized that there is a problem, and now it is then proposed to do less and less about it.

Mr. CLARK. Until finally nothing is done.

Mr. McCARTHY. In the hope that it will fade away, or people will stop talking about it.

Mr. CLARK. Or some kind friend will sweep it under the rug.

Mr. McCARTHY. It could be called progressive degeneration, rather.

Mr. CLARK. I will accept the amendment.

Mr. McCARTHY. What they would like to have and what the administration has recommended is $100 million for fiscal 1959.

Mr. CLARK. Yes.

Mr. McCARTHY. Then $250 million for each of the next 3 fiscal years, and $200 million for each of the 3 following fiscal years. There is no reason to believe that the problem of urban renewal will in any way diminish.

Mr. CLARK. If anything, it will increase.

Mr. McCARTHY. I thank the Senator from Pennsylvania.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to the Senator from Wisconsin.

Mr. PROXMIRE. On that very point, is it not correct to say that the Rockefeller Economic Report which was submitted several months ago recommended a far more substantial urban renewal and slum clearance program than the mayors had recommended?

Mr. CLARK. Well, I am not——

Mr. PROXMIRE. Any interpretation of that report, it seems to me, would suggest that they favored far more than $600 million a year for 10 years as the Federal Government's share.

Mr. CLARK. The Senator may well be correct, and I am not saying he is not correct. I know that on both sides of the aisle the word "Rockefeller" has a rather chilling effect. [Laughter.] I would not wish to identify myself completely with the proposal, even if it should happen to be correct, for reasons which must be obvious to my friend from Wisconsin. Nevertheless, if he says it is true, it is true.

Mr. PROXMIRE. I am sure it is. It is a great deal more substantial than that. It is a report in which I was very much interested at the time of the debate. To confirm it, I went over it in detail with some staff members of the Committee on Banking and Currency. I became convinced that it is true. I circulated it among other Senators. I am convinced that the recommendations in that report are far more substantial than those made by the mayors. This is a fundamental problem in the growth of our economy. It is of serious importance to our large metropolitan cities.

Mr. CLARK. I am sure the Senator is correct. Now that he refreshes my recollection, I am sure he is correct. The Senator will recall that not only in connection with domestic problems but also in connection with national defense the Rockefeller Bros. series of reports called on the country to make substantial expenditures during the years ahead, and pointed out the folly of thinking it could be done with a budget balanced at $77 billion a year, and called for the closing of tax loopholes and the imposition of additional taxes until such time as the growth of the economy would take up the slack.

Mr. PROXMIRE. Does the Senator recall the membership of the committee?

Mr. CLARK. I would appreciate it if the Senator refreshed my recollection about it.

Mr. PROXMIRE. It included a number of prominent corporation executives. It was anything but an egghead committee or one composed of starry-eyed liberals. It included people who have had great experience and great success in business. It included, as I recall, Henry Luce, of Time, Life, Fortune, who cannot be considered a liberal or a New Deal or Fair Deal Democrat.

Mr. CLARK. The Senator is making the understatement of the year.

Mr. PROXMIRE. The committee included a number of other persons of similar persuasion. They looked at this problem from the standpoint not of political ideology, but from the standpoint of what must be done by our cities so that they can survive. Their recommendation was, accordingly, more substantial. I shall be happy to put into the RECORD, as soon as I can get the information, the much more substantial recommendation of the committee as compared with the recommendation of the mayors.

Mr. CLARK. I believe that will be helpful. I turn now, within the limits of congressional courtesy and the rules which bind us, to our good friends, the House conferees. It so happens, for reasons with which I am not familiar, that whereas the Senate committee consisted of six Democrats and three Republicans, the House committee consisted of four Democrats and three Republicans. I am not aware why, with the large majority of Democrats in the House, the committee was so constituted, but that is within their privilege. That is what they did. The interesting thing to me was to see whether the majority of the House conferees could scuttle the House bill any quicker than the Senate conferees scuttled the Senate bill.

If these remarks should be read on the other side of the Hill, let me say to my good friends in the House and to my good

friends in the Senate that I am now speaking in a lighter vein, and that I have the highest regard and respect for every member of the House conferees. I am sure they exercised their best judgment in determining how they should vote.

It was rather interesting to me that the three conservative House Republicans were waiting to see what would happen in the vote of their Democratic conferees. They were rewarded. They were rewarded with unanimity substantially in excess of that of the Senate conferees. The House accepted this compromise proposal on urban renewal after quarreling a little about withdrawing the impossible Thomas amendment. Three of the four Democrats came from one-party congressional districts, and the fourth—whom we all revere and honor, who has been a Member of the House for many years—came from a district which has some Republicans in it, but I am sure he will continue in the Congress until such time as he chooses to retire.

So, Mr. President, that is how the conference report was adopted.

Now I should like to address myself to my Democratic colleagues and discuss a broader problem, and discuss it quite seriously.

The proposed legislation which this Congress sends to the President bears inevitably our party's label, because the people know that the 86th Congress is heavily Democratic—in this body by a majority of 64 to 34. But how is this Democratic legislation moulded? How is our Democratic record written?

Is our Democratic position determined in caucus, as the Senator from Wisconsin [Mr. PROXMIRE] has suggested that it should be? No.

Is it determined through consultation among Democrats who are representative of the whole body of Democrats in the Senate? No.

Is it determined by the Democrats in committee consulting with one another? To some extent, but, frankly, not much.

It is determined, in fact, as it was in the conference committee which considered the housing bill, by a minority of Democrats from one-party States who hold the balance of power between the Republicans—who with honorable exceptions are conservative—and the majority of their own party. When I say "with honorable exceptions," I do not mean for a minute that conservative Republicans are not honorable. We all know they are honorable. It is simply that they do not happen to agree with my point of view in this case.

Democrats who come from one-party States do not need a party record on which to run for reelection next year. Their contests are not with Republicans but with other Democrats, and they run on their personal and not on their party records.

The Senators on our side of the aisle who come from one-party States are among the finest Senators and have the highest of motives. Many of them, like the two distinguished Senators from Alabama [Mr. HILL and Mr. SPARKMAN], are Senators whom I have long honored for their views. But the fact of the matter is that, aside from their ideological interest in the Democratic Party, they have no personal stake in seeing to it that legislation is enacted which will make it possible to carry the two-party States, and thus to elect a Democratic President of the United States.

Let me be crystal clear about that. I do not say for a minute that there is a Democratic Senator in this body who does not want to elect a Democratic President in 1960. I know that. But their personal interests are not involved in passing proposed legislation and sending it to the President for his signature or veto to the extent to which the personal interests of Senators who come from two-party States are enlisted. This is a fact. It is a very critical point which needs to be made.

Those of us who come from States where the two-party competition is rough do need a party record—and, believe me, Mr. President, I do. We have to have a party record, but we have not made a party record so far.

We must follow the program set forth not only by our party convention, but by our Democratic advisory council. I state my general agreement, not in specific detail, but in general, with the fine pronouncements which have been made on national policy by the Democratic advisory council since it was created. That council includes in its membership the distinguished Senator from Minnesota [Mr. HUMPHREY], the distinguished Senator from Tennessee [Mr. KEFAUVER], the former President of the United States Harry S. Truman, the former candidate for President of the United States, Adlai E. Stevenson, and the former Secretary of State, Dean Acheson.

Mr. President, if the measures of this Democratic program would be vetoed if passed, then what we need is not veto-proof legislation but vetoed legislation. Then we need to override the vetoes with the help of Democrats from one-party States and Northern and Western Republican liberals. We can send the veto-proof legislation to the President as a third step if our friends desert us, and we will get as much of a record of accomplishment when all is over.

I urge on our party leadership that we renounce the veto-proof policy, and that we reinstate the Democratic national platform of 1956; that we reinstate the pledges which we as Democrats have made to our constituents; and that we pass a program of which we can all be proud. If the President then vetoes our proposals, let us pass them over his veto. If we cannot pass them over his veto because our Republican friends and our friends from the one-party States on our side of the aisle do not choose to stand with us, then, but only then, as a third step, should we write and pass measures which will receive Presidential approval as the only possible alternative to letting the American people down by not providing the legislation which they so desperately need.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. MORSE. First, I believe the speech which the Senator from Pennsylvania is making this afternoon is one of the soundest speeches on what the Democratic Party policy should be that I have heard in the Senate for a long time. The Senator from Pennsylvania has reached the point where he suggests an alternative which has great merit, although I think there is another alternative which I should like to mention.

The Senator says that only in case the President vetoes a measure which we think is sound should we adopt a policy in the Senate.

Mr. CLARK. I said only if we were unable to pass it over his veto.

Mr. MORSE. Yes; only if we were unable to pass it over his veto should we pass a measure which conformed to his veto.

I raise only the question of the generality of the Senator's statement of the question of policy. I think there are some instances in which we should do as the Senator has suggested. I think there are other instances, however, in which we should take the issue to the country, first, and give the people an opportunity to reflect their judgment as to the course of action of the President, rather than to place on the statute books an inadequate piece of legislation which may take many years to remove from the statute books.

Mr. CLARK. Such as home rule for the District of Columbia.

Mr. MORSE. Such as the home rule bill, although I was not going to discuss it. That is really a minor matter in comparison with the particular policy about which I am speaking. I want the Senator from Pennsylvania to know that I am with him concerning the passage of inadequate legislation after we have failed to override a Presidential veto. But I suggest that the Democratic Party has a duty, when we find ourselves in the impasse the Senator from Pennsylvania has outlined, to take the fight to the country and to pass no legislation at all until the country has had an opportunity to pass judgment on the course of action which the administration has followed in some circumstances.

Mr. CLARK. I think the Senator from Oregon is quite correct. I suggest to him that the test which we must pose to ourselves in each instance is: Is this a program which can afford to wait? Is this something which the American people can get along without until we can take the question to the country in the hope of electing a Democratic President and reaffirming our majorities in the House and Senate, or perhaps increasing them? If it is that kind of proposed legislation, I agree with my friend that we should not pass any measure of that sort.

But, Mr. President, when we are dealing with urban renewal, we cannot afford to wait. We must take the quarter of a loaf which is held out to us; believe me, I know that to be so.

Mr. MORSE. Mr. President, will the Senator from Pennsylvania yield further to me?

The PRESIDING OFFICER (Mr. HART in the chair). Does the Senator from Pennsylvania yield further to the Senator from Oregon?

Mr. CLARK. I yield.

Mr. MORSE. I do not find myself in disagreement with the principle the Senator from Pennsylvania has enunciated. But by taking the issue to the country, rather than by passing inadequate legislation, we have the best chance of obtaining adequate legislation, because sometimes by passing an inadequate measure we dull public interest and create among the people the false impression, "Well, the matter has been settled; and I guess that is all that can be done."

But if we say to the people, "This issue is not going to be settled until it is settled right," and if we keep the issue open, and let the people pass judgment as we carry it to them on the political platforms, sometimes we can win the ultimate victory which is very important.

I suggest that in the history of the liberal movement in this country there are many instances in which that was exactly the position the liberals took, to their everlasting credit.

But I agree with the Senator from Pennsylvania that in the case of urban renewal, we probably have to handle the matter piecemeal.

So let us move as promptly as we can, but make as strong an attempt as we can to pass a measure which is not likely to be vetoed. But if it is vetoed, let us proceed most strongly to override the veto.

Mr. CLARK. I thank my friend. Certainly that is the broad view to take.

Mr. President, the housing bill has presented us with an aspect of a broader question. The Democratic Party can survive one failure. Urban renewal will go forward at a tepid pace, but it will go forward. We can still make promises about the Democratic position on urban renewal, even if they do not ring true, on the basis of the record.

But if this is the pattern that is followed on all the major issues of 1959 and 1960—if we limit ourselves to veto-proof legislation in all such fields as housing, as we are about to do by means of this measure; and airports, on which we have only recently acted; and education—and I am told that the Murray-Metcalf bill is dead, although I do not know why it is dead; and social security—and let me say that I do not know what the House is doing on the Forand bill; and aid to depressed areas—which I have heard is dying in the Rules Committee of the other body; and unemployment compensation—and we have already taken considerable of a licking on that one; and natural resource development; and all the other areas of governmental activity bearing upon economic growth and human welfare, we will be going down—as one writer has put it—"constructively, responsibly, and efficiently to a splendid disaster."

It will not matter which of our Senatorial hopefuls for the Democratic nomination may win the prize, or even if some rank outsider who has not had the benefit of serving in this august body should achieve the nomination, because the record of the Democratic Senate on which such a nominee will have to run—regardless of whether he is a Member of this body—will be indistinguishable from the position of the Republican administration which he is seeking to displace. If the people cannot detect any difference between the parties, why should they wish to make a change?

I hope that those who seek to blur the difference between the parties—who seek to fuse and blend the Democratic and Republican programs, point by point, in the dark recesses of committee and conference action or here on the floor, with control by means of the coalition to which I have referred—will ponder the damage they are doing to our party as we prepare for the campaign next year.

Mr. DOUGLAS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I am happy to yield to my friend, the Senator from Illinois.

Mr. DOUGLAS. As one of the conferees from the Democratic side on this measure, I wish to confirm the general accuracy of the statement of the Senator from Pennsylvania has made; and I wish to state that I desire to associate myself with the general nature of his remarks.

Perhaps later on I shall seek to expand my views on this point; but for the moment let me say that the Senator from Pennsylvania fought very hard and efficiently to carry out a program which I believe was in the best interests of the Nation and within the confines of the two versions of the bill. As he has said, in that fight he was supported by Democrats from the Northern and the Middle Western States. But we were defeated by a bipartisan coalition of the nature the Senator from Pennsylvania has described.

So I believe we have a clear issue of policy as to whether we are making all these bills vetoproof. However, of course we are not certain that even with all the concessions which have been made, this measure will be vetoproof.

Mr. CLARK. Let me say that it occurs to me that this measure is not vetoproof.

For instance, I hold in my hand a press release issued in letter form, from the Honorable Norman P. Mason, Administrator of the Housing and Home Finance Agency, addressed to the distinguished minority leader, the junior Senator from Illinois [Mr. DIRKSEN]. In the letter, Mr. Mason—in probably the most bombastic language I have ever known a responsible Government administrator to use—attacks this housing measure on nearly every count; and he includes a memorandum which, as I recall, states 15 objections to it.

Mr. President, I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSING AND HOME FINANCE AGENCY,
OFFICE OF THE ADMINISTRATOR,
WASHINGTON, D.C., *June 22, 1959.*

Hon. EVERETT MCKINLEY DIRKSEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DIRKSEN: This is in reply to your request for my views on the housing bill.

I believe that the housing bill as adjusted by the conference committee is not in the best interests of most of the American people.

The bill is full of bonuses for the big people.

It helps big builders by providing a market at par for mortgages for cooperative sales housing, elderly housing, and other special programs.

It helps big cities by requiring the Federal Government to accept urban renewal applications in the order of application. Big cities have staffs at work. No project can be rejected because of its size, so a few big cities could take all the funds allocated.

The bill provides a whopping program of public housing in the face of troubles cities are having today to find suitable locations and in the face of evident need to change from the institutional approach.

On top of that, this is a costly bill. It authorizes $1,375,000,000 within a 2-year period, exclusive of the longer-range costs of its public housing program. This is 70 percent more than the administration recommended for the same period.

Other special provisions that are not in the general public interest are set forth in detail in the attached memorandum of objectionable provisions.

Sincerely yours,

NORMAN P. MASON.
Administrator.

Mr. CLARK. Mr. President, I suggest to my friends that, in all likelihood, in their efforts to obtain a veto-proof measure, they did not succeed in getting one. But if a veto comes, I hope every Member of this body will support a move to override the veto.

Mr. DOUGLAS. Mr. President, will the Senator from Pennsylvania yield further?

Mr. CLARK. I yield.

Mr. DOUGLAS. I, too, have read the extraordinary letter signed by Mr. Mason. I think the letter is inaccurate and unjust. Especially I wish to quarrel with the statement, contained in the letter, that "the bill is full of bonuses for the big people."

Actually, the only trouble with this measure is that it does not provide enough help. The public housing program is designed to help people who are displaced by urban renewal and highway projects and who, because of a lack of economic resources or because of color, are not able to find adequate housing facilities elsewhere. The purpose of this housing program is to help those with inadequate means, and to help the cities arrest blight.

I think the mere publication of the letter is sufficient to condemn the policy of the administration.

Mr. CLARK. Mr. President, I think my friend is quite correct; and I point out that two of the three conferees on the part of the Senate—I refer to the Senator from Connecticut [Mr. BUSH] and the Senator from Utah [Mr. BENNETT]—have announced they did not sign the conference report, even after they had given their votes, as I have previously indicated, in earnest attempts to whittle down this measure as far as possible.

Again let me say that I respect their sincerity; I am sure they believe in what they say. I simply happen to disagree with them.

Mr. PROXMIRE. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. PROXMIRE. I warmly congratulate the Senator from Pennsylvania on his superb speech; and particularly do I congratulate him on his emphasis on the Democratic Party's platform. Far too rarely in speeches in the Senate Chamber is the platform either considered or referred to. Perhaps that is one of the reasons why we have wandered so far from the platform. So I congratulate the Senator from Pennsylvania on having referred specifically and directly to the promises the Democratic Party freely made in its platform in 1956.

Mr. CLARK. In fact, I was elected on that platform; and, in my judgment, I would not have been elected if I had not stood on the plank of that platform relating to housing and urban renewal. So I feel a moral obligation to do all within my power to keep the promise our party made by means of that plank.

Mr. PROXMIRE. Indeed, Mr. President, the Senator from Pennsylvania is not the only one who ran on that plank and was elected on the basis of that plank. So I think it most important that the Democratic Members of this body be reminded of our solemn, clear, deliberate, and freely made promises.

Mr. CLARK. I thank my friend.

Mr. PROXMIRE. Let me conclude by saying, as the Senator from Pennsylvania has pointed out, that this is one instance—one of many, one of at least 15—of promises which were made by our party and were contained in our platform in 1956, but have not as yet been carried out.

Once again I thank the Senator from Pennsylvania for his excellent speech.

Mr. CLARK. I thank my friend.

Mr. President, I am ready to yield the floor.

Mr. HUMPHREY. Mr. President, before the Senator from Pennsylvania yields the floor, I wish to commend him for the splendid address he has delivered and for the spirit in which it has been delivered.

I also wish to express my feeling on this subject. By the way, Mr. President, it is not alone my feeling, for I have just returned from conferences in my State, and recently I have had conferences with groups here in Washington, in all of which I was urged to do all within my power to provide for an urban renewal program.

As the mayor of Minneapolis, I supported an urban renewal program, just as did the Senator from Pennsylvania when he was the mayor of Philadelphia. Perhaps our Minneapolis urban renewal program is not very big, but it is as big as we can handle. We have the Lower Loop development. We have the Glenwood project. Last year we got no money, because there was no bill.

Mr. CLARK. The money ran out.

Mr. HUMPHREY. The money ran out. This year we can get our share of $500 million. For fiscal 1961 we can get our share of $400 million.

Do not misunderstand me. I agree completely with the Senator from Pennsylvania. We need a much more adequate program. I was for urban renewal in 1945 and 1946. I came before Congress as mayor of a city, and testified before the then Senator from Washington, Mr. Cain, in the 80th Congress, when he was chairman of the Subcommittee on Housing, and before the then Senator from New York, Mr. Ives. I testified in behalf of what we then called urban redevelopment.

Much as I desire to have a program that comes closer to meeting the real needs, I do not think we ought to indicate that this bill does not fulfill at least some of the commitments we have made as a party.

The President's right-hand man on housing, Mr. Mason, has condemned this bill on 15 counts. He does not like it, and he has laid down 15 grounds for his dislike.

I can think of reasons why I like the bill. I think of what it does for college housing, for housing for the elderly, for urban renewal, and for public housing. They are just a few of the reasons why I think there are in the bill factors or elements which are constructive.

As the Senator from Pennsylvania has stated, we ought not to legislate under fear of veto. I thoroughly agree with the Senator. I was not happy with some of the actions on the airport bill, which the Senator has mentioned, or on the veterans bill, and the manner in which it was passed. We have a commitment on social security and depressed areas. I am not happy with what we did on unemployment compensation. But I may say that of all the action taken thus far, this bill on housing borders on being as responsible a piece of legislation as has been acted upon. It does not go as far as it should, but it has in it no irresponsibility which will lead us to disaster. This proposed legislation is at least as good as or better than we have had in the past. We need more and we need better such legislation.

I am not so sure that I am in favor of giving 6-year extensions to the administration. Twenty-year extensions can be given to the administration, but the provisions can be interfered with by administrative bungling. Congress cannot fix the time provision, because administrators can slow down the process, as they have done. We can enact the finest of laws, but, through administration, they can be emasculated, or at least weakened.

While I thoroughly agree with what the Senator has said on the last page of his comments, namely, that we must not limit ourselves to veto-proof legislation, likewise, we must not take a bill which contains at least the basic elements of good legislation and make it appear as though it is not good legislation, particularly when the odds are that the administration is not going to accept it.

Mr. CLARK. Before I close, Mr. President, and in connection with my remarks, I should like to call to the attention of my colleagues a very interesting pamphlet entitled "The Condition of Our National Political Parties," by Stephen K. Bailey, which has been published by the Fund for the Republic, one of our well-known foundations.

Mr. Bailey is William Church Osborn, Professor of Public Affairs at Princeton University. He has been chairman of the Democratic State Platform Committee in Connecticut. He was an assistant to Senator William Benton. He was mayor of Middletown, Conn. He was a consultant to the Research Division of the Democratic National Committee.

In a paper which I think is well worth reading by all members of the party, he makes nine specific suggestions for political reform. I shall not quote them all, but I should like to read briefly five of the suggestions.

First, he recommends that we expand our two-party competition into all congressional districts and States. He points out ways and means of doing that.

Next, he advocates creating, by formal action of the two national conventions, permanent advisory councils and staffs to both national committees.

Next he argues in favor of providing social and office facilities for each national party along the Mall, between the White House and Capitol Hill, to serve as symbolic and practical links between the executive and legislative branches of Government, as well as between the party and its membership across the country.

Next, he advocates establishing or strengthening party policy committees in the House and Senate to guide congressional business; hold reasonably frequent party caucuses; nominate members for committee assignments, who would then be elected in the caucuses; and receive and hold joint hearings and report on all general Presidential messages.

Next he advocates finding a mathematical formula for computing congressional seniority which will give added weight to those legislators who come from competitive two-party districts and States.

I hope this pamphlet, which is available to all Senators if they will write the Fund for the Republic, and which is too long to insert in the CONGRESSIONAL RECORD, will receive from my colleagues the attention which it deserves.

Mr. President, I yield the floor.

Mr. DOUGLAS. Mr. President, as I have stated, I wish to associate myself with the general nature of the statement made by the Senator from Pennsylvania [Mr. CLARK].

I am afraid that a great many legislators, particularly those from predominantly rural and smalltown districts and States, do not appreciate the difficulties which our cities, especially the big ones, suffer so far as urban renewal or slum clearance is concerned.

Our cities are rotting away at their centers, and millions of children are growing up in the slums. The slums are indeed bad—morally, physically, and aesthetically. Along with our treatment of the Negroes, Latin-Americans, and migrant labor, they are among the biggest blots upon our relatively prosperous and productive society.

The slums are now spreading more rapidly than they are being reduced. The modest program of slum clearance and urban renewal, enacted in 1949, is only now being carried out. Only half—around 400,000 units—have been built of the 810,000 units of public housing which

10 years ago we planned to construct by 1956.

In the meantime, the slums are spreading and getting worse. At the same time that upper and middle income families are moving into the suburbs, displaced migrants from the country—both Negroes and whites—are moving into the cities and being forced into the slums.

The cities are, in general, awake to their problems but suffer under many handicaps in dealing with them. Their tax base is shrinking, they generally lack home rule in tapping new sources of revenue, and they tend to be controlled by rurally dominated State legislatures in which the cities are grossly underrepresented. This forces them to appeal to the Federal Government for help. This fact was finally recognized by the President's Commission on Inter-Governmental Relations, headed by an able Chicagoan, Meyer Kestnbaum, although the committee originally started out with a very different preconception.

In 1949 we began to recognize this need but, in the 10 years since then, we have fallen lamentably short of the modest goals which we then set for ourselves. I am frank to say that the present administration is largely responsible for this failure.

We had all hoped that with the election of a new Congress, presumably concerned about such matters, that we might move forward to meet these accumulating needs. The cities of the country were predominantly demanding action and the local business interests were coming, in the main, to support it. We were, indeed, urged by many of these groups to push for a 10-year program with an authorization of $600 million a year, or $6 billion in all, to be matched with local contributions of at least $3 billion plus, of course, private investments which would follow, of many times these totals. I personally felt that this was impracticable in view of the opposition of the U.S. Chamber of Commerce and the administration, and so advised the civic and business groups in Chicago which were pushing for such a program.

But I did believe in an adequate program spread out over such a period of years, that long-range plans could be formulated and carried out. I, therefore, felt that the bill which passed the Senate for a 6-year program at the rate of $350 to $500 million a year was constructive, and I had thought that a final agreement could be reached with the House on a program intermediate between this amount and the 3-year program at $500 million a year enacted by the House.

I was, therefore, both surprised and dejected when, by a 5 to 4 vote of vote of three Republicans plus two Democrats, the program was cut down to a lower total figure than that enacted by either House, namely, $500 million for the first of 2 years and $400 million for the second. This may be within the letter of the law so far as the powers of the conference committee are concerned, but I agree that it is contrary to its spirit. Along with three other members, I voted against this proviso and felt that I could not conscientiously sign the report.

The superhighways which are being constructed all over the country will displace tens of thousands of families each year. Urban renewal and slum clearance by their very definition will displace still more. A very large proportion of those who are thus displaced will, because of their low incomes or race, be unable to obtain even minimum accommodations. Public housing is needed to help take care of this group. The program passed by the Senate of somewhere between 35,000 and 50,000 units was, in itself, inadequate. The House bill provided a 4-year program of 35,000 units a year up to the remaining 140,000 or 170,000 of the unutilized number authorized in 1949. This was modest enough.

I had hoped, although I felt bound to make a decent struggle for the Senate provision, that we might get a more liberal provision on public housing than the Senate provision, since with regard to urban renewal we obtained something which was less liberal than either of the two measures, but this did not happen. What was authorized instead was a provision for 35,000 plus 10,000 units for the first year, and then for the President to be given discretion as to whether 35,000 units would be built in subsequent years. We know prefectly well, from the policy of the Eisenhower administration, the President will not authorize 35,000 units after July 1, 1960.

I felt very disappointed with the measure and, as I have said, I felt that I could not conscientiously put my name to the conference report.

I think I understand the motives of those on our side of the aisle who agreed to the conference report, and I wish to do them full justice. They will say, "If we put in anything more than this we are certain that the bill will be vetoed. We therefore took all we could get."

I personally think this is a mistake. I feel there should be some separation of functions as between the executive and legislative branches of the Government. I think it is our duty to legislate as we think best for the good of the country. Then, if the President disagrees with our action, he can follow his conscience and veto the measure. Then we can try to pass the bill over the Presidential veto. If we are successful, the bill will become law. If we fail then we can try another course and reach a compromise later. But I do not believe we should reach the compromise the first shot out of the box. I think what this does is to make the President a part of the legislative process; and this, I believe, is improper.

Furthermore, this fails to present the public with a clear set of alternatives. The public does not quite know what are the issues. We have a homogenized system of policies in which there is little, if any, differentiation between the policies of the parties.

Last week, in another field, we had an example of the need for each branch to use its independence to the degree that it is swayed by its conscience, in connection with important appointments by the Executive. The President felt he should appoint Mr. Strauss as Secretary of Commerce. There were some who said, "We should accept the dictation of the President and acquiesce." I think this course would have been a mistake. We had to use our judgment, based on our consciences. The Members of the Senate did use their consciences, and by a majority vote the nomination of Mr. Strauss was rejected. This was proper action on our part. The President acted according to his lights, and we acted according to our lights, and the issue was settled under the provisions of the Constitution.

In a similar fashion, we should work on legislation and let the compromise come at the end of the road rather than at the beginning of the road. I mention this primarily for the sake of the country and only incidentally for the sake of my party.

Mr. President, I agree with the Senator from Pennsylvania that if this policy is to be carried out with regard to all the various bills which come before us we will not have much of a record of achievement and it will be very difficult, if not impossible, to differentiate between the parties.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be a quorum call, at the conclusion of which there be 30 minutes remaining on the conference report, to be equally divided between the majority leader and the minority leader.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I give notice that at the conclusion of consideration of the conference report on the housing bill, we expect to have a yea-and-nay vote, and then take up the message from the House of Representatives on the wheat bill.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

STRENGTHENING OF WHEAT MARKETING QUOTA AND PRICE SUPPORT PROGRAM—LIMITATION OF DEBATE ON MESSAGE FROM THE HOUSE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that, in connection with the consideration of the message from the House of Representatives on the bill (S. 1968) to strengthen the wheat marketing quota and price support program, debate be limited to 1 hour, to be equally divided between the majority leader and the minority leader. I have talked with the chairman of the committee, and the ranking minority member, and that arrangement is agreeable to them.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

HOUSING ACT OF 1959—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of

the House to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I yield 10 minutes to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, I have no quarrel with the way any Senator votes on this issue. I shall take about 10 minutes, and I hope that in the 10 minutes I can be as factual and fair as possible. I shall try to explain the situation in respect to the conference report on the housing bill.

The question now before the Senate is not on the passage of a bill. The question is on agreeing to the conference report.

First, there was absolutely no politics played in the Senate Banking and Currency Committee in the consideration of this proposed legislation. There was no politics played among the conferees. I did not discuss the subject in advance with the able Senator from Alabama [Mr. SPARKMAN], nor with anyone else.

The conference which we held was one of the most cooperative I have attended in the 15 years I have been a Member of the Senate. I have helped to handle 15 housing bills. I have been in at least 12 conferences in respect to housing.

There was no politics played, regardless of what anyone may say to the contrary. I received no instructions from anyone, and, so far as I know, no member of the committee received any instructions. No parties were involved. No one paid any attention to whether a certain Senator came from a State where there were two Senators from the same party or from a so-called one-party State. That was furthest from our thoughts.

I first became a member of the Senate Committee on Banking and Currency when the late Senator from Ohio, Mr. Taft, was a member. I followed Mr. Taft back in 1949, in respect to public housing. He was a great advocate of public housing, as were the Senator from Louisiana [Mr. ELLENDER], and the late Senator Wagner from New York. The public housing legislation was called the Ellender-Taft-Wagner bill. That bill called for 810,000 units. Today we are arguing about 35,000.

I never was particularly in favor of public housing. It is not especially needed in my State. I am not for it today, but we established a principle 10 years ago, when the Senate passed a bill calling for 810,000 units. Its author and principal advocate was Senator Taft.

The first year President Eisenhower was in office he appointed a committee of outstanding men who studied urban renewal for a year. They came forward with a great report. President Eisenhower and the Republican Party advocated urban renewal in a big way.

So we have a situation in which President Eisenhower is really the author of urban renewal. Senator Taft and other able Senators were the authors of public housing legislation. So we have public housing and urban renewal.

I have no quarrel with the way any Senator votes. The entire housing bill seems to be based upon emotions rather than facts. I have heard all kinds of figures as to what the cost of public housing would be. Under the 1949 law the President may spend in one year no more than $336 million, regardless of how many public housing units Congress may authorize. Not more than $336 million can be spent in any one year. The conferees agreed on 35,000 units for next year, and the carryover is 10,000.

Then we say to the President, "If you think, in the best interest of the United States, you want to build up to 35,000 units a year, you may do so." There again he cannot go over $336 million. That is public housing. Personally I am not for it. I do not believe we have the right answers to it. On the other hand, I will not quarrel with the large cities, like New York and Detroit and Cleveland and Chicago, because they do have a serious problem. We do not have anything like it in Indiana.

I have talked about urban renewal. President Eisenhower advocated it. The problem involves a number of things. The President asked for $1,550 million. I introduced the bill. I was the author of the bill. The conferees gave him $900 million. He asked for $1,550 million. We have said, however, that he can spend $900 million in 2 years. He asked for a billion and a half dollars to be spent over a period of 6 years. The whole matter is academic. This is only an authorization. It might not be necessary to spend any of the money. The President might not spend a nickel of it, unless the urban renewal projects justify it, and the money cannot be spent unless the projects have been processed and filed. No man can sit down and estimate how much the bill will cost the Treasury or the Government in the next year, because no one knows how many public houses will be built.

The conference committee gave $900 million to the President to spend on urban renewal during the next 2 years. He asked for $1,550 million over a period of 6 years.

I have spoken about urban renewal and about public housing.

There are other features of the bill. I for one believe that in the housing bill we ought to stick 100 percent to housing. We did not do that. We got away from it many years ago. I do not quarrel with it. Neither can any other Senator quarrel with it, because we are all part and parcel of it. We have included college housing and classrooms in the bill. We have included housing for elderly people. I do not see how anyone can quarrel with furnishing some houses for our elderly people. That amounts to only $50 million.

We have had college housing for a number of years, and we have cut it down from $300 million to $200 million. That is all we could cut it, because under the rules of the conference committee we could not cut it any more.

We have also included some money for classrooms. I know that there is a shortage of classrooms in our colleges. I do not know whether what is proposed is the best way to go about improving the situation, but, at least, this is one way of doing it. If anyone knows of a better way, let him offer an amendment or introduce a bill.

Now we come to FNMA special assistance of $37½ million. I was opposed to that. I certainly would eliminate it if I could, but I am only 1 of 98 Senators, and I am willing to go along on this matter.

Let me give the Senate some more facts. The best estimate—and it is only an estimate, because no one knows how much of this housing is going to be built and how much will be needed to be built—the best estimate, nothwithstanding what we have been told, outside of public housing, which was limited in 1949 to $336 million a year, of the effect of the bill we are considering on the 1960 budget is $28½ million. In the bill I introduced, the amount was about $5 million. Therefore this is $23 million more than the President asked for.

The authorization is about $400 million less. However, it is a fact that the urban renewal authorization is only for 2 years, not 6 years. As we know, Congress will be here 2 and 3 and 4 and 5 years from now. The whole matter gets down to six of one and a half dozen of the other. No one can sit down and figure out what the costs are going to be.

The PRESIDING OFFICER (Mr. HART in the chair). The time of the Senator has expired.

Mr. CAPEHART. Will the Senator yield me 2 more minutes?

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from Indiana.

Mr. CAPEHART. I wish to call attention to three other expenditures the Senate, or the Congress, is making. We are about to appropriate or spend $4 billion for so-called foreign aid. I am not opposed to it in principle, but I think the amount is perhaps a little too high. Then the Senate voted, I believe unanimously, to increase our contribution to the International Bank by almost $4 billion. Moreover, we voted about $4 billion to support farm prices under a farm program which we know will not work. It does not help the farmers. I am not opposed to any of these programs except the farm program. That ought to be stopped. We ought to reduce expenditures by every nickel we can. We ought to eliminate every expenditure which is not necessary. However, we must still keep the country going. We must still appropriate enough money for housing and other things to keep the economy going. We could not drop these things. Therefore, I am going to vote for the conference report.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks a statement which I have prepared on this whole matter; and

a speech delivered by Dr. Raymond J. Saulnier, Chairman of the President's Council of Economic Advisers, on the 25th anniversary of FHA.

There being no objection, the statement and speech were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CAPEHART

I rise to speak in behalf of the conference report on the housing bill which I feel represents a fair and equitable compromise of the housing bills previously passed by the Senate and House of Representatives.

First, let me say this: I believe it is the duty of every Member of Congress to do his utmost to pass legislation which can honestly be considered beneficial to the country.

I do not believe any other consideration should be made a part of our efforts.

It is natural, that certain types of legislation will contain features which some of us do not favor.

Certainly the housing bill is of that type.

There are provisions in the conference bill which I do not favor.

But there are other provisions which I do favor.

As sponsor of the so-called administration housing bill, it was my duty to direct my efforts toward meeting—as nearly as possible—the desires of the administration.

As leader of the minority Senators on the conference committee it was again my duty to try for the fairest compromise possible between the bills as passed by the Senate and the House.

I confidently believe that I performed those duties to the best of my ability and for that reason I signed the conference report.

I am equally confident the administration can accept the conference bill if it is approved by the Senate and the House.

Let me review some of the items in the conference bill which have been—and I am sure will continue to be—subject to misunderstanding on the part of both opponents and proponents of the bills as they have been considered in both Houses of Congress.

Great stress has been placed on the money portion of the bill.

The conference bill calls for a total extended authorization of $400 million less than the administration bill which I sponsored in the Senate.

The conference bill will have an immediate cash impact on the 1960 budget of an estimated $24 million more than the administration bill.

I am not whistling in the dark about the money items.

I am fully aware that the biggest money item in the conference bill—$900 million for urban renewal—is actually a higher per year rate of authorization than the administration bill called for.

But let us take a look at that item and analyze it carefully.

The conference bill would commit the Congress and the taxpayers to only 2 years of authorization for urban renewal.

The urban renewal program is a comparatively new phase of our housing program and probably should be watched more closely by the Congress than would be possible if we tied ourselves to a 6-year authorization schedule.

We must keep in mind that a great many people who will help to pay for this urban renewal program will never witness the results because the program is geared to the larger communities.

For this reason we should not commit for too many years in advance the taxes these people must pay to carry on this program.

There is no doubt in my mind that the urban renewal program is a worthy one, but even now we are being called upon to extend the benefits of the program far beyond our original concept of what was originally known as slum clearance.

So, it is my judgment that the $900 million for 2 years is a more sensible approach than even the administration approach of more than $1½ billion for 6 years.

Now another item in the bill which is the concern annually of many people—some for and some against, of course. I refer to public housing.

In the administration bill which I sponsored no additional units were requested.

This position of the administration was taken because the best administration judgment was that sufficient units exist under previous authorizations to meet the requirements.

My support of the conference bill which calls for a total of 150,000 additional units would at first flush appear to make me less than consistent to say the least.

But again, I would like to analyze this item in its true light.

The conference bill establishes a total of 10,000 units to be available until June 30, 1960, and 35,000 additional units to be available until June 30, 1963.

After June 30, 1960, under the provisions of the bill, a total of 100,000 units will be available at the discretion of the President and he cannot use more than 35,000 in any one year.

These, of course, are estimated figures.

The bill creates only the 45,000 units as a definite authorization.

The balance would be made available at the discretion of the President.

So, under those conditions the entire issue is academic.

Let us look back at the record and we can then see clearly how much of an issue the authorization of public housing units should be.

Under the terms of the 1956 Housing Act the Congress authorized 70,000 units to be put under contract at the rate of 35,000 units from August 1, 1956, to July 31, 1958, and another 35,000 units to be put under contract from July 1, 1957, to June 30, 1959.

As of July 31, 1958, only 24,960 units were put under contract. Thus, 10,040 units which were authorized were lost to the program.

According to the latest information from housing authorities, applications may be on hand by June 30 this year to use the entire 35,000-unit authorization.

Now let us look at the overall public housing unit picture.

President Eisenhower said in his budget message that by the end of fiscal 1960—mind you now, fiscal 1960—475,000 public housing units will be occupied by about 2 million people and the additional 110,000 units already authorized will be under contract and that the 585,000 units should meet the demand for low-income families displaced by highway construction, urban renewal, or other similar Government action.

I want to stress at this point that the record proves that authorization of public housing units by the Congress is purely academic.

The authorizations we in Congress provide serve only as limits and the limits are not being reached, yet alone surpassed.

Therefore, the authorization of the Congress with respect to public housing serves to assure that sufficient units are available if applications are available.

Can we say that 45,000 additional public housing units in the conference bill will be applied for and used?

We cannot.

As for the 100,000 units—estimated, of course—to be authorized at the discretion of the President in future years we can only say they are available if needed.

Since the public housing issue seems to have a particularly important place in the controversial features of all the housing bills we have been faced with in this session, I would like to dwell for a moment longer on that issue.

Testimony before the Senate Banking and Currency Committee during the hearings on the housing bills showed that public housing contracts in urban renewal programs, in many instances, are from 5 to 6 years away from completing construction.

That was the testimony of Mr. Charles E. Slusser, Commissioner of Public Housing.

Therefore, if the lack of use of public housing authorizations continues at the same pace it has in past years, then we can set aside what fears anyone may have of tremendous expenditures for public housing under the conference bill or any other housing bill we might have approved in this Congress.

Still relating to the money features of the conference bill as against the administration bill I sponsored, I realize I must speak to two new money items in the conference bill—college classroom loans set at a maximum of $62½ million and Fannie Mae special assistance for cooperative housing at a maximum loan purchase of $37½ million.

As for college classroom loans I would not be honest with myself if I stood here and proclaimed my wholehearted support for this item as a part of the housing bill.

I said at the opening of my remarks that this type of legislation must include items which each of us considers favorably and unfavorably.

I honestly do not believe this item belongs in a Housing bill.

I believe it belongs in an educational bill and without doubt merits serious consideration in such a bill.

However, it was one of the conference items we had to deal with and we did manage to reduce the original amount in the Senate bill from $125 million to $62½ million.

Would it be reasonable to withdraw support for the conference bill on this single item? I would think not.

As for the other new cost item on cooperative housing, I felt, as did the administration, that cooperative housing really did not need this additional authorization.

Here again the conference cut in half the amount asked in the House version of the housing bill for cooperative assistance.

Would it be reasonable to withdraw support for the conference bill on this item? I would think not.

At this point, I want to issue a serious warning to the members of Congress.

As the Senate knows, I have been very close to the housing program for many years.

I have given it a great deal of study because I believe strongly in home ownership being a contributing factor to a sound free enterprise system.

Having been born the son of a tenant farmer and later having the good fortune under our great system of government to become a homeowner, I recognize most readily the pride that comes with homeownership.

My record over the years will show conclusively that I believe in helping within the limits of sound judgment to provide a means of homeownership to every individual.

But the housing bills as we are facing them now in Congress are beginning to aim far afield from the original intent and purpose of a Federal housing program.

It is difficult some of the time—and impossible now and then—to count a single new house in the millions of dollars which are authorized for certain items.

I believe it would be well for the Congress, both Houses, to spend a year or two to recodify the Housing Acts so that all concerned would have a better understanding of the committee recommendations each session.

For example, the conference committee had before it 89 items of differences between

the Senate and House bills and some of those items included two and three sections which differed.

I predict that in the next session, only a few months away, the House and Senate conferees will again meet on no less than 40 items of differences.

This only emphasizes what I said earlier that hardly a member of this Senate—and I doubt if there is one—who cannot find both favorable and unfavorable items to his or her taste in the conference bill.

It was a coincidence that Thursday night after the conferees finished the bill and ordered it reported, I attended the 25th anniversary dinner of the FHA where Dr. Raymond J. Saulnier, Chairman of President Eisenhower's Council of Economic Advisers, opened his address with humorous, but exacting, comment on the constantly growing complexities of the Housing Acts.

While discussing Dr. Saulnier's talk, let me dwell on it for a moment longer although I introduced it in the CONGRESSIONAL RECORD on Thursday.

Dr. Saulnier declared that the continued success of FHA to do a good housing job will depend, in great part, on the adherence to realistic interest rates and sound business principles.

I am happy to say that in most cases the conferees did recognize that it is folly to trade low interest rates for homes.

I do not like any more than anyone else the high cost of money, but if our primary purpose in passing a housing bill is to build houses, then we must provide the means of getting the money to build the houses.

A veteran, or anyone in the lower income bracket who wants a house can read with pleasure in the papers that some people are going to demand low interest rates in spite of the money market demands.

But he won't be reading about it in his house.

Now, I should like to return to the money features of the conference bill.

In the new obligational authority column we find the largest increase above administration requests came in the college housing item.

The administration asked $200 million and the conference fixed the final figure at $300 million, which was the amount approved by the Senate and which was $100 million less than the House version.

When one is in controversy with a choice between $300 million and $400 million and you are looking toward the smaller amount it isn't difficult to settle for $300 million.

That is what the conferees did.

Another item in the obligational column is $50 million for housing for the elderly.

The administration sought to handle this by modifying an existing FHA program.

The Senate recommended a new FHA mortgage insurance program.

The House preferred a direct loan program.

The conference approved both the Senate system and the House direct loan.

The conference action leaves a 1960 budget impact of only $2½ million.

There is one more item in the obligational authority column of the conference bill which did not appear in the administration bill and that is the $15 million necessary to extend the Defense Housing and Community Facilities and Services Act of 1951 for 1 year and authorizing expenditures of $7.5 million in fiscal 1959 and $7.5 million in fiscal 1960.

The budget impact of this item is estimated at $2½ million.

Again I must ask: Would items such as the last two warrant my withdrawal of support for the bill? I would think not.

Public housing advances and urban renewal advances will add a total of $9,400,000 to the fiscal 1960 budget.

Urban renewal planning will add an estimated $100,000 to the budget.

There Senators have a complete résumé of the money items and it strikes me that it would be difficult to find a sound basis for not supporting the bill.

I presume some of my colleagues can find reasons among the administrative features of the bill to argue about. So can I.

In fact, there has not been a housing bill go through the Congress in my more than 13 years in the Senate that I could not find something to argue about.

I do not particularly like some of the advantages given to the larger cities in the urban renewal program, but I assure my big city friends that if they squeeze the smaller communities too much with those advantages you will be hearing from a lot of us very soon.

I am not at all happy with the new activity of authorizing Fannie Mae to enter the short-term loan business, but good administration in the operation of Fannie Mae can keep that provision from developing Fannie Mae into an interim financing institution.

Some of the changes in insurance levels in the bill might create a question in some minds as to the reasonableness in increases permitted in the bill, but when one stops to think of the increased value of land and the higher cost of construction, one can hardly oppose the raising of mortgage insurance levels.

Now, I have revealed my thinking on many of the features of the housing bill which create the most comment.

If we analyzed every one of the 89 items in conference—and some which were not in conference but which might very well deserve attention—we would be here many hours.

I feel that the favorable features of the bill outnumber the unfavorable features so far as I am concerned and that to me is the test we must put on such legislation as this.

I will support the conference report for the reasons stated. I hope the bill will become law.

THE FHA IDEA: BETTER HOUSING THROUGH SOUND FINANCE

(Address by Dr. Raymond J. Saulnier, Chairman of the President's Council of Economic Advisers, on the occasion of the industry salute to the FHA in honor of its 25th birthday, June 18, 1959, Washington, D.C.)

I

Our pleasant purpose here this evening is to celebrate the 25th anniversary of the launching of an idea—the FHA idea—and to express our gratitude for the enormous benefits it has brought to the American people.

Essentially, the FHA idea is a simple one.

This statement may surprise those who have been fully exposed to the intricacies of our Federal home loan insurance programs. Indeed, it has not been easy for me to persuade myself that the statement is entirely correct. Along with many others, I have struggled hard to understand the complexities of our mortgage insurance programs, and I cannot pretend that my efforts have been fully successful. I am forever discovering new things about these programs, and forever discovering that things I thought I understood I did not really understand at all.

And there is little wonder that this should be. We have sections galore in FHA, each with its distinctive provisions. Among the survivors—and few ever die—are 203, 207, and 213, to mention but three; and there is 608 of beloved memory. We have several new arrivals, too—220 and 221; and the Lord only knows how many more to come. We have section within sections, too. I would remind you that once upon a time one of the principal FHA programs was elegantly numbered 203b(2)b. This is the stuff out of which the expert is made.

But despite all this, I think we can say that the FHA idea is a simple one. The idea is that, within limits set by sound appraisal procedures and underwriting principles, the pooling of risks in a self-supporting mutual-insurance system enables American families, borrowing from private financial institutions, to buy a home, or improve a home already owned, on liberal—indeed, generously liberal—credit terms. The Federal Government sets the ground rules, so to speak, and, within these bounds, private funds, protected by Federal insurance, flow into private use.

This idea was written into law in June 1934 in the National Housing Act. It is not too much to say that it is one of the outstanding social inventions of our time.

II

The whole Nation owes a debt of gratitude to FHA for its accomplishments over the last 25 years. Large numbers of business concerns and millions of individuals have benefited directly from its operations.

First, some 14,000 private home-lending and investing institutions of our country, many of which are represented here tonight, are approved to make FHA loans. They hold among their assets close to $26 billion of FHA-insured mortgages and nearly $1½ billion of FHA-insured home-improvement loans. Thousands of these institutions also make loans to finance the construction of homes, premised largely on the ultimate availability of an insured mortgage. And many thousands are engaged in servicing FHA-insured loans, each in direct contact with large numbers of borrowers. Finally, there are many that perform a mortgage warehousing function. I will resist the temptation to explain what warehousing a mortgage means, except to say that it doesn't mean what the uninitiated probably think it means.

Second, many thousands of firms and individuals who help complete transactions in real estate markets benefit from the services provided by FHA. So also do those associated with the construction industry itself—architects, builders and contractors, the nearly 3 million workers in the building trades, and producers and distributors of building materials. And so do those who make and sell the countless things that equip and furnish our homes today.

And finally, 5 million American families have acquired homes under what has come to be called the FHA plan, and additional millions have improved their homes on credits protected by FHA insurance.

III

It is fair to say that all of these are celebrating with us in spirit, at least, tonight. And so they should, for FHA, in benefiting them, and the Nation generally, has not just done its job well; it has done its job superbly well.

FHA passes with flying colors the usual tests of an insurance system. In the last 25 years it has sustained losses of only three-tenths of 1 percent on an insurance exposure of some $57 billion. These losses have been fully covered by its insurance reserves, now totaling nearly $750 million. In addition, nearly $100 million of the premiums paid by FHA borrowers have been paid back to them in dividends out of the system's mutual insurance funds.

To have made ends meet in this manner is a very good record, indeed, but I doubt that this birthday would mean as much as it does to us if we could not say more for FHA than that it had been actuarially sound.

We do have additional reasons for this celebration.

One is that FHA has done its job in ways that have enhanced the vigor and increased the strength of our free institutions, not weakened them. The FHA idea does not contemplate the replacement of private financing by public financing. It is the FHA

idea that Government's role is to facilitate the flow of private funds into the financing of homeownership and improvements, not to substitute public funds for them. And for the most part this is the way the FHA system has worked, though we would be ignoring important chapters of its history if we did not acknowledge that even today almost $2 billion of loans protected by FHA insurance are held directly by the Federal Government.

Another valid reason for celebrating this occasion is that the FHA idea recognizes the equity of placing on those who directly enjoy identifiable and useful services of Government the costs of rendering those services, rather than to levy them on taxpayers generally. And it has demonstrated that such an arrangement is both practical and beneficial. For all the good things it has done in its first 25 years, FHA has not cost the general taxpayer one single cent. It is probably our outstanding example of the principle of user charges put to effective work.

Finally, we can be grateful to FHA for the fact that it has demonstrated the good that can be accomplished by a credit system that operates under sound construction standards, appraisal practices, and underwriting principles. The FHA idea does not contemplate the conduct of an insurance system on a basis that ignores, or even subordinates, any thought of credit quality. On the contrary, it contemplates the insurance of credits on terms that will hold losses within limits that can be supported by only a modest insurance charge. We are grateful to FHA not just for having demonstrated conclusively that such a system can be made to work, but for having shown that sound finance is an effective instrument for the improvement of human welfare.

IV

Birthdays are appropriate occasions for looking backward and for counting our blessings. They are, or should be, occasions also for looking forward and for counting our new opportunities.

Can there be any question but that the next 25 years will be just as exciting and fully as challenging as the 25 years through which FHA has just passed? They will be different, certainly, and we hope they will be better. Barring the international calamities which we will strive by every means to avoid, we know that in these coming years our home-financing system must help provide a great deal more, and we hope even better, housing for the American people. Compared to the 50 million increase in population of the last 25 years, in the next quarter century our population may increase by something between 65 and 115 million. No one can translate this expected population growth into housing demand with precision. But the number of households may increase half again as much as in the last quarter century. Is it not reasonable to expect housing demand to rise in roughly the same, possibly even a higher, proportion?

To meet this challenge will be no easy task. But the accomplishments of the last 25 years, performed as they were in the face of great difficulties, are so impressive as to provide reasonable assurance that we can do at least as well in the future. In any case, building the houses will be the least difficult part of the job. The real challenge of the next 25 years will be to meet our housing requirements in ways that leave our free institutions not just intact at the end of the period, but stronger and more vigorous even than they are today.

V

Can we successfully meet this challenge? I believe we can, and much of my confidence is based on the fact that we know very well the conditions necessary for success.

First, we know that we must keep our economy on a reasonably even keel. Like all insurance systems, a system of credit insurance is based on the assumption that the conditions affecting the risks it insures can be successfully anticipated. A mortgage insurance system implies a prospect of continuing employment opportunities, and a continuing flow of income to individuals and families undertaking the purchase of homes on credit.

It is a measure of the optimism of our country that the concept of installment credit has been applied to the purchase of homes through payments spread over a period of 20 to 30 years; and that FHA, as a Federal instrument for facilitating such purchases, was launched in the depth of the Nation's gravest economic depression. Yet this optimism has been amply justified. Over the 25 years of FHA's history the American economy has grown at a vigorous rate. We have had ups and downs since 1934, to be sure, but economic fluctuations have been kept within rather narrow limits, and FHA has weathered them remarkably well. We cannot expect to eliminate economic fluctuations entirely in a free society, but we can expect to narrow their range and to improve our performance as we go along. This is the constructive meaning of the Employment Act of 1946, which it is my privilege to help administer. Clearly, the degree of our success in helping to promote orderly and sustainable economic growth will have a decisive bearing on the degree to which, in the next 25 years, we realize the continuing benefits we can properly expect from the FHA idea.

Second, while we are aware of the benefits obtainable through the use of credit, including the use of credit to finance homeownership and improvement, we also know that there are limits to its safe use. Our installment credit systems, whether protected by Federal insurance or not, make it possible for individuals to achieve significant improvements in welfare by purchasing useful things costing several times their incomes. Indeed, historians will someday look upon our Nation as having introduced the novel idea that an economy can provide its own expanding markets by dedicating itself, not just to the interests of a small class, but to raising the levels of living of the people at large; that this system of mass distribution is an essential complement to mass production; and that the wise use of credit plays a constructive role in this accomplishment.

There will be many temptations in the future to push toward greater liberality of housing credit terms, but we know that the success of FHA in the next 25 years will depend in no small part on its continued adherence to sound construction standards, appraisal procedures, and underwriting principles.

Finally, we know that if FHA is to serve us as well in the future as in the past we must preserve its inherent adaptability. Especially, it is essential that its programs continue to operate on realistic interest rate bases. Only under these conditions will an adequate supply of funds flow directly from private institutions into private use—in part under the protection of Federal insurance, to be sure, but without making a detour through the Federal Treasury. A large measure of FHA's success is due to the fact that its insurance has been available for loans which could carry realistic interest rates. Indeed, if this had not been the case, private financing under FHA insurance would long ago have ceased to be available, and we would not be here tonight.

VI

Given these conditions—a soundly growing economy, the prudent use of credit, and realistic interest rates—and the continued service of those in public and private life who strive daily to make the FHA idea work, we can be confident of successfully meeting the housing challenges of the next 25 years.

As we look toward the future, let me conclude with a final expression of appreciation for the record of the past. To those who helped invent the FHA idea; to the Members of Congress who helped write it into legislation; to the national leaders who maintained its vigor and integrity over the years; to the Commissioners of FHA, past and present, for their constructive stewardship; to the members of FHA across the country for their devoted service; and to you, Mr. President, for your own inspiring support of the FHA idea, we here tonight and millions of our fellow citizens join in salute and in thanks for a job well done.

Thank you very much.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement showing a comparative summary of new obligational authority and estimated expenditures for fiscal 1960 under proposed housing legislation.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Proposed housing legislation—Comparative summary of new obligational authority and estimated expenditures for fiscal year 1960

[In millions]

	New obligational authority				Estimated expenditure, fiscal year 1960			
	Administration (S. 65 and 612)	Senate (S. 57)	House (S. 57)	Conference (S. 57)	Administration (S. 65 and 612)	Senate (S. 57)	House (S. 57)	Conference (S. 57)
Grants:								
Urban renewal	[1] $1,550	[2]$2,100.0	[2]$1,500.0	[3] $900.0				
Urban planning (701)	10	10.0	10.0	10.0	$1.0	$1.1	$1.1	$1.1
Scholarship		1.5		.3		.5		.1
Defense hospital		15.0	15.0	15.0		2.5	2.5	2.5
Farm housing research		.2	.1	.1				
Loans:								
Elderly housing direct loans			100.0	50.0			5.0	2.5
Urban renewal advances					3.6	8.0	8.5	8.5
Public housing advances						5.0	5.0	5.0
College housing loans	200	300.0	400.0	300.0				
College classroom loans		125.0		62.5		5.0		2.5
Mortgage purchases:								
FNMA special assistance for cooperative housing			75.0	37.5			12.5	6.3
Total	1,760	2,551.7	2,100.1	1,375.4	4.6	22.1	34.6	28.5

[1] Authorizations for a 6-year period.
[2] Appropriations in 2 fical years.
[3] Authorizations for a 2s-year period.

Table prepared by staff of Senate Housing Subcommittee.

Mr. WILLIAMS of New Jersey. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WILLIAMS of New Jersey. I wish to commend the Senator from Indiana for the position he has taken on the conference report, even though the conference report is not all that he wanted it to be. I feel the same way about it. The conference report is not all I wanted it to be. We are dealing with different sections. I had hoped it would contain a much longer range program so far as urban renewal is concerned, among other things. Notwithstanding the fact that it does not I was very happy to join in the report and shall support it on the floor.

I hope the President will accept the sound counsel of the Senator from Indiana and not of the Housing Administrator, who attacked the conference report today, as I understand, on the yardarm of political expediency. We know it is not that. We know it is a measure which can be freely supported. It contains an FHA provision, and also authorization for housing for elderly people and college housing. It also contains a program for urban renewal, even though that program is not all I should like to see so far as urban renewal is concerned.

Mr. CAPEHART. It is not exactly the way I would write the bill. I would cut some things out and add others. It is a good compromise, everything considered.

Mr. WILLIAMS of New Jersey. I agreed with the Senator from Indiana.

Mr. CAPEHART. The President would be justified in signing it. The Senate would be justified in agreeing to the conference report.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. DIRKSEN. Mr. President, I yield myself 3 minutes. I find myself, obviously, in opposition to the conference report. Our distinguished friend a moment ago said that this bill is not what he had hoped it would be. It seems to me it is more than anyone ever hoped it would be, and it probably contains all the objectionable features in both the House and Senate versions of the bill.

Housing has come to be a term which covers a multitude of sins. We have public housing. Now we have a provision for college classrooms, $62,500,000. Even scholarships are provided for in the bill. That is something which will teach the recipients how to spend money better and faster, I suppose. Three hundred thousand dollars is provided for scholarships for training. It is amazing how the term "housing" has been expanded since the first Federal housing program was established, way back in 1935, I believe. That was my first contact with it. Now it exceeds almost every finite dimension a person can think of.

For public housing, the President did not ask for additional units. The report authorizes an additional 190,000, 45,000 of them to be available at once, and then 35,000 a year. If we spell it out, that involves a commitment of $3,700 million for a period of 4 years.

Goodness, would it not be wonderful to have our great-great-grandchildren around to see the kick we are getting out of spending the money they are going to pay back? I am not going to put that burden on the people. In urban renewal, it is indicated that a cut was made. The point is that the cut was made in the time when the appropriations will take effect. The President asked for $100 million in 1959, and $250 million in 1960. The report provides $900 million in place of that. That does not sound like economy to me.

Frankly, I could ventilate my views at length on the report, but I am simply content to say that I think it is a measure which is lacking in many things and, in my book, should be rejected.

Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. I yield back the remainder of my time. Does the Senator from Illinois desire the yeas and nays?

Mr. DIRKSEN. I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Maine [Mr. MUSKIE], and the Senator from West Virginia [Mr. RANDOLPH] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Massachusetts [Mr. KENNEDY] would each vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from West Virginia [Mr. RANDOLPH]. If present and voting, the Senator from Virginia would vote "nay" and the Senator from West Virginia would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Kentucky [Mr. COOPER], and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Kentucky [Mr. COOPER]. If present and voting, the Senator from New Hampshire would vote "nay" and the Senator from Kentucky would vote "yea."

The result was announced—yeas 56, nays 31, as follows:

YEAS—56

Allott	Cannon	Church
Anderson	Capehart	Clark
Bartlett	Carroll	Dodd
Bible	Case, N.J.	Douglas
Byrd, W. Va.	Chavez	Ellender
Engle	Johnston, S.C.	Moss
Ervin	Jordan	Murray
Frear	Keating	Neuberger
Green	Kefauver	Pastore
Gruening	Kerr	Proxmire
Hart	Langer	Scott
Hartke	Long	Smathers
Hayden	McCarthy	Smith
Hennings	McGee	Sparkman
Hill	McNamara	Symington
Humphrey	Magnuson	Williams, N.J.
Jackson	Mansfield	Yarborough
Javits	Monroney	Young, Ohio
Johnson, Tex.	Morse	

NAYS—31

Aiken	Eastland	Russell
Beall	Hickenlooper	Saltonstall
Bennett	Holland	Schoeppel
Bush	Hruska	Stennis
Butler	Kuchel	Talmadge
Carlson	Lausche	Thurmond
Case, S. Dak.	Martin	Wiley
Cotton	Morton	Williams, Del.
Curtis	Mundt	Young, N. Dak.
Dirksen	Prouty	
Dworshak	Robertson	

NOT VOTING—11

Bridges	Goldwater	Muskie
Byrd, Va.	Gore	O'Mahoney
Cooper	Kennedy	Randolph
Fulbright	McClellan	

So the report was agreed to.

Mr. SPARKMAN. Mr. President, I move that the vote by which the report was agreed to be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, there is at the desk a concurrent resolution designed to make a technical amendment which was fully agreed to by all members of the conference committee, and was made necessary by the parliamentary situation. I ask that the concurrent resolution be read.

The concurrent resolution (S. Con. Res. 51), was read, and was considered and agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, to make the following corrections:

In the section added to title I of the Housing Act of 1949 by section 417 of the bill—

(1) Strike out the first proviso and insert in lieu thereof the following: ": *Provided*, That the aggregate expenditures made by such institution (directly or through a private redevelopment corporation) for the acquisition (from others than the local public agency), within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures (including expenditures to assist in relocating tenants therefrom), if, pursuant to such urban renewal or redevelopment plan, the land is to be cleared and redeveloped, as certified by such insti-

tution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project."

(2) In the matter preceding such proviso, strike out "an urban renewal area" and insert "an urban renewal project area", and strike out "or projects" each place it appears.

WHEAT MARKETING QUOTA AND PRICE SUPPORT PROGRAM—MESSAGE FROM THE HOUSE

Mr. JOHNSON of Texas. Mr. President, I ask that a message from the House on the wheat marketing quota and price support program bill be laid before the Senate.

The PRESIDING OFFICER. The message will be read.

The message was read as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S.,
June 18, 1959.

Resolved, That the House disagree to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1968) entitled "An act to strengthen the wheat marketing quota and price support program";

That the House insist upon its amendment to said bill and ask a further conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. COOLEY, Mr. POAGE, Mr. GRANT, Mr. ALBERT, Mr. HOEVEN, Mr. DAGUE, and Mr. BELCHER be managers of the conference on the part of the House.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate recede from its disagreement to the amendment of the House, and agree to the amendment.

I yield 5 minutes to the distinguished chairman of the Committee on Agriculture and Forestry.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. What motion is pending?

The PRESIDING OFFICER. A motion to concur in the amendment of the House of Representatives.

Mr. CASE of South Dakota. Mr. President, if I desire to move that the Senate recede from its position and concur in the House amendment, with an amendment, would such a motion be in order?

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that an amendment to the amendment of the House would be in order.

Mr. CASE of South Dakota. I wish to reserve the right to do that, Mr. President. I shall listen to the explanation of the amendment. But if the amendment is what I think it is, I shall wish to offer an amendment to recede, and to concur in the amendment of the House, with an amendment.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 5 minutes.

Mr. ELLENDER. Mr. President, as the Senate well knows, the conferees on the part of the House and the conferees on the part of the Senate tried last week to adjust their differences; and in the conference there was agreement.

The Senate agreed to the conference report; but the House rejected it. Basically, there is no real difference between the conference report that was submitted to the Senate last week and the House proposal, except with respect to the level of price supports and the amount of reduction in the farm-acreage allotment.

It will be recalled that, under the agreement by the Senate and House conferees, price supports were fixed at 80 percent of parity, with a 20 percent cut in the acreage allotment.

Under the House proposal, the acreage allotment will be cut by 25 percent, and the support price will be fixed at 90 percent of parity. If the House proposal should be adopted, it is my judgment that wheat production will be decreased this coming year by over 300 million bushels, and the net cost of the program would be reduced by about $250 million.

I am very hopeful the Senate will agree to recede and adopt the House proposal. Unless that is done, I fear nothing will be done with respect to wheat during this session of Congress.

As Senators will remember, the Committee on Agriculture labored hard and long on a wheat bill earlier this year. This was reported to the Senate and passed with amendments.

The House, thereupon, amended and passed the Senate bill, requesting a conference. The conference committee spent the better part of 2 days working out an agreement which provided for price supports at 80 percent of parity, with a cut in acreage allotments of 20 percent. This was the only area of real disagreement.

While the Senate readily agreed to the conference report, the House defeated this report by a vote of 214 to 202, and indicated through debate that any proposal put before them with respect to wheat would have a difficult time, with a very real likelihood that it would be defeated.

Because it is imperative that something be done in an effort to reduce wheat production and the cost of the program during this session of Congress, I am proposing that the Senate accept the House provisions of 90 percent of parity with a 25-percent cut in acreage.

The Secretary of Agriculture has already announced plans for the program for next year. The wheat referendum will be held on July 23, just 1 month away. Farmers must know what they are to vote on, and unless we take action, another year will have passed before anything can be done in the way of reducing the production of wheat and cutting the cost of the program to the Government.

Throughout the hearings on wheat, the Senate and House debate, and the conference there was only one thing that everyone agreed upon. This was that something had to be done now in the case of wheat. This is our last chance and that is why I am proposing that we accept the House bill.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. HICKENLOOPER. Under the House proposal, what is the maximum wheat acreage?

Mr. ELLENDER. There is no specific maximum in the law or in the House proposal. There is a minimum national allotment now provided by law of 55 million acres. This would not be changed by the House proposal.

Mr. HICKENLOOPER. It will still remain at 55 million acres?

Mr. ELLENDER. Yes, but there will be a cutback of 25 percent on each farm acreage allotment after the 55 million acres has been allotted through States and counties to farms, or a total reduction nationally of about 14 million acres.

Mr. HICKENLOOPER. Do I correctly understand the Senator to mean that the 55 million acreage allotment will actually be reduced in total by 14 million acres?

Mr. ELLENDER. That is my judgment. The cuts in farm acreage allotments will equal one-fourth of the acreage allotted nationally, that is one-fourth of the 55 million national acreage allotment.

Mr. HICKENLOOPER. So the total wheat acreage of the country, under the House proposal, will be 41 million acres?

Mr. ELLENDER. That is essentially correct. That will be about the total of the farm acreage allotment. Aside from the 14-million-acre reduction, there will be, in the conservation reserve program around 2½ million acres of wheat land. And aside from that, there will be a cutback because of the reduction in the 15-acre exemption to 12 acres.

Another provision contained in the House proposal, which was not in the conference substitute, provided that the smaller farmers, that, is those who did not plant as much as 12 acres in 1957, 1958, or 1959, will be able to plant in 1960 and 1961 not more than the highest number of acres planted in any one of those 3 years without being subject to marketing quotas. If a farmer had not planted more than 7 acres, for instance, in any of those years his exemption would be limited to 7 acres.

In addition, the proposal contains many provisions designed to reduce wheat acreage by strengthening controls.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for another question?

Mr. ELLENDER. Yes.

Mr. HICKENLOOPER. Is there a device in the House proposal whereby soybeans, corn, and various other grains can come under those same general provisions?

Mr. ELLENDER. No. The House proposal deals solely with wheat.

I may say to my good friend from Iowa that there is a provision providing for cross-compliance with relation to the diverted acres, that is, the 25 percent or the 14 million acres. In order to obtain price support for wheat the farmer is required to reduce his acreage of price supported crops below his average acreage of such crops for 1957 and 1958 by an acreage equal to the 25-percent cut in his wheat acreage allotment. Further, the farmer will be paid in kind one-third of what he would have produced on that acreage in wheat, if he

does not plant that land to any other crop. He cannot even graze it if he is to obtain the payment in kind. The idea is to try to reduce surpluses, may I say to my fellow Senators. This is our last opportunity this year to make such an attempt. It is my judgment if the proposal is enacted the total reduction in wheat acreage will be probably 16 million to 17 million acres out of a total of 55 million acres.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. JOHNSON of Texas. Mr. President, I yield the Senator from Louisiana 3 additional minutes.

The PRESIDING OFFICER. The Senator from Louisiana is granted 3 additional minutes.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. CURTIS. The House report states that the cost of the wheat program would be lowered during this period by an estimated $528 million. Would it follow that the income of the farmers would be cut by that same amount?

Mr. ELLENDER. I do not believe that their income would be cut materially, because we are compensating the farmer in two ways. We are increasing the support price from 75 percent of parity to 90 percent of parity. It is true that the farmer's acreage will be cut back by 25 percent, but, as I have just stated, the farmer will be paid in kind, on the 25-percent acreage cut, equal to one-third of what he would have produced in wheat on those acres.

We estimated that, generally speaking, the farmer's income will be about equal to what he would receive under the provisions of the present law. As the Senator well knows, if the present law remains on the statute books and is administered as it has been in the past, we can expect, not 55 million acres, but probably 57 million to 58 million acres of land to be put into wheat.

Mr. CURTIS. Would it be a correct statement to say that if a farmer's allotment were 100 acres, without this bill he could plant the 100 acres and receive 75 percent of parity?

Mr. ELLENDER. That is correct.

Mr. CURTIS. But if this bill becomes law, he could plant only 75 acres, and would receive 90 percent of parity on that acreage?

Mr. ELLENDER. The Senator is correct. But, in addition, if the average production per acre, let us say, were 21 bushels, he would get one-third of that on each of the 25 acres if he did not harvest a crop from, or graze, the 25 acres. That would be paid in kind from stocks of the Commodity Credit Corporation.

Mr. CURTIS. I still cannot see, if he gets a greater price support for less wheat, and then gets the wheat also, and gets the same amount of money, how it happens that the House has stated it would save the Government $528 million.

Mr. ELLENDER. I do not know how the House arrived at that figure, but when the conference report was before the Senate last week, it was ascertained that with an 80 percent price support and a cutback of 20 percent on acres, it would give the farmer almost as much as he would get at 75 percent of parity. There was a very small difference.

Mr. CURTIS. This is not a bill, then, to raise the wheat farmer's income?

Mr, ELLENDER. It is going to have a tendency to give to the farmer almost the same amount of money he would receive if he planted his entire allotment at 75 percent of parity. But more importantly this bill will reduce production to the point where the entire crop will move in commercial channels and not fill Government warehouses, as a matter of fact.

The PRESIDING OFFICER. The time of the Senator has again expired.

Mr. ELLENDER. This bill will reduce surpluses, and that is what we are trying to do. If weather conditions are normal, I would not be surprised if wheat production would be cut in excess of 300 million bushels.

Mr. President, I ask unanimous consent to insert at this point in the RECORD an explanation of the House amendment to S. 1968.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

EXPLANATION OF HOUSE AMENDMENT TO S. 1968

The House amendment to S. 1968 is a complete substitute for the Senate provisions. It would make the following changes in existing law:

With respect to the 1960 and 1961 wheat crops, it would—

(1) Provide price support at 90 percent of parity.

(2) Reduce each farm acreage allotment by 25 percent.

(3) Require, as a condition of wheat price support, that the farm acreage of price supported crops be reduced below the 1957 and 1958 average by an acreage equal to the 25 percent reduction in the wheat acreage allotment.

(4) Provide for a payment in kind (equal to one-third of the average annual wheat yield) for the acreage representing the 25 percent reduction, if such acreage is not harvested or grazed.

(5) Provide that the acreage represented by the 25 percent reduction shall be ineligible for the conservation reserve.

(6) Limit price support to the commercial area and, if marketing quotas are not disapproved, to cooperators.

(7) Provide price support at 50 percent of parity to noncooperators, as well as cooperators, if marketing quotas are disapproved.

(8) Provide that if marketing quotas are disapproved, the minimum Commodity Credit Corporation sales price for wheat for unrestricted use shall be 105 percent of 75 percent of parity, plus reasonable carrying charges.

(9) Impose penalties on the actual yield of the excess acres (or double the normal yield if the actual yield is not shown); except that if the actual yield does not exceed the normal yield of the farm acreage allotment, the marketing excess would be reduced to zero.

(10) Increase the marketing penalty to 65 percent of parity.

(11) Reduce the 15-acre exemption to the smaller of (A) 12 acres, or (B) the highest acreage planted in 1957, 1958, or 1959.

(12) Remove the 30-acre limitation on the feed wheat exemption.

The House amendment contains a $35,000 limitation on price support for wheat per producer per year, which we understand is intended to be permanent. In addition the House amendment would permanently—

(A) Provide that in any case in which the wheat marketing excess for a farm is reduced to zero by reason of underproduction, the farm, county, and State shall not receive an acreage history penalty by reason of the overplanting.

(B) Base eligibility for voting in marketing quota referendums on compliance with allotments in the year in which the referendum is held (rather than on being subject to the quota being voted on).

(C) Repeal the 200 bushel wheat marketing quota exemption.

(D) Repeal a requirement that an additional allotment list be kept by the county agent or local committee chairman.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Vermont [Mr. AIKEN].

The PRESIDING OFFICER. The Senator from Vermont is recognized for 5 minutes.

Mr. AIKEN. Mr. President, I unequivocally oppose the House wheat proposal. It would hurt the consumers, it would hurt the taxpayers, it would hurt the producers, it would raise the support price to 90 percent of parity, and it would make a 25-percent reduction in planting mandatory.

The farmer could either try to keep up his yield, by using more fertilizer and taking better care of his wheat, or he would take a licking. The increased cost to the Government would be very severe.

The bill would also further increase foreign production. It is a direct invitation for foreign countries to produce all they can, and, Mr. President, Russia has already increased production to 1.8 billion bushels in 1957 and to 2.3 billion bushels in 1958. That is over a billion bushels more than we expect to produce this year.

This bill, if passed, would discourage exports, because the United States even today is just a residual supplier. We would have to give up our exports, or else give away our wheat.

This is an impossible bill, and the wheat farmers will be the big losers.

I desire to point out the provision of the House bill which states that—

Farmers eligible to vote in such referendum shall be producers on farms with respect to which a wheat allotment has been established pursuant to the provisions of this act for the crop of wheat normally harvested in the calendar year in which the referendum is held, and who have complied with such acreage allotment.

Only those who have complied with their current acreage allotment can vote. If they have not complied for one reason or another, they cannot vote in the referendum for the next year's crop.

Mr. President, in the last harvest year, 685,648 wheat farmers who had allotments were not in compliance, and consequently they would be disqualified from voting in the quota referendum under the provisions of the bill. There would be 14,232 of these farms in New York, 38,934 in Pennsylvania, 68,944 in Ohio, 60,710 in Indiana, 73,224 in Illinois, 61,021 in Michigan, 24,481 in Minnesota, 75,156 in Missouri, 24,807 in Nebraska,

36,359 in Kansas, 17,403 in Virginia, 30,785 in North Carolina, 13,373 in Georgia, 25,011 in Oklahoma, 16,806 in Texas, and 13,729 in Idaho. In all States the operators of a total of 685,648 wheat farms would be disqualified from voting under the terms of the House bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. LAUSCHE. How many farmers would be permitted to vote?

Mr. AIKEN. There were a total of 1,816,350 farms having allotments for the 1958 crop. The operators of 685,648 of those farms would be prohibited from voting in the referendum.

Mr. LAUSCHE. So over one-third would be prohibited from voting?

Mr. AIKEN. I have nothing further to say. I think each Senator can make up his mind as to how to vote.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. MORTON. We have had a discussion concerning wheat. What about the price of bread? What would happen to the price of bread?

Mr. AIKEN. I expect that the price of bread would rise, because the handlers and processors generally seize upon any opportunity to charge higher prices to the consumers.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. JAVITS. What about the price of feed, for the farmers who feed cattle and chickens?

Mr. AIKEN. I do not know. That would depend on whether the wheat grower planted his acreage taken out of wheat to other crops. I think he can do so under the bill. I think he can easily plant the diverted acres under the terms of the bill.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. AIKEN. I yield to the Senator from Colorado.

Mr. ALLOTT. Under the terms of the bill one-third of the average production of the wheat land which is taken out of production would be paid back to the farmer in kind, and a great amount of the production of this country——

Mr. AIKEN. If I may anticipate the Senator's question, the farmer would not follow that practice.

The PRESIDING OFFICER. The time of the Senator from Vermont has expired.

Mr. DIRKSEN. Mr. President, I yield the Senator from Vermont 2 additional minutes.

Mr. ALLOTT. In the great wheat-producing areas where there is not a combined operation, can the Senator tell me what the farmer would do with the wheat, and also what effect there would be on the small grains market and on the prices of livestock?

Mr. AIKEN. I think it may be assumed that the farmer would sell the wheat for whatever price he could get for it. Very likely the wheat would go on the small grains market. I think it is more likely, though, that rather than take advantage of that provision of the law the farmer would plant the extra acres to grain sorghums, if he were in the grain sorghum area, or to corn, if he were in the corn area.

Mr. ALLOTT. The farmer is not forbidden, under the terms of the bill, to plant the land to anything else; is that correct?

Mr. CASE of South Dakota. Mr. President, if the Senator will yield, I read from the House report on that matter, page 9:

> To compensate for this restriction on the use of diverted acres (which does not apply to any other crop) producers may qualify for a payment in kind for each of the 1960 and 1961 crop years by not planting on their diverted wheat acreage any crop for harvest in the applicable year nor permitting the land to be grazed.

Mr. AIKEN. Mr. President, this is on my time, and I cannot yield to the Senator from South Dakota. Of course, the farmer does not have to take the 7 or 8 bushels of wheat which he might receive for not planting his diverted acres. He can plant the land and get 100 bushels of corn or of grain sorghums.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from North Dakota.

May we have order in the Chamber, please?

The PRESIDING OFFICER. Let there be order in the Senate.

Mr. YOUNG of North Dakota. Mr. President, I am going to vote for the bill, although it is far from the kind of wheat legislation I think the Congress should enact.

Mr. JOHNSON of Texas. Mr. President, may we have order in the Chamber please?

The PRESIDING OFFICER. The Senate will be in order.

Mr. YOUNG of North Dakota. Mr. President, I am convinced by this time that no satisfactory wheat legislation is possible so long as Secretary Benson is Secretary of Agriculture. If one believes otherwise, all one has to do is to read the report which Secretary Benson sent to all the Republican Members of the House of Representatives before the compromise wheat bill was voted upon in that body. That is the most irresponsible statement any Secretary of Agriculture ever made.

Mr. President, I proposed in the Senate Committee on Agriculture and Forestry that we retain 75 percent of parity price supports and cut the acreage of the big farmers, those with 200 acres or more, 10 percent, and cut the acreage of the small farmers only 5 percent. The Secretary of Agriculture opposed that.

Now, at least, he claims to be for the continuation of the present program.

I then proposed that we go to a 65 percent of parity price support program if the farmer would plant within the present quotas, 75 percent of parity price support if the farmer would cut his acreage 10 percent, or 80 percent of parity price supports if the farmer reduced his acreage by as much as 20 percent. The Secretary of Agriculture opposed that.

The Secretary of Agriculture has opposed everything except exactly that which he wants, which is practically nothing at all. His program would result in about $1 or $1.15 a bushel for wheat. That proposal was offered for consideration of the Senate by the Republican leader, but it did not get more than a half dozen votes in the Senate.

The Secretary of Agriculture opposes everything but a program which offers everything he supports, so we have, in practical effect, no alternative but to vote for the program being offered here tonight.

I hope the Congress will pass the two-price or domestic parity system, or a better program, but in the absence of such legislation I shall be forced to vote for the bill we have before us.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. YOUNG of North Dakota. I yield.

Mr. JOHNSON of Texas. Mr. President, I am constrained to agree with my delightful friend from North Dakota. I am informed that at this moment high officials are calling Members of the Senate, lobbying on this measure. I hope the Senate will act, decisively and promptly in behalf of the farmers of America.

Mr. YOUNG of North Dakota. If I may take 1 minute, I should like to read one paragraph from the Secretary's statement, to show how unreasonable it is:

> This bill does nothing to give small family-sized farms a vote in a wheat marketing quota referendum. Tobacco farmers with one-tenth of an acre allotment are allowed to vote on their programs but wheat farmers with as much as 15 acres are not permitted to vote.

The bill does reduce the acreage exemption from 15 acres to 12 acres. An additional group of persons, about 80,000, would be given the right to vote under this provision; that is, those farmers with wheat allotments of between 12 and 15 acres.

With respect to tobacco, no one can plant even one-tenth of an acre of tobacco unless he has an allotment. If he has an allotment he can vote. But he cannot plant any tobacco at all unless he has an allotment. With wheat, the situation is entirely different.

The wheat marketing quota program is the only one which gives a farmer an exemption which permits him to plant in excess of his allotment free of penalty. In fact, until just a year ago, a farmer planting in excess of his quota tended to gain wheat history and to increase his allotment.

Why the Secretary would even attempt to draw a comparison between wheat and tobacco is beyond my comprehension.

Mr. JOHNSON of Texas. Mr. President, I yield 4 minutes to the Senator from Minnesota [Mr. HUMPHREY].

Mr. HUMPHREY. Mr. President, when the President made known to Congress the requirements for wheat legislation, he laid down two principles which he asked us to embrace in any legislation—first, to bring down the wheat inventory held by the Government. This is called the surplus. Frankly, I have not been so distressed

about the surplus, in the light of the world need, as have the proponents of the administration.

Second, he asked us to bring about savings in cost to the Government and to the taxpayers.

Those are the two principles laid down by the administration for wheat legislation. Congress is concerned about a third principle which is of no visible concern to the administration, namely, the preservation of reasonable income for farm producers.

In this instance we are dealing with the crop of wheat, and the bill before us takes care of principle No. 1. It will bring down the inventory. It takes care of principle No. 2. It will bring about savings in the cost to the Government and to the taxpayers; and it takes care of principle No. 3. It will maintain farm income. Let me show briefly how that will be accomplished.

The bill provides for the reduction of wheat production by reducing each acreage allotment by 25 percent. This cuts the national allotment back, as the chairman said, to 41 million acres, a 14 million acre reduction.

The bill further provides for reducing production by strengthening the penalties for overplanting. Every Member of this body knows that one of the reasons for the tremendous surpluses has been overplanting.

The present penalty of 45 percent of parity is increased to 65 percent of parity, and the penalty provisions would be based upon double the normal yield, or on the actual yield, whichever is the lower. That is a far cry from the present situation.

Third, compliance will be further encouraged by providing payments in kind equal to one-third the average annual production on the retired acres during the preceding 3 years. This will also avoid the planting of diverted acres to other crops, or using them for grazing.

This is a kind of cross-compliance which is provided for, and yet requires one-third payment in kind, which comes out of the Commodity Credit Corporation storehouses and goes to the farmer. The farmer may use it for whatever purpose he wishes, except that he may not put it back under crop loan. He may market it, feed it, or store it. He can do whatever he wishes with it, except place it back under Government crop loan.

The bill before us would reduce the 15-acre exemption to 12 acres, and it would abolish the 30-acre limitation on the production of wheat to be consumed on the farm.

Dr. Walter Wilcox, of the Library of Congress, has estimated that the bill would reduce the production of wheat by 20 percent in volume, and reduce Government costs by $264 million a year. Dr. Wilcox is the respected, accepted economic authority in the Library of Congress on agricultural matters. His estimate is that a saving of $264 million a year would be made in the cost of Commodity Credit Corporation operations. His estimate is based on a 20 percent reduction in production. Instead of adding 150 million bushels of surplus wheat to Government stocks in 1960 and 1961, the bill would cut surplus production, and use up 90 million bushels already in storage.

The bill also places a $35,000 limitation on the wheat price support payment to any single producer; and while the bill accomplishes these desirable aims——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. Mr. President, may I have an additional minute?

Mr. JOHNSON of Texas. Mr. President, I yield an additional minute to the Senator from Minnesota.

Mr. HUMPHREY. While accomplishing these desirable aims—reducing surplus and cutting Commodity Credit Corporation costs, the bill also would maintain the income of wheat farmers at a level high enough to keep them in business for the next 2 years, the term of this stopgap legislation. I emphasize that this is emergency, stopgap legislation.

I agree with the Senator from North Dakota [Mr. YOUNG] and the Senator from Louisiana [Mr. ELLENDER] that if we do not pass this bill, there will be no wheat bill. If we do not pass this bill, and the volume of wheat production continues at its present rate, we shall be faced with such a situation in the Senate that there will be a repetition of what occurred in connection with the potato program.

We must do something to correct this situation. We have been trying to do something to correct this situation. I recommend 85 percent of parity, with a 20 percent reduction in wheat allotments. The committee recommended 80 percent of parity with a 20 percent reduction in allotments. This provision is 90 percent of parity with a 25 percent cutback. When we ask the farmer to cut back his production 25 percent, 90 percent of parity on the bushels produced is the absolute minimum we can offer.

That, together with the one-third payment in kind, maintains the farmer's income at a level high enough to partially offset the loss from reduced production. Reduced production for the United States reduces the cost to the taxpayers and to the Commodity Credit Corporation. The principles which have been laid down as desirable and acceptable by both the President and the Congress are fulfilled by the provisions of the bill.

Mr. DIRKSEN. Mr. President, I yield 2 minutes to the senior Senator from South Dakota [Mr. MUNDT].

Mr. MUNDT. Mr. President, I think my distinguished colleague on the conference committee and on the Committee on Agriculture and Forestry, the Senator from North Dakota [Mr. YOUNG] has pretty well summarized the situation which we confront in connection with the wheat problem.

There is no question that today the wheat farmers of the country are facing a cruel dilemma. Actually the approval of the House amendment would provide for the wheat farmer a smaller income than he would get if he were to continue to keep 75 percent of parity for 100 percent of his crop. One does not have to be very fast with a lead pencil to realize that 75 percent of 100 percent of his crop base would give him more than 90 percent of 75 percent of his crop base.

But we are overproducing wheat. There must be a cutback, if our overall agricultural program is to be saved.

A 25-percent cutback is a sharp cutback. It will certainly reduce the planted acreage very considerably. As a temporary expedient, however, I shall vote for this House proposal, inadequate and inequitable as it is. Frankly, I would much prefer to be voting for a two-price wheat bill today which would really step up the income of wheat producers to a fair level without increasing the surplus problem. However, such a happier choice is not now before us.

I am not very much impressed by the argument that this measure would increase the price of bread, because now actually less than 3 cents of the entire cost of a loaf of bread is represented by the wheat content. Varying degrees of parity have no great impact on the price of bread. The price of bread is determined largely by handling charges, marketing margins, transportation charges, and labor costs. It is not determined by whether the farmer gets a few dimes, more or less, for a bushel of wheat.

I think we should recognize that when, as, and if we ask the farmer to cut back his production because of a national situation in connection with the surplus, with its colossal cost to the taxpayers for storing the grain in surplus, then in simple honesty we should increase his price support and the returns he gets per unit correspondingly, unless we are to be deliberately and manifestly unfair and unjust to the American farmer. So, as our best alternative at the moment, I urge support of this House bill. In conference, we attempted several alternative solutions without success. The House has voted down the only one we were able to get approved in conference. And it must be said that conference proposal was itself an inadequate and unsatisfying compromise.

At least, Mr. President, the bill before us has the advantage of channeling most of the costs of the farm program into the pockets of the producers who need and deserve the revenue and less of the money will be required to pay storage costs in terminal elevators. That is progress in the right direction and makes this proposal better as well as more economical to taxpayers than the existing wheat program.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished junior Senator from South Dakota [Mr. CASE].

Mr. CASE of South Dakota. Mr. President, I desire to offer an amendment to the House amendment as a substitute for the bill, to change 90 percent to 85 percent in each case where the figure "90" occurs in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, the distinguished Senator from North Dakota [Mr. YOUNG] and

the distinguished Senator from Minnesota [Mr. HUMPHREY] have said that if we do not take this bill, there will be no bill. I have no pipeline to the White House, but anyone who has followed this legislation at all, must almost admit that there will not be any law if it requires 90 percent support. Is there any Member of this body who has read any of the statements on this subject emanating from the Department of Agriculture, or any other comment, who believes that a 90-percent bill would be signed? In that case, why go through an exercise in futility?

The Senator from Minnesota said that he himself had advocated 85 percent support. The Senator from North Dakota [Mr. YOUNG] is the one who proposed the idea of the 80-percent support with a 20-percent reduction.

Mr. YOUNG of North Dakota. I coupled that with a bushel allotment.

Mr. CASE of South Dakota. Yes; coupled with a bushel allotment. Eighty percent support and 20 percent reduction is what the Senate approved. It is what the conferees approved. It was reported by a narrow vote in the House. So we come back to the House amendment.

I hold in my hand a copy of the House version. When it was reported by the Committee on Agriculture in the House, it proposed a 30-percent cut with a 90-percent support.

The change from 30 percent to 25 percent was evidently made on the floor of the House. This is the report I have in my hand. I obtained it from a page, and other Members can get a copy of it. The 90-percent support was based upon a 30-percent cut. If we wish to be consistent, and if we wish to follow the thinking of the Senator from North Dakota in proposing a 20-percent cut and 80-percent support, it seems to me the logical thing to do is to provide for 85-percent support and a 25-percent cut. The payment in kind provision commends itself, and makes sense. If we really want wheat legislation, we ought to put the bill in some sort of shape so that there will be a chance of its becoming law. I personally hope that agreement may be based on 85-percent support and a 25-percent reduction.

Mr. YOUNG of North Dakota. I would vote for such an amendment if there were the slightest chance that it would be approved by the Secretary of Agriculture and President Eisenhower. Some of the strongest language to come from the Department of Agriculture was placed in the CONGRESSIONAL RECORD last Thursday in opposition to an 80-percent support. They claimed it was far out of reason. Certainly 85-percent support would fare no better.

Mr. CASE of South Dakota. That was 80-percent support with a 20-percent cut. It seems to me that we ought to have 85-percent support with a 25-percent cut.

Mr. DIRKSEN. Mr. President, I yield myself 2 minutes. Then I shall yield back the remainder of the time.

My difficulty with the bill is this: I always have to think about it in terms of what I would do under a given circumstance. If I were a wheat farmer with 100 acres of wheat, my acreage under this bill would be reduced by 25 percent. I would have 75 acres of wheat and 25 acres which I could use for something else. For the wheat on the 75 acres, I would get 90 percent of parity. I am sure that if I were trying to be a Yankee trader, I would certainly surrender the poorest acres I had. Then what would I do? I could do two things. I could plant potatoes, for one thing. They are not price supported. I could plant vegetables. I would get 90 percent on the 75 acres of wheat. I could plant 25 acres in another crop. Then trouble would begin for other crops. We would have a problem.

I could do something else with the 25 acres. In addition to getting 90 percent of parity, I could plant corn. I could not get a wheat loan if I planted a price supported crop, but I could take my chances and sell the wheat at 90 percent of parity, and I would have 25 acres which I planted to corn. Corn is a good feed grain. So it all adds up to what? Does it solve anything? It does not. It will cause more of a problem than we have at the present time. Therefore the difficulty I find myself in, obviously, is that I am compelled under the circumstances to vote against the motion and to vote against the amendment. Mr. President, I ask unanimous consent, in connection with my remarks, to have a statement I prepared printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DIRKSEN

H.R. 7246 contains a temporary wheat program, since it is applicable only to two wheat crops, the 1960 and 1961 crops. At the end of the 2-year period the program would revert to the present program.

Under the bill farmers would be given a 90 percent of parity support level, and each individual's share of the 55-million-acre minimum allotment will be reduced by 25 percent.

The bill would also make these additional changes in existing legislation:

1. Only farms with wheat acreages of the smaller of 12 acres or the highest number of acres planted to wheat for harvest in 1957, 1958, or 1959 would be exempt from marketing quotas.

2. The 30-acre limitation on the feed wheat exemption permitting a farmer to harvest up to 30 acres is eliminated.

3. The marketing quota penalty rate is raised to 65 percent of parity and is based on actual production on excess acres instead of the present marketing quotas excess concept using normal production. Until the actual production figure is established, the penalty would be based on twice the normal yield on the excess acres.

4. The minimum sales price for unrestricted sales of wheat from CCC stocks is continued at 105 percent of the 90 percent of parity support level plus reasonable carrying charges.

5. That payments-in-kind, equal to one-third of average yields per acre, shall be made from Government stores of wheat to those growers who agree not to harvest any crop, or to use for pasture, the land taken out of wheat production. Only those farmers who completely idled their reduced wheat acreage would receive payments-in-kind. The bill still would deny wheat price supports to any farmer who increased his plantings to other price supported crops while cutting back his wheat acreage. The land diverted from wheat would not be eligible for conservation reserve payments.

6. That, if the new program fails to receive a two-thirds vote in a referendum of wheatgrowers, then all wheat producers, regardless of whether they comply with acreage allotments, will receive a support price at 50 percent of parity. If marketing quotas are disapproved, the present surplus of wheat could not be released by CCC for less than 75 percent of parity plus 5 percent plus reasonable carrying charges.

7. At the end of the 2-year life of the legislation, the wheat program would revert to that provided under present law, unless the Congress takes further action before the 1962 crops are planted.

We do not favor this bill because it provides for price support at unrealistic and incentive levels which will offset to a large extent the reduction in production.

While the bill provides for 90 perccent of parity support levels for wheat, it is bound to result in a market price for wheat close to 95 percent of parity. The effect of support of any significant portion of the crop at 90 percent of parity will be a market price close to 95-percent level because of the operation of the payment-in-kind export program. This high market price in turn will have these effects:

(a) The annual cost of the wheat export subsidy will be increased by over $200 million as compared with the present program.

(b) There will be a price incentive to increase yields on the reduced acreage as much as possible, and this will tend to reduce significantly the production effects resulting from the acreage cutbacks. The mandatory supports will be at levels which so stimulate new technology and the new flow of capital into production as to offset in large part the control effort.

(c) Producers will tend to reduce their wheat acreage with the poorer land, thus the acreage left in wheat will have an above-average production potential. With the high level of support producers will strive for even higher yields, and with the better land the wheat crop would be reduced by an amount smaller than the acreage cut. The reduction in wheat output might not be more than 15 percent.

This bill is also deficient for the following reasons:

(a) It would amend the 15-percent exemption by reducing this exemption to the lower of 12 acres or the highest planted acreage in 1957, 1958, or 1959. This modification will prohibit any new producers from harvesting any wheat free of penalty. However, this change does not go far enough in view of the immensity of the wheat problem, if the controls are to be effective. There will be every price incentive to harvest as much as legally permitted. The 15-acre exemption has contributed significantly to the surplus and needs to be eliminated. The higher market price will provide an incentive to utilize this provision to the maximum permitted. It maintains an undesirable loophole.

(b) It changes the voting requirement but continues the unfair disenfranchisement of 60 percent of the wheatgrowers. Wheat is the only commodity for which the right to vote is affected by the size of the acreage. This is an unfair discrimination against the small family farm.

(c) Diverted wheat acreage could be shifted into crops not now price supported, such as potatoes, vegetables, popcorn, broom corn, etc., creating surpluses in these crops. This in turn could lead to the need for Government help to these producers, since their problems would have been the result of a Government program.

(d) Support at the 90 percent of parity level for wheat would provide a special advantage to wheat not available to growers of other crops. In addition, it should be

noted that this approach would result in a higher level of parity for wheat in the same manner as tobacco. This would increase the cost of the program over time.

(e) If we assume a reduction of 14 million acres, this would leave a balance of about 44 million acres. It is generally agreed that the acreage withdrawn from wheat production will be the poorest producing acres on the farm. Also, the production stimulus of the higher price will offset greatly the reduced acreage. Thus, this program attempts to go in two directions at the same time.

It is difficult to estimate the potential cost of this program. We know that the export subsidy will be increased by $200 million. In addition, there will be the additional cost of the payment-in-kind provision which is estimated at a maximum of $181 million, but will probably be less than this.

Another variable will be the fact that many farmers will decide to take advantage of the loopholes in this legislation. Under this bill a producer may reduce his wheat acreage by 25 percent and plant the diverted acreage to another price-supported crop, for example, corn. All he will lose will be his eligibility for a wheat loan. However, since enough farmers will cooperate so as to make the support program effective, the farmer who takes advantage of the loophole can sell his wheat at 90 percent of parity or better and obtain price support on all his other price-supported crops. Farmers will get on to this quickly.

The saving from reduced production of wheat will be $270 million.

It would appear that on balance this proposed program is $110 million more expensive than the excessively costly present program. During the last 5 years the net realized cost for supporting price and income of wheat producers was over $2.5 billion. In addition, carryover stocks will have been built up to about 1.5 billion bushels by July 1, 1960. This is about three times U.S. food needs. It is costing CCC over $1 million per day just for storage and interest on this tremendous surplus.

It is for the above reasons that we do not recommend the adoption of this bill even if Congress elects to take the approach of greater controls. It is self-defeating.

If an attempt is made to solve the wheat problem by more controls, we feel that action along the following lines needs to be taken.

If the control concept is to be retained in the wheat program, it is essential that the loopholes be closed and effective actions be taken to bring production down until stocks are reduced to desirable levels. The legislative changes needed would include such as the following:

(a) Base price supports on a percentage of average market prices of the immediately preceding years, or, if the present standard is retained, give the Secretary the same discretion as he has for most other commodities.

(b) Eliminate the provision allowing any farmer to produce and market up to 15 acres of wheat. This loophole alone will account for some 600 million bushels, or 40 percent of the estimated accumulated carryover as of July 1, 1960.

(c) Permit all wheat growers to vote in the marketing quota referendum—not just the larger producers.

(d) Base compliance with acreage allotments on a planted, rather than a harvested, basis.

(e) Increase the penalty rate for overplanting to a point that will stop this practice.

(f) Base the penalty for overplanting on the actual overproduction rather than the normal yield per acre.

(g) Eliminate the 55-million-acre minimum to allow adjusting the acreage to the amount of wheat than can be sold for dollars under the support price that prevails.

(h) Consider allotments on a bushelage instead of an acreage basis.

However, we feel that the following proposals are preferable to the tightening of controls:

WHEAT

The preferred proposed legislation would remove the present 30-acre limit on the number of acres of wheat which may be grown on a farm for use on the farm as feed, food, or seed without penalty. Acreage allotments and marketing quotas on wheat would be discontinued beginning with the 1963 crop.

The level of price support for the 1960, 1961, and 1962 crops of wheat would be 75 percent of the average price received by farmers during the 3 preceding marketing years. The level of price support for the 1963 and subsequent crops would be 90 percent of the average price received by farmers for the 3 preceding marketing years.

CONSERVATION RESERVE PROGRAM

The proposed legislation would make changes in the existing law applicable to the conservation reserve program as follows:

(a) Extend for 3 additional years the authority for entering into and carrying out contracts under the conservation reserve program.

(b) Increase the limitation on the amount of the obligations which may be incurred under the program from $450 million to $500 million in any calendar year.

(c) Provide specific authority for giving special consideration to those States and regions where it is necessary to discourage the production of wheat in distributing the national conservation reserve goal and allocating the funds to the States.

EXTENSION OF PUBLIC LAW 480

The proposed legislation would:

(1) Extend title I of the Agricultural Trade Development and Assistance Act of 1954 for 3 years.

(2) Increase the amount authorized to be expended under title I of such act by $4,500 million.

(3) Extend title II of the act for 3 years.

(4) Increase the amount authorized to be expended under title II of such act from $800 million to $1,500 million.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CAPEHART. What is the alternative?

Mr. DIRKSEN. Existing law.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I hope that the Senate will not consider this amendment favorably. It will have to go back to the House. I am well informed when I say that the House will not be willing to vote for 85 percent of parity. We voted for 80 percent last week, with a 20 percent cut, and that was defeated in the House. My fear is that if the bill is sent back to the House it will be delayed, and unless we act upon this bill promptly and send it to the White House, the Secretary of Agriculture will be compelled to proceed under the present law.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. CASE of South Dakota. Does not the Senator recognize the fact that the conference agreement was rejected in the House by a combination of two extremes, but that with 85 percent support we would make a concession in one direction and with the 25 percent cut we would make a concession in the other direction, and we might get agreement? Does the Senator really believe that this bill, if it should be passed without the amendment, will be signed at the White House?

Mr. ELLENDER. I do not believe that any bill will be signed, to be perfectly frank.

Mr. CASE of South Dakota. We should move in the direction of some chance of a bill being signed.

Mr. ELLENDER. There is no use of sending it back to the House. It will mean delay. I move to lay the amendment on the table.

Mr. JOHNSON of Texas. I ask for the yeas and nays on the amendment.

Mr. CASE of South Dakota. Mr. President, does the Senator from Louisiana move to table the amendment?

Mr. CAPEHART. Yes.

The PRESIDING OFFICER. The Chair will ask the Senator from Louisiana if he moves to table.

Mr. ELLENDER. Yes; I move to table it.

The PRESIDING OFFICER. The motion is not debatable.

Mr. DIRKSEN. If it is in order, I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. DIRKSEN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Does the vote come on the motion to table the Case amendment?

The PRESIDING OFFICER. That is correct.

Mr. ALLOTT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLOTT. Must all time be yielded back first?

Mr. JOHNSON of Texas. Not on the motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to.

Mr. DIRKSEN. I yield 2 minutes to the Senator from Colorado.

Mr. ALLOTT. Mr. President, the other evening, in the late hour, we had the unfortunate procedure of having to legislate on this wheat matter. It is unfortunate that today we face the question of voting upon this matter during a limitation of time. I wish to say that after much soul searching, and although I come from a State which produces a great deal of wheat, I shall have to oppose the motion to concur in the House amendment. I do it for this reason: After sharpening my own pencil and doing a little bit of work, I find that the net effect on the farmer will be to reduce his wheat income in something like the ratio of 75 to 67½. The wheat farmer cannot stand, under the price structure, and even under the price structure in this bill, a 20-percent cut.

We talk about subsidizing the farmers. However, when we see the amount of wheat which goes into a loaf of bread we realize that it is not the farmer who gets

the subsidies. It is the man who makes the bread.

Therefore, for my own part, because I think it would put out of business not the big wheat farmers, not those with 2,000 or 10,000 or 15,000 acres, but the small wheat farmer, I shall vote against the motion. Also, I do not think that this proposal begins to provide the final solution to the wheat problem. I do not believe we ever will until we put controls on a bushel basis. I hope that at some time Congress will do that.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

Mr. DIRKSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON], that the Senate recede from its disagreement to the amendment of the House, and agree to the same.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. ANDERSON. Mr. President, what is the question?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON], that the Senate recede from its disagreement to the amendment of the House, and agree to the same.

The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ANDERSON (when his name was called). On this vote I have a pair with the senior Senator from Wyoming [Mr. O'MAHONEY]. If he were present and voting, he would vote "yea." If I were free to vote, I would vote "nay." I withhold my vote.

The Chief Clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Alabama [Mr. HILL], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from Georgia [Mr. RUSSELL], are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

If present and voting, the Senator from West Virginia [Mr. RANDOLPH], would vote "yea".

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from Virginia would vote "nay" and the Senator from Massachusetts would vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES], the Senator from Kentucky [Mr. COOPER], and the Senator from Arizona [Mr. GOLDWATER] are necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES] would vote "nay."

The result was announced—yeas 44, nays 40, as follows:

YEAS—44

Bartlett	Hayden	Mansfield
Bible	Hennings	Monroney
Byrd, W. Va.	Humphrey	Morse
Cannon	Jackson	Moss
Carroll	Johnson, Tex.	Mundt
Chavez	Johnston, S.C.	Murray
Church	Jordan	Proxmire
Clark	Kefauver	Sparkman
Douglas	Kerr	Stennis
Ellender	Langer	Symington
Engle	Long	Talmadge
Ervin	McCarthy	Yarborough
Green	McGee	Young, N. Dak.
Hart	McNamara	Young, Ohio
Hartke	Magnuson	

NAYS—40

Aiken	Dworshak	Pastore
Allott	Eastland	Prouty
Beall	Frear	Robertson
Bennett	Gruening	Saltonstall
Bush	Hickenlooper	Schoeppel
Butler	Holland	Scott
Capehart	Hruska	Smathers
Carlson	Javits	Smith
Case, N.J.	Keating	Thurmond
Case, S. Dak.	Kuchel	Wiley
Cotton	Lausche	Williams, N.J.
Curtis	Martin	Williams, Del.
Dirksen	Morton	
Dodd	Neuberger	

NOT VOTING—14

Anderson	Goldwater	Muskie
Bridges	Gore	O'Mahoney
Byrd, Va.	Hill	Randolph
Cooper	Kennedy	Russell
Fulbright	McClellan	

So the motion of Mr. JOHNSON of Texas was agreed to.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the motion was agreed to.

Mr. JOHNSON of Texas. I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

THE YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Mr. President, the support for our proposal for a Youth Conservation Corps, S. 812, which has been favorably reported to the full Committee on Labor and Public Welfare, continues to grow throughout the country.

Most recently I received a letter indicating the very great interest of organized labor in this legislation.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point, a letter from Mr. Richard C. Radman, Jr., secretary of the St. Paul Building and Construction Trades Council, St. Paul, Minn.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ST. PAUL BUILDING AND CONSTRUCTION TRADES COUNCIL,
St. Paul, Minn., June 11, 1959.

Senator HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.

DEAR SENATOR: The St. Paul Building and Construction Trades Council has carefully considered your proposed youth conservation legislation S. 812 and we enthusiastically endorse this bill.

We believe that if S. 812 is enacted into law it will not only benefit the construction industry, but the Nation as a whole.

Sincerely yours,

RICHARD C. RADMAN, Jr.,
Secretary.

TREND TOWARD LEGISLATION BY DECREE—ADDRESS BY FORMER SUPREME COURT JUSTICE BYRNES

Mr. THURMOND. Mr. President, in an outstanding address before the Georgia Bar Association on Friday night, former Supreme Court Justice James F. Byrnes criticized the Court's recent trend toward legislating by decree, and he upholds the right of the people to take exception to such decrees without being termed "unpatriotic."

It is significant that Governor Byrnes, now retired from public life but having an unparalleled record of achievement in high positions in all branches of State and Federal Government, should have made such an address. No living American is better qualified than he to discuss the responsibilities of men in public life, and to warn of the intoxicating power under which many of these public servants fall.

Governor Byrnes' address earnestly discusses the impact of Court decisions in segregation cases on the South. His presentation is a brilliant one throughout. I ask unanimous consent that it be printed in the body of the RECORD at the conclusion of these remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

TEXT OF BYRNES SPEECH BEFORE GEORGIA BAR ASSOCIATION

One result of the decision of the Supreme Court in the segregation cases has been the persistent effort on the part of influential groups to brainwash the people into believing that criticism of the Court's decision is unpatriotic if not unlawful. That is absurd.

A decision of the Supreme Court, within the limits of the issues actually decided, is the law of the case, but it is not the law of the land. These parties involved in the case decided by the Court, without question, must obey the final decree of the Court. But the people of the United States have the right to express their opinion of the Court's decision, and should recall the statement of Abraham Lincoln that, "To sin by silence when they should protest makes cowards out of men."

The U.S. Government has the power to enforce the decrees of its courts. No sane southerner advocates resistance by any unlawful method, but even as they obey the law, they have the right—yes, I think the duty—to let the people of the United States know that they believe the decision was a violation of the Constitution of the United States.

LAW OF LAND

Those who assume to lecture southerners about the law of the land should know that the Constitution itself refers to the Constitution and all laws of the United States made in pursuance thereof as the supreme law of the land.

Courts have only the power to declare what legal obligation is applicable in a particular case between the parties to the case. They do not have the power to make laws. That is the exclusive prerogative of the Congress. A court's decision affects other cases only as it shows what the court may, in the future, decide in similar cases.

Those who wish to clothe with infallibility the segregation decision as the law of the land, should remember that the doctrine of separate but equal school facilities for the races had been upheld by the Supreme Court for 58 years.

During that period some of the same people who now denounce southerners for failing to cooperate in enforcing the Court's decision, themselves had persistently demanded a reversal of the separate but equal doctrine. And most of those people did not cease to criticize the prohibition laws until they brought about their repeal.

PROTESTS OF JUSTICES

Whatever success our critics have had in silencing some in our midst, they have not frightened the judges of the State courts or the members of the bar. Nothing was more heartening than the action of the chief justices of 36 States in formally protesting against the recent decisions of the Supreme Court recklessly invalidating the constitutions and laws of the States.

It required superb courage for the American Bar Association, composed of lawyers from every State in the Union, to record its criticism of the Supreme Court. Those lawyers knew that in representing clients, they might be required to appear before the Supreme Court. They could not know whether their action would be resented and consciously or unconsciously affect the determination of their cases.

It is our duty to let the people of other sections know that the attitude of the South is due not to racial prejudice but to the firm belief that the Court has arrogated to itself the power of a third legislature and if not curbed by the Congress, will destroy local governments.

REVERE CONSTITUTION

In no other section of the country could there be found lawyers with greater reverence for the Constitution of the United States. They have reason for their reverence. The founders of this Republic came here to escape oppression of governments in the Old World.

They refused to ratify the United States Constitution until political leaders gave assurances it soon would be amended. In accordance with these promises, the 10th amendment was adopted, providing "The powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States respectively or to the people." This is still part of the Constitution and the judge who knowingly violates this provision violates his oath to uphold the Constitution.

Heretofore we have had great respect for the Supreme Court because we have regarded it as the defender of the Constitution. We have relied upon the Court for protection against either the Executive or the Congress, acting in violation of the Constitution.

We believe in the provisions of article VI which states that "the Constitution and laws made in pursuit thereof shall be the supreme law of the land," and that the Constitution can be amended only in the manner provided in article V of that instrument. We believe the safety of the Republic and the liberties of the people are endangered when the Supreme Court, instead of discharging its duty of interpreting the Constitution, attempts to rewrite it. And we believe that is exactly what the Supreme Court did in the segregation cases.

ASKED EVIDENCE

After those cases were first heard, the Court asked for further argument, requesting counsel to answer first this question: "What evidence is there that the Congress which submitted and the State legislatures or conventions which ratified the 14th amendment, contemplated or did not contemplate, that it would abolish segregation in public schools?"

Certainly the 14th amendment does not mention schools, but it is an accepted maxim of the law that if in interpreting the Constitution the Court thinks there are doubtful expressions, it should seek from the records the purpose for which the amendment was adopted. The request for reargument indicated the Court was in doubt.

John W. Oavis, the ablest constitutional lawyer of our time, represented South Carolina. He showed that when the 14th amendment was considered by Congress, it rejected proposals that segregated schools should be specifically prohibited, and the same Congress enacted legislation recognizing separate schools for the races in the District of Columbia.

He further showed that 24 of the 37 States then existing, legally sanctioned segregated schools. The proof that the 14th amendment was never intended by the Congress or the States to apply to public schools was so overwhelming that the Court did not have the temerity to declare the contrary. It feebly said the legislative history was "inconclusive."

FLIMSY REASONING

Now the burden was on the petitioners. If the proof of intent was inconclusive, then the Court should have said just what it said 2 years later in the case of *Ullmann* v. *United States:* "Nothing new can be put in the Constitution except through the amendatory process."

Instead, the Court declared "We cannot turn the clock back to 1868 when the amendment was adopted or to 1896 when *Plessy* v. *Ferguson* was written."

Then why did the Court ask counsel to file briefs as to the intent of Congress and the States in 1868 and to argue whether the Court was bound by its decision in *Plessy* v. *Ferguson?*

If the age of our Constitution is to be held against the soundness of its fundamental principles, what about the age of our religion? If time invalidates truth in one field, will it not do so in another?

The Court in its opinion, citing no authority other than the writings of several sociologists who had not testified in the case, but had been investigated by the House Un-American Activities Committee, amended the Constitution and invalidated the constitutions and statutes of 17 States.

WAY TO AMEND

A distinguished member of your association, Charles J. Bloch, in his scholarly work "States Rights—The Law of the Land," quotes the elder Justice Harlan, as having said in a court decision 50 years ago: "The country should never be allowed to think that the Constitution can in any case be evaded or amended by mere judicial interpretation or that its behest may be nullified by an ingenious construction of its provisions." That statement is as true today as it was a half century ago.

But it is not only in amending the U.S. Constitution that the Supreme Court has aroused the fears of the South. It has invalidated the constitutions and laws of many States, where Communists or Communist sympathizers were involved.

In the Slochower case, the Court decided the State of New York could not by law prescribe qualifications for teachers.

California and New Mexico have been told they cannot regulate the licensing of persons to practice law.

GIRARD CASE

Stephen Girard, in his will 126 years ago, bequested funds for the establishment of Girard College for the education of white boys. Trustees were appointed by the city of Philadelphia, but they acted only in a fiduciary capacity, not 1 cent of public money being spent.

The will was sustained by the State courts, but upon appeal the Supreme Court, that had amended the Constitution, held the will discriminated against Negroes, and amended the will. Then a State court appointed trustees in place of those previously appointed by the city. The Negroes again appealed, but the nationwide protests against the Court setting aside the will evidently were heard. The Court this time dismissed the appeal and Girard College is still segregated.

In the Nelson decision of 1956 the Court struck down a Pennsylvania law, providing punishment for criminal conspiracy to overthrow the Government by force, holding that the Federal Smith Act monopolized the field. Last week the Court, in the Uphaus case, in a 5 to 4 decision reversed its 1956 decision, but, to distinguish it from the Nelson case, said that under Nelson, a State could proceed with prosecutions for sedition against the State itself. That is some progress.

EFFECTIVE THREAT

The Court's decision in the Watkins case (1957) restricting the power of Congress to investigate, resulted in the pending legislation to curb the Court. The threat of congressional action apparently was effective.

Last week in another case, Barenblatt, the Court by another 5 to 4 decision held as to congressional investigations, "The judiciary lacks authority to intervene on the basis of motives which spurred the exercise of that power."

Justice Harlan, for the majority, sought to distinguish the facts from the Watkins case. A vigorous dissent by Justice Black was concurred in by his usual associates, Justices Warren, Douglas, and Brennan, charging that "exposure and punishment is the aim of the committee and the reason for its existence." They further said the Un-American Activities Committee's inquiries "amount to an encroachment on the judiciary which bodes ill for the peoples of this land." That is a severe indictment of the representatives of the people. It is a bold challenge to the power of the Congress.

POWER INTOXICATES

The congressonal committee criticized by the four Justices, has been in existence for many years. Every 2 years it has been expressly continued and given appropriations. The Congressmen of both parties who support this committee should realize from the language of Justice Black, that four Justices are determined to nullify the efforts of the committee to require answers to its inquiries.

They know that Chief Justice Warren and Justices Black, Douglas, and Brennan, need only one recruit to thwart their investigations. Encouraging, however, is the fact that Justice Stewart, the most recently appointed Justice, voted with the new majority.

Power intoxicates men. Intoxication from alcohol is temporary; from power, it is often permanent.

The appellate power of the Supreme Court, under the Constitution is regulated by the Congress. The Court can exercise no power not given to it by Congress. Congress should act now to curb the Court.

BRAINWASHERS

One phase of the effort to brainwash the South, is the charge that our failure to cooperate wholeheartedly in the integration program in schools, will stop industrialists from coming south. That is absurd. In the 5 years that have elapsed since the segregation decision, the little State of South Carolina has had an increase in new, expanded industries amounting to $639 million. There has been a similar increase in Georgia and other Southern States.

The political propagandists who try to frighten us do not control industry. In my extensive acquaintance with industrial leaders of the North, I have not found one who was deterred from moving South by this argument. In most cases, for them it is academic, because, like many of the Government officials in Washington, they send their children to private or church schools. However, if any industrialist does not want to move his business to South Carolina unless

the people embrace integration, we would prefer he remain in his present location.

Another argument to frighten us is that segregation hurts our relations with the Arab nations. That is false propaganda. That argument was first made 5 or 6 years ago when the segregation cases were pending. Integration was ordered by the Court, and the Government resorted to enforcement with troops. Instead of improving, our relations with the Arab people have worsened.

ARAB TROUBLES

Our trouble with the Arab governments is due not to segregation but support of Israel. During the last war, those governments cooperated with the United States.

After the war the Democratic and Republican Parties, competing for the votes of Jewish citizens, gave all-out support to increasing the immigration of Jews to what is now Israel. We encouraged the establishment of Israel. We were the first to recognize the new state. That support brought to an end our cordial relations with the Arabs.

There is little hope of reconciling the Jews and Arabs. Pride of race and religion is involved. The Arab governments do not allow a Jew to enter their countries except temporarily, to visit relatives. The Jews have been persecuted for centuries, but by their courage and perseverance they have preserved the integrity of their race. Their people do not marry Arabs. The Jews and Arabs provide the outstanding examples of segregation.

COLD WAR

Some representatives of the Soviet Government in their cold-war propaganda have tried to rouse prejudices against the United States because of what they call discriminations against Negroes. That is only one of many Soviet falsehoods.

Instead of giving added circulation to Soviet lies, American leaders should answer them by showing the superior living standards and privileges enjoyed by our Negroes, as compared with the Soviet population. The automobile is one evidence of progress. In the State of South Carolina Negroes own more automobiles than the people of Russia, with the exception of the officials of the Soviet Government.

It was a realization of the wisdom of segregating races that prompted 46 governments, including the United States, to agree in the Geneva Convention 1929 that "belligerents shall, so far as possible, avoid assembling in a single camp prisoners of different races or nationalities."

This action by so many governments of the world indicates that segregation laws did not adversely affect our relations with other governments.

When Wyoming, New Mexico, Arizona, and Oklahoma were admitted to the Union—long after the 14th amendment was adopted—Congress knew their constitutions provided for separate schools and impliedly ratified them by admitting those States to the Union. Only last year, Congress admitted Alaska with full knowledge that its organic law provides that the State shall have exclusive control of its schools. The same privilege should be enjoyed by all States.

MODERATES

Of course, among our white citizens are people of different views. Some few say they favor segregation in schools but are not opposed to token integration. As a rule they contend that forcing young people of both races together in the social affairs that are now a part of our school life, will not be a step toward intermarriage. These people usually call themselves "moderates." That word has a new connotation. It now means "integrationists who lack the courage to admit it."

Every one has a right to his views, and we should be tolerant. If the southern integrationist is a journalist, and publicizes his views, he can be assured that in many northern newspapers and magazines, he will be called a man of vision and courage.

If he is a member of the clergy, he will receive great publicity and probably some compensation for a magazine article. If he uses the pulpit to preach politics instead of the gospel—he may profit but his church will suffer.

UNCHRISTIAN?

I respectfully take issue with those preachers who in or out of the pulpit, now declare segregation to be un-Christian.

For more than a century, in churches North and South, preachers have led their flocks in segregated congregations. The people have looked to the church for theological guidance. If a preacher honestly believed segregation was un-Christian, it was his duty as a Christian leader to make known his views. However, I do not recall ever hearing this "un-Christian" charge until after the segregation decision of the Supreme Court on May 17, 1954.

If any minister bases his theological views upon the Supreme Court decision, he ought to be told that the Justices based their decision on the writings of sociologists and made no claim to having received any divine communication.

Even as I discuss this, I know you are thinking of the great Christian leaders of your own State who through the year have led their congregation in the Christian faith, and I hope you share my view that these men were not un-Christian.

I would not attempt to say what will be the outcome of the present school crisis.

As Governor of my State, in 1952, before the segregation school decision was handed down, I urged the elimination from our State constitution of the provision requiring the general assembly to appropriate money for public schools, so that if the Court should invalidate our laws, the legislature would be free to exercise its judgment as to the course to pursue. The constitution was amended and in recent years the general assembly has enacted a law providing that:

"If by order of any court, State or Federal, a student is assigned to a school different from that to which he is assigned by school officials, all appropriations for the school to which that student is assigned and all appropriations for the school from which he comes, shall immediately cease."

SIMILAR STATUTE

I understand that a somewhat similar statute has been enacted in Georgia. What our States would do if public schools were closed, I do not know, but it is essential that the best thought of our best minds be devoted now to planning for that eventuality. We must be prepared.

Should public schools be closed and private schools substituted, the greater harm will be done to Negro children, because of lack of experience necessary to organize private schools, as well as lack of funds. But the leaders of the white people in every Southern State must see to it that adequate educational facilities are provided for the innocent Negro children. They must not be allowed to suffer because of the do-gooders of both races who are more interested in solving social problems than in the education of children.

Frequently it is said that the problems facing the South are as serious as those of the Reconstruction period. The situation is different. Then, many of the ablest and bravest had been killed. Our industries and agriculture were destroyed. The Negroes recently freed from slavery were in control of our governments, and were being misled by carpetbaggers from the North and white scalawags who betrayed their neighbors.

Instead of Marshall aid, we had an army of occupation. But our people did not despair. They labored and sacrificed. They rebuilt the South and preserved the integrity of the white race. The blood of those men and women courses through the veins of the southerners of today and I am confident that with their intelligence and courage, they will solve the problems that beset us.

ADDRESS BY DR. ANNE H. CARLSEN BEFORE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

Mr. YOUNG of North Dakota. Mr. President, on May 7, 1959, Dr. Anne H. Carlsen, superintendent of the crippled children's school at Jamestown, N. Dak., received the eighth annual President's trophy as the Handicapped American of the Year. This award is made annually by the President's Committee on Employment of the Physically Handicapped in the name of the President of the United States.

Dr. Carlsen was born with only stubs of arms that ended above the elbows. One of her legs ended above the knee and the other was malformed, terminating in a club foot. Despite these handicaps, which have been partially corrected by surgery, she has amazing dexterity and manages to write a beautiful hand. Her most recent accomplishment was to qualify as a driver of an automobile.

This remarkable woman has devoted her entire lifetime to the rehabilitation and education of severely handicapped children and has developed an international reputation for her amazing accomplishments. A large number of severely handicapped students leave the school which she heads each year fully trained to take an active part in life's activities. Those who know Dr. Carlsen say that she is a friend to all and a constant inspiration to her students. I myself personally know this to be a fact. When Vice President NIXON presented her with the President's trophy, he told me how very much impressed he was with her tremendous personality.

Mr. President, when Dr. Carlsen received her award at the annual meeting of the President's Committee on Employment of the Physically Handicapped, she made a few remarks that I think are very noteworthy. I ask unanimous consent to have those remarks printed in the RECORD as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS MADE BY DR. ANNE H. CARLSEN AT THE ANNUAL MEETING OF THE PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED MAY 7, 1959

You will agree with me, I am sure, Mr. NIXON, that it could only be in a great country like the United States that would give Presidential recognition to a very ordinary person whose only claim to distinction is doing the ordinary things of life, in spite of physical disability.

I am very proud to be a citizen of our country that recognizes the work of every individual regardless of his physical difference and whose people worship a God that gives help and strength when it is needed the most.

In accepting this Presidential trophy, I am accepting it as a symbol of the help which I have received from many people. It would take too long to list all of them but I would

like to mention a few and express particular appreciation to them: To my parents and other members of my family, who have given me constant encouragement and love since early childhood and who have always been there for me to fall back upon in times of discouragement and who have always been there to rejoice with me on happy occasions like this; to our family doctor, Dr. E. I. Bunker, of Grantsburg, Wis., who instead of despairing at the birth of a deformed baby girl, gave her friendship and opportunities for normal development; to the other friends who have made the way easier and much more pleasant; for the teachers from first grade on through graduate school who emphasized my abilities rather than disabilities; to the division of vocational rehabilitation of both Minnesota and North Dakota that invested money in my training so that I could become self-supporting; and certainly, to the Lutheran Hospital and Home Society of America, Inc., and especially Mr. Fred Knautz, who has given me the privilege of serving the Crippled Children's School of Jamestown, N. Dak., and to the thousands of friends, who with their prayers and their gifts, have made it possible for us to continue to serve crippled children from all over our country.

No man is an island and the handicapped are no exception. They need the help of family, friends, employers and the community. With that help they can become contributing members of society and in the process, be happy, useful citizens.

MATILDA KOLICH

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1613) for the relief of Matilda Kolich.

ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I move that the Senate adjourn until 11 a.m. tomorrow.

The motion was agreed to; and (at 8 o'clock and 1 minute p.m.) the Senate adjourned until tomorrow, Tuesday, June 23, 1959, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate June 22, 1959:

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Frank A. Augsbury, Jr., of New York, to be a member of the Advisory Board of the St. Lawrence Seaway Development Corporation, vice Edward J. Noble, deceased.

IN THE NAVY

The following-named midshipmen (Naval Academy) to be ensigns in the Navy, subject to qualifications therefor as provided by law:

Richard L. Buxton
Ronald J. Doyle
Gilford G. Rowland, Jr.

John J. McDonald (civilian college graduate) to be a permanent lieutenant and a temporary lieutenant commander in the Medical Corps of the Navy, subject to qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the Medical Corps of the Navy, subject to qualifications therefor as provided by law:

Daniel G. Anderson	Maurice W. Black
Gordon D. Betts	Henry L. Giard

Paul Kaufman, Reserve officer, to be a permanent lieutenant and a temporary lieutenant commander in the Medical Corps of the Navy, subject to qualifications therefor as provided by law.

Ralph R. Herron, U.S. Navy retired officer, to be a permanent chief warrant officer, W–4, and a temporary lieutenant commander in the Navy, pursuant to title 10, United States Code 1211.

The following-named officers to be ensigns in the Medical Service Corps of the Navy subject to qualifications therefor as provided by law:

Jerald S. Bradshaw
Donald N. Wright

The following-named (Naval Reserve aviators) to be ensigns in the line of the Navy in lieu of lieutenant (junior grade) as previously nominated to correct grade, subject to qualifications therefor as provided by law.

Julian R. Abbott	Christiana Lange, Jr.
James B. Aucoin	Charles K. Moran, Jr.
Richard B. Baumstark	Charles P. Muhl, Jr.
Clyde A. Beagle, Jr.	Joe R. Newsom
Dennis G. Bisek	George R. Persons
Ronald R. Boyle	Ronald T. Pollard
Brian K. Bryans	Ronald L. Ream
Richard W. Burt, Jr.	Duane O. Schumacher
William L. Cain	Norman T. Self
Carl E. Campbell	Allen F. Spousta
Donald V. Davis	Theodore R. Swartz
Jimmy W. Davis	James W. Thomas
Robert V. Dean	Richard A. Walker
John K. Gardella	Jerry D. Walston
Thomas V. Golder	Harold B. Walter
Lewis S. Gray	John V. Wheeler
Jim F. Hagan	William L. Wilke
Sam H. Hawkins	Benjamin B. Wood-worth
Jack M. Jackson	A. Courtney Yelle
Milton L. Jines	
William D. Kiper	

Frank P. Kruez, Jr., Medical Corps, U.S. Navy, for permanent promotion to the grade of rear admiral.

Robert Bain, U.S. Navy, for permanent promotion to the grade of lieutenant.

Donald A. Schutt, Medical Corps, U.S. Navy, for permanent promotion to the grade of lieutenant.

James W. Shumate, Civil Engineer Corps, U.S. Navy, for temporary promotion to the grade of lieutenant, subject to qualification therefor as provided by law.

Ralph A. Smith III, U.S. Navy for transfer to and appointment in the Civil Engineer Corps in the grade of lieutenant (junior grade).

The following-named line officers of the U.S. Navy for transfer to and appointment in the Civil Engineer Corps in the permanent grade of ensign:

Joseph M. Enyedy II	Karl R. Kullander
William V. Kriebel	James L. Riley
Lawrence S. Kroll	Steven M. Sandlin

The following-named officers of the U.S. Navy for permanent promotion to the grade of lieutenant (junior grade), line and staff corps as indicated, subject to qualification therefor as provided by law:

LINE

Ayres, David R.	Matson, Bruce W.
Baker, Donald A.	Matthews, John D.
Ball, Patrick	Meintzer, William C., Jr.
Barr, John F.	
Blank, Douglas A.	Merritt, Dean R.
Bridgwood, Richard A.	Moore, Paul M.
Dvorak, Robert	Morris, Jesse B., Jr.
Ellingson, Norman D.	Mullen, Cornelius W.
Franklin, William P.	Ogle, Peter W.
Gillan, Lee H.	Page, Arthur "M"
Goewey, Lee E.	Pedersen, Dan A.
Gray, Olin A.	Perkins, Richard L.
Herring, John J., Jr.	Pirie, James G.
Hill, Rollin L.	Powell, William C.
Holt, Arvil A.	Rains, Frederick L.
Johnson, Donald N.	Sams, Donald E.
Johnson, Phillip S.	Scoffield, Gary A.
Jumper, Vernon L.	Sleeman, Charles F.
Komisarcik, Adam	Strong, Daniel L.
Landmesser, Merl D.	Taylor, Jeremy D.
Thacker, James H.	Young, John R.
Wood, Forrest H.	Zagortz, Leonard "A," Jr.
Wylie, Ronald P.	

CIVIL ENGINEER CORPS

Angelico, Salvatore J.
Brannock, Robert N.
Mosher, Thomas F.

The following-named officers of the Marine Corps for permanent appointment to the grade of first lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Ralph D. Miller	Vincent A. Vernay
Leonard J. J. Szafranski	Peter J. Vogel

CONFIRMATIONS

Executive nominations confirmed by the Senate June 22, 1959:

APPOINTMENTS IN THE REGULAR ARMY

1. The following-named officers for appointment in the Regular Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3307:

TO BE MAJOR GENERALS

Maj. Gen. Leander LaChance Doan, O16839.
Maj. Gen. John Bruce Medaris, O39554.
Maj. Gen. Parmer Wiley Edwards, O16775.
Maj. Gen. Martin Joseph Morin, O16911.
Maj. Gen. Thomas Fraley Van Natta, O17086.
Maj. Gen. Webster Anderson, O17101.
Maj. Gen. William Henry Hennig, O17122.
Maj. Gen. Mercer Christie Walter, O17151.
Maj. Gen. John Cogswell Oakes, O17160.
Maj. Gen. Ralph Joseph Butchers, O17242.
Maj. Gen. Stanhope Brasfield Mason, O17295.
Lt. Gen. Paul DeWitt Adams, O17306.
Maj. Gen. Walter King Wilson, Jr., O17512.
Maj. Gen. Paul Wyatt Caraway, O17659.
Maj. Gen. Russell Lowell Vittrup, O17681.
Maj. Gen. Ralph Copeland Cooper, O17741.
Maj. Gen. Eugene Fodrea Cardwell, O38662.
Maj. Gen. Briard Poland Johnson, O29393.
Maj. Gen. Robert Highman Booth, O18093.

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

2. The following-named officer for temporary appointment in the Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3442 and 3447:

TO BE BRIGADIER GENERAL

Col. Jonathan Owen Seaman, O19385, U.S. Army.

The nominations of John J. Pope, and other officers for appointment in the Army, which were received by the Senate on June 5, 1959, were today confirmed, and appear in full in the Senate proceedings of the CONGRESSIONAL RECORD of June 5, 1959, beginning with the name of John J. Pope, which is shown on page 10005 ending with the name of Wayne L. Worthington, which appears on page 10008.

IN THE REGULAR AIR FORCE

Lt. Gen. Emmett O'Donnell, Jr., 387A (major general, Regular Air Force), U.S. Air Force, to be assigned to positions of importance and responsibility designated by the President in the rank of general, under the provisions of section 8066, title 10, of the United States Code.

The nominations of Charley J. Adams and other officers for promotion in the Regular Air Force, and the nominations of Christopher H. Munch and other officers for appointment in the Air Force, which appear in the Senate proceedings of the CONGRESSIONAL RECORD for June 5, 1959, beginning with the name of Charley J. Adams as shown on page 10008, and ending with the name of Robert C. Lorenzetti, which occurs on page 10013.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 22, 1959

The House met at 12 o'clock noon.

Rabbi Dr. Zev Zahavy, of New York City, N.Y., offered the following prayer:

O God, Father in heaven: Grant us the wisdom of understanding the nature of Thy magnificent creation so that through knowledge of Thine omnipotent works we may glimpse the truth of the great moral-ethical law which Thou hast embedded in Thy boundless universe. Master of creation, Thou hast ordained the true cosmic law. Permit Thy children to see its divine moral significance so that they may enact the true human law.

Thy statutes have permitted the development of the family of man. Inspire those gathered in this House to strive for the survival of man. Guide them to reflect Thy moral law in human legislation. Instill strength and courage in the hearts of these elected leaders so that they may ever exhibit dedicated devotion to the ideals of truth.

Cause them to fearlessly eradicate from this august body every taint of greed, petty selfishness, and personal gain. In cognizance of their divine responsibility, may legislation be enacted in justice and mercy. Amen.

The Journal of the proceedings of Friday, June 19, 1959, was read and approved.

COMMITTEE MEETING DURING SESSION OF HOUSE

Mr. ROGERS of Texas. Mr. Speaker, I ask unanimous consent that the Subcommittee on Legislative Oversight of the Committee on Interstate and Foreign Commerce be allowed to sit this afternoon during general debate in the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PRINTING OF A PUBLICATION IN CONNECTION WITH EXERCISES OF THE JOINT SESSION OF CONGRESS FEBRUARY 12, 1959

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up a privileged resolution, House Concurrent Resolution 170, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there shall be printed a documentary account of certain events conducted in connection with the official observance of the one hundred and fiftieth anniversary of the birth of Abraham Lincoln, and that said publication shall include commemorative exercises held during the joint session of the Congress of the United States, on February 12, 1959. For the purpose of more clearly depicting the history of this memorable observance, the documents shall also include such illustrations as may be pertinent to the occasion, together with appropriate background material and a brief report on the public response to the programs. The preparation of material for printing and the selection of color for binding shall be under the supervision of a subcommittee of the joint committee on arrangements of the commemorative ceremony, and said chairman shall cause to be printed six thousand copies so as to furnish ten copies to the Vice President, each Senator, each Representative, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico; and the remainder be equitably distributed by the joint committee, through its chairman, to various organized groups, associations, and such people who assisted the committee in the preparation and development of the program of significant tribute to one of America's greatest patriots.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. How much is this going to cost?

Mr. HAYS. This will cost $3,935.95.

Mr. GROSS. For 6,000 copies of this publication?

Mr. HAYS. For 6,000 copies.

Mr. GROSS. Does the gentleman know how much has been spent by this Commission to date?

Mr. HAYS. The Chairman of the Commission, the gentleman from Iowa [Mr. SCHWENGEL] is present. I would ask him to answer the gentleman.

Mr. SCHWENGEL. I did not hear the question.

Mr. GROSS. How much has been spent by this Commission to date?

Mr. SCHWENGEL. As near as I can tell $82.20.

Mr. GROSS. I am talking about the entire expenditure.

Mr. SCHWENGEL. Of the Sesquicentennial Commission?

Mr. GROSS. Yes.

Mr. SCHWENGEL. I have no way of knowing. I understand, however, there will be a substantial reduction of expenditures and that the general fund will be reimbursed.

Mr. GROSS. But the Commission staged this memorial exercise.

Mr. SCHWENGEL. It did not. That was done by a committee of Congress.

Mr. GROSS. But in conjunction with the Commission?

Mr. SCHWENGEL. No; not in conjunction, only in the sense they were the source of the idea.

Mr. GROSS. This has run into many thousands of dollars. Does the gentleman think this will wind up these expenditures, this publication that is here provided for?

Mr. SCHWENGEL. I have no way of knowing what the expenditures will be of the Sesquicentennial Commission. This will wind up the expenses of the House committee.

Mr. GROSS. I am glad to hear the gentleman say that. I hope this spending can stop soon.

The resolution was agreed to and a motion to reconsider was laid on the table.

PRINTING OF REPORT ON THE SOUTHERN CALIFORNIA DISTRICT OF THE COMMUNIST PARTY

Mr. HAYS. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 258 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That there be printed for the use of the Committee on Un-American Activities seven thousand additional copies of House Report Numbered 259, current session, entitled "Report on the Southern California District of the Communist Party".

The resolution was agreed to and a motion to reconsider was laid on the table.

AUTHORIZING BOY SCOUTS OF AMERICA TO ERECT A MEMORIAL ON PUBLIC GROUNDS IN THE DISTRICT OF COLUMBIA

Mr. JONES of Missouri. Mr. Speaker, by direction of the Committee on House Administration, I call up the bill (S 602) authorizing the Boy Scouts of America to erect a memorial on public grounds in the District of Columbia to honor the members and leaders of such organization, and for other purposes.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Boy Scouts of America, Incorporated, a corporation chartered by the Congress of the United States, is authorized to erect a memorial on public grounds in the District of Columbia, the purpose of which will be to honor the past and present members and leaders of such organization and to commemorate the fifty years of outstanding service to our Nation performed by the members and leaders of such organization.

SEC. 2. (a) The Secretary of the Interior is authorized and directed to select, with the approval of the Commission on Fine Arts and the National Capital Planning Commission, a suitable site on public grounds in the District of Columbia upon which may be erected the memorial authorized in the first section: *Provided*, That if the site selected on public grounds belonging to or under the jurisdiction of the government of the District of Columbia, the approval of the Board of Commissioners of the District of Columbia shall also be obtained.

(b) The design and plans for such memorial shall be subject to the approval of the Secretary of the Interior, the Commission on Fine Arts, and the National Capital Planning Commission. Such memorial shall be erected without expense to the United States.

SEC. 3. The authority granted in the first section of this Act shall cease to exist unless (1) the erection of the memorial authorized by such section is commenced within five years from the date of the enactment of this Act, and (2) the Secretary of the Interior finds that, prior to the commencement of the erection of such memorial, sufficient funds are available to insure its completion.

SEC. 4. The maintenance and care of the memorial erected under the provisions of this Act shall be the responsibility of the Secretary of the Interior.

With the following committee amendment:

Page 2, line 8, insert "be" after the word "selected".

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and

passed, and a motion to reconsider was laid on the table.

ESTABLISHING RULES OF INTERPRETATION FOR FEDERAL COURTS INVOLVING THE DOCTRINE OF FEDERAL PREEMPTION

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 288 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3) to establish rules of interpretation governing questions of the effect of Acts of Congress on State laws. After general debate, which shall be confined to the bill, and shall continue not to exceed five hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point or order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 95]

Anfuso	Goodell	Multer
Barden	Granahan	Nelsen
Bass, N.H.	Green, Pa.	O'Brien, N.Y.
Baumhart	Griffiths	Pfost
Bentley	Hagen	Philbin
Bow	Halleck	Pillion
Brewster	Halpern	Pirnie
Buckley	Harris	Rabaut
Canfield	Healey	Randall
Casey	Holifield	Rees, Kans.
Cederberg	Jackson	Reuss
Chamberlain	Keogh	Rivers, Alaska
Coffin	Kilburn	Robison
Cohelan	Kitchin	Rostenkowski
Curtis, Mo.	Kluczynski	Santangelo
Davis, Tenn.	Kowalski	Saund
Dollinger	Lane	Saylor
Donohue	Lesinski	Simpson, Pa.
Dorn, N.Y.	McCormack	Spence
Durham	McGovern	Taylor
Elliott	McSween	Teller
Evins	Martin	Thompson, N.J.
Fallon	May	Withrow
Farbstein	Merrow	Zelenko
Fino	Miller, N.Y.	
Gallagher	Minshall	

The SPEAKER. On this rollcall 358 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE MEETING DURING SESSION OF HOUSE

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 5 of the Small Business Committee may sit during general debate in the House this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERSONAL EXPLANATION

Mr. McDOWELL. Mr. Speaker, because I was undergoing dental surgery Friday afternoon, July 19, I was not present for the rollcall on H.R. 7749, the bill to raise the debt ceiling as requested by President Eisenhower. Had I been present, I would have reluctantly voted for this legislation.

PERSONAL EXPLANATION

Mr. SHEPPARD. Mr. Speaker, I was absent on official business at the time Rollcall No. 94 was called. I wish the RECORD to show that had I been present I would have voted "no."

ESTABLISHING RULES OF INTERPRETATION FOR FEDERAL COURTS INVOLVING THE DOCTRINE OF FEDERAL PREEMPTION

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BROWN] and yield myself such time as I may use.

Mr. Speaker, this resolution as this reading indicates makes in order the consideration of the bill, H.R. 3, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. It is an open rule providing for 5 hours of general debate. After the general debate, the bill will be read for amendments. No doubt, amendments will be offered by those who desire to kill the bill rather than to improve it. I say this because this was the procedure that was followed last year. Moreover, this bill is hardly subject to amendment since it has already been fully considered by this body and every possible amendment that could be thought of has been offered and defeated. As a matter of fact, the bill in its present form passed this body toward the end of the session last year by an overwhelming majority. Unfortunately, it was killed in the Senate by a margin of one vote.

Mr. Speaker, I am confident that no proposal that has been considered by this House this session or will be subsequently considered by this body is as important to the liberty loving people of this Republic as is this bill which we will consider for the next 2 days. In my judgment, its passage is essential to the delicate balance of power between the several sovereign States of the Union and the Federal Government itself. This deliberate statement is made because of the ever increasing tendency of the Supreme Court to whittle away the powers and functions of the States which were unquestionably reserved by them in the formulation of the Constitution. This, of course, at the expense of the liberties of the people.

After the original architects of that immortal document had finished their labors and in order to insure its ratification by the States, the Bill of Rights was adopted. So, jealous of the rights of the States and apprehensive of the loss of the liberties of the people to a powerful centralized government, the Founding Fathers added the 10th amendment to the Constitution. That amendment provides:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

The bill, I repeat, is of transcendent importance; it affects the lives and liberties of all of our citizens in every section of the country. This is not a sectional bill, may I say to my friends here on my right and I may say to the rest of you. There is no North, no East, no West, no South in dealing with this piece of legislation, nor is there any question of minority groups involved. This is not a bill that would prevent the enactment of civil rights legislation; it is not a bill that would curb labor unions; it is not a bill that would stop the running of the railroads in interstate commerce. This, permit me to say, Mr. Speaker, is nothing in the world but the reenactment or rather of calling attention to a part of the Constitution which apparently has been neglected.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I have to yield to my friend in my limited time—but with fear and trembling, may I add.

Mr. WALTER. In view of the statement the gentleman made with respect to the operation of the railroads perhaps he can explain to the House why it is that the railroads of the Nation are opposed to this legislation.

Mr. COLMER. Let me say to my friend, who has been in the fortunate or unfortunate position I have been for the past 27 years as a Member of this House, we have observed that people sometimes get unnecessarily alarmed about situations, and some one man representing a certain group formulates a certain idea and presents it to the Congress as the thought or action of the entire group that he represents.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield to me? I am sorry to interrupt, but I think this ought to be cleared up at this time.

Mr. COLMER. I yield to my distinguished friend, the author of the bill.

Mr. SMITH of Virginia. I hold in my hand copy of a letter to Senator McCLELLAN'S committee from the Association of American Railroads that speaks for the railroads of the country, in which they state, and anyone can see the letter if they want to, that they are not in opposition to the bill and take no part in it.

Mr. COLMER. I thank the distinguished chairman for that very material contribution which bears out just what I have said in the absence of any knowledge on my part that such denial existed.

I might add that we have all received another letter here from a man who purports to talk for organized labor, the AFL–CIO. He tells you that they are against this legislation.

I call your attention again to what I just said about the railroads. This is not an anti-labor bill. As a matter of fact, regardless of the fact that you have received a letter from the legislative representative of the AFL–CIO, who was formerly a Member of this body and apparently whose voice did not carry as much weight then as it seems to carry now. I am sure that the rank and file of labor if they had this bill explained to them and the opportunity given them to know what is in it, would be for the bill as most of the other patriotic people of this country are.

No; I do not mean to infer that everyone who opposes this bill is not patriotic. I did not mean any such thing. There are those who, no doubt, conscientiously oppose it. There are others who have not had an opportunity to study it who are, as I say, being misled by it.

PURPOSE OF H.R. 3

The purpose of the bill, Mr. Speaker, of which I have the honor to cosponsor, before us today is simply to restate, in a modified form, the 10th amendment to the Constitution to which I have just referred.

If you may ask why it is necessary for the Congress to restate a provision of the Constitution, then I can only answer because its provisions and purposes are being ignored, if not subverted, by the Court.

In case after case within the past 20 years, the High Court has so construed that amendment, under the so-called preemption rule, that the amendment has largely been nullified.

In the Clover Leaf Butter Company-Alabama case, and the Steve Nelson-Pennsylvania case, to mention only two of these flagrant violations of the 10th amendment, the Court has held under this preemption doctrine that the States have no power to regulate the dissemination or food or to punish for subversion under State laws simply because the Federal Government, through its Congress, had legislation on those subjects. A large number of other cases might be cited if time permitted.

Now, briefly, what does H.R. 3 do?

First, it simply provides that the Supreme Court shall not strike down an otherwise constitutional State law simply because the Congress has enacted a law dealing with the same subject unless the congressional act contains an express provision that it is the intention of the Congress to operate exclusively in that field. And, second, the bill provides that State laws shall not be held invalid where Congress has entered that field of legislation unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

It is very doubtful that section 2 of the bill is necessary. It deals with "treason, sedition, and subversive activities." It would specifically cure the evil of the Steve Nelson case. Obviously, it was written into the bill because of the great indignation that arose throughout the country as a result of this, the most notorious of these cases. But whether necessary or not, there is certainly no fault in pointing it up. The gentleman from Pennsylvania [Mr. WALTER] is the author of this part of the bill and he is to be congratulated therefor.

TWO PHILOSOPHIES OF GOVERNMENT

Mr. Speaker, there are now, as there have always been, two schools of thought in this country—the liberal and the conservative. The conflict between these two schools dates back beyond the founding of the Republic itself. It goes back to the conflict of the philosophies between the crown heads and the freedom-loving peoples of the Old World. This true liberalism motivated the Founding Fathers to come to the New World in order to escape the oppression of the autocracy of the Old. We see the evidences of this conflict throughout the writing of the Constitution itself. We observe the fight between the Hamiltonian theory of a strong centralized government and the Jeffersonian theory in the formulation of the Constitution and the Bill of Rights. Fortunately for the liberties of the people, the true liberal theory prevailed, and the Founding Fathers thought that they had created a form of government which would withstand the assaults of the advocates of a strong centralized government.

But, alas, what a paradox. Those who claim to be liberals today, those who render lipservice to Thomas Jefferson, are in reality pursuing and engaging in the Hamiltonian philosophy of a strong centralized government. These self-styled liberals of today are in reality the Tories of yesterday. Under the cloak of modern liberalism they are slowly but surely destroying the basic structure upon which this small band of freedom-loving patriots built the American system of a government of checks and balances. They would denude the States of their sovereignty and powers of self-government and control and, thus regiment the lives and liberties of our citizens from Washington. This false doctrine of modern liberalism if permitted to go unchecked can only end in some type of totalitarian state not unlike Russia. This, Mr. Speaker, is being done whether intentionally or otherwise under the cloak of liberalism.

H.R. 3 is nothing more or less than a roadblock to that grave and foreboding end.

Mr. VANIK. Mr. Speaker, will the gentleman yield for a question?

Mr. COLMER. I will yield to the gentleman if it is less than half a minute.

Mr. VANIK. My question is this: Is this legislation retroactive in effect? Does it apply as a rule of judicial interpretation to established law?

Mr. COLMER. Now, the gentleman has asked his question. And I do not have the time to answer it. I only have a couple of minutes to finish my statement. He will have to pursue it later in the debate. I am sorry.

Mr. VANIK. I would like to be informed.

PROPONENTS OF THE BILL

Mr. COLMER. Mr. Speaker, in this day of organized groups and organizations, it may be interesting to note some of those who are supporting and some of those who are opposing this propsed legislation. First, I call your attention to the fact that the American Bar Association, the outstanding organization representing the lawyers of this court, support this bill.

The organization of State chief justices, a group made up of the chief justices of the States of the Union, support H.R. 3.

The Conference of State Governors, alarmed at the prospect of the States becoming mere provinces of an all powerful Federal Government, support this legislation.

The National Association of State Attorney Generals, who are certainly capable of judging the merits of the legislation, favor H.R. 3.

Small business organizations, the Farm Bureau Federations and the National Grange are all on record as desirous of seeing H.R. 3 enacted into law. What more powerful argument could we advance for the support of H.R. 3 than these patriotic groups, particularly those learned in the law, such as the State Chief Justices, the American Bar Association and the National Association of State Attorney Generals.

In all fairness, I propound the question to you now—who is the better qualified, the governors, the attorney generals, the chief justices of the several States and the American Bar Association, or the Attorney General, the NAACP, and the AFL–CIO? When the Attorney General's testimony is analyzed, I think it is fair to state that he is only qualifiedly in opposition to the bill. His testimony boiled down simply is this—Yes, it should be done, but it should be done piecemeal rather than in a comprehensive manner. The only possible reason that I can find for the opposition of the NAACP is to add confusion. Every lawyer in this House knows that the question of civl rights is not here involved.

So far as the AFL–CIO is concerned, we submit that this is another case of delegated authority by an organization to one man, a legislative representative. I am absolutely confident that if this issue were explained and submitted to the rank and file of labor that they would favor the enactment of H.R. 3 because it protects their rights and their liberties as against a strong centralized Government. In this connection, it might be well for those who are inclined to heed the request of the legislative representative of the AFL–CIO, to go back and see what happened in the case of Gus against the Utah Labor Relations Board as late as March 1957. Here a union was duly elected as a representative of the laborers in a certain factory. The National Labor Relations Board threw out their complaint on the ground that it was a local matter. But the Supreme Court reversed the State of Utah who would give them the relief they sought on the ground that the Federal Government had preempted this field. If H.R. 3 had been the law then, they would have gotten relief under the laws of the State of Utah.

Mr. Speaker, last year when this resolution was up before the House for the consideration of H.R. 3, it passed this House by a vote of 268 to 114. The bill itself passed after 2 days of debate by an unequally impressive majority.

There is no South, no East, no North, or West involved here. I am confident that the Members of this House will reflect the overwhelming sentiment of the people in all walks of life throughout this great country and pass this bill and thus throw a roadblock in the ever increasing tendency toward the remaking of the most splendid form of Government ever conceived by the minds of men into some type of a totalitarian state.

Finally, for the particular benefit of those who constantly decry the criticism which the Supreme Court has brought down on its collective heads, I should like to refresh your memories of a statement of the truest and most outstanding liberal in the history of our Government, Thomas Jefferson. This true liberal wrote: "There is no danger I apprehend so much as the consolidation of our Government by the noiseless and, therefore, alarming instrumentality of the Supreme Court."

Mr. BROWN of Ohio. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this resolution, House Resolution 288, makes in order the consideration, under an open rule, of H.R. 3, with 5 hours of general debate to be evenly divided between the majority and the minority.

H.R. 3, which the rule would make in order, is identically the same bill which passed this House by an overwhelming vote, a majority of 90 or 100 a year ago and went over to the other body where, on the closing day of the Congress, the bill was recommitted to the committee by a majority of 1 vote upon the argument and the basis there was not sufficient time left before adjournment to consider the measure fully.

I have listened to the debate on the bill for 2 years now, and I have listened to testimony on both measures before the Committee on Rules.

As I understand it, this bill has but two sections and but two purposes. The first provides a rule of statutory construction to guide the courts in passing upon conflicting statutes, Federal and State.

The second section deals only with certain Federal laws prescribing a criminal penalty for subversion or sedition against the United States or any State. It will not in any way prevent a State from having the same law and having the right to prosecute, for sedition against the State and/or the United States.

This bill would in no way interfere with the right of Congress to legislate. Instead, it would strengthen the right of Congress to legislate. It would in no way interfere with the right of a State legislature to legislate; but instead would strengthen that right.

It carries certain safeguards. It provides, categorically, that where a State law is in conflict with a Federal law, the Federal law shall dominate, shall control, and the State law shall be null and ineffective as far as that particular matter is concerned.

It goes further than that. It preserves, in the other direction, the right of a State to legislate on the same subject as the Congress may legislate, unless the Congress in enacting legislation of a Federal nature specifically provides that there shall be no authority vested in the State to pass upon the particular matter contained in the particular bill or Federal statute involved.

It does not in any way—if I can remember my law-school days and the constitutional instruction I received—interfere with those laws the Federal Government has preeminent authority over, such as the interstate commerce laws, and matters of that kind. It will not in any way interfere with the rights of individual citizens, as some claim. It will not in any way interfere with the rights of labor organizations under both Federal and State laws, but instead will protect and continue the rights of the States to legislate on a local or State level in matters coming within the jurisdiction of the State legislature, so long as such legislation is not in conflict with an action of the Congress and the Federal Government.

As I have said, this bill passed the House by a heavy majority a year ago. It failed of passage in the other body by a single vote because of a lack of time. I believe this measure is of such transcendent importance and, since there is, as I understand, a conflict of views on it, it seems to me the House should take up this measure and debate it thoroughly. And in order, of course, to debate this bill, and to discuss it and to come to some conclusion on it in a proper way, we must adopt the pending rule. I hope the rule will be adopted and the measure be brought up for 5 hours of general debate and discussion, following which, of course, the 5-minute rule will be in effect for the balance of today and, perhaps, a part of tomorrow.

Mr. COLMER. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Committee on the Judiciary, the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, it is the ultimate irony that those who have misread their Jefferson and those who have denied their Hamilton shall have joined together to support a bill which neither of these political exponents, either in their time or ours, could have tolerated. If Hamilton were to address the Republican majority today he would say, as he once said in 1782:

> The more I see, the more I find a reason for those who love this country to weep over its blindness.

I do not consider these words too strong because there is a danger in H.R. 3 which is not unlike the danger the Articles of Confederation exposed this country to in its very beginning. If Hamilton were to converse with the Republican leadership in the House this very day on this ill-conceived and little understood proposal he would say as he said in the Federalist Papers:

> The interfering and unneighborly regulations of some States, contrary to the true spirit of the Union, have, in different instances, given just cause of umbrage and complaint to others, and it is to be feared that examples of this nature, if not restrained by a national control, would be multiplied and extended till they became not less serious sources of animosity and discord than injurious impediments to the intercourse between the different parts of the Confederacy.

While the administration, in successive sessions of Congress, has gone on record as strongly opposed to this unfathomable bill, a majority of Republicans on the committee and the Republican leadership in the House are prepared to defend it. And in this tug of war between the administration and the Republican leadership, the public interest is being torn apart. The gentleman from Indiana vetoes the President. We have one team with two quarterbacks. This is an imponderable that cannot cavalierly be explained at any Wednesday morning press conference. As to the gentleman from Indiana, I say, "On what meat doth this our Caesar feed that he has grown so great?"

In all candor I say to you, that while the reasoning of the Southern faction of the Democratic Party is faulty when it supports this bill, it is, at the very least, understandable and open. We understand the emotional impetus and I repeat, emotional impetus, behind this support of H.R. 3. But the war between the administration and the Republican membership in Congress is not so understandable nor quite so open. Fortunately some Republicans think differently than the gentleman from Indiana.

Nobody can foresee the total effects of this bill once it is enacted into law, but it is obvious that there are some results which the supporters of this bill fervently hope for, and among them I number a drive against this country's workers and a suppression of the extending of civil rights of our Negro population.

I say that this bill is a disorderly retreat from the 20th century. It reduces to chaos the processes of government which have withstood the test of time. You can no more fit H.R. 3 into this jet age than use the covered wagon to haul the coal and produce of this Nation. Study this proposal much as you will and in the end you can only determine that you are giving birth to a many-headed monster which looks in all directions at once, and one head knows not what the other does.

If there be a specific wrong, let us supply a specific remedy and not a blanket provision that smothers and blinds.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, I do not know whether I understood correctly, or heard correctly, the gentleman from New York to say, talking about the attitude of the Republicans on this bill—may I ask the gentleman from New York where he got the idea that the President is against this H.R. 3? Where did the gentleman get that information?

Mr. CELLER. I had a conversation with the Attorney General.

Mr. HOFFMAN of Michigan. Oh, yes, the Attorney General. I did not ask about the Attorney General's position; I asked about the President.

Mr. CELLER. I asked him specifically: "Is the administration opposed to

this bill?" And he said: "The administration is emphatically opposed to this bill," and his letter in opposition has been cleared by the Bureau of the Budget. The administration opposes.

Mr. HOFFMAN of Michigan. He is not the administration. As long as a year or two ago before the bill was up before the House the President demanded of the Attorney General—who was it at the time, Brownell?—that he get this bill out. Brownell was objecting because he thought the bill was retroactive. The President told him to correct the fault if any. The Attorney General may be speaking for somebody from New York but he is certainly not speaking for the views the President had then. I just happened to be present as were a dozen others.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from New York.

Mr. CELLER. For whom does the Attorney General speak?

Mr. HOFFMAN of Michigan. I do not know; New York, perhaps. If he speaks for the President on this bill today, then the President is of different mind than on the occasion to which I refer.

Mr. Speaker, I yield back the balance of my time.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. LINDSAY], a member of the committee.

Mr. LINDSAY. Mr. Speaker, I oppose the resolution. We have before us only 2 more months in this session. We have better things to do than use up 3 valuable legislative days on H.R. 3. Appropriations bills remain untouched by us. The labor bill languishes. Civil rights legislation awaits us. Omnibus immigration legislation is long overdue. The President has asked for new fiscal powers.

Is it not ironic that legislation of such huge importance as the Mutual Security Act was given only 4 hours of debate, whereas this bill is given 5? And the funny thing is that after debate is concluded the proponents of this bill will still not have told us precisely what its impact will be. But whether it proves that the bill does something, or does nothing, it will certainly become clear that the bill is not responsive to any proven need.

Surely, the fullest proof of necessity is required if we are to adopt a totally new method of declaring our overall purpose for all Federal legislation; for adjusting the delicate balance between Federal and State systems. No such proof has been made. The claim of proven need rests in the last analysis upon a scattering of Supreme Court decisions. Look at page 3 of the majority report. The alleged need for legislation rests on five cases. And look at these cases. One is a 1942 decision. One is decided on constitutional grounds under the 14th amendment and has nothing to do with the doctrine of preemption. The third is the Phillips case, the gas case, in which Justice Minton wrote the majority opinion, and in which Justice Douglas in his dissent, taking a States rights position, conceded that the legislative history was not the least bit helpful in trying to determine the overall purpose of Congress. The fourth, the Hanson case, was a unanimous decision in which the Court found that Congress had expressly permitted railway companies and unions to make union shop agreements under the Railway Labor Act, "notwithstanding any other statute or law of any State."

The fifth and last case is the Nelson case. The Supreme Court's recent decision in Uphaus against Wyman, decided June 8, has destroyed what little substance there was to the argument that Nelson has stripped the States of their right to protect themselves. The Court in Uphaus restated what had already been stated in Nelson, namely that Nelson did not "strip the States of the right to protect themselves," and only had reference to the national problem of sedition directed against the U.S. Government.

Let me dwell for just a moment on the capacity for destruction in this bill. The majority report blithely states:

> This legislation * * * is very limited in scope.

What lies within that "very limited scope"? I will tell you what might lie within it—and it is the burden of the proponents of the bill to demonstrate that this is not so: Common carriers, farm produce, drugs, immigration, finance, labor law, Indian tribes, patents and copyrights—for a starter. To every single piece of public legislation in force at this moment the proponents would append the presumption of H.R. 3. Every one of these laws can be subject to limitation or thrown into confusion in 50 different States or survive the test of litigation if it is not to be so subjected. The manufacturer of a woolen product could be required to affix 51 different labels to each garment he markets. The rights of management and labor may be thrown into confusion. The alien, lawfully present in this country as a permanent resident, may be permitted to work in 10 States, denied that right in 10 more, and be required to obtain a license in the others. Does this sound unlikely?

Can any single proponent of this bill prove to this body that these results could not come to pass under H.R. 3? Mr. Speaker, he cannot. And I submit that we ought not again torture ourselves with debate on a proposal so unnecessary in basis, so irresponsible in concept, so uncertain in meaning, and so chaotic in operation.

Mr. BROWN of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Speaker, apparently my distinguished colleague the gentleman from New York [Mr. LINDSAY], for whom I have the greatest regard, is speaking for the position of the Attorney General of the United States in this matter. It is interesting to me that the Attorney General, if the position of the gentleman from New York is correct, has not since the Uphaus decision came out publicly or to my knowledge as a member of the subcomittee I serve on in opposition to section 2 of the bill. So far as I know section 2 of this bill actually deals with the field of sedition specifically.

Mr. HOLTZMAN. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from New York.

Mr. HOLTZMAN. The gentleman knows that part 2 of the bill relates specifically to the Nelson case and the real objection to this bill is the general broadside attack upon the Supreme Court.

Mr. CRAMER. I realize the basis of the objections although I disagree with them. I am trying to show to the gentleman how inconsistent the Attorney General appears, in my opinion, to be in reference to section 2.

Let me say that I agree with the gentleman from Michigan [Mr. HOFFMAN] to the effect that so far as I am concerned I have not heard at any time the President of the United States say he is in opposition to this bill. Of course, I cannot speak for him. As a matter of fact his statement concerning the rights of the States, and his concern over those rights as he has constantly expressed them, would lead me to believe that the President would favor the intent and purpose of this bill.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from New York.

Mr. CELLER. May I say to the gentleman that on June 22, today, I received a communication from Lawrence E. Walsh, Deputy Attorney General, reiterating his opposition and that of the Department of Justice after the Uphaus decision.

Mr. CRAMER. I agree with the gentleman that the Attorney General is opposed to the general provisions of the bill.

Mr. CELLER. He opposes section 2. I will read the letter, if the gentleman will permit.

Mr. WILLIS. Mr. Speaker, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Louisiana.

Mr. WILLIS. I would like to know which letter of the Attorney General that is.

Mr. CRAMER. So far as I am concerned, with regard to the Uphaus case, that case has not changed the situation one iota. The Uphaus case merely reiterates the Nelson decision. Nobody ever suggested, so far as I know, in the debate on H.R. 3 previously or in committee—at least a reading of that case would not indicate—that the Nelson case would preclude any State from passing State sedition acts involving sedition against the State government. Nobody ever suggested that. Therefore, the Uphaus case does nothing more than reiterate the Nelson case itself. That is all it does; and, so far as I am concerned, as a result of the Uphaus case we are not in any better position than we were when the Nelson case was decided, when the Cloverleaf case was decided and when these other decisions were made subsequent to 1956.

Mr. Speaker, there has been a lot of talk about chaos, there has been a lot of talk about confusion, by the opposition. All this bill does, and I hope I can drive this point home, is to codify into law the case ruling that existed between 1859 and 1956. That is all it does. How

can that create confusion? What it does is to reiterate a decision that was the law of the land and codifies into law what was the law of the land for a hundred years. That is not going to bring about uncertainty, that is not going to bring about chaos. It is going to bring about certainty and order; where the Nelson case caused chaos and uncertainty.

People say H.R. 3 is retroactive. It is not retroactive, it cannot be retroactive. I am the first one to say that Congress could not pass a retroactive act. What it does is just simply legislate a rule of construction, add this rule to the title involving existing rules of construction. It is not substantive law, it does not amend existing law. It creates a rule of construction under title 1 of the code. As a result of creating a rule of construction it will guide the Court in the future with regard to the question of preemption, which is a very narrow field involving the existence of a Federal statute and a State statute on the same matter, where the State and Federal Governments have current jurisdiction in that very narrow area. And, even more narrowly, it involves only the area where the Supreme Court has implied an intent on the part of the Congress to preempt.

Mr. BROWN of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Speaker, I have asked for this time in order to discuss the report of the Conference of Chief Justices of August 1958. It has been suggested that the chief justices supported H.R. 3.

Now Mr. Speaker, that conference voiced criticism of several decisions of the Supreme Court of the United States. They urged restraint on that Court, but they did not favor any such general provision as this to control its decisions.

Now, as to the retroactive effect of this law; of course, it would have a retroactive effect. It is a rule of interpretation, and if a case came up for decision subject to this new rule of interpretation, it would be decided differently from decisions that had been made on similar facts prior to this new rule of interpretation. The new decision would cast doubt on those old decisions; and if cases involving similar situations came up again, they would have to be decided differently under the new rule of interpretation. Either that would be the case, or this new rule of interpretation has no effect and is unnecessary.

And, finally, Mr. Speaker, it is the fault of the Congress if there is any doubt as to preemption. The Congress has a perfect right, when it passes a law, to say whether it intends to preempt the field or not. In the second place, if there is a decision on preemption the Congress does not like, it can change it by specific legislation; and that is the way it should be done, rather than by general rules.

Mr. BROWN of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina [Mr. WHITENER].

Mr. WHITENER. Mr. Speaker, in the brief time that I have I would like to address myself to certain things which appear in the minority views in the report on this legislation. But, before doing so, since some reference has been made to history, I would like to point out that it comes as something of a surprise to me that here today contesting the validity of the contents of H.R. 3 are three distinguished Members of Congress from the State of New York and one from the State of Massachusetts. History teaches me that in the attempt to bring about ratification of the Constitution, the supremacy clause in article VI of the Constitution presented one of the great barriers. This was because the State of New York, in their convention only would agree by a margin of three votes to accept the Constitution because of the reluctance of their convention to endow the Federal statutes with supremacy. It is also interesting that in the State of Massachusetts only 19 votes were had as a majority.

But, getting away from history and getting down, in the brief time I have, to another contention in the minority views of the gentleman from New York [Mr. CELLER] and others, I note that the statement is made that the Supreme Court affirmed a decision of the highest court of Pennsylvania in the Nelson case. That statement left unmentioned the fact that the Supreme Court of the United States proceeded on entirely different constitutional grounds from those enunciated by the Supreme Court of Pennsylvania.

In the report of the views of the gentleman from New York [Mr. LINDSAY], joined by the gentleman from New Jersey [Mr. CAHILL], we read this rather startling statement, that if this bill were enacted great confusion would arise. They say this:

> Among these, to name merely a few, are statutes dealing with copyrights, patents, public contracts, procurement, internal revenue, food, drugs, and cosmetics, and the postal service.

Mr. Chairman, could it be that in writing these minority views, these two distinguished gentlemen, one from New York and one from New Jersey, were completely unaware of the provisions of the 16th amendment to the Constitution? Could it be that they were totally unaware of the provisions of article I, section 8 of the Constitution which specifically empowered the Congress of the United States and the Congress of the United States only, to legislate in those special fields?

You may read your Constitution through and through but you will not find anything which will support the argument made by these distinguished gentlemen.

Mr. COLMER. Mr. Speaker, I yield the gentleman 1½ minutes additional, so I may ask him a question.

A lot has been said here about the position of the Attorney General. Reading the hearings one gets the impression that the Attorney General is not against the objective of this bill. His difference is that he wants to do it piecemeal; in each case that arises, he wants Congress to enact a bill to correct it. But he is in favor of the objective. Is that not a fair statement?

Mr. WHITENER. I may say to the gentleman that that is the impression that I have. And I should like to make this further observation. A great deal is said about retroactivity and that the Congress should not now pass a statute of interpretation because to do so would be retroactive. The gentleman from Massachusetts [Mr. CURTIS] suggests that Congress could put a preemption provision in each statute now on the books and hereafter enacted. I would say to the Members of the House that the Congress legislated in these various fields now covered by Federal statutes with the understanding that the doctrine proclaimed in Sinnott against Davenport, and in many other decisions of the U.S. Supreme Court, was the law of the land. And if there is any retroactivity to be worried about, it is the retroactivity because of these ill-advised opinions of the Supreme Court in the Nelson case and many other cases.

Mr. BROWN of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. HOFFMAN].

Mr. HOFFMAN of Illinois. Mr. Speaker, this is my first occasion to address this body, and I saved it for something I thought was very important.

First I wish to congratulate the eminent gentleman from Virginia [Mr. SMITH] for introducing this bill, H.R. 3. It typifies his constant watchfulness for his country's welfare.

I think I can testify somewhat in a small way as an expert on encroachment and consolidation of different governments. I have served my township, my county, my State and now my Nation in an elective position and I have seen encroachment grow in all areas, county on cities, State on county, and Federal on State. I do not believe that our Founding Fathers ever intended that we were to have a top-heavy government here in Washington or in any of the State capitals of our 50 states.

We always talk about three divisions of government, the executive, the legislative and the judicial. But I believe there are three other divisions which are equally important; they are Federal, State and local. They should be separate, but coordinated.

Our Founding Fathers, I believe, intended that the Government do only for the people what they could not do for themselves. My experiences as State treasurer of the State of Illinois gave me first-hand knowledge of encroachment by the Federal Government. One glaring example is the unemployment compensation handling of money. It is paid by the merchants and the manufacturers of Illinois; it is paid out, in turn, to the workers of Illinois. But who holds the money? The Federal Government. The State of Illinois does not have anything to do with holding the money.

My experience as sheriff in Illinois gave me first-hand knowledge of encroachment by the State; taking over the duties by the State Police; multiplier for the tax base; county health problems, and so forth.

In my opinion we are well on the way in many areas for State government to dominate local government and for the Federal Government to dominate the States, thereby ending with the in-

evitable result of a totalitarian and police-dominated government.

Here in this bill for the first time I am witnessing an effort to roll back the curtain, to allow States to prosecute violators of their own statutes. This will tend to level off big government. It will be a start. Let us not only level it off, but let us reduce it. Let us remember as long as this is the land of little business, little people, and little government, we are a great country. This is a great start. We have a long way to go.

Mr. Speaker, I urge the passage of this bill.

Mr. BROWN of Ohio. Mr. Speaker, I yield the balance of the time on this side to the ranking member on the Committee on the Judiciary, the gentleman from Ohio [Mr. McCULLOCH].

Mr. POFF. Mr. Speaker, will the gentleman yield?

Mr. McCULLOCH. I yield.

Mr. POFF. Mr. Speaker, I have asked the gentleman to yield to inquire of him if he has had an opportunity to read the letter dated June 22, from the Deputy Attorney General.

Mr. McCULLOCH. Mr. Speaker, I regret to say I have not had the opportunity to study the letter in question, and I hope it is made available to the House.

Mr. POFF. Mr. Speaker, will the gentleman yield further?

Mr. McCULLOCH. Mr. Speaker, I yield further to the gentleman.

Mr. POFF. First of all, Mr. Speaker, I ask unanimous consent that this letter be incorporated at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The letter referred to is as follows:

JUNE 22, 1959.

Hon. EMANUEL CELLER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CELLER: This is in response to your inquiry regarding H.R. 3, a bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws, and in particular the effect of the recent decision of the Supreme Court in *Uphaus* v. *Wyman*. The bill as you know was reported by a closely divided Judiciary Committee on June 2, and is now on the House Calendar. This action was taken before *Uphaus* v. *Wyman* was decided by the Supreme Court on June 8.

In the majority opinion in that case, the Court stated that in *Pennsylvania* v. *Nelson* (350 U.S. 497 (1956)), it did not construe the Smith Act (18 U.S.C. 2385) as preempting the entire field of subversive activities. Rather, that case made it clear "that a State could proceed with prosecutions for sedition against the State itself." This reduces the need for section 2 of the bill, the section which this Department has heretofore supported. Even more important, although the Uphaus case dealt specifically in the security field, its principle is of much wider application. It indicates that the Court firmly intends to preserve to the States, the right to legislate in areas in which both Federal and State Governments each have a constitutional authority to act. Even though the Court divided on other issues, the minority did not disagree on the question of preemption. Its opinion seems to assume the correctness of the position taken by the majority on that issue.

I should also like to reemphasize the significance of the testimony of Mr. Ross Malone, president of the American Bar Association, given before the Senate Internal Security Subcommittee during its consideration of S. 3, a companion bill to H.R. 3, on April 27. Mr. Malone reiterated the testimony of his predecessor, Mr. Charles Rhyne, "that there is considerable misunderstanding about the position of the American Bar Association on this bill," and that "the bill that our house of delegates approved is different from the bill now under consideration by the House." He further stated that the house of delegates has still not had an opportunity to study present S. 3 and that he was "requesting a study of this bill by an appropriate committee, on the basis of which I have no doubt that an up-to-date action by the house of delegates will be taken." Our best information is that this report will be forthcoming in August.

In the light of these developments, the Department of Justice urges that consideration of this retroactive, far-reaching legislation, which this Department strongly opposes, should be deferred until the House Judiciary Committee has had an opportunity to evaluate the Uphaus case and to consider the judgment of the American Bar Association.

Sincerely,

LAWRENCE E. WALSH,
Deputy Attorney General.

Mr. POFF. Mr. Speaker, I want to point out that this letter states in part on page 2 thereof that Mr. Malone, the president of the American Bar Association, testified that there is considerable misunderstanding about the position of the American Bar Association on this bill, and further:

The bill that our house of delegates approved is different from the bill now under consideration by the House.

Mr. Speaker, the facts are that H.R. 3, as approved by the house of delegates at that time was infinitely more far-reaching than H.R. 3 as it reads today. And to make certain what some apparently would make uncertain, may I quote the resolution adopted by the house of delegates of the American Bar Association:

Resolved, That the American Bar Association favors enactment of H.R. 3, entitled "A bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws—and authorizes and directs the standing committee on jurisprudence and law reform to obtain by all appropriate means its passage by the Congress of the United States."

Mr. McCULLOCH. Mr. Speaker, I should like to say again that I have not had a copy of that letter and as recently as 5 minutes ago, I was advised by my office that none had been received there.

Mr. Speaker, in the 85th session of the Congress, the House in late July last year by a vote of 241 to 155 passed the bill H.R. 3, as amended. H.R. 3, which is before us today, is identical to the bill which was passed in the last session of the Congress. The bill went to the other body and because of lack of time, before adjournment a motion to recommit was made and the bill was recommitted to the Committee on the Judiciary by a vote of 41 to 40. I think the history of this bill shows its importance and the necessity for a full-fledged debate on this most important proposal.

Mr. CRAMER. Mr. Speaker, will the gentleman yield?

Mr. McCULLOCH. I yield.

Mr. CRAMER. In reading the Attorney General's letter, which has just been referred to, the Attorney General says:

The *Pennsylvania* v. *Nelson* case did not construe the Smith Act (and this is talking about the Nelson case and not the Uphaus case that was more recently decided).

The Attorney General says:

The *Pennsylvania* v. *Nelson* case did not construe the Smith Act as preempting the entire field of subversive activities. Rather that case made clear "That a State could proceed with prosecutions for sedition against the State itself."

That was in the Nelson case. That is exactly what the Uphaus case says or reiterates. Can the gentleman tell me what justification, in view of that, the Attorney General would have for changing his position from support to opposition to section 2 dealing with sedition cases.

Mr. McCULLOCH. Mr. Speaker, it is my opinion that this letter is not consistent with the testimony before the committee nor is the letter consistent on its face.

Mr. CRAMER. Mr. Speaker, will the gentleman yield?

Mr. McCULLOCH. I yield.

Mr. CRAMER. Specifically referring to the Attorney General's statement before our committee, when he appeared before the full committee and testified on this bill, he stated on page 4 thereof:

The Department therefore continues its support for section 2, support of a bill in this form ever since the decision in the Nelson case. In fact, the Department opposed the decision reached in the Nelson case although we recognize the firm basis on which the Court acted. However, we do support section 2.

Mr. McCULLOCH. Mr. Speaker, I urge the adoption of the resolution.

Mr. COLMER. Mr. Speaker, how much time do I have remaining?

The SPEAKER. The gentleman has 12 minutes remaining?

Mr. COLMER. Mr. Speaker, I yield the balance of my time to the distinguished chairman of the Rules Committee, the author of H.R. 3, one of the most valuable Members of the House.

Mr. SMITH of Virginia. Mr. Speaker, as has just been stated by the gentleman from Ohio, a similar resolution was passed in the last Congress by a vote of nearly 3 to 1; then, after 3 days of debate, the bill itself was passed by a vote of 241 to 155. That should be sufficient argument as to why this rule should be adopted, and I shall leave that subject right there.

Mr. Speaker, I know we have a great many new Members. Some of them may not have had the opportunity to read the one sentence in this bill which is the subject of all the controversy and the difference of opinion, and I am going to read it to you. Here is all there is to this bill so far as the controversial part is concerned. Then there is another section which relates specifically to the Steve Nelson case.

There are some Members of this House who exercise their privilege and their right to oppose correction of the Steve

Nelson case which holds that a State may not protect itself against treason.

But the main objection to this bill lies in these 12 lines which I would like to read:

> No act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an expense provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

That is all there is to it. It goes way back to the early days of jurisprudence in this country. It is known as the preemption doctrine, and here is the doctrine that was laid down a hundred years ago, that the Federal law is supreme in its field and, therefore, in a case where any State law conflicts with Federal law, the Federal law prevails. That was the doctrine.

If Congress thinks there might be some doubt about it, Congress can specifically say in its legislation that this law shall prevail and be exclusive over all State laws. That is all there is to the bill, those two things: Congress can preclude the States from legislating in the same field, or if the two acts are in conflict, the Federal law prevails.

That law was laid down just 100 years ago in the case of Sinnot against Davenport, and that prevailed throughout nearly 100 years. This bill that I have just read to you adopts almost word for word the language in the case of Sinnot against Davenport decided in 1859.

There are a lot of folks, of course, who would like to change the law, change the Constitution, and change the method of operation. I do not. Recent decisions have caused a great deal of confusion and will cause more. When we get into general debate I hope to have the opportunity to point out some of these cases that I think are disastrous in the way of permitting the States to carry on their normal function.

The gentleman from Ohio—and my friend from Mississippi did not have time to answer him—raised the question as to whether or not this bill was retroactive. This bill is not substantive legislation; all it is is a rule of construction of existing law. The retroactive question has been decided likewise a hundred years ago. It was decided and it was cited in the report of the case of Stockdale against Insurance Company, and here is what the Supreme Court said then, 1873:

> Both in principle and authority it may be taken to be established, that a legislative body may by statute declare the construction of previous statutes so as to bind the courts in reference to all transactions occurring after the passage of the law, and may in many cases thus furnish the rule to govern the cause in transactions which are passed, provided no constitutional right of the party concerned is violated.

There it is. I have tried to state it as simply as I could, but time on the rule is limited.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I am sorry, I cannot yield. I have answered the gentleman's question to the best of my ability.

Mr. VANIK. I do not understand the answer.

Mr. SMITH of Virginia. I am sorry if the gentleman did not understand my answer. The English language could not be more plain. All the gentleman has to do is to get a copy of the report and he can thereby inform himself. Now, I want to clear up one question.

The gentleman from New York has hinted that this is an emotional proposition. What he was trying to say is that this has something to do with civil rights, it has something to do with the segregation cases. Let me say to you, as a complete answer to that, the original H.R. 3 was introduced in this Congress more than a year before the segregation case was ever decided, and let me say further that one of the first statements I made to the Judiciary Committee, and one of the first statements I made to the House in debate on this bill, was that it had no reference to civil rights. It has no reference to the segregation cases. The answer is very simple, this bill could not affect anything that is a constitutional right. The civil rights cases rose under the 14th amendment to the Constitution, and even if Congress wanted to change the Supreme Court's construction of the Constitution, this body has no power to do so.

Mr. COLMER. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

Mr. CELLER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 233, nays 116, not voting 85, as follows:

[Roll No. 96]

YEAS—233

Abbitt	Broyhill	Gavin
Abernethy	Budge	Grant
Adair	Burleson	Griffin
Albert	Bush	Gross
Alexander	Byrnes, Wis.	Gubser
Alford	Carnahan	Haley
Alger	Chelf	Hall
Allen	Chenoweth	Hardy
Andersen, Minn.	Chiperfield	Harmon
Andrews	Church	Harrison
Arends	Coad	Hébert
Auchincloss	Collier	Hechler
Avery	Colmer	Hemphill
Ayres	Cooley	Henderson
Baker	Cramer	Herlong
Baldwin	Cunningham	Hess
Barry	Curtin	Hiestand
Bass, Tenn.	Dague	Hoeven
Bates	Davis, Ga.	Hoffman, Ill.
Becker	Derounian	Hoffman, Mich.
Beckworth	Derwinski	Holt
Belcher	Devine	Horan
Bennett, Fla.	Dixon	Hosmer
Bennett, Mich.	Dorn, N.Y.	Huddleston
Berry	Dorn, S.C.	Hull
Betts	Dowdy	Ikard
Blatnik	Downing	Jackson
Blitch	Doyle	Jarman
Boggs	Dwyer	Jennings
Bolton	Edmondson	Jensen
Bonner	Everett	Johansen
Bosch	Fascell	Johnson, Md.
Boykin	Fenton	Jonas
Bray	Fisher	Jones, Ala.
Breeding	Flynt	Jones, Mo.
Brock	Ford	Judd
Brooks, La.	Forrester	Kearns
Brooks, Tex.	Fountain	Kee
Broomfield	Frazier	Kilday
Brown, Ga.	Frelinghuysen	Kilgore
Brown, Mo.	Garmatz	Knox
Brown, Ohio	Gary	Lafore
	Gathings	Laird
Landrum	Ostertag	Smith, Miss.
Langen	Passman	Smith, Va.
Lankford	Patman	Springer
Latta	Pelly	Stubblefield
Lennon	Pilcher	Taber
Levering	Poage	Teague, Calif.
Lipscomb	Poff	Teague, Tex.
Loser	Porter	Thomas
McCulloch	Preston	Thompson, La.
McDonough	Quie	Thompson, Tex.
McGinley	Rains	Thomson, Wyo.
McIntire	Ray	Thornberry
McMillan	Reece, Tenn.	Tollefson
Mack, Wash.	Rhodes, Ariz.	Trimble
Mahon	Riehlman	Tuck
Mailliard	Riley	Utt
Mason	Rivers, S.C.	Van Pelt
Matthews	Roberts	Van Zandt
Meader	Rogers, Fla.	Vinson
Michel	Rogers, Mass.	Walter
Milliken	Rogers, Tex.	Watts
Mills	Rutherford	Weaver
Mitchell	St. George	Weis
Moeller	Schenck	Westland
Moore	Scherer	Whitener
Morris, N. Mex.	Scott	Whitten
Morris, Okla.	Selden	Widnall
Morrison	Short	Williams
Moulder	Sikes	Willis
Mumma	Siler	Wilson
Murray	Simpson, Ill.	Winstead
Natcher	Slack	Wright
Norblad	Smith, Calif.	Young
Norrell	Smith, Iowa	Younger
Osmers	Smith, Kans.	Zablocki

NAYS—116

Addonizio	Forand	Morgan
Anderson, Mont.	Friedel	Moss
Ashley	Fulton	Murphy
Bailey	George	Nix
Baring	Giaimo	O'Brien, Ill.
Barr	Gray	O'Hara, Ill.
Barrett	Green, Oreg.	O'Hara, Mich.
Bolling	Hargis	O'Neill
Bowles	Hays	Oliver
Boyle	Hogan	Perkins
Brademas	Holifield	Powell
Burdick	Holland	Price
Burke, Ky.	Holtzman	Prokop
Burke, Mass.	Irwin	Pucinski
Byrne, Pa.	Johnson, Calif.	Quigley
Cahill	Johnson, Colo.	Rhodes, Pa.
Carter	Johnson, Wis.	Rodino
Celler	Karsten	Rogers, Colo.
Clark	Karth	Rooney
Coffin	Kasem	Roosevelt
Conte	Kastenmeier	Roush
Cook	Kelly	Schwengel
Corbett	King, Calif.	Shelley
Curtis, Mass.	King, Utah	Sheppard
Daddario	Libonati	Shipley
Daniels	Lindsay	Sisk
Dawson	McFall	Staggers
Delaney	Macdonald	Stratton
Dent	Machrowicz	Sullivan
Denton	Madden	Toll
Diggs	Magnuson	Udall
Dingell	Marshall	Ullman
Dooley	Metcalf	Vanik
Dulski	Meyer	Wallhauser
Feighan	Miller, Clem	Wampler
Flood	Miller, George P.	Wier
Flynn	Monagan	Wolf
Fogarty	Montoya	Yates
Foley	Moorhead	

NOT VOTING—85

Anfuso	Goodell	Nelsen
Ashmore	Granahan	O'Brien, N.Y.
Aspinall	Green, Pa.	O'Konski
Barden	Griffiths	Pfost
Bass, N.H.	Hagen	Philbin
Baumhart	Halleck	Pillion
Bentley	Halpern	Pirnie
Boland	Harris	Rabaut
Bow	Healey	Randall
Brewster	Keith	Rees, Kans.
Buckley	Keogh	Reuss
Canfield	Kilburn	Rivers, Alaska
Cannon	Kirwan	Robison
Casey	Kitchin	Rostenkowski
Cederberg	Kluczynski	Santangelo
Chamberlain	Kowalski	Saund
Cohelan	Lane	Saylor
Curtis, Mo.	Lesinski	Simpson, Pa.
Davis, Tenn.	McCormack	Spence
Dollinger	McDowell	Stead
Donohue	McGovern	Taylor
Durham	McSween	Teller
Elliott	Mack, Ill.	Thompson, N.J.
Evins	Martin	Wainwright
Fallon	May	Wharton
Farbstein	Merrow	Withrow
Fino	Miller, N.Y.	Zelenko
Gallagher	Minshall	
Glenn	Multer	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack for, with Mr. Santangelo against.
Mr. Halleck for, with Mr. Keogh against.
Mr. Thompson of New Jersey for, with Mr. Buckley against.
Mr. Miller of New York for, with Mr. Dollinger against.
Mr. Kilburn for, with Mr. Glenn against.
Mr. Baumhart for, with Mr. Bass of New Hampshire against.
Mr. Ashmore for, with Mr. Wainwright against.
Mr. Barden for, with Mr. Farbstein against.
Mr. Harris for, with Mr. Rabaut against.
Mr. Bentley for, with Mr. Anfuso against.
Mr. Chamberlain for, with Mr. Cohelan against.
Mr. Fallon for, with Mr. Donohue against.
Mr. Evins for, with Mrs. Granahan against.
Mr. Davis of Tennessee for, with Mr. Green of Pennsylvania against.
Mr. Elliott for, with Mrs. Griffiths against.
Mr. Steed for, with Mr. Healey against.
Mr. Bow for, with Mr. Kluczynski against.
Mr. Robison for, with Mr. Lesinski against.
Mr. Simpson of Pennsylvania for, with Mr. Multer against.
Mr. Taylor for, with Mr. Teller against.
Mr. Wharton for, with Mr. Zelenko against.
Mr. Durham for, with Mr. Halpern against.
Mr. Kitchin for, with Mr. Fino against.
Mr. Spence for, with Mr. O'Brien of New York against.
Mr. Minshall for, with Mr. Mack of Illinois against.
Mr. Pillion for, with Mr. Kirwan against.
Mr. Casey for, with Mr. Lane against.
Mr. Brewster for, with Mr. Philbin against.
Mr. McSween for, with Mr. Boland against.

Until further notice:

Mr. Aspinall with Mr. Canfield.
Mr. McDowell with Mr. Withrow.
Mr. Randall with Mr. Saylor.
Mr. McGovern with Mr. Nelsen.
Mrs. Pfost with Mr. Merrow.
Mr. Saund with Mr. Martin.
Mr. Rostenkowski with Mr. Curtis of Missouri.
Mr. Rivers of Alaska with Mr. Cederberg.
Mr. Reuss with Mr. Goodell.
Mr. Gallagher with Mr. Rees of Kansas.
Mr. Hogan with Mr. Keith.
Mr. Cannon with Mrs. May.
Mr. Kowalski with Mr. Pirnie.

The result of the vote was announced as above recorded.

Mr. WILLIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3) to establish rules of interpretation governing questions of the effect of acts of Congress on State laws.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3, with Mr. THOMPSON of Texas in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Louisiana [Mr. WILLIS] will be recognized for 2½ hours and the gentleman from Ohio [Mr. MCCULLOCH] for 2½ hours.

The gentleman from Louisiana [Mr. WILLIS] is recognized.

Mr. WILLIS. Mr. Chairman, I yield myself 20 minutes.

Before discussing the specific provisions of the bill before us today, H.R. 3, I think it is important to keep Federal principles in mind.

We all know that the Founding Fathers meant to erect constitutional walls separating the powers of our Government into three coequal branches. These three branches may be likened unto a three-lane highway. One constitutional lane was intended to be occupied by the legislative branch, headed by the Congress, whose function is to make laws; the second constitutional lane was intended to be occupied by the executive branch, headed by the President, whose function is to enforce the laws, conduct foreign relations, and keep the peace; and the third constitutional lane was intended to be occupied by the judicial branch, headed by the Supreme Court, whose function is to interpret the laws.

Now, when a driver of a motor vehicle steps out of his lane and occupies the lane of his neighbor, he is going to get hurt, and, moreover, he is liable to hurt others. And that, in a nutshell, is exactly what has been happening.

Certain decisions of the Supreme Court in recent years have displaced many State laws by the application of a new doctrine—preemption. The word "preemption" means to seize, appropriate, or take over. Large areas of concurrent Federal-State jurisdiction have been occupied or taken over by those decisions. Responsible people, including the Association of State Chief Justices, the American Bar Association, Members of Congress, and many others, feel that the Court has been stepping out of its constitutional lane as judges of the law, and have been indulging in judicial legislation. And, as a consequence of such nullification of State laws and sincere criticisms, the Court, like the motor vehicle drive, has been hurting both itself and the States.

The cases of *Pennsylvania* v. *Nelson* (350 U.S. 497) and *Cloverleaf Co.* v. *Patterson* (315 U.S. 148) are illustrations of the trend in the field of Federal preemption which is the subject of this legislation. Under the Nelson decision, States may no longer prosecute even their own citizens, as well as others, under State laws outlawing sedition against the Federal Government, because there happens to be a Federal sedition law. Under the Cloverleaf case, States may no longer enforce many of their own agriculture sanitary laws, because there happens to be a Federal law pertaining to the same subject matter.

Mr. CELLER. Mr. Chairman, will the gentleman yield briefly?

Mr. WILLIS. I yield briefly; I cannot deny my chairman, but I do not think he should anticipate what my argument is going to be.

Mr. CELLER. I want to read just briefly from the Uphaus case.

Mr. WILLIS. I might say to the gentleman that that is the very next thing I was going to touch on.

Mr. CELLER. I just want to clear this up for the membership right at the outset. I read the following statement by the Court:

> The basis of Nelson thus rejects the notion that it stripped the States of the right to protect themselves. All the opinion proscribed was the race between Federal and State prosecutors to the courthouse door; the opinion made clear that a State could proceed with prosecution for sedition against the State itself, that it can legitimately investigate in this area a fortiori.

Mr. WILLIS. That is correct. I was about to say that very recently, on June 8, 1959, a couple of weeks ago, the Supreme Court in Uphaus against Wyman interpreted the Nelson decision to mean that States may prosecute people for subversive activities against the State itself, but not against the Federal Government. But this decision itself leads us into a blind alley.

The Constitution guarantees to the States a republican form of government. How can a person advocate the overthrow of a State government without advocating the overthrow of the Federal Government? That question remains unanswered. How do you go about separating the wheat from the chaff? The decision does not tell us. Suppose the evidence shows a general conspiracy to overthrow both the State and Federal Governments. Would a conviction be set aside because the witnesses told the story exactly as they know it? The decision does not say.

A recent editorial in the Washington Post stated that the shift in the holding is more apparent than real. Moreover, it pointed out that this was another 5 to 4 decision. In my opinion the decision in the Uphaus against Wyman case simply proves two things. It proves that the widespread criticism of the holding in the Nelson case was justified, and it proves that this legislation is now needed more than ever. In 1954 in the Nelson case, the Supreme Court by a 5 to 4 decision held one thing. Here a few weeks ago, in 1959, the Supreme Court felt it necessary to distinguish the 1954 decision, again by a 5 to 4 decision. Nobody knows whether this is a shift in position or a vacillation. It is conceivable certainly in a year or two that the Supreme Court will be required to speak out again. Where does this leave us, and where does it leave the States in the meantime?

The Constitution provides that the Constitution itself and the Federal laws enacted by Congress in pursuance thereof, are the supreme law of the land. This legislation does not seek to alter, as indeed it cannot possibly alter, the supremacy clause.

This legislation is in fact very limited in scope. It applies only to the restricted constitutional area known as concurrent legislative jurisdiction, that is, where both the Federal Government and the State government may constitutionally legislate. In other words, in the general field of preemption, this legislation is applicable only where there is a constitutional State law and a constitutional Federal law. Thus, in order for H.R. 3 to apply there must be two laws—a constitutional Federal law and a constitutional State law, both pertaining to the same subject. If there is only a Federal law on the subject with no State law, or if there is only a State law and no Federal law, this legislation cannot come into operation.

Even in this narrow area, however, if the Federal act expresses the intent of Congress to occupy the particular field, the Federal law is supreme. This has been the consistent jurisprudence over the years and H.R. 3 respects and incorporates this jurisprudence in unequivocal language. Again, in the field of concurrent jurisdiction, if both the State and Federal Governments have enacted laws on a particular subject and there is a direct and positive conflict between the Federal act and the State law so that the two cannot be reconciled or consistently stand together, the Federal law is supreme. This rule also is recognized jurisprudence and H.R. 3 respects and incorporates it within its terms.

However, in comparatively recent cases, as noted above, the Court has applied the doctrine of Federal preemption to strike down State law even though the Federal act did not express an intent to occupy a field of legislation and even though there was no direct conflict between the Federal act and the State law involved. For example, in the Nelson case, the Federal act did not express an intent on the part of Congress to occupy the whole field of sedition against the United States. In addition, the Court did not find that there was a direct and positive conflict between the Federal act and the Pennsylvania law. In that case both the Federal act and the State law were patently constitutional and could have coexisted. The Supreme Court, however, reached outside our congressional debates and reports and relied instead on a Presidential pronouncement and on an Executive statement to imply congressional intent. Now, we all know that every agency of the Government would want laws construed to give them more and more power, and if we must look to the wishes of the bureaucrats instead of the intent of Congress, in construing laws, decisions of this kind, if left unchallenged, can only result in litigation.

Similarly, in the Cloverleaf case, the Federal law involved did not express a congressional intent regarding processed or renovated butter, and the Court did not find that there was a direct conflict between the Federal law and the State act on the subject. And again, both laws were otherwise constitutional and could have been given effect, but the Supreme Court held that the Federal law must be deemed to have destroyed the State law by implication. This was a 5 to 4 decision. In a vigorous dissent, Mr. Justice Frankfurter stated:

> If ever there was an intrusion by this Court into a field that belongs to Congress, and which it has seen fit not to enter, this is it.

This legislation does not interfere with the judicial function of the Federal courts. All it seeks to provide is a rule of construction for the courts to apply in future cases. It plainly states that, if an act of Congress expresses an intent to occupy a particular field of law, then the congressional act is supreme. It will be up to the courts themselves to determine if the act of Congress does express such an intent. Or, if there is no expression of intent to occupy a particular field of law, but there is a direct conflict between the Federal act and the State law, then again the State law becomes inoperative and the Federal law, of course, remains supreme. And again, it will be up to the courts themselves to determine if such conflict does or does not in fact exist. If, however, the act of Congress and the State law are both otherwise constitutional and there is no expressed intent to exclude State law, and if the two statutes are in direct conflict, then H.R. 3 must be given effect. In other words, the Federal act is not to be presumed to repeal the State law and the State law is not to be destroyed or rendered null by inferences or implications.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. Gladly.

Mr. CELLER. Would the gentleman say within, as he says, the narrow confines of this bill, the bill is retroactive in effect?

Mr. WILLIS. I will say this—and I am glad to answer the question. The bill does not amend any law, as I am sure the gentleman agrees. It applies to future cases that will come up before the court. If in the future cases there happens to be an old State law and an old Federal law, the Court must construe those old laws vis-a-vis this rule of construction. If you want to call that retroactive, you may. And, by the way, this is an amendment—and I shall come to it after awhile—to title 1 of the United States Code. There are already six sections in title 1 on this subject of construction.

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. WILLIS] has expired.

Mr. WILLIS. Mr. Chairman, I yield myself 10 minutes additional.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. I yield.

Mr. CELLER. I just wanted to ask the gentleman this: He has yielded me half his time, has he not?

Mr. WILLIS. Oh, surely.

Mr. CELLER. Will the gentleman put that on the record?

Mr. WILLIS. Surely.

Mr. MEADER. Mr. Chairman, will the gentleman yield for a question?

Mr. WILLIS. I think I can anticipate the gentleman's question.

Mr. MEADER. I would like to hear the gentleman discuss the matter which has been raised by concerns doing business in many States; the possibility that they may have to comply with different regulations which would make it perhaps difficult for them to do business.

Mr. WILLIS. I shall come to that.

The language of this bill was not taken out of thin air. It was used as early as 100 years ago in the case of *Sinnott* v. *Davenport* (22 How. 227). This case has been cited with approval over 110 times. As late as 1937, in the case of *Kelly* v. *Washington* (302 U.S. 1), Chief Justice Hughes stated:

> Under our constitutional system, there necessarily remains to the States, until Congress acts, a wide range for the permissible exercise of power appropriate to their territorial jurisdiction although interstate commerce may be affected. States are thus enabled to deal with local exigencies and to exert in the absence of conflict with Federal legislation an essential protective power. And, when Congress does exercise its paramount authority, it is obvious that Congress may determine how far its regulation shall go. There is no constitutional rule which compels Congress to occupy the whole field. Congress may circumscribe its regulation and occupy only a limited field. When it does so, State regulation outside that limited field and otherwise admissible is not forbidden or displaced. The principle is thoroughly established that the exercise by the State of its police power, which would be valid if not superseded by Federal action, is superseded only where the repugnance or conflict is "so direct and positive that the two acts cannot be reconciled or consistently stand together."

In recent cases, however, instead of applying this conventional rule of preemption, the Supreme Court invoked a broader concept of the doctrine; namely, preemption by implication. The continued acceptance of this doctrine can only result in litigation and an invasion of the legislative function.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. I yield.

Mr. SMITH of Virginia. I hate to interrupt the gentleman at this time because he is making such an interesting and clear statement, but if it is convenient for me to ask a question at this time, I would like to do so. While the gentleman is on the question of whether this would be a retroactive law, the Davenport case that the gentleman has referred to was decided 100 years ago and it was the law for nearly 100 years until the Cloverleaf case came along when the law was changed.

Mr. WILLIS. That is correct.

Mr. SMITH of Virginia. When the Cloverleaf case was decided and the doctrine was expanded by the Supreme Court, then that was retroactive as to all the cases that had been previously decided and that changed the law.

Mr. WILLIS. Of course, the gentleman is making a correct statement.

Mr. SMITH of Virginia. If there is any retroactivity about it, it is on the part of the Supreme Court. All we are trying to do in this bill is to adopt the same language of the Davenport case and bring the law back to what it was.

Mr. WILLIS. The gentleman is correct.

There exists substantial agreement as to the need for legislation, if not in the general field for preemption, then certainly in the specific field of sedition. For example, it is agreed for the most part that legislation is necessary to correct the doctrine of implied preemption, as applied in the Nelson case. In other words, the real issue is whether this legislation should be broadly applied limited to sedition cases. We feel that if this rule is a proper one in sedition cases, it is equally the proper one in other preemption cases.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. I yield.

Mr. CELLER. There are many cases that can be cited to the effect that in this area where there was a conflict of concurrent jurisdiction, the courts have held that the States shall have the paramount right, and there are many cases

along those lines cited before the Cloverleaf case. I can cite any number of them to the gentleman.

Mr. WILLIS. The gentleman does not mean that the States shall have the paramount right—the gentleman means the Federal Government shall have the paramount right?

Mr. CELLER. No, the States shall have the paramount right.

Mr. WILLIS. I will say to the gentleman, I do not agree with the gentleman unless he means where Congress has not acted, and there was no undue burden on interstate commerce or if Congress acted where there was no irreconcilable conflict between the State and Federal acts. The gentleman wants to go deeper. I do not propose to destroy the supremacy clause. If an act of Congress comes in conflict with State law, and it is a proper subject for the Congress to legislate on and if the Congress so expresses itself, and if there is a direct conflict, the rule is that the Federal law prevails.

Mr. CELLER. These cases that I am willing to cite to the gentleman can be found on page 15 of the minority report, and they uphold the State laws where there was a conflict.

Mr. WILLIS. That is because there is no serious conflict.

Mr. CELLER. These cases upheld the State law in opposition to the Cloverleaf case. Of course, the facts differ in the various cases. But the statement has been made that it was the Cloverleaf case that was the lodestar of all this, and that it was the Cloverleaf case that brought about all this change. That is not quite accurate.

Mr. WILLIS. It was the Cloverleaf case that expanded the conventional doctrine. Let me put it this way. I was about to answer the question of the gentleman from Michigan [Mr. MEADER]. I will give you my idea about the argument to the effect that this legislation is going forward in a broad field, the results of which cannot be predicted and the effects of which are unknown. This legislation deals solely with one subject matter; that is, the subject of preemption.

The bill does not in any way alter the legislative powers inherent in either the Federal or State legislators, nor does it act as invitation to the States to legislate in concurrent judicial fields where they have not done so heretofore. It merely reiterates the preemption rule of construction so frequently invoked by the Court in a long line of decisions prior to recent cases. Both State and Federal laws were passed over the years pursuant to a common understanding of the conventional rule of preemption. The history of State statutes shows that the existence of that rule established harmony in the delicate field of State-Federal relationship. H.R. 3 will reestablish that harmony.

The CHAIRMAN. The time of the gentleman from Louisiana has again expired.

Mr. WILLIS. Mr. Chairman, I yield myself 5 additional minutes.

On the specific question raised by the gentleman from Michigan that this law will lead the States to undertake to regulate all forms of transportation and commerce involves a misconception of the purpose and effect of the bill. As heretofore pointed out, this bill only affects the field of concurrent jurisdiction and, in that limited area, H.R. 3 plainly states that if there is an expressed intention on the part of Congress to occupy the particular field involved or if there is a conflict and the two statutes cannot consistently stand together, then the Federal statute is supreme. Further, if the provisions of any State law placed an undue or unreasonable burden on interstate commerce within the meaning of the Constitution, the Court would have the duty to strike it down. Certainly the States would have no more reason to legislate under H.R. 3 than they did prior to the Nelson and Cloverleaf and similar decisions.

This proposal is not new or novel. All the States, in varying degrees, have statutory rules of construction to guide their courts in arriving at legislative intent. Chapter 1 of title 1 of the United States Code is entitled "Rules of Construction—General Provision." This chapter contains six sections embodying rules of statutory construction for the guidance of Federal court. This bill simply adds a new section 7 entitled "Preemption—Federal and State Statutes."

The cardinal rule of statutory construction is for the court to seek and apply legislative intent. The Supreme Court itself has frequently asked for better indications of congressional intent. H.R. 3 would express that intent; and, in practical operation, the Court would have to consider and determine for itself the following questions:

First. At the very threshold, it will be up to the Court to determine whether the Federal and State statutes are constitutional. If the Court finds that the statutes are unconstitutional, that would be the end of the case.

Second. On the other hand, if the Court finds that the statutes are constitutional, then the next question will be for the Court to decide whether the Federal statute expresses an intent to occupy the field of legislation to the exclusion of State law. If the Court finds such an expressed intent, the Federal law would be supreme.

Third. Finally, if the Court finds that the statutes are constitutional and that the Federal act does not express an intent to occupy the whole field to the exclusion of State law, then it will be up to the Court to decide whether there is a direct and positive conflict between the Federal statute and the State law, so that the two cannot be reconciled or consistently stand together. If the Court decides that such a conflict does exist, then again the Federal act will prevail.

If, however, the Court finds that the act of Congress and the State law are both otherwise constitutional and that there is no expressed intent to exclude the State law, and that the two statutes are not in direct and in reconcilable conflict, then under H.R. 3 both must be given effect. In other words, the Federal act is not to be presumed to repeal the State law, and the State law is not to be destroyed or rendered null by inferences or implications.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. I yield to the gentleman from Ohio.

Mr. VANIK. My question is, Suppose a State enacts a law in a field that is affected by this bill? I was looking with great interest at the agricultural program. If this bill were enacted into law, would it make it possible for a State like Louisiana to take over such national problems or problems considered as Federal problems like acreage control, crop limitations, and parity, with respect to rice, cotton, and some other crops?

Mr. WILLIS. No; because Congress has expressed itself on that.

Mr. VANIK. But there is no preemption in this legislation.

Mr. WILLIS. There is no preemption.

Mr. VANIK. I have searched for it but have not found it under price parity or the agricultural program. Could the State of Louisiana legislate in this field?

Mr. WILLIS. I am glad the gentleman asked that question for this reason: Opponents of the bill say that old Federal laws on the books not containing any express preemption will automatically revive State law, that is only half of the bill; that is only one of the obligations of the Court. The Court cannot stop there. In answer to the gentleman's question: If the Court finds that there is no expressed preemption in the Federal Agriculture Act, it must go one step further; it must study the State act, in this case the Louisiana act, and the Federal Agriculture Act; and, if there is a serious conflict between the two, the Federal act prevails, and the Federal act has invaded the field of acreage and so on.

Mr. VANIK. And parity.

Mr. WILLIS. Now, if any State law would try to regulate the same subject matter, and vis-a-vis interstate commerce, it could fail for two reasons: Because of unconstitutionality and because of direct conflict between the two.

Mr. VANIK. To proceed further with this question, am I right to believe that the passage of this legislation would encourage the States to legislate in this field so it could reduce the tremendous burden on the Federal Government, so that it might be encouraged to support it?

Mr. WILLIS. It would not encourage the States. That has not been the experience. After all, this is simply a reiteration of what the jurisdiction was over the years, for a hundred years. The confusion commences only about the time of the Cloverleaf case in 1942. It is only then that you have a broadened or unconventional preemption doctrine by implication. So if there was no rash of litigation or any encouragement for the States to act under the old conventional jurisprudence which we are now seeking to return to the books, how can we say that H.R. 3 would encourage the States to act?

Mr. McCULLOCH. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, H.R. 3 is an important measure in the field of State-Federal re-

lationship. Those of us, who are concerned with maintaining the proper balance between State and Federal power, realize that resolution of this issue may be essential to the effective continuation of our dual system of Government.

It is also a subject on which there is a strong difference of honest opinion. However, the House, in 1958, passed, by a vote of 241 to 155, a bill identical with the bill before us, but it was brought before the other body a day or two before adjournment and a motion to recommit was agreed to by a vote of 41 to 40.

As a member of the Judiciary Committee, which favorably reported the bill, I strongly urge that the House again enact H.R. 3.

You have heard in this session, as well as previous sessions of Congress, many of the issues of Federal preemption discussed in detail. I make this preliminary statement, because I think that the critics of this measure have tried to debate it into something that is complicated. Actually, it is an elementary measure designed to meet a very specific, and well defined need, notwithstanding the recent Supreme Court decision in Uphaus against Wyman.

If we can focus our attention on just two points, the purpose of the legislation, and the need for it, we will be better qualified to determine whether the public interest requires that the courts be given congressional assistance in defining and controlling the delicate balance in Federal-State relationships. Otherwise, we shall be content, as we have for the last few years, to sit idly and observe the continued erosion of State power through a Court interpretation of "implied congressional intent."

Section 1 of H.R. 3 is offered as a rule of statutory construction to guide the courts in future actions in construing existing statutes and future enactments. It provides that—

> No act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

Thus to begin, section 1 of H.R. 3 is a rule of construction, which is intended to be binding on the courts. It is more than just a suggestion or a procedural directive to the court. It will become a part of the substantive law of the United States by positively declaring that the Federal laws, to which H.R. 3 has application, are not intended "to occupy the field in which such acts operate," unless there is a direct conflict or unless the Federal act contains an express preemption.

As a substantive provision, the courts will have to give H.R. 3 effect. This is a proper legislative function and the courts cannot, consistently with the separation of powers principle, disregard this expression of legislative intent. Thus, H.R. 3 in no way limits the jurisdictional or judicial functions of the Federal courts; but it does require the court to abide by a proper legislative enactment.

I might add at this point, that, consistent with the division of our Government into three separate branches, this legislation is needed in order to assist the courts in the performance of their judicial duties. I am not being overly critical of the courts for their resort to implying a congressional intent in Federal preemption cases. I think that Congress shares some of the responsibility for not having enacted legislation before this date; and I think that the lack of any definition of congressional intent has caused the courts to speculate and fill in the gaps by legislating.

Next, it is important to specify that H.R. 3 does not apply to all Federal legislation. It applies only to the limited field in which both the State governments and the Federal Government can lawfully enact legislation. The doctrine of Federal preemption is predicated upon the supremacy clause, article VI, clause 2, of the Constitution. H.R. 3 does not seek to alter the supremacy clause, which provides that the Constitution and the Federal laws enacted by Congress are the supreme law of the land. It applies only to that limited area in which both the Federal Government and the State governments have the constitutional authority to enact legislation. Thus, to have application, there must be both a constitutional State law and a constitutional Federal law, which, according to the terms of H.R. 3, are not in "direct and positive conflict" or where there is no express preemption clause in the Federal statute.

H.R. 3, if enacted, will have application in future actions in the courts; that is, in future lawsuits in which there is a question whether a constitutional State law and a constitutional Federal law are in conflict.

It is important to understand the application of H.R. 3 in future actions before the courts for several reasons. First, a clear understanding of its application will answer many of the criticisms that H.R. 3 will unsettle a large body of existing law through a possible retroactive application. This, in fact, appears to be the major criticism of the bill.

The answer is simple but it does require analysis. In the first place, enactment of H.R. 3 will have no effect on rights which have already been adjudicated. It couldn't. Any such application would probably be unconstitutional.

Secondly, the proponents of H.R. 3—as is clearly stated in the majority report—only intend to reinstate and enact into law the conventional doctrine of Federal preemption as frequently invoked by the courts prior to the Cloverleaf—*Cloverleaf Company* v. *Patterson* (315 U.S. 148 (1942))—and Nelson—*Pennsylvania* v. *Nelson* (350 U.S. 497 (1956))—decisions.

If this concept or principle is sound, as I think it is, then there can be no unsettling of existing law for the simple reason that this body of law was evolved under the doctrine which we are attempting to reestablish.

Had the Supreme Court in recent years not developed its implied preemption rule of construction—in place of the conventional conflict doctrine—there would be no need for H.R. 3. But now, in light of the recent trend of decisions, there is need to provide the courts with a statutory expression of intention. This statutory expression will serve a useful purpose by clarifying the doubt and confusion with which we are now confronted.

Thus, by reinstating the doctrine of Federal preemption, as it previously existed, there is no danger of upsetting a large body of settled law. The effect will be to require the courts, in accordance with the previously established rule, to determine whether there is a conflict between State and Federal law. This is desirable and will constitute a reaffirmation by Congress of the Federal system created by our Constitution.

If the Congress fails to enact H.R. 3, decisions may continue to be made under the new rule of implied preemption, instead of under the long established rule of actual conflict.

I have made this rather detailed statement of the application of H.R. 3 in future actions in order to demonstrate that there will be no great unsettling of established law. I have also made this statement in order to demonstrate the extent to which H.R. 3 will be accorded a retroactive application.

The two are related and I think deserve a candid and frank explanation. I think my explanation will demonstrate that these two points have been greatly exaggerated.

With regard to a retroactive application, it is true that H.R. 3 will apply to past as well as to future Federal statutes; but it will apply only in future actions in the courts. It would be absurd to limit the application of H.R. 3 to future enactments.

If such a distinction were made now, future statutes would be governed by the rule of construction, which has been in effect for more than a hundred years prior to the Cloverleaf and Nelson decisions; while past statutes, which were enacted while the conventional rule of construction was in effect, would be interpreted either by the new implied preemption rule or by some rule yet to be devised by the Court.

Therefore, the answer to the objection that H.R. 3 will have a retroactive application is that it will apply in future actions in the interpretations of past as well as future enactments. But it will not disturb vested or adjudicated rights because any attempt to do so would be unconstitutional.

Before concluding, I wish to address myself to the compelling need for this legislation.

As all lawyers know, the "conflict" doctrine of the Supreme Court was stated in the case of *Sinnot* v. *Davenport* (22 How. 227) in 1859. In this case the Supreme Court stated:

> We agree, that in the application of this principle of supremacy of an act of Congress in a case where the State law is but the exercise of a reserve power, the repugnance or conflict should be direct and positive, so that the two acts could not be reconciled or consistently stand together.

This rule was followed by the Supreme Court until the beginning of the 1940's. In *Cloverleaf* v. *Patterson*, (315 U.S. 148, 1942), the majority of the Court in a five-to-four decision held that the provisions of the Internal Revenue Code, regulating the production of renovated butter, precluded enforcement of an Alabama statute authorizing inspection and seizure of renovated butter determined to be unwholesome by State officials. In discussing the doctrine of Federal preemption, the Court stated that the conflict of Federal legislation with State regulation could be determined either "specifically or by implication."

In determining that Alabama's "claim interfered or conflicted with the purpose or provision of the Federal legislation," the Court concluded:

> Congress hardly intended the intrusion of another authority during the very preparation of a commodity subject to the surveillance and comprehensive specifications of the Department of Agriculture. To uphold the power of the State of Alabama to condemn the material in the factory, while it was under Federal observation and while Federal enforcement deemed it wholesome, would not only hamper the administration of the Federal act but would be inconsistent with its requirements.

Chief Justice Stone in a vigorous dissent, in reliance upon the conflict doctrine of *Sinnot* v. *Davenport* (22 How. 227) and later decisions, stated:

> The decision of the Court appears to me to depart radically from the salutary principle that Congress, in enacting legislation within its constitutional authority, will not be deemed to have intended to strike down a State statute designed to protect the health and safety of the public unless the State act, in terms or in its practical administration, conflicts with the act of Congress or plainly and palpably infringes its policy. (Citing *Sinnot* v. *Davenport*, 22 How. 227, and other cases.)

In concluding, the Chief Justice stated:

> It is one thing for courts in interpreting an act of Congress regulating matters beyond State control to construe its language with a view to carrying into effect a general though unexpressed congressional purpose. It is quite another to infer a purpose, which Congress has not expressed, to deprive the States of authority which otherwise constitutionally belongs to them, over a subject which Congress has not undertaken to control. Due regard for the maintenance of our dual system of Government demands that the courts do not diminish State power by extravagant inferences regarding what Congress might have intended if it had considered the matter, or by reference to their own conceptions of a policy which Congress has not expressed and is not plainly to be inferred from the legislation which it has enacted.

The Chief Justice's dissent was not followed in future cases.

Later, the Supreme Court in the Nelson decision held that Congress in passing the Smith Act intended to occupy the field of sedition.

Instead of developing a body of uniform law, the adoption by the Court of the doctrine of implied preemption has led to the very condition which the opponents contend the enactment of H.R. 3 will cause; namely, the unsettling of a large body of established law.

Today no one knows with certainty the limits of the doctrine of implied Federal preemption. No one knows when the Supreme Court is going to imply a conflict and declare that the Federal law has preempted the entire field. Indeed, an examination of the recent cases is of no assistance. There are simply no standards.

This is bad for several reasons. First, the States in enacting and in enforcing their own laws in the field of concurrent jurisdiction, are entitled to rely upon some standard in order to avoid a conflict with Federal law.

The rule of construction proposed by H.R. 3 will not only be of benefit to the Federal courts, but it will also provide, for the benefit of State authorities, an indication that Congress, in the absence of a direct conflict or an express preemption, is not abrogating State law.

Secondly, H.R. 3 will direct the Federal courts to nullify State law only in the event of an actual conflict. The courts were content to follow this procedure for a very long period during the development and refinement of our dual Federal system. The confusion and the unwarranted abrogation of State power resulted after, not before, the Supreme Court resorted to the theory of implied preemption. I am unable to understand how a return to the former standard of preemption will result in any great confusion or unsettling of established law. To the contary, a continuation of the present system can only result in continued confusion and a continued abrogation of State authority. I voted for H.R. 3 in 1958. I expect to vote for H.R. 3 in 1959.

So much for section 1 of HR. 3.

Section 2 will not require a lengthy explanation. By express terms it will establish that Congress did not intend, in enacting Federal sedition laws, to foreclose the States from enacting and enforcing legislation on the same subject. The purpose of section 2, therefore, is to reinstate existing State laws on the subject of sedition against the United States.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. McCULLOCH. I yield.

Mr VANIK. I want to commend my distinguished colleague who was a former speaker of the Ohio House of Representatives and who has been an able judge and legislator for many years in the State of Ohio, and with whom I had the pleasure to serve. The gentleman's argument is very logical and very concise, but there are still very serious doubts in my mind. I am opposed to this bill. My fear of this bill is placed solely on its effect on established law. It seems to whack at established law with a meat axe. We do not know exactly what is going to be cut. Is it the gentleman's point of view that the general legislation passed by the 85 previous Congresses did not attempt to preempt the field, if the laws lacked the specific language of preemption?

Mr. McCULLOCH. Not at all, sir; the Federal legislation may preempt a field if there is a direct and positive conflict which cannot be reconciled.

Mr. VANIK. That is correct. But I mean over and beyond that.

Mr. McCULLOCH. That is one test. The other test is that when the Federal law states that the Federal Government intends to preempt the field, then it is preempted.

Mr. VANIK. I want to carry that one step further, if the gentleman will permit. I agree where they are in conflict with Federal law that that part of the body of the legislation is not in issue. But with respect to those areas in which there is no such conflict, then what would the gentleman say?

Mr. McCULLOCH. Where there is no such direct and positive conflict, if I may anticipate the gentleman's question, if the State law be constitutional, and if it be in a concurrent field, as was so ably described by my colleague, the gentleman from Louisiana, and it be, for instance, not an unreasonable or undue burden on interstate commerce, the State law will stand under this bill which is before the House.

Mr. VANIK. That is in those cases where the Federal law does not have in it the language of preemption; is that correct?

Mr. McCULLOCH. That is right.

Mr. VANIK. And that applies to all of the established law or the laws passed by the 85 Congresses.

Mr. McCULLOCH. That is my opinion, sir; yes, sir.

Mr. VANIK. I thank the gentleman.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. McCULLOCH. I yield to my colleague on the committee, the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. First, I wish to commend the gentleman from Ohio for his very lucid and able statement on this very important constitutional principle.

Secondly, I should like to ask this question for the purpose of recording the legislative history.

I have been concerned by the fears some have expressed that the adoption of H.R. 3 will permit the revival or the enactment of new laws by the States which will become onerous upon industry engaging in business in many States. I refer to the carriers and to the food and drug industries particularly. I would appreciate the gentleman's attention to that phase.

Mr. McCULLOCH. I am very happy my colleague has raised that question. Where there is positive direct conflict between Federal law and State law, the Federal law will govern.

Furthermore, if there be any State laws which place an undue or unreasonable burden on interstate commerce they will not be effective under this legislation.

I have no fear under the specific terms of this bill that there will be a revival of any harsh or onerous State laws. It is not the intention of this bill so to do, so far as I am concerned.

Mr. MEADER. I thank you.

Mr. McCULLOCH. Furthermore, such a law, if it were unduly burdensome on interstate commerce would be unconstitutional in accordance with a long line of decisions.

Mr. CAHILL. Mr. Chairman, will the gentleman yield?

Mr. McCULLOCH. I yield.

Mr. CAHILL. I first would like to compliment the gentleman from Ohio [Mr. McCULLOCH] on the very learned and the very clear demonstration of the meaning of this law; and, lest I be mistaken myself as to the meaning, I have just one question I would like to have the gentleman answer:

If a State enacts a law that is identical to an existing Federal law which has already been interpreted by the United States Supreme Court and then the State supreme court holds it constitutional but interprets it differently than has already been interpreted by the United States Supreme Court, which interpretation is applicable within the State?

Mr. McCULLOCH. If it is in a field where concurrent legislation is in accordance with the Constitution, your State interpretation will stand, unless on review the Supreme Court of the United States reverses the State supreme court on the ground of conflict or unless the result of the State court decision constitutes an undue burden on interstate commerce or in some other manner controvenes the Constitution.

Mr. CAHILL. So that if the State were to enact subsequent to the passage of H.R. 3 a State law identical to a Federal law and then the State supreme court should interpret that law differently than it has already been interpreted by the United States Supreme Court, within the borders of that State the State supreme court's interpretation would be applicable.

Mr. McCULLOCH. If it were a State law which could properly be enacted it would be my opinion that that interpretation would be the one which would prevail, unless and until reversed by the Supreme Court of the United States.

Mr. VANIK. Mr. Chairman, will the gentleman yield further?

Mr. McCULLOCH. I regret that I cannot yield further; I have so many demands for time that I cannot take more myself.

Mr. CELLER. Mr. Chairman, may I inquire how much time I have remaining?

The CHAIRMAN. The gentleman from New York has 75 minutes remaining.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado [Mr. ROGERS] and thereafter yield myself 15 minutes.

The CHAIRMAN. The gentleman from Colorado is recognized.

Mr. ROGERS of Colorado. Mr. Chairman, I am opposed to H.R. 3. The enactment of this legislation is an attempt to tell the Supreme Court of the United States how to conduct its business, and that is very bad.

I ask you to consider the statement made by the author of this legislation here this morning. I am sure he will reiterate it during the debate. Beginning in 1859 the Supreme Court of the United States in effect said that where there was a Federal law and a State law covering the same subject and where there is direct and positive conflict that cannot be reconciled or consistently stand together, then the Federal law shall stand. That is the statement made by the author of the legislation, and he points with pride that on page 1, line 11, there appears this language:

> Or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

In other words, he points out that the decision from 1859 down to, as the report in this matter shows, 1954, where the report says:

> Certain decisions of the U.S. Supreme Court in recent years have nullified many State laws by the doctrine of Federal preemption. By resort to implying an intent on the part of Congress, the Court has extended the application of the doctrine to many new areas of concurrent Federal-State jurisdiction.
>
> The decisions have aroused serious discussion as to the proper sphere of the States and the Federal Government, and have brought about widespread criticism that the Supreme Court has been indulging in judicial legislation.

So it is positively stated in the report, and it is the contention of those who are in favor of H.R. 3 that it is an effort to tell the Supreme Court how to write its decisions on the question of what constitutes direct and positive conflict.

Every person to speak in favor of this legislation admits that it is confined to a narrow field. That narrow field as pointed out here is "direct and positive"; but what they also point out and is shown by the report, this interpretation of "direct and positive" has been followed by the Supreme Court 110 times since 1859. This bill tells the Supreme Court of the United States that it was wrong in determining what was direct and positive. The Supreme Court has 110 times since 1859 said what is a direct and positive conflict.

The authority is with the Court and we cannot tell them how to decide a case. We have the authority to enact a law they interpret.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. CELLER. Mr. Chairman, I yield the gentleman 2 additional minutes.

What happened in the State of Pennsylvania against Nelson case was that the supreme court of that State was the first one that said the Pennsylvania sedition law was unconstitutional. All the Supreme Court of the United States did was to affirm that decision.

If there are problems connected with these other changed positions of the Supreme Court since 1954, then meet each problem as it should be met by the enactment of a statute of the United States as it covers that field. With that enactment let the Supreme Court perform its functions to determine if there is a positive and definite conflict. Spell out in legislative statutes the law, rather than tell the Supreme Court what it must find and interpret.

The duty of the Supreme Court is to interpret the laws as passed. When we pass laws in the future we should spell out the fields we desire to cover. This bill should not be adopted as the Court has the final word on what is a positive conflict. This bill does not set forth any new or different standards for the Court to follow.

Mr. BOW. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-five Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 97]

Anfuso	Gallagher	Multer
Ashmore	Garmatz	Nelsen
Aspinall	Glenn	Pfost
Auchinloss	Goodell	Philbin
Barden	Green, Pa.	Pillion
Barrett, Pa.	Griffiths	Pirnie
Bass, N.H.	Hall	Powell
Baumhart	Halleck	Rabaut
Boland	Harris	Randall
Breeding	Healey	Rees, Kans.
Buckley	Hébert	Robison
Canfield	Herlong	Rogers, Mass.
Casey	Holifield	Rostenkowski
Cederberg	Jackson	Santangelo
Chamberlain	Keogh	Saund
Chiperfield	Kilburn	Saylor
Cohelan	Kirwan	Shelley
Curtis, Mo.	Kitchin	Sheppard
Davis, Tenn.	Kluczynski	Smith, Miss.
Dawson	Lane	Spence
Dingell	Lesinski	Steed
Dollinger	McCormack	Taylor
Donohue	McSween	Teague, Tex.
Durham	Mack, Ill.	Teller
Elliott	Martin	Thompson, N.J
Evins	May	Wainwright
Fallon	Merrow	Wharton
Farbstein	Miller, N.Y.	Withrow
Fino	Minshall	Zelenko

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 3 and finding itself without a quorum, he had directed the roll to be called, when 345 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. CELLER. Mr. Chairman, I yield such time as he may require to the gentleman from Iowa [Mr. WOLF].

Mr. WOLF. Mr. Chairman, I want to go on record as saying that I support the position of the distinguished gentleman from New York in my opposition to H.R. 3.

Mr. Chairman, H.R. 3, the bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws, has fantastically far reaching and negative effects. I would say, however, that the basic difficulty of this bill is a constitutional one. The effect of the proposed legislation may be to subordinate Federal legislation to State law, despite the specific constitutional provision that Federal law under article 6 of the Constitution, the national supremacy clause, shall be the supreme law of the land.

Under the principle of separation of powers, limitations cannot be interposed on the Supreme Court which circumscibes that branch of Government's power to interpret the supremacy clause in conformity with its own standards of construction.

Besides its dubious constitutionality, the bill, if enacted, will bring havoc on our courts, on settled cases and on already construed Federal and State statutes. For example, to the extent that

the bill, upon passage, is accorded retroactive application, its enactment would force review by already over burdened Federal courts of lawsuits instituted for the specific purpose of obtaining a judicial reappraisal of cases already decided and previous statutes already construed. Cases which have occurred under various Federal laws within the last 25 years would have to be relitigated because there was no specific provision in these laws which stated that the Congress intended to occupy the field. The phrase "occupy the field" is one which is so loose as to defy operational use and definition.

To require Congress, as a prerequisite to achieve the maximum coverage for its legislation, to incorporate in its legislation provisions stating the Congress intends to "occupy the field" would involve the legislative branch in additional controversy and would increase the likelihood of defeat of many significant measures on issues extraneous to the particular piece of legislation. This measure could paralyze Congress and congressional activity in areas of broad national importance where proposed legislation was controversial. Consequently, because of the vague and indefinite meaning of the statute, and specifically, the phrase, "occupy the field" Congress would never pass laws which were the least bit controversial on subjects which were of national importance because there would never be agreement as to the meaning of the "field." The result would be paralysis and atrophy of the Federal system.

Passage of this bill would have certain novel effects. It could have the effect of reviving State aviation legislation insofar as it could be applied to planes engaged in local flights, and thus of affecting adversely enforcement of relevant Federal legislation.

To the extent that adoption of this bill would enable States to exercise jurisdiction concurrently with the Federal Government over unfair labor practices and labor representation controversies, the result can only be chaos and confusion. States would be unable to handle those aspects of a labor dispute in which State labor laws differed from the Federal law. Consequently, a State labor law which was directed solely at unfair practices by employers, but not employees, could only be disposed of by the National Labor Relations Board, even though both unfair practices were part of the same case.

If Congress is dissatisfied with a judicial interpretation of the operative effect of a single Federal law and believes that the Court departed from its intent, it can correct that result by amending the law. The shotgun approach with a rule of interpretation that is unclear and contradictory on its face is no way to change the decisions of the judiciary.

I would like to close by saying that this bill was conceived as a way to punish the Supreme Court for its decisions in the field of civil rights and civil liberties. Legislation passed out of pique or anger is bound to backfire, legislation passed out of retribution or the spirit of revenge on another branch of the Government is antithetical to the responsibilities we must bear as legislators. I sincerely hope that Congress will defeat this legislation for if enacted into law the genius of our Founding Fathers in establishing a Federal system will be voided.

Mr. CELLER. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I wish at the outset to lay to rest a couple of ghosts. It has been stated that this bill is not retroactive. I should like to read a colloquy between the author of the bill and myself found on page 19 of the hearings of May 13 and 20, 1958:

Mr. SMITH. Let me say very emphatically if you are going to talk about prospective legislation, let us drop the whole subject now because Congress can always do that, whenever a bill comes up they can always insert in there a clause that there shall not be construed——

Mr. CELLER. You say that your bill is retroactive, covers all past laws?

Mr. SMITH. It covers existing law, yes. * * *

Mr. CELLER. Would that not be a different construction than this, different from what the Court interpreted, Congress intended, and therefore it might unsettle many, many cases that have been settled?

Mr. SMITH. I hope to goodness it will unsettle some of them. That is what I am trying to do.

That is exactly what the bill does; it seeks to unsettle a myriad of cases that have been firmly fixed in our jurisprudence.

In unsettling these cases, the effect of H.R. 3 would not be to preserve the intent of Congress but rather to pervert it. for example, when the Securities and Exchange Act was passed in 1934, when the Hepburn Act was passed in 1906, I believe it was, and when the Interstate Commerce Act was passed way back in 1887, H.R. 3 was not in existence. These laws I have mentioned—I have given you only a few—were interpreted by the standards of construction in operation at that time; that is, the time when cases under those acts came before the courts. Those standards are still in operation. Now we propose to interpret those laws by the provisions of H.R. 3 alone. We thus reach back—we go backward—to those laws passed years ago and place different rules of construction upon words used by previous Congresses. Surely that is retroactive. I cannot conceive of anyone saying that that sort of procedure is not retroactive.

In further support of my position on this bill, I should like to call to the attention of the House, a letter from the Deputy Attorney General as written to me by Lawrence E. Walsh, Deputy Attorney General, by letter dated today.

The last paragraph reads as follows:

In the light of these developments, the Department of Justice urges that consideration of this retroactive, far-reaching legislation, which this Department strongly opposes, should be deferred.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Ohio.

Mr. McCULLOCH. Is the distinguished chairman of the committee reading from the second letter that has been directed to him today from the Attorney General's Department?

Mr. CELLER. I am reading from a letter dated June 22, 1959, a letter addressed to me and signed by Lawrence E. Walsh, Attorney General.

Mr. McCULLOCH. I would like to ask the question in a different way. Is that the letter to which the distinguished chairman referred earlier in the debate today or is that the second letter?

Mr. CELLER. No; that is the same letter to which I referred earlier in the debate.

Mr. McCULLOCH. I should like to ask one more question. How many letters has the gentleman from New York, the chairman of the committee, had from either Mr. Walsh or Mr. Rogers today?

Mr. CELLER. I have had only one letter.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Florida.

Mr. CRAMER. Does the letter to which the gentleman refers conclude the closing paragraph with the recommendation that the action to be taken is that the bill be referred back to the committee?

Mr. CELLER. That is correct. I will read it. I did not want to take the time to read the entire letter:

In the light of these developments, the Department of Justice urges that consideration of the retroactive, far-reaching legislation, which this Department strongly opposes, should be deferred until the House Judiciary Committee has had an opportunity to evaluate the Uphaus case and to consider the judgment of the American Bar Association.

I shall insert the entire letter in the RECORD. It is as follows:

JUNE 22, 1959.

Hon. EMANUEL CELLER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CELLER: This is in response to your inquiry regarding H.R. 3, a bill "To establish rules of interpretation governing questions of the effect of Acts of Congress on State laws," and in particular the effects of the recent decision of the Supreme Court in *Uphaus* v. *Wyman*. The bill as you know was reported by a closely divided Judiciary Committee on June 2, and is now on the House Calendar. This action was taken before *Uphaus* v. *Wyman* was decided by the Supreme Court on June 8.

In the majority opinion in that case, the Court stated that in *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956) it did not construe the Smith Act (18 U.S.C. 2385) as preempting the entire field of subversive activities. Rather, that case made it clear "that a State could proceed with prosecutions for sedition against the State itself." This reduces the need for section 2 of the bill, the section which this department has heretofore supported. Even more important, although the *Uphaus* case dealt specifically in the security field, its principle is of much wider application. It indicates that the Court firmly intends to preserve to the States, the right to legislate in areas in which both Federal and State governments each have a constitutional authority to act. Even though the Court divided on other issues, the minority did not disagree on the question of preemption. Its opinion seems to assume the correctness of the position taken by the majority on that issue.

I should also like to reemphasize the significance of the testimony of Mr. Ross Malone, president of the American Bar Association, given before the Senate Internal Security Subcommittee during its consideration of S. 3, a companion bill to H.R. 3, on April 27. Mr. Malone reiterated the testimony of his predecessor, Mr. Charles Rhyne, "that there is considerable misunderstanding about the position of the American Bar Association on this bill," and that "the bill that our house of delegates approved is different from the bill now under consideration by the House." He further stated that the house of delegates has still not had an opportunity to study present S. 3 and that he was "requesting a study of this bill by an appropriate committee, on the basis of which I have no doubt that an up-to-date action by the house of delegates will be taken." Our best information is that this report will be forthcoming in August.

In the light of these developments, the Department of Justice urges that consideration of this retroactive far-reaching legislation, which this Department strongly opposes, should be deferred until the House Judiciary Committee has had an opportunity to evaluate the Uphaus case and to consider the judgment of the American Bar Association.

Sincerely,

LAWRENCE E. WALSH,
Deputy Attorney General.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Iowa.

Mr. GROSS. That letter is as of today, June 22?

Mr. CELLER. It is dated today, delivered to me by hand.

Mr. GROSS. I was thinking that maybe we could compliment Mr. Summerfield for his expeditious handling of the mail.

Mr. CELLER. Mr. Chairman, I wish to point out that the interpretation of the Nelson case in Willard Uphaus, Appellant, against Louis C. Wyman, Attorney General, State of Massachusetts, decided on June 8, 1959, clearly indicates that there is no necessity for section 2 of this bill. In Uphaus, the Supreme Court reminded us:

In Nelson itself we said that the "precise holding of the Court * * * is that the Smith Act * * * which prohibits the knowing advocacy of the overthrow of the Government of the United States by force and violence, supersedes the enforceability of the Pennsylvania Sedition Act which proscribed the same conduct." The basis of Nelson thus rejects the notion that it stripped the States of the right to protect themselves. All the opinion proscribed was a race between Federal and State prosecutors to the courthouse door. The opinion made clear that a State could proceed with prosecutions for sedition against the State itself.

Now let me again read from the opinion of the Attorney General from that same letter which has been so arduously debated here this afternoon.

Now, listen to this:

This reduces the need for section 2 of the bill, the section which this Department has heretofore supported.

We thus have the declaration of the Department of Justice on section 2; we have a clear-cut declaration in the Uphaus case that the States have ample and full opportunity to prosecute against sedition against those States. Why in thunder do we have to go to the extreme and put section 2 in this bill when we have the highest Court of the land stating that the States have this right? Why waste the time of this Congress with this kind of language in this bill and with all this debate?

Now, beyond that there has been mention made of civil rights. And, I make this assertion without fear of contradiction.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I do not yield at this moment. If the gentleman will just wait and be patient, I shall be glad to yield to him.

Mr. HOFFMAN of Michigan. When?

Mr. CELLER. I make this assertion, that this bill is an attempt on the part of some of its proponents to strike at labor and to strike at the extension of civil rights to certain classes of our people. Let us not fool ourselves on that score. Why does the National Association for the Advancement of Colored People object to this bill? I will read a communication addressed to me from that group. It says in part:

The passage of this legislation would threaten the hard-won gains thus far accomplished in the school desegregation controversy and would devastate our hopes for early acceptance of the principle of desegregation as the law of the land.

The legislation is broad and retroactive; it would affect all decisions heretofore rendered by the U.S. Supreme Court where Federal law has been construed as controling and State law of no force and effect. Thus, for example, the outlawing of segregation in interstate commerce under the authority of the Interstate Commerce Act would be placed in doubt and, at the very least, that question, presumably settled, would have to be retired. While the proposed legislation does not affect the Supreme Court's interpretation—

And that organization is very careful to state that—

While the proposed legislation does not affect the Supreme Court's interpretation of the Constitution itself, the bill opens another avenue for segregationists to involve us in endless litigation over the force and effect of the May 17, 1954, rulings.

They wisely indicate that where the Constitution is involved, H.R. 3 would have no force and effect. And, I agree with that. But, there are many other situations, many other activities where the Constitution is not necessarily involved, particularly those cases that come before the Interstate Commerce Commission and other commissions and executive bodies where those classes of peoples can be harassed and embarrassed, and State laws can be passed which would be to their detriment. It would take endless litigation to resolve the questions propounded in those cases. And that is what this organization fears.

The labor organizations oppose this bill. The A.F. of L.–CIO wrote to me on March 11, 1959, and said:

As you know, the AFL–CIO is strongly opposed to this measure. * * *

The bill's principal motivation seems to be to rebuke the Supreme Court for its decisions on segregation and civil liberties. * * *

It is impossible to predict what effects the bill would have in fields where it would apply: The only thing that is certain is that it invites relitigation of innumerable long settled issues. * * *

H.R. 3 might have the effect of establishing concurrent State jurisdiction over the prevention of unfair labor practices, and over representation proceedings, in situations where the State law is the same as the Federal; and such an arrangement would be practically unworkable.

The International Union of Electrical, Radio and Machine Workers similarly voiced its objections in the following letter from its president, James B. Carey:

INTERNATIONAL UNION OF ELECTRICAL, RADIO AND MACHINE WORKERS,
Washington, D.C., March 9, 1959.

Hon. EMANUEL CELLER,
Chairman, House Judiciary Committee,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN CELLER: It is my understanding that H.R. 3 will be coming up shortly for consideration by the full Judiciary Committee.

On June 27, 1958, I wrote to all of the Members of the House of Representatives, urging that this bill be defeated overwhelmingly. I stated my objections then. These objections still exist and I repeat them here.

H.R. 3, if enacted, would destroy the present State-Federal relationship, undermine the Supreme Court and might reduce the Nation to a loosely knit confederacy of the kind that existed at the birth of the Republic.

As presently written, H.R. 3 provides that no act of Congress shall govern unless it provides that the field with which it deals is specifically preempted by the Federal Government, or unless there is is a "direct and positive" conflict between State and Federal legislation so that there can be no reconciliation between the two.

The full effects of such a bill cannot be estimated in advance. One thing appears certain; such a law could create havoc in all areas of our national life that are now subject to Federal regulation.

In the field of labor legislation, the passage of this bill could undo the progress of the past half-century. It could be used to restrict or destroy collective bargaining, organizing, and virtually all other legitimate union activity.

What is true in the field of labor is equally true of welfare legislation. This measure could easily be used to undermine the Federal Government's authority in such areas as wages and hours, migratory labor, health, education, housing, and in other similar fields.

About the only fields that would remain unaffected by passage of this bill are those where sole Federal jurisdiction is specifically spelled out in the Constitution. Laws already on the books could be wiped out and past Supreme Court decisions could be nullified.

The results could be confusion and chaos and the ultimate reduction of the Federal Government and the Republic itself to impotence. Needless to say, passage of such a law would be particularly harmful in the field of foreign relations where national strength and unity are especially imperative in the face of the increasing Soviet challenge.

In view of the dangers of this bill, it seems only proper that the American public be given the opportunity to know it fully.

Therefore, I urge that the Judiciary Committee hold hearings on H.R. 3. If hearings are held, I would like the opportunity to testify.

Most sincerely yours,

JAMES B. CAREY,
President.

The National Railway Labor Executives Association, which embraces the

trainmen and the conductors and the porters and the switchmen, and all the organizations having to do with railroad labor, have registered unalterable opposition to this bill. I call to your attention a letter to me from that organization.

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Washington, D.C., March 11, 1959.

Hon. EMANUEL CELLER,
Chairman, House Committee on the Judiciary, Washington, D.C.

DEAR MR. CELLER: The Railway Labor Executives' Association wishes to record with you strong opposition to H.R. 3 and to respectfully request that no action be taken on the bill without the holding of a hearing to permit parties of interest to be heard.

Our basic reason for this opposition is the widespread disruption and confusion which enactment of the bill would create in the railroad industry.

There are many statutes in the field, including the Railway Labor Act, the Railroad Retirement Act, the Carriers' Taxing Act, the Railroad Unemployment Insurance Act, the Federal Employers' Liability Act, the Hours of Service Act, the Safety Appliance Act, and provisions of the Interstate Commerce Act, the settled construction of which would be seriously jeopardized and exposed to a rash of litigation if this bill passes. I am sure you recognize that railroads, their employees, and their bargaining representatives are direct instrumentalities of interstate commerce.

The enactment of H.R. 3 could also lead to very substantial injury to the employees themselves with respect to many benefits which they now enjoy under Federal law.

In view of the foregoing we will appreciate your advising us when hearings are scheduled by your committee on this proposed legislation in order that we may appear at that time and present a more detailed statement of our opposition.

Respectfully yours,
G. E. LEIGHTY,
Chairman.

And the railroads themselves, through Mr. Prince, of the Association of American Railroads, objected strenuously to the provisions of this bill. They pointed out that if this bill were passed, it would be possible for State laws to be enacted or revived which would be different, one from the other, as to safety appliances, as to the length of passenger car trains, as to the length of freight trains; one State would say that the length would be 70 cars for a freight train, and the other 65, and so forth. Therefore there would be utter chaos in the railroad industry.

Subsequently the railroads have backed down somewhat but still consider the bill so mischievous that they want to be specifically exempted.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Louisiana.

Mr. WILLIS. In connection with the previous statements of the gentleman I simply want to say this. I disassociate myself from any idea that this proposed legislation has anything to do with segregation and civil rights. But we are not going to go into that. We apparently do not agree on it. I do not see how it is possible for this Congress to undo decisions of the Supreme Court based on constitutional principles.

Mr. CELLER. I was very careful to state, and the association which I quoted was careful to state, on constitutional questions H.R. 3 would have no relevancy.

Mr. WILLIS. I call the gentleman's attention to a decision of the Supreme Court on May 25, 1959, entitled "Bibb against Navajo Freight Lines," in which Justice Douglas stated the issue to be different in one simple sentence:

> We are asked in this case to hold that an Illinois statute requiring the use of a certain type of rear fender mud guard on trucks and trailers operated on the highways of that State conflicts with the commerce clause of the Constitution.

Of course, the Supreme Court held that that regulation or law of Illinois requiring that kind of a burden on trucks or trains crossing State lines, having different rules from one State into another, would be unconstitutional. And that is exactly what the Supreme Court held just a couple of weeks ago. So the illustration the gentleman has given would be an obvious burden, an undue and unreasonable burden on interstate commerce and would be unconstitutional, whether this bill pass or not.

Mr. CELLER. Let me answer the gentleman. The gentleman from Louisiana says that if H.R. 3 operates to impose an undue burden on interstate commerce in a particular case, then the Supreme Court may declare it unconstitutional as a burden on interstate commerce. I say this is forcing the Court to make constitutional decisions and thus prevents the Congress from changing a particular decision by legislation and thus upholding State law. Under our present law if the Court finds that the Federal law has preempted the field and strikes down the State law, Congress may then pass a law saying, "We have no intention to preempt," and the State law is revived. But if you make the Supreme Court throw out a State law as an unconstitutional burden on interstate commerce, then Congress is powerless. I am sure that the gentleman from Louisiana does not want to do that.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield for a question?

Mr. CELLER. I yield to the gentleman.

Mr. McCULLOCH. Is it not a fact that for 100 years the rule of law and the rule in the land has been that which the gentleman from New York [Mr. CELLER] is now complaining about; that whenever the Supreme Court took a law of the State and found that, for instance, in interstate commerce the State law was an undue burden on interstate commerce, that that law was unconstitutional?

Mr. CELLER. Yes, but in many cases the case was not decided on constitutional grounds. The trouble with this act is that you hamstring the courts. You put the courts in a straitjacket; and whereas previously the courts on a case-to-case basis settled these vexatious and difficult cases by interpretation and other doctrines as well on the grounds of constitutionally, you are giving them no choice with this bill. I do not want to do that because I think that is very deleterious to our jurisprudence and to the welfare of this country.

Mr. McCULLOCH. Do you not think it is proper for the Congress to lay down the rule of construction where there has been indecision with respect to any such matters?

Mr. CELLER. I am willing to look at these problems on a case-to-case basis, but you are like a blind man looking for a black cat in a dark room. You say willy-nilly in all cases the interpretation shall be in accordance with the bill, H.R. 3. I do not want to go forward in that manner. I want to know where I am going and I want to do it case by case. That is what we have always done. We had the Tidelands case. The Congress came forward and changed that. We have had any number of cases decided by the Supreme Court which we thought were faulty decisions. We came into this Chamber and we passed legislation to change the law. We did that in the Southeastern Underwriters case. There are innumerable cases. Why can we not do that now? This requires patience but remember with patience mulberry leaves become satin. Here you have a situation where you reach back for decades and decades and you say, that cases that have been decided decades and decades ago, according to the then prevailing rules of construction shall now be reconstrued in a different manner in accordance with H.R. 3. Those retroactive provisions are obnoxious. I would accept this bill, if you would put in its a provision that this bill shall be prospective only and shall not reach back. But, the author of the bill has refused to do that and I am sure the proponents of the bill would refuse to do that.

Mr. SCHERER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. SCHERER. I was anxious to know the answer to this question. The gentleman from New York cited the recent decision in the Uphaus case in support of the position he has taken on this particular bill. That case, you will recall, was a 5 to 4 decision. Would the gentleman mind telling me whether he supports the majority or the minority view of the court in the Uphaus case?

Mr. CELLER. That is beside the point in this case. I am opposed to the decision. That has nothing to do with this situation.

Mr. SCHERER. Then the gentleman supports the minority views of the Uphaus case, but he is using the majority view to sustain his position on this bill. In other words, using both sides of the case.

Mr. CELLER. I am just trying to disprove to you the contentions that you are raising and the need for this bill regardless of what I think of that opinion, I accept it as the law.

The gentleman from Virginia [Mr. SMITH] and the gentleman from Louisiana [Mr. WILLIS] laid much store by the so-called Cloverleaf case, Cloverleaf against Patterson, decided in 1942. They claimed that that was a pivotal case. However, many cases were decided before 1942 by the same Court upholding

States rights and State authority and many cases have been so decided after 1942. I am not going to read the cases at this time, but I shall place those cases in the RECORD. There are quite a number of them:

Thus, in the field of labor relations, the Court has found that the Wagner and Taft-Hartley Acts do not preclude all State legislation in the field. In a number of cases arising in Wisconsin the Court upheld orders of the State employment relations board, although the industry was in interstate commerce (*Allen Bradley Local* v. *Employment Relations Board,* 315 U.S. 740 (1942); *Auto Workers* v. *Wisconsin Board,* 336 U.S. 245 (1949); *Algoma Plywood and Veneer Co.* v. *Wisconsin Board,* 336 U.S. 301 (1949)). The Court has continued to uphold State action in the labor relations field in *United Construction Workers, etc.* v. *Laburnum Construction Corp.* (347 U.S. 656 (1953)), which upheld State court jurisdiction over a common law tort action for damages even though the conduct complained of also constituted an unfair labor practice under Federal law. In somewhat similar situations, the Court in two decisions handed down on the same day (May 26, 1958), reasserted State power in this field (*International Union* v. *Russell,* 356 U.S. 634 (1958); *International Association of Machinists* v. *Gonzales,* 356 U.S. 617 (1958)).

In the area of agricultural controls, the Court has respected a wide area of State power. For example, the Court has sustained State marketing programs as not being in conflict with or precluded by the commerce clause, the Sherman Act, or the Federal Agricultural Marketing Agreement Act (50 Stat. 246 (1937), *Parker* v. *Brown,* 317 U.S. 341). In *Townsend* v. *Yeomans* (301 U.S. 441 (1937), a Georgia statute fixing maximum charges for handling and selling leaf tobacco, as applied to tobacco for export, was held not to conflict with the Tobacco Inspection Act (49 Stat. 731 (1905)). In the field of State regulation of grain exchanges, the Court has upheld the right of a State to prescribe such rules as did not conflict with the provisions of the Commodity Exchange Act (49 Stat. 1491 (1936), *Rice* v. *Chicago Board of Trade,* 331 U.S. 247 (1947)).

In a case arising under the Natural Gas Act (52 Stat. 821 (1938)) the Court upheld the right of States to regulate rates for gas sold within the State by an interstate pipeline company (*Panhandle Eastern Pipe Line Co.* v. *Public Service Commission of Indiana,* 332 U.S. 507 (1947)).

Similarly, in matters affecting public health, welfare, and safety, an analysis of the decisions shows that the Court has, wherever possible, upheld the right of the States to protect their people.

There is no complaint by the proponents of section 1 of H.R. 3 that in any of these cases in which the interest of the States was upheld, the Court engaged in judicial legislation or distorted the will of Congress. It would appear that, stated more accurately, the complaint is not of a general failure by the Court to properly infer legislative purpose in applying the preemption doctrine. It is rather that in a small number of close cases the Court in the arduous process of weighing the competing interests of national and local government, found in favor of the national interest. Indeed, in several of the cases cited in the majority report, the members of the Supreme Court disagreed among themselves to the extent of achieving a decision only by the narrow margin of 5 to 4. (See *Cloverleaf Company* v. *Patterson* (315 U.S. 148 (1942) and *Slochower* v. *The Board of Higher Education* (350 U.S. 551 (1956).) Confronted with the same facts, other bodies might well have reached the same conclusions.

I would say that one does not burn the blanket to get rid of a flea. I repeat, H.R. 3 is an expression of discontent with the liberal decision of the Supreme Court in the Nelson case and several others safeguarding the rights of individuals. But, the bill H.R. 3 in a shotgun blunderbuss approach affects broad questions of interstate commerce, criminal law, labor relations, transportation, immigration, aviation, pure food and drug acts, agriculture, canals, roads, mines, rivers, and so on. Congress is not powerless to reverse legislatively many of the decisions with which it disagrees. By legislation addressed to a specific problem, Congress can simply and effectively protect the rights of States without at the same time generating legal chaos, and legal chaos would inevitably be engendered under this bill, H.R. 3. We would raise considerable confusion in all these fields of endeavor by H.R. 3. The bill, H.R. 3, manifestly seeks to get after one or two cases, but in a certain sense, as I said, we would be burning the blanket to get rid of a flea. When the smoke clears, what will have been accomplished? The courts under the wording of H.R. 3 will still have to construe and still have to interpret the direct and positive conflict to say whether or not the two statutes can be reconciled and consistently read together.

Let me reiterate my position:

I oppose the enactment of H.R. 3. In a single sentence, section 1 of this bill would unsettle over a century of jurisprudence defining the bounds of Federal and State legislative power; it would throw uncounted economic and legal relationships into a state of chaos; it would impose heavy new burdens on Congress and on the courts, and expense, uncertainty and excessive litigation upon citizens. Its meaning is so obscure that its distinguished author will not tell us and the Attorney General of the United States confesses that he cannot tell us what it would accomplish. It is a legislative Frankenstein that would plague us for years to come.

It is small wonder then that a group of eminent lawyers like the New York County Lawyers' Association has come out unequivocally against this bill. This is their resolution.

STATEMENT OF THE SPECIAL COMMITTEE ON THE U.S. SUPREME COURT OF THE NEW YORK COUNTY LAWYER'S ASSOCIATION OPPOSING H.R. 3

The special committee on the U.S. Supreme Court of the New York County Lawyers' Association opposes H.R. 3. As lawyers, we call attention to the fact that this shotgun approach to the intricate technical problems of Federal jurisdiction is most hazardous. If this unwise measure is enacted, the legal effect of long-established statutes governing business conduct, labor management relations, and many other areas would be placed in doubt. The public would be faced with sudden uncertainty concerning the meaning of many important laws and the courts would be burdened with the relitigation of long-settled issues.

HOWARD M. HOLTZMANN,
Chairman, Special Committee on the U.S. Supreme Court and Committee on Federal Legislation.

Even the American Bar Association seems to be backing down on its earlier support of section 1 of this bill. I have received the following telegram from President Malone of that organization:

CHICAGO, ILL., *June 12, 1959.*

HON. EMANUEL CELLER,
Member of Congress, House of Representatives, Washington, D.C.:

Reference your telegram June 10, American Bar Association has not taken any position on H.R. 3 now pending 86th Congress. Its house of delegates supported H.R. 3, 84th Congress, in 1955, but action was specifically limited to that bill and is not considered applicable at this time to present legislation which is now under study by a committee of the association. It is anticipated that the committee report will be filed and any recommendations will be considered by the house of delegates at its next meeting to be held on August 24, 1959. With reference to section 2 of present bill association this year recommended enactment by Congress of "a specific pronouncement of congressional intention that State statutes prescribing sedition against the United States shall have concurrent enforceability" with Federal statutes.

ROSS L. MALONE,
President.

I say to the members of this committee: The fool crosses the stream while the sage ponders. I ask that we ponder before we cross the stream of insecurity and confusion, a stream that is uncharted and unknown and full of all manner of reefs and shoals of uncertainty.

Mr. McCULLOCH. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. LINDSAY] and ask if he will yield to me to make a statement.

The CHAIRMAN. The gentleman from New York is recognized.

Mr. LINDSAY. I yield to the gentleman from Ohio.

Mr. McCULLOCH. Mr. Chairman, in view of the statements of the distinguished gentleman from New York, the able chairman of our committee, who just preceded me, I would like to say with unmistakable certainty that it is not my intention, nor is it the intention of any of my colleagues with whom I have talked that H.R. 3 shall change the law of the land with respect to civil rights in any of its fields. There is no such veiled attempt. That contention is absurd so far as these proponents are concerned.

The segregation and civil rights cases have been decided under the commerce clause or under the 14th amendment. Passage of H.R. 3 could not possibly reverse any of these decisions or take away any of the power of the Supreme Court to finally dispose of such cases.

The letter from which the gentleman read was a generalized statement without any particularization or without any logic to support the conclusions therein set forth. Just saying something in a letter does not make it so.

Mr. CELLER. Mr. Chairman, I yield myself 1 minute to reply. I would like to say to the gentleman——

The CHAIRMAN. The gentleman from New York [Mr. LINDSAY] has the floor.

Mr. LINDSAY. Mr. Chairman, let me comment initially on one aspect of this subject and that is the question as to

whether or not recent decisions of the Supreme Court have established a new doctrine in this area. The question has been raised as to whether or not we now have a rule called preemption of implication, or preemption by inference rather than what some here have alleged to be the standing rule of the Federal courts for some 100 years.

Without commenting on the question as to whether or not a new rule would be good, bad, or indifferent, I now state categorically, at the outset, that the first basic fallacy that we are faced with in this whole debate is the very premise that we do have a new rule. We do not have a new rule and we never have had a new rule.

Illustrative of my position just let me make one or two references. For example, back in 1926 the Chief Justice of the United States, Mr. Chief Justice Taft, wrote the majority opinion in the well-known Alfalfa Weevil case, otherwise known as *Oregon-Washington Railroad and Navigation Co.* v. *Washington* (270 U.S. 87, 1926). In that case the Supreme Court, invoking of the doctrine of preemption, struck down a Washington State law on the theory that the Federal Plant Quarantine Act of 1912 and other Federal statutes had occupied the field. There was no specific statement of Federal preemption in the Federal law.

Chief Justice Taft said:

> It is impossible to read this statute and consider its scope without attributing to Congress the intention to take over to the Agriculture Department of the Federal Government the care of the horticulture and agriculture of the States, so far as these may be affected injuriously by the transportation in foreign and interstate commerce of anything which by reason of its character can convey disease to and injure trees, plants or crops. All the sections look to a complete provision for quarantine against importation into the country and quarantine as between the States under the direction and supervision of the Secretary of Agriculture.

Justice McReynolds, in a powerful dissent which is reminiscent of some of the arguments we have heard on the floor of the Chamber today, said:

> We cannot think Congress intended that the act of March 4, 1917, without more should deprive the States of power to protect themselves against threatened disaster like the one disclosed by this record.
>
> * * * * *
>
> It is a serious thing to paralyze the efforts of a State to protect her people against impending calamity and leave them to the slow charity of a far-off and perhaps supine Federal bureau. No such purpose should be attributed to Congress unless indicated beyond reasonable doubt.

Now Chief Justice Taft could not be described by any stretch of the imagination as a Justice who would reach into the confines and authority of the States in order to preempt State arrangements. And yet here is a preemption case no different from any later preemption case. The dissenting argument was the same as we have listened to today. I repeat, I am not at this moment undertaking to speak on the merits or demerits, but I am attempting to point out the basic fallacy in the position which alleges that we have something new here in recent decisions of the Supreme Court.

Here is another one: Justice Butler in 1929 wrote the majority opinion in a case *International Shoe Co.* v. *Pinkus*, 278 U.S. 261, which decided that the United States Bankruptcy Act preempted the field in certain areas and struck down a certain State law dealing with insolvency.

Here is what he said in 1929:

> The power of courts to establish uniform laws on the subject of bankruptcies throughout the United States is unrestricted and paramount. * * * The purpose to exclude State action for the discharge of insolvent debtors may be manifested without specific declaration to that end; that which is clearly implied is of equal force as that which is expressed.

This is Mr. Justice Butler in 1929, another Justice of the Supreme Court who cannot be described as a wild-eyed liberal dealing fast and loose with established principles.

Let me say also, going back to 1824 in the case of *Gibbons* v. *Ogden*, 9 Wheaton 1, that in substance what Chief Justice Marshall was doing there was invoking the doctrine of preemption which is founded on the supremacy clause of the U.S. Constitution. The Chief Justice at that time, in 1824, could easily have interpreted the Federal statute, as indeed it was by his colleague, Justice Johnson, as merely a device for registering American vessels and exempting them from less paid by vessels flying foreign flags.

It has been stated over and over again that what H.R. 3 is in essence is a simple rule or canon of construction with no substantive effect whatsoever. I say to you that H.R. 3, rather than being a cannon of construction, is a cannon of destruction.

Let me just refer briefly to the rules of construction in the United States Code. It has been stated repeatedly in the majority report that title I of the United States Code lists six areas or rules of construction to guide the Federal courts, and that H.R. 3 merely adds a seventh. Take a look at the rules of construction in title I.

The first one, words denoting the singular include the plural, the word "male" shall include "female."

The second one, "county" as including "parish."

Third, "vessel" means all means of water transportation.

Fourth, "vehicle" includes all means of land transportation.

Fifth, "company" or "association" includes successors and assigns.

Sixth, limitation of the term "products of American fisheries."

These are the existing rules of construction. The gentleman on the majority side of the committee report would add to that seventh rule, which they try to assert is just one more simple rule, not substantive in the slightest. The fact is that it is substantive, it is retroactive, and it is confusingly broad in its application. If there ever was a substantive rule, this is it.

Now, let me talk in greater specifics to the question as to whether or not this proposed legislation has substantive application. In the 84th Congress the distinguished author of the bill, the gentleman from Virginia [Mr. SMITH], filed a brief with the Committee on the Judiciary. Here is one statement out of this brief:

> On the other hand, the Court has held that the commerce clause invalidated a number of local and State laws enacted in the exercise of the reserved police powers of the States. Among such enactments have been the Arizona train limit law * * * fixing the number of cars in an interstate train and the number of passengers to be carried in each car * * *; requiring burdensome intrastate stops of interstate trains * * *; requiring an interstate railroad to detour its through passenger trains for the benefit of a small city * * *; requiring interstate trains to leave on time * * *; or, establishing venue provisions requiring railroads to defend accident suits at points distant from the place of injury and the residence and activities of the parties. * * * It is in this area that the Smith bill [H.R. 3] will have its effect, if any.

One other reference. Some of you know about the case of *Hines* v. *Davidowitz*, 312 U.S. 52, 1941, which struck down by the doctrine of preemption a Pennsylvania statute which required aliens to register in the State of Pennsylvania, to obtain an alien registration card, and so forth. That was struck down by the doctrine of preemption.

The Court said that it was the intention of the Congress by the enactment of alien statutes to take over the field. And few people have any quarrel with that.

Later on in this brief on the effect of H.R. 3 the gentleman from Virginia had the following to say about the Hines decision:

> Consequently, it would seem to follow that both rules of interpretation envisaged by the Smith bill, were disregarded. This decision is thus a good illustration of how the Smith bill would possibly affect the decisions of the Supreme Court and at the same time preserve States rights in areas not foreclosed by constitutional prohibitions.

My point again is this: Do not be fooled by the argument that this is merely a rule of construction and has no substantive effect on the various arrangements between our Federal and State systems.

Now, what I ask is that any Member of the Committee, before he votes "aye" on this bill, realize exactly what he is doing. And, I would recommend that you take all six volumes of the United States Code, one volume of which I hold in my hand, which is 3 inches thick, and go through them from cover to cover so that when the time comes you can explain to the folks back home exactly what it is you have done. Otherwise you will not know.

It is heresy to suggest in this Chamber that we do not sometimes know the full impact of what we do here when we legislate? All of us have had the difficulty of trying to draft legislation and trying to foresee how far it will go.

On one of the subcommittees of which I am proud to be a member, the Committee on the Judiciary, just the other day, we attempted to draft a statute which would require that the Justice Department would protect, by defending in the courts of the United States, drivers

of post office wagons and other Government vehicles who, in the course of their duties, are involved in accidents and then sued privately by injured persons. Lo and behold, we discovered it would be impossible to draft something which would take into account all of the contingencies and all of the difficulties that this statute would raise in trying to protect the rights of litigants going into the State courts. And they are all very careful lawyers on the subcommittee. We finally wound up by going back to the simplified statute that we started with, allowing general language to stand, realizing that the courts would have to straighten out any differences that arose. You gentlemen in the Chamber gathered here have seen time and time again, I am sure, and I have in my limited time since I have been here, instances where amendments have been written into bills that come to the floor. And, how carefully have these amendment been thought out? Sometimes not very carefully. We all have seen instances where substantive, possibly far-reaching, language has been written in without the benefit of basic examination to see how far it will actually go.

My suggestion therefore is that instead of doing what the proponents think this bill will do, it might do precisely the reverse, because out of an excess of caution the legislators in these various committees will append to proposed legislation express preemption provisions in order to protect the supremacy of the Federal Government where they believe a national problem is involved or uniformity of approach is necessary.

The doctrine of preemption, I submit, is the necessary lubrication which we need in our Federal system and have enjoyed since the beginning of time in this country. It has not been altered by the Supreme Court of the United States any more than by the lower Federal courts which decide hundreds of questions on the basis of preemption every day of the week.

If you enact this legislation, I assure you, my friends, that you have enacted legislation which is both unnecessary—has not been proven to be necessary—and is unwise.

Mr. MOORHEAD. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. First I would like to commend the gentleman on his very lucid and learned statement. I would like to ask the gentleman if any list has been prepared which sets forth all of the statutes and the court decisions that will be affected by this proposed legislation.

Mr. LINDSAY. I would say I think it would be virtually impossible to put together a list of all Federal enactments that could be affected by this legislation. I have read some of them that were referred to in the brief filed by the distinguished gentleman from Virginia [Mr. SMITH]. Secondly let me say that the burden is on the proponents of the legislation to tell us exactly what this bill will do or will not do. It will either do something or do nothing. If it does nothing, we do not need it. If it does something, let us know just what it does.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from New York.

Mr. CELLER. I might say there was an interesting colloquy before our committee between the gentleman from Virginia [Mr. POFF] and Mr. Walsh, the Deputy Attorney General:

> Mr. POFF. My next question is, would it not be equally as easy if H.R. 3 were passed to examine each legislative field and for the Justice Department, if it felt advised to do so, to submit to Congress a separate bill asking Congress to declare that it had intended to occupy the field involved?
>
> Mr. WALSH. I would say that this job you are suggesting for the Department of Justice is not one for a week, a month, or a year. There will be many years involved in such a job.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Michigan.

Mr. MEADER. The gentleman referred to the Bankruptcy Act. I just wanted to make sure that he was not adding confusion where it was unnecessary. Certainly the gentleman would agree with me that all of the delegated powers named in the Constitution and vested in the Federal Government by article XI are expressly denied to the States; is not that correct?

Mr. LINDSAY. What the gentleman is referring to, I am sure, is article I, section 8, "Congress shall have power to," and so forth.

Mr. MEADER. That is right.

Mr. LINDSAY. That is not correct. If the gentleman will allow me just to say a word on that section; section 10 of article I, is the express exclusion section; that is, section 10 of article I, expressly excludes the States from operating in certain fields:

> No State shall enter into any treaty alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make any thing but gold and silver coin a tender in payment of debts—

And so forth. Section 8 of article I says:

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense—

And so forth. Now, where there is no express exclusion in section 10 as to powers given to Congress in section 8, the States potentially have concurrent jurisdiction.

Mr. MEADER. No; but the 10th amendment, the Bill of Rights, says that powers not delegated to the United States by the Constitution nor prohibited by it to the States are reserved to the States or to the people, respectively.

So if Congress is expressly given authority to regulate interstate commerce no State can regulate interstate commerce.

I think the gentleman should not confuse this issue by taking the express powers delegated to Congress and making them a part of the preemption doctrine, because they have nothing to do with it whatsoever; no State can legislate validly in a field where express power has been delegated to the Congress of the United States.

Mr. DOOLEY. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from New York.

Mr. DOOLEY. Mr. Chairman, I rise to commend the distinguished gentleman from New York, JOHN LINDSAY, for his astute and comprehensive analysis of a very far-reaching piece of legislation. I support him completely and shall continue to oppose H.R. 3.

To my mind, this measure, if enacted, would tend to create more problems than it would solve. Inherent in it are the danger of litigation, misunderstanding of the conflict of Federal and State laws, and even of its being in effect retroactive.

The bill has two sections. Section 1 is designed to provide a rule of statutory construction to guide the courts in future actions in construing statutes and future enactments. It provides that no act of Congress shall be construed as indicating an intent on the part of that body to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

Section 2 of the bill concerns a particular field of law and provides that the enactment of any Federal law prescribing a criminal penalty for subversion or sedition against the United States or any State shall not prevent the enforcement of State criminal statutes on the same subject.

It is widely known that recent decisions of the Supreme Court have nullified State laws in many instances.

Decisions which have caused serious concern as to the rightful area of the State and Federal Government authority have caused much criticism to be heaped on the Supreme Court. Some of these cases stirring great controversy are *Pennsylvania* v. *Nelson* (350 U.S. 497 (1956)); *Railway Employees' Dept.* v. *Hanson* (351 U.S. 225 (1956)); and *Cloverleaf Company* v. *Patterson* (315 U.S. 148 (1942)).

The doctrine of Federal preemption is based on the supremacy clause contained in article VI, clause 2, of the Constitution of the United States. In a word, it says unequivocally that the Constitution and the Federal laws passed by Congress are the supreme law of the land.

This bill would not affect the field of constitutional law. No State could, for example, declare war, coin money, regulate mail, and so forth. Neither could a State make a treaty or levy an import tax.

Among my principal objections to the bill is the belief that sedition against our country is not a local offense. It is a heinous crime against the Nation. And as such it should be prosecuted and punished in Federal courts. To me it seems just that this is a matter for control by the Federal Government.

To illustrate the importance of this attitude, I quote from the minority report:

Enforcement of State sedition acts presents a serious danger of conflict with the administration of the Federal program. Since 1939, in order to avoid a hampering of uniform enforcement of its program by sporadic local prosecutions, the Federal Government has urged local authorities not to intervene in such matters, but to turn over to the Federal authorities immediately and unevaluated all information concerning subversive activities. The President made such a request on September 6, 1959, when he placed the Federal Bureau of Investigation in charge of investigation in this field:

"The Attorney General has been requested by me to instruct the Federal Bureau of Investigation of the Department of Justice to take charge of investigative work in matters relating to espionage, sabotage, and violations of the neutrality regulations.

"The task must be conducted in a comprehensive and effective manner on a national basis, and all information must be carefully sifted out and correlated in order to avoid confusion and irresponsibility.

"To this end I request all police officers, sheriffs, and all other law enforcement officers in the United States promptly to turn over to the nearest representatives of the Federal Bureau of Investigation any information obtained by them relating to espionage, counterespionage, sabotage, subversive activities, and violations of the neutrality laws."

And in addressing the Federal-State Conference on Law Enforcement Problems of National Defense, held on August 5 and 6, 1940, only a few weeks after the passage of the Smith Act, the Director of the Federal Bureau of Investigation said:

"The fact must not be overlooked that meeting the spy, the saboteur, and the subverter is a problem that must be handled on a nationwide basis. An isolated incident in the Middle West may be of little significance, but when fitted into a national pattern of similar incidents, it may lead to an important revelation of subversive activity. It is for this reason that the President requested all of our citizens and law-enforcing agencies to report directly to the Federal Bureau of Investigation any complaints or information dealing with espionage, sabotage, or subversive activities. In such matters, time is of the essence. It is unfortunate that in a few States efforts have been made by individuals not fully acquainted with the far-flung ramifications of this problem to interject superstructures of agencies between local law enforcement and the FBI to sift what might be vital information, thus delaying its immediate reference to the FBI. This cannot be, if our internal security is to be best served. This is no time for red-tape or amateur handling of such vital matters. There must be a direct and free flow of contact between the local law enforcement agencies and the FBI. The job of meeting the spy or saboteur is one for experienced men of law enforcement."

Moreover, the Pennsylvania statute presents a peculiar danger of interference with the Federal program. For, as the court below observed:

"Unlike the Smith Act, which can be administered only by Federal officers acting in their official capacities, indictment for sedition under the Pennsylvania statute can be initiated upon any information made by a private individual. The opportunity thus present for the indulgence of personal spite and hatred or for furthering some selfish advantage or ambition need only be mentioned to be appreciated. Defense of the Nation by law, no less than by arms, should a public and not a private undertaking. It is important that punitive sanctions for sedition against the United States be such as have been promulgated by the central governmental authority and administered under the supervision and review of that authority's judiciary. If that be done, sedition will be detected and punished, no less, wherever it may be found, and the right of the individual to speak freely and without fear, even in criticism of the Government, will at the same time be protected."

Then, too, there is the possibility that H.R. 3 would lead to a multiplicity of legislation involving the Interstate Commerce Commission, by leading to regulations affecting the size of trains, the length of freighters, and so forth.

While it has been denied repeatedly by the proponents of the bill, it is conceivable that H.R. 3 would revive litigation affecting labor, and civil rights.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Pennsylvania.

Mr. FULTON. I should like to congratulate the gentleman on a very clear and excellent statement.

Mr. LINDSAY. I thank the gentleman.

Mr. McCULLOCH. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I yield that minute to the gentleman from New Jersey [Mr. RODINO].

Mr. RODINO. Mr. Chairman, I am opposed to the enactment of H.R. 3.

Mr. Chairman, H.R. 3 is designed to revive certain State laws previously held unconstitutional because of their conflict with Federal statutes. It proposes to do this not by expressly amending them but by passing a retroactive rule of interpretation to change the meaning the courts have given to the words now contained in these statutes without changing the words themselves.

Section 1 of the bill is so broadly drawn that its effect cannot be forecast and if it is effective, that is, if it can change the meaning of statutes conclusively interpreted many years ago, the basic statutes upon which millions of people have acted and relied and invested money will now be subject to change.

The proponents of this legislation say that the courts instead of finding an express intent on the part of Congress to overrule State law, have instead been implying an intent on the part of Congress. H.R. 3 is intended, of course, to repeal the long-established rule of construction known as implied preemption or to put it another way, preemption by implication. While the proponents say this, the bill will not, in fact, accomplish this. Let me explain. The bill provides that no act of Congress shall be construed as preempting a State law, where there is no direct expression or conflict between the Federal law and the State law. To have H.R. 3 apply in any given circumstance there must be first a Federal law and a State law. Where, however, there is no Federal law, only a State law, then H.R. 3 does not apply. This, of course, creates a gap in the law for there is a long line of decisions which hold that even though there is no Federal law and only a State law, the States are still preempted because the scheme of our laws requires uniform treatment of a particular subject under our Constitution—something which the States, acting individually, cannot do. For example, the State of Arizona tried to limit the lengths of freight trains and provided that no trains should have more than a certain number of cars. There was no Federal statute that limited the length of freight trains or made any provision with respect to the number of cars, but the Supreme Court held that the length of trains making interstate runs was a matter requiring obviously uniform treatment, and that Arizona law on the subject was unconstitutional. To accomplish this the Supreme Court had to rely on the well-established and long-recognized doctrine of preemption by implication. The proponents of this legislation state that all preemption by implication is superseded. Yet, is it? Certainly in this area which I have just mentioned, H.R. 3 does not and cannot reach, since no act of Congress is involved. Yet the decision in the Arizona case, with its implied preemption doctrine, still stands and is the law of the land.

H.R. 3 would attempt to apply a new rule for determining the intent not only of the present Congress and future Congresses, but also prior Congresses whose intent should now be a long-concluded fact.

There are relatively few Federal statutes containing express provisions preempting the particular field in which they operate. Major Federal laws relating, for example, to immigration and coinage contain no such provisions. In these fields there is a serious question as to the effect of section 1.

The proponents of the bill take the position that H.R. 3 will not change the substantive law; still they say it is retroactive. To my mind this is a non sequitur. If it is not intended to change existing law, then why make the legislation retroactive? I can only conclude that making a statute retroactive means that the new rule of law is intended to change old or existing interpretations which are in conflict with it. Not only will it change old law but in addition it will raise innumerable questions as to how far and in what fields changes in the law are intended to be wrought. These changes in a multitude of Federal-State relations will be uncertain in extent and meaning until the courts have passed on the numerous questions raised. This is an open invitation to litigation.

The principal area in which there doubtless will be heavy litigation is where the Federal legislation comes into conflict with State legislation covering the same field. One of the more important areas is interstate commerce and will affect the businessman, farmer, and private citizen alike. They can be subject to multiple and different regulations set up by some 50 State jurisdictions. Warehousemen, for example, can be subject to State regulation with respect to rates, rebates, service, and other matters by the States even though they are also subject to the same regulations by the Federal Government. H.R. 3, it should be remembered, provides that the State law

shall fall only where there is an irreconcilable conflict—not just a conflict.

Congress should take pride in its legislation and should be explicit as to its intent. With H.R. 3, however, no one knows what specific results are intended or will ensue. Usually in a particular field of legislation, when the Congressional intent is not expressed, the effect of the law becomes known after one or two cases are decided construing the particular statute and if change is deemed necessary or advisable Congress simply amends the particular statute concerned. H.R. 3, however, is so broad that no number of cases can ever definitely decide the intent of Congress. As the years go on cases will arise which can only muddle and cloud the laws of the United States. Among other things H.R. 3 can only result in upsetting long-established court decisions in delicate fields of Federal-State relations which were thought to be balanced.

I am certain that there is no easy formula or panacea for the problems which this legislation seeks to remedy. The matter requires a patient and objective reading of statute, seeing the entire congressional policy involved and then to every extent possible preserving State legislation and only striking it down where necessary. The doctrine of preemption by implication which H.R. 3 seeks to strike down has been the salvation of the Federal system. It has made possible the independence of our States because if it were not for this rational and flexible manner of dealing with the conflict between State and Federal activities, I think that long ago it would have been found difficult to continue the independent spheres of activities of our States which has made them so important in making provision for our people.

Preemption by implication is not a new doctrine or a new movement of any sort. It is a thoughtful doctrine enunciated over 160 years ago by Chief Justice Marshall and has been worked on painstakingly by a group of devoted judges since that time.

In conclusion, Mr. Speaker, I would like to make one further observation—and this is most important. The proponents of this legislation speak of preemption by implication as having been enunciated for the first time in the Cloverleaf and Nelson cases. In other words, this doctrine has been developed only in the last 14 years. This is incorrect. Preemption by implication, as I noted a moment ago, has been with us 160 years. So we will not be reestablishing the law as it was prior to the Nelson case, because preemption by implication was the law prior to the Nelson case. If H.R. 3 does anything, it can only change the law prior to the Nelson case.

Mr. LIBONATI. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. LIBONATI. Mr. Chairman, the theory of preemption as formulated in this bill, H.R. 3, provides that if it is the legislative intent of the Congress to determine exclusive governmental jurisdiction over the subject matter or area of the legislation, that it can do so by including express words of limitation in said legislation; by such action vesting sole authority in the U.S. Government to legislate on the subject, thus depriving the States of any right to enact laws in this field, and also abrogating the enacted State laws on the subject.

Certainly by use of this legal device, the Congress would expand its control over many legislative fields that heretofore have been covered by State enactment.

Article X of the Constitution provides that: The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

It was never intended that Congress could by congressional legislative act abrogate these limitations as prescribed in article X.

There are many old and new fields wherein the legislatures of the respective States enacted laws for operative control and regulations of matters incidental to the needs and purposes of State services and State problems; for example, especially over various types of taxes, intrastate rates, and in the field of aviation, and labor, and so forth.

There are many new avenues of legislation opened through the medium of medical, engineering, and social sciences, that are presently in a formative stage. The support of the tax structure of the State, counties, municipalities, and township divisions of government have necessitated the enactment of new forms of taxation, that is, employment tax, sales tax, gas tax, use tax, and so forth, to finance expanding services and new services to the people.

H.R. 3, in its fundamental concept could nullify these laws by simply enacting a law in Congress with the express words of sole limitation.

Of course, the test of H.R. 3, as to its constitutionality, with such a delegation of power is a moot question. It is an old adage in government that the power to tax is the power to destroy. Certainly the power to divest the States of their fundamental vested power is the power the destroy the lawful functioning of State government. There is serious doubt that the express words of limitation or exclusion would stand the test of constitutional inquiry in view of the express limitations in delegation of powers by the States to Congress under article X.

Mr. ROGERS of Florida. Mr. Chairman, I am pleased to be able to join with my many distinguished colleagues in support of this measure. Because I felt and still feel that this legislation has great merit, I was pleased to introduce a companion bill, H.R. 6898. I did so because I feel that there is a pressing need for clarity where the rather nebulous concept, "intent of Congress," is concerned.

Our Founding Fathers wisely concluded that the governmental structure of a new nation would best meet the test of time if it were divided into segments, each division having certain powers and obligations and each being supreme within its appointed sphere. The most eloquent testimony to the wisdom of this conclusion rests in the manner in which our democratic institutions have withstood every assault from within and without for some 170 years.

The framers of our Constitution recognized that there were phases of governmental activity so national in scope and character as to preclude the operation of State influence in these areas. Thus, States gave up, among other things, the right to coin money, conclude international agreements, and declare war. By the same token, other areas of activity were so local in nature as to place them properly within the confines of the State sphere of influence. Such activities included those which were not specifically delegated to the Federal Government or specifically denied to the States.

Still other areas of activity existed in which the two sovereigns exercised concurrent jurisdiction. This category of governmental operations conceded the supremacy of the national sovereign but also recognized the right of the States to operate in these areas insofar as their operations were consistent with those of the Federal Government. Thus, in some instances, we find each sovereign punishing the same offense which violates the law of both.

Historically speaking, cooperation between the Federal Government and the States in these fringe areas of activity has been for the most part harmonious. At certain times in the past, our national interest has dictated that the Federal Government occupy various areas within this category to the exclusion of the States. During other periods the States have been permitted to legislate quite freely in the exercise of their police power. The most persistent bone of contention between the two sovereigns in this respect has been the question of congressional intent. In the absence of any express pronouncement of intent by the Congress, the question has been left to judicial surmise and conjecture.

Any student of government realizes that the Congress has the authority to enact any law deemed necessary and proper to implement or carry out its delegated power. The history of the development of our constitutional law indicates quite plainly that the Congress has frequently asserted its admitted supremacy in this area of the concurrent exercise of Federal and State authority. The real problem arises when an attempt is made to determine whether Congress intended to exercise its extensive power without expressly saying so. Judicial pronouncements in this connection have succeeded in muddying the water to such an extent that both State and Federal authorities frequently find themselves in a quandry as to the best way to proceed in a given situation.

Mr. Chairman, I submit that the Congress is the best judge of its own intent. We of this body would be doing a great service to our Federal system of government by setting forth in clear, unequivocal language a legislative guide for our

judicial tribunals to follow whenever questions involving preemption arise. In my mind, the important feature of this proposal is the provision requiring clear expression of congressional intent in cases involving any area of concurrent jurisdiction rather than features limiting its operation to a given area. The problem posed here is too important to be left to conflicting interpretation, especially when a simple statement by the Congress will serve to clear up the confusion.

I want to commend my colleagues for the fine fight they have waged in favor of this measure and I am privileged to join with them in urging its enactment.

Mr. KASTENMEIER. Mr. Chairman, we are here today to debate the merits of H.R. 3, a bill which Mr. Lawrence E. Walsh, Deputy Attorney General, has testified as being the "most hazardous" of all proposals now before either the House of Representatives or the Senate.

It is said that the Supreme Court case, Commonwealth of Pennsylvania against Nelson, in large measure gave rise to this legislation. Indeed, this decision, dealing with State sedition laws, was not a popular one—if decisions need to be popular. However, concern about the decision in the Nelson case need scarcely have given rise to H.R. 3 as a solution. Briefly, in this regard, I would like to make two points:

First. If it is the sense of this Congress to alter the Nelson case result, it has only to refer to the U.S. Supreme Court decision handed down 2 weeks ago, Uphaus against Wyman which redefined conditions under which State sedition laws could coexist with Federal laws in the field.

Second. If the Congress is still not satisfied on this point, it has only to adopt H.R. 2368, introduced by the distinguished gentleman from Pennsylvania [Mr. WALTER], which has been favorably reported out by the Committee on the Judiciary and, even now, awaits a rule, and which addresses itself directly to this issue.

Therefore, the Congress can directly atempt to change the results of the Nelson case and the several other decisions, the results of which have given rise to complaint, without affecting in an uncertain degree the whole body of Federal law.

Certainly, Mr. Chairman, the advocates of this legislation do not view its impact in this narrow context.

Yet, it has been suggested by the bill's proponents that we need not fear that this bill changes or upsets anything fundamental in our system.

But surely the proponents of this bill seek more than a reaffirmation of existing legislative-judicial and Federal-State relationships. We know that legislative intent clearly makes it retroactive. If it has any effect at all, it relates to Federal statutes past, present, and future—so, indeed, whatever it intends, H.R. 3 is far reaching in time.

As I see it, H.R. 3 seeks to impress a narrow rule of construction on the heads of the judiciary like a crown of thorns. It presumes to tell the courts how a Federal statute must be construed in relation to a State law in the same field.

Historically and traditionally in this country, the courts have had to decide on a case-by-case basis whether or not a State statute has been preempted. The Congress, in all its wisdom, obviously cannot always anticipate in creating or amending statutes, the extent to which a field ought to be preempted. This becomes clear when one considers that 48 States could have had laws or could have subsequently passed legislation touching on these fields.

In the past the Congress has on some occasions attempted to delineate as precisely as possible the legislative scope of its statutes; on other occasions it has used broad language, refusing to anticipate conflict with State law. In either case we have necessarily had to rely on the courts to resolve the shadowy areas of conflict. The case-by-case method, whereby an accumulation of evidence and an interpretation of legislative intent has enabled the courts to settle specific problems of preemption and jurisdiction, has proved throughout our history to be, in my view, superior to congressional involvement in every individual case.

This legislation proposes to tell the courts what rules of construction must be employed in viewing Federal-State preemption conflicts. In the final analysis, the question is whether Congress ought to preempt the courts in establishing for the courts what presumes to be hard and fast rules of interpretation. And in so doing, paradoxically, it is our own Federal body of law that we would cause to be shaken to its very foundation. This bill is an attempt to cut off our own nose to spite the Court.

Mr. Chairman, to conclude my remarks, I would suggest that if this House does see fit to pass this bill, then each and every one of us must be prepared to accept the eventuality of its enactment into law—and the concomitant responsibility for spelling out the areas of Federal preemption.

This seemingly simple bill, with its far-reaching scope, would affect, specifically, all Federal statutes on labor-management relations, agriculture, food and drugs, criminal law, interstate commerce, and countless other subjects of both National and State legislation.

Now, if we are serious in our determination to detail the areas in which Federal statutes shall preempt, then we must start immediately the massive job confronting us. Passage of this bill gives us the very real obligation to reevaluate and reform all existing Federal statutes in order to determine whether or not each statute shall expressly preempt State and local laws.

However, if we are to avoid the chaotic situation which could result from the countless litigations that could stem from passage of this bill, then it behooves each of us to consider at this time the need to complete this monumental task of reevaluation and rewriting before this session of Congress adjourns. And contemplating only a start toward the completion of this solemn responsibility, I cannot see how we, in good faith, can adjourn before Christmas.

Mr. VANIK. Mr. Chairman, I have no objection to legislation to correct the situation which arises from the Supreme Court decision in the Steve Nelson case in which the Court held that the U.S. Congress assumed the whole burden of protecting the Federal Government against subversion when it passed the Smith Act. The negation of 42 separate States sedition laws by this decision was not a desirable legal development and certainly not one to improve Federal-State relationships.

The decision of the Supreme Court, however, does not justify those who differ to use this decision as a means of writing off and destroying established Federal authority. The decision in the Steve Nelson case must be corrected, and I would be enthusiastically pleased to support legislation to that end. If the correction of the Steve Nelson case is truly the aim of this legislation, why not provide statutory language to specifically cover the point?

This bill could very well be called the Lawyers Full Employment Act of 1959—no other legislation previously enacted by Congress could create as great a bonanza for lawyers.

The language of the bill could not be made more broad. It would have an effect on all substantive Federal law written to date. It would affect the prospective—or future—enforcement of all existing statutes, including the great body of Federal law relating to the Interstate Commerce Commission, the Federal Power Commission, the Pure Food and Drug Act, railroad safety legislation, and heavens knows what else. Enactment of this legislation would jam the judicial system with an avalanche of revitalized litigation to determine rights under the new language. It would fester and erode established Federal authority in domestic affairs as the Bricker amendment attacks Federal sovereignty in international affairs.

I have not been happy with the widespread growth of Federal authority. But it has developed because of the backward reluctance of some of the several States to cope with major problems such as unemployment, social security, and equality of opportunity. There appears to be no alternative way to guarantee substantial fulfillment of necessary objectives in preserving and improving the common social good. The 50 separate State governments united with the Federal Government as they have been in the administration of social legislation have accomplished much. The 50 States, however, are individually in no better position to protect the American citizen from economic suppression than from external aggression. One force is as evil as the other.

What could an individual State do about monopoly practices in a sister State which extorts from its citizens at the market place? Shall we encourage monopoly practices which would permit Michigan to extort rigged automobile prices from the citizens of other States? Should the Great Lakes States and those of the upper Missouri Basin conserve their fresh waters and dry up the ship channels of the Mississippi Delta?

Should Ohio prohibit the importation of tobacco to protect the public health? Should Florida and California pass laws prohibiting the entry of travelers unless they possess a visitor's visa in the form of a round-trip ticket and enough funds to sustain them for the period of their stay? Should the home-building codes of steel-producing Pennsylvania outlaw the use of inflammable Oregon and Washington timber in the interests of public safety?

If the States exercise the power reverted to them in H.R. 3, Pennsylvania might keep or arbitrarily rig the price of its coal, Michigan its automobiles, the Northwest its timber, the Southwest its gas, and Florida its orange juice.

H.R. 3 is substantially a right-to-legislate-the-Federal-Government - out-of-business law. By substituting State law for the Supreme Court's determination of congressional intent in all legislation heretofore enacted—an aggressive attack would be made on desirable and necessary Federal authority.

The equal and uniform application of essential law would be substituted for the competitive and advantage-providing law of the several States. Order would be traded in for a new kind of disorder designed to create profitable advantages for individuals who covet that right in the name of States rights.

I urge that this bill be defeated.

Mr. CHELF. Mr. Chairman, I ask unanimous consent to extend my remarks at this point into the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. CHELF. Mr. Chairman, I arise for a brief observation.

We have a Kentucky case that is a concrete example of exactly what happens to a State law as a result of the decision of the Supreme Court in the Nelson case.

Not too long ago a man—and his wife—by the name of Braden, Carl and Anne Braden, were indicted, tried, and convicted of the crime of sedition in Louisville, Jefferson County, in violation of a Kentucky law on the subject matter.

In this particular case the sedition was spreading the gospel of communism by the circulation of printed matter and other overt acts.

The jury found these two Bradens guilty and fixed their punishment at 15 years in the State penitentiary, plus a fine of $5,000. Their attorney appealed the case and while they were out on bond, and before the Court of Appeals of Kentucky, which is our Supreme Court of the Commonwealth, could render a decision, the Supreme Court of the United States handed down the now famous Nelson case and—free as a convict on a parole—out went the Bradens.

As a result of this most unfortunate Supreme Court decision, these two card-carrying, dues-paying, Communist-preaching American citizens are literally thumbing their noses at our Kentucky and Federal laws, and what is infinitely worse, I believe, is the fact that they are right back in business doing the same thing all over again.

Enactment of H.R. 3 will help to correct this horrible situation. How can we demand or secure respect for our laws if we let these Communists roam our streets, continue their activities, and laugh at the very law that they use to protect their constitutional rights?

It has been said here today by the opponents of this bill that to enact this law would be to open up a Pandora's box of laws against civil rights, against labor, the railroads, and so forth. Now, as one from a border State—actually south of the so-called Smith & Wesson line—I voted for the last civil rights bill. I yield to no man in my defense of the rights and privileges of our people—but I cannot subscribe to the doctrine that a State cannot indict, try, and convict those who actually destroy it.

Mr. CELLER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3) to establish rules of interpretation governing questions of the effect of acts of Congress on State laws, had come to no resolution thereon.

RESIGNATION FROM U.S. DELEGATION

The SPEAKER laid before the House the following communication:

JUNE 19, 1959.

Hon. SAM RAYBURN,
Speaker of the House of Representatives,
Capitol Building
Washington, D.C.

MY DEAR MR. SPEAKER: It is with regret that I must advise that it will be impossible for me to be a member of the U.S. delegation from the House of Representatives to the Canada-United States Interparliamentary Group.

Your courtesy in the matter is much appreciated.

Respectfully yours,

HAMER H. BUDGE,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

BERLIN RESOLUTION

Mr. ASHLEY. Mr. Speaker, I ask uanimous consent to address the House for 1 minute.

Mr. SPEAKER: Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHLEY. Mr. Speaker, our diplomatic representatives have just returned from 7 weeks of negotiations in Geneva. These negotiations developed from a situation created by the Soviet leadership last fall. The Soviet ruling group deliberately manufactured a crisis in what had been an undisturbed situation in Berlin. Having created a situation of tension, they proposed that we join in negotiations to reduce that tension. They reinforced their proposal for talk with an ultimatum which in its subsequent qualified and modified forms is hardly less presumptuous.

Along with our allies, we have negotiated in good faith through some 30 meetings. With the talks deadlocked for the moment, we have not declined to negotiate even further after a recess of some 3 weeks. We can and should continue with patience and willingness to explore all avenues toward peaceful reconciliation.

But it is clear that these negotiations in Geneva now come down to fundamental differences between the Soviet and Western positions. Nothing could be clearer than Mr. Gromyko's latest offering, which states boldly what it is that the Soviet ruling group wants. I quote a passage from the latest Soviet proposal for our written agreement to an 18-month time limit on our present responsibilities in West Berlin, as reported yesterday in the New York Times:

> It is clear that it is the Soviet intention that the Western Powers, upon signing such an agreement, would acquiesce in the liquidation of their responsibility for maintaining the freedom of the people of West Berlin.

Our diplomatic representatives rejected that proposal. I believe there is no question that they represented the best interests of the United States and that they represented the opinions of most Americans who recognize the folly of sacrificing the principles of liberty for the sake of appeasing a totalitarian regime delivering an ultimatum.

I believe that it is the duty of Congress to reinforce the positions taken by our negotiators at Geneva. It is vitally important that there be no mistake about American solidarity on these issues, and there is no better way to underscore the American position than an unequivocal congressional resolution.

I proposed that the House adopt a resolution, with the Senate concurring, endorsing the conduct of our diplomatic representatives at Geneva.

But it is not enough for us simply to go on record about what we are against. I believe we must state as clearly what we are for, and why we are for it.

Therefore I have introduced a resolution endorsing the U.S. positions at Geneva which makes clear that we stand upon the principles of liberty not merely for our own protection but because the surest path towards peace is the path of the extension of those principles. In this there is a powerful message for the ordinary peoples of the Soviet Union who aspire to a better standard of living and a better standard of life. Let us declare unequivocally and without condescension that our hopes for the West Berliners are for that kind of secure future of self-respect and individual opportunity which most Soviet citizens want for themselves. Let us show clearly that what stands in the way of that future, what produces international tension, is plainly and simply the propagandistic dogma employed by the Soviet ruling group. This is an ideology of hostility and tension. Without the Soviet monopoly on internal communications this dogma

would be revealed as historical nonsense, contrary not only to our aspirations but to the aspirations of the Soviet people themselves. This is a matter of truth, not mere propaganda. I propose that we convey this message to them.

The situation in the negotiation over Berlin may be unfortunate, and it may be risky, but the questions involved have been distilled to the essence of the tensions existing between the United States and the U.S.S.R. There is no time to be lost in making absolutely clear that our position is one of solidarity, not simply because we decline to be intimidated in the game of power politics but because we have a vision of a future of peace in which the ordinary aspirations and dignity of men everywhere are served by liberty and sustained by justice.

Mr. Speaker, the text of the resolution I propose follows. I hope it will receive the consideration and support of this body:

Whereas the United States and the Soviet Union, allies in victory over the aggressive totalitarianism of Nazi Germany, entered freely and in good faith into solemn mutual declarations of intent to maintain the peace and to preserve it by furthering conditions of democracy which, being truly responsive to the needs and wants of peoples, would serve as safeguards against a repetition of irresponsible and intemperate state policies leading to international tension and hostilities; and

Whereas during the period of time since the end of those hostilities the United States has constantly sought to perform in good faith its agreed responsibilities and has contributed to the growth of stability and democracy in those areas in which its responsibilities have applied, specifically in Austria, the Federal Republic of Germany and the western sectors of the city of Berlin, with the result that those areas have recovered from postwar devastation and have replaced the former totalitarian instruments of rule with genuinely democratic institutions, progressing at the same time to a general standard of life and living higher than those existing in those areas at any time before; and

Whereas during this same period of time international tension has developed wherever conditions of liberty remained lacking, particularly in the German Democratic Republic where workers, agitating for improved labor conditions and seeking the support of Soviet authorities for the realization of their rightful demands, were dispersed by force of Soviet arms; and in the Peoples Republic of Hungary where workers and students, leading a revolution of the entire nation and proclaiming their desire for everlasting friendship with the Soviet Union along with strict neutrality, were in fact suppressed by Soviet armed forces after the total collapse of the so-called Peoples Republic Government, with the result of thousands of Soviet and Hungarian casualties; and

Whereas during this same period international tension has been further caused and fostered by artificial barriers to communication among peoples and by repeated assertion by Soviet authorities that allegedly there exist fundamental ideological reasons for a condition of competition and hostility between the peoples of the U.S.S.R. and the people of the United States; and

Whereas in an instance of international tension involving the status of the city of Berlin, a tension wholly contrived in a situation otherwise peaceable and undisturbed, Soviet authorities expressed a desire for discussions aimed at reducing international tension and the diplomatic representatives of the United States, Great Britain and France have now participated in seven weeks of discussions without finding any evidence of Soviet willingness to join in eliminating the true sources of international tension: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the course of U.S. participation in discussions among the allies up to now be, and hereby is, endorsed by the Congress, and that the following principles continue to govern the effort of the Government of the United States in seeking the resolution of all questions under discussion:

1. The United States deplores continued international tension and will seek to resolve all matters of disagreement by all peaceful means consonant with principles of justice and human rights.

2. The United States will continue to uphold its international responsibilities, including those to West Berlin, and will enter into no revisions of U.S. responsibilities which would deprive, or be tantamount to depriving the people of West Berlin of the achievements of democracy and peaceful reconstruction which they have realized since the end of the war against Nazi Germany.

3. The United States deplores as detrimental to peaceful relations any dogma which creates fear and tension by professing the inevitability of antagonisms between nations or so-called classes. The United States consequently deplores the maintenance of state monopolies of communications which prevent mutual understanding by fostering ignorance and the spread of notions which freely examined in relation to the facts of history and present reality would wither away as meaningless propaganda. The United States, therefore, holds that all governments possess a present opportunity and duty to contribute to reduction of international tension through the preservation and extension of means of unrestricted international and internal communications.

4. The United States reaffirms the friendship of the American people for the peoples of the Soviet Union and welcomes with respect the great scientific and artistic achievements which have been the fruit of the intelligence and work of Soviet citizens. The American people hold that, in common with all peoples, they share with the peoples of the U.S.S.R. the same basic aspirations for a better standard of life and a better standard of living. For it is in the nature of man to want for himself and for his children ever-increasing opportunities for full and free individual development through unrestricted learning and undisturbed family life under circumstances of security derived from peace with justice, to the end that each may serve society as an enlightened citizen while serving himself in the satisfaction of rightful wants for adequate food, better housing, better health, better education, unlimited cultural experience, and improved goods distributed equitably, efficiently, and cheaply. The American people look to the time when all peoples can cooperate in seeking these ends, striving together against the common obstacles of disease, poverty, fear, and coercion. To the American people the accomplishments and exertions of the Soviet peoples can never be a threat or danger when they are devoted to the service of the Soviet peoples as they freely decide; be it further

Resolved, That the President be, and hereby is, instructed to communicate this resolution to the Government of the Soviet Union as a declaration of the elected legislative representatives of the United States, with the request that the Government of the Soviet Union publish this text for the information of the peoples of the Soviet Union through the means of public communication available to the Government of the Soviet Union.

FOREIGN IMPORTS CAUSE UNEMPLOYMENT IN AMERICA

The SPEAKER. Under previous order of the House, the gentleman from West Virginia [Mr. BAILEY] is recognized for 40 minutes.

Mr. BAILEY. Mr. Speaker, over the past 13 years, since becoming a Member of the Congress, it has been my privilege and duty to remind my colleagues of the pitfalls that would develop through the continuation of our present trade policies.

Now that our imports are in excess of our exports, we find our economy being dangerously affected, due in a large part to our present tendency of exporting American capital to build industries in order to exploit and take advantage of the lower wage levels paid to workers in foreign plants.

The U.S. Tariff Commission, an arm of the Congress, is charged primarily with protecting American industries from excess imports. The Commission finds itself handicapped in two major directions. First, the tendency of the President to set aside the findings of the Commission; and, second, lack of funds which would enable the Commission to send staff members abroad to ascertain the details of production, including wages and working conditions.

I am at present preparing an article for inclusion in the RECORD under the caption, "Is It Smart To Buy Imports?" This will deal largely with the battle that is now being waged by the American dealers and American producers. The extent to which this practice of buying abroad has developed is one of the major factors that has led to the loss of our boasted balance of trade which we have enjoyed for the past 40 years.

Now we face a new menace in that many American firms are setting up production facilities abroad to produce articles for import that should be produced in American plants in order to protect American jobs and to eliminate unemployment in this period of so-called national prosperity.

In order to bring this matter more forcibly to the attention of my colleagues, I would like to read into the RECORD certain correspondence between the Honorable Carl Gainer, a member of the State Senate of West Virginia, and Mr. T. R. Hodgkins, president of the Forster Manufacturing Co., of Farmington, Maine, parent company of the Wallace Corp. which operates a clothespin factory and papermill at Richwood, W. Va., pointing out the possibility that instead of enlarging their facilities at Richwood they plan to set up factories abroad. Mr. Hodgkins' letter to Senator Gainer follows:

WALLACE CORP.,
Richwood, W. Va., June 9, 1959.

Mr. CARL E. GAINER,
Richwood, W. Va.

DEAR CARL: I was very glad to receive your letter of June 6 and am attaching two letters of recent date with Mr. Ritter that refer to the situation we find ourselves in at the moment.

The machinery we have been in the process of constructing will soon be ready for installation and the problem now is

whether to install it in Japan, Sweden, or Richwood, W. Va.

We have had the living hell scared out of us by the President of our United States. The Reciprocal Trade Act states that if the Tariff Commission finds that an industry has been injured by imports that relief in the form of increased duty or a set quota will be granted. After several years of hearings before the Tariff Commission in Washington, our industry got a verdict from the Commission, voting 6 to 0, that it was injured by imports and recommended to the President a quota on imports. The President turned this down and gave the industry a small 10-cent increase in duty which did not in any way ameliorate the injury.

The industry attempted in the last session of Congress, with the very able support of your Senator, to change the act to make it compulsory for the President to put into effect the recommendations of the Tariff Commission. This failed of passage. Therefore, we are now faced with increased imports forcing us to curtail production in our plants.

If this continues, we shall enter the import business, furnishing our foreign suppliers with the necessary equipment for their efficient operations, which will further curtail our production in our American plants.

Congressman BAILEY has introduced an act cited as the "Trade Agreements Adjustment Act of 1959," which will, in his words, "have the effect of restoring to Congress the function that it should never have relinquished."

If his act is passed we have every confidence that the Tariff Commission will recommend, and the President must grant, relief to industries injured by imports.

We are, therefore, at the present, awaiting the outcome of this bill, and in the meantime laying our plans for a transition to becoming an importer instead of a manufacturer of these items should the act fail of enactment.

We are confident, if Congressman BAILEY's act passes, that we can again resume operations on woodenware at the Richwood plant.

Sincerely yours,

T. R. HODGKINS.

Mr. Speaker, the threatened loss of this plant, which has operated successfully in West Virgina for more than a half century, is due directly to the action of President Eisenhower in overriding a unanimous decision of the U.S. Tariff Commission which recommended placing import quotas on the amount of clothespins imported from Sweden, Denmark, Finland, and Japan. Imports for 1958 of this type of spring clothespin exceeded 2,335,000 gross. The Tariff Commission held that anything in excess of 650,000 gross would do irreparable damage to American producers of clothespins. The President's institution of a slight increase in the rate of import duty failed miserably to meet the situation outlined by the Tariff Commission after extensive hearings at which all of the producers of clothespins in the United States participated. What is happening to the plant at Richwood, W. Va., is happening in hundreds of other instances in the United States.

My State of West Virginia, which is now handicapped by a lack of diversity of industries, has lost a score or more of its industries over the past 3 years either by being forced out of business or forced into building plants abroad to produce articles that should be produced in my home State which is blessed with an abundance of raw materials and which presently has 100,000 of its citizens unemployed.

Mr. Speaker, at this time I would like to call the attention of my colleagues to legislation which I introduced at this session of the Congress, H.R. 4846, which would deprive the President of his authority, under the present Reciprocal Trade Agreements Act, to override the Tariff Commission in instances that do not involve national safety.

The Constitution vests the exclusive right to regulate commerce and to fix tariffs in the Congress, not in the President.

I have been unable, despite repeated efforts, to secure a hearing in the House Ways and Means Committee on this legislation. The committee predicates its refusal to hold hearings on the ground that legislation of this type is objected to by several departments of Government. These departments are a unit in saying that nothing should be done to impair the friendship with our friends of Western Europe. Meanwhile, the wreck of American industries goes on relentlessly, and thousands of American workmen are being deprived of their right to employment.

A NEW HOME FOR THE OREGON SHAKESPEAREAN FESTIVAL FOR THIS CENTENNIAL YEAR

The SPEAKER. Under previous order of the House, the gentleman from Oregon [Mr. PORTER] is recognized for 15 minutes.

Mr. PORTER. Mr. Speaker, the State of Oregon is very proud that it gave to the plays of William Shakespeare their first permanent American home.

The Oregon Shakespearean Festival in Ashland, founded in 1935 by its present producing director Angus L. Bowmer, is the oldest Shakespearean Festival and Elizabethan theater organization in the Western Hemisphere; it is also the only theater of its kind in the world. Each summer, before growing audiences of international representation, this Oregon theater in my district produces four of Shakespeare's plays in an authentic Elizabethan manner. The shows are staged in the open air, on the same type of stage for which Shakespeare wrote, presented by a talented company of actors and technicians drawn from everywhere in the theater world.

OLD LOCATION CONDEMNED

This renowned theater organization has just passed its most severe crisis. Following last year's season, the stage in Ashland—condemned as hazardous—had to be dismantled. At that point—last October—the future of the Festival awaited the pleasure of its patrons. Because each year's box office receipts are always used to extend the next season's offerings, there was no building fund in the treasury. The entire emergency amount of $275,000 had to be solicited from the theater's thousands of far-flung audience members. For a time last fall, America's First Elizabethan theater was only a hole in the ground surrounded by hope.

But the crisis proved to me one of Oregon's and the Festival's proudest moments. It also proved to be a major triumph for American theater. While the wreckers were removing the old stage, an international fund-raising campaign was launched. Literature explaining the problem was sent to Festival patrons—past and present—in all parts of the world.

An intensive drive was undertaken in the theater's home area of Ashland, Medford, and Grants Pass. Spirited money-raising projects were organized in several cities outside the Rogue Valley of Oregon, including Eugene, Portland, and Salem in Oregon; and in the San Francisco Bay and Hollywood regions of California.

DRIVE FOR NEW HOME BRINGS INTERNATIONAL RESPONSE

The Festival did not have to wait long for the pleasure of its patrons. The money began to come in immediately from audience members scattered around the globe. From all quarters, people who had attended Festival productions, or had heard or read of its work, or had heard the theater's annual presentation on the NBC radio network, sent contributions of all sizes. Some for a dollar. Some of hundreds or thousands.

Businesses gave money and materials. School groups allotted portions of their treasuries. Theaters throughout the West staged benefit performances. Letters of hope and encouragement came clipped to checks with postmarks of all areas. Leaders in the theater world wired their best wishes, and many of them assisted in the fund search. The hometown patrons of the Rogue Valley dug deep to find the money needed. Ashland, site of the theater, with a population of only 8,800, contributed $71,953.34. Almost $250,000 has been collected. The missing money must still be found. But, as contributions continue to arrive, I am happy to report that the theater's future has been assured.

Oregon is not only delighted because its Shakespearean Festival can now continue its leadership in this type of theater; Oregon is equally delighted that the future of this festival was made possible not only by an Oregonian effort, but by the devoted loyalty of audience members from all of the United States and several other nations.

Although the Shakespearean Festival started in 1935 as a 3-day civic event, produced solely for and by the people of Ashland, it has now far surpassed that modest beginning. It is now, in every way, an international theater, recognized more each year for its production integrity.

Nearly 500 applications were received this year for positions in the 1959 company. From this group a talented company of performers and technicians will be assembled. Reservations for next summer's shows are now being filed from all areas.

A BIG YEAR AHEAD—A CENTENNIAL YEAR

Advance ticket orders indicate that 1959 will be the Oregon Shakespearean Festival's biggest year. It will also be Oregon's activity-packed statewide centennial summer. In honor of this milestone, the festival is preparing to offer

centennial visitors an intriguing and unique theatrical experience.

The handsome new stage, patterned closely after existing contracts for the Fortune Theater of Shakespeare's London, will be ready in time for the 1959 opening. Visitors to Ashland will see a stage completely unlike any other now in use. The audiences will see lavishly costumed, beautifully designed, and expertly enacted versions of four of Shakespeare's finest plays: "Twelfth Night," "King John," "Measure for Measure," and "Antony and Cleopatra."

The productions open on July 28. They play nightly in rotation through September 5. Oregon's Centennial visitors may stop in Ashland for any 4 days during the 40-night run and see all four plays.

To salute the 100th birthday of Oregon and the unveiling of the theater's new stage, the festival is also planning a special production entitled "The Masque of the New World." This spectacle combined the pageantry of drama, dance, and music and will act as prolog for each performance of "Twelfth Night." Written especially for the festival, the masque takes the form of an entertainment staged in Queen Elizabeth's court to honor the New World feats of England's three great explorers, Raleigh, Drake, and Frobisher. Climax of the masque is to be a vision of the New World as seen through the eyes of a soothsayer and translated by dancers, actors, singers, and special stage effects.

So, because of the help of thousands of persons in many States and many nations and because of the volunteer effort of hundreds of Oregonians and because of the determination upon which this theater's dream is based, there will indeed be a 1959 edition of the Oregon Shakespearean Festival in Ashland.

Festival officials, through my words today, extend a cordial invitation to come to Ashland, Oreg., during the summer of 1959.

We want you to see Shakespeare staged in the style for which he wrote. Festival officials feel that when you see how vividly the words of Shakespeare become living words in this kind of production, you will know why audiences of worldwide residence cared enough about the Oregon Shakespearean Festival to finance its building fund and assure its future.

Opening showtime is 8:30 p.m., July 28, 1959. It will be the first of 40 nights of Shakespeare, under the Oregon stars. Publicity Director Carl Ritchie can supply you with information.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SAYLOR, for Monday, June 22, on account of official business.

Mr. CHAMBERLAIN (at the request of Mr. DOOLEY), for today, on account of official business.

Mr. ASHMORE, Mr. ELLIOTT, and Mr. CASEY (at the request of Mr. EVERETT), for today, on account of official business (subcommittee on elections attending hearings in Little Rock, Ark.).

Mr. THOMPSON of New Jersey (at the request of Mr. DELANEY), for Monday, June 22, 1959, on account of official business.

Mr. ASPINALL, Mrs. PFOST, Mr. SAUND, and Mr. RANDALL (at the request of Mr. BARING), for today, on account of official business (Committee on Interior and Insular Affairs field trip to Morgantown, Pa.).

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PORTER, for 15 minutes, today.

Mr. POWELL (at the request of Mr. ALBERT), for 15 minutes, on Wednesday next.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. FLYNN.

Mr. BOLLING and to include a speech.

Mr. WALLHAUSER.

Mr. HOLT.

(At the request of Mr. ARENDS, and to include extraneous matter, the following:)

Mr. JOHANSEN in six instances.

Mr. WESTLAND.

(At the request of Mr. ALBERT, and to include extraneous matter, the following:)

Mr. ROBERTS in two instances.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 26 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 23, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1115. A letter from the Administrator, General Services Administration, transmitting a notice of a proposed disposition of approximately 265 million pounds of coconut oil now held in the national stockpile, pursuant to the Strategic and Critical Materials Stock Piling Act (53 Stat. 811, as amended; 50 U.S.C. 98b(e)); to the Committee on Armed Services.

1116. A letter from the Secretary of the Treasury, transmitting the quarterly report on the Reconstruction Finance Corporation Liquidation Fund-Treasury Department Activities for the period ended March 31, 1959, pursuant to Reconstruction Finance Corporation Liquidation Act, as amended (67 Stat. 230) and Reorganization Plan No. 1 of 1957 (22 F.R. 4633); to the Committee on Banking and Currency.

1117. A letter from the Comptroller General of the United States, transmitting a report on the review of the slum clearance and urban renewal activities of the Urban Renewal Administration, Housing and Home Finance Agency, in Puerto Rico, July 1958; to the Committee on Government Operations.

1118. A letter from the Comptroller General of the United States, transmitting a report on the audit of the Reconstruction Finance Corporation liquidation fund, administered by General Services Administration, for the fiscal year ended June 30, 1958; to the Committee on Government Operations.

1119. A letter from the Clerk, U.S. Court of Claims, relative to the case of *United States Flare Corporation, C. D. Wailes Corporation and Associates* v. *The United States* (Congressional No. 14–56), pursuant to sections 1492 and 2509 of title 28, United States Code, and to House Resolution 540, 84th Congress; to the Committee on the Judiciary.

1120. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, relative to the case of Ning Nam Wong, A–11049069, involving suspension of deportation under the provisions of the Immigration and Nationality Act of 1952, and requesting that it be withdrawn from those before the Congress and returned to the jurisdiction of this Service; to the Committee on the Judiciary.

1121. A letter from the Director, International Cooperation Administration, transmitting a copy of his reply to the Comptroller General with reference to the General Accounting Office report on their examination of the economic and technical assistance program for Taiwan for fiscal years 1955 through 1957, as administered by the International Cooperation Administration under the mutual security program; to the Committee on Government Operations.

1122. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 6, 1959, submitting a report, together with accompanying papers and illustration, on a review of reports on Blieders Creek, New Braunfels, Tex., requested by resolutions of the committees on public works, U.S. Senate and House of Representatives, adopted February 29, 1956, and June 13, 1956 (H. Doc. No. 180); to the Committee on Public Works and ordered to be printed with one illustration.

1123. A letter from the Secretary of the Treasury, and Managing Trustee, Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, transmitting the 19th Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund for the fiscal year ending June 30, 1958, pursuant to section 201(c) of the Social Security Act, as amended (H. Doc. No. 181); to the Committee on Ways and Means and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAYS: Committee on House Administration. House Concurrent Resolution 170. Concurrent resolution to provide for the printing of a publication in connection with the exercises of the joint session of Congress on February 12, 1959; without amendment (Rept. No. 567). Ordered to be printed.

Mr. HAYS: Committee on House Administration. House Resolution 258. Resolution authorizing the printing of additional copies of House Report No. 259, current session; without amendment (Rept. No. 568). Ordered to be printed.

Mr. JONES of Missouri: Committee on House Administration. S. 602. An act authorizing the Boy Scouts of America to erect a memorial on public grounds in the District of Columbia to honor the members and leaders of such organization, and for other purposes; with amendment (Rept. No. 569). Ordered to be printed.

Mr. SPENCE: Committee on Banking and Currency. H.R. 4468. A bill to amend the U.S. Housing Act of 1937 to extend the period during which families of veterans and servicemen may be admitted to public housing without regard to the general requirement that they be displacees or previous residents of substandard housing; without amendment (Rept. No. 570). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPENCE: Committee on Banking and Currency. H.R. 7631. A bill to amend the act of July 3, 1956 (70 Stat. 492), entitled "An act to authorize the Secretary of the Interior to cooperate with Federal and non-Federal agencies in the prevention of waterfowl depredations, and for other purposes"; without amendment (Rept. No. 571). Referred to the Committee of the Whole House on the State of the Union.

Mr. SPENCE: Committee on Banking and Currency. H.R. 7789. A bill to amend paragraph (b) of section 401 of the National Housing Act, as amended; without amendment (Rept. No. 572). Referred to the Committee of the Whole House on the State of the Union.

Mr. DULSKI: Committee on Post Office and Civil Service. H.R. 6830. A bill to provide for uniformity of application of certain postal requirements with respect to disclosure of the average numbers of copies of publications sold or distributed to paid subscribers, and for other purposes; without amendment (Rept. No. 573). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROYHILL:

H.R. 7881. A bill to amend the Civil Service Act of January 16, 1883, to eliminate the requirement of apportionment of appointments to the competitive civil service; to the Committee on Post Office and Civil Service.

By Mr. BURDICK (by request):

H.R. 7882. A bill to amend the Federal Property and Administrative Services Act of 1949; to the Committee on Government Operations.

By Mr. BURKE of Massachusetts:

H.R. 7883. A bill to authorize the construction of a nuclear-powered tanker for operation by the U.S. Maritime Administration, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mrs. CHURCH:

H.R. 7884. A bill to amend section 21 of the Second Liberty Bond Act to provide for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. FRAZIER:

H.R. 7885. A bill relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association; to the Committee on Ways and Means.

H.R. 7886. A bill to amend the Tariff Act of 1930 with respect to the circumstances under which articles may be imported temporarily under bond for exportation and under which drawback may be allowed upon reexportation of articles; to the Committee on Ways and Means.

By Mr. JOHANSEN:

H.R. 7887. A bill to amend the Tariff Act of 1930 to reduce the duty on the importation of paprika; to the Committee on Ways and Means.

By Mr. KARTH:

H.R. 7888. A bill to designate the new lock on the St. Marys River at Sault Sainte Marie, Mich., as the John A. Blatnik lock; to the Committee on Public Works.

By Mr. THOMPSON of Texas:

H.R. 7889. A bill to require marketing quotas for rice when the total supply exceeds the normal supply; to the Committee on Agriculture.

By Mr. VINSON:

H.R. 7890. A bill to amend section 204 of the Career Compensation Act of 1949 with respect to the payment of flight pay; to the Committee on Armed Services.

By Mr. WESTLAND:

H.R. 7891. A bill to amend the act providing for a program to investigate and eradicate the predatory dogfish sharks of the Pacific coast in order to expand such a program; to the Committee on Merchant Marine and Fisheries.

By Mr. BLATNIK:

H.R. 7892. A bill to facilitate the discovery and recovery by the States of unclaimed personal property in the custody of Federal agencies, and for other purposes; to the Committee on Government Operations.

H.R. 7893. A bill to amend the Internal Revenue Code of 1954 to provide that patronage refunds of nonexempt cooperatives made on or before the 15th day of the 9th month following the close of a taxable year shall be considered as made on the last day of such taxable year; to the Committee on Ways and Means.

By Mr. RIEHLMAN:

H.R. 7894. A bill to implement the Constitution by amending title 4 of the United States Code; to the Committee on the Judiciary.

By Mr. ASHLEY:

H. Con. Res. 207. Concurrent resolution endorsing the American diplomatic position at the Geneva talks and affirming principles governing U.S. efforts to reduce international tension in Europe; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to a world fair in 1963; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of New Hampshire, memorializing the President and the Congress of the United States relative to endorsing a U.S. policy of firmness in dealing with the Soviet Union, and earnestly recommending that the United States of America and its allies adopt and maintain a foreign policy that will not yield remaining free land to Communist aggression anywhere in the world; to the Committee on Foreign Affairs.

Also, memorial of the Legislature of the State of Oklahoma, memorializing the President and the Congress of the United States to repeal the Federal excise tax levied on telephone and telegraph services; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS:

H.R. 7895. A bill for the relief of Gloria Anne Loveday; to the Committee on the Judiciary.

By Mr. FLYNN:

H.R. 7896. A bill for the relief of Silberio Mendoza-Arrellano; to the Committee on the Judiciary.

By Mr. GALLAGHER:

H.R. 7897. A bill for the relief of Irene Burda; to the Committee on the Judiciary.

By Mr. HALPERN:

H.R. 7898. A bill for the relief of Giovanna Cancelliere; to the Committee on the Judiciary.

H.R. 7899. A bill for the relief of Evangelos Kalagridis; to the Committee on the Judiciary.

By Mr. LINDSAY:

H.R. 7900. A bill for the relief of Edmond McCullough Stapleford; to the Committee on the Judiciary.

By Mr. LINDSAY (by request):

H.R. 7901. A bill for the relief of North American Philips Co., Inc.; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Employment for the Physically Handicapped

EXTENSION OF REMARKS
OF
HON. ALEXANDER WILEY
OF WISCONSIN
IN THE SENATE OF THE UNITED STATES
Monday, June 22, 1959

Mr. WILEY. Mr. President, today I received from Melvin J. Maas, Chairman of the President's Committee on Employment of the Physically Handicapped, a copy of the special report of that committee to the President.

By and large, the report is an illuminating review of the cooperative efforts by the administration and the Departments of Labor; Commerce; and Health, Education, and Welfare, as well as the U.S. Civil Service Commission and the Veterans' Administration, for improving programs in this field. The objective is to enable those individuals unfortunately handicapped to have a greater opportunity to be productive, economically independent citizens of their communities.

The general topics considered by the Special Advisory Council included:

First. "Hire the handicapped—it is good business";

Second. A review of the performance of physically impaired workers in the manufacturing industry;

Third. Efforts to tell foreign countries of the American interest in rehabilitation; and

Fourth. Broader public education on a true understanding of the safe work

performance of the handicapped; and others.

In addition, the Advisory Council reviewed such programs as: Services to the handicapped; counseling; vocational rehabilitation; and other constructive efforts to brighten the outlook for the physically handicapped.

All of us regret, of course, that there are a substantial number of our citizens who, for a variety of reasons, find themselves physically impaired. It is always gratifying, however, to note that a vast majority of these do not suffer similar impairment in outlook—in spirit. Rather, they have demonstrated real courage through admirable efforts to adjust to their circumstances and, at the same time, find ways and means to work at responsible jobs, to carry on family relationships, and to integrate themselves as useful, constructive citizens in their communities.

The President's Committee on Employment of the Physically Handicapped, I believe, has made a constructive contribution to better understanding of the problems faced by these individuals, to working out programs of opportunity for them and to increase public understanding of their real needs.

The report, I believe, merits the attention not only of the Senate, but of people throughout the country. The overall objective is to attempt to assure that all of our citizens, including those with impairments through no fault of their own, can and should be provided an opportunity to lead a useful, constructive, independent life.

As an illustration of the constructive work by the President's Committee, I request unanimous consent to have excerpts from the report, reflecting the fine work of Federal departments and agencies, printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

REPORT OF THE SECRETARY OF LABOR

Since the last meeting of this council, the Bureau of Employment Security has continued to emphasize services to the handicapped, with particular reference to the aims and objectives of Public Law 565. The past year began during a serious economic maladjustment, in which many more workers than usual were unemployed, and job openings were drastically curtailed. As the year closed, the economy was slowly but steadily progressing toward normalcy. During the year the Employment Service increased its efforts to maintain employment opportunities for the handicapped at the highest possible level.

SERVICES TO THE HANDICAPPED

During 1958 State agencies received the greatest number of applications of handicapped applicants ever—472,659—a number 5.6 percent greater than the total for such applications in the previous year. This rate of increase was not as sharp as that experienced for new applications by all applicants, which was 13.4 percent above the 1957 total. These ratios indicate that relatively fewer handicapped persons than workers in general sought the assistance of the Employment Service during the year. This fact might be taken as an indication that employers are responding to the President's Committee's appeal to not only hire the handicapped, but to retain them on the same basis as other workers.

The placement of all applicants declined during the past year, and that of handicapped applicants followed the general trend. A 12.7 percent decrease from the 1957 figure for nonagricultural placements of handicapped jobseekers occurred, with such placements totaling 250,757 for 1958. This decrease is somewhat sharper than the decline experienced for similar placements of applicants in general, and seems to indicate that the handicapped found competition with nonimpaired workers not quite as favorable as would be desired.

Despite the unfavorable economic situation employment service agencies were able to place 5,299 of the 10,858 rehabilitated clients of State vocational rehabilitation agencies referred to them. The placement of such persons was undertaken in acordance with the provisions of Public Law 565, which require State vocational rehabilitation agencies to make maximum use of the services and facilities of State employment service agencies in the placement of rehabilitated clients.

Counseling service was provided to 152,104 handicapped applicants in 1958, who comprised approximately 32 percent of all handicapped applicants registered by the State agencies.

The emphasis placed upon service to the severely disabled by the Bureau was increased during the past year. Intensified efforts on behalf of this group are more necessary than ever when there is a shortage of job openings. Our placement and counseling services to these people were therefore augmented by more extensive job development efforts and by stress in counseling upon broader exploration of occupational possibilities and adequate preparation for employment. Since many of the severely handicapped appeared at public employment offices in need of medical, vocational training, and other services before they could be considered ready for employment, the Employment Service found it necessary to refer them to State rehabilitation agencies and to other agencies for these services. Another example of the emphasis which was given to serving severely disabled groups was the establishment or expansion, in several States, of specialized programs for mental hospital discharges and for the mentally retarded. Such programs were in operation in various States, including New York, Illinois, Rhode Island, Indiana, Pennsylvania, Hawaii, Massachusetts, Wyoming and Arizona.

STAFF DEVELOPMENT

Effective cooperation with other agencies in serving severely disabled persons requires coordination of services, mutual understanding of the programs and responsibilities of the several agencies, and the exchange of information about, or useful in helping, the persons served. In order to develop more effective cooperation, the Employment Service has joined with rehabilitation agencies in training activities to increase the knowledge and skills of the staffs of both agencies. Much of this training has been provided through grants from the Office of Vocational Rehabilitation, and has been conducted in institutes, conferences, and courses dealing with the rehabilitation and placement problems of various seriously disabled groups. For example, an institute was conducted at Pennsylvania State University in July 1958, which was attended by State agency and Federal representatives of both employment and rehabilitation services in the North Central and the Atlantic Seaboard States. This institute considered the employment and rehabilitation problems of older cardiacs, the blind, dischargees from mental hospitals, and the mentally retarded. A similar institute—attended by key personnel in the Pacific coastal area, Hawaii and Alaska—was just recently held at San Francisco State Colege. In these sessions, the problems of placing difficult-to-place clients of the rehabilitation agencies were considered.

IMPROVING RESOURCES FOR COUNSELING

We have observed that counseling service of a high quality is a critical requirement for many disabled persons who must make suitable occupational choices or job adjustments. One of the fundamental requirements of such counseling is the availability of accurate and extensive information about the physical and other demands of occupations, so that realistic judgments may be made concerning their suitability for disabled workers. During the past year, we have made much progress on a project to collect and organize rather detailed first-hand information about the usual physical demands of thousands of jobs. When completed, this new fund of information will verify and supplement data that we now have, and will enable counselors and others to expand the range of occupations which may be considered in seeking suitable employment for handicapped individuals.

COOPERATION WITH THE PRESIDENT'S COMMITTEE

The Bureau of Employment Security and the State agencies continued the active support of the President's Committee's programs, which we have been pleased to provide for so many years. The national office staff of this Bureau has worked closely with the Committee in a consultative capacity to help keep it informed on matters relative to its programs and objectives and in assisting the Committee in determining matters of program planning and emphasis. In most States, the members of the employment service staff played a vital role in carrying out programs of the President's and Governors' committees, and in many instances held executive offices on the Governors' committee. The presence of so many employment service people at the last annual meeting of the President's Committee was evidence of their belief in, and the zeal with which they work for, the objectives of the Committee. State and Federal persons were also active in the six regional meetings sponsored by the Committee during the year and in the nationwide activities observing NEPH Week. An achievement of which the Bureau of Employment Security is modestly proud is the prompt duplication and distribution to State agencies of the draft guide, "Facilities in Public Buildings for Persons With Ambulatory Impairments," recently prepared by the Veterans' Administration for the President's Committee. We believe that we have an obligation to make the offices through which the handicapped are served as accessible and as comfortable for them as possible, and we have strongly urged the State agencies to adopt the principles contained in this document when altering existing premises or when acquiring new offices. During the past year the Bureau of Employment Security has, of course, prepared and distributed to the State agencies informational and promotional materials designed for use during NEPH Week or on a year-round basis. Also, it has purchased and placed in each regional office a copy of the film "Employees Only" to supplement copies otherwise available to State agencies for promotional purposes.

The Women's Bureau joined with the Office of Vocational Rehabilitation in the publication of the pamphlet "Help for Handicapped Women," which describes how disabled women can be assisted through rehabilitation to become capable homemakers and wage earners.

Of particular interest to the President's Committee and this Council, is the work of the Bureau of Labor Standards to improve workmen's compensation laws throughout the country. This Bureau developed a set of standards for such laws which include provisions for rehabilitation of the injured

worker and for second injury funds that will help to eliminate the objection of employers to handicapped workers based on the fear of excessive liability for a second injury. The advantages of these provisions have been emphasized to many interested groups particularly to the Council of State Governments, and the legislative adoption of such provisions by the States has been urged.

We know that important accomplishments of the President's Committee and the Governors' and local committees have helped us immeasurably in our efforts to improve employment opportunities for handicapped workers. Without such help, our task during the difficult year just passed, would have been much more difficult.

JAMES P. MITCHELL,
Secretary of Labor.

REPORT OF THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE

It is a pleasure to meet with you for this annual assessment of our efforts to restore more handicapped people to useful places in American society. The work which the President's Committee and our departments and agencies are doing to bring more handicapped people into useful employment is a phase of the Federal Government's activities which never fails to stir my enthusiasm.

WITHIN THE DEPARTMENT

I am happy to report another year of growth, improvement and accomplishment on the part of the agencies of our Department as they relate to the problems of disease, injury and disability. As most of you know, many of our agencies are concerned with the varied problems of disability. The National Institutes of Health and other units of the Public Health Service, the old age and survivors insurance system, the Children's Bureau, the Bureau of Public Assistance, as well as the Office of Vocational Rehabilitation, all are concerned in very real and direct ways with disability in one or more of its various stages.

ADVANCES IN THE VOCATIONAL REHABILITATION PROGRAM

You will be interested, I am sure, in some of the highlights of last year's achievements in advancing the Federal-State program of vocational rehabilitation.

Number rehabilitated: Another new record was established in 1958, when nearly 75,000 handicapped individuals received rehabilitation services and were established in useful jobs. This was an increase of more than 3,000 over the previous year.

Number served: Another measure of growth is the fact that over a quarter of a million handicapped persons were served by the State rehabilitation agencies last year. The figure represents an increase of 8.3 percent over the previous year, and offers great encouragement for further increases in the number to be rehabilitated in the coming years.

The severely disabled: And equally important gain has been in the number of severely disabled individuals who are served by the State vocational rehabilitation agencies. The proportion has been going up steadily in recent years and in 1958, 10 percent more severely disabled received services than in the preceding year. Associated with this—and reflecting the same trend—is the increased use of rehabilitation centers and related facilities for evaluating and restoring disabled people. In 1958, over 8,000 handicapped people received services in such facilities—an increase of 21 percent over 1957.

Growth of State agencies: As most of you know, the State vocational rehabilitation agencies have been confronted with a mountainous task for these past 4 years—the vastly increased number of people demanding services, the appearance of more and more severely disabled people who require their services, the introduction of the disability benefits provisions under social security, etc. With this in mind, we have been especially pleased to note the growth of the State rehabilitation agency staffs to meet this heavy workload. Their staffs for this year will exceed 4,200 people—an increase of about 300 over last year—and an increase of 1,500 (55 percent) over 1954.

Research: One of the most heartening phases of all our rehabilitation activities is the program of research and demonstration grants. In the swift-moving field of modern rehabilitation, the work we will be doing tomorrow will be heavily influenced by the research underway today.

Last year the Office of Vocational Rehabilitation approved grants to launch 81 new projects, dealing with a wide range of diverse rehabilitation problems. Currently over 150 such research investigations and demonstrations are underway.

Training professional personnel: One of the most realistic problems facing the expansion in rehabilitation today is the need for a drastic increase in the number of professionally trained persons to provide services to the handicapped. To help meet this need, Office of Vocational Rehabilitation administers a program of training grants designed principally to do three things: (1) To help strengthen teaching programs in universities; (2) To give some financial support to students at the graduate level who are pursuing specialized training toward a rehabilitation career; and (3) To provide short, intensive training courses for rehabilitation workers in specialized fields.

I am happy to report splendid progress in the development of this training program. In 1954, before the new act authorized such a training program, only about a dozen graduates in rehabilitation counseling were becoming available each year to meet the staffing needs of the State rehabilitation agencies and other programs. At present, more than 300 graduate students are finishing their graduate work each year, and entering the State agency programs and others.

In the medical field, traineeship grants were made this year to 30 approved residency training programs in physical medicine and rehabilitation, covering traineeships for about 145 physicians. To provide basic rehabilitation instruction for students in medical schools, grants are now being made to 25 of the 82 approved schools of medicine.

Other grants are helping to offset the shortages in physical therapy, occupational therapy, and other fields. Last year we completed the first year's operation of a training grant program for speech and hearing therapy—which has been one of the most crucial shortage areas in the entire rehabilitation field.

OTHER RELATED ACTIVITIES

We have taken pleasure in joining with the President's Committee and other agencies in the series of regional meetings scheduled for this winter and the coming spring. I am informed that the meetings at Montgomery, Ala., and at Indianapolis were highly successful. We look forward to equally productive gatherings at Dallas in April and Atlantic City in May.

The Office of Vocational Rehabilitation has been deeply involved with the President's Committee in the four ad hoc committees which have been investigating certain phases of the problems of the handicapped, on a project basis and the reports from Miss Switzer indicate that very substantial progress has been made. I am glad that we will be hearing the full reports of the committees at this meeting and I assure you that we expect to give every possible help in completing these assignments.

I have reserved for my final comment the highly successful work of the Coordinator's Committee in our Department. This group of personnel officials, representing the agencies of our Department, has done a remarkable job of practicing what all of us preach—the employment of the handicapped. In the 19 months since the Committee was established, 590 handicapped persons have been hired in our Department. The net annual increase in their salaries, as a result of our hiring policy, has totaled $770,131. At the same time, we have acquired competent workers who contribute as fully to the Department as our able-bodied employees.

In summary, then, we have enjoyed a year of substantial progress in our efforts to bring more handicapped men and women into useful and productive places in life. We appreciate the opportunity to carry forward this work in close cooperation with the President's Committee and the other Federal agencies.

ARTHUR S. FLEMMING,
Secretary of Health, Education, and Welfare.

REPORT OF THE SECRETARY OF COMMERCE

While, unlike some other agencies represented on the Advisory Council, the Department of Commerce does not have a basic mission in broadening job opportunities for the handicapped, we are nonetheless eager to support this program in every way possible to help insure its success. We sincerely feel that the business community, as well as the Government, has profited a great deal, and can profit considerably more by aggressively exploiting the opportunity to utilize this valuable manpower resource.

Here are some of the Department's recent activities which might be of interest to the Council:

1. Trade fairs. We have made arrangements to include exhibits on utilization of the physically handicapped as a regular part of the International Trade Fair program. This will provide a new and effective medium for publicizing efforts to insure equal employment opportunities for handicapped persons and will demonstrate to other nations our efforts to utilize these people.

2. Lobby exhibit. As you know, we have a regular program of exhibits in the lobby of the Commerce Building which attracts a great deal of pulic interest. We are currently featuring the new exhibit developed by the President's Committee as a part of this program. We feel that this display of the exhibit will very effectively promote the Committee's program.

3. Business Advisory Council. The Department has made the Council membership list available to the President's Committee for distribution of Committee material which might be of interest to them. In addition, an opportunity was provided this year for the distribution of Committee material at a Business Advisory Council meeting. Of course, it should be realized that our contacts with the Council on matters not related to its primary purpose are necessarily limited.

4. Internal operations. The Department has continued the aggressive program of placement and retention of the physically handicapped which has received recognition by the President's Committee in the past. This program resulted in the placement of 127 handicapped persons in a wide variety of Department jobs during this past year. We have strengthened our program through the designation of a top staff man as coordinator of employment of the physically handicapped in accordance with the plan developed by the Civil Service Commission. We have also appointed coordinators for each of our bureaus. This has provided us with a smooth-working team in this field and has enabled us to get the program down to the level where results can be achieved.

5. Attendance at meetings. Department officials have attended all regional meetings of the President's Committee as well as the meetings in Washington.

LEWIS L. STRAUSS,
Secretary of Commerce.

REPORT OF THE CHAIRMAN, U.S. CIVIL SERVICE COMMISSION

I was not able to attend the meeting of this Council held in January of last year, but I subsequently had proof that Mr. Warren B. Irons, who was shortly to become our executive director, represented the Commission, and me personally, in a most able fashion.

This report will cover five points: (1) Our coordinator program; (2) publication and distribution of the pamphlet "Selective Placement"; (3) specific advances in increasing the employment opportunities for the handicapped in the Federal service—special reference to position of telephone operator; (4) NEPH Week activities; (5) ad hoc committee staff work and general comments:

1. COORDINATOR PROGRAM

Past: The record will show that at the last meeting of the Council we had set a definite date in April of 1958 to hold the first meeting of the Coordinators for Placement of the Physically Handicapped in the Washington, D.C., area. This meeting, an all day affair, was held as scheduled with over 200 in attendance. I don't believe it is too immodest to state that the meeting came fully up to expectations.

Follow-ups by correspondence and personal visits have been conducted and we are glad to say that interest has been maintained and results are being produced, except in a few areas which are being made the subject of special attention. We have established a practice of referring all appropriate problems to agency coordinators in every instance where feasible.

Future: Another meeting of the coordinators is planned for mid-July 1959. This is to be in conjunction with a 5-day conference of the Commission's Regional Medical Officers. Wednesday, July 15, of the week of our Medical Officers Conference, they will attend the 1-day session of the coordinators which is planned for that date, where they will take part in the panel discussions. In other words, the coordinators meeting will serve as a considerable portion of the conference time our regional medical officers will devote to the Commission's program for the physically handicapped.

2. PAMPHLET "SELECTIVE PLACEMENT"

Past: This was reported in the planning stage at the last meeting. We said we were going to bring out a publication as a sort of an interim stock-taking measure in our continuing job analysis activity. This was for two purposes: (1) To try out the effectiveness of a do-it-yourself (by agency rather than Commission people) feature with respect to analyzing jobs to determine the basic or minimal physical capacities; (2) To permit us to look closely at the current edition or fifth edition of a "Guide for the Placement of the Physically Handicapped." Work had been started on the fifth volume of this publication and we wanted to see (a) whether the present format (individual volumes devoted to agencies or groups of agencies) should be maintained; (b) if duplication and repetition could be eliminated and (c) if the guide could be condensed by emphasis on key or typical positions.

This pamphlet was received from the Government Printing Office just in time for the 1958 NEPH Week. Complimentary distribution has been made. We are also glad to report that the Government Printing Office has sold several thousand copies and a new printing will no doubt be necessary in the near future.

Future: We know that "Selective Placement" is not perfect so we are going to try to find out how we can improve it. Also, we want to find out the direction our job-analysis activities should take and how best to proceed further with the guide.

To accomplish these purposes we are now conducting a survey in approximately 30 of the larger agencies in this area. We have received many very complimentary letters of acknowledgment but this is not enough. We are not asking for comments by letter but we are putting it on a personal visit and interview basis. Mr. Carl Murr, our vocational rehabilitation officer, is conducting the majority of these interviews.

We are saying to the officials we interview that now the pamphlet has been out for approximately 6 months we would appreciate answers to questions such as these: (1) What is your frank opinion of its effectiveness?; (2) just exactly what use are you making of it?; (3) do you think it has any definitely weak points?; (4) what would you do to increase its usefulness?

We hope to arrive at all necessary conclusions and have our plans for future activities along this line firmed up during the coming year.

3. SPECIFIC ADVANCES IN INCREASING THE EMPLOYMENT OPPORTUNITIES FOR THE HANDICAPPED IN THE FEDERAL SERVICE—SPECIAL REFERENCE TO POSITION OF TELEPHONE OPERATOR

Past: Until recently, the physical standards for telephone-operator positions required vision in at least one eye, without exception. In the course of its study of telephone-operator positions, the Commission found that many blind persons can do the work satisfactorily with the use of Braille attachments to switchboards, and that such attachments can be obtained for one-position (80-plug) and two-position (160-plug) switchboards. After observing blind operators use such equipment at the Maryland Workshop for the Blind, the Maryland School for the Blind, and the Columbia Light House for the Blind, representatives of CSC's Medical Division concluded that physical requirements for telephone-operator positions in Government should be liberalized. General Services Administration gave the Commission great assistance in this project and that agency has agreed to make the attachment available without cost to blind operators employed in Government. I am now pleased to report that the Commission's examination announcement for the position of telephone operator has been amended to admit totally blind applicants.

Future: We are not always able to publicize our day-to-day work items; however, I can assure you that as far as time and resources permit, we are constantly looking at every position under the Commission's jurisdiction for the purpose of facilitating the placement and retention of the physically handicapped to the greatest practicable extent.

We have considered the positions I am about to refer to on previous occasions, but we are again subjecting them to close study to see what practical arrangements can be worked out to enhance the employment opportunities of the blind. I refer to the positions of X-ray darkroom technician, psychologist (especially from the research angle) and economist. These are examples of the occupational areas we are now working in.

4. NEPH WEEK

Past: In connection with the 1958 week we made every effort to get our instructions and guide lines out to our regional offices as early as possible. The type of reports of their activities during the week which we wanted were outlined very pointedly. They were given until January 15 to submit their complete summary reports. The reports are now in and are being studied most carefully and critically.

Future: When the studies of the reports from our regions are completed we will rate them as outstanding, satisfactory, or as leaving noticeable room for improvement. The regions will be advised individually as to our findings and evaluations. Concerted effort will be exerted to profit by past experiences by using them to develop techniques which will intensify and broaden participation in this year's (1959) NEPH week.

We have already noted beautifully prepared reports by certain agency field installations which were forwarded by our regions that give every indication of wholehearted cooperation and very concrete results. It is our intention to see that these reports are brought to the attention of the heads of the agencies concerned.

5. AD HOC COMMITTEE STAFF WORK

The Commission was represented on two of the four committees which stemmed from the last Council meeting. Mr. Irons is a member of one committee which has very nearly, if not entirely, completed its work. Dr. Chapin was chairman of another which has not made quite as much progress. I will not dwell on the work of these committees at any length since their reports are to be presented later in this meeting. Suffice it to say that I believe that the Commission will always stand ready to lend its resources to work of this nature.

As you have no doubt heard, my appointment as Chairman of the Civil Service Commission expires at the end of this month. Mr. Roger Jones has been nominated by the President to be my successor.

As I come to close of my work with the Civil Service Commission, I want to say to you, Mel, and my fellow members of the Advisory Council of the President's Committee, that my association with you in our common objective of seeing that our handicapped citizens are given every reasonable opportunity to make their contributions to their Government's work force has been a most rewarding experience. Even though I will be removed from the Government scene, my interest in the handicapped will not diminish.

HARRIS ELLSWORTH,
Chairman, Civil Service Commission.

REPORT OF THE ADMINISTRATOR OF VETERANS' AFFAIRS

If you were to ask me what the Veterans' Administration has done this past year for the handicapped, I would say, "very little."

But if you were to ask what the VA has done to help the handicapped help themselves, my answer would be, "very much."

For whether you consider VA as an employer; or as a rehabilitator of disabled veterans; or as a participant in the work of the President's Committee, all of our efforts have been directed toward a single end:

To provide the handicapped with a key to independence. To help them use the key. To help them push open the door, if it sticks on its hinges.

Not charity; not handouts. But independence.

Well, what has the VA been doing since we last met?

ADMINISTRATOR'S COMMITTEE ON THE HANDICAPPED

Early last year, I appointed an Administrator's Committee on the Handicapped, to give a new "push," a fresh impetus, to VA's activities in behalf of the handicapped.

Its able Chairman, Dr. H. Dwight York, is himself temporarily handicapped, at home nursing a broken ankle.

Many of the following VA's achievements during the year have stemmed directly from the Committee's inspired leadership.

A NEW REPORTING SYSTEM

Exactly how many handicapped men and women work for VA? What are their jobs? How are they performing their jobs? What are their disabilities?

To answer these any many other questions, we have revised our personnel reporting system. I am sure the results will be more than a new table of statistics. I expect them to be convincing proof, if further proof is needed, that it is good, sound

practice to hire the handicapped in all areas of VA operations.

And that it is good, sound practice to hire the handicapped everywhere in the United States.

A NEW STATEMENT OF POLICY

So that there will be no misunderstanding of VA's official position regarding employment of the handicapped, a formal statement of policy aimed at increasing employment of the disabled was issued to all VA departments and staff offices.

A number of other Federal agencies have asked for copies of our policy statement. I am sure all of you have seen the statement but, if not, we have copies for you.

I might say that it is frank and forthright. It does not hide its exact meaning behind a welter of weak words.

IMPRINT ON VA ENVELOPES

If you have received mail from the VA lately, you may have noticed: Every VA envelope now carries the slogan of the President's Committee, "Hire the Handicapped; It's Good Business."

When you consider that the VA sends out some 60 million pieces of mail each year, the message is gaining coverage.

BROCHURE FOR SUPERVISORS

Our Personnel Office has prepared a booklet which shows—with picture and text—66 handicapped VA employees on the job. This will go to all VA supervisors and should go a long way, I believe, in breaking down any remaining prejudice.

The booklet will be off the press in March.

ACCESS TO VA BUILDINGS

We are surveying all VA regional offices, hospitals, and centers to find out whether all provide easy access for persons in wheelchairs. If not, we will take steps to see that they do.

In central office, we have installed ramps for visitors and employees in wheelchairs.

VENDING STANDS

A sampling of all VA installations has revealed that one-third now have vending stands, canteens, or newsstands operated by the handicapped.

During the year, the cafeteria in our regional office in Los Angeles was turned over to a blind operator. The cafeteria at our St. Paul Center will be put in the hands of a blind operator soon.

VA VOCATIONAL REHABILITATION FOR DISABLED VETERANS

VA's prime responsibility is to the service-disabled veteran. In our vocational rehabilitation training program, we have taken a number of steps to bring him closer to gainful employment:

We are preparing a study of occupations held by veterans with epilepsy—which today, unfortunately, still sets men aside, as it did during the Dark Ages or the Middle Ages.

And we are working on another study of occupations held by the homebound—veterans so severely disabled they are confined to their homes.

Both should be ready sometime during 1959.

They will be used—as are previous VA studies of paraplegics and the blind—in the counseling of disabled veterans planning on vocational rehabilitation training. But they also will be available to other agencies and to individuals, to help conquer the walls of prejudice and to render new hope to the handicapped.

Also, we recently have changed our regulations to help disabled veterans make a smoother and quicker comeback to productive employment.

We now allow disabled veterans to get a head start toward independence by beginning their vocational rehabilitation while they still are patients in our hospitals.

And we now permit veterans to start their training even if they cannot complete it by the termination date—so long as some other agency, such as a State rehabilitation agency, can pick up where we must leave off.

Also, we now offer job-finding assistance and personal counseling to disabled veterans after they have completed their training—if they are having trouble making a go of life, unaided.

And finally, we now help the seriously disabled to find sheltered employment, if they are not able to compete in the give and take of our fast-paced everyday life.

ONE FINAL WORD

All these many activities didn't just happen at the VA. They were caused by the men and women who work there—men and women who consider the cause of jobs for the handicapped not just another task, but a living and vital crusade.

They deserve our tribute and our gratitude.

SUMNER G. WHITTIER,
Administrator of Veterans' Affairs.

Inflationary Interest Raise Forced by Federal Reserve Strike Against Treasury Permits Tax Evasion by Banks and $285 Billion Gift From Taxpayer and Is Forerunner of Hair-Curling National Depression

EXTENSION OF REMARKS
OF
HON. GERALD T. FLYNN
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES

Monday, June 23, 1959

Mr. FLYNN. Mr. Speaker, I have inserted in the CONGRESSIONAL RECORD, under the dates of June 5 and June 17, articles pertaining to the vault cash bill, the banks and the money system. In these articles I have explained that the Federal Reserve System of the United States, at a time when Government bonds were stabilized at 2½ percent went on strike against the Treasury of the United States and refused to buy bonds at that rate, thus forcing the Treasury Department to gradually increase the interest rate until it is now about 2 percent over what it was in 1952. The effect of this is to cause this Government to pay on its public debt an additional 2 percent a year or approximately $6 billion in interest. These are inflationary dollars because they are dollars for which the American people get nothing additional in return. This increase in the public debt has had a corresponding effect on the private debt of individuals, corporations and municipal corporations. They are now forced to pay this additional interest meaning that the banks and other financial institutions are collecting untold billions of dollars additional in interest each year. All of these are inflationary dollars and the payment has been forced upon the people because the Federal Reserve banking system went on strike against both the Treasury of the United States and the public in order to force up the interest rate.

After interest rates increased, the Federal Reserve banks and others started to cry "Wolf, wolf," but instead cried "Inflation, inflation." This plaintive cry was designed as a scare to make the American people fearful of what they thought was a loss or runaway American dollar. The fact is that our price-cost index has remained almost stationary for the past 2 years but that this upward spiral of interest brought on by the bankers strike has had the effect of taking the public and the individuals' dollars away on interest without giving them anything in return.

I explained that the interest rate could have been stabilized as it was for many years under the Truman administration by the Federal Reserve bank continuing to support the Treasury bond market on the United States. I explained that when the banks forced the interest rate up, they set up a gimmick by which the banks could entirely avoid the payment of Federal income taxes. I set forth a table showing how it worked and how the banks actually made a tremendous profit through the use of this gimmick in addition to the complete avoidance of income taxes.

The banks have now forced interest on the public debt to the statutory ceiling of 4¼ percent and the administration, with the help of the Federal Reserve System is asking that the interest rate be taken off Government bonds so that the banks can strike for still higher price on the interest rate. If successful, this will have the effect of raising the interest rate all around the country and if the Government pays 5 percent interest on its debt, the private rate of banks will go to 7 percent or 8 percent just as it did before 1929. That will certainly be inflationary. Then, under the guise of stopping inflation which the banks will say is getting out of hand, the Federal Reserve System, as they have announced in the June 15 issue of U.S. News & World Report, will tighten up the Nation's economy by decreasing the amount of money and the flow thereof, to a point where small business, home builders, and individuals will have to compete on the money market at high rates of interest with big corporations and the Government for an insufficient number of dollars to take care of the needs of the American Nation. This shortage of funds, high interest rates, and the inability of small business to get loans will make it necessary for the banks, who will be required to call their loans pursuant to action to be taken by the Federal Reserve banks in their drive to tighten the money supply, will force small business into bankruptcy, will cause them to lose everything they have, just as in 1929. At that time many were slaves to a money system instead of money being a tool for men to use. The banks are again, through high interest rates and a tight money supply, attempting to get the American public to accept this system under the scare that we are entered upon a period of runaway inflation and that it is either a case of accepting tight money or ruination by

inflation. This is false and nothing could be further from the truth. We have no others calling for such a remedy and if the Federal Reserve banks will not support the Treasury bond market of the United States, then this Congress which is charged with the duty of coining money and regulating the value thereof, should take such steps as are necessary to prevent a recurrence of the atmosphere that created the depression of 1929. We should start by refusing to increase the interest rate on Government bonds. We should then amend the capital laws, statutes, and so forth, to make them apply to banks and thus prevent the banks from avoiding the payment of income taxes.

The Federal Reserve bank holds approximately $25 billion in reserve funds. It is claimed that only $5 billion of this money is necessary for the needs of the Federal Reserve System and the vault cash bill is an attempt by the banks to have $15 billion of the money held by the Federal Reserve bank credited to the invidual reserves of the individual bank members. These individual banks can then issue money at the rate of seven for one and could, with this money, create $105 billion worth of new money. The banks could invest this $105 billion in 5 percent Government bonds, if the interest rate is raised, and collect over $5 billion a year interest for 30 years on 30-year bonds. The country would end up paying the banks over the next 30 years $285 billion, as follows:

	Billion
Given in the first instance	$15
Interest on the bonds purchased with this money during the next 30 years	150
For repurchase of the bonds given	15
To repurchase the bonds bought by bank at end of 30-year period	105
Total	285

The banks will have received this $285 billion from the American Government without having invested one penny of their own money and it will have amounted to $9½ billion a year for the next 30 years. At the end of this period the Government of the United States will still owe its present debt of approximately $285 billion. This is truly a bankers' "steal." Let us look for a moment at what we could do for, through the $20 billion that the Federal Reserve bank holds and which it does not need, we could have paid back through a separate operation, reinvested this reserve in Government bonds at the same 5 percent interest, and if they did so and annually reinvested the interest received thereon, this $20 billion would in 60 years grow at an amount that would be adequate to pay the entire public debt of $285 billion and in addition thereto, the Federal Reserve bank would have received the $20 billion that it started with and would in addition thereto earn approximately $30 billion more than is needed which could defray the cost of the program during that period. This could be done without costing the taxpayers one penny—and we would eliminate our debt in 60 years and for the most part they would not have to deal in any security other than U.S. bonds.

Would it not be better for this country to use the reserve funds in this manner and pay the public debt than it would be to give this reserve back to the Federal Reserve member banks without consideration? Let us be Americans and operate for the good of all American citizens. Let us not give our stamp of approval to special interests. Let us not approve the bankers' "steal." Let us use this money to pay the public debt and let us hold the line against inflation by keeping the interest rate where it is and by taking steps against the Federal Reserve bank if it persists in following policies that will bring about a hair-curling depression and wipe out the savings of the great majority of the American citizens, and all within a few years time.

Yes, this is a period of prosperity but this is the time that plans are being laid by those who, innocently or not, would bring about the depression which could well mean the end of democracy and liberty for this Nation.

DEFEAT THE VAULT CASH BILL

Please see the diagram attached on how the investment of $20 billion would pay the national debt in 60 years. [Chart omitted in RECORD.]

Sam Hoffman of Rocketdyne

EXTENSION OF REMARKS
OF
HON. JOE HOLT
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Monday, June 22, 1959

Mr. HOLT. Mr. Speaker, recently Sam Hoffman of Rocketdyne—a division of North American Aviation, Inc.—located in Canoga Park, Calif., received the Goddard Memorial trophy for outstanding achievement in the missile field. The award was made at the Robert H. Goddard Memorial dinner, honoring the American father of rocketry, during the national missile industry conference.

Rocketdyne received the Borg-Warner Missile Industry Award. Hoffman was honored individually by the Goddard Memorial trophy presented by Missiles and Rockets magazine.

The award made to Rocketdyne was given for the performance of its liquid propellant rocket engines in missile and space launchings during 1958, and was accepted by T. F. Dixon, chief engineer.

Hoffman was chosen for the Goddard trophy by the 14 editors of Missiles and Rockets magazine for "outstanding achievement during 1958 in the missiles field."

The first award was presented last year to Dr. Wernher von Braun and the Army Ballistic Missile Agency.

Results of the Annual Questionnaire in the Second Congressional District of Washington

EXTENSION OF REMARKS
OF
HON. JACK WESTLAND
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Monday, June 22, 1959

Mr. WESTLAND. Mr. Speaker, each year I have sent questionnaires to the voters to my district. The answers to this year's questionnaires indicate the interest of the people in the second district in national and world affairs. The answers also are of value to me, the Representative on whom these voters depend. The return has been excellent, amounting to 10 percent of the 75,000 I mailed.

The returns have been grouped into six categories, which are self-explanatory. They include labor, white collar, farmers, professional, business, and miscellaneous. The last category included unsigned questionnaires, housewives, retired persons, students, and others who cannot be classified easily in one of the other groups.

It is encouraging to see the substantial thought given to the issues covered by the questionnaire. Many persons took the time and the trouble to present detailed comments to help form within my own mind the path to follow in representing my district. I appreciate and thank them for their efforts.

Under leave to extend my remarks in the RECORD, I include the detailed results. The figures I use here represent percentages, not totals of those who answered the questions.

First: In order of their importance to you, number the six most important issues today: National defense, social security, foreign affairs, peaceful uses of atomic energy, taxation, agriculture, education, inflation, power, budget, labor, other.

	Labor	White collar	Farmer	Professional	Business	Miscellaneous	All
National defense	54	50	54	43	49	48	51
Inflation	12	13	15	11	12	12	13
Taxation	8	9	13	5	16	8	9
Foreign affairs	6	13	7	18	7	10	10
Education	5	4	2	11	2	5	3
Budget	4	5	2	5	4	3	4
Atomic energy	3	2	1	3	3	4	3
Agriculture	(1)	(1)	4	(1)	0	1	(1)
Labor	3	2	1	2	4	3	2
Social security	3	(1)	1	(1)	1	4	2
Power	0	0	0	(1)	0	(1)	(1)
Other	2	2	(1)	2	2	2	3

[1] Less than 1 percent.

Second. Do you believe a balanced budget is: (A) absolutely necessary, (B) desirable, (C) unimportant.

	A	B	C
Labor	35	60	5
White collar	44	54	2
Farmer	44	52	4
Professional	36	61	3
Business	42	55	3
Miscellaneous	16	79	5
All	35	61	4

Third. The President has submitted a balanced budget for the next fiscal year, which begins July 1. Do you believe this budget is adequate?

	Yes	No
Labor	80	20
White collar	85	15
Farmer	93	7
Professional	82	18
Business	87	13
Miscellaneous	85	15
All	84	16

Fourth. If you answered question 3 "no," would you finance such increases by: (A) raising taxes, (B) deficit spending. (Percentage results shown here were arrived at by dividing the number of "yes" answers to question 4A and to question 4B by the "no" answers to question 3.

	A	B
Labor	60	40
White collar	64	36
Farmer	72	28
Professional	74	26
Business	63	37
Miscellaneous	63	37
All	65	35

Fifth. Do you favor freer flow of political leaders, students, farmers, businessmen, and other citizens between the United States and the U.S.S.R.?

	Yes	No
Labor	65	35
White collar	75	25
Farmer	63	37
Professional	81	19
Business	69	31
Miscellaneous	79	21
All	69	31

Sixth. Do you favor medical and hospital care for social security beneficiaries with corresponding increases in individual and employer contributions to cover the costs?

	Yes	No
Labor	64	36
White collar	44	56
Farmer	51	49
Professional	41	59
Business	38	62
Miscellaneous	60	40
All	53	47

Seventh. Do you favor a summit meeting?

	Yes	No
Labor	71	29
White collar	77	23
Farmer	77	23
Professional	77	23
Business	75	25
Miscellaneous	77	23
All	76	24

Eighth. The prices of 12 commodities (corn, cotton, tobacco, wheat, rice, peanuts, milk, butterfat, wool, mohair, honey, and tung nuts) are supported at prescribed minimum levels. In general, do you approve the present farm price support program?

	Yes	No
Labor	23	77
White collar	17	83
Farmer	16	84
Professional	22	78
Business	17	83
Miscellaneous	24	76
All	21	79

Ninth. Do you favor Federal aid to education in terms of: (A) School construction, (B) teachers salaries, (C) loans to students.

	A		B		C	
	Yes	No	Yes	No	Yes	No
Labor	67	33	41	59	49	51
White collar	53	47	34	66	45	55
Farmer	46	54	24	76	43	57
Professional	64	36	44	56	56	44
Business	47	53	33	67	41	59
Miscellaneous	53	47	40	60	51	49
All	57	43	39	61	48	52

Tenth. Do you favor continuation of mutual security programs of military and economic assistance to countries outside the Soviet bloc?

	Yes	No
Labor	70	30
White collar	83	17
Farmer	75	25
Professional	87	13
Business	75	25
Miscellaneous	69	31
All	75	25

Eleventh. Do you favor the President's recommendations for labor legislation?

	Yes	No
Labor	75	25
White collar	89	11
Farmer	84	16
Professional	89	11
Business	92	8
Miscellaneous	86	14
All	84	16

Twelfth. Do you favor the cooperative development of power from atomic energy by Federal and private industry?

	Yes	No
Labor	90	10
White collar	91	9
Farmer	89	11
Professional	90	10
Business	93	7
Miscellaneous	91	9
All	90	10

It is obvious from these results that national defense is of primary importance to the people of my district. The fact that inflation ranked next in importance and that the budget was among the top six issues is of great interest to me. The people want inflation stopped and support the President's efforts in this direction by asking for a balanced budget.

The people I represent also want this Congress to pass adequate labor legislation. They believe the President's recommendations on labor legislation are good. I hope this Congress will pass legislation along these lines.

I am extremely pleased to note there is no dissension between the six categories. Substantially the majority of each group has expressed the same viewpoint toward all major issues. This means the people of my district are solidly bound together in their feelings toward what is good for the Nation.

A Good Recovery

EXTENSION OF REMARKS
OF
HON. GEORGE M. WALLHAUSER
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, June 22, 1959

Mr. WALLHAUSER. Mr. Speaker, it is very difficult to be a prophet.

In the field of economic forecasting we are subjected to continual and continuous opinions as to the course that our economy will take, whether up or down, and it is hard to separate the thoughtful prognoses from the "guesstimates." Specifically, I refer to the economic conditions of 1 year ago, when we were being subjected to all kinds of cures for the recession, many of them drastic and some unrealistic. If you look back at some of the headlines and news stories, you will be struck by the almost unanimous suggestions of the prophets of gloom and doom that large tax cuts be made, additional billions of dollars be spent, or similar proposals of pump priming.

It is, therefore, comforting to those who resisted these temporary expedients to note that the economic advance of our great Nation has been very substantial. The Labor Department's latest report indicates that more Americans are now at work than in any May of our history, and, furthermore, shows that the number of unemployed has again dropped.

Recessions and unemployment are major problems and deserve the complete dedication of all of us to avoiding them, but sometimes, it appears to me, that the suggested cures would only compound the problem, in the long-range view.

Another signpost of promising recovery is the rise in personal income in May, which was up 7 percent, or $25 billion on an area basis from May 1957. This, of course, gives an impetus and a gain in the buying power of the average American, especially since retail prices advanced only fractionally during the same period. Most of this increase in income was in wages and salaries, which is a very desirable component of the total. This also gives further hope for increase in employment that is so desirable.

The main purpose of these remarks is not to chide those who took the dim view, but rather to stimulate our thinking for being confident that the free-enterprise system of our great country, proven as it

has been by the test of time, can, with very little external assistance, produce its own recovery, especially if our citizens retain the necessary confidence in it.

We should derive complete satisfaction out of the fact that our system, as compared with the Communist ideology, has the resilience to return to the normal, and above, without taking away goods, chattels, and personal liberties of any of our citizens.

Traffic Safety in the 86th Congress

EXTENSION OF REMARKS
OF

HON. KENNETH A. ROBERTS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 22, 1959

Mr. ROBERTS. Mr. Speaker, the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce has scheduled hearings July 7, 8, and 9 on several bills relating to highway traffic safety. Under permission to extend my remarks, I am submitting herewith, for the information of the membership, an article I wrote which appeared in the April issue of the Traffic Digest and Review of the Traffic Institute of Northwestern University. The article is as follows:

The American motorist is presently permitted to purchase, for premium prices, some assurances that he can avoid death or crippling injury in the event he becomes involved in a traffic accident.

For a slight additional charge, a motorist can have his car equipped with seat belts, proven time and again to greatly reduce the chance of death or injury from a crash.

For a slight additional charge, a motorist can have the dash panel of his car padded with energy-absorbing foam, practically eliminating any chance of a serious head injury in the event of a crash.

For a slight additional charge, a motorist can have his car equipped with windshield washers, assuring him of always having clear vision when driving under adverse conditions.

I will not attempt to list all of the safety devices with which an automobile can be equipped for a slight additional charge.

This, to me, is comparable to letting a housewife go to the market and offering her a choice between tainted meat, found on the market in huge quantities before passage of the Pure Foods and Drug Act, and fresh, safe, Government-inspected meat.

POPULARITY NOT A FACTOR

I have been told that the safety features I have mentioned, as well as many others, have not been adopted as standard equipment because they have not proved popular with the public when offered as optional equipment, for a slight additional charge.

With the annual loss of lives from traffic accidents running from 37,000 to 40,000 and the annual economic loss to the country running into the billions of dollars, I think it is evident that we cannot afford to let ourselves believe we are in a popularity contest.

I do not recall any great hue and cry from the public for the Federal Government to demand purity in meats and other foods and drugs.

Yet, we know without question that before this act was passed, thousands were dying every year from spoiled meats, food canned improperly, and drugs dispensed with no supervision.

Who today can deny that this Government action has been of tremendous value to all of us and to the country as a whole? And what body but the Government was in a position to, or even willing to, assume the responsibility for this action?

There may be no great public hue and cry for seat belts in automobiles, for padded dashes, windshield washers, or any of the many other safety devices which have been developed; but no one can question their worth, their ability to reduce the suffering and death now being experienced on our highways.

And we desperately need to get these devices out of the optional equipment category and into the standard equipment field.

For the past 2½ years I have served as chairman of the special subcommittee on traffic safety, and have been recently named chairman of a newly formed subcommittee on health and safety.

The health and safety subcommittee will continue the work of the traffic safety subcommittee.

PUBLIC HEARINGS PLANNED

During the time in which I have been active in this field, the subcommittee has heard literally millions of words of testimony from representatives of the automotive industry, researchers, safety officials, law enforcement officers, judges, doctors, and attorneys.

Almost without exception, they agree we still have a long way to go in the traffic safety field, particularly in regard to research.

But here we are talking about some gains which have been made but which are not being utilized.

Since there have been no voluntary steps made to correct the situation, I have introduced in the present Congress legislation which would:

1. Direct the Secretary of Commerce to make a study and determine what reasonable safety devices should be standard equipment on all automobiles.

2. Make it unlawful to ship any vehicle which does not have these safety devices in interstate commerce.

At the earliest possible date, I intend to hold public hearings on this bill, and I will then entertain any suggestions as to why it should not become law.

I am confident that there will be objections, and I am equally confident that the principal ones will come from the northwesterly direction of Detroit.

My personal feeling is that the subcommittee has proceeded with extreme caution in its work and has sought in every manner to avoid compulsory legislation.

But after 2½ years of pointing out some of the things which need to be done, and with no indication of any early action on the part of the manufacturers, I believe that we must pass some sort of regulatory legislation which will insure the public of getting the safest possible product.

As I have said, I anticipate considerable opposition from a powerful industry when this bill comes up for consideration, and I have prepared a counter measure which I have also introduced in the present Congress.

This bill would require the Secretary of Commerce to make the same sort of study of safety devices, and then would require that all automobiles purchased by the Federal Government be equipped with these devices.

The Federal Government is such a good customer of the automotive industry that I believe equipment placed on automobiles for Government purchases would soon become standard on all automobiles manufactured.

It would not be practical to tool a plant one way to manufacture automobiles for the Government and another way to manufacture for regular purchase.

This is a sort of back-door approach to the problem, but I am hopeful the end results would be the same.

OTHER LEGISLATION PROPOSED

Briefly, here are some of the other measures which will be considered by the current Congress:

A bill which would provide some Federal funds for research in the driver-training field.

It has been demonstrated time and again that properly trained drivers, drivers with formal driver training, have fewer accidents, fewer fatalities, fewer injuries, and fewer traffic law violations.

This money would not be appropriated for the actual operation of driver-training classes, but would be used for research and study to develop the best possible type of driver-training courses.

The funds would have to be matched at the State level, and control of the funds would be at the State level. States using the funds would, however, have to make a reasonable accounting of the expenditure to the Department of Health, Education, and Welfare.

Still another important piece of legislation is one which would determine how much damage to our health automobile exhaust fumes are causing and require some control of the amount of pollution being discharged into our atmosphere.

At a recent air pollution conference in Washington the Public Health Service said there is some ground for belief that automobile exhaust fumes are a source of lung cancer.

There is expected to be introduced in the near future, if it has not already been introduced, a bill drawn by my colleagues from Arizona, the Honorable JOHN J. RHODES, which would set up a central records system of traffic law violations.

In the event of a serious violation, such as driving while intoxicated, hit and run or driving at excessive speed, a permanent record would be made at this central bureau.

The record would be made only for the most serious offenses resulting in license revocation. It would not be desirable or practical to make such records for minor violations, such as parking meter violations, parking in a restricted zone, etc.

NATIONWIDE LICENSE REVOCATION

As the situation is at present, a driver in Alabama, for instance, can have his license revoked for a traffic law violation, and then skip right across the State line into Tennessee or some other State, complete the necessary residence requirements and get himself a new license which will serve him until he gets into another scrape with the law.

The State issuing the license has no way of checking to see what his previous driving record has been, or even checking to see whether he has been previously licensed in Alabama.

With a central records section reporting on all license revocations and traffic law violations, the examining officer could check any applicant's previous driving record in much the same manner that a law enforcement officer can check a suspect's criminal record with the FBI.

In summary, let me say that the Federal Government does not want to and will not needlessly work a hardship on any industry or in any manner invade provinces traditionally governed at the State level.

Human life, however, is too precious and billions of dollars in economic loss is too costly for any of us to stand idly by when

solutions to the problems causing these losses apparently are at hand.

If it falls the duty of the Federal Government to legislate safety equipment onto our automobiles to reduce the pitiful slaughter now taking place on our highways, then I say legislate.

If it falls the duty of the Federal Government to legislate funds for improving our driver training, then I say legislate.

If it falls the duty of the Federal Government to legislate action against the pollution of our air, then I say legislate.

We have looked in many other directions for constructive action on these problems and have found little or none.

The time has now come when some responsible body must act to curb this terrible loss of life and property. And act is what we plan to do.

Toward Greater Unity in the Atlantic Community

EXTENSION OF REMARKS

OF

HON. HUBERT H. HUMPHREY

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Monday, June 22, 1959

Mr. HUMPHREY. Mr. President, I recently participated in a debate on the subject of Atlantic unity in the pages of Western World, the first bilingual transatlantic magazine. My worthy opponent was M. Felix Gaillard, former Premier of France. I ask unanimous consent that my essay, "Steps Toward Effective Unity Are Possible Now," which appeared in the June 1959, number of Western World, be printed in the RECORD.

There being no objection, the essay was ordered to be printed in the RECORD, as follows:

STEPS TOWARD EFFECTIVE ATLANTIC UNITY ARE POSSIBLE NOW

(By Senator HUBERT H. HUMPHREY)

Effective steps toward the goal of Atlantic unity can be taken now, provided the member governments and peoples have the will. With one reservation, of course.

If the phrase "Atlantic Union" is interpreted to mean a federal union of Western democracies patterned after the United States of America, obviously it cannot be created immediately. Even if every man and woman in the countries concerned favored such a union, it would require a great deal of time to bring it into being. This, as we all know, is still far from the case.

But if by Atlantic Union we mean a degree of Atlantic unity adequate to meet the challenge of our time, then such steps are not only possible but overdue. For the foundation has already been well and solidly laid. To the extent that the Atlantic Community is incarnated in NATO, limited Atlantic unity already exists.

This progress has, of course, been greatest in the field of defense.

Never before, except during actual war, have national governments gone so far in establishing a unified defense structure. In fact, as many of us can remember, the Allies of World War I did not agree upon an overall commander until the final year of the conflict.

The nations of the North Atlantic Treaty Organization selected a Supreme Commander 8 years ago. Since then they have created organized forces under a unified command structure. They have established a common infrastructure, including such facilities as airfields and pipelines, for common use, have submitted their national defense programs to an annual review by the North Atlantic Council and carried out programs of mutual defense support and some common procurement.

These accomplishments, the fruit of efforts by dedicated men from all our nations, are as heartening as they are extensive. But can we believe that they are enough to meet the challenge which confronts us?

THE COST OF UNINTEGRATED DEFENSE

The cost of maintaining our defenses under the present system is straining all our national budgets and may become prohibitive.

Far as we have gone toward unity in defense, we are still paying billions of dollars a year in costs which might be eliminated by further integration, costs which result from duplication, and lack of standardization in separate national defense programs.

On this subject a very pertinent statement was made by Percival F. Brundage, who was recently Director of the Budget in the Eisenhower administration. He stated: "With a complete integration of the North Atlantic forces to include a unified design of weapons, standardization of equipment and ammunition, coordinated navy, air, and land forces, and above all a consistent and united foreign policy, I am convinced that the total expenditures could be reduced by one-third and be more effective * * *." The Soviet Union is pressing us hard, so hard that we may find ourselves forced to do things which we would not otherwise choose to do.

A complete integration of defense would obviously require a considerable degree of political and economic integration.

Experience in Western Europe, the Coal and Steel Community, and the Economic Community, or Common Market, appears to indicate that political integration can be promoted by intimate economic cooperation. Yet the NATO nations have as yet made relatively little progress toward unity in the economic field. The implementation of article II of the North Atlantic Treaty, on which such high hopes were based, has proved exceedingly disappointing.

How little has been achieved in relation to the economic cooperation that is necessary, is indicated by the following passages of the resolution on economic affairs adopted by the Fourth NATO Parliamentarians' Conference on November 21, 1958:

"Trade policy should be coordinated according to common principles among the countries of the Atlantic Community. * * * The North Atlantic Council, in the light of new concepts for defense of the North Atlantic area, should consider ways to minimize the obstacles to effective negotiations on tariff concessions inherent in the insistence in certain countries on maintaining tariffs and quotas in certain industries because they are considered essential to the national defense."

Efforts to create greater political unity among the NATO nations have been pursued for many years. It is a goal accepted by the North Atlantic Council, by our governments and by a huge majority of our political leaders and our citizens. In May 1956, the North Atlantic Council directed a committee of three Foreign Ministers, popularly termed the "Three Wise Men," to advise it on "ways and means to improve and extend NATO cooperation in nonmilitary fields and to develop greater unity within the Atlantic Community."

Since the report of this committee was approved by the North Atlantic Council in December 1956, some progress toward such unity has been made. Consultation within the Council has been extended to cover developments in all parts of the world as well as the actual texts of the replies of the United States, Britain and France to the successive notes addressed to them by Mr. Khrushchev.

Yet this degree of unity falls far short of what the situation requires.

Because of division the West is hesitant in meeting successive Soviet threats. Were the Atlantic Community something with a swift policy of its own it could make its decisions effective with a minimum of risk. Together we vastly outstrip the Communists in essential items—economic resources, actual production, number and skill of available technicians, potential military power—in every item save that of mere numbers. United in a manner that permitted the full use of its power the Atlantic Community would be immeasurably superior to the Communist bloc—and have nothing to fear from it.

THE COMMUNIST DRIVE IS POLITICAL AS WELL AS MILITARY

Although attention at this moment is focused on the Soviet threat to Berlin, most thinking men realize that the Communist drive to dominate the world has become political and economic as well as military. Indeed, many of them believe that Communist expansion is going to be pursued primarily by political and economic offensives.

In pursuing their aim the Communists possess one asset of outstanding importance; a monolithic unity. They can decide what to do, and act, while we negotiate with one another. Thus, as has been widely agreed and repeatedly stated by President Eisenhower, our critical need is a unity adequate to meet these challenges.

The Secretary General of NATO, Paul-Henri Spaak, has outlined this need very clearly in the current issue of Foreign Affairs:

"Here we are faced with the real weakness of the Atlantic Alliance in every sphere—the lack of unity. This is the problem which we are up against whether we are dealing with scientific research, armaments, production, aid to underdeveloped countries, military organization, or the conduct of diplomacy. We still jealously guard our individuality I fully appreciate the very genuine values which this encompasses; yet I realize, too, what it is costing us in duplicated effort, both intellectual and financial, what it means in terms of wasted energy and how difficult it makes it for us to get results . . .

"This would imply, of course, the conviction that there exists today a real community of interest among the members of the Alliance which must be served with the same energy, love, and pride, that for centuries have been put at the service of each individual country. I know that at present this is a dream. Yet the dream must one day become a reality, for it is on this reality that our future depends. Of that I am convinced."

This problem of adequate unity has confronted our governments ever since NATO was formed 10 years ago, and they have not yet found a solution. It involves two exceedingly difficult questions: Just how unified do we need to become to meet the challenge of our time? How do we obtain the unity which is found to be necessary?

Greater cooperation and unity, so long sought by our governments, is now being sought on two other levels.

The NATO Parliamentarians' Conference has met annually since 1955 and has achieved much success in promoting mutual understanding and a common viewpoint among the legislators of our countries. It has adopted a number of resolutions each year seeking to promote unity in political,

economic and military affairs, which have been considered by our governments as well as by the North Atlantic Council.

THE ATLANTIC CONGRESS, 1959

Therefore, this year, on June 5, the Atlantic Congress, comprising 650 leading citizens of the NATO countries, is to meet in London. It is expected to be comparable in its size and significance to the Hague Congress of 1948 which led directly to the creation of the Council of Europe and indirectly to the European Coal and Steel, Atomic Energy, and Economic Communities.

Thus the search for greater unity is being pursued by governments, by legislators and by representative private citizens from among our peoples who are the sovereign power in democratic nations.

The Atlantic Congress was called by a resolution of the Third NATO Parliamentarians' Conference in 1957. One may hope it will have a wide impact on our peoples, through the contacts and exchange of views which will take place, through its resolutions and recommendations and by bringing home to our peoples that they are members of one community.

It can be expected also that the Atlantic Congress will prove exceedingly valuable in focusing public attention in the NATO countries on the need for adequate unity. But it is evident that a gathering of this size, meeting for only 5 days, cannot conduct a comprehensive exploration of how such unity may be attained. For so complex a task, some smaller body is required, one which can meet as long as may be necessary.

The resolution of the Third NATO Parliamentarians' Conference which initiated the Atlantic Congress sought to fill this second need as well.

Adopted by a unanimous vote of the Parliamentarians, it recommended that the NATO governments bring about a conference "composed of leading representative citizens selected on a nonpartisan basis and directed to convene as often as necessary in order to examine exhaustively and to recommend how greater cooperation and unity of purpose, as envisioned by the North Atlantic Treaty, within the Atlantic Community may best be developed."

The resolution further proposed that "the members of the conference should, as far as possible, be officially appointed but should act in accordance with their individual convictions."

This recommendation of the NATO Parliamentarians was unanimously approved by the U.S. Senate Foreign Relations Committee on April 24, 1958, but was not brought to a vote in the Senate before the final adjournment of Congress. Under our system, any legislation which has not been completed must be initiated afresh in a new Congress. Actually, no government has—as I write—shown any enthusiasm for such a continuing body.

Many of us in the U.S. Senate believe that a meeting of leading representative citizens of the nature proposed could be a very important means of promoting Atlantic unity. Accordingly, on March 19 I introduced, with my Democratic colleague, Senator ESTES KEFAUVER of Tennessee, and my Republican colleagues, Senators CLIFFORD P. CASE of New Jersey and JOHN SHERMAN COOPER of Kentucky, a resolution designed to fulfill this purpose. Similar resolutions were introduced into the House of Representatives by Congressmen A. S. J. CARNAHAN of Missouri and CLEMENT J. ZABLOCKI of Wisconsin, both ranking Democratic members of the Foreign Affairs Committee.

A PROPOSED ATLANTIC CONVENTION

It will be noted that the proposed convention would be brought about by action of the legislatures and parliaments of the NATO nations. A precedent for such action was the formation of the NATO Parliamentarians' Conference in 1955, which resulted directly from steps taken by the North Atlantic legislatures.

I believe that the meeting of the proposed convention would open the way to important, perhaps decisively important, steps towards the unity we now require. It would constitute a probing action to determine how we can achieve this democratic unity without sacrifice of democratic values.

Its members would comprise some of the foremost citizens of our nations, men and women with experience gained from many occupations.

They would make an exhaustive survey of our principal problems, meeting as long or as many times as might be required. Free from official responsibilities and speaking only for themselves, they could take a "new look" at these problems and possible solutions, a task which cannot be carried out by government officials who are restricted within the bounds of existing policies.

And both their surveys and their efforts to find solutions would be conducted on a NATO basis, not a national basis, so that all recommendations would be designed to serve the interests of the Atlantic Community.

Their function, of course, would be solely advisory. They would have no authority other than to make recommendations. And whether their recommendations would lead to action by the NATO governments would depend upon how sound and practicable such proposals were considered by the governments and peoples concerned.

Much would thus depend upon the collective wisdom of the members of the proposed convention. I cannot but believe that a select body of the wisest among our citizens who were willing to devote time to this complex job would produce at least some proposals which would be regarded as acceptable and thus would enable us to take a large step forward in our effort to attain adequate unity.

The role of the proposed convention has been compared with that of the commissions of leading citizens which have so often been appointed by our governments to investigate some complex problem. This procedure has been followed with effective results in the United States and Britain.

In the United States the term "convention" has a special meaning due to the great success of the convention of 1787 which created the United States. It was formed in a manner analagous to the meeting now proposed and succeeded in 100 days in inventing new political institutions.

That day was long ago and the situation was not that of today. The American States had already become a loose confederation which needed only further tightening to become a single nation. And having achieved independence from Britain their major problems were internal.

The NATO countries have remained each fully independent, with no slightest delegation of sovereignty to any single directive body.

It is their common danger from the ever more insolent menace of world communism and their common need of better satisfying the demands of the underdeveloped peoples, that are driving them towards unification—irresistibly if they are successfully to meet the twin challenges.

How far this process of unifying their policies can and will go depends, in my opinion, upon the urgency of these two pressures. But because we do not presently aim at complete union is no reason for not taking the first steps in the essential direction. And time is running short.

Secretary McElroy's News Conference

EXTENSION OF REMARKS
OF
HON. AUGUST E. JOHANSEN
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES

Monday, June 22, 1959

Mr. JOHANSEN. Mr. Speaker, because of my own concern over the comments of Secretary McElroy regarding the recent Communist jet attack on an American Navy patrol plane off North Korea—which I voiced in my remarks during the debate last Friday on the increase in the debt limitation—I include here, under permission to extend my remarks, the questions and answers on this subject at the Secretary's news conference last Thursday:

Secretary MCELROY. I think those are my opening comments. I am available for questions.

Mr. MCDANIEL (Associated Press). Mr. Secretary, in view of the comments, demands, or suggestions from the Hill, has the Navy to your knowledge or in your cognizance instituted or started any action that might lead to the court-martial of any officer over the events in the Far East in the last few days?

Secretary MCELROY. No steps have been taken and I have seen no occasion for steps to be taken. I think it might be well for me to say a little something about this event of the shooting up of the Navy plane off North Korea because to my mind the things that have been given the greatest attention are not the most significant things about this incident.

The really important thing to my mind is that here was an aircraft on a peaceful mission, flying over waters which are clearly international waters, and this plane was attacked by what I would consider an irresponsible pair of fighters with the results that are well known.

The only reason a major tragedy didn't take place was because of the high quality of piloting by the Navy pilot. This, in my opinion, should be regarded as no different from the kind of thing that could happen to a military air transport craft which, of course, is not armed. The military air transport craft also is on a peaceful mission. The same thing is true about an ordinary commercial aircraft.

Now when you have a condition of peace in the world or even a condition of cold war you don't expect that you have to be in a position to defend yourself against irresponsible attack if you were flying over international waters which are clearly your right to fly over.

I think it's not dissimilar to the kind of situation you might have here in Washington. People don't go out at night with guns in their pockets and yet that doesn't mean that some irresponsible person may not attack you and injure you or even kill you.

Now this is serious obviously. This is serious principally to my mind in the increase of international tension. This country, of course, will not have its right infringed, but to my mind the question of whether we provide heavy armament for a ship, an aircraft which is on a peaceful mission in international waters, over international waters, I should say, or a ship which is on international waters, is something which I think is a kind of an aside as against the main issue.

Mr. GREENE (New York Daily News). Mr. Secretary, what are we going to do about it?

Secretary McELROY. What are we going to do about what?

Mr. GREENE. Well, as I recall the last count we have been hit 11 times over international waters by Soviet or Soviet allied planes. They have always started the shooting. Are we just going to keep on and let them keep on shooting or what are we going to do to try to stop it or retaliate?

Secretary McELROY. Well, you see, this becomes a matter of high policy. If we have aircraft in the area, of course we would respond, but let me ask you, do you want to send aircraft where you can't find the people who will perform the assault? What would you do?

Mr. GREENE. If you want my answer, sir, I would send them all out with fighter escorts and I would shoot at anything I could find. You asked me and I gave you the answer.

Secretary McELROY. Thank you very much. [Laughter.]

* * * * *

Mr. PRINA (Washington Star). Mr. McElroy, can you explain whether the guns on the Naval patrol plane were missing or were they dismantled? They seem to have said from the Far East that parts were missing. That is, they are still hoping to get parts of this type of gun. [Laughter.] What is your understanding of that point?

Secretary McELROY. I don't believe that there is anything significant in the lack of parts. The important gun, if there was any gun on this craft that was important and as I think I have tried to suggest to you that isn't the important thing. There's too much preoccupation with that particular gun which isn't the way you are going to knock off a Mig anyway except by very, very unusual marksmanship.

In my opinion, the problem is not spare parts. The aircraft is really being used in reconnaissance in a way in which it was not originally built to be used. It was built to be used as an antisubmarine craft. Now in reconnaissance it has some equipment which is not required for the antisubmarine purpose and in order to get that kind of equipment housed in the aircraft you may very well displace certain of the guns which are placed in the forward part of the craft for antisubmarine use and for reconnaissance would not have important use.

Mr. PRINA. Mr. Secretary, was that done in this case?

Secretary McELROY. Was what done?

Mr. ROGERS. Did you displace the forward guns in order to make room for special equipment?

Secretary McELROY. Well, this is what we are trying to get the exact information on. (Secretary Snyder confers with Secretary McElroy.) Well, here is the statement that was put out, so I might as well read it to you:

"This particular plane was assigned to reconnaissance missions rather than antisubmarine duty during its deployment in the Western Pacific." That is what I have just said. "Because of this, the forward turrent, useful only against surface targets, was deliberately rendered inoperable by utilizing the space to house reconnaissance-type equipment. For a similar reason, and to compensate for the weight of the additional equipment, the top turret had been removed."

Mr. PRINA. (Washington Evening Star). But that still leaves the question that may be insignificant as far as you are concerned, but there seems to be a flap going around the point whether—they don't have parts for that type of gun out there.

Secretary McELROY. Well, as I say, we have no indication that there is a lack of parts that's any factor in this problem at all.

Mr. ROGERS. Well, Mr. Secretary, were the missing parts available? Could they have been put back on?

Secretary McELROY. Well, what difference does it make? Why is this important, when you wouldn't have put them back on anyway? This seems to me to become ridiculous.

Mr. RAYMOND (New York Times). Mr. Secretary, there are reports coming out of the Far East saying that the crew members referred to missing parts. The crew members apparently thought it important enough to refer to them, and that's why we are asking about them.

Secretary McELROY. Well, I have given you all of the answer I can give you. I don't think it's important in the matter.

Mr. HACKES (NBC). Mr. Secretary, is it your feeling that fighter escorts of any kind are not really necessary, or would you say there had been some flights that would be considered hazardous enough to have a fighter escort?

Secretary McELROY. Well, the instructions are that these flights be undertaken in such a way that they will not be provocative, by which it is meant that they, in proceeding along at a very safe distance outside of what even the most extravagant claim of territorial waters has been, that the direction be such that there would be no suggestion to indigenous forces that the direction was carrying the craft toward those borders.

Now this I am sure has been followed. Under those circumstances there is no flight of the type we are talking about here that I would consider required fighters escort unless you had a recurrence of this kind of attack.

I think this was irresponsible. I don't know why it was done; whether it was some sort of a coordinated harassment with what goes on in other parts of the world in connection with the Geneva Conferences, I don't know. It obviously is a very dangerous thing for anyone to do against this country.

I think it may just as well be known that the commanders in the area have full authority to provide fighter escort if they consider that this is required. They have not done so up to this point according to our information to date.

The PRESS (unidentified). Mr. Secretary, is the nationality of the attacking planes now known?

Secretary McELROY. Not fully identified. We think that the location from which they came would suggest that it would be more likely that they were North Korean, but there is no positive identification.

Mr. ROGERS (New York Herald Tribune). Mr. Secretary, there is a report of a photograph having been taken of the attacking airplanes, having been sent to Washington. Is that so, sir?

Secretary McELROY. I don't know.

Mr. REICHEK (McGraw-Hill). Mr. Secretary, have there been instances in recent years of Soviet bloc aircraft being sighted or intercepted over our territorial limits?

Secretary McELROY. Ours were not over their territorial limits.

Mr. REICHEK. I realize that. That is not my question. Have there been any instances of Soviet bloc aircraft sighted or intercepted over our territorial limits.

Secretary McELROY. Over U.S. territorial limits?

Mr. REICHEK. (Nods.)

Secretary McELROY. No.

Mr. REICHEK. None at all?

Secretary McELROY. No.

The PRESS (unidentified). Over Alaska too, put it.

Mr. REICHEK. By United States, I mean——

Secretary McELROY. It is certainly true that Soviet or North Korean or Communist Chinese—we can't always identify exactly who they are, but craft of those countries are flying the same general area of waters in which this incident took place. Our patrolling craft see craft of the other side with some regularity. This is not unexpected. It's an area where I think both sides have a desire to keep track of what the other side is doing.

Welfare in a World Perspective: A New Look at Race Relations

EXTENSION OF REMARKS

OF

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, June 22, 1959

Mr. BOLLING. Mr. Speaker, the speech which follows is one of the finest speeches I have ever seen. No doubt it will annoy many people because it does not oversimplify the terribly difficult problem of race relations. But the thoughts it contains and the approach it takes deserve the prayerful consideration of every man of good will in the United States. In my opinion through this speech our able colleague from Connecticut, the Honorable CHESTER BOWLES, has performed still another great service to the Nation.

WELFARE IN A WORLD PERSPECTIVE: A FRESH LOOK AT RACE RELATIONS

(Remarks by the Honorable CHESTER BOWLES at the Annual Health, Welfare, and Recreation Conference of the Health and Welfare Council, Hotel Statler, Washington, D.C., Friday, May 22, 1959)

Mr. Morgan, Mr. Tribble, Mr. Aiello, delegates to the annual Health, Welfare, and Recreation Conference, no invitation I have had since I returned to Washington in January has been more welcome or challenging than this opportunity to speak to you today.

Those of us who temporarily occupy one position or another in public life—particularly those of us who call ourselves legislators—often come to think in legal, statistical, overgeneralized terms.

It is refreshing to be once more in the midst of people representing nearly 200 agencies who are spending their time and talents day after day in helping to solve the practical problems of the 2 million people who live in our National Capital area.

With considerable hesitation, I have decided to take this occasion to discuss our most critical and embittering social problem—race relations.

This week is a particularly good time to take stock. Five years ago last Sunday our Supreme Court ruled that color alone could no longer bar any child from a public school.

It was a momentous occasion and we all felt it. Those who had long favored desegregation thought the struggle had been won. And most of those who opposed it assumed that the only question left unanswered was the timing and the technique. The fact itself was accepted by the vast majority of Americans—north, east, south, and west.

Since then, more than one-fourth of the bi-racial school districts in the 17 southern and border States which officially practiced school segregation have been nominally desegregated, usually in a quiet and healthy manner which has escaped the headlines. In this connection the record of the District of Columbia, which so many of you helped to write, has been historic.

But these 5 years also have been scarred with smoldering resentments, defiance of court orders, and outbreaks of violence.

These expressions of racial conflict have not been limited to our Southern States. Nor

are they symbolized merely by a deserted school in Little Rock.

On the contrary, the attempted bombing of an integrated high school in Hobbs, N. Mex., a white mob stoning a Negro home in Levittown, Pa., an outburst of racial gang war in Chicago—these are signs to give pause to all the participants in America's racial conflict.

In 1954 the Nation as a whole underestimated the significance and meaning of the Supreme Court's decision. Since then we have tragically missed opportunities for constructive action.

After several years of optimism and complacency it is now clear that integration is a bigger, more stubborn, more universal, and more important problem than many of us imagined. We know now that racial differences and discrimination go deeper than Supreme Court decisions, not to mention paratroopers, can reach.

All of us, North and South, Negro and white, need to think anew.

Where and how do we go from here?

For we must go on in fulfilling the promises of the Constitution and of our national conscience. We can pause for reappraisal, but we cannot stop or go back.

The problem is full of agony and, as in most great issues, no one side has a monopoly of truth. Each has its points which must be considered with both humility and tolerance. All of us need to be awakened from our dogmatism and from our cliches.

My remarks today will undoubtedly disappoint those who have taken extreme positions in this controversy. Yet my approach inevitably reflects my personal experience—as a longtime friend of the South, as a former Governor of a northern industrial State, as a former Administrator of a large Federal agency in the turmoil of wartime Washington, and as U.S. Ambassador to India, where I saw our difficulties as the dark-skinned two-thirds of the world see them.

I offer my views not as solutions, but as guidelines to the kind of national discussion which I think is long overdue.

1. We must recognize the problem of discrimination as a national, not a sectional one.

Half of all American Negroes now live in the North. There is now no northern city without its tensions and its shame.

Yet many northerners still smugly look at racial discrimination as a sectional problem. Thus they condemn what they consider to be the slow pace of integration in the South, while remaining indifferent or nearly so to the discrimination all around them.

There are 39 States outside the South. Only 19 have established Fair Employment Practices Commissions. In the other non-Southern States, there has been no legislative action on employment discrimination at all.

Since 1949, when we in Connecticut first authorized our State Commission on Civil Rights to prevent discrimination in publicly owned housing, there has been some progress elsewhere. Yet today only nine States outside the South have adopted antidiscrimination legislation affecting publicly assisted housing. In 30 other non-Southern States, no official action to end housing discrimination has occurred.

The great northern and western industrial cities are all drawing Negroes out of the South, and are all faced with the demoralization of city slum life that goes beyond race.

There are five times as many Negroes in Chicago as in Birmingham, four times as many in Detroit as in New Orleans, six times as many in Los Angeles as in Miami.

In most northern cities the professed equal protection of the laws still hides extensive segregation in fact—by residential exclusion, and by the natural selection of poverty. In few of our major northern cities do more than 20 percent of the Negro students attend school with white children.

To be sure, some cities such as New Haven, Pittsburgh, and Washington are now taking far-reaching steps to rebuild themselves, including the slum clearance and human rehabilitation essential to the solution of racial conflicts.

Yet almost any northern community that honestly examines its own racial relations will realize how far it is from living up to its professed ideals. And once we see what is missing in our own cities and States, we will be less inclined to feel that it is enough to denounce the foolhardy actions of white extremists south of the Mason-Dixon line.

Nothing will speak more persuasively to the South than a better example among the too-ready critics farther North.

2. The Constitution as interpreted by the Supreme Court will ultimately prevail.

The Constitution, after all, is colorblind. The 14th amendment does require the end of racial discrimination in all parts of our public life. The universal declaration of human rights, endorsed overwhelmingly by the people of the world, affirms this as one of the first principles of world order.

Moreover, our Constitution will be enforced. The Supreme Court has ordered desegregation with all deliberate speed.

Negro litigants will see that this is complied with—and the new Negro arising in the South and elsewhere, will supply all the litigants necessary, no matter what pressures are organized to stop him.

There can be no question but that in parts of the South, school desegregation will continue for some time to be massively resisted. The courts, the Department of Justice, and the President have no choice but to enforce the Constitution, gradually, case by case, step by step.

The courts and the country obviously will accept very gradual steps in good faith compliance. But regardless of what party is in power, the observance of the law ultimately will prevail.

The great hope, however, is not for a reluctant and grudging acceptance of the inevitable force of the law. Rather, the hope is that recognition of historical necessity will encourage an increasing effort to bring the various elements in each community into harmony.

3. We must supplement litigation with persuasion.

Of course the law itself is a powerful teacher. The end of segregation in the Armed Forces, in the Nation's Capital, and on interstate trains did more to convince many skeptics that integration in these areas made sense than any amount of talk could have done.

There appears to be a temptation, however, to rest on the oars of lawyers and judges and say that this is all now a matter of law and order.

The President seemed to say precisely this when he stressed that he has told no one, not even his wife, whether he thinks the Supreme Court desegregation decision was right or wrong.

But Court orders alone will not suffice to change the minds and hearts of people. Somehow those who seek to end racial prejudice must go deeper than statutes and Court decisions.

If this were merely a legal issue between those who believe in upholding the law and those who seek to circumvent it, then there would have been no issue until the Supreme Court acted in 1954. But this turns the problem upside down.

The Court acted because the constitutional guarantee of equality involves the deepest political principles of this Nation and because there was a moral issue presented which went to the heart of our Bill of Rights and our Christian civilization.

The law does not get its sanction merely because it is the law. It wins support because it embodies the moral purpose of society.

The task of our political leaders, and of all who want to establish equal rights is not only that of invoking and carrying out court decisions but also of convincing people that they are right.

That is why the proposal for an independent Federal agency like the "Community Relations Service" advocated by the Senate majority leader, Senator LYNDON JOHNSON, could be so important. Conciliation, provided it is consistent with the guarantees of the Constitution, is precisely what is needed to help the law.

As Senator JOHNSON himself has said: "Controversies involving civil rights have reached a point where they can be paralyzing to whole communities. But they are controversies which can be settled if the yawning chasm between people can be bridged * * * (by keeping) open the channels of communication among our people."

4. The new generation, white and Negro, must rise above the deep-seated prejudices of their elders.

The spectacle of Negro children in Little Rock, Clinton, Sturgis, Nashville, and the integrating cities of North Carolina walking quietly to and from school through jeering, angry mobs shocked most Americans, as it did people around the world.

When one remembers the fears of childhood—of changing to a new school, even when everyone is friendly and of the same race—one can imagine how these lonely Negro children felt in the midst of unfriendly white crowds.

Yet is not the old prophecy coming alive again? Are not the children leading us now?

In almost every city and town in the South where school integration has begun, the children are making out all right together. "If the grownups would just leave us alone, there would be no trouble," said a white student in Little Rock.

5. White and Negro moderates both have an historic role to play.

Many white southerners are still content to say that the problem will take a long time to solve and that the Negro must be patient.

No thoughtful man expects a quick solution. But we cannot afford to forget that a lot of time has already passed.

It is now 96 years since emancipation, 183 years since a southerner wrote the declaration to which this Nation is dedicated.

That all men are created equal, that they are endowed by their Creator with certain inalienable rights, and that to secure these rights governments are instituted among men—these are not just the words of Thomas Jefferson. They are the political creed of this country. Yet the historic timetable for establishing these equal rights for all Americans has been gradual indeed.

The white southerner nevertheless has a case he can and should make. Generations of slavery, second-class Negro citizenship, inferior schools, houses and jobs are now plaguing us in the form of high rates of disease and crime and a low level of education in areas where Negroes predominate.

To be sure, such demoralization is also the state of much of the rural poor whites of the South and Puerto Ricans brought up and trapped in our congested urban slums.

But the Negro has been an outcast longest, has suffered most, and is now the most extreme example of a problem facing the whole country.

This argument is indeed a good reason for doing more than simply integrating the schools. It underscores the need for getting at the very conditions which produce the demoralization in the first place.

The demoralization of the Negro does endanger southern white society, just as the demoralization of any members of a community endangers that community.

Take a county where a depressed Negro population outnumbers the white two or three or four to one. If that Negro community is ill housed, ill fed, ill clad, if it is sick, ignorant, and angry, can a relatively well-off white minority be "safe" in any meaningful sense of the word?

Or take a big southern city. If half of the town is a Negro slum, breeding uneducated bitterness, juvenile crime and racial violence, what kind of community will this be for the white people who pretend to want to live there?

The new South that is now taking shape has no room for low and inhuman standards of life for anyone.

Instead of using demoralization as an excuse for doing nothing about integration, it should cause the southern moderate to insist that a vast amount more must be done in a number of fields.

We need a far-reaching program to end the demoralization of much of the Negro community and of the poor whites as well. By championing slum clearance and measures for adequate housing and public health, the white South might then be in a position to ask the Negroes, the courts, and the rest of the country to accept a realistic pace for school integration—perhaps beginning only in the first grade and at the college and university level, with a voluntary transfer system with even segregation by sex in some areas where coeducation adds to the fears about integration.

But by holding back, southern moderates leave the field not only to the white demagogs but to future Negro demagogs.

So far Negro leadership has been on the whole remarkably intelligent and restrained and the Negro people have accepted its counsel. They have steadily offered the hand of friendship and compromise for acceptance by at least some substantial part of the white South.

A new Negro is standing up in the South and elsewhere. His expectations may not all be met. But some good and true men of the white South must meet him face to face, must sit down at roundtable conference, must talk with him and understand him.

Without such a minimum response, it is too much to expect that the majority of Negroes will forever stand by the moderate ministers of the Gospel and the well-trained lawyers who now speak for them.

6. I believe that the Christian Church must take the initiative in advancing a racial reconciliation.

Let's face it: In many churches in America, a minister who goes against the prevailing sentiment of his congregation risks his job as much as the politican who alienates his constituents.

But from the beginning of the Christian era, it has been the church's duty to prevail against erroneous opinions, even at the price of martyrdom. Surely the church today should be the last citadel against the public relations approach that has infected so much of American life.

Many bishops and ministers in the South have spoken against violence and in favor of law and order. But is this enough?

There will be violence, and the law will be frustrated, unless the two sides in the racial conflict now splitting every southern community begin to communicate again with each other, to negotiate, to reason together, to find common remedies.

Is this not the time for the white and Negro ministers of every southern community to form a continuing roundtable conference dedicated to finding Christian solutions to the racial problems of their community?

For, after all, no country should be in a better position than the United States of America to solve this problem this way. Not only do we have nearly two centuries of democratic experience behind us, but the racial groups in this country, particularly in the South, have the great good fortune and blessing to share the identical Christian faith.

It is no coincidence that it was a white minister in the South, perhaps the most fervently religious section of our country, who said of the integration crisis: "There's just one question to ask: What would Christ do?"

In our hearts we know the final answer. We know that Christ came to demonstrate the fatherhood of God and the brotherhood of man. We know we are our brother's keeper.

We know too that we have done those things which we ought not to have done and left undone those things we ought to have done.

We know that the pride of race, the fear of the strange and the different is one of man's original sins and that it has not been fully erased from man's mind anywhere.

But we also know, as Lincoln said, that the Declaration of Independence "gave liberty not alone to the people of this country, but hope to all the world. It gave promise that in due time the weights would be lifted from the shoulders of all men, and that all should have an equal chance."

Our religious and democratic faith tells us to get on with this job like men.

7. Our capacity to deal with discrimination in America is a measure of our capacity to lead a worldwide revolution for freedom.

My own perspective on this problem has been, I confess, affected by looking at it for some time from the other side of the globe. As a former Ambassador to India, I know how spectacularly American prestige rose as a result of the Supreme Court desegregation decision.

While touring Africa 4 years ago I sensed against how vital a successful solution of our racial troubles is for our future relationship with the two-thirds of the world's people who are colored.

In the winter of 1957 in South Asia I saw the enthusiasm generated by the successful conclusion of the Negroes' bus boycott in Montgomery, Ala. Later in the Soviet Union I saw the Communists take full propaganda advantage of the bombing of Negro churches in the same State.

Of course we can say that prejudice is as old as the hills and just as persistent. India, for instance, has known conflict and caste through centuries of struggle between Hindus and Moslems, Brahmins and untouchables.

In Algeria there is open warfare between the French minority and the Arab majority.

In all of Africa the outnumbered white man feels the stirring of the slumbering African masses.

Therefore as we Americans concentrate on a new effort on our own major social problem, we can take mild comfort from the awareness that our country does not stand alone in isolation as an immoral historic throwback to a bygone age of prejudice.

Having said this, I hasten to add what is merely the other side of this coin. The world community has a vested interest in the speed and effectiveness with which we end discrimination in the United States. Our own role in the world depends increasingly upon the same proposition.

As is true in so many other aspects of our national policy today, the world situation is requiring us to do the things which we should do anyway. No one but a cynic would argue that we should suddenly become interested in equal rights for Negroes merely because our propaganda position in the world would be helped by such progress.

Nevertheless, it remains more true today than it was in 1947, when one of our distinguished former Secretaries of State, Henry L. Stimson wrote:

"No private program and no public policy in any section of our national life can now escape from the compelling fact that if it is not framed with reference to the world, it is framed with perfect futility."

In closing, I should like to suggest that all of us, northerners and southerners, easterners and westerners, Negroes and whites can learn much from a study of that incredible man, Mahatma Gandhi.

There were always two sides to Gandhi's program. One was direct resistance to unjust laws or practices. The other was constructive popular action to create the conditions of justice.

He begun his career before the turn of the 20th century in the Union of South Africa where he went as a lawyer for some Indian traders.

In 1893, South Africa was a land run by some million Europeans who sat on top of some 5 million Africans who had almost no rights at all. In addition, were 100,000 Indians, most of whom had been recruited as cheap labor for the white plantations and mines.

Soon after he reached Pretoria, the young man of 24 invited all the Indians in the city to a meeting. He urged them to fight racial discrimination but without hating or hurting their opponents.

And since their aim was to reason with the whites, the first thing they should do, he said, was to consider the reasons given by the whites for their discrimination.

To the Indian merchants before him, known for slick dealings and sharp bargainings, he proposed complete truthfulness and more concern for the poor. He called on all Indians to do something to improve the unsanitary conditions in the Indian sections of town.

Why wait for legal victories for the necessary drain cleaning? he asked.

We can't blame the whites for all our troubles, he argued. Perhaps we can't by ourselves end all the poverty in which our people are trapped, but if those of us with some money and some education will join in, the slums can be cleaned up, freshened with a coat of paint and made habitable; the illiterate adults can be taught to read; volunteer schools can be provided for the children of the poor.

And he began to build the institutions to do these constructive tasks.

In 1913 he returned to India, after negotiating a settlement with Prime Minister Smuts who once jailed him but later came to say to him, "I am not worthy to stand in the shoes of so great a man." And for over 30 years in India, Gandhi pressed his constructive program of village improvement, the end of untouchability, and the reform of individual lives.

The bus boycott in Montgomery carried out with dignity and restraint represented an adaptation of Gandhian principles in democratic America.

"We are seeking to improve not the Negro of Montgomery but the whole of Montgomery," said Rev. Martin Luther King on the occasion of the formation of the Montgomery Improvement Association which conducted the boycott.

Instead of merely sitting by until the Supreme Court ruled bus segregation unconstitutional, the Negroes of Montgomery in amazing unity carried out a courageous, peaceful, direct action which took the Nation by surprise.

The long-term effects of this Gandhian-type action on the white conscience may take time to register. But it had an immediate effect in changing the Negroes.

Perhaps the change is best reflected in the story of the old Negro woman who, when asked if her feet were not tired from plodding so many miles each day to work replied, "Brother, for a long time my feet have rested, but my soul's been tired. Now my feet are tired, but my soul is resting."

In this light, with good cheer, let us move ahead with all deliberate speed.

SENATE

TUESDAY, JUNE 23, 1959

The Senate met at 11 o'clock a.m.

Rev. A. Reid Jepson, special representative of the Christian Business Men's Committee International, Chicago, Ill., offered the following prayer:

Heavenly Father, the God and Father of Abraham, Isaac and Jacob, the God and Father of our Lord, Jesus Christ, and of all who have put their trust in Thee through Him:

We come to Thee upon Thy invitation to "Ask," "Seek" and "Knock." To whom else shall we go? Thou hast the words of eternal life.

We have pledged allegiance "to this Nation, under God." We believe Thou art the author of liberty, the One from whom cometh every perfect gift. But Thou art holy, undefiled, and separate from sinners. Thou art angry with the wicked, every day. Thou dost hate sin and love righteousness. Yet Thou dost offer mercy and forgiveness to all who repent and believe the Gospel.

Bless, we pray Thee, the whole household of faith. Lift up the fallen, rescue the perishing, send a Heaven-born revival to the churches of this Nation, quickening the leaders, stimulating the memberships, and developing conscientious soulwinners who will help to carry out Thy great commission—to go into all the world and preach the Gospel.

Thou hast instructed us to pray for those over us in authority. As these, the qualified leaders of our Nation, deliberate today, may they do so in the fear of God. Help them and all of us to seek first the kingdom of God and His righteousness, so that "these things" of peace and material needs may be given unto us. O God, as this Nation makes great effort to defend itself from enemies without, may she not neglect those which threaten from within: moral decay, spiritual paralysis, and the cancer of greedy materialism.

Save us from deifying man, humanizing God, or minimizing sin.

We pray in the name of Jesus Christ, who said:

I am the way, the truth, and the life. No man cometh unto the Father, but by me.

Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 22, 1959, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the bill (S. 602) authorizing the Boy Scouts of America to erect a memorial on public grounds in the District of Columbia to honor the members and leaders of such organization, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 170) to provide for the printing of a publication in connection with the exercises of the joint session of Congress on February 12, 1959, in which it requested the concurrence of the Senate.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 170) to provide for the printing of a publication in connection with the exercises of the joint session of Congress on February 12, 1959, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That there shall be printed a documentary account of certain events conducted in connection with the official observance of the one hundred and fiftieth anniversary of the birth of Abraham Lincoln, and that said publication shall include commemorative exercises held during the joint session of the Congress of the United States, on February 12, 1959. For the purpose of more clearly depicting the history of this memorable observance, the documents shall also include such illustrations as may be pertinent to the occasion, together with appropriate background material and a brief report on the public response to the programs. The preparation of material for printing and the selection of color for binding shall be under the supervision of a subcommittee of the joint committee on arrangements of the commemorative ceremony, and said chairman shall cause to be printed six thousand copies so as to furnish ten copies to the Vice President, each Senator, each Representative, the Delegate from Hawaii, and the Resident Commissioner from Puerto Rico; and the remainder be equitably distributed by the joint committee, through its chairman, to various organized groups, associations, and such people who assisted the committee in the preparation and development of the program of significant tribute to one of America's greatest patriots.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Foreign Relations Committee was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSTON of South Carolina, and by unanimous consent, the Committee on Post Office and Civil Service was authorized to meet this afternoon during the session of the Senate.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

STATE, JUSTICE, AND JUDICIARY APPROPRIATIONS, 1960

Mr. JOHNSON of Texas. Mr. President, for the information of the Senate, I should like to announce that at the conclusion of the morning hour, the Senate will proceed to the consideration of certain appropriation bills.

I ask unanimous consent that the State, Justice, and Judiciary appropriation bill be made the pending business.

The VICE PRESIDENT. The bill will be stated by title.

The CHIEF CLERK. A bill (H.R. 7343) making appropriations for the Departments of State, Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Do I need to make a separate request in connection with the consideration of this appropriation bill, notwithstanding the 3-day rule; or has that permission been granted?

The VICE PRESIDENT. This procedure waives the rule and gets the measure before the Senate.

Mr. JOHNSON of Texas. And that has been done?

The VICE PRESIDENT. That is correct.

Mr. JOHNSON of Texas. I so understood; and I thank the Chair for the ruling.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to have consideration of the State, Justice, and Judiciary appropriation bill followed by consideration of the general Government appropriation bill, which involves appropriations for the White House and certain agencies in the executive branch of the Government. Following that, I hope the Senate will be able to take up the Independent Offices appropriation bill.

I anticipate that sometime during the day the Senate will take up the measure extending the Renegotiation Act, when the Finance Committee is ready to act upon it.

This morning the Finance Committee is holding detailed hearings on the measure extending the corporate and excise taxes which expire on June 30, which is next Tuesday. I am informed that the distinguished chairman of that committee anticipates that the committee will mark up the tax bill tomorrow,

Wednesday. As soon as the report is written and the language of the amendments, if any, clarified and prepared, that bill will be reported to the Senate. I would expect that to be done on Thursday or Friday of this week, in which event I would expect to move the immediate consideration of the bill, because if the bill has to go to conference it will have to go to conference on Saturday or Monday.

So I want all Members to be on notice that it is possible that the Senate will take up the measure extending the Tax Act; and there may be several yea-and-nay votes in connection with it. I am informed that certain amendments will be offered to it; and Senators who may desire to be recorded should either arrange for pairs or should be present in order to be recorded.

I am also informed that the foreign-aid bill has been reported, and that the hearings and the report on the bill are available. So I should like to suggest to Senators who may be interested in that bill, and certainly to those who are interested in having it amended, that they obtain copies of the report and the hearings and the bill, and draw up their amendments, because we expect to have the Senate proceed to the consideration of that bill at an early date, either this week or the early part of next week.

We expect to have a policy committee meeting this week or early next week, at which time I shall announce the details of certain other measures which we consider important and imminent, so that Senators may be prepared to act upon them.

Mr. President, we have reached a stage where I believe the Senate will consider at least four appropriation bills this week.

As I said yesterday, the Senate will meet as long as necessary and as late as necessary and as many days as necessary, in order to attempt to have the earliest possible action taken on as many of the appropriation bills as possible, and to pass them before the end of the fiscal year.

I do not know how long this session of Congress will last. That will depend to a great extent upon whether the President is willing to cooperate with the Congress—as I believe Congress will be willing to cooperate with the President.

If we in the Congress have a choice between a political issue and achievement, I believe the Congress will choose achievement.

I hope that by the end of this week a great deal of the appropriation bill calendar will be cleaned up, and that the Senate will be ready to proceed from there.

As I stated earlier, I shall submit a list of bills which need to be passed before the 30th of June and other bills which need to be called up following that date.

Mr. President——

The VICE PRESIDENT. The Senator from Texas.

LAYING OF CORNERSTONE OF EAST FRONT EXTENSION OF THE CAPITOL

Mr. JOHNSON of Texas. Mr. President, I hold in my hand a release which was given to me by the minority leader, because the majority of the Senate has no representative on the Commission to which the release relates; and I appreciate the courtesy of the minority leader in giving me this information.

The release reads as follows:

J. George Stewart, Architect of the Capitol, announced today, on behalf of the Commission for the Extension of the U.S. Capitol, that the cornerstone of the east front extension of the U.S. Capitol will be laid by the Honorable Dwight D. Eisenhower, President of the United States, with Masonic ceremonies, at 12 o'clock, noon, Saturday, July 4, 1959. The members of the Commission are Speaker Sam Rayburn, Chairman; Vice President Richard M. Nixon, Senator Everett McKinley Dirksen, Representative Charles A. Halleck, and J. George Stewart. July 4 commemorates the date on which President Millard Fillmore laid the cornerstone of the House and Senate wings of the U.S. Capitol in 1851. The Masonic ceremonies will commemorate the ceremonies held not only at that cornerstone laying, but also at the laying of the cornerstone of the original section of the Capitol Building, September 18, 1793, by President George Washington.

I know that all Senators will be pleased to receive this information. At the suggestion of my thoughtful and courteous friend, the distinguished Senator from Illinois, I have read the prepared statement, so that Senators may be on notice of this very unusual and historic occasion.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters which were referred as indicated:

PUBLICATION OF NOTICE OF PROPOSED DISPOSITION OF CERTAIN COCONUT OIL

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a copy of a notice to be published in the Federal Register of a proposed disposition of approximately 265 million pounds of coconut oil now held in the national stockpile (with an accompanying paper); to the Committee on Armed Services.

REPORT ON RECONSTRUCTION FINANCE CORPORATION LIQUIDATION FUND

A letter from the Secretary of the Treasury, transmitting, pursuant to law, the quarterly report on the Reconstruction Fiance Corporation liquidation fund—Treasury Department activities, for the period ended March 31, 1959 (with an accompanying report); to the Committee on Banking and Currency.

REPORT OF BOARD OF TRUSTEES OF FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND AND FEDERAL DISABILITY INSURANCE TRUST FUND

A letter from the managing trustee of the trust funds, and members of the Board of Trustees of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund, Washington, D.C., transmitting, pursuant to law, a report of that Board, for the fiscal year ended June 30, 1958 (with an accompanying report); to the Committee on Finance.

REPORT ON EXAMINATION OF ECONOMIC AND TECHNICAL ASSISTANCE PROGRAM FOR TAIWAN—LETTER

A letter from the Director, International Cooperation Administration, Washington, D.C., transmitting, for the information of the Senate, a copy of his letter to the Comptroller General of the United States, relating to the report of the Comptroller General on examination of the economic and technical assistance program for Taiwan, for fiscal years 1955 through 1957, as administered by the International Cooperation Administration under the mutual security program (with accompanying papers); to the Committee on Government Operations.

AUDIT REPORT ON RECONSTRUCTION FINANCE CORPORATION LIQUIDATION FUND ADMINISTERED BY GENERAL SERVICES ADMINISTRATION

A letter from the Comptroller of the United States, transmitting, pursuant to law, an audit report on the Reconstruction Finance Corporation Liquidation Fund, administered by General Services Administration, fiscal year 1958 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF SLUM CLEARANCE AND URBAN RENEWAL ACTIVITIES IN PUERTO RICO

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on review of slum clearance and urban renewal activities in Puerto Rico, Urban Renewal Administration, Housing and Home Finance Agency, July 1958 (with an accompanying report); to the Committee on Government Operations.

REPORT ON REVIEW OF RECORDED REQUIREMENTS IN RELATION TO STOCKS ON HAND AND ON ORDER FOR CERTAIN AERONAUTICAL SPARE PARTS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of recorded requirements in relation to stocks on hand and on order for certain aeronautical spare parts and of related Air Force actions to terminate contracts and redistribute excesses, San Antonio Air Materiel Area, Department of the Air Force, dated June 1959 (with an accompanying report); to the Committee on Government operations.

REPORT ON REVIEW OF ACTIVITIES OF MEAT INSPECTION DIVISION, AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the review of activities of the Meat Inspection Division, Agricultural Research Service, Department of Agriculture, September 1958 (with an accompanying report); to the Committee on Government Operations.

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAME

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the name of Ning Nam Wong from a report relating to aliens whose deportation has been suspended, transmitted to the Senate on January 15, 1958; to the Committee on the Judiciary.

HOSPITALIZATION OF CERTAIN NATIONALS OF THE UNITED STATES ADJUDGED INSANE OR OTHERWISE FOUND MENTALLY ILL IN FOREIGN COUNTRIES

A letter from the Acting Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation to provide for the hospitalization, at Saint Elizabeths Hospital in the District of Columbia, or elsewhere, of certain nationals of the United States adjudged insane or other-

wise found mentally ill in foreign countries, and for other purposes (with accompanying papers); to the Committee on Labor and Public Welfare.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A joint resolution of the Legislature of the State of California; to the Committee on Foreign Relations:

"SENATE JOINT RESOLUTION 22

"Joint resolution relative to a world fair in 1963

"Whereas in the past, four world fairs have been held in California, two in San Diego and two in San Francisco, but none in Los Angeles; and

"Whereas no more fitting and appropriate site than the modern, dynamic Los Angeles area could be named for a fair dedicated to the promotion of science and industry in our new age of space; and

"Whereas the consummation of a world fair in Los Angeles in 1963 will bring renown, prestige, and innumerable economic advantages to our entire State, and particularly to the Los Angeles area, and

"Whereas no greater contribution to peace and international good will could be made than to demonstrate to the world that the people of the State of California are dedicating the next 5 years to the preparation and consummation of the greatest exhibition of peaceful pursuits ever held in the history of the world: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to designate Los Angeles County as the site of a world's fair in 1963; and be it further

"Resolved, That the President is respectfully memorialized to appoint a commission to study and report on the conducting of a world's fair in Los Angeles County; and be it further

"Resolved, That the secretary of the senate is hereby directed to transmit copies of this resolution to the President and Vice President of the United States, and to the Speaker of the House of Representatives and to each Senator and Representative from California in the Congress of the United States."

A resolution of the Senate of the Commonwealth of Pennsylvania; to the Committee on Appropriations:

"A disastrous flood occurred in the month of January of 1959, inundating one-third of the city of Meadville, Pa., and resulting in property damage of over $5½ million. This is the 14th flood which has occurred in that area during the last 22 years.

"The French Creek Valley is an important industrial area and its potential, if French Creek is controlled, is limitless.

"The expenditure of $49,900 in making surveys of the French Creek Basin by the U.S. Army Corps of Engineers, can be the first long step toward turning this presently depressed area into a prosperous community contributing heavily to the revenues of the Government of the United States: Therefore, be it

"Resolved, That the Senate of Pennsylvania commend this course of action to the Congress of the United States; that we urge the appropriate committees in each House of Congress to include an appropriation of $49,900 for surveys of the French Creek Basin in the forthcoming flood control omnibus bill; and that we urge every Senator and Representative to vote for that appropriation; and be it further

"Resolved, That a copy of this resolution be forwarded to the Governor of Pennsylvania in order that he may bring it to the attention of the Congress of the United States.

"EDWARD B. WATSON,
"Secretary, Senate of Pennsylvania."

A resolution of the Senate of the Commonwealth of Massachusetts; to the Committee on Government Operations:

"RESOLUTIONS MEMORIALIZING CONGRESS ON THE ADOPTION OF LEGISLATION PROVIDING FOR THE ESTABLISHMENT OF A PERMANENT ADVISORY COMMITTEE ON INTERGOVERNMENTAL RELATIONS

"Whereas there is pending before the Congress of the United States H.R. 6904, introduced by Representative L. H. FOUNTAIN, of North Carolina; H.R. 6905, introduced by Representative FLORENCE P. DWYER, of New Jersey; and S. 2026, introduced by Senator EDMUND S. MUSKIE, each of which seeks to establish an advisory commission on intergovernmental relations to bring together representatives of Federal, State, and local governments for the consideration of common problems; to provide a forum for discussing the administration and coordination of Federal grants and other programs requiring intergovernmental cooperation; and to recommend the proper allocation of governmental functions and responsibilities among the several levels of government: Therefore be it

"Resolved, That the Massachusetts Senate respectfully urges the Congress of the United States to enact legislation to establish said advisory committee on intergovernmental relations, as contained generally in the 30th report of the Committee on Government Operations, in order to assure the fullest cooperation and coordination between Federal, State, and local governments, and to promote greater understanding in intergovernmental problems and in the financial problems involved therein; and be it further

"Resolved, That an engrossed copy of these resolutions be transmitted to the Subcommittee on Intergovernmental Relations, and that copies thereof be sent by the Secretary of the Commonwealth to the Presiding Officer of each branch of the Congress of the United States and to each Member thereof from this Commonwealth.

"Senate, adopted, June 10, 1959.

"IRVING N. HAYDEN,
"Clerk.

"A true copy.

"Attest:

"JOSEPH D. WARD,
"Secretary of the Commonwealth."

A resolution adopted by the City Commission of the City of Clearwater, Fla., favoring the enactment of legislation to provide funds for the commencement of construction of the West Coast Intracoastal Waterway from the Caloosahatchee River to the Anclote River, Fla.; to the Committee on Appropriations.

The petition of Leslie H. Lowe, of Long Beach, Calif., praying for the enactment of legislation to prohibit the collection of fees at Gettysburg National Military Park, and the use of the land within the park for commercial purposes; to the Committee on Interior and Insular Affairs.

A resolution adopted by the City Council of the City of Claremont, Calif., favoring the retention of the Mineral Deposits Branch of the Geological Survey in the city of Claremont; to the Committee on Interior and Insular Affairs.

A paper in the nature of a petition from Harry Thomas Lyon, a citizen of the State of Oregon, expressing appreciation to the Senate for its best wishes to the State of Oregon for a successful centennial year; ordered to lie on the table.

WORLD PEACE

Mr. RUSSELL. Mr. President, I present, for appropriate reference, a petition from the Religious Society of Friends, La Jolla, Calif., praying that our Government will adhere to the counsels of George Washington—the Father of our Country—in our quest for world peace and good will among men. I ask unanimous consent that the petition be printed in the RECORD.

There being no objection, the petition was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

LA JOLLA, CALIF.

On fifth month 1, 1959, the following was sent to the President, the Vice President, the Speaker of the House of Representatives, and the Chief Justice of the Supreme Court, petitioning that each one communicate it to the body over which he presides:

"We members and attenders of the La Jolla monthly meeting of the Religious Socicy of Friends, acting as individuals, petition thee to communicate the following:

"We petition our Government that the present peril to mankind be averted by following the counsels of George Washington:

"'A nation which indulges toward another an habitual hatred is a slave to its animosity. Antipathy disposes to offer insult and injury, to lay hold of slight cause of umbrage, to be haughty and intractable. Ill will impels to war which reason would reject. Observe good faith and justice toward all nations. Harmony and liberal intercourse with all nations are recommended by policy, humanity, and interest.'

"Heeding the father of our country and obeying the commandments of the Father of mankind, we petition thee and our Government that our Nation, under God, lead a waiting world into the paths of righteousness and of peace."

Being concerned that the people know of this, we ask that it be communicated to the organizations and congregations of your connection.

EDWARD D. CLARKSON.
JOSHUA L. BAILY.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HILL, from the Committee on Appropriations, with amendments:

H.R. 6769. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 425).

By Mr. KERR, from the Committee on Public Works, with amendments:

H.R. 3460. An act to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes (Rept. No. 426).

ADDITIONAL EXPENDITURES BY COMMITTEE ON APPROPRIATIONS—REPORT OF A COMMITTEE

Mr. HAYDEN, from the Committee on Appropriations, reported an original resolution (S. Res. 137) authorizing additional expenditures by the Committee on Appropriations, which was referred to the Committee on Rules and Administration, as follows:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, dur-

ing the Eighty-sixth Congress, $15,000, in addition to the amounts, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JAVITS (for himself and Mr. DOUGLAS):

S. 2228. A bill to amend titles 10 and 18 of the United States Code with respect to activities by retired or former officers of the Armed Forces in connection with sales to the Government and proceedings, contracts, claims, controversies or other matters relating to activities of the department in which they have served; to the Committee on Armed Services.

(See the remarks of Mr. JAVITS when he introduced the above bill, which appear under a separate heading.)

By Mr. LAUSCHE:

S. 2229. A bill for the relief of Vida Turk; to the Committee on the Judiciary.

By Mr. FULBRIGHT:

S. 2230. A bill to amend the National Cultural Center Act; to the Committee on Public Works.

By Mr. FULBRIGHT (by request):

S. 2231. A bill to amend the joint resolution providing for membership and participation by the United States in the Inter-American Children's Institute, formerly known as the American International Institute for the Protection of Childhood, as amended;

S. 2232. A bill to repeal section 12 of the act of June 26, 1884, prohibiting a charge or collection of fees by consular officers for official services to American vessels and seamen, and to repeal the provision of the act of June 4, 1920, authorizing the free issuance of passports to seamen; and

S. 2233. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bills, which appear under separate headings.)

By Mr. HUMPHREY:

S. 2234. A bill for the relief of the estate of Hilma Claxton; to the Committee on the Judiciary.

S. 2235. A bill to provide benefits established by the Veterans' Readjustment Assistance Act of 1952 to persons who graduated from Air Force Reserve Officers' Training Corps training in 1954 and served on active duty for training in the Air National Guard before February 1, 1955; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. HUMPHREY when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. LANGER:

S. 2236. A bill to promote the economic use of Indian lands, alleviate and adjust the heirship problem involved in Indian trust or restricted allotments, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HARTKE:

S. 2237. A bill for the relief of Mico Delic; to the Committee on the Judiciary.

By Mr. KEATING:

S. 2238. A bill for the relief of Kenzo Hachtmann, a minor; to the Committee on the Judiciary.

By Mr. COOPER:

S. 2239. A bill to provide for the conveyance of certain lands to the State of Kentucky for wildlife conservation or recreational purposes; to the Committee on Government Operations.

By Mr. MURRAY (for Mr. MORSE, himself, Mr. ANDERSON, Mr. CHURCH, Mr. ENGLE, Mr. NEUBERGER, Mr. MAGNUSON, Mr. JACKSON, Mr. MANSFIELD, Mr. MCGEE, Mr. HUMPHREY, Mr. MCNAMARA, Mr. MCCARTHY, Mr. MOSS, Mr. GOLDWATER, Mr. CHAVEZ, Mr. GRUENING, Mr. BARTLETT, Mr. CARROLL, Mr. ALLOTT, and Mr. HART):

S. 2240. A bill to authorize the appropriation of funds for carrying out provisions of section 23 of the Federal Highway Act, to enable the Secretary of Agriculture to construct timber access roads, to permit maximum economy in harvesting national forest timber, and for other purposes; to the Committee on Public Works.

(See the remarks of Mr. MURRAY when he introduced the above bill, which appear under a separate heading.)

CONCURRENT RESOLUTION

Mr. CLARK (for himself and Senators CARROLL, CHURCH, GRUENING, HUMPHREY, JAVITS, KEFAUVER, KENNEDY, MAGNUSON, MCCARTHY, MCGEE, MORSE, MOSS, NEUBERGER, PROXMIRE, and SYMINGTON) submitted a concurrent resolution (S. Con. Res. 52) favoring a general conference to review the United Nations Charter, which was referred to the Committee on Foreign Relations.

(See the above concurrent resolution printed in full when submitted by Mr. CLARK, which appears under a separate heading.)

RESOLUTION

Mr. HAYDEN, from the Committee on Appropriations, reported an original resolution (S. Res. 137) authorizing additional expenditures by the Committee on Appropriations, which was referred to the Committee on Rules and Administration.

(See the above resolution printed in full when reported by Mr. HAYDEN, which appears under the heading "Reports of Committees.")

RETIRED MILITARY OFFICERS DEFENSE PROCUREMENT ACTIVITIES ACT OF 1959

Mr. JAVITS. Mr. President, on behalf of myself, and the Senator from Illinois [Mr. DOUGLAS], I introduce, for appropriate reference, a bill to establish stricter standards under which private contractors may employ officers of the armed services immediately following their retirement or resignation for the purpose of engaging in sales and contract negotiations with the Federal Government.

I ask unanimous consent that this bill may remain on the table until the close of business Friday, June 26, so that other Senators may have an opportunity to study its provisions and join in cosponsorship.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from New York.

The bill (S. 2228) to amend titles 10 and 18 of the United States Code, with respect to activities by retired or former officers of the Armed Forces in connection with sales to the Government and proceedings, contracts, claims, controversies, or other matters relating to activities of the department in which they have served, introduced by Mr. JAVITS (for himself and Mr. DOUGLAS), was received, read twice by its title, and referred to the Committee on Armed Services.

Mr. JAVITS. Mr. President, the issue has been raised repeatedly recently whether military officers who have recently retired and are now in the employ of private firms may properly seek business from former Defense Department associates in cases involving Government contract awards. President Eisenhower took note of the situation at his press conference on June 3 when he stated his belief that political and financial pressures may be intruding into decisions on defense spending. Therefore, every effort must be made, both at the legislative and the administrative level, to maintain public confidence in military procurement activities, which involved for 1958 the expenditure of $23.8 billion.

For that reason, I am for myself and the Senator from Illinois [Mr. DOUGLAS], introducing this bill to establish guidelines of conduct for military officers who, following their separation from the service, are immediately hired by private industries. Passage of a law such as the one we are proposing should sharply reduce the likelihood that military officers who have resigned and those who have retired may become involved in private business arrangements that would raise questions of ethics in connection with their former military duties. Such a law would offer dual protection both to the former officers concerned and to the general public interest which is involved in Defense Department decisions affecting the construction and implementation of our modern weapons system.

The bill retains present law, but would amend title 10—armed services—and title 18—criminal code—of the United States Code, as follows:

1. Prohibits officers for a period of 2 years following their retirement from selling or negotiating with the department in which they hold their commission, either in their capacity as a private individual or as the employee of private industry.

2. Permanently bars retired officers from selling or negotiating with respect to matters such as a particular aspect of weapons development or supply procurement for which they were directly responsible while on active duty.

3. Prohibits such activities for 1 year in the case of officers who have resigned from the service, thus surrendering their benefits as officers and severing their relationship with the Government.

4. Declares as ineligible to receive defense contracts any company which employs ex-officers for the purpose of selling or negotiating with their former military department in violation of the foregoing provisions. Officers now employed by private firms would not be affected by this provision.

Also, under the terms of the bill, Army and Air Force officers may not receive

retirement pay while engaged in selling military supplies and services to their former department, which parallels the law which currently applies to Navy and Marine officers.

The criminal penalties imposed on violators of the first three provisions listed above are similar to those imposed on them under existing Federal conflict of interest laws to a limited extent, as well as to Members of Congress, other employees in the executive branch, and attorneys formerly employed by the Government within the last 2 years. A maximum fine of $10,000 and a year's imprisonment is provided for under the bill.

Let me emphasize that this proposed legislation is not meant to be a punitive measure, but, rather, a preventive one. It is not directed against any former officers or private industries, nor is it meant to prevent the utilization of the talents and capabilities of former military officers by private industry. Today, more than 700 such men of over the rank of colonel or Navy captain are employed by the firms which reportedly have received the great majority of defense orders. It is desired only that the rules be precise and fair for such employment.

Although there are presently some gaps in the statutes preventing direct sales of goods to the Federal Government by retired officers, the most serious omissions in the law concern the contracting of services which may be negotiated by such individuals now in the employ of private firms. In this category are research and development activities, which are budgeted at $5 billion annually, first, because they are of a service and not a sales nature, and, second, because the great majority of the contracts in this field are negotiated.

The proposed legislation should not be regarded as an attempt to unduly limit job opportunities available to officers leaving the armed services. Their employment by industries where their past education and experience can constitute an invaluable contribution to the development of improved defense equipment produced by the most economic, efficient means serves the national interest. However, the existence of legal guidelines for both the former officers and their new employers is designed to allow all parties concerned to exercise mature judgment in the type of duties assigned to and accepted by such individuals.

At the same time, the issue of the future employment of former officers has brought to light another situation which I believe deserves careful study to determine whether existing law is discriminating unfairly against many officers who desire to continue in Government service in a civilian capacity where their skill and experience could prove invaluable, without losing their retirement pay.

The law now imposes strict limitations on the amount of retirement pay plus salary that certain military officers employed in civil-service positions may receive. It would appear to require considerable financial sacrifice on the part of such retired officers who are motivated by the highest patriotic considerations in wishing to serve the Federal Government in such posts. Therefore, we are planning to have a study made to determine whether changes in these provisions should be proposed.

This specific problem was brought to our attention by a column written by Ted Lewis and appearing in the New York Daily News on Monday, June 22, and I hereby request unanimous consent that it be inserted in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAPITAL CIRCUS

(By Ted Lewis)

WASHINGTON, June 21.—The congressional investigation of the munitions lobby comes at a time when legislators are in the mood to wreck the gravy train loaded with retired military officers holding cushy jobs in private firms that have big defense contracts.

This crackdown has been put off too long. The conflict of interest laws clearly need to be tightened. But punitive legislation will not end a system which forces the overage brass into private industry to supplement retirement pay of $11,000 a year at most.

Here are men of many talents, experts in fields vital to national security—and Uncle Sam could use their administrative and scientific know-how in hundreds of civilian Federal jobs outside the Pentagon. As logical as this may seem, there is a law designed to prevent it. This is the requirement that you can't take your retirement pay and collect another check from Uncle Sam at the same time.

It is perfectly legal to take a job with a soft drink company at $4,000 a year or $150,000—your Government retirement check continues to arrive. But if your name is Gen. Joe Doe and the Atomic Energy Commission offers you an $8,000 job you have to sacrifice your $9,000 pension—all of it—to follow your inclination.

Many generals and admirals, and even members of Congress, agree that this restrictive law should be revised. But no one in either House or Senate is pushing such legislation.

Why no move toward making it easier for retired brass to find work in Federal agencies? Well, patronage is involved. What Member of Congress wants to deprive himself of a chance to help get a constituent a Federal job by sponsoring a bill which could well eliminate a thousand or more jobs from the political grab bag?

IKE GAVE UP PENSION FOR 100-G-PLUS

Ike, it will be recalled, had to give up his retirement pay more than 6 years ago. That was no sacrifice, for he stepped into the highest paying Government job of all—straight salary $100,000 a year, not counting the extras.

But as one general now working for a big defense contractor said privately today: "Many of us would have preferred working in the new Space Agency, or in some other branch of Government, for pretty low wages. Under the present setup, however, private industry comes in bidding for our services and some of the offers are whopping. It doesn't make sense to take a $14,000 Federal position in some civilian agency when you have to forfeit a $9,000 pension to do it. But a measly $14,000 offer from private industry means you can live in $23,000-a-year-salary style."

THE TAXPAYER PAYS IN ANY CASE

The taxpayer is the loser under the present system. The pay to a retired officer comes out of the taxpayer—and if the officer takes a $50,000 job with a defense firm having a cost-plus contract, that $50,000 also comes out of the taxpayers' pocket.

This whole snafu will be aired publicly when the Congressional investigators start open hearings July 6. The probe is being run by Representative EDWARD HÉBERT, Democrat of Louisiana, as chairman of the House Armed Services Subcommittee. HÉBERT is a solid legislator with a flair for facts as well as a sense of humor.

As he phrased it in a form letter to colleagues accompanying a Father's Day gift of a New Orleans-made tie: "Since last Father's Day we have run the gamut from vicuna to nepotism and now we are in the throes of finding out whether or not retired military officers ever die or just fade away on the payroll of some defense contractor."

QUERIED ON CONTRACTS WITH DEFENSE

In this latter category there are 721 retired officers of colonel's grade or better working for firms getting the bulk of defense contracts. Most, if not all of them, have already received from the HÉBERT staff a questionnaire asking how much they are paid, etc., and containing such queries as these:

"State whether you have solicited or participated in any discussions, oral or written, concerning sale, use, adaptation, modification, improvement, suitability, development or research of any article, plan, process or program with any officer or employee of the Department of Defense at any time since your retirement, and at any place, on behalf of any company, organization, or yourself."

"Name Government officers, employees, or representatives with whom you consult, confer, or discuss any matters in relation to (contracts.)"

"State precisely what duties you perform or work or service you render with respect to any Department or Defense contracts."

SOME FASCINATING REVELATIONS EXPECTED

There is a little known law which makes it a criminal offense for a retired officer to engage in selling or contracting operations with the armed services for 2 years after retirement. The Navy has a followup regulation which has been in force for years. This regulation strips retirement pay from former officers who later do business with the Navy. But they are not prohibited from doing business with the Army or Air Force.

Neither the law nor regulation prevents a former officer from buttering up a Pentagon admiral or general, or an assistant secretary of any service. HÉBERT's committee thinks the answers to its questionnaire will provide fascinating revelations.

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a section-by-section analysis of the bill.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS OF RETIRED MILITARY OFFICERS DEFENSE PROCUREMENT ACTIVITIES ACT OF 1959

Section 1: Short title.

Section 2: This section proposes various amendments to chapter 15 of title 18 of the United States Code, which deals with claims against the United States by Government employees or former Government employees.

(1) Deletes from section 281, which makes it a crime for officers and employees of the United States to receive compensation for services involving claims, sales and other transactions with the Government, a section covering retired officers which duplicates part of new section 281a (such officers are still in the employ of the United States while retaining their retired status).

(2) Proposes a new section 281a which disqualifies retired military officers from rendering certain services in connection with matters for which they were responsible while on active duty, or which involve the department in which they served. The section makes it a crime for a retired officer at any time to sell to the Government or to represent anyone in any matter with the Government, including contract negotiation, if it involves a subject concerning which the officer had direct responsibility while on active duty. In addition, as to any other sales, representation or assistance involving the department in which he served, the officer is disqualified for 2 years. This section is similar to the disqualification which now exists in a few limited areas: attorneys are now barred from changing sides in respect of any matter in which they were directly concerned, both by statute and under the applicable code of ethics of their profession, and other Government employees are barred from pursuing claims against the Government with which they were directly concerned.

(3) Amends section 284 which now bars former officers and employees (as contrasted to those still in Government service such as retired officers who have not resigned their commissions) from acting as counsel or agent in claims against the Government for 2 years, to add a new subsection applying to former military officers. This subsection bars for 1 year after service is concluded, any officer who has resigned his commission and is thus no longer an officer or employee of the United States, from selling to the department in which he served or from representing anyone in any matter with the Government including sales and contract negotiation. This provision prevents the circumvention of section 281a by resigning the commission which the officer holds; however, if the person involved severs his connection with the Government, the period of his disqualification is not as long.

Section 3: This section amends title 10 of the United States Code, which regulates the armed services, as to retired officers of the three departments, and as to contractors.

(1) Adds a new section to the laws governing the Army to apply to retired Army officers the same provisions which cover retired Navy and Marine officers, which prevents them from collecting retired pay at any time while they are engaged in the sale of military supplies and services to the Department of the Army. This is not a criminal section, nor does it serve as a permanent disqualification from such pay. It withholds retirement pay only during the period covered by such employment.

(2) Amends the existing section covering retired naval and marine officers to make clear that it also covers the sale of services to the Navy Department. This adjusts the wording of the Navy and Marine officers rule to parallel that in the proposed statutes for Army and Air Force officers.

(3) Adds a new section identical with that proposed for retired Army officers to the statutes governing the Air Force.

(4) Amends the Defense Procurement Act to make contractors who employ retired or former officers under certain circumstances ineligible for military contracts. Any contractor who employs a retired or former officer to deal with the department in which he served within 2 years of his retirement or within 1 year of resigning his commission cannot receive any contracts from any of the armed services. The amendment provides that this provision shall not affect officers who are already employed when the act takes effect, in order to prevent the disqualification of firms who have already hired former or retired officers in good faith.

REMOVAL OF STATUTORY LIMITATION ON CONTRIBUTIONS TO INTER-AMERICAN CHILDREN'S INSTITUTE

Mr. FULBRIGHT. Mr. President, by request I introduce, for appropriate reference, a bill to amend Public Resolution 31, 70th Congress, as amended by Public Law 806, 81st Congress, to remove the statutory limitation placed upon U.S. contributions to the Inter-American Children's Institute.

The proposed legislation has been requested by the Acting Secretary of State in a letter to the Vice President of June 11, 1959, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point, together with the letter from the Acting Secretary of State to the Vice President in regard to it.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 2231) to amend the joint resolution providing for membership and participation by the United States in the Inter-American Children's Institute, formerly known as the American International Institute for the Protection of Childhood, as amended, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Public Resolution 31, approved May 3, 1928 (45 Stat. 487), as revised by section 1(a) of Public Law 806, approved September 21, 1950 (64 Stat. 902), as amended by Public Law 816, approved July 27, 1956 (70 Stat. 696) is hereby amended to read as follows:

"That in order to meet the obligations of the United States as a member of the Inter-American Children's Institute, there is hereby authorized to be appropriated annually to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Institute, as apportioned in accordance with the statutes of the Institute."

The letter presented by Mr. FULBRIGHT is as follows:

JUNE 11, 1959.

The Honorable RICHARD M. NIXON,
President of the Senate.

DEAR MR. VICE PRESIDENT: I submit herewith a proposed draft amendment to Public Resolution 31, 70th Congress, as amended by Public Law 806, 81st Congress, and by Public Law 816, 84th Congress, to remove the statutory limitation placed upon U.S. contributions to the Inter-American Children's Institute. The name of the organization, by action of its directing council at the 1957 meeting, was changed from the American International Institute for the Protection of Childhood to the Inter-American Children's Institute. The directing council is composed of one representative from each member country. The revision of the articles of the Institute's statutes covering the change of name in no way altered the basic structure of the organization, nor did it affect U.S. contributions.

The Inter-American Children's Institute is a center for study, information, documentation, technical consultation, and advisory service on all questions concerning child life and welfare in the Americas. The Institute correlates its activities with other agencies of the Organization of American States as well as with specialized agencies of the United Nations, departments of the U.S. Government, and all Latin American governments. The Institute's library, which contains 35,000 publications on all phases of child welfare, is used for consultation and the preparation of bibliographies, and provides microfilm copies of material as a research tool for technicians throughout the Americas.

The original legislation to provide for U.S. participation in the Institute limited U.S. contribution to $2,000 per year. This ceiling was increased by the 1950 amendment to $10,000 annually and was again increased by the 1956 amendment to $25,000 annually. Nevertheless the scope of the programs of the Institute has increased at an even more rapid rate.

In addition to its regular activities during 1958, the Institute has completed a comparative study on family laws in effect in the American countries, prepared a report on correctional systems in Latin America, completed a bibliography on social services which has been distributed to social work schools in the Americas, has translated into Spanish several important studies which were originally published in English, has conducted a survey on the organization of school lunchrooms, is making studies for specialized agencies on the problem of abandoned children, and has undertaken a project on the improvement of civil records. Effective symposia on malnutrition in the Americas were held in four countries during the year, and the Institute has begun preparations for the 11th Pan-American Children's Congress to meet in 1960. At the request of Colombia an expert assisted in the reorganization of the teaching of pediatrics in the University of Medellin.

The existing statutory limitation on the annual U.S. contribution is $25,000. The U.S. percentage share of the total annual assessment budget of the Institute is 40 percent. Although the U.S. delegate has voted against decisions of the Directing Council which increased the U.S. contribution above the amount now provided for by legislation, the fact that the United States is unable to pay all of its contribution of $32,000 for 1958 and $32,000 for 1959 cannot help but raise questions as to the degree of our interest in this small organization working for the welfare of children. The other members find it difficult to understand why the United States, one of the world's leaders in child welfare activities, is unable to meet its share in the small total budget of the Institute during a period of increased U.S. interest in and support of inter-American cooperation.

While the Institute is relatively small and has a modest budget, tangible results have been obtained in the field of child welfare through its work programs. Favorable action upon the proposed legislation would give evidence of our support of the expanded programs of the Institute to improve the welfare of children throughout the Americas, and would enable the United States to maintain the leading role which it has played in the activities of the Institute since its establishment. The small cost involved would be a

sound investment in inter-American solidarity. The Department of Health, Education, and Welfare has consistently stressed, in communications to this Department, the usefulness of the work of the Institute within its financial limitations and has supported continued U.S. participation.

It is hoped that the Congress will be able to take action on this request during the current session.

A similar communication is being sent to the Speaker of the House of Representatives.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this proposal to the Congress for its consideration.

Sincerely yours,

LOY W. HENDERSON,
Acting Secretary.

REPEAL OF PROHIBITION FOR COLLECTION OF CERTAIN FEES BY CONSULAR OFFICERS AND FREE ISSUANCE OF PASSPORTS TO SEAMEN

Mr. FULBRIGHT. Mr. President, by request I introduce for appropriate reference a bill to repeal section 12 of the act of June 26, 1884, prohibiting a charge or collection of fees by consular officers for official services to American vessels and seamen, and to repeal the provision in the act of June 4, 1920, authorizing the free issuance of passports to seamen.

The proposed legislation has been requested by the Acting Secretary of State in a letter to the Vice President of June 11, 1959, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point, together with the letter from the Acting Secretary of State to the Vice President in regard to it.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 2232) to repeal section 12 of the act of June 26, 1884, prohibiting a charge or collection of fees by consular officers for official services to American vessels and seamen, and to repeal the provision of the act of June 4, 1920, authorizing the free issuance of passports to seamen, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, (1) that section 12 of the Act of June 26, 1884 (23 Stat. 56; 22 U.S.C. 1186), shall be and the same is hereby repealed, and (2) that the second proviso of section 1 of chapter 223 of the Act of June 4, 1920, as amended (41 Stat. 750; 22 U.S.C. 214), shall be and the same is hereby further amended by striking out the phrase "or to seamen,".

The letter presented by Mr. FULBRIGHT is as follows:

DEPARTMENT OF STATE,
Washington.

The Honorable RICHARD M. NIXON,
President of the Senate.

DEAR MR. VICE PRESIDENT: There is transmitted herewith a draft of a proposed bill, "To repeal section 12 of the act of June 26, 1884, prohibiting a charge or collection of fees by consular officers for official services to American vessels and seamen, and to repeal the provision in the act of June 4, 1920, authorizing the free issuance of passports to seamen."

The second sentence and the proviso clause of section 12 of the above-mentioned 1884 statute, which relate to the payment of certain fees as compensation to consular officers and to the accounting procedure required therewith, have been rendered obsolete by the enactment of section 8 of the act of April 5, 1906, as amended (22 U.S.C. 99) which prescribes for the accounting for fees, and sections 412 to 432 of the Foreign Service Act of 1946, as amended (22 U.S.C. 412–432) which prescribe the manner in which Foreign Service officers shall be compensated. These sections of the Foreign Service Act of 1946 do not provide for compensation by fees in any case.

The two amendments to existing legislation, proposed in the enclosed draft, would enable the Department of State and the American Foreign Service to charge and collect fees, which are now prohibited, for certain services rendered for American vessels and seamen.

The act of June 26, 1884 (ch. 121, sec. 12, 23 Stat. 56; 22 U.S.C. 1186), entitled "An act to remove certain burdens on the American merchant marine and encourage the American foreign carrying trade and for other purposes," requires, "That on and after July 1, 1884, no fees named in the tariff of consular fees prescribed by order of the President shall be charged or collected by consular officers for the official services to American vessels and seamen." This existing legislative prohibition, which would be repealed by the enactment of the proposed bill transmitted herewith, was enacted at a time when any possible aid to American vessels and seamen was considered to be of material assistance to the U.S. shipping industry. Such assistance is not considered as essential as it was some years ago, as many basic conditions existing in 1884 which initially justified such aid no longer prevail.

The act of June 4, 1920 (ch. 223, sec. 1, 41 Stat. 750; 22 U.S.C. 214) provides among other things, "that no fee shall be collected for passports issued to * * * seamen." This prohibition, which would also be repealed by the proposed bill transmitted herewith, was enacted at a time when it was reasonable to consider assistance to American seamen as more essential than it is now.

During fiscal year 1958, a total of $1,349 was collected by American consular officers under the Tariff of Fees, Foreign Service of the United States of America, for 242 services described specifically as relating to vessels and seamen. During that period nothing was collected for similar services performed for American vessels and seamen, because of the above-mentioned prohibitory laws. It would be difficult to calculate the approximate number of such free services, but it is estimated by the Department that the total cost to the Government for the performance of all the services in this category is approximately $400,000 a year.

It would also be extremely difficult to estimate the number of other services, such as passport, citizenship, notarial, visa, etc., performed without charge by consular officers in behalf of American vessels and seamen, and it would be equally difficult to estimate what it costs the Government to perform these services.

It is respectfully requested that you lay the proposed bill before the U.S. Senate for enactment as soon as possible. A similar bill is being transmitted to the Speaker of the House of Representatives.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this proposal to the Congress for its consideration.

Sincerely yours,

_____,
Acting Secretary.

AMENDMENT OF FOREIGN SERVICE ACT OF 1946, AS AMENDED

Mr. FULBRIGHT. Mr. President, by request I introduce, for appropriate reference, a bill to amend the Foreign Service Act of 1946, as amended, and for other purposes.

The proposed legislation has been requested by the Acting Secretary of State in a letter to the Vice President of May 29, 1949, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with the letter from the Acting Secretary of State to the Vice President with regard to it.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 2233) to amend the Foreign Service Act of 1946, as amended, and for other purposes, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Service Act Amendments of 1959".

SEC. 2. Section 444 of such Act and the heading thereto is amended to read as follows:

"COMPENSATION PLANS FOR ALIEN CLERKS AND EMPLOYEES

"SEC. 444. (a) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for local (alien) employees of the Service: *Provided,* That such compensation plans for local employees shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, as is consistent with the public interest.

"(b) For the purpose of performing functions abroad, other departments and agencies of the Government are authorized to administer local (alien) employee programs in accordance with the applicable provisions of this Act."

SEC. 3. (a) The heading to section 516 of such Act is amended to read as follows: "ADMISSION TO CLASS 7 OR 8."

(b) Section 516 of such Act is amended by striking out "SEC. 516" and inserting in

lieu thereof "SEC. 516. (a)" and by adding at the end thereof a new paragraph (b) which shall read as follows:

"(b) The Secretary may furnish the President with the names of those persons who have passed such examinations and are eligible for appointment as Foreign Service officers of class 8, whom he recommends for appointment directly to class 7 when in his opinion, their age, experience, or other qualifications make such an appointment appropriate."

SEC. 4. Section 517 of such Act is amended by inserting in the first sentence after the phrase "classes 1 to 7, inclusive," the phrase "except as provided in section 516 (b) of this Act," and by striking out the second and third sentences thereof.

SEC. 5. (a) Sub-paragraphs (1) and (2) of paragraph (b) of section 634 of such Act are amended to read as follows:

"(1) one-twelfth of a year's salary at his then current salary rate for each year of service and proportionately for a fraction of a year, but not exceeding a total of one year's salary at his then current salary rate, payable without interest, from the Foreign Service Retirement and Disability Fund, in three equal installments on the 1st day of January following the officer's separation and on the two anniversaries of this date immediately following: *Provided*, That in special cases, the Secretary may in his discretion accelerate or combine the installments; and

"(2) a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a), except that in lieu of such refund such officer may, if he has at least 5 years of service credit toward retirement under this system, excluding military or naval service that is credited in accordance with the provisions of section 851 or 852(a), elect to receive retirement benefits on reaching the age of sixty in accordance with the provisions of section 821. In the event that an officer who was separated from classes 4 or 5 and who has elected to receive retirement benefits dies before reaching the age of sixty, his death shall be considered a death in service within the meaning of section 832. In the event that an officer who was separated from classes 6 and 7 and who has elected to receive retirement benefits dies before reaching the ago of sixty, the total amount of his contributions made to the Foreign Service Retirement and Disability Fund, with interest as provided in section 841(a)."

(b) Paragraph (c) of section 634 of such Act shall be amended by striking out the word "retired" in the first sentence and inserting in lieu thereof the word "separated".

SEC. 6. Section 635 of such Act and the heading thereto are amended to read as follows:

"FOREIGN SERVICE OFFICERS RETIRED FROM CLASS 7 OR 8

"SEC. 635. Any Foreign Service officer in class 7 who is appointed under the provisions of section 516(b) and any Foreign Service officer in class 8 shall occupy probationary status. The Secretary may terminate his service at any time."

SEC. 7. Paragraphs (b) and (c) of section 637 of such Act are amended to read as follows:

"(b) Any participant in the Foreign Service Retirement and Disability System separated under the provisions of paragraph (a) of this section shall receive a refund of the contributions made to the Foreign Service Retirement and Disability Fund, with interest, as provided in section 841(a) except that in lieu of such refund such officer may, if he has at least 5 years of service credit toward retirement under this system, excluding military or naval service that is credited in accordance with the provisions of sections 851 or 852(a), elect to leave his contributions in the Fund and receive an annuity, computed as prescribed in section 821 commencing at the age of sixty years. In the event that an officer who has elected under the provisions of this section to receive a deferred annuity dies before reaching the age of sixty, his contributions to the Fund, with interest, shall be paid in accordance with the provisions of sections 841 and 881.

"(c) Any officer or employee of the Service who is not a participant in the Foreign Service Retirement and Disability System shall be entitled only to such benefits as shall accrue to him under the retirement system in which he is a participant."

SEC. 8. Section 912 of such Act is amended by changing the heading thereto to read "LOAN OF HOUSEHOLD FURNISHINGS AND EQUIPMENT" and by inserting between the words "with household" the word "basic" and by inserting between the words "household equipment" the phrase "furnishings and".

SEC. 9. Section 913 of such Act and the heading thereto is amended to read as follows:

"TRANSPORTATION OF MOTOR VEHICLES

"SEC. 913. The Secretary may, notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Service, a privately owned motor vehicle or replacement thereof in any case where he shall determine that water, rail, or air transportation of the motor vehicle or replacement thereof is necessary or expedient for any part or of all the distance between points of origin and destination."

SEC. 10. (a) paragraph (4) of section 104(a) of the Internal Revenue Code of 1954 (26 U.S.C. 104(a)(4)) (relating to the exclusion from gross income of compensation for injuries and sickness) is hereby amended to read as follows:

"(4) amounts received as a pension, annuity, or similar allowance for personal injuries or sickness resulting from active service in the armed forces of any country or in the Coast and Geodetic Survey or the Public Health Service, or as a disability annuity payable under the provisions of section 831 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1081; 60 Stat. 1021)."

(b)(1) Section 402(a) of the Internal Revenue Code of 1954 (relating to the taxability of a beneficiary of an employee's trust) is hereby amended as follows:

(a) by striking out in the first sentence of paragraph (1) thereof "paragraph (2)" and inserting in lieu thereof "paragraphs (2) and (3)", and

(b) by redesignating paragraph (3) thereof as paragraph (4) and by inserting after paragraph (2) thereof the following new paragraph:

"(3) The amount includible under this subsection is the gross income of a nonresident alien individual with respect to a distribution made by the United States in respect of services performed by an employee of the United States shall not exceed an amount which bears the same ratio to the amount includible in gross income without regard to this paragraph as the aggregate compensation paid by the United States to such employee for such services and includible in gross income under this subtitle or prior income tax laws bears to the aggregate compensation paid by the United States to such individual whether or not includible in gross income."

(2) Section 871 of the Internal Revenue Code of 1954 (relating to the tax imposed on nonresident alien individuals) is hereby amended by striking out subsection (d) thereof and inserting in lieu thereof the following new subsection:

"(c) Cross Reference.—

"(1) For doubling of tax on citizens of certain foreign countries, see section 891.

"(2) For taxability of amounts paid by the United States to certain nonresident alien employees or their beneficiaries, see section 402(a)(3)."

SEC. 11. The amendment made by section 10 of this Act shall be effective with respect to taxable years ending after the date of enactment of this Act.

SEC. 12. Notwithstanding the provisions of this Act, existing rules, regulations of or applicable to the Foreign Service of the United States shall remain in effect until revoked or rescinded or until modified or superseded by regulations made in accordance with the provisions of this Act, unless clearly inconsistent with the provisions of this Act.

SEC. 13. The following section in the Foreign Service Act of 1946, as amended, is hereby repealed:

(1) Section 637(d) of such Act.

The letter presented by Mr. FULBRIGHT is as follows:

JUNE 11, 1959.

The Honorable RICHARD M. NIXON,
President of the Senate.

DEAR MR. VICE PRESIDENT: On December 31, 1958, the Department submitted to you a proposed bill to amend the Foreign Service Act of 1946, as amended, and for other purposes, for consideration by the U.S. Senate. This proposed bill was introduced by Senator GREEN as S. 443 on January 17, 1959, and referred to the Committee on Foreign Relations.

Since the submission of this original bill, the Department has prepared a supplemental proposed bill which it wishes to have considered at the same time the original bill receives the attention of the U.S. Senate. The additional amendments proposed in this bill, to amend the Foreign Service Act of 1946, as amended, and for other purposes (tab I) are urgently needed to improve and strengthen the administration of the Foreign Service. They would accomplish the following:

1. Clarify and simplify provisions for the establishment of compensation plans for local (alien) employees of the Service and provide for the use of these provisions by other departments and agencies of the Government authorized to administer local (alien) employee programs.

2. Provide authority for the appointment directly to class FSO–7 of a limited number of persons who have qualified for FSO–8 appointment.

3. Clarify provisions relating to the selection out of Foreign Service officers in classes 4, 5, 6, and 7.

4. Further clarify and simplify provisions relating to separation for cause.

5. Clarify provisions relating to the furnishing of household equipment in order to effect economy in transportation costs.

6. Clarify provisions relating to the transportation and replacement of motor vehicles.

7. Exempt from income tax liability annuities paid under the civil service retirement and disability system to nonresident aliens who are retired employees of the U.S. Federal Government.

It is suggested that the proposed new section 7 of the attached bill be substituted for section 18 of S. 443.

An explanation of each of the proposed amendments (tab II) is also attached. Enactment of the proposed bill will not result in any direct cost to the Department of State. Section 10 of the bill proposing elimination of the 30-percent tax now withheld from Government annuities of retired alien employees would result in additional annuity payments totaling approximately $400,000. This amount relates to all nonresident aliens receiving such annuities who are retired employees of the U.S. Government regardless of agency.

Enactment of this proposed supplemental legislation as a part of the original bill will provide important improvements for the conduct of foreign affairs. The Department recommends the passage of this legislation

and trusts that it may receive favorable consideration by the Congress.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this draft legislation.

Sincerely yours,

LOY W. HENDERSON,
Acting Secretary.

EXTENSION OF BENEFITS TO GRADUATES OF THE AIR FORCE ROTC CLASS OF 1954

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to provide a remedy for an injustice to a group of young Reserve officers who served on active duty prior to February 1, 1955, but who are precluded by the wording of the Veterans' Readjustment Assistance Act of 1952 from receiving the same GI bill benefits earned by other young men and women serving in the armed services prior to that date.

About 1,500 young men, graduates of the Air Force ROTC class of 1954, are prevented by a technical error on the part of the Air Force from receiving their just benefits under the GI bill. Because these young men must be given eligibility soon if they are to receive any GI benefits at all, I urge my colleagues to take early action on this legislation, which is similar to a bill I introduced in the 85th Congress.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD two letters which set forth very well the justification for this proposed legislation.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letters will be printed in the RECORD.

The bill (S. 2235) to provide benefits established by the Veterans' Readjustment Assistance Act of 1952 to persons who graduated from Air Force Reserve Officers' Training Corps training in 1954 and served on active duty for training in the Air National Guard before February 1, 1955, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The letters presented by Mr. HUMPHREY are as follows:

JUNE 17, 1959.

Re 1954 AFROTC eligibility for GI benefits.

Hon. HUBERT H. HUMPHREY,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: The following is a summary of the above matter as it affects myself and other members of the class of 1954.

When I entered AFROTC at St. Thomas College in 1950 I was told that if I successfully completed the 4 year AFROTC course I would be commissioned a second lieutenant and would serve on active duty for 2 years, no strings attached. I was under this assumption until the fall of 1953, the start of my senior year, when I was informed that because of a lack of funds I would not be commissioned unless I could qualify for flight training and that if I did not so qualify I would be given a "certificate of completion." These certificates entitled the holders to enlist in the Air Force as an A/3c, one rank above recruit, for a period of 2 years.

At this time some of the fellows dropped out of the AFROTC program while others like myself stayed on with the belief that somehow our situation would be rectified.

A few weeks before graduation I was informed that they had found some funds after all—in the National Guard of the District of Columbia. At this time I was given a choice: go in the Air Force as a second lieutenant on extended active duty for training (the "for training" part being the clause that made veterans' benefits not applicable to our "lot") or take the certificates of completion and go in the Air Force as an A/3c, but in such a status as would entitle the person so doing to veterans' benefits.

So here was the crossroads, go in as an airman, third class, in which case none of my training in AFROTC as a leader was to be utilized, or go in the Air Force as a second lieutenant, not with all the benefits, but with a chance at least to show leadership. A small minority went in the Air Force as airman, third class, who, because of Air Force administrative policy, were subsequently commissioned second lieutenants, and because of their initial status now enjoy all veterans' benefits.

I, along with approximately 1,500 men in the same status, entered the Air Force prior to January 31, 1955, the cutoff period for the GI bill. Even though we had the "for training" part on our orders, for all intents and purposes we performed the same duties as our fellow officers—all of whom were entitled to GI benefits.

I was separated from the Air Force on September 19, 1956, and proceeded to complete my education. I have now completed 3 years of law school and will finish next year. I have been lucky enough to borrow money from various sources—but this of course will have to be paid back. I now owe approximately $4,250. I am married and have three children. I'm not trying to cry "wolf", because I feel I have been fortunate in being able to borrow the necessary funds to finish my education. However, I'm certain you must appreciate how one feels when he believes he is entitled to something and he is not receiving it.

Senator HUMPHREY, I have a complete file of all of our correspondence in this matter which dates back to March of 1956, and which is approximately one inch thick. If for any reason you would like same please advise and I will forward it. Much of what I have said in this letter is in said file.

Sincerely,

PATRICK F. FLAHERTY,
ST. PAUL, MINN.

RAF STATION WETHERFIELD,
Essex, United Kingdom,
January 21, 1959.

Hon. HUBERT H. HUMPHREY,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR HUMPHREY: Thank you for your kind consideration of my inquiry concerning GI bill benefits for the Air ROTC classes of 1954. I sincerely appreciate your efforts on behalf of my group.

In support of this proposal (S. 3005) I wish to respectfully submit that those members of our class who chose to be officers and leaders paid a heavy price in relation to their indifferent contemporaries. Many of us desire further education and personally I feel so strongly that I have submitted my resignation to return to graduate study without any assurance of assistance.

Perhaps your associates in defeating this bill overlooked its full importance and reconsideration will be in good order. It will largely determine the qualifications of our leaders of tomorrow, and clearly indicates to all who are conscious whether our Government intends to reward the ambitious and aggressive, or the indifferent and lazy.

No doubt after many years the justice of this cause is certain to be recognized, but for those of us who wish further education the effect of indiscriminate procrastination is disturbing. The Finance Committee may well remember that we were originally forced to accept National Guard commissions as a compromise to suit the financial convenience of the Government. It is becoming a debt dishonored.

Should you desire to use my opinions in support of this provision I have no objection. In this connection it may also be well to establish that great concern has been felt for this point by many members of the group who no doubt feel as do I that the obvious merit of rewarding leadership and for providing for the education of our leaders should not require solicitation of support of efforts clearly in the best interest of our growing Nation which shall in years to come find capable and qualified leadership a rare talent.

Again I wish to express my gratitude for your efforts and to offer my best wishes for all your good endeavors in the coming years.

Respectfully yours,

ROBERT W. BIEHLER.

FOREST DEVELOPMENT ROADS AND TRAILS

Mr. MURRAY. Mr. President, on behalf of myself and 21 other Senators, I introduce, for appropriate reference, a bill to provide the needed system of forest development roads and trails in our national forests. The Secretary of Agriculture has presented to Congress a program for the national forests. It calls for investing more than $2.2 billion in our forests over the next 12 years.

The largest single investment is for roads and trails. Appropriated fund needs are estimated at $720 million. There is also indicated an additional investment of $564 million to be secured by reducing national forest timber valuations to permit timber purchasers to build needed roads.

I shall not today discuss the need and justification for the forest road program in detail. Previous bills by many of us clearly anticipated the need that exists and certainly have induced the administration to get its own facts and figures together to prove to itself what everybody in the West has always known.

It is axiomatic that intensive land management is not possible without first establishing the arteries of transportation. Modern timber management requires intensive fire protection, timber stand improvement, reforestation, and harvest cutting. Much of the recreational use of our forests is dependent upon the existence of roads and trails. In the 180 million acre national forest system the short-term need is for an additional 90,000 miles at a total estimated cost of almost $1.3 billion. The 12-year program for the national forests cannot succeed unless the road program is vigorously implemented.

At the present time the only aspect of the national forest program where legislation is indicated is for forest roads. Historically and properly, the Public Works Committee has regularly authorized the amounts to be expended for each biennium on forest development roads and trails. The average cost for the $720 million appropriated fund portion of the road needs for the 12-year period will be $60 million. This bill suggests a gradual increase toward this

level: $40 million in 1962, and $50 million in 1963. It may be that upon review both the administration and Congress will conclude that a somewhat larger initial increase is desirable. I want it fully understood that the amounts suggested in this bill, while considered as minimums, are not inflexible. I would hope the committee will review this question thoroughly.

This bill contains a number of substantive provisions which have been endorsed in the very recent past by the Department of Agriculture and the Budget Bureau. Briefly, this bill is much like its predecessors, S. 3420 of the 84th Congress, S. 1136 and S. 3077 of the 85th Congress and S. 1797 of this Congress. There are two new provisions which I would like to mention.

Section 2 contains a limitation on timber purchaser road construction which becomes operative only under certain conditions. In order to freely utilize this privilege it will be necessary for the executive branch annually to seek the full authorized funds and secondly, to fully utilize all funds that may be appropriated. It reserves to the Appropriations Committees of the Congress the privilege of providing whatever amounts circumstances warrant. The purpose of this provision is to reduce hidden spending while approved authorizations go unused.

This is a situation that we face in the 1960 budget. The 1960 budget request was for $6 million less than the full authorization, but there is a proposed expansion of hidden spending, invisible in the budget, by increasing the expenditures timber purchasers will make on roads. When this latter method is used, the price of the timber is reduced to offset the cost of the road and the gross revenues of the Federal Government drop.

To reinforce this point let me just state the facts. Over the 12-year period the Secretary of Agriculture says that $719,600,000 in appropriated funds will be required to construct and reconstruct 46,000 miles of road and 8,000 miles of trails. In addition, the price of national forest timber will have to be reduced by $564 million to permit timber purchasers to construct an additional 44,000 miles of road at an average cost of $13,000 per mile. This cost is only slightly less than the cost of similar roads to be built with appropriated funds which average about $15,000 per mile. In effect what this provision does is attach a condition to the reduction of revenues proposed. The authorized programs must be fully utilized. Discerning people concerned with sound financial management will see the wisdom of requiring the authorizations duly considered by the Congress be given priority and fully utilized.

Section 4 of the bill proposes to repeal 16 U.S.C. 501 which permits 10 percent of Forest Service receipts to be used for roads and trails. This will consolidate forest development road authorizations in one place subject to congressional review. Consistently for the last 6 years the executive branch has opposed increases in the road and trail authorization under the Highway Act, but Congress has made modest increases. In the 85th Congress the executive agencies suggested that there be no authorization in the Highway Act and that the capital investment for roads and trails be considered in the regular budget processes, thus by-passing Public Works Committees entirely.

The authorization procedure and the Public Works Committee review are desirable and necessary where a capital investment of the magnitude of $720 million is involved. These biennial reviews are a service to the Appropriations Committee as well as to the Bureau of the Budget. Rather than doing away with the authorization in the Highway Act, this bill will consolidate the authorization in one place. It will remove the permanent indefinite authorization to utilize receipts, thus the entire forest development road program will be subject to better budgetary review. This concept is in accord with the view expressed by the Public Works Committee last year when with bipartisan unanimity it rejected the proposal that the forest development road and trail authorization be stricken from the Highway Act.

The bill makes one other revision consistent with action taken by the Public Works Committee last year on Indian roads and earlier taken on park roads. The funds authorized will be shifted to the forest land management budget of the Forest Service. At the present time expenditures for maintenance are at approximately the same level as monies available in the 10 percent fund. Therefore, at the present time the impact of the change proposed will be small. Currently, of the approximately $35 million available for roads and trails, $25 million was expended on construction. This bill will provide for an increase in 1962 to $40 million. When gaged against the present $30 million authorization this will be an increase of $10 million. Maintenance funds, which should not be authorized, will no longer cloud the picture as to the size of the road construction program. There is no need for the Public Works Committee to biennially review and authorize maintenance.

I would like to point out that in 1956 a group of us introduced S. 3420 which called for a 12-year forest road program to cost approximately $572 million. That amount was a somewhat lower figure than is presently being suggested by the Secretary of Agriculture. Enactment of an increased authorization for a long-range road program was opposed by the administration.

In 1957 we introduced an almost identical bill, S. 1136. Over a year elapsed before the administration made a report and, in fact, their report did not come to Congress until after the road bill had cleared the Senate. The administration then supported the substantive provisions as I mentioned earlier but again opposed an increase in the authorization. Both in the 84th and 85th Congresses as in the 83d, the authorization has been increased despite administration objections.

Belated though it is, the administration's suggestion that we need to spend more money on forest roads is most welcome. This bill will give the administration every opportunity to do two things that have not been done in the past. Its introduction is early enough to permit a prompt response so that the Congress can have the views of the administration before it, prior to when the 1960 Highway Act is reported by the Public Works Committee. Secondly, it will give the administration an opportunity to state clearly whether it really is in favor of the program it has permitted the Secretary of Agriculture to submit.

In closing I should like to pay particular tribute to the senior Senator from Oregon, [Mr. MORSE], who is the senior sponsor of the two earlier bills upon which this one is largely based. He has been an active proponent of forest development roads ever since he came to the Senate. Senator MORSE has graciously permitted me the privilege of introducing this bill today but I feel it only fair that he be listed as the chief sponsor in recognition of the long and constant effort he has made. I ask unanimous consent that his name precede mine and he be listed as author of this bill.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MURRAY. Mr. President, I ask unanimous consent that the bill be printed in the RECORD immediately following these remarks, and that it lie on the table until Wednesday, July 1, so that other Senators who may wish to do so can be listed as cosponsors of the bill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and held at the desk, as requested by the Senator from Montana.

The bill (S. 2240) to authorize the appropriation of funds for carrying out provisions of section 23 of the Federal Highway Act, to enable the Secretary of Agriculture to construct timber access roads, to permit maximum economy in harvesting national forest timber, and for other purposes, introduced by Mr. MURRAY (for Mr. MORSE, himself, Mr. ANDERSON, Mr. CHURCH, Mr. ENGLE, Mr. NEUBERGER, Mr. MAGNUSON, Mr. JACKSON, Mr. MANSFIELD, Mr. MCGEE, Mr. HUMPHREY, Mr. MCNAMARA, Mr. MCCARTHY, Mr. MOSS, Mr. GOLDWATER, Mr. CHAVEZ, Mr. GRUENING, Mr. BARTLETT, Mr. CARROLL, Mr. ALLOTT, and Mr. HART), was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purpose of carrying out the provisions of section 23 of the Federal Highway Act (42 Stat. 218), as amended and supplemented, there are hereby authorized to be appropriated for forest development roads and trails, including timber access roads to and on the national forests in locations and according to specifications which will permit maximum economy in harvesting timber from national forest lands tributary to such roads, the following sums: $40,000,000 for the fiscal year ending June 30, 1962; $50,000,000 for the fiscal year ending June 30, 1963:

SEC. (2)(a) The Secretary of Agriculture (hereinafter called the Secretary) is authorized to provide for the construction of timber access roads to and on the national

forests in locations and according to specifications which will permit maximum economy in harvesting timber from national forest lands tributary to such roads, either (1) directly with appropriated funds, and in such case such roads shall be designed to meet the requirements for development and management of other national forest resources in addition to timber; (2) where desirable, by requirements of purchasers in contracts for the sale of timber from such lands and with reasonable allowance therefor in determining the fair market value of such timber; or (3) where desirable, by cooperation with public or private agencies or persons. In fixing the allowance under clause (2) above, an amount which shall not exceed the estimated cost of the construction shall be stated in the advertisement of the timber and shall be set forth in the timber sale contract: *Provided*, That roads estimated to cost in excess of $5,000 per mile and bridges estimated to cost in excess of $5,000 each shall be constructed under clause (2) above only if there has been presented to the Congress an appropriation request for the full amount authorized by law for forest development roads and trails and any amount appropriated pursuant thereto is not subsequently withheld from obligational authority, or the full amount of contract authority authorized by law for forest development roads and trails is not withheld from obligational authority.

(b) An advisory public hearing may be held with respect to any proposed construction or reconstruction of a timber access road at a place convenient or adjacent to the area of construction or reconstruction with notice and reasonable opportunity for interested persons to present their views as to the practicability and feasibility of such construction or reconstruction.

(c) The Secretary is authorized in the construction of timber access roads to cooperate with owners of or persons hauling timber from other lands and if the cooperator contributes an equitable share of the cost of construction and maintenance of such roads, as determined by the Secretary, he may be permitted to haul timber over such roads under conditions the Secretary may prescribe. Any moneys deposited under any such agreement shall be covered into the Treasury and shall constitute a special fund which is hereby made available until expended for the construction and maintenance of such roads: *Provided*, That any portion of such deposits in excess of the amount found due shall be refunded to the depositor.

(d) Except as authorized in section 2(c), products from nonfederally owned lands may be hauled over access roads only if (1) the quantity of products hauled is minor and the Secretary has determined that the interests of the United States require no payment or deposit; or (2) the payment is made of an equitable fee to be determined by the Secretary, after consideration of the amount necessary to amortize the portion of construction costs allocable to the nonfederal products tributary to the particular road, which fee will be covered into the Treasury as a miscellaneous receipt, and a deposit is made to cover the estimated cost of that part of the maintenance of the road occasioned by such hauling. Such deposits shall be covered into the Treasury and shall constitute a special fund which is hereby made available until expended to cover the cost to the United States of performing the work specified. Any portion of such deposits found to be in excess of the cost of doing the work specified shall, upon determination that it is so in excess, be transferred to miscellaneous receipts.

(e) Deposits received for a number of similar types of work on adjacent or overlapping areas, or on areas which in the aggregate are determined to cover a single work unit, may be expended on such combined areas for the purposes for which deposited and if refunds to depositors of excess deposits are provided for such refunds shall be made on a proportionate basis. Where the only practicable and efficient manner of performing such specified work involves an intermingling of other work making it impracticable to keep separate costs on the work herein described an estimate based on a cost analysis of the particular type of work may be used to determine the cost to the United States of performing such work.

(f) In order to provide for the exchange of hauling rights or of rights-of-way and easements for roads with owners of lands intermingled with or adjacent to national forest lands and other lands under the jurisdiction of the Department of Agriculture, and where there are mutual needs for access to or rights across such lands, the Secretary is authorized to enter into agreements with the owners of the intermingled or adjacent non-Federal land for the exchange of hauling rights or of rights-of-way and easements for roads under such terms and conditions and for such specified periods or otherwise as he may deem appropriate. Where mutual needs exist for access to and across such lands, the Secretary may, notwithstanding the provisions of any other law, condition the grant of any right-of-way or permission to cross the national forest land or other land under the jurisdiction of the Department of Agriculture upon the granting to the United States of hauling rights or rights-of-way and easements across the applicants' lands to the extent the Secretary deems equitable. All or any part of such easements may be annulled and forfeited by declaration of the Secretary for failure to comply with the terms and conditions of any grant hereunder or for nonuse for a period of two consecutive years or abandonment of rights granted under authority hereof.

SEC. 3. Timber access roads are defined for purposes of the preceding sections as roads and bridges primarily for use in utilizing timber from national forests but which may be available for utilizing other timber or for other purposes.

SEC. 4. The fourteenth paragraph under the heading "Forest Service" of the Act of March 4, 1918, as amended (16 U.S.C. 501), is hereby repealed.

Mr. MORSE. Mr. President, I wish to comment briefly on the bill for forest development roads that the senior Senator from Montana [Mr. MURRAY] has introduced; and also I wish to make brief comments in regard to the senior Senator from Montana himself.

First, Mr. President, I wish to thank the senior Senator from Montana for his gracious act in requesting that this bill for forest development roads carry my name as one of its sponsors. That is but another example of the customary courtesy and consideration the Senator from Montana evidences in his work in the Senate.

Actually, Mr. President, in my judgment there is really no chief sponsor of this bill; all of us are proceeding with equal interest in our efforts to obtain a just solution of a problem that is very real. I make that statement with the following modification: The leadership of the senior Senator from Montana in the entire field in regard to access roads and forest roads has been carried on by him in the Senate now for many years. It has been a source of inspiration to me. It has been a great privilege to work shoulder to shoulder with Senator MURRAY, year after year, in our attempt to develop the national forests of our Government. I know that I speak in behalf of my entire State when, in the name of the people of the State of Oregon, I extend, in the RECORD today, our sincere thanks to Senator MURRAY for the statesmanship he has demonstrated over and over again as Chairman of the Senate Committee on Interior and Insular Affairs.

I merely wish to point out that if our bill in the 84th Congress—and that bill was sponsored by 11 Members of the Senate, including myself—had been enacted into law, the authorization for 1960 would not be $50 million. In the 84th Congress, both Senator MURRAY and I were aware of the situation; and that is why we urged so vigorously the adoption of that program as early as the 84th Congress. If that bill had been enacted then, today we would be well on our way toward meeting our forest road needs, and the job would be substantially done by 1970. But now, instead, it will take until 1973 to do it.

Mr. President, I wish to add that today we would be just as far along if our bill in the 85th Congress had been supported by the Eisenhower administration.

However, it is not my purpose today to discuss the past. For me, it is significant to know, however, that my estimate of the situation on March 12, 1956, was a conservative and reasonable one. The purposes of our bill were not met by the 1956 Highway Act, even though the Bureau of the Budget gratuitously suggested that that act did meet the purposes of our bill. Those purposes have not yet been met; and they will not be met now, according to Secretary Benson, until the Government spends, not the $572 million we proposed in 1956, but $720 million. The latter is the estimate which Secretary Benson sent to the Congress as the amount necessary to carry out the road and trail development in the long-range forest program.

Mr. President, I shall not stand on the floor of the Senate and accuse Secretary Benson of being a reckless spender, a wastrel, or a wild scatterer of public funds. But I must point out that our program for spending was more conservative than Secretary Benson's; and it is too bad that this administration did not, in the interest of economy, give us the support to which our proposal was entitled, at a time when we could have saved the taxpayers a considerably larger amount of money than the amount which can be saved them now, under the present estimates of cost.

The test is not who is the spender and who is the saver. The test is whether the facts are in and whether the figures are correct.

I am glad to see that Secretary Benson now advocates a program considerably larger than the one we thought was required. This bill gives the administration its chance to put its money into action, instead of merely talking about the needs of our Federal forests.

Mr. President, I shall await performance on the part of the administration. Today the senior Senator from Montana has offered the administration the vehicle by which that performance can be had.

But the important thing for the administration to understand is that the future generations of Americans are entitled to specific improvement in this field, because this capital investment will repay to the Treasury many times its original cost. This capital investment will strengthen our economy.

Again I thank the senior Senator from Montana for his leadership in connection with this sound program.

AMENDMENT OF ACT PROVIDING FOR A PROGRAM TO ERADICATE THE DOGFISH SHARK ON THE PACIFIC COAST—AMENDMENTS

Mr. BUSH submitted amendments, intended to be proposed by him, to the bill (S. 1264) to amend the act providing for a program to eradicate the dogfish shark on the Pacific coast in order to expand such program, which were ordered to lie on the table and to be printed.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENT

Mr. HART submitted an amendment, intended to be proposed by him, to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

COMMISSION ON FEDERAL TAXATION—ADDITIONAL COSPONSOR OF BILL

Mr. WILEY. Mr. President, I am delighted at this time to request unanimous consent to have the name of the Senator from Oregon [Mr. NEUBERGER] added as a cosponsor of the bill, S. 1885, for the establishment of a Commission on Federal Taxation, introduced by me on May 7, 1959.

The VICE PRESIDENT. Without objection, it is so ordered.

AMENDMENT OF FAIR LABOR STANDARDS ACT OF 1938, RELATING TO CHILD LABOR IN AGRICULTURAL EMPLOYMENT—ADDITIONAL COSPONSOR OF BILL

Mr. MCNAMARA. Mr. President, I ask unanimous consent that the name of the Senator from Connecticut [Mr. DODD] may be added as a cosponsor of the bill, S. 2141, to amend the Fair Labor Standards Act of 1938 to eliminate the exception from the child labor provisions of such act presently existing with respect to agricultural employment, introduced by me on June 9, 1959.

The VICE PRESIDENT. Without objection, it is so ordered.

CITIZEN'S COUNCIL FOR ADVOCACY OF FREEDOM—ADDITIONAL COSPONSORS OF BILL

Mr. WILEY. Mr. President, a week ago I was pleased to introduce the bill (S. 2188) to provide for the establishment of a "Citizens Council for Advocacy of Freedom."

The purpose of the Council would be to reevaluate the Communist global ideological challenge; reappraise our own efforts in the light of that challenge; increase public awareness of the importance of the "battle of men's minds," and our efforts to (a) counter the Soviet offensive, and (b) lay a foundation of free ideas, translated into the language that people of other lands can more easily understand, upon which to build a better world; and, extremely important, to increase the use of the ingenious "know-how" which our free enterprise system has developed for mass media, to a better freedom-spreading program.

Since the introduction of the bill, I have been pleased to receive notice from several Senators of a desire to cosponsor the measure. I therefore request that the following Senators be added as cosponsors of the bill, S. 2188: Mr. BRIDGES, of New Hampshire, Mr. CARLSON of Kansas, Mr. COOPER of Kentucky, Mr. DODD of Connecticut, Mr. GRUENING of Alaska, Mr. Moss of Utah, Mr. SPARKMAN of Alabama, Mr. WILLIAMS of New Jersey, Mr. SCOTT of Pennsylvania, Mr. HUMPHREY of Minnesota, and Mr. PROXMIRE of Wisconsin, and Mr. CLARK of Pennsylvania.

The Council would include the best minds in America in the field of radio, television, publishing, and other forms of mass media.

As we well recognize, the Communists today are engaged in a many-tentacled, global effort at expansion of influence and control of more and more people. Although the threat exists on many fronts, including the military and economic, the contest for men's minds may well determine the tide of the communism-versus-freedom struggle.

Until now, the United States, and the free world, effort on the ideological front has been almost infinitesimally small in comparison to the program by which the Communists "shotgun" their propaganda to people in all lands of the world.

The aim, too, of establishing such a Council would be to broaden public understanding of the challenge in this field and the need for stronger, more effective programs to counter the Soviet offensive.

Again, I stress that the purpose in proposing such a council is not to reflect unfavorably on the departments and agencies of our Government who, within limited budgets and personnel, are, for the most part, doing a fine job in attempting to spread the freedom word.

We cannot, however, underestimate the impact which the ideological offensive by the Communists will have upon the world, particularly the uncommitted nations, nor should we undervalue the ultimate effect which it may have on the struggle between freedom and communism, which may well determine our own survival.

The VICE PRESIDENT. Without objection, the names of the additional cosponsors will be added, as requested by the Senator from Wisconsin.

LIMITATION OF POWER OF STATES TO IMPOSE INCOME TAXES ON CERTAIN INCOME—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of June 22, 1959, the name of Mr. KEATING was added as an additional cosponsor of the bill (S. 2213) to limit the power of the States to impose income taxes on income derived exclusively from the conduct of interstate commerce, introduced by Mr. BUSH on June 22, 1959.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. MURRAY:

Statement by Senator HAYDEN, delivered at a meeting held June 17, 1959, in the chamber of the Senate Interior and Insular Affairs Committee, relating to the Arizona watershed program.

NOTICE OF HEARINGS BEFORE THE SUBCOMMITTEE ON STATE DEPARTMENT ORGANIZATION AND PUBLIC AFFAIRS OF THE COMMITTEE ON FOREIGN RELATIONS

Mr. MANSFIELD. Mr. President, I announce that the Subcommittee on State Department Organization and Public Affairs of the Committee on Foreign Relations will hold public hearings beginning on Monday, July 6, 1959, at 10 a.m. in room 4221, New Senate Office Building, on the following bills:

First. S. 443, Mr. GREEN, by request, January 17, 1959, to amend the Foreign Service Act of 1946, as amended, and for other purposes.

Second. S. 1243, Mr. SALTONSTALL, for himself and Mr. MANSFIELD, March 2, 1959, to amend the Foreign Service Act of 1946, as amended, to establish standards of foreign language proficiency for the Foreign Service of the United States, and for other purposes.

Third. S. 15, Mr. SYMINGTON, January 9, 1959, to provide for the establishment of a U.S. Foreign Service Academy.

Fourth. S. 106, Mr. SMATHERS, January 9, 1959, to authorize an Under Secretary of State for Western Hemisphere Affairs.

Fifth. S. 109, Mr. SMATHERS, for himself and Mr. MANSFIELD), January 9, 1959, to provide for the establishment of a U.S. Foreign Service Academy.

Sixth. S. 730, Mr. WILEY, for himself, Mr. MANSFIELD, Mr. NEUBERGER, Mr. YARBOROUGH, and Mr. ENGLE, January 28, 1959, to provide for the establishment of a U.S. Foreign Service Academy.

Seventh. S. 1044, Mr. FULBRIGHT, by request, February 16, 1959, to amend the Foreign Service Buildings Act of 1926, as amended.

Eighth. S. 1502, Mr. SPARKMAN, March 23, 1959, to provide for adjustments in the annuities under the Foreign Service retirement and disability system.

Ninth. S. 2232, Mr. FULBRIGHT, by request, June 23, 1959, to repeal section 12 of the act of June 26, 1884, prohibiting a charge or collection of fees by consular officers for official services to American vessels and seamen, and to repeal the provision in the act of June 4, 1920, authorizing the free issuance of passports to seamen.

Tenth. S. 2233, Mr. FULBRIGHT, by request, June 23, 1959, to amend the Foreign Service Act of 1946, as amended—matters in addition to those covered in S. 443.

The subcommittee will take such time as may be necessary to hear all those who wish to be heard on these bills. I should think the hearings might last 2 or 3 days. Depending upon the number of witnesses who ask to testify, the subcommittee reserves the right to limit the time available for oral presentations, but written statements of reasonable length will be received for the record.

TRAGEDY IN TIBET, "THE HUNGARY OF ASIA"

Mr. WILEY. Mr. President, the savage raping and plundering of Tibet—the "Hungary of Asia"—by the Chinese Communists has written a black page in the history of our times.

According to a preliminary report by the International Commission of Jurists, consisting of legal experts from 53 nations of the world, the Red Chinese are engaging in a program of deliberate genocide. The Tibetans are being forced to expedite the conquest of their own country and the extinction of themselves by forced participation in a program that is literally "killing them off" as a race.

Gradually, the Communists have attempted to stamp out the flame of liberty, self-determination, national heritage and traditions, and the Tibetan people themselves.

Recognizing that military intervention might strike the spark that could inflame the globe in a hydrogen-missile war, the world has stood by, although not without sympathy for the Tibetan cause. Globally, there is abhorrence at the ruthlessness of the Communist machine which once again has attempted to wreck the life and traditions of a whole people.

Now, the Dalai Lama has spoken, after long weeks of contemplation. The request by the Dalai Lama for an impartial investigation of the Chinese ravaging of his homeland is a modest one. Indeed, any self-respecting nation whose deeds can face the light of day could do no less than agree to such an investigation.

We expect, of course, that the Chinese Communists, supported by their Soviet cohorts, will be as effective as possible in assuring that there is no such investigation.

Although we have been forced to stand by and watch this brutal raping of a country and its traditions, this is indeed a time for serious contemplation on how long such ruthless actions can be tolerated by the free world. Also, the question arises, What nation will next be the target for the red star of death?

Although the peace-seeking nations of the world now lack means to stop such international criminal acts without risking a globally devastating conflict, the attempt by the Red Chinese Communists to extinguish a nation should be a lesson for the so-called uncommitted nations of Asia, Africa, and the rest of the world.

The Washington Daily News and the Washington Post and Times Herald yesterday and today carried editorials entitled, respectively, "Tragedy in Tibet," and "Death of a Nation," commenting on the ruthless and reckless Chinese ravaging of Tibet.

I ask unanimous consent to have the editorials printed at this point in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post and Times Herald, June 22, 1959]

TRAGEDY IN TIBET

Tibet is far, far away—about 7,500 miles from Chicago over the North Pole. It is a mystical land—and few Americans know or care very much about it or its Buddhist people.

But few will read the latest statement by the Dalai Lama without compassion and sympathy for the Tibetans, and extreme indignation at Red China.

The spiritual and temporal leader of Tibetans, now exiled in India, tells for the first time the tragic story of the Red Chinese rape of his country—from the day in 1950 when Red China's armies came in, through the day, early this year, when he was forced to flee. It is a story of how for 9 years Red China has been doing to Tibet what Soviet Russia did to Hungary in a few weeks.

And the end doesn't seem to be in sight—the Dalai Lama accuses Red China of attempting to liquidate the Tibetan race by swamping the country with 5 million Chinese. The Nazis committed genocide (extinction of a people) with gas chambers; the Red Chinese way is slower but effective.

This way, familiar in the history of Communist aggression, is described by the Dalai Lama as "a reign of terror which finds few parallels in the history of Tibet. Forced labor and compulsory exactions, systematic persecutions of the people, plunder and confiscation of property belonging to individuals and monasteries, and the execution of certain leading men in Tibet—these are the glorious achievements of Chinese rule in Tibet."

In 1956 there was a brief period of hope for more reasonable Chinese policies. Indian Premier Nehru got Peiping to pledge that these repressive policies would be modified. But Red China broke that pledge as quickly and violently as it had broken its 1950 promise to respect Tibet's domestic autonomy.

Continued repression brought this year's spontaneous upsurge of the Tibetans, Red China's brutal suppression of the uprising, and the flight of the Dalai Lama.

After weeks of contemplation he has spoken—and he asks for only one thing: an international commission to examine the serious charges he has made against Red China. He is willing to accept the verdict of such a commission.

Red China will never agree to such an investigation—just as Soviet Russia never would agree to a United Nations investigation of the Soviet rape of Hungary. But just as an investigation of Hungary was made over Moscow's protests, so an investigation of Tibet should be made, too.

If, as the Dalai Lama suggests, Red China's objective is to wipe out all traces of Tibet and its people, then the records of civilized man at least ought to include the evidence of how it was done and by whom.

[From the Washington Post and Times Herald, June 23, 1959]

DEATH OF A NATION

The astonishing thing about the Dalai Lama's plea to the conscience of the world is not the accusations that he brings against the Chinese Communist invaders of his country but the gentleness and moderation of the proposals whereby he hopes to preserve his surviving compatriots from a threatened extermination. He does not ask for intervention or for any other punitive action against their oppressors. All he demands is that the Peking government agree to an impartial investigation of his accusations by some international commission, promising in advance that he and his followers will accept the verdict of the investigators.

Such an investigation has in fact already been undertaken by the International Commission of Jurists, consisting of legal experts from 53 nations of the world. Nearly 3 weeks ago the Commission issued a preliminary report on Tibet, prepared by an Indian member, Shri Purshottam Trikamdas, one-time secretary to the late Mohandas Gandhi. This report described the Chinese conduct in Tibet as a program of deliberate genocide under the pretext of progress. The Tibetans, it said, have been forced to expedite the conquest of their own country and the extinction of their own race by forced labor in an extensive road-building program. Of some 200,000 Tibetans enslaved for this purpose, at least one-fourth have perished from cold, hunger, and fatigue.

The purpose of this policy of extermination of the native Tibetans, according to this report, is to repopulate the country with several million Chinese, a half million of whom have already been shipped to Tibet. Accordingly the Commission has decided to initiate "such action as is envisaged by the Genocide Convention of 1948 and by the Charter of the United Nations."

It seems doubtful, however, whether this action will be any more availing in the case of Tibet than in the case of Hungary. The best that can be hoped for from it is that it may help to awaken the neutralist governments of Asia to a sense of their danger. In this connection one passage from the Dalai Lama's statement seems especially poignant. He says that 4 years ago when he departed from the tradition of his predecessors in making a visit to India—

"I had practically made up my mind * * * not to return to Tibet until there was a manifest change in the attitude of the Chinese [Communist] authorities. I, therefore, sought the advice of the Prime Minister of India who has always shown me unfailing kindness and consideration. After his talk with the Chinese Prime Minister, and on the strength of assurances given by him on behalf of China, Mr. Nehru advised me to change my decision. * * * It was, however, painfully clear that the Chinese Government had no intention to adhere to their promises. * * * The situation [in Tibet] grew steadily worse until it became impossible to control the upsurge of my people against the tyranny and oppression of the Chinese authorities. * * *"

The Chinese Communists may congratulate themselves on the fact that the civilized world seems to be without the means of punishing by force such ruthless betrayal; but it is not by force of arms alone that mankind's judgments against the wicked are enforced. They have gained Tibet, but they have lost such confidence and belief as the peoples of Asia had in the purity of their

motives, the integrity of their purposes, and the worth of their promises. This they may one day covet more than Tibet.

ERADICATION OF POLIO

Mr. HART. Mr. President, a few months ago I expressed the hope that all who are in a position to influence the conduct of a young child would see to it that polio immunization would be received by that child before the summer season.

I ask unanimous consent to have printed in the RECORD an article entitled "A Six-Point Program To Wipe Out Polio," written by Dr. Berwyn F. Mattison, of the American Public Health Association, which appeared Sunday last in the Washington Post and Times Herald.

Very properly, I think, we have proposed to appropriate substantial sums of money in an effort to cure cancer. We have not yet reached the point where we can say we have that terrible disease beaten. We have reached a point where, with great confidence, we can say a child can be protected against paralytic polio.

I hope all who can will insure that the necessary steps are taken to accomplish this. As a parent of a child, who, the year before the Salk vaccine was perfected, was stricken with paralytic polio, I can assure all parents it would be very tragic if, given this opportunity, it is neglected, and one of their children should fall prey to this affliction.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A SIX-POINT PROGRAM TO WIPE OUT POLIO

(By Berwyn F. Mattison, M.D., American Public Health Association)

Americans today are living one of the most tragic ironies in history. We have the tools to wipe out polio, but we are not using them to the fullest.

The date, April 12, 1955, is a magic one. It was then that the Salk vaccine was pronounced safe and effective in preventing paralytic polio. Yet today, more than 4 years later, 42 million Americans under 40 and one-third of all children under 5, the most polio-susceptible group, have received no Salk vaccine.

Why? Many Americans seem to think polio has been wiped out. They're wrong. Ask people in Michigan, New Jersey, Virginia, West Virginia, and Hawaii. Each had polio epidemics last summer, causing needless paralysis and death.

Facts speak for themselves. Polio is still with us. Last year, there were more than 5,000 cases. So far this summer, cases are running 40 percent over last year's rate. In addition, the rate of paralytic cases is running far higher this year than last. Every day that goes by increases the danger to the uninoculated.

What can we do to wipe out the disease once and for all? The time is past for pious proclamations. Now, we must roll up our sleeves in our local communities and go to work.

The necessary leadership may come from a Parent-Teacher Association, with a zealous health chairman; from a church group with an inspired pastor, from a labor leader or an industrial health director, from a grange chapter or veterans group.

The local health department, medical society and National Foundation chapter will provide the know-how and the professional skills. But first must come local leadership and determination.

HOW ACTION PAYS OFF

In Bucks County, Pa., the county health department mobilized the medical society, school groups and local nurses' organizations, among others, into a countrywide planning committee.

The result: more than 13,000 Bucks County preschool and school-age children started on their polio-protection program. These children had received no vaccine although it had been available for a considerable time.

In Buffalo and Erie County, N.Y., the PTA, National Foundation and county health department got together with local doctors to launch a program.

This was supplemented by "mop-up-clinics" in department stores and supermarkets. A recent survey in the area shows that between 85 and 90 percent of the younger children now are protected—rather than 10 to 15 percent, as in other communities.

The only soft spot remaining in Erie County is among young adults. Arrangements now are being made to set up a clinic in unemployment offices for the economically less fortunate in that age group.

In Randolph, Mass., near Boston, high school students and mothers have been used to ring doorbells and ferret out those—children and adults—who have not received polio shots.

This is the type of face-to-face campaign we need now to carry out successful drives for polio prevention. Here is a six-point program for you and your community:

1. You have to learn just who the uninoculated are in your town. Thus, the local health department should carry out a study to locate those who have not received polio shots. The U.S. Public Health Service has methods for conducting quick, accurate surveys.

2. People in your town have to pitch in. In Boston the department of public works paints polio reminders on sidewalks. In New York, political clubs offer shots. In San Diego, PTA's use their own doctor and nurse members to provide shots.

3. Some group in your community must take responsibility for person-to-person contact of the uninoculated. You must ring doorbells, ask questions, educate those who have not received polio protection.

4. You must plan cooperatively with medical groups to make vaccination accessible for all persons.

5. One good way to achieve this is to set up low-cost clinics in areas where they are most needed. This is being urged by the National Foundation.

6. Inoculation programs should operate day and night. St. Louis has day programs for school-age children and night programs for workers, housewives, and others who cannot make it in the daytime.

In short, each community must have a dynamic plan to reach people on every economic level. Thus, no one will be able to say, "I didn't get a shot because I didn't know where to go."

This is urgent. A new polio season is here. There still is time to achieve partial resistance to polio through the first two injections 1 month apart.

Remember, there is no time of the year, winter or summer, when the vaccine cannot be given safely. If we do not act now, how can we answer the person in a respirator who asks, in the years ahead: "Wasn't any polio vaccine available back in 1959?

IMPORTANCE OF AN AGREEMENT TO AVOID A STRIKE IN THE STEEL INDUSTRY

Mr. SYMINGTON. Mr. President, some Members of the Senate have now talked to both leaders of labor and leaders of management in the steel industry.

Last week I suggested that the President bring together a group of industry and labor leaders and emphasize to them what would be the domestic and international consequences of a strike in the steel industry at this time.

It is not my thought the President should get into any details of an agreement, or substitute himself for the give and take of the collective bargaining process.

My recommendation before—and I repeat it now—was that the President use his high office to create an atmosphere in which both sides would make every possible effort to reach agreement.

In New Orleans last April Allen Dulles, Director of the Central Intelligence Agency, stated:

Khrushchev forecast our future industrial growth would be only 2 percent a year. If this is true, the United States will be virtually committting economic suicide.

But during the past few years, the gross national product of the United States has been increasing at the rate of only about 1.3 percent annually. This is insufficient to compete with the much greater rate in the Soviet Union; and, if continued, can only reduce our standard of living.

The Soviet 7-year plan envisions an annual production expansion of 8.6 percent. An extended steel strike could only increase the already unfavorable differential between their growth rate and that of this country.

It is for this reason that I again urge the President to act.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

Is there further morning business? If not, morning business is concluded.

STATE, JUSTICE, AND JUDICIARY APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 7343) making appropriations for the Departments of State, Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, that the bill, as so amended, be considered as original text for the purpose of amendment, and that no points of order be waived.

The PRESIDING OFFICER (Mr. Moss in the chair). Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, line 18, after the word "exceed", to strike out "five" and insert "eight", and

on page 3, line 18, after the word "aids", to strike out "$111,500,000" and insert "$112,500,000".

On page 4, line 22, after the word "exceed", to strike out "$1,072,000" and insert "$1,300,000".

On page 6, line 7, to strike out "$1,900,000" and insert "$1,959,000".

On page 6, line 22, after "(44 U.S.C 111)", to strike out "$1,900,000" and insert "$2,000,000".

On page 8, line 7, after the word "investigations", to strike out "$550,000" and insert "$573,000".

On page 8, at the beginning of line 11, to strike out "$1,800,000" and insert "$2,160,000".

On page 12, line 4, after the word "exceed", to strike out "$1,000" and insert "$5,000"; in line 8, after the word "amended", to strike out "$22,800,000" and insert "$23,370,000"; at the beginning of line 9, to strike out "$7,250,000" and insert "$4,811,500"; and in line 11, after the word "exceed", to strike out "$1,437,500" and insert "$1,500,000".

On page 12, line 21, after "(72 Stat. 1709)", to strike out "$4,500,000" and insert "$1,000,000".

On page 14, after line 2, to insert a new section, as follows:

"SEC. 107. Notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act of 1953, or any other provision of law, and in addition to the sums appropriated in this title, the equivalent of $2,000,000 in foreign currencies owed to or owned by the United States and in excess to other needs authorized by law, may be utilized at the discretion of the Secretary of State for representation purposes and for travel abroad: *Provided*, That such uses shall be reported annually to the Committees on Appropriations of the Senate and House of Representatives."

On page 14, line 23, after the word "Assistant", to strike out "$3,650,000" and insert "$3,700,000".

On page 15, line 10, after the word "laws", to strike out "$4,500,000" and insert "$4,200,000".

On page 20, after line 4, to insert:

"For construction of staff housing at Federal penal and correctional institutions, $450,000".

On page 20, line 8, after the word "General", to strike out "$2,000,000" and insert "$1,000,000".

On page 24, line 3, after the word "approve", to strike out "$64,000" and insert "$74,000".

On page 25, line 10, after the word "judge", to strike out "$750,000" and insert "$770,000".

On page 26, line 12, after the numerals "375", to strike out "$9,275,000" and insert "$9,128,000".

On page 26, at the beginning of line 16, to strike out "$21,400,000" and insert "$21,452,000", and on page 27, line 13, after the words "per annum", to insert a colon and the following proviso: "*Provided further*, That no person hereafter appointed as a probation officer under section 3654 of title 18, United States Code, shall be paid from moneys appropriated under this title who does not fulfill the minimum standards of qualifications now or hereafter prescribed by the Judicial Conference of the United States."

On page 28, line 2, after "section 3041", to strike out "$4,900,000" and insert "$4,620,000".

On page 28, line 12, after the word "case", to strike out "$3,250,000" and insert "$3,380,000".

On page 28, at the beginning of line 21, to insert "services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates not to exceed $75 per diem for individuals", and in line 24, after the word "elsewhere", to strike out "$1,100,000" and insert "$1,305,000".

On page 29, at the beginning of line 4, to strike out "$2,006,500" and insert "$2,056,500".

On page 29, at the beginning of line 11, to strike out "$3,000,000" and insert "$3,200,000".

On page 31, line 18, after the word "and", where it occurs the second time, to strike out "personnel" and insert "personal"; on page 32, line 18, after the word "organizations", to strike out "$101,557,300" and insert "$101,757,300", and in line 21, after the word "States" to insert "and of which sum not less than $350,000 shall be available by contracts with one or more private international broadcasting licensees for the purpose of developing and broadcasting under private auspices, but under the general supervision of the United States Information Agency, radio programs to Latin America, Western Europe, Africa, as well as other areas of the free world, which programs shall be designed to cultivate friendship with the peoples of the countries in those areas, and to build improved international understanding to provide for private international broadcasting"; on page 33, at the beginning of line 7, to strike out "$75,000" and insert "$135,000", and on page 34, line 19, after the word "authorized", to insert a colon and "*Provided further*, That notwithstanding the provisions of section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, and in addition to the sums appropriated in this title the equivalent of $40,000 in foreign currency owed to or owed by the United States and in excess to other needs authorized by law, may be utilized at the discretion of the Director for representation purposes and for travel abroad: *Provided further*, That such uses shall be reported annually to the Committees on Appropriations of the Senate and House of Representatives."

On page 35, line 24, after "(22 U.S.C. 1442)", to strike out "$2,500,000" and insert "$3,000,000".

On page 36, line 5, after the numerals "1956", to strike out "$6,145,500" and insert "$6,171,500, to remain available until expended", and in line 7, after the word "of", to strike out "$25,000" and insert "$61,800".

Mr. JOHNSON of Texas. Mr. President, there is available to the Senate and to each Member a detailed report covering the various items in this bill. I do not intend to duplicate that report in my brief statement.

But there are a few general factors which I wish to set forth.

The committee has gone over every item in this measure with great care. We have approached this subject from the standpoint of attempting to secure 100 cents worth of value for every dollar of the taxpayer's money.

All of us know that the activities of the Federal Government cannot be undertaken without money, and all of us agree that the activities covered by this measure are vital to our future.

Without those limitations, the committee has tried to be as prudent and as economical as we possibly can. We have sought to keep those agencies dealing with our foreign policy and our judicial system as effective as is feasible.

The full amount of this bill is $645,418,200 for the State Department, the U.S. Information Agency, the Justice Department, and the Federal Judiciary.

That sum represents a decrease of $1,472,000 from the amount approved by the House. It also represents a decrease of $19,028,257 under the appropriations for fiscal 1959 and a decrease of $31,882,900 under the budget estimates.

This bill, I believe, comes to us as a cooperative project. The House did an excellent job in culling over the budget requests. The Senate Appropriations Committee acted in a nonpartisan manner in reviewing the items.

The committee was unanimous in its recommendations.

I wish to emphasize the fact that the subcommittee was unanimous in each of its recommendations, and that the 27 members of the full committee, made up of Senators from all parts of the Nation, and representing all points of view, were entirely unanimous in reporting the bill to the Senate.

We have increased some items—particularly the international educational exchange activities. This is a program from which the United States has drawn rich dividends.

But we have offset the increases in other fields where we felt that the money was not so essential.

For instance, in building a project to be started in Illinois, the House, by a yea-and-nay vote of 2 to 1, agreed to the penitentiary amendment involving $2 million. We reduced it to $1 million. If the plans are expedited and if the work gets under way earlier than we anticipate, we will be prepared to agree to a supplemental appropriation, because we approve of the project fully and recognize the need of the prison in Illinois and the necessity of expediting it in every possible way.

Mr. President, this bill comes to the Senate with strong bipartisan support. It meets the test of prudence and effectiveness. I hope it will meet the approval of my colleagues.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I offer for myself and the senior Senator from South Dakota [Mr. MUNDT] an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas will be stated.

The LEGISLATIVE CLERK. On page 12, line 8, it is proposed to strike out "$23,370,000," and insert "$23,620,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. JOHNSON].

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, this is the so-called Johnson-Mundt amendment. It adds to the funds for the purpose of carrying out the objectives of the Smith-Mundt Act, at the University of Hawaii in Honolulu. The purpose of this amendment is to increase by $250,000 the funds made available under the Smith-Mundt and Fulbright Acts so as to encourage and increase the exchange of scholars and students at the University of Hawaii in Honolulu.

Mr. President, several months ago I advocated the creation of a cultural center for East-West studies in Hawaii. On June 9, I introduced S. 2135 to give effect to that suggestion and a companion bill was introduced in the House by Congressman SAUND, of California, on behalf of Delegate BURNS, of Hawaii. S. 2135 was designed to promote the

foreign relations of the United States by creating better understanding and relations between the nations of Asia and the Pacific and the United States. It was my thought that a cultural center such as this would become a magnet for scholars and educators from the whole Pacific area, thus enabling us to understand one another better. We anticipate that during this session there will be additional authorizing legislation which will direct the Secretary of State to recommend to the Congress a program along the lines contemplated by my bill.

In the meantime I believe it is important that we put this program into effect to the extent that existing authorizing legislation will allow. I have been informed, Mr. President, that one way to get this operation under way with existing facilities in Hawaii would be for the Congress to utilize certain existing provisions of law, namely the Smith-Mundt and Fulbright Acts. I have therefore sent to the desk the amendment which would provide $250,000 additional for these purposes with the thought that these funds could then be used to bring students from both East and West to Hawaii.

Mr. President, time is of the essence in getting this project under way. The next academic year is only 3 months away. Plans must be made now.

For too long, Mr. President, we have sat on our hands waiting and waiting for the administration to grasp opportunities when they are presented. I propose to wait no longer.

I firmly believe that a democracy can act with the same dispatch as dictatorships. Here is one small chance for us to move in this important field of East-West exchanges. Because we want the program to be bipartisan, I have discussed this subject in detail with the very able Senator from South Dakota [Mr. MUNDT], and he strongly approves of the amendment. Under the language of the amendment the State Department would perfect arrangements with the University of Hawaii for an improvement of the program.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to my friend from New Hampshire.

Mr. BRIDGES. First, let me say, as the ranking minority member of the subcommittee, as well as the ranking minority member of the full committee, that I believe the appropriation bill as reported is a good bill. It is under the budget estimates for 1960 by $31,882,900. It is under the appropriations for 1959 by $19,028,257. It represents a decrease by the Senate this year under the House bill of $1,472,000.

In these days of fiscal irresponsibility in some quarters, I feel that an excellent job has been done by the subcommittee and the full committee. I therefore wish to second what the the distinguished majority leader has said.

I approve the so-called Johnson-Mundt amendment, which was offered by the Senator from Texas, and which has just been agreed to. I believe it follows the general theory of the committee, in which many of us have been interested for some time.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. MANSFIELD. I wish to join the distinguished Senator from New Hampshire, the ranking minority member of the subcommittee handling this bill and of the full Appropriations Committee, and to compliment and commend the majority leader on the amendment, the Johnson-Mundt amendment, which will allocate $250,000 to the University of Hawaii, and which will carry out, in effect, the idea of an East-West center of studies, which the distinguished senior Senator from Texas has been advocating for so long.

I move that the vote by which the amendment was agreed to be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MUNDT subsequently said: Mr. President, before the vote on the bill is taken, I wish to speak in support of the amendment offered by the distinguished majority leader [Mr. JOHNSON of Texas] on behalf of himself and myself, in connection with the creation, promotion, and development, in cooperation with the authorities in Hawaii, of the educational facilities to promote better Asiatic-American understanding. I think it is one of the great forward steps being taken in the direction of better East-West relationships. I congratulate the majority leader on his initiative and I am happy to be joined with him in this undertaking. He at one time had considered introducing a special bill to take care of this matter. By handling the matter in this way, however, in cooperation with Hawaii and under the Smith-Mundt Act, I think we will get the same results more expeditiously and through the expenditure of fewer public funds.

Many Senators are aware of the great work which has been done by the great American University of Beirut, Lebanon, in the creation of a better understanding between the people of the Arabic-speaking world and the people of the United States. They are aware, also, of what has been done in Turkey, in the case of Roberts College. All of us are aware of the fact that Turkey is one of the great stalwart friends of the United States, as has been demonstrated both in peacetime and in war. The new facility and functions at Hawaii will enable us to create similar bases of mutual understanding with Asiatic countries.

The expenditure of $250,000, earmarked in this way, will create, it seems to me, a great opportunity with the people of the most populous area of the world to perpetuate important friendships. It will indeed be money well spent. It is a program envisioned and embraced in 1948 by the provisions we specifically included in the Smith-Mundt Act.

Mr. President, I ask unanimous consent that these remarks may appear in that part of the RECORD where the Johnson-Mundt amendment was discussed earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. CLARK. Mr. President, if the Senator will yield, I should like to make a few comments on the general subject of representation allowances. Would the Senator prefer that I did so in my own time, or does he wish to yield to me now?

Mr. JOHNSON of Texas. I shall be very glad to yield to the Senator. I will say in that connection that a very constructive amendment was offered by the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT], and we reviewed it at some length and in great detail. I know of the interest of the Senator from Pennsylvania and other Members of the Senate with regard to the importance of our personnel in foreign countries becoming acquainted with the countries in which they serve and with their people.

The very able Ambassador to Mexico, Mr. Robert C. Hill, who previously served as Assistant Secretary of State, and who has done one of the outstanding jobs in diplomatic history, has been going, most of the time at his own expense, to every State in Mexico, frequently visiting schools, health centers, and similar places, and usually being forced to do it with his own funds, because the allowance provided is not sufficient.

I use that experience as an illustration. I do not know that the amendment would apply to the situation affecting Mr. HILL. However, there are countries where counterpart funds are not being used. The committee felt that we should authorize the use of such funds for the purpose of travel by Ambassadors and for other personnel far down in the lower echelons, so that they could learn to understand the people of the country and conditions in the country.

We require a full report to be made on the use of these funds to the Appropriations Committees of the House and Senate. Further, we are informed that the report will be available to each Senator, so that all of us will know how the money is being used. We can now use counterpart funds for Members of the House and Members of the Senate, but our Ambassador and our third secretary cannot go to an adjoining state and have a conference on economic problems of interest to the two nations, because he must either draw on his wife's money or borrow the money himself. For that reason we thought it would be a forward and progressive step to authorize the use of counterpart funds for the USIA personnel and for the use of the State Department personnel, to the extent that such funds are available in the countries where they are serving. There is a total limitation on this use of $2 million for the State Department and $40,000 for the USIA.

We also made some increases in the appropriation. We did last year.

This has been a very much misunderstood appropriation item. Some persons have the idea that this money is used for one purpose. Actually little of it is

used for that purpose. I am not widely traveled or very knowledgeable about the daily activities of our representatives in the countries of the world. However, sitting in committee day after day and hearing the testimony, I have become convinced that one of the wisest expenditures we can make is in the representation allowances we grant to our representatives overseas. I believe these should be clearly above the amounts which have been provided in the past.

Mr. CLARK. Mr. President, I thank the Senator. I am in complete agreement with what he has said. I note from the report that the representation allowance appropriation for fiscal 1959 was $750,000. My recollection is—and I ask my friend from Texas to check me on this—that the State Department requested a million dollars, that the Senate provided a million dollars, thanks to the generous action, and I believe wise action, by the Senator from Texas and his colleagues on the Senate Appropriations Subcommittee dealing with State Department affairs; that the House provided about $600,000; and that the figure of $750,000 was arrived at as a compromise. Is that correct?

Mr. JOHNSON of Texas. That is my recollection. I may say that we on the Senate side have felt very strongly in regard to this matter, and we have had the appropriation somewhat increased. They feel equally as strong in the other direction in the other House, and I believe that they are equally sincere, although we are rather proud of the fact that we have made some progress. One of the strongest advocates has been the Senator from Arkansas [Mr. FULBRIGHT], as has also been the Senator from Montana [Mr. MANSFIELD]. They are very knowledgeable in this field. I hope our House colleagues will consider what we have done. We have never gone as far as we should go.

Mr. CLARK. I know that the budget estimate for 1960 was $850,000. If the Senator from Texas could enlighten me, I would be grateful to know whether the State Department gave any reason for decreasing its budget request by $150,000 in the face of what appears to be an expanding need.

Mr. JOHNSON of Texas. No; I am not aware of any reason which they supplied to the committee. I think there are good reasons for the decision, in view of the sentiment which we know exists. I was a little disappointed because the State Department did not agree that counterpart funds should be used in this field. The plan or idea was not made available by the State Department; it came from the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT]. This is his amendment. When it was submitted to the Department, the Department did not look upon it with too much favor.

Mr. CLARK. Certainly no one can criticize either the Senate or the House for not appropriating more money in this regard than the State Department itself is willing to ask for and to win approval for at the Bureau of the Budget. So I am not the slightest degree critical of the action of our committee in approving the figure of $825,000, set by the House, which is only $25,000 less than the amount requested by the State Department, and is substantially in excess—$75,000 in excess—of the amount actually appropriated last year.

If the Senator from Texas will indulge me a moment, I should like to make a brief additional comment. The Senator from Texas knows that I appeared before his committee last year and urged the Senate to grant the full amount requested.

Mr. JOHNSON of Texas. I recall that testimony with interest.

Mr. CLARK. Thereafter, I was in touch with various individuals in the State Department—to be sure, on an informal, friendly basis—and was given to understand that, as a result of the very great assistance which the Senator from Texas had given the State Department last year, and the support of various other Senators, including the Senator from Montana [Mr. MANSFIELD], the Senator from Arkansas [Mr. FULBRIGHT] and, in a much more humble way, myself, the Department was prepared to have an objective study made of the Department's needs for representation allowance funds and to present to the Senate Committee on Appropriations this year the results of such a study.

I was told—off the record, and informally, to be sure—that there was not much doubt that the real need for representation allowances throughout the world, in view of the extent of our international commitments, missions, personnel, and functions, would be between $3 million and $5 million, and that a carefully prepared study would show that to be the fact.

Last fall I went to Western Europe and had the opportunity to visit with our Ambassador to Bonn, in West Germany, Mr. Bruce, a very able public servant; our Ambassador to Belgium, Mr. Folger, our Chargé d'Affaires in Holland, who was acting in Mr. Young's absence; and with the Minister-Consul in London, Mr. Whitney not being available to me. In each of those places I was given to understand that a study was in preparation which would indicate our real need for representation allowances in those countries. I was particularly interested to be told, in Holland, that information was being secured to see what the representation allowances were for private American industries doing business in Holland. We have already received information that as to three American concerns having branch operations in Holland, the vice presidents in charge of those operations each had a representation allowance in excess of the total representation allowance for the American Embassy at The Hague. So I am wondering what has happened to the study which the State Department said would be made.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield.

Mr. JOHNSON of Texas. The Senator from Pennsylvania has put his finger on a very important point. First, I think the American people have been misled by their own Congress about the treatment which has been accorded their representatives in other nations in the form of expense allowances. Second, I think the American people are unaware of the comparative amount of expense allowances provided our representatives and the representatives of other nations.

So in the hearings I urged that the Department not only make a study, but also submit to Congress the comparative figures. They did so. They had to do it quickly. They had not prepared it in advance. They did it only in a few instances. I am prepared to write a letter to the Department, asking them to supply the information as to all the nations with whom we have diplomatic relations, and to give us, as nearly as they can, the comparative expenditures.

Also, to go one step further and to carry out the Senator's idea and recommendations, I shall ask the State Department to make a comprehensive, factual, and prudent study of what they think our needs dictate.

I remind the Senator from Pennsylvania of the table which was submitted in response to my request, and which appears on page 131 of the hearings. I read from the hearings, beginning on page 130:

> Senator JOHNSON. What I would like to do is this: If this is true—and I think it is true—we are pretty careful and conservative in this field. I would like you to make a study of some of the embassies, as nearly comparable as you can, and give the committee the comparisons, what you think they use for representation allowance and what you think we use. For instance, I know Chancellor Adenauer is here and a number of people were in for lunch and in for dinner. The same thing is true when Churchill comes here. Now, I would like to have you take half a dozen countries and compare them to ourselves and see whether we are doing more or less.

If the Senator from Pennsylvania will follow me in the hearings, the table indicates that comparative figures are not available as between Great Britain and the United States. But the total expense allowance by Great Britain for use in Washington is $95,203.

Mr. CLARK. I think the figures with respect to The Hague are quite interesting.

Mr. JOHNSON of Texas. Oh, yes; I shall go down the list.

In Paris, the United States allows $15,170; Great Britain allows $67,370.

Mr. CLARK. Great Britain allows $95,203 in Washington. This is a comparison of Great Britain with the United States.

Mr. JOHNSON of Texas. Yes. At The Hague, about which the Senator has spoken, the United States allows $9,220. Is not that correct?

Mr. CLARK. Yes. Great Britain allows $30,174, three times as much.

Mr. JOHNSON of Texas. In Paris, Great Britain allows $67,370; we allow $15,170.

In Rome, Great Britain allows $33,369; we allow $15,540.

In Bonn, Great Britain allows $32,596; the United States allows $19,325.

In Moscow, Great Britain allows $33,495; the United States allows $21,210.

In Brussels, Great Britain allows $33,270; the United States allows $10,255.

In Madrid, Great Britain allows $26,175; the United States allows $10,320.

In The Hague, Great Britain allows $30,174; we allow $9,220.

I do not think the United States has to be a "me-too" government and follow the example of some other country. I do not want to have the United States emulate some other country simply for the purpose of emulating it; but I submit there is merit to the Senator's contention. I think we ought to ask the State Department to give us the comparative allowances with respect to other nations, particularly where we can use counterpart funds in lieu of dollars, or in addition to dollars; and that our State Department and the U.S. Information Agency personnel should try to see to it that full use is made of them, and that our Nation becomes as well informed as it possibly can upon the Department's problems in those countries.

I think money best spent by Congress is probably that which is spent on some of the thorough, exhaustive studies and surveys which are made by committees and individuals of Congress. I think the same would be true if our skilled diplomats could make some surveys, and at the same time see the surveys which Senators and Representatives make.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. SALTONSTALL. I am very sympathetic with the position which the Senator from Texas and the Senator from Pennsylvania are taking. I have followed this program during the past 10 or 12 years. I believe our great problem arises from the fact that the House has a very strong feeling in the direction of keeping representation allowances down. The Senate has always had a more liberal attitude. The question is, How liberal an attitude should be taken? I hope the amount will be increased. Two million dollars in foreign countries is a good step forward.

Mr. CLARK. Mr. President, will the Senator from Texas yield to me?

Mr. SYMINGTON. Mr. President——

Mr. JOHNSON of Texas. I yield first to the Senator from Pennsylvania; and thereafter I shall yield to the Senator from Missouri.

Mr. CLARK. I should like to ask the Senator from Massachusetts a question. He says the Senate is more generous than the House in the case of the representation allowances. But how can the Senate be more generous if the State Department does not ask for enough money?

Before the Senator from Massachusetts entered the Chamber, I said—and I should like to know whether he agrees—that responsible officials of the State Department firmly believe that our representation allowance abroad should be between $3 million and $5 million. Yet they request only $850,000. Why? The Senator from Massachusetts knows why. The reason is that in the House of Representatives there is a very charming and attractive Member of high ability who does not agree with the Senator from Massachusetts, the Senator from Texas, and the Senator from Pennsylvania; and the State Department is so terrified by that very effective Representative from Brooklyn—who is a fine man, and I say nothing against him—that the State Department is afraid to request of us the amount of money it needs.

I said to Mr. Loy Henderson, the representative of the State Department in connection with these appropriations, "Why do not you send someone down here who can take on our friend from Brooklyn? Is there anyone in the State Department who has the same ability to fight conscientiously for the principle in which he believes that the Representative from Brooklyn, who fights on the other side, has?"

The State Department could not make any suggestions.

So I made an investigation of my own. I find that Mr. James Patrick Mulligan, a former Navy frogman who scouted Okinawa before our forces landed there, and who is aged 40, and is about to be sent to a hardship post, is available. If the State Department cannot find anyone else, let the Department bring back Mr. James Patrick Mulligan, and let him present, next year, an appropriation request which is realistic.

Mr. SALTONSTALL. Mr. President, the Senator from Pennsylvania has made a very eloquent plea with which I am in sympathy.

Mr. CLARK. I thank the Senator.

Mr. JAVITS. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. At the proper opportunity I shall seek time in which to address myself to the subject of the informational media guaranty fund. I should like to ask the Senator from Texas about that matter. On page 11 of the committee report I note that the committee approved the sum of $3 million—an increase of $500,000 over the amount voted by the House, but $500,000 below the budget estimate which was requested.

I have had a very considerable body of information given to me on the problem of the book-publishing concerns, as that problem relates to the informational media guaranty, and also in connection with the competition they are meeting with Soviet books which are being sold abroad at very low prices.

I shall deeply appreciate it if the Senator from Texas will inform us of the thinking of the subcommittee on this subject. Perhaps a little later I shall go into the subject more deeply.

Mr. JOHNSON of Texas. The chairman of the subcommittee advocated the increase of $500,000. I cannot speak with any authority for any other member of the subcommittee. I have the general impression that the other members of the subcommittee and the members of the full committee, without urging and insistence, probably would have gone along with the House figure or a lower figure. Several members indicated as much to me. This item was a very controversial one in last year's bill, and it is controversial now.

As the Senator from New York knows, the item is devoted to school books, motion pictures, charts, and "slick" paper magazines.

Some persons who are very well informed think an excellent job is done in the field of motion pictures. Generally speaking, most of them think the book expenditures—which, as I recall, amount to approximately 42 percent—result in an excellent job. There has been criticism of some of the other programs.

It was the feeling of the chairman of the subcommittee that, rather than the $7.3 million program which would be provided by the House allowance, our plan, which would finance a program of approximately $9.1 million, should be adopted. I hope the Senate will approve the latter program.

I hope those who allocate and administer these funds will be aware of the skepticism which certain Members have about the opportunities of certain vehicles to spread propaganda which is not necessarily free-world propaganda, but may actually be partisan, propaganda between parties.

Generally speaking, I think the motion picture and the book programs have the support of most of the Members, although there is considerable sentiment for the viewpoint expressed by the House and the figure voted by the House; and it was only at my urging and the urging of the staff that we got the subcommittee to raise the figure, and that we held that figure in the full committee.

Mr. JAVITS. Let me point out to the Senator from Texas that the director of the program, in his testimony—and I refer to page 659 of the hearings—stated that the figure voted by the House of Representatives, namely, $2,500,000, would result in a 25 percent reduction under the program for last year. The reason for that is that this year there is a smaller carryover. That carryover, together with the restoration of $500,000—which is one-sixth of the correct sum—would still result in a material reduction in the program.

I want to understand the thinking of the subcommittee. Whenever I can obtain the floor, I shall discuss the situation in somewhat more detail.

Let me say to the majority leader that I shall not take a very long time, but I should like to take a few minutes to discuss the realities involved in this program.

Mr. MANSFIELD. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. MANSFIELD. I should like to corroborate what the Senator has said. Being a member of the subcommittee, I think we were extremely fortunate to obtain an increase of $500,000 over the allocation voted by the House of Representatives; and I am very hopeful that the increased amount will be retained in the bill.

Mr. ELLENDER. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. ELLENDER. Mr. President, I express the same hope. As originally planned, this program was to be carried out through a revolving fund. However, as the Senator knows, last year we discovered that this fund had been administered in such a fashion that it really did not revolve. Instead, we were

informed that the fund had been allowed to depreciate, mainly by allowing the use of the fund's assets for specific projects in certain countries, projects which had not been approved by the Congress in the creation of the IMG program.

This program was begun back in 1948 so private magazine and book publishers could enter foreign markets and be assured of converting the money they received to American dollars at an equitable rate.

It was proposed that this foreign currency would then be sold back to the State Department for American dollars so that the State Department could use these currencies in the day-to-day operation of American Embassies all over the world, and so that the dollar assets of the fund would be protected.

In 1952 administrative responsibility for the program was transferred to the International Information Administration in the Department of State and subsequently, in 1953, to the U.S. Information Agency. However, it was not until 1956 that it was separated from the investment guarantee program, when the Mutual Security Act of 1956 divided the authorization and assigned $28 million to the informational media guarantee program and the remainder to the investment guarantee program.

Yet we today are well aware that this revolving fund has not revolved. In fact, since its inception, the IMG fund has lost some $13 million.

The reason for this is very simple. Some of the bureaucratic schemers of our State Department went out—and in direct opposition to congressional intent—entered into agreements with foreign countries which restricted the use of any U.S.-owned currency in the foreign countries involved.

This, in effect, destroyed the concept of a revolving fund, since the cycle of buying foreign currency from private book and magazine publishers and selling it to the State Department was interrupted. There were strings put on the use of this money.

It is my hope that in the administration of the program in the future we shall be able to utilize the credits which are made abroad and make this program work as it was first intended to, back in 1948.

Mr. JAVITS. Mr. President, will the Senator yield to me again?

Mr. JOHNSON of Texas. I yield to the Senator from New York.

Mr. JAVITS. Perhaps we can have the discussion of this subject right now, and obviate the need for my getting the time separately.

Mr. JOHNSON of Texas. Fine.

Mr. JAVITS. What interests me, and I think it is a powerful point to make, is the fact that the Soviet Union has given us tremendous competition in books, especially in areas where the IMG program is of such great importance. The place where the informational media guarantee program is doing its work is in countries where we need to spread information as to our own situation and with respect to the study of English. The nations where that program is needed are Austria, Burma, Chile, France, Germany, Indonesia, Israel, Italy, the Netherlands, Norway, Pakistan, Philippines, Poland, Spain, Taiwan, Turkey, Vietnam, and Yugoslavia.

In practically all of those countries we are up against the "gun," in terms of competition with the Soviet Union.

My information is, and I now refer to a letter written by the president of McGraw-Hill, which appears in the CONGRESSIONAL RECORD of Tuesday, June 16, 1959, at page 10898, that the Russians exported, in 1957, 30 million books. This represents 10 million more books than were exported by the United States. That is both by private industry and under the informational media guarantee program.

I would say to my colleague from Texas, if the committee wished to place a restriction on this program and prevent its use for magazines or any other purpose, that is fine with me. All I am talking about now, and the thing I have my eye fixed on primarily, is the book program, because in the book program we are in direct and very meaningful competition. With due respect to the committee, we are talking in terms of pennies in comparison with the minds of mankind which we are trying to reach through books.

I should like to give the Senator a practical example. I have a letter from the international manager of the American Book Co., in which he tells me an interesting fact. Under the IMG program, we are printing books for the teaching of English. The Russians are also printing books for the teaching of English. Senators can imagine the ideas the Russians are introducing in their English instruction books.

The most insidious and the most subtle, and yet the most well-directed propaganda, faces the people who are studying English in various countries. To the poor person in Indonesia, in India, in Pakistan, or in other countries, the cheaper he can get the book, and the better the book is printed, the more likely he is to buy it. If it teaches the English language, he does not care about the propaganda in it, although he is absorbing it through his studies.

We are talking about $3 million. It is a cut from the budget estimate of $400,000. The program already is only two-thirds of what the Russians did in 1957. We know their program is growing. I know we have got to guard against it. I understand some members of the committee oppose what has been provided. I understand the position of the Senator from Texas. I respect and regard with affection my colleague from Louisiana. He could be right and I could be wrong about this.

Mr. JOHNSON of Texas. Does the Senator understand what my position is?

Mr. JAVITS. I think I do. Permit me to state it. I think the Senator from Texas believes in getting the $3 million, and that he has really achieved a breakthrough.

Mr. JOHNSON of Texas. If I get it. I am not sure I will. The Senator's State has a very able Representative, Mr. ROONEY, who is chairman of the subcommittee in the House. I know of no chairman of any subcommittee in Congress who is more meticulous, fairer, or so knowledgeable in the field of matters coming under his supervision than is popular and respected Mr. ROONEY, of New York. After full and complete hearings, it was his opinion that only $2½ million should be provided.

I remind the Senator that the agency has a carryover balance of $672,000 which has not been used. We have had the benefit of the House's painstaking review. But, notwithstanding that fact, because of the feeling of the chairman of the subcommittee, the Senator from Texas, this Senate committee has recommended the larger figure.

Forty-two percent of prior year's funds went into books which were technical and scientific. I am not in the position to say that is not an excellent expenditure. I realize the Senator's deep interest in that field. He has told me about it.

Twelve percent goes into fiction.

For periodical magazines, the "slick" magazines, the magazines about which some questions have been raised, the magazines which advocate stopping subsidies for everybody else, but really advocate busting the budget for themselves, get 19 percent of the fund.

Motion pictures get 22 percent. Maps, teaching aids, music scores, and recordings get only 5 percent.

I thought the chairman of the subcommittee, the Senator from Texas, had done a rather remarkable job when he got the subcommittee and the full committee to go along with increasing the expenditures provided by the House by some 20 percent.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Louisiana.

Mr. ELLENDER. I will testify to that statement, because some members of the subcommittee were desirous of going along with what the House had recommended. It was due to the leadership of the Senator from Texas that the amount was increased by $500,000. We may have much trouble with the House if the increase of $500,000 is retained.

Mr. JOHNSON of Texas. I should like to call to the attention of the Senator from New York and the Senator from Louisiana the colloquy which appears on pages 859 and 860 of the hearings:

DEFINITION OF NEWSWEEK INTERNATIONAL

Senator JOHNSON. What is the connection between Newsweek International and Newsweek magazine?

Mr. THOMPSON. Those are international editions. We publish practically the same magazine in Europe and the Pacific area, Mideast and Africa, with different advertising from local concerns. The same is true of Time International.

Senator JOHNSON. It is operated by the same corporation?

Mr. THOMPSON. Yes, sir.

Senator JOHNSON. It is part of——

Mr. THOMPSON. Part of Newsweek.

EDITORIAL POLICY

Senator JOHNSON. Is your editorial policy to bust the budget?

Mr. THOMPSON. If the job needs doing we will bust the budget.

Senator JOHNSON. In what edition have you said that?

Mr. THOMPSON. Pardon?

Senator JOHNSON. I have been reading you pretty carefully and I have not seen it.

Mr. THOMPSON. The national budget or our own budget? We are busting our own budget.

Senator JOHNSON. I am talking about the Federal budget. The U.S. Government budget. I have not seen any editorials along that line. I wanted you to give me the issue in which you referred to, where you advocated that.

Mr. THOMPSON. I misunderstood you. I thought you meant our personal budget. We are busting our budget to put IMG in foreign countries.

QUESTION OF INCREASING BUDGET

Senator JOHNSON. Do you advocate this committee busting the President's budget?

Mr. THOMPSON. This is essential; yes, sir.

Senator JOHNSON. In what respect?

Mr. THOMPSON. We are involved in all other counterpart funds.

Senator JOHNSON. You apply that to the entire budget?

Mr. THOMPSON. I am talking about IMG.

Senator JOHNSON. You would like for us to bust the budget in regard to IMG but in other phases you would like for us to stay within the budget?

Mr. THOMPSON. On the IMG program; this is a program that is being seriously underrated.

Senator JOHNSON. You advocate busting it as far as IMG is concerned?

Mr. THOMPSON. Yes.

Senator JOHNSON. That is the program your magazine is interested in. You would not advocate the general busting of the budget?

CUTBACKS ADVOCATED

Mr. THOMPSON. No, sir, I advocate cutting back some other phases of the budget.

Senator JOHNSON. What do you advocate cutting back?

Mr. THOMPSON. I think you did some of it on mutual aid.

Senator JOHNSON. You would cut down the mutual security fund?

Mr. THOMPSON. That is right. I think we are fighting for minds, as much as territory with military weapons and what we are talking about is small in relation to the bigger issues. I think that we are involved in counterpart funds which are tied up with the agricultural surplus that have just overwhelmed this very good program.

Senator JOHNSON. Thank you very much, Mr. Thompson. I will read your statement with a great deal of interest.

Then Mr. Thompson had his statement printed in the record.

I want to point out that following the House action, following the testimony in the committee, and following the discussions with the Senator from Montana, with the Senator from Louisiana, and with other Senators, who are on the subcommittee and on the full committee, the Senate committee felt, since this was a revolving fund which turns over three or four times a year since there was $672,000 which was unspent, and since we could get by with a $500,000 increase, although it is not as much as some Senators would like to have—and if I had my way, I would make a different allocation of the way the funds are spent—nevertheless the House figure should be increased. That was the amount we were able to get the figure increased. I hope the Senate will preserve that amount and not reduce it.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. In the first place, with regard to the carryover, this is a lesser carryover than there was previously. Mr. ALLEN himself testified—and I read his testimony—that the program is bound to be reduced, even under the Senate allocation of $3 million, the sum the Senator from Texas has had included in the bill. The program is bound to be reduced by roughly 17 or 18 percent. As Mr. ALLEN said, as shown on page 659 of the record, there would have to be a 25-percent reduction of the program on the basis of the figure allocated by the House.

As I understand the situation, Mr. ROONEY, my distinguished friend and colleague from New York, has taken positions on various items at various times. Let us remember that we had quite a set-to with Mr. ROONEY about the Brussels Fair. Finally, those who favored more support for the U.S. participation in the Brussels Fair prevailed. More money was obtained for the Brussels Fair than Representative ROONEY felt should be provided. He, too, can be wrong.

Mr. JOHNSON of Texas. That is what we have done in this instance. We have allowed about 20 percent more.

Mr. JAVITS. But the Senator will note that the committee has cut the President's own budget figure. Certainly, when we have a program which is so desirable as this, with a budget allocation of $500,000 more than allowed by the bill, I do not think we are saving money which will help our country in the tremendous struggle in which we are engaged in the world by a savings of $500,000.

I will say to the Senator also that I understand something about legislation. As the Senator knows, I have been in both Houses of Congress, in the House of Representatives and in the Senate. The Senate will have to go to a conference with the House, and certainly my colleague, Mr. ROONEY, will be tough about this matter. It is going to be necessary either to split off $1 million, if the item is $3½ million, or it may be necessary, though I hope it will not be necessary, to split off a half million dollars.

Mr. JOHNSON of Texas. If the Senator will yield, we may not split the amount at all. Mr. ROONEY is fair and reasonable with us in our dealings. Our dealings are always satisfactory. He frequently will accept the Senate figure, and we frequently will accept the House figure.

I feel this is a good program. I must say that a good many persons on both sides of the aisle have some question about some of the operation. I must say I think we went as far as we could go.

I remind the Senator that the subcommittee members who heard the testimony and sat as a jury were unanimous. The full committee, which is made up of 27 members, was unanimous. Every Member of the Senator's party agreed that we should increase the House figure by $500,000, but not a single one of those Senators advocated increasing the figure beyond that, notwithstanding the President's budget.

As I have said before, we are going to try to review the President's budget request with respect, with sympathy, and with understanding. We are not a "me, too" Congress. We are not a "won't do" Congress. We are a Congress which wants to get the best results we can achieve. But there is no reason why we should be put in a straitjacket and limited to the President's budget. We will increase the budget figures in some respects. I trust we will increase them in the field of health, when the appropriation bill for the Department of Health, Education, and Welfare is before us. We will reduce the budget figures in some respects.

Each appropriation bill which has been passed has had some reduction. Some of the bills will have some increases.

Last fall, after the election, the Senator from Texas, when asked about his views on this subject, said that we had to assume fiscal responsibility and had to be prudent in our expenditures. If we cannot live within our means in this era of prosperity and cannot provide some reduction of the national debt, I do not know when we will ever be able to do it.

So we are going to examine each of the President's recommendations. We will agree with him if we can. If we cannot, perhaps we will increase some of the items, and in some instances we will lower some of the items.

In my judgment, when the Congress has passed the final appropriation bill—and I remind Senators that usually that last one is a supplemental appropriation bill—I believe the Congress will actually have appropriated less than the President will have asked us to appropriate. That has been our policy.

Senators may answer by saying, "Oh, yes; but Congress authorizes large appropriations." We can authorize billions and billions and billions of dollars, but if we do not appropriate the money not a penny will be spent. We have billions and billions of dollars now authorized which have never been spent. We have budget estimates for the bill before us which have been materially reduced.

The House, as a result of the very thorough job which was done, reduced the budget estimates by $31,882,900. That is not any great amount when we are considering a bill involving more than $600 million, but it shows the House Members were trying to accomplish something. It is not the Democratic National Committee which is doing it; it is the Members on both sides of the aisle.

I have served on many committees. I have watched the committee system operate since I was a child. Next year will be my 30th year in the House and in the Senate as a staff employee or as a Member. I have never served on a committee, I think, which is so nonpartisan as is the Appropriations Committee. I do not see any evidence of partisanship there.

The subcommittee was unanimous in every recommendation it made. Oh,

there were some questions. The Senator from Louisiana raised some questions. He had some hesitancy about allowing this $500,000. But finally, because of the feeling I had and because of the feeling other members of the committee had about the item, the Senator went along, and other Senators went along, with us.

The full committee was unanimous with regard to the bill. I say that when there are 27 members of a body so representative as the members of the Appropriations Committee in agreement, there has been great accomplishment. The subcommittee members include the Senator from Idaho [Mr. DWORSHAK], the Senator from Maine [Mrs. SMITH], the Senator from Texas [Mr. JOHNSON] and the Senator from New Hampshire [Mr. BRIDGES], and they represent a variety of philosophies. These members sat there day after day after day, with the result that the transcript of the hearings contains some 870 pages.

The committee members came to the conclusion that they wanted to recommend to the Senate the amount which is carried in the bill. I am proud of the fact that it represents a 20-percent increase for this particular item over what the House allowed.

This bill is the first appropriation bill, I think, which is in an amount lower than the House provided. As soon as the House has its hearings and makes reductions, based upon their conscientious best judgment the representatives of the executive department, which talks a great deal, about balancing the budget, come to the room of the Appropriations Committee of the Senate and say, "We want this restored. We want that restored. We want to appeal this item." When they get through, they call on a few members of the Senate committee in private and say, "This item is unbudgeted, but please put it in the bill." That happens to the chairman frequently.

I will give the Senator a good illustration. We have, in an area of the country with which I am familiar, a great powerplant at a great dam located on a large international river. It is 40 miles from the nearest city. We have employees there who work day and night, around the clock, 24 hours. They have to be at the dam. They have to be there to work. They live in rat-infested, old tarpaper shacks. It is quite a problem to keep personnel at that location, and it costs 20 percent of the funds which they take in simply to maintain them. We have a retired civil engineer there who is a prudent, careful, respected man. He says the interests of our Government require that those men have a little housing for their families, since they are producing this revenue for the Federal Government. This is a project in which the President of the United States is vitally interested. He is taking a personal interest; so he asked for money for 15 houses.

What happened? The edict, the rule, the executive law is that there shall be no new starts, so out went the request. The houses are not provided. The men continue to live in the tarpaper, rat-infested shacks. The morale condition continues to deteriorate because we cannot apply $470,000 or $450,000 for these items.

Look at the next page. Here is a new prison for the State of Illinois. If we have no new start for a home for a man producing revenue, why is there a new start somewhere else? Why are there new starts in connection with embassies? Why are there new starts in connection with the USIA in foreign countries, while we cannot have a new start for men at home who are producing the dollar which makes the mare go?

I did not receive a very good explanation. I said, "I am not going on the floor of the Senate and ask the Senate to 'bust' the budget for some people who live in my area of the country if I cannot get a budget estimate. I will postpone it, because I want to put a stop to the fraud, hypocrisy, and propaganda to the effect that the Congress, as an institution, is a group of spendthrifts; that the Congress, as an institution, cannot be depended upon to guard the taxpayers' dollar."

As long as I have been familiar with its operations, the Congress, as an institution, has consistently, in both Democratic and Republican administrations, reduced, bared down, and culled the requests of the Executive. Except for that, the national debt would be far above the $300 billion which it has almost reached now.

The Congress can be misled and diverted. It may be said "But you provide authorizations," and so forth. We can talk about the back door approach. We do not appropriate for everything. However, we make a profit on most of the things we do not appropriate for, and on most of the things we handle, such as our housing projects.

Yesterday I did not get the kind of housing bill I wanted. I wanted it to be bolder than it was. I wanted it to be more imaginative than it was.

I thought we were taking a bold, imaginative, wonderful step when we entered the field of housing for the elderly, and that the research provided for in connection with farm housing was a bold, imaginative step. I am glad that the Senator from Alabama [Mr. SPARKMAN] gave us leadership which resulted in that authorization. But some of my colleagues wanted a 6-year program. We finally had to go, not to a $2.7 billion program, not to a $2.1 billion program, but to a $1.375 billion program; not to a 6-year program, but to a 2-year program. I am glad to say that we passed that bill in an attempt to meet the opinions of others, including our colleagues in the House—and, we hope, the opinions of officials downtown.

None of us got exactly what we wanted. We are criticized on one side for going entirely too far. Yet the able, progressive, learned scholar who happens to occupy the Chief Executive's desk in New York State only the other day recommended a $2 billion program for the State of New York alone, to be financed through tax-exempt bonds.

We legislate for 50 States of the Union, and we have a $1,375 million program, and we are criticized for having a $1,375 million program for 50 States, while the Governor of 1 State says that New York alone needs $2 billion.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks an article from the New York Times and an article from the New York Herald Tribune.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 6, 1959]

STATE GIVEN PLAN TO HOUSE FAMILIES OF MIDDLE INCOME — GOVERNOR ENDORSES PANEL'S PROGRAM FOR STIMULATING APARTMENT CONSTRUCTION

(By Warren Weaver, Jr.)

BOLTON LANDING, N.Y., June 5.—Governor Rockefeller announced tonight a broad new program designed to encourage the building of thousands of apartments that middle-income families could afford to rent.

The Governor described to members of the State Association of Real Estate Boards a series of major steps.

They are designed to attract private investors to provide perhaps billions of dollars to house middle-income families—those with incomes of $5,000 to $10,000 a year. Loans, guarantees, and other incentives are provided in the program.

The State's middle-income housing program was initiated 3 years ago with high hopes. But it has not resulted in the construction of any rental housing in the range of $17 to $29 a room, except for a small nonprofit project for the aged in Rochester.

PROFIT LIMIT A SNAG

The basic problem has been that builders have not been willing to accept the profit limit of 6 percent that is imposed by the middle-income housing law on those who qualify for State loans. The loans are used to finance up to 90 percent of the cost of the projects.

In January, Mr. Rockefeller named a special task force headed by Otto L. Nelson, Jr., vice president of the New York Life Insurance Co., to find ways of reviving the middle-income program. His speech tonight, at the Sagamore Hotel, presented and endorsed the plan of this group.

Basically, the Nelson committee recommended:

Creating a State housing finance agency that would borrow money from private investors at relatively low interest rates and lend it to builders willing to undertake middle-income projects.

Setting up a "Little Federal Housing Administration" on the State level to insure the mortgage loans made by the finance agency, particularly where regular FHA protection was not available.

Authorizing individuals and partnerships, such as real estate syndicates, to qualify for State loans to build middle-income projects. The loans are now available only to corporations.

Alerting potential builders and investors in middle-income housing to a method under which their 6 percent return could be exempt from Federal income tax, thus raising actual profits.

Permitting the State to lend up to the full cost of a middle-income project, instead of 90 percent, when it was being built as a nonprofit community venture.

Allotting $25 million in funds public housing to the rehabilitation of existing buildings, rather than for new projects.

Drafting a more flexible model code for residential building to help reduce housing costs.

REQUIRE LEGISLATION

Virtually all the recommendations of the Nelson committee require approval by the 1960 legislature. One, the "Little FHA"

plan, would need a constitutional amendment that could not become effective before 1962 at the earliest.

Although most features of the program involve the expenditure of only nominal sums of new State money, the plan could encounter difficulty in the legislature. There has been considerable resistance of late, particularly in the Assembly, to Government housing bills.

In his speech, Governor Rockefeller called the program "a boldly conceived plan to stimulate a greatly accelerated flow of private capital into the construction of modern housing within the means of middle-income families."

The Nelson task force found that the shortage of middle-income housing—estimated at a total of 480,000 units in New York City alone—was a product of the exodus from the cities to the suburbs.

As the middle-income families move out, the committee said, "many of our cities are fast becoming places where only the high-income and the very low-income families can find a place to live." It said its program was designed to counteract that trend.

Authorizing individuals and partnerships to qualify for middle-income housing loans is expected to be a major attraction for private capital.

The Nelson committee listed figures for a typical case. These showed that a builder on a corporate basis might make $3,000 a year after taxes on a $100,000 investment whereas the same builder, operating as an individual, could realize $9,500 after taxes.

[From the New York Herald Tribune, June 6, 1959]

ROCKEFELLER ANNOUNCES VAST HOUSING PROGRAM—LITTLE FHA FOR MIDDLE INCOMES, WOULD SPUR PRIVATE INVESTMENT

(By Charles N. Quinn)

BOLTON LANDING, N.Y., June 5.—Governor Rockefeller tonight announced a vast new middle-income housing program to meet what was described as a "critical need for such housing in this State."

The program, based on recommendations of a special committee named by the Governor in January, is designed primarily to encourage private investment, with State assistance, in construction of millions of dollars of modern multiple-dwelling units for middle-income families.

The proposals include creation of a little FHA (a State version of the Federal Housing Administration), which will require a constitutional amendment; establishment of a State Housing Finance Agency and exemption from Federal and State taxes of limited profits realized from investments in middle-income housing construction.

The committee, in a report to the Governor, said if these and other long-range recommendations were adopted and vigorously administered, "a substantial increase in and eventually an adequate supply of middle-income rentals or cooperative housing" would result.

In his message to the legislature in March Governor Rockefeller estimated 125,000 dwelling units would have to be built each year from now to 1975. This did not take into account a shortage of 480,000 units in New York City alone. The new plan seeks to fill both present and future needs.

Middle-income housing is meant for families whose incomes are too high to make them eligible for subsidized public housing and too low to obtain housing on the private market.

The report of the 13-member committee, headed by Otto L. Nelson, Jr., vice president in charge of housing for the New York Life Insurance Co., said monthly rents of $17 to $29 a room constituted middle-income housing.

Governor Rockefeller, addressing the New York State Association of Real Estate Boards at the Sagamore Hotel in this Lake George community, said of the report, "This is a boldly conceived plan to stimulate a greatly accelerated flow of private capital" in the construction of middle-income housing.

FLIGHT FROM CITIES

He said the flight of middle-income families from cities where they were unable to find adequate housing "threatens the economic, political and social well-being of our cities and thus our State."

"Multiple-family middle-income housing, rental or cooperative, centrally located in cities, has not been and is not being built at anywhere near even a minimal rate," he said. "Ineligible for new public housing and unable to afford the rent in new privately built apartment houses, middle-income families are faced with the choice of moving to distant suburbs—and many have already done so—or living in residences and neighborhoods that are progressively deteriorating."

The Governor said the committee's recommendations, many of which require legislative action, "deserve earnest consideration as a program designed to open the gates to a flood of both investment and equity funds for such housing."

Noting that the ultimate success of the middle-income housing program depended upon "active participation of those with a stake in the health of their communities," Governor Rockefeller said, "realtors who know their local conditions and needs can perform great service to their communities, their State, and themselves, by supporting this new approach in the housing field."

The proposals go far beyond those enacted at the recent session of the legislature, which set up a limited profit mortgage corporation in which private funds could be invested to triple the number of dwelling units anticipated from $100 million in bond authorizations approved by the voters in November.

PROGRAM DELAY

The Governor had estimated that the program, also suggested by the committee in an interim report, would bring 20,000 to 25,000 new units. The program is being delayed, pending appointment of a board of directors to the mortgage corporation, which Governor Rockefeller said he would announce soon.

The little FHA proposal, which could not become a reality until 1962 after its approval by two sessions of the State legislature and then by the voters in the 1961 elections, would provide a State guarantee or insurance of mortgage loans on middle-income multiple-dwelling housing. The committee said it would be "self-liquidating, self-supporting and ultimately at no cost to the State."

The little FHA would be restricted to multiple dwellings. The committee report said that a State guarantee fund of $20 million, which would have to be appropriated by the legislature, could, "on the basis of Federal experience, insure $2 billion of mortgages."

WOULD MAKE LOANS

The proposed New York State Housing Finance Agency, which would take over the function of the limited profits housing mortgage corporation, would make loans for middle-income housing. The committee said these loans would have the backing of either FHA guarantees if available in the middle-income field, or of the State guarantee fund if and when established.

The agency, with an undetermined amount of initial working capital loaned by the State, would be authorized under the plan to issue debenture bonds against its mortgage loans. For example, if a prospective builder obtained a $1 million loan for a middle-income housing project, the agency could then sell $1 million worth of debenture bonds to cover it.

"This would open up for investment in this kind of housing large reservoirs of capital," the committee report stated. The debentures would be exempt from both State and Federal taxes, be in easily salable form and have unquestioned security because of the State guarantee of the original loan.

SEE LOWER RATE

By attracting large financial institutions with these advantages, the committee indicated it felt resulting mortgages would be carried at a considerably lower rate, and savings could be used to reduce financing costs of the housing and therefore the rentals.

Other proposals include:

A 6-percent return on invested capital that would be exempt from both Federal and State income taxes, which the committee said would be sufficiently attractive to bring about increased amounts of such investment.

Allowing partnerships to own and operate limited rental-profits housing projects and thus take advantage of tax benefits of real estate ownership by individuals.

Rehabilitation of existing structures to save neighborhoods which may not have decayed to the point of no return.

Improvement of building codes in communities throughout the State relative to housing.

Mr. JOHNSON of Texas. When the Government is divided, we should be tolerant of the viewpoints of others. We should try to meet them halfway. We should not be arrogant, adamant, stubborn or mulish, but we should try to give and take, to forgive and be forgiven. We should try to put ourselves in the other fellow's place.

I know how the President feels. He has deep concerns. He has talked with me a number of times, and I share his concern over the soundness of the dollar, and the inflation which has spread over the country. I share his concern over the fate of other nations, and the necessity of a sound fiscal policy.

For that reason I sat down with the persuasive and studious minority leader and agreed that there would be a yea-and-nay vote on every appropriation bill. We did our best last year to get the Appropriations Committee to reduce the President's budget, and we were successful. We tried to bring in a bill which was under the House figure. It is difficult to do so with representatives from all the executive departments pulling at our coattails and saying, "Give us this," or "Give us that." A great many who are not in the departments come around and pick out individual Members and say, "You have a little interest in this project. Add to the appropriation."

What we finally do is to consider the views of the Members of the House, the views of the Executive, and the views of the Director of the Budget, a very competent public servant, and act upon the basis of those views.

In this case we increased the amount of the appropriation 20 percent. We thought we were doing the right thing. We are still under the figure in the House bill. This is the first appropriation which has been under the figure of the House bill. It may not be under the House bill after we get out of con-

ference. But I shall try with all the strength I have to get Mr. ROONEY to agree to the increase in this particular item. If I am unable to do so—and I may be outvoted—I still assure the Senator that I believe in this program. I have obtained some results. I did not go up the hill merely to march down again. I know of the dedicated and sincere interest of the Senator from New York in these questions. Among his constituency there are book publishers, motion picture producers, and magazine publishers.

In addition, he has a concern for the effectiveness of this program. So have I. As a result, we have added $500,000. If the Senator desires to submit an amendment, I shall be glad to have him submit it and let the Senate pass upon it. I do not claim that the committee is infallible. But I remind the Senator that there has been a great deal of talk about curtailing expenditures. We have increased the House allowance 20 percent in this instance. There may be those who believe that we should give somewhat larger subsidies to book publishers and magazine publishers. If that is the judgment of the Senate, the Senator from Texas will do his best to retain the provision in conference.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. I know that the Senator works very hard, but I am sorry that he found it necessary to speak at such length on a subject which involves so little money.

If the Senator will indulge me——

Mr. JOHNSON of Texas. I find that many times Senators speak at great length on subjects which do not involve anything. [Laughter.]

Mr. JAVITS. I believe that what the Senator has just said is well worth saying. I admire him for saying it. I should like to be indulged for a moment while I, as a back-bench Senator on the Republican side, tell him very briefly what I think about the argument with respect to "veto-proof" legislation, although it is not directly germane; also, the possible threat of veto from the White House.

I have great respect for the Senate. I have great respect for the majority leader and the minority leader. I think the Senate should proceed to do its job patriotically, without any regard to whether the White House threatens a veto, and without any effort to adapt legislation to what is thought might get by without a veto. I believe that the Senate should do its duty, as I am trying to do mine today. I have no fear of a threatened veto.

Let us be practical. There were rumors that the railroad retirement bill would be vetoed. It was not vetoed. Why? Because the Congress spoke decisively, and it was made clear that if it were vetoed, the veto would be overridden.

Mr. JOHNSON of Texas. Mr. President, I cannot agree to that statement. I believe the distinguished minority leader of the other body gave assurances to that body that he had the votes to sustain a veto, as I recall the record.

I do have concern about vetoed legislation. If the President feels strongly enough to withhold his approval, I think that is a matter which must be considered by the Congress. I do not believe that we were sent here to paralyze Government.

The Government must function; and it can function only when the executive and the legislative branches work together. I do not give much credence to the argument that we were sent here to make political issues or to reelect Senators, or to make a record on how much can be spent. I think we were sent here, as the Senator says, to do our job; and I believe that our job is to provide for the orderly operation of a progressive, enlightened Government, in accordance with the principles laid down in the Declaration of Independence and the Constitution of the United States.

Merely because the President happens to be a member of another party, does not mean, to me, that I must spend my time fighting him, even though I must fight other people in order to avoid fighting the President. When I was elected minority leader I said, "I am in the minority. There will be a time when I will be in the minority in my own party. There will be only one standard I shall apply and that is: Is this good for America? If it is good for America, it is good for my party."

That is the standard I have applied. My judgment has been wrong frequently, I am sure, but my standards have not differed. When the President is right, in my opinion, I uphold his hand. I do not know of any President we have ever had who has received more cooperation from the opposition party than we have given the President. Sometimes we have been more cooperative than some would have liked us to be; sometimes even some of his own party. When he is wrong, we ought to say so. We ought to say so without regard to personalities. We ought to say so as constructively as we can, and present an alternative, if we can, and give him a choice. If we disregard totally the views of the other body and the views of the Executive, we will have a stalemate, and will do nothing.

Recently I attended some ceremonies at one of the educational institutions of this Nation. It was founded in 1764, some 12 years before 1776. It was the institution's 195th anniversary. It awarded a citation, which I paraphrase as follows:

> When a parliamentary Government such as ours is divided, and the Executive is a member of one party and the legislature is a member of the other party, the country is confronted with a practical, realistic problem that the people have already faced and met and decided. The Government can either do something or it can do nothing.

The philosophy of some of the great political leaders I have known has been different. One of them, the late Senator Taft, said that it is the duty of the opposition to oppose. I rejected that philosophy when I was selected leader. I reject it now. I believe it is the duty of the opposition to avoid paralysis of the Government. The first decision I had to make as leader was when the Secretary of State came to me and asked me to support a resolution which involved our foreign policy. I asked whether Senator Taft had approved it, and he said he had. I went before our group, and they approved it. The next day we found that the majority had not approved it and did not approve it. We were doing what we thought was right.

That policy, I believe, was recognized in 1954, because the people changed the legislative set up. I believe they trusted us enough to say that we were responsible and we were patriotic and we were possessed of sufficient judgment to be placed in positions of responsibility in the legislative branch of the Government. In 1956, that good, grand, kind man, that great general, that leader of the American people, ran through the election and swept the Nation. However, the people, so far as the legislative branch was concerned, looked at the record and said, "Stop. Look. Listen." They gave a mandate to a Democratic House and a Democratic Senate.

In 1958, when all the big guns—that is not my word, but the word of some of the professionals who head up political business—called us Socialists and said that we could not be trusted—and they went all over the country saying that—the net result was a gain of 15 seats for us in the Senate. While I do not wish to go into detail, the fact is that when we had 96 Senators, 32 were elected every second year, and the Republicans finally got down to 34. That is their number in a body of 98 Members. I believe the American people spoke decisively for responsibility and for cooperation and for doing what is right regardless of what may be political. In order to do that we must take into consideration the President's views. I am going to do it. When I disagree with the President, I do so reluctantly, and I do so only after great consideration.

I have differed at times with Presidents of my own party. One of the first votes I cast in the House, 22 years ago, after I had been elected on a strong Roosevelt platform, was to override President Roosevelt's veto that would allow the Federal loan banks to increase the interest rate. I did not think it was good policy then, and I voted against him.

I was faced with severe criticism for doing it, for overriding my own President's veto. I voted to override the veto of the Taft-Hartley Act, of the Smith bill, and of the Benson bill. I have done so a number of times when a President of my own party was in the White House. We are not quite as well managed as are the Republicans. They vote as a bloc very frequently, and I have never heard much criticism of the way they vote together. As one leader on the other side has said, he had all his troops lined up. Our troops are not always lined up. Many of them will not be lined up. I know that the Senator from New York is one who will not be lined up.

We have to be concerned with what the President says. This bill says, "We are not going to appropriate as much

money as the Budget Director says we ought to appropriate. We are not even going to appropriate as much as the House thinks ought to be appropriated. We are going to appropriate all we think needs to be appropriated."

Here we have one agency asking for 653 new jobs. Imagine what would have happened in the 80th Congress if the President had asked for those increases. I know what did happen. We could not give them the 653 new jobs. However, we provided for the proper operation of the agencies concerned. So far as the State Department and the USIA and the media program are concerned, I believe that generally they are doing a good job.

The USIA came to the committee 1 year and asked for $140 million. They had been getting $80 million or $95 million. We would not go along with their request, certainly not with all of it. As a result we were attacked and smeared and slandered. Twenty Members went along with the USIA. Then the agency got Mr. Allen, who is an experienced and able diplomat, and he reorganized the office. He added some jobs and eliminated others. He shifted the emphasis. He brought the agency into respectability. There has been nothing but good under his administration. I ask the Senator from South Dakota to correct me if I am wrong.

Mr. MUNDT. The Senator is right.

Mr. JOHNSON of Texas. I hope we can continue to operate objectively and give the agencies as much as they need. I will say to the Senator from New York that every one of these agencies asks for increases and increases and increases each fiscal year, and not one of them asks for a reduction. At the same time the top men who speak to the Nation say, "We do not want to 'bust' the budget."

Mr. JAVITS. Mr. President, will the Senator now yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. The Republicans and Democrats do have ideological differences. Sometimes the people prefer the Republicans, and at other times they prefer the Democrats. I do not take quite in the same way as the Senator does the mandate of the American people in respect to the division of the Senate now, because I think that when a candidate has policies and programs which are suitable for his community, and advances them with vigor, he gets elected.

Mr. JOHNSON of Texas. I agree.

Mr. JAVITS. That has been demonstrated by the victory of my colleague the Senator from New York [Mr. KEATING] and the victory of the Senator from Pennsylvania [Mr. SCOTT]. The Republicans have something in which the American people are deeply interested, and that is if we can give them——

Mr. JOHNSON of Texas. I hope the Senator will not confine that to New York and Pennsylvania.

Mr. JAVITS. Mr. President, may I complete my thought?

Mr. JOHNSON of Texas. Certainly.

Mr. JAVITS. There is always the temptation, in colloquy with the Senator from Texas [Mr. JOHNSON] to get the floor "on your own," because then one is sure of having equal time. But I admire the Senator's spirit and the dynamism which impels him to cover the subject so completely. However, I shall ask him to indulge me for a minute or two. It is not necessary for me to get the floor in my own right.

Mr. JOHNSON of Texas. We are all aware of the brevity of the Senator from New York. I shall be glad to indulge him, not for a minute, but for several minutes.

Mr. JAVITS. I am not given to long windedness. I hope I shall not be today. It seems to me that the fundamental question to which we are addressing ourselves really is a question of ideology in terms of the American people, and there, I think, it relates to the modernism of the ideas we espouse.

I think the people are very much interested in the modern ideas of particular men who represent a particular period. I think they are very much interested in the efforts being made on the Republican side to show how we can demonstrate that the private economy can work best in the public interest.

On the Democratic side, I think the particular forte of the Democrats with the American people has been, very largely, in the welfare field. But that is something which they must push and drive. I do not draw the same deductions as does the Senator from Texas that this is in the form of a particular national mandate or the form of policies of the Senator's party.

Mr. JOHNSON of Texas. I would not expect such an admission to come from the Senator from New York.

Mr. JAVITS. I thank the Senator. I should like to address myself to specifics, to the President's view on vetoes.

I happen to be one of the early backers of Dwight Eisenhower; one of the group who signed the first petition, at the end of 1951, urging him to return to the United States. I have a deep affection for him. If there is one thing I know about Dwight Eisenhower, it is that he is a reasonable man. He is amenable to discussion. I think he wants to live with Congress, just as I think the Senator from Texas feels he wants to live with the Executive.

I hope I shall have the attention of the Senator from Texas.

Mr. JOHNSON of Texas. The Senator from New York has it.

Mr. JAVITS. I feel that in the particular discussion which we are having now, on the international media guaranty program, we are speaking about cutting the President's budget, and not complying with the President's views. The President's views are that we should allow $3,500,000 for this particular item. Instead of that, the Senator is allowing $3 million.

Mr. JOHNSON of Texas. That is correct.

Mr. JAVITS. That is why I think this item is important, and why I am taking the time to discuss it. There are not too many areas in which we have the leverage we have in the book program. In defense, we are buying extremely expensive hardware. But in a program of this character, where we are talking about winning the minds of men, half a million dollars gives a great deal of leverage. The program which was carried on last year cost about $10 million. The program for the coming year, according to the estimates we have before us, will cost about $8 million. Apparently, in the book field, that means an enormous number of books, an enormous number of minds to be reached, an enormous impact for what is a ridiculously small leverage.

It seems to me that we ought to try, even in the interest of economy, to be finding the programs in connection with which we have an enormous leverage for the dollar. I think this is one of those programs.

I have no illusions as to what an amendment will produce. I have an amendment to raise the figure to $3,500,000. I may submit it, but I have no illusions. Frankly, I would much rather have the advocacy of the Senator from Texas of the program than to offer an amendment which will very likely be defeated on the floor, as the Senator from Texas and I both know.

Mr. JOHNSON of Texas. Unworthy though I am of the compliment which the Senator from New York pays me, I am sure I enjoyed hearing it more than anyone else present.

Mr. JAVITS. I should like to ask the Senator from Texas this question. I know it is not entirely in accordance with our practice, but I hope the Senator will indulge me in this particular matter. I feel very strongly about it. I think a very excellent case can be made for it.

I think we are very unwise to reduce the figure. May I ask the Senator from Texas whether in conference, in respect to this figure, he will really try hard to sustain it? I cannot ask him for any ironclad promise. I would not even ask it of him. That would be improper. But I ask the Senator from Texas: Will he feel strongly about this item in conference?

I will be constrained, frankly, rather than to offer the amendment, which in all likelihood would be rejected or have to be withdrawn, to have the feeling that the Senator from Texas really believes deeply about this matter, and will really do his utmost. When he says it, I know already it is 100 percent what he means, and that he really believes it ought to be done; that he is really convinced it ought to be done; and that he will not yield to my very good friend and former colleague, Representative ROONEY.

Mr. JOHNSON of Texas. I appreciate the generosity of the Senator from New York. I would not agree not to yield to Representative ROONEY, because I may have to do so. I feel strongly that the $3 million can be justified. I felt strongly enough about it to urge the subcommittee to increase the figure in the House bill by the amount it has been increased. I felt strongly enough to urge the full committee to do so. I will feel just as strongly when I go into conference. The Senator from Texas does not talk one way in the Senate Appropriations Committee and another way in conference. But we must live and let live. We must give, and we must take. As I said earlier, we must consider the views of other persons.

There are some very strong men in the other body, men of strong convictions. They feel that their action is justified. I shall try to prevail upon them to adjust their views to some point where we can find common ground.

But this is the problem with which we are confronted. The Senator from New Hampshire [Mr. BRIDGES] was present when one witness was talking. He was speaking about the motion pictures. He said:

No. 2, the motion picture service—and I want to interpose the fact, as I believe Senator BRIDGES knows, that for three decades, I ran the largest nontheatrical film operation in the entire world—is an international disgrace. I recently completed a trip of 3 months.

Gentlemen, I think that if I do not know green film now, I am never going to learn it. By green film I mean film that has never gone through projectors. I have never seen so much green film in my life as I have seen in USIA libraries all over the world.

The reason for it is very simple. What they do—I had it pulled on me, and I stopped it and fired people all over the world for doing it—is they take across-the-board listing of countries in which they have these setups and instead of apportioning the prints where they are needed and for the subjects appropriate for those countries they just go right across the line to sell them the film. Let me give you one specific example, and I am going to stop on it then.

There are some 43, I believe, 37 or 43 I think the figure is 43 pictures that they made on atomic energy, a highly technical subject, that only engineering societies and technicians would be interested in showing.

Forty-two percent of this fund is used for technical, scientific books. Twenty-two percent of it is used for motion pictures. I continue to read.

Yet in every one of these libraries all over the world there are mountains of this stuff, with the result that it has no use at all.

The American taxpayers in the first place were loaded on this thing when perhaps one or two subjects would have been suitable. They are highly technical; they are impossible for general showing. We never are going to mold men's minds by following technics of that sort.

QUESTION OF PROJECTORS

Then there is one other item that is equally shameful. They have projectors. I found them in Paris. Congressman LIPSCOMB found them in the basement of the USIA's chateau. There are nearly 200 projectors in crates. I counted 166; he counted 198, I believe. Most of them have never been used at all.

They have some 5,000 projectors in Europe. The figures are in the House testimony; 2,600 of them I believe are in West Germany.

Good gracious, gentlemen, if we have not friends in West Germany, we might as well fold up and invite Khrushchev over here. It goes all the way through. And they are asking for $400,000 for more projectors.

We are the only country in the world that gives free film and then gives the fellow a projector to run it. Projectors are made in Germany. I am talking about 16-millimeter sound projectors. They are made in France and England on our patents. They are made all over the world.

That situation in the Motion Picture Service is just simply fraught with boondoggling.

That is not my word; I did not coin it. I heard it a great many times early in my services in both bodies. The other day I heard it used by a witness who appeared before our committee.

I read further from the hearings:

They are either stupid or worse. If they are worse, the Comptroller General of the United States should check that thing from stem to stern.

There is no reason in the world why this outfit should make 600 pictures, Senator DWORSHAK, as they testified they did in foreign countries last year.

Senator DWORSHAK. They got to do something to keep busy.

Mr. CASTLE. I know, but it is the taxpayers' money and the President tells us about a sound dollar. How are we ever going to balance our budget in the billions if we do not start balancing it in the millions?

There is a place for a propaganda agency for our country, but this thing has grown to the point of where they do not know the line of business they are in today. It is a pathetic thing.

Senator DWORSHAK. It is not any different from any other activity engaged in by the Government where private enterprise——

Mr. CASTLE. I am sorry to hear that, sir, by you. You may be right. I do not know.

TELEVISION ACTIVITIES

No. 3, I want to talk about this one, television. They want a 78-percent increase.

I think that is very pertinent, particularly as it applies to the scientific and technical films, books, and other motion pictures in connection with this fund. I think we have to consider testimony of that type.

I assure the Senator that we shall suggest the absence of a quorum. I have no pride in this matter. If it is the will of the Senate that the fund be further increased, I shall make a very brief statement. I shall be willing to agree to have 10 minutes allowed, if that suits the Senator, and then let the Senate decide.

If the Senator does not desire to follow that procedure—and I have no idea what the Senate will do in connection with the matter—then I shall take the bill to conference, and I will do my best to advocate as strongly as I know how that the conferees accept the Senate version. If the conferees refuse, I shall have to engage in give and take. I do not want to mislead anyone. But I will not walk into the conference and surrender.

Mr. JAVITS. Mr. President, will the Senator from Texas yield to me?

The PRESIDING OFFICER (Mr. Moss in the chair). Does the Senator from Texas yield to the Senator from New York?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. I suggest agreeing, by unanimous consent, to the allowance of 10 or 15 minutes, with the time to be divided equally between the Senator from Texas and myself.

Mr. JOHNSON of Texas. I shall be glad to join in such a request.

"THE TEMPLE OF FAME IS THE SHORTEST PASSAGE TO RICHES AND PREFERMENT"

Mr. YOUNG of Ohio. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. YOUNG of Ohio. Mr. President, a few minutes ago, in the corridor next to the Senate Chamber, I happened to glance at the Associated Press ticker. Three items attracted my attention. I desire to read here what I read on the ticker. I have torn off that part of the ticker, and have brought it into the Chamber with me.

The first item is as follows:

President Eisenhower will not hold a news conference this week. Anne Wheaton, associate press secretary, said the President is passing up a session with newsmen because of a busy schedule.

The next item—directly beneath the one I have just now finished reading to the Senate—reads as follows:

WASHINGTON.—President Eisenhower talked today with Edward P. Curtis, former White House aid on aviation matters.

Curtis, a vice president of Eastman Kodak Co., at Rochester, N.Y., told newsmen it was a social call.

"We talked about golf mostly," Curtis reported.

Those are the first two items which attracted my attention I shall pass over them momentarily, and shall leave those items to the charity of my silence.

The next item on the ticker which attracted my attention reads as follows:

WASHINGTON.—White House Press Secretary James C. Hagerty was reported making favorable recovery progress today after surgery for removal of an acutely inflamed appendix.

Anne Wheaton, associate press secretary, said Hagerty spent a comfortable night at Walter Reed Army Hospital.

Mr. President, on October 5, 1771, which was 188 years ago, in the "Letters to Junius," addressed to the printer of the Public Advertiser, the following appeared:

The temple of fame is the shortest passage to riches and preferment.

Mr. President, in this city of Washington there are many private hospitals. In this city of Washington there are many, many eminent physicians and surgeons in private practice. When a Government press secretary or departmental head or, perchance, a Member of the other body of the Congress or, let us say, a postal employee or an administrative assistant or a humble clerk in any governmental department is stricken with an inflamed appendix and when it is necessary, in the view of a physician or surgeon, that he be operated upon, does he go to Walter Reed Hospital? Oh, no. That employee, that clerk, that official, goes to a private hospital. He does not take the place, perhaps, of a disabled combat veteran who may need a bed in the Walter Reed Hospital or in some other Army hospital. Instead, that Government employee goes to a private hospital.

Recently in this Chamber, I made some mention, Mr. President, of the fact that the regents of the American Medical Association desire preferential treatment for doctors, despite the expressed desire and will of 66 percent of the physicians and surgeons of the country, who said, in connection with a referendum taken in various States, that they desire to share in social security coverage. But the regents of the American Medical Association said, "Oh, no; that is socialized medicine."

Mr. President, I am wondering whether, in this instance, the bulletin,

which I have read verbatim, may refer to socialized medicine on a preferential basis.

In connection with that use of Walter Reed Hospital, an Army hospital, I thought perhaps the press secretary to the Chief Executive was a Reserve officer or one who had seen active duty in World War II.

In reading page 396 of the Congressional Directory, where we find a biographical sketch of James C. Hagerty, press secretary to the President, I note that he was born in Plattsburgh, N.Y., which won some fame, at the time when I was serving in the field artillery in World War I, as an officers' training camp. In that biographical sketch I see mentioned Mr. Hagerty's outstanding work in civil life, but I see no mention whatever of military service by him; neither do I see a statement that he is a Reserve officer.

So, Mr. President I simply desire to call attention to these three items which have come over the press ticker. One is in regard to the busy schedule of the Chief Executive of the country. One apprises us of the fact that, according to the ticker the appointment with Edward P. Curtis took place after the President passed up a session with the newsmen—because of his busy schedule—but states that the President and Mr. Curtis talked mostly about golf. The third item which also attracted my attention, seems to me to indicate that Mr. Hagerty, the President's press secretary, is in a fortunate situation, as compared to that of many hundreds of administrative assistants, secretaries, and press assistants in various Government departments and various other branches of the Government, in that at this time Mr. Hagerty is being attended in Walter Reed Hospital, where he has been operated on by an Army surgeon, and is now housed there, all at no expense to himself.

Mr. President, taxpayers desire prudence in the spending of public money. I am wondering why the gentleman should not, as others do, pay his own hospital and surgical expenses. I am wondering if it is proper to have the taxpayers bear this expense. So it seems to me that this is preferential socialized medicine, and that in the "Letters to Junius" it was very aptly stated that "The temple of fame is the shortest passage to riches and preferment."

UNFOUNDED ATTACK UPON GOOD NAME OF PEOPLE OF THE SOUTH

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, last week three organizations dedicated to racial agitation resorted to an irresponsible, unfounded, and slanderous attack upon the good name of the people of the South. The American Friends Service Committee of High Point, N.C., the National Council of Churches of Christ in the United States of America of New York City, and the Southern Regional Council of Atlanta, Ga., joined in publishing a 30-page booklet entitled "Intimidation, Reprisal and Violence in the South's Racial Crisis," in which they sought by innuendo, distortion, association, and half-truth to conclude from a series of 530 unrelated so-called incidents spread over a 4-year period that law, order, and harmonious race relations no longer exist in the 11 States of the South.

This studied effort to indict a whole region of our Nation is wholly one-sided and makes no pretense at comparison with other periods or regions, nor does it attempt in any way to report on the manner in which these so-called incidents have been dealt with under due process of law in the States and localities where they occurred. The hypocrisy which motivated so biased and inflammatory a publication is unspeakable and deserves the condemnation of all fairminded Americans, regardless of their place of residence.

Two of Georgia's outstanding newspapers—the Savannah Morning News and the Augusta Herald—have replied editorially to this attack with the indignation which it warrants. The Herald's editorial appeared in its issue of June 17, 1959, and was entitled "Unqualified Report on Crime in South Slanders Entire Southern Population." The Morning News' editorial appeared in its issue of June 22, 1959, and is entitled "The South Is Due an Apology." Mr. President, I endorse every word of these two editorials, and ask unanimous consent that they be printed herewith in the body of the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the August Herald, June 17, 1959]

UNQUALIFIED REPORT ON CRIME IN SOUTH SLANDERS ENTIRE SOUTHERN POPULATION

Three all-seeing agenices have pointed sneeringly at the South as a hotbed of racial violence, reprisal and intimidation since the U.S. Supreme Court handed down its school integration decision in 1954.

The reports of these groups—the American Friends Service Committee, High Point, N.C.; the Department of Racial and Cultural Relations of the National Council of Churches of Christ, New York; and the Southern Regional Council, Atlanta—are a barefaced slander upon the South, not for what they told, but for what they did not tell.

Basing their study upon newspaper reports of crimes in the South from January 1, 1955 to January 1, 1959, they reported 530 killings, beatings, bombings and mob actions in the South as indications of widespread erosion of individual liberties.

These agencies, supposedly working for the betterment of race relations, have not taken the trouble to assess this average against the national figure for similar crimes.

They have not sought to determine, through the northern press, the number of racially motivated crimes in the North during the same period. In this they may, to a degree, be pardoned, since the northern press does not have the honesty to call a Negro a Negro or a race incident a race incident.

Instead, they have ferreted out a few instances of anti-Jewish acts in the South and magnified them by implication into a marked outbreak of anti-Semitism, without any reference to the same ugly cancer that gnaws perpetually at the vitals of the North.

Instead, they have sought to tie this average of 132 cases of race violence a year squarely to the Supreme Court decision, suggesting in the most cowardly manner possible that legislative and executive policies of evading and defying Federal court decisions may have set an example whose contagion is uncontrollable.

May we suggest that, conversely, these things may not have set any such example—that no part of this country can enter the arena of argument over racial discrimination with clean hands—and that what has happened in the South is but one part of what was happening long before the Court's decision, throughout the United States.

These reports are, we contend, examples of the most despicable sort of distortion. They are loaded statistics taken out of the national context and fed to a northern readership whose enormous gullibility is expected to give them currency.

This newspaper and its morning contemporary, the press of the South generally, and by far the vast majority of its population, abhor race violence in any form. They have said so in the past, and will do so in the future.

But they also abhor cowards. Cowards who, for lack of any better argument, resort to slander, half-truths and distortions of fact simply to vilify one-fourth of a nation and make plaster saints out of the other three-fourths.

[From the Savannah Morning News, Monday, June 22, 1959]

THE SOUTH IS DUE AN APOLOGY

Every resident of the 11 Southern States from Virginia to Texas is due a personal apology from three organizations which united to publish a slanderous and prejudicial document purporting to show that there has been a general breakdown of law and order in the South in the past 4 years.

The 30-page booklet, entitled "Intimidation, Reprisal and Violence in the South's Racial Crisis" was published jointly by (1) Southeastern Office, American Friends Service Committee of High Point, N.C.; (2) Department of Racial and Cultural Relations, National Council of Churches of Christ in the United States of America, of New York City; and (3) the Southern Regional Council in Atlanta.

The purpose of the tract, obviously, was to amass a box score of real or alleged incidents from newspaper clippings, and to present the total listing largely out of context without benefit of any statistical comparisons on which it could be properly judged or evaluated, in an effort to prove that the South is fairly wallowing in race riots and anarchy.

From the resulting conglomeration came a news release announcing widespread erosion of individual liberties in the 11 Southern States involved, attested to by a list of 530 specific cases of violence, reprisal, and intimidation in the 4-year period. The story made page 1 of New York papers last Monday. Editorials of condemnation followed. Declared the South-hating Washington Post and Times Herald: "There is little hope for the South to shake off this trend toward violent eruptions until its own basic thinking about adherence to the law as defined by the courts is straightened out."

Thus, the three groups responsible for the publication have, for reasons best known to themselves, contrived through a misleading document to fan fires of sectional animosity.

Let's take a look at the report itself, which covers the period from January 1, 1955, to January 1, 1959, during which 530 specific cases of violence, intimidation, or reprisal were cited. How many cases occurred in the 4 years from 1951 to 1955? This is not listed, but if twice as many occurred, it could be said that conditions in the 11 States are improving. More important, what would the box score show for the same period in 11 Eastern or Midwestern States, or any 11

chosen at random with the highest Negro-white ratios of population, if a similar count were made? Would the South show more cases—or would it show less?

Since no attempt was made to give such a comparison, the motive of the joint endeavor may be taken for granted—namely, to hold the South up to scorn and contempt.

Does a total of 530 incidents in 11 States over a 4-year period show a general breakdown of law and order? This would average out to about a dozen incidents per State per year.

Last year a congressional committee investigated more than 800 specific incidents of violence (not including intimidations and reprisals) during the same period of time in one labor dispute in Kohler, Wis. And this was by Walter Reuther's union—we don't even have to get into the statistics from the real bad boys such as Jimmy Hoffa. Does this indicate a widespread erosion of individual liberties in Wisconsin? And if so, why was this not included in the report?

On race incidents, what about Cicero, Ill., or Levittown, Pa., or Dearborn, Mich.? What about New York, Washington, Baltimore, Philadelphia, and Chicago? The box score, had one been kept, of similar incidents, would have shown a greater number in New York or Chicago during the 4-year period than the 530 total for 11 Southern States.

In fact, when we consider that the Southern States have the highest proportion of Negro population to white, we'll bet our last dollar that an honest survey would prove race relations in the South to be better and more amicable than any other area of the country where there is an appreciable Negro population.

The organizations responsible for this report have done an irresponsible thing that will not help the cause of better race relations in the South or elsewhere. Their report, itself, admits "this is not a comprehensive survey. * * * It describes only their angry, violent side." We ask them—Why? We think the South is due an explanation.

WINTER ON THE SEAWAY—LETTER

Mr. LANGER. Mr. President, I have just received a letter from the Honorable Lester P. Barlow, who is a very excellent engineer, inventor and one of the leading experts on explosives in the United States.

He writes me and states that he wrote a letter to Business Week some time ago after they had published a story about the Great Lakes and the St. Lawrence Seaway not being available for commercial shipping during the 5 months of winter. He noted that he was "kidding" Business Week about backing the "birds" to go to the moon to plant tomatoes, but forgetting that some of the brains should give attention to keeping our inland waterways open the year around.

Mr. President, on several occasions I have inserted remarks into the RECORD relating to the importance of the opening of the St. Lawrence Seaway and the impact that it will have on shipping in the Great Lakes area and land transportation west from the Great Lakes into Minnesota, the Dakotas, and points west. I have also brought to the attention of Congress a bill cosponsored by the Senators in the North Central States, asking the Office of Defense Mobilization to make a survey of transportation and industry in the areas contiguous to the Great Lakes so that greater use of the lignite in the Dakotas may blend with the taconite of Minnesota and bauxite from the West Indies for the manufacturer of useful materials for the defense and security of our Nation as well as aiding its economy.

This plan will also envision ways and means of keeping the icy waters of the Great Lakes open constantly through the winter months. This in itself will be a great boom to industry and transportation in our area.

Mr. President, I ask unanimous consent that the letter by Mr. Barlow to Business Week magazine, which was printed in their June 6, 1959, issue, be inserted at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WINTER ON THE SEAWAY

SHOREHAM, VT.

DEAR SIR: I mean to call your attention to the upper strata of the technological brains of the United States. They are now preparing, with billions of dollars appropriated by the Congress, to go to Mars. However, some of us lesser brains on the lower levels are confining our studies to the immediate necessities here on earth such as disputing, as we must, your statement about winter stopping all the shipping over the Great Lakes and the St. Lawrence Seaway (Business Week, April 11, 1959, p. 98).

Let us advise you that in the last session of Congress, bills were introduced in both Houses proposing to proceed with the studies of ways and means for keeping the Great Lakes and the St. Lawrence Seaway open throughout the year. In the Senate, this year in February, a bill calling for just such studies was introduced in the Senate.

LESTER P. BARLOW.

GTA DAILY RADIO ROUNDUP

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD the GTA Daily Radio Roundup, of Thursday, June 18, 1959, prepared by the public relations department of the Grain Terminal Association, St. Paul, Minn.

There being no objection, the roundup was ordered to be printed in the RECORD, as follows:

GTA DAILY RADIO ROUNDUP

We noticed a report the other day that said farmers still work a long, long day. Ten and six-tenths hours, to be exact, 6 and sometimes 7 days a week. Apparently there's still lots of work to making a living on the farm even though machines have taken away some of the backbreaking labor. Of course, farms are bigger and farmers are farming better, and that takes more time.

But a good many other independent businessmen are putting in long hours, too, and the farm families aren't complaining about the amount of work they have to do. What really hurts is that the reward does not measure up to the labor, the time, and the tremendous investment necessary to farm today.

When you look over the statistics you realize that farming continues to be a sort of island of recession in a sea of prosperity.

A report in the most recent issue of U.S. News & World Report magazine tells us that real farm income is down almost 7 percent from a year ago. Of course every farmer is aware of this because he watches prices closely from day to day and year to year. He knows they've been made lower in Washington.

But how are other economic groups getting along? Here's the report on corporation profits. They are now running at the annual rate of $50 billion a year, more than 25 percent higher than a year ago.

And people who work for wages are doing very well, too. The reports say that the real income of steelworkers is up substantially from a year ago and that holds true for autoworkers, farmhands, schoolteachers, Federal employees, and so forth.

The Government lumps all the personal incomes in the country together and once a month issues a report. The latest says that individual incomes are running at the rate of about $376 billion a year. That's up 7 percent from last year.

Well, statistics are interesting but hard to follow. All the figures we've been quoting simply add up to the fact that agriculture is lagging far behind in the big boom.

The ironic twist in this economic paradox is the fact that farmers are feeding the nonfarm boom because low farm prices are holding down the cost of living. A windfall—like eggs at 4 dozen for a $1—leaves consumers with more money to spend for goods and services. But it is hard on the farmers. And in the end—consumers pay much, much more, because there won't be as many farmers around to sell eggs.

So farm prices become a matter of national concern. Maybe cheap food and fiber is necessary for the good of the Nation. The administration hasn't come right out and said as much but it has hinted strongly. And it has pushed farm prices down year after year.

Then the question comes up: Is it fair to make farmers pay the whole bill? Or should it also be national policy to assure that farmers receive decent incomes in return for abundant production.

These are questions that go right to the heart of the farm problem. Give them some serious thought and don't forget in the meantime to vote "Yes" in the wheat referendum and to market your grain and buy your livestock feeds—GTA the co-op way.

CHIROPRACTIC TREATMENT FOR CERTAIN VETERANS—LETTER

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to the chairman of the Senate Labor and Public Welfare Committee, the Senator from Alabama [Mr. HILL], by Omar B. Ketchum, director, the national legislative service, Veterans of Foreign Wars of the United States, Washington, D.C., relating to Senate bill 1427, to provide chiropractic treatment when requested for veterans eligible for outpatient medical care, introduced by me on March 16, 1959.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
NATIONAL LEGISLATIVE SERVICE,
WASHINGTON, D.C., *May 26, 1959.*

Senator LISTER HILL,
Chairman, Senate Labor and Public Welfare Committee, Senate Office Building, Washington, D.C.

MY DEAR SENATOR: This is to express the interest and concern of the Veterans of Foreign Wars with respect to S. 1427 by Senator LANGER, to provide chiropractic treatment when requested for veterans eligible for outpatient medical care.

This bill, S. 1427, meets the requirements of a resolution adopted by the 1958 National Convention of the Veterans of Foreign Wars held last August in New York City. Our

organization has, for many years, gone on record in national conventions urging the use of chiropractic treatment for those veterans who are entitled to medical service from the Veterans' Administration and who request chiropractic care.

It would be deeply appreciated if your committee or one of its subcommittees, possibly the Veterans' Subcommittee, could hold some hearings on this bill in the very near future. My office has been receiving many letters expressing interest in chiropractic treatment for veterans when requested and I have been repeatedly asked if and when hearings are going to be held on the bill introduced by Senator LANGER.

I realize there is always opposition from the medical doctors where chiropractic care is involved but I believe the approach to the problem as outlined in Senator LANGER'S bill would be far less objectionable to the medical doctors than would a bill requesting the establishment of chiropractic service within the Department of Medicine and Surgery of the Veterans' Administration. You will also note that S. 1427 requires that the doctor of chiropractic holds a degree from a school or college approved by the Administrator of Veterans' Affairs and who is licensed to practice chiropractic in any of the States or Territories, or in the District of Columbia, and has practiced chiropractic for at least 2 years. This would seem to surround the bill with sufficient safeguards to prevent unreasonable charges being made that quacks or charlatans would be authorized to provide chiropractic care for veterans who desire such services as persons who are qualified for treatment under the authority of the Veterans' Administration.

I would appreciate being advised at your earliest convenience as to whether we can expect hearings in the near future on this bill either by the full committee or by a subcommittee.

Sincerely yours,

OMAR B. KETCHUM,
Director.

TRANSPORTATION POLICY

Mr. SCHOEPPEL. Mr. President, a few days ago at the meeting of the Transportation Council, which is advisory to the Secretary of Commerce, Dr. Ernest Williams, of Columbia University, who has been working on the study since some time in February and giving it professional direction, made some remarks, outlining the nature of the work which he was undertaking and its status at the present time. The Transportation Council, as is undoubtedly well known, is composed of members drawn from 10 groups, 1 of which represents a publications interested in the field, a second of which represents the academic people, and the other 8 of which represent the 8 modes of transportation.

Inasmuch as there have been so many inquiries from Members of Congress and others, and inasmuch as the remarks of Dr. Williams set forth a completely accurate statement of the situation in connection with the study of transportation policy, it occurred to me that it is such a splendid discussion that I ask that it be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS FOR MEETING OF THE TRANSPORTATION COUNCIL BY ERNEST J. WILLIAMS, BEFORE THE TRANSPORTATION COUNCIL, WHITE SULPHER SPRINGS, W. VA., JUNE 5, 1959

As you know, the President called upon the Department in his budget message to make a comprehensive study of transportation policy. Moreover, he made available funds for the purpose of getting the study under way. Certain special emphasis was placed in the budget message on a review of Merchant Marine policy with particular reference to the Merchant Marine Act of 1936. Such a review is to be an inherent part of the entire study, but as arrangements are only in a very early stage for this portion of the study and as this Council is concerned more largely with domestic matters, I shall make little reference here to the merchant marine aspects of the study. Suffice it to say that I have been asked to lay out the project, bring together people capable of carrying it out, and accept the responsibility of bringing together at the end recommendations for the consideration of the Department.

Under the terms of the President's directive, we are attempting to organize to make the most comprehensive study of transportation policy which has been attempted since the National Resources Planning Board Study of 1939 to 1942. In the interim, as you well know, there have been a great many other studies of various aspects of transportation policy, such as those made by the Board of Investigation and Research, those under Senate Resolution 50, the Sawyer Report, the Report of the President's Advisory Committee on Transportation Policy and Organization, commonly known as the Weeks Committee, among others. Moreover, certain transportation matters were touched upon heavily by the two Hoover Commissions, and particular areas of transportation policy have been dealt with separately as by the Curtis and Clay Committees in their respective fields, and by the Attorney General's Committee on Administrative Procedures, among others. Also this Council has undertaken studies upon various questions referred to it by the Department, some of quite far-reaching implications.

One consequence of all of this recent history is that transportation is presumed by many to be a well-studied and well-understood field—one in which little further study is needful but where, instead, decisions ought to be reached in the light of present knowledge. This tends to be coupled with a feeling that all is not well in the transportation industries and that, at least in part, deficiencies are a result of Government policies. There is much to be said for this point of view, but I am not wholly in accord with it. I need not point out to this group that almost any major changes in transportation policy which might be recommended from any quarter are likely to be intensely controversial, nor need I point out that the facts brought to bear in support of different attitudes toward any such proposals would not always prove to be consistent. In fact, some of the most necessary knowledge for working toward a program which might lead to a balanced development of our transportation systems as called for by the President is missing. Some of that knowledge will not be supplied except by a long-term program which seeks to fill gaps in the present program of data collection and which seeks also to provide further qualitative information.

An example will suggest what I have in mind and, at the same time, will suggest something about the nature of our approach to one phase of the present study. The Weeks Committee devoted a large amount of its attention to the question of the regulation of competition among the several forms of transportation. It regarded this as one of the central issues of transportation policy which required solution if the Nation were to have an optimum development of transportation services. Precisely these recommendations of the Committee generated the greater part of the controversy which surrounded its report.

Its recommendations presumed certain conditions in the transportation markets described in its report as constituting active and pervasive competition. The belief that competition among types of transportation was of far-reaching scope was shared by all members of the task force. That belief was based, however, upon their experience and general knowledge and not upon any factual analyses of transportation markets after the pattern that would be followed by economists attempting to measure the nature and strength of competitive forces and to forecast the results which might be expected to follow their exercise. Neither time nor resources were available for such study, and the task force was expected to rely on its judgment fortified by what could be learned from others within and without the industry.

You will recall that sharp exception was taken, both to the existence of effective or workable competition in the transportation industries and to the Committee's expectations of the results that would flow from such competition when certain regulatory restraints were removed or modified. When it became necessary to attempt to document these major assumptions of the Cabinet Committee report, the lack of knowledge about total traffic flow, the distribution of traffic among competing agencies, the commodity composition of traffic handled by some of the more important means, the effects of rate and service competition, and the possible propensities toward destructive competition within and between forms of transportation became painfully apparent. The relaxation of regulation to the degree recommended by the Cabinet Committee depends for its success in the public interest upon the existence of workable competition on the one hand and upon the ability to set appropriate cost standards for minimum rates in the day-to-day practice of regulation on the other hand. No reasonable assurance of either could be derived from the available data.

In consequence, in this particular area of our study, we will endeavor to explore as thoroughly as it can be done the nature of the transport markets and the competitive forces present in them as well as the economic and cost characteristics of the several forms of transportation and the usefulness of the available cost-finding procedures. We do not start with a conviction that regulation requires far-reaching change through statutory revision. Instead we seek to analyze the conditions which regulation must meet in the present and predictable scenes and then to consider whether any changes would be constructive.

Indeed we propose to delve as deeply as time and resources permit into the underlying presumptions on which policy recommendations have hitherto been based. On the whole the objective which the Cabinet Committee had in mind is not altered but indeed reinforced by the language chosen by the President. In our present frame of mind, balance is to be equated with the securing of an optimum development of the several forms of transportation. It is not something to be planned out and forced upon the industries but something to be approximated through the working of competitive forces within an appropriate climate produced by Government policy, both regulatory and promotional. By that, we mean a set of policies which will produce such a competitive neutrality among the forms of transportation as will enable each separately or in conjunction with others to make manifest to the users of its services both its service capabilities and its cost characteristics. This is, of course, an intensely difficult problem and one which gathers in many strands of Government policy, including issues which lie in the realm not only of regulatory policy but

also of Government provision of transportation facilities, Government subsidies where they exist, tax policies of various kinds and the whole set of issues that is associated with alleged indirect subsidies. We do not propose, in our present work, to treat of only a part of these issues, but instead to try to spell out their interrelationships in search of a set of consistent recommendations.

It may well be, of course, that implementation will have to follow the route of comparatively slow progress in detail toward objectives that are as nearly consistent with the Nation's interest as a whole as it is possible to devise. Moreover, certain measures theoretically required to conduct toward a balanced development may prove, upon examination, to be refinements of small practical importance. In a sense, our first objective in the study is to try to spell out a desirable direction for policy to assume over the years and to identify the relationship of separate Government programs to that direction. It will doubtless prove to be the case that many ways of moving will present themselves, some of which may be more feasible or acceptable than others. It will also probably prove to be the case that the effectiveness of the Department in connection with the implementation of any proposals which the study may generate and which may find acceptance in the administration will depend in considerable part on the extent to which the permanent staff of the Under Secretary's office can be strengthened. For the completion of a study and the presentation of recommendations is only the beginning of the process by which change may be brought about if it should be found desirable.

The present date is far too early to permit even a suggestion of the character of results which may be brought forward. Our start upon the study has been slow, and to the present we have been engaged largely in blocking out the areas to be studied, searching out the ways by which the studies might appropriately be undertaken, and negotiating with people whom we desire to associate with us in the enterprise. We do not expect to be fully launched upon most phases of the study until later this month. Particularly in the area of promotional policy we will be struggling with issues in which very small progress has been made to date in the development of appropriate theory for the optimum use of Government investment. We shall have to plow considerable new ground. In consequence, we are not anticipating that the underlying studies will approach completion much before October 1 nor that the results of the separate phases of the study can be brought into some degree of coordination which may enable us to produce a tentative body of recommendations before some time in November.

The present arrangement of the work will tend to produce underlying reports on (1) rate regulation of surface transportation, (2) controls of entry into surface transportation, (3) economic regulation of air transport, (4) Government investment in transportation facilities, (5) differential effects of taxation and social security programs, (6) labor, (7) Government procurement of and provision of transport services, and (8) merchant marine policy.

We propose throughout the conduct of the individual phases of the study to seek the advice of the several transportation industries, through their trade associations and otherwise, to consult with shippers and shippers' groups, and to take advantage of the thinking and information available in the several agencies of Government concerned in one way or another with transportation problems. We are, however, endeavoring to insure that the persons associated with us as consultants or otherwise in the direct conduct of any phase of the study shall be drawn from outside the industries or Government agencies affected. When we have produced some results in shape to be considered, we may very probably employ a small advisory committee with whom we can discuss possible lines of policy in detail in order to test our conclusions both as to their probable effects and as to their appropriateness. Such a committee may lend valuable assistance in insuring that we do not commit egregious errors of either interpretation or judgment. At some stage it is my hope that it will prove possible to present at least certain phases of the work to this Council for the purpose of securing representative reactions before recommendations have reached a final form. We already have the benefit of the comments of most members of your executive committee, and they are highly instructive. Naturally they show considerable diversity of opinion, but there runs through most of them evidence of a feeling that change in Government policy is needed and there is a fair amount of agreement about some areas where change is called for. Taken as a whole, these materials provide an excellent checklist of matters to be given consideration. Whatever use may be made of an advisory group or of this Council, however, responsibility for final recommendations to the Department through Under Secretary Allen will rest upon the study staff, and no effort will be made, as we now see it, to get an agreed committee report.

MATILDA KOLICH

The PRESIDING OFFICER (Mr. Moss in the chair). The hour of 1 o'clock having arrived, the Chair lays before the Senate the unfinished business, which is Senate bill 1613.

The Senate resumed the consideration of the bill (S. 1613) for the relief of Matilda Kolich.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate continue with the consideration of H.R. 7343, the State Department appropriation bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATE, JUSTICE, AND JUDICIARY APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 7343) making appropriations for the Departments of State, Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas has the floor. Does he yield, and if so, to whom?

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from New York for the purpose of offering an amendment.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. Mr. President, I send an amendment to the clerk's desk and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 35, line 25, to strike out "$3,000,000" and insert in lieu thereof "$3,500,000."

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that 15 minutes may be allowed on this amendment, that the bill be read the third time, and that the time be equally divided; and I announce, if I need to, I will yield the Senator some part of my time.

Mr. JAVITS. Mr. President, reserving the right to object, would the Senator make it a part of his request that we may have a quorum call without its being charged to either side?

Mr. JOHNSON of Texas. Yes. I would want to have the order for a quorum call rescinded.

The PRESIDING OFFICER. The Chair inquires if that is a part of the request of the Senator from Texas.

Mr. JOHNSON of Texas. Yes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. We have to have a vote on this amendment, and the bill has been read the third time. Is that correct?

The PRESIDING OFFICER. Yes.

Mr. JOHNSON of Texas. I want that abundantly clear.

The PRESIDING OFFICER. Yes.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the agreement, the Senator from Texas [Mr. JOHNSON] has 7½ minutes and the Senator from New York [Mr. JAVITS] has 7½ minutes.

Mr. JAVITS. Mr. President, we have only 15 minutes, divided between the two sides. I would hopefully ask that I may have the attention of the Members of the Senate who are in the Chamber. This is a serious matter and deserves the attention of all Senators present.

Mr. President, my amendment seeks to increase the amount of $3 million for the informational media guarantee fund to $3½ million, thereby bringing it up to the budget estimate. The budget estimate was $3½ million, and the Senate committee cut it by a half million dollars, to $3 million.

I should like to state the reasons why I seek to increase the amount. I had deeply hoped that the Senator from Texas would be willing to take the amendment to conference. I am disappointed he will not do so, but, of course, I respect the sincerity of the Senator's views, as I know he respects mine.

My reason for pressing the point is that we are devoting some $40 billion to defense preparation, and we are always saying that what we want to do is to find some way whereby we can fight the cold war without spending quite so much of our substance in doing so. Then when

we are presented with a way whereby we can most directly reach the minds of men, simply because it costs $3½ million instead of $2½ million or $3 million we turn it down.

May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. It seems to me the time is short enough so that Senators could listen for a few minutes.

Mr. President, the United States distributes abroad with the aid of this program, some 20 million books, which are published by private business and which also are financed by the informational media guarantee. The Russians distribute some 30 million books abroad, and every observer of whom we have knowledge credits these books with having enormous influence in the areas in which they are distributed in respect to the thinking of the people who receive them.

This guarantee fund is effective in the very areas of the world in which we are in the most trouble and in which we need the most assistance, especially in reaching the minds of men. The informational media guarantee areas are Burma, Chile, Indonesia, Israel, Pakistan, the Philippines, Poland, Spain, Taiwan, Turkey, Vietnam, and Yugoslavia.

Mr. President, I ask my colleagues what they think about the possibility of reaching the minds of men in Pakistan, Poland, Spain, Turkey, which is on the border of the Soviet Union and Vietnam. This half million dollars will make a considerable difference in the entire program.

The half million dollars is in a guarantee fund. It is estimated this fund turns over about three times a year, which increases its value to $1½ million. Mr. President, that is related to the wholesale price of the printing of these books. When we consider expenditures in the local currencies at the retail price, the figure is about $4 million or $4½ million. That makes a very material difference in terms of the number of books and in terms of the size of the program.

If we are to carry on the program at the same rate at which it was carried on last year, we must increase the amount of the appropriation so that it will equal the budget estimate. That will enable us to carry on about a $10 million program in terms of these books. If we reduce the amount, we reduce the program by about $2 million.

Mr. President, I say that the leverage which is inherent in an additional number of millions of books to the people of the world is extremely important. We should not cut this item for what in terms of our budget is the minuscule sum of $500,000.

Again I repeat, this figure of $3 million represents a cut in the budget estimate. The $3½ million figure does not represent an increase of the budget estimate.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, I yield to my colleague for a question.

Mr. COOPER. I recall that I spoke on this issue 2 years ago when the same question was before the Senate. I should like to speak from personal experience, if my colleague will permit me 1 minute.

We hear in almost every speech on foreign policy that we must win the minds of other people. The amendment of the Senator from New York [Mr. JAVITS] gives an opportunity to the Senate to help do so. In my short experience of representing the United States in India, I saw the craving of the young people of that country for education and good literature. The libraries including ours were crowded.

If we do not furnish the people of other countries with the best of our thought, and the best of our culture, they cannot know and understand us. Certainly Soviet Russia understands this point, for it is flooding these countries with its literature.

I can think of no program which is better designed to reach the minds of the young people—the future leaders—of these countries and for impressing upon them the best we have in culture, thought, and democratic ideas, than this book program. I urge upon my colleagues that this is one of the most important programs we will vote upon. I urge that the amendment of the Senator from New York [Mr. JAVITS] be adopted.

Mr. JAVITS. Mr. President, I am very grateful to my colleague for his remarks.

I should like to conclude with two points. First, I point out, from the statement of the representatives of the agency itself that:

> More than half of the exports under the IMG are technical and textbooks for the schools, universities, and professional people—the teachers, the doctors, the engineers, and the scientists in these countries.

That is stated on page 717 of the hearings.

Mr. President, I know of no area in which we could do more effective work than this.

Finally, Mr. President, I conclude upon this note in my own presentation. The majority leader feels that he has done the best he could in terms of getting the committee to agree to $3 million, rather than the $2½ million which was allowed by the other body. We know, Mr. President, the practicalities of this situation are such that unless we go to a conference, if we are convinced this is correct—and I think we should be so convinced—with at least the budget estimate amount, we may come away from the conference with something less than even the Senate thinks is what we ought to grant now.

Mr. President, I repeat that the leverage on this item is very, very great and we should not forego it.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. JAVITS. Mr. President, will the Senator from Texas yield me 1 minute so that I may yield to my colleague?

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from New York.

Mr. JAVITS. I yield to my colleague from Connecticut.

Mr. BUSH. The Senator has gone into this matter fully. Why, in the Senator's opinion, was this item reduced below the budget estimate What was the reason for picking out this particular item for a reduction in the budget estimate?

Mr. JAVITS. I do not wish to intrude on the matter, but I believe at present it is simply a monetary question of splitting the difference with the House. The Senator from Texas will address himself to this matter.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield to my colleague from New Hampshire.

Mr. COTTON. I merely wish to associate myself with the remarks of the Senator from New York. If we can afford to spend $40 billion a year to prepare for the slaughter of the next war, we can be reasonably liberal in seeking to win the minds of men to avert the war. I have consistently supported the appropriations for the USIA.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. BUSH. Mr. President, will the Senator from Texas yield me a half minute?

Mr. JOHNSON of Texas. I yield to the Senator from Connecticut.

Mr. BUSH. I wish to assure my distinguished colleague from New York that I support his amendment. I am very much surprised that the committee has cut this particular item in the budget. It is very important, I feel, to distribute the books in various countries of the world. So long as the item was within the budget estimates, it seems very unfortunate to me that it has been cut.

Mr. JOHNSON of Texas. Mr. President, I yield myself such time as may be necessary.

Mr. President, I know of no reason why the committee or the Congress should be chained to any budget. I always give great consideration to the budget recommendation, but I never want to be a captive of the budget.

This fund had $2½ million last year. Everyone in the Bureau of the Budget and in the Congress is trying to do his best to not increase expenditures this year over those of last year. We are facing now a $13 billion deficit, and we are trying to get a tax bill enacted into law before June 30.

There is a great deal of opposition among members of the committee, and in the Senate itself, to the operation of this fund. It is thought that a substantial percentage of the fund is spent for propaganda purposes, and that it is not always confined to free world propaganda. It is believed that a great deal of the money is wasted. I read the testimony of some of the witnesses who so stated.

The House, by unanimous action, so far as I am informed, agreed to give the IMG program the same amount of funds it had last year, but not to increase the

allowance. I believe some increase is deserved; and although a number of my colleagues disagreed with me, I persuaded the committee to increase the amount by about 20 percent, from $2.5 million to $3 million. The agency had $2½ million this year. There is a great deal of criticism as to the way in which some of that money was handled.

I recommended to the subcommittee that the amount be increased to $3 million, in an attempt to show reasonableness, and to meet the agency halfway.

The Senator from New York asks that the amount be increased to $3.5 million. I will give him assurance that I will try to keep the $3 million in conference. I will also give him assurance that I shall try to retain in conference anything the Senate adopts. I will apply all the energy at my command to retain it. But we must agree and compromise, and meet the House halfway. I do not know what the position of the House will be. I will do my best. I believe that $3 million should be provided. I would not quarrel too much over having a yea-and-nay vote and letting the Senate decide the question. Some of our Members feel very deeply on the subject.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Louisiana, who has a great deal of knowledge and experience in this field.

Mr. ELLENDER. Mr. President, it was because of the arguments advanced by the distinguished Senator from Texas that the increase of $500,000 was agreed upon.

I hope the Senate will stand by the action of the subcommittee and the full committee.

Let me say to my good friend from Connecticut [Mr. BUSH] and other Senators that all over the world there are huge libraries for which we pay, and to which we furnish books. The cost amounts to many millions of dollars. We maintain libraries in Israel, Pakistan—in fact, all over the world. To hear some of my friends talk, one might suppose that we are not doing anything in that direction.

We must not forget that the IMG program merely subsidizes magazine and book publishers in this country.

Mr. MUNDT. Mr. President, will the Senator yield to me?

Mr. JAVITS. Mr. President, may I have an opportunity to straighten out one question of fact?

Mr. JOHNSON of Texas. Just a moment. I yield first to my friend from South Dakota.

Mr. MUNDT. Mr. President, the chairman of our subcommittee, the distinguished senior Senator from Texas [Mr. JOHNSON], made an impassioned plea in order to have the amount of this appropriation increased to $3 million. Our subcommittee concurred.

A great deal of controversy has resolved around the program. After all, in the administration of the program the Government has very little authority. It is simply a matter of underwriting the dollar exchange for commercial exports. Some of the commercial motion picture films exported—the program involves far more than merely books—are certainly not very desirable exports.

I invite attention to the language of which I was the author and which established the fund and the program. It has not operated as well as was hoped but I am confident its weaknesses and mistakes can be corrected. Unless we tighten it a little, it may operate even more poorly than if we provide less money and let those in charge of the program know that Congress expects the fund to be a revolving fund appropriately protected and not to be dissipated or misused in any way. I hope in that way it can come to justify our hopeful expectations.

I am convinced that had not the distinguished Senator from Texas made such an impassioned plea, the committee this time would have gone along with the House. I wish to see the program continued, but it will have to be operated more prudently and more carefully. Those involved in the program will have to learn that a revolving fund should be a revolving fund, and not a fund to be spread all over the world. Its funds and all the foreign currencies procured must be used carefully and constructively. This positive program must be prudently administered.

Mr. JOHNSON of Texas. The Senator is aware that there is a present carryover of more than $672,000, is he not?

Mr. MUNDT. Yes.

Mr. JAVITS. Mr. President, will the Senator yield in order that I may straighten out a statement of fact?

Mr. JOHNSON of Texas. I yield.

Mr. JAVITS. In 1958 the agency carried over $1,008,000. This year it expects to carry over $200,000. That is the reason for the necessity for the proposed increase.

In response to the revolving fund argument, and the argument with respect to counterpart funds in Israel, there was extra counterpart money in Israel, and we appropriated it specifically in an appropriation bill.

Mr. JOHNSON of Texas. Mr. President, the agency says that the remaining balance of guarantee authority on June 30, 1959, is estimated to be $672,124. That information is found on page 229 of the memorandum on the bill.

Mr. JAVITS. I am reading from page 717 of the record, from the statement of the Agency.

Mr. JOHNSON of Texas. I am not responsible for the recommendations of the executive branch of the Government. The figure for the carryover is $672,124.

Mr. JAVITS. At least, that is a third of what it was last year.

Mr. CHURCH. Mr. President, will the Senator from Texas yield to me for the purpose of asking for the yeas and nays?

Mr. JOHNSON of Texas. I yield for that purpose.

Mr. CHURCH. Mr. President, I ask for the yeas and nays on the amendment of the Senator from New York [Mr. JAVITS].

The yeas and nays were ordered.

The PRESIDING OFFICER. All time for debate has expired. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS].

Mr. JOHNSON of Texas. The question is on increasing the committee recommendation by $500,000.

The PRESIDING OFFICER. The Senator is correct. The amendment is to strike out "$3,000,000" and insert "$3,500,000."

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Michigan [Mr. HART] is absent because of illness in his family.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Michigan [Mr. HART], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Maine [Mr. MUSKIE], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from West Virginia [Mr. RANDOLPH], and the Senator from Georgia [Mr. RUSSELL] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Indiana [Mr. CAPEHART], and the Senator from Kentucky [Mr. MORTON] are detained on official business If present and voting the Senator from Indiana [Mr. CAPEHART] would vote "nay."

The result was announced—yeas 15, nays 74, as follows:

YEAS—15

Aiken	Cotton	Morse
Bush	Dodd	Prouty
Case, N.J.	Humphrey	Scott
Clark	Javits	Williams, N. J.
Cooper	Kuchel	Yarborough

NAYS—74

Allott	Fulbright	McCarthy
Anderson	Gore	McGee
Bartlett	Green	McNamara
Beall	Gruening	Monroney
Bennett	Hartke	Moss
Bible	Hayden	Mundt
Bridges	Hennings	Murray
Butler	Hickenlooper	Neuberger
Byrd, Va.	Hill	Pastore
Byrd, W. Va.	Holland	Proxmire
Cannon	Hruska	Robertson
Carlson	Jackson	Saltonstall
Carroll	Johnson, Tex.	Schoeppel
Case, S. Dak.	Johnston, S.C.	Smathers
Chavez	Jordan	Smith
Church	Keating	Sparkman
Curtis	Kefauver	Stennis
Dirksen	Kennedy	Symington
Douglas	Kerr	Talmadge
Dworshak	Langer	Thurmond
Eastland	Lausche	Wiley
Ellender	Long	Williams, Del.
Engle	Magnuson	Young, N. Dak.
Ervin	Mansfield	Young, Ohio
Frear	Martin	

NOT VOTING—9

Capehart	McClellan	O'Mahoney
Goldwater	Morton	Randolph
Hart	Muskie	Russell

So Mr. JAVITS' amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. COOPER. Mr. President, will the Senator from Texas yield for an inquiry?

Mr. JOHNSON of Texas. I yield.

Mr. COOPER. One page 20 of the bill, I find this item:

For construction of a maximum security institution on a site to be selected by the Attorney General, $1,000,000.

I have read the testimony of the Attorney General, Mr. Rogers, and also the inquiries directed to him by the distinguished Senator from Texas [Mr. JOHNSON], the majority leader, and I desire to secure interpretation of the language. I may say that I have not talked to the Attorney General about this matter.

My interest in it develops from my knowledge that my State of Kentucky and specifically a site in the Jackson purchase has been considered as a possible site for the construction of the maximum security prison. I have urged that Kentucky be given consideration by the Bureau of Prisons and by the Department of Justice.

I understand the Attorney General, Mr. Rogers, appointed a committee, composed of Justice Potter Stewart, of the Supreme Court; Mr. James V. Bennett, the Director of Prisons; and another individual, to consider sites and make recommendations to him, and that the authority to designate finally the site of the prison would rest with the Attorney General.

I desire to have the following statement from the hearings, page 629, read into the record because I want to protect the interests of my own State when the Attorney General makes the final decision. In answer to a question directed to Attorney General Rogers by the Senator from Texas [Mr. JOHNSON], Mr. Rogers said:

On the question of location, we did not tell the House that that is exactly where we are going to build it.

He was speaking of the site in Illinois. I continue:

We said we had a committee of Potter Stewart, of the Supreme Court, and Mr. Bennett, and one other man to select the best site, and they made a very adequate study and they recommended three places, and this place is No. 1 on the list. In order to avoid any political considerations, I indicated to them that I would accept their recommendation whatever it was. I did that.

Mr. JOHNSON of Texas. From what page of the hearings is the Senator from Kentucky reading?

Mr. COOPER. I first read from page 639. I shall now read from page 640.

The Attorney General said:

On the site selection I have felt all along, and I will continue to feel, that I will be bound by the recommendation of the committee, but I would not want to say if something serious developed that was unforeseen that we could not change. I would certainly say that in 99 cases out of 100 there would not be a question about it. But I think the act provides I have discretion to decide, and I would not want to lose that discretion if it was required to be exercised.

He repeated several times his desire to make the final choice.

I raise this question, because I know that under the act, the Attorney General has the power to decide the location of the prison. He did appoint the committee to determine the best sites, and to make recommendations to him, to assist him. But he said clearly that he wanted to maintain his discretionary power.

I want my State to receive fair treatment in this bill. The Jackson purchase, in southwestern Kentucky, has been considered as a possible site. One county in Kentucky has been considered as a possible site.

I want the language appropriating $1 million for the prison to be interpreted as I believe it is intended to be, that is, that in the final analysis the Attorney General will have the right to take the recommendations of the site committee and then select the site he thinks best.

I certainly hope my own State and a location in the Jackson purchase will be selected; but I am not advocating that the Senate take away from the Attorney General his right to exercise discretion and, as he has said, his right to decide the matter without regard to political considerations. I continue to maintain that this is the spirit of the act, and that he should have this power of discretion.

Mr. JOHNSON of Texas. Mr. President, I attempted in every way I knew how to get the Attorney General to say that he was going to follow the recommendations of the site committee headed by the distinguished member of the Supreme Court, who served on that committee before he became a member of the Court.

It was my understanding that the House included an item of $2 million, by action taken on the floor, for this prison, with the understanding that it would be built in the State of Illinois, on a site which is owned by the Government and is serviced by utilities which already are installed. It is my impression that the Attorney General told the committee that it was his intention to follow the recommendations of the site board. It is further my memory that Mr. Bennett, of the Prison Bureau, confirmed that intention.

I have talked to the very able Representative from that district, Representative GRAY, who was the author of the amendment in the House of Representatives. I have talked to the dean of that delegation, Representative O'BRIEN, the beloved Member from Chicago, who has served many years in the House of Representatives. I talked to the junior Senator from Illinois and to the senior Senator from Illinois. All of them are under the impression that this appropriation is for a prison in Illinois, on the site that has been recommended by Mr. Justice Potter Stewart. That was the understanding of the subcommittee. That was the understanding of every member of the full committee.

I did not want to question the Attorney General or reflect on him. I thought that was his understanding with the committee.

I could have put it in the report; and I told the minority leader I would put it in the report, unless he gave me positive assurance that he was satisfied that the Attorney General would carry through and would put this prison where we intended it to be put, namely, in the State of Illinois.

The minority leader gave me those assurances. Therefore, I did not put it in the report. I will put it in the report in conference, if our recommendations here are accepted.

I have stated that if the million dollars we allow is not sufficient, I will look with favor upon a supplemental appropriation later on.

But I am told that the Government owns the land in Illinois; that it has sewer and other utilities already connected; that the distinguished member of the Supreme Court who heads the site committee recommended it; and that Mr. Bennett and the Attorney General think that is where the prison should be built. And that is where the committee intends that it be built.

Mr. COOPER. I have no question at all about the desire of the distinguished majority leader to have the prison built at the proper place; and, from what he has said, I judge that he believes the proper place to be in Illinois.

Mr. JOHNSON of Texas. I am following the impartial site committee and the Attorney General and Mr. Bennett. I know nothing about the relative merits of any of the sites.

Mr. COOPER. I have not seen the list. It may be that Illinois will be selected. If so, that is up to the Attorney General.

As I have said, my interest derives from the fact that I know my State of Kentucky has been interested in the location of this plant; and a specific section of my State which adjoins Illinois—the Jackson purchase; and one county, Fulton County—has been considered. I was told by the Director of the Bureau of Prisons that this site is in the list which could be considered by the Attorney General.

I read now from page 639, of the hearing where the Attorney General was referring to the site, to be selected by the Attorney General, for the maximum security prison:

On the question of location, we did not tell the House that that is exactly where we are going to build it.

He said he intended to follow the recommendations of the special committee; and he insisted again and again that under the law he had the right to exercise discretion and he wanted to exercise his discretion in making a final selection of the prison site.

I insist that nothing in the bill and nothing in the record warrants the interpretation that the Congress has said that this prison must be located in Illinois.

I am saying that, so far as I am concerned, if the committee recommends that the prison be located in Illinois and if the Attorney General believes that is the right site, and chooses it, he has the right to do so. But he also has the right

to choose a Kentucky site if it is recommended.

If Kentucky is included in the list, I want Kentucky to be considered, rather than to have the matter handled on the basis of some interpretation in this bill that the prison must be located in Illinois.

Mr. JOHNSON of Texas. It is the understanding of the chairman of the subcommittee that Mr. Bennett and the Attorney General are going to follow the advice of the site selection board, which has decided on Illinois.

Mr. COOPER. I shall have to disagree with that conclusion.

Mr. JOHNSON of Texas. That is my understanding. And I asked the minority leader to check with the Attorney General, to be sure that was his understanding. And that is his understanding.

I ask the ranking minority member of the committee, the Senator from New Hampshire [Mr. BRIDGES], what his understanding of the matter is.

Mr. COOPER. First, let me say I do not want to make an incorrect statement. From reading the testimony, I judge that the committee has selected a site in Illinois as number one on the list.

But the Attorney General continues to say that, although in 99 cases out of 100, as he said, he would follow the recommendation of this committee, he still insists that he has the right, under the law, to exercise his discretion. That is all I ask for.

I do not think I have to ask for it; I think it is provided in the act and this bill. But I do not want some interpretation made on the floor of the Senate to be regarded as a direction to the Attorney General to act contrary to the law, which gives him a discretionary right.

Mr. JOHNSON of Texas. On page 648 of the hearings, the Senator from Kentucky will find the following:

MAXIMUM SECURITY INSTITUTION

* * * * *

The maximum security institution is estimated to cost a total of $10 million. It will be of the most modern construction using economical, but effective, modular precast or prestressed concrete. The institution will be built for 600 prisoners with a potential for further expansion. The sites for the institution have been carefully studied by a site committee appointed by the Attorney General. This committee which included Hon. Potter Stewart, the circuit judge of the U.S. Court of Appeals, Mr. Larson Knott, Assistant Commissioner of the Public Buildings Administration, Mr. Robert Seaver from the Deputy Attorney General's Office and myself have recommend a site on Federal property near Marion, Ill., as our No. 1 choice. This site has the advantage of being Government owned, well located for transportation, and has easy and economical access to utilities. It also has the enthusiastic support of the community.

I say that is the understanding of the subcommittee. I cannot speak for the Senator from Kentucky or for any other Senator, but I am willing to let them speak for themselves, and I am willing to move to amend the bill, if there is any doubt about it. It is my understanding the money was appropriated to use this specific site, owned by the Government, and therefore free land at Marion, Ill. That was the understanding of the Senator for New Hampshide [Mr. BRIDGES]. If it was not, I will ask him to say so.

Mr. BRIDGES. Mr. President, I listened very carefully. The testimony I heard and the information given to the committee was that Marion, Ill., was to be the No. 1 selection, the No. 1 site selected, because it had a central location, because the land was owned by the Federal Government, and therefore there would be no cost, because the utilities had been installed, and because transportation facilities were of the best in the Nation. I understood that, as a result of those factors, that was the conclusion arrived at.

Mr. JOHNSON of Texas. Let me read one sentence from the hearings.

Mr. HAYDEN. Mr. President, if the Senator will yield, I confirm what the Senator from New Hampshire has said, What he has stated was exactly the understanding of the committee.

Mr. JOHNSON of Texas. I appreciate the statement of the Chairman of the Appropriations Committee on the understanding. If there is any member of the Appropriations Committee who does not have that understanding, I wish he would say so.

I was fearful of this question. I think men ought to take a position. If they are going to make a site recommendation, they ought to do it. As appears on page 642 of the hearings, I said:

Senator JOHNSON. If you do not object, all we want to do is if we appropriate the money to settle the dispute. There has been some dispute about a site.

I had in front of me the document of Mr. Justice Potter Stewart, President Eisenhower's appointee to the Supreme Court, which had recommended this site. I knew there were others which had been under consideration.

I continue to read from page 642:

Attorney General ROGERS. Not in the Department of Justice. There has not been any. I appointed a committee and told them to pick out the best site in the United States for the prison. They picked it out, and I am for them.

It is my understanding the site they picked out is Marion, Ill. It is my understanding the Attorney General is for it. It is my understanding Mr. Bennett is for it. I know the subcommittee is for it. I know the full committee is for it. If we desire to leave no doubt about it, I ask unanimous consent that the bill be amended at the proper point by designating the Government-owned site in Marion, Ill.

Mr. COOPER. I object, if the amendment is offered.

The PRESIDING OFFICER. Objection is heard.

Mr. COOPER. I am not going to unduly prolong this discussion, but I make this point, and I make it seriously. I understand that if the Appropriations Committee makes certain recommendations, although they do not have legal validity, they carry weight. Of course, the committee has a right to do that, but I may say that those of us who are interested in benefiting our own States can look at the law and see that the law states the Attorney General can make the choice. We know the Attorney General had appointed a committee to recommend various sites. I understand a site in Kentucky was one of those. I could have come before the committee and argued for my own State. It would have meant something to me politically, and I could have made a great effort before the committee to have the site located in Kentucky designated. I do not know the site would have been recommended, but I could have made an effort, and any other Senator could have made an effort and a strong appeal to have the site designated in his own State. But, relying upon the law, relying upon the Attorney General's desire to have the matter determined without political consideration, relying upon my talks with the Director of the Bureau of Prisons that the matter would be considered and a final decision would be made by the Attorney General, I did not attempt to have the Senate take away the authority of the Attorney General.

Of course, what has been stated on the floor and what was said in committee about the Illinois site are bound to have weight with the Attorney General, perhaps more weight than my plea here; but I am saying, on the point of legal right, that under the law the Attorney General has a right to use his discretion. I say we cannot take that right away from him, unless we do it by amendment, and I do not think we ought to do that. I say the Attorney General has a right to make the decision, under the language of the bill.

Mr. JOHNSON of Texas. I may have been misled. The Senator may be right. We did not appropriate this money to buy a site anywhere in particular or to have it go to any particular State. We thought we would follow the recommendation of the site selection committee. We thought it was not a political recommendation. There is not a State in the Union for which I have a higher regard than the State of Kentucky. If I were to have selected a site, I might have selected Kentucky. My ancestors many years ago selected Kentucky as a place of residence and I have been very proud of that fact.

Reading from page 640 of the hearings, this is what Mr. Bennett said:

Mr. BENNETT. Mr. Chairman, that has been the recommendation of the committee which has been submitted to the Attorney General and, as he indicated, I am sure he will give it every consideration. That is our recommendation, sir.

Senator JOHNSON. That would be your recommendation, if we put the money in the bill?

Mr. BENNETT. Oh; yes, sir.

Senator JOHNSON. You know of no reason why that recommendation could be changed in any way?

Mr. BENNETT. None whatever; no.

Senator JOHNSON. Is that your feeling, too, General?

Attorney General ROGERS: Yes, except, as I say, suppose some unforeseen development occurred? I certainly would not want to be bound by it. I do not think the Senator wants me to be bound.

Then I asked, "What if we put it in the bill?"

I think we ought to settle this matter.

Mr. President, I move to reconsider the vote by which the committee amendment on the Illinois prison site was agreed to.

Mr. COOPER. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator from Kentucky will state his point of order.

Mr. COOPER. The bill having been read the third time, I am raising a point of order.

The PRESIDING OFFICER. Is the motion of the Senator from Texas to reconsider the vote by which the bill was ordered read for the third time?

Mr. JOHNSON of Texas. Yes.

The PRESIDING OFFICER. The motion is to reconsider the vote by which the bill was read the third time.

The question is on agreeing to the motion.

Mr. COOPER. Mr. President, this may seem a very small matter to some, but it is important to my State. I appeal to the Senate's sense of justice. I am conscious of the fact that all of us like to secure appropriations that will benefit our States. Naturally, I would like to see the prison located in Kentucky. I have no desire to keep it from being located in Illinois, if it should not be located in Kentucky. I want my good friends the Senators from Illinois [Mr. DIRKSEN and Mr. DOUGLAS] to know that.

Perhaps a history of this matter would be of interest to the Senate. The Bureau of Prisons asked for appropriations to build the maximum security prison. I followed the hearings in the House. I know that in the House, Members of the congressional delegation from Illinois attempted to get some interpretation that the money was intended to be spent in Illinois.

Later, after the hearing, I talked to the Director of Prisons, Mr. Bennett, and I was informed that there was no such interpretation; that the special committee made up of a Justice of the Supreme Court, the Director of Prisons, and another distinguished member, would make recommendations to the Attorney General, and the Attorney General would make his choice.

Relying upon the law, relying upon the discretion of the distinguished committee, relying upon the ability of the Attorney General to make a choice from among the various sites, including one in my own State, I assumed that this proper procedure would be followed. I assume that if the site in Kentucky has the necessary qualifications to be selected, it will be selected.

I read from the testimony, that the special committee had made certain recommendations to the Attorney General. The Attorney General pled before the committee to be allowed to maintain his discretion to make the final choice. He said:

> My intention is, unless something unforeseen develops, to follow the recommendations of the committee.

But again and again he asked to be able to keep his right of discretion. There is nothing in the bill which would take away his discretionary authority. I am sure he will exercise it correctly.

I gather from all that has taken place there is not much chance for my State to secure the prison, but I do not believe it is the best and proper course for the Congress to locate the prison when the Attorney General has promised the Senate committee he will use his best discretion, taking into consideration the recommendations of an unusually distinguished committee.

That is all I ask for. I hope the motion will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to rescind the order by which the bill was read the third time.

The motion was agreed to.

Mr. JOHNSON of Texas. Mr. President, on line 8, page 20, after the words "Attorney General" I move to insert the following language:

> On publicly owned land in Marion, Illinois, as selected by the Attorney General's site selection committee.

Mr. COOPER. Mr. President, I make a point of order that the amendment is legislation on an appropriation bill, and I oppose the amendment.

The PRESIDING OFFICER. The language appears to be germane to the particular part of the bill where the amendment is proposed, so the point of order is denied.

The question is on agreeing to the amendment offered by the Senator from Texas.

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOUGLAS. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois to lay on the table the motion of the Senator from Texas to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Wyoming [Mr. MCGEE], the Senator from Maine [Mr. MUSKIE], and the Senator from West Virginia [Mr. RANDOLPH] are absent on official business.

The Senator from Michigan [Mr. HART] is absent because of illness in his family.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senator from Michigan [Mr. HART], the Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senators from Wyoming [Mr. MCGEE and Mr. O'MAHONEY], the Senator from Maine [Mr. MUSKIE], and the Senator from West Virginia [Mr. RANDOLPH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The result was announced—yeas 90, nays 0, as follows:

YEAS—90

Aiken	Engle	McCarthy
Allott	Ervin	McNamara
Anderson	Frear	Monroney
Bartlett	Gore	Morse
Beall	Green	Morton
Bennett	Gruening	Moss
Bible	Hartke	Mundt
Bridges	Hayden	Murray
Bush	Hennings	Neuberger
Butler	Hickenlooper	Pastore
Byrd, Va.	Hill	Prouty
Byrd, W. Va.	Holland	Proxmire
Cannon	Hruska	Robertson
Capehart	Humphrey	Russell
Carlson	Jackson	Saltonstall
Carroll	Javits	Schoeppel
Case, N.J.	Johnson, Tex.	Scott
Case, S. Dak.	Johnston, S.C.	Smathers
Chavez	Jordan	Smith
Church	Keating	Sparkman
Clark	Kefauver	Stennis
Cooper	Kennedy	Symington
Cotton	Kerr	Talmadge
Curtis	Kuchel	Thurmond
Dirksen	Langer	Wiley
Dodd	Lausche	Williams, N.J.
Douglas	Long	Williams, Del.
Dworshak	Magnuson	Yarborough
Eastland	Mansfield	Young, N. Dak.
Ellender	Martin	Young, Ohio

NAYS—0

NOT VOTING—8

Fulbright	McClellan	O'Mahoney
Goldwater	McGee	Randolph
Hart	Muskie	

So the bill (H.R. 7343) was passed.

Mr. GORE. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. JOHNSON of Texas, Mr. ELLENDER, Mr. HAYDEN, Mr. FULBRIGHT, Mr. BRIDGES, Mr. SALTONSTALL, and Mr. HICKENLOOPER conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I should like to inform Senators that the Appropriations Committee is meeting this afternoon to mark up the Health, Education, and Welfare bill on the first floor of the Capitol, and that the presence of all members of the committee is desired.

Mr. President, the TVA bill, House bill 3460, was reported unanimously

from the committee this morning. I am informed that the report and copies of the printed hearings will be available very shortly. I hope the Senate will be able to consider that bill sometime tomorrow. I wish Senators to be on notice that when the report and hearings are available, I will consult with the minority leader, and we shall attempt to adjust ourselves to the convenience of the Senate. However, the bill may be considered tomorrow.

EXTENSION OF RENEGOTIATION ACT OF 1951

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to consideration of Calendar No. 399, a bill for the extension of the Renegotiation Act of 1951. The bill is noncontroversial. There is a time limit involved, and the bill should be promptly considered.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7086) to extend the Renegotiation Act of 1951, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment, to strike out all after the enacting clause and insert:

SECTION 1. EXTENSION.

Section 102(c)(1) of the Renegotiation Act of 1951, as amended (50 U.S.C. App., sec. 1212(c)(1), is amended by striking out "June 30, 1959" and inserting in lieu thereof "December 31, 1961".

SEC. 2. GENERAL COUNSEL OF THE RENEGOTIATION BOARD.

Section 107(c) of the Renegotiation Act of 1951, as amended (50 U.S.C. App., sec. 1217(c)), is amended by inserting before the first sentence thereof the following new sentence: "There shall be a General Counsel of the Renegotiation Board who shall be appointed by the Board without regard to the civil-service laws and regulations, and shall receive compensation at the rate of $19,000 per annum."

SEC. 3. STUDIES OF PROCUREMENT POLICIES AND PRACTICES AND THE RENEGOTIATION ACT OF 1951.

(a)(1) The Committee on Armed Services of the Senate, or any duly authorized subcommittee thereof, and the Committee on Armed Services of the House of Representatives, or any duly authorized subcommittee thereof, are directed to make full and complete studies of the procurement policies and practices of the Department of Defense, the Department of the Air Force, the Department of the Army, and the Department of the Navy. Such studies shall include an examination of the experience of such Departments in the use of various methods of procurement and types of contractual instruments, with particular regard to the effectiveness thereof in achieving reasonable costs, prices, and profits.

(2) Each committee shall, not later than September 30, 1960, report to its House the results of the study conducted by it pursuant to paragraph (1) of this subsection, together with such recommendations as it deems necessary or desirable. Each committee shall make all material and data collected in the course of the study conducted by it available to the Joint Committee on Internal Revenue Taxation to assist it in making the study required by subsection (b).

(b)(1) The Joint Committee on Internal Revenue Taxation, or any duly authorized subcommittee thereof, is directed to make a full and complete study of the Renegotiation Act of 1951, as amended, and of the policies and practices of the Renegotiation Board.

(2) The Joint Committee shall, not later than March 31, 1961, report to the Senate and the House of Representatives the results of the study conducted pursuant to paragraph (1) of this subsection, together with such recommendations as it deems necessary or desirable.

(3) For the purpose of making the study and report required by paragraph (1) of this subsection, the Joint Committee, and the Chief of Staff of the Joint Committee, may exercise any of the powers conferred upon the Joint Committee and the Chief of Staff of the Joint Committee by sections 8021 and 8023 of the Internal Revenue Code of 1954. The provisions of section 8023(b) of such Code shall apply to requests made under the authority of this paragraph to the same extent as in the case of other requests made under the authority of section 8023(a) of such Code.

Mr. JOHNSON of Texas. Mr. President, before the Senate acts on the bill, the Senator from Virginia [Mr. BYRD] has a brief statement to make.

FARM SURPLUSES

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point as a part of my remarks an excellent article entitled "Our Wheat Surplus: One Hundred Billion Loaves," written by Carroll Kilpatrick, and published in a recent issue of the Washington Post. Mr. Kilpatrick's article refers to how we can put to use the tremendous asset of cereal grains, for peace, stability, and freedom through the world; also, an excellent article entitled "Farm Surplus Bill Extension Vital," written by George W. Oakes and published in the Washington Sunday Star of June 7, 1959.

This article refers to the program known as Public Law 480. It also refers to certain amendments and adjustments which have been introduced by myself and other Senators to improve this particular piece of legislation and make it a more permanent type of legislation—at least for a period of 5 years.

I commend these articles to my colleagues because they both demonstrate again that in our so-called surplus we have one of the most effective weapons for winning the struggle with communism, and for combating disease, poverty, and misery than any nation was ever privileged to have.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post]

OUR WHEAT SURPLUS: 100 BILLION LOAVES

(By Carroll Kilpatrick)

Would you know what to do if you owned nearly 100 billion loaves of bread? You probably would not, and neither does Uncle Sam. He regards them as an intolerable and expensive burden.

He either owns outright or has money invested in wheat which, if made into loaves of 1 pound each, would produce nearly 100 billion loaves of bread.

If you add the surplus of wheat in Canada, Argentina, and Australia to the American surplus, you have almost enough to make another 100 billion loaves.

Instead of glorying in their riches, these major wheat exporting countries are quarreling among themselves over what to do with this unwanted wealth.

Both President Eisenhower and Democratic leaders in Congress this year have proposed food for peace programs to utilize fully this Nation's agricultural surplus. But no progress has been made toward putting either plan into effect.

However, much is being done in other directions—much, that is, in terms of what was being done 5 or 6 years ago, but little in terms of what could be done.

"This surplus of wheat should not be looked upon as a weight around the taxpayer's neck," Senator FRANK CARLSON, Republican, of Kansas, told the Senate the other day.

"It is, if viewed in the proper perspective, one of our Nation's tremendous assets. * * * We should heap high honor on the wheat producers of America for this amazing performance. * * * What a national and even worldwide tragedy it would be if we did not have this productive capacity."

If Soviet farmers could chalk up any such record, they almost certainly would be lauded by Khrushchev and honored throughout the Communist world. Khrushchev knows that food is as vital as steel in his struggle for greater world power. It also is vital to Nehru and other leaders of the underdeveloped countries if they are to remain free.

Yet the "have" nations, despite the growing demand all about them for improved living standards, have only begun to make adequate use of the power which their farm surpluses represent.

The United States has 7 percent of the world's population and it produces 50 percent of the world's wealth. At the other extreme, India, Pakistan, and Indonesia, with 20 percent of the world's population, produce 7 percent of the world's wealth.

Senator HUBERT HUMPHREY, Democrat, of Minnesota, told the Senate in introducing his food-for-peace bill that the "challenge posed by our unprecedented wealth in a world three-fourths needy and no longer willing to remain so" was one of the "most pressing of the long-range challenges confronting the American people.

"How absurd if surpluses of vitally needed commodities become minuses in America's ledger—for to have too much and not share is surely far worse, in conscience and practice, than to have too little to begin with."

The Agriculture Department has estimated—very conservatively according to some outside experts—that $10 to $15 billion worth of farm surpluses will be created in the next 5 years in this country. The Department has estimated that all of these surpluses could be distributed to underdeveloped countries without seriously interfering with regular commercial trade.

The Government now has nearly $9 billion tied up in surplus stocks.

In 1954, Congress passed the Agricultural Trade Development and Assistance Act, commonly referred to as Public Law 480, and has extended it every year since.

Under Public Law 480 and other Government aid programs, $6.4 billion of farm surpluses have been shipped overseas. In the last few months, these Government-sponsored shipments have accounted for 35 percent of all American agricultural exports.

Now the administration has suggested a 3-year extension of Public Law 480. Hum-

phrey wants an expanded program with a 5-year lease on life.

Thirty-eight countries have participated in the Public Law 480 programs. Under title I, which allows surplus sales for local currencies, India has received $544 million, Yugoslavia $341 million, Spain $276 million, Pakistan $240 million, and Brazil $155 million from U.S. surplus stocks.

Wheat is the principal crop in surplus, with nearly 1.3 billion bushels now in the U.S. carryover.

Why has it not been possible to make greater use of these surpluses? There are three principal reasons:

The most important is the problem of competition. Other exporting countries are fearful that the enormous U.S. surpluses will be used to rob them of their markets.

Only last month the Canadian Chamber of Commerce complained that the United States was using subsidized flour as an economic weapon to displace Canada from second place as a supplier to the new West Indies Federation. Britain is the leading supplier.

The United States has repeatedly said that it will give or sell its surpluses for local currencies only where it will not interfere with normal trade. Such surplus disposals are added consumption, the United States has said.

The inability of recipient countries to handle the incoming shipments. More than a shipload of American wheat goes to India every day, but India's ports already are so congested that for a while ships were lined up in the harbor waiting to unload.

The underdeveloped countries likewise have inadequate storage and distribution facilities.

Dollar costs. Congress must appropriate money to cover sales from Commodity Credit Corp. stocks.

While distribution of the world's supply of food and fiber is a major problem, it is not the most important one. The most important of all is the problem of production in the underdeveloped countries themselves.

The Population Reference Bureau once estimated that if all the surplus food in the United States were distributed among the 1.8 billion hungry people in the world, it would give each of them the equivalent of only 2 tea cups full of rice each 17 days.

But that is not the real purpose of American aid. The most valuable use of our surpluses is not to relieve famine but to provide a crutch on which recipient countries can lean while they develop their own capacity to produce.

Food for many countries is like gold. If they can obtain American surpluses, they can use their gold for agricultural and industrial development or to import essential fertilizers, pesticides, and farm equipment.

As we seek a solution to our surplus problem, neither we nor they should ever lose sight of the fact that increased domestic production is the only sound basis for long-term improvement in the underdeveloped countries.

[From the Sunday Star, Washington, D.C., June 7, 1959]

FARM SURPLUS BILL EXTENSION VITAL

(By George W. Oakes)

Congress must act this summer on extending a unique and successful kind of foreign aid—the sale of surplus agricultural products abroad for local currencies.

Agreements with 38 countries already have provided for the shipment of 30 million tons or $3.5 billion worth of commodities since the law authorizing it was passed nearly 5 years ago.

This foreign aid program is unusual in several ways:

1. It supplies badly needed food for undernourished peoples, particularly in Asia, thereby saving these countries valuable foreign exchange.

2. It provides needed agricultural imports essential for economic expansion and thus reduces inflationary pressures.

3. It promotes economic development projects through counterpart funds.

4. It enables the U.S. Government to use local currencies to pay many administrative, military, educational, cultural, agricultural promotion, and other expenses.

SURPLUS FARM PRODUCTS

India, the largest single purchaser under the program, has agreed to buy $658 million worth of U.S. surplus farm products and set aside an equivalent amount of rupees for use in India on jointly approved projects of benefit to both countries. This constructive aspect of the program—that it is not simply a commodity disposal operation—has an important psychological value for Indians.

Senator JOHN SHERMAN COOPER, on the basis of his experience as Ambassador to India, describes it as a creative program and one of the most effective forms of foreign aid.

Here is the way it has worked in India:

Since its inception, in October 1956, the United States has shipped the following huge quantities of farm products out of our surplus production: 230 million bushels of wheat, 8 million bushels of corn and sorghum, 4.3 million bags of rice, 235,000 bales of cotton, 5 million pounds of tobacco, 25 million pounds of dried milk.

In 1957, when the monsoon rains failed and Indian food production dropped 7 million tons, these badly needed foodstuffs prevented the reinstitution of bread rationing in the large cities, as well as the soaring of food prices. American surplus commodities accounted for nearly half of India's 5 million tons of imported grains in the 1957–58 crop year.

POPULATION INCREASE

Even though Indian food production in the current crop year has risen 10 million tons, to 73 million tons of grain, American shipments are now running at a higher rate than a year ago to satisfy needs of the large population centers. For in India the vast population increase of 2 percent, or 8 million persons, per year requires an annual additional million tons of grain.

Although India's food requirements are tremendous in view of such widespread food shortages and undernourishment, and far greater than the amounts available, India cannot absorb unlimited United States food surpluses. Port facilities are limited and have been severely strained during the last 2 years unloading 500,000 tons per month. Also, India's internal distribution and transportation system cannot handle a larger volume of imported foods. India would not wish to be too dependent on American agricultural commodities, nor would U.S. policy favor any such reliance which would tend to discourage Indian development of her own agricultural production.

These millions of tons of American agricultural products are vital to India for more than purely humanitarian reasons. As industrial development increases with rising consumer purchasing power, more food and fiber products are required. As more people go to work, their first expenditures are for food and clothing. If such agricultural supplies do not rise, ruinous inflation results. Senator HUBERT H. HUMPHREY has pointed out, "insufficient food in India has produced inflation, and inflation can torpedo economic development." Since there is inadequate food production in India, despite continuing efforts to raise it, American surplus food and fiber supplies perform an important function in countering inflation. In addition, by not having to use precious foreign exchange to finance agricultural imports now received from the United States, India can devote these resources to the purchase of capital goods and other essential requirements for her economic improvement.

BUILDING INDIAN ECONOMY

Not only are United States farm surpluses necessary for India's food and clothing requirements but they have an additional value in that the rupees which the Indian Government pays for them are used for the country's economic development. Of the $658 million worth of rupees available, $384 million are to be loaned by mutual agreement to India in order to build up her economy. So far some $250 million worth of rupees have been loaned to the Indian Government at 4 percent interest for these projects:

1. $193.6 million worth of rupees have been allocated for 13 river valley development projects. These power and irrigation programs, which had already been started with Indian, International Bank and United States foreign aid funds, are located in various states such as Madhja, Pradesh, Madras, Bombay, and Mysore. Most of them, vital to raising India's agricultural and industrial production, will require several years to complete.

2. A refinance corporation was established a year ago with a membership of 14 Indian private banking institutions. This corporation, into which the United States put $55 million worth of rupees and Indian private banks $25 million, will rediscount loans made by the participating banks to private medium-size industry for development purposes for a 3- to 7-year period. The list of 57 eligible industries include those in iron and steel, chemicals, ferromanganese, cement, jute manufacture, drugs, electric motors, dyestuffs, etc. Up to last December seven applications had been received for $4 million worth of loans in such industries as cotton textiles, electric goods, cement, drugs, and ferromanganese. No single industrial firm can borrow more than $1 million in rupees.

The refinance corporation fills a gap in the Indian private banking system because medium term industrial financing has not been available from private commercial banks.

ENCOURAGES INVESTMENTS

An amendment to the law provides that in India $73.9 million worth of rupees be loaned to private American corporations or their Indian affiliates. Conceived as a device to encourage United States private investment abroad, these rupee funds would, by supplying working capital and money for factory construction, make it easier for such firms to expand their business development and trade operations. So far applications from the U.S. companies in the tire and truck, elevator, glue manufacturing, steel strapping and piston ring industries would only use up about one-fifth of the rupees available.

Several million dollars worth of rupees have been allocated for U.S. educational and cultural activities. At present the State Department uses this money to operate the Fullbright educational exchange program and hopes to expand Indian leader-specialist travel grants with these funds. Also it plans to establish chairs and seminars in American studies at Indian universities. USIA proposes to spend some of these rupees in order to translate and publish textbooks for school use in 12 Indian languages.

The successful experience in India with the constructive uses to which our farm surplus has been put illustrates why the law will undoubtedly be renewed by Congress in the next few months. Many, like Senators COOPER and HUMPHREY, favor a 5-year extension so that India and the other recipient countries can count on a long-term program for planning purposes.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. HARTKE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

TELEGRAPH REGULATIONS, GENEVA REVISION, 1958, WITH PROTOCOL THERETO—REMOVAL OF INJUNCTION OF SECRECY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from Executive G, 86th Congress, 1st session, the telegraph regulations and protocol thereto, annexed to the International Telecommunication Convention of 1952, received from the President today, and that the message of the President, with the accompanying papers, be referred to the Committee on Foreign Relations, and the President's message be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message from the President is as follows:

THE WHITE HOUSE, *June 23, 1959.*

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the texts, in the English, French, and Spanish languages as certified by the Secretary General of the International Telecommunication Union, of the Telegraph Regulations (Geneva revision, 1958) annexed to the International Telecommunication Convention (Buenos Aires, 1952), and the final protocol to those regulations, signed at Geneva on November 29, 1958, in behalf of the United States of America and certain other countries.

I transmit also, for the information of the Senate, the report which the Acting Secretary of State has addressed to me in regard to the above-mentioned regulations and final protocol. It will be noted that reference is made in that report to resolutions and opinions which do not require action with a view to ratification on the part of the United States.

In the event that the Senate advises and consents to ratification of the regulations and final protocol, it is requested that the Senate do so subject to certain declarations as set forth in the report of the Acting Secretary of State.

DWIGHT D. EISENHOWER.

EXECUTIVE CALENDAR

The PRESIDING OFFICER (Mr. Moss in the chair). If there be no reports of committees, the clerk will state the nomination on the Executive Calendar.

TENNESSEE VALLEY AUTHORITY

The Chief Clerk read the nomination of Brooks Hays to be a member of the Board of Directors of the Tennessee Valley Authority for the remainder of the term expiring May 18, 1960.

Mr. JOHNSON of Texas. Mr. President, this is one of the finest appointments the present President, or any other President of the United States, has ever made. I have known the nominee for a great many years. He is a dedicated public servant. He is a great humanitarian. He loves the institutions of his country. I know of no man for whom I have greater affection and admiration than I have for Brooks Hays.

Mr. KEATING. Mr. President, I should like to echo most emphatically everything the distinguished majority leader has said about my former colleague, Brooks Hays. I consider him to be one of the greatest Americans alive. He has performed his duties in a most distinguished manner.

Mr. CASE of New Jersey. Mr. President, I concur in everything my colleague from New York and the distinguished majority leader have said regarding Brooks Hays. I was a colleague of his in the House of Representatives for many years. I have great respect for his ability and great admiration and affection for him personally.

Mr. JOHNSON of Texas. I thank the Senator.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Brooks Hays to be a member of the Board of Directors of the Tennessee Valley Authority?

The nomination was confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be immediately notified.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXTENSION OF RENEGOTIATION ACT OF 1951

The Senate resumed the consideration of the bill (H.R. 7086) to extend the Renegotiation Act of 1951, and for other purposes.

Mr. BYRD of Virginia. Mr. President, I desire first to offer an amendment to the committee amendment. My amendment has been approved by a majority of the committee.

The PRESIDING OFFICER. The amendment offered by the Senator from Virginia will be stated.

The LEGISLATIVE CLERK. On page 10, line 11, in the committee amendment, it is proposed to strike out "December 31, 1961," and insert in lieu thereof "June 30, 1962."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BYRD of Virginia. Mr. President, the President of the United States in his annual budget message requested that the Renegotiation Act be extended for 2 years and 3 months. In a statement before the Senate Finance Committee, Robert Dechert, General Counsel for the Department of Defense, made the following statement:

> The state of defense preparedness which we are required to maintain today necessitates a high level of expenditures and it is believed that such expenditures will continue at high levels for the foreseeable future. For fiscal year 1960 the estimate for the Department of Defense is approximately $41 billion. Over one-half of this amount will represent expenditures for goods and services which are subject to the provisions of the Renegotiation Act. For example, approximately $14.6 billion, or 36 percent of the total $41 billion, will be for what is described as major procurement and production. This includes such items as aircraft, missiles, ships, weapons, and vehicles. In addition, approximately $3 billion will be spent in the area of research, development, test, and evaluation.
>
> The purpose of the Renegotiation Act is to eliminate excessive profits from defense contracts and subcontracts. As good as our pricing policies and techniques may be and as much as we strive to improve them, such policies and techniques cannot guarantee in all cases that excessive profits will not be realized. Much of the defense procurement dollar is spent for specialized items where costs can only be estimated. These estimates may or may not be accurate. Due to changes which may occur during contract performance because of such factors as technological advances, increased volume of business, and variations in the prices of components and materials, estimates of costs and the profits which are based thereon which may appear reasonable at the time a contract price is agreed upon may become unreasonable and the profits become excessive in the light of such later developments. Such changes may well occur after final revision of the price during contract performance in contracts providing for price redetermination. In view of the continuation of our large scale defense procurement programs, we believe that the Renegotiation Act should also be continued in effect, in order to assure that excessive profits are not realized in the course of such programs.

The House bill extended the present Renegotiation Act for a period of 4 years. The committee bill provides for an extension of 3 years with an additional provision calling for a comprehensive study of procurement policies and practices by the Armed Services Committees, House and Senate, to be followed by a study by the Joint Committee on Internal Revenue Taxation of procedures and practices under the renegotiation law. The committee felt that in order to properly weigh and evaluate the functions of renegotiation, it was necessary to make a study of

both procurement practices and procedures as well as renegotiation procedures.

Ever since renegotiation was enacted it has always been the policy that it should not become a permanent part of the Federal law, but should be extended from time to time during the period when the Government is required to make enormous expenditures for our national defense. The difficulty of ascertaining the cost of new weapons and equipment is one of the reasons why it is so difficult to handle the situation through the procurement procedures alone. Renegotiation is determined on the basis of the aggregate contracts and subcontracts made during the fiscal year of the contractor or subcontractor and, therefore, affords an opportunity to review the prices determined by the contracting offices after the contracts are entered into with the Government. Because renegotiation involves the exercise of judgment on the part of the Renegotiation Board in determining the amount of excessive profits that any contractor or subcontractor has realized during the particular fiscal year, it is important for the Congress to review this procedure from time to time.

I will now discuss briefly the provisions of the committee bill. The Renegotiation Act of 1951 is scheduled to expire as of June 30, 1959.

Section 1 of the bill, as amended by the committee, would extend the act for a period of 3 years, that is, until June 30, 1962. The House bill extended the period for 4 years. The Senate committee believed that the shorter period would permit a study to be made of procurement policies and practices by the Committee on Armed Services of the Senate and the Committee on Armed Services of the House, and also to permit a subsequent study of renegotiation procedures by the Joint Committee on Internal Revenue Taxation. The studies by the Armed Services Committees, together with such recommendations as they deem desirable or necessary, will, under the committee bill, be reported to the respective Houses not later than September 30, 1960, and the subsequent study on renegotiation by the Joint Committee on Internal Revenue Taxation will be reported to the House and the Senate not later than March 31, 1961.

The Committee on Finance, in section 2, has provided that the General Counsel of the Renegotiation Board shall receive compensation at the rate of $19,000 per annum. This action has been taken in order to bring the compensation of the General Counsel of the Renegotiation Board in line with that of the general counsel of each of the major departments subject to the Renegotiation Act who deal with similar subject matter as the General Counsel of the Renegotiation Board and who handle legal problems of similar complexity and importance.

Section 3 provides for the procurement and renegotiation studies prescribed as stated.

Mr. BUTLER. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER (Mr. Moss in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 10, after line 11, it is proposed to insert the following:

SEC. 2. NON-STATUTORY PROFIT LIMITATION PROVISIONS.

Section 104 of the Renegotiation Act of 1951 (50 U.S.C., app. sec. 1214) is amended by adding at the end thereof the following new sentences: "No provision limiting the amount of profits shall be inserted by the Secretary of any Department in any contract or subcontract the receipts or accruals from which are subject to this title, or would be subject to this title except for the provisions of section 106, other than the provision required by the first sentence of this section; and any such other provision in any such contract or subcontract, whether entered into before, on, or after the date of the enactment of this sentence, shall have no force or effect. The preceding sentence shall not apply to any incentive provision, to any provision for redetermination or similar revision of the contract price, or to any provision for price escalation which operates without regard to the amount of profits under the contract or subcontract."

Renumber sections 2 and 3 as sections 3 and 4, respectively.

Mr. BYRD of Virginia. The amendment was discussed in the Committee on Finance. As the situation now exists, these particular contracts are subject to profit limitations as well as to renegotiation. It was decided by the committee that, provided a suitable amendment could be prepared which had the approval of the director of the staff, Mr. Colin F. Stam, I was authorized, as chairman of the committee, to accept the amendment. The amendment also has the approval of the chairman of the Ways and Means Committee of the House.

Mr. CASE of South Dakota. Mr. President, I listened to the amendment as it was read. It is difficult from a reading of it to determine what it would do to other sections of the bill. As nearly as I could understand from the reading of it, and from what the distinguished chairman of the Committee on Finance has stated, the purpose of the amendment is to make it possible for a contractor to be freed from ceiling profit limitations in the contract and to leave the determination to the Price Adjustment Board under the Renegotiation Act.

Mr. BUTLER. That is correct.

Mr. CASE of South Dakota. I see no objection to it, if it does not hamper the operations of the Price Adjustment Board. The Board is under a duty to determine the profit.

Mr. BYRD of Virginia. The Renegotiation Board approves of the amendment.

Mr. CASE of South Dakota. It does not impair their ability to function?

Mr. BYRD of Virginia. That is correct.

I ask unanimous consent that a statement on the amendment be printed in the RECORD at this point.

The PRESIDING OFFICER (Mr. HARTKE in the chair). Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

This amendment is designed to prevent the Government agencies from employing certain profit limitation devices which undermine the will of Congress as expressed in the Renegotiation Act of 1951.

There are at least three instances in which administrative agencies, through regulatory action, are subjecting contracts to these profit limitations even though the same contracts are subject to renegotiation.

(1) The Federal Maritime Administration (and Federal Maritime Board) requires that all ship repair contracts contain a clause (Article 41) which requires a contractor to repay to the Federal Maritime Administration any profits on the contract which exceed 10 percent of the contract price.

(2) The Navy Department follows the practice of inserting an escalation clause (art. 6(e)) in ship contruction contracts which permits the contracting officer to deny the agreed upon escalation payments if he finds that the payment "is not required * * * to enable the contractor to earn a fair and reasonable profit" under the contract.

(3) The Federal Maritime Administration (and the Federal Maritime Board) also employs an escalation clause in shipbuilding contracts (sec. 5) which provides that escalation payments will not be made if the payments would yield the contractor a profit of more than 10 percent of the contract price.

A brief consideration of the nature of renegotiation shows that these types of profit limitations are inconsistent in several respects with the type of profit limitation decided upon by Congress when it adopted renegotiation. The Renegotiation Act empowers the Government, acting through an independent agency known as the Renegotiation Board, to require a contractor to repay to the U.S. Treasury any profits earned on renegotiable Government contracts which, in the judgment of the Board, are excessive for the fiscal year involved. This type of profit limitation differs radically from that involved in the provisions described above.

(1) Renegotiation, is not conducted on a contract-by-contract basis but on an overall fiscal year basis. In other words, if a contractor holds several renegotiable Government contracts the question of whether he has earned excessive profits is not determined by reference to each individual contract but is determined with respect to his aggregate profits during a fiscal year on all the contracts, with the result that losses or deficiencies in reasonable profits on one contract may be offset against excessive profits on another contract.

(2) In the renegotiation process, the determination of excessive profits is not made by a contracting officer or any other official in the contracting agency, but is made by an independent official on the Renegotiation Board. The Renegotiation Act itself fortifies this procedure by prohibiting the Board from delegating any of its powers to any person in any agency who is responsible for making procurement contracts for that agency.

(3) Under renegotiation, amounts which are determined to be excessive profits are required to be paid into the surplus fund of the United States Treasury and not to the agency which made the contract. The requirement that excessive profits be paid to the Treasury rather than to the contracting agency involved has the desirable effect of preventing contracting officers from relying on renegotiation or any other after-the-fact profit limitation device in establishing the original terms of the contract.

(4) Renegotiation does not establish an arbitrary flat rate profit limitation on all contracts but requires the Renegotiation

Board, in determining excessive profits, to take into account numerous factors which may vary among different contracts and contractors.

When Congress adopted renegotiation, it had before it a considerable amount of prior experience with other forms of profit limitations similar to some of those described above which are currently being employed by regulatory action of administrative agencies, and in view of the various shortcomings of such other forms of profit limitations it rejected them in favor of renegotiation. For example, the Merchant Marine Act of 1936 and the Vicent-Trammel Act of 1934 contained flat rate profit limitations of 10 percent and 12 percent of the contract price in the case of ship construction and aircraft construction contracts, respectively, and required contractors holding such contracts to repay any profits in excess of the limit to the contracting agency involved. Congress provided, however, in section 102 (e) of the Renegotiation Act that the profit limitation provisions of those two acts be suspended so long as renegotiation is in effect. Despite the fact that Congress expressly indicated its intention to suspend such other types of profit limitations and despite the fact that the other types of profit limitations described above are inconsistent with the renegotiation process, some of the administrative agencies have, in effect, nullified the congressional policy by employing profit limitation devices other than renegotiation, even though the contracts to which the other profit limitations are applied are, at the same time, subject to renegotiation.

In order to prevent the renegotiation authority from being weakened and to prevent the will of Congress from being circumvented by such administrative action, this amendment prohibits use of the type of profit limitations described above so long as the Renegotiation Act is in effect.

Mr. CASE of South Dakota. With the explanation which has been afforded, I shall not object to the acceptance of the amendment. Perhaps it serves a good purpose. While I have the floor, however, I should like to make one or two comments about the act and its extension.

Mr. BUTLER. I thank the Senator from Virginia. Do I understand that the amendment has been accepted?

The PRESIDING OFFICER. The Senate must still act on the amendment.

Mr. CASE of South Dakota. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. CASE of South Dakota. The Senator from South Dakota was a bit concerned by some of the language in the bill as it was passed by the House of Representatives, particularly the language on page 2 of the bill which would have inserted at a certain point in the act, under section 103, an amendment reading "the net worth, and the amount and source of public and private capital employed." That might weaken the ability of the Price Adjustment Board to make a distinction between Government capital and private capital employed on a defense contract.

If I may have the attention of the chairman of the committee, as I understand, the committee has stricken out that language in the bill as it passed the House, which would have weakened the distinction between private capital and public capital employed by the contracting firms. Is that correct?

Mr. BYRD of Virginia. We continue the present law. We struck out the House provision, and we continue the present law for 3 years, and then provide for a study. As the Senator will note, the provisions of the House changing the present law were stricken out by the Senate.

Mr. CASE of South Dakota. I wish to commend the Committee on Finance for that action. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I was merely going to make a statement similar to that which has already been made by the chairman of the committee.

The Committee on Finance struck out all the House language from the bill as it came from the House and merely provided for a simple extension of the statute. The bill now before the Senate merely provides for a simple extension of the Renegotiation Act, and for a study to be made.

Mr. CASE of South Dakota. Mr. President, I hope the conferees on the part of the Senate will be able to maintain their position in conference, or that the House will accept the amendments which are being proposed by the Senate to the House bill.

The fear I had as to the language adopted by the House was that it would defeat one of the main purposes of the renegotiation statute. Back in 1942, when renegotiation was first started, the need was created by the fact that under the general tax law there was no way to distinguish between a company which was making profits on the basis of privately invested capital and a company which was making profits on the basis of Government-invested capital.

At that time Congress felt it was unfair that the same rate of return should be accorded the contractor who was using a Government plant, Government tools, and Government capital with which to operate as was received by a contractor who was investing his own money and using his own plant, his own tools, and his own talents, managerial and otherwise. If we were to forget that distinction, we would destroy one of the objectives of the whole renegotiation process.

So I am appreciative of the fact that the Committee on Finance has confined the bill to a simple extension plus the provision for the study, as has been set forth.

The procurement of the Defense Department at present is going through a period quite similar to that during the early stages of World War II. Many companies are engaged in the production of new materiel, new machines, or new gadgets of one sort or another. There is no price history, in many cases. It is impossible for firm pricing to be made when a contract is first awarded. It is necessary to have some experience in production in order to be able to establish sound costs. The renegotiation procedure, by providing for a redetermination of compensation on the basis of determined costs, is the only practical way which has been found to avoid exorbitant and excessive profits.

I certainly am glad the act is being extended, and I appreciate the constructive attitude which has been taken by the Committee on Finance.

The PRESIDING OFFICER. The committee amendment is open to further amendment. If there be no further amendment to be proposed to the committee amendment, the question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 7086) was read the third time and passed.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM—ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, I desire to inform the Senate that it is hoped to proceed today to the consideration of the independent offices appropriation bill. That bill has not yet been cleared. I shall make the request for its consideration when it has been cleared. I wish all Senators to be on notice that it is expected that the bill will be taken up today.

I should like to reiterate the notice which I gave earlier that the TVA financing bill has been reported unanimously by the Committee on Finance.

I should also like to have Senators know that the Committee on Finance expects to report the tax bill tomorrow. When the report is available, the bill will be called up, on either Thursday or Friday, or on Saturday, if necessary. I have talked with the distinguished chairman of the Committee on Finance and also the distinguished ranking minority member of that committee, and have been informed that they expect that the bill will be reported tomorrow. If it shall be, I should like to be prepared to move to take it up promptly after the report is available.

THE CONTINUING FIGHT AGAINST OBSCENITY

Mr. KEATING. Mr. President, one of the great unfinished tasks before Congress is that of providing further weapons for the war against obscene literature and material. While it is true some

progress has been made to curb the barons of pornography, the fact that many of them continue to prosper indicates that additional steps must be taken.

If there ever was an issue which should command universal support in Congress, it is the great crusade against obscenity, which is being spearheaded by the Post Office Department and numerous religious, civic, and fraternal groups. It is my hope Congress will aid and abet their activities by the enactment of additional laws in the field.

In this connection, Richard L. Lyons, the astute and able reporter of the Washington Post, recently wrote an interesting and informative article on the background and future prospects for statutory action in this field. He delineates succinctly the problems involved, as well as the proposals now being considered by the Post Office Department. I ask unanimous consent to have the article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 21, 1959]

NEW LAWS SOUGHT IN OBSCENITY FIGHT

(By Richard L. Lyons)

The Post Office Department is going back to Congress this session for more legislation to help keep pictures, magazines, and other material it considers obscene out of the mails.

The Department fights obscenity with two weapons. One is an 1872 criminal law under which a person may be fined and jailed for mailing material a jury finds obscene. The other is administrative procedures, often leading to civil court suits, by which the Department tries to keep out of the mail material it considers obscene.

An example of the latter procedure is Postmaster General Arthur E. Summerfield's ban on "Lady Chatterley's Lover," which was promptly challenged in Federal district court in New York.

Last year the Department got a strong new weapon from Congress, an amendment to the criminal law permitting prosecution either where the material was mailed or delivered. The courts had ruled that the old law permitted prosecution only where it was mailed. The Department had complained that juries in New York and Los Angeles, the two big sources of objectionable material, were taking too liberal a view of what constitutes obscenity. The new law permits trying cases in other communities which may take a stricter view.

CLEARER DEFINITION SOUGHT

Department officials told a House Post Office subcommittee in April it has adequate criminal legislation. But it proposed three ways to tighten its administrative procedures. The bills have not been introduced. But their purpose is to make it easier to impound questioned material until the Department decides whether it is obscene, make it easier to deny low-cost second-class mailing privileges to publishers of objectionable material, and write a clearer definition of obscenity. Department lawyers who have been trying to define obscenity for years are not too optimistic that they can find one to suit.

Under the present impounding procedure, when a local postmaster spots questionable material (he can open all but first-class mail) he sends it to the Department's general counsel. If he finds reasonable cause to consider it obscene, the material will be held up until a departmental hearing and decision has been made.

Present law permits the Department to hold the material for 20 days and to seek a court order for additional time if necessary to enforce the law.

WANTS TIME FOR DECISION

The Department says it is essential to hold up the material, or the damage will be done before it can make a decision. But it complains that the courts usually refuse to extend the stop order, and in some recent cases have restrained the Department from enforcing its original 20-day stop order. Involved is a constitutional question of prior restraint on free speech, plus damage to a regular publication which doesn't reach subscribers.

The Department is drafting legislation which would prevent courts from knocking down stop orders unless they are shown to be arbitrary or capricious. It wants to extend the period of the initial stop order from 20 to 45 days. It wants the standard for an extension changed from "necessary" for law enforcement to in the "public interest." And it suggests that the publisher be given a statutory right of appeal from its decision direct to a U.S. court of appeals, which deals more with questions of law than with the facts of the case.

The Department is also seeking an amendment to the second-class mailing requirements to redefine a "legitimate list of subscribers." More than half his mailing must go to subscribers for a publisher to qualify for second-class privileges. Since 1900 the Department has considered newsstand and other dealers to whom a publisher mails his material as subscribers. It wants the term limited to individual subscribers. Few of the objectionable magazines are sold that way.

General Counsel Herbert B. Warburton urges Congress to try its hand at defining obscenity because, he said, the Supreme Court so liberally defined it in the 1957 Roth case that the Department has been forced to grant second-class privileges to publications previously denied it.

The Court said the test was "whether to the average person, applying contemporary community standards, the dominant theme of the material taken as a whole appeals to prurient interest."

In suggesting that Congress write a definition, Warburton cautioned the subcommittee: "You should anticipate that a considerable objection will be raised to this kind of legislative proposal."

THE WORLD CONGRESS OF UKRAINIAN WOMEN

Mr. KEATING. Mr. President, I am pleased to call to the attention of the Senate the convening today in New York City of the World Congress of Ukrainian Women. The Ukrainian National Women's League of America, the largest Ukrainian women's organization in the non-Communist world, is acting as the hostess for this gathering, which will be attended by some 160 delegates from four continents.

Some idea of the manner in which the brave people of Ukraine have been separated can be gleaned from a study of the places from which the delegates to the Congress will originate: They include Brazil, Venezuela, Australia, Germany, Great Britain, Canada, and the United States.

The slogan of the Congress is: "Ukrainian women in the non-Communist world in defense of the four freedoms, and human rights, wherever they are denied in the world." The delegates are dedicated—and rightly so—to opposing the forces of appeasement. They work for policies of steadfast opposition to communism and of free world activities based on firmness and strength—the only language the men in the Kremlin understand and respect.

The World Congress of Ukrainian Women serves a vital task of spotlighting the attention of the world on the plight of the noble people of Ukraine, a country now trapped behind the Iron Curtain. It should serve to inspire all of us to a rededicated effort to achieve the freeing of Ukraine so that it can once more take its rightful place in the family of free nations.

I am pleased on this occasion to salute the delegates to the Congress for the wonderful manner in which they are preserving the fine traditions of Ukraine and for their unceasing labors for the independence of their homeland.

In this connection, I ask unanimous consent to have printed in the RECORD, following my remarks, a résumé of Ukraine's status to date, which Mrs. Helen F. D. Lototsky, president of the Ukrainian National Women's League of America, has sent to me.*

There being no objection, the résumé was ordered to be printed in the RECORD, as follows:

RÉSUMÉ

In 1925 the Ukrainian National Women's League of America, Inc., was founded. Then, in 1944, with World War II at its height they founded the 32-page, monthly magazine Our Life, with subscribers now all over the world. It is also sent to the 35 organizations which belong to the International Council of Women, and deals with all phases of life as Ukrainian women throughout the world know it.

By 1948 the need for unification of Ukrainian women's organizations was felt. And, when the UNWLA held its first postwar meeting in Philadelphia, it culminated in the establishment of the World Federation of Ukrainian Women's Organizations, with the late Mme. Olena Kisilevska, noted writer, and one of the pioneers of the feminist movement in Ukraine as its first president. The World Federation of Ukrainian Women now has twelve member organizations among the 2 million Ukrainian population of the non-Communist world.

Ukraine is not young. In 988 A.D. King Vladimir officially declared Ukraine a Christian nation. Voluntarily, Yaroslav, the Lawgiver of Kiev, in 1031 A.D. promulgated the Ukrainian Code of Rights, known as "Ruskaya Pravda." This people of such ancient autonomy has resident in them the power, but are deprived of the right to govern themselves.

Migration of Ukrainians to the Western World began, for economic reasons in 1890. But the next wave of migration was political, when after World War II Ukrainians fled the tyranny of Russian communism.

The sufferings of Ukrainian women, under the domination of Russian communism are without precedent in human history. Heretofore men have respected the lesser physical strength of women, and their especial functions in the human group, as designed from the beginning of time, especially their spiritual quality in the home. And, in so doing have retained their own self-respect. In periods of emergency all women rise to unknown heights of service, often of a unique type; and therefore this mass brigading of women to manual labor is at once an outrage and a fear to womankind everywhere.

*The resume was written by Mrs. Jean B. Wolcott Piper of The Brooklyn Eagle.

Russian Communist rule has cost Ukrainian people millions of lives. Pressure upon them is incessant, and of an increasingly ingenious cruelty, reaching now to the very roots of life—childhood. During the initiation of the collectivized farms, when land was taken from the farmers to make them conform to the new plan, 6 million died of starvation. Now 15 million are in Soviet slave labor camps; and of this number 1,500,000 are women.

The new trend is to build up Government-controlled boarding schools, where the young can be state-indoctrinated. This institutes a system that serves a dual purpose: children are state-indoctrinated, and thus the mothers are available for whatever, or wherever work for the state is required.

A shocking instance of this power of the Russian bolshevik over these schools came to light following the March 15, 1959, commemoration by the city of Mukatchew of the 29th anniversary of the independence of the province of Carpatho-Ukraine. The date of the celebration fell on Sunday. During the previous night, the people of Muskatchew scattered revolutionary pamphlets throughout the entire city, and wrote pointed slogans on the walls. The next day not a person stirred on the streets, for all churches had been closed. Russian reprisal was swift on the heels of this insurrectionary gesture by the citizens, and was also timed for that area's part in the new virgin lands development project. Immediately the 200 girls in the Government-controlled boarding school in that city were forceably transferred to the virgin lands of Kazakhatan.

This virgin lands development project calls for 1 million girls in the 18–19 age bracket, of which 300,000 are to be from Ukraine. In these cold, barren steppes houses do not yet exist; and to survive they must at once go to work to provide shelter for themselves. There are special commissions assigned to the task of selecting the certain quota of girls from any given community; and any tremor of discontent marks a community for immediate action. This diabolical plan is aimed at non-Russian nationalities, which are not only anti-Communist, but also anti-Russian. While Ukrainians and White Russians are sent to Central Asia or Siberia, the natives of Central Asia are resettled in other republics. This also serves two purposes: to dissipate the power to revolt, while at the same time developing these virgin lands. No concern is evinced as to whether these girls will survive the more than rigorous conditions in this new type of exile, or the mental anguish of their being torn forever from their homes, and the repugnance of having to accept a husband forced upon them. Normal family life as the world knows it, is an impossibility there.

Not only does this congress have on its agenda consideration of the same problems as other women's organizations: education, delinquency, social work, et cetera, but in addition the problem of helping newly arrived Ukrainian women to adjust themselves to settlement in the non-Communist lands to which they have come; and to appeal to women everywhere to condemn the violation of human rights conducted by Russian Communists in persecuting religion, the new trend of Government-controlled boarding schools, the forcible separation of children from their families, and the hard labor to which women are subjected in the Russian-Communist regime.

These freedoms are of vital concern to all mankind. We cannot fight alone against these terrible wrongs. Our sisters behind the Iron Curtain are not allowed to form women's organizations, much less is there any law through which they may seek redress for the wrongs perpetrated upon them. What woman knowing of their plight can remain insensitive to their suffering?

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 32. An act for the relief of Uwe-Thorsten Scobel;

S. 33. An act for the relief of Bertha Glickmann;

S. 46. An act for the relief of Ben Chassin;

S. 110. An act for the relief of Yaeko Inouye;

S. 178. An act for the relief of Wong Bick Quon (Maria Wong);

S. 199. An act for the relief of Stanislawa Siedlecka (Rejman);

S. 201. An act for the relief of Chiyoko Korematsu and Aiko Korematsu;

S. 245. An act for the relief of Umeko Parker;

S. 313. An act for the relief of Collingwood Bruce Brown, Jr.;

S. 317. An act for the relief of Tatsuo Kochi;

S. 319. An act for the relief of Theodore Burtzos;

S. 320. An act for the relief of Sofija Laica;

S. 322. An act for the relief of Dr. Stasys Sereika;

S. 327. An act for the relief of Cwy Pinkusiewicz;

S. 328. An act for the relief of Ellen B. Mueller;

S. 330. An act for the relief of Erminio Neglia;

S. 460. An act for the relief of Gorjana Grdjic;

S. 461. An act for the relief of Androula Neofitos Stephanon (Androula Kyriacou Stephanou);

S. 524. An act for the relief of Giovanni Malara;

S. 604. An act for the relief of Christos Kartsonis;

S. 611. An act for the relief of Harry H. Nakamura;

S. 624. An act for the relief of Girolamo Naselli;

S. 626. An act for the relief of Maria Wolfram;

S. 755. An act for the relief of Siglinde Ginzinger Maxwell;

S. 848. An act for the relief of Petar Trbojevic;

S. 855. An act for the relief of Saeko Higa and Masako Higa;

S. 896. An act for the relief of Anthony Elio Monacelli;

S. 940. An act for the relief of Hlias Anthony Lousedes;

S. 1037. An act for the relief of Jessie Isobel Foster;

S. 1042. An act for the relief of Stephanos Tsoukalas;

S. 1128. An act for the relief of Jurij Antin Nimylowycz;

S. 1192. An act for the relief of Angela Maria Staia Labellarte; and

S. 1887. An act for the relief of Alice V. Tenly.

The message also announced that the House had agreed to the following concurrent resolutions of the Senate:

S. Con. Res. 30. Concurrent resolution withdrawing suspension of deportation in the case of Eduardo Pires;

S. Con. Res. 31. Concurrent resolution withdrawing suspension of deportation in the case of Eva Garcia de Zepeda;

S. Con. Res. 32. Concurrent resolution withdrawing suspension of deportation in the case of Jose Poblet; and

S. Con. Res. 51. Concurrent resolution to enroll S. 57, the Housing Act of 1959, with certain corrections.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until 11 o'clock a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

AWARDING OF DEFENSE CONTRACTS

Mr. KEATING. Mr. President, I notified my friend and colleague, the Senator from California [Mr. KUCHEL], that I would speak at this time; and I hope he will soon be on the floor.

Mr. President, in the early morning hours of last Friday, June 19, I found myself in a very exalted but extremely ironic position. As some Senators may recall, following the vote on the question of confirmation of the nomination of Mr. Lewis Strauss, I was placed in the Chair, which is now occupied by my distinguished friend, the Senator from Indiana [Mr. HARTKE]; and I was acting as Presiding Officer at that early hour in the morning, when all important business for that session had been transacted. But some Members still desired recognition, in order to enlighten their colleagues and the world in regard to various matters of interest.

That is a position which I occupy from time to time, always with pride and also with deep humility. I have worked long and hard to become a Member of this body, and along the way I have done my utmost to represent effectively the people of the State of New York.

On the particular occasion to which I refer, when the distinguished Senator from California [Mr. KUCHEL] rose and launched an outright attack on proposed changes in defense procurement policies advocated by my distinguished colleague from New York [Mr. JAVITS] and myself, the very height of my exalted position at that time prevented me—because of the rules of parliamentary procedure in this body—from replying to him and from showing him the errors of his logic and his mistaken approach to what I am convinced is a most worthy proposal. In short, Mr. President, at that early hour on Friday morning I was a prisoner of my own temporary eminence.

Since then, I have put aside the regal mantle of Presiding Officer of the Senate, and once again have assumed the role of an ordinary Senator. Therefore, at this time no parliamentary rule prevents me from answering that statement by the Senator from California; and I wish now to reply to his remarks.

Mr. JAVITS. Mr. President, at this point will my colleague yield to me?

Mr. KEATING. I am very happy to yield.

Mr. JAVITS. I wish to make clear that when my colleague was then presiding over the Senate he promised that he would reply; and he is now keeping his promise. I also wish to make clear that, in speaking today, he speaks for both of us.

I had the honor to introduce, together with my colleague the Senator from New York [Mr. KEATING] and the Senator from New Jersey [Mr. CASE], the bill which my distinguished colleague now proposes to explain and defend. I am deeply convinced that the bill is in the patriotic interest of the country. I believe my colleague will give a good account of himself in that connection.

I hope very much that the Senators from California may see fit to respond in terms of the situation of their own State.

When my colleague has concluded his presentation, I should like to join in the debate.

Furthermore, I wish to say that, as a matter of policy and principle, I think to advertise this matter as a struggle between New York and California, or vice versa, does not do justice to either State.

I feel—and I know that my colleague will speak very eloquently for himself—that New York and California need apologize to no one for their industrial skill and their ability in connection with defense orders. I hope very much that will be made clear.

We respect California. We love California. We think California is a great State, and we think it has done an outstanding job in respect to defense procurement. We want New York to do at least as well.

Mr. KEATING. In fact, I may even go so far as to say that we also love the Senators from California. [Laughter.]

Mr. JAVITS. We certainly do.

So I hope very much—although I know it is very glamorous to become excited and to describe this situation as a struggle between California and New York—that it will be clear that we are only trying to have our State do at least as well as California, and that, indeed, we believe that it is both our right and our duty to do so.

Furthermore, let me say that I am very grateful to my colleague. He is now making this analysis of the matter; and I believe it was a happy circumstance and a happy augury for New York that he was in the Chamber at the time when the Senator from California [Mr. KUCHEL], spoke. The Senator from California mentioned my name; and I am delighted to have in the lists, as my champion, my distinguished colleague from New York.

Mr. KEATING. Mr. President, I appreciate the very kind and unduly generous remarks of my colleague from New York.

I shall now endeavor to enlighten the distinguished Senator from California [Mr. KUCHEL], in regard to the facts—I will not say in regard to the facts of life—which relate to defense procurement policies and the objectives which my colleague [Mr. JAVITS], and I seek to accomplish by means of the proposed legislation we have joined in introducing.

Undoubtedly through an excess of zeal at that early hour in the morning, the distinguished Senator from California said that the real objective of Senate bill 1875 is to take contracts away from places where the Department of Defense has awarded them and put them someplace else. If the Senator is referring to taking them out of California and putting them in the State of New York—as I suspect he may have been—I could not conscientiously object to such a proposal. After all, New York carries the lion's share of the Federal tax burden. For every dollar contributed by the California taxpayers to pay the cost of the defense procurement program, the State gets back $2.70 in defense contracts. For every dollar contributed by the New York taxpayers, New York State gets back in defense work, a paltry 64 cents. It is patently apparent that the senior Senator from California is completely satisfied with the status quo.

But Senate bill 1875 is not designed to take defense contracts away from California firms, and reaward them to New York firms. I am well aware—as my colleague [Mr. JAVITS], already has indicated that he is—of the fine work done by the many California companies now engaged in defense production. However, I do feel that I should call the distinguished Senator's attention to the fact that we in New York also believe our State to be most capable and well equipped in the field of defense production. I have only to point to the magnificent job being done by our numerous aircraft plants on Long Island and in the Buffalo area, which are busily turning out aircraft and missile components of the highest quality, or to our many electronic plants located all over the State, including those at Binghamton, Rochester, Syracuse, Schenectady, and Poughkeepsie.

S. 1875 is designed to enable the United States to gain greater economy and efficiency in defense procurement. Certainly this is a goal with which no one can argue. It is absolutely essential to the Nation's economy that we use the most efficient and economical methods in buying the property that goes to make up our defense plant. It must always be remembered that the military strength of our country is no greater than the economy that supports it.

Mr. KUCHEL. Mr. President, will the Senator yield at that point?

Mr. KEATING. I am very happy to yield to my distinguished colleague from California.

Mr. KUCHEL. In describing the intention for which my able friend and his colleague have introduced the bill as one to achieve greater economy and efficiency in the expenditure of Defense Department moneys, does my friend in any respect imply a lack of efficiency or economy in the means by which procurement in the Defense Department has been obtained and is being obtained?

Mr. KEATING. I have served in the Army. My friend has also served in the Armed Forces.

Mr. KUCHEL. In the Navy.

Mr. KEATING. In the Navy, I believe. Both of them are estimable services. I may say to my friend I never saw a procurement in any branch of the Armed Services which was as economical or as efficient as it could be made.

I am not directing criticism at any particular branch or any particular policy at the moment, but I think improvement can be made. It could have been made when I served in the armed services, I am sure. It could have been made when I came to the Congress of the United States under previous administrations, and it can be made under this administration.

Mr. KUCHEL. I shall be extremely interested, as I listen to the remarks of my able friend, if he will be able to spell out how greater economy and efficiency may be achieved, because my friend and I are both in favor of maximum efficiency in all fields of governmental service and governmental procurement. But here, with respect to this bill particularly, I should like to have the right to ask my friend some further questions to see whether we can develop a means of accomplishing what my able friend has in mind.

Mr. KEATING. I am aware of the consistent fight my distinguished friend from California has made for greater economy and efficiency. I am also aware of his broad-minded attitude, as is also true of his colleague from California [Mr. ENGLE]. It is my hope to be so convincing in my presentation of what we are seeking to accomplish by way of legislation that both my colleagues from California will see fit to cosponsor this proposed legislation, following these few remarks today.

As I pointed out in a rather prefatory manner, President Eisenhower has said again and again that inflationary forces working against the economy of the United States present just as great a peril as do the guns and bombs of the Soviet Union.

Under the present administration the Nation is enjoying a booming economy such as it has never before experienced. Employment is still going up. The amount of savings of the American people has never been greater. Our production rate is still rising. Yet, despite all these positive factors, there are some soft spots in the economy. Most of these are due to a change in the kinds of weapons now needed by our Armed Forces. Where before the emphasis was on the products of heavy industry—ships, and tanks, and motor vehicles—the need now is for the products of lighter, more scientific industries such as electronics, computers, and missiles. Because of this change, some areas of heavy industry have had to convert their plants in order to secure their fair share of defense orders. This takes time and money, and accounts for some of the soft spots in the economy and for some of the labor surplus areas. Those firms that were already in related fields, such

as the aircraft industry, were less seriously hurt in the conversion process.

The sole purpose of S. 1875 is to assure maximum competition, consistent with the national security, in the awarding of defense contracts. It would do this by defining more clearly the procurement policies in cases where the national interest requires that formal advertising and competitive bidding be replaced by negotiation. In these cases the policy would be changed to require competitive negotiation to the greatest extent practicable.

Mr. President, I am well aware that often when a defense contract is to be let, it is impossible for the contracting agency, whether it be the Air Force, the Navy, or the Army, to advertise openly and formally for bids, and then, after having done this, award the contract to the lowest qualified bidder. It is understood that there are many reasons why this is not always possible. The particular weapon might be a secret one, and the agency would not wish to advertise the fact of its production. It might be that the need at the time for a certain part is so urgent that the quickest way to get it would be to let the head of the agency use his discretion and place the contract immediately, using his own best judgment. I do not quarrel with these good and just reasons. However, I think that the trend recently has been more and more toward negotiation rather than competitive bidding after formal advertising in the awarding of contracts. Again, I have no quarrel with this as such. If the national interest requires that a contract be negotiated, it should be negotiated. The men in the Department of Defense are fine, patriotic Americans, many of whom have made great personal and financial sacrifices in order to serve their country, and they are doing their extremely difficult jobs conscientiously and well. But, I do say, that when a contract is to be negotiated, let us have competitive negotiation with two or more firms competing. For it is the American spirit of competition that has helped to make this country the great arsenal of the free world that it is today. The Armed Forces themselves endorse this theory of competition by maintenance of the separate branches.

That competition from time to time becomes very strenuous. It would seem logical, therefore, that the same policy should be adopted in the field of procurement.

Mr. President, I am about to discuss the bill in greater detail, but in the meantime I call attention to the position of the present occupant of the chair [Mr. JAVITS], and I hope he will not find himself in the embarrassed state in which I found myself on Friday morning, and that he will have relief as the Presiding Officer in this great Chamber prior to the termination of this debate, because I look upon his services as extremely helpful to me in the fight which we are today waging.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. KEATING. I am happy to yield to my distinguished friend.

Mr. KUCHEL. Here is an anomalous situation, Mr. President, involving two of the most effective, most efficient, most able Members of the Senate, both from the State of New York, both dedicated to do that which they ought to do as partisans for the great State and Commonwealth which they represent, one occupying the office of Presiding Officer in the Senate, the other, under the rules of the Senate, having possession of the floor. What is it, Mr. President, that any of us could do to overcome or, indeed, on a basis of equal treatment, combat the two able Senators from New York—and I say this in no invidious manner, Mr. President—who thus control at the moment the great and gigantic machinery of the United States Senate?

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KEATING. I will say to my friend, I must reply.

My colleague has been immobilized in the same manner in which I was immobilized last Friday in the wee morning hours. I hope that before the debate terminates some distinguished Senator, such as our friend the Senator from Minnesota, or some other Senator, will be able to take the chair in order that the Senate may have the benefit of the views of my colleague.

Mr. KUCHEL. Mr. President, may I make one more comment?

Mr. HUMPHREY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. JAVITS in the chair). Does the Senator yield; and, if so, to whom?

Mr. KEATING. I am happy to yield to my friend the Senator from California, and then I will yield to my friend the Senator from Minnesota.

Mr. KUCHEL. I merely want to say, Mr. President, when my good friend speaks of the immobility under which he was laboring as the Presiding Officer the other night, it was an immobility of which he divested himself almost immediately, because the fact that my able friend the junior Senator from New York sat in the Presiding Officer's chair did not dissuade him one bit from arguing with me from that position when I was making my speech.

Mr. KEATING. I tried to preserve the amenities of the occasion and the responsibilities I had as the Presiding Officer.

Does my friend the Senator from Minnesota desire to have me yield?

Mr. HUMPHREY. I appreciate the courtesy of the distinguished Senator.

A moment ago I heard my illustrious and distinguished friend, the deputy leader of the Republican minority, point out the situation which existed in the Senate when the two distinguished Senators from New York, one as Presiding Officer and one as the acting leader, were in charge. With at least indirect reference to the two distinguished Senators from California there was a so-called stalemate or balance of power. I merely wanted to say that if any of the Senators wish to make the proper approaches, there is yet another Senator present, and we might be able to tip the balance of power one way or another. I merely wanted to accommodate my friend from California.

Mr. KEATING. I shall go into executive session with my friend from Minnesota.

Mr. HUMPHREY. I shall be very appreciative of that. I hope, however, that the Senator's inducement is one which will be of a liberal, progressive persuasion, so that I will find myself able to work side by side with him.

Mr. KEATING. I am certain the Senator from Minnesota, knowing the Senator from New York as he does, is assured that would be the case. He would be able to give the Senator greater assurance, probably, than my colleagues from California.

I now yield to my friend the Senator from California.

Mr. HUMPHREY. May I say to my good friend from New York, before he yields, that the reason for the question was that I was not quite that sure. Now, with the response, I feel much better, and will feel free to leave the Chamber for a moment.

Mr. KEATING. I thank the Senator. I am happy to have had a hand in providing that feeling.

Mr. HUMPHREY. I thank the Senator.

Mr. KEATING. I now yield to the junior Senator from California.

Mr. ENGLE. Mr. President, I understand that our distinguished friend the Senator from New York intends to discuss in some detail the proposed legislation which he, the senior Senator from New York [Mr. JAVITS], and the Senator from New Jersey [Mr. CASE] have introduced.

Mr. KEATING. Not in great detail, I will say.

Mr. ENGLE. Preliminary to the Senator's discussion, I should like to inquire whether he intends to discuss whether it is the purpose of the proposed legislation to provide for a political allocation of defense contracts in this country.

Mr. KEATING. No.

Mr. ENGLE. Does the Senator have in his remarks any statement with reference to whether he believes New York ought to be given defense contracts in preference to California because of the immense political power of New York?

Mr. KEATING. No. Of course the Senator from New York makes no such claim either in his prepared remarks or in any other way, and in fact he disavows that any contract should be awarded on a political basis.

Mr. ENGLE. Mr. President, will the Senator yield further?

Mr. KEATING. I am happy to yield.

Mr. ENGLE. I observe on page 3, line 7, of the bill these words:

> A fair proportion of purchases made under this chapter be placed with concerns located in areas of substantial labor surplus.

I should like to ask whether the distinguished and able Senator from New York, when he delivers his prepared remarks, will tell us whether he believes defense contracts ought to be a sort of glorified WPA to take care of labor surplus areas, without respect to whether those areas can produce competitively

the types of articles needed by the Department of Defense. Does the Senator propose to discuss that particular point?

Mr. KEATING. The Senator from New York does propose to discuss that point. Again I wish to disavow any effort to make any WPA project out of procurement.

I invite the attention of my distinguished friend the Senator from California to the fact that there is now in the law a provision with respect to small business concerns. In effect, the provision is that a fair proportion of the purchases shall be placed with small business. That does not mean that if it is not in the interest of efficiency and economy of operations a small business concern should be given a contract as against a large business concern. That is simply one factor.

There are provided simply certain guide lines for the procurement authorities, as I shall point out. I think possibly, since my remarks are not long, it would be more enlightening if I completed my analysis of what we are trying to get at, and then replied to any questions which might still be in the mind of my friend the Senator from California.

The present law states the policy of Congress in military procurement as follows, relating to small business:

> It is the policy of Congress that a fair proportion of the purchases and contracts made under this chapter be placed with small business concerns.

Mr. President, that is all it says. There are no other guideposts. Here we have the world's largest purchaser, the United States Government, through its largest Department, the Department of Defense, spending the largest part of the whole budget, some $40.9 billlion, and all the present law says is that a fair proportion of the purchases should go to small business. It in no way says how this should be accomplished.

Simply stated, S. 1875 does several things:

First. It advocates, wherever possible, that purchases be made through competitive bidding after formal advertising.

Second. It states that when the national interest requires a contract be negotiated, the policy should be that it be negotiated competitively with two or more firms.

Third. It advocates the purchase of products which are readily available on the open market, whenever it is possible to do so.

Fourth. It states that the security of the country requires the economy of each section of the Nation be maintained at a level which can support our programs for defense and at the same time sustain the private economic system. It states it is the policy of Congress to insure that this is done by:

A. Giving a fair share of purchases to small business concerns, as is provided at present.

B. Giving a fair proportion to concerns located in areas of substantial labor surplus.

C. Giving contracts to different areas of the country for strategic reasons, and also giving contracts to eligible suppliers from whom relatively smaller proportions of property have been purchased.

Under S. 1875, full and definite policies of procurement are defined. By its very name, the act shows its purpose. It is entitled the "Armed Services Competitive Procurement Act of 1959." It then goes on to list policies and later defines "competitive negotiation" and the procedures to be adopted in its application:

First. Solicitation from two or more sources in sufficient time before the purchase or contract.

Second. Oral or written discussions to resolve uncertainties relating to the purchase, including price, and an equal opportunity to the offerors to revise their proposals.

Third. Award made with reasonable promptness by written notice to the successful bidder, and if awarded to other than the low bidder, an explanation to him at his request, and to the other lower bidders, justifying the award.

Fourth. Property to be identified in the simplest manner, and wherever possible, describe the characteristics of the property in terms of performance, rather than in terms of design and manufacturing details.

Section 2305 provides that when formal advertising is used, the invitations to bid may be restricted to qualified small business firms or concerns in a specific area of the Nation.

Mr. President, the whole intent of S. 1875 is to bring the letting of defense contracts out in the open and to use competitive negotiation wherever possible. It seeks no special favors for the State of New York, nor for any particular State. All we ask is that everyone gets a fair break—including New York. It is my firm belief that if it is adopted, the United States can effect substantial savings in the field of military procurement, without in any way interfering with the efficiency or effectiveness of our defense effort.

I feel sure that my friends have had the same experience I have had, when someone says he did not have the proper opportunity to bid because the specifications were written not with regard to what the property would do, but in terms of design and manufacturing details which excluded his product, and more or less funneled the business to some other concern.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. KEATING. I am glad to yield.

Mr. ENGLE. While the distinguished Senator has been talking I have been reading the provisions of S. 1875. In the light of the professed fairness of the proposed legislation, I am wondering why the distinguished junior Senator from New York believes that this proposed legislation is directed particularly at California. Does he suspect that there has been some skulduggery at the crossroads which puts defense business in California? Is it necessary, for example, to legislate in order to prevent the tailoring of defense specifications in contracts in order to block California?

I am a little puzzled, let me say to my distinguished friend from New York, as to why California has been singled out, for the second or third time, as the particular objective of the proposed legislation. What is going on in California that the Senator objects to? Does he think we have been guilty of political connivance, and that somehow the Defense Department has become excessively attached to California firms? Why is it that California is selected for preferential designation as the objective of the proposed legislation?

Mr. KEATING. I am happy that the Senator from California raised this question. The name "California" does not appear in the proposed legislation at any point. Nothing has been directed at California in any way. California has no more to do with the legislation than any of the other States.

The only reason any question would arise in my mind with respect to California is the fact that the representatives of that great State seem to be so touchy about the proposed legislation, and so eager to preserve the status quo.

The proposed legislation has nothing to do with California. The entire approach on the part of my colleague [Mr. JAVITS] and myself has been directed to the improvement of the procurement policies of the armed services in order to bring about greater economy and efficiency generally, and without any reference to California. One begins to wonder why representatives of California protest so much about considering legislation to improve our procurement policy.

My statement today is in response to remarks made by the distinguished Senator from California [Mr. KUCHEL] who raised the point, as, apparently, does the junior Senator from California [Mr. ENGLE], that S. 1875 has something to do with California.

The proposed legislation is very similar, in many respects, to proposed legislation introduced by our friend from Delaware [Mr. WILLIAMS], and it has some of the features introduced by the Senator from Massachusetts [Mr. SALTONSTALL]. None of them, I will say to my friend, have anything to do with any particular State. I love California. I am fond of the representatives of California in this great body, and I assure them that this proposal is not directed at any one State.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. ENGLE. Let me say, in response to the remarks of my friend, that, like Will Rogers, all I know is what I read in the newspapers. I read that the New York delegation held a meeting, and that for the first time in 40 years they got together upon one piece of legislation, the declared purpose of which was to break what they called California's excessive amount of defense contracts. The article cited figures. It stated that California had more than 20 percent of the total defense contracts in the Nation, whereas the number of defense contracts which went to New York was going down.

When the distinguished Senator made his original speech with reference to the proposed legislation he referred to the preferential position of California, which

we assert is because of our competence in this field, but which he apparently believes requires some legislation to cure, in the nature of a bill which was introduced, presumably, for that purpose.

That is what excites us. There are certain innocuous provisions in the bill. We are prepared to compete with New York on the basis of advertised competition or on the basis of negotiated competition. But it disturbs me when, repeatedly, in speeches and in news releases from New York, I see that California is being described as the objective of this particular legislation, and of the new-found unity in the New York delegation, which has not existed on the same basis for a period of 40 years.

Mr. KEATING. Let me say to my friend that I am delighted to have unity in the New York delegation. I think it is high time. I am proud, as is my colleague from New York [Mr. JAVITS], that, for the first time in 40 years, the New York delegation presents a united front on something.

But I ask my friend from California to be guided by what is set forth in the proposed legislation and what is contained in these remarks, and not to be misled in any way by what may be printed in the press. My friend from California knows, as I do, that often, in order to make a newspaper article more exciting, certain features are built up in the public print to an extent which is unjustified.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. ENGLE. The other day when the Senator and I had a colloquy on the floor, he cited figures with reference to California's defense contracts, implying that there was something improper in the situation. I asked at the time, "Why pick on California, if we are entitled to the contracts which we have received on the basis of competence?"

Mr. KEATING. My friend is very touchy. Whenever I call attention to the facts, my friend must not feel that I am criticizing him or his great State.

I was calling attention to the fact that New York pays a great amount in taxes, but does not get half as many, or a third as many, defense contracts as California gets. That is a fact. Perhaps it is inevitable. I am not prepared to accept the thesis that it is inevitable. I think we should bring out the facts and lay them on the table. I am not implying anything. I would not imply any impropriety on the part of my friend from California, or the congressional delegation from California, or the great State of California.

Mr. ENGLE. Moreover, the present administration, to which the Senator belongs, has been in power 6 years. If there is any skulduggery at the crossroads whereby California has obtained political allocation of defense contracts, the trail leads directly to the Pentagon. It could be a very serious matter. That is why I am asking these questions.

Mr. KEATING. The protestations about skulduggery all come from my friend from California. The word has never been uttered by me, except to parrot what my friend has said. The reference to skulduggery mentioned by my friend from California has never emanated from any representative of the State of New York of whom I know; and the very fact that it continues to be repeated by my friend from California disturbs me deeply, for fear that there may be something my friend knows about which I have not yet learned about. I have nothing to say on that subject.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. JAVITS. With all due respect to my colleagues, I do not believe that these prodding conversations get us anywhere. Perhaps we can put the issue in focus by showing how this question arose.

When my colleague [Mr. KEATING] came to the Senate, he had a very sound idea. He said, "Let us get the New York delegation together upon whatever issue we can. Perhaps we can get them together at least on the defense order situation."

I was thoroughly in accord. There was a meeting of the New York delegation. There was nothing private. I issued a public release, and so did my colleague from New York.

In the public release I issued I suggested that I was going to draft and introduce a bill along this line. Mr. President, it is one thing to have competition, and it is another thing to have implications. All we say is that California has been going up in defense orders while New York has been going down. I think that almost to the exact mathematical extent to which we have gone down, California has gone up in the matter of defense orders. We have many unemployed persons. Bell Air, in Buffalo, for example, at one time had 20,000 employees. Subsequently, the normal employment was about 15,000. Now they are down to about 1,500. Buffalo is one of the highest unemployment areas not only in the State of New York but in the whole United States.

So it was our duty to say to the people of New York, labor and management alike, "What is going on here? Why have we fallen behind? Sharpen up your pencils. Look at the example of California, which has a united congressional delegation, and a great many unions and industries working together in trade associations. Why can we not emulate their fine example?"

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. JAVITS. Not at the moment. When we get through with all the persiflage, is it not in the finest and highest American tradition, when one is confronted with a situation where one community is getting more and more business and another community is getting less and less business, to do what is done in any business, namely, to get the sales staff together and the people who figure costs, and ask, "What is going on? If they can do it, why can we not? We should emulate their example."

Mr. ENGLE. That is exactly the point. The Senator does not need a bill.

Mr. JAVITS. I will tell the Senator why we need it. I thought this up, and I will tell the Senator why we need it. We say to our friends it is not fair to read any implications into this. If we thought anyone was guilty of skulduggery, we would not be trying the case with a bill in the Senate; we would be raising the devil about it. The Senator knows that as well as we. We have no such thought, and we make no such implications. We have no such intendment. We say California has done extraordinarily well. Our situation has been slumping off. We think we must find something to do about it. There are a number of things we have to do. We have talked to our people and we have asked them to sharpen their pencils. We have talked to the reviewing machinery. We have talked to the trade unions. No one has talked to them more frankly than have my colleague and I. We told them they have a partnership interest in seeing to it that the people they work for are able to compete.

Then we found that a great many of these contracts—and it is understandable how it happened—were being negotiated with firms that had been dealing with the Government in research and experimental contracts when the people in New York would have nothing to do with them. It is a ridiculous situation, but that is what happened. They did not take such contracts when the people in California did. Hence, the people in California obtained a great deal of know-how. Perhaps this came about by reason of the fact that, as men will often do, they took the easiest course, and they dealt with the firms who had research contracts. When it came to negotiating contracts, it was very convenient to deal with the people who had such experimental contracts, and who had obtained the know-how. It was therefore easier to deal with people who had held research contracts, when such a procedure was not popular and when it was a loss item.

I am now coming to the Senator's point. The heart of the bill is contained on page 4, line 23, in which it is provided specifically that when the Government negotiates a contract, if the national interest will allow it, it must get a proposal from two or more sources. There is no such provision in the law now. The defense agencies do not have to do it. We are giving them a new statement of policy. We say to them, "When you negotiate a contract, you must at least check it with another source."

We feel that if we get this law—and my colleague and I are spending far more time talking to the defense officials than we spend in speaking to this proposed legislation—we will have a combination which will give us a better chance. That is the whole heart of this proposal. That is why my colleague and I feel that we would have a better break on defense contracts, if we earn it. All we want is a chance to earn it.

Mr. KEATING. I thank my distinguished colleague for his eloquent statement. I assure the Senators from Cali-

fornia and other Members of the Senate that what the Senator has said is the objective we have in mind in connection with the proposed legislation.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. KUCHEL. Mr. President, once again I believe the record is clear with the statement of the senior Senator from New York and that of his colleague. No one can mistake the honesty of purpose of these two able Senators and the motives they had in the introduction of the bill. No finger has been pointed by anyone at procurement of defense weapons in the Government of the United States, under Republican administrations or Democratic administrations, with respect to the manner in which the Defense Department and the Secretary of Defense and the several services have become the world's greatest annual purchaser. To the contrary, I am sure that the two Senators from New York, the two Senators from California, and all other Senators on the floor salute the incredibly able and efficient job which has been performed by the Department of Defense in the Government, regardless of who has been in the White House.

I say, however, and most sincerely, that when the bill now being discussed informally was originally introduced, quite understandably my able colleague from California and I were apprehensive. We were apprehensive because it then was indicated by the able Senator from New York [Mr. JAVITS] that perhaps in the introduction of the bill and in its enactment, if it should be enacted, a larger percentage of defense business would go to the people in the State of New York.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. KUCHEL. I should like to finish this thought.

Mr. KEATING. I shall be glad to yield to the Senator when the senior Senator from California has concluded his remarks.

Mr. KUCHEL. It is the responsibility of Senators from a State to do that which they ought to do to protect the interests of their States. But, Mr. President, we are also Senators of the United States. Surely we all look for the day when by enforcibility and mutuality of interest and by agreement based on reciprocal inspection we may come to the time when disarmament will have begun to be achieved. But unhappily that is not the fact now. I most sincerely hope that in developing what he believes to be the basis for his legislation the able junior Senator from New York will wholeheartedly concur with his colleague that the manner of procurement by the Defense Department has been honorable and fair and just.

If that can be the basis of our agreement, then he and I and my colleague and I can examine critically the language of his bill and determine here, or, I think preferably, in committee, whether or not any legislation is necessary which—speaking for myself—I completely deny.

Mr. KEATING. Mr. President, I make no attack upon the justice or fairness of the defense procurement policy under the guidelines now laid down by legislation. I think, however, that we can improve procurement policies by making some change in the guidelines.

Mr. ENGLE. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. ENGLE. The distinguished senior Senator from New York said that New York has fallen behind in getting defense contracts almost in the exact percentage that California has increased them.

He says that the defense contractors of New York did not sharpen their pencils; that they were not vigorous; that they were not imaginative; that they were not willing to take chances; whereas the California defense industries were willing to do those things. So he says that the New York contractors have been called upon to sharpen their pencils, to be more ingenious, to be more inventive, to be bolder. But then he does one other thing. He says a legislative cure is needed; a new law is needed.

The junior Senator from New York says he has no criticism of what has been going on in the Pentagon. He says they are fine, honest people; they have been awarding the contracts on the basis of the ability of the industry to fulfill the terms of a contract at the lowest possible cost to the taxpayers. Nevertheless, he says, a new law is needed; that somehow or other, notwithstanding how well the Pentagon has done; notwithstanding the fact that the New York competitors have been weak and ineffectual; an effort will be made, somehow, according to the original statement of the junior Senator from New York, to bring more of those contracts to the great State of New York.

I simply cannot understand why a new law is needed. If the defense contractors of New York are inefficient and have lost business to the defense contractors of California because the defense contractors of California have been efficient, have been imaginative, and have been bold; and if the procedures followed by the Pentagon in the past 6 years of the current administration have been fair and clean, without any taint at all of political manipulation or geographical placement of the defense contracts, then why is a new law needed?

But the Senator from New York says that to help New York, and to equate the depreciating balance of New York's defense contracts, it is necessary to have a new law.

Does the Senator from New York wonder why I walk around this bill like a country dog around a porcupine? I am afraid there is something in the bill which will be injurious to California, because it has been announced that the purpose of the bill is to equate the percentages as between California and New York. If the percentages are not to be equated on the basis of competition, which everyone admits is fair, then what does the bill do? I should like to find out if the bill contains some devious language about which I do not know.

Mr. KEATING. In order that the RECORD may be straight, while I make no charges of impropriety in the defense procurement policies, nevertheless, in a $40 billion defense program, we can always make improvements, or can always try to do so. Any Member of this body who has served in the Armed Forces has seen things done there which in business would cause somebody to be discharged from his post. I say that not in any invidious manner against any particular general or any particular secretary of any particular department. That happens simply in the nature of things in such a huge organization which is dealing not with its own money, but with the money of the taxpayers. The difficulty is that under existing law there are no guidelines whatever except that the Defense Department shall give a fair proportion of the contracts to small business, whatever that may mean.

As the senior Senator from New York has pointed out, the purpose of the bill is to provide that when certain contracts have to be negotiated—and we all recognize that that is the case—there shall be competitive negotiation wherever possible. Even that does not have to be done in each case, but in cases where it is practicable there has to be competitive negotiation.

I have no doubt, I say to the Senators from California, that over a period of the last few years, if there had been competitive negotiation more defense works for the dollar would have been procured in certain instances. I think competition is desirable. I am sure we all agree that competition is desirable wherever it is practicable.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. JAVITS. As always happens in a debate which engenders a little heat, we finally get to the bottom of things. I think I have disclosed in every detail—I am more than happy to be subject to correction by any Senator—exactly the genesis of the legislative proposal and our own problems in connection with it, and have made it very clear that the legislative proposal is the lesser proportion of what the junior Senator from New York and I are trying to accomplish in the State of New York, not the greater proportion.

But I point out to the Senators from California that certainly New York has lost ground in defense orders. I have stated the reasons probably extremely. Many defense contractors in New York will probably argue with me about that. In any case, the best way to highlight a case is to state the most extreme view of it.

The difference between us is that New York has lost ground. We have a right to try to make it up. We do not have to stay lost, which is what the Senator from California [Mr. ENGLE] implies we should do. He seems to think we should keep quiet and do nothing about it. The junior Senator from New York and I do not go for that. Our plan in the bill is that it should not be possible to negotiate with only one contractor, which the Department of Defense is now

able to do. They do not have to do it improperly, of course; but the point is that they can do it. So by law we are trying to provide that they shall not be able to do it.

I also point out to the Senator from California that we provide in our bill that—

> Such oral or written discussions shall be conducted as may be necessary to resolve any uncertainties relating to the purchase, including the price to be paid, provided that all offerors with whom such discussions are conducted shall be afforded equal opportunity to revise their proposals.

That language appears on page 5, lines 7 through 13.

That is a very important point, too. In other words, if the Government is to advertise for bids and accepts sealed bids, the winner to take all, then the Government ought to talk to at least two bidders, and at the very least they ought to be matching each other at some stage of the proceedings.

Certainly, if the Defense Department does this of its own volition, makes its rules and regulations, and conducts its operations accordingly, a new law will not be needed. At the same time, it has always been a part of the lexicon of this legislation, and many other kinds, that in a situation where they ought to be doing this, if there are cases in which they do not do it, Congress has the right to pass laws to say that they shall.

I emphasize that I know of no hidden tricks in the bill. If there are any, I should be happy to have them pointed out to me. I repeat to the Senate that no hidden tricks are designed in the proposed legislation. The bill means exactly what it says. We consider it one element which may help us. It may not; it may not do us a bit of good; it may hurt us, for aught we know. We believe it is one element which, when coupled with other efforts which the junior Senator from New York and I are making, in company with the whole congressional delegation from New York, although the junior Senator from New York, very happily, is responsible for the bill himself—may help us to do some good for our State.

In short, I repeat: If we have lost, we do not want to stay in that condition; we want to do something to help ourselves do better.

Mr. KUCHEL. Mr. President, will the junior Senator from New York yield for a question?

Mr. KEATING. I yield.

Mr. KUCHEL. I ask the Senator from New York how he interprets the following language of the bill. On page 3, commencing on line 10, the bill refers to one of the considerations which shall be given by the procuring agency in awarding contracts. It goes on to say, in lines 13, 14, and 15:

> And to eligible suppliers from whom relatively smaller proportions of procurement have been purchased.

I ask whether that means a legislative intent on the part of the authors of the bill to point to the Defense Department and say that in awarding contracts consideration shall be given to those suppliers or those available for supply who have received relatively smaller portions of procurement regardless of their competence to do a job.

Mr. JAVITS. It does not. It does not, but it means that we have introduced the principle of dispersal, not only geographical dispersal, but industrial dispersal, dispersal in terms of know-how and facilities.

The Senator from California himself, in his statement the other night in the wee, sma' hours, when my colleague, the junior Senator from New York, was privileged to listen, used the same idea.

At page 12260 of the RECORD, the Senator from California, who has been speaking from time to time, said:

> In addition to a desirable combination of these factors, dispersal of defense industries must be taken into account.

Therefore, what we are proposing to introduce into the procedure of defense procurement, in addition to the concept of geographical dispersal, is the concept of having the defense authorities attach such value as they may choose, if this bill is enacted into law, to attach to the concept of industrial dispersal—for instance, as that concept applies to the number of persons who are available and who have the requisite ability and knowledge and facilities to engage in such defense work.

If the Senate does not believe that is a valid concept, the Senate does not have to pass the bill. But we believe we are submitting for consideration yet another aspect of the dispersal idea which the Senator from California himself, when he addressed himself to the geographical dispersal aspect, thought so desirable. That is the only purpose of this proposal.

Mr. KUCHEL. When I referred to geographical dispersal, I must say that I spoke as a layman, in referring to the new era in which we find ourselves. I imagine that geographical dispersal of defense industries probably is open to serious question.

However, my purpose in asking about the specific language of the bill sponsored by the two able Senators from New York was to obtain the disavowal which I am now glad to obtain—namely, that this part of their bill is not intended to prod the Department of Defense into awarding procurement contracts to those not otherwise qualified or competent to enter into the research or development involved.

Mr. JAVITS. Mr. President, will my colleague yield briefly to me at this point?

Mr. KEATING. I yield.

Mr. JAVITS. I should like to state that we believe—and I am sure my colleague will correct me if I am in error—in the application of four tests, three of which are now covered by the bill, and the fourth of which we wish to include, as it applies to this policy—namely, small business, labor surplus, geographical dispersal, and—and this is the one we now add—industrial dispersal. That is the only purpose, as I understand, of this statement of policy.

Mr. KUCHEL. Mr. President, will the Senator from New York yield again to me?

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator from New York yield to the Senator from California?

Mr. KEATING. I yield.

Mr. KUCHEL. In considering those four suggestions in regard to the intent of the proposed legislation, I say frankly that in my judgment the small-business factor is already covered by existing law, and the geographical dispersal factor already is covered by existing law.

I question whether industrial dispersal should be the policy of the Government; and I eagerly await the testimony on that point which the executive branch of the Government will be required to produce before the committee.

The fourth point—that in regard to labor surplus—is to an extent presently covered by the procedure for set-asides of defense procurement. But I say, on my responsibility as a Senator, that in the case of that particular problem I do not believe—and I concur wholeheartedly in the statement made by my colleague from California—that the expenditure of upward of $40 billion a year should be made on the basis of a WPA.

Mr. ENGLE. Mr. President, at this point will the Senator from New York yield briefly to me?

Mr. KEATING. I yield.

Mr. ENGLE. Mr. President, my distinguished senior colleague [Mr. KUCHEL] has put his finger exactly on the point that is involved in this matter. The senior Senator from New York got right down to brass tacks when he discussed the purpose of the bill.

In saying that, I wish to make perfectly clear that I have no intention of implying that there is anything devious or hidden about this particular measure. In fact, the distinguished Senators from New York are two of the ablest Members of the Senate; and they are doing a fine job in representing their State in the Senate; and, of course, in making their constant presentations they are responding to a difficult situation which exists in their own State.

Certainly I am alarmed and troubled to find that they pick so often on California. It disturbs me that a comparison with California appears so frequently in their remarks and in the figures they use.

So I am glad to know, as a result of the candid statement made by the senior Senator from New York, that it is perfectly obvious what their bill seeks to do. It seeks to give the New York congressional delegation and their massive political, economic, and other power the power to "put the hot foot" on the Department of Defense, in order to have it place in New York contracts which otherwise might not be placed in that State.

For instance, if it is said that defense contracts should be awarded on the ground that New York is a labor surplus area, then, notwithstanding the fact that a California plant can provide a better product and at a lower price, the "heat" will go on the Department of Defense and the Secretary of Defense to award the contract to New York, notwithstanding the greater competence of the California plant and its employees

and its lower cost to the taxpayers of the country—but, nevertheless, to place that contract in the State of New York.

The same can be said in regard to industrial dispersal. Of course they complain about California. All plants are moving to California. People who live there do not get so cold. They like the sunshine; and if we could only get rid of the smog, I do not know how we would be able to handle the great influx of people to California.

Mr. KEATING. How does the Senator from California propose to get rid of the smog?

Mr. ENGLE. We shall have to use some big blowers there; I believe that in that way we shall get rid of the smog. Our problem is caused by the influx of too many people.

The Senators from New York speak of industrial concentration. It may be that a large firm will, according to the best estimates of all those concerned, be best entitled to receive such a contract. But the New Yorkers, with their very able and distinguished Senators, and with their massive and powerful congressional delegation for the first time in 40 years in a solid phalanx, will line up and will say to the defense officials, "This is the mandate of the law; and notwithstanding that California has made the best proposal, you must comply with this mandate by giving New York at least one such contract."

As can be imagined, such a proposal bothers and disturbs us, in that it would literally reverse the present policy in regard to the awarding of contracts, and would result in awarding them to firms in areas in which such defense work should not be done, because of the factors we have mentioned. That is why the bill bothers me and disturbs the people of California.

In saying that, I still wish to compliment the junior Senator from New York [Mr. KEATING] and his colleague [Mr. JAVITS] for attempting to rescue the people of their State from the situation in which they find themselves because of the fact that the people of New York have not been willing to compete.

Mr. KEATING. Mr. President, the Senator from California need have no fear about the "heat" which will be applied by the New York congressional delegation to the Department of Defense. For a number of years the Department of Defense has been under heat from the Joint Committee on Atomic Energy.

I am sure New York will be able to compete. In fact, I hope New York will better be able to compete in the future, now that we have a united delegation.

I assure the Senator from California that I am certain no member of the New York delegation has any intention of having the Department of Defense follow, in connection with the procurement of defense supplies, any policy other than one of efficient, economic, and effective procedure.

Mr. President, the entire intent of Senate bill 1875 is to bring the letting of defense contracts into the open, and to use competitive negotiation wherever possible. The bill does not seek special favors for the State of New York or for any other particular State. All we ask is that everyone—including New York—receive a fair and even "break."

It is my firm belief that if this bill becomes law, the United States can effect substantial savings in the field of military procurement, without in any way interfering with—but, instead, indeed, enhancing—the efficiency and effectiveness of our defense effort.

Mr. President, I yield the floor.

(Mr. CLARK proceeded to address the Senate on a concurrent resolution (S. Con. Res. 52) submitted by him proposing a review of the charter of the United Nations so as to advance the rule of law in the world community. His speech appears in the RECORD following the debate and action on the independent offices appropriation bill.)

INDEPENDENT OFFICES APPROPRIATIONS, 1960

During the delivery of Mr. CLARK's speech,

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 7040, Calendar No. 417, the independent offices appropriation bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7040) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1960, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill (H.R. 7040) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1960, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. JOHNSON of Texas. Mr. President, I have asked the distinguished chairman of the subcommittee, the Senator from Washington [Mr. MAGNUSON], to leave a very important meeting of the Committee on Appropriations, at which the appropriation bill for the Department of Health, Education, and Welfare is being marked up, in order that he may present the bill.

How long does the Senator from Washington anticipate he will need to present the bill?

Mr. MAGNUSON. It should not require more than half an hour.

Mr. CLARK. Mr. President, I shall be happy to yield the floor so that the independent offices appropriation bill may be acted upon, with the understanding that I may resume the floor when action upon the bill is completed, and that my remarks may appear in one place.

Mr. JOHNSON of Texas. The Senator is extremely gracious and cooperative. I appreciate it very much.

Mr. President, I ask unanimous consent that the Senator from Pennsylvania may yield the floor so that the Senate may consider the independent offices appropriation bill, with the understanding that he shall not lose his right to the floor, and that when action on the bill is completed he will resume the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MAGNUSON. Mr. President, the independent offices appropriation bill for 1960, H.R. 7040, contains funds for 17 agencies and regulatory commissions, as well as expense limitations for 11 corporate organizations.

The bill as reported totals $6,559,348,600, which is an increase of $101,690,800 over the House bill, and $24,839,400 below the budget estimates.

The committee accepted increases by the House over the budget estimates for public buildings projects, medical research, care and hospitals for veterans, amounting to $44,644,000, and further increased medical research for veterans, including laboratory facilities, by $7 million.

The largest increase over the House is $37 million for the Federal Aviation Agency, to assure the operation of air navigation and safety facilities, besides $8,500,000 restored for establishment of air navigation facilities, and $3,250,000 restored for research and development.

Other large increases include $17,027,000 restored to the National Science Foundation programs, and $15 million to the civil defense programs, as well as $1 million for research and development.

The bill also includes language for the stockpiling program to clarify the rotating program under a reduced amount of funds available.

I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill, as thus amended, be considered, for the purpose of further amendment, as original text; provided, that no point of order against any amendment shall be deemed to have been waived by agreement to this request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

Mr. CURTIS. Mr. President, reserving the right to object, I did not hear the request.

Mr. MAGNUSON. The request was that the committee amendments be agreed to en bloc.

Mr. CURTIS. Mr. President, will the Senator yield for an inquiry?

Mr. MAGNUSON. Certainly.

Mr. CURTIS. The total appropriation is in excess of $6 billion; is it not?

Mr. MAGNUSON. Yes.

Mr. CURTIS. Is it planned to have a yea-and-nay vote?

Mr. JOHNSON of Texas. Yes. The pending request is the routine, normal request. Any Senator may offer amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 3, line 5, to strike out "$10,000,000" and insert "$25,000,000."

On page 3, at the beginning of line 19, to strike out "$3,500,000" and insert "$4,500,000."

On page 4, line 8, after the word "basis", to insert "not to exceed $1,600 for the purchase of newspapers and periodicals (excluding scientific, technical, trade or traffic periodicals, for official use);".

On page 4, line 20, after the word "Board", to strike out "$57,000,000" and insert $60,000,000."

On page 5, line 3, after the word "exceed", to strike out "$100" and insert "$400", and in line 15, after the word "amended", to strike out "$18,800,000" and insert "$19,440,000."

On page 7, line 14, after the word "exceed", to strike out "$240,000" and insert "$258,000."

On page 8, line 7, after the word "Act", to inset "not to exceed $10,000 for the purchase of newspapers and periodicals (excluding scientific, technical, trade or traffic periodicals, for official use only);"; in line 10, after the word "exceed", to strike out "$3,500" and insert "$4,500"; at the beginning of line 11, to strike out "not to exceed $12,950,000 for expenses of travel;"; and in line 12, after the word "snowshoes", to strike out "$283,200,000" and insert "$320,200,000."

On page 9, line 1, after the word "available", to strike out "(at a total cost of construction of not to exceed $40,000 per housing unit in Alaska)"; in line 2, after the amendment just above stated, to insert "purchase of not to exceed three aircraft;", and in line 7, after the word "appropriation", to strike out "$131,200,000" and insert "$139,700,000."

On page 9, line 24, after the word "vehicles", to insert "and purchase of not to exceed three aircraft;", and on page 10, line 1, after the amendment just above stated, to strike out "$47,100,000" and insert "$50,350,000."

On page 11, line 3, after the word "only", to strike out "$10,400,000" and insert "$10,700,000."

On page 11, line 10, after the word "newspapers", to strike out "$7,062,000" and insert "$7,374,000."

On page 11, line 24, after the word "travel", to strike out "$6,745,000" and insert "$6,935,000."

On page 12, line 24, after "(40 U.S.C. 521)", to strike out "$148,150,000" and insert "$153,150,000."

On page 14, line 16, after the word "periodicals", to strike out "$3,770,000" and insert "$3,970,000."

On page 15, line 10, to strike out "$21,150,000" and insert "$21,550,000."

On page 16, line 16, after the word "exceed", to strike out "$3,150,000" and insert "$3,310,000"; in line 17, after the word "expenses", to strike out "but total obligations of funds available for carrying out the provisions of the Strategic and Critical Materials Stock Piling Act during the current fiscal year shall not exceed "$33,000,000"; in line 21, after the word "That", to insert "any funds received as proceeds from sale or other disposition of materials on account of the rotation of stocks under the Strategic and Critical Materials Stock Piling Act shall be deposited to the credit, and be available for expenditure for the purposes, of this appropriation except that, to the extent materials sold under section (d) of said Act to prevent deterioration are excess to stockpile needs, the proceeds of sale may be covered into the Treasury as miscellaneous receipts and thereupon the replacement requirements of said section 3(d) shall not be applicable: "; on page 17, line 11, after the word "facilities", to strike out the colon and *"Provided further,* That unobligated balances of funds in excess of $33,000,000 as or July 1, 1959, together with any receipts from sales or otherwise, during the fiscal year 1960, are hereby rescinded and shall be promptly deposited into the Treasury"; and in line 15, after the amendment just above stated, to insert a colon and *"Provided further,* That the sum of $50,000,000 of funds heretofore appropriated under this head is hereby rescinded, and such amount shall be covered into the Treasury promptly upon enactment of this Act.".

On page 18, line 19, after the word "exceed", where it appears the first time, to strike out "$12,500,000" and insert "$13,000,000", and at the beginning of line 20, to strike out "$100" and insert "$900."

On page 20, at the beginning of line 3, to strike out "a building in Portland, Oregon" and insert "buildings and sites thereof by purchase, condemnation, or otherwise."

On page 21, line 7, after "(5 U.S.C. 55a)", to insert "purchase of newspapers and periodicals (not to exceed $6,000);", and in line 12, after the word "only", to strike out "$8,702,000" and insert "$9,402,000."

On page 23, line 3, after the word "Administration", to strike out "$12,660,000" and insert "$13,000,000."

On page 23, line 13, after the word "exceed", to strike out "thirty" and insert "forty"; in line 15, after the word "only", to strike out "$19,400,000" and insert "$19,900,000"; in line 16, after the word "than", to strike out "$1,526,100" and insert "$1,533,200"; in line 18, after the word "than", to strike out "$1,051,400" and insert "$1,057,700"; and in line 22, after the word "such", to insert a colon and *"Provided further,* That without regard to the Classification Act of 1949, as amended, the salary of the Secretary of the Commission shall be at the salary rate of grade GS–18 so long as such position is occupied by the present incumbent."

On page 24, line 24, after the word "services", to strike out "$143,273,000" and insert "$160,300,000", and on page 25, line 1, after the word "expended", to insert "of which $1,890,000 shall be transferred to the Bureau of Public Roads, Department of Commerce, for an additional amount to complete the construction of a secondary road to the Optical Astronomy Observatory on Kitt Peak in Arizona."

On page 25, line 16, after the word "individuals", to strike out "$2,700,000" and insert "$3,000,000."

On page 25, line 23, after "(5 U.S.C. 55a)", to strike out "$7,800,000" and insert "$8,275,000."

On page 26, line 10, after the word "exceed", to strike out "$50,000" and insert "$72,000", and in line 13, after the word "Specialists", to strike out "$29,000,000" and insert "$29,556,800."

On page 27, line 18, after the word "law", to insert "not to exceed $1,200,000 for expenses of travel of employees paid from this appropriation, and those engaged in training programs;"; in line 21, after the word "periodicals", to strike out "$27,349,000" and insert "$31,349,000"; and in line 22, after the word "which", to strike out "$15,344,000" and insert "$19,344,000."

On page 31, line 16, after the word "Code", to strike out "$30,159,000" and insert "$33,159,000."

On page 33, line 9, after the word "System," to insert a comma and "or to travel performed in connection with the investigation of aircraft accidents by the Civil Aeronautics Board."

On page 41, line 6, after the word "exceed," to strike out "$500,000" and insert "$550,000."

On page 41, line 20, after the word "exceed," to strike out "$653,000" and insert "$755,000."

Mr. MAGNUSON. Mr. President, unless there are some questions by Members of the Senate, I refer Senators to the report, which details all the items and all the commissions and regulatory agencies involved. The only substantial increases over the House figures were those involving grants in aid for salaries of civil defense employees in local communities, and an extra amount for medical research in the Veterans' Bureau.

Although the bill involves appropriations of $6,485 million, the great bulk of that sum is represented by appropriations for the Veterans' Administration, which account for more than $5 billion, much of it representing fixed charges, under laws enacted by Congress.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President. I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I should like to ask the chairman of the subcommittee some questions about civil defense. I might say that this bill was called up without a quorum call. I was as far away from the Senate Chamber as a telephone in the reception room. Had I not returned now, I would not have known that the bill was being considered.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. JAVITS. I am not complaining.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. JOHNSON of Texas. The Senator from New York has within 10 feet of him an attaché of the Senate. There is also present the acting minority leader. At any time the Senator wishes to be notified, all he need do is to leave his name at either desk, and he will be notified when a bill is being taken up. I reported to both of those gentlemen, and they told me that the Senator from Delaware [Mr. WILLIAMS] who had asked that this bill be held up, was assured that it would be held as long as he wanted it held up, and that he had finished his study of it and was prepared to have action taken on it. If the Senator from New York will leave his name, asking that he be notified when a certain bill comes up, he will be notified. The Senator from Texas will attempt to see that he is located, but the Senator from Texas cannot do it if there is no such request.

Mr. JAVITS. I should like to say to the Senator from Texas, whose relations with me have been excellent—and I know that he always strives to accommodate all of us—that we cannot anticipate every bill which will come up and arrange to have ourselves notified when it does come up. We would be called all the time.

Mr. JOHNSON of Texas. If we had a quorum call each time, we would consume most of our time in quorum calls. I announced three times today that the independent offices appropriation bill would be called up today.

Mr. JAVITS. So far as my own rights are concerned I have no desire to have that done, although if I wished it, I am sure I would be accommodated. I should like to ask some questions of the Senator from Washington.

We in the State of New York are vitally interested in civil defense. I should like to ask the Senator with respect to the overall restoration in the civil defense appropriation which was made over the House cut, which I understand is about 40 percent. What was the overall restoration?

Mr. MAGNUSON. I will say to my friend from New York that the Senate accepted the House version on civil defense, with one major exception; and that exception was the restoration of some $15 million, which will go for grants as payments to States whose plans for civil defense are approved by the Federal agency. In other words, in New York, for instance, a city, borough, or whatever it might be, may employ people, and they will be paid 50 percent by the city, for example, and 50 percent by the Federal Government, and that will be the relation between the Federal Civil Defense Agency and the local people.

That item was included by the Senate last year, but was not approved in conference because some of the States had not submitted their plans. Now all the States have submitted their plans. Each one has a system of civil defense. So this will not be a matter of local patronage.

Mr. JAVITS. Yes. As I understand, therefore, nothing which the House has adopted has been taken out of the bill, but the Senate has made some additions of its own.

Mr. MAGNUSON. The Senate has made additions. Three million of the $15 million is for the purchase of equipment which will be necessary for the local agencies to use in conjunction with this program.

Mr. JAVITS. Exactly. This merely represents matching funds for personnel and administrative costs.

Mr. MAGNUSON. Yes.

Mr. JAVITS. I should like to ask the Senator a question about the shelter program. As I see it, $2,500,000, which is the same amount as the House provided, is provided for prototype shelters. But I notice also that there has been an increase to $2 million for additional research and development. That appears on page 2 of the report. I ask the Senator if it is within the contemplation of the committee that any part of that sum might be used for research to improve shelter design.

Mr. MAGNUSON. The $2,500,000 is exactly for that purpose. I think perhaps a little better language might have been used than "construction of prototype shelters." This item will allow the Civil Defense Agency to aid communities, particularly with respect to public buildings, such as showing how a shelter might be included in the plans for the construction of a hospital or a school.

The item also provides for the erection of prototype shelters which might be shown around the country.

As a matter of fact, a program is provided by which the average citizen will be shown how to fix up his own basement as a shelter at a very small cost.

Mr. JAVITS. Prototype shelter construction is one phase of the program. Is there any inhibition upon the use of of the amount allocated for research and development for research with respect to shelters or to teach people how to take care of themselves in the event of an atomic attack?

Mr. MAGNUSON. No; this is a part of the whole program.

Mr. JAVITS. In other words, there is no inhibition?

Mr. MAGNUSON. No; and there is no limitation. I agree with the Senator from New York. I think this is a program which is long overdue.

Mr. JAVITS. I believe in the civil defense program. I think we have been shortchanging civil defense. I think we are shortchanging it in this bill. I understand the problems connected with appropriations. I understand the views of the other body. We have to fight our battle on other grounds. This is another field of battle. But I will state as my decided opinion that we are shortchanging the civil defense program, so far as the people of the United States are concerned, in terms of their own elementary protection. We should adopt an infinitely more comprehensive plan with respect to civil defense. I feel very deeply about this subject.

I think we will rue the day we do not have such defense. This is true not only in terms of elementary protection; it is true in terms of our defense against the Russians and in terms of morale in this country. They will see, by our sincere determination, that we mean business.

Mr. MAGNUSON. I agree with the Senator from New York. I am very hopeful that by means of the programs in every one of the 50 States, together with the local participation which will be available, it will be possible to devise a better program all over the United States in conjunction with the local authorities. The bill provides for a good training program, from which the local chiefs of police, water superintendents, and heads of fire departments can benefit. For instance, a water superintendent can learn just what needs to be done in case something happens to a water system. The local fire chiefs and police chiefs also will be aided by this program.

Mr. JAVITS. I thank the Senator from Washington.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. ALLOTT. Will not the Senator agree that one of the great problems we have to face in connection with civil defense is a lack of interest at the local level?

Mr. MAGNUSON. That is correct.

Mr. ALLOTT. The amounts which are included in the bill to provide for local grants will greatly increase their interest and will increase the cooperation and effectiveness of the whole program, will they not?

Mr. MAGNUSON. The Senator from Colorado and I were very much impressed with the testimony that no civil defense program can be effective unless there is local interest. That is why we have emphasized local participation.

Mr. ALLOTT. That is correct.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. KUCHEL. I wish to say to the distinguished senior Senator from New York [Mr. JAVITS] that if there is any blame to be assessed for the failure to notify him that this bill was to be taken up let me belatedly assume that blame. I was the acting minority leader. It had been my understanding that there was no objection on our side to having the bill taken up, except that of the Senator from Delaware [Mr. WILLIAMS], who had withdrawn his objection.

For the failure to suggest a quorum call at that time, I wish publicly to say that that was my responsibility. I apologize to the Senator from New York. So far as the Senator from Texas is concerned, he had nothing to do with that.

Mr. JAVITS. I have no complaint at all. All my rights have been fully preserved.

Mr. JOHNSON of Texas. Mr. President, I thank the Senator from California for his generous courtesy.

Mr. KUCHEL. Mr. President, I appeared before the subcommittee of the Committee on Appropriations of which the distinguished Senator from Washington [Mr. MAGNUSON] is the chairman. For his comments there and for the action which the subcommittee took with respect to the appearance of witnesses from California, whom I introduced, all asking for the consideration of a long overdue veterans' hospital in the city of Martinez, Calif., I thank the Senator from Washington very much. I recognize as keenly as does anyone else the budgetary exigencies which exist in our Government today. But I must say it is reassuring for veterans' organizations nationally and for the senior Senator from California now to read, on page 10 of the report:

> The committee is convinced that there is urgent need for the new veterans' hospital to be located at Martinez, Calif. It is understood that the plans are proceeding, and it is hoped that they will be finished under the highest priority, in order that construction can be started as soon as funds are available.

I thank the Senator from Washington and the Senate Committee on Appropriations for their acknowledgment that a veterans' hospital in California is long overdue, and I voice my hope that

with the assistance which the Senator from Washington and other members of the committee will unquestionably give to the matter in the future, it will be possible to speed this hospital toward construction.

Mr. MAGNUSON. The committee was very much impressed with the situation. I am familiar, as is the Senator from California, with the real problem which exists in Oakland, where there is an old building. It is difficult to provide maintenance, and research laboratories cannot be established. The new hospital in Palo Alto is one of the finest in the country for the care of mental cases, which is the purpose for which that hospital will be used. It will not provide facilities such as those which will be installed at Martinez. Therefore, the new hospital at Martinez should have the highest priority with the Veterans' Administration.

Mr. KUCHEL. Once again, I thank most sincerely the senior Senator from Washington.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CARROLL. I wish to make some observations about the appropriation and also about the very wise, penetrating examination conducted by the senior Senator from Colorado [Mr. ALLOTT] with respect to some of the independent agencies. I should also like to make a record on another issue affecting the independent agencies.

The chairman of the important Subcommittee on Independent Offices Appropriations is also the chairman of one of the most powerful committees in the Senate, the Committee on Interstate and Foreign Commerce.

Has the Senator from Washington interviewed or questioned some of the witnesses—some of the chairmen and commissioners of these important independent agencies—to be able to determine whether they consider themselves an arm of the legislative branch or the executive branch of the Government?

Mr. MAGNUSON. Some of the independent agencies do not act like they are arms of Congress. All of them are under our jurisdiction, having been created as arms of Congress. They are independent agencies, it is true, and not executive agencies.

All of them are under our jurisdiction, and are established as arms of the Congress, not as executive agencies, even though the Executive has to appoint the commissioners. But the law provides that these agencies shall report to the Congress after they do the detailed work which the Congress itself cannot do.

For instance, the Congess passed the Federal Aviation Act, and then designated the Civil Aeronautics Board to enforce it. A similar situation exists in the case of the Maritime Commission, the Federal Trade Commission, and the various other agencies.

At times our committee has had much difficulty because some of the commissioners thought their agencies were executive agencies and were to report to the President. However, the fact is that under the laws by which the agencies have been established, they are to report to the Congress. The commissioners are appointed by the President, with the advice and consent of the Senate; but their agencies are arms of the Congress.

Whenever a nominee to one of these agencies comes before the appropriate Senate committee, I think the committee has been very diligent in asking about the point the Senator from Colorado has raised, namely, whether such officials believe that under the law they are to report to the Congress. Sometimes we obtain good answers; at other times we do not.

Certainly in the past few years there has been a tendency for some of these agencies to regard themselves as executive agencies, whereas they have actually been established as agencies which are to report to the Congress.

Mr. CARROLL. Mr. President, will the Senator from Washington yield further to me?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Washington yield further to the Senator from Colorado?

Mr. MAGNUSON. I yield.

Mr. CARROLL. In testimony given before the Legislative Oversight Committee of the House of Representatives, such officials have stated, almost without exception, that they consider their agencies to be arms of the Congress. As a matter of fact, I do not even ask that they go that far, provided they will consider themselves as truly independent agencies and not arms of the executive department.

The Senator from Washington has referred to the Civil Aeronautics Board. An article published in a law review shows that when a committee of the other body was making an investigation, and called before it officials of the Civil Aeronautics Board and requested that they produce certain files, they refused, and based their refusal on the claim of executive privilege. I think we must deal with that problem. Certainly one of the powers of the Congress is the power of the purse, and if the senior Senator from Washington will indulge me I shall enlarge, in a moment, on this subject and also on the question of whether independent agencies have the right of executive privilege.

I observed that my senior colleague from Colorado [Mr. ALLOTT] asked some very penetrating questions of the Federal Power Commission.

I believe that some of the appropriations the Congress makes for these regulatory agencies are too small. I am not opposed to these agencies. I want them to do their jobs. But in many cases they are not doing the jobs they should be doing. That fact was plainly shown in the hearings the Appropriations Committee held. For instance, in some cases the agencies have not acted in the public interest. They have permitted large numbers of cases, involving hundreds of thousands of dollars, to pile up to so great an extent that at the present time there is an extremely large backlog, according to the testimony of the officials of the agencies themselves.

Delayed justice is denied justice. The failure to process these cases denies relief to the public. The interim higher rates amount to an economic burden on the people.

The question now is whether we shall provide the regulatory agencies with sufficient funds, so they will not have an alibi.

Not long ago our Antimonopoly Subcommittee had before it officials of the Federal Trade Commission. The chairman of the Commission testified that it is not an arm of the Congress. We have been trying to obtain some antitrust action by that Commission. The chairman testified that the Commission did not have enough employees.

I say to the distinguished Senator from Washington that there has been a growth which was not contemplated by the Founding Fathers when they wrote the Constitution; I refer to the growth of what appears to be a fourth branch of the Government. That branch, which is composed of the regulatory agencies, deals with billions and billions of dollars, and has a great effect on the economy of the Nation. But these agencies exist in sort of a no man's land, and do not belong to either the legislative branch or the executive branch.

I want the record to be clear, because I am going to begin to call some of the officials of these agencies before our Judiciary Committee's Subcommittee on Administrative Practice and Procedure. With the support of the able chairman of the powerful Committee on Interstate and Foreign Commerce, the distinguished Senator from Washington [Mr. MAGNUSON], and with the support of the Congress generally, I think we shall be able to make some progress in regard to obtaining the cooperation of these agencies.

Does the Senator from Washington believe they really are arms of the Congress?

Mr. MAGNUSON. Certainly. And I believe that some of the commissioners believe they are responsible to the Congress. But many of the commissioners do not seem to share that belief. Of course there is a great turnover in the officials of regulatory agencies.

I wish to commend the Senator from Colorado for his plans to get at this matter, as I know he will do as chairman of the subcommittee which deals with it. I believe he will do a great deal to solve the problems which have plagued us for a long time, in connection with regulatory agencies, both as regards their appropriations and as regards the legislation which applies to them.

It is true that large backlogs have developed. I must say that within the past 4 or 5 years some of them have done a very good job, particularly the Interstate Commerce Commission, in reducing the size of their backlogs.

The senior Senator from Colorado [Mr. ALLOTT] and I went into great detail with the Federal Power Commission, particularly with regard to the gas rate

cases. The Commission has a large backlog of them. In our report we suggest that the Commission place more emphasis on handling those cases, some of which have been pending in the Commission for 6 or 7 years. It is very important that these rate cases be handled expeditiously.

The Federal Communications Commission also has a great backlog of cases. Much of its work has accumulated because of the increase in the number of applications in regard to FM radio and AM radio—for instance, because of the use of radio in industrial plants and by various branches of the transportation industry. But that Commission is catching up fairly well, too, with its backlog of work.

In the case of the Civil Aeronautics Board, we suggested—and I think the testimony on that point is quite explicit—that it direct its attention to reducing the size of the backlog, which in many cases was becoming larger.

Our committee has voted to increase many of the amounts voted by the House of Representatives for these agencies; in fact, in many cases our committee has voted to increase them almost to the amounts of the budget estimates.

We think some of these agencies can improve their organization.

The Federal Trade Commission has had additional work to do because of the enactment, last year, of the textile labeling bill.

In addition, the Congress passed the bill which deals with accidents to small planes; and the Civil Aeronautics Board has assumed authority in that connection, as we stated, and as the Board has agreed. Additional work for that agency has developed as a result.

But on the whole I think we have provided for about as many employees as these agencies can use wisely; and we voted for the increases in the hope that the backlogs would be reduced and the lag, to which the Senator from Colorado has referred, in doing the regulatory work would be shortened.

Of course the situation is a difficult one.

I wish to state that I do not think any money is saved by not allowing these agencies to employ the personnel they need in order to do the job. If they do not have staffs of sufficient size, in the long run the public suffers, much time is lost, much effort is lost, and much money is lost. In fact, when there are long delays, the national economy also loses.

Our work on this bill has been long and very involved. We have had to deal with a total of 29 agencies and groups. The officials of each of them wished to discuss their problems. That meant that we had to have at least 29 days of hearings.

Of course the Veterans' Administration is very large; and its total appropriations amount to in excess of $5 billion.

The General Services Administration is very large and complex. I must say that the senior Senator from Colorado [Mr. ALLOTT] and I were very much impressed with the job Mr. Floete is doing there in a very complex and difficult situation.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. ALLOTT. I think that is true. We went into that situation very thoroughly. The job he is doing, which is of a very complex nature, is certainly outstanding.

Mr. MAGNUSON. It would take 3 Philadelphia lawyers and 17 public accountants even to understand some of the bookkeeping being done. It is difficult for us to understand it. We try to keep our appropriations consistent with the purposes of the laws by which the agencies were established.

Mr. CARROLL. This is one of the reasons why I commended the able chairman of the subcommittee and my senior colleague from Colorado. I have been reading in the hearings their penetrating questions. It has been a difficult and massive job.

This is the purpose for which I put some of the questions, I may say for the RECORD. Does the Senator from Washington, who is chairman of the Appropriations Subcommittee, and who is also chairman of the Interstate and Foreign Commerce Committee, think the Congress has the power of investigation to find out what is going on in the agencies?

Mr. MAGNUSON. I think the Congress not only has the power and authority but has the responsibility to do so, because these agencies were established as arms of the Congress.

Mr. CARROLL. Does the Senator think it is presumptuous for representatives of the agencies to claim executive privilege when Congress wants to find out what is going on in the agencies?

Mr. MAGNUSON. The agencies were created to administer the laws of Congress. I do not think it is presumptuous at all for Congress to want to know about the agencies it created. I commend anyone who takes on the job, as the Senator from Colorado has done, to ascertain what is going on. These agencies wield tremendous power in the economy of the country—much more than do the executive agencies of Government.

Mr. CARROLL. Mr. President, will the Senator from Washington yield for a further question?

Mr. MAGNUSON. Yes.

Mr. CARROLL. Would the Senator say if the representatives of the agencies did not respond to inquiries of Congress, and claimed an executive privilege, the Appropriations Committee would examine them most closely when they appeared before the committee?

Mr. MAGNUSON. The Appropriations Committee will examine them closely on any of these matters.

Mr. CARROLL. That is the power of Congress. It is incident to the power of the purse.

If I may refer to page 216 of the hearings, I think it will be clearly illustrated what my colleague from Colorado was trying to ascertain with respect to the Federal Power Commission. My colleague was questioning Mr. Kuykendall the chairman of the FPC. Later he questioned Mr. Carl Kallina chief of the FPC Bureau of Gas Rates with respect to gas rate cases, which appears on page 216 of the hearings. I will read one sentence, and I ask unanimous consent that the whole paragraph may appear in the RECORD. It appears under the subheading "Independent Producer Rate Cases." A part of the sentence reads with Mr. Kallina speaking:

> At the end of fiscal 1959 we estimated we were going to have 1,264.

I ask unanimous consent that the entire paragraph be printed in the RECORD at this point.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

> INDEPENDENT PRODUCER RATE CASES
>
> Then on the independent producer rate cases, if you will turn to page D–12, on the bottom tabulation you will see there we have an estimated figure of the number of independent producer rate cases at the end of 1958. The actual was 1,064 at the end of fiscal year 1958 and at the end of fiscal 1959 we estimated we were going to have 1,264. Actually, on December 31, 1958 we had 1,518, so there again the same thing prevails. We are having more cases than we anticipated.
>
> Senator MAGNUSON. If this amount were restored, are you pretty sure that you can get the people?
>
> Mr. KUYKENDALL. Yes, we are confident we can.

That many cases are on the docket, cluttering the docket. It is estimated there will be 2,000 cases of all descriptions cluttering the docket. How can that be in the public interest?

In my State of Colorado in 5 years we have had four successive gas rate increases, and not one case adjudicated by the FPC. These four cases involved $90 million of the consumers' funds subject to refund.

The Supreme Court only yesterday unanimously moved again to compel the FPC to act to protect the public interest in adjudicating gas rate cases.

I sincerely hope the important Appropriations Subcommittee on Independent Agencies will put the needle to the regulatory agencies to insure that they will operate for the public interest. For my own part, in my Judiciary Subcommittee, if the agencies attempt to use Executive privilege—and this is why I want to make a record today—I will go to the Appropriations Committee, and I may even come to the bar of the Senate itself, because I think the ruling of Attorney General Brownell on Executive privilege in 1954 was not so extensive as to allow such regulatory agencies to claim Executive privilege.

I yield the floor.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have

been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Arkansas [Mr. McCLELLAN], the Senator from Wyoming [Mr. McGEE], and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Michigan [Mr. HART] and the Senator from Texas [Mr. YARBOROUGH] are absent because of illnesses in their families.

I further announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senator from Michigan [Mr. HART], the Senator from Arkansas [Mr. McCLELLAN], the Senators from Wyoming [Mr. McGEE] and [Mr. O'MAHONEY], the Senator from Montana [Mr. MURRAY], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

The Senator from Kansas [Mr. SCHOEPPEL] is detained on official committee business, and, if present and voting, would vote "yea."

The result was announced—yeas 89, nays 1, as follows:

YEAS—89

Aiken	Engle	Martin
Allott	Ervin	McCarthy
Anderson	Frear	McNamara
Bartlett	Fulbright	Monroney
Beall	Gore	Morse
Bennett	Green	Morton
Bible	Gruening	Moss
Bridges	Hartke	Mundt
Bush	Hayden	Muskie
Butler	Hennings	Neuberger
Byrd, Va.	Hickenlooper	Pastore
Byrd, W. Va.	Hill	Prouty
Cannon	Holland	Proxmire
Capehart	Hruska	Randolph
Carlson	Humphrey	Robertson
Carroll	Jackson	Russell
Case, N.J.	Javits	Saltonstall
Case, S. Dak.	Johnson, Tex.	Scott
Chavez	Johnston, S.C.	Smathers
Church	Jordan	Smith
Clark	Keating	Sparkman
Cooper	Kefauver	Stennis
Cotton	Kennedy	Symington
Curtis	Kerr	Talmadge
Dirksen	Kuchel	Thurmond
Dodd	Langer	Wiley
Douglas	Lausche	Williams, N.J.
Dworshak	Long	Williams, Del.
Eastland	Magnuson	Young, N. Dak.
Ellender	Mansfield	

NAYS—1

Young, Ohio

NOT VOTING—8

Goldwater	McGee	Schoeppel
Hart	Murray	Yarborough
McClellan	O'Mahoney	

So the bill (H.R. 7040) was passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MAGNUSON. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. MAGNUSON. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. HOLLAND, Mr. ALLOTT, Mr. SALTONSTALL, and Mr. YOUNG of North Dakota conferees on the part of the Senate.

The PRESIDING OFFICER. Under the unanimous-consent agreement previously made, the Senator from Pennsylvania [Mr. CLARK] has the floor.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. JOHNSON of Texas. I should like to inform Senators that we anticipate no more yea-and-nay votes this evening. I think Senators may be free to leave the Chamber with that understanding.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

GENERAL GOVERNMENT MATTERS APPROPRIATIONS, 1960

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 416, House bill 7176, the general Government matters appropriation bill, with the understanding that it will not be discussed until tomorrow.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H.R. 7176) making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

APPROPRIATIONS FOR DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mr. JOHNSON of Texas. Mr. President, I am informed that the appropriation bill for the Department of Health, Education, and Welfare, House bill 6769, was reported by the committee this afternoon.

I have asked that the printed report of the subcommittee be brought to the Chamber so that any Senator who desires to do so may review it. I am informed that no change was made in the amounts contained in the subcommittee report. There was some change in language. I believe the distinguished ranking minority member is familiar with the language which was added.

I hope, before the Senate concludes its business today, that any Senator who desires to do so will ask for a copy of the subcommittee report. I am informed that copies will be available at the desk.

CONFERENCE TO REVIEW THE UNITED NATIONS CHARTER

Mr. CLARK. Mr. President, I send to the desk, on behalf of myself, Mr. CARROLL, Mr. CHURCH, Mr. GRUENING, Mr. HUMPHREY, Mr. JAVITS Mr. KEFAUVER, Mr. KENNEDY, Mr. MAGNUSON, Mr. McCARTHY, Mr. McGEE, Mr. MORSE, Mr. MOSS, Mr. NEUBERGER, Mr. PROXMIRE, and Mr. SYMINGTON, a concurrent resolution dealing with world peace through world law. The proposal calls for United Nations Charter review and revision to advance the rule of law in the world community.

The PRESIDING OFFICER (Mr. MUSKIE in the chair). The concurrent resolution will be received and appropriately referred.

The concurrent resolution (S. Con. Res. 52) was referred to the Committee on Foreign Relations, as follows:

SENATE CONCURRENT RESOLUTION 52

Whereas the basic purpose of the foreign policy of the United States is to achieve a just and lasting peace; and

Whereas there can be no such peace without the development of the rule of law in the limited field of war prevention; and

Whereas peace does not rest on law today but on the delicate balance of terror of armed force; and

Whereas the United Nations and other international organizations constitute an important influence for peace and need to be strengthened to achieve the rule of law in the world community; and

Whereas the United Nations General Assembly at its tenth session resolved that "a general conference to review the charter shall be held at an appropriate time"; and appointed a "Committee consisting of all the members of the United Nations to consider, in consultation with the Secretary-General, the question of fixing a time and place for the Conference, and its organization and procedures"; and

Whereas the United Nations General Assembly at its twelfth session resolved "to keep in being the Committee on Arrangements for a Conference for the Purpose of Reviewing the Charter, * * * and to request the Committee to report, with recommendations, to the General Assembly not later than at its fourteenth session"; and

Whereas the said Committee is scheduled to meet in the summer of 1959 in advance of the fourteenth session of the General Assembly to be convened in New York in September of 1959: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the United States position at the forthcoming meeting of the Committee on Arrangements for a Conference for the Purpose of Reviewing the Charter should be that the Committee recommends to the fourteenth session of the United Nations General Assembly that a charter review conference be held not later than December 31, 1962, and that member governments be requested to prepare recommendations and to exchange views with respect to United Nations Charter review and revision in order to facilitate the organization of the said conference and to further the chances of its success.

SEC. 2. The President is hereby requested to initiate high-level studies in the executive branch of the Government to determine what changes should be made in the Charter of the United Nations, and the charters of other international organizations to which the United States is a party, to promote a just and lasting peace through the development of the rule of law in the limited field of war

prevention. The President is further requested to report to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, within twelve months after the date of approval to this resolution, the results of such studies.

Mr. CLARK. Mr. President, on April 23 I submitted a substantially similar concurrent resolution (S. Con. Res. 25) on behalf of 14 other Senators and myself, and identical concurrent resolutions were submitted in the House of Representatives by a dozen Members of the other body.

Although the State Department, as expected, commented adversely on Senate Concurrent Resolution 25, and I will discuss the Department's views later, the general response to the resolution, both in this country and abroad, has been most favorable.

Just 2 weeks ago 46 members of the House of Commons, under the leadership of Arthur Henderson, sponsored a measure containing largely identical language to that set forth in Senate Concurrent Resolution 25 to urge the British Government to take a position in favor of the convening of a U.N. Charter Review Conference.

Since Senate Concurrent Resolution 25 was submitted, a number of constructive suggestions as to how the resolution could be strengthened have been made by Charles S. Rhyne, Esq., only recently president of the American Bar Association; Grenville Clark, Esq.; and Prof. Louis B. Sohn, of the Harvard Law School, who have coauthored a monumental work published last year, entitled "World Peace Through World Law"; and other interested persons and groups.

Accordingly, I am introducing at this time an amended concurrent resolution regarding U.N. Charter review on behalf of the same 14 Senators who cosponsored Senate Concurrent Resolution 25, the Senator from Washington [Mr. MAGNUSON], and myself. The amended resolution is also being reintroduced today in the House by a large group of sponsors. As changed, I am confident that this measure will have the backing of the American Bar Association and its committee on world peace through law, which has taken such a commendable lead in bringing public attention to bear on the need for the development of the rule of law in international affairs.

PRELIMINARY PARAGRAPHS OF RESOLUTION

The resolution notes first that the basic purposes of U.S. foreign policy is the achievement of a just and lasting peace. This fundamental precept, declared earlier this year by the Senate when it adopted Senator HUMPHREY'S resolution, Senate Resolution 96, expressing support for the Government position at Geneva in favoring an enforceable agreement to ban nuclear tests, bears reiteration by Congress, in view of the constant distortion of our aims by our adversaries.

Secondly, the resolution states that there can be no just and lasting peace without the development of the rule of law in the field of war prevention. The same premise was stated by President Eisenhower on October 31, 1956:

> There can be no peace without law.

John Foster Dulles voiced the same point in the last major speech he made before his fatal illness:

> We seek peace, of course, but we seek it in the only dependable way—the substitution of justice and law for force.

In the context of the resolution the word "law" necessarily implies the formulation and recognition of a body of rules and procedures of uniform and universal applicability, and the organization of judicial tribunals and other agencies by which the law can be applied. The phrase "rule of law" is intended to emphasize that the law in question is capable of enforcement, as distinguished from a mere set of principles and prohibitions which are desirable to observe but can be breached with impunity because of the lack of legal enforcement machinery.

In summary, the phrase "rule of law" means "enforcible world law."

The changes in the United Nations and the governmental structures of the members of world community which will have to be made to achieve the rule of law must be faced up to and made, I suggest, in all seriousness, or our children will have to resign themselves to live under the constant fear of imminent destruction.

This is going to take a lot of new thinking. It is time we started on it. It is going to have to sweep away a lot of cobwebs of conventional wisdom and the traditional point of view. This will be hard to do, but we had better do it pretty quickly, Mr. President, or the present nuclear arms race may reach its awful but logical conclusion.

The resolution recognizes the rule of law as a goal only in the limited field of war prevention. This is not world government. This is not international creeping socialism. This is not a utopian effort to bring about a condition of events which many people think would be undesirable, anyway. This is a hardheaded effort by hardheaded people to find some feasible and practical way of bringing about world peace.

The purpose of the resolution is to bring about the enforcible interdiction of violence or the threat thereof as a means for resolving international disputes. Matters not directly connected with the maintenance of peace; such as the regulation of international trade, immigration and all domestic pursuits are outside the scope of the measure proposed.

The third paragraph of the resolution borrows a phrase of Albert Wohlstetter's and acknowledges that peace in the world today rests primarily on the delicate balance of terror of "armed force" rather than on law. History serves to remind us that power-balances tend to become imbalances, and recent scientific developments in instruments of destruction leave no one in doubt as to the reality of the growing "terror" of existing war machines. These features compel thinking men everywhere to seek ways to end the world's reliance on mutual terror to keep the peace.

Now, it would have immediately occurred to any Senator who might have heard my words—and, of course, there are none on the floor except my good friend from Maine [Mr. MUSKIE], who is in the Presiding Officer's chair—"but what about Russia? She will never go for this. Why do we bother?"

I ask my friend from Maine, who I am delighted to say is listening to me, instead of doing his homework, as he might easily be doing, to withhold his judgment for a few moments, and I promise I will come to that question a little later.

That this resolution is designed to strengthen the U.N. and not to derogate from it is recognized in the fourth clause of the preamble. Unquestionably, the U.N. is a vital influence for peace in the world today, and the fact that spokesmen of nations, no matter how hostile, can talk to each other across a table rather than across barbed wire acts as an all-important safety valve for national sentiments and prejudices. It is just as clear, however, and perhaps more so to the friends of the U.N. than to its opponents, that the constitutional shackles and limitations now contained in the charter make the U.N. ineffective when the big powers of the world threaten the peace.

HISTORY OF CHARTER REVIEW

The other three preliminary paragraphs of the resolution set forth the history of the United States and the U.N. as regards charter review and the reasons why the subject is timely at present.

Section 3 of article 109 of the U.N. Charter states:

> If (a charter review) conference has not been held before the 10th annual session of the General Assembly following the coming into force of the present charter, the proposal to call such a conference shall be placed on the agenda of that session of the General Assembly, and the conference shall be held if so decided by a majority vote of the members of the General Assembly and by a vote of any seven members of the Security Council.

So, Mr. President, the calling of a U.N. Charter review conference is not subject to veto. If a majority of the members of the General Assembly and seven members of the Security Council voted for the calling of such a conference, it would automatically be called.

No action having been taken in the interim, charter review was placed on the agenda for the 10th session of the General Assembly which convened in New York in 1955. With the United States taking the lead, the General Assembly resolved by a vote of 43 to 6, with 9 abstentions, that "a general conference to review the charter shall be held at an appropriate time."

The appropriate time has not come yet.

A committee consisting of all members of the U.N. was created "to consider, in consultation with the Secretary General, the question of fixing a time and place for the conference, and its organization and procedures. The committee "was instructed to report to the Gen-

eral Assembly no later than the 14th session to be convened in 1957."

In June of 1957, the so-called committee on arrangements met, and the members decided to recommend to the General Assembly at its 12th session, that the committee be kept in being and be requested to report not later than the 14th session, but no date for the charter review conference was set.

The 12th session of the General Assembly convened in October of 1957 and did what the committee on arrangements had suggested.

The U.N. Committee on Arrangements will meet again, probably early in September, to determine whether to recommend to the 14th session of the U.N. General Assembly which will be convened in New York shortly thereafter, that a charter review conference be held. Before the original Senate Concurrent Resolution 25 was introduced by my colleagues and me in April, I was advised that no special consideration was being given in the State Department to the substantive issue of the charter review, and I was advised further that the Department was planning to state the U.S. position as being against the calling of a review conference at the coming meeting of the U.N. Committee on Arrangements.

TWO SECTIONS OF THE RESOLUTION

Thus the resolution contains two major points: First, that it is the sense of Congress that the U.S. position at the coming meeting of the Committee on Arrangements should be that the committee recommend to the 14th session of the U.N. General Assembly that a charter review conference be held not later than December 31, 1962; and second, that the President be requested to initiate high level studies in the executive branch to be concluded within the next 12 months of the adoption of the resolution to determine what changes should be made in the Charter of the U.N. and other international organizations to which we belong "to promote a just and lasting peace through the development of the rule of law in the limited field of war prevention."

The substance of the two parts of the amended resolution, other than for an extension of the dates involved, is largely unchanged from the form in which the resolution was introduced in April.

STATE DEPARTMENT'S POSITION

As I stated earlier, the State Department's position on the resolution was adverse. The letter containing the department's comments includes the following statements:

(1) (The Department) does not consider 'enforceable world law' a realistic goal in the present situation.

Mr. President, I depart from my prepared text to comment that this seems to me to be a shocking admission by the State Department, presumably endorsed by the President of the United States. It is shocking particularly in view of the President's comment I cited earlier to the effect that there can be no peace without the rule of law. Does this mean that there can be no peace, period? If it does not mean that, why can we not use our influence to make enforcible world law a realistic goal in the present world situation by taking the initiative to bring it about? Mr. President, instead of sitting back on our heels as we have done so often in the last 6½ years, and instead of saying "no" while the Russians say "nyet" as we face each other across the table, with no constructive results, I suggest we have an obligation, in view of the history and tradition of our country and the many protestations of the desire of our Government to find a way of achieving world peace through world law, to get off our heels and on our toes and take the initiative in this field.

I return to my prepared text and to the points raised by the State Department in its letter of opposition to the resolution:

(2) To revise the charter (as proposed in the resolution) is not feasible at this juncture;

(3) * * * There is * * * nothing to indicate that the present international climate is any more favorable to constructive review (than in 1957 or 1955);

(4) (The Department noted) the Soviet Union's strong opposition to any review conference; (and)

(5) Present circumstances * * * do not * * * warrant the institution at this time of further high-level studies in the executive branch of the Government in connection with charter review.

Parenthetically again, Mr. President, this means not only does the Department not want to propose a revision to the United Nations Charter in the interest of preserving world peace through law, but also it does not even want to study the subject. This to me, Mr. President, is almost equally as shocking as the first position taken by the State Department, to which I referred earlier.

The executive report concluded that "the Department is not currently disposed to favor a decision by the 14th General Assembly on the date of a Review Conference," but it promised to take soundings with friendly nations to determine their estimate of the situation before taking a final position.

Mr. President, when will the U.N. Charter review be realistic or feasible? When will the appropriate time be at hand? Must we wait until the Soviet Union takes a similar position? Must we wait and until we are all blown up or succumb to radioactivity, dispersed through the atmosphere as the result of the detonation of atomic or hydrogen bombs?

I suggest, Mr. President, that as the leader of the Western World, an affirmative U.S. position on this vital long-range subject can bring about the "appropriate time" and that there is no point in making timid soundings among our smaller friends who inevitably look to us for the lead in matters of such importance to the free world.

Mr. President, I submit further that the question of the Soviet opposition should have no bearing whatsoever on our own determination and advocacy of what is right and proper in this or any other sphere of endeavor. As I stated before, the U.S.S.R. has no veto power over the convening of a charter review conference which can be called by the simple majority vote of the members of the General Assembly with the concurrence of 7 of the 11 members of the Security Council. True, the U.S.S.R. would not have to ratify the changes recommended, but if the Soviet chose to take the course of refusing to accept sound organizational changes in the U.N. designed to promote the rule of law to prevent war, it could do so only at the sufferance of hostile world opinion.

Some fear that any change in the U.N. would be for the worse and that a charter review conference might weaken rather than strengthen the U.N. If this were the case, U.S. ratification would not be forthcoming, and the organization would remain as it is at present because of the provisions of section 2 of article 109.

Perhaps the most disturbing point in the official report, however, is the statement that—

The Department sees no likelihood that agreement could be reached among governments in the foreseeable future on that relinquishment of national sovereignty involved in this concept (of world law) or that any effort in this direction would prove generally acceptable, either here or abroad.

I emphasize the word "here."

The only way to reconcile that statement with the President's pronouncement that "there can be no peace without law" is to assume that the State Department has decided that there can be no peace "in the foreseeable future." The 29 Members of Congress who have sponsored this resolution today refuse to accept that prophecy of doom.

Mr. President, let me suggest that the officials at 21st and E Streets confine their prognosis as to what will be publicly acceptable with respect to U.N. reorganization to foreign countries. When the Department presumes to say that something will not be "generally acceptable" to the American people in its communications to Congress, I suggest that it is lacking in diplomacy. I contend that the people of this country are coming to a realization that unfettered sovereignty to use force and violence to settle international disputes is not an unmitigated blessing. We represent 6 percent of the world's peoples. With our unfettered sovereignty, we could not help the peoples of Hungary and Tibet. Acceptance of the rule of law could have done so. In my judgment, Mr. President, we are not going to be able to help the people of West Berlin in the long run unless we can advance in the rule of law in the field of war prevention to replace the rule of terror under which we live.

Finally, I note that the Department's letter commenting on the resolution mentioned the intensive study of the problems of the charter review by a subcommittee of the Foreign Relations Committee in 1954 and 1955. Those studies under the leadership of the late Senator George, and Senators Holland and Wiley do indeed serve as a milestone in the consideration of the problems in this field. To a large degree, however, I would point out that the final report

of that subcommittee as reported by the parent committee—almost half of the members of which have since left the Senate—merely provides an index to the pitfalls in the area and not a set of concrete guides for us to follow 5 years later.

There is all the difference in the world, of course, between a legislative committee study and an executive study based on the realizable goals of the immediate future. I would dispute the beaurocratese contained in the report of May 19, that the Department has borne constantly in mind the desirability of strengthening the U.N. and has devoted continuing study to all proposals advanced toward that end.

Who has been conducting these continuing studies, and what have they come up with? Mr. President, I suggest that there are no continuing studies, and that the Department has probably done no more to consider U.N. Charter review in recent years than to charge a couple of underlings with the duty, among many other duties, of gathering material dealing with the subject.

In a letter dated April 3, prior to the introduction of this resolution, which I received from the Department, it was stated that:

> Since no date for a (charter review) conference has yet been set, no special consideration is presently being given to the substantive issues of charter review.

I submit that it is high time special consideration and intensive study at the highest levels of the Department and other offices of the executive be undertaken to determine the U.S. position on charter review. The Executive views should be submitted to Congress which can advise our policymakers as to the validity of their proposals.

I feel confident that this is a field in which Congress can and must take the initiative. This resolution does not call for the founding of the millenium. It does ask that the United States champion the cause of charter review in the world community to promote the rule of law which is the indispensable foundation for a just and lasting peace.

I request that the resolution be permitted to lie on the desk for 1 week so that additional Senators, who care to do so, may be permitted to cosponsor the proposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to my friend from Oregon.

Mr. MORSE. I wish to say to the Senator from Pennsylvania that I could not agree with him more than I agree with him in the speech he has made this afternoon on the subject matter of the need for greater U.S. demonstrable support of a rule of law for the settlement of international disputes which threaten peace. That is what it adds up to. I consider it an honor and privilege to be associated as one of the cosponsors of the Senator's resolution.

Mr. CLARK. I am happy to have the distinguished Senator from Oregon as a cosponsor, and I wish to express my particular gratitude to him for the views he has just expressed. He is one of our great Senate constitutional lawyers, with a knowledge of world organizations. He serves on the Committee on Foreign Relations, where these matters come up from time to time. He is in a position to assess the vision and imagination and forward-looking thinking of the State Department during the last 6½ years. I hope that new leadership in the State Department will come up with something new, something with imagination, which will get us off dead center, and which will be sound and in the best interest of world peace and of the American people. I thank him for his helpful comment.

Mr. MORSE. Mr. President, will the Senator yield further?

Mr. CLARK. I am happy to yield to the Senator from Oregon.

Mr. MORSE. There is one phase of the Senator's speech, as I heard it, which I wish to emphasize specifically. As the Senator knows, since 1945 I have, from time to time in the Senate, urged greater support on the part of the United States of the application of the Vandenberg concept of a rule of law for the settlement of disputes which threaten peace. I happen to be the author of the so-called World Court resolution of 1945, to which was attached the Connally amendment.

This amendment has been interpreted, in effect, as preventing the exercise of the compulsory jurisdiction of the World Court in any case in which one of the parties litigant objects. I have always said that that is a misinterpretation of the resolution of 1945. Whether any specific issue involves a domestic question is itself subject to the interpretation of the Court.

The Senator from Pennsylvania and I, as lawyers appearing before a court, may challenge the jurisdiction of the court; but the court itself has the inherent power to determine, so far as its position is concerned, whether under the law and facts it has jurisdiction.

I quite agree that it was a mistake to adopt the Connally amendment. I opposed it in 1945. I have suggested, time and time again, that we ought to completely clarify the picture by its elimination. The Senator from Minnesota [Mr. HUMPHREY] has such a proposal pending in the Senate now. I think it should be adopted.

But the point which the Senator from Pennsylvania made, and which I think needs to be stressed in American discussion these days, is the point of sovereignty. It is a very delicate point, because so many people really do not know what the word "sovereignty" means. In my judgment, if there is any concept which has become a sacred cow in international relations discussions, it is the question of sovereignty. We need, as a Nation, it seems to me, to face up to the fact that we have now entered that period in history in which any question which, in fact, threatens the peace of the world simply must not be allowed to be a question which any nation can reserve unto itself alone under the concept of sovereignty so as to prevent the application of a rule of law.

I am quite familiar with the inaction of the State Department for some years past in regard to strengthening the United Nations. I am very sad about what will be, in my judgment, an inevitable decision of history against the United States. I think history will record that we did not live up to our responsibilities in recent years to strengthen a system of international justice through law; but that, to the contrary, on incident after incident, we, the United States, have been guilty of circumventing the United Nations rather than strengthening the United Nations. That is why in so many parts of the world today we are considered as serious a threat to the peace of the world as is Russia—I am sad to say, in my opinion, with good cause; good cause because so frequently we have weakened the United Nations by our circumventing it. Opportunity after opportunity has been presented to us to demonstrate to the world that it is Russia and not the United States which wants to refuse to comply with the rules of reason through the application of a system of law to settle disputes.

We have such an opportunity on our doorstep now—the world discussion as to whether there will be, eventually, a summit conference. I am for dragging Russia out into the open before the glare of world opinion every time we get a chance to do so, to demonstrate to the world who it is that really seeks peaceful procedure. But I suggest that one of the best ways in which we could strengthen the United Nations would be for the leaders of the Western Powers to show this whole thing as a potential danger which threatens the peace of the world. Therefore, it no longer is within the prerogative of Russia, France, Great Britain, and the United States to presume that we will decide the question our way. We should say to mankind, through the representations of the nations in the United Nations, that it is a problem of mankind now; that we will go to a summit conference, but let that summit conference be carried out now under the jurisdiction of the United Nations.

If we really want to strengthen the system of settling international disputes by the application of a rule of law, here is our chance, because I think the Geneva Conference shows very well that we are not getting very far in trying to settle questions by negotiations between the immediate disputants. We had better get the matter before the bar of international justice. Here, I think, is an opportunity for the State Department to demonstrate that there may be a broader outlook than it has demonstrated for some time past in regard to the application of the principles of a rule of law for the settlement of international disputes.

Mr. CLARK. I thank the Senator from Oregon for his most helpful comments. I am in accord with practically all of them, and certainly with those referring to the importance of our resolution.

Before I close, I may state that perhaps the resolution has more steam behind it than many Members of this

body and the press might think. Four members of the Committee on Foreign Relations are cosponsors: The Senator from Oregon [Mr. MORSE], the Senator from Idaho [Mr. CHURCH], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Massachusetts [Mr. KENNEDY]. I think it also is of some importance that another cosponsor is one of the leading authorities in the Senate—indeed, in the country—on the state of the Nation's defense—the Senator from Missouri [Mr. SYMINGTON].

I think that with those backers, the resolution is entitled to receive serious consideration. I know that my colleagues on the Committee on Foreign Relations who have cosponsored it will do their best to help me get hearings on the resolution before this session of the 86th Congress is adjourned.

Mr. President, during the course of my remarks, I had occasion to refer to the official letter written by the State Department to the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], under date of May 19, 1959, expressing the opposition of the Department to the resolution. Having first cleared the matter with the Senator from Arkansas, and having received his permission to make the letter public, I ask unanimous consent that it may be printed it this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., May 19, 1959.

The Honorable J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR SENATOR FULBRIGHT: I am glad to have the opportunity to comment on the Senate concurrent resolution enclosed with your letter of May 7, 1959, to Secretary Herter.

The Department of State shares the concern reflected in this resolution and itself regards the development and strengthening of the world system of law among States as an essential element in the achievement of a just and lasting peace. At the same time it recognizes that real progress in developing the world system of law is conditional on the possibility of obtaining widespread agreement among the governments of the world on the concrete steps to be taken toward this end, and it does not consider "enforceable world law" a realistic goal in the present world situation. The Department sees no likelihood that agreement could be reached among governments in the foreseeable future on that relinquishment of national sovereignty involved in this concept or that any effort in this direction would prove generally acceptable, either here or abroad.

The Department realizes of course that the United Nations is not a perfect instrument. It continues to believe, however, that in the present world situation, the United Nations offers the best instrumentality through which we and other nations can work toward the establishment of a just and lasting peace and that to attempt so to revise the charter as to change the basic character of the United Nations is not feasible at this juncture.

This Government has consistently favored the idea of charter review and was a cosponsor of the 10th General Assembly resolution that "a general conference to review the charter shall be held at an appropriate time." It has also recognized, however, that an international political climate favorable to careful and dispassionate consideration of the charter in light of experience is required if the potential benefits of charter review are to be fully realized. The 10th General Assembly's resolution therefore explicitly states that review of the charter is desirable "under auspicious international circumstances." It was the consensus at both the 10th and 12th sessions of the General Assembly that such circumstances did not then prevail, and there is, regrettably, nothing to indicate that the present international climate is any more favorable to constructive review.

The Department, therefore, is not currently disposed to favor a decision by the 14th General Assembly on the date of a review conference. However, before taking a final position on this matter, the Department would wish to consult with friendly United Nations members to ascertain their estimate of the situation, and to reconsider its own estimate should there appear to be substantial support for the holding of a review conference in the near future. Not only is such support essential to the success of any review conference, but in its absence, this Government's motivation in pressing for a decision on the date for a conference is more than likely to be seriously questioned by many United Nations members in view of the Soviet Union's strong opposition to any review conference. The U.S.S.R., which has a veto (as has the United States) over the adoption of any charter amendments has blocked the possibility of any constructive activity at present by seeking to link charter amendment with the totally unrelated question of representation of the Chinese Communists in the United Nations.

You will recall that in 1954 and 1955 a subcommittee of the Senate Foreign Relations Committee gave intensive study to the problem of charter review, issuing its final report in April 1956. During this same period, the Department of State undertook a detailed review of the charter in light of 10 years' experience with operations under it. Since then, the Department has borne constantly in mind the desirability of strengthening the United Nations and has devoted continuing study to all proposals advanced toward this end. It has consulted with private organizations undertaking studies in this field and also with other United Nations members, in connection with the General Assembly Committee on Arrangements for a Charter Review Conference and the General Assembly's own periodic consideration of the question of charter review. Further intensive study will have to be given to this question by the Department, in consultation with the Congress and other United Nations members, when it is the consensus of the United Nations membership that the appropriate time and the auspicious international circumstances for holding a review conference, referred to in the 10th General Assembly's resolution, have arrived. Present circumstances, however, do not, in the Department's view, warrant the initiation at this time of further high-level studies in the executive branch of the Government in connection with charter review.

In response to his letter, the Department has also communicated its views on the concurrent resolution to Dr. Thomas E. Morgan of the House of Representatives.

Sincerely yours,
WILLIAM B. MACOMBER, Jr.,
Assistant Secretary.

SMALL BUSINESS TIMBER SET-ASIDE PROGRAM

Mr. MORSE. Mr. President, the Small Business Administration was authorized by the Small Business Act of 1958 to make set-asides of things sold by the Government. Because of the particular interest in my State as to the operation of this program, I would like to make this report on the operation of the program so far.

The report was prepared for me at my request by the Small Business Administration. So far, nationwide timber sales involving about $2½ million out of over $100 million annual business conducted by the Forest Service have been set aside for competitive bidding by small business. The great bulk of these set-asides have taken place in California. To date, only two sales involving set-asides have been made on national forests in Oregon.

Lately, I have received a number of suggestions from people in my State that a field hearing be held on how this program is going to work, and the SBA has agreed to do this.

I am pleased that the SBA has been able to move ahead effectively and carefully on the set-aside program. At this point it is not possible to evaluate whether these sales would have been purchased by small business anyway. It is my hope that, as experience develops, some evaluation will be made.

I ask unanimous consent that the report by the Small Business Administration be printed at this point in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

STATUS OF TIMBER SET-ASIDES

The Forest Service usually operates on 6-month schedules for planning timber sales in each forest. In most instances, sales were advertised for the months of May and June so it became difficult to effect set-asides on such sales. However, the SBA specialists did visit the forests in most States to review the cutting programs for the first 6 months of the calendar year with the following results:

SBA REGION XIII

Oregon: Umpqua National Forest, two set-asides—one in May and June; value unknown; final report not received.

Washington: Snoqualmie National Forest, two set-asides in May; value unknown; final report not received.

SBA REGION XII

No set-asides were made for May and June 1959, however for the 6-month period of July to December 1959, the following results took place:

California:

Tahoe National Forest, four set-asides, value $202,700.

Stanislaus National Forest, four set-asides, value $153,000.

Eldorado National Forest, one set-aside, value $50,000.

Sierra National Forest, five set-asides, value $74,500.

Plumas National Forest, four set-asides, value $705,000.

Six Rivers National Forest, two set-asides, value $450,000.

Klamath National Forest, one set-aside, value $65,000.

Lassen National Forest, four set-asides, value $340,000.

SBA REGION XI

No set-asides were made for May and June 1959. However, it would appear that out of 37 national forests in this area, 7 forests will

justify the initiation of set-asides during July to December 1959. The forests are located as follows: Two in Arizona, one in Utah, one in Wyoming, one in New Mexico, and one in South Dakota.

SBA REGION X

Arkansas:

Ouachita National Forest, five set-asides made out in 14 sales for months of May and June 1959, value about $300,000.

Ozark National Forest, no set-asides seemed justified.

Texas: No set-asides seemed justified for May and June 1959.

Louisiana: No set-asides seemed justified for May and June 1959.

SBA REGION VII

Great Lakes area: No set-asides seemed justified at this time.

SBA REGION VI

Kentucky: Cumberland National Forest, no stumpage sales of any real value are being advertised during months of May and June 1959.

SBA REGIONS IV AND V

In time available only forests in South Carolina and Georgia were visited. No set-asides seemed justified in these forests for May and June 1959.

SBA REGION II

Pennsylvania: Allegheny National Forest, all sales are small. There appears to be no conflict of interest between large and small mills in purchase of Federal timber. Set-asides do not seem justified at this time.

The Bureau of Land Management has just completed its regulations to cover the new program. Manual changes covering the procedures will be issued to the field this month. SBA personnel will discuss the need for set-asides of Federal timber on O. & C. lands and public domain during the month of June 1959 for the next 6 months.

During June and July, SBA personnel will visit the national forests for the same purpose—to review the next 6 months' cutting program where it has not been considered already, as in California for three forests.

MAY 29, 1959.

PERSONAL STATEMENT BY SENATOR RANDOLPH: WHEAT MARKETING QUOTA AND PRICE SUPPORT PROGRAM

Mr. RANDOLPH. Mr. President, on yesterday, when I was in West Virginia, a yea-and-nay vote was had on the wheat marketing and quota price support program.

The question was on agreeing to the motion of the Senator from Texas [Mr. JOHNSON] that the Senate recede from its disagreement to the amendment of the House and agree to the same.

Inadvertently, at the time of that vote, an announcement was not included as to how I would have voted had I been present. It is my purpose always to have the RECORD reflect my conviction on all yea-and-nay votes.

I desire now to state for the RECORD that, had I been present on that particular rollcall, I would have voted "yea."

COMMITTEE HEARINGS ON SMALL BUSINESS

Mr. PROXMIRE. Mr. President, on Monday, June 15, I announced the commencement of hearings on proposed legislation pending before the Subcommittee on Small Business, of the Committee on Banking and Currency. I am chairman of the subcommittee. Yesterday, the subcommittee began the hearings with the testimony of Mr. Wendell B. Barnes, Administrator of the Small Business Administration.

In view of the interest of the Senate in the problems of small business, and in view of the fact that many Senators are extremely busy with the many committee meetings and Senate sessions continuously in process, several prominent Senators suggested to me that it might serve the convenience of the Senate if I made a brief report on the hearings.

Mr. Barnes testified for more than 5 hours on yesterday. His testimony consisted of a general review of the activities of the agency under its two basic acts. These are the Small Business Act and the Small Business Investment Act. There has been a very considerable interest in the progress of the new small business investment bank bill.

One of the other important new programs of the Small Business Administration is the one which is designed to assist small firms to obtain more research and development contracts. This provision originated in an amendment to the Small Business Act offered in committee by the Senator from Arkansas, Mr. FULBRIGHT.

Mr. Barnes reported that for the first 9 months of the fiscal year 1959, contracts for research and development in the amount of $12,603,149 were set aside for exclusive awards to small business. This is, of course, a very small portion of the total amount spent by the Government for research and development. According to a recent Wall Street Journal article, the Department of Defense alone has a budget of about $3 billion for "research, development and evaluation." Of course, the contract awards in this field to small business concerns are not limited to the amount under the SBA's set-aside.

Participation of small business concerns in Government research and development contracts is extremely important. These contracts are often followed by procurement contracts, and they also may result in products for private use which may be extremely profitable.

The Small Business Administration seems genuinely interested in promoting this program, and the subcommittee of which I am chairman will watch its development with great interest.

Mr. Barnes also testified that the agency had made progress in the field of procurement contracts set aside for small business. He stated that during the first 9 months of the fiscal year 1959, as compared with a similar period for last year, a 14 percent increase had taken place in the dollar amount of procurement set-asides for small business concerns.

Mr. Barnes also gave a résumé of the Small Business Administration business loan program. This program has shown a considerable increase in the fiscal year 1959. In the first 11 months of this period the agency received 9,311 applications for loans, compared to 7,053 in the same period in 1958. This represents an increase of 32 percent. Mr. Barnes assigned five factors for this increase: First, increase in public awareness of the SBA programs; second, action on the part of the Federal Government, particularly the Federal Reserve Board, to tighten private credit; third, recovery from the recession, reflected in the formation of new small business concerns; fourth, acceleration in private bank credit, filling the portfolios of private banks and turning small businesses with lowest priorities on term loans to the Small Business Administration; and fifth, what Mr. Barnes describes as the "extremely favorable loan rate of the SBA."

As to the last factor, Senators will remember that the Small Business Act of 1958 established a maximum rate of 5½ percent, lowered from the previous 6 percent maximum rate.

Mr. Barnes testified to the fact that, as private interests rates have been moving upward, the 5½ percent maximum rate fixed by Congress becomes more attractive to small business borrowers.

Mr. Barnes repeated his testimony of last year in opposition to the interest rate ceiling. He stated that "a loan policy board should set the interest rates, and there should be flexibility in the setting of rates to match what else is done in the Treasury or the Federal Reserve Board or the money market generally."

Mr. Barnes' testimony is another indication of the administration's consistent position that interest rates in both the private money markets and under Government lending programs should be increased.

It is also interesting to note that his testimony is further proof of the well-known fact that in periods of tight money and high interest rates, small businesses are more directly affected than are other elements of the economy.

The other day I called attention to this fact—namely, that the Administrator of the small business program is pressing for an increase in interest rates—a pattern which has been established throughout this administration. But I think nowhere is it likely to be more damaging to the free-enterprise system than in its effect upon small business.

Mr. Barnes stated that the delinquency record on business loans has been good. He reported that through March only 35 business loans have been charged off, with a resulting principal loss of $465,814, which is about one-tenth of 1 percent of the total amount disbursed.

Incidentally, that is about one-sixth of the experience private commercial banks have had as to their loans.

As of the same date, 347 loans were in liquidation, with an unpaid principal balance of approximately $10.2

million. The collateral to be liquidated should reduce the ultimate loss to the Government to approximately $5.3 million. This, coupled with the losses recorded through March 1959, would amount to about $5.8 million, or about 1.3 percent of the agency's share of loans disbursed.

That would mean at that point the losses would be about twice as great as the losses suffered by commercial banks. Nevertheless, over the years, in view of the kind of loans the Small Business Administration is required to make under the law, it is what might be regarded by objective observers as a good record.

Only the fact that the Small Business Administration is limited in the amount it can charge for interest rates, it seems to me, causes the red ink which the Small Business Administration is likely to show. It will be in the red this year, the Administrator said. Operating at a deficit is necessary so long as the interest rates are held down, and Congress requires the agency to hold the interest rates down, and I very strongly think Congress should require the Small Business Administration to hold the interest rates down.

Last year the Small Business Act was amended to provide for an entirely new program, in which the Small Business Administration is authorized to make grants to State agencies, State development corporations, colleges, and universities for studies and research concerning the managing, financing, and operating of small business concerns. The availability of the grants is limited to one within a State in any one year, in an amount not to exceed $40,000. Mr. Barnes reports that more than 100 applications for grants for this fiscal year have been received from the 49 States, Hawaii, the District of Columbia, and Puerto Rico. Several of these grants have recently been made.

The testimony of the Administration was in favor of an increase in the revolving fund of the SBA by $200 million—from $900 million to $1,100 million. The rate of increase in business loan activities seems to support this request as being necessary in fiscal 1960.

One of the interesting developments in the hearings was the presentation of charts showing the growth in the funds committed under the business loan program. In other words, the so-called revolving fund of the SBA has not yet reached the point where additions to it are no longer necessary, and it was Mr. Barnes' estimate that it will not reach this stage until approximately $850 million is disbursed. At the present rate of increase in commitments, this would occur in about the year 1966 or 1967. This steady growth can be explained in part by the fact that the SBA is only approximately 6 years old. The average maturity of its business loans is approximately 6 years. Thus, not all the loans disbursed, even in the beginning of the agency's existence, have fully matured. These are other factors which enter into this steady, relentless growth, including the growth in the economy itself and increases in the costs of capital expansion. In all fairness, I should also add that the Congress itself has expanded the programs administered by the Small Business Administration. Nevertheless, it is my intention more fully to examine into this growth, in an attempt to determine what its implications are for the future.

I think anyone viewing these charts may well agree that this is a case of creeping bureaucracy of the Small Business Administration, growing to a size which Congress did not in the first instance intend, and perhaps which it does not now intend. Unless we carefully watch this growing agency, it is perfectly possible that in the coming years it may achieve a far greater size than those of us who believe in a free enterprise system would desire.

Mr. Barnes opposed the enactment of several bills which would result in enlarging the agency's program for making disaster loans. These bills would authorize the agency to make disaster loans to persons receiving economic injury due to the Federal urban renewal and highway programs and our foreign trade policy. Mr. Barnes also opposed a bill which would amend the definition of a small business to include, among other things, a corporation engaged in raising agricultural products for sale. Mr. Barnes could not give the Administration's views on a proposed amendment designed to improve the opportunity of small business concerns to participate in the Government's procurement program.

This is a part in which I think there is far more interest than in any other part of the testimony of Mr. Barnes.

One of the most important acts of the last Congress was the formulation of the programs under the Small Business Investment Act. The principal feature of the act contemplates the formation of new private financial institutions, to function as small business investment companies. Mr. Barnes stated that the public interest in these investment companies is gratifying. From September 1, 1958, through January 31, 1959, the agency answered 13,000 letters and inquiries on the new program. In January alone they answered 8,000.

The Small Business Administration has held meetings all across the country explaining this program, and some 10,000 people have attended these meetings.

Nevertheless, real progress has been slow—too slow, I think, in the judgment of anyone who is favoring the program we introduced last year.

At present 15 investment companies have been licensed by the Small Business Administration. Mr. Barnes stated that they have received as of June 18, 1959, 89 applications or proposals of companies with a total capital of $32,590,783. However, he estimates that there are 200 to 300 companies now in various stages of formation, and he also estimates that there will be about 200 companies licensed this calendar year.

Mr. Barnes, incidentally, in the course of his testimony, said he expected that eventually several thousand of these companies would be organized. This, of course, would be significant. There are now 16,000 commercial banks. If there are several thousand of these organized, the impact on our institutions can be seen. The fact is that small business in the next few years, if this legislation works out, will have a great need for long-term capital, which, on the basis of investigation after investigation, for some 30 years, has been shown again and again to be the principal need of small business.

Title V of the Small Business Investment Act permits loans to be made to State and local development companies. Nineteen applications under this section have been received, and 12 have been approved, in the amount of $1,526,000.

In view of the very large number of State and local development companies, this is slow progress.

Mr. Barnes stated that he recommends changes to make the program move more swiftly. One of the changes would eliminate the present requirement that small businesses receiving equity capital from a small business investment company must purchase stock of the investment company in an amount equal to 2 to 5 percent of the capital provided. This provision has proven unpopular with both small business concerns and small business investment companies. Another recommended change would provide flexibility for the investment companies in financing small businesses. As the act is presently written, investment companies may finance small firms only through the medium of convertible debentures or through loans or a combination of both. Mr. Barnes suggests that the act be changed so that the financing arrangement could be negotiated between the individuals involved through the creation of secondary markets for securities of all types, including common stock.

That would be a very substantial, important, and significant change.

Also, Mr. Barnes recommends the elimination of the statement in the act which declares it is the primary function of a small business investment company to furnish equity capital to small business. That would still be a principal function, but it would not be the primary function.

He states that this requirement has caused difficulty in the case where organizers of investment companies have presented constructive programs for financing small business planning to place major emphasis on long term loans as distinguished from securities involving the borrower's equity.

Of course, the recommendations of the Administration have not been analyzed by private witnesses, and it is too early to make a judgment on their merits.

I should like to take this opportunity to emphasize, however, that the subcommittee is not limiting its inquiry into

the activities of the SBA under the Small Business Investment Act to the suggestions made by the Administration. I welcome suggestions as to how the act can be improved. Again, as I did on June 15, I invite the testimony of all persons interested in the program.

We resume the hearings again on next Monday, and hearings will be held at least 4 days.

I think that at least potentially the program is an extremely important one and that it affords an opportunity for creation of a new system of small business capital formation by the cooperative efforts of the Federal Government and private interests.

Mr. President, I ask unanimous consent that a statement which I made before the Interstate and Foreign Commerce Committee of the Senate on Monday, June 15, and the tables accompanying that statement be printed in the RECORD at this point.

There being no objection, the statement and the tables were ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR PROXMIRE BEFORE THE INTERSTATE AND FOREIGN COMMERCE COMMITTEE, JUNE 15, 1959, IN SUPPORT OF S. 1083

The 85th Congress was hailed as a great benefactor of small business. I recall shortly after adjournment, a story in the New York Times headlined something like: "Small Business Hits Jackpot in 85th Congress." The capital bank bill otherwise known as the small business investment company bill was enacted. The tax laws were modified to encourage investment in small business. Congress emphasized effectively the desirability of Government procurement practices—particularly by the Armed Forces—designed to assist small business.

All these congressional actions were helpful. They had my enthusiastic participation and support. But, Mr. Chairman, I say as chairman of the Small Business Subcommittee of the Senate Banking and Currency Committee none of these excellent actions significantly assisted that vast area of small business that constitutes easily the great majority of independent proprietorship—the retail merchant. Here is the small businessman who is most seriously in trouble. He is the one who most urgently needs congressional action. And I am confident that no measure before the Congress this year or last year or in the past 20 years would do more for the benefit of more small businesses than the bill I am supporting this morning.

Now, Mr. Chairman, first of all I want to emphasize that this is a bill that helps small business—not by weakening or destroying competition but by strengthening it, not by eliminating any area of competition between competing retail establishments but by strengthening competition.

It does this in the first place by permitting the establishment of a fair-traded margin that will permit little business as well as giant business to survive. It does it in the second place by restricting this fair trade to competitive products. I call your attention to page 1, lines 5 and 6 of the bill (S. 1083), which sets forth the purpose of the bill as the promotion of distribution of merchandise and now I quote: "which is in free and open competition with other articles of the same general class."

Page 5, line 24 through page 6, line 5 defines the merchandise that can be fair traded and restricts any fair trade action under the bill with these words: "it shall be lawful for such a person to establish and control by notice to his distributors, stipulated or minimum resale prices for such merchandise, if such merchandise is in commerce or is held for sale after shipment in commerce and is in free and open competition with merchandise of the same general class produced by others."

This bill is even more exact in its insistence that "fair trade shall not interfere with competition by prohibiting any kind of horizontal agreement. I refer to page 9, lines 11 through 19 which read: "Nothing in this subsection shall make lawful any contract, combination, or agreement providing for the establishment or maintenance of minimum or stipulated resale prices on any merchandise between proprietors or between manufacturers, or between producers, or between wholesalers or between brokers, or between factors, or between retailers, or between persons, firms, or corporations in competition with each other."

This bill does indeed protect competition. It also uprovides solid assistance to small business and Mr. Chairman, small business urgently needs that protection.

I feel very strongly that the adoption of this legislation is essential to the health and indeed to the existence of small business as we know it in America today.

American small business is in serious trouble. All objective evidence—the number of failures, the number of voluntary discontinuances, the level of return on invested capital in small business, the share of the national production enjoyed by small business—all these indexes show that small business is steadily losing ground to big business and has become a prime victim of the recession.

The typical small business is a retail store, and the retail store has the poorest survival prospect of any business. This was strikingly demonstrated by figures presented to the Small Business Committee hearings on discount houses on June 23, 1958, by Mr. Victor LeBow, a New York City marketing consultant who specializes in the problems of retail businesses. Mr. LeBow stated that there are 1,900,000 retails today. What are the prospects for a new retail business? Based on 7 years of postwar prosperity, between 1947 and 1954—and mind you, these were prosperous years—a retail store opening today has only a 74 percent chance of surviving the first 6 months, and 50–50 chance of staying open the first 2½ years. Stated another way, 26 out of 100 retail stores opening today will be out of business in 6 months. Eighty-three of them will not be in business 10 years from now.

Based on the years 1953–57, Mr. LeBow said that a turnover of 50 new stores is necessary to get 1 net addition to the number of retail businesses in operation.

In view of the fact that the situation is getting worse, I think it is time Congress did something about it.

Of all the areas of American business, the retail stores have been the most characteristically small business. The overwhelming majority of stores and shops all over America are still small business, usually family business operations. The vast majority of American small businessmen are retail merchants. The independent proprietors, the free enterprise businessmen, can be said to be the backbone of American economic democracy. Here in the retail business is where the backbone of American democracy really is. In American small cities, towns, and villages, he represents the social, political, and moral leadership. In most American communities he provides the community spirit that builds our towns. The leadership, the time, the energy, and the money come from him.

Behind this vital community leadership is the wonderful family life that the "mom and dad" store provides. Like the family farm, the family business offers an ideal moral climate for the development of the invaluable qualities of character and morality. The energy-demanding work of the family store virtually eliminates juvenile delinquency. The qualities of thrift, industry, business sense, are developed and nurtured in the family atmosphere. The family store is an immensely valuable American institution. If any economic institution can be said to deserve preservation, certainly the family store is it.

Even if it were an economically inefficient operation, the argument for preserving and protecting the family store would be a strong one. But, like the family farm, it is not inefficient. It is efficient. It has proven itself repeatedly. It lacks one important survival asset in our competitive economy, however, and that is capital, just like the family farm lacks capital. This lack of capital means that the large competitor, the chainstore or massive supermarket, even if less efficient, can engage in price-cutting operations until the little business is driven out.

I have talked personally with literally thousands of merchants all over my State of Wisconsin. I am convinced that there is no group in America more fervently and completely opposed to subsidies, including subsidies for themselves, than the small businessman. There is, however, one form of legislative protection that he desires, that he wants, that he needs, and that he deserves. This is action by the Government to provide the kind of margin between what he pays for the goods he buys and what he receives for the goods he sells that will permit him to operate on a stable and efficient basis.

This is not to say that the American small businessman wants an end of competition, even of price competition. This is not to say that this legislation in any way would eliminate competition or even price competition. Indeed, in the long run I am completely convinced that price competition will be encouraged if the legislation I am supporting this morning is adopted.

Testimony before the Small Business Committee last year was replete with evidence that minimum margins on fair traded products which this legislation would permit, would still permit an enormous amount of price competition both between trademarked brands on the one hand, and unbranded products on the other, and within various trademarked brands.

I should like to present to the committee one striking demonstration of the fact that it is possible where fair trading prevails to have fair markups for the dealers, fair prices for the consuming public, and flexible pricing which adapts itself to changing conditions.

In the middle of 1954 a vicious price war erupted in the retailing of gasoline in New Jersey. Markups declined to the extent that it was impossible for the dealer to operate profitably. After public hearings in 1956 by the Small Business Committee, almost all the major suppliers in New Jersey began to fair trade their gasoline. Since that time the retailer has had a fair markup and the buying public has had fair prices.

I should like to offer for the record a table comparing the dealer's tank wagon price, the dealer margin, and the retail price (without tax) of gasoline in Newark, N.J.; Wilmington, Del.; Philadelphia, Pa.; and an average of 55 other cities. Newark is

the only city represented on this table which has fair-trade gasoline, yet on June 1, 1958, the price of gasoline to the retail consumer in Newark was lower than it was in any other of those cities. Moreover, the table clearly proves that the retail price in Newark is as flexible as it is in any of the other cities.

(The table is as follows:)

House brand gasoline prices by quarters

Date	Newark, N.J.			Philadelphia, Pa.			Wilmington, Del.			Baltimore, Md.			55 city average		
	Dealer's tank wagon	Dealer's margin	Retail service station, excluding tax	Dealer's tank wagon	Dealer's margin	Retail service station, excluding tax	Dealer's tank wagon	Dealer's margin	Retail service station, excluding tax	Dealer's tank wagon	Dealer's margin	Retail service station, excluding tax	Dealer's tank wagon	Dealer's margin	Service station price, excluding tax
1953—July 1	15.9	5.3	21.2	16.1	4.8	20.9	16.1	5.9	22.0	15.8	5.7	21.5	16.55	5.52	22.07
Oct. 1	15.9	5.8	21.7	16.1	4.8	20.9	16.1	5.9	22.0	15.8	5.6	21.4	16.54	5.47	22.01
1954—Jan. 1	14.4	5.5	19.9	15.6	6.3	21.9	15.6	6.4	22.0	15.3	6.3	21.5	16.35	5.62	21.97
Apr. 1	13.65	2.25	15.9	15.4	6.5	21.9	15.4	6.6	22.0	14.6	6.9	21.5	16.24	5.36	21.60
July 1	13.9	3.0	16.9	15.4	5.5	20.9	15.4	6.6	22.0	14.6	6.9	21.5	16.05	5.53	21.58
Oct. 1	13.9	3.0	16.9	15.3	4.3	19.9	15.7	6.8	22.5	15.4	6.4	21.8	16.20	5.12	21.32
1955—Jan. 1	14.9	2.0	16.9	14.9	5.0	19.9	15.7	6.8	22.5	15.4	6.3	21.7	15.91	5.35	21.26
Apr. 1	14.9	3.0	17.9	15.3	4.6	19.9	15.7	6.8	22.5	14.9	6.8	21.7	16.24	5.18	21.42
July 1	11.4	3.5	14.9	12.9	4.0	16.9	15.7	6.8	22.5	14.0	7.7	21.7	16.33	5.11	21.44
Oct. 1	15.0	1.9	16.9	14.5	2.4	16.9	15.9	6.0	21.9	15.4	4.5	19.9	16.26	5.17	21.43
1956—Jan. 1	14.5	2.4	16.9	15.0	4.9	19.9	15.9	6.0	21.9	15.4	4.5	19.9	16.32	5.32	21.64
Apr. 1 [1]	13.6	3.4	16.9	14.5	3.4	17.9	15.9	6.0	21.9	15.4	6.1	21.5	16.42	5.01	21.43
July 1	14.9	5.0	19.9	15.3	4.6	19.9	16.1	5.8	21.9	15.7	6.5	22.2	16.34	5.44	21.78
Oct. 1	14.9	5.0	19.9	14.6	4.3	18.9	16.1	4.8	20.9	15.7	6.5	22.2	16.40	5.34	21.74
1957—Jan. 1	14.9	5.0	19.9	15.3	4.6	19.9	15.6	5.3	20.9	15.7	6.5	22.2	16.21	5.28	21.49
Apr. 1	15.9	5.0	20.9	14.6	5.3	19.9	16.6	4.3	20.9	16.7	6.5	23.2	16.63	5.32	21.95
July 1	16.1	5.8	21.9	14.0	3.9	17.9	14.7	5.2	19.9	16.9	6.3	23.2	16.65	5.54	22.19
Oct. 1	15.9	5.0	20.9	14.6	4.3	18.9	14.5	4.4	18.9	16.3	6.1	22.4	16.21	5.21	21.42
1958—Jan. 1	14.4	4.5	18.9	12.9	4.0	16.9	13.4	4.5	17.9	16.0	5.9	21.9	16.55	5.16	21.71
Apr. 1	15.2	4.7	19.9	15.2	4.7	19.9	15.2	4.7	19.9	15.3	5.6	20.9	16.39	5.19	21.58
June 1	14.2	4.7	18.9	15.2	4.7	19.9	15.7	4.2	19.9	15.3	5.6	20.9	16.07	5.36	21.43
June 20	13.2	4.7	17.9												

[1] Esso established fair-trade prices Apr. 30, 1956.

Source: Before July 1, 1956, Department of Statistics, American Petroleum Institute; starting July 1, 1956, National Petroleum News.

NOTE.—This chart shows how fair trade may promote low prices while preventing unfair competition.

The second table gives the tank-wagon price and the service-station price of gasoline in New Jersey after fair trade was adopted in 1956. It shows considerable variability in retail prices, over a range of 3 cents a gallon. It demonstrates beyond question that a fair-trade price responds to competition and is no more rigid than any other price. Of course, the important thing is that what fair trade does is to provide a stable margin within which a small business that does not have excessive capital can live, can survive, can operate.

(The table is as follows:)

New Jersey price changes during fair trade (excluding 7-cent tax)

After fair trade	Tank-wagon price to dealer	Service-station price
	Cents	*Cents*
Apr. 30, 1956	14.9	19.9
Jan. 10, 1957	15.9	20.9
June 26, 1957	16.1	21.1
July 30, 1957	15.9	20.9
Oct. 2, 1957	14.9	19.9
Dec. 6, 1957	[1] 14.9	18.9
Mar. 1, 1958	15.2	19.9
May 8, 1958	14.2	18.9
June 20, 1958	13.2	17.9

[1] Less ½ cent voluntary.

Furthermore, it is obvious that price competition is only one form of competition to the retail store. There is also service competition. There is the competition of location and convenience. There is competition of personality between the owners and employees of different stores. There is advertising competition. There is merchandising competition. There is inventory competition. Of all these forms of competition, and all of them are extremely important to the consumer, only price competition, on the basis of all the testimony of all the opponents of this legislation before the Small Business Committee, last year, only price competition could be adversely affected by this legislation. And I think that the evidence that we had certainly convinced me that price competition is going to be of a much more healthy kind, of the kind that is in the longrun interest of the consumer if fair trade is encouraged, if fair trade, indeed, is made possible by this kind of legislation.

Mr. Chairman, I would just like to conclude by saying that when fair trade broke because its great and good friend, General Electric, decided finally that it just could not hold out any longer—and it was a good friend of fair trade—the situation in my State of Wisconsin was disastrous. We found many small businesses that were pushed into positions where they could not survive. The bankruptcies in Wisconsin have gotten larger. All for what purpose? The evidence is that this does not benefit the consumer in the long run, this insistence on jungle warfare of the kind that is bound to develop where you do not have some kind of fair trade, and I feel as strongly about this as I do about anything that has come before me: that if we are going to have small business live and exist and survive with health in our economy, then we must provide this kind of protection, which in view of the enormous Government sums that are spent in other areas, is a very modest kind of protection, indeed.

PART II OF SENATE REPORT 412—INDIVIDUAL VIEWS OF SENATOR MORSE ON MUTUAL SECURITY BILL

Mr. PROXMIRE. Mr. President, on behalf of the senior Senator from Oregon [Mr. MORSE], I ask unanimous consent to have the individual views which he submitted on the bill (S. 1451) the Mutual Security Act of 1959 printed as part II of the report (No. 412) thereon, for the use of the Committee on Foreign Relations and his office staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMIC AND INDUSTRIAL DEVELOPMENT — FEDERAL-STATE-LOCAL RELATIONS—WEST VIRGINIANS COOPERATE

Mr. BYRD of West Virginia. Mr. President, I am privileged to report substantial interest and participation in West Virginia in the important matter of seeking to engender more business and industrial expansion and development, both from internal activity and from external assistance and cooperation.

Earlier this year, my colleague, the distinguished senior Senator from West Virginia [Mr. RANDOLPH] joined with me in arranging a "business opportunity discussion meeting" at the Capitol between experts from Federal agencies and representatives of communities in southern counties of West Virginia with pressing economic problems. We were accorded excellent cooperation on that occasion, and the sessions held were stimulating and helpful.

It is pleasing to report that an even broader application of the principles we followed in the informal session earlier in the year for helping our constituents from southern counties of West Virginia to become better informed on sources of procurement and assistance occurred Friday, June 19, at Elkins, home city of my able colleague. I refer to the West Virginia Industrial Government Aids Conference there on that date, at which approximately 250 delegates from 52 communities of the State attended.

Likewise, 25 representatives of agencies and departments of the Federal Government, State officials, and industrial and financial leaders were joined at Elkins by the senior Senator from West Virginia [Mr. RANDOLPH] and Representative HARLEY O. STAGGERS, of the Second West Virginia District, for the day-long conference. The sponsors of the event were the West Virginia Bankers' Association, the Upper Monongahela Valley Association, the Elkins Chamber of Commerce, and the Elkins Industrial Development Corp.

It was a privilege for me to have cooperated with my colleague and the

able conference chairman, the Honorable Bonn Brown, of Elkins, in making arrangements for Federal agencies' participation in the West Virginia industrial government aids conference.

A principal purpose of the sessions was to take the government to the people by arranging at the local level for the people to hear explanations of the procedures involved in doing business with various branches of the Federal Government, to enable businessmen to become better acquainted with means by which government assistance might be utilized.

It was also an opportunity for what my colleague [Mr. RANDOLPH] appropriately termed "common counseling which might develop new designs for revitalizing the economy of our State." And there likewise was the opportunity for discussion of the "help ourselves doctrine," which another conference speaker, Rear Adm. Hugh C. Haynsworth, Jr., representing the U.S. Navy, appropriately brought into focus.

Mr. President, I share the feeling of the senior Senator from West Virginia [Mr. RANDOLPH], who commented that "it is heartening to see so many leaders of business and industry and representatives of the various branches of State and Federal Government assembled for an industrial government aid conference."

And I wish to associate myself with much that my colleague said about cooperation between the business community and government, and concerning his belief that actions by the Federal Government should not be construed to be substitutes for local initiative and community enterprise.

Accordingly, Mr. President, I ask unanimous consent to have printed in the body of the RECORD the conference keynote address delivered by the senior Senator from West Virginia [Mr. RANDOLPH], who is an active member of the Senate Small Business Committee, at Elkins on June 19, 1959.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ECONOMIC AND INDUSTRIAL DEVELOPMENT—FEDERAL-STATE-LOCAL RELATIONS

(Address by Hon. JENNINGS RANDOLPH, a U.S. Senator from West Virginia, at Elkins, W. Va., June 19, 1959)

The sponsors of this West Virginia industrial government aids conference—the Elkins Chamber of Commerce, the Elkins Industrial Development Corp., the West Virginia Bankers Association, and the Upper Monongahela Valley Association—are to be most highly commended for presenting this splendid and noteworthy event. I am confident that out of the common counseling of this meeting there will emerge new designs for revitalizing the economy of our State.

It is heartening to see so many leaders of business and industry and so many representatives of the various branches of the State and Federal Governments. The problems we face are mutual and they have already occasioned much cooperation between my able colleague, U.S. Senator ROBERT C. BYRD, and myself, and on the part of our congressional colleagues from West Virginia. We have already sponsored less formal meetings at the State Capitol and on Capitol Hill for discussions between State and Federal officials and between representatives of Federal agencies and interested community representatives from some of our southern counties. Senator BYRD and myself are pleased to have been privileged to have been of some assistance in helping to make arrangements for this salutary event.

There is mutuality and there has been much cooperation between the business community and government at every level, and we may justifiably hope that this spirit of cooperation will be extended and broadened in the future.

In view of this need for continuation of mutual helpfulness, and in consideration of opinions that have recently been stated in one form or another, I believe it is appropriate to preface my comments on the subject of your gathering with a brief explanation of my views concerning the relation of the Federal Government to regional, State, and local economic and industrial development.

You are aware, of course, that members of the West Virginia delegation in the Congress have been criticized for our efforts to have Federal resources and Federal authority used in relief of some of the distressed conditions in West Virginia and other parts of the country.

We have also been criticized for pointing out some of the critical conditions among our people—presumably on the theory that if one ignores the problem it will vanish.

In order to set the record straight, I declare emphatically that I do not now—nor have I ever considered that actions by the Federal Government are a substitute for local initiative and community enterprise. My decisions with regard to legislation recently acted upon, or now pending, have been—and will continue to be—guided by several broad principles.

First is the concern to relieve genuine and critical distress conditions of hunger and poverty.

Second, I have supported those measures, wherever practicable, which extend on a more equitable basis such established benefits as social security, unemployment compensation, and retirement programs for those who do not now share in these benefits. In this connection, I have endorsed the Keogh-Simpson bill, which would allow the self-employed business and professional citizen tax deductions for contributions to a retirement program.

Third, I welcome Federal assistance in those areas of construction—such as roads, airports, schools, hospitals, and national parks—which make an enduring contribution to general economic and cultural betterment.

Finally—and I here refer to the principle which is most germane to the affairs of this conference—I enthusiastically endorse Federal efforts to foster local enterprise and local initiative, by providing either seed capital, as under the area redevelopment bill, or enabling legislation, as under the Johnson-Patman Small Business Investment Act of 1958.

But I reiterate that I have never considered any of these principles as a substitute for the initiative, the enterprise, and the creative energies of the West Virginia businessman in the local community. The Federal Government's most appropriate role in assisting the economy of any State or region is that of helping the people to help themselves.

We in West Virginia face a challenging decision. In the final analysis, the leaders in business and finance—in politics and the press—and people generally—must be affirmative.

Recently, in counseling with the West Virginia Junior Chamber of Commerce at its State convention, I emphasized the affirmative approach and renewed my suggestion that all organizations in our State might appropriately strive for the use of a common slogan, such as "We are building a better West Virginia."

I hope I may be pardoned a personal satisfaction by telling you that the members of the State junior chamber used that slogan last Wednesday, June 16, in the coveted leading position of the parade of their national convention in Buffalo, N.Y. This was their richly deserved reward for having been the State junior chamber which made the most progress during the past year.

The achievements of the junior chamber should strike the tone for us all as we face the decision as to whether we will take action to share in the prosperity of our national economy as a whole.

During the first quarter of this year, the gross national product climbed to the unprecedented height of $462.8 billion. Yet conditions of distress still prevail widely in West Virginia. This need not be.

While we must strive for more primary industries, for more defense procurement, and for the utilization of whatever Federal assistance is available, we must recognize that these sources will not, in themselves, provide a panacea to our problems.

If we would avoid continuing to duplicate the economic imbalance and the unemployment problems of some heavily industrialized areas, we must balance the development of new major industries by encouraging the growth of locally financed small businesses.

The ideal program would be to have a constellation of small independent businesses developed around each of the major industrial establishments.

In this connection, I mention also the development by the Curtiss-Wright Corp.'s coal research center of a new coal-based road binder. Although it is expected to be especially applicable—when it reaches its marketable stage—to roads and airstrips, I am informed that it may also eventually be used for numerous other domestic and construction purposes. Thus, we are offered the vision of opportunities for the development of small locally owned businesses in the coal fields of our State.

We have the natural and industrial resources to provide a truly balanced industrial complex—a system of small independent businesses existing in healthy relationship with the major chemical and primary metals industries as well as, eventually, the vital coal and lumber industries.

In order to augment the development of such a system, I hope that this conference, or others in the future, will consider the establishment of a Small Business Investment Corporation under the provisions of the Small Business Investment Act of 1958. This would be a forward step toward the realization of some of the goals previously cited as being obtainable.

But above all, we must have an act of faith from the financial leaders of West Virginia as well—an act of faith in the future of West Virginia. I believe they will respond.

For too long now we have paid the price of neglect—and a high price it has been—not only in money in the form of capital that is drawn from West Virginia into investments elsewhere, but, more importantly, in crippling the opportunities for able and aggressive leadership among our young people.

I know there is no quick or easy solution to our problems. We are all aware that they will not be solved until we utilize all our resources—natural, human, and financial—in developing a balanced industrial system. In this effort we must utilize every means at our command—the development of new uses for coal, the encouragement of new industries, the small as well as the large—and the use of Federal funds, where available, for basic purposes.

But with all of these, we must begin at once arranging a healthier climate for the growth of new locally owned small businesses and channel an increasing amount of

our energies into providing for service occupations. Moreover, we must stop making investment capital and human resources among our leading exports from the State.

With these goals in view, we can and we will create and maintain a balanced industrial system which will provide increased opportunities and place West Virginia in the forefront of our American economic development.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I want to give notice again it is our hope we can complete action on the General Government appropriation bill, and the appropriation bill for the Department of Health, Education, and Welfare tomorrow, or at least at the earliest possible date.

We also anticipate that we shall have a tax bill from the Finance Committee. I should like all Members to be on notice that the present statute expires on Tuesday next. Therefore, if the tax bill is to have action by the Senate and is to go to conference, and if we are to act on a conference report, we should attempt to pass the tax bill this week. It is, therefore, anticipated that the report will be filed tomorrow, and as soon as the report is available—perhaps Thursday or Friday—we will take up the tax bill for consideration.

We will possibly also take up for consideration the debt ceiling bill, to come from the Finance Committee. The able Senator from Virginia [Mr. BYRD] tells me he hopes both of those bills will be ready by Friday.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. KEATING. The majority leader means those bills will both be considered this week?

Mr. JOHNSON of Texas. We hope to consider them this week. I think both bills have deadlines for the following Tuesday, and if they should have to go to conference, the bills must be acted upon.

I want all Members to be on notice of the possibility of yea-and-nay votes on Thursday, Friday, and Saturday of this week, as well as tomorrow.

ADJOURNMENT UNTIL TOMORROW AT 11 A.M.

Mr. JOHNSON of Texas. Mr. President, pursuant to the order which was entered earlier today, I move that the Senate now stand in adjournment until tomorrow at 11 a.m.

The motion was agreed to; and (at 6 o'clock and 29 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Wednesday, June 24, 1959, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate June 23, 1959:

U.S. PUBLIC HEALTH SERVICE

The following candidates for personnel action in the Regular Corps of the Public Health Service subject to qualifications therefor as provided by law and regulations:

I. FOR APPOINTMENT

To be senior assistant veterinary officers

Raymond D. Zinn — Kenneth A. Gerner
John H. Richardson — Paul D. Lambert
Carl D. Olsen

To be assistant veterinary officers

William T. Hubbert — Philip H. Coleman
Lionel Rubin — James L. McQueen
Rex R. Every

IN THE AIR FORCE

The following officers under the provisions of section 8962, title 10, of the United States Code, to be placed on the retired list in the grade of general:

Gen. Otto Paul Weyland, 63A (major general, Regular Air Force), U.S. Air Force.

Gen. Earle Everard Partridge, 33A (major general, Regular Air Force), U.S. Air Force.

I nominate the following officers under the provisions of section 8066, title 10, of the United States Code, to be assigned to positions of importance and responsibility designated by the President in the rank as follows:

Lt. Gen. Frederic Harrison Smith, Jr., 461A (major general, Regular Air Force), in the rank of general, U.S. Air Force.

Maj. Gen. James Elbert Briggs, 356A, Regular Air Force, in the rank of lieutenant general, U.S. Air Force.

IN THE NAVY

Having designated, under the provisions of title 10, United States Code, section 5231, the following-named officer for commands and other duties determined by the President to be within the contemplation of said section, for appointment to the grade of vice admiral while so serving:

Rear Adm. George W. Anderson, Jr., U.S. Navy.

Vice Adm. Alfred M. Pride, U.S. Navy, for appointment to the grade of vice admiral on the retired list pursuant to title 10, United States Code, section 5233.

CONFIRMATION

Executive nomination confirmed by the Senate June 23, 1959:

TENNESSEE VALLEY AUTHORITY

Brooks Hays, of Arkansas, to be a member of the Board of Directors of the Tennessee Valley Authority for the remainder of the term expiring May 18, 1960.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 23, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

I Samuel 4: 9: *Be strong, and quit yourselves like men.*

Almighty God, the goal and guide of our noblest aspirations and desires, we bow before Thee in wonder and worship, for Thy gracious providence is ever round about us.

Grant that in times of anxiety and affliction we may possess the patience and perseverance of God-fearing men and women who believe that all things are working together for good to those who love Thee.

In these days of uncertainty and insecurity, may we never minimize the might and resources of our enemies, but keep us watchful and alert and, above all, may we magnify and avail ourselves of Thy divine power, for if God be for us, who can be against us.

Show us how we may anchor our hearts to Thee when we are tempest tossed and may Thy peace enable us to remain steadfast as we labor and wait for the dawning of that better and brighter day.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 2183. An act granting the consent of Congress to interstate compacts for the development or operation of airport facilities; and

S. Con. Res. 51. Concurrent resolution to enroll S. 57, the Housing Act of 1959, with certain corrections.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 498. An act to extend the life of the Alaska International Rail and Highway Commission, and to make a change in the membership of such Commission.

The message also announced that the Senate recedes from its disagreement to the amendment of the House to the bill (S. 1968) entitled "An act to strengthen the wheat marketing quota and price support program," and agrees to the amendment of the House thereon.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 57) entitled "An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes."

PERSONAL PRIVILEGE

Mr. CANNON. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state the grounds of his privilege, or let the Chair see the material he has.

Mr. CANNON. This relates to the same question of privilege I raised in the House on May 21 regarding a statement made by Mr. Lewis L. Strauss that I had altered the records of the Committee on Appropriations. I hand the article to the Speaker.

The SPEAKER. The Chair recognized the gentleman the other day on a

similar matter. The Chair believes the gentleman has stated a question of privilege and recognizes the gentleman.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 98]

Barden	Durham	Powell
Baumhart	Evins	Rabaut
Breeding	Goodell	Robison
Canfield	Gray	Shelley
Celler	Holifield	Spence
Cooley	Kilburn	Westland
Davis, Tenn.	Martin	
Dawson	Miller, N.Y.	

The SPEAKER. On this rollcall 412 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

PERSONAL PRIVILEGE

The SPEAKER. The Chair had recognized the gentleman from Missouri on a question of personal privilege.

Mr. CANNON. Mr. Speaker, on March 2, 1959, in hearings before a subcommittee of the Committee on Appropriations, Adm. Lewis L. Strauss, in response to a question as to his endorsement of a climactic letter, answered:

> You bet I stand by it. I would like to take full responsibility—

and so forth.

But in testifying before a Senate committee, this session, he denied making the statement and said the record had been changed.

In response to Admiral Strauss' retraction I rose to a question of privilege in the House on May 21, 1959, and included a letter to the chairman of the Senate committee on the subject.

Subsequently, on May 28, a statement criticizing my position was inserted in the CONGRESSIONAL RECORD signed by JOHN TABER, BEN F. JENSEN, IVOR D. FENTON, GERALD R. FORD, JR., and FRANK T. BOW.

All these gentlemen are colleagues of mine both in the House and on the committee and I have the highest regard for their partisanship.

After long consideration and exhaustive debate, the Senate by a bipartisan vote rejected the nomination of Admiral Strauss as Secretary of Commerce.

And the U.S. News & World Report, one of the most authoritative periodicals in the country, in its issue of June 29, 1959, included in its summary of the argument for and against the confirmation of Admiral Strauss this paragraph.

And I ask unanimous consent that the reading clerk may read the paragraph.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read as follows:

> The nominee challenged the integrity of an official transcript of a hearing before a committee of the House, thus impugning the integrity of those responsible for this preparation. He charged that a reported statement by him before a subcommittee of the House Appropriations Committee in 1956, in which he had accepted full responsibility for having asked for the preparation of a highly embarrassing letter to the Joint Committee, had in fact never been made.
>
> Such an assertion, by itself, reflects a virtually contemptuous attitude toward congressional procedures. Whatever defense the nominee might have had for making this charge evaporated completely when a check of the hearing reporter's stenotype notes showed conclusively that the portion of the record in question had not been altered in any way whatsoever.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

The SPEAKER. For what purpose does the gentleman rise? The gentleman from Missouri has relinquished the floor.

SCROLL FOR JOHN ANTHONY BURNS

Mr. WOLF. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Iowa.

There was no objection.

Mr. WOLF. Mr. Speaker, I am sure it is no secret to this body that JOHN ANTHONY BURNS, the Delegate from Hawaii, will be leaving us after this session of the Congress. We have prepared a scroll which is in the Speaker's lobby at the present time. It reads as follows:

> In appreciation to JOHN ANTHONY BURNS, Delegate to the Congress of the United States from Hawaii, this scroll is presented by his colleagues of the 86th Congress in recognition of the skill, energy, and wisdom of his leadership which led to the realization of Hawaii's long-cherished desire for statehood.

I am sure the Members of this body will be very happy to sign this scroll for our good friend JOHN BURNS, of Hawaii.

PERSONAL PRIVILEGE

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The SPEAKER. The Chair is not going to recognize any other Members to proceed for a minute but will recognize Members to submit requests regarding committees and so forth.

Mr. JENSEN. Mr. Speaker, since I was one of the members of the committee who signed the minority report objecting to the language in the majority report which the gentleman from Missouri just spoke of, I take this time to ask the gentleman from Missouri if he will state to the House categorically that he did not change the words which he has said in committee relative to this matter?

I thought, Mr. Speaker, that the gentleman had already "killed" Mr. Strauss. Why is it necessary to attempt to dig him up and again bury him with a lot of insults such as the gentleman poured on him for 4 solid days in committee?

Mr. CANNON. Mr. Speaker, in answer to the gentleman, I made no substantive change.

Mr. JENSEN. No substantive change. You did change it.

The SPEAKER. The time of the gentleman from Iowa has expired.

SUBCOMMITTEE NO. 5 OF THE SMALL BUSINESS COMMITTEE

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 5 of the Small Business Committee may have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first bill on the Private Calendar.

HARRY H. NAKAMURA

The Clerk called the bill (S. 611) for the relief of Harry H. Nakamura.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the time for filing claims for compensation under the Act entitled "An Act to authorize the Attorney General to adjudicate certain claims resulting from evacuation of certain persons of Japanese ancestry under military orders", approved July 2, 1948 (62 Stat. 1231), is hereby extended until the expiration of one year after the date of enactment of this Act in the case of Harry H. Nakamura.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALICE V. TENLY

The Clerk called the bill (S. 1887) for the relief of Alice V. Tenly.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the election made under section 9(h) of the Civil Service Retirement Act by Charles E. Alden to receive a reduced annuity with an annuity payable after his death to his sister-in-law, Alice V. Tenly, shall be valid.

(b) Notwithstanding any other provision of law, benefits payable under this Act shall be paid from the civil service retirement and disability fund.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. MARY D'AGOSTINO

The Clerk called the bill (H.R. 1387) for the relief of Mrs. Mary D'Agostino.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of paragraphs (2) and (5) of section 602(d) of the National Service Life Insurance Act of 1940, Mrs. Mary D'Agostino, mother of Michael R. D'Agostino (Veterans' Administration claim numbered XC–2943574), shall be held and considered to have filed a valid claim in the Veterans' Administration for insurance payments as the dependent mother of the said Michael R. D'Agostino, who died in line of duty while in the active military service on December 22, 1940.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

UNIVERSAL TRADES, INC.

The Clerk called the bill (H.R. 1456) for the relief of Universal Trades, Inc.

There being no objection, the Clerk read the bill, as follows:

Be enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That jurisdiction is hereby conferred upon the Tax Court of the United States to finally determine the amount, if any, of excessive profits received or accrued by Universal Trades, Incorporated, in an amount either less than, equal to, or greater than that determined by the Renegotiation Board for the fiscal year of the said Universal Trades, Incorporated, which ended on June 30, 1952, under applicable provisions of the Renegotiation Act of 1951, as amended: *Provided,* That the suit authorized hereunder shall be instituted within ninety days after the effective date of this Act: *Provided further,* That the passage of this Act shall not be construed as an inference of liability on the part of the Government of the United States.

With the following committee amendment:

Page 1, line 3, after "That," insert "notwithstanding the passage of time or any statute of limitation."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JAMES V. WILLIAMS

The Clerk called the bill (H.R. 2009) for the relief of James V. Williams.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to James V. Williams, truckdriver, public works department, United States Naval Air Station, Cecil Field, Florida, the sum of $74.12. Payment of such sum shall be in full settlement of all claims of the said James V. Williams against the United States for the loss of approximately thirty-four hours of his annual leave as a result of administrative error: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 1, strike out "in excess of 10 per centum hereof."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ESTATE OF SETH E. LIBBY, JR.

The Clerk called the bill (H.R. 2296) for the relief of the estate of Seth E. Libby, Jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $75,000 to the estate of Seth E. Libby, Junior, in full settlement of all claims of that estate against the United States as damages for the wrongful death of the said Seth E. Libby, Junior, as the result of an accident which occurred on Madrid-Cadiz highway in Spain on November 26, 1957, involving a United States Air Force vehicle. The operator of the Air Force vehicle in that accident has been determined not to have been acting within the scope of his employment, and the claims based on the accident are not cognizable under the Federal Tort Claims Act provisions now set out in title 28 of the United States Code.

SEC. 2. No part of the amounts appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with the claims covered by this Act, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 5, strike out "$75,000" and insert "$10,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTER-COUNTY TELEPHONE & TELEGRAPH CO.

The Clerk called the bill (H.R. 2695) for the relief of the Inter-County Telephone & Telegraph Co., Fort Myers, Fla.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Inter-County Telephone and Telegraph Company, Fort Myers, Florida, the sum of $22,390.28. The payment of such sum shall be in full satisfaction of all claims of such Inter-County Telephone and Telegraph Company against the United States for compensation for expenses and obligations incurred in connection with the construction of the Buckingham Weapons Center project, Fort Myers, Florida, which project was abandoned by the United States Air Force subsequent to the time such expenditures and obligations were incurred: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

F. H. HILLEL CO.

The Clerk called the bill (H.R. 4423) for the relief of F. H. Hillel Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to F. H. Hillel Company, Rye, New York, the sum of $41,377.40. The payment of such sum shall be in full settlement of all claims of the said F. H. Hillel Company against the United States on account of the erroneous liquidation of New York Warehouse Entry Numbered 14679 ($13,310.80) of February 19, 1946, New York Warehouse Entry Numbered 11145 ($5,653.94) of November 7, 1945, New York Warehouse Entry Numbered 8505 ($5,869.40) of August 11, 1945, New York Consumption Entry Numbered 726420 ($11,834.30) of November 30, 1945, and New York Consumption Entry Numbered 738308 ($4,709) of February 11, 1946, which entries incorrectly classified the merchandise involved, resulting in excessive customs duties being charged against such merchandise.

With the following committee amendment:

Strike out all after the enacting clause, and insert the following: "That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to F. H. Hillel Company, of New York, New York, the sum of $45,593.20. The payment of such sum shall be in full settlement of all claims against the United States on account of the erroneous liquidation of New York warehouse entries numbered 7504 of September 25, 1950, numbered 32283 of April 1, 1951, numbered 42852 of July 9, 1951, numbered 14679 of February 19, 1946, numbered 11145 of November 7, 1945, numbered 8505 of August 11, 1945, numbered 726420 of November 30, 1945, and numbered 738308 of February 11, 1946, resulting in excessive customs duties being charged against such merchandise: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person

violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. LANE. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. LANE to the committee amendment: Page 2, line 22, following the word "Act" insert "in excess of 10 per centum thereof."

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGIA KAOLIN CO.

The Clerk called the bill (H.R. 4894) for the relief of the Georgia Kaolin Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $105,000 to the Georgia Kaolin Company, of Elizabeth, New Jersey, in full settlement of its claims against the United States for compensation for items of expense and the cost of restoration of six hundred and seventy acres of kaolin-bearing land known as "tract 113" in Twiggs County, Georgia, made necessary by the use of that land by the United States as a troop maneuver and training area. The payment provided for herein is in accordance with the recommendation of the Court of Claims in its decision dated February 11, 1959, in Congressional case numbered 7–55, a congressional reference case resulting from H. Res. 250 of the Eighty-fourth Congress, first session: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 1, line 5, strike out "$105,000" and insert $82,462.50."

Page 2, line 7, strike out "10" and insert "25."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LORETTA F. OSSORIO

The Clerk called the bill (H.R. 5357) for the relief of Loretta F. Ossorio.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Loretta F. Ossorio, of Atlanta, Georgia, is hereby relieved of liability to repay to the United States the sum of $551.34, representing amounts advanced to her by the Department of State in 1944, to pay the cost of passage for herself and her son to the United States from Australia. In the audit and settlement of the accounts of any accounting or disbursing officer, full credit shall be given for the amount for which the said Loretta F. Ossorio is relieved of liability by this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. WALTER H. DUISBERG

The Clerk called House Resolution 128.

Mr. HENDERSON. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Ohio?

There was no objection.

CLARA H. HALL

The Clerk called the bill (H.R. 5873) for the relief of Clara H. Hall.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Clara H. Hall, of Honolulu, Hawaii, the sum of $12,500. The payment of such sum shall be in full satisfaction of all her claims against the United States for compensation for permanent personal injuries and pain and suffering sustained by her, and for reimbursement of hospital, medical, and other expenses incurred by her, as a result of a toxic reaction to the medication used in preparation for and in the course of delivery of a child to her on May 26, 1950, by United States Navy doctors at the United States Navy Hospital, Great Lakes, Illinois: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLBERT COLGATE HELD AND CHARLES W. SHELLHORN

The Clerk called the bill (H.R. 6490) for the relief of Colbert Colgate Held and Charles W. Shellhorn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each of the following employees of the Foreign Service of the United States, the sum designated in full satisfaction of each employee's claim against the United States for compensation for personal property lost while performing official duty: Colbert Colgate Held, $500; Charles W. Shellhorn, $390.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NANCY MAE FLOOR

The Clerk called the bill (H.R. 6546) for the relief of Nancy Mae Floor.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Nancy Mae Floor, of Dallas, Tex., is hereby relieved of liability to pay to the United States the sum of $536.24. Such sum represents the unpaid balance of charges by the Rodriguez Army Hospital, Fort Brooke, Puerto Rico, for hospitalization furnished Nancy Mae Floor for the period from September 11, 1955, through November 10, 1955. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for the amount for which liability is relieved by this section.

SEC. 2. (a) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $964.43 to the Youngstown Hospital, Youngstown, Ohio.

(b) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to such persons as he determines shall be entitled to such payments such amounts as he determines they are entitled to for medical expenses incurred in connection with skin grafting performed on Nancy Mae Floor. The total of all payments made under this subsection shall not exceed $500.

SEC. 3. Payment of the amounts appropriated in section 2 of this Act shall be in full settlement of all claims against the United States arising out of personal injuries sustained by Nancy Mae Floor as the result of being struck by an automobile being driven by a member of the United States Air Force on September 11, 1955, near Ramey Air Force Base, Puerto Rico.

SEC. 4. No part of either of the sums appropriated in section 2 of this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with the claim settled by the payment of such sum, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, strike out sections 2, 3, and 4, and insert:

"SEC. 2. The Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to the said Nancy Mae Floor an amount equal to the total of any payments made to the United States by her in reduction of the liability referred to in section 1 of this Act and any amounts otherwise due her from the United States which were withheld by reason of the imposition of that liability: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same

shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ABRAHAM FYE

The Clerk called the bill (H.R. 6714) for the relief of Abraham Fye.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,400 to Abraham Fye, of Brooklyn, New York, in full settlement of all claims against the United States. Such sum represents internee allowance for a period of forty calendar months while held prisoner by the Imperial Japanese Forces, and failed to file a claim prior to the deadline of August 31, 1955: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ROBERT N. ANTHONY

The Clerk called the bill (H.R. 6717) for the relief of Robert N. Anthony.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Specialist Fifth Class Robert N. Anthony, RA13407928, United States Army, the sum of $3,500. Such sum represents the amount of a judgment for which the said Robert N. Anthony was held liable to Mrs. Kathrene LeTang on January 30, 1959, in a civil action in the Circuit Court of Baltimore County, Maryland. This civil action was the result of an accident which occurred on the Baltimore-Washington Parkway, approximately eight miles south of Baltimore, Maryland, on January 9, 1956, and which involved a United States Army ambulance being driven by the said Robert N. Anthony, acting within the scope of his military duties in the interest of the Government. Such sum shall be paid only on the condition that the said Robert N. Anthony shall use such sum, or so much thereof as is necessary, to pay such judgment in full: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered to Specialist Fifth Class Robert N. Anthony in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LT. COL. ALBERT E. SHERRON (U.S. ARMY, RETIRED)

The Clerk called the bill (H.R. 6718) for the relief of Lt. Col. Albert E. Sherron (U.S. Army, retired).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lieutenant Colonel Albert E. Sherron (retired), Box 210, Miles City, Montana, the sum of $1,439.10, in full settlement of all claims against the United States for damages on account of loss or destruction of household goods and personal property belonging to Albert E. Sherron that were destroyed by fire on or about July 6, 1958, while in a warehouse of the Tidewater Storage and Moving Company, Hampton, Virginia. This sum of $1,439.10 is in addition to the sum of $6,500 previously paid to Albert E. Sherron for this fire loss pursuant to the provisions of the Military Personnel Claims Act (10 U.S.C. 2732), as implemented by Army Regulations: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SALLIE B. DICKENS

The Clerk called the bill (H.R. 6955) for the relief of Sallie B. Dickens.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Sallie B. Dickens, of Enfield, North Carolina, the sum of $105.35 in full satisfaction of her claim against the United States for compensation for services performed for the United States District Court for the Eastern District of North Carolina in preparing a transcript of record in the case of the United States against Paul Jeffers, criminal numbered 1974 and 1975, Elizabeth City division.

With the following committee amendment:

At the end of bill add ": *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN B. SUTTER

The Clerk called the bill (H.R. 7085) for the relief of John B. Sutter.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

UWE-THORSTEN SCOBEL

The Clerk called the bill (S. 32) for the relief of Uwe-Thorsten Scobel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of the Immigration and Nationality Act relating to required periods of residence and physical presence within the United States, Uwe-Thorsten Scobel may be naturalized at any time after the date of enactment of this Act if he is otherwise eligible for naturalization under the provisions of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BERTHA GLICKMANN

The Clerk called the bill (S. 33) for the relief of Bertha Glickmann.

There being no objection, the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Bertha Glickmann shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BEN CHASSIN

The Clerk called the bill (S. 46) for the relief of Ben Chassin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in the administration of the Immigration and Nationality Act, as amended, Ben Chassin shall be held and considered to be within the purview of section 354(5) of that Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YAEKO INOUYE

The Clerk called the bill (S. 110) for the relief of Yaeko Inouye.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Yaeko Inouye shall be held and considered to be a returning resident alien within the purview of section 101(a)(27)(B) of that Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WONG BICK QUON (MARIA WONG)

The Clerk called the bill (S. 178) for the relief of Wong Bick Quon (Maria Wong).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Wong Bick Quon (Maria Wong) shall be held and considered to be the natural-born alien child of Mrs. Mary Fong Chan, a citizen of the United States: *Provided,* That the natural parents of Wong Bick Quon (Maria Wong) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YONG CHUL JURGENS

The Clerk called the bill (S. 182) for the relief of Yong Chul Jurgens.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Yong Chul Jurgens, shall be held and considered to be the natural-born alien child of Mr. Charles J. Jurgens, a citizen of the United States: *Provided,* That no natural parent of Yong Chul Jurgens, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

Page 1, line 7, after "United States" change the colon to a period and strike out the remainder of the bill.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MELANIE HOFFMANN

The Clerk called the bill (S. 190) for the relief of Melanie Hoffmann.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Nationality Act, Melanie Hoffmann shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Melanie Hoffmann. From and after the date of the enactment of this act, the said Melanie Hoffmann shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STANISLAWA SIEDLECKA (REJMAN)

The Clerk called the bill (S. 199) for the relief of Stanislawa Siedlecka (Rejman).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child Stanislawa Siedlecka (Rejman) shall be held and considered to be the natural-born alien child of Mrs. Katarzyna Siedlecka, a citizen of the United States: *Provided,* That no natural parent of the beneficiary, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHIYOKO KOREMATSU AND AIKO KOREMATSU

The Clerk called the bill (S. 201) for the relief of Chiyoko Korematsu and Aiko Korematsu.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Chiyoko Korematsu and Aiko Korematsu, the financé and minor child of Thomas Mulvihill, a citizen of the United States, shall be eligible for visas as nonimmigrant temporary visitors for a period of three months: *Provided,* That the administrative authorities find that the said Chiyoko Korematsu is coming to the United States with a bona fide intention of being married to the said Thomas Mulvihill and that they are found to be otherwise admissible under the immigration laws. In the event the marriage between the above-named persons does not ocur within three months after the entry of the said Chiyoko Korematsu and Aiko Korematsu, they shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within three months after the entry of the said Chiyoko Korematsu and Aiko Korematsu, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Chiyoko Korematsu and Aiko Korematsu as of the date of the payment by them of the required visa fees.

PANTALEON IBARRA

The Clerk called the bill (S. 210) for the relief of Pantaleon Ibarra, also known as Elmo Gomes Arcibal.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AURELIA MARIJA MEDVESEK-POZAR

The Clerk called the bill (S. 211) for the relief of Aurelia Marija Medvesek-Pozar.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

UMEKO PARKER

The Clerk called the bill (S. 245) for the relief of Umeko Parker.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Umeko Parker, the widow of a United States citizen, shall be deemed to be within the purview of section 101(a)(27)(A) of that Act, and the provisions of section 205 of the said Act shall not be applicable in this case.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COLLINGWOOD BRUCE BROWN, JR.

The Clerk called the bill (S. 313) for the relief of Collingwood Bruce Brown, Jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of paragraph (4) of section 212(a) of the Immigration and Nationality Act, Collingwood Bruce Brown, Junior, may be issued a visa and be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act: *And provided further,* That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TATSUO KOCHI

The Clerk called the bill (S. 317) for the relief of Tatsuo Kochi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of section 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child Tatsuo Kochi shall be held and considered to be the natural born alien child of Master Sergeant and Mrs. Russell E. Schwartz, citizens of the United States: *Provided,* That no natural parent of Tatsuo Kochi, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THEODORE BURTZOS

The Clerk called the bill (S. 319) for the relief of Theodore Burtzos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Nationality Act, Theodore Burtzos shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SOFIJA LAICA

The Clerk called the bill (S. 320) for the relief of Sofija Laica.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That for the purposes of the Immigration and Nationality Act, Sofija Laica shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That the natural parent of Sofija Laica shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. STASYS SEREIKA

The Clerk called the bill (S. 322) for the relief of Dr. Stasys Sereika.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (6) of section 212(a) of the Immigration and Nationality Act, Doctor Stasys Sereika may, is he is found to be otherwise admissible under the provisions of such Act, be issued a visa and be admitted to the United States for permanent residence, under such conditions and controls as the Attorney General, after consultation with the Surgeon General of the United States, deems necessary to impose: *Provided,* That a suitable or proper bond or undertaking, approved by the Attorney General, shall be given by or on behalf of the said Doctor Stasys Sereika in the same manner and subject to the same conditions as bonds or undertakings given under section 213 of such Act: *Provided further,* That this Act shall apply only to grounds for exclusion under paragraph (6) of section 212(a) of the Immigration and Nationality Act known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CWY PINKUSIEWICZ

The Clerk called the bill (S. 327) for the relief of Cwy Pinkusiewicz.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (1) of section 212(a) of the Immigration and Nationality Act, Cwy Pinkusiewicz may be issued a visa and be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act: *Provided further,* That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ELLEN B. MUELLER

The Clerk called the bill (S. 328) for the relief of Ellen B. Mueller.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Ellen B. Mueller shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ERMINIO NEGLIA

The Clerk called the bill (S. 330) for the relief of Erminio Neglia.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Erminio Neglia shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MOHAMMED ALI HALIM

The Clerk called the bill (S. 451) for the relief of Mohammed Ali Halim.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PENELOPE CARNAVOS KAFOS

The Clerk called the bill (S. 459) for the relief of Penelope Carnavas Kafos.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GORJANA GRDJIC

The Clerk called the bill (S. 460) for the relief of Gorjana Grdjic.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That, notwithstanding the provision of section 212(a)(6) of the Immigration and Nationality Act, Gorjana Grdjic may be issued a visa and be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act: *And provided further,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANDROULA NEOFITOS STEPHANON (ANDROULA KYRIACOU STEPHANOU)

The Clerk called the bill (S. 461) for the relief of Androula Neofitos Stephanon (Androula Kyriacou Stephanou).

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Androula Neofitos Stephanon (Androula Kyriacou Stephanou) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That the natural parents of Androula Neofitos Stephanon (Androula Kyriacou Stephanou) shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PETER R. MULLER

The Clerk called the bill (S. 510) for the relief of Peter R. Muller.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

GIOVANNI MALARA

The Clerk called the bill (S. 524) for the relief of Giovanni Malara.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(7)(A) and 205 of the Immigration and Nationality Act, the minor child, Giovanni Malara, shall be held and considered to be the natural-born alien child of Giovanni and Margherita Malara, citizens of the United States: *Provided,* That no natural parent of Giovanni Malara, by virtue of such parentage, shall be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHRISTOS KARTSONIS

The Clerk called the bill (S. 604) for the relief of Christos Kartsonis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Christos Kartsonis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GIROLAMO NASELLI

The Clerk called the bill (S. 624) for the relief of Girolamo Naselli.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Girolamo Naselli shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARIA WOLFRAM

The Clerk called the bill (S. 626) for the relief of Maria Wolfram.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of of America in Congress assembled, That, notwithstanding the provisions of section 212(a)(4) of the Immigration and Nationality Act, Maria Wolfram may be issued a visa and admitted to the United States if she is found to be otherwise admissible under the provisions of that Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of said Act: *Provided further,* That this exemption shall apply only to grounds for exclusion of which the Department of State or the Department of Justice has knowledge prior to enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DEMETRIOS PAPPATHAKIS

The Clerk called the bill (S. 707) for the relief of Demetrios Pappathakis.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SIGLINDE GINZINGER MAXWELL

The Clerk called the bill (S. 755) for the relief of Siglinde Ginzinger Maxwell.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of of America in Congress assembled, That, notwithstanding the provisions of paragraph (3) of section 212 (a) of the Immigration and Nationality Act, Siglinde Ginzinger Maxwell may be issued a visa and be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That this Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act: *And provided further,* That if the said Siglinde Ginzinger Maxwell is not entitled to medical care under the Dependents' Medical Care Act (70 Stat. 250), a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FEIGA ALTMANN ROCK

The Clerk called the bill (S. 770) for the relief of Feiga Altmann Rock.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Feiga Altmann Rock shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Feiga Altmann Rock. From and after the date of the enactment of this act, the said Feiga Altmann Rock shall not again be subject to deportation by reason of the same

facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SAEKO HIGA AND MASAKO HIGA

The Clerk called the bill (S. 855) for the relief of Saeko Higa and Masako Higa.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Saeko Higa and Masako Higa shall be deemed to be within the purview of section 202(b)(3) of that act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANTHONY ELIO MONACELLI

The Clerk called the bill (S. 896) for the relief of Anthony Elio Monacelli.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(3) and 205 of the Immigration and Nationality Act, the minor child, Anthony Elio Monacelli, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Elio Monacelli, lawful permanent residents of the United States: *Provided,* That the natural mother of Anthony Elio Monacelli, by virtue of such parentage, shall not be accorded any right, privilege, or status under the immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HLIAS ANTHONY LOUSEDES

The Clerk called the bill (S. 940) for the relief of Hlias Anthony Lousedes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Hlias Anthony Lousedes shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ASAE NISHIMOTO

The Clerk called the bill (S. 1034) for the relief of Asae Nishimoto.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

JESSIE ISOBEL FOSTER

The Clerk called the bill (S. 1037) for the relief of Jessie Isobel Foster.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Attorney General is authorized and directed to cancel any outstanding order and warrant of deportation, warrant of arrest, and bonds, which may have issued in the case of Jessie Isobel Foster. From and after the date of the enactment of this Act, the said Jessie Isobel Foster shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STEPHANOS TSOUKALAS

The Clerk called the bill (S. 1042) for the relief of Stephanos Tsoukalas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Stephanos Tsoukalas, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Michael Callas, citizens of the United States: *Provided,* That the natural parents of Stephanos Tsoukalas shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JURIJ ANTIN NIMYLOWYCZ

The Clerk called the bill (S. 1128) for the relief of Jurij Antin Nimylowycz.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Attorney General is authorized and directed to cancel any outstanding order and warrant of deportation, warrant of arrest, and bonds which may have issued in the case of Jurij Antin Nimylowycz. From and after the date of the enactment of this Act the said Jurij Antin Nimylowycz shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANGELA MARIA STAIA LABELLARTE

The Clerk called the bill (S. 1192) for the relief of Angela Maria Staia Labellarte.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Angela Maria Staia Labellarte shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon the payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUSPENDED DEPORTATION

The Clerk called the concurrent resolution (S. Con. Res. 21) for the relief of certain cases in which the Attorney General has suspended deportation.

There being no objection, the Clerk read the concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress favors the suspension of deportation in the case of each alien hereinafter named, in which case the Attorney General has suspended deportation for more than six months:

A-4727055, Blaek, Ewald.
A-6623087, Chen, Won.
A-7073910, Chen, Rose Marcial.
A-7841721, Doxas, Ioannis Georges.
A-7469427, Duran-Gomez, Lucio.
A-5653974, Goldberg, Jennie.
A-5923851, Gonie, Abdul.
A-8227824, Hintopoulos, Anastasios.
A-8227810, Hintopoulos, Elizabeth.
A-10237829, Howell, James.
A-9509847, Kim, Tan Cheng.
A-7910271, Laskaratos, Antonis.
A-3734088, Laush, John.
A-7606569, Lorsy, Pierre Auguste.
A-5680354, Mitsis, Vasilios George.
A-3191505, Moyagi, Shintaro.
A-9702526, Nam, Wong.
T-330304, Nunez, Estrella Quesda-Padron de.
A-10828947, Okano, Toshio.
A-9783404, Pioa, Ching Tsung.
A-3313814, Poon, Gee King.
A-7123769, Prano, Francesco.
A-3026388, Sikinger, Maximilian.
A-5983271, Teh-Chee, Wong.
A-6218916, Tijerina, Elidia Gomez.
A-8082837, Yee, Chan Tim.
A-9634992, Choy, Wong.
A-5309224, Engelbert, Walter.
A-6888873, Huppert, George.

A-6798911, Huppert, Marta (see Simon).
A-9563617, Karapanagiotis, Aristotelis Anastassios.
A-9197864, Sing, Lai.
A-10504603, De Belmares, Josefina Coronel.
A-4789022, Evans, Zena Ann.
A-4786269, Hamasaki, Hiroichi.
A-5364167, Hamasaki, Tsugino.
A-9684330, Kam, Lo.
A-9799123, Kwai, Yung Ah.
A-3351370, Lum, Chong.
A-7186533, Rubin, Riva.
A-4276892, Dos Santos, Alfredo Lopes.
A-7450107, Wong, Kam.
A-6657670, Cheliotis, Athanasios Elias.
A-7898703, Costa-Coloret, Candido.
A-10292017, Costa, Candida Jalda-Diaz De.
A-7137721, Galaviz, Juana.
A-7886181, Lam, Cheong King.
A-5056856, Trentin, Giuseppe.
A-2794618, Carlson, Peter.
A-6984286, Garcia-Mendez, Celia.
A-6984283, Garcia-Mendez, Maria.
A-6984285, Garcia-Mendez, Victor.
A-3974383, May, Chang Ah.
A-9625807, Mustasaar, Jaan.
A-8952421, Wing, Lew.
A-8952422, Chung, Lee Sun.
A-5830879, Arden, Robert H.
A-7264249, Kildea, Gay Yvonne.
A-8217364, Silaikis, Felix.
A-9635445, Wong, Chong.
A-10255991, Chow, Sow Tan.
A-9727518, Giraud, Boniface Victorius Leon.
A-7241518, Lynch, Timoth James.
A-9069727, Yin, Ho York.
A-7266325, Fong, Han Soon.
A-9571969, Lim, Chew Tak.
A-10255551, Toon, Tan Siang.
A-7469694, Wah, Tan Jow.
A-9537742, Tan, Yap Eng.
A-9561879, Paun, Tin Joke.
A-7978933, Nunez y Plasencia, Juan Jose.

With the following committee amendment:

On page 4 at the end of the concurrent resolution, add the following names:
"A-7197635, Apsis, Chrysostome Alexander.
"A-7415400, Apsis, Diane Helen."

The committee amendment was agreed to.

The concurrent resolution was concurred in, and a motion to reconsider was laid on the table.

EDUARDO PIRES

The Clerk called the concurrent resolution (S. Con. Res. 30) a case in which the Attorney General has recommended the rescission of the adjustment of status in the matter of Eduardo Pires.

There being no objection, the Clerk read the concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress, in accordance with sections 246(a) of the Immigration and Nationality Act (8 U.S.C.A. 1256(a)), withdraws the suspension of deportation in the case of Eduardo Pires (A-7483662) which was previously granted by the Attorney General and approved by the Congress.

The concurrent resolution was concurred in, and a motion to reconsider was laid on the table.

EVA GARCIA DE ZEPEDA

The Clerk called the Senate concurrent resolution (S. Con. Res. 31) withdrawing suspension of deportation in the case of Eva Garcia de Zepeda.

There being no objection, the Clerk read the concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress, in accordance with section 246(a) of the Immigration and Nationality Act (8 U.S.C.A. 1256(a)), withdraws the suspension of deportation in the case of Eva Garcia de Zepeda (A-8769233) which was previously granted by the Attorney General and approved by the Congress.

The concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

JOSE POBLET

The Clerk called the Senate concurrent resolution (S. Con. Res. 32) withdrawing suspension of deportation in the case of Jose Poblet.

There being no objection, the Clerk read the concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress in accordance with section 246(a) of the Immigration and Nationality Act (8 U.S.C.A. 1256(a)), withdraws the suspension of deportation in the case of Jose Poblet (A-3013924) which was previously granted by the Attorney General and approved by the Congress.

The concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

DR. RADBOUD LOUWRENS BEUKENKAMP

The Clerk called the bill (H.R. 5914) for the relief of Dr. Radboud Louwrens Beukenkamp.

There being no objection, the Clerk read the bill, as follows:

Be in enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of title III of the Immigration and Nationality Act, Doctor Radboud Louwrens Beukenkamp (A-11292491) shall be held and considered to have been admitted to the United States for permanent residence on September 1, 1950, and to have complied with the residential requirements of section 316 of the said Act.

With the following committee amendment:

On page 1, at the beginning of line 8, add "and physical presence."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PETAR TRBOJEVIC

The Clerk called the bill (H.R. 6711) for the relief of Petar Trbojevic.

Mr. WALTER. Mr. Speaker, I ask unanimous consent that the Senate bill (S. 848) for the relief of Petar Trbojevic be substituted for the House bill.

The SPEAKER pro tempore (Mr. ALBERT). Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Petar Trbojevic shall be considered to have been registered on the waiting list for intending immigrants for the quota for Yugoslavia as of April 17, 1945, the date on which American consular officers abroad were authorized to resume registration of intending immigrants.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

House bill H.R. 6711 was laid on the table.

WAIVING CERTAIN PROVISIONS OF IMMIGRATION AND NATIONALITY ACT

The Clerk called the joint resolution (H.J. Res. 407) to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212(a)(1) of the Immigration and Nationality Act, Giovanni Budano may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act.

SEC. 2. Notwithstanding the provisions of section 212(a) (1), (4) and (25) of the Immigration and Nationality Act, Bronislawa Francuz may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act.

SEC. 3. Notwithstanding the provision of section 212(a)(25) of the Immigration and Nationality Act, Miss Mountaha Joseph Nakhle may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act.

SEC. 4. Notwithstanding the provision of section 212(a)(3) of the of the Immigration and Nationality Act, Mrs. Hagit Lalo may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act.

SEC. 5. The exemptions provided for in this Act shall apply only to grounds for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FOR THE RELIEF OF CERTAIN ALIENS

The Clerk called the joint resolution (H.J. Res. 405) for the relief of certain aliens.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Maria Lagomarsino Rosasco, Andrew Rosasco, Sister Eucharia (Miss Philomena Iannucci), Sister Marie Bernard (Miss Nicolina Ossa), Sister Alphonsus Marie (Miss Mary Grace Padovano), Sister Mary Dulcis (Miss Mary Teresa Di Ioia), Alfredo T. Ordonio, Priscilla Sook Chur Chiang, Antonio P. Whitmoyer, Antoun S. Ghantous, Albert S. Goh, and Anna Leone de Magistris shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to each alien as provided for in this section of this Act, if such alien was classifiable as a quota immigrant at the time of the enactment of this Act, the Secretary of State shall instruct the proper quota-control officer to reduce by one the quota for the quota area to which the alien is chargeable for the first year that such quota is available.

SEC. 2. The Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bonds which may have issued in the cases of Kurt Reitmann, Maria Salamone De Franco, Jose Guadalupe Magdeleno Acosta, Jose Manuel Ortiz-Reyes, Nicholas Afonin, Maria Veneranda Machargo, Maria Angelidou, and Daisy Cecile Lewis: *Provided,* That nothing in this section of this Act shall be construed to waive the provisions of section 315 of the Immigration and Nationality Act as they apply to the said Kurt Reitmann: *Provided further,* That a suitable and proper bond or undcrtaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act in the case of Jose Manuel Ortiz-Reyes. From and after the date of the enactment of this Act the said persons shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commended or any such warrants and orders have issued.

SEC. 3. For the purposes of the Immigration and Nationality Act, Maria Jesualda Reis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That the natural parents of Maria Jesualda Reis shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 4. For the purposes of the Immigration and Nationality Act, Arnold K. Dalton and Eugenia Dweck shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act: *Provided,* That, unless the beneficiaries of this section are entitled to care under chapter 55, title 10, United States Code, suitable and proper bonds or undertakings, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act.

SEC. 5. The Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bonds which may have issued in the cases of Rosa Angarica and Lew Kablak: *Provided,* That nothing in this section of this Act shall be held to waive the provisions of section 241(a)(3) of the Immigration and Nationality Act: *Provided further,* That suitable and proper bonds or undertakings, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act.

SEC. 6. For the purposes of the Immigration and Nationality Act, John Saba, formerly John (Hanna) Karam, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act. Upon the granting of permanent residence to such alien as provided for in this section of this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

SEC. 7. For the purposes of the Immigration and Nationality Act, Jesus Martinez-Silva shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee.

With the following committee amendments:

On page 1, line 9, after the name "Ghantous" insert the following name: "Reginald Clio Rickman,".

On page 2, line 13, after the words "cases of" insert the following name: "Kornel Miklos Berenkey,".

On page 2, line 13, strike out the name "Reitmann" and substitute the name "Rietmann".

On page 2, line 13, after the name "De Franco," insert the following name: "Weronika Godlewska,".

On page 2, line 14, strike out the name "Magdeleno-Acosta" and substitute the name "Magdaleno-Acosta".

On page 2, line 19, strike out the name "Reitmann" and substitute the name "Rietmann".

On page 2, line 20, strike out the words "bond or undertaking" and substitute in lieu thereof "bonds or undertakings".

On page 2, line 23, strike out the word "case" and substitute "cases".

On page 2, line 23, strike out the period after the name "Ortiz-Reyes" and add the following: "and Weronika Godlewska.".

The committee amendments were agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FAVORING THE GRANTING OF THE STATUS OF PERMANENT RESIDENCE TO CERTAIN ALIENS

The Clerk called the House concurrent resolution (H. Con. Res. 186) favoring the granting of the status of permanent residence to certain aliens.

There being no objection, the Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress approves the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 6 of the Refugee Relief Act of 1953, as amended (67 Stat. 403; 68 Stat. 1044):

A-10248241, Bucar, Ivan.
A-10248233, Bucar, Stanislava.
A-8106033, Camalich, Andrea (or Andrew).
A-6703473, Chang, Carol Ching-Hsing.
A-901118, Chang, Francis Fu-Chieh.
A-8031624, Chang, Jen Chung.
A-7118699, Chang, Tsi Ying.
A-10141530, Cheng, Daniel Tah-Nian.
A-9666623, Cheng, Foo See.
A-9518849, Chok, Wong Ah.
A-9799517, Fong, King Yao.
A-8921560, Han, Ching Chang.
A-9694260, Hing, Sah Ming.
A-10265984, Hirth, Josef (or Joseph).
A-9556536, Huo, Hue Shen.
A-8103732, Hwang, Chung, Li, also known as Clayton Chung Li Hwang.
A-7445242, Kagi, Rolf.
A-10256922, Katz, Siegfried.
A-9802189, King, Chen Lee.
A-9671970, King, Lock Ting.
A-9082703, Kong, Ho Yung.
A-9757090, Kudrawcew, Jerzy alias Piotr Wedrogowski.
A-9801139, Kwan, Luk.
A-10463833, Lan, Choo Sing.
A-9798540, Ling, Ah-Sang.
A-7274549, Lo, Ignatius Ching Ho.
A-10259333, Loong, Yao Ah.
A-10265378, Loosaar, Endel.
A-9556542, Lou, Koo Hai or Lou Hai Koo or Chang Kang.
A-10491939, May, Tung Pao, also known as May Pao-May Tung.
A-9558145, Naim, Ham Say.
A-9922572, Pioy, Woo Yung.
A-6986478, Po, Margart Pei-Te.
A-7065631, Prumskyte, Anele.
A-10256926, Stavropoulos, Grigore Leonidas.
A-9948084, Tarabocchia, Rodolfo.
A-7389377, Ting-Ching, Huang.
A-9732183, Tong, Cheng Saw.
A-9799972, Tsai, Ong Ming.
A-9798652, Wong, Yong Moon.
A-8235258, Wu, Chiu-Sang, also known as William Chiu Sang.
A-8845940, Yin, Mignonette Ye Hsuen.
A-9798571, Ying, Ming-Wei.
A-7247125, Yuan, Shang Wen.

SEC. 2. The Congress favors the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U.S.C. 1953):

A-2049361, Chin, Pao-Tung.
A-8082083, Dow, Tan Kai.
A-8190830, Foon, Kong.
A-2684795, Pei-Fen, Chin nee Lin Pei-Fen.
A-7439686, Ping, Fong Yee or Yee Ping Fong.
A-8057484, Ying-Chiang, Theresa Yu.

With the following committee amendments:

On page 2, line 5, strike out the number "A-9518849," and substitute in lieu thereof the number "A-9518840,".

On page 2, line 9, strike out the name "Josef" and substitute "Jozef".

On page 4, line 7, strike out the number "A-2684795," and substitute in lieu thereof the number "A-6847952,".

The committee amendments were agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

FACILITATING ADMISSION INTO UNITED STATES OF CERTAIN ALIENS

The Clerk called the House joint resolution (H.J. Res. 406) to facilitate the admission into the United States of certain aliens.

There being no objection, the Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(3) and 205 of the Immigration and Nationality Act, Anayis Adrouny shall be held and considered to be the alien minor child of Mr. and Mrs. Adour Adrouny, lawfully resident aliens of the United States.

SEC. 2. For the purposes of section 101(a)(27)(B) of the Immigration and Nationality Act, Giovanni Battista Pelle shall be deemed to be a returning resident alien.

SEC. 3. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Stavroula T. Antoneos, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Andrew P. Sofos, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 4. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Thalia I. Demetrakopoulos shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Andrew P. Sofos, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 5. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Kazue Ikeda shall be held and considered to be the natural-born alien minor child of James H. Keating, a citizen of the United States: *Provided,* That the natural father of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 6. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Tanya Gwin (formerly Tatjana Prosek), shall be held and considered to be the natural born alien child of Mr. and Mrs. John J. Gwin, citizens of the United States: *Provided,* That the natural father of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 7. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Catherine Katalinich shall be held and considered to be the natural-born alien child of Mr. and Mrs. Swano Katalinich, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 8. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Evanthia Loize Papagiovanni Fhiaras, shall be held and considered to be the natural-born alien child of George Fhiaras and Betty Margaret Fhiaras, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 9. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Maria Kosiorek, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Edward Czarnecki, citizens of the United States: *Provided,* That the natural mother of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

SEC. 10. For the purposes of section 101(a)(27)(C) of the Immigration and Nationality Act, the minor child, Anna Marina Marolo Rossiello, shall be held and considered to be the natural-born accompanying alien child of Mr. Anselmo Rossiello, a lawfully resident alien of the United States.

SEC. 11. Mrs. Yukiko Pluard, the widow of a United States citizen, shall be deemed to be within the purview of section 101(a)(27)(A) of the Immigration and Nationality Act, and the provisions of section 205 of that Act shall not be applicable in this case.

SEC. 12. For the purposes of section 202(a)(1) of the Immigration and Nationality Act, Harry (Zwi) Goldenberg (Sponder) shall be held and considered to be the natural-born accompanying alien child of Mr. and Mrs. Herbert Sponder, lawfully resident aliens of the United States.

With the following committee amendments:

Beginning on page 2, line 24, strike out all of section 6 through line 6, on page 3.

On page 3, line 7, strike out "SEC. 7." and substitute "SEC. 6."

On page 3, line 15, strike out "SEC. 8." and substitute "SEC. 7."

On page 3, line 24, strike out "SEC. 9." and substitute "SEC. 8."

On page 4, line 7, strike out "SEC. 10." and substitute "SEC. 9."

On page 4, line 13, strike out "SEC. 11." and substitute "SEC. 10."

On page 4, line 18, strike out "SEC. 12." and substitute "SEC. 11."

At the end of the joint resolution, add four new sections numbered 12, 13, 14, and 15, to read as follows:

"SEC. 12. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Marcos Legaspi, Junior, shall be held and considered to be the natural-born alien minor child of Marcos Legaspi, Senior, a citizen of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

"SEC. 13. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Branko Franovic, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Spiro Franovic, citizens of the United States: *Provided,* That the natural mother of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

"SEC. 14. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Jose Fraga, shall be held and considered to be the natural-born alien child of Mr. Joseph Fraga, a citizen of the United States.

"SEC. 15. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Ida Colaizzi Di Benedetto, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Angelo Di Benedetto, citizens of the United States: *Provided,* That the natural mother of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendments were agreed to.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PETER SERGEEVICH DERYABIN, ALSO KNOWN AS THEODORE STANLEY OREL

The Clerk called the bill (H.R. 4243) for the relief of Theodore Orel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Theodore Orel (A-8814572), lawfully admitted for permanent residence in the United States on May 31, 1955, shall be held to be included in the class of applicants for naturalization exempted from the provisions of section 313(a) of the Immigration and Nationality Act, as such class is specified in section 313(c) of the said Act.

With the following committee amendment:

On page 1, line 3, strike out the name "Theodore Orel" and substitute in lieu thereof the name "Peter Sergeevich Deryabin, also known as Theodore Stanley Orel".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "For the relief of Peter Sergeevich Deryabin, also known as Theodore Stanley Orel."

A motion to reconsider was laid on the table.

SCHUTT CONSTRUCTION CO., INC.

The Clerk called the resolution (H. Res. 282) providing for sending the bill H.R. 3958, with accompanying papers, to the U.S. Court of Claims.

There being no objection, the Clerk read the resolution, as follows:

Resolved, That the bill (H.R. 3958) entitled "A bill for the relief of the Schutt Construction Company, Inc.", together with all accompanying papers, is hereby referred to the United States Court of Claims pursuant to sections 1492 and 2509 of title 28, United States Code; and said court shall proceed expeditiously with the same in accordance with the provisions of said sections, and report to the House of Representatives at the earliest practicable date, giving findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand, as a claim legal or equitable against the United States, and the amount, if any, legally or equitably owning by the United States to the claimant.

The resolution was agreed to.

A motion to reconsider was laid on the table.

MARY W. GREENE

The Clerk called the bill (H.R. 5350) for the relief of Mary W. Greene.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the application for old-age insurance benefits filed with the Bureau of Old-Age and Survivors Insurance on April 22, 1957, by Mary W. Greene (social security account numbered [redacted]) shall be deemed to have been filed on December 31, 1956; and the Secretary of Health, Education, and Welfare is hereby authorized and directed, without requiring a further application, to recompute her primary insurance amount (effective with respect to monthly insurance benefits under title II of the Social Security Act for months beginning after the date of the enactment of this Act) on the basis of such filing date and in accordance with section 102(e)(6) of the Social Security Amendments of 1954. Such recomputation shall not be deemed to be a recomputation for the purposes of section 215(f) of the Social Security Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OAKLEY O. WARREN

The Clerk called the bill (H.R. 3094) for the relief of Oakley O. Warren.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Oakley O. Warren, Alexandria, Virginia, a sum equal to the amount which the Secretary of the Navy shall certify within sixty days after the date of enactment of this Act, to the Secretary of the Treasury as the difference between the rate of compensation for his former position of leadingman machinist at the United States Naval Ordnance Plant, Alexandria, Virginia, and the rate of compensation for the position of machinist at the United States Naval Gun Factory, Washington, District of Columbia, in which he was placed as a result of a downgrading action by the Department of the Navy on or about April 1, 1950, incident to the disestablishment of the United States Naval Ordnance Plant at Alexandria. Such amount so certified shall cover the period of employment of the said Oakley O. Warren in the Department of the Navy in the position of machinist. The payment by the Secretary of the Treasury to the said Oakley O. Warren of the amount so certified shall be in full settlement of all claims of the said Oakley O. Warren against the United States arising out of such downgrading action: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Strike all after the enacting clause and insert:

"That Oakley O. Warren, Alexandria, Virginia, shall be considered to have filed a timely appeal to the Civil Service Commission protesting the downgrading action affecting his position as a leadingman machinist taken by the Department of the Navy on or about April 1, 1950, incident to the disestablishment of the United States Naval Ordnance Plant at Alexandria, Virginia; and the claim of the said Oakley O. Warren shall be considered on the basis of the holding of the court in the case of *Reynolds et al.* v. *Lovett et al.,* 201 F. 2d 181 (1952)."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OSHIRO SHOKO

The Clerk called the bill (H.R. 7038) for the relief of the estate of Oshiro Shoko.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury shall pay, out of money in the Treasury not otherwise appropriated, to the estate of Oshiro Shoko, deceased, formerly of Shuri City, Okinawa, Ryukyu Islands, the sum of $2,000, in full settlement of all claims against the United States arising from the death of Oshiro Shoko, which occurred on February 28, 1948, as a result of a criminal assault believed to have been committed by unknown members of the Philippine Scouts.

SEC. 2. Notwithstanding any contract, no part of the amount appropriated in this Act shall be paid, delivered to, or received by any agent or attorney on account of services rendered in connection with such claim. Any person who violates any provision of this section is guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MICHAEL D. OVENS

The Clerk called the bill (H.R. 2107) for the relief of Michael D. Ovens.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of all laws administered by the Veterans' Administration, the minor child, Michael D. Ovens, shall be held and considered to have been legally adopted by Verne E. Ovens and Elizabeth H. Ovens, of Milwaukee, Wisconsin, on February 20, 1954; and the said Michael D. Ovens shall be entitled to benefits under such laws as the child of the said Verne E. Ovens beginning with the first day of September 1954, if he is otherwise qualified for such benefits and an application for such benefits is filed by him or on his behalf within six months after the date of the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALBERT J. HICKS

The Clerk called the bill (H.R. 3117) for the relief of Albert J. Hicks.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Albert J. Hicks, Salinas, California, the sum of $1,465.27. The payment of such sum shall be in full settlement of all claims of the said Albert J. Hicks against the United States for his share of the pay and allowances due his son, Technician Fifth Grade James Hicks, deceased (serial number 20900719), and the amounts due such son under the Military Personnel Claims Act of 1945, at the time of his death on August 19, 1945: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 1, line 6, strike "$1,465.27" and insert "$1,555.27".

Page 2, line 3, strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

NELS LUND

The Clerk called the bill (H.R. 5880) for the relief of Nels Lund.

Mr. ROBERTS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. That completes the call of the Private Calendar.

The Chair recognizes the gentleman from Alabama [Mr. RAINS].

HOUSING ACT OF 1959

Mr. RAINS. Mr. Speaker, I call up the conference report on the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. BARDEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BARDEN. Mr. Speaker, I want to make a point of order against the conference report. Should I reserve the point of order against the conference report at this point or wait until later?

The SPEAKER. If the gentleman intends to make a point of order he has to reserve it at this time.

Mr. BARDEN. Mr. Speaker, I reserve the point of order at this time.

The SPEAKER. Is there objection to the statement of the managers on the part of the House being read in lieu of the report?

There was no objection.

Mr. McDONOUGH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. McDONOUGH. May I be informed as to the disposition of the time and the amount of time allocated?

The SPEAKER. The gentleman from Alabama will have an hour to yield to whom he pleases.

Mr. McDONOUGH. May I inquire of the gentleman from Alabama how he intends to dispose of the time?

Mr. RAINS. I cannot answer that. I intend to see that the gentleman gets the time he needs. I do not know who will want time.

Mr. McDONOUGH. If we have an hour's time can it be understood that each side may have half an hour?

Mr. RAINS. No, it cannot be understood, because that is not the rule.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield.

Mr. HALLECK. Will the gentleman give me some time, about 7 minutes?

Mr. RAINS. Yes, indeed.

The SPEAKER. The Clerk will read the statement of the Managers on the part of the House.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 566)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Housing Act of 1959'.

"TITLE I—FHA INSURANCE PROGRAMS

"Property improvement loans

"SEC. 101. Section 2(a) of the National Housing Act is amended by striking out 'September 30, 1959' and inserting in lieu thereof 'October 1, 1960'.

"Section 203 residential housing insurance

"SEC. 102. (a)(1) Section 203(b)(2) of the National Housing Act is amended by striking out all that precedes the first semicolon and inserting in lieu thereof the following:

"'(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or $25,000 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes)'.

"(2) Section 203(b)(2) of such Act is further amended—

"(A) by striking out '85 per centum' and inserting in lieu thereof '90 per centum'; and

"(B) by striking out '$16,000' each place it appears and inserting in lieu thereof '$18,000'.

"(3) Section 203(b)(2) of such Act is further amended by inserting after 'unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance' the following: 'or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction'.

"(b) Section 203(b)(3) of such Act is amended by striking out 'thirty years' and inserting in lieu thereof 'thirty-five years'.

"(c) Section 203(b)(8) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: *'Provided,* That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness.'

"Low-cost housing in outlying areas

"SEC. 103. Section 203(i) of the National Housing Act is amended—

"(1) by striking out '$8,000' and inserting in lieu thereof '$9,000';

"(2) by inserting after '97 per centum' the following: '(or, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum)';

"(3) by striking out ', and which is approved for mortgage insurance prior to the beginning of construction' and 'the construction of'; and

"(4) by striking out the comma following the word 'highway' and everything that follows and inserting a period in lieu thereof.

"Section 207 rental housing insurance

"SEC. 104. (a) Section 207(c)(1) of the National Housing Act is amended by striking out '$12,500,000' and inserting in lieu thereof '$20,000,000'.

"(b) Section 207(c)(3) of such Act is amended by striking out—

"(1) '$2,250' each place it appears and inserting in lieu thereof '$2,500';

"(2) '$8,100' each place it appears and inserting in lieu thereof '$9,000';

"(3) '$2,700' and inserting in lieu thereof '$3,000';

"(4) '$8,400' and inserting in lieu thereof '$9,400';

"(5) '$1,000 per room' and inserting in lieu thereof '$1,250 per room';

"(6) '$1,000 per space' and inserting in lieu thereof '$1,500 per space'; and

"(7) '$300,000' and inserting in lieu thereof '$500,000'.

"(c) The last paragraph of section 207(c) of such Act is amended by striking out '4½ per centum per annum' and inserting in lieu thereof '5¼ per centum per annum'.

"(d) Section 207 of such Act is further amended by adding at the end thereof the following new subsection:

"'(r) Notwithstanding any other provision of this Act, the Commissioner is authorized to include in any mortgage insured under any title of this Act after the effective date of the Housing Act of 1959 a provision requiring the mortgagor to pay a service charge to the Commissioner in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the Commissioner for mortgage insurance premiums applicable to such mortgage.'

"(e) Section 207 of such Act is further amended—

"(1) by striking out '(except provisions relating to housing for elderly persons)' and '(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))' in subsection (b);

"(2) by striking out in subsection (c) the unnumbered paragraph following paragraph (3); and

"(3) by striking out 'section 210 and section 213' in both places where it appears in subsection (f) and inserting in lieu thereof the following: 'sections 210, 213, 231, and 232'.

"Cooperative housing insurance

"SEC. 105. (a) Section 213(b)(1) of the National Housing Act is amended by striking out '$12,500,000' and inserting in lieu thereof '$20,000,000'.

"(b) Section 213(b)(2) of such Act is amended to read as follows:

"'(2) not to exceed, for such part of the property or project as may be attributable to dwelling use, $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided,* That as to projects which consist of elevator type structures the Commissioner may, in his discretion, increase the dollar amount limitation of $2,500 per room to not to exceed $3,000 per room and the dollar amount limitation of $9,000 per family unit to not to exceed $9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further,* That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed $1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require: *Provided further,* That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 85 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further,* That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso.'

"(c) Section 213(d) of such Act is amended by adding at the end thereof a new sentence as follows: 'Property held by a corporation or trust of the character described

in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the Commissioner deems adequate to serve the occupants.'

"(d) The first sentence of section 213(d) of '5¼ per centum' and (2) by striking out '4½ per centum' and inserting in lieu thereof '5¼ per centum' and (2) by striking out '5 per centum' and inserting in lieu thereof '5¾ per centum'.

"(e) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

"'(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided*, That the Commissioner determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Commissioner's estimate of the replacement cost. As to any project on which construction was commenced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Commissioner and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite.'

"Increased mortgage amounts in Alaska, Guam, and Hawaii

"SEC. 106. The first sentence of section 214 of the National Housing Act is amended by inserting after 'maximum or maxima otherwise applicable' the following: '(including increased mortgage amounts in geographical areas where cost levels so require)'.

"FHA mortgage insurance authorization

"SEC. 107. (a) Section 217 of the National Housing Act is amended by striking out '$7,000,000,000' and inserting in lieu thereof '$12,000,000,000'.

"(b) Section 217 of such Act is amended, effective July 1, 1959, by (1) striking out 'July 1, 1956', and inserting in lieu thereof 'July 1, 1959', and (2) striking out '$12,000,000,000' and inserting in lieu thereof '$5,000,000,000'.

"Repeal of obsolete provision

"SEC. 108. Section 218 of the National Housing Act is repealed.

"Section 220 mortgage insurance

"SEC. 109. (a)(1) Clause (i) of subsection (d)(3)(A) of section 220 of the National Housing Act is amended by striking out all that precedes the second semicolon and inserting in lieu thereof the following:

"'(A)(i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or $25,000 in the case of a two-family residence; or $30,000 in the case of a three-family residence'.

"(2) Clause (i) of subsection (d)(3)(A) of section 220 of such Act is further amended—

"(A) by striking out '85 per centum' and inserting in lieu thereof '90 per centum'; and

"(B) by striking out '$16,000' each place it appears and inserting in lieu thereof '$18,000'.

"(3) Subsection (d)(3)(A)(ii) of section 220 of such Act is amended by inserting before the semicolon at the end thereof a colon and the following: *'Provided*, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness.'

"(b) Subsection (d)(3)(B)(i) of section 220 of such Act is amended by striking out '$12,500,000' and inserting in lieu thereof '$20,000,000'.

"(c) Subsection (d)(3)(B)(iii) of section 220 of such Act is amended—

"(1) by striking out '$2,250' each place it appears and inserting in lieu thereof '$2,500';

"(2) by striking out '$8,100' each place it appears and inserting in lieu thereof '$9,000';

"(3) by striking out '$2,700' and inserting in lieu thereof '$3,000';

"(4) by striking out '$8,400' and inserting in lieu thereof $9,400'; and

"(5) by striking out '$1,000' and inserting in lieu thereof '$1,250'.

"(d) Subsection (d)(3)(B)(iii) of section 220 of such Act is further amended by inserting after 'dwelling use' the following: '(excluding exterior land improvements as defined by the Commissioner)'.

"(e) Subsection (d)(3)(B) of section 220 of such Act is further amended by striking out 'and' at the end of clause (ii), by striking out the period of the end of clause (iii) and inserting in lieu thereof "; and", and by adding at the end thereof the following new clause:

"'(iv) include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood.'

"Section 221 relocation housing mortgage insurance

"SEC. 110. (a)(1) The first paragraph of section 221(a) of the National Housing Act is amended to read as follows:

"'This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist (1) in relocating families from urban renewal areas, (2) in relocating families to be displaced as the result of governmental action in a community respecting which (A) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101(c) of the Housing Act of 1949, as amended, or (B) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (C) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended, and (3) in relocating families residing in the environs of a community described in clause (2) which are to be displaced as the result of governmental action.'

"(2) The second paragraph of section 221(a) of such Act is amended—

"(A) by striking out all that precedes the first colon and inserting in lieu thereof the following: 'Mortgage insurance under this section shall be available only in those localities, communities, or environs of communities, which shall have requested such mortgage insurance to be provided';

"(B) by striking out 'in any such community' in the second proviso and inserting in lieu thereof 'in or near any such community';

"(C) by striking out '(1)' in the third proviso and inserting in lieu thereof '(2)(A)'; and

"(D) by striking out '(1)', '(2)', and '(3)', wherever they appear in the last proviso, and inserting in lieu thereof respectively '(2)(A)', '(2)(B)', and '(2)(C)'.

"(3) Section 101(c) of the Housing Act of 1949 is amended by striking out 'if the mortgaged property is in a community referred to in clause (2) of section 221(a) of said Act', and inserting in lieu thereof 'if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2)(B) of said section'.

"(4) Section 101(c) of the Housing Act of 1949 is further amended by striking out 'in a community' in clause (iii) of the last proviso.

"(b) Section 221(d)(2) of the National Housing Act is amended to read as follows:

"'(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) $10,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $12,000 in any geographical area where he finds that cost levels so require, (ii) $18,000 in the case of a property upon which there is located a dwelling principally designed for a two-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $20,000 in any geographical area where he finds that cost levels so require, (iii) $25,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $27,500 in any geographical area where he finds that cost levels so require, (iv) $32,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, except that the Commissioner may by regulation increase this amount to not to exceed $35,000 in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos: *Provided*, That if the mortgagor is the owner and an occupant of the property at the time of the insurance, he shall have paid on account of the property at least (i) $200 in the case of a single-family dwelling, (ii) $400 in the case of a two-family dwelling, (iii) $600 in the case of a three-family dwelling, and (iv) $800 in the case of a four-family dwelling, in cash or its equivalent, which amount may include

amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses: *Provided further,* That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure, and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value: *And provided further,* That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to families, referred to in subsection (a) above, priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner; or'.

"(c) Section 221 (d) of such Act is further amended—

"(1) by striking out '$9,000' and '$10,000' in paragraph (3) and inserting in lieu thereof '$10,000' and '$12,000', respectively;

"(2) by striking out of paragraph (3) 'not in excess of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and', and inserting in lieu thereof 'not in excess of (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the Commissioner's estimate of the value of the property when the proposed repair and rehabilitation is completed: *Provided,* That such property or project, when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; or'; and

"(3) by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following new paragraph:

"'(4) if executed by a mortgagor which is not a nonprofit organization, and which is approved by the Commissioner—

"'(i) not exceed $12,500,000;

"'(ii) not exceed $10,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $12,000 in any geographical area where he finds that cost levels so require;

"'(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

"'(iv) not exceed 90 per centum of the Commissioner's estimate of the value of the property or project when the proposed repair and rehabilitation is completed if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project:

Provided, That such property or project when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section: *And provided further,* That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the Section 221 Housing Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; and';

"(d) Section 221(f) of such Act is amended by inserting the following before the period at the end thereof: 'and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants'.

"(e) Section 221(g)(2) of such Act is amended by striking out 'paragraph (3)' and inserting in lieu thereof 'paragraph (3) or (4)'.

"(f) Section 212(a) of such Act is amended by adding at the end thereof the following new sentence: 'The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d)(4) thereof.'

"Servicemen's housing mortgage insurance

"SEC. 111. Section 222(b) of the National Housing Act is amended—

"(1) by inserting 'or 203(i)' after '203(b)' in paragraph (1); and

"(2) by striking out '$17,100' in paragraph (2) and inserting in lieu thereof the following: '$20,000, except that in the case of a mortgage meeting the requirements of section 203(i) such principal obligation shall not exceed $9,000'.

"Builder's cost certification

"SEC. 112. (a) Section 227(a) of the National Housing Act is amended by striking out clause (iv) and all that follows and inserting in lieu thereof the following: '(iv) under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, or (vi) under section 810 if the mortgage meets the requirements of subsection (f)'.

"(b) The last two sentences of section 227(c) of such Act are each amended by striking out 'under section 220' and inserting in lieu thereof 'under section 220, section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231,'.

"Voluntary termination of insurance

"SEC. 113. Title II of the National Housing Act is further amended by adding at the end thereof the following new section:

"'Voluntary termination of insurance

"'SEC. 229. Notwithstanding any other provision of this Act and with respect to any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the Commissioner is authorized to terminate any mortgage insurance contract upon request by the mortgagor and mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds. Upon such termination mortgagors and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured mortgage.'

"Avoidance of foreclosure

"SEC. 114. (a) Title II of the National Housing Act is further amended by adding after section 229 (as added by section 113 of this Act) the following new section:

"'Acquisition of mortgages to avoid foreclosure

"'SEC. 230. Upon receiving notice of the default of any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this title, the Commissioner, in his discretion and for the purpose of avoiding foreclosure of the mortgage, may acquire the loan and the security therefor upon issuance to the mortgagee of debentures having a total face value equal to the unpaid principal balance of the loan plus any accrued interest and any proper advances theretofore made by the mortgagee under the provisions of the mortgage; and after the acquisition of such mortgage by the Commissioner such mortgagee shall have no further rights, liabilities, or obligations with respect thereto. The provisions of section 204 relating to the issuance of debentures incident to the acquisition of foreclosed properties shall apply with respect to debentures issued under this subsection, and the provisions of section 204 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this section, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner.'

"(b) Section 204(a) of the National Housing Act is amended by inserting immediately before the last proviso the following: ': *And provided further,* That with respect to any mortgage covering a one-, two-, three-, or four-family residence insured under this Act, if the Commissioner finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor and it is probable that the mortgage will be restored to good standing within a reasonable period of time, he may, under such regulations and conditions as he may prescribe, extend the time for curing default and enter into an agreement with the mortgagee providing that if the mortgage is subsequently foreclosed, any interest accruing after the date of the agreement which is not paid by the mortgagor may be included in the debentures'.

"Mortgage insurance for nursing homes

"SEC. 115. Title II of the National Housing Act is amended by adding after section 231 (as added by section 201 of this Act) the following new section:

"'Mortgage insurance for nursing homes

"'SEC. 232. (a) The purpose of this section is to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services.

"'(b) For the purposes of this section—

"'(1) the term "nursing home" means a proprietary facility, licensed or regulated by the State (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located), for the accommodation of convalescents or

other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with the laws of the State where the facility is located; and

"'(2) the terms "mortgage" and "mortgagor" shall have the meanings respectively set forth in section 207(a) of this Act.

"'(c) The Commissioner is authorized to insure any mortgage (including advances on such mortgage during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon.

"'(d) In order to carry out the purpose of this section, the Commissioner is authorized to insure any mortgage which covers a new or rehabilitated nursing home, subject to the following conditions:

"'(1) The mortgage shall be executed by a mortgagor approved by the Commissioner. The Commissioner may in his discretion require any such mortgagor to be regulated or restricted as to charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Commissioner may make such contracts with and acquire for not to exceed $100 such stock or interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the Section 207 Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

"'(2) The mortgage shall involve a principal obligation in an amount not to exceed $12,500,000, and not to exceed 75 per centum of the estimated value of the property or project when the proposed improvements are completed.

"'(3) The mortgage shall—

"'(A) provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe; and

"'(B) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.

"'(4) The Commissioner shall not insure any mortgage under this section unless he has received, from the State agency designated in accordance with section 612(a)(1) of the Public Health Service Act for the State in which is located the nursing home covered by the mortgage, a certification that (1) there is a need for such nursing home, and (2) there are in force in such State or other political subdivision of the State in which the proposed nursing home would be located reasonable minimum standards of licensure and methods of operation for nursing homes. No such mortgage shall be insured under this section unless the Commissioner has received such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any nursing home located in the State for which mortgage insurance is provided under this section.

"'(e) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe.

"'(f) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.'

"Technical amendments

"SEC. 116. (a) Section 8(g) of the National Housing Act is amended by striking out 'and (h) of section 204' and inserting in lieu thereof '(h), (j), and (k) of section 204'.

"(b) Section 213(e), 220(f)(1), 221(g)(1), 222(e), and 809(e) of such Act are each amended by striking out 'and (j) of section 204' and inserting in lieu thereof '(j), and (k) of section 204'.

"Inclusion of conveyance costs in debentures

"SEC. 117. Section 204(k) of such Act is amended to read as follows:

"'(k) Notwithstanding any other provision of this section or of section 604 or 904 and with respect to any debentures issued in exchange for properties conveyed to and accepted by the Commissioner after the effective date of the Housing Act of 1959 in accordance with such sections, the Commissioner may (1) include in debentures reasonable payments made by the mortgagee with the approval of the Commissioner for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or any other instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Commissioner; (2) include in debentures as a portion of foreclosure costs (to the extent that foreclosure costs may be included in such debentures by any other provision of this Act) payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the Commissioner; and (3) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee, or in the event the contract of insurance is terminated pursuant to section 229.'

"Investment insurance

"SEC. 118. Section 701 of the National Housing Act is amended by striking out the colon at the end of the first proviso and everything that follows and inserting a period in lieu thereof.

"Legal notification

"SEC. 119. Section 512 of the National Housing Act is amended by adding the following at the end thereof: 'For the purposes of compliance with this section the Commissioner's notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm.'

"TITLE II—HOUSING FOR THE ELDERLY

"Mortgage insurance program

"SEC. 201. (a) Title II of the National Housing Act is amended by adding after section 230 (as added by section 114) the following new section:

"'Housing for elderly persons

"'SEC. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

"'For the purposes of this section—

"'(1) The term "housing" means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

"'(2) The term "elderly person" means any person, married or single, who is sixty-two years of age or over; and

"'(3) The terms "mortgage", "mortgagee", "mortgagor", and "maturity date" shall have the meanings respectively set forth in section 207 of this Act.

"'(b) The Commissioner is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

"'(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

"'(1) involve a principal obligation in an amount not to exceed $12,500,000 or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation, not to exceed $50,000,000;

"'(2) not exceed, for such part of such property or project as may be attributable to dwelling use, $9,000 per dwelling unit: *Provided*, That the Commissioner may, in his discretion, increase the dollar amount limitation of $9,000 per unit to not to exceed $9,400 per unit to compensate for the higher costs incident to the construction of elevator-type structures and may increase each of the foregoing dollar amount limitations by not to exceed $1,250 per room in any geographical area where he finds that cost levels so require;

"'(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purpose of this section, involve a principal obligation not in excess of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner): *Provided*, That in the case of properties other than new construction, the principal obligation shall not exceed the appraised value rather than the Commissioner's estimate of the replacement cost;

"'(4) if executed by a mortgagor which is approved by the Commissioner but is not a public instrumentality or a private nonprofit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage): *Provided*, That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Commissioner's estimate of the value of the property or project: *And provided further*, That the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate

of return and methods of operation, and for such purpose the Commissioner may make contracts with and acquire for not to exceed $100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the section 207 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

"'(5) provide for a complete amortization by periodic payments within such terms as the Commissioner shall prescribe;

"'(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 5½ per centum as the Commissioner finds necessary to meet the mortgage market; and

"'(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner, and which may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants.

"'(d) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwellings included in such property or project.

"'(e) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.'

"(b) Section 212(a) of such Act is amended by adding at the end thereof (after the sentence added by section 110(f) of this Act) the following: 'The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the Federal Housing Commissioner in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Federal Housing Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction.'

"Loan program

"SEC. 202. (a)(1) The purpose of this section is to assist private nonprofit corporations to provide housing and related facilities for elderly families and elderly persons.

"(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d)(2)) for the provision of rental housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the corporation shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, and (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

"(3) A loan to a corporation under this section may be in an amount not exceeding 98 per centum of the total development cost (as defined in subsection (d)(3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.

"(4) There is authorized to be appropriated not to exceed $50,000,000, which shall constitute a revolving fund to be used by the Administrator in carrying out this section. The amount outstanding from such fund at any one time for related facilities (as defined in subsection (d)(8)) shall not exceed $5,000,000.

"(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c)(2)) of the Housing Act of 1950.

"(c)(1) Housing constructed with a loan made under this section shall not be used for transient or hotel purposes while such loan is outstanding.

"(2) As used in paragraph (1), the term "transient or hotel purposes" shall have such meaning as may be prescribed by the Administrator, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of paragraph (1) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this subsection the Administrator shall perform the functions vested in the Commissioner by such section 513.

"(3) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the construction of housing assisted under this section shall be paid wages at rates not less than those prevailing in the locality involved for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, as amended (the Davis-Bacon Act); but the Administrator may waive the application of this paragraph in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such housing, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the corporation undertaking the construction.

"(d) As used in this section—

"(1) The term 'housing' means (A) new structures suitable for dwelling use by elderly families and new structures suitable for such use by one or more elderly persons, and (B) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families and persons.

"(2) The term 'corporation' means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

"(3) The term 'development cost' means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

"(4) The term 'elderly families' means families the head of which (or his spouse) is sixty-two years of age or over; and the term 'elderly persons' means persons who are sixty-two years of age or over. The Administrator shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this section.

"(5) The term 'State' includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"(6) The term 'Administrator' means the Housing and Home Finance Administrator.

"(7) The term 'construction' means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

"(8) The term 'related facilities' means (A) new structures suitable for use as cafeterias or dining halls, community rooms or buildings, or infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (B) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

"TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"SEC. 301. Clause (3) of section 302(b) of the National Housing Act is amended to read as follows: '(3) the Association may not purchase any mortgage, except a mortgage insured under section 220 or 803, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded $17,500 for each family residence or dwelling unit covered by the mortgage: *Provided*, That with respect to mortgages purchased under section 304 the principal obligation shall not exceed $20,000'.

"SEC. 302. The last sentence of section 304(a) of such Act is amended by striking out 'advance planning of home construction' and inserting in lieu thereof 'home financing'.

"SEC. 303. Section 305(b) of the National Housing Act is amended—

"(1) by striking out 'August 7, 1958' and inserting in lieu thereof 'September 30, 1960 (except in the case of mortgages purchased pursuant to contracts made on or after August 8, 1958, and prior to the date of the enactment of the Housing Act of 1959)';

"(2) by striking out '1½ per centum' and inserting in lieu thereof '1 per centum'; and

"(3) by striking out 'one-half' and inserting in lieu thereof 'one-fourth'.

"SEC. 304. Section 305(e) of the National Housing Act is amended by adding at the end thereof the following new sentence: 'On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total

amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be one time under this paragraph shall not exceed $37,500,000, of which the amount of $25,000,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type cooperative involved is certified by the Federal Housing Commissioner as a consumer cooperative and the amount of $12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative.'

"SEC. 305(a). That part of section 302(b) of the National Housing Act which precedes the colon is amended by striking out 'to make commitments to purchase and to purchase, service, or sell,' and by substituting therefor 'to purchase, lend (under section 304) on the security of, service, or sell, pursuant to commitments or otherwise,'.

"(b) The first sentence of section 303(b) of such Act is amended by inserting immediately before the period at the end thereof the following: '; and by requiring each borrower to make such payments, equal to not more than one-half of 1 per centum of the amount lent by the Association to such borrower under section 304'.

"(c) The first sentence of section 303(c) of such Act is amended by inserting 'or borrower' after 'seller' each place it appears.

"(d) Section 304(a) of such Act is amended by inserting '(1)' before 'To carry out', and by adding at the end thereof the following new paragraph:

"'(2) To carry out further the purposes set forth in paragraph (a) of section 301, the Association is authorized to make loans which are secured by residential or home mortgages insured or guaranteed under this Act, the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code. In the interest of assuring sound operation, any loan made by the Association in its secondary market operations under this section shall not exceed 90 per centum of the unpaid principal balances of the mortgages securing the loan, shall bear interest at a rate consistent with general loan policies established from time to time by the Association's board of directors, and shall mature in not more than twelve months. The volume of the Association's lending activities and the establishment of its loan ratios, interest rates, maturities, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time; and such determinations, in conjunction with determinations made under paragraph (1), should be consistent with the objectives that the lending activities should be conducted on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting. The aggregate amount of all loans outstanding at any one time under this paragraph shall not exceed 10 per centum of the Association's total borrowing authority under this section. Notwithstanding any Federal, State, or other law to the contrary, the Association is hereby empowered, in connection with any loan under this section, whether before or after any default, to provide by contract with the borrower for the settlement or extinguishment, upon default, of any redemption, equitable, legal, or other right, title, or interest of the borrower in any mortgage or mortgages that constitute the security for the loan; and with respect to any such loan, in the event of default and pursuant otherwise to the terms of the contract, the mortgages that constitute such security shall become the absolute property of the Association.'

"(e) Section 304(b), section 309(c), and section 310 of such Act are each amended by inserting 'or other security holdings' after 'mortgages'.

"SEC. 306. (a) Sections 304(b) and 306(b) of the National Housing Act are amended by striking out 'and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States' and inserting in lieu thereof 'and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds'.

"(b) Section 310 of such Act is amended by striking out 'in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States' and inserting in lieu thereof 'in obligations of the United States or guaranteed thereby, or in obligations which are lawful investments for fiduciary, trust, or public funds'.

"SEC. 307. (a) Section 306 of the National Housing Act is amended by adding at the end thereof the following subsection:

"'(e) Notwithstanding any of the provisions of this Act or of any other law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase and to purchase, service, or sell any mortgages offered to it by the Housing and Home Finance Administrator or the Housing and Home Finance Agency, or by such Agency's constituent units or agencies or the heads thereof, after such Administrator has found the acquisition thereof by the Association to be in the interest of the efficient management and liquidation of the mortgages. There shall be excluded from the total amounts set forth in subsection (c) hereof the amounts of any mortgages purchased by the Association pursuant to this subsection.'

"(b) In connection with the sale of any mortgages to the Federal National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act, the Housing and Home Finance Administrator is authorized, and any other official, unit, or agency selling such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said Administrator determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been submitted to and finally acted upon by the Congress.

"TITLE IV—URBAN RENEWAL

"Statewide planning

"SEC. 401. Section 101(b) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: 'The Administrator shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of smaller communities within the State which are undertaking or propose to undertake urban renewal programs whenever that arrangement facilitates the undertaking of an urban renewal program by any such community, or provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities.'

"Clarifying amendments

"SEC. 402 (a) Section 102(a) of the Housing Act of 1949 is amended by striking out in the second sentence the words 'as part of the gross project cost' and inserting in lieu thereof 'for such purposes'.

"(b) Section 102(c) of such Act is amended by striking out 'repayment of' and inserting in lieu thereof 'repayment of the principal of and the interest on'.

"Early land acquisition

"SEC. 403. Section 102(a) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: 'In any case where, in connection with its undertaking and carrying out of an urban renewal project, a local public agency is authorized (prior to the approval by the local governing body of the urban renewal plan for such project) to acquire real property in the urban renewal area and to demolish and remove from any real property so acquired any buildings or structures located thereon, the Administrator, notwithstanding any other provisions of this title, may make a temporary loan or loans to any such local public agency to finance the acquisition of such real property and the demolition and removal of any buildings or structures located thereon: *Provided*, That no contract for any temporary loan for such purpose shall be made unless the governing body of the locality involved shall have by resolution or ordinance approved the undertaking by the local public agency of the acquisition of real property in the urban renewal area and the demolition and removal of buildings or structures located on real property so acquired: *And provided further*, That in any such case, the local public agency shall not dispose of any real property so acquired until the urban renewal plan for the project shall have been approved by the local governing body of the locality involved and any contract for any such temporary loan shall so provide.'

"Loans

"SEC. 404. Section 102(e) of the Housing Act of 1949 is amended to read as follows:

"'(e) The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross project cost of the projects assisted by such contracts. To obtain funds for advance and loan disbursements under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President, exceed $1,000,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Administrator shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date.'

"Grants

"SEC. 405. Section 103 of the Housing Act of 1949 as amended—

"(1) by amending the first sentence of subsection (b) to read as follows: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make grants under this title aggregating not to exceed $1,350,000,000, which limit shall be increased by $500,000,000 on July 1, 1959, and by $400,000,000 on July 1, 1960.';

"(2) by striking out the period at the end of the second sentence of subsection (b) and inserting in lieu thereof a colon and the following: *'Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by

him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance.'; and

"(3) by adding at the end thereof the following new subsections:

"'(c) Notwithstanding any other provision of this or any other Act, if financial assistance authorized by this title to be made available to a locality or local public agency may be made available to any locality or local public agency within the limitations provided in sections 102(e), 103(b), and 106(e) and the second paragraph following the paragraph numbered (6) of section 110(c), the amount of such financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not otherwise be restricted and, so long as such financial assistance is so available, applications therefor submitted by localities and local public agencies shall be processed, so far as practicable, in the order of their receipt, and there shall not be imposed any limitations upon the size of any urban renewal project which otherwise meets the requirements of this title.

"'(d) The Administrator may contract to make grants for the preparation or completion of community renewal programs, which may include, without being limited to, (1) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (2) the measurement of the nature and degree of blight and blighting factors within such areas, (3) determination of the financial, relocation, and other resources needed and available to renew such areas, (4) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (5) scheduling or programing of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The Administrator may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has approved the preparation or completion of the community renewal program and the submission by the local public agency of an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term "local public agency" or "local public agencies", the Administrator may make grants pursuant to this subsection for the preparation or completion of a community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or completion. No grant made pursuant to this subsection shall exceed two-thirds of the cost (as such cost is determined or estimated by the Administrator) of the preparation or completion of the community renewal program for which such grant is made.'

"Public improvements by Federal agencies in urban renewal areas

"SEC. 406. Section 105(b) of the Housing Act of 1949 is amended by adding the following before the semicolon at the end thereof: ': *And provided further*, That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in accordance with this subsection, except that clause (ii) of this subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved'.

"State loan ceiling

"SEC. 407. Section 106(e) of the Housing Act of 1949 is amended by striking out all of the text before the proviso and inserting in lieu thereof the following: 'Not more than 12½ per centum of the grant funds provided for in this title shall be expended in any one State'.

"Relocation payments

"SEC. 408. (a) (1) The first sentence of section 106(f)(2) of the Housing Act of 1949 is amended to read as follows: 'As used in this subsection, the term "relocation payments" means payments by a local public agency to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement from an urban renewal area made necessary by (i) the acquisition of real property by a local public agency or by any other public body, (ii) code enforcement activities undertaken in connection with an urban renewal project, or (iii) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan: *Provided*, That such payments shall not be made after completion of the project or if completion is deferred solely for the purpose of obtaining further relocation payments.'

"(2) No relocation payments under section 106(f) of the Housing Act of 1949 shall be made for expenses or losses incurred prior to the date of the enactment of the Housing Act of 1959, except to the extent that such payments were authorized by such section as it existed prior to such date.

"(b) Section 106(f)(2) of such Act is further amended by striking out '$100' each place it appears and inserting in lieu thereof '$200', and by striking out '$2,500' and inserting in lieu thereof '$3,000'.

"Hotels and other transient housing

"SEC. 409. Section 106 of the Housing Act of 1949 is further amended by adding at the end thereof the following new subsection:

"'(g) No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal area under this title shall be included in the urban renewal plan unless the community in which the project is located, under regulations prescribed by the Administrator, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing.'

"Low-rent housing in urban renewal areas

"SEC. 410. Section 107 of the Housing Act of 1949, as amended, is hereby amended to read as follows:

"'Payment for land used for low-rent public housing

"'SEC. 107. When it appears in the public interest that land to be acquired as part of an urban renewal project should be used in whole or in part as a site for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, the site shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to the fair value of land to a private redeveloper who wants to buy a site in the community for private rental housing with physical characteristics similar to those of the proposed low-rent housing project, and such amount shall be included as part of the development cost of such low-rent housing project: *Provided*, That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act with respect to the low-rent housing project into which such land is incorporated shall (if covered by a contract which, in the determination of the Public Housing Commissioner, and without regard to the requirements of the first proviso of such section 10(h), will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act) be accepted as a local grant-in-aid equal in amount, as determined by the Administrator, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital grant basis) of the difference between the cost of such site (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other project costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act.'

"Requirements for urban renewal plan

"SEC. 411. Section 110(b) of the Housing Act of 1949 is amended by inserting after 'to indicate' in clause (2) the following: ', to the extent required by the Administrator for the making of loans and grants under this title,'.

"Nonresidential redevelopment

"SEC. 412. Section 110(c) of the Housing Act of 1949 is amended by striking out the second paragraph following the paragraph numbered (6) and inserting in lieu thereof the following:

"'Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided*, That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 shall not exceed 20 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date.'

"Local grants

"SEC. 413. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

"'Notwithstanding any other provision of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than five years prior to the authorization by the Administrator of a contract for loan or capital grant for the project.'

"(b) The requirement in section 110(d) of the Housing Act of 1949 that the assistance provided by a State, municipality, or other public body under that section, in order to qualify as a local grant-in-aid, shall be in connection with a project on which a contract for capital grant has been made under title I of that Act, shall not apply to assistance provided during the period from July 1,

1957, through December 31, 1957, in connection with urban renewal activities which were extended Federal recognition within 60 days after the provision of such assistance was initiated.

"Credit for loss of interest

"SEC. 414. Section 110(e) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: 'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant heretofore or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into consideration for each preceding six-month period the average interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c): *Provided,* That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title, and allocated, as the Administrator may determine, to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a) gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

"'(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of subsection (c); and

"'(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such a project is completed;

but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project.'

"Uniform date for interest rate determination

"SEC. 415. Section 110(g) of the Housing Act of 1949 is amended—

"(1) by striking out of the first sentence 'is approved' and inserting in lieu thereof 'for any project under this title is authorized';

"(2) by inserting in the second sentence after 'Any' the word 'such'; and

"(3) by striking out of the second sentence 'contract is revised or superseded by such later contract' and inserting in lieu thereof 'later contract is authorized'.

"Conforming amendments

"SEC. 416. The Housing Act of 1949 is amended—

"(1) by striking out the word 'capital' in section 100, in the second sentence of section 103(b), and in sections 106(a)(3), 106(b), 106(c)(6), 106(c)(8), and 106(e);

"(2) by inserting in section 101(a) after the word 'title' in the first place where it appears therein 'or for grants pursuant to section 103(d)'; and

"(3) by adding at the end of section 110 the following new subsection:

"'(k) "Federal recognition" means execution of any contract for financial assistance under this title or concurrence by the Administrator in the commencement, without such assistance, of surveys and plans.'

"Urban renewal areas involving colleges or universities

"SEC. 417. Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"'Urban renewal areas involving colleges or universities

"'SEC. 112. In any case where an educational institution is located in or near an urban renewal area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project or projects in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project or projects in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas: *Provided,* That the aggregate amount of any expenditures made by such educational institution (either directly or through a redevelopment corporation) for the acquisition, from others than the local public agency, of land and buildings and structures within the area of any urban renewal project undertaken by the local public agency in such urban renewal area or within the urban renewal area and adjacent to, or in the immediate vicinity of, the area of any such urban renewal project (which land and buildings and structures is or are to be retained and redeveloped or rehabilitated by such educational institution for use or uses in accordance with the urban renewal plan), and for the demolition of such buildings and structures (including expenditures made to assist in relocating tenants therefrom) if, pursuant to the urban renewal plan, the land is to be cleared and redeveloped, as certified by such educational institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with any urban renewal project being undertaken by the local public agency in such urban renewal area: *Provided further,* That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: *And provided further,* That the term "educational institution" as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual.'

"Urban planning

"SEC. 418. Section 701 of the Housing Act of 1954 is amended to read as follows:

"'Urban planning

"'SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—

"'(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization, and (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection;

"'(2) official State, metropolitan, and regional planning agencies empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

"'(3) cities, other municipalities, and counties which have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of "An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes", has determined to be a major disaster;

"'(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation; and

"'(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems.

"'(b) A grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding $20,000,000 to carry out the purposes of this section, and any amounts so

appropriated shall remain available until expended.

"'(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

"'(d) It is the further intent of this section to encourage comprehensive planning for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Administrator may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, together with long-range fiscal plans for such development; (2) programing of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) intergovernmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

"'(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities.'

"TITLE V—LOW-RENT PUBLIC HOUSING

"Declaration of policy

"SEC. 501. Section 1 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentences: 'In the development of low-rent housing it shall be the policy of the United States to make adequate provision for larger families and for families consisting of elderly persons. It is the policy of the United States to vest in the local public housing agencies the maximum amount of responsibility in the administration of the low-rent housing program, including responsibility for the establishment of rents and eligibility requirements (subject to the approval of the Authority), with due consideration to accomplishing the objectives of this Act while effecting economies.'

"Central administrative office facilities

"SEC. 502. The last sentence of paragraph (5) of section 2 of the United States Housing Act of 1937 is amended—

"(1) by inserting after '1949' the following: ', or in cases where the public housing agency and the local public agency for purposes of such title I operate under a combined central administrative office staff,'; and

"(2) by striking out 'its functions as such local public agency' each place it appears and inserting in lieu thereof 'the functions of such local public agency'.

"Rents and income limits

"SEC. 503. (a) Paragraph (1) of section 2 of the United States Housing Act of 1937 is amended to read as follows:

"'(1) The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing shall be available solely for families of low income. Income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Authority after taking into consideration (A) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (B) the economic factors which affect the financial stability and solvency of the project.'

"(b) Paragraph (7)(b) of section 15 of such Act is amended by inserting after 'a gap of at least 20 per centum' the following: '(except in the case of a family entitled to a first preference as provided in section 10(g)'.

"Minimum age for admission of single persons and elderly families to low-rent projects

"SEC. 504. The second and third sentences of paragraph (2) of section 2 of the United States Housing Act of 1937 are amended to read as follows: 'The term "families" means families consisting of two or more persons, a single person who has attained retirement age as defined in section 216(a) of the Social Security Act or who has attained the age of fifty and is under a disability as defined in section 223 of that Act, or the remaining member of a tenant family. The term "elderly families" means families the head of which (or his spouse) has attained retirement age as defined in section 216(a) of the Social Security Act or has attained the age of fifty and is under a disability as defined in section 223 of that Act.'

"Low-rent housing authorization

"SEC. 505. (a) Section 10(i) of the United States Housing Act of 1937 is amended—

"(1) by striking out 'by thirty-five thousand additional dwelling units on July 1, 1957' and inserting in lieu thereof '(1) by thirty-five thousand additional dwelling units on July 1, 1957, (2) by thirty-five thousand additional dwelling units on July 1, 1959, and (3) by not more than thirty-five thousand additional dwelling units (within the limit provided by subsection (e)) on July 1 of each fiscal year beginning after 1959 with respect to which such increase is specifically authorized as being in the public interest by the President after consultation with the Council of Economic Advisors';

"(2) by striking out the first proviso and inserting in lieu thereof the following: ': *Provided*, That the authority to enter into new contracts for annual contributions with respect to each such thirty-five thousand additional dwelling units (except the units authorized under clause (3)) shall terminate four years after the first date on which such authority may be exercised under the foregoing provisions of this subsection'; and

"(3) by striking out 'authorized in this sentence' in the last proviso and inserting in lieu thereof 'authorized by or under this sentence.'

"(b) The last proviso under the heading 'Public Housing Administration, Annual Contributions' in title I of the First Independent Offices Appropriation Act, 1954 (67 Stat. 307), is repealed.

"Payment for services

"SEC. 506. Section 15 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"'(10) Notwithstanding any other provision of law or any contract or other arrangement made pursuant thereto, any public housing agency which utilizes public services and facilities of a municipality or other local governmental agency making charges therefor separate from real and personal property taxes shall be authorized by the authority (without any amendment to the contract for annual contributions or deductions from payments in lieu of taxes otherwise payable) to pay to such municipality or other local governmental agency the amount that would be charged private persons or dwellings similarly situated for such facilities and services.'

"Amendment of existing contracts

"SEC. 507. The United States Housing Act of 1937 is amended by redesignating sections 30 and 31 as sections 31 and 32, respectively, and by inserting after section 29 a new section as follows:

"'SEC. 30. Upon the request of any public housing agency the Authority is authorized and directed to amend any or all of its contracts with the public housing agency so as to bring such contracts into conformity with the amendments made to this Act by the Housing Act of 1959: *Provided*, That contracts may not be amended or superseded in a manner which would impair the rights of the holders of any outstanding obligations of the public housing agency involved which are secured by any of the provisions of such contracts.'

"TITLE VI—COLLEGE HOUSING

"SEC. 601. Section 401(d) of the Housing Act of 1950 is amended to read as follows:

"'(d) To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,225,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed $137,500,000: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed $62,500,000.'

"SEC. 602. (a) Title IV of the Housing Act of 1950 is amended by adding at the end thereof a new section as follows:

"'*Loans for classroom buildings and other academic facilities*

"'SEC. 405. (a) In addition to the other purposes for which financial assistance may be extended under this title, the Administrator may make loans to educational institutions for (1) the construction of new structures suitable for use as classrooms, laboratories, and related facilities (including initial equipment, machinery, and utilities) necessary or appropriate for the instruction of students or the administration of the institution, and (2) the rehabilitation, alteration, conversion, or improvement of existing structures for the uses described above if such structures are otherwise inadequate for such uses. As used in this section, the term "educational institution" means any educational institution offering at least a two-year program acceptable for full credit toward a baccalaureate degree, including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual.

"'(b) Any educational institution which, prior to the effective date of this section, has contracted for the construction, rehabilitation, alteration, conversion, or improvement of any structures for the uses described in subsection (a) above may, in connection therewith, receive loans authorized by this section, as the Administrator may determine, but no such loan shall be made in connection with the construction, rehabilitation, alteration, conversion, or improvement of any such structure if the work thereon was commenced prior to the effective date of this section, or was completed prior to the filing of an application under this section.'

"(b) Title IV of such Act is further amended by—

"(1) striking out 'HOUSING' in the heading of such title and inserting in lieu thereof 'LOANS';

"(2) striking out 'FEDERAL' in the heading of section 401 and inserting in lieu thereof 'COLLEGE HOUSING';

"(3) inserting after 'loan' in clause (1) of the proviso in section 401(a) the following: '(including any loan under section 405 of this title)';

"(4) striking out 'A loan to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator' in section 401(c) and inserting in lieu thereof the following: 'A loan under this section to an educational institution may be in an amount not exceeding the total development cost of the facility, as determined by the Administrator, and a loan under section 405 of this title to an educational institution may be in an amount not exceeding the cost of construction of the structures involved (including related facilities), and the land on which the structures are located, as determined by the Administrator';

"(5) inserting '(1)' immediately before the text of subsection (d) of section 401 (as amended by section 601 of this Act), and by adding at the end of such subsection (d) a new paragraph as follows:

"'(2) In addition to the notes and other obligations authorized in paragraph (1) of this subsection, the Administrator may issue to the Secretary, from time to time and have outstanding at any one time, in an amount not exceeding $62,500,000, notes and other obligations for the purpose of carrying out the provisions of section 405 of this title.';

"(6) striking out section 401(f) and inserting in lieu thereof the following:

"'(f) There are hereby authorized to be appropriated to the Administrator such sums as may be necessary to carry out the purposes of this title.'

"(7) inserting before the semicolon in section 402(c)(2) a colon and the following: '*Provided*, That the Administrator shall extend financial assistance to educational institutions under section 405 only after consultation with, and in accordance with the advice and recommendation of, said Office of Education';

"(8) adding the following new subsections at the end of section 402:

"'(e) The provisions of section 309 of the Independent Offices Appropriation Act, 1950 (63 Stat. 662), which are applicable to corporations or agencies subject to the Government Corporation Control Act, shall also be applicable to the activities of the Administrator under this title.

"'(f) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this title, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1959, (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended, and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed; but the Administrator may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction,'; and

"(9) inserting after 'For the purposes of this title,' in section 404 the following: 'except as otherwise provided in section 405,'.

"SEC. 603. (a) Section 404(b) of the Housing Act of 1950 is amended by striking out 'and (4)' and inserting in lieu thereof '(4)' and by inserting before the period at the end thereof the following: ', and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection'.

"(b) Section 401 of such Act is amended by adding at the end thereof the following new subsection:

"'(g) In the case of any loan made under this section to a nonprofit student housing cooperative corporation referred to in clause (5) of section 404(b), the Administrator shall require that the note securing such loan be co-signed by the educational institution (referred to in clause (1) of such section) at which such corporation is located; and in the event of the dissolution of such corporation, title to the housing constructed with such loan shall vest in such educational institution.'

"TITLE VII—ARMED SERVICES HOUSING

"SEC. 701. (a) Section 803(a) of the National Housing Act is amended by striking out 'June 30, 1959' and inserting in lieu thereof 'September 30, 1960'.

"(b) The second sentence of section 803(b)(3) of such Act is amended by striking out 'have a maturity not to exceed twenty-five years' and inserting in lieu thereof 'but not to exceed thirty years from the beginning of amortization of the mortgage'.

"(c) Section 803(b)(3) of such Act is further amended by adding at the end thereof the following: 'The property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants.'

"(d) Section 803(c) of such Act is amended by adding at the end thereof the following new sentence: 'The Commissioner is further authorized to reduce the amount of the premium charge below one-half of 1 per centum per annum with respect to any mortgage on property acquired by the Secretary of Defense or his designee if the mortgage is insured pursuant to the provisions of this title as in effect prior to August 11, 1955.'

"(e) Section 803 of such Act is further amended by adding at the end thereof the following new subsection:

"'(k) The Commissioner shall not insure any mortgage under this section unless the principal contractor or contractors engaged in the construction of the project involved file a certificate or certificates (at such times, in the course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of such project have been paid not less than one and one-half times the regular rate of pay for employment in excess of eight hours in any one day or in excess of forty hours in any one week.'

"SEC. 702. (a) The first sentence of section 404(a) of the Housing Amendments of 1955 is amended to read as follows: 'Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire, by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) (1) any housing financed with mortgages insured under title VIII of the National Housing Act as in effect prior to August 11, 1955, or (2) any housing situated adjacent to a military installation which was (A) completed prior to July 1, 1952, (B) certified by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the Federal Housing Commissioner, and (C) financed with mortgages insured under section 207 of the National Housing Act.'

"(b) Section 404(b) of the Housing Amendments of 1955 is amended by striking out 'constructed under the mortgage insurance provisions of title VIII of the National Housing Act (as in effect prior to the enactment of the Housing Amendments of 1955)', and inserting in lieu thereof the following: 'described in clause (1) or (2) of subsection (a) of this section'.

"(c) Section 407(f) of the Act entitled 'An Act to authorize certain construction at military installations, and for other purposes', approved August 30, 1957, is amended to read as follows:

"'(f) This section shall have no application to any housing described in clause (1) or (2) of section 404(a) of the Housing Amendments of 1955, as amended.'

"SEC. 703. (a) Title VIII of the National Housing Act is amended by adding at the end thereof the following new section:

"'SEC. 810. (a) Notwithstanding any other provision of this title, the Commissioner may insure and make commitments to insure any mortgage under this section which meets the eligibility requirements hereinafter set forth.

"'(b) No mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that (1) the housing which is covered by the insured mortgage is necessary in the interest of national defense in order to provide adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States, (2) there is no present intention to curtail substantially the number of such personnel assigned or to be assigned to the installation, (3) adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distances of such installation, and (4) the mortgaged property will not so far as can be reasonably foreseen substantially curtail occupancy in any existing housing in the vicinity of the installation which is covered by mortgages insured under this Act. Any such certificate issued by the Secretary of Defense or his designee shall be conclusive evidence to the Commissioner of the eligibility of the mortgage for insurance in accordance with the requirements of this subsection.

"'(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act that the property or project be economically sound.

"'(d) The Commissioner shall require each project covered by a mortgage insured under this section to be held for rental for a period of not less than five years after the project or dwelling is made available for initial occupancy or until advised by the Secretary of Defense or his designee that the housing may be released from such rental condition. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure reasonable preference or priority in the sale or rental of dwellings covered by a mortgage insured under this section for military personnel and essential civilian employees of the armed services, and employees of contractors for the armed services, as evidenced by certification issued by the Secretary of Defense or his designee. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the person requiring housing and of such person's need for the housing.

"'(e) For the purpose of providing multifamily rental housing projects or housing projects consisting of individual single family dwellings for sale, the Commissioner is authorized to insure mortgages (including advances on such mortgages during construction) which cover property held by a private corporation, association, cooperative

society, or trust. Any such mortgagor shall possess powers necessary therefor and incidental thereto and shall until the termination of all obligations of the Commissioner under such insurance be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed $100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance.

"'(f) To be eligible for insurance under this section, a mortgage on any multifamily rental property or project shall involve a principal obligation in an amount (1) not to exceed $5,000,000 or (2) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,500 per room (or $9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed. The Commissioner may increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed $1,000 per room in any geographical area where he finds that cost levels so require.

"'(g) To be eligible for insurance under this section, a mortgage on any property or project constructed for eventual sale of single family dwellings shall involve a principal obligation in an amount not to exceed $5,000,000 and not to exceed a sum computed on the basis of a separate mortgage for each single family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) of this Act if the mortgagor were the owner and occupant who had made the required payment on account of the property prescribed in such paragraph.

"'(h) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed the maximum term applicable to mortgages under section 207 of this Act and shall bear interest (exclusive of premium charges for insurance) at not to exceed the rate applicable to mortgages insured under section 207, except that individual mortgages of the character described in subsection (g) covering the individual dwellings in the project may have a term not in excess of the maximum term applicable to mortgages insured under section 203 of this Act or the unexpired term of the project mortgage at the time of the release of the mortgaged property from such project mortgage, whichever is the greater, and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage of the character described in subsection (g) of this section may provide that, at any time after the release of the project from the rental period prescribed by subsection (d), such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage insured under this section may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

"'(i) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under this section shall at no time exceed five thousand dwelling units.

"'(j) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages of the character described in subsection (g) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided*, That wherever the words "Fund", "Mutual Mortgage Insurance Fund," or "Housing Insurance Fund" appear in section 204 or 207, such reference shall refer to the Armed Services Housing Mortgage Insurance Fund with respect to mortgages insured under this section.

"'(k) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured and the expiration date of the Commissioner's authority to insure under this title shall be applicable to mortgages insured under this section.

"'(l) If the Commissioner determines that insurance of mortgages on any housing of the type described in this section is not an acceptable risk, he may require the Secretary of Defense to guarantee the Armed Services Housing Mortgage Insurange Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.'

"(b) Section 808 of such Act is amended by striking out 'The' and inserting in lieu thereof the following: 'Except in the case of mortgages on multifamily rental housing projects insured under section 810, the'.

"(c) Section 212(a) of such Act is amended by striking out 'or under title VIII' and inserting in lieu thereof 'or under section 803 or 810 of title VIII'.

"TITLE VIII—MISCELLANEOUS

"Reacquisition by former owners

"SEC. 801. (a) Title IX of the National Housing Act is amended by adding at the end thereof the following new section:

"'SEC. 909. Notwithstanding any other provision of law the Commissioner is authorized, in the disposal of properties acquired by him in insurance operations under the provisions of this title, to give former mortgagor-owners a preference and priority of opportunity to reacquire such properties: *Provided*, That such former mortgagor-owners shall be required, under such procedures as may be established from time to time by the Commissioner, to offer prices and terms reasonably commensurate with the value of such properties and not less favorable than prices and terms offered by other prospective purchasers.'

"(b) Section 608 of such Act is amended by adding at the end thereof the following new subsection:

"'(h) Notwithstanding any other provision of law the Commissioner is authorized, in the disposal of properties acquired by him in insurance operations under this section, to give former mortgagor-owners a preference and priority of opportunity to reacquire such properties: *Provided*, That such former mortgagor-owners shall be required, under such procedures as may be established from time to time by the Commissioner, to offer prices and terms reasonably commensurate with the value of such properties and not less favorable than prices and terms offered by other prospective purchasers.'

"Surveys of public works planning

"SEC. 802. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"'(f) The Administrator is authorized to use during any fiscal year not to exceed $50,000 of the moneys in the revolving fund (established under subsection (e)) to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided*, That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent.'

"Disposal of Passyunk and Newport war housing projects

"SEC. 803. (a) The use of projects PA–36011 and PA–36012 (which were conveyed to the Housing Authority of Philadelphia, Pennsylvania, under section 406(c) of the Housing Act of 1956) for the housing of military personnel and civilians employed in defense activities without regard to their income and the giving of a preference in respect of 700 dwelling units in such projects for such military personnel as the Secretary of Defense or his designee prescribes, for a period of five years after the date of the conveyance of such projects, is hereby authorized; and such use and the giving of such preferences shall not deprive such projects of their status as 'low-rent housing' as that term is used and defined in the United States Housing Act of 1937 and within the meaning of that term as used in section 606(b) of the Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended. The Housing and Home Finance Administrator is authorized and directed to agree to any amendments to the instruments of conveyance which may be required to give effect to the purposes of this section.

"(b) Section 406(c) of the Housing Act of 1956 is amended by striking out 'three years' in the first proviso and inserting in lieu thereof 'five years'.

"Farm housing research

"SEC. 804. Section 603(c) of the Housing Act of 1957 is amended to read as follows:

"'(c) The authority of the Housing and Home Finance Administrator to make grants under subsection (b) shall expire June 30, 1961. The total amount of such grants shall not exceed $300,000 during each of the fiscal years ending June 30, 1958, and June 30, 1959, and shall not exceed $100,000 during the period beginning July 1, 1959, and ending June 30, 1961.'

"VA loans

"SEC. 805. Paragraph (1) of section 1803 (d) of title 38, United States Code, is amended by striking out 'thirty years' and inserting in lieu thereof 'thirty-five years'.

"Hospital construction

"SEC. 806. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out '1958' and inserting in lieu thereof '1960'.

"(b) Section 605(c) of the Housing Act of 1956 is amended by inserting before the pe-

riod at the end thereof the following: ', and the sum of $7,500,000 for the purposes of this section for each of the fiscal years ending June 30, 1959, and June 30, 1960'.

"Savings and loan associations

"SEC. 807. (a) Section 5(c) of the Home Owners Loan Act of 1933 is amended by inserting before the colon at the end of the first proviso a comma and the following: 'and additional sums not exceeding 20 per centum of the assets of an association may be used without regard to such area restriction for the making or purchase of participating interests in first liens on one- to four-family homes, except that the aggregate sums invested pursuant to the two exceptions in this proviso shall not exceed 30 per centum of the assets of such association'.

"(b) The second paragraph of section 5(c) of such Act is amended by adding at the end thereof the following new sentence: 'Participating interests in loans secured by mortgages which have the benefit of insurance or guaranty (or a commitment therefor) under the National Housing Act, the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code, shall not be taken into account in determining the amount of loans which an association may make within any of the percentage limitations contained in the first proviso of this subsection.'

"(c) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph:

" 'Without regard to any other provision of this subsection except the area restriction, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest an amount not exceeding at any one time 5 per centum of such withdrawable accounts in loans to finance the acquisition and development of land for primarily residential usage, subject to such rules and regulations as the Board may prescribe.'

"Voluntary home mortgage credit program

"SEC. 808. Section 610(a) of the Housing Act of 1954 is amended by striking out 'July 31, 1959' and inserting in lieu thereof 'July 31, 1961'.

"Study of migratory workers' housing

"SEC. 809. The Housing and Home Finance Administrator is authorized and directed to undertake a comprehensive study to determine the character and extent of the housing needs of migratory workers and the best means of providing for such needs.

"Defense housing projects

"SEC. 810. Section 606 of the Act of October 14, 1940, as amended (42 U.S.C. 1586), is amended—

"(1) by inserting the following sentence after the first sentence of subsection (b): 'If any such project is consolidated under a single annual contributions contract with any low-rent project being assisted with annual contributions under the said Act, the payment of any annual contribution on account of any project so assisted shall not be deemed to be a capital grant or annual contribution with respect to any project conveyed hereunder.'; and

"(2) by inserting the following proviso before the semicolon at the end of subsection (c)(3): ': *Provided*, That the provisions of this paragraph shall not be applicable to any project which is consolidated under a single contract with one or more low-rent projects being assisted under the United States Housing Act of 1937, and all income from any such project conveyed under this section may be commingled with funds of the project or projects with which it is consolidated and applied in accordance with the requirements of the consolidated contract and the provisions of section 10(c) of the said Act'.

"Disposal of projects

"SEC. 811. Section 607 of the Act of October 14, 1940, as amended (42 U.S.C. 1587), is amended by adding at the end thereof a new subsection as follows:

" '(h) Notwithstanding any other provision of law, the Administrator may, whenever he deems it desirable, in the public interest, and in the fulfillment of the purposes of this title, consent to the modification, with respect to purchase price, repayment period, rate of interest, time of payment of any installment on principal or interest, security, or any other term, of any contract, sale, mortgage, or other agreement to which he is a party, or which has been transferred to him pursuant to this title: *Provided*, That, in any such modification of a contract, sale, mortgage, or other agreement relating to housing projects heretofore disposed of as a whole or in other portions, exceeding four family dwelling units per portion, under paragraph (c) of this section by sale to a group organized on a mutual or cooperative basis, the Administrator shall endeavor to make such modifications as may be necessary to enable such group to retain possession, wherever this result can be achieved without undue sacrifice of the interest of the Federal Government.'

"City planning scholarships and fellowships

"SEC. 812. There is hereby authorized to be appropriated not to exceed $300,000 for a three-year period commencing on July 1, 1959, to be used by the Housing and Home Finance Administrator for the purpose of providing scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

"Real estate loans by national banks

"SEC. 813. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

" '(j) Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.' "

And the House agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
Managers on the Part of the House.

JOHN SPARKMAN,
J. W. FULBRIGHT,
HARRISON WILLIAMS,
EDMUND S. MUSKIE,
HOMER E. CAPEHART,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

TITLE I—FHA INSURANCE PROGRAMS

Mortgage ceilings and downpayments for sales housing

The House amendment contained provisions not in the Senate bill increasing the maximum mortgage amount on 1-family sales housing under section 203 from the present $20,000 to $25,000, and reducing the minimum downpayment requirement. The present requirement of a 3 percent downpayment on the first $13,500 of FHA valuation was unchanged, but above that the House amendment required 10 percent of the value between $13,500 and $18,000, and 25 percent of any value above $18,000, in place of existing law which requires 15 percent of the value between $13,500 and $16,000, and 30 percent of any amount over $16,000.

The conference substitute raises the maximum mortgage amount on 1-family houses under section 203 to $22,500 and reduces the minimum downpayment requirement under this section to 10 percent on value between $13,500 and $18,000 (and retains the 30 percent minimum on any value above $18,000).

FHA insurance premium

The House amendment contained a provision which would give the FHA Commissioner discretion to set the mortgage insurance premium between one-fourth of 1 percent and 1 percent, in place of existing law which sets the lower limit at one-half of 1 percent. The Senate bill contained no comparable provision and none is contained in the conference substitute.

Mortgage insurance authorization ceilings

The Senate bill contained provisions removing the limitations on the aggregate amount of authorization which could be used for farm homes under section 203(i) and yield insurance under section 701. The House amendment contained no comparable provision. The conference substitute contains the Senate provision.

Per room and per unit limits on section 207 rental housing

The House amendment contained a provision increasing the maximum section 207 mortgage amount by $600 per room and $900 per unit in the case of garden-type apartments, and $615 per room and $1,100 per unit in the case of elevator apartments. The Senate bill increased the limits by $250 per room and $900 per unit in the case of garden-type apartments, and $300 per room and $1,000 per unit for elevator-type apartments. The conference substitute contains the Senate provision.

Loan-to-value ratio under section 207

The House amendment contained a provision increasing the maximum loan-to-loan ratio on FHA section 207 mortgages from the present 90 percent to 95 percent. There was no comparable provision in the Senate bill and none is included in the conference substitute.

Insurance of mortgages on trailer courts

The House amendment contained a provision increasing the maximum mortgage amount for trailer courts from the present $1,000 to $1,500 per space, and from the present $300,000 to $400,000 per mortgage. The Senate bill provided an increase to $1,500 per space and $500,000 per mortgage. The conference substitute contains the Senate provision.

Increased interest rate on FHA programs

The House amendment contained a provision increasing the maximum interest rate on section 207 mortgages from the present 4½ percent to 5 percent. The Senate bill provided an increase on section 207 to 5½ percent, and in addition would have raised the maximum interest rate on section 213 management-type cooperative housing projects from the present 4½ percent to 5½

percent, increased the maximum rate for sales type cooperatives from the present 5 percent to 6 percent, and increased the maximum rate on section 803 from the present 4½ percent to 5½ percent. The conference substitute increases the maximum rates on section 207 and section 213 management-type projects to 5¼ percent, and in the case of section 213 sales-type the maximum is increased to 5¾ percent.

Loan-to-value ratios for cooperative housing

The House amendment contained a provision increasing the maximum loan-to-value ratio for cooperative projects in which 50 percent or more of the cooperators are veterans from 95 percent of replacement cost to 100 percent, and increasing the ratio in the case of investor-sponsored cooperatives from 85 percent to 90 percent. The Senate bill contained a provision increasing the ratio to 97 percent, with no distinction between veterans and nonveteran projects. The conference substitute conforms to the Senate bill.

Per room and per unit dollar limitations under section 213

Both the House amendment and the Senate bill contained provisions increasing the maximum mortgage amount per room and per unit under section 213 as shown in the following table:

	Present law		Senate bill [1]		House amendment	
	Per room	Per unit	Per room	Per unit	Per room	Per unit
Garden-type:						
Nonveteran	$2,250	$8,100	$2,500	$9,000	$2,910	$9,000
Veteran	2,375	8,550	2,500	9,000	2,970	9,500
Elevator-type:						
Nonveteran	2,700	8,400	3,000	9,400	3,395	9,400
Veteran	2,850	8,900	3,000	9,400	3,465	9,900
High-cost area increase	1,000	----------	1,250	----------	1,250	----------

[1] Removes advantage for veterans' cooperatives.

The conference substitute conforms to the provisions of the Senate bill.

Cooperative Housing Insurance Fund

The House amendment contained a provision establishing a new "Cooperative Housing Insurance Fund" to place section 213 on a mutual basis. There was no comparable provision in the Senate bill, and none is contained in the conference substitute. The conferees, however, urge that the appropriate committees in both Houses give this matter further study.

General mortgage insurance authorization

The House amendment contained a provision increasing the FHA insurance authorization by $6 billion upon enactment, with the further provision that on July 1, 1959, the general authorization would become the total of outstanding insurance and commitment, plus $4 billion. The Senate bill increased the general insurance authorization by $5 billion upon enactment, and provided that on July 1, 1959, the general authorization would become the total of outstanding insurance and commitments, plus $5 billion. The conference substitute conforms to the Senate bill.

Mortgage ceilings and downpayments under section 220

The House amendment contained provisions increasing the maximum mortgage amount on 1-family homes from the present $20,000 to $25,000, and reducing the downpayment. The present requirement of 3 percent on valuations up to $13,500 is retained. Above that the House amendment would set a minimum requirement of 10 percent on any value between $13,500 and $18,000, and 25 percent on any amount over $18,000 in place of the present requirement of 15 percent on any amount between $13,500 and $16,000, and 30 percent on any amount above $16,000. The Senate bill would increase the maximum mortgage amount on 1-family homes to $22,500 and on 3-family homes from the present $27,500 to $30,000. The conference substitute retains the Senate provisions on maximum mortgage amounts and reduces the minimum downpayment to 10 percent on value between $13,500 and $18,000 (and retains the 30 percent minimum on any value above $18,000).

Per room and per unit limits on section 220 rental housing

The House amendment contained a provision which would increase the maximum mortgage amount under section 220 rental housing by $450 per room and $900 per unit in the case of garden-type projects, and $450 per room and $1,100 per unit for elevator-type projects. The Senate bill contained a provision increasing the maximum mortgage amount by $250 per room and $900 per unit for garden-type projects, and $300 per room and $1,000 per unit for elevator-type projects. The conference substitute conforms to the Senate bill.

Exterior land improvements and nondwelling facilities under section 220

The Senate bill contained provisions, not included in the House amendment, permitting exterior land improvements to be included in a mortgage under section 220 without being computed as part of the per room or per unit cost limitations; and permitting the inclusion of non-dwelling facilities in section 220 rental housing mortgages to serve occupants of the project and of other housing in the neighborhood. The conference substitute contains the provisions of the Senate bill.

Eligibility for section 221 housing

The Senate bill contained a provision, not included in the House amendment, extending the benefits of section 221 (relocation housing) to families displaced by government action within the environs of a community that has a workable program. This provision also authorizes the construction of relocation housing in environs of such communities. The conferees have retained this provision of the Senate bill in the conference substitute with an amendment designed to make it absolutely certain that section 221 relocation housing cannot be built in the environs of any community unless such environs have requested it.

Multifamily structures under section 221

The Senate bill contained a provision, not in the House amendment, which would make loans on 2-, 3-, 4-family dwellings eligible for insurance under the section 221 sales housing program. The maximum mortgage amount for 1-family houses would be $10,000 ($12,000 in high cost areas); for 2-family houses $18,000 ($20,000 in high cost areas); for 3-family houses $25,000 ($27,500 in high cost areas) and for 4-family houses $32,000 ($35,000 in high cost areas). The Senate bill further provides a minimum downpayment requirement of $200 per dwelling unit. The conference substitute retains this provision of the Senate bill.

Facilities in section 221 rental housing

The Senate bill contained a provision, not in the House amendment, permitting the inclusion in section 221 rental housing mortgages of commercial and community facilities as necessary to serve occupants. The conference substitute retains this provision of the Senate bill.

Default on FHA insured mortgages

The House amendment contained a provision permitting the FHA Commissioner to extend the time for mortgagors in the case of 1- to 4-family units financed under title II to cure defaults if the mortgagor has a meritorious case, and further permitting the Commissioner to include defaulted interest in debentures. The Senate bill contains a comparable provision except that this authority was extended to all 1–4 family mortgages insured under any FHA program. The conference substitute follows the language of the Senate bill.

Proprietary nursing homes

The House amendment contained a provision making mortgages on proprietary nursing homes eligible for insurance by the FHA, and limiting the maximum amount of any such mortgage to $1 million, and the maximum interest rate to 5 percent. The Senate bill contained a comparable provision making proprietary nursing homes eligible for FHA mortgage insurance, but contained provisions establishing a maximum mortgage amount of $12.5 million, and a maximum interest rate of 6 percent; and requiring certification by a State agency that there are reasonable standards of licensure and methods of operating such homes. The conference substitute provides that the maximum mortgage amount shall be $12.5 million, the maximum interest rate shall be 6 percent, and that a State agency must certify that there are reasonable standards of licensure and methods of operating such homes. The conference substitute follows both bills in requiring a certification of need by a State agency, but does not include authority provided in the Senate bill for the FHA Commissioner to overrule a State agency's decision denying need for such a home.

TITLE II—HOUSING FOR THE ELDERLY

Insurance of mortgages on housing for the elderly

The Senate bill would add a new section 231 to the National Housing Act to liberalize the FHA mortgage insurance program for elderly persons. The new program would cover new or rehabilitated housing for elderly persons (defined in the bill as persons 60 years of age or more). The House amendment contained no such provision. The conference substitute includes this provision of the Senate bill with the requirement that in the case of existing structures, the mortgage is limited to 90 percent of FHA appraised value, and elderly persons are defined in the substitute as those 62 years of age or more (as had been provided in the House amendment).

Direct loan program

The House amendment contained a provision establishing a new program of direct loans to non-profit corporations for new or rehabilitated housing for elderly persons. The House amendment provided that these loans would bear interest at 3½ percent and authorized an appropriation of $100 million to establish a revolving fund for this purpose. The Senate bill contained no comparable provision.

The conference substitute conforms to the House amendment except that the amount of the fund is limited to $50 million, and the rate of interest shall not exceed the higher of (1) 2¾ percent or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the preceding fiscal year and rounded to the nearest one-eighth of 1 percent, plus one-fourth of 1 percent. (This is the same

interest rate formula now used for college housing loans which at the present time would be approximately 3 percent.)

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

Maximum mortgages which FNMA can purchase

The House amendment contained a provision which would raise the maximum amount of a mortgage which FNMA can purchase under its secondary market operations from the present $15,000 to $18,000. The Senate bill would authorize FNMA to purchase mortgages up to $20,000 under its secondary market operations, and would remove the limitation on the size of FHA section 220 (urban renewal housing) mortgages which FNMA can purchase. The conference substitute conforms to the provisions of the Senate bill.

Par purchase under special assistance programs

Both the Senate bill and the House amendment contained provisions reestablishing the requirement (which expired August 7, 1958) that FNMA's purchases under the special assistance program be made at par. The Senate bill extended this requirement to August 7, 1960. The House amendment extended it to September 30, 1960. The conference substitute follows the House amendment.

It has come to the attention of the conference committee that in some instances the Federal National Mortgage Association is refusing to renew or reissue special assistance commitments which were entered into prior to August 27, 1958. This imposes a serious hardship. Such commitments were issued at par before the Association discontinued this purchase price for special assistance mortgages. Now by refusing to reissue or extend the original commitment, FNMA is in effect driving the mortgage seller into a depressed market and as a result these persons are being forced to suffer substantial losses. The conferees believe that in cases where the mortgage seller has, for reasons beyond his control, been unable to deliver the mortgages within the original commitment period, FNMA should in all fairness renew such commitments on terms which are not less favorable to the mortgage seller than were the terms of the original commitment, namely at par.

FNMA special assistance for cooperative housing

The House amendment contained a provision, not in the Senate bill, which would authorize appropriations up to $75 million for purchasing FHA section 213 mortgages, with half of the funds designated for consumer cooperatives and half for builder-sponsor cooperatives. The conference substitute authorizes $37.5 million for FNMA purchases of section 213 mortgages, of which $25 million is reserved for consumer cooperatives and $12.5 million is reserved for builder-sponsored cooperatives. Such purchases could be financed through public debt transactions, as is now the case for other FNMA operations.

New FNMA lending function

In connection with section 305(d) of the conference substitute, which authorizes FNMA to make loans on pledged mortgages under certain conditions, the conferees wish to express their understanding that FNMA will undertake this new function only in areas where financing for mortgage warehousing operations and interim financing arrangements is clearly not available on reasonable terms and conditions.

Purpose of FNMA secondary market operations

The House amendment contained a provision that FNMA shall in its secondary market operations have the additional purpose of "aiding in the stabilization of the mortgage market." It would also repeal the existing requirement that purchase prices be established "within the range of market prices" and make other amendments to reflect the additional purpose. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

TITLE IV—URBAN RENEWAL

Early land acquisition

The Senate bill contained a provision, not in the House amendment, permitting temporary Federal loans for land acquisition and slum clearance prior to the signing of Federal loan and grant contracts, on the condition that such acquisition is approved by the local governing body and that the land must be held until the plan is approved. The conference substitute contains this provision of the Senate bill.

The conferees wish to emphasize that loans made to finance early land acquisition must be repaid to the Federal Government, and that the making of such loans shall not be construed to estop the Federal agency from disapproving any urban renewal plan which may be submitted subsequently. It is expected that the Administrator shall issue such regulations as are necessary to protect the Federal Government from loss in the event that the plan is not approved.

Private financing of urban renewal

The House amendment contained a provision requiring communities to obtain loans for urban renewal financing from private sources whenever feasible. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

Urban renewal loan authorization

Both the House amendment and the Senate bill contained provisions affecting loans under the urban renewal program. Existing law gives HHFA authority to borrow $1 billion from the Treasury to be used for urban renewal loans. This $1 billion ceiling applies to Federal loans actually disbursed as well as to Federal loan commitments. Actually, these Federal commitments do not normally result in the disbursement of Federal funds but are, in effect, guarantees for local securities sold to private lenders. Both the House amendment and the Senate bill would revise existing law so that the $1 billion ceiling would apply only to Federal loans which the Administrator estimates will actually be disbursed, and not to the Federal commitments which are not expected to result in actual outlays.

The Senate bill contained a further provision, not in the House amendment, authorizing the President to permit Treasury borrowing in excess of $1 billion. This provision is included in the conference substitute. This authority is needed to assure private investors who purchase local obligations secured by pledged Government loan contracts that the Government has the power to make loans in excess of $1 billion in the unlikely event this is necessary to honor its contractual obligations promptly. Although it may appear to be an unlimited authority, the practical limit on its use lies in the limits provided elsewhere on urban renewal grants.

This is because the normal use of urban renewal loans is simply to provide working capital until a project is completed, at which time the costs are finally determined and shared, one-third in local contributions and two-thirds in Federal grants.

Urban renewal grant authorization

The House amendment contained a provision authorizing appropriation of a total of $1.5 billion—$1 billion for the period ending June 30, 1960, and $500 million for the fiscal year ending June 30, 1961. The Senate bill provided contract authority for a 6-year, $2.1 billion program at an annual rate of $350 million which could be increased by $150 million in any year. The conference substitute eliminates the requirement of advance appropriations, and provides contract authority for a total of $900 million—$500 million on July 1, 1959, and $400 million on July 1, 1960.

Public disclosure by redevelopers

The House amendment contained a provision requiring that before any commitment can be made for disposition of land to an urban renewal redeveloper, he must make available for general public use a prospectus setting forth certain information. There was no comparable provision in the Senate bill and none is contained in the conference substitute.

State limitation on loan funds

The Senate bill contained a provision, not included in the House amendment, removing the requirement in existing law that no more than 12½ percent of urban renewal loan funds can be used in any one State. The conference substitute retains this provision of the Senate bill. The conferees wish to emphasize that this provision pertains only to loan funds and does not in any way change the existing provisions of law which limit expenditures of grant funds in any one State to 12½ percent of the total grant authorization.

Relocation payments

The House amendment and the Senate bill contained comparable provisions to broaden the authority for relocation payments in connection with urban renewal areas, including authority for such payments where the displacement from the area is "made necessary by" a program of voluntary rehabilitation of buildings. It is the understanding of the conferees that the Housing Administrator will prescribe standards and requirements as he determines advisable to assure that such payments will be made only in cases where rehabilitation is the actual cause of the displacement. It is not intended that relocation payments be made under this section to occupants moving for their own convenience, even though some incidental repair or improvement is made to the property.

Low rent housing in urban renewal areas

The conferees wish to call attention to the provisions in section 410 of the conference substitute which will facilitate the construction of low rent housing in urban renewal areas. The problem of finding available land for low rent housing has long been a matter of serious concern and the conferees urge local authorities to take full advantage of these new provisions.

Improvements eligible as local grants-in-aid

The House amendment contained a provision permitting the Administrator to accept as non-cash local grants-in-aid, public improvements started not more than 5 years prior to the signing of the grant contracted provided such improvements conform to a previously approved community renewal program. The Senate bill contained a similar provision except that it did not include the requirement of a previously approved community renewal program. The conference substitute follows the language of the Senate bill.

TITLE V—LOW-RENT PUBLIC HOUSING

Declaration of policy on local responsibility

Both the House amendment and the Senate bill contained provisions vesting increased responsibility in local housing authorities. The conference substitute follows the language of the House amendment. The committee of conference was impressed with the vital importance of the local public housing agencies assuming maximum responsibility in the administration of the program, including responsibility for such matters as management budgets, auditing, tenant eligibility, and rents. The committee of

conference understands that the Commissioner of Public Housing will authorize local public housing agencies at their option to compile and approve their own management budgets and to undertake their own auditing. The committee of conference understands that this will be done upon an experimental basis and the results will be duly reported to the Congress within 2 years.

It is the understanding of the committee that for the next 2 years the Public Housing Administration will not require that the local authority budgets be approved by the Public Housing Administration, and will for this period waive any requirements to this effect in existing contracts. It is further understood that the local authorities will be free to elect whether to prepare their budgets on a consolidated or an individual financial assistance contract basis. The budgets of the local public housing agencies after adoption, but before the commencement of the fiscal year to which they apply, will be submitted to the Public Housing Administration for its information and for advisory comments which appear pertinent. In the event of flagrant abuse by any local authority the Public Housing Administration will be free to terminate the waiver in respect to such local authority and enforce the provisions of existing contracts. The committee endorses this experiment and recommends against disturbing the present framework of the law pending an evaluation of the results achieved.

It is further intended by the committee of conference that the local public housing agencies shall have the fullest responsibility in determining limits for admission and continued occupancy, that they shall establish appropriate exemptions from incomes to be allowed in applying such limits, and that they shall set the rents to be charged.

Such determinations shall be submitted to the Public Housing Administration for its review and approval, taking into account in such approval only the maintenance of the low-income character of the projects and their financial solvency.

Displaced families in low-rent housing

The House amendment contained a provision which in the case of displaced families reduced from 20 percent to 10 percent the gap required under existing law between the lowest private rentals and the upper rental limit for admission into low-rent housing. The Senate bill established a corresponding 20 percent gap requirement in fixing income limits, but waived it for displaced families. The conference substitute follows the Senate bill in exempting displaced families from the 20 percent gap requirement of existing law.

Additional low-rent housing units authorized

The House amendment contained a provision authorizing 35,000 units per year until the aggregate dollar amount of annual contributions provided by the Housing Act of 1949 is contracted. Depending on construction and financing costs, between 140,000 and 190,000 units could be produced under this provision. The Senate bill contained a provision making available for an additional two years the unused portion of the unit authorization that expired on June 30, 1958, and the unit authorization that will expire June 30, 1959, and authorizing an additional 35,000 units. This would provide a total of approximately 45,000 units. The conference substitute follows the language of the Senate bill as to these 45,000 units; and it further provides that the President shall have discretion, if he deems it to be in the public interest after consultation with his Council of Economic Advisors, to authorize up to 35,000 additional units a year until the aggregate dollar amount of annual contributions provided by the Housing Act of 1949 is contracted.

The House amendment also contained provisions requiring that funds for annual contributions for the first year of occupancy must be appropriated before an annual contribution contract is signed, and requiring that the Banking and Currency Committees of both Houses must agree with PHA on the need and desirability of entering into any new contract for loans and annual contributions before it is executed. These provisions were not included in the Senate bill, and are not contained in the conference substitute.

TITLE VI—COLLEGE HOUSING

Loan authorization

The House amendment contained a provision which would authorize for appropriation up to $400 million for college housing loans, reserving $40 million of such appropriations for "other educational facilities", and $40 million for student-nurse and intern housing. The Senate bill contained a provision which would increase the loan authorization by $300 million, reserving $37.5 million of the increase for "other educational facilities", and $37.5 million for student-nurse and intern housing. The Senate bill continued the authority in existing law for financing the program through public debt transactions. The conference substitute conforms to the Senate bill.

Loans for classrooms

The Senate bill contained a provision, not in the House amendment, which would establish a new college classroom loan program with a revolving fund of $125 million for the purpose of construction or rehabilitation of classrooms, laboratories, and related facilities including equipment and utilities. The conference substitute retains this provision of the Senate bill except that the amount of the revolving fund is set at $62.5 million.

Construction wage requirements

The Senate bill contained a provision, not in the House amendment, which would require the payment of wages at time-and-a-half rates for overtime on all construction financed under the college housing and classroom programs. The conference substitute retains this provision of the Senate bill.

TITLE VII—ARMED SERVICES HOUSING

Construction wage requirements

The House amendment contained a provision, not in the Senate bill, which would require contractors on military housing projects to pay time-and-a-half for overtime. The conference substitute retains this provision of the House amendment but provides that it shall apply only to housing built under section 803, so as to exclude privately-owned housing built under sections 809 and 810.

Defense housing in impacted areas

The House amendment contained a provision which would authorize a new program of FHA mortgage insurance (sec. 810) on single family and multifamily projects in defense impacted areas. The House amendment limited the total number of units to be built under this program to 4,000 and in the case of multifamily dwellings, limited the maximum mortgage amount to $2,250 per room and $8,100 per unit, with an extra allowance of $1,000 per room for high cost areas.

The Senate bill contained a similar provision except that 5,000 units could be built under this program, and in the case of multifamily dwellings, the maximum mortgage amount would be $2,500 per room and $9,000 per unit for garden-type projects; and $3,000 per room and $9,400 per unit for elevator-type projects, with an extra allowance of $1,000 per room for high cost areas. The conference substitute conforms to the provisions of the House amendment except that up to 5,000 units can be built under this program, and in the case of multifamily housing, the maximum mortgage amount is limited to $2,500 per room and $9,000 per unit.

TITLE VIII—MISCELLANEOUS

Farm housing research

The House amendment contained a provision which would extend the farm housing research program for 2 years and authorize appropriations of $50,000 per year. A similar provision in the Senate bill would extend the program for 3 years, and authorize appropriations of $75,000 a year. The conference substitute extends this program for 2 years and authorizes the appropriation of a total of $100,000 over the 2-year period.

Loans for land acquisition and development by savings and loan associations

The Senate bill contains a provision, not in the House amendment, which would permit Federal savings and loan associations to invest up to 5 percent of withdrawable accounts in loans to finance acquisition and development of land for primarily residential usage, subject to regulation by the Federal Home Loan Bank Board, and provided that the association has general reserves, surplus, and undivided profits in excess of 5 percent of its withdrawable accounts. The conference substitute retains this provision of the Senate bill.

Housing needs of migratory farm labor

The Senate bill contained a provision, not in the House amendment, which would authorize the HHFA Administrator to undertake a comprehensive study of the housing needs of migratory farm workers. The conference substitute retains this provision of the Senate bill.

Mortgage insurance for migratory farm labor housing

The House amendment contained a provision which would establish a new program under which the Secretary of Agriculture would insure loans made by private lenders to farmers, associations of farmers, and county governments to provide housing and related structures for migratory farm labor. There was no comparable provision in the Senate bill, and none is contained in the conference substitute.

Defense housing projects

The Senate bill contained a provision, not in the House amendment, which would permit the commingling of Lanham Act and low-rent project funds and the use of all residual receipts for the reduction of any Federal annual contributions contracts under a consolidated contract. The conference substitute retains this provision of the Senate bill.

Disposal of projects

The Senate bill contained a provision, not in the House amendment, which would permit the FHA Commissioner to modify the terms of any contract relating to housing projects disposed of by him to cooperatives. The conference substitute retains this provision of the Senate bill.

City planning scholarships and fellowships

The Senate bill contains a provision, not included in the House amendment, which would authorize the appropriation of $500,000 annually for a 3-year period to be used by the HHFA Administrator to provide scholarships and fellowships in public and nonprofit institutions of higher education for graduate training of professional city planning and housing technicians and specialists. The conference substitute retains this provision of the Senate bill except that the amount which is authorized for appropriation is limited to a total of $300,000 over the 3-year period.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
Managers on the Part of the House.

Mr. BARDEN. Mr. Speaker, I make a point of order against the provisions of the conference report, and I do so realizing that I probably will be overruled on account of the fact that the rule seems to refer to amendments of the Senate. However, I think it is of sufficient importance at this time that a point of order should be discussed because in section 812 of the conference report it is stated:

> There is hereby authorized to be appropriated not to exceed $300,000 for a 3-year period commencing on July 1, 1959, to be used by the Housing and Home Finance Administrator for the purpose of providing scholarships and fellowships in public and private nonprofit institutions of higher education for the graduate training of professional city planning and housing technicians and specialists. Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

Certainly that would have been subject to a point of order had this matter been brought to the House in a bill pending on the floor of the House.

There are provisions in here which provide for college housing, and so forth, on a loan basis. This is a grant basis. It duplicates a part of the language which last year was in the defense education bill for which were authorized appropriations of approximately $1 billion. Now, Lord help the taxpayers, if every committee on the Hill, when it goes into conference agrees to a provision of this kind and will begin to legislate for scholarships, the very thing covered in the bill we had before the House authorizing approximately $1 billion.

I think what may be against the point of order here is that the rule refers to amendments in the Senate. It so happens there was a provision akin to this in the Senate bill that causes me to feel there is the possibility I will not be sustained. But I know one thing that this House, in my opinion, and I think the Speaker, would have sustained a point of order against that if it had appeared in the House bill because it is not only a clear invasion of the jurisdiction of the Committee on Education and Labor but it is virtually taking over and duplicating an appropriation and results in simply a pile up of committees legislating in this particular field.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from California.

Mr. McDONOUGH. On page 36 of "Cannon's Precedents" it states that no point of order lies against the Senate amendments. The rule has no application to this in that respect. The only effect of the rule in reference to Senate amendments is that House conferees, unless authorized by the House, cannot agree in conference to Senate amendments which would have been subject to points of order in the House. The House conferees were not instructed to accept any amendment that would be in dispute or a point of order may be raised on it if it had been raised in the House. So in addition to the fact this point of order raised by the gentleman from North Carolina may invade the jurisdiction of the committee, there is the exception rule that says you cannot, unless instructed by the House, accept amendments on which points of order may have been raised in the House.

Mr. BARDEN. That is music to my ears, but I am compelled to say to the Speaker that the rule relates to amendments by the Senate. The language, unfortunately, was in the bill in the other body. So I am afraid the ruling will be in line with that. I wish I were more hopeful.

But I make the point of order now because I think the House is entitled to know what is going on in the field of education. If one committee is going to appropriate a billion dollars to do exactly the same thing that this authorization plans to do, then the House ought to know it and the American taxpayers ought to know it. Here we are setting up machinery that is in the defense education bill. What is the machinery that is set up for appointing these folks? Nobody except the Administrator of the Housing and Home Finance Agency has the authority: Persons shall be selected for such scholarships and fellowships solely on the basis of ability.

Now, I say, Mr. Speaker, I am not parliamentarian enough to figure out some way to kill that and knock it out. But, there should be some way, and I wish I knew a way to do it.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. BARDEN. I yield to the gentleman from Illinois.

Mr. MASON. The parliamentary thing to do, if the objection of the gentleman is not sustained, is to vote down the conference report and then we will settle it.

Mr. BARDEN. Let me say this, I am going to do just that, if such items as I am now discussing are not stricken. I am not trying to delay the consideration of the bill, but I would place this squarely before the House. If the Committee on Education and Labor is not authorizing enough money in this field, either let us know it or put us in our place and take the responsibility away from our committee and give it to the Committee on Banking and Currency. I assure you it is not a pleasure to wrestle with it and, Mr. Speaker, I am very serious about this invasion of the committee. It simply breeds chaos. No one can keep up with it. We have, in the Department of Health, Education, and Welfare, almost a billion dollars now. Now, apparently, that is not spending fast enough. We set up the Administrator of Housing and Home Finance to make his own selection, when he pleases, as he pleases, and spend $300,000. Mr. Speaker this may be a case of a wrong without a remedy—but if it stands, it is wrong, reckless spending, inexcusable, and I as chairman of the House Education and Labor Committee accept no part of the responsibility for same.

The SPEAKER. The Chair is listening to arguments on the point of order, not to the provisions of the bill in general or as to the differences between Members as to how we ought to proceed on this occasion.

Mr. RAINS. Mr. Speaker, I rise in opposition to the point of order, and have just one thing to say, that this amendment which is being discussed by my esteemed friend—and, of course, we would not have put it in the House bill—was in the Senate bill verbatim with the exception that the amount was $500,000 for a period of 3 years, and we were successful in cutting the amount to $300,000 for 3 years. The Senate was adamant on it. and it was picked up in conference, and, of course, was not in the Senate bill, and for that reason I say the point of order should be overruled.

Mr. McDONOUGH. Mr. Speaker, let me say further on the point of order. Statements have been made here as to the amount and as to the change in the amount, but my point is that the rule states that the House conferees, unless previously auhorized, cannot agree in conference to Senate amendments which would have been subject to a point of order in the House. Now, if this had come in the House from the House Committee on Banking and Currency to provide scholarships and fellowships and appropriate or authorize money for it, a point of order would have been raised. The House conferees—and I was one of them—were not instructed by the House to agree to this sort of an amendment, and this becomes a part of the conference report. Now, I am reading, Mr. Speaker, from Cannon's Precedents, page 19, and it was ruled on by Speaker Mann on February 15, 1921. That is the point I make on the point of order.

The SPEAKER. The Chair is ready to rule. The only question before the Chair is whether or not this provision was within the scope of the conferees. The Senate adopted this provision in toto, and it provided $500,000 for 3 years. The conferees agreed upon $300,000 for 3 years. The Chair cannot see how we can stretch it to the point where this matter would be subject to a point of order and states again that he believes it was definitely within the scope of the conferees and therefore overrules the point of order.

Mr. RAINS. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, the Housing Act of 1959 has traveled a long, rough, and rocky road. It was early in this session of Congress that the Housing Subcommittee of the Committee on Banking and Currency began a full-scale study of the needs for housing legislation. You know, of course, the legislative story that followed in the weeks and months that have gone by. This is the final legislative chapter, I trust, of this piece of legislation.

The conference report before you today is a compromise version. I, like many of those who have been to conference with the other body on a great many bills in years gone by, know that we cannot come back to the House with anything but a compromise version. The bill that was enacted by the House of Representatives is embodied in principle in the conference report. The amounts are not the same. And I think I should point out here to the Members of the House that the overall dollar amount, about which we have heard so much over the months gone by, in this bill is $400

million less than in the President's bill which was introduced by my esteemed friend from New York [Mr. KILBURN]. The total dollar amount in this bill is $1.375 billion. Therefore, no one can any longer maintain that it is a budget-busting bill. No Member can refuse to vote for the bill on the ground that it is a budget-busting bill. It will have less than $69 million impact on the budget for next year, which is less than one-tenth of 1 percent of the President's budget. If we cannot afford one-tenth of 1 percent of the President's budget for 1960 for an overall housing program that will meet the needs of the American people, then we have gotten into a rather strange situation when we are voting billions to help people with their projects in other countries of the world.

The housing bill is changed in these particulars in the conference report. The urban renewal program, which has been the subject of a great amount of talk, has been retained in the bill at a good level. This conference report would provide $500 million for urban renewal the first year and $400 million for urban renewal the second year, making a total of $900 million. That is only $200 million more than the President's recommendation for the same period of time. That program, in this conference report, will carry forward the urban renewal program at its present high level. It will not do the whole job. I want to be perfectly frank with my friends. It is limited to a 2-year instead of a 3-year period, as we had it in the House, but it was the best compromise we could possibly get in the conference.

I think I should say to my friends over here that I was committed wholeheartedly to the bill as it left the House, but I was not able, and the conferees who served with us well and admirably will agree with me that we could not raise the amount above that which we have here.

This bill carries the programs liberalizing the FHA. We had a twenty-fifth anniversary of the FHA the other day and the President made a speech in which he said that he was delighted with the program, that it did not cost the American taxpayer any money. Who would not be? The FHA has not cost the taxpayer money and there is no reason why it should. But the FHA needs to be liberalized in order to meet the present needs of the people who want to buy a house in this country. We reduced the amounts of the downpayments, extended the terms of the mortgages and increased the mortgage amounts. Why? Because today for a $13,000 house the monthly payment is so high for the person in that price bracket that it is necessary to lower the monthly payment in order for him to obtain a house even in the price range of $13,000. Not only that, but the tight money policy is beginning to move into the mortgage market. You are no doubt hearing from home on that as I do. We are hearing about unreasonable discounts, as a matter of fact, and high interest rates which all go to add to the monthly payments on these mortgages. The result is that if we are going to have any housing built, and I am speaking of FHA housing, in the months immediately ahead and in this year comparable to what we had last year, it is necessary that we liberalize the provisions of FHA.

We have in this bill the college housing program. We accepted the Senate's figure. We reduced the amount and in reducing the amount we found the Senate adamant on the classroom and scientific laboratories provision, but the amount in the Senate bill of $125 million is reduced in the conference report to $62,500,000. The college housing provision, which is a loan as all of you know, is $300 million. These are minimum figures to help the colleges to take care of the great influx of students who are knocking at the door of every college in America. That leads me to talk about another thing. I take a great deal of personal pride in this. In the long number of years that I have worked on housing legislation I have come to know that the forgotten persons in housing are the old people. I have been impressed with the fact that there are nearly 12 million people in this country above 65 years of age. More than two-thirds of them live on social security or on small retirement benefits. They cannot pay the prices per month for the rent of an apartment built under FHA at the present high interest rates. While we accepted every bit of the Senate's provision liberalizing FHA housing for the elderly, we put in the House provision which will allow direct loans by the appropriation method to nonprofit corporations to build housing for the elderly at the college housing interest rate. I am unable to see how I could vote for college housing in which the sons and daughters of many of the Members perhaps live, at an interest rate of 2⅞ percent and not do something for the old folks of this country who are living on $100 or $110 or $90 a month. So I am really proud that in this conference report there is finally a provision, small though it is—we had to cut it from $100 million to $50 million—to begin building housing that the elderly people of this country can afford. We retained, of course, because it was not in conference, the provisions that had to do with nursing homes.

There is one other item we put in the bill that caused us more trouble perhaps than anything else. As a matter of fact the word itself has turned out to be a controversial word and that is "public" housing. I am not going to argue the cause of public housing except to say that I have never had anybody, builder, Congressman, chamber of commerce official, or anybody else, who has been able to tell me how you can build a house under the free-enterprise system where the builder is entitled to a profit, which house can rent to a man who is making $1,500 a year. And I will ask anyone to stand up and say how it can be done. I regret that fact. I think it is an unfortunate situation that we have people in that unfortunate circumstance in America. But at the same time they are here. As a result, we must do something about it, and how else are we going to do it, other than through public housing?

One other thing I would like to say in connection with public housing is this: In the big cities of this country and in the small towns there is an urban renewal program aimed at clearing out slums. The Members on both sides of the aisle who represent big cities, medium-sized cities, and small towns with slum areas are concerned with the fact that the cities of this country are having their hearts burned out by slum areas. But how are you going to take the poor family out of the slums of this country and tear down its slum house and not give it any place to live in? If you are going to have a slum clearance program, you have got to have some public housing to put the displaced people in. So when we went to the Senate, the Senate had 45,000 units of public housing, 35,000 new units, and 10,000 units that they had picked up from previous allocations. The conference report authorized the remaining units of the 1949 act but only with the President's approval at a rate of 35,000 a year. So, for all intents and purposes, you have 35,000 new units in this conference report; you have 10,000 old units, and you have the activation of additional units when and if the President acts. That is the best we could get out of conference; and, in my judgment, it is a good compromise. It is one that I think can meet at least the minimum need for relocation housing.

Mrs. SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. Mr. Speaker, I would like to say to the gentleman from Alabama who did such a magnificent job on this bill, that as one of those who worked on S. 57 and worked on housing legislation in other Congresses, I can tell the gentleman that this conference report before us is a sincere and effective attempt to meet the needs in our country for housing legislation. I want to congratulate the Democrats as well as Senator CAPEHART who signed this conference report.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks at the end of the statement by the gentleman from Alabama.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mr. RAINS. I express my appreciation to the gentlewoman from Missouri who has been of very great help on the Housing Committee down through the years and I am very grateful for her kind remarks.

Mr. Speaker, not only is this one of the most important bills which the House will consider this session, but as we all recognize, it is one of the most complex. Altogether, we had 89 points of disagreement before us in the conference and many of these points were complex and involved in themselves. Therefore, I would like to review, simply and briefly, the major titles of this bill.

The first title of the bill deals with the FHA insurance programs and, building on the highly successful experience of the FHA, would make changes that will help to achieve the full potential of these programs for im-

proving housing conditions, expanding homeownership, and enabling the home building industry to make its maximum contribution to economic expansion. In general, we were successful in retaining nearly all of the provisions of the original bill passed by this House, although it was necessary to compromise some of the amounts.

In order to expand the market for housing and to make it possible for families, particularly large families, to buy the homes best suited to their needs, this bill would reduce the minimum downpayment requirements in the middle price range, between $13,500 and $18,000 of value. In place of the present requirement of 15 percent down on the amount of value between $13,500 and $16,000, and 30 percent on any value above $16,000, this bill would require only 10 percent of any amount between $13,500 and $18,000, and then retains the 30 percent requirement above $18,000. Another provision of the bill would make it possible for FHA to serve a somewhat larger range of market needs by raising the maximum mortgage amount from the present $20,000 ceiling to $22,500. In addition, this bill retains the provision wisely included in the original House bill which increases the maximum term of VA and FHA home loans from the present 30 years to 35 years.

Another urgently needed provision of the bill is the increase in FHA's insurance authorization. The authority to insure mortgages would be increased $5 billion upon enactment, and on July 1 of this year, the total authorization would become the amount of insurance and commitments then outstanding plus $5 billion. I would like to say that because the first $5 billion which becomes available upon enactment does not carry over beyond July 1, I hope that this bill will speedily become law.

One provision of this bill I must report with some regret. The House bill had included an increase in the maximum interest rate under section 207, FHA's regular rental housing program, while the bill passed by the other body had provided a larger increase in the rental housing maximum plus increased interest rates on cooperative housing and on section 803 military family housing. The conference rejected the increase on military family housing, but accepted compromises on rental and cooperative housing. We did this with the greatest reluctance, and only after reaching the decision that in the high-interest money market which the monetary authorities have created, it was a question of yielding partially on interest rates or seeing this housing sacrificed to tight money. I would like to make it clear that personally, I only made a temporary and necessary compromise on this aspect of the housing program, but I do not yield 1 inch in my basic opposition to high interest rates as such.

Another measure of this bill I can report with unqualified satisfaction. That is the provision which would help to prevent unnecessary foreclosures under FHA by giving to the Commissioner discretion to extend the time for a family to cure a default and, as a last resort, by permitting the FHA to acquire the loan. The recession which began in 1957 pointed up the need for this authority. Many families who were buying their homes under FHA-insured mortgages lost their jobs due to overall business conditions and were unable to keep up their payments. However, it was often clear that if they were given more time until they were back at work, they would again be able to meet payments and save their homes. This bill would answer that problem.

Anything which will help provide more relocation housing for displaced families is clearly desirable. A provision in the bill attempts to make the present FHA section 221 program more workable by increasing mortgage limits and by permitting private builder-sponsors to build relocation rental housing.

I would like to mention just one more of the many benefits included in this title, and that is the fact that this bill would make proprietary nursing homes eligible for FHA mortgage insurance. Actually, in view of the tremendous need for additional nursing home facilities, this is a relatively conservative program since the maximum loan-to-value ratio cannot exceed 75 percent. Also, before FHA can insure a mortgage, the State health agency must certify that the home is needed. The conferees agreed to eliminate a provision in the Senate bill which would have given the FHA Commissioner power to overrule the State agency if it should deny the certification of need. This proposal to make nursing homes eligible for FHA mortgage insurance has received strong endorsement from the industry.

Mr. Speaker, these are only a few of the many important improvements which this bill would make in the FHA program. There are also such vital provisions as the extension of FHA's title I program for home improvement and modernization which would otherwise expire soon; it adapts the cost limitations and other features of the programs for rental housing, cooperative housing, urban renewal and relocation housing, and military family housing to today's needs; it contains the much-needed trade-in house plan; it would extend the Capehart housing program for military families for 1 year; and it provides a new mortgage insurance program to provide housing in defense-impacted areas. All of these provisions will serve to strengthen and improve the FHA program which was so enthusiastically praised and endorsed just last week on the occasion of the 25th anniversary of its founding.

Mr. Speaker, I want to turn now to the second title of the bill in which the conference has taken the provisions of both versions of the housing bill to meet the growing need for adequate housing for the elderly. This bill retains the program of direct loans to nonprofit corporations to provide housing for older persons. However, the amount of the revolving fund for these loans was reduced from $100 million to $50 million. Also, the interest rate provision was changed from a ceiling of 3½ percent to a formula which reflects the cost of money to the Government. This is the same formula now being used on college housing loans which presently produces a rate of approximately 3 percent. This program will make it possible to produce good housing for the elderly at rents at least $20 a month below the minimum which is possible under the existing FHA program of mortgage insurance.

The bill also retains the provision of the Senate bill which would authorize a new program of liberal mortgage insurance to replace FHA's present limited provisions on housing for the elderly. Under the new insurance program both profit and nonprofit corporations will be eligible sponsors. Taken together, these programs will do much to provide housing which meets the special needs of our senior citizens.

The Federal National Mortgage Association will be better able to fulfill its function as a secondary mortgage market under the provisions of title III of this bill. To allow FNMA to operate in a somewhat wider range of the market, the maximum size of home mortgages which it can purchase would be raised. The bill also reduces FNMA fees and charges and reinstates the par purchase requirement on special assistance functions. This requirement that FNMA pay 100 cents on the dollar for Government insured and guaranteed mortgages in those fields where Congress has directed it to give special support expired last year when the housing bill narrowly failed to pass at the end of the session, and it is important that this requirement be restored to the law if FNMA is to carry out this part of its responsibilities.

A provision of basic importance is a new provision which would authorize FNMA to make loans on the security of pledged FHA and VA mortgages. While this authority is limited to only 10 percent of the amount of FNMA's secondary market funds, it should help greatly to even out the flow of mortgage funds in those parts of the country which suffer from shortages, particularly the Southwest and West.

The bill also authorizes FNMA to purchase an additional $37.5 million of cooperative housing mortgages—half of the amount earlier approved by the House—to meet the special financing problems for this type of housing, and extends the highly successful standby commitment procedure to existing homes as well as new homes.

Title IV of the bill is designed to enable us to meet one of the greatest challenges of our day—the task of clearing slums and renewing our cities. I am sure that by now everyone is familiar with the urban renewal grant authority contained in this bill. As I have said earlier, this is a middle-of-the-road choice which does not provide as much money as many would like to see, and does not cut it down as sharply as some might wish, but which I am convinced will have wide appeal to the Congress. In contrast to the $2.1 billion program for 6 years as passed by the Senate, and the $1.5 billion for 3 years as approved by this House, the conference report would authorize a total of $900 million for 2 years. Of this, $500 million would be made available on July 1, 1959, and $400 million on July 1, 1960. As I have said, a substantial backlog of requests

for these funds already exists which will take up a large part of these funds. However, these amounts should be adequate to maintain a relatively high level of activity under this program and keep us from losing the momentum built up over the years.

One provision of this bill would be of vital importance in breaking the present logjam in low-rent housing which has been caused by the shortage of suitable sites. Both versions of the housing bill contained measures designed to make urban renewal land more readily available by avoiding the present duplication of costs which arises from requiring the community to bear one-third of the land costs when a low-rent housing project is located in an urban renewal area as well as providing tax exemption for the project. By accepting the tax exemption in lieu of the local share of land costs, local housing authorities will have greater freedom in finding land for projects and, moreover, will be able to place them in what is often the most logical place.

Our colleges and universities would benefit greatly by another provision of this bill. Today, in the face of tremendous pressure to meet the demand for higher education and to maintain this Nation's preeminence in the field of science, many institutions of higher learning find themselves compressed into small areas in crowded sections of our cities. This bill would enable them to undertake much-needed expansion by waiving the predominantly residential requirement with respect to urban renewal areas in which land is to be made available to educational institutions. Also, expenditures by colleges for acquisition of land and demolition of buildings would be made eligible as local grants-in-aid.

Local urban renewal efforts would also benefit by other provisions of the bill. One measure would authorize the use of temporary Federal loans for land acquisition and slum clearance prior to the actual signing of the Federal loan and grant contract. This would avoid the problem now facing many cities which have found that during the period between the announcement of an urban renewal plan and the preparation of the final specific plan a cloud hangs over the proposed project area and the deterioration may worsen. However, it should be pointed out that this use of the temporary loan does not in any way commit the Federal Government to approving the final plan, and in any case, the temporary loan must be repaid to the Government.

Another provision of this title would allow a city to receive credit as a local grant-in-aid for public improvements started up to 5 years prior to the actual signing of the loan and grant contract. Naturally, such improvements must meet all the other requirements of the law regarding eligibility as a noncash grant-in-aid, but under this provision the local authorities will not be faced with the problem they have now of losing credit unless they delay the start of construction until after the contract is signed. Now, a community can go ahead with the construction of badly needed schools and other facilities without waiting for all of the surveys, studies and other paperwork that necessarily goes into anything as complex as urban renewal.

Mr. Speaker, I will not go further into the many provisions in this conference report which will make it possible for us to get the maximum value from our investment in this vital field.

Title V of this conference report contains the provisions for the low-rent housing program and I might say that these provisions represent the carefully thought out compromises of the conference committee. In the first place I want to emphasize the provisions which direct the Public Housing Administration to take steps toward achieving the maximum in local responsibility. Again both bills had provisions aimed at this very important point. I am sure that when local authorities are given more responsibility on local budgets and on rent and income limits, that the whole program will benefit. After all, the local authorities are the men on the spot who know local conditions and local needs. It has long been a matter of concern that these dedicated public servants have so often been shackled by overcentralization and by directives from Washington. Of course, on rents and income limits the bill retains ultimate authority in the PHA Commissioner, but I am sure that the local officials will not merely measure up to their increased responsibilities but will make many positive contributions to realizing the true objectives of this program.

The conference report also provides enough additional authorization for the low-rent public housing program to proceed at least another year, with Presidential discretion for continuing after that. As I mentioned earlier, the conference committee accepted the Senate provision which would reinstate approximately 10,000 low-rent units authorized by a previous Congress, plus 35,000 new units. This total of approximately 45,000 would become immediately available for fiscal year 1960. Here I would like to make it crystal clear that the whole number of units are immediately available. There appears to have been some question because the bill as drafted states that the 35,000 additional units will be available for a period of 4 years. This means only that in the event that contracts are not signed for all of them at once that the authorization will carry over for 4 years and does not in any way mean that the 35,000 units should be divided by 4 or any other number to stretch that number out.

The conference committee also accepted the low-rent unit authorization provided in the House bill with an amendment. That amendment states that beginning July 1, 1960, the President may authorize additional low-rent housing units at his discretion after consulting with the Council of Economic Advisers, but in no case may he authorize more than 35,000 units in any one fiscal year and in no case can the total amount of annual contributions authorized exceed the amount originally provided by the Wagner-Taft-Ellender Act back in 1949.

Another important provision of the conference report will benefit families displaced by Government action. Existing law requires that there be a 20-percent gap between the lowest private rentals for adequate housing and the upper rental limit for admission into low-rent housing. This has worked a hardship on many families who are forced from their homes because of slum clearance, highways, or other Government projects. All too often these families have found themselves right in the middle of that 20-percent gap. They cannot afford other decent private housing and they canont be admitted to federally aided low-rent housing. Any time the Government, for whatever purpose, forces a family out of its home, it has a special obligation to that family. To help meet this obligation, the conference substitute waives the 20-percent gap requirement. This will make it possible for local authorities to fulfill their responsibility to these evicted people by admitting them to low-rent housing even though there may be other families whose incomes are somewhat lower but whose present living quarters have not been destroyed.

Again, Mr. Speaker, the conference report includes many other provisions designed to get the greatest benefit from our investment in this program, such as the highly desirable change in the age limits for elderly persons which makes the standards conform to the age requirements of the Social Security Act. Important as many of these changes are, I do not have time to go into them all in detail.

Title VI of the bill authorizes additional funds for the college housing program. The housing bill as passed by the House had authorized an additional $400 million for loans to provide college housing, while the Senate bill provided only $300 million. The conference committee accepted the lower Senate amount. It also accepted the Senate provision for loans for classrooms and related facilities, but cut the amount to $62.5 million, only half of the funds contained in the bill as it passed the other body.

Two provisions of this bill are of particular importance to rural areas. First, the bill would extend VHMCP—the Voluntary Home Mortgage Credit Program. This is often the only source of FHA and VA loans, particularly FHA loans, to many persons living in small towns, and it is a program strongly endorsed by private lenders. In addition, this bill would extend the highly fruitful farm housing research program for 2 years and authorizes appropriations of $50,000 a year.

Mr. Speaker, I would like to mention just one more of the many valuable improvements in our housing laws. The conference report would make it possible for savings and loan associations to meet the needs for housing credit more effectively in two ways. First, the bill retains the House provision which would allow savings and loan associations to expand their investment in participating interest. These participating interests, in which an association with a surplus of

funds purchases a share of a loan made by another association in an area of money shortage, can contribute greatly to evening out the supply of mortgage credit around the country. Secondly, the conference report retains the provision in the Senate bill which would allow Federal savings and loan associations to invest up to 5 percent of their accounts, under appropriate safeguards, in loans to finance the acquisition and development of land for residential use. Already many State-chartered associations have this authority and by extending it to the Federal associations it will be possible for these institutions to extend a more complete package of credit facilities to the homebuilding industry.

Mr. Speaker, housing legislation is a complex field indeed and this conference report reflects that complexity. I have touched on only the more important provisions in this bill, but I assure you that every one of the provisions fills a proven need and will benefit the American people through better housing conditions.

Now, to the concluding point: Without going into details of what happened in conference—I am not supposed to, I understand, and I have no intention of doing so—I can simply say that the Senate had no idea of taking the Thomas amendment.

The SPEAKER. The gentleman from Alabama has consumed 15 minutes.

Mr. RAINS. Mr. Speaker, I yield myself 5 additional minutes.

We held with our duty as House conferees. We called for the adoption of the amendment in the conference report. We met a solid, unwavering, adamant position on the part of the other body. There is no need for my going into details about it. We as conferees had either to drop the Thomas amendment which affects three housing programs, or we would not have gotten any bill out of the conference. I do not propose to go into a more detailed argument with reference to the Thomas amendment except to say that the Senate at this time—and any other committee which takes it over there will find out I am correct—is not in the mood to accept it.

I have not covered all of the details in the bill, and I have spoken long enough. If I can answer any questions—I do not know all the answers, but if there is any question from any colleague I would be glad to attempt to answer it.

Mr. ROBERTS. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield.

Mr. ROBERTS. I would like to add my commendation to the distinguished gentleman from Alabama, chairman of the Subcommittee on Housing. I think this is a fine job and I would like to associate myself with the gentleman's remarks.

Mr. Speaker, I rise in support of the conference report on S. 57, the housing bill.

I feel a close affinity for this bill, as I know the long hours and the hard work that have been put into this legislation by its sponsors and particularly by my distinguished colleagues from Alabama, Congressman RAINS and Senator SPARKMAN.

I just want to commend them especially for their diligent efforts and for their devotion to the task of providing homes for the homeless throughout the country.

One section of this conference report has especial significance to some of us. I refer to section 806 of the conference report, which deals with hospital construction in federally impacted areas.

This section embodies legislation which I and some other Members earlier sponsored to amend section 605 of the Housing Act of 1956 to extend by 2 years the hospital construction program which was established by the Defense Housing and Community Facilities and Services Act of 1951 and revived and extended by the 1956 act. This section, and my earlier legislation, authorizes $7,500,000 for each of the 2 additional years. Of course, an appropriation would still have to be made through the proper processes.

The purpose of this section is to make it possible for hospitals in critical defense areas to reapply for the funds they were denied because of the unavailability of these funds under the original authorizations.

It should be remembered that although passage of the section would make certain hospitals eligible to reapply for assistance under the 1951 act, there is no assurance that any of these hospitals would be eligible to receive funds. A resurvey of the needs of the Public Health Service would be necessary.

However, I know that there still exists a great need for assistance to hospitals in some of these areas which are laboring under the added influence of Federal and defense installations.

I am personally aware of the need of Anniston Memorial Hospital in Anniston, Ala. This hospital applied for construction funds before the 1953 cutoff date but was denied consideration solely because of the unavailability of funds.

As chairman of the Subcommittee on Health and Safety, I know that the health needs of this Nation must be served in every possible manner. I am glad that the joint conference has included this section in its report, and I urge its passage by the House.

Mr. SIKES. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the distinguished gentleman from Florida.

Mr. SIKES. Of course, we all appreciate the outstanding work which the gentleman from Alabama has done in an effort to bring us a housing bill. I wish the gentleman would take a minute or two and tell us about the section for rental housing. The gentleman will remember that we had a pretty good section on rental housing in the House bill.

Mr. RAINS. On the rental housing units the same type of changes, both including raising the interest rate and the dollar amounts of the mortgage, were included in the conference report as they were in the House bill. I am hopeful that this will provide more rental housing.

Mr. BROWN of Georgia. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. We brought back a smaller amount than the House bill and also the Senate bill. I wish the gentleman would explain that to us.

Mr. RAINS. The gentleman is talking about dollar amounts?

Mr. BROWN of Georgia. Dollar amounts.

Mr. RAINS. Of course, in each of the two bills as passed, the biggest item was for urban renewal. That is the biggest amount. They were based on year and amounts. The Senate had $350 million a year for 6 years. That made a $2,100 million total. The House had, as it went to conference with the Thomas amendment, $1 billion for the first year and $500 million for the second year. So in between those two figures came the figure of $500 million the first year and $400 million the second year.

Mr. HARDY. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Virginia.

Mr. HARDY. Do I understand by the provision in the report that it permits the President, with the advice of his economic advisers, to increase the number of units for public housing? As the gentleman knows, I have always been a supporter of some public housing, but I am somewhat disturbed by the 45,000, and we are going to have 35,000 on top of that, abrogating our own responsibility and permitting the President to make that decision. Would it be possible to have a total of 45,000 plus 35,000?

Mr. RAINS. It would not be. It would be only 35,000 new units for this year, plus a pickup of the 10,000 units authorized by previous legislation but which were not built. It could not be at a rate at any time greater than 35,000 units a year.

Mr. HARDY. These 35,000 would be permissible to the President beginning when?

Mr. RAINS. At the beginning of the next fiscal year. Not this fiscal year.

Mr. HARDY. That would have the effect of extending it beyond the 2-year period?

Mr. RAINS. No. Above the first 45,000 units all additional units would require Presidential authorization.

The SPEAKER. The time of the gentleman from Alabama has expired.

A GOOD STRONG HOUSING BILL

Mrs. SULLIVAN. Mr. Speaker, again I congratulate the chairman of the Housing Subcommittee, Mr. RAINS. He has made an excellent presentation.

Mr. Speaker, some of the newspaper accounts over the weekend gave the impression, I am afraid, that the conferees on the housing bill had caved in to the threat of a possible Presidential veto and had so watered down the housing bill that it was only a sodden and half-drowned whisper of its former self. As

a member of the Subcommittee on Housing of the Committee on Banking and Currency, I had worked hard and through many long hours in helping to draft the housing bill we passed here last May 21, and, since I was not a conferee, I was terribly disappointed to read news stories indicating the conference bill was a ghost of the bill we had passed.

I am glad to report now, however, after a review of the conference report, that the fears were ungrounded. This is a good bill. It is no shell of its former self; it is a very good bill.

JUGGLING TOTAL COST FIGURES

The conferees proved that two sides can play the numbers game of juggling fiscal projections. This conference bill is represented as providing for a tremendous cutback in total costs when compared to either the House or Senate versions passed earlier. Of course, those of us here today who support the conference bill have no such misconception of it. If some of our good friends on the other side of the aisle want to use the seeming cutback in total costs as a reason or excuse for supporting this conference bill, that is their privilege. The fact is, however, that the Republican House Members on the conference committee all refused to sign the conference report, and so did all but one of the Republican Senators on the conference committee. And of course they refused because this is an effective bill—therefore, it will cost money. You cannot have urban renewal without paying for it. It is the one big program in this bill which costs money and has to cost money if it is to be effective.

URBAN RENEWAL REVISED AT HIGH RATE

I am glad the Democrats on the conference committee insisted on a bill which carries out substantially—without any serious cutback—all of the programs agreed to earlier by the Senate in S. 57 and later agreed to in the House in the historic vote held here on May 21. Every program we fought for is still in this bill, and each of them is a strong and vigorous program—at least for the next 2 years. After that, we will have a Democratic President and we will go forward to real progress in urban renewal and in all areas of housing for the American people. It would be better, of course, if we had enacted the longer-range urban renewal authorizations included in both the Senate and House versions of the bill. The cities could do a better job of planning ahead. But this bill authorizes a tremendous boost in funds available for urban renewal for the next 2 years—reviving a program which this administration has allowed to grind to a virtual halt.

I am gratified that the total authorized for urban renewal of $900 million for 2 years will permit us to go forward at about the same pace during those 2 years as would have been possible under either the Senate or House version of S. 57 passed earlier. As for later years—after the presidential election—well, we shall see. Ever since urban renewal was launched under President Truman, I am proud that my party has fought for it and supported it and promoted it so that now the first fruits of redevelopment are being harvested in many of our major cities. The Democratic Party believes in this program—and under a Democratic President beginning in 1961 we will see to it that the kind of meaningful program we are reviving in this bill will be broadened and expanded. So to those who cry over this bill as still being inadequate, I say, if we can get it enacted, we will have accomplished a tremendous victory for urban renewal.

PROPRIETARY NURSING HOMES—OTHER PROGRAMS

The program for FHA-guaranteed mortgage loans for proprietary nursing homes authorized for the first time under S. 57 is intact in this bill. There is great interest in this in Missouri. I am happy to have worked for this program and for its inclusion in the omnibus housing bill. Of course it was rather discouraging yesterday to receive a news bulletin from the State organization of licensed nursing homes—dated the very day the conference committee voted out this bill—attacking Congress for not accomplishing anything for the private nursing homes and stating that the Congress must not have much interest in our old people.

The criticism was premature. In addition to the nursing home program we have provided for low-interest loans to nonprofit organizations for housing for the elderly—a much, much more realistic program than the administration plan for full-rate FHA loans for such purposes, a plan which has made such housing beyond the reach of most social security beneficiaries, for instance. In contrast, the plan contained in S. 57 is a workable one—and, like the program for proprietary nursing homes, will not cost the Federal Government a cent.

THE POLITICS OF A HOUSING BILL

What amuses me, Mr. Speaker—it is funny, in an ironic sort of way—is that many of our colleagues on the Republican side periodically give strong and emphatic endorsement of the FHA-guaranteed mortgage loan program for private nursing homes, of the college housing program, of the cooperative housing program, of the urban renewal program, and so on, and then they turn around and vote against the bill containing these programs. I am sure they will want to identify themselves with the nursing home program, for instance, after it becomes law, but without letting on that they opposed the bill which contains the provisions authorizing the program. It is one of those situations which make politics so confusing to the average citizen.

Our friends across the aisle oppose this bill because of the alleged price tag on it. They say it will cost too much. What they must mean is that we should not rescue our cities from blight. We who live in major cities and do not want to see those cities die in strangulation and deterioration, cannot accept that defeatist attitude.

MOST PROGRAMS IN BILL ARE SELF-SUSTAINING

The fact is, Mr. Speaker, that most of the programs provided for in this legislation are self-sustaining, or even money-making as far as the Federal budget is concerned. For instance, the various FHA programs all involve mortgage loan guarantees fully covered by insurance premiums paid by the buyers, and the program has built up a huge surplus in the Treasury over the past 25 years. The nursing home program fits into that category.

The loans to nonprofit organizations for housing for the elderly, and the loans to colleges for dormitories, do not make money for the Government, since interest rates are to be held down to actual cost to Uncle Sam. But they are loans, not gifts. Loans are repaid. To say that Uncle Sam cannot afford to lend money to colleges or nonprofit organizations at a nominal interest rate, equal at least to Government borrowing costs, is to put bookkeeping mumbo-jumbo superior to the requirements of our Nation and our citizens. These so-called expensive programs I have cited actually cost the Government not one cent.

Furthermore, FHA, as I said, makes money for the Federal Government. It also helps the entire building industry to prosper.

The cost items in this bill—those which will cost money to the taxpayers over the years—are largely represented in the urban renewal program. Public housing is an infinitesimal part of the bill. All of these costs, however, come back to the Federal Treasury many times over during the years in terms of higher tax revenues resulting from the revival of our great commercial centers and residential centers. I urge adoption of the conference report.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Speaker, as a member of the conference committee, with the problems that we faced in adjusting this bill, I want to report that the conference report comes to you in disagreement, insofar as the conferees are concerned. There are three Members of the House and four Members of the Senate who refused to sign the report. There were, of course, a variety of reasons in the minds of the Members of the House and Senate as to why they did not sign the report. But I want you to know this is by no means a unanimous report on the housing bill.

Another point I want to clear up before we go any further is in reference to the fiscal responsibility that we are assuming in this bill. When the bill went from the House to the Senate and went into conference, we had in it the Thomas amendment, which was adopted by a vote of this House of 221 to 201, or approximately those figures, a majority of a little more than 20. The amendment provided that urban renewal, public housing, college housing, and the other programs were subject to review by the Appropriations Committee. Because that amendment was in the bill, I believe there were a lot of votes in favor of it that today would be opposed to the bill, because it is not in the conference report.

The argument has been made that we ought to come to grips on this thing by passing House Resolution 161. There is

no reason why we should not at least assume the responsibility of changing this policy by a bill of this kind, because the urban renewal section in this bill which went to conference is for $1,500 million and authority to use half a billion dollars a year for 3 years for urban renewal. There will be no review by the Appropriations Committee of that matter in this conference report.

Now, that was reduced to a total of $900 million from $1.5 billion, but the obligation for the first year is the same as it was when it went to the Senate. The $500 million is available for direct appropriations by commitments through the cities to the Department, and the Committee on Appropriations' hands are tied, and once a contract is signed, they have to assume it. So, there is no change so far as the first year's obligation is concerned on urban renewal in this report and the way it went from the House to the conferees.

On public housing it is worse than it was when it left here. Now, I do not disagree that public housing is a social problem in the large cities of this Nation. Where dislocation occurs, people who are able to build homes of their own are given unusually special consideration for loans. Of course, we all prefer to see people own their own homes rather than living in public housing units. But, the public housing features in the conference report authorize 45,000 units for the first year, not 35,000 as passed by the House, and gives discretion to the President to allocate as he sees fit, with the advice of his economic advisers, on the balance of the 140,000 that were previously authorized. The public housing obligation, therefore, for the first year, if we include that in the total, exceeds the amount of $1,375 million. If you consider the obligational authority that comes with this bill, it is going to amount to $5 billion, not $1,375 million, over the period of time that all of the authorizations that are allowed in this conference report are used.

I do not think that we have arrived at any particular economy in this report, and the attempt on the part of those who wanted to have a liberal housing bill and bring it down within the purview of the administration bill have, in my opinion, not accomplished that, and I just want to inform all of you who are present here and who have to vote on this question eventually that whatever your purpose in voting for it when it passed the House, you do not now have the Thomas amendment, which was the fiscally responsible part of the bill; you have more public housing under the first years' obligation than you had before; you have the same amount of urban renewal authority for the first year as you had before, and then in addition to that, you are going to vote on $62.5 million which you have not previously voted upon for classrooms, which is the opening door, in my opinion, to the eventual construction of universities by the Federal Government in the various States of the Union. That you did not vote on before. And, you are also going to vote on the question on which the point of order was raised, $300,000, $100,000 each year for 3 years, to establish fellowships and scholarships to those who want to take that kind of training and learn more how to promote and develop urban renewal in the cities.

I thank the gentleman for yielding.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. McDONOUGH. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Can the gentleman explain why the conferees put in this provision whereby, under urban renewal, the fund shall be allocated on the basis of first-come-first-served rather than allocation on the basis of need? I think it must be recognized that it is the big cities, with the planning commissions, that are bound to be the first come and therefore they will get the bulk of the money.

Mr. McDONOUGH. I do not want to be in a position of violating anything occurring in conference, but I believe it was influenced to some extent that the larger representation on the conference was from the big cities, and the big cities will get 90 percent of the first commitments.

Mr. RAINS. Mr. Speaker, if the gentleman will yield, I think the gentleman forgets that that was in our bill. It was not in the Senate bill.

Mr. McDONOUGH. There is no dispute on that question. The city administrations will be given first pick out of the $500 million that will be available under this bill.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, some years back, out in Indiana we had billboards around the countryside that showed a picture of a man's face with a big lump in his cheek.

And the slogan that went with the picture was something like this: "It's Not a Toothache—It's Climax." For the benefit of my younger colleagues I might explain that Climax was a chewing tobacco.

May I say that if we see the proponents of this conference report with lumps in their cheeks today, it does not mean that they are suffering from toothache, nor even that they are chewing tobacco.

It is the tongue-in-cheek performance they are putting on while explaining how they have cut this housing bill.

Now, just what has been done to the reasonable proposals on housing legislation which were put forward by the President earlier this year?

First of all, the dollar total has been made to look smaller because instead of adopting the President's suggestion of a 6-year urban renewal program to cost about a billion and a half dollars, the majority conferees have come up with a 2-year program costing almost a billion dollars. This is known as saving money by spending it faster. A few more gimmicks like this from the big spenders and they will save the country right into bankruptcy. Why, actually, the urban renewal program for the next 2 years is $400 million more than was requested by the President.

If you will project the urban renewal program contained in this bill to 6 years at the spending rate for the first 2 years you will find the cost amounts to $2.7 billion—or nearly twice what the President proposed.

Now what about another major feature of this bill—public housing?

A most ingenious device has been employed by the majority members of the conference committee to give the appearance of having cut total units from 190,000 to 45,000.

It works out this way:

The bill as passed originally in the House provided for an estimated 190,000 units of public housing.

As far as the statute is concerned there is still an authorization for this full amount in the bill.

Under present law, as of midnight next Tuesday, the taxpayers may not be committed to any more new subsidy contracts for public housing. At that time, we shall have about 595,000 units under subsidy contract. Of these, about 117,000 will not yet have been put under construction.

The Public Housing Commissioner reported to the Independent Offices Appropriations Subcommittee this year that his turnover rate is about 25 percent per year. At that rate, there will be more than 148,000 units made available each year from the units now under subsidy contract without any new statutory expansion.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield to the gentleman.

Mr. McDONOUGH. The figures just read by the gentleman indicate, and it is the fact, that we are now taking care of more than 3 million people in public housing units in the United States.

Mr. HALLECK. I should suppose the figure would be about that, yes.

In spite of these facts, the conference report would reopen completely the expansion in the 1949 act. To reach unit ceiling of 810,000 units in that law would provide over 400,000 new units. The Housing and Home Finance Agency estimates the conference report would permit taxpayers to be bound to subsidy contracts for 190,000 new units before reaching the dollar subsidy ceiling in the 1949 act of $308 million per year for 40 years.

Both Senate and House bills and the conference report studiously avoid mentioning any specific unit limit or dollar subsidy limit.

So the conferees adopted, like the first stage of a rocket, a Senate program of 45,000 units, a speedup of the 35,000 units for the first year in the House bill. The balance of the conference bill is at the same rate of 35,000 units in the House bill.

A few words are thrown in about administrative authorization of the increments of the second-stage rocket, but such administrative discretion already exists and the purpose of picking up the 1949 language on Presidential discretion and rephrasing it is not apparent unless to use a little politics to try further to confuse the issue.

Now, what about the cost?

Supporters of this conference report tried to sweep that item under the rug, by talking about housing units instead of dollars.

But, for the record, let there be no misunderstanding. The 45,000 units mentioned in the conference report will cost the American taxpayers $875 million over the 40-year life of the program. The full 190,000-unit program, when activated, would ultimately cost the taxpayers of this country nearly $4 billion in contracted subsidies.

I want to make another point:

If this bill becomes law, you can look for substantial expansion of the new programs called for. Anyone who wants to be honest with himself must admit that the millions we are being asked to appropriate for such provisions as the direct lending program for college classrooms and the program for so-called "elderly" housing are only the beginning.

If you think not, may I call your attention to the new program for cash grants for graduate training of planners and technicians.

What this amounts to is using the taxpayers' money to train people to find more ways to spend the taxpayers' money.

Nothing could possibly be more unnecessary—as the other provisions of this conference report clearly demonstrate.

I am sincerely sorry the majority conferees have seen fit to ride roughshod over the recommendations of President Eisenhower.

College housing was raised from $200 million which was recommended to $300 million. I do not believe we need that much of an increase. So here we are presented with a package that goes far beyond reason and far beyond the really useful needs of the Nation. This is not a compromise. It does not represent a middle ground between what is moderate and temperate and what is excessive and unreasonable. This is a bad bill. It should be defeated.

Four amendments which were put in on the floor of the House, the Thomas amendment, the Smith amendment to strike out open-end borrowing, the Lindsay amendment providing for full disclosure of the disposition of contracts awarded for urban renewal and the Hardy amendment requiring the approval of the Committee on Banking and Currency for contract proposals—they have all been taken out by the conference report.

My view is that the committee has spent enough time on the subject to know what the country really needs in the way of housing legislation and what it does not need.

Mr. Speaker, there is no reason why a good bill could not be brought back here promptly, a bill which the overwhelming majority of the House of Representatives would support. So I trust and hope that this conference report will be defeated.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Speaker, when we went to conference I was very much in hope that out of the two bills we could find a compromise solution to an omnibus housing program for America. I believed it was possible for the conferees to come out with a bill that would come far closer to the President's budget amount and do the job that needed to be done. The gentleman from Indiana [Mr. HALLECK] has pointed out very well some of the deficiencies in the bill as it is presently constituted. I would like to just add this to it. The gentleman from Alabama [Mr. RAINS], the chairman of the Housing Subcommittee, has spoken about the FHA and the commendation that the President gave that great organization after 25 years of service to the people of America. This program costs the taxpayers nothing and yet the Congress insists on reviewing it every blessed year, saying that we must carefully look it over and that we cannot go beyond 1 year with our authorizations. This just does not make sense when the spending programs have to be stuffed down our throats to be carried on for year after year after year.

The administration asked for an open-end authorization on FHA which makes sense after the experience that we have had. This has been refused by the Congress.

There is in the housing for the elderly program a direct lending subsidized program for $50 million at 2⅞ percent. The gentleman from Alabama [Mr. RAINS] speaks of 12 million elderly people that we must provide for. This bill would provide for 5,000 of those 12 million people. Does the Congress understand that under the existing elderly housing program we are now building 9,000 units—4,000 units more than that would provide? In the other phase of the housing for the elderly program, it has been broadened by the Senate provisions upping the existing FHA guarantee program so that the nonprofit organization can obtain as a loan 100 percent of replacement value; and a new feature, a private organization can go in and build housing for the elderly on a guaranteed loan for 90 percent of the appraised value.

These programs cost the taxpayers no money and would provide tens of thousands of housing units for the elderly throughout the whole United States of America.

We went into conference with a mandate from the House on the Thomas amendment. The House voted 222 to 201 to sustain that amendment. We should have been adamant in the conference with respect to that—even though the other body was adamant on their side.

With respect to the college classroom program many of us agree that there is a shortage of college classrooms and that there is a need for some program of help in that direction. But it is certainly not within the province of the House Committee on Banking and Currency to be providing for classrooms for the college people of America. It would make just as much sense to say that we should be providing classrooms for the public schools of America. Why do we not just vote to abolish the House Committee on Education if we are going to assume all of their functions.

There are many other areas of criticism to this program that have not been emphasized.

Under the provision of the Senate bill in the urban renewal program it would permit a city to count streets and other improvements in their local share of the urban renewal cost, even though the improvements were made up to 5 years prior to the loan and grant contract for the urban renewal project. This would tend to pervert the urban renewal program into an aid program for municipal public works. There would be no effective requirement that the improvements be built in connection with the urban renewal project. It is really taking it way beyond the scope of urban renewal as we have known it.

I feel that the conference report that has been brought back, and it is claimed it is much less than the administration program, is really a hoax being perpetrated on the Congress and on the people of America. It spends money faster, far faster, than the administration requested. It spends money faster than the House bill provided. I urge the defeat of the conference report.

Mr. RAINS. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. THOMAS].

Mr. THOMAS. Mr. Speaker, may I commend the conference committee on its work? They did a fine job and they did it according to their best judgment. I am not going to question anybody's motives. I want to commend my distinguished colleague from Alabama for his leadership, on his work, his sincerity, and his patriotism. He is one of the top men in the House, but let us see what the situation is.

I am going to speak my mind and I do not speak for anyone except myself and am not attempting to: In my humble judgment the most important part of the bill was the stopping of the back-door appropriations from the Treasury.

I am not going to quibble with anybody about the amounts in this bill. I think we all make a little too much of that. I voted for the bill and I am going to vote for it after we try to send it back to conference; and I will explain that. If we are not successful in sending it back to conference and our distinguished President vetoes the bill, I am of a mind to vote to override his veto. So I am reiterating that the important thing in this bill was the thing which was taken out. I hope that is clear.

My able and distinguished friend said the other body was just simply terrible. Why, you had a record vote in this body which is equal and coordinate and the membership said by a majority vote that this is what we want you conferees to do.

If they want a housing bill, is it not just as incumbent on the other body to give a little and take a little in order to get a bill as it is on this body? Are we not equal? Is not the responsibility equal on both? Now, let us not duck out of that.

Let us vote down this conference report. You have a complicated parliamentary procedure, and there is no need

of going into that. The only thing you can do is vote the conference report up or vote it down, and I hope you vote it down. Then I would hope to offer instructions to the conferees so they can go back with the House position pinpointed. After they go back if it is impossible, after both sides give a little, I am willing to be reasonable about it, but I think this is the important thing in this bill; it is the principle involved in it.

We can work out a housing bill; we are not going to wreck the country one way or the other. Mr. Speaker, let us vote down this bill and send these able men back—and they are good, and they are fine, and they are grand—and tell them to stand hitched; and if the other body wants to stand hitched, just bring it back and let the two bodies do some voting again and we will still be operating under democratic processes. That is the only way you can cure this defect.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield.

Mr. McDONOUGH. I appreciate the fine statement the gentleman is making concerning his own amendment, and I think his amendment was a matter that had to be receded from by the House conferees, and the recession had to be accepted by the Senate, although there was a vote of 222 to 201 in the House in favor of the gentleman's amendment. I did not sign the conference report because the House conferees receded.

Mr. THOMAS. I thank the gentleman for his statement. I hope you will send this report back to conference.

Mr. STRATTON. Mr. Speaker, as the RECORD will show, I voted against the original housing bill, S. 57, and made my reasons very clear at the time. As I told my constituents in New York State, I voted against the measure because, although the House committee had reported a bill substantially smaller in amount than that originally passed by the other body, it still exceeded by almost 50 percent the figures proposed by President Eisenhower. Certainly, as I have frequently said, we must make every sincere effort to balance our budget and to live within our income. Just because a program is good or desirable is no reason for us to go into debt to support it. Unfortunately, my views did not prevail in the House, and the larger bill was adopted.

However, I am delighted to see today that on this legislation, as was the case the other day with regard to the Federal aid to airports bill, the views of the conferees have now recognized the importance of adopting a moderate program that will not only be within the President's budget figure, but will be directed toward getting the approval of the White House rather than incurring a veto. I am frank to say I am not in favor of everything in this conference report. I wish the Thomas amendment had been retained, for example, because I feel it is vitally important, and I am not sure that some of the allocations should have been as large as they are. But the essence of the legislative process is compromise; and I think the conferees have chosen wisely in deciding to adjust a program that was obviously out of line with the economic realities of the day in line with my original suggestions.

Mr. Speaker, I am much more interested in getting a reasonable housing program than I am in having a political issue to argue about. The report is not only within the President's figure. It is $400,000 lower than his figure. For that reason and because the conferees have recognized the point of view which I have espoused since I had the honor to become a Member of this body, I shall cast my vote in favor of the conference report.

Mr. RAINS. Mr. Speaker, I yield 3 minutes to the distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, in relation to the remarks by my friend the gentleman from Texas [Mr. THOMAS], I want to call the attention of the Members of the House to the fact that the same principle existed in connection with the International Monetary Fund which involves well over $4 billion.

The same principle or policy operates in connection with the Commodity Credit Corporation, it operates in connection with a number of other laws which have passed this House. But when it comes to low-cost or public housing then they do not want it to operate. We know that once they are successful in eliminating that provision in relation to public housing it is another drive toward killing this great progressive program put into operation under the leadership of Franklin D. Roosevelt and carried out by Harry S. Truman.

Conferences are always a matter of compromise. The conferees have done a remarkable job in this case. My friend from Texas [Mr. THOMAS] admitted that, with the exception of the amendment he is so deeply interested in.

We cannot all get what we would like to have. There are some who feel that the conferees did not go far enough; there are others, like my friend from California and others, who feel they went too far. But they oppose any legislation at all in connection with low or public housing and they have done so for years. They are honest in their views and I respect them. I respect their views, although I disagree with them.

The college program raised the amount from $200 million to $300 million, and that is on a loan basis. That is not a grant. Every college except some highly endowed colleges of the United States is deeply interested in this.

I have received letters from the presidents of any number of colleges throughout the United States, not only in favor of the $300 million but of a $400 million increase. I have received letters from the presidents of smaller colleges, not the heavily endowed colleges, urging a program of loans for facilities, for schoolrooms or classrooms.

The conferees agreed to $62,500,000 in this field. I think both of these programs are excellent ones. They strengthen the higher educational system of our country, particularly among the smaller colleges, enabling them to get loans for dormitory purposes and enabling them to get loans for schoolrooms and other facilities, all beneficial to our students.

The conference report is about the best that could be brought in, and I hope it will be adopted.

Mr. RAINS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I direct my remarks now to the Thomas amendment. I am a little bit amazed at my colleagues on the left when they complain about $500 million for urban renewal in the first year being too large and do not seem to realize that the bill we went to the Senate with, with the Thomas amendment in it, provided for $1 billion of urban renewal for the first year. I would like to see the hands raised of those who would like to vote for a billion dollars of urban renewal the first year.

I think sometimes we ought to look into what we are doing before we attempt to draw conclusions. I am willing to yield the floor to anybody who can show that the House bill with the Thomas amendment in it did not have $1 billion in it for urban renewal the first year. If you send it back to conference that is what you will get.

Mr. WIDNALL. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. Is that not what you wanted in your bill?

Mr. RAINS. I wanted one and a half billion for 3 years. But you would have one billion for 1 year with the Thomas amendment.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. McDONOUGH. It is difficult to understand——

Mr. RAINS. It is not difficult to understand.

Mr. McDONOUGH. If the gentleman will yield for the point I wanted to make. The bill that passed the House provided $1,500 million—$500 million for each of 3 years, the first to begin on June 30, 1959. But that could not be obligated. Your bill as it now comes in the form of a conference report obligates for the first fiscal year $500 million.

Mr. RAINS. All it does is authorize $500 million for the next fiscal year, that is all it does, and the bill the gentleman is defending would obligate a billion dollars for the same period. Of course it does, there is no way around it. I am sure my friend from Texas did not know that. I say to my distinguished friends who want to save money, do they really want to send us back to conference and ask us to authorize a billion dollars for the first year? I doubt that.

Now I would like to yield to my friend from Texas, if he is here, and if I am wrong. The facts are, my friends, that when you start messing with a complex bill of this kind, you are in danger of either ruining the legislation or getting yourselves in trouble. Am I not correct in saying it would have been a billion dollars for the first year?

Mr. THOMAS. I think you are right, Mr. Chairman, but as I attempted to

state awhile ago, my point was not on the amount of the bill. I think you are making a mountain out of a molehill on this question.

Mr. RAINS. A billion dollars is considerable of a molehill.

Let me get down and point this out to you. My esteemed friend from Texas kills me with kindness. He is the sharpest debater that I have run into any place I have ever known. What he is trying to do is to send this bill back to conference, just as if he had been on the conference. He has been on many conferences with the Senate, and I daresay he cannot stand up and say he wins all of them. I will tell you what the Senate said. They said, "We also are a part of the Congress of the United States," and they said, "If you want to adopt that amendment, send us House Joint Resolution 161 and let us have our say, also."

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. McDONOUGH. We did not have House Joint Resolution 161 before us with your section of the elderly housing bill in which you said that the Committee on Appropriations should decide——

Mr. RAINS. That is a mighty tiny thing to be picking out. I did that only because——

Mr. McDONOUGH. It is even less now.

Mr. RAINS. I did that in order to prevent additional controvery over an entirely new program. The important thing was to get a really effective program for housing the elderly started.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. McDONOUGH. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 241, nays 177, not voting 16, as follows:

[Roll No. 99]

YEAS—241

Addonizio	Carnahan	Feighan
Albert	Carter	Fino
Andrews	Celler	Flood
Anfuso	Chelf	Flynn
Ashley	Clark	Fogarty
Aspinall	Coad	Foley
Bailey	Coffin	Forand
Baldwin	Cohelan	Forrester
Baring	Cook	Fountain
Barr	Cooley	Frazier
Barrett	Corbett	Friedel
Bass, Tenn.	Curtin	Fulton
Beckworth	Daddario	Gallagher
Blatnik	Daniels	Garmatz
Boggs	Dawson	George
Boland	Delaney	Giaimo
Bolling	Dent	Granahan
Bonner	Denton	Grant
Bowles	Dingell	Gray
Boykin	Dollinger	Green, Oreg.
Boyle	Donohue	Green, Pa.
Brademas	Dooley	Griffiths
Breeding	Dorn, N.Y.	Hagen
Brewster	Downing	Halpern
Brock	Doyle	Hargis
Brooks, Tex.	Dulski	Harmon
Broomfield	Dwyer	Harris
Brown, Ga.	Edmondson	Hays
Brown, Mo.	Elliott	Healey
Broyhill	Everett	Hébert
Burdick	Evins	Hechler
Burke, Ky.	Fallon	Hemphill
Burke, Mass.	Farbstein	Hogan
Byrne, Pa.	Fascell	Holifield
Holland	Meyer	Rivers, S.C.
Holtzman	Miller, Clem	Roberts
Huddleston	Miller, George P.	Rodino
Ikard	Mills	Rogers, Colo.
Irwin	Mitchell	Rogers, Tex.
Jennings	Moeller	Rooney
Johnson, Calif.	Monagan	Roosevelt
Johnson, Colo.	Montoya	Rostenkowski
Johnson, Md.	Moore	Roush
Johnson, Wis.	Moorhead	Rutherford
Jones, Ala.	Morgan	Santangelo
Karsten	Morris, N. Mex.	Saund
Karth	Morris, Okla.	Selden
Kasem	Morrison	Sheppard
Kastenmeier	Moss	Shipley
Kearns	Moulder	Sikes
Kee	Multer	Sisk
Kelly	Murphy	Slack
Keogh	Natcher	Smith, Iowa
Kilday	Nix	Staggers
King, Calif.	Norblad	Steed
King, Utah	O'Brien, Ill.	Stratton
Kirwan	O'Brien, N.Y.	Stubblefield
Kluczynski	O'Hara, Ill.	Sullivan
Kowalski	O'Hara, Mich.	Teller
Lane	O'Neill	Thompson, La.
Lankford	Oliver	Thompson, N.J.
Lennon	Patman	Thompson, Tex.
Lesinski	Perkins	Thornberry
Levering	Pfost	Toll
Libonati	Philbin	Trimble
Lindsay	Pilcher	Udall
Loser	Poage	Ullman
McCormack	Porter	Vanik
McDowell	Powell	Van Zandt
McFall	Preston	Wallhauser
McGinley	Price	Walter
McGovern	Prokop	Wampler
Macdonald	Pucinski	Watts
Machrowicz	Quigley	Wier
Mack, Ill.	Rains	Wolf
Madden	Randall	Wright
Magnuson	Reuss	Yates
Mailliard	Rhodes, Pa.	Young
Marshall	Riley	Zablocki
Merrow	Rivers, Alaska	Zelenko
Metcalf		

NAYS—177

Abbitt	Dixon	May
Abernethy	Dorn, S.C.	Meader
Adair	Dowdy	Michel
Alexander	Fenton	Milliken
Alford	Fisher	Minshall
Alger	Flynt	Mumma
Allen	Ford	Murray
Andersen, Minn.	Frelinghuysen	Nelsen
Arends	Gary	Norrell
Ashmore	Gathings	O'Konski
Auchincloss	Gavin	Osmers
Avery	Glenn	Ostertag
Ayres	Griffin	Passman
Baker	Gross	Pelly
Barden	Gubser	Pillion
Barry	Haley	Pirnie
Bass, N.H.	Hall	Poff
Bates	Halleck	Quie
Becker	Hardy	Ray
Belcher	Harrison	Reece, Tenn.
Bennett, Fla.	Henderson	Rees, Kans.
Bennett, Mich.	Herlong	Rhodes, Ariz.
Bentley	Hess	Riehlman
Berry	Hiestand	Rogers, Fla.
Betts	Hoeven	Rogers, Mass.
Blitch	Hoffman, Ill.	St. George
Bolton	Hoffman, Mich.	Saylor
Bosch	Holt	Schenck
Bow	Horan	Scherer
Bray	Hosmer	Schwengel
Brooks, La.	Hull	Scott
Brown, Ohio	Jackson	Short
Budge	Jarman	Siler
Burleson	Jensen	Simpson, Ill.
Bush	Johansen	Simpson, Pa.
Byrnes, Wis.	Jonas	Smith, Calif.
Cahill	Jones, Mo.	Smith, Kans.
Cannon	Judd	Smith, Miss.
Casey	Keith	Smith, Va.
Cederberg	Kilgore	Springer
Chamberlain	Kitchin	Taber
Chenoweth	Knox	Taylor
Chiperfield	Lafore	Teague, Calif.
Church	Laird	Teague, Tex.
Collier	Landrum	Thomas
Colmer	Langen	Thomson, Wyo.
Conte	Latta	Tollefson
Cramer	Lipscomb	Tuck
Cunningham	McCulloch	Utt
Curtis, Mass.	McDonough	Van Pelt
Curtis, Mo.	McIntire	Vinson
Dague	McMillan	Weaver
Davis, Ga.	McSween	Weis
Derounian	Mack, Wash.	Westland
Derwinski	Mahon	Wharton
Devine	Mason	Whitener
	Matthews	Whitten
Widnall	Wilson	Younger
Williams	Winstead	
Willis	Withrow	

NOT VOTING—16

Anderson, Mont.	Diggs	Rabaut
Baumhart	Durham	Robison
Buckley	Goodell	Shelley
Canfield	Kilburn	Spence
Davis, Tenn.	Martin	Wainwright
	Miller, N.Y.	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Baumhart for, with Mr. Kilburn against.

Mr. Buckley for, with Mr. Robison against.

Mr. Wainwright for, with Mr. Goodell against.

Mr. Spence for, with Mr. Miller of New York against.

Until further notice:

Mr. Rabaut with Mr. Martin.

Mr. Shelley with Mr. Canfield.

The result of the vote was announced as above recorded.

Mr. RAINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 51.

The Clerk read the title of the Senate concurrent resolution.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. McDONOUGH. Mr. Speaker, reserving the right to object, this is a technical amendment to the conference report, and I would appreciate it if the gentleman from Alabama would explain it.

Mr. RAINS. It is what the gentleman said, a purely technical resolution, which is necessary in order to carry out the intent of the conference.

Section 417 of the bill adds to title I of the Housing Act of 1949 a new section 112, which would permit improvements made by public or nonprofit colleges and universities in or near urban renewal areas to be counted as local grants-in-aid, and would waive in the case of such improvements the requirements of existing law relating to the predominantly residential character or reuse of urban renewal areas.

It was a primary intention of both the House and Senate versions of the bill that this provision apply to colleges and universities which are adjacent to urban renewal projects assisted under title I, even though they are not actually located within the project area and their activities are therefore not carried out pursuant to the urban renewal plan. Because of a technical defect in both versions of the bill, however, the new section 112 would not apply to a college or university unless it is actually in the urban renewal area and its improvements are covered by the urban renewal plan; and it is the purpose of Senate Concurrent Resolution 51 to remove this defect.

The amendment made by Senate Concurrent Resolution 51 are technical in nature and would simply change the language of the new section 112 so as to make the provisions of that section ap-

plicable—under a separate development plan—to colleges and universities situated adjacent to or in the immediate vicinity of the area of the urban renewal project even though not actually within the project area or the urban renewal area. Another effect of these amendments would be to insure that the provisions of the new section 112 will not apply to a college or university, simply because it is adjacent to an urban renewal area, unless it is adjacent to or in the immediate vicinity of the specific project involved—where the project occupies only a part of the urban renewal area.

Mr. TABER. Mr. Speaker, may we have the resolution read?

The SPEAKER. The Clerk will report the Senate Concurrent Resolution.

The Clerk read as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of the bill (S. 57) to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes, to make the following corrections:

In the section added to title I of the Housing Act of 1949 by section 417 of the bill—

(1) Strike out the first proviso and insert in lieu thereof the following: ": *Provided*, That the aggregate expenditures made by such institution (directly or through a private redevelopment corporation) for the acquisition (from others than the local public agency), within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures (including expenditures to assist in relocating tenants therefrom), if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, as certified by such institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project".

(2) In the matter preceding such proviso, strike out "an urban renewal area" and insert "an urban renewal project area", and strike out "or projects" each place it appears.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Senate concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. RAINS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the conference report just adopted.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

APPOINTMENT OF MEMBER OF THE U.S. DELEGATION OF THE CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

Mr. SPEAKER. Pursuant to the provisions of Public Law 86–42, the Chair appoints as a member of the U.S. delegation of the Canada-United States Interparliamentary Group the gentleman from Washington [Mr. MACK], to fill the existing vacancy thereon.

ESTABLISHING RULES OF INTERPRETATION FOR FEDERAL COURTS INVOLVING THE DOCTRINE OF FEDERAL PREEMPTION

Mr. WILLIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3) to establish rules of interpretation governing questions of the effect of acts of Congress on State laws.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 3, with Mr. THOMPSON of Texas in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the gentleman from Louisiana [Mr. WILLIS] had 40 minutes remaining, the gentleman from New York [Mr. CELLER] had 43 minutes remaining and the gentleman from Ohio [Mr. MCCULLOCH] had 1 hour and 45 minutes remaining.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. TUCK].

Mr. TUCK. Mr. Chairman, I rise in support of H.R. 3. This is one of the most important pieces of legislation which has come up for action by the House of Representatives since I have been a Member of this body. It is a simple bill, easy to understand, and one about which there should be no confusion whatsoever.

It simply provides that no act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates to the exclusion of State laws on the same subject, unless such congressional act contains an express provision to that effect, or unless there is a direct and positive conflict between such congressional act and a State law so that the two cannot be reconciled.

The principle that the acts of Congress take precedence over State laws has long been recognized, going back to the early days of the Republic, but it has been in recent years only that the Supreme Court has established the so-called doctrine of preemption where there is no conflict and where the Congress has not so expressed itself in the act being construed.

If the present rules of construction established in the Cloverleaf case and the Steve Nelson case by the Supreme Court of the United States remain, then the power of a State to legislate will have been almost completely eliminated, and thus the States will be left powerless to pass laws and to govern themselves.

I am one of those who believes the Constitution means what it says, and that it should remain unchanged unless amended by the methods prescribed in that matchless instrumentality of freedom.

The passage of H.R. 3 will simply lay down a rule of construction which in the future will require the Supreme Court in construing these statutes to recognize State law as being the law applicable to that State, unless it is in direct conflict with Federal law, or unless the Congress passes legislation on the same subject, and expressly declares its intent to preempt the field.

It is difficult for me to understand how anyone who loves liberty and who recognizes the principle of States' rights and who understands that the strength of the Republic depends upon the preservation of these States' rights could oppose this meritorious legislation.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Massachusetts [Mr. LANE].

Mr. LANE. Mr. Chairman, in one sweep, H.R. 3 attempts to solve the whole, complex problem of preemption. Under the all-inclusive provisions of section 1 of H.R. 3 we would run the risk of unsettling legal relationships and responsibilities long established, accepted, and understood. Even the sponsors admit that it is very difficult to determine in advance those existing laws that would be affected by this bill.

It occurs to many of us that this bill, as written, takes in more than can be digested in one swallow. In the process, it confuses and obstructs the passage of legislation that is needed immediately in order to give to the States the concurrent power to protect themselves from sedition and subversion.

Why should we complicate this clear need by encumbering the bill with all the ramifications of preemption? The doubts spread by this blanket bill require us to be very careful, not knowing what unpredictable results might follow.

By overreaching itself, H.R. 3 impedes passage of a bill that will enable the States to take effective action against the Communist conspiracy within their borders. Why can we not meet this pressing issue first on its own merits and proceed later on, or separately, to solve all the contradictions inherent in the general doctrine of preemption?

This can be done by striking out section 1 of the Smith-McClellan bill, or by substituting the Walter bill, H.R. 2368, which will permit the States to prosecute sedition under their own laws.

In the Nelson case, it was finally held by the U.S. Supreme Court that the Smith Act of 1940 and various other Federal statutes dealing with national security occupy the field of sedition so as to exclude State laws covering sedition against the United States.

At least two courts have since held that a State can no longer punish sedition against its own government where the activity is also directed against the United States. The Nelson decision has

had two unfortunate consequences. By nullifying sedition laws in 42 States, including Massachusetts, it has encouraged the Communist conspiracy. By tieing the hands of the States, it is limiting the full utilization of our legal resources against those who advocate the overthrow of Government by force and violence. In this sense, it deprives our people of the complete protection that is possible.

While this contradiction continues, the Communists will take every advantage of it, and laugh at the inability of the Nation and the States to cooperate for their mutual benefit and survival.

The legislation we are considering stems directly from the Nelson case. The Supreme Court decided that Congress intended to displace State laws in this field. It seems to me that we should stick to that one issue, clarify it, and recognize the right of the States to punish sedition against the United States, under the statutes they have passed for that purpose.

We did not intend to preempt authority in that critical area.

Let us make that fact clear, and not lose it in the labyrinth of general preemption. Forty-two States are waiting for us to take this one step that will bring their law enforcement agencies to our side in a united crackdown on subversives.

We need the help of the States.

The Walter bill, which is to the point, is the best legislative instrument for accomplishing this purpose.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. SIKES].

Mr. SIKES. Mr. Chairman, the Founding Fathers, anticipating the evils of centralization of power in an all-powerful Federal Government, provided this important language in the 10th amendment:

> The powers not delegated to the United States by the Constitution nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

H.R. 3, which I have the honor to cosponsor, is a reaffirmation of that amendment, a needed reaffirmation which the Nation will welcome. This bill would not take away from the Supreme Court any constitutional power which it has. It simply says to the Court, before you declare a State statute, which otherwise is constitutional, null and void under the doctrine of preemption because the Congress has legislated in the same field, there must be some declaration by the Congress, that it intended to legislate in that field exclusively. This is a clarification which now is badly needed.

The purpose of H.R. 3 is to protect the true liberties of all of the people of the United States. It is a reaffirmation of the Jefferson doctrine of keeping the Government on a local level as close to the people as possible as against concentration in an all-powerful Federal Government. It was Jefferson who said:

> There is no danger I apprehend so much as the consolidation of our Government by the noiseless and, therefore, alarming instrumentality of the Supreme Court.

This is not a sectional bill. It has already been pointed out that the decisions of the Court which this bill would cure were largely from other States outside of the South. There is no South, no East, no North, or West involved here. Neither is there a racial or labor question involved.

In recent years the legislative actions of several State legislatures, and those of lesser subdivisions representing the people, have been swept aside by the Supreme Court as if they were nonexistent, or that there existed no authority for their enactment. The Court has gone beyond the facts of law involved in some of the decisions to impose its concept of what the law ought to be.

It has superimposed its powers upon those traditionally exercised by city councils, county supervisors, and State legislatures. It has released from jail, and returned to a society fighting for its very existence, dedicated agents of the international Communist conspiracy. In the name of individual liberty, the Court has indicated its philosophical conviction that the civil liberties of a convicted conspirator is of greater importance than the safety and welfare of the community at large. It has upset long-established customs and procedures in the several States in the areas of taxation and the exercise of the police power.

Mr. Chairman, certain decisions of the U.S. Supreme Court in recent years have nullified many State laws by the doctrine of preemption. The word "preemption" means to seize, appropriate, or take over. Large areas of concurrent Federal and State legislation have been exclusively occupied or taken over as a result of those decisions. Those decisions have brought about widespread criticism that the Supreme Court has been indulging in judicial legislation.

H.R. 3 does not, as indeed it cannot, validate invalid State laws. Thus a Federal act is supreme in any field involving exclusive Federal power. Examples of such fields of Federal power are foreign relations, war, naturalization, coinage, bankruptcy, post office and postal legislation, and so forth. Article 1 of section 10 of the Constitution specifically denies certain powers to the several States. Any State legislation involving these broad fields of Federal power would, of course, be completely unconstitutional and null and void.

Now there are many areas where Federal and State laws could constitutionally stand side by side. These are commonly referred to as areas of concurrent jurisdiction. Nevertheless, if the Federal act expresses the intent of Congress to occupy a particular field, then the Federal law is supreme. This has been the consistent jurisprudence enunciated by the U.S. Supreme Court over the years. The bill before us, H.R. 3, respects this jurisprudence in unequivocal language.

But if the act of Congress and the State law are both constitutional, with no expression of intent to exclude the State law and the two statutes are not in direct conflict, then both must and should be given effect. In other words, a Federal act is not to be presumed to repeal a State law and the State law is not to be destroyed by inferences or implications.

This bill is easy to understand. Despite claims to the contrary, there is nothing about this bill that is confusing to those who want to understand and who are imbued with the desire to reassert the powers of Congress, to restore to the States the rights which historically and properly belong to them under our Constitution, and to curb the present Supreme Court of the United States under the leadership of the present Chief Justice, who appears bent upon the establishment of a judicial oligarchy to supplant not only the States, but also to usurp the powers of the Congress of the United States.

This bill does not undertake to nor does it change the substantive law. It simply undertakes to do and does let the Supreme Court know in no uncertain terms the rules and conditions under which the Congress would have its own intentions determined. Certainly no forum is better qualified to determine the intentions of Congress than the Congress itself.

This bill does not render invalid any existing Federal statute nor does it limit the jurisdiction and judicial function of any Federal court. It has no application whatsoever in a field wherein, under the Constitution, Congress has been delegated exclusive power to legislate. It preserves to the States the right to legislate in all fields not prohibited to them by the Constitution itself, unless the Congress by an express provision in a particular field of legislation, has declared an intent to occupy exclusively that field, to the exclusion of all State laws on the same subject matter.

This bill is designed to prevent the Supreme Court of the United States from nullifying State laws simply because the Federal law covers a similar area and where Congress has expressed no intention of preempting the State law.

The time has come for those who decry the erosion of the Constitution and the Federal usurpation of State governmental functions by a Supreme Court whose decisions have been more legislative than interpretive to speak out or we shall find the opportunity is lost to us. This is a matter of such vital importance that we should stand together solidly to correct a growing menace.

It is incumbent upon those who want to bring government back home and restore to the States and to the people their constitutional rights, to support the bipartisan efforts of the membership of the Judiciary Committee and of this House who have the courage and determination to fight for this return to reason and sanity and representative government.

I urge that the bill be approved by this House as a reaffirmation of our faith in America, that we leave our division of State and Federal powers as the Founding Fathers created them. This plan of government has served us well and in these perilous times we can ill afford to depart further from our constitutional heritage.

If we are to preserve our form of government, the sovereignty of our States, the rights and privileges of our people, then it is necessary that the Congress, acting to protect our people, pass the necessary legislation to stop the Federal judiciary in its all-out effort to impose upon us their own political and sociological views and theories by legislating through usurpation of authority never granted the judiciary by the Constitution or the Congress.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Chairman, I rise in support of H.R. 3, which in my opinion, should be called the States rights bill. I introduced similar legislation in the 85th Congress, and one of the very first bills I introduced during this session of Congress was H.R. 1859, an identical bill to H.R. 3.

In the words of our distinguished colleague, the gentleman from Virginia [Mr. SMITH]:

> That is all there is to the bill, those two things: Congress can preclude the States from legislating in the same field, or if the two acts are in conflict, the Federal law prevails.

If I may elaborate a bit further upon the purpose of this legislation, in my opinion it proposes, first, to establish a rule for construing acts of Congress to the effect that Congress does not intend to prevent the operation of State laws in the same field unless the Federal act contains an express provision to that effect, or unless there is a direct and positive conflict between the State and Federal statutes so that they cannot consistently stand together; then, second, the bill provides that Federal acts governing subversion or sedition against the United States shall not prevent enforcement of State laws covering sedition against a State or the United States.

Is there a need for this proposed legislation? As one of its ardent advocates, of course, I think there is definitely a need. Always in the illustrations for the need of this legislation, we are reminded of the Nelson case, which is an outstanding case of the trend in the field of Federal preemption which is the subject matter of this legislation. As we know, under the Nelson decision, States were told that they no longer could prosecute their own citizens, as well as others, under State laws outlawing sedition against the Federal Government because there happens to be a Federal sedition law.

That decision, in 1956, was just this month modified to a certain extent by another decision of the Supreme Court—and this case also a 5 to 4 decision is known as the Uphaus case. Now after studying the effects of this decision, I still am impressed with the need of H.R. 3. Specifically, the Uphaus decision makes plain that the Supreme Court in the Nelson case did not deprive the States of the right to prosecute for sedition against the State. All it proscribed, in the language of the case, "was a race between Federal and State prosecutors to the court house door" to deal "with the same conduct." How can you draw the line between sedition against the State and against the Federal Government? If you say to the State of Pennsylvania that it has a right to prosecute for sedition against the State but not against the Federal Government, when can you consider sedition as being against the State and not also against the Federal Government? If a law in Pennsylvania forbids the desecration of the American flag and a violator is prosecuted by State law, is this proper procedure under the guidelines as established by the Uphaus decision, since the flag is certainly the American flag of all the States and territories. Now the change in position on the part of the Supreme Court in the Nelson case, and the vote in both instances, may I remind you again, was by a 5 to 4 decision, may be a shift due to a vacillation, which position might be changed again in another year. So, in my opinion, the Nelson case, and the more recent Uphaus case, prove that this legislation is now needed more than ever.

I am no lawyer, Mr. Chairman, but as I understand the intent of this legislation, it is a guide for the Supreme Court. Congress cannot tell the Supreme Court what to do, but I think that body time and time again has indicated that Congress certainly, by means of legislation, ought to establish very clear guidelines.

Now, there are those who oppose this legislation by saying that those of us who have criticized recent Supreme Court decisions ought to proceed in separate legislation to correct these decisions on a piecemeal basis. For example, legislation should be passed specifically to correct the Nelson case. As a critic of the enormous complication of governmental problems, it would seem to me, that a sound constitutional law, such as proposed in H.R. 3, based on broad general principles, would be far more efficacious in solving the problem than hodgepodge of separate legislative measures which, may I remind you, have not made much progress along the legislative route to this present time.

Again, though, may I emphasize, Mr. Chairman, that I strongly believe in H.R. 3 because I believe it is a good States' rights bill. It, in my opinion, is sound Jeffersonian philosophy. It tries to give to the States the authority that the States should have. It is not unconstitutional, it does not trespass on Federal powers. You know, Mr. Chairman, I come from a section of Florida that is considered a rural area. We have 15 counties in my Eighth Congressional District, and of these 15 counties, 14 of them are termed "'rural." Now, those of us who live in rural areas are often criticized as being members of a pork-chop gang or of getting legislation all out of line with the number of people that we represent. We are often criticized because of the legislative stranglehold that certain people say that we have in different States, and by keeping that stranglehold, we direct too much of the States' revenues to our rural areas. I do not agree with this point of view. I would remind you, on the other hand, that we who live in rural areas, I think, suffer tremendously from a national standpoint because of the great emphasis that is placed on the minority votes in the large urban areas in presidential elections.

Now, as an example, in the great State of New York, in the 1950 census, there was a reported population of 14,830,000. That number has, of course, increased since that time. According to the 1950 census, the great State of New York had 43 Representatives and 2 U.S. Senators, or they are entitled to 45 electoral votes in the presidential election. Now, in all large cities, and this is no criticism of the great State of New York, particularly, there is still a tremendous tendency for minority groups to be concentrated. As you know, if a majority of the State's popular votes go for a certain party, then all of the State's electoral votes are cast for that party in the presidential election. In the State of New York, for example, we shall have 45 votes for a President, provided the State gives a bare majority to a political party. You can see, then, the great emphasis that has to be placed on the minority vote. This emphasis has to be placed because often a comparatively small minority vote can be the difference between victory and defeat. A bloc of two or three hundred thousand votes assumes an influence all out of proportion to what should be the proper and right influence. The way to correct this evil, and in my opinion it is a tremendous evil, is a method for the popular election of the President and Vice President of the United States, such as proposed in my bill, House Joint Resolution 116.

Now, what bearing does this have, Mr. Chairman, on the legislation which we are considering. It means, I think, that the minority's views of one State have an unhealthy bearing on the policies of the citizen who is selected as President of the United States. The minority views of the citizens of one State might well become a national policy by the determination of the political parties to kowtow to the minority groups in order that the Presidents of their political party faith might be elected. Now, we must fight to prevent that minority influence to project itself into the dominant position of America. So often I think that America is being run by minority groups and it is getting to be increasingly difficult for the overwhelming majority to be articulate. One reason they can't be articulate is because more and more the Federal Government has preempted the rights, privileges, and responsibilities of the States. Let us try to establish more clearly than ever before this principle of the separation between the Federal and State Governments so that the minority groups in several of our great metropolitan areas may not have the power through presidential elections to dominate the thoughts and principles of government that belong to the States.

I hope H.R. 3 passes by an overwhelming majority, and it is my fervent hope that by its passage we can return to the sound Jeffersonian conception of the Constitution.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. HALEY].

Mr. HALEY. Mr. Chairman, inherent in our complicated Federal system is the fundamental concept that there must be close cooperation between the State and Federal Governments, and that neither should interfere with the proper functions of the other. Nevertheless, within the past few years, we have seen the doctrine of preemption being extended to such an extent that the States have become almost powerless to act in some areas to protect the life and property of its citizens. This is true even though it is implied in the Constitution, although not expressed therein, that the Federal Government may not in the exercise of its powers prevent a State from discharging its ordinary functions of government.

In view of the fact that the preemption doctrine has been extended in areas, even though Congress may have intended otherwise, it is imperative that H.R. 3 be enacted. As I view the measure, H.R. 3 simply recognizes the necessity for close cooperation between the State and National Governments. In effect, it establishes a guide to the courts in construing any congressional act in those areas in which the States have concurrent jurisdiction with the National Government and sets forth the policy of Congress.

Therefore, in view of the fact that we have seen numerous instances of Federal encroachment upon the rights, powers, and functions of the States, is it not proper to enact this legislation as an aid in restoring the equilibrium in the Federal system? The success of our Government has been due in large measure to the fact that this equilibrum has been closely guarded and maintained down through the years. However, we stand now at the threshold of an era in which this equilibrum, this balance, this cooperation within our dual system is dangerously near collapse. We cannot afford further diminution of State power. We must maintain the proper balance in our great system of government. H.R. 3 is designed to do just that, and I strongly urge approval of this measure.

It has been argued that H.R. 3 should not be enacted because it would give new rights to the States. Nothing could be further from the truth. This bill does not create new rights nor does it divest anyone of a federally created right. It simply provides a rule of construction recognizing the existing rights and powers of the States. I find nothing in this bill that would alter, change, or modify substantive rights.

Mr. Chairman, I believe this measure is long overdue, and I hope the Members of this body will approve H.R. 3 by an overwhelming majority.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Arkansas [Mr. ALFORD].

Mr. ALFORD. Mr. Chairman, Members of the House, it is a special privilege for me to offer these brief remarks in support of H.R. 3, introduced by my distinguished colleague, the gentleman from Virginia.

It is a privilege because I was not a Member of the Congress last July when, by an overwhelming vote, this House put its stamp of approval on this selfsame piece of legislation.

I am happy to be here today to add my voice to that overwhelming majority.

If H.R. 3 turned out to be the only piece of legislation to be completed by the Congress, I would feel that this session had been worth while. For by this important legislation, rights guaranteed to the States by our great Constitution will be restored.

Rights which have been taken away piece by piece, step by step, are going to be resolved to their rightful place—to the hands of the States.

That, gentlemen, is the only issue before this distinguished House in the consideration of this legislation. And to that issue, there can be only one answer.

That answer is contained in the 10th amendment to our Constitution:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

This is the amendment that some have chosen to ignore and violate so flagrantly that the conference of chief justices of the States felt compelled to speak out at their last meeting.

And what did these chief justices say? I remind you.

> We believe that the great principle of distribution of powers among the various branches of government and between levels of government has vitality today and is the crucial base of our democracy.
>
> We believe that strong State and local governments are essential to the effective function of the American system of Federal Government; that they should not be sacrificed needlessly to leveling, and sometimes deadening, uniformity; and that in the interest of active, citizen participation in self-government—the foundation of our democracy—they should be sustained and strengthened.

By your votes for H.R. 3 you are going to sustain and strengthen the State and local governments, and, gentlemen, I am convinced that it is our constitutional obligation to so do.

Listen well to what Hamilton, Madison, and Jay wrote in "The Federalist" about the distribution of powers between the Federal Government and the States. And remember, please, these men knew the Constitution, because it was the product of their hearts, their heads, and their hands.

They said:

> The powers delegated by the Constitution to the Federal Government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce. The powers reserved to the several States will extend to all the objects which, in the ordinary course of affairs, concern the internal order and prosperity of the State.

How strange that does sound in this era when so many of the rights that belonged to the States have been taken away.

How great is the contrast between that simple statement of facts, as they pertain to our Constitution, and the recognized current policy of our lesser Federal courts, our Federal courts of appeal, and, yes, even our Supreme Court, to knock down or to rip into shreds piece after piece the rights vested in our States.

How great, also, is the contrast between that simple statement and some of the legislation that comes before us for decision. And I refer specifically to the rash of so-called civil-rights bills with which this Congress must come to grips.

Here, gentlemen, is a rights bill that really is a rights bill. Not civil rights, if you please, but constitutional rights—the rights which the Constitution—and the Constitution still is the law of the land—says belong to the States.

We have in this legislation here today the weapon with which to stop this dangerous and deadly unconstitutional trend in the affairs of this Nation. We have here the weapon to curb many of the more aspiring usurpers.

Now, there are those who say this legislation is not needed. But I say that the chief justices of the various States gave us the challenge when they wrote in their report less than a year ago:

> We are now concerned specifically with the effect of judicial decisions upon the relations between the Federal Government and the State governments. Here we think that the overall tendency of decisions of the Supreme Court over the last 25 years or more has been to press the extension of Federal power, and press it rapidly.

If that not be warning enough, listen to something else the chief justices had to say:

> We believe that in the fields with which we are concerned, and as to which we feel entitled to speak, the Supreme Court too often has tended to adopt the role of policy-maker without proper judicial restraint. We feel this is particularly the case in both of the great fields we have discussed; namely, the extent and extension of the Federal power, and the supervision of State action by the Supreme Court by virtue of the 14th amendment. In the light of the immense power of the Supreme Court and its practical nonreviewability in most instances no more important obligation rests upon it, in our view, than that of careful moderation in the exercises of its policy-making role.

Those two paragraphs alone from this great report by this Nation's legal and judicial leaders are all the answer this Congress needs to decide that H.R. 3 is needed and needed desperately.

This Congress has no constitutional right, and I am sure it has no intention, to hack away at rights which are the property and the heritage of the States.

But it does have the constitutional right, and I am sure it has the intention, of saying in a voice that is loud and clear:

Yes; we believe that the Constitution is the law of the land, and we believe that the 10th amendment is an important and integral part of that Constitution.

From that position there can be no deviation.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Louisiana [Mr. McSWEEN].

Mr. McSWEEN. Mr. Chairman, I rise in support of H.R. 3. First, I should like to commend the gentleman from Louisiana [Mr. WILLIS] author of the majority views found in the report of the Committee on the Judiciary to accompany H.R. 3. These views are written clearly,

and they intelligently explain the desirability of having an expression from Congress which would guide the Supreme Court and eliminate the doctrine of preemption in that narrow area of concurrent legislative jurisdiction.

This is the very restricted area in which both the Federal and State Governments may constitutionally legislate. Until recently it was the jurisprudence of the Supreme Court that Federal law was supreme if the Federal act expressed the intent of Congress in specific language to preempt, but that State law would be effective in the absence of this specific preemption.

The Supreme Court has recently applied its doctrine of Federal preemption to invalidate laws of the States where the Federal act did not express a specific intent to completely occupy a field of legislation and where there was no conflict between the Federal and State laws. Or the Supreme Court has inferred a preemptive intent on the part of Congress. H.R. 3 is a simple and concise provision to eliminate this new preemption concept and to restore the concurrent powers of the States.

Much has been said in opposition to this bill about problems which it will cause. The case against H.R. 3 has been exorbitantly overstated. All legislation can be said to raise problems. The pattern of centralization of authority in the Federal Government by Congress has been, regrettably, well developed in recent years. Certainly this trend toward centralization should not be developed beyond Congressional intent.

I urge the passage of this legislation as necessary to restore to the States the authority which the preemption doctrine has recently destroyed.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, the legislation now under consideration, H.R. 3, if enacted in its present form, would inflict more devastating repercussions on numerous existing Federal laws than any bill which the Congress has enacted in the history of the Republic. It would legalize the doctrine that pending State laws or State legislation which might be enacted by certain States in the future, could offset and nullify Federal legislation which might not meet with the approval of the majority of members of any State legislature or the Governors of certain States. This bill would in effect lead to confusion, consternation, and endless litigation on the interpretation of jurisdiction between State and Federal laws pertaining to a great number of laws that affect the economy of our Nation. If this bill is enacted into law, the courts would be called upon to settle State and Federal jurisdiction questions involving civil rights, common carriers, transportation, copyright and patent laws, immigration, pure food laws, farm products, labor laws and numerous other regulations which affect our economy.

In listening to the debate yesterday, I was amazed that some of the proponents of this measure inferred that the President and the administration supported this bill. I also heard one of the Members state that the American Bar Association supported this legislation. I think these inferences could be refuted by a letter written under date of June 22, 1959 which was but yesterday, to Congressman EMANUEL CELLER, chairman of the House Judiciary Committee and signed by Lawrence E. Walsh, Deputy Attorney General. Mr. Walsh stated in his letter which was printed in full in yesterday's CONGRESSIONAL RECORD on page 11491, that Mr. Ross Malone, president of the American Bar Association, in testimony before the Senate Internal Security Subcommittee, holding hearings on S. 3, a companion bill to H.R. 3, that there was considerable misunderstanding about the position of the American Bar Association on this bill. He further testified that the bill the house of delegates approved, is different from the bill now being considered by the House.

I cannot conceive that the Attorney General of the United States would send his deputy to testify against a piece of legislation in direct opposition to the wishes of the President of the United States. Mr. Walsh in his last sentence, stated, and I repeat verbatim:

> In the light of these developments, the Department of Justice urges that consideration of this retroactive, far-reaching legislation, which this Department strongly opposes, should be deferred until the House Judiciary Committee has had an opportunity to evaluate the Uphaus case and to consider the judgment of the American Bar Association.

These words should settle once and for all how the administration stands on H.R. 3.

I do hope that all Members of the House make a thorough study of this bill and the minority report from the members of the Judiciary Committee before casting their vote on this important and far reaching legislation.

H.R. 3 should be overwhelmingly defeated so that it not be again introduced in future sessions.

Mr. POFF. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BOSCH].

Mr. BOSCH. Mr. Chairman, I consider the present H.R. 3 as one of the most important pieces of legislation to come before the membership of this distinguished body during this Congress. This bill has as its primary purpose the establishment of rules of interpretation governing questions of the effect of acts of Congress on State laws. It comes about, as evidenced by the lengthy hearings and discussions heretofore had, as a result of various decisions of the Supreme Court of the United States which have brought into focus widespread criticism that the Court has been indulging in judicial legislation by reading into congressional statutes a legislative intent to occupy whole fields to the exclusion of State and local governments. This is commonly referred to as the doctrine of Federal preemption.

There can be no denying that in areas where concurrent State and Federal jurisdiction could exist, a provision in a Federal act expressly superseding a State statute or declaring the field subject to exclusive Federal jurisdiction removes all State legislation in such field. However, the bone of contention is that in recent cases the Supreme Court has applied, on the theory of national interest and concern, the principle of Federal preemption even though the particular subject matter was not exclusively granted to the Congress by the Constitution. The fundamental effect of this proposed legislation is to prevent the Court from presuming a legislative intent, which is not expressly stated in a statute, so as to render invalid a State statute.

It might be well to point out that section 1 is not intended to encroach upon existing Federal statutes nor is it intended to infringe upon the judicial jurisdiction or functions of any of our Federal courts. It is apparent that instead of applying the conventional rule of preemption in the Nelson case the Supreme Court invoked, what some have referred to as preemption by implication. This even though there was a complete lack of evidence supporting such a conclusion. If this theory of implied intent is permitted to continue it is conceivable that there will be most serious encroachment upon the functions of this legislative body.

Suffice it to say that, in my considered opinion, section 1 does not diminish the supremacy clause of the Constitution but rather intends to give practical effect under precedents established prior to the decisions in *Pennsylvania* v. *Nelson*, 350 U.S. 497, and *Cloverleaf Co.* v. *Patterson*, 315 U.S. 148.

This legislation by section 2 seeks to establish the firm legislative intent that Federal law shall in no way prevent enforcement by any State of its own statutes dealing with acts of subversion or sedition against the United States or any State of the United States unless this legislative body—Congress—shall provide otherwise

Finally, in view of the serious problem which certain decisions had created I, in a recent questionnaire, included the following questions: "In view of recent decisions of the U.S. Supreme Court, should Congress adopt legislation clarifying: (a) States' authority to deal with subversion?" The answer from my constituency was a resounding 90 percent "Yes" and 10 percent "No."

Mr. Chairman, I am firmly convinced that this legislation is necessary and essential to clearly spell out the basic principles governing a proper application of this issue of Federal preemption so that there be no diminishing of State or local powers. In view of all the foregoing, I wholeheartedly support this legislation.

Mr. POFF. Mr. Chairman, I yield 15 minutes to the gentleman from Florida [Mr. CRAMER].

Mr. CRAMER. Mr. Chairman, much has been said in regard to H.R. 3, what it will or will not do. During the few minutes I have remaining, I can perhaps help to clarify the situation in regard to what it will do in one instance, as suggested by the proponents, and what it will not do, contrary to what is suggested by the opposition.

Mr. Chairman, obviously I rise in support of H.R. 3. I have prepared a rather lengthy discussion with regard to it, but I will try to make my remarks as brief as possible, first to state what in my opinion H.R. 3 does, which is also

the opinion of the majority of the Committee on the Judiciary and was the vast majority of the Members of the House in the last session by a vote of 241 to 155, and in the second instance I trust that I will be able to convince many Members of the House what this bill does not do, which the opposition says it does do.

In the first place, what does the bill actually do?

It is in the form of an additional section, section 7, entitled "Preemption—Federal and State Statutes," to be added as rule No. 7 under the chapter 1, title 1, of the United States Code, entitled "Rules of Construction—General Provisions." As reported by the committee the first section of the bill actually is encompassed in one sentence which provides: No act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

Thus it is seen that this is merely the addition of a section 7 to the rules of construction, Federal statutes, and there is no question but what Congress has the power to enact rules of construction for the guidance of the general public as well as the courts in determining the intent of Congress.

Last year I introduced H.R. 9100, which had the same purpose as does the reported bill and having been particularly concerned with the *Pennsylvania* v. *Nelson* case (350 U.S. 497 (1956)), which so broadened the previously established doctrine of preemption that it caused many enlightened jurists throughout the country to express very grave concern. The Court in that case, despite the complete lack of evidence supporting the contention that Congress intended to preempt the field, such evidence being wholly lacking in the legislation history of the Sedition Acts, held there was an implied intent on the part of Congress to preempt the field, the implication arising solely from the fact that Federal laws were also enacted in the fields of sedition and subversion. The Court stated in that case:

> Taken as a whole, they evince a congressional plan which makes it reasonable to determine that no room has been left for the States to supplement it.

Thus in the Steve Nelson case which followed the Cloverleaf case the doctrine of preemption was so broadened and extended and in my opinion so stretched out of shape that if these decisions were left unchallenged the Supreme Court could imply an intention on the part of Congress which Congress did not have; could conceivably strike down many additional State statutes in the future applying this new preemption concept as the Court might see fit and could substitute the Court's own judgment as to when a Federal statute should be paramount or exclusive in a given field rather than looking to Congress for an expression of intent as contained in the legislative history of the legislation involved or to a direct and positive conflict. The effect of the continued acceptance of such a doctrine would be the usurpation by the Supreme Court of the legitimate legislative function, in my opinion.

There seems to be unanimity of opinion as to the need for legislation, if not in the general field of preemption, then in the specific field of sedition, it being agreed that as the preemption doctrine was applied in the Nelson case it did not reflect the intention of Congress. Congress did not intend to supersede all State laws on the same subject matter. Actually, it is my belief that this should have been evident from a study of the legislative history of the Federal Sedition and Subversion Acts because there appears nowhere in that legislative history any indication whatsoever that Congress intended to preempt in this field.

Of course, it goes without saying that there was in the Nelson case no direct and positive conflict between the Federal and State laws on sedition and subversion that would prevent the two from being reconciled or consistently standing together and, therefore, the decision was actually based or bottomed upon the question of the intent of Congress to preempt in this field. As a matter of fact, the Attorney General supported the amended H.R. 3 bill reported out of the Judiciary Committee on July 3, 1956, which was restricted to the field of sedition as contained in section 2 of H.R. 3 before us today and in the support of that bill the then Deputy Attorney General and now the Attorney General stated as follows:

> Under well-recognized consitutional principles the supremacy clause of the Constitution has been interpreted to mean that any provision of State law must yield to Federal law if it is in direct and positive conflict and irreconcilable with the Federal law. This, of course, holds true only in the areas in which the Federal Government has constitutional authority to act. However, it is within the consitutional prerogative of the Congress to determine the extent, if any, to which it intends that the State law must yield to national law. Thus, unless there is left an irreconcilable conflict between a part of a State law and the Federal statute, both would be effective in their respective areas.

Thus, it appears that most people agree that the preemption doctrine should be clarified at least as it relates to sedition, and, as a matter of fact, it is interesting to note that in the Attorney General's statement he restated the rule which is contained in the H.R. 3 bill presently before us, which is:

> Unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

Thus, even the Attorney General accepted this as the proper test in the field of preemption, but of course, in testifying on the bill before the committee, there was objection by him to the enactment of this as a general rule of interpretation and in favor of limiting it only to sedition cases. I understand now, as result of the debate on the rule, that the Deputy Attorney General now wants even section 2 returned to the committee for further study.

My position and the position of the majority of the committee, and I trust it will be the position of the majority of the House, is, that if this rule is the proper one in sedition cases, it equally is the proper one in all preemption cases. In the interest of preventing future unwarranted striking down of State statutes through the use of the Nelson case doctrine of preemption, Congress has the duty of establishing rules of construction for the guidance of the Court in the future to make certain that the Court does not continue to stretch the preemption doctrine far beyond what it is the belief of many of us was intended by the framers of our Constitution when the article 6, clause 2, the supremacy clause, and the 10th amendment to the Constitution, the reserve powers of the States amendment were under consideration.

This brings into focus one of the real issues involved in this debate. That is whether a statute generally applying this rule of construction should be adopted making it applicable in all fields of legislation so far as it relates to this specific subject of preemption or whether a statute limited to preemption solely in the field of sedition is the proper approach. After thorough and lengthy consideration of the matter I am thoroughly convinced that a general statute as proposed in H.R. 3 is not only the most logical and judicious approach, but that it is also essential if chaos is not to result from the possible continued application of the Nelson doctrine which leaves in jeopardy many of the State statutes which have, for so many years, stood unchallenged on the statute books. Who can justify one rule in effect for sedition matters and another for all other cases? The rule should be uniform as H.R. 3 provides.

I further do not subscribe to the position of the opponents that this is an attempt to legislate in a broad general field, the results of which cannot be predicted, and the effects of which are unknown. This legislation deals solely with one subject matter, that is, the subject of preemption which is a well-circumscribed doctrine of our jurisprudence and it has definite limited applicability. It comes into operation only in cases where there is in existence both a Federal and State statute and only where there is concurrent State and Federal jurisdiction. It is operative even in this rather restricted field of State-Federal legislative action under concurrent powers, and thus the Federal law is supreme only when (a) a provision in a Federal act expressly supersedes a State statute or declares the field subject to exclusive Federal jurisdiction; or (b) where there is a direct and positive conflict between the Federal and State acts so that they cannot be reconciled or consistently stand together; and (c) which is the recently added third field, as evidenced by the Nelson and Cloverleaf cases, where there is an implied preemption on the theory of national interest and concern or where the conflict between the Federal and State acts is by implication only. I bring this out to show that this legislation deals with a very narrow field and a single subject matter, and that is the doctrine of preemption. I further bring it out to show that the bill as pro-

posed accepts and fully implements the decisions of the Superior Court prior to the Nelson and Cloverleaf doctrines of implied preemption and therefore, in effect in my opinion, reestablishes the rule applied in this narrow field of cases prior to the Nelson and Cloverleaf cases. This is a rule that I believe to be far more consistent with the reasonable and logical interpretation of the Constitution and the powers of Congress and the Federal Government in these fields of concurrent jurisdiction, more clearly reflects an understanding of the everyday workings of the legislative branch of the Government so far as reflecting the intention of Congress in this field, and will provide some degree of certainty so far as the validity of the State statutes is concerned.

I think the latter point is one that deserves being exhausted more fully in that it has been pretty much overlooked in debate to date, and that is that under the more recent Supreme Court decisions in this field, it is understandable why so many of the State officials are concerned about the effect of these decisions on State statutes and the very real possibility that many of these statutes would be stricken down under this more recent doctrine even though there is no expressed intention on the part of Congress to preempt in the field or there is no direct and positive conflict between the Federal and State laws involved. The rule as set out in H.R. 3 would give some certainty in this field and would give unquestioned validity to the State statutes whereas today those State statutes remain in constant jeopardy.

Perhaps this is one of the motivating reasons why the State attorneys general very strongly recommended favorable action upon legislation of this nature and more recently testified before the Special Subcommittee To Study the Decisions of the Supreme Court, on which I had the privilege of serving, by stating through the chairman of the committee on internal security of the National Association of Attorneys General that "concern has been expressed over the alleged damaging effects of recent decisions in several fields, including the following—the adequacy of existing Federal legislation and even the powers of Congress itself to adopt such legislation, for the punishment and preemption of subversive activities" and suggesting corrective legislation. Thus, it is my opinion that this legislation would have the opposite effect to that contended by the opponents in that it would bring order out of chaos in this field rather than the reverse.

Thus, to summarize, H.R. 3 establishes a rule of construction in future cases and determines what rule the Court should use in preemption cases in the future. The rule in H.R. 3 was established and reaffirmed by the Court for nearly 100 years between 1859 and 1956. That was the rule of construction during that period.

This is not a substantive provision. This is not a provision intended to amend existing statutes and therefore is not retroactive in effect but is merely a guide or rule of construction for a Court in determining what these statutes mean in future cases.

What else does it do? It continues the Court's authority and its discretion to determine in any given instance where there is a conflict between an existing State and an existing Federal statute, when and under what circumstances those statutes are in "direct and positive conflict."

In other words there is adequate and ample discretion left in the Supreme Court in this area to determine when and under what circumstances there is direct and positive conflict and therefore to determine when and under what circumstances the supremacy clause of the Constitution should thus come into play and strike down State statutes. But likewise it does not permit the Supreme Court, as it has done in recent cases, to strike down a State statute regardless of the facts, that there is no statement in the legislation itself, no statement in the reports or in the discussions of the legislation as to what Congress intended, or that it intended to strike down State statutes—and therefore that the Court could do it anyway, even when there is not a direct and positive conflict between State and Federal law. That is what it does not permit the Court to do, and rightly so.

This is not a broad scatter-shot approach to this matter. This bill has rather narrow effects. It deals in a narrow area. It deals solely in the area of preemption. It deals only in a case where you have a Federal statute in existence and you have a State statute in existence. Both of them, of course, must be constitutional, so that rules out any questions with regard to constitutionality, or whether a State statute could do something in contravention to the Federal constitutional rights of an individual, for instance. Obviously it could not.

Therefore, you are dealing in an area where you have an existing constitutional Federal statute and an existing constitutional State statute. And they must be on the same subject matter. These statutes, in order to come under this bill, must also be on the same subject matter, which further limits what this bill affects. It also must be in an area where both the Federal and the State governments have concurrent jurisdiction. The significance of that is that it narrows down the effect of this legislation. It does not deal with any area and could not deal, under the Constitution, with any area involving the exclusive Federal jurisdiction, as some of the opposition, perhaps, would claim, dealing with postal matters, coining of money, and so forth. Nor does it deal in any area where the Federal Government is specifically granted jurisdiction under the Constitution, because obviously a State attempting to act in those fields would be beyond its constitutional authority.

Nor does it deal in any area where the States are denied under the Constitution power to act, such as in making treaties, compacts, levying imposts, and so forth.

There is no constitutional civil rights issue involved in this legislation. And I want to repeat that. There is no constitutional civil rights issue involved in this legislation. So far as civil rights or segregation or Brown against Board of Education is concerned, that is not involved in this legislation. Why? Because that is in an area of constitutional rights and the State statutes, the State legislatures obviously could not legislate in contravention of the constitutional rights guaranteed under the Constitution. So I am really sorry to see the opposition to this legislation dragging this issue into this debate, because it has absolutely nothing to do with it. And I tend to think that those who are suggesting that civil rights is involved are doing it with tongue in cheek, because obviously it is not involved.

Mr. Chairman, I want to point this out, that this bill has nothing to do and could have nothing to do with the constitutional question of a burden on interstate commerce. Therefore, those who are suggesting that the railroad cases are involved, and other cases concerning interstate commerce, are absolutely incorrect because it is obvious that State legislatures could not enact, and many State statutes have been stricken down and many more will be, because this bill does not affect them at all in the field of interstate commerce. This bill is not involved in the field of interstate commerce because that is a constitutional question which the State legislatures obviously could not legislate upon in contravention to the Federal Constitution. So these railroad cases are not even involved. And a reading and a study of the cases clearly indicates that those cases are not involved. I am sorry to see that issue being brought up concerning this legislation because it has nothing to do with it. I am inserting a memorandum on this point following my remarks that will fully exhaust this point.

That is an indication of how limited this bill is. But it is even more limited than that. We are talking about preemption, that the given Federal and State statutes both of which must be constitutional; both of which must be on the same subject matter; both of which must deal with the sole field of concurrent jurisdiction. It is even more limited than that. It is limited to this extent. The bill specifically provides, for the case where in fact Congress says that the Federal Government should preempt where it has power to preempt. Then, obviously, the State statute falls. That has always been the law. It is provided in H.R. 3 in the first section and it should continue to be the law. It has also been the law, or it was until about 1956 when it became apparent, the prevailing view of the Supreme Court was to the contrary, and it was also the view in the Davenport case for almost 100 years, if there is a direct and positive conflict between existing Federal and State statutes then the State statute shall fall. That is exactly what H.R. 3 says. That rule is continued. That was the prevailing rule for almost 100 years. It is nothing but a recodification of what the Supreme Court itself said for almost 100 years. It is limited, therefore, in that respect because the bill provides in those two cases in those two instances

the State statute shall fall. The only area in which it is operative is that area of cases decided largely after 1956 apparently becoming the new prevailing view of the Supreme Court where there is an effort to imply intention on the part of the Congress to strike down a State statute or preempt a State statute when, as a matter of fact, there is nothing in the legislative history and nothing in the statute itself and there is no direct and positive conflict between the Federal and State statutes. Therefore, the courts have implied an intention on the part of the Congress so to strike it down. That is the very narrow area in which this legislation operates.

Can Congress do this and does the Congress have the right to establish such a rule of construction? I think it is axiomatic that it does. But to further substantiate that position, of course, the majority report cites corpus juris secundum and Stockdale against Insurance Companies case. There should be no question but what this U.S. Congress has the right to enact a rule of construction, because in this instance in particular all the Congress is doing is saying what the Congress intends. Certainly this legislative body has that authority and in my opinion in this instance, and under this bill it has the duty to enact legislation to clarify this field. Corpus juris secundum provides:

> Since it is competent for a legislature to provide rules for construction of statutes a statute governing construction of statutes will be given effect. These provisions may be for the construction of statutes already in existence—

And I want to repeat that to those who claim that this is retroactive and therefore improper under our legislative authority—corpus juris secundum reads as follows:

> These provisions may be for the construction of statutes already in existence or for those which may be enacted in the future.

Within obviously certain constitutional restrictions which are observed in this bill. Now let me answer some of the thoughts proposed against this legislation by the opposition and I will do it in the context of what I have already said with regard to what the bill does because to determine what it does not do obviously you must first state what it does, which I have attempted to do. Now, what does it not do? These are the things which the opposition claims it does which I think clearly is provable it does not do. It is not retroactive. I say that categorically. This bill is not retroactive and obviously it could not be retroactive because this Congress could not pass under our Constitution an ex post facto law. So if those who claim that this is retroactive are really concerned they still have the protection of the Court to strike it down as I said. But it is not retroactive in effect. It obviously could not be. It is not for the further reason that it merely provides for a rule of construction to guide the courts in what? In future cases in construing what existing and future statutes might mean. It is not substantive law. It is a rule of construction. Therefore it is not retroactive. It does not and could not from a standpoint of our Constitution and the litigated rights of the parties involved—it does not and it could not change any previous decision of the Supreme Court already rendered because our Constitution would prevent it.

Of course, a litigated matter that is finalized cannot be brought up an additional time.

So it is not retroactive with regard to existing statutes, nor with regard to existing decided cases.

Second, it is not a broad, meataxe, scatter-shot approach as the opposition to this bill has said—which I would say is a suggestion made by the opposition largely for consumption back in hometown newspapers and not as a discussion of the merits of this legislation. It is not that.

I previously stated how narrow it is in effect. It is only broad enough to cover this narrow field of preemption in the very narrow area of where the Court has implied preemption was intended by Congress and where there was no direct and positive conflict between Federal and State law. It only reestablishes, in my opinion, what was the prevailing rule of law determined by the Court prior to 1956 that existed for nearly a hundred years.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. CRAMER. Can the gentleman from Ohio yield me more time?

Mr. McCULLOCH. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. CRAMER. Very briefly, Mr. Chairman, it does not create chaos and uncertaintly, but it does correct the state of uncertainty and is in conformity with the hundred years' precedents which has been recited.

Third, it is not affected by the Uphaus case. The Uphaus case merely reaffirmed the Nelson case. I want to repeat that; it merely reaffirms the Nelson case. The Court did not strike down the Nelson case. It upholds the jurisdiction of the State where there were not two laws, Federal and State, covering the same act. The Nelson case specifically stated that State laws involving different acts or sedition against State governments would stand. Obviously, the Uphaus case just reaffirmed the Nelson case and, in my opinion, as a matter of fact makes all the stronger the argument for the need of this legislation.

Fourth. H.R. 3 does not impair or in any way cripple the provisions of the supremacy clause of the Constitution, but, rather, it is intended to implement it under the rules of construction that had been established by the Court for nearly 100 years prior to the recent Nelson and Cloverleaf decisions.

Fifth. H.R. 3 makes no change in the substantive law of the United States, but proposes merely an additional rule 7 of construction for guidance of the Federal courts in carrying out their proper judicial function in this specific subject matter field of preemption.

Sixth. H.R. 3 is not an encroachment by the legislative branch upon the coequal judicial branch or the judicial function of the Court to properly interpret the law, in that Congress, of course, as everyone agrees, has the power to define the terms and provide rules of interpretation of the meaning and for the construction of any statute it has heretofore or in the future may enact.

Seventh. H.R. 3 does not in any way alter the legislative powers inherent in either the Federal Legislature or the State legislature. Nor does it in any way act as an invitation to the States to legislate in fields wherein the Federal Government has, in effect, exercised jurisdiction as a result of the State legislatures' inaction, because it merely reiterates the preemption rule of construction which was in existence for nearly 100 years prior to 1956. Of course, under those pre-1956 circumstances, legislative history shows that the existence of that rule did not then—and likewise would not now—unduly encourage State legislative action in these fields.

Eighth, the establishment of this as a rule of construction as contained in H.R. 3 would not, in my opinion, overrule or supersede decisions prior to the Nelson and Cloverleaf cases in that first: it attempts to reiterate the rule of law in existence prior to that time, and I think debate on the measure clearly establishes this to be the case in that the bill intends to prevent further implied preemption while, at the same time, leaving intact the doctrine of preemption that was in existence prior to those cases. Second: it can operate only prospectively in future cases.

Ninth, of course, H.R. 3 does not and could not affect any fundamental constitutional concept of the supremacy clause or the fifth amendment or any other provision of the Constitution. Congress could not legislate contrary to any provisions of the Constitution. The bill does not do so, because it merely provides for a rule of construction with regard to congressional intent to preempt in those areas where Congress has authority to do so under the Constitution.

Tenth, H.R. 3, contrary to many of the liberal opponents, has nothing to do with the Brown against Board of Education segregation decision, or in the field of civil rights, for the obvious reason that this decision and those rights are allegedly based upon constitutional grounds and not upon the interpretation of any legislative enactment and did not in any way involve the doctrine of preemption. I would suggest that those who are using that as an argument in opposition to this bill are doing so more or less with tongue in cheek.

Eleventh, H.R. 3 does not invite litigation, in my opinion, which has been a constant assertion by the opponents of this bill, but rather would forestall or prevent considerable litigation, because it would clarify this field and would result in fewer challenges of State statutes on the grounds that Federal laws might preempt State laws in view of the post-1956 decisions, even though there is no evidence of intention on the part of Congress so to do, and no irreconcilability between Federal and State laws. It certainly would be much less of an invitation to litigation than would be the decisions of the Supreme Court themselves since 1956 stating the doctrine of preemption by implication. As a mat-

ter of fact, I think the argument that litigation would be encouraged is far more forceful under present circumstances with the post-1956 decisions being in effect than is the argument that H.R. 3 would cause litigation, because H.R. 3 would put the issue to rest, and would provide a guide line for State and Federal courts in the future. It would bring certainty into this field. It would reestablish the rule in the Davenport case that existed for nearly 100 years.

Thus, it is obvious that it is far less disturbing, as the opponents say, for Congress to reaffirm the decisions during the 100-year period rather than to reaffirm litigated cases only since 1956. I just suggest this in addition to the fact that it is my belief that the rule of construction in existence during the 100-year period is the one that is most sound and the one that Congress would much prefer for use by the Court.

As to the effect on prior statutes, as compared to prior decisions, I suggest that H.R. 3 does not in any way modify or amend substantive law presently in existence, but merely provides a rule of construction for future cases. The bill in effect states that the rule of construction in determining congressional intent in this field of preemption which existed for a 100 years is determined by Congress to be the rule in that the Davenport rule is the one that most closely exemplifies what Congress intends when a Federal and State statute exists in a field of concurrent jurisdiction, and the question is raised as to whether or not Congress intends to preempt through Federal legislation the State laws. The argument that this bill would in effect be undertaking to speak for all previous Congresses, and trying to tell the courts what all previous Congresses intended, is fallacious in that practically all the previous Congresses acted in the light of the 10 established rules of law which is being reaffirmed and would be enacted into legislation by H.R. 3.

Thus, it is seen how fallacious the argument is that H.R. 3 would place all past laws in jeopardy or that it would create confusion. During the nearly hundred-year period Congress enacted its statutes in light of the H.R. 3 rule, and, with few exceptions, the Supreme Court interpreted legislation in accordance with that rule. Accordingly, the acts of Congress and the interpretations of the Court, with relatively few exceptions, had been in accordance with the rules of construction as proposed in H.R. 3. Thus, these cases and laws would not be disturbed, and there need be no fear of any wholesale upsetting of precedents, unsettling of the law, filing of lawsuits of reinterpretation, or that confusion or chaos would result. As a matter of fact, the opposite would be the case, whereas today with the post-1956 decisions standing without legislation similar to H.R. 3, in my opinion, would have the result of causing litigation and unsettling of the law.

Therefore, the arguments of the opponents against H.R. 3 must fall before logic and reason.

I think it is important to note that the States' attorneys general have strongly recommended legislation of this nature, as well as has the house of delegates of the American Bar Association, which is made up of 246 delegates who represent 200,000 lawyers throughout the country, who are members of the American Bar Association. It is also supported by the State supreme court justices.

I think it essential and the duty of Congress to take speedy and effective action in this field of preemption by establishing this rule of construction as contained in H.R. 3, so that the Federal Government, as well as the States and the citizens, can rely upon this as being a clear-cut expression of the intent of Congress, and what Congress intends in the future in determinations by the Court as to the effect of the supremacy clause on State statutes where existing State and Federal statutes are operative in a field of concurrent jurisdiction.

Certainly, the Nelson case, along with the other post-1956 decisions brought to light the most troublesome and burdensome results of the application of judicially inferred or implied preemption. These cases point out very clearly the risk involved that many State statutes may be similarly stricken down where Congress never intended that the enactment of Federal statutes, standing alone, should have the result of preempting State statutes on the same subject matter, and Congress, of course, as a result of these decisions, is put on notice that this is apparently the precedent which the Supreme Court intends to follow in the future even though such decisions are likely to be contrary to the real legislative intent. I think it is the duty of Congress to pass H.R. 3 and establish a clear, meaningful and definite rule of construction in this field of preemption.

MEMORANDUM ON H.R. 3

The opponents contend that passage of H.R. 3 will require canners and other food processors to prepare different products and labels to meet the requirements of each of the States. Likewise, the opponents contend that railroads and other interstate carriers will find it impossible to abide by both State and Federal regulations on the same subject.

This argument overlooks the fact that H.R. 3 by its terms will prevent the revival of State laws which are in direct and positive conflict with Federal laws. It also overlooks the fact that the Federal Constitution will prevent revival of State laws which impose an undue burden on interstate commerce.

In fact the onerous burdens, which they cite, clearly fall within either or both of these classifications.

The proponents propose, by the passage of H.R. 3, to restore the conflict doctrine of Federal preemption in place of the implied preemption doctrine frequently resorted to by the Supreme Court since the Cloverleaf [*Cloverleaf Company* v. *Patterson* (315 U.S. 148 (1942))] and Nelson [*Pennsylvania* v. *Nelson* (350 U.S. 497 (1956))] decisions.

This will permit State regulations—to be more precise, police measures—which are not in direct conflict with Federal laws and which do not impose undue burdens on interstate commerce, to stand.

In order to determine just what type of State police measures will be permissible, after the passage of H.R. 3, it is helpful to refer to the older decisions decided under the conflict theory. It is logical to assume that any State regulations, abrogated or permitted to stand under the conflict doctrine of Federal preemption, would be similarly tested under the rule of construction proposed by H.R. 3.

Thus, in the field regulated oy the Pure Food and Drug Act, the Supreme Court in 1913, in the case of *McDermott* v. *Wisconsin*, 228 U.S. 115 (1913), held that the Wisconsin law, prescribing a label for corn syrup and prohibiting all other labels, was invalid because it imposed an undue burden on interstate commerce.

It was argued in this case that the Federal Food and Drug Act had taken possession of this field of regulation.[1]

The Court held that the Federal law had not taken possession of the field but that the Wisconsin statute forbidding all labels other than the one prescribed, is invalid [2] as an undue burden on interstate commerce.

In discussing the applicable law, the Court stated:

"While these regulations are within the power of Congress, it by no means follows that the State is not permitted to make regulations, with a view to the protection of its people against fraud or imposition by impure food or drugs. This subject was fully considered by this court in *Savage* v. *Jones*, 225 U.S. 501, in which the power of the State to make regulations concerning the same subject matter, reasonable in their terms and not in conflict with the acts of Congress, was recognized and stated, and certain regulations of the State of Indiana were held not to be inconsistent with the Food and Drugs Act of Congress. While this is true, it is equally well settled that the State may not, under the guise of exercising its police power or otherwise, impose burdens upon or discriminate against interstate commerce, nor may it enact legislation in conflict with the statutes of Congress passed for the regulation of the subject, and if it does, to the extent that the State law interferes with or frustrates the operation of the acts of Congress, its provisions must yield to the superior Federal power given to Congress by the Constitution. *Texas & Pacific Ry. Co.* v. *Abilene Cotton Oil Co.*, 204 U.S. 426; *Northern pacific Ry Co.* v. *Washington*, 222 U.S. 370; *Southern Ry. Co.* v. *Reid*, 222 U.S. 424; *Second Employers' Liability Cases*, 223 U.S. 1; *Savage* v. *Jones*, *supra*, 533." [3]

However, a reasonable State statute, requiring disclosure of the ingredients in prepared foods, would be upheld under the reasoning advanced in *Savage* v. *Jones*, 225 U.S. 501 (1912) and *Standard Stock Food Co.* v. *Wright*, 225 U.S. 540 (1912). In the latter case the Iowa statute requiring disclosure of the ingredients of food for stock was upheld. The Supreme Court, in following the ruling advanced in *Savage* v. *Jones*, stated:

"It was competent for the State, in the exercise of its power to prevent imposition upon the public, to require the disclosure to which objection is made. The provision was not an unreasonable one and the effect upon interstate commerce was incidental only.[4]

It is certainly not anticipated that passage of H.R. 3 will permit the imposition of a multitude of conflicting State regulations which, for example, would require a manufacturer with a nationwide distribution to prepare different product labels for each of the 49 States.

The situations which the opponents of H.R. 3 are suggesting could only come into effect by upholding State laws which are in actual conflict with Federal laws or which contravene the Commerce Clause of the Constitution by imposing an undue burden on interstate commerce. They are suggesting a situation which to some extent,

[1] 228 U.S. at p. 127.
[2] 228 U.S. at p. 137.
[3] 228 U.S. at pp. 131, 132.
[4] 225 U.S. at p. 549.

does exist in the liquor industry. But in the liquor industry the States were granted a plenary power of regulation solely by virtue of the 21st amendment to the Constitution.

In the field of interstate carriers there is also no reason to fear a revival of onerous local regulations. A brief referral to the cases decided under the conflict doctrine illustrates this case.

For example in *Southern Pacific Co.* v. *Arizona*, 325 U.S. 761, decided in 1945, the Supreme Court held that the Arizona statute regulating the length of railroad trains had not been superseded by the Interstate Commerce Act but that it was invalid as contravening the Commerce Clause of the Constitution.

Arizona enacted as a safety measure a law forbidding the operation of trains of more than 14 passenger or 70 freight cars. The Interstate Commerce Commission on September 15, 1942, promulgated an order suspending the operation of State train limit laws.

The Court first held that enactment of the Interstate Commerce Act did not supersede State law. The Court stated:

"We are of the opinion that, in the absence of administrative implementation by the Commission, section 1 does not of itself curtail State power to regulate train lengths. The provisions under which the Commission purported to act, phrased in broad and general language, do not in terms deal with that subject. We do not gain either from their words or from the legislative history any hint that Congress in enacting them intended, apart from Commission action, to supersede State laws regulating train lengths. We can hardly suppose that Congress, merely by conferring authority on the Commission to regulate car service in an emergency, intended to restrict the exercise, otherwise unlawful, of State power to regulate train lengths before the Commission finds an emergency to exist." [5]

With respect to the safety measure as a burden on commerce, the Court stated:

"We think, as the trial court found, that the Arizona train limit law, viewed as a safety measure, affords at most slight and dubious advantage, if any, over unregulated train lengths, because it results in an increase in the number of trains and train operations, and the consequent increase in train accidents of a character generally more severe than those due to slack action. Its undoubted effect on the commerce is the regulation, without securing uniformity, of the length of trains operated in interstate commerce, which lack is itself a primary cause of preventing the free flow of commerce by delaying it and by substantially increasing its cost and impairing its efficiency. In these respects the case differs from those where a State, by regulatory measures affecting the commerce, has removed or reduced safety hazards without substantial interference with the interstate movement of trains. Such are measures abolishing the car stove, *New York, N.H. & H.R. Co.* v. *New York* (165 U.S. 628); requiring locomotives to be supplied with electric headlights, *Atlantic Coast Line R. Co.* v. *Georgia* (234 U.S. 280); providing for full train crews, *Chicago, R.I. & P.R. Co.* v. *Arkansas* (219 U.S. 453); *St. Louis & I.M.R. Co.* v. *Arkansas* (240 U.S. 518); *Missouri Pacific R. Co.* v. *Norwood* (283 U.S. 249); and for the equipment of freight trains with cabooses, *Terminal Railroad Assn.* v. *Brotherhood, supra.*" [6]

There is no reason to fear that resort to the conflict theory rather than theory of implied Federal preemption, will result in the imposition of conflicting local safety regulations on interstate carriers.

For example, as late as May 29, 1959, the Supreme Court decided the case of *Bibb* v. *Navajo Freight Lines, Inc.* The Court noted it was "not argued that there [had] been a preemption of the field by Federal regulation." [7] This case was properly decided on the burden on interstate commerce theory.

Illinois as a safety measure required contour mudguards instead of the conventional flat mudguards on all trucks and trailers operated in the State.

The Court recognized that the "regulation of mudguards is not one of those matters 'admitting of diversity of treatment.'" [8]

The Court then stated:

"A State which insists on a design out of line with the requirements of almost all the other States may sometimes place a great burden of delay and inconvenience on those interstate motor carriers entering or crossing its territory. Such a new safety device—out of line with the requirements of the other States—may be so compelling that the innovating State need not be the one to give way. But the present showing—balanced against the clear burden on commerce—is far too inclusive to make this mudguard meet that test." [9]

Not all safety measures have been declared invalid. In *South Carolina Highway Dept.* v. *Barnwell Bros.*, 303 U.S. 177 (1938) the Supreme Court upheld the South Carolina statute prescribing the weight and size of motor trucks.

In discussing valid State regulations, which have not been superseded by Federal regulations, the Court stated:

"In each of these cases regulation involves a burden on interstate commerce. But so long as the State action does not discriminate, the burden is one which the Constitution permits because it is an inseparable incident of the exercise of a legislative authority, which, under the Constitution, has been left to the States.

"Congress, in the exercise of its plenary power to regulate interstate commerce, may determine whether the burdens imposed on it by State regulation, otherwise permissible, are too great, and may, by legislation designed to secure uniformity or in other respects to protect the national interest in the commerce, curtail to some extent the State's regulatory power." [10]

In *Morgan* v. *Virginia*, 328 U.S. 373 (1946), the Supreme Court held that Virginia's statute requiring segregated seating on passenger carriers was invalid as an undue burden on interstate commerce. The Court stated:

"But this Court pointed out years ago 'that a State cannot avoid the operation of this rule by simply invoking the convenient apologetic of the police power.' Burdens upon commerce are those actions of a State which directly 'impair the usefulness of its facilities for such traffic.' That impairment, we think, may arise from other causes than costs or long delays. A burden may arise from a State statute which requires interstate passengers to order their movements on the vehicle in accordance with local rather than national requirements." [11]

This case is important for another reason. The opponents of H.R. 3 have contended that it is a veiled attempt to prevent the Supreme Court from invalidating local regulations on the segregation of the races. This is absurd. The segregation or civil rights cases have been decided under the Commerce clause or the 14th amendment. Passage of H.R. 3 could not possibly reverse any of these decisions or take away any of the power of the Supreme Court to dispose of these issues.

Only by amending the Constitution, as was done with the 21st amendment in liquor regulations, could the States be given plenary power over segregation and civil rights.

In conclusion, the fear of the opponents that passage of H.R. 3 will revive or permit a multitude of onerous and conflicting State regulations, is not well founded. The Supreme Court for a great many years resolved these conflicts as they arose, as these cases demonstrate, under the rule of construction which we are attempting to reinstate through pasage of H.R. 3. To claim that H.R. 3 will unsettle a large body of existing law, or permit the growth of onerous and conflicting State regulations, is an admission of a complete misunderstanding of the problem involved.

Mr. CELLER. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I rise to support H.R. 3. I supported this legislation wholeheartedly when it passed the House last year. The country, the Government and the people need this legislation.

The U.S. Supreme Court some years ago embarked upon a program of usurping legislative functions and of amending the U.S. Constitution. It has proceeded boldly with its pattern of attempting to make the law what its members think the law should be instead of handing down decisions which conform to the law as it is. These nine men, through the writing of so-called judicial decisions, have been undertaking to rewrite portions of the U.S. Constitution and to remake that document according to their own muddled, sociological beliefs and philosophies, instead of supporting it and defending it as their oath of office requires and binds them to do.

The Court has literally run wild in nullifying and destroying the safeguards against Communist activities and infiltration which have been provided by Congress and its various committees, by the States, by the Federal Bureau of Investigation, by the Subversive Activities Control Board, and by other Federal and State departments and officials.

The legislation now under consideration was prompted largely by the far-reaching decision in the case of Pennsylvania against Steve Nelson. However, that is only one of a long series of Supreme Court decisions striking down in many ways safeguards which have been erected to protect our Government, our country and our institutions against subversive activities and Communist infiltration.

The list of these decisions favorable to Communists and Communist subversive activities is much too long to be set out completely here.

To confirm my position in support of this bill, it is only necessary to cite some of these Supreme Court opinions. I point to the decision in the case of Communist Party against Subversive Activities Control Board, in which the Court reversed the case in which the Subversive Activities Control Board found that the Communist Party of the United States was a subversive organization and required it to register as such, although the Court in that decision refused to pass upon the constitutionality of the Subversive Activities Control Act of 1950. In the case of Yates against United States, with which most of us are fa-

[5] 325 U.S. at p. 765.
[6] 325 U.S. at p. 779.
[7] Proofs, p. 4.
[8] Proof, p. 10.
[9] Proof, p. 10.
[10] 303 U.S. at pp. 189, 190.
[11] U.S. at pp. 380, 381.

miliar, the Court freed absolutely five Communist Party leaders, and reversed convictions of nine others, for a total of 14 top-ranking Communists whose convictions were reversed. The case of Cole against Young was one in which the Court held that the Government could not discharge a Federal employee for security reasons unless that employee was in what is known as a "sensitive position." Prior to that time, the Court in the Judith Coplon case had found ways and means to free another Communist spy who was employed in a sensitive position, and who was caught redhanded delivering important secret information to a Communist agent.

In the case of Service against Dulles the Court nullified the efforts of the State Department to rid itself of a subversive who was undermining our security with reference to secret military plans.

In the case of Slochower against the Board of Education of New York the Court nullified the action of that local board of education which was endeavoring to protect its schools, its pupils, and its people from Communist subversion by discharging a teacher who took the fifth amendment and refused to answer questions about his Communist activities.

In the case of Sweezy against New Hampshire the Court restricted investigation into subversive activities by holding that the attorney general of New Hampshire could not ask Sweezy, who was a lecturer at the State University, questions concerning subversive activities and Communist beliefs.

In the case of Schware against Board of Examiners of New Mexico the Court denied the right of the New Mexico Board of Bar Examiners and of the State supreme court the right to refuse a license to practice law to a former member of the Communist Party, and in the case of Konigsberg against State Bar of California the Court denied the bar examiners and State supreme court in that State the right to refuse a license to practice law to one who declined to answer questions about his alleged Communist Party membership.

In the case of United States against Witkovich the Court held that the U.S. Attorney General had no right to ask Witkovich, an alien, under order of deportation, whether he had attended any meetings of the Communist Party in the United States after he was ordered to be deported.

In the case of Watkins against United States the Court held that the House Committee on Un-American Activities could not require an admitted Communist to name his Communist associates, even though the witness did not invoke the fifth amendment.

In the case of Raley against Ohio the Court set free three men who had refused to answer questions put to them by the State Un-American Activities Commission regarding their Communist activities.

In the case of Flaxer against United States the Court freed the defendant from contempt charges based upon his refusal to produce records of alleged Communist activities under subpenas issued by the Senate Internal Security Subcommittee.

In the case of Kent against Dulles the Court held that the State Department could not require every applicant for a passport to file a non-Communist affidavit.

In the case of Dayton against Dulles the Court held that the State Department could not refuse to issue a passport to a research physicist who had lived for 8 months with a Communist who was involved in the Julius Rosenberg spy network, and who was going to work in India with another Communist who had recently renounced his American citizenship.

The Supreme Court has always been able to find a way to save Harry Bridges from deportation and to prevent his conviction of any offense growing out of his pro-Communist and subversive activities.

These are by no means all of the decisions by the Supreme Court striking down and nullifying anti-Communist safeguards.

The apparent determination of the Supreme Court to tie the hands of the House Committee on Un-American Activities, of the Senate Committee on Internal Security, of the Federal Bureau of Investigation, of the State Department and other Federal agencies and departments, of the State courts and State legislatures, and the apparent determination of the Court to nullify the efforts of all those who are striving to stamp out this dangerous menace in our country, has created great concern and alarm from one end of the country to the other.

Such respected organizations as the Association of State Supreme Court Justices, and the house of delegates of the American Bar Association, have called attention to the need for legislation to remedy the effect of Supreme Court decisions in cases involving National and State security, and with particular reference to Communist activities.

The decisions of the majority of the Court have even in some cases brought severe condemnation by other members of that Court, and I call particular attention to the remarks of Justice Clark regarding the majority opinion in the notorious case of Communist Party against Subversive Activities Control Board. The Court's action was so shocking in that case that Justice Clark uttered one of the most stinging criticisms ever directed at the Court. In a dissenting opinion he said:

> The Court now says the court of appeals erred in its denial of the motion and remands the case directly to the Board for it to determine again the credibility of these three witnesses. It refuses to pass on the important questions relating to the constitutionality of the Internal Security Act of 1950, a bulwark of the congressional program to combat the menace of world communism. Believing that the Court here disregards its plain responsibility and duty to decide these important constitutional questions, I cannot join in its action.
>
> I have not found any case in the history of the Court where important constitutional issues have been avoided on such a pretext. * * * The action today is taken merely for delay and can result only in the Board reaffirming the action. In fact it so advised the court of appeals and that court found all of the testimony of the questionable witnesses were supported by "masses of other evidences." * * *
>
> This proceeding has dragged out for many years now, and the function of the Board remains suspended and the congressional purpose frustrated at a most critical time in world history.

The decisions of the Supreme Court since 1939 have enabled such persons as Harry Bridges, Judith Coplon, William Remington, Steve Nelson, and many more of the same stripe to thumb their noses at duly constituted committees of Congress, at the courts, at the Federal Bureau of Investigation, at the Subversive Activities Control Board, and other Federal agencies, and at State courts and State legislatures.

It is long past the time to curb this Court in its orgy of usurpation of legislative authority and in its obvious plan to make over the Constitution of the United States to suit the warped and perverted ideas of the group who now sit in the chairs in that Court. This legislation is long overdue. I certainly hope that the Congress will rise to the occasion and enact this legislation, and follow it up with legislation to correct the decision in the Mallory case, in the Cole against Young case, and in the other cases where this Court has beyond any doubt overstepped its jurisdiction and undertaken to usurp legislative functions which do not belong to it.

Mr. CELLER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, the legislation under consideration is most difficult to oppose because of the implications that the sponsors raise as to what it would do. The thing I am disturbed about is my inability to determine just exactly what this legislation will do and how far-reaching it is. I have yet to hear an explanation of the purpose for the enactment of this legislation.

It is opposed by the Attorney General which, of course, proves nothing in itself. However, the Deputy Attorney General testified before the Committee on the Judiciary. I just looked at his testimony a moment ago, and it is most persuasive.

The enactment of this legislation was opposed by counsel for the CIO–AFL, Mr. Harris, who, in my judgment, is one of the finest lawyers who has ever testified before the Judiciary Committee. I recommend to you the statement made by the Deputy Attorney General and by Mr. Harris.

Nobody could accuse me of attempting to prevent action from being taken because of improper decisions made by the Supreme Court. In that connection I was interested this morning in seeing a very fine column by Mr. Sokolsky concerning Justice Frankfurter, in which Mr. Sokolsky said:

> Whenever a Supreme Court decision comes down these days, the question arises: Where does Frankfurter stand? The Court is evenly divided 4-4 with Justice Frankfurter really in the deciding position. The division is not between Conservatives and Liberals, as is so often suggested, but between lawyers and sociologists, which makes such a great difference.

The four sociologists are Chief Justice Earl Warren, and Justices Black, Douglas, and Brennan. They apply a doctrinaire attitude toward the law which is not in the law at all but which arises out of their social consciousness, whatever that may be. The lawyers, Justices Clark, Harlan, Whittaker, and Stewart, feel that it is the function of the Congress to legislate; that it is the function of the Supreme Court to adjudicate cases that come before the Court, not to make the law but to interpret it, to give it meaning.

In a series of what have come to be called the Communist cases, the Supreme Court broke down many of the acts passed by Congress governing subversive matters. This was particularly true in the Watkins case, the Jencks case, the Sweezy case and altogether 24 cases to which a committee of the American Bar Association called attention in a special report.

NEW CASES

Now before the Supreme Court came two new cases, *Barenblatt* v. *United States* and *Uphaus* v. *Wyman*. The Barenblatt case is particularly significant. Lloyd Barenblatt had been a psychology professor at Vassar. He had been identified by a witness before the House Committee on Un-American Activities as having been a member of a Communist group at the University of Michigan between 1947 and 1950. What a Communist group is, I do not know. Usually such groups or associations are related to the Communist Party.

Barenblatt did not deny the accusation nor did he plead the fifth amendment. He refused to answer questions put to him and was therefore held in contempt.

In his case before the courts, Barenblatt argued that his rights under the first amendment were infringed, that the committee's powers were vaguely stated and that a congressional committee had no right to question his beliefs.

Barenblatt lost his case before the Supreme Court of the United States because on a question of law, Frankfurter voted with the lawyers. Similarly in the Uphaus case, Frankfurter voted with the lawyers.

Justice Frankfurter is essentially a lawyer, a teacher of law in the most distinguished law school in the United States. It is true that those of us who are conservatives read into his opinions a growing conservatism. That is perhaps an exaggeration of the fact, which is that Justice Frankfurter respects the law, respects due process, and believes 'n our tripartite form of government.

Long before he became a Justice of the United States Supreme Court, he wrote defending the investigative function of congressional committees. As a liberal and a teacher of the law, he respected the right of Congress to obtain information concerning the United States. As a lawyer, he has sought a realistic and logical interpretation of the law.

Justice Frankfurter has been depicted by many conservatives as a radical, a Communist, all sorts of things. Yet, in his decisions nothing ever appears to justify such epithets. He is, in the present Court, perhaps the most rigid adherent of constitutional and congressional government. His vote in the Barenblatt case definitely puts him on the side of the law and the acts of Congress. He removed himself from those of his brethren who prefer to use the court as an extralegislative agency, a legislative body which applies sociological rather than legalistic standards.

Should the Court continue to have a series of 5–4 decisions, Frankfurter's position becomes pivotal for another reason. He is 76 years old. For several years it has been expected that he would resign. He has not resigned, perhaps because he is not happy with some appointments that have recently been made to the Supreme Court Bench and he might even suspect who his successor might be.

Nothing can be done to force him to resign. By remaining on the bench, he may save the Court from whimsical sociological decisions unrelated to the law. However, while he is on the bench he is not likely to be swayed by men whom he must regard as lesser lawyers.

Now, those, of course, are the facts, and it was because of the decision of the Supreme Court in the Nelson case that many of us voted for H.R. 3 in the last Congress. That reason no longer exists because the lawyers on the Supreme Court prevailed. The Supreme Court in the Uphaus case made it abundantly clear that this legislation is not necessary and that section 2 of this bill is merely surplusage.

I would like to call your attention for a moment to clause 2 of article VI of the Constitution:

> This Constitution and the laws of the United States which shall be made in pursuance thereof shall be the supreme law of the land, anything in the constitution or the laws of any State to the contrary notwithstanding.

This clause, which is known as the Supremacy Clause, embodies constitutional principles, and it seems to me that a mere cursory examination of this section makes it abundantly clear that if the courts do what the proponents of this bill are talking about, then that action would be stricken down immediately.

I think that this is the most dangerous bill that has been reported out of the Committee on the Judiciary, not because of what it says but because of what it does not say. Nobody knows what its ramifications may be. It is all right to talk about ex post facto laws, and even then, I do not know exactly what the application is on the civil side, but if a law is enacted today, and on tomorrow the same law is enacted after the enactment of H.R. 3, then I am sure another set of circumstances goes to the Supreme Court.

You can talk about its not being retroactive, about its not being applicable to any of the present body of the law, all you please, but the moment H.R. 3 is enacted into law, then a different situation is created, and all the body of law on the statute books today is immediately affected thereby.

It seems to me that if the enactment of this legislation will not create chaos, then it will certainly create something very close to it.

I urge the House to reject this bill.

Mr. McCULLOCH. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. DEVINE].

Mr. DEVINE. Mr. Chairman, although I am not a member of the Committee on Judiciary, I feel I am compelled to speak in support of this bill for several valid reasons.

First, I believe it is necessary that we establish certain basic concepts of the various divisions of Government, the responsibilities of Congress, and the Supreme Court.

The Constitution is the basic document outlining the powers of the various branches of the Government and the Constitution grants to Congress the authority to act in certain fields. It specifically reserves to the States and to the people all powers not specifically granted to the Congress by virtue of the 10th amendment, the reservation of powers amendment.

The Supreme Court has the duty to interpret the laws enacted by Congress and also to apply the test of constitutionality to any enactment.

With these basic thoughts, I wish to also state that while I have respect for the Supreme Court, it does not prohibit me from criticizing or being critical of specific decisions.

As a Member of Congress, I feel it is my duty, when I am convinced that the interpretation of the congressional intent as announced by the Supreme Court is contrary to the intent of Congress, to define this intent in such terms that there can be no mistake about the purpose of the laws enacted.

Since H.R. 3 proposes to define the intent of Congress in legislation which it enacts for the benefit of the Court in interpreting such legislation, I fail to see where such expression of intent can be construed as an affront to the Supreme Court. Section 1 of H.R. 3 merely states that there is no overall intent of Congress to preempt any field in which it enacts legislation unless there is a specific statement to that effect, or unless there is a direct and positive conflict between such acts and the State laws so that the two cannot be reconciled or consistently stand together.

Section 2 specifically has to do with legislation dealing with criminal penalties for subversion or sedition and the ability of States to enact and enforce comparable State laws. While a member of the Ohio Legislature, I was the author of the Ohio Subversive Activities Control Act which, for all intent and purposes, was rendered ineffective as a result of the Supreme Court's decision in the Nelson case. I feel the main purpose of H.R. 3 is directed to this subject and I am convinced that the States have and retain power to enact legislation on sedition and subversive activities. I do not feel it was the intent of Congress when it enacted the Smith Act to preempt the field of sedition any more than it was its intent in enacting the Lindbergh law to preempt the field of kidnaping.

There are many criminal acts which are criminal both under Federal and State laws, and as a former prosecuting attorney, I enforced a number of State criminal acts through prosecution without direct conflict with Federal criminal statutes.

Drawing on my personal experience as a former prosecuting attorney, the State of Ohio some years ago enacted some very stringent laws relating to violations of the narcotics statutes, and the Federal agents used that Ohio statute rather than the Federal statute because the penalties were more severe and, I might say, we had a wholesale exodus of narcotics violators from the State of Ohio after they adopted that practice.

In the specific field of labor relations, I believe that H.R. 3 is directed primarily to the decision in the Guss case and even though the Court has in previous cases stated "the Labor Management Relations Act leaves much to the

States, the Congress has refrained from telling us how much." Then in their decision in the Guss case, they state, "Congress' judgment must be respected whatever policy objects there may be to creation of a no man's land. Congress is free to change the situation at will."

H.R. 3 is an expression of Congress' intent to change this situation and to respect the rights of the States to retain power to provide labor management legislation in areas not directly affecting interstate commerce or of a purely local nature.

Although I have received a number of letters raising the civil rights issue in this proposed legislation, I do not feel H.R. 3 is directed at civil rights legislation. I do not see how Congress by any congressional enactment could offset the rights guaranteed under the 14th amendment, and the Supreme Court will always have the authority and the power to review any legislation in the light of this amendment. If it is in direct conflict obviously the constitutional provisions will govern and any attempt to subvert this amendment would be unconstitutional and ineffective.

Mr. McCULLOCH. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, H.R. 3 presents a basic, far-reaching, constitutional issue, namely, Federal preemption and dual sovereignty.

Justice Cardozo, in *Schechter Poultry Co.* v. *United States* (295 U.S. 495 (1935)), made a very penetrating observation upon the peculiar political system of dual sovereignty created by our Constitution by means of which we have managed to maintain the maximum of control of governmental policies in the people themselves. Justice Cardozo said, "If centripetal forces are to be isolated to the exclusion of the forces that oppose and counteract them, there will be an end to our Federal system."

It is my belief that the doctrine of preemption by the Federal Government of fields of concurrent legislative jurisdiction is the vehicle through which the Federal Government may assume legislative control of all fields of Government and obliterate the sovereignty of the States and reduce them to geographical subsidiaries of the Federal Government. This situation is possible because of three provisions of our Constitution and the doctrine of preemption as expounded by the U.S. Supreme Court in *Pennsylvania* v. *Nelson* (350 U.S. 497 (1956)).

Article II of the Constitution vests in the Congress certain express grants of legislative authority which are enumerated and a general grant of power to "make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof."

Article VI of the Constitution provides as follows:

> This Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding.

The 10th amendment, the last of the so-called Bill of Rights, provides as follows:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Thus, the framers of our Constitution created a unique situation, which so far as I know is not duplicated in any other government, of having two sovereign governmental organizations operating upon the same geographical territory and the same population. Each sovereign government, however, had authority exclusive to the other in its respective field.

I believe that the framers of our Constitution did not expect there would be any overlapping or conflict of authority. The difficulty and the existence of the conflict and overlapping arises from the fact that words are imperfect instruments and cannot clearly measure the boundaries of governmental authority.

It has been the task of the Supreme Court in applying these broad concepts through the years to attempt, in decisions on specific cases arising out of specific factual situations, to develop greater clarity and meaning than can be gained from the phraseology of the Constitution itself. The concept of regulating commerce between the States and with foreign nations or the concept of promoting the general welfare are so broad that they might be stretched to cover almost any activity.

The doctrine of preemption relates only to areas of overlapping jurisdiction. It holds that Congress, by taking action in a field in which both the States and the Federal Government may legislate, has preempted the entire field and the States may not validly legislate in such field. This doctrine, liberally applied, will result in an accretion of power to the Federal Government and a corresponding loss of power by the State governments.

The Nelson decision of the United States Supreme Court merely upheld a decision of the Supreme Court of Pennsylvania invalidating a statute of the State of Pennsylvania passed in 1919 prohibiting activity designed to overthrow the Government of the United States or of any State or subdivision thereof. The Supreme Court of the United States said the Pennsylvania court correctly held that in passing the Smith Act and other acts dealing with subversion the Congress had indicated an intent to take over the entire field of subversion and thus had preempted that field to the exclusion of the States even though the State's statute was in harmony with the Federal law rather than in conflict with it.

In the Nelson case the Supreme Court conceded that "Congress has not stated specifically whether a Federal statute has occupied a field in which the States are otherwise free to legislate." Ordinarily, where legislative intent is ambiguous in the terms of the statute, courts will resort to the reports of committees and to floor debate to ascertain Congressional intent. Strangely, however, in the Nelson case, the Supreme Court, instead of resorting to legislative history, cited a message of the President and a speech of the Director of the Federal Bureau of Investigation, and upon this foundation determined that Congress had intended to preempt the entire field of subversive activities with respect to the Federal Government.

H.R. 3 rather simply declares that unless the Congress expressly indicates an intent to preempt an entire field of legislation, such an intent shall not be presumed or inferred by the Court. It is clearly within the power of the Congress to declare what its intent is.

It seems to me that the matter of policy involved here would require those who favor the maintenance of the vigor, vitality, integrity, and authority of State governments to vote in favor of H.R. 3. Those who believe that self-government at the State and local levels is obsolete and that all problems must be dealt with on a national basis will, of course, vote against H.R. 3.

My record has been clear.

I have often called attention to the swift accretion of power in the past three decades to the Federal Government at the expense of the State and local governments and the gravitation of power in the Federal Government away from the legislative into the executive branch of the Government. I have pledged to resist this trend because I believe it is in the direction of totalitarian bureaucratic government. I happen to be one who has faith that democracy can still function effectively in our modern, complex society and preserve the maximum of freedom of decision in the citizen and preserve the maximum of participation in governmental decisions by the individual.

Many business concerns operating in a variety of States such as common carriers and food and drug industries fear that H.R. 3 may revive State and local laws relating to health, safety and honesty with respect to advertising claims which, because they vary from State to State may make it difficult and costly to comply with varying State requirements to the point possibly of depriving interstate business concerns of some of their existing remarks. This fear is based upon the belief that under the preemption doctrine States have refrained from enacting or enforcing differing local requirements because nationwide standards have been established by Federal legislation and the rules and regulations and administrative interpretations by the respective Federal agencies charged with enforcement of the Federal laws. It is pointed out that even though the Federal act and the State act are identical in phraseology, administrative interpretations of the language in actual enforcement of the law will vary as between the Federal Government and the State governments.

I do not believe that this fear by interstate business concerns is a captious one and concede that it is likely that litigation will ensue to determine the meaning and scope of H.R. 3 applied to specific factual situations.

During the consideration of H.R. 3 by the Judiciary Committee in the preparation of its report and in this debate on the floor of the House I have done and will do my best to write legislative history to minimize the danger of throwing costly and possibly prohibitive burdens upon nationwide industries. For example, when the author of the bill, the Honorable HOWARD SMITH of Virginia, appeared as a witness before the House Judiciary Committee, I raised this question as shown in the following passage on page 26 of the committee's hearings:

Mr. MEADER. I want Judge SMITH, as author of the bill, to comment on the testimony of Judge Walsh with reference to the rash of litigation and revival of State regulatory laws which might be onerous upon carriers and food and drug concerns and others operating in various States, whether by differences in labeling requirements, weights, and measures, things of that character. I would gather from knowing you that you do not intend to create any onerous burdens on interstate industries. Am I correct?

Mr. SMITH. That is very far from my intent. I do not think it would. I think those who oppose this bill have dreamed up a lot of nightmares about it that I do not think would ever happen. I think the language of the bill is so clear on its face. Judge Walsh says this does not change the law. If it does not, I do not know what all this shouting is about.

In addition, at my request, the following paragraph was included on page 9 of the committee's majority report:

It is argued that H.R. 3 may have the effect of giving validity to State regulatory laws which could be onerous and costly to nationwide industries doing business in many States. The committee believes that this argument is not well founded and does not intend H.R. 3 to create such onerous burdens on interstate industries.

I sought to elicit from the representative of the Justice Department, Lawrence E. Walsh, Deputy U.S. Attorney General, who expressed the fear referred to above, whether the consequences could be avoided by amending H.R. 3 or fortifying its legislative history as set forth in the following passage from pages 15 and 16 of the committee's hearings:

Mr. MEADER. This brings me to my final question. Conceding there is that possibility and that there is need for some kind of legislation in this field, is there any way that H.R. 3 either could be amended in the terms of the bill itself or could be fortified by its legislative history so as to prevent this confusion and ambiguity with respect to the regulation of industries operating in various States?

Mr. WALSH. I respect your question. We have given a great deal of thought to it. My honest feeling is it cannot. It is an attempt to do the impossible, that we cannot in a few sentences or by simple rule of construction add clarity to the field.

Mr. MEADER. You do not think there could be incorporated in the committee's report anything that would minimize the possibility of placing onerous burdens on carriers or food and drug industries or others finding themselves required to comply with revived State laws?

Mr. WALSH. I do not think you could put anything in the report which would eliminate this litigation which I foresee. Everybody who disagrees with an administrative ruling will have to test it out. Their lawyers will say Congress has done something and we will start a lawsuit to see if we can get a change.

Mr. MEADER. You have tried to prepare such language and have been unsuccessful?

Mr. WALSH. Congressman Hyde last year worked out an amendment with Judge SMITH to attempt to minimize the impact. I said very frankly if we were going to attempt to work with a single sentence, I could not suggest any improvement, but the whole point is that no one sentence can solve this problem. All this sentence does is state the problem. It does not solve it. It does not tell the Court when there is a direct or positive conflict, which is the nub of the whole problem.

Conceding as I do that H.R. 3 may give rise to certain confusion with respect to the limits of State regulatory action, I am bound to point out that confusion exists under the state of the law at present because of the sweeping expansion of the doctrine of Federal preemption by implication announced in the Nelson case. In a sense, that doctrine has cast doubt upon and undermined thousands of State laws and municipal ordinances enacted under the police powers of the States. Any defendant seeking to avoid compliance with safety, health, and fair business dealing standards solemnly adopted by States and municipalities for the protection of their citizens increasingly will shield themselves behind the Federal doctrine of preemption, and if successful, the powers of States and municipalities to protect their citizens will be sharply curtailed if not, indeed, wholly destroyed.

An excellent example in point is the *Kansas Packing Co., Inc.* v. *The City of New York*, decided July 8, 1955, in the New York Court of Appeals, volume 309 New York Reports, page 696. A declaratory judgment was sought to declare a municipal ordinance void which prohibited sale of adulterated pickled beef defining adulteration as containing "added water greater than 10 percent of the weight of the meat," where the United States Department of Agriculture regulations prohibited adding more than 20 percent increase in weight of the finished cured product over the weight of the fresh uncured briskets. The courts by holding that only that meat packed by plaintiff within the State of New York was subject to regulation by the municipal ordinance struck down the law in its application to meat brought into the State of New York from outside.

Undermining State laws by the Federal preemption doctrine gives rise not only to confusion and attendant litigation but has ramifications of even graver consequence. It may well be argued that Federal legislation, whose entry into the field of protection of the health, safety and honest business dealings is of comparatively recent origin, was enacted in the light of existing State law and municipal ordinances seeking only to supplement such State regulatory activities with respect to services and products in interstate commerce. To hold now that because the Federal Government has acted in these "fields of legislation," whatever that phrase may mean, would result in striking down State protective activities and thrust upon the Federal Government the alternative either of expanding its staffs of inspectors and enforcement officers or of leaving the public of the United States unprotected. This obviously would be a bonanza for the sharp trader.

Following out this line of thought, I sought to ascertain the number of State and local officials engaged in the enforcement of State and local laws in these fields. I had in mind sealers of weights and measures, inspectors of State departments of agriculture, State and local health officials and others similarly engaged, and to make some estimate of the total cost now being borne by State and local governments to provide these services.

I was unable to obtain a reliable estimate of the number of such officials or the total cost of their salaries and supporting personnel and facilities. It is obvious that the sum would be very substantial.

Assuming that the Federal Government could perform these services as efficiently and economically as they are now being performed by the States some idea of the additional cost transferred to the Federal Government to perform these services might be obtained. H.R. 3, by preserving the vigor and vitality of State and local protective activities will avoid not only adding such cost to the already overburdened Federal taxpayer, but would also keep such enforcement activities on a local level vastly more amenable to scrutiny and approval or disapproval of the people themselves.

Mr. Chairman, I want to discuss some points with respect to this legislation which have been raised during this debate that I do not believe have been satisfactorily answered.

First of all, the question was raised, "What is the need for this legislation?" It is alleged that H.R. 3 will create confusion in the law and bring on a rash of litigation before its effect and scope can be fully determined and applied. I would say the need for this legislation is the existence of the doctrine of implied Federal preemption as expounded in the Nelson case and reiterated again in the Uphaus case.

Now, just what is the effect of the Nelson doctrine of preemption by implication? I think first of all we have got to square away the area that we are talking about. No State may pass a law in contravention of the Constitution of the United States, and if we wanted to, by H.R. 3 or any other law we pass, we could not make such State laws constitutional which would otherwise be unconstitutional.

Second, and this is just as clear as it can be, under article VI of the Constitution the laws passed by the Congress of the United States which are constitutional are the supreme law of the land. That is provided in the Constitution, so that we again, by a simple law, such as H.R. 3, may not in any way diminish the vigor and the vitality of any law passed by the Congress of the United States which is constitutional.

I raised that point during the committee hearings with Judge Walsh, Deputy Attorney General, who testified on behalf of the Department of Justice and asserted that H.R. 3 would raise doubt about the authority of officials admin-

istering the laws the Congress has passed. In my judgment, the authority of the Food and Drug Administration, of the Interstate Commerce Commission, of any agency created by Federal law will be just as valid and just as vigorous and just as vital after H.R. 3 becomes law as it is today.

Now, what does H.R. 3 do? H.R. 3 deals only with fields of legislative jurisdiction or subject matter in that narrow area where both the Federal Government may constitutionally legislate and where the State government may constitutionally legislate and where, both a State and the Congress have legislated. And in that area—you might call it the gray area of concurrent jurisdiction—the doctrine of preemption says this: That where the Federal Government has acted in a field of legislation, the Court may presume, although not clearly expressed by the Congress, an intent that the legislation adopted by the Federal Government is all the legislation there should be in that field; notwithstanding the fact that the State, before the Congress acted, had a perfect constitutional right to legislate in that field, and notwithstanding the fact that the State law is not in conflict with—but perhaps in harmony with—the Federal legislation in that field. But since the Federal Government has seen fit to act, it is reasoned by the doctrine of preemption, that where the Federal Government has been silent, the Congress does not want any additional legislation in that field, and, therefore, because of that implication, no State may validly legislate in that field.

Now, this leads me to the reason for H.R. 3 and the need for it. The opponents of this measure say that there will be confusion in the law after H.R. 3 is adopted. I say there is confusion in the law right now because of the preemption doctrine as expounded in the Nelson case. Every State law in this field of concurrent jurisdiction now is under a shadow of doubt of its validity and the authority of officials the States are employing to enforce these laws designed for the protection of the health and safety and the honest business dealings of their citizens is now undermined as long as the doctrine of implied preemption, as expounded in the Nelson case, exists. Defendants seeking to avoid compliance with the State and local laws and regulations designed to protect the health and safety of the people or to prevent misleading and dishonest business dealings, increasingly will raise the doctrine of Federal preemption to avoid complying with these laws set up by the States and municipalities to protect their citizens.

That is the need for this legislation, because the State's authority to act in these fields is now under a cloud of doubt and H.R. 3 will move in the direction of clarifying the legal situation in this field of concurrent jurisdiction and making clear what is now obscure.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Louisiana.

Mr. WILLIS. Mr. Chairman, I want to compliment the gentleman for his very fine exposition of the situation and his explanation of this bill. The gentleman just commented on the Nelson case. He agrees, does he not, that the Uphaus case does not change this situation?

Mr. MEADER. The Uphaus case merely reaffirms the Nelson doctrine. And that leads me to use the Nelson case as an illustration of the damage we may do by failing to pass H.R. 3.

States and municipalities for a long time have sought to protect their citizens from actions of sharp traders. I say to my friends from New York who oppose this measure that a municipal ordinance of the City of New York was struck down by New York courts on the doctrine of Federal preemption. The Kansas Packing Co. was permitted to comply with the Federal standard of 20 percent of water in canned beef when the municipal ordinance of the City of New York provided that water content could not exceed 10 percent. I am saying that there are many services that are conceived by States and municipalities to be of benefit to their citizens, which will be impaired, if not wholly prevented by the extended application of the Nelson preemption doctrine. When you put these State and local officials out of business what is going to happen? You are going to have one of two alternative results. Either the public will go unprotected or the Federal Government will have to expand tremendously its staffs of inspectors, policemen and other enforcement officers to provide the public service that is now being rendered by States and municipalities.

Now, what does that mean in terms of added personnel and the cost of these salaries and supporting facilities? I tried to get the Legislative Reference Service of the Library of Congress to tell me how many people the States and municipalities employ today to protect the health and safety of their people and to help prevent dishonest business dealings. It could not come up with the slightest kind of answer.

Let us take one field as an example. Let us take the field of subversive activities. The Nelson decision as reaffirmed in the Uphaus case said this: The States may validly prevent subversion against the State of New York or against the State of Pennsylvania but they may not make it a crime to advocate the overthrow of the Government of the United States. Why? Because Pennsylvania has no legitimate interest in the preservation of the Government of the United States? No, not for that reason. I think the Court must concede that the State of Pennsylvania has an interest in the preservation of the Government of the United States of which the State of Pennsylvania is as much a part as is the Federal Government here in Washington.

The guarantee of a republican form of government for a State rests upon the Constitution of the United States; a State's authority is derived from the Constitution of the United States and from its citizens, and it is a part of the Government of the United States. It has a right to protect its existence by making it a crime to overthrow the Government of the United States or any part thereof by force and violence. The Supreme Court did not say that it was none of the business of the State of Pennsylvania to try to protect itself in that fashion. What did it say? It said since the Congress passed the Smith Act in 1940 that area of protecting the Federal Government or the Government of the United States as distinct from the State of Pennsylvania had been preempted by Federal legislation, and, therefore, a statute of Pennsylvania passed in 1919 was no longer valid and anyone could defy it with impunity.

The result is that in the field of subversive activities we have only one agency to protect us. We have the FBI with 6,000 agents and a total personnel of 14,000, including their clerical force. But what did we have before Nelson? I sought and I got some Census Bureau figures today which show that as of last October the States, counties, and municipal governments had 316,000 employees, public employees, engaged in law enforcement activities, including clerical people.

Until the Nelson decision we had the facilities of all of the States and their State police officers and the county sheriffs and city police departments and all the facilities of the State courts and all the State law enforcement procedures available to counteract subversive activities. But the Nelson case reduced our force to 14,000 people in the FBI.

That same principle applies to every State law, city ordinance, and regulation designed for the protection of the health and safety of our people and to prevent dishonest business dealings. If it is not a concern of this Congress to prevent reduction of the force of people who are protecting the health and safety of the American people similar to the reduction that was made as a result of the Nelson case in protecting us in the field of subversive activities, then I do not know what should arouse us to take action.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New York.

Mr. LINDSAY. I would like to ask the gentleman from Michigan one question. First of all, can the gentleman tell me how many actions have been brought in the States other than the Nelson case itself in the State of Pennsylvania which alleged seditious conduct against the United States?

Mr. MEADER. I cannot answer that question.

Mr. LINDSAY. The truth is that the Nelson case stands by itself; is that not correct?

Mr. MEADER. I do not know, but I think the Nelson case was one instance where the State of Pennsylvania sought to use its State law to prevent subversive activities. The gentleman is asking me if I have reviewed all the State actions in the antisedition field or in treason cases.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McCULLOCH. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. HOFFMAN of Michigan. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. HOFFMAN of Michigan. Mr. Chairman, I withdraw the point of order.

The CHAIRMAN. The gentleman from Michigan [Mr. MEADER] will continue.

Mr. MEADER. Mr. Chairman, the fears of the results that will come from application of the Nelson doctrine of preemption by implication in my opinion are justified. That is the inevitable result of striking down State laws and municipal ordinances and putting out of business public officials now engaged in protecting the public. Look to what lengths the Supreme Court went in the Nelson case to find a legislative intent to preempt the field of antisubversive legislation.

Does anyone who has served in this House with the gentleman from Virginia [Mr. SMITH] have the slightest idea that the gentleman from Virginia thought when he became the author of the Smith Act in 1940 that he was going to put out of business all of the State laws then in force or that might thereafter be enacted, designed to protect us from antisubversive activities? Anyone knows that that was farthest from his mind.

In a colloquy when this bill was up last year the gentleman from Virginia [Mr. SMITH] confirmed that fact. I asked him if there was any legislative history on the Smith Act which would show what the intent of Congress was.

I have in my hand a passage from the CONGRESSIONAL RECORD of July 29, 1939, page 10452, where the gentleman from Kentucky, Mr. May, was discussing this question with the gentleman from Virginia [Mr. SMITH]. I quote from that debate the following:

> Mr. MAY. Mr. Chairman, will the gentleman yield?
>
> Mr. SMITH. I will be pleased to yield to the gentleman.
>
> Mr. MAY. I notice that the title just offered as an amendment provides penalties for conspiracy to overthrow the Government or to assassinate officers, or things of that sort. Is there any conflict in the penalty that is provided in the section referred to that fixes the penalty and the various penalties that may be provided in the various States that have statutes on the same subject?
>
> Mr. SMITH. This has nothing to do with State laws. This provides penalties for violations of this law.
>
> Mr. MAY. I understand it is a Federal statute, or will be when enacted; but I was just wondering if there was any more severity to be exercised under this law than under the usual State law.
>
> Mr. SMITH. I am not familiar with that.
>
> Mr. MAY. What is the penalty provided?
>
> Mr. SMITH. If you will look at section 5, you will find the penalties prescribed for any violation of this act.

Did the Supreme Court in construing the Smith Act and determining the intent of Congress and whether or not it intended to preempt the entire field of antisubversive legislation refer to the debates on the floor of the House? Did they search the records of the committees and their reports? No.

How did they find what the intent of Congress was? They quoted from a speech by the President of the United States and a speech by the Director of the Federal Bureau of Investigation. Since when do executive officers determine congressional intent?

I ask you: If the Court can do what it did in the Nelson case and put out of business all the law-enforcement officers of the country and the facilities they have for the protection of our form of government, is there any doubt that that same Court may at some later time strike down State laws and ordinances in a variety of fields which have existed alongside Federal activities, and thus expose the public to lack of protection in these fields that were thought important by local, State, and municipal legislative bodies?

Let me point out one thing further: The States have been in this regulating business for a long, long time; and I say to you that it is perfectly conceivable that the Federal Government started with the structure that the States had built themselves and intended only to supplement what the States could not do, particularly where the matter involved interstate commerce and the crossing of State lines. And that is the theory of our Government. We leave to the States the greater part of the regulation of our lives and our property, laws of inheritance, marriage and divorce, property rights, contracts, torts, and police powers generally. The great bulk of the criminal law is in the States jurisdiction. The Federal Government has moved in to supplement that body of law by reaching the area that no State can reach, namely, that area of activity across State lines and dealings with foreign countries.

I say to you this is a basic proposition. You will never face a more important one. There is great need for action on this measure, now.

Mr. McCULLOCH. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. CAHILL].

Mr. CAHILL. Mr. Chairman, I could not help but feel as I sat through this debate for the last 2 days that for the first time I think I understand how the Supreme Court can vote 5 to 4. It seems to me that with 32 lawyers voting on the Judiciary Committee, if we constituted the Supreme Court, the vote would be pretty much the same, because, as I recall, the vote was 17 in favor and 15 against H.R. 3.

It is also true, as was indicated by the gentleman from Pennsylvania [Mr. WALTER] that sociological as well as legal problems are involved in H.R. 3. It is not my purpose to discuss the sociological philosophy behind H.R. 3, but to stand up and explain why I am against the bill. I would like to discuss it in inverse order, beginning with section 2.

As I read the record of the Committee on the Judiciary, the principal reason why H.R. 3 was introduced 4 years ago and 2 years ago was to take care of the decision in the Steve Nelson case. That was the biggest argument that could be advanced in favor of H.R. 3.

Now, I disagree with my learned colleagues who indicate that the Uphaus case does not answer the problem that this bill seeks to solve, because, as I understand it, the decision in the Steve Nelson case said in effect, or it was believed to have said in the view of the general public, although it did not, that the States could not prosecute for sedition where it was committed within the State. But now the Uphaus case says very categorically and unequivocally that the States can prosecute for sedition or any other crime against the State, but they cannot prosecute for crimes committed against the Federal Government or the United States.

I submit, if I may make this point, that if we listen to the eminent Director of the Federal Bureau of Investigation, J. Edgar Hoover, and we read his statements, we will not want the States in these United States to prosecute for sedition against the United States of America because a conspiracy to overthrow the United States of America is not limited to any one State. The moment we go in and apprehend one of the coconspirators in Pennsylvania we may permit a conspirator in California to escape.

I submit that we in the Federal Government have the FBI, we have the U.S. attorneys, and other investigative and enforcement agencies all eminently qualified to enforce any acts that are passed by this Congress where the United States is involved.

My second point is that section 1 of the bill, as I understand it, has to be either prospective or retroactive. It cannot be one or the other or both. It has to be either prospective or retroactive. If it is prospective, if it looks to the future for any act of Congress that has to be passed, this bill is not necessary, because the Congress in passing any statute can always place upon it a statement that Congress intends to preempt that particular field or that the Congress does not. So it has to be, Mr. Chairman, as I see it, retroactive.

I submit that if any State in this country passes a law that is identical to a Federal statute, and if that Federal statute has already been interpreted by the Supreme Court of the United States of America, and has been held to be constitutional, and then after the enactment of H.R. 3 a State supreme court interprets the very same act passed by the State legislature, identical to the Federal act, but interprets it differently than did the Supreme Court of the United States, then within the jurisdiction of that particular State the interpretation placed upon that act, as long as it does not invade the province of interstate commerce, as long as it is not in conflict with any Federal law, is the law of that State.

For these reasons especially and for others advanced during the debate by the opponents of this legislation, I ask this House to vote against H.R. 3.

Mr. O'HARA of Illinois. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Chairman, the debate on the doctrine of Federal preemption has been interesting, and the learned manner in which it has been carried on reflects the legal stature of the distinguished members of the Judiciary Committee and indeed the quality of the entire membership of this, the greatest deliberative body in the world.

But no one in this Chamber is either fooled himself or is fooling another. Everyone knows that the real issue here is civil rights. H.R. 3 is the rock. The Supreme Court of the United States is the target.

I cannot quarrel with my respected colleagues from the South, where presently there is a spirit of bitterness toward the Supreme Court of the United States because of its disturbance of the status quo of a passing social order. That bitterness will dissolve, Mr. Chairman, when the pains of passing from one order to another have been alleviated by the experiences that come to all persons in the climate of brotherhood where the measure of one's neighbor is by his worth and character.

My colleagues from the South, gallantly fighting on the last foothold of what they know is a lost battlefield, have wrapped themselves in the brilliant robes of the dear old doctrine of Federal preemption as they battle to the last drop of devotion for the continuance of the social order in which they believe and by which they have lived. Their strategy is superb.

But they are not fooling themselves. They know that, no matter what label they give it, this is the civil rights battle of 1959 and that the strategy they are using is patterned exactly on that of the civil rights battle in the 85th Congress when trial by jury was the battlecry.

I trust the Republicans from the North who are supporting H.R. 3 do not expect the people of the North to be any less intelligent than the constituents of our colleagues from the South who are pushing H.R. 3 as a means of reducing to size the Supreme Court of the United States and to give an enlarged power to the State courts.

It was the Supreme Court of the United States that issued the mandate that in the public schools of our Republic all children were on an equal footing and there should be no public schools closed to any children because of circumstances of complexion or of faith. It is to the Federal courts that the Supreme Court of the United States must look for implementing decrees to enforce its desegregation mandate.

Treason against the United States is a crime against the Nation. When you make it a crime punishable in a State court and under State laws and interpretation by State courts you are opening the door for trial in a prejudiced atmosphere and on the charge of being traitors, not to the State, but to the Nation, of those who in proper and peaceful ways seek to get for the Negro the exercise of his right to vote, and to have his children in the same public schools and universities as other children, and of those who by proper and peaceful ways seek to organize their fellow workers so that in the new factories of the South the workman by collective bargaining might have the same pay as his fellow worker in the North.

No matter how he votes, each Member should understand clearly that he is voting on what may be the most important civil rights bill we will have in the 86th Congress. A debate on the dear old doctrine of Federal preemption is just as interesting, in a college classroom discussion, as the debate on trial by jury. But when the issue is civil rights people at home are not fooled.

I earnestly hope H.R. 3 will suffer the crushing defeat it deserves.

Mr. WILLIS. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. LOSER].

Mr. LOSER. Mr. Chairman, it is obvious that considerable confusion and misunderstanding has crept into this debate, and I would like, in the few minutes allotted me, to emulate the example of the Ancient Mariner, and that is, just stop, take a sounding, and see how far off the course we have been blown.

Now, H.R. 3 has a very limited area in which it shall operate, and that area is the concurrent jurisdiction that is conferred upon the Congress and the several States of the Union. I am sure that the vast majority of the Members of the House present are members of the bar, and they will understand just exactly what I am trying to say.

Had there not been a departure from the announced rule of the Supreme Court in existence for over 100 years, there would have been no reason for the enactment of H.R. 3, and if I may refer to the language of Chief Justice Hughes, reported in 1937, you will understand rather clearly the point that I am making:

> Under our constitutional system there necessarily remains to the States, until Congress acts, a wide range for the permissible exercise of power appropriate to their territorial jurisdiction, although interstate commerce may be affected. *Minnesota Rate Cases*, 230 U.S. 352, 402. States are thus enabled to deal with local exigencies and to exert in the absence of conflict with Federal legislation an essential protective power. And when Congress does exercise its paramount authority, it is obvious that Congress may determine how far its regulation shall go. There is no constitutional rule which compels Congress to occupy the whole field. Congress may circumscribe its regulation and occupy only a limited field.

Now, that is a statement of the law announced by Judge Hughes some 22 years ago, and it is a reaffirmation of a decision of the Court rendered more than 100 years ago, and it is in this very limited field that H.R. 3 operates or has its existence. Prior to *Hines* v. *Davidowitz*, 312 U.S. 52, and Cloverleaf, and Nelson that followed, and for 100 years the Court held that when a congressional act was silent on intention to occupy the entire field and there was no conflict between the Federal act and the State act on the same subject, the State act was valid. So, beginning with the case of Hines back some years ago there was a departure from the rule announced in Sinnot against Davenport wherein the Court held for the first time that by a rule of implication or by inference the Federal statutes had preempted the field, notwithstanding the fact there was not a word indicating the legislative intent in the act of Congress.

As late as 1937, in Kelly against Washington, the Court cited Sinnot against Davenport and stated:

> Where the State law is but an exercise of a reserved power, a repugnance or conflict should be direct and positive so that the two acts cannot be reconciled or consistently stand together.

So, I repeat that this doctrine of preemption announced 100 years ago in Sinnot was abandoned in 1941 in the Hines case when a new policy of interpretation was developed, and it has been referred to as preemption by implication or inference. The statute in question was a Federal alien registration act, and strangely enough it struck down a Pennsylvania act on the same subject. And, I would like to quote Justice Stone in dissenting in that case:

> But no words of the statute or of any committee report or any congressional debate indicate that Congress intended to withdraw from the States any part of their constitutional power over aliens within their borders. The repeal of this legislation is not be be inferred from the silence of Congress in enacting a law which at no point conflicts with the State legislation and is harmonious with it.

So, beginning with the Hines case, the new policy of interpreting silence by Congress as meaning that State laws should all be invalidated, even though the law in no manner conflicted with the Federal law, was announced and followed in Cloverleaf and Nelson.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. LOSER. I yield to the gentleman.

Mr. CELLER. The gentleman is a member of the Bankruptcy Committee of the Committee on the Judiciary and I should like to ask him a question concerning acts in bankruptcy anent this bill H.R. 3. The gentleman knows, for example, that under the Federal Bankruptcy Act one may not be granted a discharge in bankruptcy more than once every 6 years. For example, the insolvency law of the State of Arkansas provides for a discharge under a State proceeding, but there is no time limitation. The National Bankruptcy Act has no condition of preemption. Under H.R. 3 my question would be, Could a person get a Federal discharge today, not wait 6 years, and then go into the State of Arkansas in court concerning getting another discharge?

Mr. LOSER. I would say to the distinguished chairman of the Committee on the Judiciary that under the Constitution of the United States, the Congress is vested with the authority to legislate in the field of bankruptcy, even though the State of Arkansas legislates in that field. If that act of the State of Arkansas is in hopeless conflict with the act of Congress it has no force and effect and H.R. 3 would have nothing whatsoever to do with it.

Mr. CELLER. Mr. Chairman, will the gentleman yield further?

Mr. LOSER. I yield to the gentleman.

Mr. CELLER. In the first place there is nothing in the Constitution which says that the Federal authority shall have exclusive jurisdiction. That is one of the concurrent powers. The States still do have rights in bankruptcy, and in the case I gave there was no conflict. The Arkansas statute says nothing about a limitation of years for discharge, has no condition of a limitation. The Federal statute says you can get a discharge only once every 6 years. So there was no conflict and there was no necessity to resolve any irreconcilable conflict.

What are you going to do under those circumstances if you pass H.R. 3? Under H.R. 3 both would have jurisdiction and you would have this rather confused state. As I said, a man could get a discharge in the Federal Bankruptcy Court today and he could go into the State of Arkansas and get another discharge next year.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. LOSER. I should be glad to yield to the gentleman.

Mr. WILLIS. I must take violent exception to that last statement of my good chairman, that this bill if enacted would permit the States to pass a bankruptcy law.

Mr. CELLER. The States have insolvency proceedings. We do not have to use the word "bankruptcy." But there are State insolvency proceedings in many States.

Let me call to the attention of the gentleman the case of the International Shoe Co. against Pinkus, which dealt with exactly the situation I have presented. In that case, the Supreme Court, speaking through Mr. Justice Butler, a Justice who is not celebrated for his radical views, held that even though the Federal Bankruptcy Act did not specifically preempt the field, there was nevertheless an apparent purpose to exclude State regulation. Let me quote from the opinion:

> The purpose to exclude State action for the discharge of insolvent debtors may be manifested without specific declaration to that end; that which is clearly implied is of equal force as that which is expressed.

This opinion was written in 1929, long before the Cloverleaf case and long before the Nelson case. It is perfectly clear, therefore, that preemption through inferring the intention of Congress is well established and that without it we will have chaos in such commercially important fields as bankruptcy and creditors' rights.

Mr. WILLIS. I did not read the case and my chairman waited until now to bring it to my attention. But I think I know the problem and therefore can answer the gentleman. The Court probably held, as it did in the Nelson case, that there was an implied intent on the part of Congress and therefore the Bankruptcy Act preempted the entire field and the State law had to fall. The Court doubtless did not get to the question of conflict since the decision turned on the question of preemption by implication. Under H.R. 3 under similar circumstances the Court would have to go into the question of whether there was a conflict between the Federal Bankruptcy Act and the State insolvency law and if there is a serious conflict the Federal law prevails and the State act falls.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. LOSER] has expired.

Mr. CELLER. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. LOSER. Mr. Chairman, of course, it is always very refreshing to hear the distinguished chairman of the Committee on the Judiciary expound the law.

I should like to refer now to a statement made by the Chief Justice of the United States 140 years ago. John Marshall announced the rule of irreconcilable conflict in Cohens against Virginia. It involved the lottery law of that great State. Here is what Chief Justice Marshall said:

> To interfere with the penal laws of a State where they are not leveled against the legitimate powers of the Union, but have for their sole object the internal government of the country, is a very serious measure, which Congress cannot be supposed to adopt lightly or inconsiderately. The motive for it must be serious and weighty. It would be undertaken deliberately and the intentions would be clearly and unequivocally expressed. An act ought not to be construed as to employ this intention, unless its provisions were such as to render the construction inevitable.

That is the only reason for H.R. 3. The real purpose and the effect of this legislation is to revert to the rule announced by Chief Justice Marshall more than 140 years ago. Now I should like for just a minute to make some reference to the case of Uphaus against Wyman that was ruled last week, I believe, by the Supreme Court of the United States. It involved an act of New Hampshire. There was a contempt charge in which the accused was ordered to produce records dealing with subversion. So the Court held in that case, evidently intending to modify the Nelson decision, that the State of New Hampshire could protect itself from subversion. I would like for the chairman of the committee to listen to this for just a minute. This has to do with the Uphaus case. I think, as a gentleman who spoke just a little while ago said, the Uphaus decision merely tends to confuse the law and it is worse now than it was under the Nelson decision.

The CHAIRMAN. The time of the gentleman has expired.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield for a question at this point?

Mr. LOSER. I would be happy to yield to the gentleman if I could have more time. Will the gentleman give me an additional 5 minutes? I will be happy to yield to him.

Mr. McCULLOCH. The gentleman is a hard dealer. My question is not worth that much.

Mr. LOSER. I will say that I would be very happy indeed to yield to my colleague, but my time has expired. Would the gentleman yield me just one minute to make a statement?

Mr. McCULLOCH. I am happy to yield 2 minutes to the gentleman on that basis.

Mr. LOSER. I thank my colleague so much.

Mr. Chairman, I just want to say something about the Uphaus case which has been referred to here a time or two. In that case the Court held that the State of New Hampshire could protect itself from sedition. Think of that. Think of one of the States of the Union of the United States being told by the Supreme Court today, "You are hereby authorized to protect yourself against sedition." Think of this. To advocate that the State pass sedition laws to protect just the State government is to propose that the State prosecutor be saddled with the absurd technicality of proving that a Communist was advocating the overthrow of the State government and not the Federal Government, because if a State prosecution under the law of New Hampshire, as announced by the Supreme Court, should take place and if there should be such a prosecution by that State and should it appear in the proof that not only was the subversion directed against the State of New Hampshire but it was directed against the United States, therefore, in that situation, the result would be that this Court would rule that that conviction could not stand because under the decision in the Nelson against Pennsylvania case it is a Federal case and the act of Congress, the Smith Act, has preempted the field. And when it appeared that there was evidence of subversion against the State of New Hampshire that conviction in that State under the State law would be reversed, the Court ruled that the prosecution should be in the U.S. district court.

Mr. Chairman, that presents a rather ludicrous, and I would say a difficult, situation.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. McCULLOCH. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, rather than to enter into the debate that the legal minds of the House have had for the last day and a half I would rather leave the legal aspects for a moment and discuss it as I experienced thoughts on the subject 2 years ago while serving as a member of the Illinois General Assembly. At that time I was rather proud of my membership in the Illinois General Assembly, but I felt rather frustrated after 6 months of the session to find that there was very little that we could do except turn to Washington for instructions and advice on how to run the State of Illinois. It all boils down to the thinking which has crept into the American political scene, that the paternalistic Central Government in Washington is the only source from which all problems can be solved and from which all answers to problems can come. The State legislatures no longer are anything but debating societies. Let me give you a blow-by-blow description of what a poor, frustrated State representative feels like these days. We start with the highway program where the issue in Illinois, and I am sure in other States, is not where and how and in what manner we shall

build our highways, but how much money Illinois can spend in order to draw additional funds from the Federal Government. Then we go on into the problem of the general area of public aid or the welfare problems of the State. We find that the measures which State groups attempt to put into State law to correct abuses either in administration or policy in the State welfare programs will not meet with the approval of the experts of the HEW. So, because of the powers and of the all-knowing wisdom of the Federal Government, the State of Illinois, and I am sure others, find themselves in the position of saying, "Well, the Federal Government knows best. We will not make any changes in our own State laws." Then I found myself in the rather interesting position 2 years ago of being told that the State of Illinois had to raise its fishing and hunting license fees from $1 to $3 a year because Federal authorities had requested additional funds from the State in order to continue certain conservation practices. So we have even come to the point, as I saw it, where the Federal Government is regulating the fishing and license fees in the State of Illinois.

Mr. KASEM. Mr. Chairman, will the gentleman yield for a short question?

Mr. DERWINSKI. I yield.

Mr. KASEM. Will the gentleman explain to us what bearing that has on H.R. 3?

Mr. DERWINSKI. Yes; I will. I sat here all day yesterday listening to learned gentlemen debating the language of the Bill of Rights, and the only thing of which I was convinced was that it was perfectly possible for two brilliant lawyers to read the same sentence and arrive at different conclusions. What I am saying is that legislation of this type leads to decentralization of government.

Mr. KASEM. The enactment of H.R. 3 would relieve the problem involving hunting licenses in the gentleman's State.

Mr. DERWINSKI. Yes. The gentleman wants that specific point clarified?

Mr. KASEM. Yes.

Mr. DERWINSKI. The point was that in order to receive or benefit from the spending of the Federal Government under laws which provide that the State conservation programs receive certain matching funds—I do not recall the formula, but that does not matter, the point is that the Federal authorities or the administrative personnel here in Washington forced the Illinois General Assembly to legislate this increase in the cost of State hunting and fishing licenses.

Mr. KASEM. And the gentleman feels that the enactment of H.R. 3 would relieve that situation?

Mr. DERWINSKI. Certainly it would. But the point I want to make is that it would mean less dependency upon centralized government here in Washington. That is the issue we have before us. The fundamental fact remains that government of the people is best expressed in the proper concept of States rights.

May I just point out that the fundamental political philosophy involved is whether we believe in the principles of home rule and States rights as the fundamental guardians of liberties in this country, or are we going to fall by the wayside as other nations have with a complete dependency upon a strong and all-powerful central government? That is the underlying philosophy of the discussion in regard to H.R. 3.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. LINDSAY. Does the distinguished gentleman think it would be desirable to revive bills in the various States requiring the registration of aliens, requiring their regulation, or does the gentleman think it is desirable to leave it as it is in the hands of the Federal Government?

Mr. DERWINSKI. No, sir; it belongs in the hands of the Federal Government.

Mr. LINDSAY. Does the gentleman take the position that the enactment of H.R. 3 would revitalize those laws?

Mr. DERWINSKI. No; it would not.

Mr. Chairman, members of the Committee, may I reemphasize that our consideration here this afternoon should not be distorted by injecting into the debate on this bill suppositions and fears that are completely without foundation. May I call your attention to the specific language in the bill which states that its purpose is to establish rules of interpretation covering questions of the effects of acts of Congress on State laws. If you will read on, it states specifically that no State law can be superseded because the Congress has legislated in the same field unless the national law also provides, or unless the two measures cannot be reconciled, or they constitutionally stand together.

This measure will, if enacted, halt the rapidly growing trend toward complete domination of State and local governments by the huge Federal bureaucracy in Washington.

May I point out that this was the original intention of the founders of our country who, in the true meaning of the 10th amendment to the Constitution, said:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States, respectively, or to the people.

In recent years, governmental court decisions have repeatedly permitted national legislation to replace State legislation in fields where the State government has always provided service to the people.

I should like to point out that we have witnessed a steady encroachment of National Government authority over the affairs of the States and a concentration and centralization of power in Washington. If the present trend of ever-growing National Government continues, our State boundary lines will become meaningless lines on the map and our State legislatures will be reduced to harmless debating societies with no real power to act except with the blessing of some Federal bureaucrat.

I emphasize that the historic principle of the division of governmental powers between our Central Government and our State governments is in serious jeopardy. Both State and National Governments derive their powers from the same fundamental source—the Constitution of the United States. Under our Constitution, the National Government is not subordinate to the States nor are the States subordinate to the National Government. It is this traditional Federal-State balance which underwrites our basic liberties and has made the United States the political, economic, and social leader of the free world.

A frightening trend has developed in which many people feel that they must run directly to Washington for remedies to all governmental problems. I feel I have a moral obligation in debate on numerous appropriation measures and some of the socialistic spending schemes being advocated this session to remind the people of my district that Federal money is the most costly to the taxpayer, since the cost of administration is much greater at the national level than at the State level.

We should be constantly aware of the fact that the National Government is rapidly wiping out the tax base on which local governments have founded their revenue structure; that the suction pump of the national income tax and other national taxes pull so much money into Washington that the States which rigidly maintain the principle of self-reliance are now hard pressed for funds.

Mr. Chairman, members of the committee, I cannot emphasize too strongly that the only practical method of protecting the people of our country from domination by the National Government and its tremendous tax structure is to return powers and responsibilities to the States as the Founding Fathers of our Constitution intended it to be.

It is obvious that when the Central Government continues to preempt State authority, we will have no alternative but to become a Nation of commuters racing back and forth from home to Washington, hoping to have our problems solved by some pompous bureaucrat who rules over us with the power that only huge Government can possess.

I cannot conceive how any conscientious clear thinking American public official can quarrel with the fundamental precepts expressed in States rights philosophy. The closer a government unit is to the people it serves, the more efficient is its service and more practical the control exercised over it. Local governments reflect the wishes of the people far more effectively than the distant Federal Government in Washington.

May I remind all of you when government gets larger, the individual automatically becomes smaller. We must maintain the government of the people by restricting rather than enlarging the scope of Federal Government. In the traditional sense States rights and home rule are sacred foundations needed to preserve the liberties of our citizens.

Mr. KASEM. Mr. Chairman, if the gentleman will yield I wish to thank the gentleman for clearly stating what he thinks is involved in H.R. 3.

Mr. McCULLOCH. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. CURTIS].

Mr. CURTIS of Massachusetts. Mr. Chairman, I rise in opposition to section

1 of the bill. It was suggested on the floor of this House yesterday that the approval of this bill is the patriotic stand for people to take; that that is the stand which people should take who do not believe in overemphasis on the powers of the Federal Government at the expense of the States.

Mr. Chairman, I disagree with that attitude. Many of us may feel exactly that way, and yet feel that this bill in its present form would create chaos and confusion; and that our higher duty was to oppose it.

I agree with many of the statements expressed by those who favor this bill. I deplore the undue expansion of Federal power. I deplore any undue development of the power of the Supreme Court. I sympathize with the criticisms that have been made by the Committee of the American Bar Association and by the Committee of the Chief Justices of the States.

But I do insist that this bill is retroactive, that it would create confusion; and I want to refer again to the question of who is supporting this legislation. In the RECORD yesterday on page 11490, I questioned whether the chief justices of the States were favorable to this bill. Since that time I have been in touch with the chairman of the Committee on Justices who drew up the report that was referred to. He mentioned to me that he had testified recently on this subject before a Senate committee, and I shall refer to his testimony. It indicates that he is personally against this bill.

I refer to the testimony of Hon. Frederick W. Brune, chief judge of the Court of Appeals of the State of Maryland on page 79 of the hearings this spring before the Subcommittee on Internal Security of the Senate Committee on the Judiciary. He testified:

> I was the chairman of a committee of the Conference of Chief Justices which submitted a report last summer. * * *
>
> As I read the proposed section (identical with sec. 1 of H.R. 3), it would not be confined in its effect to acts hereafter passed. It might, therefore, cause a great deal of uncertainty and confusion in situations where "occupation of the field" has been held under statutes now on the books to exclude or supersede State law. This danger of confusion, particularly in labor matters, impresses me as so substantial as to make it desirable to limit the operation of the proposed general rule to statutes hereafter passed, and I think that it would be preferable to make appropriate, specific amendments to existing statutes wherever they may be deemed desirable.

In other words, this distinguished jurist, whose report was relied on by the proponents, says that this bill is retroactive, that it would create confusion, and that the proper way to approach this question is to take up the few decisions of preemption that we disagree with and correct the results of those decisions by specific legislation, case by case.

Anything else, Mr. Chairman, is a meatax approach, it is an omnibus approach. We are dealing with a doctrine of the courts that has been developed over a period of 100 or more years. I have too much respect for what the Supreme Court has done in this line of cases during all of this period to think that we are smart enough to substitute a mechanical rule of interpretation to replace these delicate adjustments. When we use this meatax approach, it is as though we called in a plumber to perform a brain operation. We are using a sledgehammer instead of a scalpel.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. KASEM].

Mr. KASEM. Mr. Chairman, you make it hard on a new Congressman around here. Here is a bill that just does not do practically anything according to the proponents. I have heard all kinds of talk about what this bill does not do. For a bill that does not do anything, I am amazed at the prodigious effort that is going on to get it passed, and the efforts that have been made in the past.

It looks like I am going to have to look at the bill to see if it does anything or not. The bill says:

> No act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, unless it specifically says so.

I understand that the law has been that if the intent of the Congress has manifested itself by extensive legislation sufficient to show that we mean to regulate that field, the court will so construe it. But now, if this thing is passed, we can preempt that field all we please. We can debate here for days on bills in a particular sphere of legislation, but we do not say anything about intent to preempt. The fact that we do preempt has no bearing. That is ridiculous. We know what the court is going to do—slap it down, as it properly should.

The doctrine of implied consent is not some nebulous thing. Ninety percent of our transactions are done on implied consent. When you go into a grocery store you put the groceries in the basket, you go to the checker, and you do not have to sign a written contract. Is the court going to go by what we say is our intent or by what our actions clearly manifest as our intent?

Some people are worried about big government. All you want to do here is pass a law that is going to allow every State in the United States to duplicate every law of the United States, if they want to, and it is not in conflict. We pass a law prohibiting an act and we put on a 5-year penalty; but some of the States may not think that is enough. They pass the same law and put on a 10-year penalty. It is not in conflict. You prosecute them twice. Why not? It is not again the law. The court has held it is two separate offenses even though it may be the same act. It is not legal double jeopardy, but it is actually double jeopardy, and this Congress should not participate in it. I remember how shocked I was in law school to learn that such a thing could go on. I know how shocking it is when you tell a layman that that is the law. Yet we are encouraging that activity. I do not believe there is any man in this House that is more apprehensive of the threat of communism than I am, but I do not hate Communists so bad that I want to see them punished twice for the same act. One punishment is enough. The gentleman from Ohio gave the best illustration when he said they passed a severe law in Ohio relating to narcotics and the Federal authorities used that law in narcotics cases, after which many of the violators left the State. We have some of them in California. That is what disturbs me. This has been an area where the Federal Government has seen fit to go in and legislate so there will be clarity and uniformity throughout the United States, but now the Congress must say at the end of the enactment "We intend to preempt the field" irrespective of how clearly the legislation itself shows that intention.

Now, what will we have in the future? We will be confronted with amendment after amendment on which we wish to state that we mean to preempt the field. Are we going to be forced to put in a lot of legislation for the specific purpose of avoiding this kind of confusion?

Take this business of the retroactive effect. Do you think all these things going on in the past will not be newly litigated on this so-called new rule of construction, which is not a new rule of construction but a rule of substantive law? Do you think they are not going to bring those cases back before the court, and do you think the court is not going to be confronted with H.R. 3 as a manifestation of Congress position? Are we not amending the very law of any extensive legislation that has ever been enacted by the U.S. Congress? I am not going into the legal history of this, because it has been gone into exhaustively. You would think this was the Supreme Court, the way it has been argued.

What justification can there be for supporting a proposal so fraught with ominous possibilities, that offers to remedy nothing—or at best, an imaginary evil?

Mr. CELLER. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. SANTANGELO].

Mr. SANTANGELO. Mr. Chairman, I oppose H.R. 3, a bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws.

This bill is a blunderbuss when all that is needed to chastise the Supreme Court is a paddle. This bill, in my opinion, upsets, unsettles, and undermines, definite rules of construction when all that is needed is to amend the specific Federal statute involved in order to reverse what is considered to be a disagreeable and wrong decision. Whether a specific Supreme Court decision should be reversed is a question of legislative policy and consideration, and I do not discuss that subject.

This bill, H.R. 3, introduced by the gentleman from Virginia adds a new section to chapter I of the United States Code and seeks to establish a new rule of interpretation governing questions of the effect of Federal statutes on State laws. This new rule would deny preemption to an act of Congress unless the congressional legislative act expressly grants preemption or unless there is a direct conflict between such act and a

State law. This rule of interpretation would apply to Federal statutes which have been passed and those which will be passed. In its application, this rule is retrospective as well as prospective. We Congressmen who are lawyers must approach this proposal from a legal as well as a political view. From a legal point of view, this bill is unnecessary and undesirable. It is undesirable not only because it will create confusion in areas of settled law, but also because it will fail to curb Federal power at State expense. This bill, if enacted, will produce chaos in the legal relationship governing substantial areas of economic and political life. Legal chaos and confusion are the tools of communism. In the area of interstate commerce, where numerous State statutes operating in the same field as Federal statutes have been upheld, there would be a reappraisal and relitigation of these statutes. The same reappraisal would apply in the area of agriculture, labor, and licensing. In order for Federal legislation to be effective, Congress would be required to enact legislation preempting the field and thereby ousting States from their jurisdiction, whereas today the States are exercising power concurrently with the Federal Government. In the process of Congress declaring that Federal legislation is intended to preempt the field, State statutes which have been upheld may fall. The Supreme Court, under the present rules of interpretation and construction, has gone far in respecting State action directed at preserving public order. It has upheld States in enactment of labor legislation and found that the Wagner Act and the Taft-Hartley law do not preclude, for example, a little Wagner Act in the State of New York, or all State legislation in the field of labor. When matters affecting public health and safety are involved, the Supreme Court has sustained the States police power and upheld the right of the States to protect their people. Of course, where the Supreme Court has upheld the action of the police power, no clamor is heard that the Court has engaged in judicial legislation or had distorted the will of Congress.

This bill is unnecessary because no one demonstrated the need to reverse the entire body of statutory law or the construction of statutes. The minority report to this bill indicates that a substantial part of the committee hearings was devoted to the issue whether a given situation required action of one sort or another.

From a political point of view, we must determine whether we desire to bludgeon the Supreme Court to interpret a Federal or State statute in a manner which will conform to sectional or popular prevailing views. We must also consider whether we want to accept an undesirable rule of construction only because court decisions have decreed that our Bill of Rights is a protection for unpopular and despicable characters. We must not forget that our individual rights cannot be trampled upon and our traditional protections must not be destroyed in the understandable attempt to protect our people from harm and our Nation from wicked designs.

You gentlemen are aware that under article VI, clause 2, of the U.S. Constitution, the Constitution, the laws made in pursuance thereof and treaties, are the supreme law of the land. Under this system, our Nation has expanded and grown strong. It is truly a union of united States and not a confederacy to be dissolved at the whim or petulance of any 1 of the 49 States.

Court decision has evolved several rules of interpretation. Federal legislation has necessarily been held to be supreme in fields involving exclusive Federal power, such as in fields of foreign relations, war, immigration and coinage. If this were not so, these United States would be like Europe with its barriers between countries, its intrigues, its various monetary systems with cumbersome exchanges.

A Federal act is also supreme where it expressly supersedes a State statute or declares a field subject to exclusive Federal jurisdiction. If this were not so, each State could by statute nullify Federal action and by its unilateral action cancel article VI, clause 2, of our U.S. Constitution.

Where there is concurrent jurisdiction and Federal legislation is in direct and positive conflict between Federal and State law, Federal law necessarily is supreme.

The proponents of this bill, it seems to me, do not quarrel with the foregoing rules of interpretation. They do, however, quarrel with the Court's interpretation that because there is involved a great national interest and concern, Congress when it legislated must have intended to preempt the field even though it did not expressly say so. The criticism should not be directed to the Supreme Court. The fault lies not with the Supreme Court, but with the inartistic language contained in Federal legislation. Greater care should be exercised in expressing the intent of Congress.

It is no remedy to obliterate and to destroy all the case law which has been decided down through the years. There is a remedy in better legislative drafting and clarification of our intentions. Such a procedure is tedious and time consuming, but slowly effecting. There is an old proverb which says, "He who goes slowly goes safely and far." In trying to dictate to the Supreme Court, let us not rush heedlessly forward, but let us make haste slowly.

Within the past several years I have seen Congress, when disturbed by court interpretation, pass legislation which corrected ambiguous language or clarified its intentions. By its action, Congress reversed particular court decisions the consequences of which Congress heartily disapproved. I refer to legislation which barred unlimited access to FBI files and permitted partial inspection only under limited conditions. Only yesterday the Supreme Court recognized the congressional intent to reverse its decision in the Jencks case. I also have reference to last year's bill, H.R. 6239, which permitted prosecutions of persons mailing obscene literature at the place of distribution as well as at the point of deposit.

This method of reversing specific decisions, which Congress deems to be wrong, is appropriate and effective. It corrects the evil without impairing the good. It does no great harm. The approach of H.R. 3, in my opinion, is wrong. To adopt this rule of interpretation would be to take a wrong giant step toward pre-Constitution days and to chaos. It adopts not a rule of construction but a rule of destruction.

One of the best statements I have seen was the statement of the AFL–CIO labor legislative representative, Mr. Harris. He testified before the Senate committee and I set forth his pertinent remarks:

I will first discuss the application of section 1 generally, and will then consider its bearing on the field of labor relations which is our special concern.

1. GENERAL EFFECT OF H.R. 3

Article VI, clause 2, of the Constitution of the United States provides:

"This Constitution, and the laws of the United States which shall be made in pursuance thereof * * * shall be the supreme law of the land * * * anything in the Constitution or laws of any State to the contrary notwithstanding."

This clause, which is known as the supremacy clause, embodies certain constitutional principles, and in addition, the Supreme Court has itself developed certain principles for determining or inferring the intention of the Congress on such issues as whether or in what circumstances State statutes will be permitted to operate in a field delegated by the Constitution to the Federal Government. The constitutional principles embodied in the supremacy clause would not and could not be affected by H.R. 3 or any other act of Congress, though the indications are that some, at least, of the backers of H.R. 3 fail to understand this. On the other hand, the rules for determining the permissibility of State legislation on a particular subject which rest on the presumed or inferred intention of Congress, can be altered by an act of Congress specifically declaring its intention. As regards this aspect of the matter, the questions are what congressional intent H.R. 3 expresses, and what effect, if any, H.R. 3 would have on the rules for determining congressional intention heretofore established by the Supreme Court.

Constitutional principles: Article VI, clause 2, of the U.S. Constitution makes it quite clear that State action which contravenes the Federal Constitution is invalid; and it is generally accepted that it is up to the Supreme Court to decide in cases brought before it whether particular State action does conflict with the Federal Constitution. Some of the constitutional restrictions on State power prohibit the States from acting at all in particular fields, such as entering into treaties with foreign nations, while others, like the due process and equal protection clauses of the 14th amendment, protect individuals against unfair treatment by the States.

Three years ago, for example, the Supreme Court held that a provision of the charter of the city of New York requiring the discharge of any city employee invoking the privilege against self-incrimination is unconstitutional as in violation of the due process clause of the 14th amendment *Slochower* v. *Board of Higher Education* (350 U.S. 551 (1956)). This decision, since it rests on the Court's interpretation of the 14th amendment, could not be overturned by a simple act of Congress, but only by a constitutional amendment—or a change in the viewpoint of the Supreme Court. However, when a predecessor of S. 3 was discussed on the floor of the House of Representatives in April 1956, the

Slochower case was cited by several Members as demonstrating the need for that bill.

More important, various Members of the House declared that they favored the bill in order to overrule the decisions of the Supreme Court in the school segregation cases. The author of the original bill, Congressman SMITH of Virginia, endeavored to correct these misapprehensions. He said (CONGRESSIONAL RECORD, vol. 102, pt. 5, p. 6385):

"The gentleman referred to the segregation case. The bill which I have before the Judiciary Committee has no relationship to the segregation case. The passage of that bill would have no effect on it whatsoever. I do not think it has any effect upon the New York schoolteacher case, either.

Congressman SMITH later repeated the substance of these remarks at hearings before a subcommittee of the House Judiciary Committee.

Congressman SMITH is clearly correct that H.R. 3 would not and could not legalize State action in violation of the Federal Constitution. Hostility to the Supreme Court stemming from its segregation decisions seems, nevertheless, to account for much of the support for H.R. 3.

Rules for determining the intention of Congress: The Constitution empowers the Congress to regulate certain fields, such as "commerce * * * among the several States," without specifically barring State regulation. Here three different types of situations occur: (1) Congress may not have legislated at all or a particular subject, so that the question is whether a State is free to regulate it, Congress not having acted. The legal shorthand phrase employed for this situation is "the silence of Congress." (2) Congress and one or more States may have legislated on the same subject, with the Federal and the State legislation being consistent, or at least not inconsistent. Here the issue is whether the States may regulate the subject concurrently with the Federal Government, or whether the Federal legislation "preempts" or "occupies" the field. (3) Congress and one or more States may have legislated on the same subject, but with the Federal and the State legislation being mutually inconsistent. Here, too, the question is whether the States may regulate the subject concurrently with the Federal Government. This last type of situation is sometimes referred to as a conflict between Federal and State law.

In all three of these situations it is, in general, the intention of Congress as to whether State regulation shall be permitted that is controlling. If the Congress has expressly stated its intention, that disposes of the matter. If Congress has not expressed its intention, the Supreme Court will itself determine the intention of Congress, applying various rules and principles which the Court has developed for this purpose. H.R. 3 deals with these rules for determining the intention of Congress, when Congress has failed expressly to declare its intention.

In order to determine what effects (if any) H.R. 3 would have on these rules, I will examine the rules that the Court now follows in dealing with each of the three types of situation described above, and will consider the effects, if any, H.R. 3 would have on each of these rules.

1. The silence of Congress: In general the Court tends to uphold State legislation on a subject which Congress has not regulated at all, except that "the States have not been deemed to have authority to impede substantially the free flow of commerce from State to State, or to regulate those phases of the National commerce which, because of the need of national uniformity, demand that their regulation, if any, be prescribed by a single authority" (*Southern Pac. Co.* v. *State of Arizona*, 325 U.S. 761, 767).

In the case from which this quotation is taken, the Court, with Justices Black and Douglas dissenting, held invalid, as applied to an interstate train, an Arizona statute prohibiting the operation within that State of a passenger train of more than 14 cars or a freight train of more than 70 cars. The subject of train length, the Court majority concluded, called for regulation on a uniform national basis, if any. In other cases, however, the Court has upheld the application to interstate trains of State full train crew laws (*Chicago R.I. & P.R. Co.* v. *Arkansas*, 219 U.S. 453), and of State regulation of the weight and width of trucks passing interstate over its highways (*South Carolina State Highway Dept.* v. *Barnwell Bros.*, 303 U.S. 177, 184).

We come then to the question of what effect H.R. 3 would have on the validity of State legislation, in a field open under the Constitution to Federal regulation but not specifically barred to State regulation, as respects a particular subject on which Congress has not legislated. When Congressman SMITH testified on H.R. 3 before the House Judiciary Committee in 1955, he filed with it a brief "as an additional explanation of my bill" (hearings, p. 23). This brief discussed at length the case of *Southern Pac. Co.* v. *Arizona*, adverted to above, and also the question of what effect the bill would have on the validity of State legislation dealing with subjects on which Congress has not regulated. But the brief reaches no conclusion on this point; it says it is a difficult and doubtful question. (See hearings, pp. 30–32.) Thus, evidently Congressman SMITH himself does not know whether his bill would apply at all where Congress has power to act but has not.

Actually, according to its liberal language, H.R. 3 would not apply in such a situation, since it deals only with the effect to be given to an act of Congress in invalidating State legislation; and no act of Congress is involved in a silence-of-Congress case. At any rate, the bill seems to invite relitigation of many long-settled silence-of-Congress cases.

2. Federal preemption: We come next to the situation where Congress has legislated upon a subject and a State has also legislated, but there is no direct conflict between the Federal and the State law, so that the issue is whether the Federal law is intended to preempt the field. Such an issue may arise (1) where the State law is in all particulars identical with the Federal (*Bethlehem Steel Co.* v. *New York State Labor Relations Board*, 330 U.S. 767 (1947)); or (2) where the State law is identical with the Federal as respects the particular issue before the Court though not identical in all other respects (*Garner* v. *Teamsters*, 346 U.S. 485 (1953)); or (3) where the State law deals with a particular matter which is not squarely covered by a Federal statute dealing with the same general subject (*United Construction Workers, etc.* v. *Laburnum Construction Corp.*, 347 U.S. 656 (1954)); or (4) where it is possible to allow State and Federal laws to operate concurrently, as is usually the case with criminal statutes, even though they are not consistent with each other. All of these situations may be said to involve a question of Federal preemption, although the line between preemption, on the one hand, and conflict between Federal and State law, on the other, is not always clear.

In all of these situations the intention of Congress is decisive, and if Congress has clearly expressed its intention, that is the end of the matter. The Supreme Court has, however, devised a number of rules for ascertaining the intention of Congress when no intention is expressly stated. Realistically the problem is sometimes rather to decide what Congress would have intended if it had thought of the problem.

For example, if the Federal statute regulates a subject in precise detail, the Supreme Court tends to find that Congress intended to occupy the field to the exclusion of State legislation. Again, if the subject is one in which the Federal interest is regarded as peculiarly dominant, the Court is more ready to find a congressional intention to preclude State regulation. Examples of the latter are sedition against the United States (*Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956)) and registration of aliens (*Hines* v. *Davidowitz*, 312 U.S. 52). Further, the Supreme Court has sometimes said that there is a presumption that a Federal act is meant to occupy the field, unless it states otherwise (*California* v. *Zook*, 336 U.S. 725, 740 (1949)). Contrariwise, however, the Court has also said (*Cloverleaf Butter Co.* v. *Patterson*, 315 U.S. 148, 156 (1942)):

"When the prohibition of State action is not specific but inferable from the scope and purpose of the Federal legislation, it must be clear that the Federal provisions are inconsistent with those of the State to justify thwarting of State regulation."

All of these are simply rules of statutory construction, or of divining the unexpressed intention of Congress.

It is with these rules for determining whether or not a Federal act preempts the field, to the exclusion of State legislation, that the first section of H.R. 3 deals. In fact, this is the only situation with which it expressly deals.

H.R. 3 provides that an act of Congress shall not be construed as indicating an intention upon the part of Congress to occupy the field in which the Federal act operates, to the exclusion of all State laws on the same subject matter, unless (1) the Federal act contains an express provision to that effect, or (2) there is a direct and positive conflict between the Federal act and State law so that the two cannot be reconciled or consistently stand together.

It is for the most part impossible to say what changes this bill would bring about in the preemption doctrines heretofore followed by the Supreme Court. As pointed out in the House Judiciary Committee minority report last year (p. 12):

"The one type of situation in which H.R. 3 would clearly eliminate judicially inferred preemption as a basis for nullifying State law is where the provisions of a State law are identical to the provisions of a Federal law."

Much support for section 1 of H.R. 3 seems to derive from resentment at the Supreme Court's holding in *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956), that the Federal legislation dealing with subversion against the United States precludes concurrent State prosecutions for that offense. Yet it is not even clear that section 1 of H.R. 3, if it stood alone, would overturn the Nelson decision. None of the State statutes dealing with sedition against the United States are identical with the Federal legislation on the subject, so that the Court might well conclude, in the language of section 1, that there is a direct and positive conflict between the Federal and the State sedition legislation so that the two cannot be reconciled or consistently stand together.

While H.R. 3 would direct the Supreme Court not to find Federal preemption in one type of situation (i.e., where State and Federal laws are identical), it is not clear what effect it would have in the other types of situations discussed above. It is even difficult to say whether on balance section 1 of H.R. 3 would result in expanded or contracted Federal preemption. All that can be said with certainty is that it would invite relitigation of many issues.

3. Conflict between Federal and State laws: Article VI, clause 2, of the Constitution provides that in the event of a conflict between a valid Federal statute and a State statute, the Federal law prevails. H.R. 3 could not, and does not purport to, change this constitutional principle.

However, numerous borderline cases arise in which the courts are called on to decide

whether a particular Federal statutory provision does or does not conflict with a particular State law. During the last 75 years the Supreme Court has ruled on hundreds of cases where there was some measure of conflict, or at least of inconsistency, between Federal and State law, and the question was whether the degree of conflict necessitated invalidation of the State law.

One formula for resolving these issues was stated as follows by the Supreme Court in *Kelly* v. *Washington*, 302 U.S. 1, 10; 58 S. Ct. 87, 92 (1937), quoted with approval in *United Construction Workers, etc.* v. *Laburnum Construction Corp.*, 347 U.S. 656, 663; 74 S. Ct. 833, 837 (1954):

"When Congress does exercise its paramount authority, it is obvious that Congress may determine how far its regulation shall go. There is no constitutional rule which compels Congress to occupy the whole field. Congress may circumscribe its regulation and occupy only a limited field. When it does so, State regulation outside that limited field and otherwise admissible is not forbidden or displaced. The principle is thoroughly established that the exercise by the State of its police power, which would be valid if not superseded only where the repugnance or conflict is so 'direct and positive' that the two acts cannot 'be reconciled or consistently stand together'."

As respects its literal language, section 1 of H.R. 3 does not deal with the question of conflict between State and Federal statutes, but only with the question of preemption of the field by a Federal act. However the line betwen the two is often shadowy, and one of the two formulas H.R. 3 employs for determining preemption; i.e., that there must be a direct and positive conflict, etc., is derived from the conflict cases quoted above.

Here again, it is impossible to say what concrete effects H.R. 3 would have; and all that is certain is that it invites relitigation of many long settled issues.

The 1958 Senate committee report on S. 337 (now sec. 1 of H.R. 3), declares (p. 3):

"The state of the law concerning the operations of State statutes, and their relationship to Federal statutes in the same field, is unclear. Unless some legislative action is taken, a substantial volume of litigation may result."

Actually as the report elsewhere recognizes (p. 2), these cases have been arising in substantial numbers for some years; and in fact for many decades. In our view, however, section 1 of H.R. 3 would do nothing to reduce the number of such cases arising in the future, while it would invite the relitigation of large numbers of cases heretofore decided.

The 1958 report of the House Judiciary Committee likewise does not in our view make out a case in support of this bill; and in fact it discloses considerable ignorance with respect to the general subject. The report states (pp. 2–3):

"Certain decisions of the Supreme Court of the United States in recent years, particularly those involving the regulation of commerce by both State and Federal Governments, have nullified many State laws by the doctrine of Federal preemption.

"These decisions have brought about widespread criticism that the Court has been indulging in judicial legislation by reading into statutes a legislative intent to occupy whole fields to the exclusion of State and local governments. In support of their position, the proponents cite such cases as *Pennsylvania* v. *Nelson* (350 U.S. 497 (1956)); *Phillips Petroleum Company* v. *Wisconsin* (347 U.S. 672 (1954)); *Slochower* v. *the Board of Higher Education* (350 U.S. 551 (1956)); *Railway Employees' Department* v. *Hanson* (351 U.S. 225 (1956)); and *Cloverleaf Company* v. *Patterson* (315 U.S. 148 (1942))."

Of the five cases thus cited, only the first and the last, i.e., the Nelson and Cloverleaf cases, have any relevancy to the statements they are cited to support.

The Nelson case, as already noted, does involve preemption, though not regulation of commerce.

The Cloverleaf case presented the issue whether Federal statutes regulating the manufacture, for sale interstate, of renovated butter, precluded concurrent regulation by the State of Alabama. The Court held by a vote of 5–4 that the Alabama regulatory scheme was inconsistent with the Federal and must therefore fall. The Justices voting to strike down the State regulation were Reed, who wrote the opinion, Roberts, Black, Douglas, and Jackson, while Stone, Frankfurter, Murphy, and Byrnes dissented. The Cloverleaf case is a typical preemption case in its subject matter, and the division of the Court in that case illustrates what is also typical of preemption cases, that the votes of the individual Justices cannot be forecast on the basis of their general classification as liberal or conservative.

It is not clear whether H.R. 3 would produce a different result in the Cloverleaf case. In its opinion in that case the Court majority stated the general rule on preemption as follows (315 U.S. at 156):

"When the prohibition of State action is not specific but inferable from the scope and purpose of the Federal legislation, it must be clear that the Federal provisions are inconsistent with those of the State to justify the thwarting of State regulation."

This formulation, it will be noted, is much the same as the latter half of H.R. 3. Whether one agrees or disagrees with the Cloverleaf decision—and obviously it was a close case—it is a slim basis for enacting general legislation like H.R. 3 15 years later.

None of the other three cases cited are pertinent to the discussion in the majority report.

In the Phillips Petroleum Co. case the Supreme Court held that the Federal Power Commission has authority under the Federal Natural Gas Act to regulate the rates charged by a natural gas producer which sells gas to interstate pipeline companies for interstate transportation and resale. The only issue was the scope of the Federal Power Commission's authority under the Federal act. No State statute is so much as referred to in the opinion, and the decision has nothing to do with preemption or with conflict between State and Federal law.

In the Slochower case, as already noted, the Supreme Court held that a provision of the charter of the city of New York requiring the discharge of any city employee invoking the privilege against self-incrimination is unconstitutional as in violation of the due process clause of the 14th amendment. As has also been pointed out, when a predecessor of H.R. 3 was discussed on the floor of the House, in April 1956, Congressman HOWARD SMITH endeavored to correct the misapprehension of some of the Members that his bill had some relation to the Slochower case. He said, "I do not think it has any effect upon the New York schoolteacher case, either." Congressman SMITH was entirely correct. The Slochower case does not involve preemption or conflict between State and Federal law but rests on the Supreme Court's interpretation of the 14th amendment. It would not be affected by H.R. 3; nor could H.R. 3 be rewritten to affect it, since Congress is powerless to direct the Supreme Court how to interpret the Constitution, although it can direct it how to interpret Federal statutes.

The minority views of the House Judiciary Committee, though in general a competent and scholarly job, likewise reflect the misapprehension that the Slochower case has to do with preemption and would be affected by H.R. 3 (see Minority Views, p. 10).

In *Railway Employees' Department* v. *Hanson* (351 U.S. 225 (1956)), the Supreme Court held, unanimously, that the 1951 amendment to the Railway Labor Act allowing union shop agreements between railroads and unions of their employees, notwithstanding any law of any State to the contrary, does not violate the Federal Constitution and is within the constitutional power of Congress; and hence that it overrides the so-called "right-to-work" law of Nebraska. The Federal statute specifically permits union shop agreements "Notwithstanding * * * any other provisions of this act, or of any other statute or law of the United States, or Territory thereof, or of any State." Thus, in that statute Congress has expressly stated its intention to override conflicting State law, so that the only question before the Court was whether the Federal law was valid. Criticism of the Hanson decision thus must rest on the theory that the Supreme Court should have held unconstitutional the Federal statute in question, which would be a curious position for the House Judiciary Committee to take. Quite evidently, however, the committee majority had no notion what the Hanson case was about.

The supporters of section 1 of H.R. 3, seem to be under an erroneous impression with regard to the general attitude and philosophy of the Supreme Court Justices over the years with respect to the problem of concurrent state regulation of matters subject also to Federal regulation. The Supreme Court's holdings over the last few years in the school segregation cases, in various cases involving civil rights issues under the Constitution (such as the Slochower case), and in the Nelson (State sedition law) case, seem to have created the impression in the minds of many Congressmen that the Court as at present constituted is more given to invalidating State law on the grounds of Federal preemption or conflict with Federal law than was formerly the case. I do not believe, however, that any student of Supreme Court history would agree with this conclusion.

Most State legislation which is challenged in the Supreme Court as in conflict with the principles of the Federal system, or on the grounds of Federal preemption or of conflict with Federal statute, involves State regulation of manufacturing (such as the processing of agricultural products), or of the shipment of agricultural products (such as oleomargarine or diseased cattle), or of rail, bus, or truck transportation, or, finally, various types of business taxes which are claimed to burden interstate commerce unduly. Most of the challenges to this State legislation come, therefore, from business or commercial interests. There are, it is true, a number of cases in which unions have challenged State legislation on grounds of Federal preemption or of conflict with Federal law, and a somewhat smaller number of cases in which employers have challenged State labor relations legislation on these grounds. (*Bethlehem Steel Co.* v. *New York State Labor Relations Board*, 330 U.S. 767 (1947) and *Guss* v. *Utah Labor Relations Board*, 353 U.S. 1 (1957) are examples of such employer challenges.) These cases are, however, relatively few in number as compared with those involving State regulation of business and commerce; and as brought out in more detail below the Supreme Court has found Federal preemption in only a very narrow area in the labor relations field. Few, if any, of the preemption or conflict cases involve any issue of civil rights, for the reason that these issues are normally disposed of under the Constitution rather than under any Federal statute.

Also, as I indicated earlier, the general categorization of a justice as "liberal" or "conservative" is an unsafe guide as to what his attitude will be on preemption. In general,

however, judges regarded as liberal tend to uphold State regulations of business or commerce which are challenged on grounds of Federal preemption or of conflict with Federal law, while conservative judges tend to invalidate them. Thus, it was Black and Douglas who, dissenting, voted to uphold the validity of the Arizona train length law; while the conservative Court presided over by Justice Taft in the 1920's probably went furthest in invalidating State legislation. Again, this February, when the Court divided sharply over the validity of a State income tax on interstate operations of a foreign corporation, those voting to uphold the tax were Warren, Black, Douglas, Clark, Harlan, and Brennan, while Frankfurter, Whittaker, and Stewart dissented. *Northwestern States Portland Cement Co.* v. *Minnesota,* decided February 24, 1959.

However, in some quarters at least there seems to be growing awareness of the dangers of the shotgun approach embodied in H.R. 3. We are pleased to note that the American Bar Association now endorses the position we have long taken on this bill, viz, that if the Supreme Court in any particular decision misinterprets the intent of Congress with respect to Federal preemption, the proper course is for the Congress to amend the statute involved, rather than to seek to deal with the matter through a general bill such as H.R. 3.

A bar association resolution, adopted on February 24, 1959, by its house of delegates, states:

"Whereas recent decisions of the U.S. Supreme Court, in cases involving National and State security and with particular reference to Communist activities, have been severely criticized and deemed unsound by many responsible authorities; and

"Whereas problems of safeguarding National and State security have been exposed or created thereby which this association feels would be best solved by the careful study of each decision, and the prompt enactment of sound amendments to existing laws within the constitutional powers of the Congress: Now, therefore, be it

"*Resolved,* That this association recommend to the Congress the prompt and careful consideration and study of recent decisions of the U.S. Supreme Court and the preparation and passage of separate amendments to the laws involved so as to remove any doubt as to the intent of the Congress, and to remedy any defect in the existing law revealed by the decisions."

2. EFFECT OF H.R. 3 ON LABOR RELATIONS

I come now to the question of what effect, if any, H.R. 3 would have on the particular subject of labor relations.

The Federal Government has in the Taft-Hartley and other statutes regulated labor relations affecting interstate commerce in very considerable detail. Not a single State has labor relations legislation which wholly follows the Federal legislation on the subject. Thus, we might expect a large measure of Federal preemption in the field of labor relations, and that its decisions would have virtually ousted the States from this field.

However, this is not entirely the case. The Supreme Court has held that the Federal statute provides the exclusive remedy as respects the civil prevention of unfair labor practices not involving violence (*Garner* v. *Teamsters,* 346 U.S. 485 (1953)) and damage suits arising out of such unfair labor practices (*San Diego Building Trades Council* v. *Garmon,* No. 66, October term 1958, decided April 20, 1959). It has likewise held that the Federal procedures for resolving union representation issues are exclusive (*Bethlehem Steel Co.* v. *New York Labor Relations Board,* 330 U.S. 767 (1947)). On the other hand, the Supreme Court has held that the States may exercise concurrent authority as respects the civil prevention of unfair labor practices involving breaches of the peace (*Auto Workers* v. *Wisconsin Board,* 351 U.S. 266 (1956)); the criminal punishment of breaches of the peace or other misconduct taking place during labor disputes, and suits for damages for unlawful conduct occurring during such disputes (*United Construction Workers* v. *Laburnum Construction Corp.,* 347 U.S. 656 (1954); *Auto Workers* v. *Russell,* 356 U.S. 634 (1958)).

It is thus evident that H.R. 3 is not likely to result in greatly expanded State authority in the field of labor relations, since the States have concurrent authority in a good deal of that field at present. As noted, no State has a labor relations law which is entirely consistent with the Federal law, and under the supremacy clause of the Constitution, and under the terms of H.R. 3 also, the State laws are inoperative at least insofar as they are inconsistent with the Federal law. The Supreme Court has also held, however, in a unanimous decision, that the States may not undertake the prevention of unfair labor practices (other than those involving breaches of the peace) even if the State law happens to be identical with the Federal as respects the particular situation at issue (*Garner* v. *Teamsters,* 346 U.S. 485 (1953)). Speaking through Justice Jackson, the Court said (346 U.S. at 490–491):

"Congress did not merely lay down a substantive rule of law to be enforced by any tribunal competent to apply law generally to the parties. It went on to confide primary interpretation and application of its rules to a specific and specially constituted tribunal and prescribed a particular procedure for investigation, complaint and notice, and hearing and decision, including judicial relief pending a final administrative order. Congress evidently considered that centralized administration of specially designed procedures was necessary to obtain uniform application of its substantive rules and to avoid these diversities and conflicts likely to result from a variety of local procedures and attitudes toward labor controversies. * * * A multiplicity of tribunals and a diversity of procedures are quite as apt to produce incompatible or conflicting adjudications as are different rules of substantive law."

The question thus arises whether H.R. 3 would validate a State law dealing with the civil prevention of unfair labor practices as respects its application to a particular situation as to which the State law is identical with the Federal. As regards the first test of H.R. 3, i.e., whether the Federal act contains an express provision indicating an intention on the part of Congress to occupy the field of civil prevention of unfair labor practices, the Taft-Hartley Act does not contain such a provision, even though it is quite clear from the legislative history of the act that the Congress in fact intended to occupy the field. A provision that the remedies before the National Labor Relations Board were to be exclusive, which was contained in the Wagner Act, was dropped from the Taft-Hartley Act, not for the purpose of permitting concurrent State jurisdiction over the civil prevention of unfair labor practices but because Taft-Hartley provides for temporary injunctions and for damage suits against unions in the Federal district courts in certain situations. The conference report states (Rept. No. 510, 80th Cong., 1st sess., p. 52):

"The House bill omitted from section 10(a) of the existing law the language providing that the Board's power to deal with unfair labor practices should not be affected by other means of adjustment or prevention, but it retained the language of the present act which makes the Board's jurisdiction exclusive. The Senate amendment, because of its provisions authorizing temporary injunctions enjoining alleged unfair labor practices and because of its provisions making unions suable, omitted the language giving the Board exclusive jurisdiction of unfair labor practices, but retained that which provides that the Board's power shall not be affected by other means of adjustment or prevention. The conference agreement adopts the provisions of the Senate amendment."

It would be anomalous if this chance dropping of the express provision in the National Labor Relations Act that that act was intended to occupy the field were to result, contrary to the clear intention of Congress, in concurrent State authority.

As respects the second standard in H.R. 3, that there be "a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together," the critical question, as respects the labor relations field, is whether this criterion requires consistency between the entire Federal act and the entire State act, or only that the State law be consistent with the Federal as respects the particular case. If the latter view be taken, H.R. 3 would result in increased concurrent State authority over the civil prevention of unfair labor practices; and also over the determination of union representation proceedings. It would in effect permit the States to handle labor disputes or representation proceedings affecting commerce in any situation where their law is consistent with the Federal law.

However, it is not at all clear that H.R. 3 would establish concurrent State jurisdiction over the prevention of unfair labor practices, in situations where the State law is the same as the Federal. As is generally true with respect to H.R. 3, all that is possible to say with assurance is that it invites relitigation of the issue.

It is of course always open to the Congress to reconsider the question whether the States should exercise concurrent jurisdiction over labor disputes (not involving violence) covered by the Federal act. In fact the Congress is concurrently considering this issue: The Kennedy-Ervin bill approved by the Senate last Saturday night provides for a limited measure of concurrent State jurisdiction. Without going into the merits of this particular provision of Kennedy-Ervin, we are emphatically of the view that if Congress is disposed to undertake some readjustment of Federal and State jurisdiction over labor relations it should proceed by way of a bill dealing specifically with labor relations, and not by any such general measure as section 1 of H.R. 3. A rifle is more accurate than a shotgun.

CONCLUSION

In the view we take, the enactment of H.R. 3 would be undesirable for the following reasons:

1. Its principal motivation seems to be to rebuke the Supreme Court for its decisions on segregation and civil liberties. Although as far as we can see the bill would in fact have no effect on Supreme Court decisions in these fields, we are not sympathetic with this motivation.

2. It is impossible to predict what effects the bill would have in fields where it would apply. The only thing that is certain is that it invites relitigation of innumerable long settled issues.

3. As respects labor relations specifically, while we are not happy about the present distribution of authority in this field between the States and the Federal Government, it is unlikely that H.R. 3 would, from our standpoint, effect any improvement. In any event, a general bill of this sort is a poor way to go about dealing with the problem of the proper division of responsibilities between the Federal Government and the States in the labor relations field.

I urge the defeat of H.R. 3.

Mr. McCULLOCH. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. GUBSER].

Mr. GUBSER. Mr. Chairman, I take this time for the purpose of addressing what to me is a very significant question to both the proponents and the opponents of this bill. I would like the gentleman from New York [Mr. CELLER], for the proponents, and the gentleman from Virginia [Mr. POFF], for the opponents, to answer this question for me, if they possibly can. I know that lawyers are used to telling their witnesses to answer "Yes" or "No," but in this case it is a farmer asking the lawyers to say "Yes," "No," or "The issue is in doubt." I think the question can be answered that briefly.

Assume that the State of California passes a law making the death penalty mandatory where a defendant is guilty of selling narcotics. Assume further that the narcotics which were sold were shipped across a State line to the defendant in violation of a Federal law.

Now, under the rule in the Uphaus case and without the enactment of H.R. 3, could the death penalty be inflicted by the State of California in this case?

Mr. POFF. Mr. Chairman, if the gentleman will yield, I can only say that so long as the precedent established in the Nelson case remains the law of the land—and parenthetically, the Uphaus decision did not materially affect the Nelson decision—the answer to your question is in doubt.

Mr. GUBSER. I thank the gentleman.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. GUBSER. I only have 2 minutes, and I wanted the gentleman from New York to answer.

Mr. WILLIS. I think we are in agreement. Under a very recent decision of the Supreme Court, the man could be prosecuted in both, and it would not involve double jeopardy. That is a decision about 2 weeks old.

Mr. GUBSER. Your answer is that the death penalty could be inflicted in California in the case mentioned?

Mr. CELLER. There is no question about what the gentleman from Louisiana said.

That has nothing to do with the case, though.

Mr. Chairman, I yield such time as he may consume to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Chairman, I rise in support of H.R. 3.

My interest in this important legislation goes back to the 84th Congress when I first introduced a bill similar to the measure (H.R. 3) now under consideration. My bill, H.R. 19, was reintroduced on the first day of the 85th and 86th Congresses.

In spite of what its opponents may say to the contrary, this legislation is no innovation. Its purpose is to bring about a return to a time-honored criterion of legislative interpretation, wherein a State law is deemed to be valid as long as it is not in direct conflict with a Federal law on the same subject. If enacted into law, it will permit concurrent jurisdiction in order that a State law, where not in conflict with the Federal act, also can be enforced in the State courts for the protection of the State and its citizens.

The rule of law which H.R. 3 advocates was first used by the Supreme Court over 120 years ago in the case of *Cohens* v. *Virginia* (6 Wheat. 264, 443), and it was consolidated as a rule in the 1842 case of *Gibbons* v. *Ogden* (9 Wheat. 1). In the latter decision, Justice Marshall specifically pointed out that in order to be nullified a State law must "interfere with, or be contrary to, the laws of Congress."

This conflict test was probably best expressed in *Sinnot* v. *Davenport* ((1859) 22 How. 227, 243), where the criterion is stated to be:

> In the application of this principle of supremacy of an act of Congress in a case where the State law is but the exercise of a reserved power, the repugnance or conflict should be direct and positive, so that the two acts could not be reconciled or consistently stand together.

As late as 1937, this doctrine was again enunciated in *Kelly* v. *Washington* (302 U.S. 1, 10).

After 100 years of usage, however, the canon of judicial interpretation set down in Cohens against Virginia was cast in discard by Justice Black in 1941 in the case of *Hines* v. *Davidowitz* (312 U.S. 52, 67). In dissenting, Justice Stone held to the old rule and wrote:

> But no words of the statute or of any committee report or any congressional debate indicate that Congress intended to withdraw from the States any part of their constitutional power over aliens within their own borders. The repeal of this legislation is not to be inferred from the silence of Congress in enacting a law which at no point conflicts with the State legislation and is harmonious to it.

Beginning with the case of Hines against Davidowitz, however, the Court has seen fit to follow its original rule of interpretation or ignore it as its fancy seems to dictate. A rule of interpretation which has so erratic a career is no longer a rule but a mere whimsy. In the legislation now under consideration, we seek to restore it to the status of a rule. Let me emphasize that this rule was devised originally by the Court itself and not by Congress. Congress seeks only to remind the Court of the stability it once possessed by providing a rule of construction as a future guide for the Court with regard to the question of preemption.

As we all know, there are many instances where there are both State and Federal enactments on the same subject, each legislative act operating within its proper sphere. There are also cases in which the Supreme Court, even in the absence of conflict, has held that Federal law supersedes State law.

For instance, the Court held in 1942 that an Alabama law regulating sanitary standards for renovated butter in intrastate commerce was invalid because a Federal law existed which gave the Secretary of Agriculture the authority to inspect renovated butter in interstate commerce. In this case, the Supreme Court did not find that there was a direct and positive conflict between the Federal and State laws, and it did not hold that the two could not be reconciled or consistently stand together. Instead, the Court merely ruled that the Federal law had destroyed by implication the law of the State.

The case which most urgently pointed up the need for the Court to return to its original rule of interpretation was *Pennsylvania* v. *Nelson* (1956), 350 U.S. 497. In this decision, the U.S. Supreme Court held that the Smith Act superseded the Pennsylvania Sedition Act in spite of the contentions of the author of the act, our distinguished colleague, Congressman HOWARD SMITH, that its legislative history shows that the Federal law was intended to complement and not supplant existing State laws on the same subject.

There is a difference of opinion as to how the Court's recent decision—June 8, 1959—in the case of Uphaus against Wyman affects the Nelson case. Although the Uphaus ruling may modify the Nelson decision, it certainly does not reverse it nor does it present a clear-cut explanation of the Court's current interpretation of the preemption doctrine. Therefore, the recent decision further reiterates the dire need for the return of the Court to its original rule of interpretation.

Mr. Chairman, I urge the adoption of H.R. 3.

Mr. WILLIS. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. WHITENER].

Mr. WHITENER. Mr. Chairman, I appreciate the opportunity to speak on this legislation. Before going into the statement that I would like to make about H.R. 3 perhaps it might be well to revert to the statement made by the chairman of the Committee on the Judiciary a few moments ago with reference to the law of bankruptcy. As I understood the question of the chairman it was whether or not States could pass bankruptcy acts and have them enforced. I think there can be no question in the minds of lawyers about that because in the section 8 of article I of the Constitution we find these specific words setting forth the powers of the Congress:

> To establish a uniform rule of naturalization, and uniform laws on the subject of bankruptcies throughout the United States.

The chairman of the Committee on the Judiciary in support of his argument informally presented to me a case entitled International Shoe Co. against Pincus, which came to the Supreme Court of the United States from the Supreme Court of Arkansas. It is reported in 278 U.S. 261. That case very clearly held this—and that is the ratio decidendi of the decision:

> A State is without power to make or enforce any law governing bankruptcies that impairs the obligations of contracts or extends to persons or property outside its jurisdiction or conflicts with the national bankruptcy law.

Mr. CELLER. Is the gentleman reading the headnotes or the decision?

Mr. WHITENER. That is the headnote. But if the gentleman would like to hear the same language again I will

read from the body of the decision. On page 265 the Court said this:

States may not pass or enforce laws to interfere with or complement the bankruptcy act or to provide additional or auxiliary regulations.

And they cite in support of that proposition 8 or 10 previous decisions of the Supreme Court of the United States.

Now to get back to the facts in this particular case—I think I can state them without reference to the decision: A creditor with a claim of less than $500 and who was therefore ineligible to bring the debtor into Federal bankruptcy court reduced his claim to judgment. The next day, in the State courts of Arkansas the debtor came in to the State court under the insolvency proceedings prescribed by the law of Arkansas. The creditor was not permitted to participate or did not participate in the proceedings. The money came into the hands of the receiver appointed by the State court. The creditor then brought his action in the State court to collect the amount of his judgment. The case found its way to the U.S. Supreme Court. The Court held that nothing in the State law could impair the obligation of the contract or in any way release the obligation owed by the debtor to the creditor.

As I understand it, that is the basic law of the land. I know that there are cases where the courts have held that by reason of participation of the creditor in the State proceedings, the creditor will be barred in further proceedings by reason of the doctrine of estoppel. But that does not enter into the merits of this decision.

Mr. Chairman, H.R. 3 is a badly needed legislative proposal. The problem which it will meet is one of great import. I was interested to hear the gentleman from California [Mr. KASEM] say he understood this bill would do nothing and he could not understand why some of us were so energetic about it when, after all, it was merely whistling into an empty barrel. Well, I read with great interest the minority views which the same gentleman signed in which he said exactly what he now attributes to the proponents. This confusion which the opponents seemingly seek to create is a needless sort of thing.

As to the bill itself, section 1 is nothing more than a codification of the basic rule of statutory construction enunciated by the Supreme Court in *Sinnot* v. *Davenport*, 22 Howard Reports, at page 227 (1859). The Supreme Court of the United States has reaffirmed that basic concept over 110 times. I say to these gentlemen who have been hurling challenges, and particularly to my friend, the gentleman from California [Mr. KASEM], and my distinguished and learned chairman, the gentleman from New York [Mr. CELLER], that they cannot cite to this House a single case in which the State courts of their own States have failed to recognize the basic principle that there are areas where the Federal Government has a right to preempt the field. There is no doubt about it except when we come to these decisions based entirely upon political and social expediency which we are so accustomed to get from the nine black-robed gentlemen in that magnificent palace across the street.

I was interested to find that my home State has been very consistent—and not with any club over its head—in recognizing the law as it is. Since 1922 the North Carolina Supreme Court in at least 13 cases, the last of which was decided on June 12 of this year, and which is not yet printed in the permanent, bound volumes of the State supreme court, has steadfastly adhered to the doctrine that in the field of concurrent jurisdiction where the Federal Congress has invaded or taken over the field the State must give way.

Mr. Chairman, in the remaining time allotted to me I shall be compelled to refrain from yielding further to my colleagues due to my desire to present in greater detail my thoughts on the pending legislation. It is my hope that the Members will bear with me.

Mr. Chairman, section 1 of H.R. 3 is the only portion of the bill before us which seems to have aroused any controversy or argument. This section, contrary to the arguments of its opponents, is not a complicated legislative proposal; nor is there any reason for reasonable doubt as to its meaning. Its language explains itself. It merely provides:

No act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such Act operates, to the exclusion of all State laws on the same subject matter, unless such Act contains an express provision to that effect, or unless there is a direct and positive conflict between such Act and a State law so that the two cannot be reconciled or consistently stand together.

The questions which have arisen during our committee hearings and during the debate in the House of Representatives may be briefly stated as follows:

First. Is there a need for H.R. 3?

Second. Would H.R. 3 be unconstitutional because of alleged invasion of the exclusive power of the courts to construe Federal legislation?

Third. Has the U.S. Supreme Court been guilty of misconstruing congressional intent under the so-called preemption doctrine?

Fourth. In Federal laws where there is no express statement of congressional intent should there be a presumption of congressional preemption, or should it be presumed that Congress intended that the States exercise their concurrent legislative power?

Fifth. Should Congress make the broadside approach contained in section 1 of H.R. 3 in meeting the asserted need for a general rule of construction, or should it be done piecemeal on a case-by-case basis?

Sixth. If the latter approach were taken, would it be practical and feasible for Congress to examine all existing laws and redefine the intent of Congress in each of such Federal statutes?

The preemption problem arises under article VI of the Constitution of the United States, which provides:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

When we consider this constitutional provision in conjunction with the 10th amendment to the Constitution, which provides "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people," we see the genesis of the principle of dual sovereignty in certain areas.

The supremacy clause—article VI of the Constitution of the United States—was the subject of great debate in the Constitutional Convention and in subsequent State constitutional conventions convened for the purpose of ratifying the Federal Constitution. In commenting upon this clause the Federalist Papers have this to say:

The powers delegated by the Constitution to the Federal Government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce. The powers reserved to the several States will extend to all the objects which in the ordinary course of affairs concern the internal order and prosperity of the State.

The ratification of the Constitution was bitterly fought in many States because of the "supremacy clause." New York ratified it by a margin of 3 votes (30–27); Virginia by 10 votes in a convention of 168 members; Massachusetts by 19. In New Hampshire the vote was 57–46; in Rhode Island, 34–32. These represent only a portion of the number of the bitter contests over ratification of the Constitution in the several States in the period immediately following the Constitutional Convention.

Now I would like to address myself to the questions which I have heretofore stated that the legislation presents. In doing so I shall be extremely brief due to time limitation, but I hope that the membership of the House will give serious consideration to the various questions and what I recommend as the appropriate answers.

First. Need for the bill: Even though the Supreme Court as early as 1859 in *Sinnott* v. *Davenport*, 22 How. 227, laid down the test of supercession, which was adhered to faithfully by the Supreme Court until recent days, we find that the courts of the land have strayed away from this salutary rule of construction. In that case the Court stated:

We agree that in the application of this principle of supremacy of an act of Congress in a case where the State law is but the exercise of the reserve power, the repugnance or conflict should be direct and positive so that the two acts could not be reconciled or consistently stand together.

Since that decision this rule has been cited with approval by the Supreme Court of the United States over 110 times, and it was understood by lawmakers and judges alike that this concept constituted an integral part of the law of the land.

The need for legislation arises because of the failure of our Supreme Court to adhere to this proper rule of statutory construction which it had established through a century of its history. Had this rule not been recently abandoned when the Court felt it expedient to do so there would be no need for the provisions of section 1 of H.R. 3.

Legislators must legislate in the light of their knowledge, and our knowledge of recent wanderings from established rules of construction by the U.S. Supreme Court offer convincing and cogent proof of the need for enactment of section 1 of H.R. 3.

Second. Constitutionality of H.R. 3: It is my considered opinion that there is a total lack of merit in the contention that this legislation would be unconstitutional because it invades the exclusive power of the Court to construe acts of Congress. The Supreme Court itself has positively eliminated any doubt as to the authority of Congress to correct a judicial interpretation of a prior statute or to set up rules of construction for future actions that might arise under existing law or hereinafter created law.

In the case of *Stockdale* v. *Ins. Co.*, 87 U.S. 323 (1873), the Supreme Court stated:

> Both in principle and authority it may be taken to be established, that a legislative body may by statute declare the construction of previous statutes so as to bind the courts in reference to all transactions occurring after the passage of the law, and may in many cases thus furnish the rule to govern the courts in transactions which are past, provided no constitutional right of the party concerned is violated.

It is, therefore, apparent that H.R. 3 merely enacts into statute law the rule of construction set forth in *Sinnot* v. *Davenport*, 22 How. 227, and does not in any way violate constitutional provisions.

Third. Construction of preemption doctrine by Supreme Court: Recent decisions of the Supreme Court, most of which have already been mentioned today in debate, clearly point to a path of destruction of valid and constitutional State legislation under the so-called doctrine of preemption. Some of these cases are: *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956); *Phillips Petroleum Co.* v. *Wisconsin*, 347 U.S. 672 (1954); *Slochower* v. *Board of Higher Education*, 350 U.S. 551 (1956); *Railway Employees Department* v. *Hanson*, 351 U.S. 225 (1956); *Cloverleaf Co.* v. *Patterson*, 315 U.S. 148 (1942).

The extension of this destructive doctrine of preemption has been of such a consistent pattern as to require immediate action by the Congress to bring it to a halt. To permit an extension of this erosive doctrine without legislative intervention seems clearly to constitute a serious dereliction on the part of Congress.

Fourth. Presumption of congressional intent: The next question relates to whether there should be a presumption of intent to preempt the field by Congress in the absence of express words to that effect in a Federal statute. I feel very strongly that unless there is a direct and positive expression of intent or a condition which brings the Federal and State laws into unquestionable irreconcilable conflict there should be a presumption in favor of validity of State laws in that area of permissible dual sovereignty.

The entire problem which H.R. 3 seeks to eliminate has been brought about by the unwarranted presumption on the part of the Supreme Court in several instances that Congress intended to preempt certain fields of the law when the statutes being construed did not expressly so state and were not clearly in irreconcilable conflict with the State law.

No one can question that the Federal Congress under the express terms of the Constitution has fields of exclusive legislative jurisdiction. Our problem arises by reason of the failure of Federal courts to consistently recognize that there is likewise a field of complete sovereignty with the several States.

There is also that third field of dual sovereignty which presents the problem that causes us today to be considering H.R. 3. Unless affirmative action is taken by the Congress it is my fear that the area of dual sovereignty will be rapidly whittled down to such a point that the States and the people will be deprived of the rights granted to them by the Constitution through the medium of ill-advised judicial decisions by the Federal courts.

It seems patent to me that the presumption should be contra to preemption and in favor of validity of State legislation in a dual sovereignty area. To hold otherwise would be to stretch the supremacy clause out of its proper proportion and bring chaos into the internal regulation of State matters.

Fifth. The general approach rather than case-by-case approach: It would be utter folly to undertake to correct the situation now confronting the courts and the legislators of this Nation by the piecemeal approach which the opponents of H.R. 3 advocate. There should be a general rule of construction applicable to all existing statutes as well as all statutes hereafter enacted by the Federal Congress. The principle heretofore referred to and stated so well in Stockdale against Insurance Co. fully supports the validity of the enactment of a general rule of construction rather than the case-by-case approach which the opponents of H.R. 3 recommend.

Sixth. Examination of all existing Federal statutes: The opponents of this legislation further contend that Congress should examine all existing Federal law to determine whether in each particular situation the States should be deprived of their constitutional concurrent powers. This argument is based upon a fervent desire on the part of our colleagues who oppose this legislation to defeat it in toto. I am sure that they feel that if this approach should be undertaken there could be no effective resolution of the problem at hand.

It is respectfully submitted that there is no basis for their contention. This is true for the reason that H.R. 3 merely places upon the statute books the identical rule of construction adhered to by the Federal and State courts of the United States for approximately 100 years. The same rule of construction was applicable and was within the contemplation of previous Congresses when the various statutes now found in our United States Code were made the law of the land. It should not be presumed that preceding Congresses were unaware of this well-established rule of statutory construction at the times when the myriad of laws were then promulgated and enacted. Therefore, it cannot be reasonably contended that H.R. 3 does violence to or changes any existing law.

If preceding Congresses intended to preempt the field at the time of enactment of the laws now on our books this can be determined by judicial interpretation as the courts in each case brought hereafter seek out the legislative intent. If such intent is not manifest, then by determining whether the Federal law is in direct and positive conflict with State laws in the same general area of legislation the Court may readily come to a proper determination of the issue. This places no burden upon the Court which the Court has not had and recognized since the adoption of our Constitution. Nor does it take away from any citizen any constitutional rights or privileges which that citizen now has or has had under and by virtue of the laws of the land. H.R. 3 in no way touches upon or affects, nor could it legally do so, the constitutional rights or privileges of any person or group of persons.

Dual sovereignty is real. I have done a considerable amount of research to satisfy myself as to the origin of this erroneous abandonment of our time-honored principles of statutory construction. As far as I have been able to ascertain it was given birth and nurtured solely and exclusively by the U.S. Supreme Court.

In my own State of North Carolina in a multiplicity of cases our State supreme court has carefully recognized the limitations upon its constitutional jurisdiction where there is a preemption of the field.

In the case of *Hill* v. *Seaboard Airline Railway Co.*, (180 N.C. 428, at 430), the North Carolina Supreme Court, quoting from *South Carolina* v. *United States*, (199 U.S. 110), had this to say:

> We have in this Republic a dual system of government—National and State—each operating within the same territory and upon the same persons, and yet working without collision, because their functions are different. There are certain matters over which the National Government has absolute control, and no action of the State can interfere therewith, and there are others in which the State is supreme, and in respect to them the National Government is powerless. To preserve the even balance between these two governments and hold each in its separate sphere, is the peculiar duty of our courts. * * * In other words, the two governments—National and State—are each to exercise their powers so as not to interfere with the free and full exercise by the other of its powers.

In another case, *Farmers and Merchants Bank* v. *Federal Reserve Bank* (183 N.C. 546, at 553), decided in 1922, then Chief Justice Clark of the North Carolina Supreme Court had this to say:

> The U.S. Constitution, article VI (sec. 2), provides that the Constitution of the United States, and the laws made in pursuance thereof, "shall be the supreme Law of the Land;

and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding." In the matter before us the act of Congress which provides that no exchange shall be allowed by the Reserve bank for remitting for the collection of any check by any bank is in direct conflict with the statute of this State authorizing the paying bank to remit a lesser amount than the face amount of any check paid by it if presented by the Federal Reserve Bank. In this conflict of authority the Federal law is supreme.

In the recent case of Allen against Southern Railway Co., International Association of Machinists, et al. the Supreme Court of North Carolina, in an opinion by Justice Bobbitt again recognized the basic principle set forth in section 1 of H.R. 3. In that case the court held that by reason of the Railway Labor Act (64 Stat. 1238, 45 U.S.C.A., sec. 152), the provisions of the North Carolina Right-to-Work Act were ineffective as to carriers and their employees because Congress in that field of interstate commerce "has preempted the field" and that since the North Carolina act was in conflict with Federal legislation the Federal legislation "superseded the North Carolina Right-to-Work Act."

In the case of Willard against Huffman, decided on June 12, 1959, the North Carolina court has reiterated the same proposition. Among other North Carolina cases to the same effect are: *Aircraft Co.* v. *Union*, 247 N.C. 620 (1958); *Constantian* v. *Anson County*, 244 N.C. 221 (1956); *Hudson* v. *R.R.*, 242 N.C. 650 (1955); *Surety Corp.* v. *Sharpe*, 236 N.C. 35 (1952); *Leggett* v. *College*, 234 N.C. 595 (1951); *Williams* v. *Gibson*, 232 N.C. 133 (1950); *S.* v. *Whitaker*, 228 N.C. 352 (1947); *Taylor* v. *Motor Co.*, 227 N.C. 365 (1947); *McGuinn* v. *McLain*, 225 N.C. 750 (1945); *Ervin* v. *Conn*, 225 N.C. 267 (1945); and *Bank* v. *Federal Reserve Bank*, 183 N.C. 546 (1922).

Mr. Chairman, I am confident that the North Carolina State courts are no more or less diligent than the State courts throughout our Nation in the recognition of proper areas of legislative jurisdiction of the State and Federal Governments and the limitations thereon. I am equally convinced that the courts of all of our sovereign States have been equally careful to give full obedience to the rules of statutory construction which have been universally understood by students of the law for more than a hundred years. I have cited incontrovertible evidence in previously cited cases from the supreme court of my State that there has been no confusion on the part of the courts other than the Federal courts as to the proper rules of construction where the question of dual sovereignty is involved. Should this salutary and worthwhile condition be further confused by the failure of Congress to take the simple step now available to it in bringing about judicial harmony between the local and Federal courts?

I believe that those who support H.R. 3 and assist in converting this judicial rule of construction into positive and substantive law of the land will make a noteworthy contribution to the cause of the proper administration of justice in our country.

The unbridled trampling of the rights of the States and the gratuitous whittling away of the power and influence of State legislatures and judicial tribunals is the most direct approach to the centralization of power in Washington to the injury of the people of America. The time is at hand to stop this devastating course of action if we are to continue to exist and operate as a union of several sovereign States.

While constitutional rights of the individual citizens cannot validly be affected by this or any other legislative act of the Congress the enactment of H.R. 3 will surely contribute to the preservation of the constitutional principles of concurrent jurisdiction. Its enactment into statutory law will indirectly result in the preservation of the basic principles of our Constitution which were envisioned at the time of the adoption of article I, section 8; article VI; and the 10th amendment of our Federal Constitution.

This legislation is worthy of your support. As one who has worked for two sessions of Congress with the other members of the Judiciary Committee and as the author of H.R. 2235, a bill identical to section 1 of H.R. 3, I earnestly solicit your most serious and earnest consideration of this effort to bring back into proper focus the rules governing harmonious construction of State and Federal statutes.

Mr. DAWSON. Mr. Chairman, I rise to oppose H.R. 3. The more we consider this bill which has been debated in the 84th, 85th, and 86th Congresses, the more we see how utterly destructive and chaotic this legislation would be to our whole Nation.

This bill was conceived out of dissatisfaction over the Supreme Court's decision in the case of *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956). In that case, the highest court of the State of Pennsylvania ruled that the Pennsylvania antisedition statute may not be applied to punish a person for subversive activities directed against the United States. The Supreme Court of the United States affirmed that decision, but specifically said it was not ruling on the use of the State statute so far as concerns sedition against the State.

H.R. 3 seeks to deal with the Nelson case in two ways: Section 1 of the bill would adopt a rule of construction that no State law shall give way to a Federal law unless Congress has specifically declared that Congress "occupies the field in which the Federal law operates, and to the exclusion of all State laws," or there is such "direct and positive" conflict between the State and Federal law that "the two cannot be reconciled or consistently stand together." Section 2 of the bill would specifically allow a State to prosecute any person on the charge of subversive activities against the U.S. Government.

The section 1 technique is like swatting a fly with an atomic bomb. It would apply a rule of construction that Congress never intended to thousands of statutes now on the books. It would produce chaos in the legal relationships of virtually every area of our political, economic, and social affairs. It would disrupt well-established relationships between Federal and State power and activities.

One of the most startling aspects of H.R. 3 is that no one—whether among those who support this bill, or among those who oppose it—can predict all of the possible results which this bill might cause. There are no standards, no guidelines, no bases for predicting what is likely to happen if H.R. 3 becomes law. To enact this bill is to set the ship of state afloat upon an uncharted sea.

This bill pretends to pay lip service to article VI, clause 2, of the United States Constitution, which says that the laws of the United States "shall be the supreme Law of the Land." But it attacks the very spirit underlying that article. In the name of States rights it would fragmentize the Federal system. It would do so for no good purpose, because the proponents have failed to show any real need for such sweeping, retroactive legislation. It is wholly untrue that the courts of this country have applied the preemption doctrine in wholesale manner to deprive the States of their concurrent powers of legislation. On the contrary, in numerous cases where the courts have been faced with arguments of conflict between Federal and State authority, the courts have upheld the State laws.

If Congress wants to reverse any particular court decision which upheld Federal laws over a State statute, the Congress should do so by legislation directed to the particular issue involved in that case. There is no need, or reason, or logic, in doing so by a bill that would apply in an unpredictable manner to thousands of statutes and create confusion and wasteful litigation for a generation or more.

There are at least two fundamental fallacies in section 1 of H.R. 3: The bill assumes, first, that when past Congresses enacted the thousands of statutes which comprise the vast body of Federal law, the legislators specifically intended the areas covered by those statutes to be governed or affected by conflicting and overlapping State laws; and second, that future Congresses will permit future legislation to be subjected to the same result.

The proponents of this bill are wrong on both counts.

For over 150 years, Federal laws have been enacted within the framework of a legal system which recognized the doctrine of supremacy and preemption of Federal statutes. It is neither logical, nor right, nor sound legislation, to adopt this bill now and thereby say that regardless of the facts or the purposes to be accomplished by each law, all past laws shall be treated as though that legal system never existed.

Second, if this bill is enacted, I predict that when major Federal laws, particularly regulatory laws, are enacted in the future, Congress will insert provisions to exempt such legislation from the rule of construction contained in H.R. 3. Congress will do this, not because of any opposition to the State laws, but simply because of fear of nullifying the Federal law, if such exemption is omitted.

Thus, State laws that would easily be sustained in the courts would be frequently invalidated by Congress merely because of the anxieties that this bill would generate.

As one who has for a long time supported the protection of civil rights, and opposed racial segregation, and other forms of discrimination, I have been fearful concerning the effects that H.R. 3 might have in enabling the continuation and spread of such discrimination. I fear such possibility, even though the author of H.R. 3, and many of the distinguished Congressmen who support it, have stated that this bill would have no such effect.

However, the uncertainties inherent in the broad and vague language of this bill are so great that no one seems able to predict the eventual consequences of this bill. Although the bill undoubtedly could not affect those civil rights which rest upon the Constitution, it is not so clear that the bill will not affect those civil rights which rest upon Federal statutes. Furthermore, I gravely fear that in some States which adhere to racial segregation as "a way of life," State sedition statutes will be used to harass those who insist on their civil rights and oppose segregation and other forms of racial discrimination. False and irresponsible accusations of "subversion of the established way of life" could be used under such State statutes to perpetuate racial segregation. Therefore, despite the disclaimers by the supporters of H.R. 3, I remain gravely afraid that this bill may affect the civil rights of colored people and other minority groups in many ways that we cannot now foresee.

I oppose section 1 of H.R. 3 in its entirety, both in its retroactive features and in its prospective operation. Its future operation can be dealt with by careful draftsmanship in future bills. But its retroactive effect is simply a manifestation of "bull in the china shop" irresponsibility. At the very least, we should eliminate the great evil of its retroactive operation. Therefore, I urge that section 1 be amended by inserting the words "enacted after the enactment of this section" immediately following the words "No Act of Congress", in line 7 on page 1 of the bill. Such an amendment will make clear that the bill would not affect legislation already enacted by Congress, and that it would apply only to such legislation as Congress hereafter may enact. If Congress desires the proposed rule of construction to be applicable to particular existing laws, Congress could easily reenact such legislation, or amend such previous laws specifically. The amendment I suggest would simply eliminate the blunderbuss approach of burning down the whole town in order to warm your toast.

I turn now to section 2 of H.R. 3.

It is clear, both under the Nelson case and also under the case of Uphaus against Wyman, which the Supreme Court decided on June 8, 1959, that the States have power to punish subversion directed against the State governments. But I am opposed to having 50 States and thousands of county and municipal law enforcement agencies each individually authorized to investigate and prosecute persons on charges of subversion against the U.S. Government.

The problem of subversion against the National Government is a national, not a local, problem. In fact, in many respects it is a problem with international implications. State and local statutes on this matter would not aid, but instead would hamper, national efforts to combat subversion against our country. Investigation and prosecution by State or local officials may result in premature disclosurse of investigative efforts that are being conducted by the Federal Bureau of Investigation. Mr. John Edgar Hoover, the Director of the FBI, long ago warned that such State and local activity would gravely injure FBI investigations.

I am confident that the National Government is fully able to cope with the threat of sedition and subversion against the U.S. Government. We do not need, nor can we afford to have, parallel State and local laws on the same subject.

Moreover, the whole subject of subversion is an extremely delicate matter. It has too often been used as a basis for persecution based on personal spite. It is essential that the power and official responsibility for the investigation, apprehension, and prosecution of those charged with subversion and treason against the U.S. Government should be centered in the experienced hands of Federal law enforcement officers, rather than in State and local officials who lack such experience and who are often subject to the pressures of local animosities and community hysteria.

It should be remembered, also, that many State subversion and sedition statutes are vague and ambiguous. They lack adequate safeguards against petty persecution and denial of civil liberties. By authorizing the use of these statutes, this bill would open up a whole Pandora's box of denial of fundamental rights of due process and civil liberties.

Congress has provided an extensive program to protect against the overthrow of the U.S. Government, and it is absurd to have a multitude of State and local officials engage in isolated, and often conflicting, programs against the very same activities. Such a hodgepodge of overlapping authority would inevitably lead to competition for headlines and convictions. There will be confusion and disruptions that in the end would result in less protection, rather than more protection, against the very threats of subversion that section 2 of H.R. 3 purports to combat.

I urge that H.R. 3 be defeated.

Mr. CELLER. Mr. Chairman, I yield myself 2 minutes to answer the gentleman from North Carolina.

Mr. Chairman, in the first place the right to pass insolvency laws is not denied to the States by the Constitution under the reserve powers. This decision in *International Shoe Co.* v. *Pinkus*, 278 U.S. 261, held the State insolvency law invalid even though it only complemented the Federal Act. It held no conflict existed.

But under H.R. 3 if the State law merely complemented a Federal act, the State law could not be struck down unless it were in direct and irreconcilable conflict. Thus it is possible since the Arkansas law at no time mentions how often one may petition for relief under the insolvency statute and since the Federal act says a petitioner can only get a discharge once in 6 years it were possible today to go into the bankruptcy side of the U.S. District Court, get a discharge, and 1 year hence, if you please, go into the Arkansas court and get another discharge. That would be a fine kettle of fish. If we pass H.R. 3, that would be the result.

Mr. WILLIS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I disagree with the gentleman who preceded me very drastically. I cannot conceive where he gets the idea that this bill is going to revive or alter or change State laws, or do anything now in the field of bankruptcy or insolvency which is not the law today.

He very wisely talks about insolvency laws. We have the bankruptcy law; and the Supreme Court time and again has held—I recall in my school days—since 1898 that when the local State insolvency laws come in conflict with the national bankruptcy law that the latter prevails. That is the law today. That is exactly what the law is going to be day after tomorrow when we pass this bill tomorrow, for the simple reason that this bill in specific terms provides that if a State law is in conflict with a Federal statute, the Federal statute remains supreme; no more, no less. There is no such change to be expected in the bankruptcy or any other field where there is a conflict.

Mr. McCULLOCH. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. CURTIN].

Mr. CURTIN. Mr. Chairman, as we debate H.R. 3, and as one distinguished Member of this great body after another—many of them learned in the law—express diametrically opposite views on what will result from this legislation, it becomes increasingly clear that we may be opening a Pandora's box by passage of this bill.

Let us briefly consider the matter. The bill has two distinct sections. Considering section 2 first, because it can be disposed of with less argument, we find that section 2 was added to the bill last year to seek to correct interpretation of the Supreme Court's decision in the Nelson case. There is no doubt that such added section was important and justified as a result of such commonly accepted interpretation. However, the Supreme Court decision of June 8 in the Uphaus case has substantially cleared up this matter, so that the need for section 2 would seem to be eliminated, and should not worry us any further.

Now for section 1. Section 1 of this bill, without question, seeks to provide a rule of construction for the courts, in future litigation, to determine when the Federal Government has preempted a field to the exclusion of the various States, in the field of concurrent legislative jurisdiction.

The general principle sought in section 1 is good, except that in one sentence, H.R. 3 seeks to cover too much territory. To quote from the minority report:

> In one sentence section 1 of this bill proposes to deal with 150 years of jurisprudence in the delicate and intricate realm of the distribution of power between Federal and State Governments.

I would be enthusiastically for such legislation and the rule it seeks to establish if I was convinced that it would apply only to future Federal legislation. However, there is nothing in this bill, if enacted into law, to prevent its being applied to matters long settled as being within Federal jurisdiction, and to legislation long since passed. This can only result in confusion in fields in which the principles were thought to be established.

The bill, in section 1, states that no act of Congress—not any future act of Congress, but no act of Congress—shall preempt a field of endeavor, to the exclusion of all State laws, unless such act contains an express provision to that effect. Many acts of Congress have been passed by previous Congresses. Where will they stand under this rule of construction?

For these reasons, I oppose this bill in its present form.

Mr. McCULLOCH. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I should like to point out to the gentleman from North Carolina that it is clearly stated in a brief submitted to the 84th Congress by the author of the bill, the distinguished gentleman from Virginia [Mr. SMITH] that, for example, in the area of immigration H.R. 3 is intended to overcome the results of the decision in the case of Hines against Davidowitz, a case which struck down a State alien registration statute. This decision, says the brief, is a good illustration of how the Smith bill would possibly affect decisions of the Supreme Court and at the same time preserve State rights.

All I say is, let us make sure we know what we are doing. That same brief went on and stated that in a series of railroad cases decided by the Court, the Smith bill, H.R. 3, would have its effect.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. Chairman, in the case of Hines against Davidowitz, which was decided after we passed the Immigration Nationality Act of 1952, and had stricken down a Pennsylvania statute requiring the registration of aliens, the Federal Immigration and Nationality Act required the registration af aliens, is that correct?

Mr. LINDSAY. That is correct.

Mr. CELLER. And along comes the Supreme Court and says that there cannot be two acts concerning the registration of aliens. If we have H.R. 3, then a State could pass an act providing for the registration of aliens?

Mr. LINDSAY. It would be worse than that. There are dormant statutes now that would be reactivated.

Mr. CELLER. Would that have the effect of reviving the old Pennsylvania statute?

Mr. LINDSAY. Why, certainly.

Mr. CELLER. Would it mean, or could it possibly mean, that those who failed to register during that period of suspense between the time of the proclamation or the pronouncement of the Supreme Court decision and the effective date of H.R. 3, if we pass it, could possibly suffer fine and punishment?

Mr. LINDSAY. They might well, but all I say is it would certainly be a field day for the lawyers to find out what the law is. The point is, if the distinguished author of this bill does not know what the bill is intended to do, as indicated by the brief that was filed by him, who does?

Mr. McCULLOCH. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I should like to make an observation concerning the question of my distinguished colleague from New York. There is some evidence in the RECORD, Mr. Chairman, that, for one, the Department of Justice remained confused as recently as the two letters that came to the House yesterday, I repeat two letters, as evidenced by the Department's changed position on the interpretation of the Nelson case and the Uphaus case.

Mr. Chairman, may I ask a question of the other side? There is only one speaker remaining over here. May I ask how many speakers remain on the other side?

Mr. CELLER. How much time has the gentleman remaining?

The CHAIRMAN. The gentleman from Ohio has 39 minutes remaining.

Mr. CELLER. That is going to be used by one speaker?

Mr. McCULLOCH. No. I intend to yield some time to the distinguished gentleman from Louisiana [Mr. WILLIS] and I intend to yield some time to the distinguished gentleman from Virginia [Mr. SMITH].

Mr. CELLER. Will the gentleman yield some time to me?

Mr. McCULLOCH. The gentleman has had a great deal of time.

Mr. CELLER. We had an hour and a quarter.

Mr. McCULLOCH. My time is committed, I am sorry to say.

Mr. CELLER. The situation develops that three-quarters of the time really went to those who are in favor of the bill and only one-quarter of the time went to those who are opposed to the bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. McCULLOCH. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I think the RECORD shows that we have yielded time over here to the opponents of the bill.

Mr. CELLER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. TOLL].

Mr. TOLL. Mr. Chairman, the report by the majority of the Judiciary Committee has been destroyed in connection with the need for this legislation by the decision on June 8 of the Supreme Court in the case of Uphaus against Wyman.

The committee majority relies strongly on the Supreme Court decision in the case of Pennsylvania against Nelson as the basis for the broadening of the conventional rule of preemption, namely, preemption by implication. The majority of the committee, alarmed by the so-called implications in the Nelson case, extends its fear to possible implied preemption in other cases.

I believe that Mr. Justice Clark has laid to rest any grounds for alarm in his opinion in the recent Uphaus case. I believe that Justice Clark has eliminated the need for such a bill as H.R. 3. He explained that in the Nelson case the Supreme Court said that the "precise holding of the Court is that the Smith Act, which prohibits the knowing advocacy of the overthrow of the Government of the United States by force and violence, supersedes the enforcibility of the Pennsylvania Sedition Act which proscribed the same conduct." The basis of the Nelson case thus rejects the notion that it stripped the States of the right to protect themselves. All the opinion proscribed was a race between Federal and State prosecutors to the courthouse door. The opinion made clear that a State could proceed with prosecutions for sedition against the State itself; that it can legitimately investigate in this area follows a fortiori. Nor did the opinion in Nelson hold that the Smith Act had proscribed State activity in protection of itself either from actual or threatened sabotage or attempted violence of all kinds. In footnote 8 of the opinion it is pointed out that the State had full power to deal with internal civil disturbances. Thus, registration statutes, quo warranto proceedings as to subversive corporations, the subversive instigation of riots, and a host of other subjects directly affecting State security furnish grist for the State's legislative mill. Moreover, the right of the State to require the production of corporate papers of a State-chartered corporation in an inquiry to determine whether corporate activity is violative of State policy is, of course, not touched upon in Nelson and today stands unimpaired, either by the Smith Act or the Nelson opinion.

Thus, the Supreme Court has clarified its opinion in the Nelson case upon which the need for H.R. 3 is based. As long as there is no fear of preemption by implication, there should be no need for the bill to provide a rule of statutory construction to guide the courts in future actions. The effect of the Uphaus decision is to revise and narrow the interpretations that many lawyers had placed upon the Court's previous ruling in the Nelson case.

This clarification kicks the props from the foundation on which the committee majority felt there was need for legislation to guide the courts, since a majority of the Court now demonstrated that such an extreme interpretation was not justified.

I feel that by reason of this clarification there is no need for H.R. 3.

Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania [Mr. NIX] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. NIX. Mr. Chairman, there is no doubt that the proponents of H.R. 3 are determined to curb the authority of the U.S. Supreme Court, to discredit and destroy the law of the school desegregation cases, and to wipe out such hard won civil liberties that enlightened courts have guaranteed the oppressed of our country. These things they would do even though they know that at this minute our country faces its greatest peril from a ruthless foe; wise in the use of propaganda and deceit, and merciless in his fixed purpose to destroy us.

Mr. Chairman, if H.R. 3 ever becomes law, on that day we will have bombed out and gutted our most prized heritage—democracy and respect for the dignity of man. On that day, we might as well silence the Voice of America; we might as well forget and write off the billions in lend-lease and foreign aid, past, present, and future. We might as well forget Geneva conferences as well as summit meetings, for on that day we will stand naked before the world as a Nation no longer moving forward to the goal of equality, decency, and freedom for all men, regardless of race, creed, or color. We will stand revealed before mankind as a materialistic colossus who in its youth nurtured and cherished the concept of freedom and justice; but who now in vigorous manhood, has taken the road of oppression and injustice.

I venture the opinion that no one in this body will deny that the international Communist conspiracy is, and has for years been, working overtime all over the world—even among the minorities in our country—to sell the idea that our freedom is a myth, a utopian fiction that Negroes and other minorities in our country have no rights that must be respected. Each one of us here today well knows that even now we have not convinced the people of Asia, Africa, Europe or even South America, our near neighbor, that we practice what we preach.

H.R. 3 provides that—

> No act of Congress shall be construed as intending that Federal law shall operate to the exclusion of all State laws, unless it contains an express provision to that effect or there exists a direct and positive and irreconcilable conflict between the Federal and State law which cannot be resolved except that the State law gives way.

Even a casual study of this provision and even without a legalistic analysis and without the admissions of the proponents of this measure, it is apparent to even the uninitiate that this hybrid piece of legislation will (a) completely disrupt the legal status quo (b) will open a veritable Pandora's box of litigation (c) will utterly discredit the highest court in this land (d) will give encouragement to lawless elements who even now have little regard for the courts, for established authority and for the Constitution (e) will open the way for the States to preempt in any field they choose and (f) will immediately make a shambles of decisions in: interstate commerce, voting rights, civil rights, labor relations, civil liberties, as well as to cast a cloud of illegality upon an indeterminable number of other laws.

I am convinced that the position that I have taken cannot be challenged successfully by any man who believes in the Constitution of our country and who is dedicated to the preservation of its ideals of freedom and democracy.

Mr. Chairman, I wish to remind my colleagues that there was a price tag on the mantle of leadership that so recently fell upon the shoulders of the United States. If we but take the time to reexamine that price tag, we will find that neither profligate use of our wealth nor repetitious assurances that we are champions of freedom for all men will pay the tab. On the contrary, we must demonstrate the spirit of democracy at home in such a forthright manner, that men everywhere will be convinced of our devotion to freedom, of our spirit of service and our creative leadership. We must exemplify, by the conduct of our affairs that we approach our tasks with a mixture of faith and assurance and with an unswerving determination to guarantee the rights of mankind, regardless of race, creed, or color. Only in this manner can we build a bridge of understanding across the gulfs of distrust and hostility that plague the world; only in this manner can we pay the tab for our leadership.

Mr. Chairman, I conclude these remarks with the fervent hope that the Members of this body, representing as they do, some of the keenest minds in America, will recognize the grave danger in this proposed legislation and reject it in the same decisive manner as other ideas that placed our country in peril, have been disposed of in the past.

Mr. TOLL. Mr. Chairman, I yield to the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Chairman, I rise in opposition to H.R. 3 in its entirety.

As presently drafted section 1 of H.R. 3 would amend every act of Congress, enacted since the First Congress, dealing with any subject on which there are laws in any of our 50 States.

As the gentleman from New York [Mr. LINDSAY] has stated, no list has been prepared showing the statutes and court decisions which will be affected. In other words unless we amend this bill as suggested, we do not know what will result from the enactment of H.R. 3.

I do not believe we want to legislate blindly. I cannot believe that the Members of this House approve of shotgun legislation, the results of which are undeterminable.

The potential effect of this legislation is overwhelming. It is quite possible that the enactment of H.R. 3 will mean that Federal laws long held predominant in such fields as interstate commerce, labor, and laws dealing with food and drugs, will now be jeopardized. When Congress enacted these laws, there was no reason to express specifically an intention to preempt the field, although in many cases it was obviously the intent of Congress to do so. Now however, the settled construction of hundreds of these statutes will be subject to reexamination if this bill is enacted in its present form. The potential cost in time and expense is immeasurable.

The dangers of this legislation are, I believe, aptly described by a portion of the testimony of the U.S. Attorney General before the Committee on the Judiciary while this bill was being considered. Judge Lawrence E. Walsh, Deputy U.S. Attorney General, stated:

> I can think of no single bill in either House of Congress that would cause more havoc to the Federal administration, to the Department of Justice, and to every single regulatory agency than H.R. 3.

I can understand why the Department of Justice objects so violently to the proposed legislation. There is no certainty as to what laws are to be affected. If this legislation is passed, we will open the door to the relitigation of countless long-settled issues. I think it has appropriately been termed the "Lawyers Employment Act of 1959."

Certainly our citizens are entitled to stability of national law in such areas as interstate commerce and labor. It is quite possible for companies in interstate commerce to be forced to cease operations because of conflicting State statutes which must be obeyed. In the field of labor law the areas of Federal and State jurisdiction has been established laboriously in a long line of decisions. Legal and economic chaos will result if H.R. 3 is construed as to upset these lines of demarcation. The AFL–CIO has warned that—

> The language of H.R. 3 is so cloudy that it is impossible to say whether it would result in greater or less authority for the States in the field of labor relations.

To accept this bill in its present form is irresponsible legislation. Let us amend this bill so as to make it applicable at this time only to future legislation. In this way there will be a chance to consider whether the Congress in enacting a bill intends to preempt the field. Past legislation could be studied statute by statute so that a rational determination could be made as to whether or not Congress should preempt a particular field of legislation. Without such an amendment we are working in reverse—we are placing a limitation on 170 years of legislation, the results of which we are not even able to foresee.

I personally question the merits of this bill whether applied prospectively or retroactively. However, if it is made prospective in its application, we are at least being responsible legislators. We are at least making it possible for the Congress to give certainty to the law. We will know and the executive branch of the Government and the judiciary and the public will know what the law is.

Section 2 of H.R. 3 is also objectionable.

Section 2 will disrupt the efforts of the FBI to protect our country from Communist subversion and sabotage.

It would do this by giving State governments concurrent jurisdiction with the Federal Government in the vitally important field of national security.

Simply put, it would be the old story of too many cooks spoiling the broth.

The primary, if not the sole, purpose of this section is to overrule the Nelson case which was tried in a State court in my district. Steve Nelson was first convicted on a charge of advocating the violent overthrow of the U.S. Government in violation of Pennsylvania Sedition Act.

Pennsylvania's Supreme Court reversed this decision on the narrow issue of supersession of State laws by the Federal Smith Act.

The U.S. Supreme Court affirmed this decision—a decision in which the Pennsylvania Supreme Court had said:

> Sedition against the United States is not a local offense. It is a crime against the Nation. As such, it should be prosecuted and punished in the Federal courts. * * * It is not only important but vital that such prosecution should be exclusively within the control of the Federal Government.

This reasoning is eminently sound.

Communism is an international conspiracy. Its designs for espionage and sabotage strike at whole nations and must be met at the national level.

Fifty different State programs aimed at protecting this vital field of national security make no more sense than would 50 State-sponsored ballistic missile programs.

It is for this reason that I am so opposed to concurrent jurisdiction by Federal and State governments to punish persons for sedition against the United States.

The U.S. Supreme Court, in the Nelson case, did not undermine the authority of Pennsylvania to act in cases involving the Commonwealth of Pennsylvania. It in no way limited the right of Pennsylvania to protect herself against subversion and sabotage directed against the State government.

There are areas, Mr. Chairman, in which the Federal interest is so dominant that Federal legislation must supersede State laws. Security of the U.S. Government is obviously such an area.

Look closely at the threat we face.

Communism is more treacherous than any enemy we have ever faced. We should make every effort to stamp it out and to protect ourselves against its subversion.

The Communist Party is not locally controlled.

It is not even national in scope. It goes beyond this. It is international.

Attempting to meet this threat on uncoordinated local levels would be disastrous.

This is the view FBI Director J. Edgar Hoover advocated when, on May 11, 1954, the New York Times quoted him as saying:

> Investigating subversion is a highly professional job. The FBI is the agency to which people who have any information along this line should turn.

The great danger in permitting such a highly complex matter as the investigation of subversion to be handled by diverse local police organizations should be obvious.

The Federal Bureau of Investigation has the facilities and the training for this job.

In fact, it is quite possible for a local police agency to do great damage by entering upon an investigation of subversion on which the FBI has been at work for years as part of a broader plan of watchfulness.

Often the FBI is attempting to obtain evidence leading to the conviction of many individuals in a network of subversion spread over many States.

Is it not possible that local police could upset such an investigation?

Is it not possible that local indictment of a single person could disrupt a broad investigation on which the FBI is at work?

Local tampering with such an investigation could prevent the Federal conviction of a number of subversives.

The danger of State and Federal governments working at cross-purposes in this national field is illustrated clearly when we compare Pennsylvania's sedition law under which Nelson was tried with the Federal Smith Act.

For one thing, the Smith Act can be administered only by Federal officers acting in their official capacities.

Indictment under the Pennsylvania statute can be initiated upon an information made by any private individual, allowing full play for political demagoguery and personal vindictiveness.

The FBI, Mr. Chairman, has been called our first line of defense against Communist subversion. Section 2 of H.R. 3 would permit a senseless meddling with this defense.

Mr. TOLL. Mr. Chairman, I want to call attention of the Members of the House to the fact that the only person who interpreted the Nelson case correctly was our distinguished chairman of the Committee on the Judiciary who, on page 35 of the minority report to section 2, not only analyzed the bill but, having written that 6 days before the Supreme Court decision, he used practically the same words that were used by Mr. Justice Clark when he said:

> It is most appropriate for the Commonwealth of Pennsylvania to seek protection against threats directed against the State itself. But where Congress has provided an extensive program to protect the U.S. Government, it is absurd for the various States to have isolated, separate, and often conflicting programs against threats directed at the U.S. Government.

To repeat, if we examine the Nelson case we find the Supreme Court has not challenged the authority of Pennsylvania to act in matters involving the Commonwealth of Pennsylvania itself. And there is no one else who has written similarly on the subject prior to the Court decision except our distinguished chairman.

Mr. FORRESTER. Mr. Chairman, H.R. 3 simply restates a principle as old as our country itself. It simply says that no Federal law will invalidate all State laws on the same subject unless Congress stipulates that it intends to preempt the field, or, where there is a conflict between the Federal and State laws that cannot be reconciled. That principle stems from the Constitution itself and from decisions of the Supreme Court of the United States dating back 100 years.

Our Constitution did not contemplate allowing a Supreme Court to guess the mind of Congress. The framers of our Constitution were right in not so intending, for the Supreme Court is not only subject to human frailty, but the truth is, its record has not been too good lately in guessing what Congress intended to do or not do. I say respectfully, but sorrowfully, that the Supreme Court was the only Federal tribunal that believed that the gentleman from Virginia, Mr. Smith, and the Congress of 1948, wanted to deprive the respective States of the right to protect themselves, and the right to prosecute any attempt to overthrow the State or Federal Government, and to outlaw State prosecution for treason. The FBI did not think so, the Justice Department did not think so, the public at large did not think so, and surely Congress did not intend to wipe out the sedition laws and laws regarding treason in most of the States of the United States.

I ask each and every Member present here today who was a Member in 1948 to answer the question: "Did you intend to let the Federal Government preempt the field in cases of sedition and treason when you voted on the Smith Act? Also, did you have any idea that you were doing anything other than trying to pass additional legislation, so that the Federal and the State officers and governments could combine their efforts toward fighting a foe that was well known at that time had as its object and ambition the destruction of the United States and each and every individual State?" The truth is, Congress knew that communism was and is our mortal enemy; that communism advocates the overthrow and capture of every government in the world by sabotage, force, and violence; that, despite the activities of our FBI, Communists had infiltrated into many key positions, even into the State Department and many other departments of the Federal Government, and that important documents and atomic and other vital secrets had been stolen by or for the Communists thus jeopardizing the safety of our country; Congress knew that our Federal Government had in instances failed to protect our country from treacherous acts of Communists, and, knew that the Federal Government, although willing, had demonstrated that it was unable alone to cope with this hidden menace to our country: Congress also knew that our country needed the assistance of every Federal department and agency of Government together with the active assistance and cooperation of all States, all State courts, all State officers and agencies, as well as the enthusiastic help of every patriotic American citizen. Congress certainly did not intend to preempt the field, and, in my humble judgment, Congress did not preempt the field, and we need to lay down rules of construction or substantive law as the case might be, to see to it that the intentions of Congress be respected.

The truth is, Mr. Chairman, in 1925 the U.S. Supreme Court in *Gitlow v. New York*, 268 U.S. 652, upheld a New York statute which was virtually

identical with the Pennsylvania statute, and the U.S. Supreme Court cited that particular case with approval in 1951, although the Smith Act had been passed in 1948. A resort to the New York statute punishing sedition and the statute under which Gitlow was indicted is quite identical with the Smith Act as was pointed out by Justice Bell of the Pennsylvania Supreme Court. Some years ago the U.S. Supreme Court laid down the salutary rule "that the power and duty of the State to take adequate steps to preserve the peace and to protect the privacy, the lives, and the property of its residents cannot be doubted." Certainly, every State has the inescapable duty to maintain law and order, and the "police power" should never be abridged. The police power is the greatest and most powerful attribute of government, and the very existence of the State depends upon it. These are simple principles of law that are undoubted, that have met the test of time, and have been understood by lawyers everywhere throughout the history of this country.

There is nothing in the Smith Act nor in the Pennsylvania Sedition Act that is repugnant or conflicting and which cannot be reconciled so as to stand together. Further, the Smith Act appears in title 18 of the United States Code, which title codifies the Federal criminal laws, and section 3231 of that title provides:

Nothing in this title shall be held to take away or impair the jurisdiction of the courts of the several States under the laws thereof.

The Smith Act was properly codified, and how that provision was ignored I simply cannot understand. That principle simply recognizes the fact that maintenance of order and fairness rests primarily with the States, and that section was enacted in 1825 and has appeared in the Federal criminal laws since that time. This U.S. Supreme Court has interpreted that section to mean that States may provide concurrent legislation in the absence of explicit congressional intent to the contrary. See *Sexton* v. *California*, 189 U.S. 319, 324–325.

Now, Mr. Chairman, there have been allegations made to the effect that this legislation is an attempt to strike at labor and at the NAACP. It does not touch labor and labor is pretty well satisfied that it does not. A great attempt was made to arouse labor, and many of you will doubtless recall that immediately before this legislation was brought before the House last year, labor was warned in the ninth inning that H.R. 3 was detrimental to it, and many representatives of labor came over on Capitol Hill. I remember, and you remember, that after some investigation that the labor boys went their ways without making any objections. This legislation certainly does not deal with the subject of school desegregation and cannot, because unfortunately, the school cases holding segregation illegal were based upon the 14th amendment of the Constitution, and no statute can override a constitutional provision.

I do not agree with the Supreme Court decision regarding segregation, but as a lawyer, I admit that they have complete binding force and effect until set aside by another Supreme Court decision or by a constitutional amendment. I think it might be well, however, to remind the opposition, and also to remind labor, that the U.S. Supreme Court has never held that labor is completely exempt from State law, and to remind labor, that State acts restricting or regulating labor activities have been sustained under the States police power even though the Wagner Act, the Taft-Hartley Act, and other legislation were in existence and dealt with the problems of labor. We, of course, know that if the Federal Government preempted the field in sedition cases because of the Smith Act, that the Federal Government has preempted the field so far as narcotic drugs are concerned, and that the State laws regulating narcotics by the same token would fall. We also know that Congress has enacted laws dealing with explosives, blackmail, counterfeiting of coins, embezzlement, kidnaping, homicide, prostitution, burglary, wrecking of trains, train robbery, bank robbery, sabotage, treason, lotteries, obscene books and pictures, false and fraudulent bank entries, bribery, violation of election laws, and other crimes too numerous to mention. Up to the present time, State prosecutions and indictments under State laws prohibiting those offenses have been sustained, but we must bear in mind that they have not run the gantlet of the U.S. Supreme Court regarding the doctrine of preemption.

Now, Mr. Chairman, it is being argued that the way to deal with matters of this kind is to correct each individual error as the U.S. Supreme Court makes it. The truth is we simply have not had much luck in that kind of approach and the opposition knows it. We tried to correct the Jencks case and we had to compromise. We tried to correct the Mallory case and in the House we had to compromise, and our efforts died over on the other side. We tried last year to correct the decision to the effect that disloyal people could be fired by the Government, irrespective of whether or not a person was employed in a sensitive position, and we passed that legislation in the House, but we did not pass it in the Senate last year. Further, there is just simply no way to legislate. The principles set out in H.R. 3 are good or they are bad. I think the lifeblood of this Republic is vested in the various States with the rights of those States to legislate as sovereignties in any and all fields not denied them by the Constitution when that legislation can be reconciled with the Federal law. We have stood upon those principles since this country was organized. If we want to destroy those principles we can do it right here today by our vote.

Now, Mr. Chairman, I am a little bit amused by the argument of the opposition to the effect that H.R. 3 is not needed now because of the decision of the Supreme Court, in the case of Uphaus against Wyman, Attorney General, decided June 8, 1959. The opposition does not agree with the Uphaus decision. It agrees with the Steve Nelson case decision. The opposition also knows that the Uphaus case is one of those famous 5 to 4 decisions that the U.S. Supreme Court has become so noted for in the past few years, and doubtless some of the opposition, at least, recall what Justice Roberts said about some of the Supreme Court decisions, which was, that a Supreme Court decision was like a railroad ticket, good for 1 day and one train only.

A result of the Uphaus case will show that the decision was decided by Justices Clark, Frankfurter, Harlan, Stewart, and Whitaker, and were repudiated by Chief Justice Warren, Justices Brennan, Black, and Douglas. In other words, anyone familiar with the U.S. Supreme Court realizes that Justice Frankfurter is the pivot in these cases decided 5 to 4, and that Justice Frankfurter is now declaring "the law of the land," which law of the land will exist until the Court gets another opportunity to pass on such questions again, at which time no one on earth can prophecy the outcome.

An examination of the Uphaus case clearly reveals that the Supreme Court still adheres to the Nelson case, as is evidenced by the language in the majority opinion, to wit:

In Nelson itself we said that the "precise holding of the Court is that the Smith Act which prohibits the knowing advocacy of the overthrow of the Government of the United States by force and violence, supersedes the enforcibility of the Pennsylvania Sedition Act which proscribed the same conduct.

In other words, while the Supreme Court in the Uphaus case laid down the rule that States have the right to protect themselves, the Uphaus case did not in any wise overrule the Nelson case holding that the Smith Act had preempted the fields so far as overthrowing the Government of the United States by force and violence was concerned. An examination of the Pennsylvania statute provides that sedition can be committed either against the Government of the United States or the government of Pennsylvania, but the indictment against Steve Nelson in the Pennsylvania court alleged sedition against the United States only. What I have just said will be found to be true by an examination of page 4 of the advance sheet carrying the Uphaus case decision. Before the Nelson case it was completely understood by the various States that they had the right and the duty to prosecute for sedition committed against the State or the United States, and indeed it is hard to contemplate how sedition could be committed against a State without the same act being committed against the United States inasmuch as each and every State is an integral part of the United States, and an attempt to overturn any of its parts would be an attempt to overturn the Government. On page 4 of the same advance sheet carrying the dissenting opinion it might be well to see what the four dissenting Justices said when they intimated questions relating to investigation might be entirely different from the problem of evaluating a State criminal or regulatory statute in the same areas. Historically the State has had the right to punish for acts against

the State and the United States. Indeed, *Gilbert* v. *Minnesota*, 254 U.S. 325, was a case arising out of a statute of Minnesota making it unlawful to discourage enlistment of men in the military or naval forces of the United States or of the State of Minnesota, or to teach or advocate that citizens of Minnesota should not assist the United States in carrying on war with its public enemy. Gilbert was indicted under that statute and convicted, and while Gilbert raised the point that the Federal Government had preempted the field, the Supreme Court did not agree, and affirmed the conviction on the principle that the statute was an exercise of the police power and a legitimate measure of cooperation by the State with the United States, and in no wise in conflict with the Federal war power. There are other cases that I could cite you but I do not have the time.

I do want to say to you that maybe we have not done much so far in this session of Congress. But no matter what our omissions are, we have an opportunity today to do a wonderful thing, and if we will pass this bill, we can go back home with our heads high, and say to our critics, "Well, maybe we did not do all you expected us to do, but we preserved the rights of the various States as individual sovereignties to cooperate with the Federal Government in protecting our Government and our States against overthrow by force and violence." I want that privilege. I court that privilege. I am not afraid of my State and the actions of my State, and I am not afraid of your State and the actions of your State. My State is entitled to have the rights asked herein and yours are too, and I suggest that we get busy now and see to it that those rights are restored to them.

Mr. WILLIS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. WRIGHT].

Mr. WRIGHT. Mr. Chairman, I rise in support of this legislation. As one of the cosponsors who have introduced this bill along with the gentleman from Virginia [Mr. SMITH], for the past 4 years, I believe the legislative reform it embodies is both fundamental and important.

H.R. 3 is an attempt to restate the historic doctrine of concurrent jurisdiction.

Let us be clear about what we mean. H.R. 3 does not presume in any way, shape, or fashion to confer upon any State a right to enact legislation which would be violative of or inconsistent with the Federal law. That question was settled when we abandoned the Articles of Confederation and adopted the Constitution of the United States. It was ratified forever in the indelible blood of the Civil War. We are not a confederation in which any State may set itself aside as an island wherein Federal law may be ignored. Ours is a Federal Union, "one Nation, under God, indivisible." There is no attempt here to maintain that a State possesses any right to countermand or nullify Federal law.

What is involved in H.R. 3 is simply a protection of the time-honored rights of the States to exercise concurrent jurisdiction with the Federal Government and to enact statutes of their own so long as those statutes do not violate the Federal law.

This is an original and historic right. At the beginning of our history as a Nation, it never occurred to anyone to question it.

Of recent years, however, the courts have held with increasing consistency that where Congress has enacted legislation on a subject, the States are thereby deprived of all power to enact or enforce similar laws on the same subject, even though they present no direct conflict with the Federal act.

The judicial ruling in the case of Commonwealth against Nelson, which has a bearing on antisedition statutes now on the books in some 47 States, is a notable case in point. It comes instantly to mind because of the publicity accorded this decision and because, ironically, it was the distinguished Congressman from Virginia [Mr. SMITH], the author of H.R. 3, who had written the Federal act cited by the Court to nullify enforcement of the State laws in Pennsylvania.

That case, however, is no more than a symptom of what has been happening to the rights of States in the initiation of legislation and the handling of local problems. Similar decisions, involving somewhat less spectacular issues, are equally significant.

A fairly typical example is the case of Cloverleaf Co. against Patterson. The State of Alabama, in an effort to protect the health of its citizens, had sought to inspect the product of a company which was engaged in the renovation of butter. Some of the butter was shipped in interstate commerce, and thus subject to Federal pure food laws.

The Supreme Court ruled that Congress had therefore assumed entire jurisdiction over the subject, leaving the States powerless to enforce their own health laws. Dissenting, Justice Frankfurter argued that, if Congress had intended to preempt State enforcement entirely, it would have said so in its act.

This is the philosophy of H.R. 3, that in the absence of a clear congressional declaration depriving States of initiative in a given field of law, and in the absence of any conflict between State and Federal provisions, the States will be presumed to retain the right to enact and enforce similar laws.

The objection has been raised that this would amount to an attempt on the part of the Congress to intrude upon the affairs of the courts. On the contrary, the historic function of the courts has been to interpret legislative acts. If in doing so the court has misconstrued legislative intent, as seems clearly to be the case in these judicial rulings we have cited, then it is manifestly the responsibility of the Congress to make its intent so clear that it cannot be misunderstood, misinterpreted, or misconstrued.

During the debate yesterday, it was acknowledged by the opponents of this legislative reform that it contained nothing to inhibit the courts in their rightful function of invalidating those parts of State laws which violate or conflict with the Federal statutes. The fear was expressed, however, that this legislation would constrain the courts from preempting fields of law wherein State statutes present no conflict.

This is, of course, precisely what the bill intends to do, and I find it extremely difficult to conceive of our wanting to invalidate State laws or preempt the rights of States to legislate so long as there is no conflict with the Federal law.

Now, why is this important? It is important because the virility of our system of Government depends upon vibrant and healthy governmental units close to home. We have heard that the Federal Government cannot release responsibility to the States until the States demonstrate a willingness to assume it. Granting the truth of this, it is no less true that the States cannot develop their own initiative or make any significant contribution to the solving of our problems if they are to be stifled under a blanket of growing Federal encroachment.

The States have traditionally been valuable proving grounds for legislative policy. Many of our most far-reaching national reforms were first tested and proven in the laboratories of State government. Women's suffrage in Wyoming, antitrust in Texas, conservation laws in Pennsylvania, and lobby reform in Wisconsin, to name but a few.

Although the cry of States rights may often have been abused, often used as a cloak to cover States wrongs, it is most assuredly not a reactionary doctrine to hold out for the rights of States to solve local problems when the solution presents no conflict with Federal policy.

Unless H.R. 3 or something substantially similar is enacted, it will be only a matter of time before the State governments will be denuded of practically all legislative initiative through this doctrine of preemption.

Congress now is required to legislate on an ever-widening variety of subjects. If, each time it does so, the States are to have another avenue of legislation completely closed to them, they will be inevitably deprived of the power to attrack the problems of their people on any but a meager handful of subjects. These will be the subjects not regarded as sufficiently important to warrant congressional action.

This legislative reform is needed unless we want consciously to abet the further erosion of the rights and prerogatives of the States. And I, for one, do not wish to do so. I do not believe the Congress wishes to do so.

Mr. CELLER. Mr. Chairman, I yield 4 minutes to the gentleman from Pennsylvania [Mr. QUIGLEY].

Mr. QUIGLEY. Mr. Chairman, I would like to start with an observation. Has it occurred to anyone that this particular debate has been marked by an almost steady stream of Pennsylvania lawyers into the well of this House to oppose the bill. Does this not seem a little odd, considering that the Nelson case is exhibit A for the proponents and that the Nelson case arose in Pennsylvania, and that the Nelson case was decided, and correctly, in the first instance, by the Pennsylvania Supreme Court? And, for the information of the gentle-

men on the other side of the aisle, I would point out that at that time that court had a substantial Republican majority among its judges.

Mr. Chairman, I would like the RECORD to show that I am conducting my part of this debate under the provisions of section 1 of H.R. 3. And on the assumption that what is good enough for the Supreme Court should be good enough for the Congress, I am, for the purposes of this debate, further assuming that H.R. 3 has not only become the law of the land but that it has been embodied in the rules of this House.

For the benefit of the new Members who may not be familiar with this rule, and for the benefit of the old Members, all of whom I am sure did not understand it when they adopted it, permit me to read H.R. 3—that is House rule 3.

The rule reads as follows:

> No argument of a Congressman shall be construed as indicating an intent on the part of that Congressman to support a bill unless such argument contains an expressed provision to that effect.

Believe it or not, under this rule there is some doubt that the gentleman from Virginia, the sponsor of the measure now before us, really supported this same bill during the 85th Congress. This doubt arises from the fact that, while the gentleman made an excellent presentation of his position during the debate last year, the record will show that his argument did not contain an expressed provision that he supported the bill.

To say the least, any rule of this House—be it a rule of construction or otherwise—which would cast doubt on the intentions of the gentleman from Virginia insofar as H.R. 3 is concerned, is a rule of dubious value.

But before we abandon it entirely, let us apply it again; this time to this Congress, to this debate, to this moment. If I were to include in my argument an expressed provision in favor of the bill by suddenly announcing that "I favor H.R. 3," would this fool anybody? And if I did, would they not, as they listen to the rest of my argument, soon learn otherwise? The answer is obviously "Yes."

The more you think about that House rule 3 I just read to you, the less sense it makes. And the reason it does not make sense is because you and I cannot—not even if we forced ourselves—determine the position of any Member of this House on any bill by the mere absence or presence of a few select words in his argument. As reasonable men, you judge my position, or the position of the gentleman from Virginia, or the position of any other Member on H.R. 3 or any other bill, not by the mere application of any slick-as-a-whistle formula but on the basis of the totality of our conduct—on the basis of everything we say and do concerning that measure.

I am for getting rid of House rule 3. I never liked it in the first place.

You know, I feel exactly the same way about H.R. 3 and for exactly the same reason. H.R. 3 does not make sense either. Should it, by some misfortune, become law, the judges of this Nation would be expected to throw away their common sense, abandon their powers of reasoning, and forget their knowledge of the law. Instead of using their intelligence, reason, and knowledge to determine our intent on the question of preemption, our judges would henceforth be required to devote their time and their talents to playing a little game called H.R. Threemanship.

This game may never replace tic-tac-toe or even bingo, but I can assure you that its rules are equally simple. Any number of judges can play. If perchance they find in a Federal law the "expressed provision" required by H.R. 3, the intent of Congress automatically means one thing. If, on the other hand, these wonder-words are absent, the Congress is irrevocably deemed to have meant something else no matter how clearly the contrary may have been expressed throughout the law or be apparent from the legislative history.

Now, before all you would-be judges grab your law books and start trying your hand at this game, there is one exception you must be sure to understand. The one exception which H.R. 3 allows to its irrevocable rule is that if a judge can manage to find an irreconcilable "direct and positive" conflict between a State and Federal law then—and only then—is the court free to exercise anything which resembles intelligent judgment as to what the congressional intention on the question of Federal preemption really was. If I may illustrate this point by resurrecting old shortlived House Rule 3 for a moment, this is kind of like saying that if I should happen to vote "nay" on final passage of this bill—and thus create an irreconcilable conflict between my announcement for the bill and my vote against it—then, and only then, would you be free to exercise your God-given intelligence to decide just what I do think of H.R. 3.

You do not have to wait for the final rollcall. I will tell you now. H.R. 3 does not make any more sense than my silly House rule 3. And it deserves exactly the same fate.

Mr. Chairman, it was my privilege to serve as a member of the Judiciary Committee during the 84th Congress when this measure was first given serious consideration. I was not a Member of the 85th Congress but I have, as I have already indicated, reviewed every word of testimony and every word of debate when this measure was considered in both Houses of Congress during the last session. In addition, I have been present for all of the debate yesterday and today. There is only one word to describe these deliberations: Confusion. Utter, total, and profound confusion.

The poor nonlawyer Members of Congress are inclined to blame their confusion on the fact that they never went to law school. The lawyers among us get the feeling either that we have been out of law school too long or went to the wrong school in the first place. Actually, the confusion which surrounds H.R. 3 has nothing to do with the law or the Constitution or even the courts. If you are confused about H.R. 3 it is not because you are lacking in a law degree or are something less than a great constitutional lawyer. If you are confused about H.R. 3, it is because you are a perfectly normal, completely rational human being, the kind who expects two and two to make four and who expects things to fall down instead of up. H.R. 3 confuses you—confuses all of us—including its sponsor, because it is by its very term utterly irrational. It is irrational because it demands of us, as it would of the courts, to do something we cannot do—to blind ourselves to what we see and experience and know. We cannot do this and we are left in complete confusion when we try.

It is the proper function and the responsibility of our courts to determine the intention of Congress in any law we pass, whether it involves the question of preemption or any other question. And in making this decision as to the intent of Congress, the Court will, the Court must—whether we pass this law or not—act the same as you do, as rational men. To do its duty properly the Court will decide the intent of Congress on any question in any law on the basis of the totality of our words and deeds. First, of course, they must consider the words of the law itself. But the courts cannot be rendered impotent to go beyond that point. When necessary to determine our intent they have the right—the duty—to go to many sources. They can check the committee hearings, the committee reports, the floor debates. And if this does not give them the answer, they have the right to turn to other sources; for example, to look to any message that the President or other executives may have issued concerning the matter when it was a legislative issue. No one of these sources can be controlling; sometimes all of them together may not even be helpful. But that does not alter the Court's right and its duty to look to the total picture in its earnest effort to resolve the sometimes difficult question of what we intended when we passed a bill.

Because Congress continues to be made up of ordinary human beings, it is understandable at times if we fail to express our true intention as clearly as we might. And just because ordinary mortals continue to find their way to the judicial benches of this country, it follows that courts sometimes look to what many of us would consider the wrong place to determine our intent or that they miss our intention completely—even when we think we have expressed it rather clearly.

When this happens Congress is not helpless. It took this Congress less than 5 months to rewrite the Supreme Court's decision in the Jencks case. And in this connection, Mr. Chairman, one could very well ask, if the Supreme Court missed the congressional intention so completely in the Nelson case, why is it that 3 years later we still have not done anything but talk about it. The answer is, I am afraid, that there are Members of this body more interested in whipping the Supreme Court into line than they are in seeing a hundred Steve Nelsons in jail. How ironic it is to see Steve Nelson being used to put across this Court-smacking bill. If this were to happen, the best interests of this Nation would in my judgment be subverted in a manner Nelson never

dared to plot back in Pittsburgh. If you believe the Nelson case was wrong, you can vote to correct it by passing section 2 of the bill before us. However, if it is the Supreme Court that you are out to get, then it is section 1 you want. I do not want to do either.

In the name of the law, let us stop H.R. 3 once and for all. In the name of sanity, the very least we must do is to vote down section 1 of this horribly misbegotten measure.

Mr. McCULLOCH. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. POFF].

Mr. POFF. Mr. Chairman, first of all, in order that I may not be guilty of a breach of House rule 3 enunciated by the gentleman from Pennsylvania [Mr. QUIGLEY] let me say at the outset that I favor H.R. 3. Having said that, may I be understood further that I do not intend to preempt the right of any other Member of this House to hold a different view.

Mr. Chairman, I would not suggest that the complexity which enshrouds H.R. 3 has been purposely contrived or deliberately calculated to confuse, and yet I must say what must be obvious to all that many of the arguments which have been advanced against the bill are specious in the extreme and entirely tangent to the point at issue. After the verbal dust storms have settled all that remains to be answered here today—and this cannot be gainsaid—is the simple question: In the interpretation of a Federal statute in a field of concurrent jurisdiction are the courts to be allowed to invalidate a State statute in the same field by inferring an intent which the Congress did not specifically express? If your answer to that simple question is negative then your vote on H.R. 3 will be positive.

Mr. Chairman, in order to help illuminate the remarks I am about to make and if possible to clarify some of the confusion which has resulted during the debate, I have prepared three little charts. The first chart deals with the definition of the doctrine of preemption; the second attempts to explain what H.R. 3 will do; and the third attempts to explain what H.R. 3 will not do.

First of all, the doctrine of preemption has its genesis in article 6, clause 2 of the Constitution known as the supremacy clause.

Under the Constitution of the United States, jurisdiction is divided essentially into two categories, one of which is further subdivided into two other classes. The first category is called "exclusive" and incorporates the class of exclusive Federal jurisdiction and the class of exclusive State jurisdiction. The second category embraces concurrent Federal-State jurisdiction.

Stated differently, there are those areas in which only the States can legislate constitutionally; there are those areas in which only the Federal Government can legislate constitutionally; and, finally, there is that area in which both the Federal Government and the States can legislate constitutionally. H.R. 3 applies only to that one category of jurisdiction, namely, concurrent Federal-State jurisdiction.

In those fields of concurrent jurisdiction where a Federal statute is in existence but no State statute has been passed, the Federal statute obviously is absolutely supreme. Therefore, H.R. 3 addresses itself principally only to that series of cases in which a Federal statute and a State statute in the same legislative field are involved.

With respect to such cases, when the Court is asked to apply the doctrine of preemption, the Court asks itself first of all, Is there an irreconcilable conflict between the Federal and State statutes so that the two cannot stand together? That is the rule announced in the Davenport case which, as has been said here, has been in existence since 1859 and cited with approval in 110 subsequent cases.

Second, the Court asks the question, Did the Congress intend that the Federal statute should preempt the field?

Since the Davenport case there was relatively no problem about the doctrine of preemption until the Court conceived the new doctrine, the doctrine of implied preemption. That is the small and narrow area to which H.R. 3 is germane.

May I ask you now to direct your attention to the second chart. And let us inquire briefly by way of summary, and admittedly by way of repetition, what H.R. 3 does. H.R. 3, first of all, says that in those cases of concurrent jurisdiction where both Federal and State statutes are involved, the Court will not be permitted to imply an intent to preempt which the Congress did not specifically express. Secondly, H.R. 3 states that the rule in the Davenport case concerning irreconcilable conflict will be reaffirmed; and, thirdly, although it does not appear on this chart, the second section of H.R. 3 has the effect of abrogating the rule announced in the Nelson decision.

With respect to that may I attempt to place at rest what has been unsettled throughout the course of this debate. I am reading now from the decision in the Nelson case:

> It should be said at the outset that the decision in this case does not affect the right of the States to enforce their sedition laws.

And further:

> Neither does it limit the right of the State to protect itself at any time against sabotage or attempted violence of all kinds.

Now, I read from the decision in the Uphaus case:

> The opinion (referring to the Nelson case) made clear that a State could proceed with prosecutions for sedition against the State itself.

And further:

> Nor did our opinion in Nelson hold that the Smith Act had proscribed State activity in protection of itself either from actual or threatened sabotage or attempted violence of all kinds.

Mr. Chairman, the sum total of those quotations is that the Uphaus case did not repeal or essentially modify the Nelson decision. For that reason I submit that those who say that section 2 is no longer applicable are being inconsistent, particularly those who last year saw fit to support section 2 of H.R. 3. Section 2 is just as necessary today as it was before the Uphaus decision.

I now proceed to the next chart. Let us inquire specifically what H.R. 3 will not do.

H.R. 3, as has been said repeatedly, does not amend substantive law. H.R. 3 is an amendment to the first chapter of the first title of the United States Code. That section of the Code contains rules of construction which are procedural and not substantive. Secondly, H.R. 3 does not repeal, does not amend, does not in anywise impair the supremacy clause of the Constitution.

Mr. Chairman, it could not. A statute cannot amend basic law.

Third. H.R. 3 does not repeal the doctrine of preemption. It repeals only the doctrine of implied preemption.

Fourth. H.R. 3 does not impugn the integrity of the Supreme Court. Indeed, the Supreme Court itself, in the Stockdale case, said that it is not only the right but the responsibility of the Congress to write rules of construction to guide the Court in its interpretation of statutes passed by the Congress, and that applies not only with respect to future statutes but to statutes already on the books.

Going to the fifth point, H.R. 3 is not retroactive in the sense that it repeals all previous decisions based on the doctrine of preemption. It applies only with respect to future decisions of the Court.

Now, proceeding to the sixth point, the one about which most has been said and which has to do with the argument of retroactivity. H.R. 3 does not unsettle congressional statutes in the field of interstate commerce, and does not stimulate, indeed, does not permit a variety of State statutes concerning rate-making or regulation of interstate carriers or the rights or benefits of interstate workers. Even with H.R. 3 on the books, the State statute must yield in appropriate cases.

Let me illustrate what I mean with an example. Let us assume that the State of A has brought suit against Mr. B, who is engaged in interstate commerce, for the violation of State statute X. Mr. B pleads as a defense that Congress has enacted Federal statute Y which preempts the field and strikes down State statute X. Now, the Court, in resolving the question raised by that issue, will apply the following tests: First of all, the Court will ask, Does Federal statute Y contain an express intent to preempt? If so, State statute X falls. If not, the court passes to the second test: Is there an irreconcilable conflict between State statute X and Federal statue Y? If so, State statute X will, under H.R. 3, fall. If not, the Court will apply the third test: Does State statute X constitute an undue burden on interstate commerce? Please understand that this is an entirely separate doctrine. The doctrine of undue burden on interstate commerce has been crystallized in case law over the course of our entire history as a Nation, and if it is decided that an undue burden is placed on interstate commerce, then State statute X must fall, irrespective of the doctrine of preemption.

Now, let us assume that the Court has applied all three tests and still State statute X stands. At that point, the Congress, if it considers it wise to do so, can pass legislation of one sentence amending Federal statute Y declaring that it is the intent of Congress to preempt the field. This Congress can do not only with respect to future statutes but with respect to statutes already on the books. There can be no question about that. That cannot be disputed or disguised in the smokescreen of the retroactivity argument.

Now, Mr. Chairman, I am compelled by what has been said previously in this debate to deal with another point which I would rather leave at rest. There seems to be some uneasy, uncertain fear in the minds of many Members that H.R. 3 will somehow work some nefarious consequence in the field of civil rights. Now, that fear undoubtedly, in itself, is genuine, but it is wholly without genuine justification in fact or law. It has been said that H.R. 3 would repeal or somehow amend the 1954 Supreme Court school decision. I can understand why a layman would make that legal mistake, but, my friends, I find it difficult, not to say impossible, to understand how a trained lawyer could make such a legal mistake innocently.

The doctrine of preemption was not at issue in that case. There was no Federal statute involved; it could not have been at issue. The decision rested, allegedly at least, on the equal protection clause of the 14th amendment to the Constitution, to which neither the doctrine of preemption nor H.R. 3 could have any conceivable connection.

It has also been implied here that H.R. 3 would somehow jeopardize other individual rights. That implication is entirely unwarranted. Every civil right guaranteed by the Constitution is itself a part and parcel of the supreme law of the land and as such cannot, irrespective of the doctrine of preemption, be infringed by a mere statute, whether Federal or State.

Mr. Chairman, I must pause to say that I consider it lamentable that some people have apparently convinced themselves that every motive of every Southerner on every subject is, in some devious way, rooted in race prejudice. For my part, my motive has nothing to do and of necessity could have nothing to do with civil rights. My motive has to do only with States rights and with the legislative rights of the Congress, both of which, incidentally, enjoy the same constitutional guarantee as civil rights.

What is at stake here, Mr. Chairman, is the restoration and the preservation of our historic system of checks and balances. That system operates both vertically and horizontally—vertically between the Federal Government and the States, and horizontally among the three branches of our tripartite form of government.

Now, when the courts undertake without justification in law to preempt a legislative field for the benefit of the Congress at the expense of the State legislatures, they do violence to the principle of checks and balances vertically. And when the courts undertake to imply an intent which the Congress did not express, they invade the legislative domain and thus do violence to the system of checks and balances horizontally.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. POFF. I yield to the gentleman.

Mr. VANIK. If what the gentleman says is true with respect to the idea of retroactivity of this legislation, would the gentleman have any objection to an amendment to this bill which would provide that no act hereinafter passed by the Congress shall be construed, and so forth? That would clear up this whole question.

Mr. POFF. May I inquire of the gentleman if he is an attorney?

Mr. VANIK. Yes.

Mr. POFF. Then he will appreciate, I am sure, the serious impact that would have upon the courts in their interpretation of statutes in future decisions.

Mr. VANIK. What is the gentleman's response?

Mr. POFF. My response is, if you adopted such an amendment, the courts would be compelled to apply one rule of construction with respect to future statutes and another rule of construction with respect to statutes already on the books. H.R. 3 simply reaffirms for application in future litigation the decision in the Davenport case under which we have operated successfully for 100 years.

Mr. VANIK. The gentleman seeks to change the construction of past legislation already on the books, without regard to what the substantive effect of that legislation would be. You want to do the reverse. But you refuse to do it for the future.

Mr. POFF. I have already pointed out to the gentleman that the Supreme Court has indicated that it is both the right and the responsibility of Congress to pass rules of construction to guide it in its interpretation of the law. This would do nothing more than add one more rule of construction to the six already contained in chapter 1 of title I of the code.

Mr. KASEM. Mr. Chairman, will the gentleman yield?

Mr. POFF. I yield to the gentleman.

Mr. KASEM. The gentleman said repeatedly in his discussion that this does not negate the doctrine of preemption, it just negates the doctrine of implied preemption which is relatively new. Would that be a correct statement?

Mr. POFF. I said that it does not repeal the doctrine of preemption.

Mr. KASEM. Can the gentleman tell me of any instances in the law where we have ever expressly preempted?

Mr. POFF. I cannot offhand; I am not prepared to say.

Mr. KASEM. All preemptions have been implied, have they not?

Mr. POFF. They have not. Preemption has been implied in the Cloverleaf case; it has been implied in the Nelson case, and possibly in some other cases, but the guiding rule has been the historic rule, as the gentleman well knows, which was enunciated in the Davenport case.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield for a question?

Mr. POFF. I yield to the gentleman.

Mr. LINDSAY. My question is, is it not true that in the Pincus case which we were discussing in the committee today and which I discussed on the floor yesterday, which involved the question of an Arkansas insolvency law that was struck down, Justice Butler in that case stated without any doubt at all that this was preemption by implication? And this was a 1925 decision.

Mr. POFF. There can be no question but that what the gentleman from Louisiana [Mr. WILLIS] has said with respect to the Bankruptcy Act and its implications in the field of insolvency laws is sound.

Mr. Chairman, in summary, I think it is correct to say that all that H.R. 3 does in its final analysis is to prevent the courts from presuming a legislative intent which the Congress, the legislative body constituted by the representatives of the people, did not expressly state in the statute. If Congress intends to make one of its statutes in a field of concurrent jurisdiction the supreme law of the land; if Congress intends to preempt the entire legislative field; if Congress intends to invalidate all State statutes in that field; then let Congress say so. And if Congress does not say so, let not the courts be suffered to guess that its failure was a mere inadvertence and that it really intended to say so after all. Mr. Chairman, that is H.R. 3.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. McCULLOCH. Mr. Chairman, I yield myself such time as I may need.

Mr. Chairman, in the interest of complete accuracy I would like to call the attention of the committee to a statement on page 2 of the report of the committee which is reported to me to be not quite accurate. The report of the committee on page 2 says, and I quote, speaking of the other body:

> No further action was taken by that body on H.R. 3, which terminated its work for the year on August 24, 1958.

I want to quote from the hearings on this bill, quoting the author of the bill, the distinguished gentleman from Virginia [Mr. SMITH]:

> The bill went to the Senate and came to the floor of the Senate just 1 or 2 days before the adjournment of the Senate. There was a motion to recommit it on the ground that it came there too late. The motion prevailed by a vote of 41 to 40.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. McCULLOCH. I yield to the gentleman from Louisiana.

Mr. WILLIS. I might say that the report is correct. The vote was on a bill along this line, but it is my definite information that the report is correct.

Mr. McCULLOCH. The gentleman from Ohio is pleased to be corrected.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. McCULLOCH. I yield to the gentleman from Florida.

Mr. CRAMER. The gentleman from California asked the question whether or not there are statutes in existence where

express provision concerning preemption is included. I call his attention to title 15, chapter 20, entitled, "Regulation of Insurance"—where in section 1012, subsection (b), the Congress did provide:

> No act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any State for the purpose of regulating the business of insurance or which imposes a fee or tax upon such business, unless such act specifically relates to the business of insurance.

That is one example. There are others which indicate the Congress has expressed itself in this field. And in further answer to the gentleman concerning the Senate action, that of course, as I recall, was a bill similar to the Jenner bill which dealt with many subjects and Supreme Court decisions, including the Nelson case decision, but also including other decisions and that is the reason apparently, as expressed by the gentleman from Louisiana, the statement was made in the majority report as it was.

Mr. WILLIS. Mr. Chairman, will the gentleman from Ohio yield 5 minutes to me so that I can yield time to Members on my side?

Mr. McCULLOCH. Mr. Chairman, I am happy to yield 5 minutes to the gentleman from Louisiana to be used as he requests.

Mr. WILLIS. Mr. Chairman, I yield such time as he may require to the gentleman from Texas [Mr. DOWDY].

Mr. DOWDY. Mr. Chairman, I strongly believe H.R. 3 should be enacted into law. If enacted, it would abolish the rule of implied Federal preemption, as developed by the Supreme Court, and under which that Court has invalidated many States laws, enacted by State legislatures for the protection and welfare of the citizens of the particular State.

Under the present Court decisions, when Congress passes a law in any field in which there are State laws already existing, and makes no mention of such State laws, the courts interpret the silence of Congress as meaning that the State laws should all be invalidated, even though the State laws do not in any way conflict with the Federal law. H.R. 3 would abolish this Federal preemption when the State laws do not conflict with the Federal act.

Here is what the bill provides: That when Congress passes an act, State laws in the field shall be invalidated in two instances: First, when the State law is in such direct and positive conflict with the Federal law that the two laws cannot be reconciled or consistently stand together; or second, when Congress in the Federal act expressly states that it intends for the Federal law to be exclusive and the State laws to be invalidated.

That is plainly stated and meritorious, yet some claim they cannot understand language that simple. It was the rule of construction in this country throughout our history until a few short years ago when the Supreme Court overturned it. All this bill does is to restore a rule that should never have been destroyed.

This act is needed so that the meaning and intent of Congress might be clear and certain to citizens who are expected to obey the laws, to officials in enforcing them, and to the courts in interpreting them. There is nothing unusual about it; to the contrary, it is proper and laudable in its purpose and effect.

The rule which it reestablishes was long in effect, and was laid down as long ago as 1821 by Chief Justice John Marshall in the interpretation of a Federal act when he said:

> To interfere with the penal laws of a State where they are not leveled against the legitimate powers of the Union, but have for their sole object the internal government of the country is a very serious measure, which Congress cannot be supposed to adopt lightly or inconsiderately. The motive for it must be serious and weighty. It would be undertaken deliberately and the intentions would be clearly and unequivocally expressed. An act ought not to be construed as to employ this intention, unless its provisions were such as to render the construction inevitable.

Chief Justice Marshall's modern successors on the Supreme Court abandoned that rule of construction, which is what we seek to remedy by this bill.

The language of H.R. 3 is adopted from the 1859 Supreme Court decision in Sinnot against Davenport, in which the Court said that where the State law is but an exercise of a reserved power, it would not be invalidated unless the conflict were direct and positive so that it and the Federal act could not be reconciled or consistently stand together.

As late as 1937 the Federal courts followed that test in holding that a State law could coexist with new Federal legislation in the same field, but in 1941 the Supreme Court developed a new policy of interpretation. Chief Justice Stone strongly dissented, saying:

> But no words of the statute or of any committee report, or any congressional debate indicate that Congress intended to withdraw from the States any part of their constitutional power over aliens within their borders. The repeal of this legislation is not to be inferred from the silence of Congress in enacting a law which at no point conflicts with the State legislation and is harmonious with it.

The decisions of the Court have departed from the principle that acts of Congress will not be construed to strike down a State statute designed to protect the health and safety of the public, unless the State act, in terms or in its practical administration, conflict with the act of Congress, or plainly infringes its policy.

It is one thing for courts, in interpreting an act of Congress, to construe its language to carry into effect its purpose. It is quite another thing to infer a purpose which Congress has not expressed in order to deprive the States of authority which belongs to them, over a subject which Congress has not undertaken control. To maintain our dual system of government, we must demand that the courts do not diminish State power by extravagant and arrogant inferences regarding what Congress might have intended if it had considered the matter, or by reference to the Court's own conception of a policy which Congress has not expressed and is not plainly to be inferred from the legislation which it has enacted.

The considerations against repeal of statutes by implication should at least be as persuasive as when the question is one of the nullification of State power by congressional legislation.

The adoption by the Supreme Court of this new policy of interpreting the silence of Congress to invalidate State laws coincided with the tremendous increase in Federal legislation. These acts are no longer short general declarations, but lengthy codes. By the application of the Court's new rule of preemption, the States have been excluded from many fields in which they used to control. The authority of the States has dwindled, and that of the Federal Government has greatly increased, causing much loss of individual freedom.

H.R. 3 will not in itself stop this, but will make Congress and the people aware of it in each instance of new Federal legislation, and allow the State laws to continue to exist where there is no conflict. Congress will study the State laws before acting, and determine whether there is need for Federal legislation. If need is shown, Congress can act; if it decides the Federal law should be exclusive, Congress can expressly so declare. This way, the consequences of action would be known and declared by Congress itself, so the Court could not reach results never dreamed of by Congress, as in the Steve Nelson case from Pennsylvania.

The preservation of our State governments is essential to our type of Republic. H.R. 3 would help preserve the State governments, and for that reason, alone, should be enacted. The division of power between Federal and State Governments is essential for the preservation of liberty. Our Founding Fathers believed this, and all history proves its soundness and truth.

Centralization of power leads to decreased personal liberty and decreased concern by the individual for his Government and its laws. Local government is close to the people, more easily controlled by them, and generally serves them better and oppresses them less.

In these days of struggle against the enemy within, as well as without, we cannot afford to fail to enlist the loyalty of all citizens to our State and local governments. When the Supreme Court overthrew the laws of Pennsylvania in the field of sedition by its decision in the Nelson case, the Court was not acting in the national interest. Many people all over the Nation have deep feelings for their States, closer to them than the Federal Government and its laws. The Nelson decision should be corrected by congressional action, by enacting H.R. 3.

To advocate that a State pass sedition laws to protect just the State government is to propose that the prosecuting attorneys be saddled with the absurd technicality of proving that a Communist was advocating overthrow of the State government and not the National Government.

Some of the alarming increase of crime in the Nation may also be due to the decrease of authority of the State and local government because of the harmful Supreme Court's ruling, and the resulting lack of the ability of the citizen to easily identify himself with the law made in Washington to the extent of feeling a responsibility to observe such law and aid in its enforcement.

In addition there is still much to be said in favor of allowing the fifty different States, with greatly varying social and economic problems, to retain the power to enact the necessarily differing laws to solve their differing problems. The reasons for preserving the States and their powers remain just as valid today as when the Constitution was adopted—if not more so.

I believe in our dual system of government; I believe in the worthiness and validity of the doctrine of separation of powers, and the advantages of diversity afforded by the 50 State governments. I believe in the principle that the government should be as close to the people governed as possible. Therefore, I advocate the enactment of H.R. 3.

At the 1958 Conference of the Chief Justices of the States, those eminent judges adopted a resolution stating:

> It has long been an American boast that we have a government of laws and not of men. We believe that any study of recent decisions of the United States Supreme Court will raise at least considerable doubt as to the validity of that boast.

To which I say "Amen."

Mr. WILLIS. Mr. Chairman, I ask unanimous consent that the gentleman from Georgia [Mr. FORRESTER] may be permitted to extend his remarks following those of the gentleman from Pennsylvania [Mr. TOLL].

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WILLIS. Mr. Chairman, I yield such time as he may desire to the gentleman from Arkansas [Mr. GATHINGS].

Mr. GATHINGS. Mr. Chairman, in 1939 when the Smith antisedition bill was before the House I was an enthusiastic supporter of the legislation. It was not my purpose at that time nor at any time, to be a party to a piece of legislation that would preempt the statutes of some 40 States by the enactment of the Smith bill. It never occurred to me that the Supreme Court of the United States would lay down a decision that would wipe out antisedition statutes in all of these States at one swoop of the pen by holding the Federal act paramount and supreme over State laws on the same subject.

To correct this inequity is the purpose of H.R. 3. It is a question of whether local institutions of government will continue to maintain functions that rightfully belong to them, or do nothing and let the doctrine contained in the Nelson case stand. By such failure to act would mean the transfer of such prerogatives to an all-powerful central government.

H.R. 3 is sound legislation. H.R. 3 is needed—badly needed—I trust that this House will pass it speedily——

Mr. CELLER. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to H.R. 3. There has evolved in the nearly two centuries since the founding of this great Nation an orderly pattern of law designed to best protect the interests and well-being of the country and the rights of its individual citizens. The judicial systems, both Federal and State, have carried out the intent and purpose of the laws of the Federal and State Governments with due regard for the rights of the individual citizen and the welfare of the State and Nation.

The bill, H.R. 3, currently before the House for action is one so general in nature as to bring chaos to this orderly pattern of law. It seeks to achieve a limitation of the authority of the Federal courts in actions wherein statutes of certain States and Federal laws bear a relationship, and wherein the State law may be preempted.

The intricate relationship between the Federal and State Governments are matters of tremendous importance and hardly ones to be treated in such a general manner, as they would be under the provisions of this bill. In two paragraphs, H.R. 3 attempts to resolve problems which deserve the closest and most detailed consideration and are worthy of separate treatment and study.

Passage of H.R. 3, with its retroactive clause would, most certainly, do great harm in nearly every area of the law. It would serve to reopen untold numbers of cases in matters, which I am sure the sponsors of the bill never intended. Our courts would be flooded with lawsuits of persons seeking clarification of laws and reversals of decisions long ago settled.

So vague is the language of this bill that it is impossible to predict what effect it would have in the many fields in which it could apply.

There is little doubt that many people feel that H.R. 3 is a means of rebuking the Supreme Court in connection with its decisions on the desegregation issue. The great advances in the field of integration are now a reality. They are the natural sequence to a concept of equality upon which our country was founded. It is based on a desire for freedom and human dignity. A belief that no man is really free until all men are free.

If this bill is motivated against the Supreme Court for the above reason or any other reason, it is ill-considered, as well as ill-conceived.

An independent judiciary has always been the backbone of democracy. Any limitation of this independence poses a threat to freedom equal to any threat by any foreign government.

The vagueness of this bill could lead to endless litigation in the field of civil rights. As we progress in the age of science and space, it is morally unthinkable that we simultaneously seek avenues of retreat in the area of jurisprudence and civil rights.

The conception of this bill appears to be in inverse proportion to the magnitude of controversy that its adoption would bring about. I strongly urge that H.R. 3 be defeated.

Mr. CELLER. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio [Mr. VANIK] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. VANIK. Mr. Chairman, I am only concerned with the economic and social effect of this bill upon established law. It has been admitted by the proponents that this bill would affect legislation enacted by the previous 85 Congresses.

Inspired in bitterness against the desegregation decision of the Supreme Court, it has now attracted support from economic forces which stand to gain in the ultimate breakdown of the Federal regulatory power.

This rule of judicial interpretation—by stripping existing Federal law of its preemptive presumption—emasculates the Federal regulatory power. It would vest the several States with extensive concurrent powers to legislate in areas formerly regulated only by Federal agencies. The only limitation upon State laws would be the restrictions against laws in direct and positive conflict with Federal laws.

If this bill passes, I fear that the several States could license and regulate intrastate short-range television, and radio. They could also license and regulate intrastate airlines and confound the safety efforts of the Federal Aviation Agency. They could enter the field of food and drug administration. Ohio might legally declare Florida oranges unfit for human consumption because of harmful artificial coloring. Pennsylvania could declare Mississippi rice unfit because it was polished in Mississippi plants lacking Pennsylvania inspection. Illinois could outlaw tobacco products in the public health. Virginia could outlaw Wisconsin milk because of a greater radiation, while Delaware could outlaw cotton goods for some reason of its own choosing.

This could be done under the concurrent power of the States not in direct and positive conflict with the Federal law.

In the area of civil rights, the very States which deny them would pass legislation protecting their citizens from their civil rights. These laws would be cunningly worded to avoid any direct and positive conflict with Federal law to abort Federal jurisdiction and to further the cause of hate and segregation.

H.R. 3 could devastate the Natural Gas Act in a sneak attack. If the several gas producing States passed laws clearly excluding independent producers as natural gas companies—the Phillips decision of the Supreme Court which protects natural gas consumers would be washed out.

Among the decisions subject to review and correction after the passage of this bill would be the Phillips Petroleum Co. against Wisconsin—a decision which protected the rights of millions of consumers of natural gas. This decision

defined the Phillips as a "natural gas company" within the Natural Gas Act, because it sold gas to interstate companies which transported and sold it to distributing companies in 14 States.

The Supreme Court did not have specific and absolute language to formulate its decision in the Phillips case. The Court sought to determine legislative intent consistent with the language and legislative history of the Natural Gas Act which was designed to protect the gas consumer from unbridled suppression. In determining legislative intent, the Court looked to the only available source material, the committee reports.

If this bill becomes law, the State of Oklahoma could provide a definition of "natural gas company" which would deliberately exclude the Phillips Petroleum Co. and provide the Supreme Court on a rehearing of the issue with State statutory language "not in direct conflict with Federal law" which would provide the basis for a reversal of the Court's earlier decision. The result would be unregulated and higher gas rates for 22 million Americans who heat their homes with natural gas.

Among other things, this is the gas bill of 1959. It is uncertain legislation which will lead our Nation on a weird adventure. Once enacted into law, this bill will create expensive rights for special people which the American people will have to buy back with sweat and tears.

Mr. CELLER. Mr. Chairman, how much time do I have remaining?

The CHAIRMAN. The gentleman has 8 minutes remaining.

Mr. CELLER. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, I shall try to sum up, if I can, the arguments of the proponents of the bill. I say the burden of proof is on the proponents and they have not sustained that burden of proof. They want us to pass a statute and then find out sometime in the future what the statute really means. This is like putting one's hand on a hot stove to see whether it burns.

Consider the grave doubts that have been cast on this bill. The vote in the committee was 17 to 15. As a matter of fact I thought I could have a tie vote in which event the bill would never see daylight as far as this House was concerned. The bill has been brought up in numerous Congresses and is not yet law. I do not think it ever will be written on the statute books of this country, so doubtful is the bill inherently.

The purpose of the bill we are told is to establish States' rights. That argument, I prophesy, will boomerang, because Congress will include in every statute it passes a pro forma preemption clause. Congress will take no chances. As a matter of fact, Congress does not know every State law, every municipal ordnance on the books when it passes a bill. Even if it did, what is there to keep a State from changing its law the very next day and making meaningless the basis for congressional action? After several experiences in frustrations of this kind, Congress will be forced to preempt automatically if Federal regulation is to have any effect. State legislation which might otherwise have been upheld as consistent with Federal law will then be struck down across the board. Thus the States righters who are the proponents of this bill will be hoisted by their own petards.

Beyond this, H.R. 3 is a boomerang bill for yet another reason. In order to preserve the Federal system in areas of interstate transportation—railroading, aviation, trucking, pipelines—the Supreme Court and the lower Federal courts will be compelled, if we pass this bill, to strike down State laws on the constitutional ground of an undue burden on interstate commerce.

Under present law the court can interpret the Federal law to exclude State activity by Federal preemption. Congress then cay say it does not agree with the Federal court's interpretation. It can say that the result reached by the court does not express its intention. The Congress can then change the law, as it has frequently changed the law in the past on a case by case basis. Pass this bill and State laws will be struck down by the courts beyond hope of any resurrection by action of Congress.

The opponents are not really opposed to the present rules of interpretation. When the Supreme Court rules in favor of a State law the opponents have no complaint. They only complain when the decision is against them. It all depends upon whose ox is gored. They accept the present method of construction if they get the results they want, but they reject it when they lose. I am afraid that one of the wellsprings of this bill is a very human one. The proponents of this legislation just do not like to lose lawsuits.

Much has been said here on the subject of retroactivity. The House cannot know and the proponents are divided as to whether the bill is or is not retroactive. Some of the proponents say it is retroactive, others say it is not retroactive, and still others qualify their remarks. We have had no definite, certain remark or opinion from anyone that the bill is not retroactive.

Where lies the truth? If we can judge from what the proponents have said, the truth lies directly in the heated debate and argument. H.R. 3, in effect, is retroactive, in my opinion. Laws passed years ago will be considered and reconsidered under a strict and exclusive rule of interpretation not in effect when those laws were passed. Cases decided under a variety of verbal standards will have to be redecided according to H.R. 3 alone. That is reaching back to laws which have been on the books for as much as 170 years with an exclusive rule of interpretation imposed in 1959.

The gentleman from Virginia [Mr. POFF] says H.R. 3 does not repeal old statutes. Nobody said it did. But it does change the standards of interpretation and construction as applicable to old statutes.

The gentleman from Virginia [Mr. POFF], and he speaks for a great many of the proponents, refuses to accept any prospective amendment, any amendment that would cast out the idea of this being retroactive. He said if you did that, there would be two types of construction, one for the future and one for the past. But would not there be two types of construction under H.R. 3 as it is now? A law interpreted one way under today's rules might well have to be interpreted differently tomorrow under H.R. 3. Is this the way to create certainty and stability in the jurisprudence of this country?

If I were asked what I would call this bill, I would say it is the lawyer's full employment bill of 1959, because it is going to unsettle so many cases, because it is going to give rise to myriads and myriads of controversies all over the land, and it will be a veritable field day for the lawyers.

Finally, let me point out to this House that we have yet to have an explanation from the proponents of H.R. 3 as to what they mean by "direct and positive conflict so that the two cannot be reconciled or consistently stand together." Do they mean a conflict of a verbal nature alone; that is, solely that the words of one act clash with the words of another act. Or do they mean to include as well irreconcilabilities of purpose and effect?

I think that as a result of this debate four facts have become abundantly clear about H.R. 3: First, it is not needed; second, it will accomplish nothing constructive; third, it will create chaos and endless litigation in vital areas of American economic and political life; and, fourth, it can only result in limiting States rights rather than broadening them.

I therefore ask the House to join me in voting against this bill.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Michigan.

Mr. MEADER. Would not the gentleman say that the same result is to be found in the preemption doctrine as announced in the Nelson case, which seeks to avoid the enforcement of State laws and municipal ordnances, and so forth? They are shielding themselves behind Federal statutes?

Mr. CELLER. I do not agree with the implication of that question. The Uphaus case, in my opinion, settled many things as far as the Nelson case is concerned. It interpreted the Nelson case and said there could not be a race to the courthouse between Federal and State officials as far as sedition against the Federal Government was concerned. I think the Nelson case is not going to give rise to any sort of field day for lawyers whatsoever.

Mr. McCULLOCH. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, I desire to comment on this matter of racing to the courthouse as between Federal and State enforcement officials.

I assume that those who want to prevent that race mean there should only be one law and one law enforcement body in the United States and that means they want to obliterate any power in the States to legislate and enforce laws. Where the State government has a right to legislate and it is contemplated under our Constitution that it can act, there is no double jeopardy when an offense is committed against the State and against

the Federal Government at the same time, and that is well settled law.

If you want to keep the States from prosecuting anybody, then just amend the Constitution of the United States and wipe out the States.

Mr. ROBERTS. Mr. Chairman, to defenders of constitutional law, there is no more important matter than the enactment of H.R. 3, the bill originally sponsored by the distinguished gentleman from Virginia [Mr. SMITH].

I have very strong feelings about this bill. On the opening day of this session of Congress, I introduced H.R. 410, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. This bill is identical to the original Smith bill.

This is a States rights bill. It is legislation aimed at restoring the rights of the States as guaranteed under the 10th amendment to the Constitution. This means the rights of all the States, whether they are in the North, the East, the West, the Midwest, or in my own section of the country.

Throughout the last few years, in an increasing degree, we have seen the usurpation of the rights of the States, and the preemption by the Federal Government in State and local fields.

There have been many signposts of this growing Federal encroachment erected by the Supreme Court. Many of these decisions have been mentioned already, and perhaps the most notorious is the Steve Nelson decision which had the effect of nullifying antisedition laws in almost all of our States. Under this decision, our States now cannot prosecute their own citizens under their own State laws outlawing sedition simply because there happens to be a Federal sedition law.

Mr. Chairman, the founders of this great Republic never intended for such audacious preemption as this.

George Washington warned that there should be no changes through usurpation. Thomas Jefferson said, "Chain the politicians to the limitations of the Constitution itself."

And what does the Constitution say? It says, in the 10th amendment:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

That ought to be enough. There ought to be no need for legislation such as H.R. 3 which, in other words, simply restates the provision of the 10th amendment.

However, such cases as the Nelson case, and such other evidences of Federal encroachment upon States rights warrants the enactment of H.R. 3.

Such action not only is warranted; it is demanded. I think it is incumbent upon us as freedom-loving, Constitution-loving Americans to take this action which will repeal the persistent doctrine of Federal preemption in fields of concurrent Federal and State jurisdiction.

There always is a great hue and cry sent up by indignant ultraliberals when we discuss any legislation which can be termed a Supreme Court curb bill.

But I cannot see why there should be any hesitancy on the part of any Member of Congress, in view of the growing tendency toward Federal preemption, to place this restriction upon the Supreme Court.

Since last year, when this House very wisely passed a bill similar to the one before us at this time, there have been many statements from responsible individuals attesting to the encroachment upon rights.

Reports have come in from numerous State chief justices and Federal judges in all sections of the country agreeing that the Supreme Court is overstepping its bounds.

This bill, H.R. 3, will merely chain the Supreme Court and the Federal Government to the Constitution.

It is with a great degree of confidence that I urge the Members to approve this legislation.

Mr. McCULLOCH. Mr. Chairman, I yield the remainder of the time at my disposal to the gentleman from Louisiana [Mr. WILLIS].

Mr. WILLIS. Mr. Chairman, I yield the time allotted to me and the time left to me to the author of the bill, the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, I came here this morning all pepped up with a great big speech and have been sitting around all day hoping to make it. Now I have the floor, and just before I came down here I counted the Members on the floor and there were 43 of them, and the majority of them were for my bill. So, I do not think I am going to be able to convince anybody, because I know that the minority of them are against my bill, and if I have anything to say here in this remaining time, which I hope not to use all of, it will be merely for the RECORD, because I think some things have been said here in general debate that ought not to be left as they are.

Now, really, what is at the bottom of this dispute is a difference in philosophy of government. A lot has been said about the language in this bill. Well, the words are very few and very simple. I think anybody who wants to understand it, and to whom God has given that power, can quite easily understand it, and if he does not have the power, there is not much that the rest of us can do about it. It is just one sentence, and in the simplest terms it merely says that the Federal Government and the State government may, as the Constitution provides, live side by side and in full accord and with full powers specified in the Constitution. And, it further says—and do not any of you who are opposing this bill overlook this, because there has been a lot said about it interfering with the Federal Government—that whenever there is a conflict between the Federal law and the State law, the Federal law shall prevail. And, that is what it would do, whether we said it or not. And, it expresses the other half of the proposition that where there is a valid State law and a valid Federal law on the same subject, one that does not conflict, that then the States and the Federal Government may live side by side in harmony and both administer their own laws. And, those few words in that bill express my philosophy of the Federal and State Government.

Now, then, there are gentlemen who disagree with that philosophy. There were gentlemen who disagreed with it back in the time of the framing of the Constitution when some believed in the Federal Government as a great power and others believed in States rights, and all the rights not given to the Federal Government by the Constitution were reserved to the people and to the State governments. That is the philosophy on which I stand, upon which the Constitution stood, upon which my State stood when we came into the Federal Union with the 12 other Colonies.

Now, there is the other philosophy, of which the good gentleman from New York is a leading exponent. That is his right. That is the American right, to express your views and to have a philosophy. That is what this Government is all about, and that is what we all ought to do. I hope that all Members here will act and vote on this bill according to their own philosophy and not upon the dictates of others. But, the gentleman from New York [Mr. CELLER], my good friend—I hope he has not left the floor, because I want to say a few complimentary things about him—he took out after me yesterday, and I did not bother him; I just relaxed and enjoyed it. I did not even ask him to yield. Let me say that he has had a long and distinguished career in this body. But he has made two major mistakes in his career in this House, because what brought about this bill was the so-called Smith Act which is properly called the Alien Registration Act which I presented to this House in 1939, just before the outbreak of the Second World War. That act provided the only weapon this Nation had to control the Communists and the aliens in this country when the war broke out.

I think that 99 percent of the American people ardently favored the so-called Smith Act or the Alien Registration Act under which we were enabled before Pearl Harbor to register and fingerprint and locate every alien in this country who might give us trouble.

That was my friend's first great mistake. He led the little band of 48 flaming liberals who did not believe in striking down the right to do what they pleased by anybody in this country of ours. He led that little band of flaming liberals right here in this well and on the floor of this House in opposition to the Smith Act which was passed in 1940 and which, as I say, was favored by 99 percent of the American people.

What he has had to say about the debate on this bill today is very reminiscent of the philosophy—and he is entitled to have it—of the philosophy which he expounded here in 1939 when the original Smith Act was under debate in the House. That was his first great mistake, and I regretted to see it, because the gentleman has had a long and distinguished career and has served his country in a great many very fine ways.

The second great mistake of his career is today, when he stands on the floor and

tries to deprive the people of his State and the people of my State and the people of your State of that little modicum of home rule that would permit their own government to enforce their own laws and to govern themselves, in those things necessary to their health, welfare, and safety.

The mystery of this whole debate to me about those people who are opposing this bill, who come here with the suffrage and the confidence of their own people, is why they are afraid to reciprocate toward their own people and give them their confidence and give them the right to govern themselves in matters of local interest. I wish somebody would answer that. They trusted you to represent them. Why do you fear to trust them to govern themselves? It has mystified me for several years.

All we want to do is to enable us to enforce our local laws when they are not in conflict with the Federal law. And I can give you some very good reasons for it, although I do not have time to go into them in great detail.

Somebody asked a question about narcotics cases. Let us take the State of any one of these gentlemen. Let us say you have a man arrested in Ohio under the Ohio State law on narcotics. He is brought into court. He pleads that the Federal antinarcotics law nullified the State antinarcotics law.

Some people will say, "That is foolishness. That could not happen." Well, it has happened. I have here from my files a photostatic copy of a plea in a case in Alexandria, Va., my home town in sight of the Nation's Capital, where it did happen. This happened just last year. A dealer in narcotics was caught and brought into the State court. He filed this paper, this plea. This is a photostatic copy of it I hold in my hand. In it he claimed that under the Nelson case decision in Pennsylvania the Virginia narcotic law had been destroyed and that the State court had no right to prosecute him. Is there anybody representing the people of any congressional district in the United States who wants that kind of condition to prevail and to so affect their people, the people who have placed their confidence in their Representatives and who have elected you to come here to represent them?

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Virginia. I do not have any more time. I cannot yield to the gentleman unless he can give me a little more time. I will be delighted to yield to the gentleman and stand here until midnight and kick this around with the gentleman if he will just get me a little more time and he could do it by making a unanimous consent request.

Now, Mr. Chairman, how about your sanitary laws? How about your health laws in the several States? I have a letter here from the medical society of the good State of Pennsylvania. When the roll was called on the rule I heard many of the gentlemen from Pennsylvania vote "no." They said to the House "No; you shall not have the opportunity to even consider this measure." What happened in the State of Pennsylvania? I have a letter here from the Medical Society of the State of Pennsylvania asking me if there is any chance of getting this bill through. Listen to me, you gentlemen from Pennsylvania. Your State was one of the 13 Original Colonies that adopted the Constitution and adopted the 10th amendment. They cited this case. They said they have a case now pending in the State of Pennsylvania where the manufacturer of a pharmaceutical product which contains drugs, and their health authorities are seeking to investigate and to inspect his product, and the manufacturer denied them the right to investigate and to inspect his product on the ground that the antinarcotic law of the Federal Government has completely abolished the State law of the State of Pennsylvania and the right of the State of Pennsylvania to locally police the sale of narcotics and drugs in the State of Pennsylvania.

When I inquired again last year that case was still pending. I do not know what has been done about it. You gentlemen of Pennsylvania who are opposing this bill can think about that tonight when you go home because tomorrow some of you are going to vote to say to the State of Pennsylvania, "No; you shall not presecute people who are selling your children and your people narcotics."

Let us take the Cloverleaf case. That case came from down in Alabama. I think everybody in Alabama is going to vote for this bill so I do not have to lecture them. But the Cloverleaf case was a case where the State of Alabama wanted to inspect a certain product. This renovated butter was being manufactured. Some of it was being sold in the State. The State health authority went in there and said, "We want to inspect your product to see whether it is healthful or injurious to the health of our people." The manufacturer said, "No; you cannot come into our factory because the Federal Government has passed a Pure Food and Drug Act and that has preempted the field." So it may poison your people but you cannot do anything about it and the Federal Government has not undertaken to do anything about it.

So they went to the Supreme Court of the United States. The Supreme Court of the United States, with one of the strongest dissenting opinions that you have ever read by Justice Frankfurter whose liberality no one has ever to this time disputed, the Supreme Court said, "No; the right to inspect food has been preempted by the United States." That case stands on record today. It has never been reversed. That is what this bill is all about. It is to give you folks a little self-protection. Let us talk to these labor folks a little. I know that you have received some letter and I have some myself from the A.F. of L. and the CIO. I know there are some Members who feel very kindly toward the A.F. of L. and the CIO.

Mr. WILLIS. Mr. Chairman, will the gentleman permit me to read one sentence of Judge Frankfurter's dissenting opinion?

Mr. SMITH of Virginia. I wish you would.

Mr. WILLIS. This is from the dissenting opinion of Judge Frankfurter of the case in Alabama.

He said this:

> If ever there was an intrusion by this Court into a field that belongs to Congress and which it has not seen fit to enter, this is it.

Mr. VANIK. Mr. Chairman, will the gentleman yield for a consent request?

Mr. SMITH of Virginia. I yield.

Mr. VANIK. I ask unanimous consent that the gentleman from Virginia may be permitted to proceed for 10 additional minutes.

The CHAIRMAN. The time has been fixed in the House. The gentleman's request is not in order.

The gentleman from Virginia will proceed.

Mr. SMITH of Virginia. I want to talk about the AFL–CIO. They are supposed to represent labor. Are you familiar with the case of Guss against Utah and the subsequent case that was decided in the last few weeks on the same basis? In the case of Guss against Utah, Guss was the head of the labor union that belonged to the AFL–CIO in Utah. It was a branch of the Steelworkers' Union. Understand that to begin with. His employer did something that was a violation of the National Labor Relations Act and a violation of the Utah Labor Act, both. Guss went to the Federal court where he thought he would get relief, but the National Labor Relations Board said: "No; this is a little case, you have not got many employees; we have not got time to fool with it. We are not going to take jurisdiction." And they did not. They turned him out to graze.

Then he went to the Labor Board of the State of Utah and said: "The Federal Government will not give me any relief; will you please give me relief?"

There was home rule; there were the home folks who knew the situation and could be sympathetic to Guss who had been wronged by his employer. The Utah Labor Board took the case up and decided it in favor of the union. Then it went straight to the Supreme Court of the United States, and the Supreme Court of the United States said: "No, the National Labor Relations Board would not give you relief, the Utah board cannot give you relief; we cannot give you relief. We reverse the case and turn you out without any remedy."

And, incidentally, to those who have been hollering about our trying to do something to the Supreme Court, in this case in the opinion written by Mr. Justice Warren after saying that this did create a hiatus, a no man's land that ought to be corrected, he concluded by saying:

> It was within the province and the power of the Congress to correct this any day they wanted to;

And that is what we are trying to do.

Now, you fellows who think you have to vote any time that Biemuller writes you a letter signed as legislative representative of the AFL–CIO, what are you going to say to your people back home,

who are denied relief by the Federal Labor Board, then given relief by the State board, and then denied relief again by the Supreme Court of the United States when the Chief Justice has invited Congress to correct this situation?

What are you going to say to your people back home who sent you to Congress, not the drug addicts, and not the CIO, and not the people who are selling bad food; you were sent here by your people. I am asking you to represent them in their needs today. They need to have this situation corrected.

The CHAIRMAN. The time of the gentleman from Virginia has expired; all time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 1 of title 1 of the United States Code is amended by adding at the end thereof the following new section:

"§ 7. Preemption—Federal and State statutes

"No Act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such Act operates, to the exclusion of all State laws on the same subject matter, unless such Act contains an express provision to that effect, or unless there is a direct and positive conflict between such Act and a State law so that the two cannot be reconciled or consistently stand together."

(b) The analysis of chapter 1 of title 1 of the United States Code is amended by inserting at the end thereof the following new section:

"7. Preemption—Federal and State statutes."

Mr. WILLIS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee having had under consideration the bill H.R. 3 had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on tomorrow at 11 o'clock.

I may say that with termination of consideration of the present bill there will be no further legislation for this week.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

CONTINUING RESOLUTION FROM COMMITTEE ON APPROPRIATIONS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that it may be in order on Tuesday next for the Speaker to recognize to suspend the rules on a continuing resolution from the Appropriations Committee.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ANNIVERSARY OF COMPOSITION OF THE SONG "DIXIE"

Mr. LEVERING. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution which I send to the Clerk's desk.

The Clerk read as follows:

HOUSE RESOLUTION 305

Whereas the year 1959 marks the 100th anniversary of the composition the song, "Dixie"; and

Whereas "Dixie" was once the patriotic song of the Confederate States of America, and is now a national ballad known and loved by all Americans; and

Whereas "Dixie" was composed by Daniel Decatur Emmett who was born at Mount Vernon, Ohio, in 1815; and

Whereas Mount Vernon, Ohio, celebrates June 26, 27, and 28, 1959, as Dixie Days in honor of the song, "Dixie," and its composer, Daniel Decatur Emmett: Now, therefore, be it

Resolved, That the House of Representatives extends its greeting and felicitations to the people of Mount Vernon, Ohio, on the occasion of their celebration of Dixie Days, June 26, 27, and 28, 1959, in honor of the hundredth anniversary of the composition of "Dixie," and in honor of its composer, Daniel Decatur Emmett.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The resolution was agreed to, and a motion to reconsider was laid on the table.

ELECTION OF MEMBER TO COMMITTEE ON HOUSE ADMINISTRATION

Mr. POFF. Mr. Speaker, at the suggestion of the gentleman from Indiana [Mr. HALLECK], the minority leader, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That CHARLES E. GOODELL, JR., New York, be, and he is hereby, elected a member of the standing Committee of the House of Representatives on House Administration.

The resolution was agreed to, and a motion to reconsider was laid on the table.

THE WRONG DIRECTION

Mrs. ROGERS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include an editorial from the Lowell Sun entitled "The Wrong Direction."

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I include at this point in the RECORD the following editorial:

[From the Lowell Sun, June 19, 1959]

THE WRONG DIRECTION

The St. Lawrence Seaway will be formally dedicated a week from today when President Eisenhower and Queen Elizabeth will officiate at historic ceremonies.

When this waterway starts to carry its full volume of traffic, big industrial cities in the Midwest, on both sides of the U.S.-Canadian border are expected to prosper. Ports along the northeastern seaboard, including Boston and New York, stand to lose considerable business. Just how much cannot be estimated until the seaway establishes its business pattern.

Meanwhile, it is amusing to note that one of the first big freighters to cross the Atlantic and wend its way through the seaway locks to the heart of the American automobile manufacturing area was filled to the gunwales with foreign-made midget cars.

COL. DONALD MacGRAIN

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I have received information that Col. Donald McGrain, presently Chief of the Department of the Army's Congressional Liaison Division, is to be reassigned in the near future to a command position in Hanford, Wash. Specifically, he is assuming command of the 5th Artillery Group which includes both Nike-Ajax and Nike-Hercules missile units and is an integral part of our Nation's air defense establishment.

On the eve of his departure I desire to commend him for his superior performance of duty during the past 3 years that he has held this responsible position. During his period of service we have all observed the even more superior manner in which congressional inquiries and problems have been handled by not only Colonel MacGrain but also by members of his staff operating under his able and efficient leadership. I am sure every one of us realize the many and varied problems that confront our military liaison officers and the attitude and demeanor which must be continually displayed. During his 3-year period of service, as Chief of the Army's Liaison Division, Colonel MacGrain has maintained a pleasant, affable, as well as an extremely capable attitude in completing his every mission and requirement.

I am sure I speak for all Members of the House of Representatives as well as their staffs, when I say that we are sorry to learn of Colonel MacGrain's imminent departure, but our best wishes and prayers go with him and his family as he moves on to an equally important new military assignment.

REPORT OF ATTENDANCE AT WORLD HEALTH ASSEMBLY AT GENEVA

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FOGARTY. Mr. Speaker, this is a time at which public attention the world over is focused on the efforts of nations to find ways to work together in common purpose.

Some of these undertakings seem fated to fail even before they are well begun—to fail, that is, in the sense that the

goals set for the cooperative effort seem even more remote during and after negotiation than they were at the beginning. But we must not let ourselves be disheartened by the appearance of failure. The basic issues between nations and peoples are grave indeed: they are matters not of convenience or preference, not simply of poverty and prosperity, but of survival itself. No negotiation is a failure if it keeps such questions open for discussion. So if no agreement can be reached, for example, during present discussions of the unification of Germany or atomic disarmament, let us nonetheless believe in and support the meetings of the representatives of state, and work and pray for their ultimate success, recognizing that seemingly fruitless negotiation and endless discussion are preferable to hostile silence and uneasy truce.

Fortunately, there are areas of mutual interest in which the success of international activity can be measured in more concrete terms. If they are carefully nurtured and wisely expanded, these areas of international agreement may well pave the way to accord in the matters of survival.

One of these areas of understanding and effective joint action is medicine, medical research, and public health. Time and again it has been demonstrated that the goal of better health has the capacity to demolish geographic and political boundaries and to enter the hearts and minds of men, women, and children in the four corners of the earth. It is an issue which serves as a forceful reminder of the oneness, the essential brotherhood of man. For pestilence and prolonged disability and premature death, wherever they may occur, are tragedies which strike a responsive chord in man and his governments. There is sympathy for suffering in human terms. There is recognition of the interdependence of nations in terms of the transmissibility of disease. There is concern for the burden disease places on a nation's social and economic strength. And there is widespread belief that the nations of the world can and must share their knowledge and other resources so that people everywhere may have the blessing of better health and, through health, may move forward to new levels of peaceful productivity.

The concept of world health and of cooperation to achieve better world health finds expression in many national and international organizations and activities. One of the most prominent and widely supported of these is the World Health Organization, an independent agency within the general framework of the United Nations. The WHO has been in existence for a little over 10 years. Today, 90 nations are joined together in this concerted effort to help each other achieve victories in the battle against disease.

I have just returned from Switzerland, where—at the request of the President, and in company with my distinguished and able colleague, Congressman MELVIN R. LAIRD, of Wisconsin—I represented the Congress of the United States to the 12th World Health Assembly, the annual meeting of delegates from member nations in the World Health Organization. The foreign ministers of what the newspapers refer to as the "Big Four" nations were meeting at the same time and place—the Palais des Nations in Geneva. The atomic disarmament conference, also held in Geneva, had just recessed and was scheduled to resume in a few days. So it was a perfect setting for observation and reflection on the relative effectiveness of health as a basis for international understanding and cooperation.

The daily meetings of the foreign ministers were conducted in a climate of tension. Heavy guards surrounded the area. Protocol was of the utmost importance. The discussions were cloaked in secrecy. Reports from the conference were necessarily vague and often misleading because of the high strategy and the sensitivity of governments and the heavy emphasis placed upon the interpretation of words—which are, after all, important only insofar as they are indices of intention and forerunners of action. That conference, at this writing, has been recessed. And it is anybody's guess whether further meetings will lead to a summit conference—and anybody's guess whether that meeting of the chiefs of state will in any tangible sense move us closer to world peace.

I do not mean to question the validity of such diplomatic sorties. Certainly we must take every possible step toward the alleviation of international tensions, and the conference table is a necessary part of this process.

At the same time as the foreign ministers were meeting, however, those whom you might call our ministers of health were going about their business of practicing good international relations by working together to improve the world's health. They worked through an agenda crowded with items that were routine to the delegates—routine in the sense that every item represented a familiar problem and that for most items there was at least a partial solution in sight. Some of the problems that are most acute in other lands are for the most part unfamiliar in the United States: malaria eradication, cholera prevention, yaws, schistosomiasis, leprosy, clean water supplies, basic sanitation, adequate nutrition. Other problems had a more familiar ring: cancer, heart disease, mental illness, radiation hazards. As I observed the World Health Assembly working out new programs and extending existing programs to combat all of these problems, I was deeply impressed by the understanding, good will, and feeling of dedication that characterized the proceedings. There was even an apologetic note that crept into every voice when the context of his remarks made him refer to the underdeveloped countries or the more privileged countries. It was perfectly apparent that national differences in the health field were perceived not as marks of superiority or inferiority. Rather they were accepted at face value for what they were, the products of time, geography, culture, economy, and other factors which have shaped the evolution of man on earth. And it was perfectly apparent that this health assembly and the programs it developed had a sound base, not only in the programs themselves, but in the recognition that in health, every nation has something to contribute to every other nation, and something to learn from every other nation.

This is a point to be emphasized. So much of our overseas and offshore activity is predicated on the concept of our doing something for others. It places us in the position of being merely beneficent, with the assumption that we are beneficent for an ulterior purpose of our own. In the health field, our international programs more properly can be characterized as enlightened self-interest, since it can be amply demonstrated that we receive as well as give.

Thus there are four major reasons for the expansion and strengthening of our international health activities. The first reason is humanitarian: as a Nation, we are deeply committed to recognizing the dignity of the individual and to doing everything we can to enhance his rights and opportunities for a happy and productive life. The second reason is economic: in terms of our investments abroad and our purchase of the products of other nations, better health among the peoples of the world has a direct bearing on our own national economy. The third reason is political: Health programs provide an unparalleled opportunity for education in the true meaning of the democratic way of life. The fourth reason is, if you will, selfish: We have much to learn from other nations and much to gain from both the exchange of health knowledge and the participation of all nations, according to their capacities, in collaborative efforts to acquire new medical knowledge and to increase our ability to apply that knoweldge in medical and public health practice.

These affirmative observations about international health reflect my personal faith and conviction that the United States should press forward with its own unilateral health efforts that are international in character; should strengthen its ties with regional health groups, particularly the Pan American Health Organization and its fine new director, Dr. Horwitz, of Chile; and should contribute actively in both fiscal and substantive terms, to the programs of the World Health Organization.

It is my belief that not enough is being done in any of these respects for us to realize the full potential that is inherent in international health.

For our own part, we see impediments that foreshadow an unnecessary delay in the enactment of legislation which would give substance and direction to U.S. international medical research efforts. My reference is to legislation sponsored by myself in the House of Representatives and in the Senate by that champion of health measures, Senator LISTER HILL. A total of 63 Senators from both sides of the aisle joined in cosponsoring the measure. This legislation, Senate Joint Resolution 41, which passed in the Senate by a vote of 63 to 17, would create a National Institute of International Research within the Public Health Service and au-

thorize an annual expenditure of up to $50 million for its programs and activities. The Senate testimony on this bill was overwhelmingly supportive, and the record of that testimony is a dramatic and moving document that should be read by every American.

The Senate action in itself bespeaks a sincere tribute to Senator HILL. It recognizes his outstanding leadership in the field of health and medical research and serves as an accolade to his persistent, continuous and realistic contributions to the better health of all the Nation. Yet the Administration saw fit to oppose the legislation on jurisdictional and organizational grounds although, at the same time, seeking to give the appearance of favoring the bill. The opportunities for leadership and for productive interchange are knocking at our door, but some of us appear afraid to open it.

The United States is not alone in its conservative approach to international health matters. The World Health Organization itself, during the meetings in Geneva from which I have recently returned, demonstrated what I consider to be an unfortunate reluctance to seize certain opportunities to move confidently ahead in pursuit of the goals to which the member nations are dedicated.

Although the concept of a positive role for WHO in fostering health research had been enthusiastically endorsed by the World Health Assembly last year in Minneapolis, this year—when the time came to support that concept with funds—only a token amount of $500,000 was voted into the 1960 budget, as contrasted with the $2.2 million requested by the Director-General, Dr. Candau, after a year of intensive study and planning. I found it hard to understand this hesitant action when I recalled that 90 nations contribute to the WHO activities under a formula established by the pattern of United Nations assessment, in which some 30 percent is provided by the United States. The record of medical and health research in the acquisition of new knowledge and the unique research opportunities afforded through the WHO mechanism seemed to me to argue strongly for more courageous action on this item of the WHO program and budget.

I was distressed, too, that the Assembly saw fit to defer a proposal that WHO give leadership and direction to an International Health and Medical Research Year. Throughout the Assembly, the delegates spoke often and with evident feeling about the shortage of funds to do what the medical and public health authorities know how to do in the prevention and control of disease. Frequently, too, there were statements decrying the lack of public awareness of the work of WHO and the absence of public support for its activities. It seemed to me that by focusing attention on the record of successful collaboration in the health field under WHO auspices, with a major public education effort that would begin with national world health congresses and culminate in an international congress in Geneva, it would be possible to achieve greater public understanding—which as we well know in this country, is a prerequisite for public support.

I was taken aback, too, by the failure of member nations to contribute to a special account of the WHO for purposes of malaria eradication. This is a program to which the WHO is deeply committed. A major disease can be wiped from the face of the earth with sustained effort and a relatively moderate investment. Heretofore the primary, almost the total financing of this activity had been U.S. dollars. Yet when this year we stepped back to give other nations an opportunity to demonstrate their interest by sharing the financing, the volunteers were conspicuous by their absence.

The preceding are single instances which in no wise characterize the total WHO operation, which is a splendid and productive one. They do suggest, however, that as it grows and matures, the WHO—and the member nations in terms of their participation in WHO and their own independent efforts—may find it necessary to diversify the programs that are conducted and supported, to broaden representation at international health policymaking councils, and to give more active support to the work which the WHO does and represents.

For my own part, I know of few places where modest sums can be more wisely invested or do more immediate good.

One of the characteristics of the WHO—one which distinguishes it from most other international groups—is that it is a "give and receive" operation rather than merely a "give" operation. It is of the utmost importance that this quality be maintained. Thus the programs of WHO must be balanced, containing activities of direct interest to all member nations. It would be easy for the program to fall into the trap of giving almost exclusive attention to the basic health problems of the less well developed counties—water supplies, sanitation, communicable disease control. But the WHO must also have the vision and capacity to encompass programs which have direct bearing on the health status of the further developed countries—cancer, heart disease, mental illness. Only thus can it be truly a world health organization. This was a point that needed to be made to a delegate who, when medical research was being discussed, said, "If there is any money to spare, let's use it for leprosy and cholera and tuberculosis control, and not make an uncertain investment in research against diseases that are of no immediate concern to us."

Finally, I am happy to report that I was tremendously impressed with the caliber and dedication of the delegates to the WHO. Our own U.S. delegation, headed by Surg. Gen. Leroy E. Burney of the Public Health Service, together with Dr. Leonard Larson of the American Medical Association and Dr. Lowell Coggeshall, of the University of Chicago, did an outstanding job of presenting our position and winning others to the U.S. point of view. They and others who represented us in Geneva were truly our ambassadors, and I found myself feeling that they should be accorded all of the courtesies and have the prerogatives extended by the State Department to diplomats in other fields. I hope to see that such arrangements can be made prior to the 13th World Health Assembly in Geneva next year.

This is a health forum, not a political forum. But it has direct and very marked impact on the views other nations have of the United States. The positions we take, the way we conduct our business, the regard we show for the points of view of others—these are the kind of elements of which diplomacy in action is comprised. They were all in play during the 12th World Health Assembly in Geneva. And as the Assembly drew to a close, it was abundantly evident not only that the cause of world health was being advanced, but also that the cause of free nations was moving ahead. Time after time it happened that we found ourselves in alliance with the bulk of the nations in Southeast Asia, Africa, and the Middle East. This is not to say that they followed our lead. More important, we were seeing eye to eye on questions of substance and of strategy. In this, it seems to me, lies the primary test when one seeks to measure the relative strength of freedom. How many nations choose for themselves, on the basis of conviction, and without influence from beyond their boundaries, the course of action which leads to further recognition of the dignity of man and of the independence and integrity of nations?

At this Health Assembly, many of the young and growing nations were making this choice for freedom.

This was my second opportunity to observe and participate in a World Health Assembly. I feel that it was a rewarding and stimulating experience. And I shall do everything in my power to see that the Government of the United States—both in its unilateral efforts and in its cooperative activities—will move ahead with affirmative action to strengthen our international health activities in ways that are consistent with sound administration, good international relations, effective health programing, and the aspirations of the nations of the world for better health for all of the people.

EAST FRONT EXTENSION OF THE U.S. CAPITOL—LAYING OF THE CORNERSTONE

The SPEAKER laid before the House the following announcement:

J. George Stewart, Architect of the Capitol, announced today, on behalf of the Commission for the Extension of the U.S. Capitol, that the cornerstone of the East Front Extension of the U.S. Capitol will be laid by the Honorable Dwight D. Eisenhower, President of the United States, with Masonic ceremonies, at 12 o'clock, noon, Saturday, July 4, 1959. The members of the Commission are Speaker Sam Rayburn, Chairman, Vice President Richard M. Nixon, Senator Everett McKinley Dirksen, Representatives Charles A. Halleck, and J. George Stewart. July 4th commemorates the date on which President Millard Fillmore laid the cornerstone of the House and Senate wings of the U.S. Capitol in 1851. The Masonic ceremonies will commemorate the ceremonies held not only at that cornerstone laying, but also at the laying of the cornerstone of the

original section of the Capitol Building, September 18, 1793, by President George Washington.

THE PROBLEM OF INFLATION

The SPEAKER. Under previous order of the House, the gentleman from Iowa [Mr. SCHWENGEL] is recognized for 30 minutes.

Mr. SCHWENGEL. Mr. Speaker, ever since I have had an interest in government I have been aware of the wisdom of a balanced budget and fiscal responsibility at all levels of government.

When I became a Member of Congress I could observe more closely the forces which work for and against a sound fiscal policy. Since I have been here, I have become increasingly more aware of the fact that it is even more important at the Federal level than any other.

Each year that I have been here has seen my apprehension grow because of the number of colleagues who do not seem to care about, or understand the truth of Jefferson's position on economy and Government spending. He said:

> I, however, place economy among the first and most important of republican virtues and public debt as the greatest of dangers to be feared.

He also said:

> And to preserve our independence, we must not let our rulers load us with perpetual debt. We must make our election between economy and liberty or profusion and servitude.

There is much wisdom in Jefferson's remarks. There is a message which should be especially heeded by Members of this body. It has prompted me to want to call attention to this important issue in any and every way that is open to me. For that reason, I am taking advantage of this opportunity to talk to my colleagues, with the hope that they will pause and think on this matter for a little while at least and with the hope that the members of the press will become alerted to the importance of the grave matter of inflation and at least publish the essence of my remarks which will be made during the next 4 weeks, so that the people we represent will be reminded of this grave problem.

Today, I will address you on "The Problem of Inflation." On July 1, and on two succeeding Wednesdays, I have permission to take the floor to elaborate further. The July 1 remarks will be, "The Impact of Inflation—Part I: Its Effect on Retired Persons and Others on Fixed Incomes." On Wednesday, July 8, I shall follow with: "The Impact of Inflation—Part II: Its Effect on Labor, Foreign Trade, and Small Business, Including Farmers, Teachers, and Professional People." The series will conclude on Wednesday, July 15, with some suggestions for controlling inflation.

These remarks on inflation, its impact and control, are the results of concentrated study on the subject since I returned in January. They are not politically inspired. They are, however, based on a grave concern which I share with people of all political faiths—a concern for the future of our Government. It is my sincere hope, that my colleagues will pay heed to these remarks. Should circumstances deny the audience they merit, I trust that the other Members will take the trouble to read the remarks, or at least excerpts from it, in the CONGRESSIONAL RECORD.

As I think further on whether or not we can maintain a balance in the Treasury, I am reminded of an observation made by the great English writer and statesman, Lord Macaulay, when he said:

> Your Republic will be pillaged and ravished in the 20th Century just as the Roman Empire was by the barbarians in the 5th Century, with this difference: The devastators of the Roman Empire, the Huns and the Vandals, came from abroad while your barbarians will be the people in your own country and the product of your own institutions.

Today what Lord Macaulay predicted is beginning to come true. To look at our republic and recent trends is all we need to do to see the comparison between ancient Rome and the contemporary United States.

In "The Lays of Ancient Rome," he wrote of how it happened and how it would happen again. Lord Macaulay wrote of how the Roman provinces were drained dry by excessive and disproportionate taxation levied to support a top-heavy army and a court of political hangers-on who then stole the people blind.

In Rome a policy of fear, appeasement, and national worry allowed the Huns to take over, and the combination of these brought them to economic suicide.

This thing that happened in ancient Rome also happened in Egypt, Greece, China, and Spain. Men worked hard, prospered greatly, grew fat, quit work, felt insecure, and became afraid.

Afraid of enemies from without, they hired more armies. Afraid of having to go back to work they demanded government guarantees, and failing these and fearing poverty, they demanded handouts from the government.

This happened in each civilization; but, what is past is prologue.

Today we have before us all the charts and maps of the past pointing out the right roads and the wrong ones—yet we keep turning the wrong way, following the same dizzy circle that led these ghost empires of the past into ignominious oblivion.

The Apostle Paul once said: "Sometimes it seemed I was like two people. I wanted to do one thing and found myself doing another."

And how rare in our political life is the candidate for public office who will dare to tell you the truth, because the truth is: "work or perish"—and that is not a very inviting campaign promise. Sometimes even they who would lead us are afraid, too.

THE PROBLEM NOW

In recent years and especially in recent months, there has been increasing public concern over the effects of inflation on our economy. Government officials and others who have sought to make the American people more aware of the problem and of the need for responsible thinking about the subject have been regarded in some quarters with suspicion. People who point to the inherent dangers of a continuous upward trend in the price level are often criticized by others who say that preoccupation with the erosion of the dollar increases the fear of inflation, and it is only when such fears become widespread, as the result of the public being besieged on every side with talk of inflation and its perils, that inflation is likely to become a reality.

We should have greater confidence in the maturity of our citizens in facing up to serious national problems which vitally affect their welfare than appears to be manifested by the adherents of a "hush-hush" approach to public policy questions. We do no service to a representative government when we ignore or play down disagreeable developments in the hope that they will vanish and things will soon right themselves. We have learned the costly lesson that business depressions cannot be cured merely by administering strong doses of optimistic talk, and that what proved to be necessary were structural changes in the economy, legislative reforms, and the use of a wide variety of tools, affecting the monetary and fiscal policy to promote economic stability. We have yet to learn that the problem of inflation will also not disappear merely by the application of a psychological treatment.

I firmly believe that when the facts are presented, and the issues spelled out, the American people will demand constructive policies to deal with what is one of the major if not the major unsolved economic problem of our time.

Inflation is generally associated with the rise in the level of prices, whether measured by indexes of wholesale prices or of the cost of living. There have been periods, such as during the 1920's, in which inflationary developments were reflected in the speculative rise of stock prices and real estate values rather than in wholesale and retail prices. During the past year, also, the price level has changed relatively little while stock prices moved upward to record heights, a phenomenon which many regard in part as a reflection of inflationary fears by the investing community. The fact that the cost of living has risen only slightly recently has been cited in some circles as evidence that the inflationary problem is greatly exaggerated, and as further evidence they point to the substantial amount of idle plant capacity and unemployment.

When I refer to inflation it is to the more or less continuous rise of prices during the last two decades and to the fact that since 1939 the purchasing power of the dollar has shrunk to 48 cents. What I am concerned with is the long-term trend of the erosion in this unit of our currency and the likelihood that the trend will continue in the future. I cannot accept and after much study on the subject I believe we must not accept the proposition, advanced by some economists, that creeping inflation is the necessary price of vigorous economic growth. A similar line of thought used to prevail in some quarters with respect to the reverse situation. In other words, business depressions were also regarded as the inevitable price of eco-

nomic progress. The decade of economic stagnation of the thirties taught us a far different lesson. Must we wait until a creeping inflation develops into a galloping one before we take the problem of inflation more seriously?

The declining purchasing power of the dollar has caused hardships over the years to schoolteachers, Government employees, and many other millions of unorganized workers. It has been felt particularly by the increasing number of people who are dependent for their livelihood on pensions. Inflation has impaired the value of savings owned by millions of families in the form of bank deposits, savings bonds, insurance policies, and savings and loan shares.

Holding down current consumption in order to make provision for future expenditures for the education of one's children, for the purchase of a home, for meeting the costs of illness and the problems of old age, and for other inevitable contingencies, is no easy matter to families with modest incomes. And yet it is the millions of these families, who have neither the means nor the knowledge to direct their savings into channels that will reduce or escape the toll of inflation, who are inflation's chief victims. These and all those on fixed income are hurt most.

Apart from the injustices of the toll on savings accumulated over the years with so painful an effort, inflation strikes directly at the roots of a nation's progress and prosperity. In recent years, we have become increasingly aware of the importance of strengthening our educational institutions and improving the quality of their teaching staffs. No phenomenon has played such havoc with our schools and colleges as the inflationary developments that began with World War II. On the economic front, inflation not infrequently creates the illusion of profits, when what is actually happening is that business firms are consuming their capital. Ever increasing prices also reduce our ability to compete in world markets. Even more dangerous to the stability of our economy is the fact that inflation breeds expectations of further inflation, and as such expectations become widespread, there develops speculative activity in commodities, in the stock market and in real estate. After a time these excesses may culminate in a general business decline.

If we are to prevent inflation we must be cognizant of the forces that produce price rises. For this purpose it is instructive to examine the movement of prices since World War II. From January 1946 to April 1959 the index of consumer prices rose by nearly 60 percent. The advance occurred in three waves.

The first upswing took place between 1946 and 1948 when consumer prices rose by 33 percent. This inflationary wave was clearly a case of too many dollars chasing too few goods. One of the aftermaths of the war was a backlog of accumulated needs by consumers for houses, automobiles, household appliances, and other war-created shortage items, and by business firms for new plant and equipment. Moreover, both households and business firms came out of the war with a tremendous increase in their liquid assets in the form of cash, bank deposits, and savings bonds. The huge amount of funds, and the war bonds readily convertible into money, supplied the fuel which fed the upward spiral of prices. This period, then, furnishes a striking illustration of one of the principal forces at work in producing inflation, namely, excessive demand.

Another case of the demand-pull type of inflation was that which occurred after the outbreak of the Korean war. The rush to purchase goods by consumers and business firms in anticipation of future shortages resulted in a 9-percent increase in the index of consumer prices during the first year of the war. This period, as well as the previous period of sharp rise in prices after World War II, also illustrates another factor contributing to inflation, namely, excessive credit expansion that cannot be checked because of limitations in the exercise of the powers of the Federal Reserve authorities.

During the entire period from the beginning of World War II to the first year after the Korean war, credit controls could not keep a tight rein on the money supply because monetary policy had to be subordinated to debt-management considerations. The policy of the Treasury to peg the interest rate on Government securities resulted in the Federal Reserve System's rigid support of the bond market through extensive purchases of Government securities at fixed prices. These purchases greatly increased the reserves of the commercial banks and enabled them to expand the money supply that fed the upward price movement. It was not until the Treasury-Federal Reserve accord in the spring of 1951 that the way was paved for the Federal Reserve freely to use its major instruments of credit for promoting economic stability.

The third wave of price increase differs from the previous two insofar as it was generated within the economy and the influence of war was absent. The 1955–57 business expansion was in large measure dominated by the record production of nearly 8 million automobiles, a volume of housing construction close to the postwar peak, and a record rate of expansion in plant and equipment expenditures. The resulting pressure on physical resources began to be reflected in the upward movement of wholesale prices after mid-1955. Starting in 1956, the index of consumer prices began to rise and continued steadily upward right through the 1957–58 business recession. From January 1956 to the end of 1958 consumer prices advanced by about 8 percent. It is the steadiness of the consumer price rise in the face of sizable unemployment and idle plant capacity that resulted in increasing emphasis upon three additional factors which were operative during the postwar period to give an inflationary bias to our economy.

For many decades prior to World War II it was typical for the price level to decline during business recessions, thereby erasing the advance that usually occurred during business expansions. Since the war there has been practically no price decline. During the first postwar recession of 1948–49 there was a slight drop of consumer prices, during the second recession of 1953–54 there was none at all, and during the latest recession prices kept rising. One reason given for this development, which has been receiving greater attention in recent years, is that trade unions have grown sufficiently powerful to maintain wages and even raise them during periods of decline in business activity. It is pointed out that in some industries the rise in wage rates under wage agreements—apart from larger fringe benefits—far outstrips any possibility of reducing costs through an increase in labor productivity. Thus, the higher wage rates are accompanied by hikes in prices.

In contrast to those who maintain that the growth of powerful unions is increasingly responsible for producing a built-in upward bias in the price level, is the view that administered prices have become a key factor in the inflationary developments of recent years. Those who take the latter position maintain that the new type of inflation stems from the concentrated industries such as steel, automobiles, aluminum, electrical machinery, which are dominated by a few giant corporations.

I am in no position to assess the relative influence of business price policy or union wage policy in the steady upward climb of the price level. The important thing is that increasing recognition of the strong upward pressure on wages exerted by unions, and on prices by a few producers in concentrated industries, draws attention to the importance of the role played by cost factors in inflation. Cost-push influences were also present during the two previous periods of rising price waves but they were obscured by the dominant influence of the factor of excessive demand. The last few years have demonstrated that prices can advance in the absence of excessive demand. The lesson which recent events have brought home to us more clearly than ever before is that we cannot deal satisfactorily with the inflationary problem until we recognize that it is a matter of rising costs as well as of rising demand.

Another factor which is thought to contribute to creeping inflation is associated with the increasing role of the Federal Government in the promotion of economic stability. The Employment Act of 1946 was a significant development in our history. It marked the determination of the American people never again to experience a serious depression. By historical standards there can be no doubt that business recessions during the postwar period have been relatively mild and that Government policies have contributed to limiting the forces of business recession. But we are becoming aware of the fact that stabilization policies to minimize recessions may have consequences that can aggravate inflationary pressures at a later period.

For example, in order to counteract the forces making for business recession the monetary authorities are likely to

follow a policy of credit ease, which results in augmenting the reserves of the commercial banks and increasing their holdings of Government securities. These changes leave the banks in a stronger position to resist efforts by the Federal Reserve System to check excessive credit expansion when boom conditions prevail. Another example is the case of the decision by the Federal Government to increase expenditures so as to halt a business decline. This may intensify inflationary pressures because programs launched during recession frequently do not get under way until later when general business activity is advancing at a substantial pace. Then again, the very knowledge that the Government will pursue policies aimed at full employment tends to prevent downward price adjustments by business firms and for inflexibility of wage policies by trade unions.

If our stabilization tools designed to avoid depressions also contribute to strengthening inflationary pressures, this does not mean, of course, that we must relax in our efforts to improve further our existing tools for lessening economic instability. What it does signify is that we must learn to use them more effectively for limiting the inflationary potentialities in our economy, and that we must find new ways to curb the upward trend of the price level.

In conclusion, permit me to remind you of that sound exhortation from the statesman, Daniel Webster. He said:

If war should sweep our commerce from the oceans, another generation will renew it. If it should desolate and lay waste to our fields, they will grow green again to future harvests. It would even be a trifle if our great buildings were to crumble; if their great columns should fall and their lofty pillars be covered by dust. All these may be rebuilt but who shall reconstruct the fabric of demolished government? Who shall rear again the well-proportioned columns of constitutional liberty? Who shall frame together the skillful architecture which unites sovereignty with States rights, individual security and public prosperity? If these columns fall they will not be rebuilt. More bitter tears will flow over them than were ever shed over the monuments of Greek or Roman art for they will be monuments of a more glorious edifice than Rome or Greece ever saw, the edifice of constitutional American liberty.

This we must protect forever. We in this Congress have not only the privilege and obligation to serve our people but a greater obligation to preserve the finest system and way of life ever given to man.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SCHWENGEL. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I am very glad the gentleman brought this subject up. I enjoy so much his comments on so many different subjects.

Also, I would very much like to join our distinguished majority leader, the gentleman from Massachusetts [Mr. McCORMACK], in speaking of appreciation of Col. Donald MacGrain's very fine work for the national defense. I know the gentleman's great interest in that.

Mr. SCHWENGEL. Yes, I would like to add my word in that regard, too, and say that I am very happy that the distinguished majority leader has taken the opportunity to make this very appropriate observation about this very distinguished and able American.

A FEDERAL RESERVE OFFICIAL THINKS SPENDING $2,613 OF TAXPAYERS' MONEY FOR A GOLF TOURNAMENT AND $974 FOR A LADIES PARTY NOT EXTRAVAGANT

Mr. TOLL. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. PATMAN] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PATMAN. Mr. Speaker, according to a press report by the UPI on Monday, a spokesman for the Federal Reserve Bank of Chicago has taken the position that the officers and employees of that bank should be perfectly free to dip into the public tills, take out taxpayers' money, and spend it for personal entertainment, such as $2,613 for a golf tournament, and $974 for a ladies party. This spokesman said, according to the press report, that these examples of spending the taxpayers' money are, and I quote, "not in any way out of line with the practice of other banks and industry in the Chicago community." This news report, as it appeared in the UPI ticker is as follows:

CHICAGO.—A spokesman for the Chicago Federal Reserve Bank said today Representative WRIGHT PATMAN'S charges of "free-handed spending" by the bank "apparently represents a repetition of the same charges he made 2 years ago."

PATMAN (Democrat, of Texas) made public yesterday a 30-page report of excerpts from the Federal Reserve's own auditors and said he found "hundreds, and perhaps thousands, of questionable expenditures by Federal Reserve banks."

As an example of the System's "extravagant and fantastic spending," PATMAN cited the Chicago bank's expenditure of $2,613 for running a golf tournament and $974 for a ladies party. PATMAN said he found other "almost unbelievably shocking things."

The bank spokesman today said the bank's policies were "not in any way out of line with the practice of other banks and industry in the Chicago community." He said the golf tournament was held for all male employees once a year.

The spokesman said the bank's expenditures in the field of employee relations are carefully scrutinized and reviewed by the bank's officers and directors. He said they were certainly not extravagant.

My question is this: If Federal Reserve officials and employees can help themselves to taxpayers' money for such purposes, why should not the local postmasters in all the post offices across the country be allowed to dip into the money they take in from the sale of stamps and use these public funds for golf tournaments and ladies parties?

This spokesman for the Chicago bank made these remarks in reply to a 30-page report I made public on Monday. That report points out many other examples of how the officers and employees of the Federal Reserve System spend the taxpayers' money for personal uses, and how they tolerate many kinds of careless handling of millions of dollars—even billions of dollars—of Uncle Sam's money.

MISUSE OF TAXPAYERS' MONEY CONTINUES

Another point which the spokesman for the Chicago bank made was that my charges of "free-handed spending" in the Federal Reserve is a repetition of a charge which I made "2 years ago." That was exactly the point of my report. There is a continuous repetition of this kind of personal use and squandering of the taxpayers' money. About a year and a half ago I made public a great many quotations from the audit reports of the Federal Reserve System covering the year 1956, plus several earlier years. In reply, Chairman Martin, of the Federal Reserve System, wrote a letter to the House Committee on Banking and Currency saying that these things had already come to the attention of the Board of Governors and had been promptly corrected, or were being promptly corrected. After that, the audits for the year 1957 were made. Yet, on review of these later reports, I found that the same kind of free-handed, extravagant use of public funds was continuing. It had not been stopped.

Another point I made, and still make, is that the Federal Reserve System is one of the few agencies of the Government which have never had an official independent audit. Its mishandling and misuse of public funds, if reported at all, are reported only by their own auditors. And these things are not reported to the Congress or to the General Accounting Office, but only to the officers of the Federal Reserve System itself. The General Accounting Office has never made an audit of the Federal Reserve System. The only audits the System has are voluntary, internal audits made by their own personnel. This is to me a shocking thing.

FEDERAL RESERVE HAS A PRIVATE PIPELINE TO THE GOVERNMENT'S CREDIT

The Federal Reserve System has a very peculiar way of obtaining its appropriations. Congress does not appropriate money for the Federal Reserve System. Rather, the law gives the Federal Reserve System a separate and private backdoor into the public Treasury, by which the management of the System may help themselves to any amount of public funds they want any time they want them. Specifically, the law allows the Federal Reserve System to issue Government money. It allows the System to obtain currency printed by the Bureau of Engraving and Printing, in whatever quantity it pleases to order printed. The System uses this currency to buy Government bonds and other interest-bearing obligations of the Federal Government. In fact, it has issued almost $27 billion in such currency now in circulation, and it has acquired and is holding almost $26 billion of Government bonds and other interest-bearing obligations. It collects the interest on this huge amount of Government obligations, spends whatever part of this interest money it cares to spend, and then pays

the rest back into the Treasury—after first setting aside 10 percent in a so-called surplus fund for which it has no need.

For example, in 1958 the Federal Reserve had an income of $604 million. It spent $157 million, put $59 million in a surplus fund, and returned $524 million to the Treasury. This $157 million of expenses included all kinds of luxuries—banquets, golf tournaments, ladies parties, building club rooms, and so on. Some of the expenses went to pay the cost of medical and health insurance for the employees. Some went into a generous retirement system for the officers and employees. Some went for luxurious dining rooms and cafeterias furnished free and with about 50 percent of the food bill and other operating costs furnished free. Most of the expenses went to provide all kinds of free services to the private banks. But big amounts of money also went for such things as $1,000 gifts to unidentified individuals not connected with the Federal Reserve System. Expenses also include payments to the American Bankers Association and to other private associations. They include, in the case of the Chicago bank, an $80,000 fellowship expense to take care of the college educations of unidentified individuals, some of whom the officers of the bank think may possibly be employed by the bank after they have finished their college education. At least the auditors' report states that after education "the student will be considered for fulltime employment at the Reserve bank."

So the simple point is that every dollar the Federal Reserve System spends wastefully, or spends for entertainment of the officers and their wives or for the pleasure of employees, spends for gifts to private organizations and so on, is a dollar out of the taxpayers' pocket. It is a dollar which would otherwise be returned to the Treasury.

GIFT GIVING TO PEOPLE NOT CONNECTED WITH THE FEDERAL RESERVE

The news report which I have referred to said nothing of the gifts made by the Chicago bank to unidentified people not connected with the bank. When I commented on this matter about a year and a half ago, the bank's previous audit report, for the year 1956, showed that the bank had spent $1,909.94 for Christmas remembrances to persons other than the bank's own employees. Yet despite the criticisms, some of which were carried in the press, this bank's audit report for the following year, 1957, showed that the bank continued its practice of giving Christmas remembrances to individuals not connected with the bank. Despite the criticisms, furthermore, the audit report for 1957 states that this bank expects to continue its gift-giving practices, because the officials believe that having the good will of the persons who are the recipients of the Christmas remembrances is of material assistance in the conduct of the bank's operations.

All this free spending from the public purse and giving away of taxpayers' money, the Federal Reserve Bank of Chicago defends as being not extravagant. I suggest there is a principle involved here. It is wrong to spend wastefully or give away any of the taxpayers' money, no matter how small the amount. And the reason for this principle is that once public officials get in the habit of violating it, they begin to lose sight of the difference between small amounts and large amounts, and ultimately judgments can become so distorted that these public officials feel they can give away unlimited amounts of the public money.

FEDERAL RESERVE NOW APPROVES GIFT GIVING AMOUNTING TO $15 BILLION

If we need any proof of that, Congress is staring up at the towering and monumental proof right now. The judgment of these Federal Reserve people has now become so grotesquely distorted that they are actually endorsing and recommending the American Bankers Association bill, S. 1120, to authorize them to make a gift to the private banks of about $15 billion of the public's assets—which will be, if Congress passes it, the biggest giveaway in all history. So when the Members of the House cast their votes on this bill, later this week or early next week, they will, I hope, begin to turn back the tide of giving away the public's money. We may even begin to come to grips with the crisis which has overtaken us.

The country is, as I see it, in a crisis, the seriousness of which has rarely ever been paralleled in our entire history. Never was the Government of the United States in a more serious breakdown. The bankers have captured the control of the Federal Reserve System and are running it as a separate, nonelected fourth branch of the Government. By controlling the immense power of this agency the bankers have control over the whole economic system. They have the power to overrule and reverse all economic policies of Government arrived at through constitutional lawmaking processes, and they are doing just that.

Furthermore, they are defying the very law by which the Federal Reserve System was established. They are interfering in, disrupting and hamstringing the flexible money system which the Federal Reserve System was created to help foster and encourage. And they are doing this not merely with the effect of taking billions of dollars in exorbitant interest charges from American business, consumers and farmers, although this would be bad enough. They are doing this not merely to artificially depress market values of Government securities by many billions of dollars, although this, too, would be bad enough. They are doing these things for the purpose and with the effect of stifling economic growth and holding down economic activity in this country.

The main purpose for which the Federal Reserve System was created was to assure that economic activity would not be retarded or hamstrung by a fixed supply of money. Its purpose was to assure that this country would have a flexible money supply—a money system that would allow the money supply to increase along with increases in the actual production of economic wealth. Yet the Federal Reserve officials are now using the very machinery and powers created for assuring a flexible money supply to maintain an artificially fixed and inadequate money supply. Just consider this: In the past 6 months, through April, the Federal Reserve's own index of industrial production increased 8 percent. Yet in the same period the Federal Reserve deliberately interfered to hold down an increase in the money supply to only 2 percent.

Is it any wonder that interest rates have been pushed through the ceiling? Is it any wonder that small businesses are again being shoved out of business, for lack of the necessary credit to produce economic wealth? Is it any wonder that farmers are being driven out by the greatest interest toll in more than a generation?

It seems to me time the Congress acted to take the Government's money system out of the hands of the bankers and put it back under public control. And it would seem to me much better for the country if Congress took this necessary step now, rather than wait until the bankers have put the country back into a serious depression.

PHILADELPHIA FEDERAL RESERVE BANK PAYS NO ATTENTION TO AUDIT REPORT

Another reply to my report, according to an Associated Press dispatch, has come from the Federal Reserve Bank of Philadelphia. In the report I released on Monday, I included a lengthy excerpt from the audit report of the Philadelphia bank which showed, in the view of the auditors, that this bank was following some poor and careless practices in the handling and counting of millions of dollars of worn and damaged currency which the bank is supposed to burn in its furnace.

According to the Associated Press, Mr. Robert N. Hilkert, first vice president of the Philadelphia bank, said that my report is "just the sort of generalized statement Mr. PATMAN has made before." Then this news report quotes Mr. Hilkert as adding: "For the record there was one instance of a single $1 bill mutilated but not completely destroyed in the very complicated furnace."

The fact is I made no generalized statement at all. I simply quoted from the bank's audit report, which says this:

> Upon inspection of the furnace feeding mechanism, 18 unburned bills were found in the trap and 20 bills in the belt feed mechanism. This is a common occurrence, in view of which the belt and trap are inspected weekly by the section head and the designated witness.

So it appears that the officials of the Philadelphia bank have not bothered to read these audit reports after they are made.

I will insert herewith the pertinent part of the AP news report and, in addition, a full excerpt from my report concerning currency destruction at the Philadelphia bank. This is an exact quotation from the auditors' report:

EXCERPT FROM ASSOCIATED PRESS REPORT APPEARING IN THE WASHINGTON EVENING STAR JUNE 22, 1959

An audit of the Philadelphia bank stated that laxity in burning of old currency left undamaged bills in furnace traps, Mr. PATMAN said. Robert N. Hilkert, first vice president of the Philadelphia bank, said the burned bill reference "is just the sort of

generalized statement Mr. PATMAN has made before."

"For the record," Mr. Hilkert said, "there was one instance of a single $1 bill multilated but not completely destroyed in the very complicated furnace."

The Philadelphia 1957 audit report reads:

We reviewed the operations and observed the procedures followed, and have the following comments with respect to certain of the procedures and/or conditions which came to our attention.

(1) Upon receipt of the canceled currency in the currency verification unit, only one strap and bundle count was made—this by all the personnel of the unit, each accounting for a portion of the total. The section head then recapitulated the individual totals and signed the receipt given to the cast department. In our opinion, this procedure does not conform to the principle of dual control. An effective dual control would require that the section head and the general service clerk each make an independent strap and bundle count of the entire lot when received in the unit.

(2) It was noted that in the handling of $1 bills, the unit did not employ the practice of fanning the bundles of currency not included in the percentage count. Hence, there was no verification of the contents of the bundles.

(3) The firebox and ashpit access doors were each secured by one dual lock at the closure but no provision had been made to prevent the possibility of the doors being opened at the hinge end without disturbing the locks.

(4) Upon inspection of the furnace feeding mechanism, 18 unburned bills were found in the trap and 20 bills in the belt feed mechanism. This is a common occurrence, in view of which the belt and trap are inspected weekly by the section head and the designated witness.

A MAJOR STEP TOWARD A JUST AND LASTING PEACE

Mr. TOLL. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. PORTER] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. PORTER. Mr. Speaker, on April 23 of this year I had the honor of introducing a House concurrent resolution—House Concurrent Resolution 147—urging that certain steps be taken toward revision of the United Nations Charter.

A number of my colleagues introduced identical resolutions on the same day or shortly afterward. Senator JOSEPH S. CLARK, JR., and 12 other Members of the other body introduced identical legislation in the Senate on the same day. My colleagues and I believed this was one way to take an important step toward the rule of law in the world community. We still do.

We have discussed the resolution. We have read the mail from interested persons in this Nation and elsewhere. We believe our own resolution needs a few minor revisions to show clearly that it in no way implies "supergovernment" or "superstate." Therefore, we have changed the resolution slightly.

We say, "whereas there can be no such peace without the development of the rule of law in the limited field of war prevention," rather than "whereas there can be no such peace without the development of enforceable world law."

MAKE THE DELICATE BALANCE POSITIVE

It is a simple change, one designed to make as clear as we know how that our uneasy peace today rests on the delicate balance of terror. We hope and pray that this delicate balance can become a positive "rule of law in the limited field of war prevention."

In our original resolution we asked that it be the sense of Congress that the United Nations Committee recommend to the 14th session of the United Nations General Assembly that a charter review conference be held within 1 year following the action of the Assembly on the recommendation of the Committee.

This is vague. We wish to make it more positive, as positive as we can. Were the 14th session of the General Assembly this fall simply to delay any action on the Committee's report for a year or two the charter review conference would be delayed. It could be delayed longer than that.

MORE TIME IS NEEDED

We do agree that a charter review conference in September of 1960, or one year following "possible" action of the Assembly, probably is too soon.

We therefore are introducing revised language as follows:

That it is the sense of the Congress that the U.S. position at the forthcoming meeting of the Committee on Arrangements for a Conference for the Purpose of Reviewing the Charter should be that the Committee recommend to the 14th session of the United Nations General Assembly that a charter review conference be held not later than December 31, 1962, and that member governments be requested to prepare recommendations and to exchange views with respect to United Nations Charter review and revision in order to facilitate the organization of the said conference and promote the chances of its success.

In our initial resolution we asked that the United States propose U.N. Charter review and we asked also that the President initiate high-level studies in the executive branch of the Government to determine what changes should be made in the U.N. Charter and other international organization charters to which the United States is a party. We still urge these two things but in view of the time element we have changed the deadline within which the President is requested to report to the House and Senate.

In our revised resolution today we ask that the President report the findings of the high-level studies within 12 months to the Senate Committee on Foreign Relations and to the House Committee on Foreign Affairs. That is twice the time we had originally felt would be sufficient. The report, then, comes 12 months from the date of the approval of this proposed resolution and therefore in advance of the actual convening of the review conference as it is now proposed.

SPONSORS OF THE REVISED RESOLUTION

I am therefore introducing today a revised resolution which calls for United Nations Charter revision.

A number of my colleagues are introducing identical resolutions. They include: HUGH J. ADDONIZIO, Democrat, of New Jersey; THOMAS L. ASHLEY, Democrat, of Ohio; CHARLES A. BOYLE, Democrat, of Illinois; DANIEL B. BREWSTER, Democrat, of Maryland; STEVEN V. CARTER, Democrat, of Iowa; FRANK M. CLARK, Democrat, of Pennsylvania; JOHN R. FOLEY, Democrat, of Maryland; HARRIS B. MCDOWELL, JR., Democrat, of Delaware; WILLIAM H. MEYER, Democrat, of Vermont; WILLIAM J. MOORHEAD, Democrat, of Pennsylvania; ADAM CLAYTON POWELL, Democrat, of New York; GEORGE M. RHODES, Democrat, of Pennsylvania; JAMES ROOSEVELT, Democrat, of California; FRANK THOMPSON, JR., Democrat, of New Jersey, and LEONARD G. WOLF, Democrat, of Iowa.

Identical legislation is being introduced in the Senate by the senior Senator from Pennsylvania [Mr. CLARK] and a number of his colleagues.

It seems to me that the most important change is the adding of the additional 2 years onto the time for the convening of the United Nations Charter Review Conference. That there be such a conference was agreed and voted by the U.N. members attending the 10th session of the General Assembly in 1955.

PROMPT ACTION NEEDED

At that time, the United States took the leading role in obtaining a favorable vote on the holding of such a review conference. Since that time we have been dilatory. We have failed to promote actively and creatively the actual holding of a conference. I suspect this has been viewed almost gleefully by those nations which opposed the 1955 vote. I refer of course to the Communist bloc.

The sponsors of this concurrent resolution in both bodies hope our country again will seize the initiative. We believe that the auspicious international circumstances vital to this conference will be created only when the nations have prepared their recommendations for changes in the charter.

A RULE OF LAW, NOT THE RULE OF FORCE

President Eisenhower has said often that we seek to substitute the rule of law for the rule of force in world affairs. We agree, most heartily.

This resolution asks simply that we move forward in this great crusade. It asks that we utilize the United Nations Charter Review Conference we endorsed and backed so strongly in 1955 as a forum for world opinion.

This forum would be the ideal spot for us to offer to the nations of the world our proposals for strengthening the United Nations machinery to achieve world peace under the rule of law.

Earlier I mentioned that those of us who introduced the concurrent resolution had heard from many people. There is interest. I find that most of the letters come from individuals, not groups, from individuals interested in a just and lasting peace.

THE GATE IS NOT LOCKED

The Department of State has reported to the Committee on Foreign Affairs its thoughts about the April 23 resolution. I think a portion of that report will be of interest to this House. I quote:

The Department therefore is not currently disposed to favor a decision by the 14th Gen-

eral Assembly on the date of a review conference. However, before taking a final position on this matter, the Department would wish to consult with friendly United Nations members to ascertain their estimate of the situation, and to reconsider its own estimate should there appear to be substantial support for the holding of a review conference in the near future. Not only is such support essential to the success of any review conference, but in its absence, this Government's motivation in pressing for a decision on the date for a conference is more than likely to be seriously questioned by many United Nations members in view of the Soviet Union's strong opposition to any review conference.

The gate is not locked. I hope the Department is consulting with friendly United Nations members and will soon report its findings.

Members of the British Parliament are pressing for United Nations Charter review. Sponsors there include members of both bodies of the Parliament. The list of sponsors is growing.

In this time of tension and mounting arms it is of paramount importance that this peace-loving Nation devote its finest thought and creative energy to mapping out the path to a just and lasting peace. It is of paramount importance that we exercise high leadership along this path.

WE MUST WORK AS WE HOPE

Benjamin Franklin once wrote:

There never was a good war, or a bad peace.
He that lives upon hope will die fasting.

He also has written:

On July 4, 1776, Franklin told his friend John Hancock:

We must indeed all hang together, or, most assuredly, we shall all hang separately.

His observations of the 18th century contain food for thought for those of us who would build a better world during this 20th century. Hope, like faith, without works leads only to hunger and disaster.

A copy of the revised resolution follows:

CONCURRENT RESOLUTION EXPRESSING THE SENSE OF CONGRESS IN REGARD TO UNITED NATIONS CHARTER REVISION, AND FOR OTHER PURPOSES

Whereas the basic purpose of the foreign policy of the United States is to achieve a just and lasting peace; and

Whereas there can be no such peace without the development of the rule of law in the limited field of war prevention; and

Whereas peace does not rest on law today but on the delicate balance of terror of armed force; and

Whereas the United Nations and other international organizations constitute an important influence for peace and need to be strengthened to achieve the rule of law in the world community; and

Whereas the United Nations General Assembly at its tenth session resolved that "a general conference to review the charter shall be held at an appropriate time"; and appointed a "Committee consisting of all the members of the United Nations to consider, in consultation with the Secretary-General the question of fixing a time and place for the conference, and its organization and procedures"; and

Whereas the United Nations General Assembly at its twelfth session resolved "to keep in being the Committee on Arrangements for a Conference for the Purpose of Reviewing the Charter * * * and to request the Committee to report, with recommendations, to the General Assembly not later than at its fourteenth session; and

Whereas the said Committee is scheduled to meet in the summer of 1959 in advance of the fourteenth session of the General Assembly to be convened in New York in September of 1959: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the United States position at the forthcoming meeting of the Committee on Arrangements for a Conference for the Purpose of Reviewing the Charter should be that the Committee recommends to the fourteenth session of the United Nations General Assembly that a charter review conference be held not later than December 31, 1962, and that member governments be requested to prepare recommendations and to exchange views with respect to United Nations Charter review and revision in order to facilitate the organization of the said conference and promote the chances of its success.

SEC. 2. The President is hereby requested to initiate high-level studies in the executive branch of the Government to determine what changes should be made in the Charter of the United Nations, and the charters of other international organizations to which the United States is a party, to promote a just and lasting peace through the development of the rule of law in the limited field of war prevention. The President is further requested to report to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, within twelve months after the date of approval to this resolution, the results of such studies.

PANAMA CANAL ZONE SOVEREIGNTY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. FLOOD] is recognized for 15 minutes.

Mr. FLOOD. Mr. Speaker, starting on March 26, 1958, I have delivered to the House a series of addresses dealing comprehensively with the question of sovereignty over the Panama Canal enterprise. Aimed at clarifying the issues of this vital question, these addresses summarize its diplomatic and legislative history. They establish that the Canal Zone is constitutionally acquired Territory of the United States and urge passage by the Congress of House Concurrent Resolution 33, 86th Congress, reaffirming U.S. policy.

Notwithstanding these efforts, worldwide agitations for wresting control of the Panama Canal from the United States have continued and made that waterway a focus of conflict, including an actual invasion of the Republic of Panama by mercenaries from Cuba.

Commenting on this invasion, President Ernesto de la Guardia, Jr., of Panama, has stated:

This was not just a group of adventurers from our own country or even from Cuba. These people were mostly Cubans, but directed by and led by militant Communists. Their ambition is the long stated one of taking over the Panama Canal.

These, Mr. Speaker, are the very points that I have repeatedly presented to the Congress. They could not be more clearly or authoritatively stated, for President de la Guardia has observed the situation on the Isthmus at firsthand during a series of crucial situations.

The reactions to my addresses on Panama Canal sovereignty have been indeed gratifying so far as popular response is concerned. They have aroused extensive favorable comments from the Isthmus and the United States. Many of our leading magazines and newspapers, in articles and editorials, have supported the stand taken by me. But not all.

A notable exception is an article in the April 1959 issue of Foreign Affairs, the quarterly of the Council on Foreign Relations, in which the cause of internationalization under the Organization of American States or the United Nations was strongly advocated. Studied in the chancelleries of the world, this and like statements will stand as permanent sources of political infection until adequately met by authoritative declaration.

The most significant consequence of the Panama Canal sovereignty debate was a May 12, 1959, legal memorandum prepared in the Canal Zone Government and supplied me by the chairman of the Committee on Merchant Marine and Fisheries [Mr. BONNER], to whose committee House Concurrent Resolution 33 was referred.

This memorandum records the long-established official position of the United States that the exclusive sovereign rights, power, and authority of the United States in the Canal Zone do not present an open or doubtful question, and that the United States is not disposed to alter these basic rights in the Canal Zone. In this light, this memorandum is a State paper of high importance that merits a permanent place in the annals of the Congress.

Mr. Speaker, I am, of course, grateful that the views set forth in the excellent Canal Zone Government memorandum are similar to those which I have long and consistently expressed in this Chamber. Indeed, it is quite inevitable that any rational study of the subject must lead to a like conclusion.

In order that it may be easily accessible to all students of the canal question as well as official bodies of the legislative and executive branches of the Federal Government and the public press, under leave granted, I quote the indicated memorandum:

CANAL ZONE GOVERNMENT,
OFFICE OF THE GOVERNOR,
Balboa Heights, C.Z., May 12, 1959.

MEMORANDUM

Subject: Sovereignty Over the Canal Zone.

The treaty provisions

1. The treaty provisions bearing on the question of sovereignty over the Canal Zone are few and brief:

(a) By Article II of the Convention of November 18, 1903, the Republic of Panama granted to the United States in perpetuity the use, occupation and control of the zone of land and water now known as the Canal Zone, for the contruction, maintenance, operation, sanitation and protection of the Canal to be constructed.

(b) Article III of the aforesaid treaty, which is the sole existing provision dealing

comprehensively with the matter of sovereignty, reads as follows:

"Article III

"The Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

(c) The 1936 and 1955 treaties do not even cite article III of the 1903 convention and contain no provision affecting sovereignty, other than paragraph 4 of article V of the 1936 treaty granting Panama limited rights to maintain two customhouses in the Canal Zone for specific, restricted purposes involving persons, merchandise and baggage arriving at Canal Zone ports destined to Panama. This and other concessions in effect emphasize U.S. sovereignty, being actions that necessarily and inherently depend upon a legal and factual status of the United States as the party having the right to exercise sovereign jurisdiction. Article XI of the 1936 treaty confirmed that, without prejudice to the full force and effect of that treaty's provisions, they should not affect, nor be considered a limitation, definition, restriction or restrictive interpretation of, the rights and obligations of either party under the treaties then in force between them.

U.S. construction of the treaty provisions

2. There have been numerous constructions and applications of article III of the 1903 convention by the courts, the Attorney General, the Department of State, and the Comptroller General. Certain of the principal and representative constructions are briefed below. It is not practicable to attempt to collect all such constructions, and it is likewise not necessary, because (a) the constructions all reach the same basic conclusion, and (b) "the sovereignty over the Canal Zone is not an open or doubtful question" (26 Att'y Gen. 376, hereinafter briefed).

3. In a decision dated July 26, 1904 (11 C.D. 36), the then Comptroller of the Treasury, after quoting articles II and III of the 1903 convention, said:

"The United States has thus become vested in perpetuity with the use, occupation, and control of the Canal Zone, and is now authorized to exercise all the sovereign powers in and over said zone which were inherent in the Republic of Panama prior to the release, waiver, and transfer thereof to the United States by the terms of the treaty."

4. In the early construction of the 1903 convention a very important role was played by John Hay, Secretary of State, who as U.S. plenipotentiary had represented the United States in the negotiation and conclusion of that convention. Mr. Hay's views respecting the nature of the grants to the United States in that convention, and with reference to sovereignty in the Canal Zone, are represented in his well-known letter of October 24, 1904, to José Domingo de Obaldia, then Panamanian Minister to the United States, which was in reply to a communication from the latter dated August 11, 1904. The entire letter appears in Senate Document No. 401, 59th Congress, 2d session (vol. III, beginning at p. 2378). The following extracts from that letter are sufficient to disclose Mr. Obaldia's contentions and Mr. Hay's principal views thereon:

"I have read with the care and consideration its importance required the argument set forth in your communication in support of the contention that the United States is acting in excess of its authority (1) in opening the territory of the Canal Zone to the commerce of friendly nations; (2) in establishing rates of customs duties for importations of merchandise into the zone; (3) in establishing post offices and a postal service in said zone for the handling of foreign and domestic mailable matter.

"The right of the United States to adopt and enforce the provisions of said orders is dependent upon its rights to exercise the powers of sovereignty as to the territory and waters of the Canal Zone, and whether or not the United States is authorized to exercise sovereign powers in that territory is to be determined by the terms of the convention of November 18, 1903, between the Republic of Panama and the United States, referred to in your communication as the Hay-Varilla convention.

"The Government of the Republic of Panama having seen fit to object to the exercise by the United States within and over the Canal Zone of the ordinary powers of sovereignty, this Government, while it cannot concede the question to be open for discussion or the Republic of Panama to possess the right to challenge such exercise of authority, considers it fitting that the Republic of Panama should be advised as to the views on the subject entertained by the United States and the reasons therefor.

"The United States acquired the right to exercise sovereign powers and jurisdiction over the Canal Zone by the convention of November 18, 1903, between the Republic of Panama and the United States.

"The character and extent of the grant of governmental powers to the United States and the resulting right and authority in the territory of the zone are set forth in a separate article, as follows: (quoting art. III).

"Let us test the existing controversy by the provisions of this article. 'If the United States * * * were the sovereign of the territory,' would it possess the right and authority to regulate commerce therewith, establish customhouses therein, and provide postal facilities therefor? This question must be answered in the affirmative.

"If it were conceded that the abstract, nominal 'rights, power, and authority of sovereignty in and over the zone' are vested in the Republic of Panama, there would still remain the fact that by said article III the United States is authorized to exercise the rights, power, and authority of sovereignty 'to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority.'

"If it could or should be admitted that the titular sovereign of the Canal Zone is the Republic of Panama, such sovereign is mediatized by its own act, solemnly declared and publicly proclaimed by treaty stipulations, induced by a desire to make possible the completion of a great work which will confer inestimable benefit upon the people of the isthmus and the nations of the world. It is difficult to believe that a member of the family of nations seriously contemplates abandoning so high and honorable a position in order to engage in an endeavor to secure what at best is a 'barren scepter.'

"Under the stipulation of article III, if sovereign powers are to be exercised in and over the Canal Zone, they must be exercised by the United States. Such exercises of power must be, therefore, in accordance with the judgment and discretion of the constituted authorities of the United States, the governmental entity charged with responsibility for such exercise, and not in accordance with the judgment and discretion of a governmental entity that is not charged with such responsibility and by treaty stipulations acquiesces in 'the entire exclusion of the exercise by it of any sovereign rights, power, or authority' in and over the territory involved.

"That the plain and obvious meaning of article III was the one originally intended by the parties to the treaty is further shown by the provisions of article IX, X, XII, XIII.

* * * * *

"The United States at all times since the treaty was concluded has acted upon the theory that it had secured in and to the Canal Zone the exclusive jurisdiction to exercise sovereign rights, power, and authority.

"JOHN HAY."

(From letter Oct. 24, 1904, to J. D. de Obaldia.)

5. In an opinion rendered on January 7, 1907, the Supreme Court of the United States, after paraphrasing articles II and III of the 1903 convention said:

"Other provisions of the treaty add to the grants named in these two articles further guarantees of exclusive rights of the United States in the construction and maintenance of this canal. It is hypercritical to contend that the title of the United States is imperfect, and that the territory described does not belong to this Nation, because of the omission of some of the technical terms used in ordinary conveyances of real estate.

"Further, it is said that the boundaries of the zone are not described in the treaty; but the description is sufficient for identification, and it has been practically identified by the concurrent action of the two Nations alone interested in the matter. The fact that there may possibly be in the future some dispute as to the exact boundary on either side is immaterial. Such disputes not infrequently attend conveyances of real estate or cessions of territory. Alaska was ceded to us 40 years ago, but the boundary between it and the English possessions east was not settled until within the last 2 or 3 years. Yet no one ever doubted the title of this Republic to Alaska." (*Wilson* v. *Shaw*, 204 U.S. 24; 27 Sup. Ct. 233, 235.)

It is of interest to note the statement of Senator Morgan in asking to have the foregoing opinion printed in the CONGRESSIONAL RECORD, as follows:

"Mr. MORGAN. Mr. President, I desire to have printed in the RECORD an opinion of the Supreme Court of the United States, delivered on the 7th of January 1907, in which opinion the Supreme Court settled finally and forever the question of the sovereignty of the United States over the Panama Canal Zone, affirming the sovereignty of this country absolutely over that territory." (CONGRESSIONAL RECORD for Jan. 22, 1907; p. 1518).

6. The subject of sovereignty over the Canal Zone was covered briefly and comprehensively by Attorney General Bonaparte in 1907; and no occurrence since that time has detracted in any way from the accuracy or aptness of his statements. Mr. Bonaparte's entire discussion respecting sovereignty is here quoted:

"In my opinion the sovereignty over the Canal Zone is not an open or doubtful question.

"Article 3 of the treaty transfers to the United States, not the sovereignty by that term, but 'all the right, power and authority' within the zone that it would have if sovereign, 'to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority.'

"The omission to use words expressly passing sovereignty was dictated by reasons of public policy, I assume; but whatever the reason the treaty gives the substance of sovereignty, and instead of containing a mere declaration transferring the sovereignty, descends to the particulars 'all the rights, power, and authority' that belong to sovereignty, and negatives any such 'sovereign rights, power, or authority' in the former sovereign.

"The 'rights' so transferred are to be enjoyed (art. 2) 'in perpetuity,' and no exception is made of any persons or things in the zone.

"I am unable to perceive that this language is obscure or ambiguous or that we are warranted in resorting to any construction of it except by the first rule of construction—that plain and sensible words should be taken to mean what they say." (Opinion, Sept. 7, 1907 (26 Atty. Gen. 376).)

7. The American consul general in charge of Greek interests in the Republic of Panama received in 1908 instructions from the Minister of Foreign Affairs of Greece to take charge of the estates of Greek subjects who had died within the Canal Zone. The Department of State asked the Greek Minister in Washington to inform his Government that, as the Canal Zone was "under the sovereignty of the Government of the United States," it would not be feasible for the American consul general at Panama to act therein in representation of Greek interests (Digest of International Law, Hackworth, vol. IV, p. 493).

8. In an opinion dated July 14, 1914 (30 Atty. Gen. 271), Attorney General McReynolds considered the applicability to the Canal Zone of the Narcotic Drugs Import-Export Act of 1914, and said:

"I am clearly of the opinion that these sections are applicable to the Canal Zone. That the Canal Zone is 'territory under the control or jurisdiction' of the United States has been held in a long line of opinions by the Attorneys General (see 25 Op. 441, 444, 474; 26 Op. 113, 116; 26 Op. 376, 377; 27 Op. 136, 138). The opinions, seemingly contra, rendered with relation to the Tariff Act of 1909 and the 8-hour law of 1913, in 27th Opinion 594, and 30th Opinion 142, were concerned with constructions of special statutes, and were not determinative of the general question.

"That Congress in recent statutes clearly regards the Canal Zone as a possession of the United States, and therefore subject to its jurisdiction, is seen in the explicit provisions of the Employer's Liability Act of April 22, 1908 (ch. 149, sec. 2 (35 Stat. 65)), that 'every common carrier by railroad in the Territories, the District of Columbia, the Panama Canal Zone, or other possession of the United States,' etc., and of the Immigration Act of February 20, 1907 (ch. 1134, sec. 33 (34 Stat. 908)), that the term 'United States' 'shall be construed to mean the United States and any waters, territory, or other place subject to the jurisdiction thereof, except the Isthmian Canal Zone.'"

9. Relative to the authority of the United States to grant exequaturs to foreign consuls for the Canal Zone, a communication of July 21, 1921, from the Secretary of State (Hughes) to the Panamanian Chargé d'Affaires ad interim (Lefevre), is reported in the Digest of International Law, volume IV, page 670, as follows:

"By the provisions of this article of the treaty (art. III of the convention of November 18, 1903), the United States is granted, in the Canal Zone, all the rights, power, and authority of a sovereign, and the Republic of Panama is entirely excluded from the exercise of such rights, power, and authority. It would, therefore, seem clear that this article confers ample authority upon the Government of the United States to grant exequaturs to foreign consuls exercising consular functions in the Canal Zone."

10. In 1923, Secretary of State Hughes declared that the United States "would never recede from the position which it had taken in the note of Secretary Hay in 1904. This Government could not, and would not, enter into any discussion affecting its full right to deal with the Canal Zone under article III of the treaty of 1903 as if it were sovereign of the Canal Zone and to the entire exclusion of any sovereign rights or authority on the part of Panama" (Foreign Relations, 1923, vol. III, p. 684).

To this Secretary Hughes added:

"It was an absolute futility for the Panamanian Government to expect any American administration, no matter what it was, and President or any Secretary of State, ever to surrender any part of these rights which the United States had acquired under the treaty of 1903."

11. In a decision rendered to the Secretary of the Navy on July 17, 1935 (15 Comp. Gen. 36), Comptroller General McCarl said:

"Since the rights of the United States with respect to the zone are all inclusive, and the territory is subject to such laws as may be made applicable thereto by the Congress, it must be considered as included in the broad term 'territories and possessions' of the United States as used in section 2 of the Emergency Relief Appropriation Act of 1935."

12. In a decision rendered on November 21, 1936, to the Secretary of State on the question whether the Canal Zone was a "foreign country" within the meaning of an act authorizing the furnishing of quarters to Government employees without cost, Acting Comptroller General Elliott said:

"The United States exercises by virtue of article 3 of the aforesaid treaty a jurisdiction within said zone as complete as 'if it were the sovereign' therein to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, powers, or authority. See *Wilson* v. *Shaw*, 204 U.S. 24, at pages 31 and 33, wherein the Supreme Court in an opinion by Mr. Justice Brewer used the following language (quoting substantially the same portion of the opinion as is hereinbefore shown in this memorandum): "Accordingly, you are advised that the Canal Zone may not be considered as a foreign country within the meaning of the act of June 26, 1930, supra."

13. An incident in 1936, respecting attempted extension of the divorce jurisdiction of the Panamanian courts to cases arising in the Canal Zone is reported in the Digest of International Law, Hackworth, volume 11, page 172, in the following language:

"In 1936 the Supreme Court of Justice of Panama, in a divorce action instituted by a woman resident in the Canal Zone, took the position that the jurisdiction of the Panamanian courts might be extended to cases arising within the Canal Zone and involving residents thereof. The Department of State, on June 30, 1936, instructed the Minister in Panama to present a note to the Panamanian Minister of Foreign Affairs saying that this attempted extension of judicial jurisdiction of the Panamanian courts appeared to be contrary to the provisions of the convention of November 18, 1903, between the United States and Panama, two treaties, etc. (Malloy, 1910) 1349. After quoting article III of that convention the note stated:

"'Since the foregoing article III grants to the United States all the rights, power, and authority within the Canal Zone which it would possess and exercise if it were the sovereign of that territory, to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority, and since the exercise of judicial jurisdiction through the courts is undoubtedly one of the attributes of sovereignty covered by that article, it is apparent that the extension of the jurisdiction of the courts of Panama in the manner apparently contemplated by the Supreme Court of Justice would not only be inconsistent with the broad treaty provisions referred to above, but would also give rise to an overlapping of judicial jurisdiction, since the competency of the Canal Zone courts to render judgment in cases such as that of Beatrice Harris versus Chester M. Buel is not open to question. Therefore, not only would the extension of Panamanian judicial jurisdiction to the Canal Zone be in violation of specific treaty provisions, but the consequent legal confusion would unquestionably prove an obstacle to the effective administration of justice.'

"It was also pointed out that it was very doubtful whether the divorce decree in question would recognized as valid in the Canal Zone or in the United States. The Minister was accordingly instructed to protest against the position taken by the Supreme Court of Justice of Panama and to express the hope that the Panamanian Government would take appropriate steps to dispel any misunderstandings or inconveniences resulting therefrom.

"The Minister of Foreign Affairs replied stating, inter alia, that the spokesmen of the Republic of Panama in respect to foreign relations was the Panamanian Foreign Office and not the judiciary and that the executive branch of the Panamanian Government had never agreed with the Government of the United States in its interpretation of article III of the convention of 1903 but that, as an act of courtesy, a copy of the Minister's note (written in compliance with the instructions of the Department of State) would be sent to the President of the Supreme Court of Justice of Panama."

14. There have been, as hereinbefore indicated, numerous other occasions, including recent occasions, whereon the Department of State has had occasion to construe and apply article III. It would serve no purpose to abstract more of them. The uniform position of the U.S. Government has been (paraphrasing the language of Attorney General Bonaparte in 1907 in 26 Atty. Gen. 376) that the sovereignty over the Canal Zone is not an open or doubtful question; and that the language of article III is not obscure or ambiguous, and that there is no warrant for resorting to any construction of it except by the first rule of construction—that plain and sensible words should be taken to mean what they say. That the United States has, from the beginning, acted upon these views is apparent from the letter of Secretary of State Hay to Minister Obaldia on October 24, 1904, wherein it was said:

"The United States at all times since the treaty was concluded has acted upon the theory that it had secured in and to the Canal Zone the exclusive jurisdiction to exercise sovereign rights, power and authority."

15. All requests by Panama during the 1955 treaty negotiations that would have involved a concession to Panama of any right to exercise sovereignty in the Canal Zone were unequivocally rejected by the United States on the basis of the officially reaffirmed position of the United States that no useful purpose would be served in debating the question of sovereignty, that such matters were resolved by article III of the 1903 Convention giving to the United States the right to exercise all sovereign rights, power, and authority in the Canal Zone "to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority," and that the United States is not disposed to alter its basic rights as described in said article III.

The theory of titular sovereignty

16. Some discussion is believed indicated at this point of the concept, adopted by some and rejected by others, that the grants in the 1903 Convention left a "titular sovereignty" in the Republic of Panama. The principal references to this theory are abstracted below.

17. Secretary of State Hay discussed this theory in the following terms:

"If it were conceded that the abstract, nominal 'rights, power, and authority of sovereignty in and over the zone' are vested in the Republic of Panama there would still remain the fact that by said article III the United States is authorized to exercise the

rights, power, and authority of sovereignty 'to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority.'

"If it could or should be admitted that the titular sovereign of the Canal Zone is the Republic of Panama, such sovereign is mediatized by its own act, solemnly declared and publicly proclaimed by treaty stipulations, induced by a desire to make possible the completion of a great work which will confer inestimable benefit upon the people of the Isthmus and the nations of the world. It is difficult to believe that a member of the family of nations seriously contemplates abandoning so high and honorable a position in order to engage in an endeavor to secure what at best is a 'barren scepter.'" (Letter, Oct. 24, 1904, from Secretary of State Hay to Minister Obaldia.)

18. It is to be noted, first, that Secretary Hay did not concede or admit the correctness of the theory, and, second, that he deemed titular sovereignty "at best, a 'barren scepter.'"

19. William Howard Taft, then Secretary of War, discussed this theory in the course of a long statement presented on April 18, 1906, to the Senate Committee on Interoceanic Canals. In a part of that statement devoted to the Executive order or modus vivendi of December 3, 1904 (Taft Agreement), Mr. Taft, after quoting article III, said:

"It [art. III] is peculiar in not conferring sovereignty directly upon the United States, but in giving to the United States the powers which it would have if it were sovereign. This gives rise to the obvious implication that a mere titular sovereignty is reserved in the Panamanian Government. Now, I agree that to the Anglo-Saxon mind a titular sovereignty is like what Governor Allen, of Ohio, once characterized as a 'barren ideality,' but to the Spanish or Latin mind poetic and sentimental, enjoying the intellectual refinements, and dwelling much on names and forms it is by no means unimportant." (S. Doc. No. 401, 59th Cong., 2d sess., vol. III, p. 2526.)

20. The foregoing abstract was placed in the CONGRESSIONAL RECORD by Senator Brandegee in 1912 (CONGRESSIONAL RECORD for July 24, 1912, at p. 10119). It may be observed that Mr. Taft, unlike Mr. Hay, thought it obvious that a titular sovereignty remained in the Republic of Panama; but that Mr. Taft agreed that a titular sovereignty is like a "barren ideality."

21. Mr. Taft again discussed this theory in the year 1930, when, as Chief Justice, he delivered the opinion of the Supreme Court in *Luckenbach S.S. Co.* v. *United States*, 280 U.S. 173; 50 Sup. Ct. 148. He said:

"Whether the grant in the treaty amounts to a complete session of territory and dominion to the United States, or is so limited that it leaves at least titular sovereignty in the Republic of Panama, is a question which has been the subject of diverging opinions (citing 20 Am. Journal of International Law, pp. 120–122; Isthmian Highway, Miller, p. 221; *Wilson* v. *Shaw*, 204 U.S. 24, 32, 33, 27 S. Ct. 233, 51 L. Ed. 351) and is much discussed in the briefs."

The opinion proceeds to say that for the purposes of that case the construction of the treaty in that regard need not be examined as an original question.

22. Two further observations are believed important regarding titular sovereignty:

First. If it were to be conceded or admitted that the Republic of Panama has titular sovereignty over the Canal Zone (the United States has never officially so conceded or admitted), the facts would remain that the titular sovereignty of Panama would be wholly naked or barren ("a barren scepter" or "barren ideality"); that such sovereignty would be wholly latent or dormant (reversionary in character) so far as practical effect is concerned; and that the Republic of Panama would derive therefrom no (present) sovereign right, power, privilege, or perquisite whatsoever.

Second. The Republic of Panama has never at any time, so far as available records show, contended that it possessed titular sovereignty over the Canal Zone. Instead, the Republic of Panama, after observing that article III did not use words expressly transferring sovereignty, has contended, in various terms and in various connections, that it is the sovereign over the Canal Zone; that is, has claimed what Attorney General Bonaparte called the substance of sovereignty.

Conclusions

23. The United States has the exclusive right to the exercise of sovereign rights, power, and authority in the Canal Zone. The Republic of Panama has no right to the exercise of sovereign rights, power, and authority in the Canal Zone, and no right to the perquisites or privileges of a sovereign in the Canal Zone. Any titular sovereignty which the Republic of Panama may possess in the Canal Zone is wholly barren and dormant (reversionary in character) at least so long as the convention of 1903 remains in effect. The United States sees no useful purpose to be served in debating the question of sovereignty, as such, over the Canal Zone, a matter fully resolved by article III of the 1903 convention. The United States is not disposed to alter its basic rights in the Canal Zone as described in article III of the 1903 convention.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ANDERSON of Montana, for June 23 to June 29, on account of committee business.

Mr. WALLHAUSER (at the request of Mr. HALLECK), on account of death in family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. VANIK, for 10 minutes, on tomorrow, Wednesday, June 24, and to revise and extend his remarks.

Mrs. ROGERS of Massachusetts, for 5 minutes, on tomorrow, Wednesday, June 24, 1959.

Mr. FLOOD (at the request of Mr. TOLL), for 15 minutes, today, to revise and extend his remarks, and include extraneous matter.

Mr. RIVERS (at the request of Mr. TOLL), for 30 minutes, on tomorrow.

Mr. PRICE (at the request of Mr. TOLL), for 30 minutes, on tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. MCCORMACK (at the request of Mr. TOLL) and to include extraneous matter.

Mr. SANTANGELO (at the request of Mr. TOLL) and to include extraneous matter in the remarks he made today on H.R. 3.

Mr. PHILBIN in two instances.

Mr. ROGERS of Texas and to include extraneous matter.

Mr. BURKE of Kentucky.

Mr. PELLY.

The following Members (at the request of Mr. POFF) and to include extraneous matter.

Mr. QUIE.

Mr. LIPSCOMB.

Mr. SAYLOR.

Mr. ALGER.

Mr. DAGUE.

(At the request of Mr. TOLL, and to include extraneous matter, the following:)

Mr. ANFUSO

Mr. DADDARIO.

Mr. FALLON.

Mr. BREEDING.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2183. An act granting the consent of Congress to interstate compacts for the development of operation of airport facilities; to the Committee on Interstate and Foreign Commerce.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 498. An act to extend the life of Alaska International Rail and Highway Commission, and to make a change in the membership of such commission; and

S. 1968. An act to strengthen the wheat marketing quota and price support program.

ADJOURNMENT

Mr. TOLL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 44 minutes p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 24, 1959, at 11 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1124. A communication from the President of the United States, transmitting proposed supplemental appropriations in the amount of $4,862,000 for the fiscal year 1960 and for other purposes for various agencies of the executive branch (H. Doc. No. 182); to the Committee on Appropriations and ordered to be printed.

1125. A letter from the Director of Administrative Services, Civil Air Patrol, transmitting the Annual Report of the Civil Air Patrol for the calendar year 1958, pursuant to Public Law 476, 79th Congress; to the Committee on the Judiciary.

1126. A letter from the Comptroller General of the United States, transmitting a report on the review of the activities of the Meat Inspection Division, Agricultural Research Service, Department of Agriculture; to the Committee on Government Operations.

1127. A letter from the Comptroller General of the United States, transmitting a report on the review of Air Force recorded requirements in relation to stocks on hand and on order for certain aeronautical spare parts

and of a subsequent review of actions taken by the Air Force, and, in certain cases, by the Navy to cancel or redistribute excess materiel. This materiel was under supply management control of the San Antonio Air Materiel Area (SAAMA), San Antonio, Tex.; to the Committee on Government Operations.

1128. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 22, 1959, submitting a report, together with accompanying papers and illustrations, on a review of reports on and surveys of gulf coast shrimp boat harbors, Florida, requested by resolutions of the Committee on Rivers and Harbors, House of Representatives, and the Committee on Public Works, U.S. Senate, adopted June 28, 1946, and February 14, 1950. It is also submitted in response to five other congressional authorizations listed in the report (H. Doc. No. 183); to the Committee on Public Works and ordered to be printed with two illustrations.

1129. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 20, 1959, submitting a report, together with accompanying papers and illustrations, on an interim report on Big Sandy River and Tug and Levisa Forks, Ky., W. Va., and Va., requested by resolutions of the Committees on Public Works, U.S. Senate and House of Representatives, adopted April 21, 1954, and July 29, 1954. It is also in partial response to an item in the River and Harbor Act, approved September 3, 1954, calling for a survey of Big Sandy River and Tug and Levisa Forks, Ky., W. Va., and Va. (H. Doc. No. 184); to the Committee on Public Works and ordered to be printed with two illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BUCKLEY: Committee on Public Works. H.R. 7808. A bill to designate the new lock on the St. Marys River at Sault Sainte Marie, Mich., as the John A. Blatnik lock; without amendment (Rept. No. 574). Referred to the House Calendar.

Mr. BROOKS of Louisiana: Committee on Science and Astronautics. Report on Nuclear explosions in space (Rept. No. 575). Referred to the Committee of the Whole House on the State of the Union.

Mr. BLATNIK: Committee on Public Works. H.R. 802. A bill to validate and confirm a contract entered into between the United States and the town of Bridgeport, Wash.; without amendment (Rept. No. 576). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee on Ways and Means. H.R. 6054. A bill to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes; without amendment (Rept. No. 577). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Montana:

H.R. 7902. A bill to amend the provisions of law authorizing Federal assistance for construction of community hospitals which will serve Indians; to the Committee on Interstate and Foreign Commerce.

By Mr. AYRES:

H.R. 7903. A bill to amend chapter 37 of title 38, United States Code, to extend the veterans' guaranteed and direct loan program for 2 years; to the Committee on Veterans' Affairs.

By Mr. DERWINSKI:

H.R. 7904. A bill to provide that surplus personal property of the United States may be donated to the States for the promotion of fish and wildlife management activities, and for other purposes; to the Committee on Government Operations.

By Mr. JONAS:

H.R. 7905. A bill to amend section 203 of the Federal Property and Administrative Services Act of 1949 to authorize the donation of surplus property to orphanages; to the Committee on Government Operations.

By Mr. KILGORE:

H.R. 7906. A bill relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association; to the Committee on Ways and Means.

By Mr. McCORMACK:

H.R. 7907. A bill to amend the act entitled "An act to incorporate St. Ann's Infant Asylum, in the District of Columbia", approved March 3, 1863, as amended; to the Committee on the District of Columbia.

By Mr. REUSS:

H.R. 7908. A bill to provide that the income derived from the rental of living accommodations, where the owner of the property provides services in connection with such rental, shall constitute net earnings from self-employment for purposes of the old-age, survivors, and disability insurance program; to the Committee on Ways and Means.

By Mr. RIVERS of Alaska:

H.R. 7909. A bill to provide for equal treatment for the State of Alaska as for other States of the Union with respect to the allotment of funds under the Federal Airport Act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 7910. A bill to amend section 601 of title 38, United States Code, with respect to the definition of the term "Veterans' Administration facilities"; to the Committee on Veterans' Affairs.

By Mr. THORNBERRY:

H.R. 7911. A bill relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association; to the Committee on Ways and Means.

By Mr. VAN PELT:

H.R. 7912. A bill to amend the act providing aid for the States in wildlife restoration projects with respect to the apportionment of such aid; to the Committee on Merchant Marine and Fisheries.

By Mr. YOUNGER:

H.R. 7913. A bill to require that merchandise transmitted in the mails by business associations in the course of mail order transactions bear return addresses; to the Committee on Post Office and Civil Service.

By Mr. MILLS:

H.R. 7914. A bill to amend the Internal Revenue Code of 1954 with respect to the priority and effect of Federal tax liens and levies, and for other purposes; to the Committee on Ways and Means.

By Mr. SIMPSON of Pennsylvania:

H.R. 7915. A bill to amend the Internal Revenue Code of 1954 with respect to the priority and effect of Federal tax liens and levies, and for other purposes; to the Committee on Ways and Means.

By Mr. BROYHILL:

H.R. 7916. A bill to limit and prevent certain concerted activities by labor organizations which interfere with or obstruct or impede the free production of goods for commerce or the free flow thereof in commerce, and for other purposes; to the Committee on Education and Labor.

By Mr. DIXON:

H.R. 7917. A bill to amend the Internal Revenue Code of 1954 to impose import taxes on lead and zinc; to the Committee on Ways and Means.

By Mr. HOFFMAN of Michigan:

H.R. 7918. A bill to limit and prevent certain concerted activities by labor organizations which interfere with or obstruct or impede the free production of goods for commerce or the free flow thereof in commerce, and for other purposes; to the Committee on Education and Labor.

By Mr. METCALF:

H.R. 7919. A bill to authorize the appropriation of funds for carrying out provisions of section 23 of the Federal Highway Act, to enable the Secretary of Agriculture to construct timber access roads, to permit maximum economy in harvesting national forest timber, and for other purposes; to the Committee on Public Works.

By Mr. RHODES of Arizona:

H.R. 7920. A bill to provide for national cemeteries in the State of Arizona; to the Committee on Interior and Insular Affairs.

H.R. 7921. A bill authorizing the Secretary of the Army to convey certain land to the State of Arizona for National Guard purposes; to the Committee on Armed Services.

By Mrs. ROGERS of Massachusetts:

H.R. 7922. A bill to include certain service performed for Members of the House of Representatives as annuitable service under the Civil Service Retirement Act; to the Committee on Post Office and Civil Service.

By Mr. THOMPSON of New Jersey:

H.R. 7923. A bill to eliminate the fixed limit of authorization for expenditures of the Commission of Fine Arts; to the Committee on House Administration.

By Mr. UTT:

H.R. 7924. A bill to amend the Internal Revenue Code of 1954 to allow a deduction from the gross estate for the value of property passing to children; to the Committee on Ways and Means.

By Mr. ROGERS of Texas:

H.R. 7925. A bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national freight car supply, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STRATTON:

H.R. 7926. A bill to provide for computation of disability retirement pay for members of the uniformed services; to the Committee on Armed Services.

H.R. 7927. A bill to amend the Internal Revenue Code of 1954, as amended; to the Committee on Ways and Means.

By Mr. ANDERSON of Montana:

H.J. Res. 434. Joint resolution to provide for a special research inquiry into the causes of chronic unemployment in economically depressed areas, and for other purposes; to the Committee on Government Operations.

By Mr. BENTLEY:

H.J. Res. 435. Joint resolution providing for the designation of the week following the 4th of July as "Captive Nations Week"; to the Committee on the Judiciary.

By Mr. SCHWENGEL:

H.J. Res. 436. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. McDOWELL:

H.J. Res. 437. Joint resolution providing for the establishment of a Federal committee on the employment of older workers in order to preserve for such workers opportunities for Federal employment without discrimination because of age; to the Committee on Post Office and Civil Service.

By Mr. PORTER:

H. Con. Res. 208. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ASHLEY:

H. Con. Res. 209. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for

other purposes; to the Committee on Foreign Affairs.

By Mr. ADDONIZIO:

H. Con. Res. 210. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BOYLE:

H. Con. Res. 211. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BREWSTER:

H. Con. Res. 212. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. CARTER:

H. Con. Res. 213. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. CLARK:

H. Con. Res. 214. Concurrent resolution expressing the sense of Congress in regard to the United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FOLEY:

H. Con. Res. 215. Concurrent resolution expressing the sense of Congress in regard to the United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. KASTENMEIER:

H. Con. Res. 216. Concurrent resolution expressing the sense of Congress in regard to the United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. McDOWELL:

H. Con. Res. 217. Concurrent resolution expressing the sense of Congress in regard to the United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MEYER:

H. Con. Res. 218. Concurrent resolution expressing the sense of Congress in regard to the United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MOORHEAD:

H. Con. Res. 219. Concurrent resolution expressing the sense of Congress in regard to the United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. POWELL:

H. Con. Res. 220. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. RHODES of Pennsylvania:

H. Con. Res. 221. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ROOSEVELT:

H. Con. Res. 222. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. THOMPSON of New Jersey:

H. Con. Res. 223. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. WOLF:

H. Con. Res. 224. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. ANFUSO:

H. Con. Res. 225. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. COHELAN:

H. Con. Res. 226. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ANFUSO:

H.R. 7928. A bill for the relief of Mariano Patti; to the Committee on the Judiciary.

By Mr. BARRETT:

H.R. 7929. A bill for the relief of Margherita Felli; to the Committee on the Judiciary.

By Mr. FOLEY:

H.R. 7930. A bill for the relief of Kenneth G. Texter; to the Committee on the Judiciary.

By Mrs. GRANAHAN:

H.R. 7931. A bill for the relief of Arkadiusz Drogokupiec and Janusz Drogokupiec; to the Committee on the Judiciary.

By Mr. LANKFORD:

H.R. 7932. A bill for the relief of William E. Dulin; to the Committee on the Judiciary.

By Mr. POFF:

H.R. 7933. A bill for the relief of Mrs. Virginia Bond; to the Committee on the Judiciary.

By Mr. SANTANGELO:

H.R. 7934. A bill for the relief of Vincenzo Leone; to the Committee on the Judiciary.

By Mr. STAGGERS:

H.R. 7935. A bill for the relief of Father Kenneth M. Rizer; to the Committee on the Judiciary.

By Mr. STEED:

H.R. 7936. A bill for the relief of Dan Nadeau; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Where Do We Go From Here?

EXTENSION OF REMARKS

OF

HON. GEORGE H. FALLON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 23, 1959

Mr. FALLON. Mr. Speaker, under leave to extend my remarks, I wish to include the recent weekly newsletter by Senator JOHN MARSHALL BUTLER, "Where Do We Go From Here?" I am doing this at the request of Mr. George D. O'Neill, with whom my friendship extends over a long period of time:

WHERE DO WE GO FROM HERE?

(A weekly newsletter by Senator JOHN MARSHALL BUTLER)

WASHINGTON, June 15, 1959.—In the present state of world conditions, this question is frequently asked. It is, of course, difficult to answer. The solution will require the wisdom, forthrightness and vision of our national leaders and the unflinching support of our people. Courageous decisions will be meaningless unless all Americans are prepared to meet the challenge The United States and its allies must not be timid in telling the Soviets that the free world will resist without hesitation all further Communist aggression in any area of the globe?

Former President Hoover phrased the challenge of these critical times in this manner only recently: "The time has come for a determined stand * * * against creeping Communist conquest." In his view, a lack of firmness on the part of the Western World has accounted for many of today's problems and frustrations.

Under conditions of equality with respect to nuclear weapons, a total war would cause devastating damage to the United States as well as to the Soviet Union. The Russians realize this, and it is doubtful that they would do anything which would lead them down the road to destruction. So long as our military strength—our retaliatory and deterrent capabilities—are effectively maintained, general war is only a remote possibility. But, it can be expected that the Communists will continue to stir up affairs in as many places as they can at one time.

U.N. General Assembly President Malik tells us that communism now controls one-third of all mankind and that it has penetrated the remaining two-thirds to a varying degree. Within our own borders, according to FBI Director J. Edgar Hoover, American Communists have started a new drive to infiltrate some of our basic industries. The prime objectives of the Kremlin to communize the entire world and to destroy the values of freedom are obviously unchanged.

And so, wisdom, forthrightness and vision are needed domestically as well as internationally. If the United States and the Western World fall, all is lost. Our allies must substitute deeds for words—they must stick with us in resisting the Communist onslaught. If foreign aid is to be a permanent instrument for the conduct of international diplomacy, these funds should be dispensed to those countries who unhestitatingly and vigorously stand with us.

In this vital effort, all Americans can help by exposing the menace which would consume us for what it really is, and by awakening those who feel that it is no longer necessary to defend, with courage and conviction, freedom and liberty.

The Connecticut Jewish Ledger

EXTENSION OF REMARKS

OF

HON. EMILIO Q. DADDARIO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 23, 1959

Mr. DADDARIO. Mr. Speaker, the Connecticut Jewish Ledger was founded in 1929 as the Springfield, Mass., Jewish Ledger, covering western Massachusetts and the Greater Hartford area. Despite hardships of the depression years, it expanded to Bridgeport and New Haven.

The Ledger survived the flood of 1936 in Hartford, when it was printed in

Holyoke, Mass. The final trip of papers was made in rowboats to the offices on State Street in Hartford. During the 1938 hurricane, the paper was published by candlelight.

With the rise of naziism, the Ledger assumed new importance, filling a vital need to inform Connecticut Jewry of the new dangers and problems abroad. Wartime presented the problems of a big drop in advertising and a shortage of newsprint. But the Hartford Jewish Ledger overcame this hurdle, too.

Publisher Samuel Neusner, who founded the paper, suffered a heart attack in October 1945 but remained active. He is now inactive due to illness. He used the Ledger as an instrument of Zionism in the fight for an independent Jewish state in Palestine. He obtained support from newspapers in the Connecticut Valley in this battle.

In the first issue of the Ledger, Mr. Neusner said it was founded to give Connecticut Jewry local means of recording its life and voicing its need, and to make known the interests and institutions of the Jewish communities in the region. The paper also was designed to mirror the movements in Jewry, the religion, the thought, the literature of the Jewish people, Palestine and its romance, the Diaspora and its needs.

Today, as a recipient of the first award of excellence of the American Association of Anglo-Jewish newspapers—now the American Jewish Press Association—the Ledger, as one of the English-language Jewish weekly papers in Connecticut, strives to cover local, State, National, and international events of interest to citizens of the Jewish faith in Connecticut.

While certainly not the spokesman for Connecticut Jewry, the Ledger often is the voice of its aspirations.

The editorials of Rabbi Abraham J. Feldman, editor since the paper's founding, have been widely acclaimed.

The present managing editor is Berthold Gaster.

H.R. 3

EXTENSION OF REMARKS
OF
HON. FRANK W. BURKE
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. BURKE of Kentucky. Mr. Speaker, in the consideration by the House of H.R. 3 there is a strange admixture of intense feeling by men of good will but of fundamentally different persuasions concerning interpretation of the law.

Conflicts of law is one of the most vexatious subjects in the whole field of jurisprudence. Those who have, over the years given attention to conflicts of law have struggled with comity, the obligations imposed by the doctrine of full faith and credit and the relationship between the States and the Federal Government in those fields wherein each is competent to act.

In recent years, the Nelson case and others like it have given thoughtful lawyers pause. Certainly, the courts let stand for too long the impression that by the Nelson case the States were disarmed from protecting themselves against subversion.

If H.R. 3 sought only to make clear the power of the people to defend themselves through their governments against subversion, it would have a laudable purpose. Undoubtedly, clear-cut legislation aimed at the problem of subversion and the interpretation of laws concerning that crime would receive unanimous support in this body.

When, however, H.R. 3 aims not at subversive activities but seeks in two pages to restate the law of conflicts as devolved through 150 years of jurisprudence it leaves the field of constructive legislation and sows confusion in the fields where clarity and general understanding have characterized the law for years.

Every interstate carrier, every packer and processor of food, every importer and exporter of goods, will be threatened with a relitigation of legal relationships which have been accepted as the law based on scores of decisions. If there is a corn on our jurisprudential toe, let us not seek to relieve the pain by amputating the leg at the hip. If the sponsors of H.R. 3 truly seek to define the respective interests of the States and of the Federal Government in the field of subversive activities, let them, by direct and positive action propose legislation so aimed, and they will find multitudes of supporters where they now meet opposition.

Mr. Speaker, I yield to no Member of this body in my detestation of subversive activities against the Federal or States' governments but I cannot support H.R. 3 in its present form.

Thought-Provoking Addresses

EXTENSION OF REMARKS
OF
HON. JOHN W. McCORMACK
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. McCORMACK. Mr. Speaker, this commencement season has brought forth an excellent crop of thought-provoking addresses. Our universities have also seen it fit to give due recognition to the service of men who are outstanding leaders in their respective lines of human endeavor. Honorary degrees are more than a mere accolade. In their highest academic sense they are an acknowledgment by the community of scholars engaged in the pursuit of truth of achievements of lasting value in government, science, arts, and the professions.

Three of our famous institutions of learning in this country have honored this month a world figure who has won the admiration and regard of our people. Boston College, Brown University, and the New York Medical College chose Gen. Carlos P. Romulo as their speaker.

In conferring on him the degree of doctor of laws honoris causa, Boston College gave General Romulo the following citation:

Recognizing its mandate to bear unceasing witness to the majesty of God and the sacred dignity mirrored in man, the Christian university propounds the perennial affirmations which are at once the stone of the altar and the foundation of public order. Yet this is not enough. The university looks for opportunities to single out and applaud those men of service whose lives exemplify the concepts of faith and freedom which lie at the heart of our civilization.

One conclusion which emerges from profound reflection on the state of humanity is the need for some supranational authority which will unite the hopes and the good will of men toward the establishment of world peace. Pope Pius XII put the matter plainly in more than one allocution: "The Catholic doctrine on the state and civil society has always been based on the principle that in keeping with the will of God the nations form together a community with a common aim and common duties."

Today we welcome to our plenary convocation a statesman of historic importance who has been a leader in the first successful attempt to express in charter and constitutions and in the practical agenda of deliberation and goverance this last best hope of world peace.

General Romulo has participated in every session of the United Nations since its inception in San Francisco in 1945. He has served with wisdom and courage as President of the General Assembly, and twice as President of the Security Council. Elected Secretary-General by a nearly unanimous vote, he was vetoed by the Soviet Union.

Originally a newspaperman, whose honest and perceptive reporting earned him a Pulitzer prize in 1942, he was aide to General MacArthur at Bataan and Corregidor, and returned to the Philippines in the battle of Leyte. Since then he has been his country's leading diplomat, a voice that is heard and understood not only by the West but by all nationalities and estates of Asia. He has been one of the builders of the house of peace in our time, an eloquent spokesman in Washington for his country and in the East the best friend the United States has.

Wherefore the president and trustees of Boston College, empowered thereto by the supreme authority in the Commonwealth of Massachusetts, have summoned Carlos P. Romulo into the circle of the honorary doctors of the university, and now joyfully proclaim him doctor of laws, honoris causa.

The New York Medical College, for the first time in its history of 100 years, conferred an honorary degree, doctor of human letters, and chose General Romulo for such a distinction with this citation:

Gen. Carlos P. Romulo, author, educator, statesman, soldier, you have made the world a better place by your distinguished leadership in the battle for freedom for all men.

By pen, by word, and by sword you have helped to widen the areas of respect for the individual; you have struggled to create the essential climate in which men of science and knowledge can work for the good of mankind; you have fought oppression and tyranny; you have labored for the dissemination of knowledge; you have sought to broaden educational opportunities for all; and by your courage, ideals and statesmanship you have brought about a deeper understanding between nations.

All men of learning and science salute your life's work and the principles upon which it is founded.

In recognition of your achievement, the trustees and faculty of New York Medical College Flower and Fifth Avenue Hospitals are privileged to confer upon you pro causa honoris et pro merito the honorary degree of doctor of human letters.

Senator THEODORE F. GREEN, of Rhode Island, distinguished alumnus of Brown University, in introducing General Romulo to the alumni and graduates of Brown University, delivered the following address:

The privilege of presenting the principal speaker of the evening has been granted to me and I am very happy to welcome to Brown University, as an honored guest, a personal friend and a stanch friend and ally of the United States, Ambassador Carlos P. Romulo.

Early in life, as a high school student, he demonstrated his oratorical skill and his dedication to the struggle for freedom by delivering an impassioned speech entitled "My Faith in America," and when the judges of the contest announced him as the winner his father said, "You know what this means, Carlos. It means the university in the United States for you. Your mother and I are proud."

Since then we all have become proud of the magnificent achievements which have been accomplished by Carlos Romulo as, in turn, a student, newspaperman, editor, author, lecturer, soldier, and diplomat.

He was graduated from the University of the Philippines with a bachelor of arts degree and, at Columbia University, which he attended as a reward for winning the oratorical contest, he earned a master of arts degree.

Returning to his home in the Philippines, he became an assistant professor of English at the university and, later, head of its English department. Coincidentally, he was gaining fame as a newspaperman and editor for Manila newspapers and as a director of Manila radio stations.

His great interest in the relations between these United States and the Philippines was further stimulated by increasing threats of Japanese domination in the Far East, which occasioned his making in 1941 an extensive tour of the countries neighboring the Philippines. The reports which he sent out from those countries warning of the dangers of a Japanese invasion and of the general apathy, won for him the 1941 Pulitzer prize and great respect for his distinguished correspondence.

After Pearl Harbor he was inducted into the U.S. Army as a major. The assignment given to him by Gen. Douglas MacArthur was to serve as press agent and keep all Filipinos informed of the progress of the war. His untiring and loyal service throughout World War II resulted in his promotion to the rank of brigadier general.

He witnessed the occupation of his beloved homeland by the Japanese and became known as the last man to leave Bataan. Not only did he witness destruction and horror in his country, but he also suffered prolonged separation from his wife and four sons without the comforting knowledge that they continued alive and free, until the return of General MacArthur to the Philippines and the liberation of the islands reunited the family.

In 1945, General Romulo returned to the United States as chief of the Philippine mission here and continued to work for Philippine independence and for a world organization to make and maintain the peace.

He led the Philippine delegation to the first session of the United Nations Assembly in London in 1948 and continued to add to his great prestige and influence at subsequent sessions there. He was elected President of the Fourth General Assembly in 1949 by a vote of 53 to 5. This surprised nobody because he was not only an important world leader, but also a genial and friendly member of the assembly. Philippine President Elpidio Quirino made him Secretary of Foreign Affairs in 1950 and for the following 2 years, General Romulo devoted his full time to fighting communism in his own country.

He supported Ramon Magsaysay in his candidacy for the presidency and when the latter was elected in 1953, Romulo was sent back to Washington as the president's personal representative and later was appointed Philippine Ambassador to the United States, in which post, I am glad to say, he continues today.

At every opportunity he has written and spoken eloquently and powerfully of his love for and faith in the United States of America and the Philippines, and also of his fear and hatred of colonialism, communism and militarism.

He is the author of several widely acclaimed books including "I Saw the Fall of the Philippines," "I See the Philippines Rise," "Crusade In Asia," "The Meaning of Bandung," "The Magsaysay Story," and other books which reveal his deep understanding of and passion for finding solutions of the problems not only of the Far East but also of other parts of the world.

Ambassador Romulo has been awarded degrees by 35 universities including Harvard, Temple, Notre Dame, and Boston College. He was nominated for the Nobel Peace Prize in 1951 and 1953. More recently, the Freedoms Foundation of Valley Forge honored him with the Freedom Leadership Award for 1958.

For several years it has been my pleasure to know Carlos Romulo personally. I have met with him at the Philippine Embassy, at sessions of the House of Representatives while he was a Delegate from the Philippines, and at sessions of the United Nations General Assembly. With each year of our friendship, my respect and affection for him has continued to grow.

Soldier, diplomat, scholar, and author, Ambassador Romulo embodies the essence of each of those great professions. And, furthermore, he possesses the ability to express his experiences and his philosophy of freedom and tolerance.

So, it is an especial satisfaction to me to present to you, my fellow Brown alumni, the voice of freedom, the Honorable Carlos P. Romulo, Philippine Ambassador to the United States.

Mr. Speaker, I wish to commend for the careful perusal of the Members of the House, two of the commencement addresses delivered by General Romulo. The one he delivered on the campus of Boston College was highly praised by the Boston newspapers. It is seldom that we hear a good word for what America has done for the world. General Romulo analyzes the Marshall aid plan 10 years after its operation in Europe and makes a substantive discussion of how it contained communism in a critical period.

In his address before the New York Medical College he takes another view of the American people, a singular view these days when we hear of nothing but derogatory statements criticizing everything that we do. For this analytical observer of the American scene presents to the world the spiritual American, and it is inspiring and heartwarming to hear such words from one who has not hesitated in the past to tell us frankly our weaknesses and yet can also see our virtues and project them to other peoples with such convincing eloquence.

I include these two remarkable addresses in my remarks as follows:

EXCERPTS OF COMMENCEMENT ADDRESS DELIVERED BY GEN. CARLOS P. ROMULO, FORMER PRESIDENT OF THE FOURTH GENERAL ASSEMBLY OF THE UNITED NATIONS, UPON RECEIVING THE DEGREE OF DOCTOR OF LAWS HONORIS CAUSA, FROM BOSTON COLLEGE, JUNE 8, 1959

The proposed shift in emphasis from military to economic aid that we hear nowadays in Washington is of great interest to us in Asia. We recall the Marshall aid plan which provided a solid foundation for the entire security structure in Western Europe and its conception must be counted as one of the great creative acts of statesmanship in our time.

To my mind, this was indeed its principal merit: that it was a great creative act. It conceived of security as a positive, not a negative, function; a problem not merely of military defense but of the revival of the real source of the strength and stability of nations—economic health, political stability, moral integrity, and above all, freedom.

After more than a decade we can look back and really appreciate what is accomplished. For the Marshall plan channeled a substantial portion of the wealth and power of the United States into a constructive enterprise of noble scope and purpose: nothing less than the economic rehabilitation of an entire community of nations to the end that they might be strengthened sufficiently together to preserve and safeguard their own cherished liberties. International communism has tried very hard but it has so far failed to produce anything to match this inspiring spectacle of the mightiest Nation on earth unselfishly expending so much of its substance to help other nations to remain free. No amount of hostile propaganda can cancel the massive infusion of strength which the Marshall plan has given to the countries of the Atlantic alliance, nor its tremendous effect upon governments and peoples elsewhere as a shining example of the generous spirit which imbues the foreign policy of the leading power of the free world.

Back of the plan, of course, was the fresh realization that the four freedoms could no longer be preserved or defended piecemeal. They were in truth, in the most literal sense, indivisible. Freedom of speech and of the press, freedom from want, freedom of worship—each was meaningless without the others. It was inevitable, therefore that the problem of achieving security for the free nations of Europe should involve also the task of creating or reestablishing the economic, social, and political conditions under which all of these freedoms could flourish. Military power was important, but it was not enough. For the Communist threat was not confined to the military sphere alone, it was also economic, political, moral—a total challenge to the democratic way of life.

So it has been in Europe; so it is in Asia, in the Middle East, in the Far East, in the Philippines, all over the globe. It is an inescapable fact that right now the danger of armed aggression is the main preoccupation of the big powers in Geneva. Consequently, their major effort is concerned with alliances, rearmament, the building up of military strength. They are seeking in power, freedom from one kind of fear—from the fear of attack and of possible subjugation. The strengthening, the defense of the other freedoms is being temporarily subordinated to the overriding need for security from potential aggression. To a certain extent, even freedom from want is being held in abeyance in favor of the requirements of military preparedness.

The true nature of the challenge and the all-embracing scope of the struggle should

not be lost sight of. It should not be forgotten that, in the final analysis, it is not only the safety of the nations but also the essential dignity and the inalienable rights of every man that are at stake. Is man but the creature of an all-powerful state, to be directed, used and disposed of according to the will of a government whose powers are not derived from the consent of the governed; or is he endowed with certain rights and freedoms of which no one, not even the state, can deprive him without just cause? This is the ultimate issue, and the free world must not forget or ignore it. For hardly a day passes without some new evidence, some grim reminder that many of these rights and freedoms are under ruthless and systematic attack on the other side of the Iron Curtain. Man's memory is short and it is good to recall specific cases:

Over there, freedom of speech and of the press is a mockery. Has the American public forgotten the case of William Oatis?

Freedom from fear is an illusion where there is no security of person, no sanctity of domicile, no fair trial and due process of law. Have the Americans forgotten the case of Fred Voegler? Ask him; he knows.

Freedom of conscience, of thought, and of worship are not only nonexistent. Whoever upholds them is tortured, terrorized, ostracized, liquidated. Have we Catholics and has the world forgotten the case of Cardinal Mindzenty? Ask him, the virtual prisoner that he is languishing away in an embassy room.

Freedom to live a life of one's own choice, freedom to live in dignity as a sovereign people has been ruthlessly destroyed by Soviet tanks and Communist troops—ask the Hungarian freedom fighters and the Dalai Lama and the hapless people of Tibet.

These are among the famous, the celebrated cases. Less well known but perhaps even more significant is the flight of hundreds of obscure, ordinary people from Eastern to Western Europe, from North to South Vietnam, from Tibet to India, men and women seeking asylum from persecution, or trying desperately to escape the intolerable burden of slave labor, or hoping merely to breathe the air of freedom again, and to feel, think, speak and worship as their conscience moves them. They flee in an irregular but continuous stream—it is an exodus, and the direction is toward freedom.

It may be a comparatively easy matter for the free nations of the world in which they seek asylum and new homes to satisfy the expectations of these refugees from totalitarian despotism. The real test is for those nations to fulfill the highest hopes of their own peoples that their essential rights and freedoms will not only be respected and protected but constantly advanced to conform to the requirements of modern life. This is in fact the supreme challenge of communism to the free world and this is truer in Asia and Africa today than anywhere else: to give the Four Freedoms full scope and meaning in 20th-century terms, to turn them from mere slogans into living realities for the Asians and Africans and all peoples.

This challenge the peoples of the free world must accept and overcome if they are to have real security and the strength to preserve their liberties against attack in any form and from any direction. We are hoping in Asia, in the Philippines, in the Far East that in this new developing trend of more stress on economic aid and less on the military that is currently being discussed in your Congress, that the same creative act that inspired the Marshall aid plan may again be formulated with such changes of course as are dictated by new conditions characteristics of the areas to which it will be applied.

EXCERPTS OF ADDRESS DELIVERED BY GEN. CARLOS P. ROMULO, PHILIPPINE AMBASSADOR TO THE UNITED STATES, BEFORE THE 1959 GRADUATES OF THE NEW YORK MEDICAL COLLEGE, JUNE 9, 1959

To be a world leader such as America is today and as England was yesterday, is to be like a lightning rod; it is to attract all the jealousy, envy, hatred of a divided world. It is to be unappreciated, disliked, misrepresented and traduced.

It is not surprising therefore that America should be presented with various faces: the "Ugly American" in Southeast Asia, the hiding American in Bolivia, the uncertain American in the Middle East, the uncouth American in England, the bungling American to whoever happens to be in the minority party in Washington.

As I address the graduates of 1959, young men and women who are about to face and undertake their responsibilities as citizens of a free nation, it seems to me most appropriate to enjoin them that it is their duty to project to the world the America that is little known, the America that has been submerged since she became a world leader, the America that has been distorted by your abundance and your atom bomb.

It is spiritual America and the spiritual American.

The image of the Pilgrim father and of the Revolutionary soldier is now a mere blur because it has been supplanted by the glamor of the cowboy, the publicity of the movie hero, and the bravado of the mobster. Once upon a time the focus of world attention used to be Concord, Bunker Hill, Valley Forge. Now it is Little Rock, Las Vegas, Hollywood, the Appalachin rendezvous.

The spiritual American who is God-fearing, who originated the idea of the equality of man because he knows we are all created in the image of our Lord, who proclaimed it at a time when it was a political heresy so to do, who fought for it because he believed it to be an inalienable right, he is the forgotten man to the outside world.

The spiritual American who has established and sustains in his country more eleemosynary institutions than any other country in the world, who takes care of the aged, the feeble and the infirm, the mentally handicapped, the deaf and the blind; who personally supports with his means more campaigns for charitable institutions and drives for funds for the fight against cancer, poliomyelitis, sclerosis, heart diseases, and other dread scourages of humanity, than any other citizen anywhere, he is not known outside his home country.

The spiritual American who as a Rotarian, a Civitan, a Lion, a Jaycee, a Surroptimist—service clubs that cannot and do not exist in totalitarian regimes—bands together with his neighbors to serve a worthy community project, who devotes time, effort, and money to foster international good will and bring his country closer to other peoples, the world does not know him for the generous, civic-spirited, warmhearted human being that he is.

The spiritual American who goes to his church or his synagogue, who has more temples of worship in his country than in all the countries of the world combined, who takes his religion so seriously he does not spare himself in supporting it, who considers the Holy Book so sacred and precious it is one of the most treasured heirlooms in many an American family, this, too, is the American the world seldom hears about.

The global struggle in which America is now engaged is not a fight for strategic areas or for natural resources. It is a fight for man's mind and man's heart. Military superiority and economic supremacy are not enough to win such a struggle. Fighting an atheistic ideology and Marxist dialecticism, you are fortunate you have as your arsenal and your reservoir as a God-fearing and God-loving Nation, the immeasurable power of faith and of the spirit. This is the power that wins without destroying, that builds and uplifts to assert itself not to win any victory but to foster and develop concord, good will, understanding, and peace.

It is spiritual America that can win friends and allies, and it is when the spiritual American is better known all over the globe that the highest values of the American way of life will be better appreciated by the rest of mankind, and freedom and democracy prevail.

Arizona Watershed Program

EXTENSION OF REMARKS
OF
HON. JAMES E. MURRAY
OF MONTANA
IN THE SENATE OF THE UNITED STATES

Tuesday, June 23, 1959

Mr. MURRAY. Mr. President, on June 17, 1959, it was my privilege, as chairman of the Committee on Interior and Insular Affairs, to arrange for a discussion of a notable contribution the State of Arizona is making to water conservation. Through the good offices of the distinguished chairman of the Committee on Appropriations, Hon. CARL HAYDEN, Mr. Joseph Arnold, director of the watershed management division of the Arizona State Land Department, presented a pictorial description of the Arizona watershed program. The presentation was made in the hearing chamber of the Interior and Insular Affairs Committee.

Mr. Arnold explained, and his slides showed, how the State of Arizona has combined all its facilities in a program to ascertain the best methods for getting full use of the rain and snow that falls in the State. The State departments of lands and of fish and game, the State university, the Federal Forest Service, the Bureau of Land Management, the Bureau of Indian Affairs, and a number of other Federal and State agencies and private organizations are cooperating in this study of watershed management. Broad public support is provided by a private organization of distinguished citizens known as the Arizona Water Resources Committee.

This fine effort was brought to our attention earlier in this session by Senator HAYDEN'S remarks which were published in the RECORD of February 9, 1959. Shortly afterward, Senator HAYDEN provided each of the members of the Interior and Insular Affairs and the Public Works Committees with a copy of the brochure published by the Arizona Water Resources Committee under the title of "Preliminary Economic Considerations of the Arizona Watershed Program." Largely in response to this report, Senate Resolution 48 was amended on the recommendation of the Interior Committee to provide that reduction of evapotranspiration losses is to be considered by the Select Committee on National Water Resources.

The background previously furnished by Senator HAYDEN increased the value

of Mr. Arnold's presentation. In addition, by way of introduction, Senator HAYDEN briefly reviewed the purposes of the Arizona watershed program, and his informative remarks are set forth at the conclusion of my statement.

Mr. Arnold's presentation was heard by a number of Senators and by the staffs of the Interior, Public Works, Agriculture, and Appropriations Committees. Also present were representatives of several of the executive departments that are concerned with watershed and other natural resources programs. The national headquarters of various conservation organizations also were represented at the meeting. I have received a number of comments expressing interest in this Arizona program and commending the very clear and interesting description that Mr. Arnold gave.

We are indebted, it seems to me, to the State of Arizona for pioneering this fine cooperative effort to make the most of our limited water resources. I thank the senior Senator from Arizona [Mr. HAYDEN] for making possible the presentation. I am confident this presentation contains many worthwhile suggestions that may be applicable to other States.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the statement made at the June 17 meeting by Senator HAYDEN.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE ARIZONA WATERSHED PROGRAM

(Introduction by Hon. CARL HAYDEN)

A study of watershed conditions by noted scientists sponsored by the State land department, University of Arizona, and the Salt River Project Association initiated the Arizona watershed program in 1956. Reports of these scientists were published in two volume documents, "Recovering Rainfall."

To implement the most feasible recommendations of the watershed study, a watershed management division was set up in the State land department, and a citizens group, known as the Arizona Water Resources Committee, was created in December 1956, to bring about public participation. Numbering approximately 60, committee and subcommittee members represent major economic interests of the State—municipal, industrial, and agricultural users; mining, timber, and livestock interests, hunting, fishing, and other recreational interests. With this broad representation, the committee comes with built-in democratic checks and balances—so important to serving the greatest good to the greatest number. Working closely with Federal, State, and municipal agencies, the committee and division encourages research and application of accepted practices leading to better managed watersheds.

Objective of the Arizona program is to recover a greater percentage of precipitation falling on the State's watersheds. The underlying principle of treatments now being tested on pilot watersheds is aimed at reducing evapotranspiration losses of water by converting worthless tree and shrub vegetation (which wastes water) to grasses and herbaceous plants (which are more efficient users of water).

Anticipated benefits include: (1) Increased water yields for municipal, industrial, and agricultural needs; (2) accelerated growth and increased quality of timber; (3) reduced costs of controlling wildfires and reduced losses of timber products; (4) increased production of forage and browse for livestock and game; (5) improvement of fishing habitats; and (6) reduced erosion, particularly in pinyon-juniper and chaparral types—which are now reported to be the worst contributors of silt.

The Arizona watershed program places particular emphasis on upstream phases of water management which have not kept pace with advances in downstream water management, as evidenced on the Salt and Verde Rivers by the dams, canals, irrigation ditches, the purification plant for the city of Phoenix, the network of stream gages, and the 10-year rehabilitation program of the Salt River project aimed at reducing seepage and evapo-transpiration losses by enclosing irrigation water in concrete conduits.

By contrast, we are only now getting started on a program of watershed management—a program aimed at recovering rainfall more efficiently in order to maintain adequate quantities of water behind the dams that supply downstream municipal, industrial, and agricultural needs. Closely allied to other water conservation efforts, sound watershed management will certainly be needed to make most efficient recovery of any increases in precipitation resulting from cloud seeding tests and in providing water for recharging underground aquifers, a new program just getting underway in Arizona.

Mr. Joseph Arnold, of the Arizona State Land Department will now discuss the Arizona watershed program.

Increases for the Soil Bank

EXTENSION OF REMARKS

OF

HON. J. FLOYD BREEDING

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 23, 1959

Mr. BREEDING. Mr. Speaker, I would like to go on record at this time in favor of a larger and more realistic appropriation for the conservation reserve program.

My reasons for doing so are two:

First, I believe that the authorization for the 1960 conservation reserve program contained in H.R. 7175 is inadequate to carry out the goals contemplated by the Congress when the Soil Bank Act was originally approved. Furthermore, the limitations imposed by the provisions seem to me to be either impossible of administration or so restrictive as to hamstring the program and render it ineffective.

Second, I wish to go on record as believing that recent newspaper articles critical of the administration of the conservation reserve with respect to contracts entered into on State-owned land have been written without full understanding of the facts and this criticism has been unfair to this situation in particular and to the farmers of America in general.

These newspaper articles have appeared in recent weeks in various parts of the country and they exhibit a misunderstanding of the farm problem and of the various Federal programs which the Congress has enacted in attempts to solve these problems. Because of this misunderstanding and the misrepresentations in these articles, the writers of them are doing the Nation's farmers a disservice and are creating public criticism of congressional programs which is undeserved.

For a good many years, the farmers of America have produced more than can be consumed domestically and sold for export at reasonable prices. This overproduction has averaged about 10 percent of the total in recent years and the carryover of stored surplus has reached unmanageable proportions. These surpluses act to depress the prices which farmers receive for their goods. The economic condition of most farmers has been adversely affected by the squeeze between falling prices and the rising costs of production which has attended the inflationary movement since the Korean war.

The whole national economy has been depressed as a result of the depressed farm economy and it has been generally held that the Government should take steps to alleviate this situation in the interest of the overall national welfare.

An approach to the agricultural overproduction problem was suggested in 1956 and the necessary legislation to carry it out was included in the Soil Bank Act of 1956.

In its simplest form the Soil Bank Act provided for a national conservation reserve. The conservation reserve has as its objective the rental by the Government of sufficient acreage, to be held from production for a specified period of years, to bring a balance between national production and consumption. During the time the land is placed in the conservation reserve it is devoted to uses which contribute to the conservation of soil, water, forests, and wildlife. This makes sense to everyone who has given thought to the problem.

The program has been in operation for 3 years and some 23 million acres have been placed in the conservation reserve on a voluntary basis by the Nation's farmers. To achieve the original objective of bringing a balance between production and consumption, it will be necessary to place at least twice this acreage in the reserve.

Under the law, and the regulations pertaining to the conservation reserve, farmers who have control of land, either by ownership or by lease, can place land in the conservation reserve for periods of from 3 to 10 years. Only land which is currently being used for the production of crops is eligible for contract.

Certain restrictions have been set up which control further the eligibility of land which can be placed in the conservation reserve. In the event land has been newly purchased it cannot be placed in the conservation reserve for at least 1 year unless the county agricultural stabilization and conservation committees—which administer the program at the local level—find that the new owner would farm the land himself in the absence of the conservation reserve program.

Land owned by the Federal Government is not eligible to be placed in the conservation reserve. Since November 25, 1958, country clubs, golf clubs, cemetery associations, or State, county, town,

or local governments or subdivisions thereof are prohibited from being payees under a conservation reserve contract.

The regulations also limit producers to a maximum annual payment of $5,000. While this tends to limit participation by large landowners, it has the advantage of making the program available to a greater number of small landowners. As presently being administered, the general aims of the program, approved by the Congress, are being carried out.

I believe that sufficient acreage can be attracted into this program to bring production down to the level of national consumption. When that is accomplished surpluses will disappear and farm income should become more stable. In the meantime, a valuable contribution will have been made to the conservation and wise use of millions of acres of land which will always be at hand for use in the event of future need or emergency.

Furthermore, assistance has been given through the program to hundreds of thousands of small farmers in making adjustments to a more favorable economic situation. I believe that this is just the type of program recommended by the editors of Life magazine in the editorial which was so critical of the price support program and the big subsidy payments to large corporate farming operations. I cannot understand why Life magazine included the soil bank in their blanket indictment while recommending such a program in the same article.

Neither can I understand the reason for the criticism in the recent series of articles in the Washington Daily News.

It is true that the conservation reserve annual payments equal $6.50 per acre or more on many contracts in Colorado and New Mexico. However, these payments are determined by the productive capacity of the land as compared with other farmers in the vicinity. The rates are set by local farmers who have knowledge of productivity, land values, and other factors that go to make up fair rental rates for land. The ownership of the land is not a factor in setting the rate.

Many acres of State school land in the West have been rented to farmers for years at relatively low rental rates, usually because the renters must expend considerable sums to make productive use of these lands. Where these lands have been placed in the conservation reserve the rate per acre at which these lands are rented from the State may be much less than the conservation reserve annual payments. However, I believe that the comparison is unfair because this ignores the other costs which these renters have been put to in renting this State-owned land. Furthermore, since conservation reserve rental rates are the same for comparably productive land in the vicinity, whether State-rented land or privately owned land, it would appear that the rates were fairly established, and that the Government is getting production adjustment as planned. If anything is improper with this situation, it is the low rates which some States are forced to accept as rental payment for State school lands.

I believe that the newspaper publicity which has attended these isolated cases is unfair to all parties involved and is unfortunate in the impression being created that the soil bank conservation reserve is not a sensible approach to the agricultural surplus problem, as well as being an aid to making land use changes which are badly needed in many parts of the country.

The Members of this Congress can do the Nation and the farmers of this Nation no better service than supporting the soil bank program at the $450 million level for 1960 without the adding limitations better left to those responsible for administering the program.

Control and Abatement of Air Pollution

EXTENSION OF REMARKS
OF

HON. JOHN P. SAYLOR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 23, 1959

Mr. SAYLOR. Mr. Speaker, the Air Pollution Control Association is holding its 52d annual meeting in Los Angeles this week. The organization, its membership, its operations, and the convention program—all are of extreme importance to this Congress, for a broad understanding of these items can be the basis for effectuating a savings of millions of dollars to American taxpayers.

In the House Interstate and Foreign Commerce Committee at this time are proposals to extend, in duration, and function, what is known as the Federal air pollution control law. I am hopeful that the proposed legislation will get no further; but if it comes to the floor, Members of the House will be better qualified to make their decision by using the background information that I present today.

Public law 159, 84th Congress, authorized a program for research and technical assistance—to obtain data and to devise and develop methods for control and abatement of air pollution—by the Secretary of Health, Education, and Welfare, and the Surgeon General of the Public Health Service. I do not know how much has been accomplished by this office in the interim period, but I am convinced that any increase in appropriation or authority would be a mistake and would constitute an unnecessary contribution to the cause of inflation and Federal extravagance. My conclusion is based on these two premises: First, the Air Pollution Control Association and its members have made remarkable strides in the problem of atmospheric sanitation; further intrusion into the field of air pollution by the Federal Government is unnecessary and undesirable. Second, Public Health Service participation in this work has already enkindled another bureaucratic blaze which, if fanned by more tax dollars, will spread throughout the country and engulf an increasing amount of the duties and responsibilities of private enterprise.

Anyone who has lived in western Pennsylvania or in other industrial region understandably has a very intense interest in the problem of air pollution. I remember not too far back when I would drive toward Pittsburgh on a sunny morning only to meet a growing darkness as I approached the Turtle Creek area. By the time I arrived in the Triangle, visibility had been reduced considerably and anyone not familiar with the air pollution situation would have the impression that it was a cloudy day. Pittsburgh lived up to its reputation as the Smoky City. Dust and grime on window sills and floors were a persistent menace to the housewife. Many men had to change shirts twice a day. The combination of smoke, dust, fumes, and odors made the city particularly displeasing to visitors who were not accustomed to prevailing atmospheric conditions in industrial areas.

Suddenly Pittsburgh, through the initiative of its industrial and civic leaders, was transformed into a clean city. Through science and engineering, industries learned how to reduce the pollutants. They found that any fuel could be burned with a minimum of smoke if proper equipment and proper combustion methods were utilized. They invested millions of dollars in such equipment and in various types of filters and other apparatus to reduce discharge from stacks and vents. Through community cooperation and industry's willingness to spend money—and without Federal funds—Pittsburgh has emerged as a modern and beautiful city. Service clubs, church groups, industries, labor unions, and individual residents pitched in to clean up their community, and the results stand as a tribute to this cooperative effort.

We still have our atmospheric contaminants in industrial areas. Despite the almost miraculous progress that has taken place, there is no comparing the cleanliness of—for instance—Washington, D.C., with that of my own city of Johnstown or the other towns where mills and factories are the principal sources of livelihood. There is much more work to be carried on in the field of air pollution control, but I question whether we can afford to permit the Federal Government to involve itself any further.

From time to time the success of local air pollution programs has attracted attention in Congress, but this recognition has perhaps been too infrequent to emphasize just how much progress has been taking place at the community level. In 1951 our former colleague from Columbus, Mr. Vorys, spoke at length on the effectiveness of air pollution control action in his home city. We have also been advised of progress in Pittsburgh and other metropolitan areas; unfortunately, what the APCA members back in a hundred or more other cities are doing has gone unnoticed in Congress.

Headquarters of the APCA are at Mellon Institute in Pittsburgh. This organization is made up of more than 1,200 individual members, including technical experts from Federal, State, and municipal Governments. A great assortment

of industries and companies are represented, including manufacturers of aluminum, steel, chemicals, soap, cement, rubber, automobiles, and a variety of other commodities; refineries, coal producers, oil companies, and electric utilities; and, in addition, numerous producers of air pollution control equipment.

Last year the APCA convention was held in Philadelphia, May 25–29. Topics included incineration, status of the automobile exhaust problem, evaluation of wind tunnel studies, health effects of air pollution, and other technical and administrative subjects. Over the years the APCA has come to be recognized by leading officials in Government. President Hoover, President Truman, and President Eisenhower are on record with tributes to the association. Its work has been the subject of comment by the Secretary of Commerce and the Department of Health, Education, and Welfare.

I was therefore astonished to read a statement from the Public Health Service dated July 25, 1958, that contained this paragraph:

> Air pollution is becoming increasingly serious as population growth and industrial expansion add to the volume of pollutants discharged into the far-from-limitless ocean of air that surrounds us. Although the problem has recently received considerable attention from governmental bodies as well as from industries and voluntary organizations, there has been no opportunity for representatives of all these groups to meet together to assess their progress and to develop a coordinated plan for future action.

This message was contained in an invitation to the National Conference on Air Pollution, which was held in Washington in November under the auspices of Public Health Service. The message was, of course, without basis in fact. Through the Air Pollution Control Association, there has for more than half a century been an opportunity for representatives of Government, industry, and voluntary organizations to meet for the purpose of assessing progress on air pollution problems and to develop coordinated plans for future action.

I assume that the statement by the Public Health Service was an oversight. In any event, it should put Congress on notice that there is a grave danger that such lack of information can be extremely costly. I do not know how much the National Conference on Air Pollution cost the taxpayers of this country. Perhaps the Public Health Service has submitted this information to one of the interested committees of Congress. It would be particularly significant to determine whether the U.S. Government underwrote expenses of any of the delegates not on the Federal payroll.

In contrast to the National Conference on Air Pollution, the annual meetings of the Air Pollution Control Association are not in any way subsidized by the Federal Government. The only cost involved is the traveling expenses of those Government workers who attend the APSA meetings. I notice that the Los Angeles program includes participation by a number of employees of the Federal Government. This cooperation should be encouraged. APCA offers a platform for the many groups interested in clean air. The convention should be especially educational for whomever was responsible for the letter of invitation to the Public Health Service Conference last year. Perhaps other Public Health Service officials will then recognize that the proposed increase in appropriations and extension of activities of PHS are not necessary.

Most of all, the APCA convention reminds Congress of the deep interest of public officials, industries, associations, and individual companies in the problems of air pollution. I am hopeful that this knowledge will result in a vote against the amendment to Public Law 159 if it ever comes out of committee. That amendment would give Public Health Service an additional $2 million per year for air pollution control activity. I think the proposal is unnecessary. It is a challenge to Congress. We appropriate billions of dollars annually, but we must never overlook an opportunity to save whatever comparatively small amounts are involved in any legislation. Increasing funds for this activity would not only constitute extravagance and contribute to the inflationary spiral; it would encourage extension of Washington's great bureaucracy which, if not checked, can bring economic catastrophe to this country.

Air control problems are essentially local problems. Topography of the land and prevailing atmospheric conditions preclude the application of a single air pollution control law to a variety of localities. If Los Angeles, in order to solve a serious smog problem, finds it necessary to invoke an ordinance requiring special equipment for muffler and exhaust pipes, let Los Angeles do so. Other cities may follow suit if they so desire. There is positively no need to set up a giant office in Washington to determine what laws are best to keep air clean in the communities of our land. In certain areas of our country regional air control districts that include portions of two or more States have been created. Those developments are as they should be, but to inject Federal authority or supervision into such projects is a presumption that should not be tolerated.

Our best wishes for a successful APCA convention are in order. If the APCA and its membership continues its dedicated efforts with the same vigor that has marked past accomplishments, then we may rest with the assurance that further Federal encroachment is unwarranted and unwanted.

The Procrustean Bed of Administrative Regulation

EXTENSION OF REMARKS

OF

HON. WALTER ROGERS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 23, 1959

Mr. ROGERS of Texas. Mr. Speaker, I commend to the attention of all, the able speech of the Honorable OREN HARRIS, of Arkansas, chairman of the Committee on Interstate and Foreign Commerce of the U.S. House of Representatives.

The speech itself, is the best evidence of its outstanding quality and depth.

THE PROCRUSTEAN BED OF ADMINISTRATIVE REGULATION

(By. Hon. OREN HARRIS, Chairman, House Committee on Interstate and Foreign Commerce)

Mr. Chairman, members of the Great Lakes Conference, and guests, the topic of my remarks this morning, "The Procrustean Bed of Administrative Regulation," will recall to you one of the Greek legends learned during your days of youthful academic application. You remember how Procrustes, the robber, put up weary travelers on a bed which he kept for his nefarious purposes and how at night, after his visitor had fallen asleep, would tie the victim to the bed and proceed to fit him to it by cutting off his legs if they were too long or stretching them if too short. This wicked business continued to plague the Grecian travelers until that great Athenian, Theseus, rid the country of this scourge.

Now the objective of the Subcommittee on Legislative Oversight is to determine the extent to which statutes enacted some years ago are, like Procrustes' bed, so limiting or so extensive in scope as to force the independent administrative agencies to operate within unrealistic bounds, and, further, to free them from disrupting pressures tending to exert harmful influence upon the faithful discharge of their duties.

ORIGIN AND PURPOSE OF THE SUBCOMMITTEE

The Legislative Reorganization Act of 1946 provided that:

"* * * each standing committee of the Senate and House of Representatives shall exercise continuous watchfulness of the execution by the administrative agencies concerned of any laws, the subject matter of which is within the jurisdiction of such committee;".

Subsequently this provision was incorporated in the House rules and, in February 1957, when the House of Representatives was considering the resolution authorizing the "legislative oversight" activities of the Committee on Interstate and Foreign Commerce, Speaker Rayburn took the floor to comment:

"I trust that the gentlemen will set up a subcommittee * * * to go into the administration of each and every one of these laws to see whether or not the law, as we intended it, is being carried out or whether a great many of these laws are being repealed or revamped by those who administer them."

On March 6, 1957, the authorizing resolution having passed, I appointed the Special Subcommittee on Legislative Oversight. Shortly thereafter, funds were requested to enable the responsibilities indicated to be carried out. On April 11, 1957, the appropriation resolution passed and the subcommittee thereupon undertook to establish itself as a working organization. To achieve its broad purpose, it became necessary that the Subcommittee undertake:

(1) To examine the basic legislation which might be so limited in scope as seriously to restrict the carrying out of the regulatory functions intended by Congress, so broad as to cause the agency to operate in areas not intended by Congress, or so ambiguous in language as to create honest doubt regarding the specific limitations within which Congress desired that the agency exercise its regulatory powers;

(2) To study the actual operational functioning of each agency to see if it has been performing with an acceptable degree of efficiency and with propriety and in a manner best serving the public interest; and

(3) To render each agency free from pressures and influences which might cast a cloud of suspicion upon the integrity of its decisions.

EXAMINATION OF BASIC LEGISLATION

Now let me discuss with you the first of the subcommittee's three undertakings which I have just presented. That is the need, in many instances, for changes in the law which established and now governs each agency and which, for one or more of the reasons mentioned, requires amendment in order that the particular agency be enabled to function in the manner intended by Congress and in the best interests of the general public.

The memorandum of the subcommittee announcing the hearings, which were begun in January 1958, stated that the questions to be presented at these hearings should be directed toward the following:

"Powers given in any enabling statute. Their possible inadequacy. Attempts to ameliorate these by agency rules. Changes in areas regulated."

As the result of the hearings and the studies made of the information obtained through them, the subcommittee made a number of specific recommendations to Congress for legislative changes. One, for example, was a recommendation that section 7(c) of the Natural Gas Act be amended to enlarge and clarify the authority of the Federal Power Commission to grant temporary certificates in cases of emergency after notice and no objection.

The subcommittee has also recommended "A study of the effect of court decisions on the congressional intent as mainfested in the various organic acts creating the commissions, as well as in any amendment."

FUNCTIONING OF THE AGENCIES

A. Their adherence to basic legislation: In its initial outline of policy, the subcommittee indicated it would approach this aspect of the problem through examination into the two following questions:

"(1) Whether the law has been and is being faithfully executed by the agency in the public interest, and

"(2) Whether the law and the statutory standards it contains have been and are being interpreted by rule, or internal procedures, to enlarge the area of regulation beyond that intended, and to administer it through procedures not intended by the Congress."

The subcommittee regarded as particularly requiring further legislative inquiry: (1) consistency of agency findings, absent amending legislation or court decisions, as to what constitutes the public interest; and (2) the reasons for frequent variation in the application of criteria from case to case.

B. Organization and operation: In the early policy pronouncement "outlining the scope of the subcommittee's activity", one of the subjects slated for examination was the operation of the commissions. As you are no doubt aware, except for the Interstate Commerce Commission, the President not only appoints the commissioners but also specifically designates the chairmen. Selection of the chairman by commission members and limitation of his term of office as such, and assurance of each commissioner that he will be entitled to serve out his full term, except for improper performance of his duties, should tend to reduce executive influence upon the agencies.

To strengthen the commissions in this regard, the subcommittee recommended that "The chairman of each commission should be selected by the members thereof and his term as chairman should be for not longer than a 3-year period" and "The President should be authorized by law to remove any member of any commission for neglect of duty or malfeasance in office, and for no other cause."

INDEPENDENCE OF ADMINISTRATIVE AGENCIES

A. Agency contacts with others: An extremely difficult and delicate problem exists in the matter of seeking, under the circumstances of many currently accepted practices, the maximum freedom and independence of administrative agencies without unduly restricting proper communications essential to the conduct of normal business. This situation obtains largely in association or contacts between an agency on the one hand and, on the other, individual members of the regulated industry, associations of such members, officials in the executive department of the Government, and offices of Members of Congress.

There is certainly a legitimate field for proper types of communication between agencies and interested persons in the categories mentioned. Much information of great value to the agencies is constantly being provided them from such sources. And persons in these groups can submit to agencies numerous requests and inquiries which are highly proper and appropriate and which help to expedite the carrying out of the administrative process.

On the other hand, unless care and caution are constantly exercised and observed in this field, such activities can quickly expand to the point where they go beyond the limits of propriety and create situations fraught with danger to all involved. The great difficulty lies in drawing clearly and equitably the line of demarcation limiting this type of action.

This situation has required the subcommittee to give earnest consideration to the following:

1. The degree of identification of the regulatory agency with those whom it regulates;

2. Actions of the executive departments which might exert undue pressure upon the agencies; and

3. Contacts or communications by Members of Congress which serve subtly to influence agency action.

As a step toward keeping contacts of the types enumerated within proper bounds, the subcommittee has recommended the following across-the-board legislation applicable to all administrative agencies:

"Any communication, written or nonwritten, to or from a commissioner or commission employee, pertaining to any proceeding which by law or by commission rule or practice must be determined upon the record shall be included in the public record. A memorandum containing the substance of any such nonwritten communication shall be included in such record."

B. Individual conduct in agency matters: I would like now to discuss a subject which presents one facet of perhaps the most fundamental problem in self-government. That problem is, what effective measures can be put into practice which will have a reasonable prospect of winning the deserved confidence of the public in the impartiality, fairness, and integrity of the administration of the law?

We are well aware of the difficulty of establishing morals by legislation. The admitted difficulty of establishing morals by law does not mean, in my view, that we cannot improve the administration of law and justice by means of a published code of ethics, setting standards of conduct for all who participate in administrative proceedings. The task of formulating such a code calls for the careful thought and creative ability of members of the bar, especially those practicing before administrative agencies, and commissioners and staff personnel of the agencies themselves.

A code of ethics by itself is of little practical use. The ability and character of the administrators and the men appearing before them are of more importance. Moreover, as Valentine B. Deale, Esq., of the District of Columbia bar, testified before the subcommittee:

"Ethics in the administrative process is linked with efficiency of administrative operations. The climate for fast deals or sly arrangements is good when administrative operations are marked by excessive delays, inadequate procedures, complexity of regulations, poor public information provisions, and so forth.

"On the other hand, efficient operations tend to keep everyone on a straight and narrow path."

As a result of the subcommittee's consideration of this most serious problem, its report contained a recommendation for a statutory code of ethics with civil and criminal sanctions governing commission members and employees and those appearing before them.

EX PARTE PRESSURES

When commissions are entrusted with the power to give licenses or franchises or authority worth millions of dollars, it is a foregone conclusion that certain selfish interests will begin to put on the pressure. If, to paraphrase the Federalist, the seekers after franchises were angels, there would be no need for ethics or even criminal law in the field. These pressures, generally by ex parte communications between commission members and personnel on the one hand and interested persons or institutions on the other, constitute perhaps the greatest obstacle to the achievement of the highest order of performance in the administrative process. Unfortunately, the hearing record of the subcommittee is replete with instances of improper ex parte pressures upon commissioners.

While this type of activity apparently exists in every branch of government, its most widespread use and damaging influence is felt in connection with the exercise by the agencies of their adjudicatory and rulemaking powers. And it is the operation of this pressure in these two areas that I would like to discuss somewhat further. All will agree, I believe, that the commissions, when exercising their responsibilities in adjudicatory proceedings, as for example when licenses or franchises are sought by contending applicants, should hold to the standards of propriety applicable to courts of law. As Professor Clark M. Byse of the Harvard Law School said in a statement made before our subcommittee, "* * * if the adjudicative form is utilized, that is, if Congress says that the decision shall be based on evidence adduced at a hearing, then I can see no reason why the ethical standards applicable to judges and to lawyers in court proceedings should not be applied to the administrative judge and the counsel who appears before him."

You will appreciate, then, the deep feeling of disappointment experienced by members of our subcommittee upon learning, in the course of our hearings, of a number of instances when both commission members and attorneys appearing before them had engaged in highly questionable actions in connection with adjudicatory proceedings.

Now when we consider the matter of ex parte communications in connection with rulemaking proceedings of an administrative agency, the issue is not so clear cut. This type of administrative activity can be spread over a wide spectrum. Some of the rules thus laid down are of such broad and general application that they apply with equal force to all members of a particular industry and, to substantially the same degree, affect them all. In other instances of rulemaking, while the proceedings appear to be developing a policy of broad application—at least this appears theoretically so—a realistic view of the situation will reveal that the practical result vitally affects one or a very

few industry members. Certainly in the latter situation justice to the few so directly affected requires that they be apprised of all relevant matter considered by the commission in arriving at its decision. And there seems to be nothing inequitable in the application of a policy of no ex parte communication in connection with such rule-making proceedings.

Because rulemaking, in its numerous forms of application, does so often directly affect one or a few members of a regulated industry—and have little or no effect upon the bulk of the members thereof—the question arises: Should not the prohibition against extra record communications intended to influence Commission action be applied to those rulemaking proceedings where the private right of an individual is at stake in the same manner as is generally agreed it should be applied to adjudicatory proceedings?

It is interesting to note the manner in which the Supreme Court recently viewed this matter in the Sangamon Valley television case. There, in a rulemaking decision amending its table of area allocations of television channels, the Federal Communications Commission withdrew VHF channel 2 from Springfield, Ill., and assigned it to St. Louis, Mo. An applicant for this channel in Springfield appealed the decision and the court of appeals sustained the Commission. The applicant then petitioned the Supreme Court for a writ of certiorari.

The U.S. Department of Justice, in its brief to the Supreme Court urging denial of the writ, stated:

"We believe it proper, however, to call the Court's attention to certain testimony given before the Subcommittee on Legislative Oversight of the House * * *, subsequent to the decision by the court of appeals affirming the Commission's order. The testimony indicated that after the rulemaking proceedings here had been initiated by Notice of Proposed Rulemaking, and while it was under consideration by the Commission, representatives of the St. Louis operator * * * who was interested in having a new VHF channel assigned to St. Louis, and representatives of the petitioner and the other applicant for VHF channel 2 in Springfield, made ex parte presentations with respect to merits of the rulemaking proceedings to various members of the Commission."

The Supreme Court granted the petition for certiorari, stating that, in view of the representations of the Solicitor General's brief concerning the conduct brought out in the congressional hearings, "the judgment of the court of appeals is vacated and the case is remanded to the court of appeals for such action as it may deem appropriate."

The Department of Justice, in its brief before the court of appeals on remand, urged that the case be returned to the Commission on the grounds that the ex parte approaches disclosed in the subcommittee hearings (1) violated the rules of the Commission and (2) departed from "the cherished judicial tradition embodying the basic concepts of fair play." In support of this second ground the Department urged that:

"Even were the Commission's procedure silent on this score, considerations of basic fairness would require a ban on ex parte pleas in this type of administrative proceedings, involving as it does an allocation of specific channels among several communities, and a resolution of conflicting claims asserted by competing parties in relation to the use of valuable spectrum rights. The need for fairness cannot turn on whether the label 'quasi-legislative' or 'quasi-judicial' be applied. The outcome of this proceeding, we emphasize, affected particular interests in a concrete, substantial way. * * * Where, as here, fundamental fairness requires the consideration and resolution of the subject-matter to be conducted on the basis of full, open presentation by the interested parties, no proceeding should be sustained on appellate review where it appears that this basic requirement has not been scrupulously observed."

The court of appeals accepted both grounds pressed by the Department of Justice, vacated the Commission order and remanded the case to the Commission for an evidential hearing to determine among other things, the nature and source of all ex parte pleas and other approaches involved in the case.

INTERFERENCE BY GOVERNMENT OFFICERS

I have mentioned earlier that a cause of great concern to the subcommittee, one that bears on the independence of the agencies, is the effort sometimes made by various branches of the Government to influence the course of agency decision. In a number of instances the Congress has provided by statute that certain officers of the executive branch may participate in matters in the jurisdiction of the independent commissions. Such participation is often necessary in the interests of an overall governmental policy on budgetary matters, national defense, or the conduct of foreign policy. In such instances the Congress has tried to provide expressly for the kind of cooperation essential to a coordinated approach to special problems while maintaining for the agencies a free hand in their conduct of day-to-day administration.

Yet, just last month, the Department of Justice sought to interfere in a matter that was exclusively within the province of an independent Commission. You will remember that in February of this year the Federal Communications Commission ruled that the equal-time provision of section 315 of the Federal Communications Act was applicable to a television station which had shown an incumbent officeholder and his major opponent for reelection on various news telecasts. Mr. Lar Daly, another candidate for the office, alleged that such appearances, presented by the station solely as news stories, constituted such use of the station's facilities as to entitle him under section 315 to equal opportunities to use the station's air time. When the Commission ruled in Mr. Daly's favor and directed the licensee to grant him equal time, the large broadcasters quickly asked the Commission to reconsider.

On May 7 the Attorney General sought from the Commission permission to file a memorandum setting forth the Government's official view that the Commission should reverse its interpretation of section 315. On June 17, 1959, the Commission released an interpretive opinion in which it denied the petition for reconsideration and upheld its earlier ruling.

The objection that many Members of Congress had to the action of the Attorney General in the Lar Daly case has nothing to do with the rightness or wrongness of the Commission's interpretation of section 315. But at the time the Department of Justice applied to file its memorandum some six bills had been introduced in the Congress which would have the effect of exempting newscasts from the coverage of section 315, and thus accomplishing the result desired by the Department of Justice. The Attorney General's action is particularly interesting because in 1955 the House Committee on Interstate and Foreign Commerce solicited the views of the Department of Justice concerning a bill that would similarly amend section 315 to exempt news coverage from its equal-time requirement. At that time the present Attorney General declared in a letter to my predecessor as chairman of the committee that "whether or not this bill should be enacted constitutes a question of legislative policy concerning which the Department of Justice prefers to make no recommendation."

It would appear that the Department's reticence to press its views before a committee of Congress disappears when the same issue is presented to one of our independent agencies.

H.R. 4800

As the result of the subcommittee's hearings during the preceding Congress, I introduced, on February 19, 1959, bill H.R. 4800 which proposes certain amendments to the basic legislation governing the six independent administrative agencies with respect to which our studies were conducted. The provisions of this bill deal in detail with many of the subcommttee's recommendations which I have related to you. This proposed legislation is designed to protect and assist the agencies in the performance of their official responsibilities and it is hoped that hearings on the bill will begin in the near future.

MOST RECENT ACTIVITY OF THE SUBCOMMITTEE

The subcommittee is presently nearing the conclusion of 8 days of panel discussions participated in by representatives of six of the major regulatory commissions, practicing attorneys, officials of the regulated industries, representatives of the Federal Trial Examiners Conference, trade associations and bar associations. This panel has had under discussion four topics which should interest all persons engaged in activities in the field of administrative regulation. They cover (1) measures to prevent the exertion of influence upon commission members or employees, (2) the role of hearing examiners, (3) the role of commissioners and their staffs, and (4) the efficiency of the commissions.

In the conduct of this panel discussion every effort has been made to have the participants express their individual views which may or may not be the officially adopted viewpoint of the commission of which the participant is a member or employee. The subcommittee, although interested in knowing the official views of each of the commissions, desired at this time to have a free, objective and fair presentation of the views of all the participants. It is through hearings of this character that the subcommittee expects to acquaint itself with many aspects of the problem with which it might otherwise not become familiar. The results to date have been most informative and illuminating and have, to an appreciable extent, better equipped the subcommittee to perform its responsibilities.

CONCLUSION

While the subcommittee's inquiries into the field of improper pressures have received the most widespread publicity, this should not be allowed to overshadow the more fundamental and important matters entrusted to it for investigation, study, and recommendation. It is not a "hatchet" committee. As I stated to you at the very beginning of my remarks, the subcommittee's objectives include the releasing of independent agencies from the Procrustean bed of any unduly restrictive or vague basic legislation, operational difficulties, or improper pressures or influences from whatever source they might emanate.

If, in the course of the performance of its responsibilities, the subcommittee finds evidence of wrongdoing, it has the duty to bring to light all of the attendant facts. But it is the wrongdoers and not the subcommittee that must bear the blame for such happenings. They are the ones who have brought upon themselves the discredit and publicity for their actions.

Despite the magnitude and complexity of its task and limitations imposed upon it by conditions beyond its control, our subcommittee has developed the need for a number of important changes in the various laws governing the administrative agencies. Our investigations have aroused citizens generally to a more acute realization of the need for continuous efforts to find solutions which are in the public interest.

We live in a highly developed form of society. Reasonable governmental regula-

tion of economic and other power exercised by private persons and groups is necessary for the general public welfare. This is especially true in the fields of transportation, power, communications, fair business practices, and investment. Congress, as representative of the people, cannot engage in the day-to-day surveillance which is needed. Delegation of a certain amount of governing power must, therefore, be made to specialized and expert regulatory commissions. But this delegation does not mean abdication. It rather increases the responsibility of Congress.

So long as the regulatory acts sketch only a general outline to be completed and clarified by administrative commissions themselves and opportunity for judicial review is not present in many important situations, there should not be any relaxation in the vigorous exercise of the constitutional power of legislative control and supervision.

Congress Should Enact a Nonpunitive Labor-Management Reform Bill Now

EXTENSION OF REMARKS
OF
HON. THOMAS M. PELLY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. PELLY. Mr. Speaker, honesty or ethics are not provisions that can be legislated in a way to assure against the control of unions by racketeers or gangsters who infiltrate a labor union. Instead of including high sounding phrases, our task through a labor-management reform bill as I see it is to establish standards and rules to assure union members the protection of a democratic mechanism for the union membership itself to exercise control over honesty in its own affairs.

Certainly I do not support any proposed law to burden labor with mountains of redtape and to provide for a Government bureaucrat to regulate the internal affairs of each union. Actually I happen to believe that punitive or overly restrictive provisions of any law we pass would be a boomerang and defeat the very objectives of such legislation in the long run. Meanwhile if we weaken the willingness and incentive of union members to be active in their union affairs, likewise we would achieve the reverse of our purpose.

Mr. Speaker, what is needed now is a simple law to protect the rank and file members of unions and assure them a voice in union activities and at the same time to protect the public from abuses of both business organizations and unions. But outside the framework of such protective provisions, under the law Government should not have any role such as referee or arbitrator in legitimate collective bargaining discussions or in weighting disputes in one direction or another. The real purpose of any bill passed by Congress should be to provide to labor, not to business, a means of curbing internal evils in trade unions; and conversely give to business, not to labor, a means of remedy to internal evils in business.

Regulation and public disclosure requirements need not be as burdensome nor penalties so great as to prevent any regular union members accepting responsibility of a union office.

By the same token I would hate to see the Congress succumb to the temptation of passing an overly technical bill. Rather I hope we can enact a simple law, calling for simple procedures with requirements that are not complicated. A high-sounding so-called bill of rights easily could end in a mass of conflicting interpretations and thus aggravate labor-management disputes and create costly legal conflict.

The need it seems to me is for the enactment of a law which will allow legitimate unions to function effectively. If such can be obtained with even reluctant support of labor and business leadership, a source of future irritation and conflicting election issues will be removed. Otherwise I would guess management for example, or possibly labor, might end up far worse than at present. We have seen that happen on the State level in my State of Washington. The defeat of a so-called right-to-work law did not end with the situation as it had been before. Instead labor came out of their victory both angry and organized. Business since then has had to contend with an aroused antagonist determined to press its advantage. As I see it, business and labor both will fare better in the long run with a labor reform bill fair to both parties, business and labor. Obviously neither is going to be completely pleased with any measure Congress passes. But let either side be too dissatisfied, and we legislators will not have heard the end of this issue. We will be sorry indeed if any continuing irritant is left to come back like a ghost and haunt us each year and especially each election year.

So as I say, Mr. Speaker, I believe if Congress fails to act or cannot agree on a fair nonpunitive bill, the future will hold only added contention and difficulty due to ever-increasing pressures.

The Congress has a job to do. The sooner we do it the better. Let us pass a fair labor law and go home and be prepared to defend what we do to our constituents on merit and not on emotion.

Washington Report

EXTENSION OF REMARKS
OF
HON. BRUCE ALGER
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of June 20, 1959:

WASHINGTON REPORT
(By Congressman BRUCE ALGER, Fifth District, Texas)
JUNE 20, 1959.

The Mutual Security Act (foreign aid) passed 271 to 192 (ALGER against) after 3 days' debate. Approximately $3,500 million was involved, mainly allocated to military assistance ($1,440 million), economic ($1,900 million)—which includes defense support ($750 million), Development Loan Fund ($700 million), technical assistance ($209 million), special assistance ($250 million), and contingency fund ($100 million).

Military assistance goes to 37 countries (26 of these also get economic aid). Our 1,700 combat ships, 42,000 planes, and 900,000 men are increased by our allies by 2,500, 30,000, and 4.9 million, respectively. We also maintain 250 oversea military installations to support our far-flung Strategic Air Command (SAC). Since inception in 1949, United States has spent $22 billion and other nations $122 billion in the joint military effort. (Yugoslavia got $800 million.) NATO (North Atlantic Treaty Organization) gets most of the funds, although South America, the Mideast, Asia, and Far East are included.

Economic assistance ($1,900 million) is dispensed as defense support. Development Loan Fund, technical assistance, and special assistance. Defense support goes to 12 nations—Korea, Republic of China (on Formosa), Vietnam, Philippines, Laos, Cambodia, Thailand, Pakistan, Iran, Turkey, Greece, and Spain. Actually, it is twofold. (1) Outright grant to help support economically the increased military capability, and (2) grants and loans to develop economically the industries and standard of living. The Development Loan Fund is continued and expanded by $700 million to provide increased loans, repayable in local currency (so this becomes a gift). Technical assistance is offered to 49 countries and 9 territories, designed to introduce innovations and increase skills, also to improve standards of living with emphasis on health, education, agriculture, industry to lay basis for long-term benefits. We provide (1) U.S. technical experts, (2) materials for demonstration projects, (3) education in this country for foreign people, (4) U.S. colleges contracting to organize educational institutions in foreign countries. Special assistance provides health and education programs in West Berlin, Afghanistan, Bolivia, Burma, Ethiopia, Haiti, Indonesia, Israel, Jordan, Liberia, Libya, Morocco, Nepal, Somalia, Sudan, Tunisia, and Yugoslavia. This is conceived to be "economic aid that is necessary to achieve political, economic, humanitarian, or other objectives of the United States." The contingency fund is at the disposal of the President for discretionary use to further any aim of the act as the President may see fit.

Historically, foreign aid extends the lend-lease philosophy of World War II. Earlier, aid in World War I was in the form of loans with interest, some later canceled. After World War II, $3 billion was spent through UNRRA (United Nations Relief and Rehabilitation) in liberated countries to purchase goods for immediate needs. Then the International Monetary Fund was established for currency convertibility, and the World Bank for reconstruction loans. The Marshall plan for European economic recovery provided $5 billion a year for 4 years. Always, the overall purpose was twofold: (1) Survival from aggression; and (2) continuation of our free society. The magnitude of U.S. foreign aid is $124 billion since July 1, 1940, to June 30, 1959, $49 billion through World War II, and $75 billion since then (plus this bill). In addition, we have $3,420 million in international funds.

The area of agreement in debate over foreign aid includes recognition of the need for: (1) Disaster relief to other nations; (2) combatting the threat of Soviet imperialism; and (3) stable economic relationships of the United States and other nations in their respective growth. The area of disagreement embraces everything else. Probably there are as many differing views as there are Members of Congress. Basically, there seem to

be two prevalent attitudes. Some believe governmental foreign aid is necessary and permanent in the immediate and long-run interest of the United States, that weaker countries must be aided, that the national interest is in the humanitarianism of our Government. Others believe in the "fortress America" argument, that the United States must concentrate on its own military and economic strength, relying less on strong allies, and that humanitarianism or charity begins at home and is not, as now practiced, the role of government.

Perhaps arguments for and against will highlight these differences. For: (1) help build a strong free world alliance essential to U.S. security; (2) help U.S. allies build adequate defenses without imperiling their basic economy; (3) provide a more economical defense for United States in money and manpower; (4) help deter Soviet aggression and to meet it more effectively if deterrence fails; (5) help raise living standards in the less developed areas and thus make Communist claims less attractive; (6) lay foundation for world prosperity by building self-sustaining economies; (7) help develop favorable attitude toward United States; (8) help stimulate increased private American investment in underdeveloped areas; (9) help increase American exports and develop markets in underdeveloped areas; (10) help provide employment for Americans.

Arguments against: (generally in same order): (1) United States is providing much larger percentage (of its national income) on military contribution than the allies. Are our allies really neutrals? Will these nations use these arms against each other or us? (2) United States is imperiling its own economy by giving away borrowed money. U.S. debt is greater than that of all the world, it operates at a deficit, its gold supply is being drained by these gifts to others, its currency is becoming soft in the world market. (3) Such outpouring of our wealth, therefore, is not the economical way. Anything imperiling our basic economic strength weakens (a) our military potential and capability, and (b) our freedom, now and for future generations. (4) We do not deter Russian aggression by spending when one of their own dedicated aims is to "spend us into bankruptcy." (5) The fallacy of communism successfully preying on poverty is not borne out in fact, though many accept it unquestionably. Raising economic standards does not, in itself, dispel communism. (6) Self-sustaining economies cannot be imposed by U.S. dollars or know-how, but by development from within the individual country. (7) The attitude toward United States will not be determined by monetary help. We cannot buy friends or allies. (8) Private American investments will result from presence and recognition of opportunity for profit. (9) Foreign aid as a subsidy for American business and employment is wrong. On the contrary, such aid has built industries abroad for which taxpayers paid and which now compete with our industries and our employment to U.S. detriment, although it may not be a permanent dislocation.

Unanswered questions include: (1) What is effect and relationship between foreign aid gifts and trade balance between recipient nations and United States? (2) Has U.S. private investment gone up or down in these nations? (3) Have these nations benefited, measured by their economic growth? (4) How much buying is done abroad and in United States with these foreign aid dollars? (5) How much have private U.S. banks loaned to private investors in foreign economic endeavors? (6) What relationships are there between the Export-Import Bank, the World Bank, and foreign aid's Development Loan Fund to particular nations? (7) Is the investment guaranty program sound? (8) How much Public Law 480 agricultural surpluses are given away in relationship to foreign aid, and how much and what happens to these local currencies thus generated? As I see it, the foreign aid program is self-defeating and is badly in need of review. We help neutrals or enemies and alienate friends. We rely on materialism when freedom, free enterprise, and deep-seated spiritual beliefs are our ruling precepts. We expound charity, simultaneously manipulating our gifts as instruments of foreign policy. This confuses everyone, including ourselves.

My conclusions are these: (1) Our Government intends that foreign aid shall be continuous and global; (2) the threat of Communist aggression rules out our continuing to dispense lavish foreign aid when our own economy is threatened and our defenses are inadequate; (3) in a number of recipient countries our foreign aid helps to strengthen political systems hostile to our own; (4) our foreign aid speeds rather than retards the growth of communism; it inflates our economy; it is partially responsible for the alarming flight of gold from our control; it is destroying our foreign markets and increasing unemployment among American workers; (5) by the very nature of the foreign aid we extend, it must be inefficient and wasteful; and (6) our governmental foreign aid program is unsound in principle.

My recommendations are these: (1) That our traditional generous private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts; (2) that in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued, but on a realistic basis; (3) that foreign aid which directly or indirectly promotes governments that are hostile to our constitutional concepts of government be terminated immediately; (4) that so long as governmental foreign aid is continued, the recipient should pay a part of the cost of the proposed project; that our aid should terminate when the conditions on which that request is based have been remedied; that private technical, scientific, and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis; (5) that until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign aid funds, be diverted to and handled by the Export-Import Bank; (6) that the $3.9 billion requested by the President for the fiscal year 1960 be reduced $2 billion and that each year thereafter foreign aid be substantially reduced until terminated within 3 years; and (7) that military matters be left to our military and foreign affairs be left to the State Department, and their existing organizations, so we can dismantle the huge 12,500-person foreign aid bureaucracy, and stop the duplication of effort.

One Hundredth Anniversary of Unification of Italy

EXTENSION OF REMARKS
OF
HON. VICTOR L. ANFUSO
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. ANFUSO. Mr. Speaker, I am today introducing a concurrent resolution which expresses the sense of Congress that the President extend official greetings from the United States to the people of Italy on the occasion of the centennial anniversary of the unity of Italy, which occurs in March of 1961. In connection with the celebration that is to be held that year in the city of Turin, the cradle of Italian unity, the resolution provides for official participation by the United States in the celebration in recognition of the progress and achievements of the people of Italy during the past century.

The centennial anniversary of the unification of Italy and its emergence as a free and united nation capable of shaping its own destiny is a great event in the history of the Western World. I believe it would be of invaluable benefit to the whole free world to participate in this celebration, in order to demonstrate to nations all over the globe what a free and determined people can achieve. I am informed that a major international exhibit will be held in connection with this anniversary celebration which will stress the achievements of human labor and the human mind over the last 100 years. In that case, the free world will have much to gain by this exhibit, while the neutral and the anti-Western nations will have much to learn from it.

One hundred years ago this month, in June 1859, the troops of the Kingdom of Sardinia were victorious over the forces of the Austro-Hungarian Empire in battles at San Martino and Solferino in northern Italy. They were supported by the French Army, their ally in the war against a numerically superior enemy. When the smoke of battle had subsided and the short war of 1859 had ended, it was clear that the decisive struggle for the unification of Italy under an Italian ruler had been won. Although Austria still held Venice, its grip on the rich Po Valley had been broken loose and a great nationalistic tide surged forward with increasing speed.

The goal of the unity of Italy, the dream of the creation of a single nation out of a myriad of small states, many of them under foreign domination, but all of them maladministered and economically unbalanced, was now moving forward. The small kingdom of Piedmont and Sardinia, under the liberal King Victor Emmanuel II, had become the guiding force behind the unity movement which became known in history as "Risorgimento Italiano," a new political renaissance. Victor Emmanuel was fortunate in his choice of a Prime Minister, the celebrated Camillo Benso di Cavour, one of the outstanding statesmen of the 19th century.

Following the retreat of the Austrians from Milan and Lombardy, the latter regions accepted the rule of King Victor Emmanuel. A few bold political strokes in 1859 and 1860 resulted in the annexation of the many small states, following plebiscites expressing the will of the people. It is in this period that we learn of the exploits of Garibaldi and his volunteers in the expedition which culminated in the downfall of the Bourbon dynasty in the campaign of 1860. Garibaldi's name has since become legendary and is known to millions of schoolchildren the world over. There were, how-

ever, many other able and patriotic Italian leaders who labored for years to help make Italy what it is today—one of our most trusted allies and a dependable friend.

The Risorgimento was truly a national movement and a great magnetic force that was forging a strong nation out of small and weak states. Their citizens were all of common blood, common language, and common national aspirations, yet they were subject to different laws, different rulers, and different destinies. The patriots, who were condemned as conspirators, were jailed and tortured. They were the Italian counterpart of the Paul Reveres and the Benjamin Franklins in America, of Washington, Jefferson, Adams, and the others who fought in the American Revolution and gained the independence of our Nation.

In post-Napoleonic Europe of the 19th century it was difficult to introduce innovations to the people stressing the principles of freedom as proclaimed by the victory of the American Revolution and embodied in the U.S. Constitution. The United States was a new nation, comprised of people who settled on a new continent and shaping their own history as they went along, but free from any historical bondage once they were successful in casting off British domination. This was not true, however, in the case of Italy and Germany. In the aftermath of the Napoleonic era, these two nations suffered from the old bondages of feudalistic practices and the absolute rule of too many and inept hereditary princes and kings.

Centuries of political divisions had created barriers which seemed insurmountable. Forces totally alien to Italy had become entrenched over the years, such as Austrian domination in the north, the Bourbon dynasty in the south and in Tuscany, and others. If a new nation had to be created, it required a truly national movement with concomitant forces working in each region toward a common goal. It also required as leader one of the small states active in the national movement. The Kingdom of Piedmont and Sardinia was the logical leader, since it took the lead in granting to its subjects a liberal constitution in 1848 and in forming a constitutional government along democratic lines. It had the necessary leaders, the administrative organization and a willing ruler to accept this challenge.

Over the coming 2 years, between now and 1961, the people of Italy will relive the events and the experiences associated with the struggle for unity a century ago. It is to be hoped that they will find renewed strength to tighten the bonds of their national unity in order to enable Italy to emerge unscathed from the ideological struggle of today, which threatens to undo from within what has been achieved over the past century. There will be many celebrations as the events of 100 years ago are relived in ceremonies in all parts of the country.

The major national celebration, however, will take place in the city of Turin, the capital of Piedmont and the recognized cradle of Italian unification in 1861. There, in the austere Baroque palace which housed the first parliament of the delegates of Italy, where modern Italy was proclaimed a unified nation in March 1861, solemn ceremonies will be held to observe this centennial anniversary.

From March to October 1961 a series of spectacular events will reenact those fateful years of Italian history and three major exhibitions will bear witness to the progress of Italy and of world civilization over the last century. Two of these exhibitions are to be devoted strictly to Italy, its history and its achievements. The third exhibition is to be international in character and scope, and all nations have been invited to participate. The organizing committee, which is presided over by the Premier of Italy, the Honorable Antonio Segni, intends to honor at these exhibits the accomplishments of human labor in the various nations, their well-being, their cultural progress, and their efforts to improve the standard of living of their people.

U.S. participation in the celebration has been officially presented to the U.S. Government by the "Comitato Per Le Celebrazioni Del Primo Centenario Dell-Unita d-Italia"—Committee for the Celebration of the First Century of the Unification of Italy—through the good offices of the Italian Embassy in Washington. The above-mentioned committee is represented here by the America-Italy Society, a private nonprofit organization whose offices are located in New York. Mr. Peter Grimm is president of the society and Mr. Peter G. Treves is treasurer.

No doubt this initiative will have also the full support of all the organizations of Americans of Italian extraction, and of all of the associations, agencies, and individuals in this country who care for the development of intimate relations of friendship existing between Italy and the United States.

Mr. Speaker, I am happy to introduce this concurrent resolution designed to express the friendly feelings of the people of the United States toward the people of Italy as they approach their centennial anniversary as a unified and independent nation. I trust that we shall participate, together with other nations, in the great celebrations scheduled in 1961 as a token of our esteem and our moral support of Italy's unity and independence in this crucial period in world affairs.

Free Criticism and Court Decisions

EXTENSION OF REMARKS

OF

HON. PHILIP. J. PHILBIN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 23, 1959

Mr. PHILBIN. Mr. Speaker, there has been great interest in proposals pending in Congress to change certain decisions of the Supreme Court. Opponents of any congressional action designed to offset the legal effect of the decisions in question have indicated that criticism of members of the Supreme Court is subversive of the processes of justice. I think that it is most unfortunate that anyone should suggest that honest criticism of the Court, the Congress, the Executive, or anyone else in this great Government is in any way subversive or improper. Congress is continually under criticism and it can be said honestly that much of this criticism is unfair, unwarranted, unjust, and some of it is even slanderous and libelous.

Members of the Supreme Court itself have not always felt that criticism of the Court was improper. A very distinguished Justice of the Court, Mr. Justice Brewer, as long ago as 1898 in a Lincoln Day address spoke as follows:

> It is a mistake to suppose that the Supreme Court is either honored or helped by being spoken of as beyond criticism. On the contrary, the life and character of its Justices should be the objects of constant watchfulness by all, and its judgments subject to the freest criticism.

Mr. Justice Brewer was not the only Justice to expound this view. Mr. Justice Stone, one of our eminently great Justices and teachers of law, was quoted in the book "The Supreme Court From Taft to Warren" as saying:

> The Justices themselves have been less anxious to black out knowledge of the Court's activity than are certain of its self-appointed protectors. * * * In 1930 Justice Stone was quite undisturbed by the close scrutiny the Senate gave Mr. Hughes' nomination. Stone regarded it as evidence of wholesome interest in what the Court was doing. "I have no patience," the Justice commented, "with the complaint that criticism of judicial action involves any lack of respect for the courts. Where the courts deal, as ours do, with great public questions, the only protection against unwise decisions, and even judicial usurpation, is careful scrutiny of their action and fearless comment on it."

Other Justices in more recent times have expressed similar views. Mr. Justice Black, for example, in the case of *Bridges* v. *California* (314 U.S. 252, 1941) spoke as follows:

> The assumption that respect for the judiciary can be won by shielding judges from published criticism wrongly appraised the character of American public opinion.

And Mr. Frankfurter, on the same occasion:

> Just because the holders of judicial office are identified with the interests of justice they may not forget their common human frailities and fallibilities. * * * Therefore judges must be kept mindful of their limitations and of their ultimate public responsibility by a vigorous stream of criticism expressed with candor however blunt.

Whenever honest criticism of any Government body or official is prohibited or inhibited we will be in serious danger of losing one of the most precious attributes of our democracy and a truly necessary incident of free government—the right to criticize.

Congress most assuredly has the right to criticize the Supreme Court or any other agency of Government. But it has a great obligation in this case which it must fearlessly accept and honestly discharge and that is to correct some of

the legal decisions which it deems inconsonant with the Constitution. This duty must not be assumed lightly nor can it be shirked. When there is sound reason for changing a Supreme Court decision the Congress should not hesitate to do so.

The People Have Their Say: What First District People Think on Key Issues Before Congress

EXTENSION OF REMARKS
OF
HON. ALBERT H. QUIE
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. QUIE. Mr. Speaker, this year—for the second year in succession—I mailed out many thousands of public opinion questionnaires to as many First District residents as I could reach.

I am a strong advocate of public opinion questionnaires, because I believe that a questionnaire helps both the people back home and the person they have elected to represent them.

It enables the people to easily inform their Congressman of their thinking on important questions confronting Congress, and it enables the elected representative to receive the views from as many people as possible on these issues.

This is not to say, Mr. Speaker, that the sole duty of a Congressman is to discover which way the winds blow and vote accordingly. But each Member of Congress has a vitally important obligation to inform himself of the views of the people whom he is striving to represent.

Exactly 96,531 questionnaires were mailed from my Washington office to people in the First Congressional District of Minnesota. The number of questionnaires returned to me represents 12 percent of the total.

The questionnaire of 1959 asked seven major questions on the central issues befor the Congress and on key aspects of U.S. policy.

Before I review the results of the questionnaire, I would like to point out that many people in the First District worked with me to make this questionnaire possible. They were volunteers—people who donated their time and energies to the the task of addressing envelopes for the questionnaires. Their task was truly an enormous one and without their help I could not have succeeded with this project.

The tabulation of the questionnaires shows an interesting expression of opinion. I do not say that this poll is an index to the thinking of all the people of the First District—but I believe it can be said that the poll provides some expression of the thinking of many people in southeastern Minnesota.

The largest single expression of views came on the very first question, which dealt with the balanced budget. This heavy concentration of opinion cannot be dismissed or ignored. It is most significant.

In answer to the question: "Should Federal spending be kept within the President's budget of $77 billion?"—95 percent of those who returned the questionnaire answered yes. Only five percent voted no.

The second largest bloc of opinion came on a question on labor reform. First District people were asked if Congress should enact labor reform legislation which would (a) regulate the administration of union dues, and (b) further restrict secondary boycotts and blackmail picketing.

Ninety-one percent of those answering the question responded "yes" to section (b).

Eighty-nine percent supported section (a).

Looking at the results of this tabulation, it is possible to draw a composite picture of the thinking of a majority of the people who answered the questionnaire.

A clear-cut majority of those who returned the questionnaire thoroughly endorse the President's balanced budget. They feel that if Congress adopts programs over and above the budget, it should raise taxes.

They do not support Federal aid to help pay a portion of teachers' salaries. They heavily back up the idea of labor reform. They reject a broadened social security plan to include medical services (to be financed by an increased tax on employee and employer).

On the subject of foreign policy—with respect to the cold war and the world Communist conspiracy—a majority believes that our affairs are being conducted "about right." But a great many believe that our policy should be even more firm. Only a handful of those responding to the question feel that our policy has been too firm so far as Soviet Russia is concerned.

With this summary, I now present the complete results:

Questionnaire

	Percent	
	Yes	No
1. Should Federal spending be kept within the President's budget of $77,000,000,000?	95	5
2. If Congress adopts programs which will increase the cost of Government above the President's budget, should these programs be paid by:		
(a) Increasing taxes?	82	18
(b) Increasing the national debt (which will further decrease the value of the dollar)?	11	89
3. Do you favor increasing Federal gasoline taxes from 3 cents to 4½ cents per gallon to maintain a pay-as-you-go basis in Federal highway construction?	64	36
4. Do you favor a new Federal-aid program to help pay a portion of teachers' salaries?	21	79
5. Should Congress enact labor reform legislation which will:		
(a) Regulate the administration of union dues?	91	9
(b) Further restrict secondary boycotts and blackmail picketing?	89	11
6. Do you favor the general idea of broadening social security benefits to include medical services, to be financed by an increased tax on employee and employer?	26	74
7. What do you think of our foreign policy with respect to the cold war and the world Communist conspiracy?		
(a) About right?	54	
(b) Not firm enough?	41	
(c) Too firm?	3	

Strauss Rejection Politics at Its Worst

EXTENSION OF REMARKS
OF
HON. PAUL B. DAGUE
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. DAGUE. Mr. Speaker, no Member of the House can experience anything other than shame at the miscarriage of legislative prerogative that was displayed in the rejection of Lewis L. Strauss as Secretary of Commerce.

Mr. William S. White, an able columnist writing in Monday's Evening Star, underscores the indefensible position of those who voted against Mr. Strauss' confirmation in these words:

> They have refused Mr. Eisenhower the privilege of any President to have a man of his own choice in the Cabinet so long as that man is not morally or mentally unfit. And they have made this great demonstration over what usually is politically the least significant post in all the Cabinet, that of Commerce.

That the denial of confirmation—not to Admiral Strauss but rather to President Eisenhower—was motivated solely by political reasons is also underscored by Mr. White further along in his article:

> They disliked him as an Old Guard Republican, a Herbert Hoover Republican, an anti-public-power man, as indeed he was and is. * * * For the first personal defeat of President Eisenhower they have attempted in his 6 years in office, they have chosen the worst possible vehicle.

Mr. White then proceeded to further emphasize the fact that the attack on Mr. Strauss was in reality an attack on the President in this observation:

> Why, then, did it all happen? It happened most of all because of the long frustrations of many Democrats, mostly liberal Democrats. For years they have been clamoring that the party must fight Eisenhower. Now, at last, they have prevailed on calmer colleagues to fight. Their motive was understandable * * * but the trouble was that the Democrats oversimplified. To fight is one thing. But to fight at the wrong time in the wrong place and for the wrong reason is quite another thing.

In his final summation Mr. White comes to this conclusion:

> There were only two simple and related issues: Did the President have a right to Strauss if he wanted him? And was there against Strauss' fitness to serve (not his ideas or his personality) a case so overpowering as to justify turning him down? The answer to the first question was plainly yes. The

answer to the second question was plainly no. And when the passions have died, some of the men who voted against Strauss will regret it, for simple human reasons if not also for political reasons.

Mr. Speaker, I am greatly pleased that this House had no part in this infamous treatment of a thoroughly dedicated public servant. And I am equally pleased that our party, with but insignificant defections, stood squarely in back of the President's nomination. In my opinion political repercussions over this incident are in the making, and on the record they can only affect the opposition who went so far out of their way to display their personal dislikes and frustrations.

Los Angeles Elks Lodge 99 Observes Annual Flag Day Ritual

EXTENSION OF REMARKS
OF
HON. GLENARD P. LIPSCOMB
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. LIPSCOMB. Mr. Speaker, on June 10 the Los Angeles Elks Lodge No. 99 conducted its annual Flag Day ritual under the chairmanship of Mr. Charles R. Tyson, Americanism chairman of the lodge.

During the inspiring and beautiful program, presented basically in the form of a question-and-response service, there was presented a comprehensive history of the evolution of the American flag from colonial days until the present, a prayer, a presentation of the new 49-star flag to the lodge, and a discussion of our struggles over the years for freedom under the Stars and Stripes as our symbol of the American way of life. Another highlight of the ritual was the uncovering of a floral bell of liberty, made up of red, white, and blue flowers, representing not only the colors of the flag but the ideals we live by.

Mr. Speaker, I believe it would be very worth while if greater stress were placed nationwide on celebrating Flag Day, for it is an inspiring way of focusing attention to our beautiful flag and its meaning as a symbol of America.

Reducing the Gold Supply

EXTENSION OF REMARKS
OF
HON. PHILIP. J. PHILBIN
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 23, 1959

Mr. PHILBIN. Mr. Speaker, many Members of Congress, as well as economists, businessmen, and interested citizens are greatly concerned by the continuing heavy outflow of gold from the United States.

During recent periods of time many American and international financial officials have been concerned by these heavy gold movements.

Last year the United States suffered its biggest gold outflow in the amount of $2,500 million. During the last 2 weeks of April the United States lost $179 million in gold, or more than in the entire first quarter of the year.

Many reasons and excuses have been given for this outflow of gold but none of them are very convincing to the ordinary American citizen who looks upon the dissipation of our gold reserves with alarm.

Technical reasons indicate that the United States is running a deficit in its overall transactions with the rest of the world. The principal reason for the deficit is that American exports have not kept pace at a time when imports have greatly increased.

Congress should begin to ask itself the question, "How long can we afford to stand these huge drains on our gold supply?" To some, sluggishness of U.S. imports indicates that American goods have been priced out of world markets. How are these gold shipments tied in with the fact that the British budget has been balanced and British taxes have been reduced, while our budget is not balanced and taxes are increasing?

The British have been gaining reserves in ordinary international transactions during the year. They are also leaving their gains in dollar form rather than converting them into gold in order to build up the necessary balance to repay $200 million to the International Monetary Fund. That payment was made and it is, therefore, likely that future gains in trade balances will be converted into gold in keeping with past British practice and custom.

Does this account in large part for the outflow of gold during April? The interest rate differential indicates high rates in New York and low rates in London, Amsterdam, and Frankfort. Since this is expected to result in foreign investments in the United States, it should normally step up the export account in whatever amount is invested by other nations here.

However, as many economists and businessmen know, only steady and marked increases in exports can permanently affect trade balances and effectually stop the flow of gold from the United States.

When is this Congress going to realize that the reciprocal trade treaties are causing a flow of cheaply produced foreign goods into the United States and other nations that is undermining most of our markets overseas and causing widespread unemployment and depression in many industries in this country. It is high time that something was done to bring order out of chaos that exists in our international and domestic economic, financial, and monetary affairs. Congress should act and I urge this course now without delay.

SENATE

WEDNESDAY, JUNE 24, 1959

The Senate met at 11 o'clock a.m.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father God, to Thee, our strong tower and refuge, we come, as to the shadow of a great rock in a weary land. Lift us from the dust and mire of the past, with all its failures, that those who here speak for the Nation may be girded for a new day's work, as upon their strength and ability are laid the burdened needs of the Nation and of the world.

Deliver us from the web of outgrown precedents and from the sophistries of mere party shibboleths.

In the vineyard of our inner lives which each one must tend, may there be found the fruits of the spirit—love, joy, peace, long suffering, gentleness, meekness, temperance, and faith.

We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 23, 1959, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 23, 1959, the President had approved and signed the act (S. 2094) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes.

REPORT OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 187)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Aeronautical and Space Sciences:

To the Congress of the United States:

Pursuant to the provisions of the National Aeronautics and Space Act of 1958, I transmit herewith for the information of the Congress the first semiannual report of the National Aeronautics and Space Administration, covering the period October 1, 1958, through March 31, 1959.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 24, 1959.*

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 498. An act to extend the life of the Alaska International Rail and Highway Commission, and to make a change in the membership of such Commission; and

S. 1968. An act to strengthen the wheat marketing quota and price support program.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Committee on Rules and Administration was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Judiciary Subcommittee of the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Finance was authorized to meet during the session of the Senate today.

On request of Mr. JOHNSON of Texas, and by unanimous consent, the Monopoly Subcommittee of the Select Committee on Small Business was authorized to meet during the session of the Senate today.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, we are going to proceed full steam ahead with the appropriation bills. We shall take up the general government appropriation bill; and I hope it can be followed by the Health, Education, and Welfare appropriation bill.

The Health, Education, and Welfare appropriation bill is one of the most important which the Congress will consider this year. It has a direct effect on the daily lives of all the people of America. It is my hope that we shall achieve a measure which will strengthen even further medical research, so as to protect the lives of our citizens.

Mr. President——

The VICE PRESIDENT. The Senator from Texas.

SECRETARY OF STATE HERTER AND HIS REPORT TO THE NATION

Mr. JOHNSON of Texas. Mr. President, the Secretary of State, Christian Herter, reported to the people, last night, in a clear, firm, and dignified manner. He made clear something that cannot be reiterated too often, namely, that the United States will stand firm and will not yield the freedom of West Berlin.

His report was a forthright one. It places the blame for the failure of the Geneva talks squarely where the blame belongs—on the refusal of the Communists to negotiate in any spirit of honorable give-and-take.

Mr. DIRKSEN. Mr. President, yesterday I had occasion to have the Secretary of State as a luncheon guest. I wish we could have had more persons present. However, in view of the limited facilities, only a small number could be on hand.

At that time Secretary of State Herter gave us something of a fill-in on his experiences at Geneva and what he saw down the road.

As I listened to his statement, yesterday and also last night, which was without embellishment, but was set forth in complete candor, I never before was so proud of Chris Herter, our Secretary of State. He gave to the American people an unvarnished statement—without coloration, without any withholding of the truth—in order to acquaint them with the seriousness of the problem which confronts our country and the world. I think he has demonstrated most forcefully that he is worthy of his spurs as our Secretary of State.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. JOHNSON of Texas. I was very much pleased that the Secretary of State, in his brief visit with me yesterday, observed that he found that one of his greatest sources of strength at this extremely important international conference was the knowledge of those who were participating in the conference and his own knowledge that the people of this country were united behind him. I think that was demonstrated very vividly and very clearly when, after a brief hearing, his nomination was reported to the Senate, and, even before the calendar could be printed, his nomination was placed before the Senate and was unanimously confirmed.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the text of Secretary Herter's broadcast to the Nation be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REPORT TO THE NATION ON THE GENEVA FOREIGN MINISTERS CONFERENCE BY THE HONORABLE CHRISTIAN A. HERTER, SECRETARY OF STATE

I

Fellow Americans, President Eisenhower has asked me to report to you tonight on where we stand after 6 weeks of the Geneva talks with the Foreign Ministers of the United Kingdom, France, and the Soviet Union.

I regret to say that no significant progress was made toward settlement of the problem of the continued division of Germany and of Berlin.

My Western colleagues and I did not go to Geneva with any high hopes. We knew how difficult it is to negotiate with the Soviet Union, but we negotiated earnestly and in good faith. The Soviets gave no indication of being interested in genuine negotiation. They engaged in a good deal of propaganda and some threats. Once again they demonstrated that they are not willing to rely on normal methods of transacting international business.

II

The long-range Soviet aim is to keep Germany divided until the possibility exists of a single German state under Communist influence. The Soviet Union has year after year refused to allow the issue of German reunification to be put to the free electoral choice of the German people.

As long as Germany remains unnaturally divided, there will be a continued threat to the peace of the world.

The problem of Berlin arises from this continued division of Germany. The Berlin issue can only be solved finally when Germany is reunified.

III

We put forward at Geneva a Western peace plan, designed to bring about the reunification of Germany. This plan was carefully phased into progressive arrangements for European security. It was especially designed to meet Soviet objections to previous Western plans for German unification. It provided for reunification of the country in a manner which would safeguard the best interests of the German people and of the other Nations concerned.

The Soviets flatly rejected the Western peace plan. They would not even consider it as a basis for discussion. Instead they proposed that a peace treaty be signed with two German governments—the Federal Republic of Germany and the Communist regime, the so-called German Democratic Republic. By some curious logic which was never explained, Foreign Minister Gromyko argued that by thus making two peace settlements, the cause of one Germany would be advanced. On the contrary it seemed to us that the Soviet plan would assure the permanent partition of Germany.

IV

You will recall that last November the Soviet Union presented the Western Powers with a threatening proposal for what they called a free city status for West Berlin. If we did not accept it, the U.S.S.R. said it would abandon its obligations to us in regard to Berlin.

In our judgment, this proposal could only have led to the absorption of West Berlin into the Communist empire. Foreign Minister Gromyko frankly admitted at Geneva that this was the Berlin solution which the U.S.S.R. would like to see.

It would sever West Berlin economic and political ties with West Germany. It would make West Berlin more and more dependent on the Communist system which surrounds it. It would deprive West Berlin of the protection afforded by the Western forces—either by eliminating them or reducing them drastically and by introducing Soviet forces into West Berlin. It would have required a major Western withdrawal from which the world would have drawn the lesson that Soviet brute strength was the ruling force in that part of Europe.

The Soviets called their proposal for West Berlin a proposal for a free city. By this they meant a city free of the protection of allied forces and exposed to the pressures and inroads of the Communist area surrounding it. This was a typical example of Communist upside-down talk. The Soviets would take what is now in fact a free city and make it like East Berlin which is now in fact a slave city.

We must remember what this would mean in human terms. West Berlin's population of more than 2 million is greater than the population of almost 20 percent of the member nations of the United Nations. Over

half the States in the United States have fewer people than there are in West Berlin. The value of goods and services produced in West Berlin last year exceeded that of more than half of the member nations of the United Nations.

How did the West Berliners themselves react to the Soviet proposal? Within a few weeks, West Berlin elections showed that 98 percent of the voters supported parties whose programs called for the continued presence of the Western forces in Berlin. The courage these people exhibited is but a repetition of the courage they displayed at the time of the Soviet blockade 10 years ago. You may be sure that we will stand by people who stand by themselves.

The Western powers rejected this Soviet proposal and its associated threat.

Because Berlin is divided into a free part and a Communist part, its situation is certainly not ideal. The Western Powers made serious proposals to the Soviet Union for an interim settlement on Berlin which would insure the stability of the city until Germany is reunified. These proposals would have offered a basis for agreement if the real Soviet concern had been to reduce tension over Berlin.

Agreement was not reached, however, because of one crucial obstacle: Foreign Minister Gromyko refused time and time again to discuss Western proposals until the Soviet-proposed new status for the city had been agreed to. That new status was the so-called free city which was as unacceptable to us as when it was first put forward last November.

In the later stages of our talks about Berlin, the Soviets once again introduced threatening proposals. They called on the Western Powers to agree to a time limit, after which our rights to protect West Berlin would expire. They proposed a 1-year extension, which later, with a show of mock generosity, they increased to 18 months. We made it clear that the Western Powers were no more interested in negotiating under threat in the spring than in the fall.

While the Foreign Ministers were negotiating, the baneful influence of statements outside the conference by Mr. Khrushchev was clearly felt. On one occasion he stated that the Western seven-point program for Berlin did not contain a single element for negotiation. Then just before Mr. Gromyko presented his final paper Mr. Khrushchev made a speech in Moscow in which he repeated previous Soviet threats to abandon their responsibilities to the Western Powers concerning Berlin. These statements, reflected in the Soviet attitude at Geneva, made our attempts to negotiate practically fruitless.

V

President Eisenhower has made quite clear his willingness to attend a meeting of the heads of government if such a meeting holds out some prospect of success. We believe that some degree of progress in the Geneva negotiations is necessary if there is to exist such a prospect of success. Regretfully, no such progress has as yet been registered at Geneva.

VI

Did any good come out of the first session of the conference? I believe so. The Western peace plan for the reunification of Germany has met with widespread approval around the world. History will, I believe, judge it to be a significant political offer looking to the solution of the key German problem. A study of this proposal shows that the Western allies are willing to go the extra mile, of which President Eisenhower spoke in his state of the Union message this year, in order to make peace more secure. I still hope that the Soviet Union will give serious second thought to this proposal.

In addition, the Geneva talks demonstrated a high degree of unity among the Western allies. Allied unity was maintained from start to finish, and was, if anything, even more solid at the end than at the beginning.

Finally, the Conference revealed possible areas of agreement concerning specific arrangements for Berlin. I believe that it may be possible to build on these areas of agreement if the Soviet Union is prepared to accept the continued existence of a free West Berlin under Western protection.

This is the critical question. If the Soviet Union persists in its determination to add more than two million free West Berliners to the captive peoples of Eastern Europe, then no agreement is possible. However, if the Soviets do not hold to this annexationist design, we should be able to reach agreements on Berlin consistent with the honor and interest of all our countries.

We again take up the Geneva talks on July 13. We will continue our efforts to find an area of agreement, but the United States will never compromise the freedom of the brave people of West Berlin who have placed their faith in our protection. Our fate and the fate of the people of West Berlin and that of free people everywhere are linked together. When their freedom is diminished, our freedom is inevitably diminished.

The path to a just peace will be long and difficult. But I know that I speak for all of you when I say that we will continue with the patience and understanding and firmness needed to travel that path so long as it remains open.

Mr. MANSFIELD. Mr. President, I wish to compliment the distinguished majority leader and the distinguished minority leader for the words they have spoken in behalf of the activities of our Secretary of State, the Honorable Christian Herter, of Massachusetts.

As one who came to the Congress with Mr. Herter in 1943, I have had a chance to observe him through the years. I agree wholeheartedly with what the leaders of both parties in this body have had to say this morning, because I think that in their actions and in their words they have, once again, indicated not only to the people of the country, where it is understood, but also to the people of the world, where perhaps it is not so well understood, that, regardless of party, we are behind the American Secretary of State.

Mr. AIKEN. Mr. President, yesterday afternoon, I was privileged to hear a report on the Geneva Conference from Secretary of State Herter.

I wish to say that I think Secretary Herter has done everything humanly possible to bring about understandings which would result in a better prospect of future peace in the world. I think he has fully represented the United States—not only the Congress, but also the people of the United States.

His report to us was very frank; it was not varnished or glossed over in any way. He did not minimize the difficulties that lie ahead of us when the Conference reconvenes on July 13, nor did he rule out the possibility of some measure of success.

I believe the Congress will back him and will approve of the position he has taken; and all of us hope that there will be eventual success in promoting peace and understanding among the nations of the world, even though the objective may have to be achieved little by little.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

DISPOSITION OF COCONUT OIL FROM NATIONAL STOCKPILE

A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation relating to the disposition of coconut oil from the national stockpile under the Strategic and Critical Materials Stock Piling Act (with accompanying papers); to the Committee on Armed Services.

REPORT OF FEDERAL DEPOSIT INSURANCE CORPORATION

A letter from the Chairman, Federal Deposit Insurance Corporation, Washington, D.C., transmitting, pursuant to law, a report of that Corporation, for the calendar year 1958 (with an accompanying report); to the Committee on Banking and Currency.

PROJECT PROPOSAL UNDER SMALL RECLAMATION PROJECTS ACT OF 1956

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, on a project proposal in the State of California, under the Small Reclamation Projects Act of 1956; to the Committee on Interior and Insular Affairs.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A concurrent resolution of the Legislature of the State of New Hampshire; to the Committee on Foreign Relations:

"Whereas the world Communist movement under the domination of the Soviet Union has as its objective the establishment of totalitarian dictatorship in all parts of the world by unlawful methods, including espionage, sabotage, terrorism, and other unlawful means; and

"Whereas international communism is not a political movement but a worldwide conspiracy to destroy freedom of speech, freedom of assembly, freedom of religion, and the American constitutional form of government in particular; and

"Whereas more recently the President of the United States has announced a policy of firmness in refusing to yield to Communist pressure as applied to the city of Berlin, Germany: Now, therefore, be it

"Resolved by the senate (with the house of representatives concurring), That the General Court of the State of New Hampshire endorses a U.S. policy of firmness in dealing with the Soviet Union, and does earnestly recommend that the United States of America and its allies adopt and maintain a foreign policy that will not yield remaining free land to Communist aggression anywhere in the world; and be it further

"Resolved, That the secretary of state transmit a copy of this concurrent resolution to the members of the New Hampshire delegation in Congress and to the President of the Senate and to the Speaker of the House of Representatives of the Congress of the United States.

"STEWART LAMPREY,
"Speaker of the House of Representatives.
"NORMAN A. PACKARD,
"President of the Senate.
"WESLEY POWELL, *Governor.*

"Passed June 9, 1959.
"Attest:
"HARRY E. JACKSON,
"Secretary of State."

A resolution of the House of Representatives of the State of Alabama; to the Committee on Finance:

"HOUSE JOINT RESOLUTION 37

"To the Honorable Senate and House of Representatives of the United States of America, in Congress assembled:

"We, your memorialists, the Legislature of Alabama, in regular session assembled, respectfully represent as follows:

" 'Whereas there is pending before the Congress a measure, H.R. 6671, to amend title II of the Social Security Act to provide that the child of an insured individual, after attaining age 18, may receive a child's insurance benefits until he attains age 22 if he is a student attending school; and

" 'Whereas the education of youth is imperative in this era and should be promoted and encouraged in every possible way: Now, therefore, be it

" '*Resolved by the House of Representatives of the State of Alabama, the senate concurring,* That the Congress of the United States be memorialized to enact as speedily as possible the bill, H.R. 6671, 86th Congress, 1st session, introduced in the House of Representatives of the United States, April 27, 1959, by Mr. ROBERTS, of Alabama; be it further

" '*Resolved,* That copies of this memorial be sent to the Honorable Speaker of the House of Representatives, to the Honorable President of the Senate of the United States, and to all members of the Alabama congressional delegation.'

"Adopted by the house of representatives June 5, 1959.

"Concurred in and adopted by the senate June 9, 1959.

"Approved by the Governor June 18, 1959."

A joint resolution of the Legislature of the State of Alabama; to the Committee on Armed Services:

" 'HOUSE JOINT RESOLUTION 39

" 'Whereas this Nation has long accepted the fair and just practice of gearing the pay of naval, military and airmen who have earned retirement to the current pay received by the active members of the Armed Forces of the country; and

" 'Whereas the Military Pay Act of 1958 continued this practice as to all such persons retired from active service after the effective date of that act, and even as to the pensions of widows of officers who had retired prior to this date, but departed from this custom as to living members of the Armed Forces who had retired prior to this date, and prescribed for this latter group a lower rate of pay as a retired member of such forces than that accorded members of corresponding rank who retire after such date, thus unjustly and arbitrarily discriminating against a segment of our uniformed servicemen; and

" 'Whereas this act has resulted in such anomalies as an officer who was retired prior to the effective date of the act, because of a disability—possibly a wound incurred in the line of duty perhaps in the front lines of a hard-fought battle in which he displayed outstanding courage and valor—receiving a much smaller monthly retirement pay than an officer of the same rank, retired after the effective date of the act, due to a non-service-connected disability, who has never seen a day of combat duty; and

" 'Whereas there appears to be no logical reason or basis for this gross discrimination against those members of the uniformed services who retired prior to the effective date of the Military Pay Act of 1958; and

" 'Whereas equity and justice demand that the same standard for computation of retirement pay be applied to all members of the Armed Forces, without regard to date of retirement; and

" 'Whereas failure to maintain such just and equitable standards will inevitably lead to defections from active service by career officers, and thus prove detrimental to the national defense and security of the United States: Now, therefore, be it

" '*Resolved by the Legislature of Alabama (the house of representatives and senate concurring),* That the Legislature of Alabama hereby urges Senator RICHARD RUSSELL and Representative CARL VINSON, chairmen of the Senate and House Armed Services Committees, respectively, to schedule hearings at their earliest convenience on bills that would equalize the pay of military retirees; be it further

" '*Resolved,* That the Legislature of Alabama deplores the fact that those loyal, faithful members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Geodetic Survey, and Public Health Service who had retired prior to the effective date of the Military Pay Act of 1958 have been unjustly discriminated against by that act; and hereby memorializes the Congress of the United States to eliminate pay discrimination against these persons and as to them to restore the traditional relationship between their pay and the pay of active service members of the Armed Forces of this Nation.'

"The clerk of the House of Representatives of Alabama is hereby directed to transmit a copy of this resolution to Senator RICHARD RUSSELL, a copy to Representative CARL VINSON, a copy each to Senator LISTER HILL, Senator JOHN SPARKMAN, Senator JAMES O. EASTLAND, Senator JOHN STENNIS, a copy to each member of Alabama's congressional delegation, a copy to the Secretary of the U.S. Senate for delivery to that body, and a copy to the Clerk of the House of Representatives of the United States for delivery to that body.

"Adopted by the house of representatives June 5, 1959.

"Concurred in and adopted by the senate June 9, 1959.

"Approved by the Governor June 18, 1959."

A resolution adopted by the Joint Federal-State Action Committee, in Washington, D.C., relating to legislative jurisdiction over Federal lands within the States; to the Committee on Government Operations.

PADRE ISLAND IN TEXAS SHOULD BE MADE A NATIONAL SEASHORE AREA—CONCURRENT RESOLUTION OF TEXAS LEGISLATURE

Mr. YARBOROUGH. Mr. President, the Texas Legislature has agreed to a concurrent resolution favoring the establishment of a national seashore area on Padre Island.

This official recognition by the Texas government, of the need for a seashore area on Padre Island, is one of the first steps toward the accomplishment of that objective.

I ask unanimous consent to have printed in the RECORD the concurrent resolution agreed to by the Texas House of Representatives on June 11, and the Texas Senate on June 12, favoring the establishment of a national seashore area on Padre Island, and ask that it be appropriately referred.

There being no objection, the concurrent resolution was referred to the Committee on Interior and Insular Affairs, and, under the rule, ordered to be printed in the RECORD, as follows:

HOUSE CONCURRENT RESOLUTION

Whereas Padre Island is a magnificent, history-rich, romantic expanse of dune and beach that is a priceless Texas heritage; and

Whereas the sheltered bays, marshlands, and islands along Padre Island are especially attractive to all forms of bird life, providing both feeding and nesting grounds; and

Whereas Padre Island is the longest unspoiled natural beach still in existence in the United States and the major part of the island is still unspoiled and might yet be preserved for public use and enjoyment if steps are taken without delay; and

Whereas Senate Resolution 4, introduced in the Congress of the United States, would authorize the acquisition by the Secretary of the Interior of a part of Padre Island: Now, therefore, be it

Resolved, That the house of representatives (the senate concurring) hereby consents to the Congress and the President of these United States for the establishment of a national seashore area on that portion of Padre Island situated in Willacy and Kenedy Counties between the Port Mansfield Channel and Yarborough Pass; and be it further

Resolved, That the acquisition of such area shall not affect the mineral estate in the lands so acquired, nor the right of ingress and egress for the purpose of exploring for, developing, processing, storing, and transporting minerals from beneath said lands and the waters and bays immediately adjacent thereto with the right of housing employees for such purposes; and be it further

Resolved, That the lands, spoil banks, easements or right-of-way owned, leased, or otherwise controlled by the Willacy County Navigation District shall not be a part of such area; and be it further

Resolved, The State of Texas shall reserve the right to retain concurrent jurisdiction with the United States over every portion of the lands so acquired so far, that all process, civil and criminal, issuing under the authority of this State or any of the courts or judicial officers thereof, may be executed by the proper officers of the State, upon any person amenable to the same within the limits of the land so acquired as the area for the Padre Island National Seashore Area in like manner and like effect as if no such cession had taken place; and, reserving further to the State the right to levy and collect taxes on sales of products or commodities upon which a sales tax is levied in this State, and to tax persons and corporations, their franchises and properties, on land or lands deeded and conveyed under the terms of the resolution to the U.S. Government, the right to vote at all elections within the counties in which said land or lands are located, upon like terms and conditions and to the same extent as they would be entitled to vote in such counties had not such lands been deeded or conveyed as aforesaid to the United States of America; and be it further

Resolved, That the Federal Government be and is hereby requested to study the need for access highways from the north and south mainland to the island and park, such roads being of prime importance to the public.

BEN RAMSEY,
President of the Senate.
WAGGONER CARR,
Speaker of the House.

I hereby certify that House Concurrent Resolution 16 was adopted by the house on June 11, 1959.

DOROTHY HALLMAN,
Chief Clerk of the House.

I hereby certify that House Concurrent Resolution 16 was adopted by the senate on June 12, 1959, by the following vote: Yeas 19, nays 6.

CHARLES SCHNABEL,
Secretary of the Senate.

RESOLUTIONS OF MINNESOTA BRANCH OF WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution on Mexican migrant workers adopted on June 4 by the board of the Minnesota

branch of the Women's International League for Peace and Freedom, as well as a resolution on nuclear hazards as adopted by the Women's International League for Peace and Freedom, Minnesota branch, in its annual meeting on May 23, 1959, be printed at this point in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM,
Minneapolis, Minn., June 4, 1959.

RESOLUTION ON MEXICAN MIGRANT WORKERS ADOPTED BY STATE WILPF BOARD, JUNE 4, 1959

Wheras there has been and continues to be exploitation of the migrant worker in seasonal work on U.S. farms, particularly the Mexican; and

Whereas this imposes an injustice and a hardship on the Mexicans so exploited and on their families; and

Whereas this indifference to the human welfare and the underpayment of Mexican labor also enervates and undermines American labor standards; and

Whereas this treatment of the citizens of our southern neighbor or of any other country, is contrary to the spirit of our people and our Nation's Constitution: Therefore be it

Resolved—

1. That we urge a strong and positive Federal program to improve the lot of migratory farmworkers, as recommended by Minnesota's Senator EUGENE MCCARTHY.

2. Ask our Government to apply Federal wage and hour standards to migrant workers on factory, or corporation-type farms as well as smaller farms.

3. Stress need for tightening child labor laws.

4. Urge our Government to recognize the basic rights of Mexican citizens, by directing our immigration agency to carry out the established legal procedures between our two countries in the recruitment, transportation, and supervision of migrant workers.

5. Impress upon our State governments the need to perform a regulatory service for the Mexican migrants and their families in housing, sanitation, health, and schools.

6. That we commend Senator EUGENE MCCARTHY for his expressed concern for the migrant workers and encourage him to introduce legislation, if necessary, to correct unjust practices.

RESOLUTION ON NUCLEAR HAZARDS ADOPTED AT WOMEN'S INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM'S MINNESOTA BRANCH, ANNUAL MEETING, MAY 23, 1959, ST. PAUL, MINN.

Whereas it is an accepted fact, that between United States and U.S.S.R. there are enough nuclear bombs to wipe out all life on the universe; and

Whereas accepting the above, there is reason to question the persistence for more bombs and more testing even by the proponents of the military build-up; and

Whereas the preponderance of evidence and conviction on the part of scientists, the world over, who are not politically motivated is that the hazards to humanity from nuclear fallout are even greater than believed or estimated heretofore; and

Whereas this perilous situation calls for greater controls on a universal, national and State level; and

Whereas this unseen but existing danger demands additional, continuous and immediate research, and a better informed and alerted citizenry: Therefore be it

Resolved—

1. That we implore the press to augment its coverage on the dangers of nuclear fallout.

2. That we applaud the leaders in the U.S. Senate who promoted the passage of Senate Resolution 96, placing the U.S. Senate on record in favoring the on-going negotiations in Geneva on the control and cessation of nuclear testing.

3. That to protect the health of the people in this Nation, we urge our Congressmen to give their support to legislation which will place the monitoring of nuclear testing under the Public Health Service rather than the Atomic Energy Commission.

4. That we write the President and Senator CLINTON ANDERSON, chairman of the Joint Atomic Energy Committee, plus our Minnesota Senators, that further appropriations be granted or legislated, to study radiation hazards both in industry and to the public at large, and that whatever agency or commission has the responsibility of monitoring the fallout, be requested to include on its staff a competent general biologist and a competent medical scientist.

5. That we commend the Minnesota Governor's Committee on Atomic Energy, whose work and findings have had worldwide significance and recognition.

6. That we vigorously protest the action of our State senate which killed the bill which would have established a permanent commission on atomic energy.

7. That we furthermore instruct our branch legislative chairman to explore the methods by which this important bill was annihilated and secondly to share their findings with our members and fellow citizens, and thirdly, if possible, to advise us how this proposal, so valuable to Minnesotans and to all humanity, can be reactivated in the near future.

8. Lastly, we reaffirm our stand against all nuclear testing and propose instead, universal disarmament, universal law and a stronger emphasis on the study and practice of the nonviolent approach, with all that this implies, toward resolving the differences and problems between nations and peoples.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KENNEDY, from the Committee on Labor and Public Welfare, with an amendment:

H.R. 451. An act to amend the Longshoremen's and Harbor Workers' Compensation Act, with respect to the payment of compensation in cases where third persons are liable (Rept. No. 428).

By Mr. HENNINGS, from the Committee on Rules and Administration, without amendment:

S. Res. 135. Resolution authorizing the appointment of a special committee to attend the flag-raising ceremonies at Juneau, Alaska, on July 4, 1959; and

S. Res. 137. Resolution authorizing additional expenditures by the Committee on Appropriations.

By Mr. BYRD of Virginia, from the Committee on Finance, with amendments:

H.R. 7523. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates (Rept. No. 427).

REPORTING BY THE SENATE OF DETAILED INFORMATION ON ITS PAYROLLS—REPORT OF A COMMITTEE

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 139) to provide for the reporting by the Senate of detailed information on its payrolls, and submitted a report (No. 429) thereon; which resolution was placed on the calendar, as follows:

Resolved, (a) That the Secretary of the Senate shall set forth in his statement of receipts and expenditures of the Senate for the fiscal year July 1, 1959–June 30, 1960, and in each subsequent report (required under secs. 60, 61, and 63 of the Revised Statutes of the United States), the name, title, and specific amount paid to each person employed by the Senate during the period covered by each such report.

(b) Commencing with the period July 1, 1959–September 30, 1959, and for each quarterly period thereafter, the Secretary of the Senate shall compile and make available to the public on a quarterly basis the information specified in subsection (a) above. Such quarterly reports shall be made not later than 60 days following the close of each quarterly period.

AMENDMENT OF MERCHANT MARINE ACT, 1936, RELATING TO FEDERAL SHIP MORTGAGE INSURANCE—REPORT OF A COMMITTEE—MINORITY VIEWS

Mr. MAGNUSON. Mr. President, from the Committee on Interstate and Foreign Commerce, I report favorably the bill (S. 107) to amend title XI of the Merchant Marine Act, 1936, relating to Federal ship mortgage insurance, in order to include floating drydocks under the definition of the term "vessel" in such title, and I submit a report (No. 430) thereon.

I ask unanimous consent that the report, together with the minority views, be printed.

The VICE PRESIDENT. The report will be received and printed, as requested by the Senator from Washington, and the bill will be placed on the calendar.

EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following favorable report of nominations was submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service:

One hundred and forty-six postmaster nominations.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MURRAY:

S. 2241. A bill to amend the Internal Revenue Code of 1954 to provide funds for educational purposes by providing increased incentives for private giving through the allowance of a tax credit for charitable contributions to institutions of higher education; to the Committee on Finance.

By Mr. WILEY:

S. 2242. A bill to provide for an investigation and study of means of making the Great Lakes and the St. Lawrence Seaway available for navigation during the entire year; to the Committee on Public Works.

(See the remarks of Mr. WILEY when he introduced the above bill, which appear under a separate heading.)

By Mr. GOLDWATER:

S. 2243. A bill for the relief of Ralph Feffer & Sons; to the Committee on the Judiciary.

By Mr. GOLDWATER (for himself, Mr. MURRAY, Mr. KEATING, Mr. BIBLE, Mr. ANDERSON, Mr. CHURCH, and Mr. KUCHEL):

S. 2244. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to promote the welfare of the Indian tribes by making available to them surplus personal property; to the Committee on Government Operations.

(See the remarks of Mr. GOLDWATER when he introduced the above bill, which appear under a separate heading.)

By Mr. YARBOROUGH:

S. 2245. A bill for the relief of Wong Sai Shun;

S. 2246. A bill for the relief of Wong Sai Kwong; and

S. 2247. A bill for the relief of Wong Gim Chung; to the Committee on the Judiciary.

By Mr. MAGNUSON (by request):

S. 2248. A bill to amend the Natural Gas Act with respect to the importation and exportation of natural gas;

S. 2249. A bill to amend the Natural Gas Act to give the Federal Power Commission authority to order natural gas companies to increase rates where necessary to correct undue discrimination;

S. 2250. A bill to amend section 4 of the Natural Gas Act;

S. 2251. A bill to amend the Natural Gas Act to give the Federal Power Commission authority to suspend changes in rate schedules covering sales for resale for industrial use only;

S. 2252. A bill to amend the Natural Gas Act to confer upon the Federal Power Commission authority to exercise control over the allocation of the available supply of natural gas moving in interstate commerce during periods of shortage or when required for national defense;

S. 2253. A bill to amend section 7(b) of the Natural Gas Act, and for other purposes;

S. 2254. A bill to amend section 7(c) of the Natural Gas Act, and for other purposes;

S. 2255. A bill to amend section 7(f) of the Natural Gas Act;

S. 2256. A bill to amend the Natural Gas Act to authorize the Federal Power Commission to prescribe safety requirements for natural gas companies;

S. 2257. A bill to amend the Natural Gas Act with respect to the interconnection of facilities for the transportation of natural gas;

S. 2258. A bill to amend section 12 of the Natural Gas Act with respect to the issuance of securities;

S. 2259. A bill to amend section 14 of the Natural Gas Act;

S. 2260. A bill to amend section 15 of the Natural Gas Act;

S. 2261. A bill to establish certain provisions with respect to the terms of office of the members of the Federal Power Commission;

S. 2262. A bill to amend section 10 of the Federal Power Act;

S. 2263. A bill to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act;

S. 2264. A bill to amend the Federal Power Act to prohibit abandonment of facilities and service without the consent of the Federal Power Commission;

S. 2265. A bill to amend section 205 of the Federal Power Act; and

S. 2266. A bill to amend the Federal Power Act with respect to intervention in Federal Power Commission proceedings; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bills, which appear under a separate heading.)

By Mr. BENNETT:

S. 2267. A bill for the relief of George Kazuso Tohinaka; to the Committee on the Judiciary.

By Mr. HAYDEN:

S. 2268. A bill to declare that the United States holds title to certain land in trust for the White Mountain Apache Tribe, Arizona; to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY (for himself and Mr. MCCARTHY):

S. 2269. A bill to incorporate the U.S. Civil Defense Council; to the Committee on the Judiciary.

(See the remarks of Mr. HUMPHREY when he introduced the above bill, which appear under a separate heading.)

By Mr. GRUENING (by request):

S. 2270. A bill to improve the administration of transfers of certain real property for wildlife or other purposes by repealing the act of May 19, 1948, and incorporating the essential provisions thereof in the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

(See the remarks of Mr. GRUENING when he introduced the above bill, which appear under a separate heading.)

By Mr. KENNEDY:

S. 2271. A bill for the relief of Pinelopi Yorgiadis and Dimitri Yorgiadis; to the Committee on the Judiciary.

By Mr. KUCHEL:

S. 2272. A bill for the relief of the survivors of Lois G. Eagleton; to the Committee on the Judiciary.

By Mr. MCCARTHY (for himself, Mr. HUMPHREY, Mr. WILLIAMS of New Jersey, Mr. KENNEDY, and Mr. TALMADGE):

S.J. Res. 112. Joint resolution directing the Secretary of Agriculture to carry out a poultry diversion program; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MCCARTHY when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTIONS

Mr. NEUBERGER submitted a resolution (S. Res. 138) favoring the appointment of career diplomats as ambassadors and ministers to head U.S. missions in foreign countries, which was referred to the Committee on Foreign Relations.

(See the above resolution printed in full when submitted by Mr. NEUBERGER, which appears under a separate heading.)

Mr. HENNINGS, from the Committee on Rules and Administration, reported an original resolution (S. Res. 139) to provide for the reporting by the Senate of detailed information on its payrolls, which was placed on the calendar.

(See the above resolution printed in full when reported by Mr. HENNINGS, which appears under the heading "Reports of Committees.")

DEVELOPMENT OF DEICING SYSTEMS FOR GREAT LAKES REGION AND ST. LAWRENCE SEAWAY

Mr. WILEY. Mr. President, I introduce, for appropriate reference, a bill aimed at laying the foundation for development of a deicing program for the Great Lakes and the St. Lawrence Seaway.

The proposed legislation would authorize the Corps of Engineers to: First, make a complete investigation and study of the problems involved in the development of deicing systems; second, review the applicability of deicing methods developed by private concerns or Governments in the United States and abroad, to the Seaway and Great Lakes region; third, review data, information, reports, surveys, or other information developed either by Government or private enterprise, relative to the establishment of a deicing system; fourth, make a comparative study of the conditions and problems between areas now successfully utilizing deicing methods and the northern U.S. ports and waterways; fifth, prepare an evaluation of the feasibility, practicability, and cost of applying such systems to the Great Lakes and St. Lawrence area.

The report should be completed and made available to the President and the Congress not later than January 1, 1961, together with such recommendations for legislative or administrative action as may be deemed advisable.

We recognize that "cracking the ice barrier" is a necessarily long-range project. However, the fact that deicing systems have proved successful in harbors—normally icebound through the winter—in Canada, and elsewhere in the world, I believe, is sufficient evidence that efforts to combat our old foe "winter ice" in the Great Lakes region holds promise for the future.

NEEDED: A COMPREHENSIVE STUDY

The methods of deicing systems that have been developed include the "bubble" system, an underwater piping system in which compressed air moves through tiny holes to the surface melting the ice, various types of electric heaters, the use of chemicals to melt ice, underground explosives, and other methods.

The study would also require a comprehensive review, and correlation of such factors as: water thermal conditions, geography, prevailing weather conditions, and other factors.

Initially, the program may well be applicable to only fringe areas around the Lakes, enabling ports and harbors normally icebound to stay open longer into the winter season, rather than directly to the Seaway itself.

However, there is sufficient promise in this field, I believe, to justify carrying out a comprehensive study which, at a future date, may well result in substantially extending the shipping season, and, eventually, providing for all-year-round commerce.

To enable Senators who wish to join as cosponsors to have that opportunity, I ask unanimous consent that the bill lie on the table for 1 week.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. WILEY. Mr. President, I also ask unanimous consent to have the text of the bill printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2242) to provide for an investigation and study of means of making the Great Lakes and the St. Lawrence Seaway available for navigation during the entire year, introduced by Mr. WILEY, was received, read twice by its title, referred to the Committee on Public Works, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representative of the United States of America in Congress assembled, That in view of the fact that the winter ice blockade of the Great Lakes and the St. Lawrence Seaway is one of the most serious obstacles to the economic advancement of our country, particularly the midwestern United States, and thereby presents a hindrance to our national defense, the Chief of Engineers, Department of the Army, under the direction of the Secretary of the Army, shall make a full and complete investigation and study of the waterway deicing systems, including a review of any previous pertinent reports by the Department of the Army, any available information from any of the other departments of the Government, and waterway deicing methods in use by private concerns and foreign governments, for the purpose of determining the practicability, means, and economic justification for providing year-round navigation on the Great Lakes (including connecting channels and harbors) and the St. Lawrence Seaway by eliminating ice conditions to the extent necessary. The Chief of Engineers may submit such interim reports to the President and the Congress with respect to such investigation and study at such time or times as he deems advisable, and shall submit to the President and the Congress, not later than January 1, 1961, his final report of the results of such investigation and study, together with his recommendations, including his recommendations for such legislation and administrative actions as he may deem advisable.

SEC. 2. There are authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act.

SURPLUS PERSONAL PROPERTY FOR INDIAN TRIBES

Mr. GOLDWATER. Mr. President, on behalf of myself and Senators MURRAY, KEATING, BIBLE, ANDERSON, CHURCH, and KUCHEL, I introduce, for appropriate reference, a bill to amend the Federal Property and Administrative Services Act of 1949, as amended. This bill would make available to Indian tribes surplus personal property, thus promoting their welfare. I ask unanimous consent that the bill be printed in the RECORD immediately following these remarks, and that it lie on the table until Monday, June 29, so that other Senators who may wish to do so can be listed as cosponsors.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD, and lie on the table, as requested by the Senator from Arizona.

The bill (S. 2244) to amend the Federal Property and Administrative Services Act of 1949, as amended, to promote the welfare of the Indian tribes by making available to them surplus personal property, introduced by Mr. GOLDWATER (for himself and other Senators), was received, read twice by its title, referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 203 of the Federal Property and Administrative Services Act of 1949, as amended, is further amended by adding to the end thereof the following subsection:

"(p) Under such regulations as he may prescribe, the Administrator is authorized in his discretion to donate without cost (except for costs of care and handling) surplus personal property (including property capitalized in a working capital or similar fund) to any Indian tribe, band, or group under Federal supervision: *Provided,* That the Secretary of the Interior shall first have determined that such property is needed by such tribe, band, or group for an approved program, and that tribal funds cannot reasonably be made available for the acquisition of such property."

PROPOSED LEGISLATION TO AMEND THE FEDERAL POWER AND NATURAL GAS ACTS

Mr. MAGNUSON. Mr. President, by request of the Federal Power Commission, I introduce, for appropriate reference, a series of 19 bills to amend the Federal Power and Natural Gas Acts.

These proposals are designed to carry out the Commission's legislative recommendations numbered 2 through 19 as set forth in its 38th Annual Report, 1958.

In submitting drafts of legislation to implement its recommendations, the Federal Power Commission did not include drafts to cover legislative recommendations numbered 1 and 20, stating, "No language to effectuate our recommendations with respect to the regulation of independent—natural gas—producers has been prepared, in view of the pendency of H.R. 366 and other bills relating to the same matter" and that "no language has been submitted with respect to item 20—annual report, page 19—relating to compulsory interconnections of electric power facilities. This item was included in the 1957 and 1958 annual reports through an editorial inadvertence, it having previously been decided that there is no need for this amendment."

I ask unanimous consent to have printed in the RECORD that portion of the Federal Power Commission's last annual report entitled "Legislative Recommendations" which briefly outlines the purpose of these various proposed amendments to the Federal Power and Natural Gas Acts.

The VICE PRESIDENT. The bills will be received and appropriately referred; and, without objection, the legislative recommendations will be printed in the RECORD.

The bills, introduced by Mr. MAGNUSON, by request, were received, read twice by their titles, and referred to the Committee on Interstate and Foreign Commerce, as follows:

S. 2248. A bill to amend the Natural Gas Act with respect to the importation and exportation of natural gas;

S. 2249. A bill to amend the Natural Gas Act to give the Federal Power Commission authority to order natural gas companies to increase rates where necessary to correct undue discrimination;

S. 2250. A bill to amend section 4 of the Natural Gas Act;

S. 2251. A bill to amend the Natural Gas Act to give the Federal Power Commission authority to suspend changes in rate schedules covering sales for resale for industrial use only;

S. 2252. A bill to amend the Natural Gas Act to confer upon the Federal Power Commission authority to exercise control over the allocation of the available supply of natural gas moving in interstate commerce during periods of shortage or when required for national defense;

S. 2253. A bill to amend section 7(b) of the Natural Gas Act, and for other purposes;

S. 2254. A bill to amend section 7(c) of the Natural Gas Act, and for other purposes;

S. 2255. A bill to amend section 7(f) of the Natural Gas Act;

S. 2256. A bill to amend the Natural Gas Act to authorize the Federal Power Commission to prescribe safety requirements for natural gas companies;

S. 2257. A bill to amend the Natural Gas Act with respect to the interconnection of facilities for the transportation of natural gas;

S. 2258. A bill to amend section 12 of the Natural Gas Act with respect to the issuance of securities;

S. 2259. A bill to amend section 14 of the Natural Gas Act;

S. 2260. A bill to amend section 15 of the Natural Gas Act;

S. 2261. A bill to establish certain provisions with respect to the terms of office of the members of the Federal Power Commission;

S. 2262. A bill to amend section 10 of the Federal Power Act;

S. 2263. A bill to authorize the Federal Power Commission to exempt small hydroelectric projects from certain of the licensing provisions of the Federal Power Act;

S. 2264. A bill to amend the Federal Power Act to prohibit abandonment of facilities and service without the consent of the Federal Power Commission;

S. 2265. A bill to amend section 205 of the Federal Power Act; and

S. 2266. A bill to amend the Federal Power Act with respect to intervention in Federal Power Commission proceedings.

The legislative recommendations presented by Mr. MAGNUSON are as follows:

LEGISLATIVE RECOMMENDATIONS

The Commission has recommended to the committees of Congress and the Bureau of the Budget that both the Federal Power Act and the Natural Gas Act be amended in various specific respects and renews these recommendations at this time.

These recomendations are those on which a majority or more of the Commission are in agreement. Individual Commissioners' views on necessary or desirable legislation, on which at least a majority do not agree, have not been included, since this is the report of the Commission as a body. Of course, the Commission cannot and does not have any objection to any Member or Committee of the Congress or to the Bureau of the Budget requesting individual opinions of the several Commissioners.

1. Natural Gas Act—regulation of independent producers. That the pertinent sections of the Natural Gas Act be amended to provide for (1) elimination of any requirement for certificates of public convenience and necessity for producers of natural gas; (2) a standard for pricing or evaluating natural gas as a commodity which would not require use of a rate base or traditional utility ratemaking principles, but which would enable the Commission to weigh the

interests of the consumer in low prices with the necessity of providing assurance of future gas supplies; (3) elimination of any mandatory requirement for determining and considering costs of or revenues from other products sometimes obtained in conjunction with the production of natural gas including oil and liquid hydrocarbons; (4) the same treatment of independent producers and pipeline producers with respect to pricing or evaluating natural gas; (5) elimination of clauses in independent producers' contracts of sale to interstate gas transmission companies which contain provisions for a change of price to the purchaser by reason of (a) changes in the price received by the purchaser on resale, or (b) the payment or offer of payment of different prices by the purchaser or other purchasers to the seller or to other sellers.[1]

2. Rate changes under Natural Gas Act and Federal Power Act: That the rate-changing procedure of section 4 of the Natural Gas Act and section 205 of the Federal Power Act be made available to companies seeking to change any filed rate where the purchaser has not agreed to the change.[2]

3. Natural Gas Act—sales for resale for industrial use only: That section 4(e) of the Natural Gas Act be amended so that the Commission will have full authority to suspend rate schedules covering sales by interstate pipeline companies of natural gas for resale for industrial use only. This would require the deletion of the proviso now contained in that section.[3]

4. Natural Gas Act—amendments to section 5(a): That section 5(a) of the Natural Gas Act be amended to provide express authorization for the Commission (1) to increase interstate pipeline rates where necessary to correct undue discrimination; and (2) to allocate gas among customers of an interstate natural gas pipeline company in periods of shortage.[4]

5. Natural Gas Act—various amendments to section 7(c): That section 7(c) of the Natural Gas Act be amended (1) to eliminate the mandatory hearing requirement, substituting in lieu thereof a requirement for due notice and opportunity for hearing; (2) to provide specifically for control by the Commission of the allocation of natural gas when required for national defense or to safeguard the available supply in emergency situations; (3) to require by express language a certificate for the construction of facilities to be used for the transportation of gas in interstate commerce, when the person merely constructing the facilities will not operate the facilities but will sell or lease the facilities to an interstate operator; and (4) to enlarge the Commission's authority to grant temporary certificates of public convenience and necessity in any emergency situation where no objection to issuance has been filed after due notice has been given.[5]

6. Natural Gas Act—abandonment of service: That section 7(b) of the Natural Gas Act be amended (1) to eliminate the mandatory requirements for hearing, substituting in lieu thereof a requirement for due notice and opportunity for hearing; and (2) to make it clear that the section applies to service as well as to facilities and to curtailment as well as abandonment of service.[6]

7. Natural Gas Act—amendments to section 7(f): That section 7(f) of the Natural Gas Act be amended (1) to eliminate the service-area provision; and (2) to provide for the enlargement of the existing facilities of an interstate pipeline company to serve present customers under such rules and conditions as the Commission may prescribe.[7]

8. Natural Gas Act—safety regulations: That section 7 of the Natural Gas Act be amended so as to authorize the Commission to prescribe safety regulations with respect to the construction and operation of interstate natural gas pipelines.[8]

9. Natural Gas Act—interventions: That the Commission be authorized to refuse to admit as a party to a proceeding any person who represents an interest which is adequately represented by another party.

10. Federal Power Act—Commissioners' tenure of office: That section 1 of the Federal Power Act with respect to terms of office of members of the Commission be amended in order to enable the incumbent to hold over after the expiration of his term to prevent a vacancy occurring in the office.[9]

11. Natural Gas Act—amended as to security issue regulation: That section 12 of the Natural Gas Act be amended so as to give the Commission jurisdiction with respect to the approval of security issues of interstate natural gas pipeline companies.[10]

12. Natural Gas Act—emergency interconnections: That a new subsection be added to section 7 of the Natural Gas Act giving the Commission authority in emergencies, similar to that conferred by section 202(c) of the Federal Power Act, to require interstate natural gas pipeline companies to interconnect their facilities with others engaged in the sale and distribution of natural gas and to sell or exchange gas with such persons, together with authority to prescribe the terms, arrangements, and conditions for such interconnections and the compensation payable therefor.[11]

13. Natural Gas Act—voluntary interconnections: That a new subsection be added to section 7 of the Natural Gas Act permitting voluntary interconnections of the facilities of interstate natural gas pipline companies and their maintenance on a permanent basis for emergency use upon authorization by the Commission, and under such circumstances, conferring a jurisdictional exemption. Such a provision is now contained in section 202(d) of the Federal Power Act.[12]

14. Natural Gas Act—comprehensive investigatory authority: That section 14(a) of the Natural Gas Act be amended so as to give to the Commission broad investigatory powers with respect to the gas industry similar to those now conferred on it with respect to the electric industry by section 311 of the Federal Power Act.[13]

15. Natural Gas Act—additional authority as to the importation and exportation of natural gas: That sections 1(b) and (2) of the Natural Gas Act be amended so as to include foreign commerce within the coverage of the act and define persons engaged in the importation and exportation of natural gas as "natural gas companies" so far as their operations in the United States are concerned.[14]

16. Natural Gas Act—alienation of gas reserves: That section 7(b) of the Natural Gas Act be amended to require Commission approval for the transfer by an interstate natural gas pipeline company of natural gas reserves where such reserves have constituted part of the bases for issuance of certificates of public convenience and necessity.[15]

17. Federal Power Act—exemption of small hydroelectric projects: That section 10(i) of the Federal Power Act be amended so as to authorize the Commission to exempt small hydroelectric projects from certain of the licensing provisions of the act. This would be accomplished by changing the limitation for exemption in the section from 100 to 2,000 horsepower.[16]

18. Federal Power Act—abandonment of interstate facilities: That a new subsection 202(g) be added to the Federal Power Act requiring Commission approval of the abandonment or curtailment of interstate electric facilities or service, after opportunity for hearing. Such amendment would be comparable to the authority given to the Commission by section 7(b) of the Natural

---

[1] Commissioner Connole concurred generally but stated that any legislation must permit the Commission to retain its right to consider costs and revenue requirements where necessary and useful, for to do otherwise would risk the prohibition of their consideration. He stated that if costs could not be used, it would restrict consideration to the demand for and eliminate consideration of the cost of natural gas, thus ignoring an essential element of reasonable value. Moreover, he said, if the Commission were not permitted to consider cost, the producing industry would be deprived of a constitutional protection against confiscation which all other natural gas companies enjoy.

H.R. 8525, 85th Cong. (Harris bill), discussed in the Commission's 37th Annual Report (1957), p. 17, would effectuate the legislative recommendations of the Commission on this subject.

[2] No bills to effect this recommendation are pending in the 85th Cong.

[3] Commissioner Hussey did not concur in this recommendation. This recommendation is contained in sec. 4 of identical bills, H.R. 3363, H.R. 6478, and H.R. 7232, all pending in the 85th Cong. See sec. 1(c) of S. 1880, sec. 4 of H.R. 6645, and sec. 4 of H.R. 4943, 84th Cong., and also H.R. 7624 and S. 2971, 83d Cong., discussed in the Commission's Thirty-fourth Annual Report (1954), p. 168.

[4] No bills to enact this recommendation were pending in the 85th Cong., but sec. 1(d) of S. 1880, 84th Cong., would have done so.

[5] No bills to carry out these recommendations were pending in the 85th Cong., but sec. 2 (b) and (c) of S. 1880, 84th Cong., were designed for that purpose.

[6] No bills to carry out these proposals are pending in the 85th Cong., but sec. 2(a) of S. 1880, 84th Cong., would have enacted these proposals and that in item 16 infra.

[7] No bills to implement this proposal are pending in the 85th Cong., although sec. 2(e) of S. 1880, 84th Cong., was designed to accomplish that purpose.

[8] This recommendation would be carried out by H.R. 2809, 85th Cong. Sec. 2(e) of S. 1880 and H.R. 433, 84th Cong., carried this recommendation. See the Commission's 33d Annual Report (1953), p. 152, concerning bills in earlier Congresses.

[9] S. 3862 in the 85th Cong. would enact this recommendation. See the Commission's 33d Annual Report (1953), p. 151, for prior bills, including H.R. 451 in the 83d Cong.

[10] No bills to enact this proposal are pending in the 85th Cong., but sec. 3 of S. 1880, 84th Cong., would have done so. See also S. 2746 and H.R. 5306 in the 81st Cong., discussed in sec. XI of the Commission's 30th Annual Report (1950), p. 133.

[11] No bills to enact this recommendation were pending in the 85th Cong. but sec. 2(e) of S. 1880, 84th Cong., would have done so.

[12] No bills to enact this recommendation are pending in the 85th Cong., but sec. 2(e) of S. 1880, 84th Cong., would have done so.

[13] No bills to enact this recommendation were pending in the 85th Cong., but sec. 4 of S. 1880, 84th Cong., would have done so.

[14] No bills to enact this recommendation were pending in the 85th Cong., but sec. 1(a) and (b) of S. 1880, 84th Cong., would have done so. See also sec. 1 of H.R. 6645, 84th Cong. (Harris bill vetoed by the President), and H.R. 4943 (Staggers) and related bills in the 84th Cong. discussed in the Commission's Thirty-fifth Annual Report (1955), p. 178.

[15] No bills to carry out this recommendation were pending in the 85th Cong. See footnote 22 ante.

[16] This recommendation was carried in secs. 3, 4, and 5 of H.R. 2438, 85th Cong., and was embodied in H.R. 7468, 84th Cong.

Gas Act and in conformity with the recommendations above (item 6) relating to that section.[17]

19. Federal Power Act—headwater benefits: That section 10(f) of the Federal Power Act be amended so as to require not only reimbursement by non-Federal power developers for benefits accruing to them from upstream facilities constructed by another but also to require reimbursement by the United States for improvements constructed by non-Federal interests.[18]

This recommendation is carried in sections 1 and 2 of H.R. 2438, 85th Cong., discussed on page 20 of the Commission's 37th annual report.

20. Federal Power Act—compulsory interconnections: That section 202 of the Federal Power Act be amended so as to authorize the Commission to compel the interconnection and coordination of electric power facilities of interstate public utilities duly found appropriate or necessary in the public interest.[19]

INCORPORATION OF THE U.S. CIVIL DEFENSE COUNCIL

Mr. HUMPHREY. Mr. President, on behalf of myself, and my colleague, the junior Senator from Minnesota [Mr. MCCARTHY] I introduce, for appropriate reference, a bill to federally incorporate the U.S. Civil Defense Council. On March 5, 1959, a companion bill, H.R. 5348, was introduced in the House of Representatives by Representative FRANK THOMPSON and has been referred to the Committee on the Judiciary.

Civil defense at the local level is essential if we are to have an effective civil defense program capable of realistically defending the civilian population against an enemy attack. The need for local as well as State action was realized in the passage of Public Law 85–606 which set up the program of Federal matching contributions for State and local civil defense units. The defense of the Nation became the joint responsibility of the Federal Government and the States, with their political subdivisions. The President's proposed $12 million appropriation to assist State and local civil defense agencies in meeting personnel and administrative expenses as presented in the independent offices appropriation bill for 1960 also indicates the necessity of supporting action on the local level.

This bill which I am introducing is consistent with previous legislation and policy for it is another way of granting recognition of the importance of local civil defense programs. As long as we are faced with the dilemma of destruction or survival in a thermonuclear holocaust I believe the Government should make every attempt to encourage men who dedicate themselves unselfishly to the national cause of civil defense.

At present the U.S. Civil Defense Council is a nonprofit corporation organized under the laws of the State of Ohio. It consists of city and county directors, administrators, coordinators, plant protection chiefs, and so forth, in target and support areas and major industrial plants. These men have united in an effort to protect the lives and property of residents and employees against enemy action or natural disaster. The wide range of experiences possessed by the members of the council enables this organization to collect, evaluate and disseminate a great deal of valuable information. Granting a Federal charter to the U.S. Civil Defense Council would aid this corporation in expanding its present services.

The Office of Civil and Defense Mobilization has endorsed the objectives of this bill.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2269) to incorporate the U.S. Civil Defense Council, introduced by Mr. HUMPHREY (for himself and Mr. MCCARTHY), was received, read twice by its title, and referred to the Committee on the Judiciary.

IMPROVEMENT OF ADMINISTRATION OF TRANSFERS OF CERTAIN REAL PROPERTY FOR WILDLIFE AND OTHER PURPOSES

Mr. GRUENING. Mr. President, on behalf of the Committee on Government Operations, I introduce, for appropriate reference, a bill to improve the administration of transfers of real property for wildlife or other purposes.

This bill is being introduced at the request of the Administrator of General Services as a part of the legislative program of the General Services Administration for 1959.

The purpose and outline of the provisions of the bill are contained in a letter addressed to the President of the Senate under date of June 3, 1959, by the Administrator of General Services, which was referred to the Committee on Government Operations. I ask unanimous consent that the letter from Mr. Floete be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 2270) to improve the administration of transfers of certain real property for wildlife or other purposes by repealing the act of May 19, 1948, and incorporating the essential provisions thereof in the Federal Property and Administrative Services Act of 1949, as amended, introduced by Mr. GRUENING, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. GRUENING is as follows:

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 3, 1959.

HON. RICHARD M. NIXON,
President of the Senate,
Washington, D.C.

MY DEAR MR. PRESIDENT: There is transmitted herewith for referral to the appropriate committee, a draft bill prepared by this agency, "To improve the administration of transfers of certain real property for wildlife or other purposes by repealing the act of May 19, 1948 and incorporating the essential provisions thereof in the Federal Property and Administrative Services Act of 1949, as amended."

This proposal is a part of the legislative program of the General Services Administration for 1959.

The act of May 19, 1948 (62 Stat. 240, ch. 310), hereinafter referred to as Public Law 537, authorizes the transfer of real property, which is under the jurisdiction or control of a Federal agency and no longer required by such agency, to States, without reimbursement, for the conservation of wildlife other than migratory birds, and to the Department of the Interior, without transfer of funds, for carrying out the national migratory bird mangement program, provided that such property can be utilized for wildlife conservation purposes; that it is chiefly valuable for such purposes; and that it is available for transfer. Such transfers to other than the United States are subject to the reservation by the United States of all oil, gas, and mineral rights; and, in the event the property is no longer used for the purpose intended or is needed for national defense purposes, title thereto shall revert to the United States.

The primary reason for the proposal to repeal Public Law 537 and incorporate its essential provisions in the Federal Property and Administrative Services Act of 1949, as amended, is to bring disposals of property for wildlife purposes under the general disposal authority of the latter Act. Such consolidation will permit the application of appropriate concomitant authority in the latter act, as well as the application of general agency regulations issued thereunder to wildlife property transfers. The result will be a more simplified, economical, and efficient disposal operation for this particular category of surplus real property.

Public Law 537 requires clarification in many other respects, as indicated below:

(1) The act does not specify who is to determine that a property can be utilized for wildlife conservation purposes. It is proposed that the Secretary of the Interior make this determination inasmuch as the Fish and Wildlife Service of the Department of the Interior is cognizant of the requirements in this area and has working relationships with the State agencies exercising administration over wildlife resources.

(2) The act does not specify who is to determine that a property is chiefly valuable for wildlife purposes. The Administrator of General Services, as the Government official charged with the responsibility and authority for disposal of surplus real property of all classifications, is best qualified to determine the chief value of property for any particular purpose, including use for wildlife purposes.

Public Law 537 requires a determination by the Administrator of General Services (as successor to the War Assets Administrator) that the property is "available" for use for wildlife purposes. Such determination is not necessary since property no longer required by a Federal agency having jurisdiction or control of that property is first screened as excess property by GSA, becomes surplus property if there is no requirement

[17] No bills to enact this proposed amendment are pending in the 85th Cong.

[18] Commissioner Connole stated that this recommendation would require a change in congressional policy toward federally constructed projects as presently expressed in the Federal Power Act. He said he was convinced that the Commission had no right as an agency of the Congress to recommend a change in such policy unless it had persuasive facts or reasons at its disposal not available to the Congress. He stated that since none had been brought to his attention, he felt the Commission had no jurisdiction to make this recommendation.

[19] No bills to effect this proposal were pending in the 85th Cong.

for it by another Federal agency and, therefore, is available for wildlife conservation and other purposes at the time disposal action is taken.

In the absence of clear delineation of authority, past disposals under Public Law 537 have been accomplished in accordance with the procedures recommended above and have presented no problems.

Subsection (2) of section 203(p), a part of the proposed amendment to the Federal Property and Administrative Services Act of 1949, as amended, includes all of the reservations and conditions appearing in Public Law 537, together with appropriate amendments and additions thereto which permit a greater safeguard of the interests of the United States. For example, it is felt advisable to reserve to the United States oil, gas, and mineral rights in the transferred realty only when the Administrator of General Services determines that such reservations are in the interest of the Government. It is also felt advisable that such reservations should not be carried on Government records as assets when, in fact, their productive potential is negligible.

Once disposal action has been taken by GSA, it is essential that the reservations or restrictions imposed on the transferee be policed to enforce compliance therewith. Public Law 537 is silent on who would accomplish this. Since the Fish and Wildlife Service of the Department of the Interior, for the reasons stated above, has the primary continuing interest in such wildlife property, the enclosed draft bill would amend subsection (C) of section 203(k)(2) of the Federal Property and Administrative Services Act of 1949, as amended, to require that the Secretary of the Interior enforce compliance with, as well as reform, correct or amend and grant releases from the terms, conditions, reservations and restrictions contained in such transfers.

With the incorporation of the substantive provisions of Public Law 537 into the Federal Property and Administrative Services Act of 1949, as amended, efficient administration thereof requires that the publication requirement of section 2 of Public Law 537 be dispensed with and that the reporting requirements of section 3 of Public Law 537 be superseded by the GSA reporting requirements for all surplus property disposals.

The enactment of this legislation would not increase the expenditure of Federal funds.

For these reasons, prompt and favorable consideration of the enclosed draft bill is recommended.

The Bureau of the Budget has advised that there is no objection to the submission of this proposed legislation to the Congress.

Sincerely yours,

FRANKLIN FLOETE,
Administrator.

POULTRY DIVERSION PROGRAM

Mr. McCARTHY. Mr. President, on behalf of myself, my colleague, the senior Senator from Minnesota [Mr. HUMPHREY], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New Jersey [Mr. WILLIAMS], and the Senator from Georgia [Mr. TALMADGE], I introduce, for appropriate reference, a joint resolution directing the Secretary of Agriculture to take specific steps to deal with the present emergency of the Nation's egg and poultry producers.

This joint resolution is similar to others introduced in the House of Representatives by members of the House Committee on Agriculture.

The purpose of the joint resolution is to direct the Secretary of Agriculture to use the authority and funds already provided by Congress for such an emergency as this. It would require a poultry diversion program, designed to remove by a purchase plan up to 5 percent of the laying hens. The hens so acquired would be processed for use in the school lunch and other domestic donation programs, as well as in the export program and other commercial outlets.

This is a temporary measure to alleviate the crisis which has hit the egg and poultry market. It is not designed as a permanent program.

The laying flocks this year have averaged only about 3 percent higher than a year ago. The rate of laying is also up slightly. Consequently there has been a moderate overproduction, but this has resulted in a disastrous drop in prices. It is estimated that the purchase of some 15 million laying hens would return the supply and demand ratio to that of a year ago, with a consequent increase to farmers of prices closer to parity. The joint resolution permits the Secretary of Agriculture to require producers not to replace the hens sold for a period of up to 6 months.

No appropriation is required nor is any change in basic farm legislation necessary. I understand that the carryover of section 32 funds will be approximately $300 million this year, and $246 million additional will be available from customs receipts. After allowing for committed expenditures, this still leaves in excess of $500 million to be used.

Hens in the Minnesota markets have been selling for several weeks at from 5 to 7 cents per pound. Both out of justice to the farmer and in order to make the diversion program effective, the Secretary should offer around 15 cents per pound, certainly no less than 12 cents. Sixty million pounds at 15 cents per pound would require an expenditure of $9 million, and at 12 cents per pound, a little over $7 million. The costs of processing would be added to this amount, but of course the value of the product would offset a good share of the expense.

Mr. President, it is hard for us to appreciate the extent of the disaster which has hit the egg producers. The prices for eggs are averaging the lowest level since 1941, and when measured by the ratio of the cost of feed to the price of eggs the price is the lowest since 1937. The parity price for eggs in May was estimated at 47 cents per dozen. The prices paid for grade A eggs in Minnesota for the last several months have been 18 to 21 cents per dozen, with medium eggs at from 13 cents to 16 cents per dozen. This means that eggs have been around 40 percent of parity.

We have only to think back to comparable prices in 1941 to recognize the nature of the crisis faced by the nearly 2 million farmers who are engaged in egg production. In mid-June, 1941, No. 1 yellow corn was selling for 75 cents a bushel; today it is at $1.32 a bushel. The new Ford four-door sedan was advertised at $740 in 1941; today a comparable model is over $2,000, though of course the 1959 model is a better car. Steel workers were averaging 94 cents per hour in 1941; today they are getting $3.06 per hour. But the price of eggs today is the same as in 1941.

Under these circumstances, Mr. President, I believe that an extraordinary measure such as the proposed joint resolution is justified. We have waited 4 months for the Secretary of Agriculture to use the appropriations and discretionary powers given to him by Congress. I believe that it is the responsibility of Congress to step in now and direct the Secretary specifically to adopt measures to provide emergency assistance to a segment of American agriculture in desperate need.

Senators are familiar with Mr. Benson's frequent assertions that he favors price supports, at least "to prevent disaster to the farm producing plant." Mr. President, it does not seem out of order to suggest that 1941 prices in the 1959 economy is a disaster that 40 percent of parity is a disaster.

I regret that the Secretary has chosen not to use his authority in a way suited to the size of the problem. I have written and called his office several times. Other Senators have done likewise. Special hearings of the Committee on Agriculture of the other body have been held and the Secretary has been formally requested to intervene. All these requests have failed to bring any decisive or effective action.

I had arranged with an officer of the Minnesota Poultry Hatchery Association to bring a delegation to Washington to testify at hearings. He wrote shortly before the date set saying they could not come, because "most of the organizations of which I am affiliated with are so short of money that we actually have not enough to send someone to Washington." He did endorse the plan of poultry diversion through the purchase of hens, stating:

> Your request or recommendation of purchasing hens is of tremendous importance.

I am assured by mail and calls that there is strong support for this emergency measure.

The reasons why the egg and poultry producers are in this crisis are clear, I believe. In this connection I should like to quote from a speech delivered by Secretary of Agriculture Benson at the Poultry Festival of the Pennsylvania State Poultry Federation, Hershey, Pa., August 25, 1956. Mr. Benson stated:

> We have always before us such contracts as the inspiring example of your poultry industry versus the sad plight of the so-called basic crops.
>
> You are free, expanding and progressive. They have had rigid price supports and have become surplus, depressed and production-controlled. Their problems have gotten worse and not better.
>
> Your future—
>
> The egg and poultry producers—
>
> may be interpreted anywhere in the range from encouraging to inspiring. Until their production and market can be brought back into balance, their outlook is discouraging and bleak.

There is no need to dwell on the fact that Secretary Benson has been proven wrong again. The joint resolution which I have introduced today is not a partisan proposal to take political advantage of a discredited position. The issue is the welfare of a sizable number of American farmers who are in great need of temporary assistance.

I ask unanimous consent that the joint resolution may lie on the table until Friday, June 26, to enable any Senators who may wish to joint as sponsors of the joint resolution to do so.

The VICE PRESIDENT. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Minnesota.

The joint resolution (S. J. Res. 112) directing the Secretary of Agriculture to carry out a poultry diversion program, introduced by Mr. MCCARTHY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

CAREER MINISTERS, MINIMUM LANGUAGE AND INFORMATION STANDARDS ESSENTIAL TO PROPER CONDUCT OF AMERICAN FOREIGN RELATIONS

Mr. NEUBERGER. Mr. President, recently the able Washington syndicated columnist, Marquis Childs, wrote:

> What does it take to be an ambassador? The cynical answer is a judicious compound of money and political influence.

Today I submit, for appropriate reference, a resolution designed to encourage the elimination of these two factors as qualifications for appointment to serve as Chief of Mission in U.S. diplomatic posts overseas.

My proposal is that the Senate state explicitly by resolution that it is the policy of this body that missions abroad be headed by career diplomats with a reasonable knowledge of the language, history, culture, economy, and political institutions of the country to which they are sent—unless it can be demonstrated by the President that an appointment consistent with this policy is not in the best interests of the United States.

Mr. President, in recent years increasing public attention has been focused on, first, the critical need for trained and skilled diplomats to represent our Nation in other countries; and second, the serious failure on the part of our Government to staff many major diplomatic posts with personnel of this caliber.

POLITICAL PLUM PHILOSOPHY OUTDATED

Numerous thoughtful students of American foreign affairs, including the distinguished former chairman of the Senate Foreign Relations Committee, the Senator from Rhode Island [Mr. GREEN], and his equally distinguished successor to that position, the Senator from Arkansas [Mr. FULBRIGHT], have emphasized the crucial nature of these appointments in connection with the role of the United States as a world leader, and have urged application of a high standard of professional capacity in the selection of U.S. ambassadors and ministers.

In a letter to Secretary of State John Foster Dulles on April 3, 1959, the Senator from Rhode Island [Mr. GREEN] pointed out that past practices of granting diplomatic appointments as political plums can no longer be tolerated in view of the heavy responsibilities of the United States. He stated:

> It is generally known that Presidents and Secretaries of State of both political parties have been under pressure from those who feel that an ambassadorship is a reward for past service or help. In my opinion, we can no longer afford to give way to such pressure in appointment making.

APPOINTMENT RESPONSIBILITY DUAL

In 1952 Gen. Dwight D. Eisenhower told the American people:

> We will call to high offices of the Government the best men and women, the ablest and most reliable in the land.

He told the voters that "merit and not political reward" would be the criterion for filling top governmental posts.

These were statements of high idealism which members of both major political parties in our country would readily endorse. However, applications of this principle in the field of foreign relations since 1953 has been less than uniform. The appointment of Maxwell Gluck as Ambassador to Ceylon in 1957 emphasized this fact.

In fairness, it must be recognized that, under our Constitution, responsibility for major diplomatic appointment is dual. The President has the power of appointment. The Senate has the power of veto. Though a negative force, the Senate must share in criticism of the record.

There exists common agreement among foreign affairs experts, both inside and outside of government, that the interests of the United States are best served if major diplomatic posts are filled on a nonpartisan basis from the ranks of career Foreign Service personnel with knowledge of the primary or secondary language and of the culture of the country to which they are assigned. The advantages are obvious. Paramount among them are insurance of handling of foreign relations by experts, establishment of continuity within the State Department, and maintenance of morale among Foreign Service officers.

STANDARD APPLIED UNILATERALLY

But while this view is widely held, the standard which it implies has been applied only unilaterally, and then usually as a subordinate argument among a host of other objections. I believe that this criterion should represent the basic minimum qualification and be applied to all appointments. Until such a common frame of reference is stipulated, we shall not only fail to realize the fully professional Foreign Service deemed desirable, but shall do an injustice to future individual ministerial or ambassadorial appointees who will each face different standards of judgment.

Much attention has been given in the past 2 years to the question of language proficiency among those who serve in our embassies abroad. It has been pointed out that inability on the part of our ambassadors and ministers to speak the language of the country in which they serve decreases their effectiveness as U.S. representatives overseas. Some of this discussion has exaggerated the importance of language facility, ignoring the fact that extraordinary talents for negotiation or special technical knowledge may dictate the appointment, although language skill is not present. However, in general, the public debate has performed a beneficial service by indicating the dangers to American diplomacy which result from inadequate attention to this qualification.

LANGUAGE PROFICIENCY PUSHED

One of the results of this public review has been the introduction of legislation by the Senator from Massachusetts [Mr. SALTONSTALL] and the Senator from Montana [Mr. MANSFIELD] which would express the policy of Congress that chiefs of mission and Foreign Service officers, to the maximum practicable extent, should have a useful knowledge of the principal language or dialect of the country in which they serve and an understanding of the history of that nation. The bill also provides for creation of language standards for Foreign Service officers, expansion of language training programs, and creation of incentives to encourage language study.

Today approximately two-thirds of the chiefs of mission heading U.S. diplomatic posts in other countries are classified as career personnel. The impact of this ratio is heightened by the fact that noncareer individuals occupy many of the most important posts.

Recently I asked the State Department to furnish me with a report on the language proficiency of our chiefs of mission. The Department supplied me with a list of career officers serving in such a capacity and cited their proficiency in the primary and secondary languages of the post at which they are presently stationed. Of the 54 individuals named, 48 were indicated to have at least a limited knowledge of either the first or the second language of their post. With respect to noncareer appointees, the Department informed me that it was unable to furnish information as to language ability. This, in and of itself, has considerable significance.

CAREER DIPLOMATS RECORD GOOD

I think that the degree of language proficiency exhibited by career diplomats, as shown by the State Department's records is an additional argument supporting maintenance of a completely professional Foreign Service. If tabulations were available with respect to dilettante diplomats, I am confident that the comparison would be glaring in connection with countries where English is not the primary language.

Mr. President, I ask unanimous consent that the chart prepared for me by the State Department be printed in the RECORD at this point.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Career officers serving as chiefs of mission as of May 1, 1959, and their proficiency in languages pertaining to the country of assignment

Post	Primary language of post	Secondary language of post	Chief of mission	Proficiency in—	
				Primary language of post	Secondary language of post
Afghanistan	Persian	French/German	Henry A. Byroade (FSO–1)	No	Limited.
Argentina	Spanish		Willard L. Beaulac (CM)	Yes	Not applicable.
Australia	English		William J. Sebald (CM)	Not applicable	Do.
Austria	German	French	H. Freeman Matthews (CA)	Yes	Yes.
Bolivia	Spanish	English	Carl W. Strom (CM)	do	Not applicable.
Burma	Burmese	Chinese/Mandarin	Walter P. McConaughy (FSO–1)	No	No.
Cambodia	Cambodian	French/Chinese	William C. Trimble (CM)	do	Yes.
Ceylon	Singhalese	Tamil	Lampton Berry (CM)	do	No.
China	Chinese	Japanese	Everett F. Drumright (FSO–1)	Yes	Do.
Colombia	Spanish	English	John M. Cabot (CM)	do	Not applicable.
Cuba	do		Philip W. Bonsal (CM)	do	Do.
Czechoslovakia	Czech	German/Russian	John M. Allison (CM)	No	No.
Ecuador	Spanish	English	Christian M. Ravndal (CM)	Yes	Not applicable.
Ethiopia	Amharic	French	Don C. Bliss (CM)	No	Yes.
Finland	Finnish	Swedish	John D. Hickerson (CM)	Limited	No.
Ghana	English		Wilson C. Flake (FSO–1)	Not applicable	Not applicable.
Greece	Greek	French	Ellis O. Briggs (CM)	No	Limited.
Guatemala	Spanish	English	Lester D. Mallory (CM)	Yes	Not applicable.
Haiti	French	do	Gerald A. Drew (CM)	do	Do.
Honduras	Spanish	do	Robert Newbegin (CM)	do	Do.
Iceland	Icelandic	do	John J. Muccio (CM)	Limited	Do.
Indonesia	Indonesian	Chinese	Howard P. Jones (CM)	do	No.
Iran	Persian	French/Turkish	Edward T. Wailes (CM)	No	Yes.
Iraq	Arabic	English	John D. Jernegan (FSO–1)	do	Not applicable.
Japan	Japanese	do	Douglas MacArthur 2d (CM)	do	Do.
Jordan	Arabic	do	Sheldon T. Mills (Ambassador) (CM)	do	Do.
Korea	Korean	Chinese	Walter C. Dowling (CM)	do	No.
Laos	Lao	French	Horace H. Smith (FSO–1)	do	Yes.
Lebanon	Arabic	do	Robert McClintock (FSO–1)	do	Do.
Libya	do	Italian/French	John Wesley Jones (CM)	do	Do.
Luxembourg	French	German	Vinton Chapin (CM)	Yes	Limited.
Malaya	Malay	Chinese	Homer M. Byington, Jr. (CM)	Limited	No.
Morocco	Arabic	French	Charles W. Yost (CM)	No	Yes.
New Zealand	English		Francis H. Russell (FSO–1)	Not applicable	Not applicable.
Norway	Norwegian	English	Miss Frances E. Willis (CM)	Limited	Do.
Panama	Spanish	do	Julian F. Harrington (CM)	Yes	Do.
Peru	do	do	Theodore C. Achilles (CM)	do	Do.
Philippines	Tagalog	do	Charles E. Bohlen (CM)	No	Do.
Poland	Polish	Russian	Jacob D. Beam (CM)	do	Yes.
Portugal	Portuguese	Spanish/French	C. Burke Elbrick (CM)	Limited	Do.
Rumania	Rumanian	Russian	Clifton R. Wharton (CM)	No	No.
Saudi Arabia	Arabic	English	Donald R. Heath (CM)	Limited	Not applicable.
Sudan	do	do	James S. Moose (CM)	Yes	Do.
Sweden	Swedish	do	James C. H. Bonbright (CM)	No	Do.
Thailand	Thai	Chinese	U. Alexis Johnson (FSO–1)	do	No.
Tunisia	Arabic	French	G. Lewis Jones (CM)	Limited	Yes.
Turkey	Turkish	English	Fletcher Warren (CM)	No	Not applicable.
Union of Soviet Socialist Republics.	Russian		Llewellyn E. Thompson (CM)	Yes	Do.
United Arab Republic	Arabic		Raymond A. Hare (CM)	Limited	Do.
Uruguay	Spanish	English	Robert F. Woodward (CM)	Yes	Do.
Venezuela	do	do	Edward J. Sparks (CM)	do	Do.
Vietnam	Vietnamese	French	Elbridge Durbrow (CM)	No	Yes.
Yemen	Arabic	English	Raymond A. Hare (CM) (also Ambassador to United Arab Republic).	Limited	Not applicable
Yugoslavia	Serbo-Croatian	French/German	Karl L. Rankin (CM)	No	Yes.

Mr. NEUBERGER. Mr. President, I support the Saltonstall-Mansfield proposal. However, I believe that, coincident with efforts to increase language proficiency, there should be an attempt to raise the level of knowledge of the historical development of the country to which a diplomat is to be assigned. The two areas of study are, of course, so naturally intertwined as to make one the necessary corollary of the other. Full congressional backing should be given to insuring that adequate attention is given to both.

Mr. President, the proposal which I present today is broader than that encompassed in the Saltonstall-Mansfield bill. The purpose of the resolution which I submit is to prohibit, except in unique situations, political appointments to major diplomatic positions in U.S. missions overseas. Enactment of my proposal would provide, first, an explicitly stated expression of the sense of the Senate that such appointees must come from the ranks of career Foreign Service personnel and possess minimum language and knowledge qualifications, and second, a warning to the Chief Executive that the burden of justifying an appointment not in accordance with this policy rests with the President.

This resolution would, of course, not be binding upon the Senate in succeeding Congresses. But I believe its adoption would establish a precedent which might weigh heavily with those who may follow us in this body.

NONCAREER APPOINTEES CONTROVERSIAL

Mr. President, while there have been exceptions—for instance, the nomination of Charles Bohlen as Ambassador to Russia—controversy in the Senate over diplomatic appointments has in the main resulted from opposition to selection of persons outside the career service. Application of the standard which I propose would eliminate this area of conflict.

My resolution does not attempt to commit the Senate to an inflexible policy, or place a straitjacket on the ability of the President to draft into the diplomatic service a noncareer individual. It states specifically that such a procedure is desirable if it can be demonstrated to be in the best interests of our country.

I do not believe my proposal is subject to valid objection on the grounds that certain diplomatic posts must be filled by men of wealth, in order that the social responsibilities incumbent upon the occupant of the position may be adequately fulfilled. The simple remedy to this problem is to increase the representation allowance provided to the State Department so that there may be allotted the particular station funds sufficient to cover the entertainment costs involved.

WOULD PLACE SENATE ON RECORD

Mr. President, James Reston of the New York Times has performed a valuable service in recent years in bringing to public attention the failure of the United States to head its major diplomatic posts overseas with the best available men and women.

In his dispatches to the Times, Mr. Reston has pointed out with great clarity the consequences of continual refusal to face up to this problem in a consistent and across-the-board fashion. I ask unanimous consent that two of his columns on this subject be printed in the RECORD at the conclusion of my remarks.

Mr. President, the consent of the Senate is granted or withheld on numerous individual appointments to diplomatic posts each session. But the Sen-

ate's advice is usually offered only after the fact. This resolution offers an opportunity to place the Senate on record in support of a trained diplomatic corps able at all levels to meet the challenge in the field of international relations which faces our Nation today. I ask unanimous consent that the text of my resolution be printed at this point in the RECORD.

The VICE PRESIDENT. The resolution will be received and appropriately referred; and, without objection, the resolution and articles will be printed in the RECORD.

The resolution (S. Res. 138) submitted by Mr. NEUBERGER, was referred to the Committee on Foreign Relations, as follows:

Resolved, That it is the policy of the Senate that ambassadors and ministers appointed to head U.S. missions in foreign countries shall be career diplomats and shall have, to the maximum practicable extent, a useful knowledge of the principal language or dialect of the country in which they are to serve, and knowledge and understanding of the history, the culture, the economic, and political institutions, and the interests of such country and its people; except that this policy shall not be construed to preclude the appointment of any such ambassador or minister in case such appointment is clearly demonstrated to be in the best interests of the United States.

The articles presented by Mr. NEUBERGER are as follows:

[From the New York Times, Aug. 7, 1957]

THE ENVOY AND HIS GIFTS—A VIEW THAT ADMINISTRATION'S PRACTICE DOESN'T FOLLOW ITS PRINCIPLES OF SELECTION

(By James Reston)

WASHINGTON, August 5.—Secretary of State Dulles rushed to the defense of Maxwell H. Gluck, the new U.S. Ambassador to Ceylon today, but the controversy over the administration's ambassadorial appointments continues.

The reason for this is that the question has been allowed to get away from the principle of executive appointment laid down by General Eisenhower himself in the 1952 campaign.

In that campaign, one of General Eisenhower's most effective arguments was that he stood for merit in Government jobs, regardless of partisan considerations.

It is a new world, he asserted, in which old habits of political reward are no longer justified. He seemed then, indeed, to stand above party, and this appealed wherever he went to the independent "plague on both your houses" attitude of the electorate.

"We will call to the high offices of the Government," he said all over the country, "the best men and women, the ablest and most reliable in the land."

This was his principle, and the general feeling here in a period of lively diplomatic activity is that it is the correct principle to apply in the Gluck case.

HAVE THEY OBSERVED THE PRINCIPLE?

The issue is not whether the Eisenhower administration is being more political in its ambassadorial appointments than the Democrats, or whether these jobs should be given to the top career men in the Foreign Service, but whether the appointments have met the President's principle of appointing the best man available, regardless of party, wealth, or foreign service record.

Mr. Dulles made the points today that Mr. Gluck was a man of integrity, that a man's campaign contributions were "by no means a determining or important factor in our appointments," and that some Democrats had been appointed to important posts.

Nobody has questioned Mr. Gluck's integrity. As a matter of fact, in this whole controversy he has come nearer to the truth, the whole truth, and nothing but the truth, even when the truth hurts, than anybody else. He admitted he didn't know the name of the Prime Minister of Ceylon, or the name of the U.S. Ambassador to India, or how to pronounce Nehru. Nobody has been that frank in Washington since Harry S. Truman wrote to Paul Hume, the music critic of the Washington Post.

DON'T SPEAK THE LANGUAGE

The question remains, however, whether the appointments, including the Gluck appointment, have met the President's own test. Among the factors in this are the following:

In the non-English-speaking North Atlantic Treaty Organization countries, the Eisenhower appointees do not speak the language of the country in France, Germany, Belgium, the Netherlands, Norway and Turkey.

In the whole of the Arab-speaking world, where the prestige and interests of the United States are now deeply involved, only three U.S. Ambassadors speak Arabic. They are Raymond Hare in Egypt, George Wadsworth in Saudi Arabia, and James S. Moose in Syria—all Foreign Service officers.

Llewelyn E. Thompson, Jr., the new Ambassador in the Soviet Union, is the only U.S. head of mission appointed by the President to a Communist country who speaks the language of the country to which he was assigned.

In Asia, the U.S. Ambassadors do not speak the language of Japan, Nationalist China, Korea, Burma, Thailand, Vietnam, Indonesia, or the Philippines.

This does not mean that these were all bad appointments. Many of them were excellent, regardless of the language difficulty, but it is an indication that the principles of the best man available has not always been followed.

PROBLEM OF ALLOWANCES

The President, for example, has said publicly in response to questions that the Congress should make available representation allowances so that he does not have to choose ambassadors for expensive posts from the limited ranks of those who have sufficient money to meet the social obligations of posts in London, Paris, and elsewhere.

This was not followed, however, by any White House action to carry this principle into effect. In short, as most observers here see it, the administration has pronounced correct principles on the problems of ambassadorial appointments but has not followed them.

What has happened here, most well-informed men believe, is merely that the administration has carried on the pork-barrel system as before, with three exceptions:

1. It has given more posts to Foreign Service officers than to political appointees—53 to 23.

2. It has introduced a new system of changing almost all political appointees at the end of its first term and appointing new ones.

3. And finally, it has differed from the tradition of the past by denying that campaign contributions are an important factor in choosing ambassadors.

If it had not denied this last practice, the Gluck appointment would have been merely an amusing 1-day story about an honest man getting caught in an ancient political game. But because the administration has pronounced such noble principles, and then departed from them while proclaiming its innocence, the argument is prolonged to nobody's advantage.

[From the New York Times, Feb. 11, 1959]

FOREIGN POLICY OFFICIALS—EISENHOWER, IN CONTRAST TO 1952, SEEKS MEN WHO CAN FILL TASKS ADEQUATELY

(By James Reston)

WASHINGTON, February 10.—President Eisenhower made a comment today that illustrates the change that has gradually developed in the selection of top foreign policy officials of the Government.

He defended at his news conference his record of nominating top officials on the ground that "in every vacancy that occurs, we try to find a man that can fill it adequately." Political considerations did enter into his choices, he said, but these were always secondary. Finally, he said that he could not give any more time to the supervision of foreign policy matters than he now did without neglecting his responsibilities in other fields.

President Eisenhower's emphasis today on adequacy was quite different from the theme and tone of the early days of his political career in 1952, when he was talking, not about getting adequate men, but about getting the best men in the country to fill these jobs, regardless of party affiliation.

NINETEEN FIFTY-TWO SPEECH RECALLED

The single standard for filling top executive posts, he told the voters in Duluth, Minn., a month before his first election, "shall be merit and not political reward."

Two weeks later he told a rally at Bridgeport, Conn., "this problem of bringing peace to the world is one that is going to demand in Washington the finest people that this country affords, men and women of prestige in their own region, men and women who in their combined selves can command the respect of, and unite the people of the United States behind great programs."

This issue is up again because the new chairman of the Senate Foreign Relations Committee, Senator J. W. FULBRIGHT of Arkansas, charged publicly yesterday that some of the President's ambassadorial appointments had "not been up to standard."

Coincidentally, Senator FULBRIGHT and others have complained that partisan political considerations—specifically a protest from the chairman of the Republican National Committee, Meade Alcorn—have blocked the appointment of Henry Labouisse as director of the International Cooperation Administration.

ALCORN PROTESTED

The Acting Secretary of State, C. Douglas Dillon, recommended Mr. Labouisse as the best man for the job, but Mr. Alcorn opposed him on the ground that he registered as a Democrat in 1941.

This is one of those conflicts that might be settled by a little quiet consultation between the President and the Democratic leaders in the Senate, but it could cause considerable trouble in the last 2 years of the Eisenhower administration if it is not resolved.

The President and the Senate share responsibility for appointing ambassadors and other top executive officials. The Democrats, with a 64–34 majority in the Senate, have the power to block the President's appointments, and some them, particularly Senator FULBRIGHT's colleagues on the Foreign Relations Committee, are in a mood to do so if they think the President has reversed his 1952 principal of "merit and not political reward."

The President is in a difficult position in the Labouisse case. The mutual security program, administered by ICA under the State Department, is the President's favorite overseas program. He defended it again today.

ALLOWED EARLIER BLACKBALL

But he permitted Mr. Alcorn to blackball Mr. Labouisse last year for the deputy di-

rectorship of the ICA, and he is now seeking the support of a reluctant Congress for another mutual security appropriation while seeming to be indifferent about his own State Department's second attempt to appoint Mr. Labouisse this time to the directorship.

As a matter of fact, there is a basis for understanding and compromise in this field. The President complained today that he could not appoint anybody but rich men to major ambassadorships because Government allowances for these posts were not high enough.

It is widely believed here, however, that the President could get the support of Speaker SAM RAYBURN in the House, and Senator LYNDON JOHNSON in the Senate for adequate representation allowances provided he would go back to his original principle of appointing the best men available, regardless of party or financial position.

At most, this would cost under $5 million a year to provide adequate allowances for superior Ambassadors and their aides in London, Paris, Madrid and the other "expensive" posts. The main objective of U.S. policy is to deter wars. This is the function of diplomacy and of the so-called bipartisan policy of strength, supported by both parties but not extended to the selection of the men who must administer it.

The Democrats are not asking for equal appointments. They are merely saying that, when the President's own officials in the State Department select an experienced and even distinguished man for a major job, he should not be rejected merely because he registered as a Democrat 18 years ago.

They are also saying that in this day, it is not good enough to have American Ambassadors in Madrid, Paris, Brussels, The Hague, Bonn, Copenhagen, Oslo, Ankara, and Athens—to mention only a few—who have no working knowledge of the language of those capitals.

In short, they are making a fuss, not because they oppose the appointments policy the President defined in 1952, but because they agree with it but do not think he has redeemed his promise.

EXTENSION OF THE EXISTING CORPORATION NORMAL TAX RATE AND CERTAIN EXCISE TAX RATES—AMENDMENTS

Mr. DOUGLAS submitted an amendment, intended to be proposed by him, to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, which was ordered to lie on the table and to be printed.

Mr. GORE submitted an amendment, intended to be proposed by him, to House bill 7523, supra, which was ordered to lie on the table and to be printed.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. JAVITS submitted amendments, intended to be proposed by him, to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which were ordered to lie on the table and be printed.

CITIZENS COUNCIL FOR ADVOCACY OF FREEDOM—ADDITIONAL COSPONSOR OF BILL

Mr. WILEY. Mr. President, on June 16, 1959, I was pleased to introduce the bill (S. 2188) to provide for the establishment of a Citizens' Council for Advocacy of Freedom. I ask unanimous consent to add the name of the Senator from South Dakota [Mr. MUNDT] as a cosponsor of this proposed legislation.

The VICE PRESIDENT. Without objection, it is so ordered.

LIMITATION OF POWER OF STATES TO IMPOSE INCOME TAXES ON CERTAIN INCOME—ADDITIONAL COSPONSOR OF BILL

Mr. BUTLER. Mr. President, I ask unanimous consent that my name may be added as an additional cosponsor of the bill (S. 2213) to limit the power of the States to impose income taxes on income derived exclusively from the conduct of interstate commerce, introduced by the Senator from Connecticut [Mr. BUSH] (for himself and Mr. KEATING) on June 22, 1959, the next time the bill is printed.

The VICE PRESIDENT. Without objection, it is so ordered.

AMENDMENT OF TENNESSEE VALLEY AUTHORITY ACT—RECOMMITTAL OF BILL AND REPORT—MEETING OF COMMITTEE ON PUBLIC WORKS

Mr. KERR. Mr. President, yesterday, for and on behalf of the Committee on Public Works and its chairman, the distinguished senior Senator from New Mexico [Mr. CHAVEZ], I filed the committee report (No. 419) on the bill (H.R. 3460) to amend the Tennessee Valley Authority Act of 1933, as amended, and for other purposes. After the deliberations of the committee, and when the bill was ordered reported, requests were made by certain Senators that they be permitted to have the opportunity to see the contents of the report and also to be permitted to offer suggestions or amendments or disagreeing views. That request was agreed to. When the report was filed, it was thought by the Senator from Oklahoma that the request had been complied with. I now find that, by error, it was not.

I therefore ask unanimous consent that H.R. 3460, together with the report filed yesterday, may be recommitted to the committee for further consideration by the committee.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KERR. Mr. President, I ask unanimous consent that the Committee on Public Works may sit in session on this matter tomorrow afternoon at 2 o'clock.

The VICE PRESIDENT. Without objection, it is so ordered.

RETIRED MILITARY OFFICERS DEFENSE PROCUREMENT ACTIVITIES ACT OF 1959

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD, as part of my remarks, Senate bill 2228, the retired officers bill, which I introduced yesterday, and which is lying on the desk, where it is available for additional sponsorship.

The VICE PRESIDENT. Without objection, it is so ordered.

Senate bill 2228 is as follows:

S. 2228

A bill to amend titles 10 and 18 of the United States Code with respect to activities by retired or former officers of the Armed Forces in connection with sales to the Government and proceedings, contracts, claims, controversies, or other matters relating to activities of the department in which they have served

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Retired Military Officers Defense Procurement Activities Act of 1959".

SEC. 2. (a) Chapter 15 of title 18, United States Code, is amended by—

(1) striking out the following sentence in section 281 thereof: "Nothing herein shall be construed to allow any retired officer to represent any person in the sale of anything to the Government through the department in whose service he holds a retired status.";

(2) inserting therein, immediately after section 281 thereof, the following new section:

"§ 281A. Disqualification of retired officers of the Armed Forces.

"Whoever, being a retired officer of the Armed Forces of the United States not on active duty—

"(a) at any time knowingly represents, aids, or assists, or acts as agent or attorney for, anyone in connection with any proceeding, contract, claim, controversy, sale, or other matter (1) to which the United States or any department or agency thereof is a party or in which the United States or any department or agency thereof is directly or indirectly interested, and (2) concerning which he had any direct responsibility while in active duty status; or

"(b) within two years after his retirement knowingly represents, aids, or assists, or acts as an agent or attorney for, anyone in connection with (1) the sale of anything to the Government through the department in whose service he holds a retired status, or (2) any proceeding, contract, claim, controversy or other matter to which the United States or that department is a party, or in which the United States or that department is directly or indirectly interested, and which relates to any activity of the Department in which he holds a retired status—

"Shall be fined not more than $10,000, or imprisoned not more than one year, or both, except that nothing in this section shall prevent any officer from taking uncompensated action, not inconsistent with the faithful performance of his duties, to aid or assist any person who is the subject of disciplinary proceedings which may result in his removal or suspension from a position in Government, or other penalty, or who has been removed or suspended from such a position, to present his defense or to be reinstated or restored to duty."; and

(3) inserting in section 284 thereof, immediately before the word "Whoever", the subsection designation "(a)", and by adding at the end of that section the following new subsection:

"(b) Whoever, being a former officer of the Armed Forces of the United States, within one year after his service (including any service in a retired status) has ceased, knowingly represents, aids, or assists, or acts as an agent or attorney for, anyone in connection with any proceeding, contract, claim, controversy, sale, or other matter (1) to which the United States or the department administering the service in which he formerly served is a party, or in which the

United States or that department is directly or indirectly interested, and which relates to any activity of that department, or (2) with regard to which he had any direct responsibility while serving in an active duty status in that service, shall be fined not more than $10,000 or imprisoned not more than one year, or both."

(b) The chapter analysis of chapter 15 of title 18, United States Code, is amended by inserting therein, immediately after the item relating to section 281, the following new item:

"281A. Disqualification of retired officers of the Armed Forces."

SEC. 3. (a) Title 10 of the United States Code is amended by—

(1) inserting therein, at the end of chapter 349 thereof, the following new section:

"§ 3640. Pay: retired Regular officers; withheld while employed by certain contractors.

"If a retired officer of the Regular Army is engaged for himself or others in selling, or contracting or negotiating to sell, military supplies, services, or war materials to the Department of the Army, he is not entitled to any payment from the United States while he is so engaged.";

(2) inserting in section 6112(b) of chapter 559 thereof, immediately after the word "supplies", a comma and the word "services";

(3) inserting therein, at the end of chapter 849 thereof, the following new section:

"§ 8640. Pay: retired Regular officers; withheld while employed by certain contractors.

"If a retired officer of the Regular Air Force is engaged for himself or others in selling, or contracting or negotiating to sell, military supplies, services, or war materials to the Department of the Air Force, he is not entitled to any payment from the United States while he is so engaged."; and

(4) inserting therein, at the end of chapter 137 thereof, the following new section:

"§ 2315. Ineligible contractors.

"No purchase of or contract for the purchase of property or services covered by this chapter may be made with any person, firm, corporation, concern, or other party who has employed any retired officer of the Armed Forces of the United States within two years after his retirement, or any former officer of the Armed Forces of the United States within one year after his service (including any service in retired status) has ceased, while such retired or former officer knowingly represents, aids, or assists, or acts as an agent or attorney for, such person, firm, corporation, concern, or other party, in connection with (1) the sale of anything to the Government through the department in whose service such retired or former officer holds a retired status or served, or (2) any proceeding, contract, claim, controversy, or other matter in which the United States or that department is a party, or in which the United States or that department is directly or indirectly interested, and which relates to any activity of that department, except that this provision shall not apply with respect to the employment of any retired or former officer which has commenced before the effective date of this section."

(b) The analysis of chapter 349, title 10, United States Code, is amended by adding at the end thereof the following new item:

"3640. Pay: retired Regular officers; withheld while employed by certain contractors."

(c) The analysis of chapter 849, title 10, United States Code, is amended by adding at the end thereof the following new item:

"8640. Pay: retired Regular officers; withheld while employed by certain contractors."

(d) The analysis of chapter 137, title 10, United States Code, is amended by adding at the end thereof the following new item:

"2315. Ineligible contractors."

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. MCCARTHY:

Interview with Senator HUMPHREY by Courtney Sheldon, published in the Christian Science Monitor of June 10, 1959.

NOTICE OF HEARINGS ON PROPOSED PASSPORT LEGISLATION BEFORE THE COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, I announce that the Committee on Foreign Relations will hold public hearings beginning on Monday, July 13, 1959, at 10 a.m., in room 4221, New Senate Office Building, on passport legislation. The following bills are pending before the committee:

First. S. 806, Mr. HUMPHREY, for himself, Mr. ANDERSON, Mr. CHAVEZ, Mr. HENNINGS, Mr. MORSE, Mr. NEUBERGER, and Mr. SYMINGTON, January 29, 1959, to protect the travel rights of persons owing allegiance to the United States and to govern the issuance of passports.

Second. S. 1973, Mr. JAVITS, May 19, 1959, to extend the validity of the passport to 3 years.

In addition to these bills, I expect that the committee will shortly have before it a revised version of my bill, S. 2770, of the 85th Congress—previously introduced on August 13, 1957.

It is possible also that the administration will see fit to present to the Congress a bill on the subject of passports. In the 85th Congress S. 4110, an administration bill, was introduced by request on July 8, 1958, and hearings were held by the committee but action was not completed.

The committee will take such time as may be necessary to hear all those who wish to be heard on these bills. I should think the hearings would last for several days. Depending upon the number of witnesses who ask to testify, the committee reserves the right to limit the time available for oral presentations, but written statements of reasonable length will be received for the record.

RETIREMENT OF CAPT. WILLIAM C. BATY, JR.

Mr. MANSFIELD. Mr. President, we have all known, either personally or by reputation, individuals who have served their country and their fellow men in such a completely unselfish and devoted fashion as to be an inspiration to all with whom they come in contact. Too often, I believe, in the course of our pressing duties, these persons pass from active service to their country without a public acknowledgment of their devoted service.

I know of one such officer who is about to retire on June 30 from the Navy after 30 years of service. He is well known throughout the naval service, and especially among the marines, with whom he has spent 21 of his 30 years of service. Capt. William C. Baty, Jr., is a Navy medical officer who represents the finest traditions of both the Navy and the service which he adopted so early in his career, the Marine Corps.

Captain Baty is completing his last tour of duty prior to retirement as Staff Medical Officer, Headquarters, Marine Corps, and as Director of Marine Corps Medicine. He will be advanced to the rank of rear admiral on retirement because he has been twice commended for heroism in combat while serving with the Marines.

Bill Baty's career has been characterized by a selfless devotion to his calling, a hearty and willing participation in all the affairs of his services and his community, and an energetic interest in all of the problems of any command in which he served. He has been with the Marines so long that some marines have come to believe that Bill is actually a Marine officer who transferred from the Navy's Medical Corps.

His wide interests appeared early in his career as a student at the University of Alabama, where he found time to play varsity football for 4 years, belong to Jasons Arch, Black Friars, and Phi Gamma Delta, while pursuing the demanding premedical course in such a manner as to secure admission to the School of Medicine at George Washington University.

His service in the Navy included duty at sea, in various service medical schools, and 21 years of duty with the Marine Corps. He is recognized as a dedicated and able physician and surgeon. Over the long period of his service with the Marines, he has made great and lasting contributions to field medicine in amphibious warfare. With good reason, Dr. Baty is widely recognized as one of the world's foremost authorities in the medical aspects of amphibious warfare.

He will be long remembered in the Marine Corps and the Navy for his outstanding service in combat at Roi-Namur, Saipan, and Tinian. In these bitter battles, Dr. Baty's untiring and selfless efforts to provide prompt treatment and evacuation of the wounded won the deep admiration and high respect of the marines, who are not easily impressed by expected courage in combat.

Captain Baty richly deserves the Navy's traditional "Well done" from us all as he terminates a career that will always be an inspiration to all who know him, either personally or by reputation.

PRESERVATION OF THE WILDERNESS

Mr. MURRAY. Mr. President, for the past 3 years we have been considering and refining a bill to establish a wilderness system in the United States. It will be composed of Federal lands under the care of the Forest Service and the Interior Department agencies. The lands are to be maintained in their natural

primeval state for the benefit of living generations and generations to come.

The Great Falls Tribune on June 16 carried an excellent guest editorial on the subject, written by Forrest H. Anderson, attorney general of Montana. As Mr. Anderson points out, the fishing streams have become barren, rivers have become muddy, and wild areas denuded as the result of population pressures. He points out that in Montana tourists are our third biggest crop—or industry—bringing $92 million to the State in 1957. Mr. Anderson argues that wilderness preservation is not only good conservation but good business, too. I ask unanimous consent to have Attorney General Anderson's splendid guest editorial printed in the CONGRESSIONAL RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PRESERVING WILDERNESS IS VITAL TO MONTANA

For the past 30 years I have watched with growing concern the destruction of one of this State's greatest assets, our wilderness and wildlife resources. In a single generation, vast areas of primeval forest land have yielded to the seemingly inexorable forces of civilization. Streams that teemed with the world's best fishing have become barren tributaries of equally barren lakes and muddy rivers. Wild-fowl and big game that abounded in natural preserves a few decades ago are rarely seen today on denuded slopes and in overhunted thickets.

All this has happened with a relatively small increase in population. It has been caused by the proliferation of access roads, the improvement of transportation, and the ever-mounting demand for the products of our fields, forests, and streams. In the immediate and foreseeable future these inroads on our wilderness preserves will be multiplied many times by a rapidly increasing population.

The primeval environment of our wilderness areas must be saved for the recreation, physical well-being, education, and perpetuation of our most important resource: our people. These areas provide an indispensable release valve for pressures created by population intensification. Montana has a peculiarly large stake in wilderness preservation. We have the finest wilderness areas in the nation, with the possible exception of those in Alaska. These areas cover only about four percent of the State's land area but, acting as a tourist magnet, they support our third largest industry, and in 1957 they brought $92 million into the State.

A proposed national wilderness preservation act is now before Congress (Senate bill 1123). It is cosponsored by Senators MURRAY and MANSFIELD and aims to establish the preservation of wilderness in certain areas as a national policy. The bill has been carefully drawn by western Senators to avoid any infringement of rights now held by stockgrowers, irrigators, lumbermen, and miners. It comprehends multiple practical functions for wilderness areas, as well as recreational, scenic, scientific, educational, conservation, and historical purposes.

No country has used up its natural resources so recklessly, wantonly, and profligately as has the United States. One of our greatest remaining natural resources, our wilderness areas, is in imminent danger of destruction. We must act quickly and surely to save this irreplaceable heritage before the fast-fleeting opportunity is gone.

FORREST H. ANDERSON,
Attorney General.

HELENA.

NATIONAL DEFENSE SHOULD COME FIRST

Mr. MURRAY. Mr. President, Montana is honored this year by the fact that John W. Mahan, an attorney from Helena, is commander in chief of the Veterans of Foreign Wars.

Mr. Mahan is an articulate and effective champion of legislation and appropriations endorsed by the organization which he heads. In his capacity as commander in chief of the VFW, Mr. Mahan has testified eloquently as to the needs of this country's Military Establishment.

Recently he authored a guest editorial for the Great Falls Tribune. I ask unanimous consent to have the editorial entitled "Our National Defense Should Come First," printed in the RECORD, and I commend it to all Members of the Congress.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

OUR NATIONAL DEFENSE SHOULD COME FIRST

The most vital, single problem facing the United States today is national defense—national survival. The security of our country should be the first concern of all Americans. Without adequate security, all other American values, including representative government, individual freedom, social benefits and economic resources, would be jeopardized. As a citizen and as a taxpayer, I think we should insist upon intelligent economy in Government; but, I oppose pinchpenny economy at the expense of the security of the United States.

Today, the problems of national defense seem to revolve around a struggle between the individual services as opposed to the Defense Department. Senate Majority Leader LYNDON JOHNSON revealed on March 14 that all of the Joint Chiefs had testified that they would prefer more strength than the administration had allowed them. Gen. Thomas Power, Commander of the Strategic Air Command—the free world's major deterrent and retaliatory force has testified that Congress will be "risking the whole country" if it does not vote more money for Atlas ICBM's and atomic bombers than the President has asked for. The U.S. Navy is not in an acceptable state of readiness and drastic action is needed to "reverse the mounting deterioration now in progress" according to a survey of U.S. Navy fleet capabilities made by a civilian team. Testimony released by the House Defense Appropriations Subcommittee brought out the fact that Gen. Maxwell Taylor and Adm. Arleigh Burke both felt this country needed more limited-war strength.

Despite the testimony of these men, charged with defending our country's ramparts, the administration, through the Defense Department, continues to cut our military forces. It is interesting to note that the 85th Congress appropriated enough money to support an Army of 900,000 and a Marine Corps of 200,000. Despite the fact that the funds were available, the Defense Department saw fit to continue cuts within both of these necessary defense groups.

The question all Americans should be asking today is: "Why the great difference of opinion between the men charged with the responsibility of maintaining the respective branches of the Armed Forces and the Defense Department?" It seems to me that the Defense Department has become more concerned with dollars than with defense. This is false economy and endangers the life of every citizen. Today, we must maintain the most powerful Military Establishment in the world or be guilty of ultimately risking national suicide.

JOHN W. MAHAN,
Commander in Chief,
Veterans of Foreign Wars.

HELENA.

ENCROACHMENT OF FEDERAL GOVERNMENT INTO JURISDICTION OF THE STATES

Mr. BEALL. Mr. President, some time ago, Walter C. Capper, a noted jurist and lawyer of Cumberland, Md., wrote a book entitled "The New Nationalism," which has been printed by the Daily Record Co., of Baltimore, Md.

In recent months, we have heard a great deal of discussion on the Senate floor regarding the continual encroachments being made by the Federal Government into areas long believed to be within sole jurisdiction of the States.

In the introduction to "The New Nationalism," Judge Capper states:

There is no doubt that a strong feeling exists among the people generally to the effect that they have in recent years been deprived of many liberties. They do not understand at all why and in what manner their birthright has been emasculated.

Judge Capper's purpose is "to trace the source and extinction of these lost prerogatives."

No doubt, some of my colleagues will disagree with the conclusions of this book. Others will view the book as a worthy contribution to the field of States rights.

Whatever the reaction, however, I recommend a reading of this thought-provoking treatise to all my colleagues.

CREDIT UNION DAY

Mr. CAPEHART. Mr. President, Friday, June 26, has been set aside as Credit Union Day in Congress.

I want to take this opportunity to salute the Federal Credit Union.

Organized in 1934 under an act of Congress, it now has 16,000 credit unions in the United States whose 8,200,000 members have accumulated $2,800 million. Nearly half the active credit unions in the United States are operating under Federal charter.

Members save through the organization for a rainy day and they are permitted to borrow up to $400 on an unsecured note. The credit union is more than a financial institution. It is also a social agency, a personal experience in group action designed to better the community, and an experiment that demonstrates the effectiveness of mutual aid as a social concept.

I extend my felicitations as it goes into its 26th year and continues to prosper.

TRIBUTE TO SENATOR MURRAY—RESOLUTION BY LEGISLATURE OF VIRGIN ISLANDS

Mr. GRUENING. Mr. President, the distinguished and able senior Senator from Montana has given much of him-

self on behalf of the people of the United States. Through the years he has worked tirelessly on their behalf, most often quietly, persistently and effectively, without seeking for himself the limelight of publicity.

It is well, therefore, that those efforts be, from time to time, rewarded by public expressions of praise and public acknowledgment of the debt which the people of this Nation owe to him for his labors on their behalf.

Such public acknowledgment was recently given to our highly esteemed colleague by the Legislature of the Virgin Islands. Bill No. 952 of the Third Legislature of the Virgin Islands gives public recognition to the efforts of the senior Senator from Montana, Mr. MURRAY, to give concrete expression to our fundamental belief in American democratic principles and ideals. I am pleased, therefore, to ask unanimous consent to have printed in the RECORD a certified copy of bill No. 952 of the Third Legislature of the Virgin Islands which expresses its appreciation of our gratitude to Senator JAMES E. MURRAY.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

BILL 952

Resolution in appreciation of the efforts of Senator JAMES E. MURRAY in behalf of the people of the Virgin Islands, and for other purposes

Whereas the U.S. Senator JAMES MURRAY, of Montana, chairman of the U.S. Senate Committee on Interior, has introduced a bill in the Senate of the United States in which he proposes the creation of an elective office of Resident Commissioner for the Virgin Islands to represent these islands in the Congress of the United States; and

Whereas this action on the part of the Honorable JAMES MURRAY, U.S. Senator from Montana, signifies faith in the people of the Virgin Islands and their ability to select a man from among their number to represent them in the Nation's Capital; and

Whereas this faith in the people is in keeping with the ideals under which this government was conceived; and

Whereas we are in a time of world tension when the whole concept of government by a free people is questioned by Godless communism; and

Whereas this courageous action by a recognized leader in the Congress of the United States illustrates a faith in the ordinary citizen of the United States whether he lives in urban New York or Chicago or in the warm reaches of the Caribbean; and

Whereas this action gives the people of the Virgin Islands recognition as first-class citizens of the United States even though they are separated by countless leagues of ocean from the seat of the U.S. Government: Now, therefore, be it

Resolved by the Legislature of the Virgin Islands, That the people of the Virgin Islands—U.S. citizens all—do, through their legally elected representatives in the Legislature of the Virgin Islands, warmly congratulate the senior Senator from Montana in the Congress of the United States for this courageous action; and be it further

Resolved, That this legislature go on record as petitioning the respective bodies of the Congress of the U.S. House of Representatives to endorse this bill proposed by Senator MURRAY as an example of courage for the free world and pass upon it forthrightly and make it law.

Thus passed by the Legislature of the Virgin Islands on May 29, 1959.

Witness our hands and the seal of the Legislature of the Virgin Islands this 1st day of June A.D. 1959.

WALTER I. M. HODGE,
President.
JOHN L. MADURO,
Legislative Secretary.

UNIFORMITY OF TREATMENT OF PRIVATELY OWNED PROPERTY

Mr. JOHNSTON of South Carolina. Mr. President, Mr. Edward Tomlinson is one of the country's most authoritative writers on South American affairs. In a syndicated article which he wrote, which appeared in the Washington Daily News of Monday, June 22, 1959, he discussed the grave concern of our Government and of private investors over the threats of nationalization, expropriation, and confiscation of American properties in Cuba, Brazil, and other countries to the south of us.

This is the same subject which the Senate and the House are now dealing with, through committees, by means of bills relating to the vested assets problems.

At this time, I merely wish to call the attention of the Senate to the timely and important fact that we cannot insist that other peoples and other governments treat property privately owned by Americans according to a rule we establish for them, if we fail to follow the same rule for the vested German and Japanese assets. Property, privately owned, should be sacred and inviolable. The rule to maintain the integrity of such property must be applied uniformly by us, if we expect it to be observed by others.

I ask unanimous consent that Mr. Tomlinson's article be printed in the body of the RECORD, following this brief statement.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

STORM OF PROTESTS ARISING: UNITED STATES CONCERNED BY LATINS' CONFISCATION OF PROPERTIES

(By Edward Tomlinson)

There is grave concern among the highest officials here as well as among private investors throughout the country, over the fate of more than $8 billion worth of American-owned properties in Latin America.

Egged on by flaming nationalist politicians, leftist intellectuals and labor leaders, not to mention Communist propagandists and agitators, some of the most advanced of our sister republics are expropriating lands and business firms owned by U.S. citizens, or threatening to do so.

CRY FOR HELP

Worst of all, this new onslaught on private North American investments comes at the very time when all the countries are crying for economic and financial help, also at a time when Uncle Sam, the Government of this country, has shown a greater willingness to extend it than in many a year.

The new Cuban revolution land reform, which requires every American and other foreigner to divest himself of every foot of sugarcane and other agricultural land he owns, is not the only confiscatory action the Castro regime has taken against our people.

Cuban authorities had already occupied the giant American & Foreign Power Plant in Havana and intervened the U.S.-owned telephone company. Last week the Cuban armed forces occupied the big real estate holdings on the Isle of Pines belonging to Miami real estate developer, Arthur Vining Davis and others, who were in the process of spending millions for improvements.

BRAZIL SETUP

In Brazil, our oldest friend on the South American Continent, the state government of Rio Grande do Sul, has grabbed the big American & Foreign Power Plants in Porto Allegre and other cities. Now the Brazilian Congress has appointed a committee to investigate and ascertain the value of all other public utilities in the nation, in event of expropriation.

In spite of the tremendous inflow of new U.S. capital in the last few years, Mexico is still carrying out expropriation proceedings against the few U.S. landholdings south of the border. Just a few weeks ago it finally took over the 400,000-acre Greene cattle ranch in the State of Sonora and agreed to pay about $4 an acre for it.

ATTACKS

Although the governments of several of the countries, such as Argentina, Peru, Chile, and others, have recently taken steps to liberalize their laws so as to induce more U.S. private capital to come in, they are under withering attacks from the extremists for doing so.

The fanatical Peronista and Communist dominated labor unions of Argentina are desperately trying to overthrow the government of President Arturo Frondizi for what they call selling out to the imperialist oil exploiters of Wall Street.

The worst thing about all this is the tendency of many of these governments to confiscate without adequate payment, even when they deign to pay at all. The Governor of Rio Grande do Sul doesn't think the power company in his state should be paid for its plants because it made profits from them in the past.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1960

Mr. JOHNSON of Texas. Mr. President, has the morning hour been concluded?

The VICE PRESIDENT. The morning hour is not concluded.

Is there further morning business? If not, morning business is closed.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 420, House bill 6769.

The VICE PRESIDENT. The bill will be stated by title.

The CHIEF CLERK. A bill (H.R. 6769) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRUENING in the chair). Without objection, it is so ordered.

DISPOSAL OF CERTAIN OBSOLETE FEDERAL LOCKS AND DAMS—INCREASE IN AUTHORIZATION

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 402, Senate bill 1356.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1356) to amend the act authorizing the disposal of certain obsolete Federal locks and dams in order to increase a certain authorization in such act relating to dam No. 3 on the Big Sandy River, Ky.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, there is on the Calendar Order No. 403, House bill 5515, a companion bill. I ask unanimous consent for the present consideration of the House bill in lieu of the Senate bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (H.R. 5515) to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1356 is indefinitely postponed.

Mr. JOHNSON of Texas. Mr. President, I ask permission to insert in the RECORD a brief statement concerning the purpose of the bill; and I ask that the Senator from West Virginia [Mr. BYRD] may have a like privilege.

There being no objection, the statement submitted by Mr. JOHNSON of Texas was ordered to be printed in the RECORD, as follows:

The purpose of the bill is to amend section 2 of Public Law 996, 84th Congress (70 Stat. 1062) to increase the authorization for expenditure of Federal funds from $50,000 to $100,000 for modification of the lock and restoration of the dam at lock and dam No. 3, on the Big Sandy River, Ky.

GENERAL STATEMENT

Public Law 996 authorized the abandonment of 28 obsolescent locks and low-head navigation dams on eight streams which are no longer being maintained and operated by the United States, and to dispose of the federally owned property at those sites by conveyance to States, political subdivisions thereof, or others, and authorized the expenditure of such funds as might be necessary to prepare the structures for abandonment.

The canalized waterway on Big Sandy River consisted of five locks and dams, with an aggregate area of 88 acres owned by the Federal Government, and used in connection therewith. Section 2 of the act provided that in lieu of preparing the lock and dam No. 3, on the Big Sandy River for abandonment, funds be expended for modification of the lock and restoration of the dam, either as a movable or fixed-type dam, not to exceed $50,000, contingent upon local interests furnishing such additional funds as may be necessary and agreeing to accept the property and take over operation and maintenance of the structure.

Lock and dam No. 3 is located on the Big Sandy River at mile 26.2 at Louisa, Ky. It is a movable wicket-type dam about 18 feet high with a lock 52 feet by 158 feet. It was completed in 1897. The wickets have been down and the dam has been unattended since January 5, 1947. The U.S. property consists of 15.45 acres. When its operation and maintenance was discontinued, the pool formed by this movable dam was no longer maintained. As a result, the water supply for the city of Louisa, county seat of Lawrence County, Ky., and surrounding area, is extremely restricted, particularly during the summer months. This lack of an adequate water supply has sharply curtailed existing industrial activities, and hampered the commercial growth and expansion of this community, which is in an economically distressed area.

The citizens of Fort Gay, W. Va., and Louisa, Ky., are desirous of restoring the dam to create a reservoir to serve for water supply and recreational purposes. The estimated cost of restoration of this dam at the time Public Law 996 was enacted was $50,000. The cost of such modification and restoration is presently estimated at $90,000, the actual cost being dependent on the contract bid price. A pending agreement between the United States and the cities of Fort Gay, W. Va., and Louisa, Ky., and the counties of Wayne, W. Va., and Lawrence, Ky., provides for acceptance of the restored structure and maintenance thereof by the cities and counties for water supply and recreation.

DISCUSSION

This legislation is similar to Public Law 294, 85th Congress (71 Stat. 616), which authorized the expenditure of not to exceed $112,500 for similar work on lock and dam No. 3 on the Little Kanawha River in West Virginia, and subject to similar conditions of local participation. The cost of restoring these structures for water supply and recreation exceeds the statutory limit by $4,355, which has been contributed by the State of West Virginia.

The committee realizes that commercial navigation on the Big Sandy River has ceased, and that the benefits which would result from reconstruction of lock and dam No. 3 would be principally from water supply and recreational use of the pool. Such benefits would be widespread and accrue to a large area. The estimated costs to restore the dam are not considered excessive, due to the increase in construction costs since the original estimate was prepared. The committee agrees to the limitation of $100,000 for such restoration, with the protection afforded by the existing law which provides that local interests will provide any additional funds necessary and to agree to accept the property and assume operation and maintenance of said structure after reconstruction.

The committee notes that the Department of the Army, which has jurisdiction over this property, has no objection to enactment of this legislation. The Bureau of the Budget, however, does not recommend its enactment on the basis that the benefits from the restoration, municipal water supply and recreation, appear to be local in character, and that the costs in excess of the $50,000 authorized by existing law should be the responsibility of local interests.

The committee believes that as long as these abandoned properties remain in Federal ownership, the Federal Government has a certain degree of responsibility in connection therewith. Location of certain improvements in this area are premised on an adequate water supply from the pool formed by this dam. Precedent has been established by previous legislation relative to similar cases, and for reimbursement for damages caused to a State fish hatchery when a similar abandoned dam failed.

It is the opinion of the committee that the proposed increased authorization is warranted, that the legislation would be in the public interest, and accordingly its enactment is recommended.

The statement submitted by Mr. BYRD of West Virginia is as follows:

STATEMENT BY SENATOR BYRD OF WEST VIRGINIA

In 1956, when the act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, which constitutes the border between Kentucky and West Virginia, was passed, it was recognized that the towns of Louisa, Ky., and Fort Gay, W. Va., depend on the pool formed by dam No. 3 for their water supply. Former Senator Clements, of Kentucky, being well acquainted with this situation, after consultation with the Army Engineers, included a provision in the act, authorizing the repair of this dam at a cost not to exceed $50,000. The Army Engineers assured Congress that this amount would be adequate, but information developed since that time shows that approximately $100,000 would be required.

While the principal reason for restoring this dam is to provide constant water supply for the communities on both the Kentucky and West Virginia sides of the river, the historical significance of this, the first spindle type dam in America, is sufficient to justify its preservation. This fact was recognized at the time Senator Clements and Congressman Burnside of West Virginia worked so tirelessly to preserve this historical structure and at the same time maintain an adequate source of water supply for the communities along the border of these two great States. S. 1356, cosponsored by the two Kentucky Senators and by Senator RANDOLPH and me, amends the original act so as to authorize the expenditure of $90,000, but not to exceed $100,000.

I would be derelict in my duty if I failed to carry on and complete this essential project which is the result of the cooperative efforts of the delegations from West Virginia and Kentucky. I urge this body to approve H.R. 5515 authorizing the expenditure of $90,000, but in no case in excess of $100,000 to repair dam No. 3 on the Big Sandy.

Mr. DIRKSEN. Mr. President, I am sure that at this point in the RECORD the distinguished Senator from Kentucky [Mr. COOPER], who is momentarily engaged before the Committee on Labor and Public Welfare, would wish to make a statement. I ask unanimous consent that permission be granted to insert such a statement at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR COOPER

I urged passage today of H.R. 5515. It is identical with S. 1356 which I introduced in the Senate on March 10—my colleague, Senator MORTON, and Senators RANDOLPH, and BYRD of West Virginia, joining as cosponsors.

The bill authorizes the Corps of Engineers to repair and restore lock and dam No. 3 on the Big Sandy River adjacent to Louisa, Ky., and Fort Gay, W. Va.

These communities will provide necessary rights of way and easements, and will maintain the restored dam. The dam will be of immense benefit to the two cities in providing a necessary water supply. It will also provide recreational benefits.

With the construction of reservoirs upstream on the tributaries of the Big Sandy, the flow of water at Louisa and Fort Gay will be diminished in dry seasons, and the restoration of dam No. 3 is needed now to preserve a continuous water supply for these two cities.

In 1956 the Congress authorized $50,000 for restoration of this dam. That authorization was based on a "horseback estimate" by the Corps of Engineers, made without studies on the ground. Later, the Corps of Engineers made complete studies and found that at least $90,000 and perhaps $100,000, depending on materials cost, would be needed to do the work previously authorized by the Congress. The bill we passed today will bring the authorization into line with the Corps of Engineers' finding.

I can speak of this matter with personal knowledge, for last fall, after visiting the site, I accompanied officials and interested citizens of Louisa and Lawrence County, Ky., and of Fort Gay, W. Va., to the district engineer's office at Huntington, W. Va. There we discussed the matter fully, and the district engineer explained that this sum of $90,000 to $100,000 at the minimum would be required for a safe plan of restoration.

As a result of these discussions, I introduced S. 1356 with my cosponsors, and H.R. 5515 was introduced in the House. S. 1356 was unanimously approved by our Committee on Public Works, of which I am a member. Since the House has passed its bill, the approval of the bill today will complete action by the Congress.

The people of Louisa and Lawrence Counties, Ky., and Fort Gay, W. Va., are entitled to the passage of this bill. They have agreed to do their part of the job. I am glad that the Senate has given its approval of this project.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

INCREASE IN AUTOMOBILE LOAN RATES

Mr. JOHNSON of Texas. Mr. President, I should like to read an Associated Press dispatch from the Washington Evening Star of June 22, 1959:

AUTO LOAN RATES LIFTED TO 5 PERCENT

NEW YORK, June 22.—The cost of buying automobiles on time moved upward today when a number of leading sales finance companies increased interest rates charged auto dealers from 4½ to 5 percent.

These are loans to dealers to finance inventories. Many dealers pass on these higher costs in the form of increased prices to car buyers, if competitive conditions permit.

The increases were reported by C.I.T. Financial Corp., Commercial Credit Co., and Associates Investment Co. The rise restored rates to a level in effect early in 1958. The 4½-percent rate was charged since April of that year.

The biggest sales finance firm, General Motors Acceptance Corp., made no change in the 4½-percent rate. GMAC is a subsidiary of General Motors Corp. Generally it has charged dealers one-half point less than rates of the so-called independent finance firms. GMAC waited until February before hiking its dealer finance rate to the then prevailing 4½-percent rate.

TREATMENT OF JAMES C. HAGERTY AT WALTER REED HOSPITAL

Mr. DIRKSEN. Mr. President, on page 11550 of the RECORD for June 23 appears a portion of a statement made by the distinguished Senator from Ohio [Mr. YOUNG]. He was commenting on three items which came over the news ticker. The following comments relate to the third of the three items:

The third item which also attracted my attention, seems to me to indicate that Mr. Hagerty, the President's press secretary, is in a fortunate situation, as compared to that of many hundreds of administrative assistants, secretaries, and press assistants in various Government departments and various other branches of the Government, in that at this time Mr. Hagerty is being attended in Walter Reed Hospital, where he has been operated on by an Army surgeon, and is now housed there, all at no expense to himself.

Mr. President, we ought to be a little more careful about letting certain implications go out to the country; and implications are raised by the use of such words as "it is indicated" and "it appears." I checked the matter. Mr. Hagerty went to Walter Reed Hospital as all other nonmilitary persons go to the hospital, at a cost to himself of $21 a day. I feel that in all fairness to Mr. Hagerty, that correction should be made.

Mr. YOUNG of Ohio. Mr. President, the facts are that the Secretary of the Army very likely consented to authorize the admission to Walter Reed Hospital, an Army hospital, of the President's secretary, Mr. Hagerty. At the same time it is a fact that my own secretary, Mrs. Robinson, is ill and under the care of a doctor. I am wondering if the Secretary of the Army, were I to ask him to certify her to the Walter Reed Hospital, would certify her. I doubt it. Anyway I would not ask him to do so. Walter Reed is an Army hospital.

The surgeon there no doubt is an eminent surgeon. There are a number of surgeons in private practice and in private hospitals. The surgeon in Walter Reed operated on James Hagerty without any fee whatever. So Mr. Hagerty, I do say, is the recipient of socialized medicine in a preferential degree.

It may be true that a nominal payment of $21 a day for room and board is payable by him, and would be payable by any Cabinet officer or any other presidential aid or assistant secretary, but it is well known that in addition to a charge for room and board, hospitals make tremendous charges—and must necessarily do so—for X-rays and for various tests; and other services. Therefore what the Senator from Ohio had to say on the floor of the Senate yesterday in regard to preferential socialized medicine is absolutely pertinent and correct in the present situation.

I assert as a Senator from Ohio it does not seem to me that it is proper for a secretary to an executive or for a secretary to an administrative officer, to receive treatment which is practically free, even though a nominal charge of $21 for room and board is made to the patient. We cannot get away from the fact that Walter Reed Hospital is a hospital for servicemen and servicewomen of our Armed Forces; and that Mr. Hagerty was admitted, presumably, by virtue of a law giving the Secretary of the Army the right to designate persons for hospitalization.

It was the intent of Congress to afford treatment for diplomatic officials and other high-ranking personnel of foreign nations. That is entirely different from making the services available to one of the President's secretaries, or to a secretary to a Cabinet officer, or to a secretary to some other person high in authority in Washington, or to a secretary to a Member of Congress. It seems to me that I performed a real and needful public service in calling attention to the fact that James Hagerty, a civilian with no record of war service, so far as I know, was admitted to the hospital and is occupying a bed, which might perhaps be needed.

I hope there will not be other similar instances, and I hope it will not be necessary for other Members of Congress to call attention to matters of this sort, because if this were permitted to go on, why would it not be extraordinary for a secretary or an administrative assistant, not only of a Member of Congress, but also for the head of an agency or a secretary or administrative assistant in some bureau, to receive the same preferential treatment? I am certain, however, that other Government secretaries, including congressional secretaries, do not receive this preferential treatment.

Personally, as a Senator from Ohio, I maintain that it would be far better and more prudent if we were to safeguard and watch expenditures of taxpayers' money even in the smallest particular, and to make sure that there is no favoritism. As a member of what has been called the party of spenders, I wish to raise my voice in protest against the fact that a high-ranking surgeon of our Armed Forces contributed his time and skill gratis to operate upon a civilian employee of the President. I hope that this sort of policy and program, which I appropriately term "preferential socialized medicine," will not be followed any more.

Mr. DIRKSEN. I wish merely to reemphasize what I said. The language in the statement made by the Senator from Ohio is this: "And is now housed there, all at no expense to himself." I do not care about all the discussion concerning socialized medicine and how a

person serves the cause of economy. When I hear such remarks I sometimes think of the little calf which got caught on a railroad track. When the engineer stopped the train, the farmer who owned the calf said to the engineer, "Give your whistle a little toot, and the calf will get off the track."

The engineer tooted the whistle. The calf bounded away and fell down an embankment and broke its neck.

The farmer remonstrated with the engineer, who said, "I did what you told me to do."

The farmer said, "You did not have to give such a big toot for such a little calf." [Laughter.]

I do not want to hear any big toots about a little calf. Here is language, and I understand it. It is an injustice to Mr. Hagerty.

Mr. President, I yield the floor.

WELCOME NAVY WEEKS IN WISCONSIN

Mr. WILEY. Mr. President, on Friday, June 26, the formal dedication of the St. Lawrence Seaway will mark the most significant inland waterway development project on the North American Continent in history.

In recognition of its importance, President Eisenhower, Queen Elizabeth, and other dignitaries and officials of the United States and Canada will be participating in the ceremonies.

The event heralds the beginning of a new economic era for the fertile and productive upper Midwest, including my home State of Wisconsin.

The Seaway, too, is extremely important in terms of defense.

During the construction of the project, the close cooperation of the United States and Canada has represented a unique effort by two nations working shoulder to shoulder in serving their mutual interests.

Currently, communities around the Great Lakes have plans under way for participating to a maximum degree in the festivities accompanying the formal dedication.

In Wisconsin, for example, our port cities—which, over the years have shown real enthusiasm in carrying on development projects in anticipation of the Seaway—are now planning to have celebrations in recognition of the importance of the Seaway to their particular communities.

We are aware, of course, that in conjunction with the Seaway celebration a naval seaway armada will be sailing into the Great Lakes and stopping at various ports along the 8,000 miles of America's fourth seacoast.

In Wisconsin, ships of the fleet are scheduled to dock at a number of ports during the festivities. Unfortunately, there are a great many deserving communities which, regrettably, will not be included in the naval visits.

However, to spread the welcome mat for the service personnel aboard the fleet which will be docking at our harbors, Gov. Gaylord Nelson, of Wisconsin, has proclaimed July 2 to July 15 Welcome Navy Weeks. The purpose is to assure the extension of the warm, hospitable tradition in our Wisconsin communities to the sailors and marines serving aboard our naval ships.

Today, I received from Mr. Robert Matthes, port development specialist of the Wisconsin Division of Industrial and Port Development, a copy of a proclamation issued by Gov. Gaylord Nelson. As an illustration of one of the many ways in which forward-looking Wisconsin communities and the State itself are participating in the celebration in addition to their efforts to prepare to benefit from the Seaway—I ask unanimous consent to have the proclamation printed at this point in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

Whereas the U.S. Navy, in order to celebrate the opening of the St. Lawrence Seaway, is sending into the Great Lakes a task force designated "Operation Inland Sea"; and

Whereas many vessels of this task force will be calling at several Wisconsin ports during the first part of July in order to provide the citizens of Wisconsin with the opportunity to visit and inspect warships of the United States:

Now, therefore, I, Gaylord A. Nelson, Governor of the State of Wisconsin, do hereby proclaim the weeks of July 2 to 15, 1959, as Welcome Navy Weeks in Wisconsin and do urge my fellow citizens to show every courtesy to all sailors and marines serving aboard these ships in order to show our appreciation for this visit.

In testimony whereof I have hereunto set my hand and caused the great seal of the State of Wisconsin to be affixed. Done at the capitol in the city of Madison this 18th day of June 1959.

GAYLORD A. NELSON,
Governor.

By the Governor.

ROBERT C. ZIMMERMAN,
Secretary of State.

THE POSTMASTER GENERAL'S WAR ON MUCK IN THE MAILS

Mr. KEATING. Mr. President, in recent months the Post Office Department, under the leadership of Postmaster General Arthur E. Summerfield, has mounted a great offensive against the mailing of obscene literature.

Alert fraternal, religious, and civic organizations have responded to Mr. Summerfield's call for assistance with vigorous campaigns on the local level to alert the people to what to do when muck arrives at their homes through the mails.

A key to the success of this drive is the response of employees of the postal service. The promptness with which postal people around the country are spreading the Postmaster General's appeal for public help is heartwarming and reassuring. It is typical of the magnificent manner in which these public servants over the years have answered the many demands of their country.

The June issue of Postal Service News, the Post Office Department publication for the information and interest of the postal service, contains important and interesting material on the great campaign against obscenity. As the News correctly points out "the Postmaster General has declared war—now it is our battle." I ask unanimous consent to have the article printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WE HAVE DECLARED WAR ON MUCK IN THE MAILS

The Postmaster General has declared war on obscene material sent through the mails. Here is a battle all of us postal people can, and should, get into wholeheartedly—for our own sakes as dwellers in our communities which can become crime-ridden through pornography and sadism addicts; for the sake of our children who can be debauched by such filth; for our patrons' sake who depend upon us and our postal service to deliver their mail into their homes.

Ruthless mail-order merchants in filth are violating the homes of the Nation in defiance of the National Government. They are callously dumping into the hands of our children, through our home mail boxes, unordered lewd material, as well as samples soliciting the sale of even more objectionable pictures, slides, films, and related filth.

CONTRIBUTED TO DELINQUENCY

Unquestionably, these large defiant barons of obscenity are contributing to the alarming increase in juvenile delinquency, as many noted authorities have repeatedly and publicly observed.

Just how important is this mass of mailed muck to you and to me? To our children? Our community? Here is part of the testimony the Postmaster General and the Chief Postal Inspector gave before the House Post Office and Civil Service Subcommittee Investigating the Mailing of Obscene and Pornographic Material:

"It is my deep conviction—frequently expressed to individual Members of Congress, religious and educational leaders, newspaper editors, and citizens groups—that one of the most serious moral and social problems in the United States today is the multimillion dollar mail-order traffic in obscenity," said Postmaster General Arthur E. Summerfield. "In spite of the frustrations and the legal complications, and even the court decisions, I feel a responsibility to the public to attempt to prevent the use of the mails for indecent material, and to seek indictments and prosecutions for such offenses, even though there have been previous rulings favorable to the promoters. Only by this method can the dimensions of this problem become clearly established before the courts, the Congress, and the American public."

And here is one of the points Chief Inspector David Stephens made:

"The rapid increase in the sale of filth through the mails, and otherwise, seems to have developed far ahead of general public awareness of its scope. The volume today can be measured in tons. That juvenile delinquency stems in large part from the demoralizing influence of exposure to obscenity and pornography is well known to all law enforcement groups. Time after time in our investigations of armed robbery, extortion, embezzlement, and forgery, we learn that those responsible for such crimes were early collectors of obscene picture and films. Also, in the many vicious murder and sex crimes, it is often disclosed that criminals responsible were addicts to pornographic and sadist material."

VITAL STATISTICS

To get some idea of the magnitude of this beastly business, these statistics are offered:

Pornography peddlers net an estimated half-billion dollars a year.

Simultaneous raids on the New York headquarters of three dealers in pornography and

obscenity uncovered 15 tons of filthy films, slides, photos.

In fiscal 1958 postal inspectors investigated 4,000 separate cases, caused the arrest of 293 persons. The highest number of cases on record, this is a 45 percent increase over the year before—and 1959 is topping 1958.

More than 50,000 alarmed parents, parent-teacher associations, clergymen, school and newspaper officials, flood the Department with their complaints each year.

WHY MAIL OBSCENITY?

Since World War II commercialized pornography has reached alarming proportions in certain areas of the country. Why? Because—

1. Purveyors of pornography reap huge profits.

2. In some cities courts interpret obscenity so liberally that getting indictments is very difficult; punishment of those convicted consists of only small fines or light prison sentences—and they continue to operate while in jail through other people.

3. Muck merchants have plenty of money to hire high-priced, unscrupulous but clever legal talent, which has successfuly defended some of the largest dealers in dirt time after time in certain cities.

4. Court decisions which favor them in earlier investigations are cited as precedent by those brought to trial.

5. Frequently they can attack and ridicule the Postal Service, with the help of others who, confusing liberty with license, unwittingly assist them.

6. Well aware of the sanctity of sealed mail, they know they can rely on this security intended for lawful mailings.

7. They know they are safe unless the receiver of their mailings complains; and they know, too, that a percentage of addressees will accept it, while others will refrain from complaining because that would embarrass them.

8. In the particular cities which spawn pornography and where its interpretation is most liberal, very few public complaints are made even though raids prove that such wholesale mailings were delivered in these areas.

9. Their continued success and huge profits have served to build an increasing smugness and defiance on the part of obscenity dealers, who are quick to demand privileges and to scream "censorship" when the Post Office tries to stop their filth.

Mailing lists can be bought, stolen, pirated, or built from telephone and city directories, high school yearbooks, lists of people's names printed by newspapers, etc. One single list taken in a New York City raid contained the names of 100,000 customers and prospects.

Innocent advertisements can offer model airplanes or railroads for sale cheap, but if inserted by a baron of obscenity, the child who sends his dime or quarter for these is on the sucker list for the merchant's muck.

They send their salesmen to lurk, with samples, wherever youth congregates—schools, churches, Boy Scout halls, etc., even into suburban residential areas; and they solicit profit-seeking juvenile delinquents to do the same.

THE LAW

The Congress first enacted legislation making it a Federal offense to mail obscene matter on March 3, 1865. An expanded version of this basic law was embodied in the great Postal Reorganization and Codification Act of June 8, 1872.

The present obscenity statute, section 1461 of title 18, United States Code, provides penalties for the mailing of every obscene, lewd, lascivious, indecent, filthy, or vile article.

But, prior to last year, controlling decisions of the courts held that prosecutions under the pertinent statutes could be effected only in the district where the office of mailing was located.

For the past several years the Post Office Department strongly urged the enactment of legislation which would grant prosecutive venue at intermediate offices and offices of address, where the actual damage undoubtedly occurs. Such legislation in the form of an amendment to section 1461, title 18, United States Code, was passed by the 85th Congress and signed into law by President Eisenhower, August 28, 1958.

The present law permits people in a community where obscene material is received to evaluate it according to their own standards of morality and decency. Through the Post Office Department they now can refer the matter to the U.S. attorney in their own judicial district. It also permits fining second offenders up to $10,000 and imprisoning them for 10 years.

The Post Office Department is pressing the use of this new legislation to the fullest possible extent.

The Department is convinced that this new legislation provides an effective weapon against these dealers in filth who have heretofore operated with little interruption and with comparative security from certain large cities.

In addition to the new legislation, more vigorous use is being made of an earlier law permitting the Department to stop incoming mail to alleged purveyors (which stops the money coming in from his suckers). Also, the establishment of the new post of Judicial Officer enables the Department to process cases much faster than under the usual hearing examiner process which, with its delays and continuances, could run into months, during which the operators could make a killing before effective action could be taken. For further details see "Protecting Patrons From Fraud, Filth" in the January 1959 Postal Service News.

One of the basic reasons for the increasing volume of filth in the mails, in addition to the tremendous profits its purveyors realize, is the very broad definition of obscenity handed down by certain courts, notably in Los Angeles and New York where most of the mail-order business in pornography originates. Obtaining indictments against the mailers of muck in such cities is most difficult, and their effective prosecution is equally difficult if not impossible.

In interpreting the intent of Congress the courts stated in effect:

1. That obscenity must be evaluated in relation to contemporary community standards.

2. That nudity in itself is not obscenity.

3. That a publication is not obscene unless the general content is devoted to what may be termed obscenity.

STANDARDS DIFFER

Obviously, the contemporary community standards in New York City may be vastly different from those in the smaller, less blase, cities and towns in which so many of us live.

These liberal rulings in some cities have established, over a period of time, virtual sanctuaries in which dealers in obscenity have operated with impunity and in open defiance of the Post Office Department's best efforts to bar their use of the mails or bring them to justice.

However, the number and nature of the public complaints bear importantly on the decisions of prosecutors and courts, and the new amendment to the obscenity statute permitting such dealers to be brought to trial in the community where their mailings are delivered is having an important and beneficial effect.

This means that every one of us, no matter where we live, can help by watching our own mailboxes for such material and by alerting our neighbors and patrons to the problem and how they can help us solve it.

The "public" in the above paragraph includes everyone—you and me, our families and friends, our neighbors and associates in our communities. The Postmaster General has declared war—now it is our battle.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 6769), making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes.

Mr. HILL. Mr. President, H.R. 6769, the Labor-Health, Education, and Welfare appropriation bill as reported by the committee totals $4,056,746,581. This is an increase of $206,825,400 over the House allowance, and $365,061,000 over the budget estimates.

It should be pointed out, however, that the budget estimates in a number of instances were severe reductions in programs. The 1959 appropriation for grants for hospital construction under the Hill-Burton program was $186,200,000; the budget estimate for 1960 is $101,200,000, a reduction of $85 million. The 1959 appropriation for waste treatment works construction under the Water Pollution Control Act was $45 million; the budget estimate for 1960 is $20 million, a reduction of $25 million. The 1959 appropriation for grants for construction of health research facilities was $30 million; the budget estimate for 1960 is $20 million, a reduction of $10 million. The 1959 appropriation for aid to Federally affected school districts was sufficient to pay full entitlements; the budget estimate for 1960 is $44 million less than full entitlements. These four items just cited amount to $164 million and the committee's action remedies the false budget economy with which the Bureau of the Budget handled these programs.

The principal increases in the bill over the House allowances are for the National Institutes of Health, for which the committee has provided $136,325,000 over the House; and for grants for hospital construction for which the committee has provided $67,500,000 over the House to allow the full amount authorized—$211,200,000.

Other items of increase are $1,500,000 for grants for library services, to allow the full amount authorized, $7,500,000; $1,500,000 for the control of tuberculosis for grants to States for case finding activities; $1,050,000 for sanitary engineering activities for additional program on studying the effects of radiation by the establishment of sampling stations in each State.

On May 27, 1959, Dr. Isidor Ravdin, the world famous surgeon who was a consultant to President Eisenhower during his operation for ileitis and who was more recently a consultant in the tragic case of John Foster Dulles, testified before our Senate Appropriations Subcommittee on the need for more money for cancer research.

In calling for a much higher figure for cancer research than the administration had proposed, Dr. Ravdin told a story

which illustrates the fact that there is no ceiling to medical research and that it always rejects defeatism and stand-patism.

In the early 1920's, Dr. Ravdin told the committee, a distinguished pathologist came to the William Pepper Laboratories and had lunch with the late Dr. Alfred Stengel, one of America's great physicians and Dr. Ravdin's teacher.

Dr. Stengel asked the distinguished pathologist how his son Tom was doing. The pathologist replied, in a voice tinged with the greatest sorrow and bitterness: "I wish young Tom was dead. He has diabetes. He is 13 and isn't any bigger than a boy of 6. He can't possibly live and grow up."

Dr. Stengel looked at him and said: "Tom, you ought not to talk this way. The next month, the next year, or the year after, someone will come forth with a solution for diabetes."

The very next day the discovery of insulin was announced. This boy, young Tom, was the second patient treated in this country. He began to grow rapidly. Today he is married, has five children, and is himself a distinguished pathologist.

Dr. Ravdin, who has devoted almost his entire professional life to the fight against cancer, told the committee in sober and measured terms:

I cannot, Senator, accurately predict the future for cancer treatment. I might be so bold, however, to assert that I believe we shall see a vast reduction in the mortality from cancer in the lifetime of the oldest of us here. I can tell you, as chairman of the clinical panel, that real progress is being made. Plans should be laid for a continued and steady increase in funds for research. While surgery and X-ray are valuable in treatment, they are not good enough to still the search for further and better methods. The new agents to fight cancer are being made available at an amazing rate. I, myself, have seen certain of these agents cause the rapid disappearance of malignant tumors. The tragedy is that after a period of time the malignant lesions again make their appearance. We shall have to find agents which destroy every cancer cell in the body. Such agents, I believe and hope, will be found.

At that point in his testimony, I asked Dr. Ravdin how much of the recent progress against cancer he attributed to medical research.

About 99.44 percent—

He replied.

The progress is heartwarming. A few years ago an infant with leukemia never lived out the first year. Children are now living several years. It is with a real sense of humility and gratitude that I tell you that research is overcoming ignorance. Great truths in medical knowledge are usually the results of research by many workers, each of whom adds to the sum total of final accomplishment.

The testimony then turned to the use of radioactive isotopes in cancer therapy, and the junior Senator from Oklahoma commented:

I just hope there will be funds and personnel in the nuclear field turned over to medicine instead of the constant statements from the military of the catastrophic creation of hydrogen bombs. We should let the world know of our interest in saving life instead of destroying it.

Following Dr. Ravdin on the witness stand was Dr. Sidney Farber, professor of pathology at the Harvard Medical School, chairman of the Cancer Chemotherapy National Committee, and one of the world's most distinguished cancer specialists. Here is what Dr. Farber told the committee:

There is no need to emphasize before this group the enormity of the problem of cancer nor the potential of the scientists and physicians of the country to bring an end to this most frightening of all diseases. The increasing invasion of the lives of those in high places by cancer, as reported to a deeply interested world, merely illustrates the enormity of the problem which brings pain, economic catastrophe, and loss of loved ones in families throughout the world. Cancer destroys children, those in the prime of life and still badly needed by their families and their country, as well as the aged whose last months or years are not those which we would choose for them. In my own responsibility, my colleagues and I care for, at any one time, some 550 patients with cancer which has spread beyond the reach of the surgeon or the radiotherapist. Among these are many children with acute leukemia.

Although pointing out that 250,000 Americans die of cancer each year and that new cases are diagnosed at the rate of 450,000 a year, Dr. Farber told the committee of tremendous gains against cancer achieved only recently. Here are his exact words:

The actual cancer cure rate, Mr. Chairman and members of the committee, has changed in the last 3 years from one in four to one in three—a truly heartening gain, which is explained by the addition to the therapeutic weapons of the surgeon and the radiotherapists of new chemical therapeutic agents which have come through the research programs made possible by the Congress.

Of the 450,000 patients stricken each year by cancer, 150,000 are now saved through improved research knowledge. Furthermore, the American Cancer Society estimates that the lives of 75,000 additional Americans could be saved if the latest and best means for diagnosis and treatment of cancer could be made more widely available.

In an effort to step up the chemical offensive against cancer, the Congress 5 years ago inaugurated a mass screening of all possible compounds effective against cancer. Scientists in universities, private research institutes, industry, and in Government are engaged in this massive detection effort. There are more than 400 cooperative clinical studies alone under the direction of Dr. Ravdin.

In the first 5 years of the program, more than 70,000 chemical compounds have been screened and evaluated. Of these more than 20 compounds, hormones, and antibiotics are now in use throughout this country against more than 30 different kinds of cancer. Soon to be added to the armamentarium against cancer are 78 additional compounds which have emerged from these pilot years of our screening effort.

Mr. Arthur S. Flemming, the Secretary of Health, Education, and Welfare, at a press conference on December 15, 1958, emphasized that the cancer chemotherapy program had just finished the tooling-up phase and was now ready to go into action. Here are the Secretary's own words:

The cancer chemotherapy program—one of the most extensive efforts ever undertaken to find a cure for a major disease—is now, for the first time, in full-scale operation. * * * From the outset, the chemotherapy program was recognized as a high-risk venture involving very large expenditures without any positive guarantee of success. But when we consider the terrible toll of cancer, certainly every promising avenue of research should be explored with all practicable speed.

These are fine and noble words, but the administration budget for the National Cancer Institute for 1960 belies them. In his capacity as Chairman of the Cancer Chemotherapy National Committee, Dr. Farber testified before us that $5,540,000 in scientifically approved contracts for cancer compound screening could not be granted this year due to lack of funds.

"This then is not the time to retrench—this is not the time to stand still—this is the time to expand as rapidly as the scientific and medical resources of this country permit it along the directions of greatest promise in the laboratory and in the clinic, where 250,000 patients who are to die this year of cancer are waiting for something more than can be done for them now," Dr. Farber warned the committee.

There are those, some of them members of this body, who argue that our investment in cancer research over the past decade has paid few dividends. I wish all of them could have seen the medical slides, which Dr. Farber showed to our subcommittee, of children miraculously snatched from death through the use of new chemicals developed in the past decade.

Leukemia, a cancer which results in the overproduction of abnormal white cells of blood, is the most dread child killer of them all. Last year it killed more than 2,000 children.

Before the advent of the new chemical compounds, death from leukemia in children occurred within a few weeks to a few months after its onset. Dr. Farber, who used the first chemical compound against leukemia in 1947, told the committee that use of these chemicals at the Children's Hospital in Boston, of which he is director, had brought about an increase in survival in more than 900 children cared for in that one institution in the past 12 years. In actual fact, a small number of these children have lived up to 8 years after the onset of leukemia.

Dr. Farber told us the story of Frank, a boy now 14 years old. Nine years ago he was found to have a huge tumor of his right kidney. When the operation was performed to remove this tumor, an offshoot of the tumor was visible on the surface of the liver. Up until that time, this spread of cancer had been regarded as a sign of incurability. This offshoot was removed. Seven months later, another offshoot was found in the left upper lung. At that time, the solitary offshoot was removed and chemical treatment was begun. Two years later another offshoot, this time in the lower

part of the left lung was discovered. This was removed surgically and chemical treatment was continued up until 4 years ago. This boy is now alive, vigorous, and strong. He has not been ill a moment since more than 6 years ago, the time of his last operation. And yet he had at least three indications which in past years would have been taken as evidence of incurability.

Mr. President, what price do we put on this boy's life? Would his parents testify that there had been no progress in cancer research in the last 10 years? Would his parents agree with the administration that we are doing enough when all of us know that leukemia kills 2,000 children every year, 9,000 adults every year, and is second only to lung cancer in its rising incidence?

Is there a limit to the potential of medical research in saving lives? The Bureau of the Budget to the contrary notwithstanding, there is not. Dr. Farber gave us a moving illustration of the way in which research in one area can suddenly be found to have an almost miraculous application in another.

In 1940, the great Dr. Selman Waksman, a Nobel prize winner and the discoverer of streptomycin, while searching for antibiotics against infectious diseases, discovered one called actinomycin D which was not effective enough against infectious diseases and appeared to be too toxic for human application. It was put on the shelf. In 1954, Dr. Farber and his group at Boston became interested in the drug and they worked closely with Dr. Waksman. In painstaking research on mice, they discovered that it was the most powerful chemical agent against several forms of cancer. Although it is still too powerful to be used generally, it was discovered that, when used with radiotherapy, it would cause destruction against some of the most malignant tumors.

To illustrate: In January 1958, N. N., a boy 4 years old, was discovered to have a tumor of his left kidney, and at that time there were already many nodules, characteristic off-shoots of the tumor, in both lungs. Because this situation was deemed incurable, surgery was delayed to see if improvement could be made by the use of radiotherapy and actinomycin D. A month later, the tumor of the left kidney was removed and it was discovered at that time that the offshoots which had spread to the lungs were no longer visible by X-ray. Repeated courses of the new antibiotic were given. At the present time, a year and a half since the discovery of this "incurable" disease, the boy is in excellent health. As Dr. Farber pointed out, what has been produced by this new antibiotic is something which has never been produced under similar conditions before.

Will this little boy survive? He has the same limited chance of survival as have 25 million other Americans who will die of cancer unless medical research produces new and more effective treatments.

And to my friends who are more worried about a balanced budget than the preservation of human life, I ask this: How long can our democracy sustain the $12 billion annual loss caused by cancer? To my friends on the other side of the aisle, I point out that this $12 billion figure is not pulled out of the sky, it was released by your own Secretary of Health, Education, and Welfare on December 15, 1958.

The administration says we are spending enough for cancer research. In 1958, the National Cancer Institute spent only $58 million for cancer research. This is less than one-half of 1 percent of what this monstrous disease costs our economy annually.

Mr. President, does medical research pay off? Casting aside any humanitarian considerations for the moment, let me give you some hard facts on this subject which I have learned over the years from listening to scores of our Nation's outstanding scientists and physicians testify before our Senate Appropriations Committee:

Let me put the first fact very simply: The average baby born today has a life expectancy of 70 years, the full Biblical three score and ten. This is an increase of more than 6 years in life expectancy achieved in the past 15 years in which our medical research programs have begun to come of age.

Some of the most dread killers of our time—diseases which we knew at firsthand because they struck our own families and our own friends in an earlier day—have been brought under control. For example, tuberculosis, the dread White Killer was a leading cause of death at the turn of the century. If you contracted tuberculosis at that time, they put you to bed and counted the days or years until a merciful providence relieved you of your suffering. The physician was helpless to treat tuberculosis because medical research had given him no weapons.

Today tuberculosis is one of the most treatable of illnesses. The death rate from it has dropped a miraculous 80 percent in the past 15 years. And it is important to know, Mr. President, that the Congress of the United States played a key role in the development of the first drug which was effective against tuberculosis. When streptomycin was first discovered, in 1947, its cost was prohibitive. The immediate need was for a crash project to synthesize this drug and make it immediately available on a widespread scale. We disregarded the recommendations of the Bureau of the Budget and we allocated $3 million for the crash synthesis of streptomycin. The synthesis was successful, and the cost of the drug dropped dramatically, from $250 a gram to $10 a gram. As a result of this and subsequent appropriations, thousands of Americans are alive today who would have fallen victim to the Great White Killer only a decade ago.

Because of limitations of time, I can only list a few of the many areas in which medical research has brought about truly remarkable reductions in mortality: Maternal deaths, 83 percent decline; influenza, 74 percent decline; acute rheumatic fever, 83 percent decline; syphilis, 74 percent decline; infant deaths, 34 percent decline; pneumonia, 24 percent decline.

What has all this meant in human life and in the strength of our democracy? Since 1944, 1,800,000 lives have been saved due to medical research. These people saved from death between 1944 and 1958 earned approximately $3,600 million in income in 1958 alone. On this income these people paid to the Federal Government in income, estate, gift, and excise taxes about $623 million in 1958. In that very same year the U.S. Public Health Service spent only $215 million on all of its medical research programs. My friends, in 1 year alone we have had a 300-percent return on our investment in medical research.

Although medical research has made magnificent progress over the past 15 years, it still faces its most formidable challenges. Mr. President, last year heart disease killed 900,000 Americans. It is the leading cause of death in this country, and it is rising in its incidence as we prolong life. Ninety million Americans will die of this disease unless medical research produces new treatments and cures. Two-thirds of the Members of this body will die from heart disease unless medical research comes up with some urgent answers.

Despite these rather foreboding figures, it is a demonstrable fact that medical research in the field of heart disease has snatched thousands of Americans from the jaws of death.

In 1902, on a kitchen table in a shack in Alabama, by the flickering light of two kerosene lamps, my father, Dr. Luther L. Hill, performed the first successful suture of the human heart in America.

The years since then have brought forth nothing short of miraculous techniques in heart surgery. Since 1939, when Dr. Robert E. Gross repaired the first congenital heart defect to yield to surgery, one surgical miracle has followed another. In 1949, for the first time in the history of mankind, a surgeon, Dr. Charles Bailey, performed an operation inside the heart. Today open-heart surgery is almost a commonplace, and surgeons now remove the aorta, the main artery leading out of the heart, and replace it with a plastic substitute.

The majority of these recent advances in cardiovascular surgery have been supported by grants from the National Heart Institute. For example, 2 years ago, Drs. Andre Cournand and Dickerson Richards, Jr., of New York, received the Nobel Prize in medicine for their work in heart catheterization, the insertion of a small tube into the human heart to diagnose heart defects. That procedure has meant, for thousands of patients, the difference between life and death. Over the past decade, Drs. Cournand and Richards have received National Heart Institute grants of close to a half million dollars in support of their work. In addition, more than 100 heart surgeons in all parts of the country have received National Heart Institute support which has resulted in the development of arti-

ficial heart machines and scores of new procedures in heart surgery.

A few days ago, Dr. Michael E. DeBakey of Houston, Tex., received the distinguished service medal of the American Medical Association for a magnificent 6-year research project which demonstrated conclusively that strokes can be treated surgically. Dr. DeBakey and his group proved that about 40 percent of all strokes arise from artery blockages in the neck or the chest, and not in the brain. Working upon that revolutionary finding, they have developed surgical procedures to prevent paralysis and other after effects of strokes. It is important to note that, over the years, Dr. DeBakey has received considerable financial support from the National Heart Institute.

Time does not permit a listing of the many other advances against heart disease. Due in large part to both the intramural and extramural research programs of the National Heart Institute, we are now approaching the time when we can talk confidently about the prevention of heart disease. We have isolated the roles played by overweight, diet, and cholesterol in the development of heart disease. Only a few days ago, Drs. Jessie Marmorston and Oliver Kuzma of the University of Southern California Medical School reported on a 6-year research project which demonstrated that the administration in oral form of female sex hormones can appreciably prolong the lives of men and women stricken by heart attacks. Their pioneer research was largely supported by a grant from the National Heart Institute.

There are other developments too numerous to mention here. Over the past decade, the use of anticoagulants has prolonged the lives of thousands of victims of heart disease. The major investigators in this field have been aided by National Heart Institute grants. New drugs developed for high blood pressure have resulted in a 20-percent reduction in mortality from this common affliction in just the past few years. The major developments in research on hypertension have been supported by grants from the National Heart Institute.

But we still have a long way to go in the field of heart disease, Mr. President. More than 200,000 victims of heart disease in 1958 were in the working age group from 25 to 64 years of age. If these 200,000 people in the prime of their life had been able to live just one extra healthy year, they would have earned over $1 billion in 1958 alone.

It has often been said that mental illness is the Nation's No. 1 health problem. It fills more than one-half the hospital beds in this Nation, and it brings tragedy to one in five American families. Last year, mental illness cost this Nation $3 billion in hospital costs, lost economic productivity, and lost taxes.

From the time of the establishment of the first mental hospital on this continent in 1773 in Williamsburg, Va., mental illness has been generally regarded as a hopeless and incurable affliction. But the hopelessness and despair which surrounded mental illness for 180 years has finally given way to the miracles of modern research. The development of the new tranquilizing drugs, some 5 years ago, has resulted in the first sustained reduction in mental hospital populations in the history of this country. At the end of 1958, there were 52,000 fewer mental patients in all mental institutions than might have been expected on the basis of the rising curve from 1945 to 1955.

Commenting upon this truly historic development, the House Appropriations Committee had this to say in its official report to the Congress in April of this year:

> Medical research that can increase our ability to prevent chronic mental illness is the only way of eventually cutting down on the Nation's multi-billion-dollar annual bill for care of the mentally ill.

In this truly exciting development, the National Institute of Mental Health has played a major role. Its Psychopharmacology Service Center is today the spearhead and the command post for the chemical offensive against mental illness.

The National Institute of Neurological Diseases and Blindness is one of the newer institutes, having been established by congressional action in 1950. It has a fantastic medical research responsibility, being concerned with more than 200 crippling neurological and eye disorders which affect about 20 million Americans. In the brief 9 years of its existence, it has achieved so many brilliant research accomplishments that it has repaid many times over the cost of its annual budget.

Soon after its inception, it began intensive research on retrolental fibroplasia, the prime cause of blindness in infants for many years. As a result of its own research, and as a result of research it supported in other parts of the country, it was discovered that this baffling disease was due to a defect in the administration of oxygen to premature infants. It has been estimated that the cost of care for the 5,000 children already blinded by retrolental fibroplasia will be, in our generation, 100,000 times the cost of the medical research which has led to its successful prevention.

In its own laboratories in Bethesda, Md., the National Institute of Neurological Disease and Blindness has revolutionized the attack on brain tumors. For a decade, medical science has been searching for an effective method of detecting and localizing tumorous growths in the brain. In 1958, after years of patient research investigation, Institute scientists perfected an instrument for the painless detection of brain tumors without surgery. This brain scanner records, in an hour and a half, the size and location of a brain tumor. With such a safe and accurate diagnosis, a brain surgeon can then perform the early surgery which is the only known means of cure of brain tumors.

There are about 345,000 blind persons in the United States today. In addition, 1,500,000 of our citizens are blind in one eye. An estimated 70 million of our people have eye defects which require glasses or other corrective measures. Nine million children in America today require corrective measures for serious eye defects.

Medical research, most of it supported by the National Institute of Neurological Diseases and Blindness, is saving the sight of thousands of Americans. Cortisone, ACTH, and new steroids are proving successful in the treatment of uveitis and glaucoma. New surgical procedures have been developed for both glaucoma and cataracts. Corneal transplant has become a relatively common procedure because of improved techniques. New electronic devices have been developed to further early diagnosis and treatment of various eye diseases.

But we have merely begun to mount a research offensive against blindness and disabling eye conditions. Last year we spent only $4 million in medical research on diseases of the eye, a vast and unexplored field in which we do not even have some of the simplest answers as to the fundamental causes of these disabling eye diseases. Contrast this small expenditure with the $90 million we spend annually for aid to the blind. Contrast this with the 235,000 men who were lost to the Armed Forces in World War II because of visual handicaps.

In 1950, the Congress also established the National Institute of Arthritis and Metabolic Diseases. Approximately 11 million Americans are suffering from arthritis and rheumatic diseases. Rheumatic disease is the Nation's No. 1 cripler, disabling 1 out of every 10 persons over the age of 14. Arthritis and chronic rheumatism confine 868,000 people to bed each year. There are 200,000 children in the Nation suffering from rheumatic disease.

The economic losses caused by arthritis and rheumatism are staggering. Eighty million work days each year are lost to these diseases. This is the same as if 320,000 persons were each year removed from the work rolls of the Nation. More work days are lost in this country each year as a result of arthritis than as a result of injuries suffered in accidents. Twelve percent of all the permanently and totally disabled persons in the United States receiving public assistance from the Federal Government suffer with arthritis and rheumatism; the annual relief bill for these people exceeds $125 million.

Conscious of the tremendous economic losses caused by arthritis, the Congress has continually supported medical research designed to develop new drugs against the disease. In 1949, when a group at the Mayo Clinic first proved the effectiveness of cortisone against certain forms of arthritis, the Congress disregarded the recommendations of the Bureau of the Budget and appropriated $3 million for the synthetic manufacture of cortisone. This medical research venture proved a success, and the price of cortisone dropped to one-twenty-fifth of its former prohibitive cost.

Over the past decade, the National Institute of Arthritis and Metabolic Diseases has played a major role in the development of new and more powerful steroids for use against arthritis. Only a few weeks ago, at the second Pan American Congress on Rheumatic Diseases, a team from the Institute headed by its clinical director, Dr. Joseph Bunim, reported on a new drug which

is the most potent antiarthritic compound ever developed. It produced a satisfactory response in 21 of the 27 patients tested at the Clinical Center at Bethesda, and it is important to note that all of these patients had been treated previously and unsuccessfully with other steroids.

Scientists from the National Institute of Arthritis and Metabolic Diseases are also making important inroads upon gout, that age-old affliction of man which is caused by an excess of uric acid in the blood and tissues. Recently the Institute reported the discovery of a new drug which is considered a research trailblazer against gout because it slows down the overproduction of uric acid.

Mr. President, we spend less than $4 million a year upon medical research on arthritis, a disease which is conservatively estimated as costing this Nation $1,500 million a year in lost wages and public relief payments.

I could go on for several hours citing the enormous toll taken in human lives and economic productivity by a host of additional killers and cripplers which time does not permit me to mention.

Mr. President, in 1953 and 1954 the House Interstate Commerce Committee, then headed by a very distinguished Republican, former Congressman Charles A. Wolverton, of New Jersey, held extensive hearings, whose purpose was to assess the role of medical research in combating disease. In a unanimous report to the Congress, that committee pointed out that disease was costing this country $30 billion a year in hospital costs, lost economic productivity and lost taxes.

I say to the Members of this body that unchecked disease is a more ruthless enemy of this democracy than any foreign invader, for it not only saps the very fiber and strength of our democracy but it kills and cripples all in its path including children and helpless old people.

Mr. President, this unchecked invader kills 1,700,000 Americans each and every year. If an enemy air attack were to wreak this kind of destruction, we would mobilize our entire strength to repel the invader.

I submit to this body that it is about time we mobilized a major offensive against this invader. Over the past decade, we have begun a small tooling-up process which has merely highlighted the real potentials in a massive attack upon the major killers and cripplers of our day.

For the coming year, we will appropriate in excess of $40 billion for the military defense of our country. When I first came to the Congress back in 1923, our defense appropriations were less than $2 billion a year. This is an increase of more than 1,000 percent. But I hear no one in the Congress calling for a cut in this continuing rise in our defense expenditures. Yet the Secretary of Health, Education, and Welfare cried aloud at a recent press conference about the rapid rise in medical research expenditures against a foe much more deadly and devious than any foreign invader.

On June 4 of this year, Dr. Herbert F. York, Director of Research and Engineering for the Department of Defense, told a congressional committee that the research and development program of the Department of Defense in fiscal 1960 would exceed $5,600 million. He also told the committee that this expenditure, which has risen astronomically in the past decade, must continue to rise in the coming years if we are to keep up with Soviet Russia.

On that very same day, the Senate voted an authorization of $485 million for a new Agency, the National Aeronautics and Space Administration. The Senator from Mississippi [Mr. STENNIS], in reporting the authorization to the floor, told us that this was but the beginning; in 2 years we would be asked to appropriate $2 billion for this Agency, and in the years following that, untold additional sums of money. The Senator from Mississippi informed us that these sums were absolutely vital in the race for space supremacy, and that new concepts in military and civilian defense made expenditures of this magnitude mandatory.

Mr. President, by the same token we need a whole new set of concepts in medical research. The shopworn, peacetime budget for medical research has been obsolete for many years. We are engaged in a war against ruthless killers and cripplers, and we must put this medical research offensive on a wartime footing.

How much money is needed for this kind of an offensive? I do not know, Mr. President, but I know that the $480 million in the current bill is far from adequate. There is no doubt in my mind that, within the next 5 to 10 years, this medical research expenditure should be in the magnitude of $2 billion to $3 billion a year.

At the current rate of inadequate expenditure, we are not holding our own—we are actually losing ground to many of the most insidious killers of our time. For example, a recent series in the Washington Post disclosed the fact that the incidence of six major types of cancer is increasing at an alarming rate. Lung cancer, which killed 35,000 Americans last year, had doubled its mortality rate every 10 years during the past generation. The mortality from heart disease has increased to an alarming degree, and it was Dr. Paul Dudley White, the noted cardiologist who treated President Eisenhower when he fell victim to that disease, who told our committee several years ago that the alarming annual increase in heart disease in America made this "one of the unhealthiest countries in the world." As you all know, mental illness is also on the rise; admissions to State mental hospitals alone have increased 25,000 in just the past 2 years.

Mr. President, there are some, including a few in the executive branch of our Government, who claim they are for more medical research, but who argue that you cannot get enough scientists to mount a major medical research offensive.

This is an argument which is as invalid as it is ancient. We heard it back in the 1930's, when we appropriated the first moneys for the National Cancer Institute. We heard it in succeeding years as we appropriated money for additional Institutes. The defeatists in the Congress cried aloud that we would never be able to recruit the scientific personnel to staff these Institutes. To those defeatists, I issue an invitation: Go out to Bethesda and observe today the activities of more than 5,000 scientists who perform their dedicated work on land that was a sleepy Maryland farm less than 20 years ago.

How did we get these men We got them, not by holding press conferences devoted to bemoaning the lack of scientific personnel, but by appropriating money to recruit and train them. In 1946, there was less than $1 million in the Public Health Service budget for the training of scientists and physicians in specific disease categories. In the bill which we are bringing to the floor today, there is approximately $80 million for the training of scientific and medical personnel.

In 1948, when we established the National Institute of Mental Health, we were told that it would be almost impossible to train additional people in this field. The defeatists said the problem was too hopeless, that you couldn't get young people to go into such a discouraging field. We in the Congress refused to listen to the defeatists. Over the past decade, we have appropriated $70 million to further the training programs of the National Institute of Mental Health. In that time, approximately 5,000 psychiatrists, psychologists, psychiatric nurses, psychiatric social workers, and so forth, have been added to the offensive against mental illness. Since there are some individuals in the administration who profess to be worried about the programs in the National Institutes of Health taking men out of private practice, I want to point out to them that, through congressional appropriations, several thousand psychiatrists have been added to the pitifully small number of physicians engaged in the private practice of psychiatry in this country.

In addition to supporting the training of expert clinicians in the various disease categories, we have constantly raised the appropriations for the training of research fellows. In 1946, less than $1 million was available to the Public Health Service for the recruitment and training of scientists who would devote their lives to medical research. In the bill which we are bringing before you today, there is approximately $15 million for the training of research fellows, and this is not by way of boasting. We should really double this research training program in the next few years.

I will again put it very simply: Comes the determination, comes the men.

During World War II, President Roosevelt announced that we would build 50,000 airplanes. The defeatists cried out: "Impossible. Where will you get the pilots?" This great democracy developed a crash training program, and we turned out 100,000 skilled pilots to man those 50,000 airplanes.

When we answer the defeatists on the question of the training of manpower,

they move two steps to the right and cry out that we do not have enough research laboratories and other facilities to carry on an expanded medical research program. We heard that argument a decade ago in the Congress, and we did something about it. In the last 3 years of the Truman administration, we appropriated $20 million in matching funds for the construction of medical research laboratories. This small appropriation resulted in a $100 million research construction program; the States, localities, and private institutions matched the Federal grant better than 4 to 1.

In the budget for fiscal 1953, President Truman included a sizable sum for the continuation of this research construction program. The present administration, in addition to slashing the medical research budget proposed by President Truman, cut out every cent for medical research construction. In the 3 succeeding fiscal years, the present administration flatly refused to include 1 cent of medical research construction money in its budgets.

We in the Congress were forced to act. In 1955, we held exhaustive hearings which brought out the fact that most medical research in this country was being conducted in disgracefully outmoded facilities. In 1956, a bipartisan coalition of Senators, with strong leadership on both sides of the aisle, passed the Health Research Facilities Act which appropriated $90 million in matching funds over a period of 3 years for the coalition of Senators, with strong leadership on both sides of the aisle, passed the Health Research Facilities Act which appropriated $90 million in matching in funds from State, local, and private sources. However, the need for these vital facilities still far exceeds the present appropriations, and the Congress renewed the Health Research Facilities Act in 1958 in a further effort to cut down on the enormous backlog of research construction requests coming in from institutions in all parts of the country.

Those of us familiar with the progress of the dental profession during the past half century cannot fail to be impressed with the evolution of dental practice. In dentistry, as in other medical fields, there has been historic progress toward the concept of man as a single biological entity. The evolution of dental practice, in its relationship to the biological and other sciences, has come about chiefly through dental research. For research is the mind and the heart of dental progress, as it is of all medical progress.

The scope and variety of dental research has grown rapidly in recent years, with increased funds provided by Congress. Dental research today is concerned not only with the causes, control, and treatment of dental caries and peridontal diseases, but also with a number of other diseases and malformations affecting the mouth and adjacent structures. These include cancer, cleft lip and palate, oral manifestations of systemic disease, and the influence of oral diseases on other organ systems of the body.

Mr. President, I am not a defeatist; I believe the American people can do anything which they are determined to do. We who settled and tamed a continent in the 18th and 19th centuries, can conquer disease in the 20th century.

Can the American people afford it? Last year the Federal Government spent $215 million for the medical research activities of the National Institutes of Health. In that same year, the American people spent $304 million on chewing gum and $341 million on greeting cards.

Do the American people want us to invest in an expanding medical research program? Every survey over the past decade has shown that the American people not only support expanded medical research, but are willing to pay additional taxes to provide it. In the most recent of these surveys, conducted in May 1958 for the National Association of Science Writers, a nationwide sampling of our citizens was asked which of four scientific projects they would prefer if money was available for only one. Here are the choices of the American people: A new program for medical research, 54 percent; new approaches to juvenile delinquency, 32 percent; basic research in sciences like chemistry and physics, 7 percent; putting the first man on the moon, 3 percent.

Mr. President, I say that it is about time that medical research came of age. I say the time is now to catch up with the desires of the American people and to increase our medical research appropriations annually until we have won the battle against the killers and cripplers which are sapping the vitality of our great democracy in our crucial battle for survival in a troubled world.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, that the bill as so amended be considered as original text for the purpose of amendment, and that no point of order against any amendment shall be deemed to have been waived by the agreement to this request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, line 21, after the word "necessary", to insert "including rent of premises in the District of Columbia".

On page 11, line 12, after the word "rendered", to strike out "$9,419,500" and insert "$9,519,500".

On page 16, at the beginning of line 2, to strike out "$300,000" and insert "$325,000".

On page 17, line 3, after the word "training", to insert "under title II of the Vocational Education Act of 1946, as amended, which sum shall be available under such title also for the continuation of programs of practical nurse training in effect prior to August 2, 1956,"; and at the beginning of line 12, to strike out "$30,367,081" and insert "$29,267,081".

On page 17, line 24, after "(20 U.S.C. 351-358)", to strike out "$6,000,000" and insert "$7,500,000".

On page 19, line 11, after the word "programs", to insert a colon and *"Provided*, That funds available for grants to States for area vocational education programs shall be available, notwithstanding any other provision of law, for instruction (including related instruction for apprentices) in programs designed to fit individuals for useful employment as technicians or skilled workers in recognized occupations requiring scientific or technical knowledge;", and in line 19, after the word "counseling", to insert a colon and *"Provided further*, That no part of this appropriation shall be available for the purchase of science, mathematics, and modern language teaching equipment, or equipment suitable for use for teaching in such fields of education, which can be identified as originating in or having been exported from a Communist country, unless such equipment is unavailable from any other source."

On page 20, line 6, after the figures "$1,000,000", to insert a colon and *"Provided*, That section 2 of such Act is amended by adding at the end thereof the following: 'Such grants shall also be available to assist such institutions in meeting the costs of training such personnel.'."

On page 21, line 25, after the word "Act", to strike out "$12,500,000" and insert "$12,700,000".

On page 23, line 1, after the word "exceed", to strike out "$15,000" and insert "$19,000".

On page 24, at the beginning of line 3, to strike out "$5,452,000" and insert "$6,952,000", and, in the same line, after the word "than", to strike out "$3,000,000" and insert "$4,500,000".

On page 25, line 9, after the word "buildings", to strike out "$14,590,000" and insert "$15,640,000".

On page 25, line 19, after the word "amended", to strike out "$143,700,000" and insert "$211,200,000"; in line 20, after the word "which", to strike out "$121,500,000" and insert "$150,000,000"; in line 23, after the word "and", to strike out "$21,000,000" and insert "$60,000,000"; in line 24, after the word "follows", to strike out "$6,500,000" and insert "$20,000,000"; in line 25, after the word "centers", to strike out "$6,500,000" and insert "$20,000,000"; on page 26, line 1, after the word "impaired", to strike out "$4,000,000" and insert "$10,000,000"; in line 2, after the word "and", to strike out "$4,000,000" and insert "$10,000,000"; and, in line 6, after the word "herein", to insert a colon and *"Provided further*, That subsection 654(c) of the Act is redesignated as section 637 and transferred to part D under the heading 'Transfers of Allotments Between States'; and the word 'title' is substituted for the word 'part' wherever it appears therein, and subsections (d) and (e) of section 654 are redesignated as subsections (c) and (d)."

On page 26, line 16, after the word "amended", to strike out "$1,604,000" and insert "$1,777,000".

On page 26, at the beginning of line 20, to strike out "including $2,167,000 to be available only for payments for medical care of dependents and retired personnel under the Dependents' Medical Care Act (37 U.S.C., chap. 7),"; on page 27, line 6, after the word "ammunition", to strike out "$45,600,000" and insert "$43,633,000", and in line 7, after the word "which", to strike out "$1,000,000" and insert "$1,200,000".

On page 27, after line 13, to insert:

"DEPENDENTS' MEDICAL CARE

"For payments for medical care of dependents and retired personnel under the Dependents' Medical Care Act (37 U.S.C., ch. 7), not otherwise provided for such amounts as may be required for the fiscal year ending June 30, 1959."

On page 28, line 3, after the word "countries", to strike out "$4,460,000" and insert "$4,685,800".

On page 29, line 13, after the word "research", to strike out "$36,404,000" and insert "$49,585,000".

On page 30, line 13, to strike out "$83,308,000" and insert "$110,203,000".

On page 30, line 17, after the word "diseases", to strike out "$60,409,000" and insert "$79,986,000".

On page 30, line 20, after the word "Act", to strike out "$52,744,000" and insert "$89,500,000".

On page 31, line 2, to strike out "$9,725,000" and insert "$10,164,000".

On page 31, line 6, after the word "diseases"; to strike out "$37,790,000" and insert "$51,200,000".

On page 31, line 10, after the word "diseases", to strike out "$30,286,000" and insert "$41,000,000"; at the beginning of line 11, strike out "$150,000" and insert "$200,000", and at the beginning of line 13, to insert "and for plans and specifications".

On page 31, line 17, after the word "blindness", to strike out "$33,613,000" and insert "$48,966,000".

At the top of page 32, to insert:

"CONSTRUCTION OF ANIMAL QUARTERS, HAMILTON, MONTANA

"For the construction of quarters at the Rocky Mountain Laboratory, Hamilton, Montana, for small animals, $150,000."

On page 32, line 19, after the numerals "1953", to insert "and payments for medical care of dependents and retired personnel under the Dependents' Medical Care Act (37 U.S.C., ch. 7)".

On page 39, line 8, after the word "fund", to insert a colon and "*Provided*, That the rate of compensation of the General Counsel shall be that prescribed by the Act of July 31, 1956 (5 U.S.C. 623b(a)), so long as the position is held by the present incumbent."

On page 41, line 6, after the word "of", where it occurs the first time, to strike out "15" and insert "25".

On page 41, after line 17, to insert a new section, as follows:

"SEC. 209. The Secretary is authorized to make available not to exceed $1,500 from funds available for salaries and expenses under this title for entertainment, not otherwise provided for, of officials, visiting scientists, and other experts of other countries."

On page 41, after line 22, to insert a new section, as follows:

"SEC. 210. Appropriations to the Public Health Service available for research grants pursuant to the Public Health Service Act shall also be available, on the same terms and conditions as apply to non-Federal institutions, for research grants to hospitals of the Service or to Saint Elizabeths Hospital."

On page 42, after line 3, to insert a new section, as follows:

"SEC. 211. Appropriations under this title available for salaries and expenses shall be available for expenses of attendance at meetings which are concerned with the functions or activities for which the appropriation is made or which will contribute to improved conduct, supervision, or management of those functions or activities."

On page 44, line 22, after the word "maintained", to strike out "$3,904,400" and insert "$3,949,000".

Mr. HOLLAND. Mr. President, I am grieved at the amount provided in this bill because, for the first time, the amount provided in an appropriation bill marks a great departure from the policy which has been followed up to this time by the Senate Committee on Appropriations. I think that, in general, the members of the Committee on Appropriations have faced up to their duties seriously during this session. Eight appropriation bills have already been passed by the Senate. I believe they have been passed either exactly in the form as reported by the committee or, perhaps, with one or two very minor changes in some of the bills.

Mr. President, in each of those eight appropriation bills, reductions have been made—no great reductions, but conservative reductions—from the amounts proposed by the Bureau of the Budget and by the President. This has been welcome news to the country, as reflected by my mail and as reflected in the press and as reflected over the radio and television.

Up to this time, the citizens have been glad and grateful for the attitude of the Senate, as expressed, first, by the Senate Appropriations Committee, and later approved by the Senate, because in each of those eight bills, as passed up to this time, there has been a conservative approach, and there has been recognition of the fact that the country needs to safeguard its money, and in the case of each of those eight bills we have made small reductions in the budgeted amounts.

Mr. President, in the bill we are now considering there is a very great and, I believe, an unnecessary departure from that policy, as heretofore followed by the Appropriations Committee and by the Senate. In the committee there were those who felt that this departure should not be approved by the committee, and who made every effort to have some of the very great additions to the bill deleted before the committee reported the bill.

Mr. President, I personally feel that one of the three large increases in the bill is justifiable.

It is the one—a relatively small one, but large in the sense that it covers several million dollars—which allows for continuation of the pay to the school districts which are adversely affected by the location within their bounds of defense industries or defense units. I think the Federal Government has an obligation to pay a part, at least, of the added costs, and has an obligation to fulfill the commitments it has made by means of the two acts which were passed previously. In the case of that one increase, which appears in two places in the bill, one for the operation of schools, and one for the construction of needed additional facilities caused by the impact of defense installations or defense industries—I think the committee was justified in the action it took.

As to the other two, I think the committee was not justified in its action. It is for that reason that I call attention at this time to these items.

In the case of grants for hospital construction, the budget estimate was $101,200,000. That is for construction grants under the Hill-Burton Act, which every Senator has supported, and which has very generously given Federal aid to local units and others that have built hospitals.

The House of Representatives, in its judgment, increased that amount by $42,500,000, to a total of $143,700,000.

In the committee, a group of us who want to continue the conservative handling of our country's finances had hoped to have the committee approve the amount voted by the House of Representatives. But instead, a majority of the committee approved an amount of $67,500,000 greater than the amount voted by the House, which makes a total increase, for this appealing objective of $110 million above the $101 million recommended by the Budget, or a total amount of $211,200,000.

Mr. President, I do not believe that amount could be utilized usefully in the coming year. I believe that if it were utilized, it would set the pace for vastly increased appropriations in the future. I have not received from my State any intimation or indication that any such increase—more than double the budgeted amount for this very appealing objective—is expected or requested or could be utilized. I think the addition of the extra $67.5 million is unwise, and marks so great a departure from everything the Senate has done up to now that I should call attention to it.

The other great increase comes—it has already been stated frankly by my distinguished friend, the Senator from Alabama [Mr. HILL]—in the appropriations for the eight different activities included within the National Institutes of Health. Mr. President, if there is any appealing group of activities, it is the group which includes those eight. Every Senator wants them to be supported generously and wants them to be supported to the degree that the funds voted can be properly utilized.

But, Mr. President, the action taken in this case by the committee would, in my humble judgment, provide those eight activities with amounts which they could not usefully utilize during the coming year. Instead, such amounts simply would encourage the diversion of doctors, dentists, technicians, and scientists from other fields of activity, where they are now usefully employed, to this work, and would further restrict the supply of doctors, dentists, and scientists in the various communities.

Almost every week we receive communications from some of the live, growing communities in my State which call attention to the need for more doctors, dentists, and technicians; and I have observed the same situation in a great institution of learning, of which I happen to be a trustee—I refer to Emory University—which has both a dental school and a medical school and is doing excellent research work along the line of the objectives which are included in the objectives of the National Institutes of Health. Even by straining to the utmost, we cannot supply the number of doctors, dentists, and technicians who are needed as a result of the present size of the program. Thus, Mr. President, an increase of $136 million, which is provided by the bill as reported by the Senate committee, following the very generous increase voted by the House of Representatives, would be exceedingly unwise, it seems to me.

Aside from departing from the philosophy the Senate has followed, it seems to me that the two increases I have mentioned are not justified. The $67,500,000 for hospital construction added by the Senate committee, after the additional amount of $42,500,000 already voted by

the House of Representatives, over and above the budgeted amount—thus making the total appropriation $211 million, as against the $101 million recommended by the Budget—is unwise and injudicious; and I believe the Congress should not appropriate that huge sum of money.

In the other case, the addition of $136 million to the appropriations to the National Institutes of Health, after a very large additional amount had already been voted by the House of Representatives, over and above the budgeted amount, seems to me to be very unwise and very injudicious, and gives the impression that there is an attempt to have the Senate take advantage of these very appealing objectives, to slap at something which we have been doing and should be doing—namely, reducing the appropriations wherever we can, in the effort to bring about a sounder financial approach to the problems of the Government.

Mr. President, I felt that I was dutybound to express this feeling, which I hold very intensely, because I thought that these two increases, which have been recommended by the subcommittee, and have been approved by a majority of the full committee, but not by all the members of the full committee, are unwise, extravagant, and highly injudicious; and, Mr. President, above all, they will more than destroy, at one fell swoop, the savings which we have made thus far by making appropriations smaller than the budgeted amounts in the case of the eight appropriation bills we have passed.

Mr. President, I yield the floor.

Mr. MAGNUSON. Mr. President, I very seldom disagree with my friend, the Senator from Florida. However, I feel it important that something be said about these medical research items.

Mr. President, every year that we have included appropriations for these purposes in this bill, under the leadership of the distinguished Senator from Alabama [Mr. HILL], and we have been dealing with these needs for many years—the Department has opposed the amounts of the appropriations we have voted. That has happened every year. They opposed the first bill which came before the Senate, although that bill called for less than $1 million for cancer research. It was said they could not use the money and that they did not know what they would do with it. But every year, year after year, we have always had good medical advice when we have fixed the amounts. We have not picked these figures out of thin air. They have been gone into pretty well by people in the field. Every year the same Department comes back to Congress and tells us what they have done and what the payoff has been in health, what the payoff has been in the alleviation of illness, and what the payoff has been in life expectancy.

I do not know why it is that these are always the items fought against the most vigorously. Yet without the wink of an eye, we will mark up appropriation bills and provide for the spending of $100 million on some items which we think are necessary for defense. I would suggest that the Defense Department wastes this much money almost every month, not through any fault of its own, but as a result of technological advances. We find that the business of defense is a wasteful one.

Every argument made against the expenditure of such funds as are contained in the pending bill is predicated upon the question, "What has been shown as a result of such expenditures?" I could recite, as I know the Senator from Alabama [Mr. HILL] could, the many results which have been obtained in the field of medical research, what we like to call payoffs for the money we have appropriated.

But I think the best example of what has been done is that, through medical research, since the program was started in 1943, the average life expectancy for both sexes has increased from 63.3 years in 1943 to 69.6 years in 1956, a total of 6.3 years. Since 1943, 8½ years have been added to the average life expectancy of women, and 4.3 years have been added to the average life expectancy of men.

In spite of that fact, every year that Congress has proposed certain amounts to be expended for research, someone from the Department has come before the committees and has said, "We cannot use the money." But every year something worthwhile has been shown as a result of such research. If the addition of 8½ years to the average life of women in the United States and the addition of an average of 4.3 years to the average life expectancy of men in the United States are not worth the amount of money we have appropriated, then I think we should all fold up and go home.

I agree that some of the money may not have been used wisely or judiciously. That is in the very nature of research. In basic research one may go on for years and never show any results, and all of a sudden he breaks through with a discovery worth all the effort, all the time, and all the money which had been expended.

I think if we asked the average male taxpayer what he would pay to live 4 more years, he would not put a price on it. There is no price which can be put on those added years. If we asked the average American women what she would pay to live 8½ years more, I am sure that she would not put a price on that additional life expectancy.

Sometimes I think that those who oppose such items think we pick a figure out of thin air. That is not true at all. The amounts provided are closely scrutinized by people in the field. They have vision. They look ahead. They know a little about what is needed to make a breakthrough in finding the cure for some of the killers of mankind. The items in this bill are pretty well documented. It is always said by the departments that we do not have enough doctors. That is one reason why we should appropriate the money. It is said that there is overcrowding of doctors, dentists, and research people in our schools. What we need is more research personnel, so we will not need so many doctors.

There have been so many discoveries that I am sure the Senator from Alabama [Mr. HILL], could stand on the floor for 4 hours and list the breakthroughs which have been made since the program was started.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. HILL. No one is more familiar with the Institutes of Health program and the work on medical research than is the distinguished Senator from Washington. He has had not only a deep and abiding interest in the programs through the years, but he was the author of the bill which established the National Cancer Institute. He not only provided leadership for the passage of that legislation, but he also succeeded in having a very kind and generous lady give to the Government the ground on which that institution stands today.

The Senator from Washington speaks from long experience, study, and insight into the whole problem of the health of the American people and of the contributions of medical research and the need for more research. Certainly no one can speak with greater authority in this field than the Senator from Washington.

Mr. MAGNUSON. I thank the Senator from Alabama. I think the RECORD ought to show the main causes of death in this country. The research program is geared to these statistics.

In 1957, according to the best estimate we have, 892,490 Americans died from arteriosclerosis and cardiac diseases.

Some 254,780 Americans died from cancer. That disease struck pretty hard right here in the Senate on many occasions.

There were 172,643 childbirth deaths.

The reason for the increase in the life expectancy of women is that we have pretty nearly wiped out childbirth deaths. We have been able, as a result of research, to reduce almost to the absolute minimum, fatalities resulting from childbirth.

Accidents account for only 97,000 deaths in the United States.

Pneumonia accounts for 53,000 deaths.

Diabetes accounts for 27,000 deaths.

Cirrhosis of the liver accounts for 18,000 deaths.

Fifteen thousand Americans commit suicide. Many of them commit suicide because they are despondent over their ill health. I would think that would be the main cause of their committing suicide, rather than mental causes.

We have almost whipped tuberculosis. As a result of the money we have provided the Veterans' Administration for medical research on TB alone, we have reduced the medical bill by more than $700,000—almost $1 million—on actual bed patients. We are about to close all the TB wards in veterans' hospitals, which is a marked indication of what research can do.

I agree with my friend from Florida that sometimes it is difficult to chart a course in medical research. Cancer research now takes more money. The most exciting thing which has happened in cancer research has been the research into chemical properties of certain drugs. Many thousands of drugs and thousands

of compounds have had to be analyzed. As a result, research has been centered on a few compounds which give some promise of help in the fight against different kinds of cancer. We expect the development of more.

We have learned many things about heart disease. The Senator from Alabama very dramatically told the committee, only yesterday, one thing I did not know about. Up until the research program went forward we had always thought a paralytic stroke was caused by a break in a blood vessel in the brain. Now we have discovered a method by which the surgeons are able to make corrections.

I do not know how much of this money might be wasted or how much of it might be unwisely spent. I do not suppose anyone could know. Surely we ought to provide enough for the research experts to go ahead.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BYRD of West Virginia. I should like to invite attention to the fact that the distinguished Senator from Alabama yesterday, at the meeting of the committee, pointed out that heretofore we had thought paralytic strokes were caused by the bursting of blood vessels in the brain, but that recent research has revealed that many times these strokes are caused by impairment of blood vessels in the neck and sometimes in the chest.

Mr. MAGNUSON. And the doctors now can get at those by using some of the methods they have devised.

It is said sometimes that comparisons are odious. We are spending about $58 million for research on the No. 2 killer, cancer, yet we spend $665 million for rivers and harbors control.

We spend about $27 million for research on mental illnesses. Again, I want to say to the Senator from Alabama, the amount being spent on mental illness could save us almost 10 times as much as the cost of actual beds provided in veterans' hospitals. I do not know how many Members of the Senate realize that we have, in every other bed in the veterans' hospitals, a mental case.

In the course of this research there has emerged one man who has contributed more in worth than the cost of the whole program. This man discovered that forms of tranquilizers could help in cases of mental illness, and this has reduced the cost in the Veterans' Administration hospitals by at least a couple of hundred million dollars in 1 year. That is what research can do.

We spend $111 million for soil conservation, which is good. We spend $157 million for agricultural research, which is good. We all voted for that.

But, even though we cannot pinpoint some of the tangible results in each particular case, I think we can afford to spend this amount of money for the health of the people of the United States.

Mr. BYRD of West Virginia. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BYRD of West Virginia. Is it not true that a few days ago the Senate increased the amount for the Development Loan Fund by $100 million?

Mr. MAGNUSON. That is correct.

Mr. BYRD of West Virginia. An amendment was offered in the Appropriations Committee to increase the amount the House of Representatives had allowed for the Development Loan Fund by $100 million. Was there a single eyebrow raised when that amendment was offered in the committee? Was there any argument about it?

Mr. MAGNUSON. Not a bit.

Mr. BYRD of West Virginia. The amendment went sailing through, did it not?

Mr. MAGNUSON. Yes.

Mr. BYRD of West Virginia. It is amazing to me that some Senators are always ready to increase amounts for the Development Loan Fund, which in reality is merely another giveaway, since it is a matter of making soft loans for which little or no security is offered by the recipient countries. There are those who raise no objection, or very little at most, to increasing amounts for participation in programs in foreign countries, yet when it comes to the spending of money for our own people, on behalf of the welfare and health and promotion of longevity of our own fellow Americans, they want to argue and quibble about the matter. I think it is time we quit being penny wise and pound foolish. It is time we spend less money abroad and use a little more of it here at home.

I desire to compliment the distinguished Senator from Washington for the every impressive argument he has made for this increased appropriation for medical research.

Mr. President, I wish also to take this opportunity to compliment the distinguished chairman of the subcommittee, the Senator from Alabama [Mr. HILL] and the other members of the subcommittee, as well as the members of the full Committee on Appropriations, for their forthright action in presenting this appropriation figure to the Senate. I wish to commend him and them for having increased the amount of money to be spent for medical research which will redound to the welfare and benefit of our own people in our own country.

Mr. HILL. Mr. President, I thank the Senator from West Virginia.

Mr. MAGNUSON. Mr. President, I think the RECORD should show that, because of research we have an increasing percentage of decline in the the death rate from many diseases. Those figures run from 24 percent to 84 percent.

As a result of the research program directly in New York State alone 35 percent of the mental cases, because of the use of tranquilizers, were released in the year 1958.

I do not know whether we have picked out the correct figure, but I know, as the Senator from West Virginia pointed out, there are great arguments going on.

In the Appropriations Committee at the present time there is an argument as to the value of an aircraft carrier. There is a great dispute over whether an aircraft carrier is worthwhile, or whether we should provide something else. No doubt we are going to vote $130 million for the aircraft carrier, and it will cost $200 million before we are through. There is a dispute about it. I think there can be no dispute about the amount of money spent on medical research.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. PASTORE. As a matter of fact, only this morning, a few minutes ago, I returned from the markup of the Defense Department appropriation bill. In the subcommittee we were dealing with a figure of $39,248,000,000. I do not say that the money should not be appropriated. Of course we must appropriate the money necessary for the security of the Nation and for the security of the free world. However, if we can find $39,248,000,000 of the taxpayers' money for the defense of the country, without bankrupting the Nation—and we must not impoverish the Nation, of course—why can we not find $136 million more to do the research work which must be done to find cures for terrifying diseases and to prevent their incidence?

I have been a member of this subcommittee, Mr. President, for a number of years. Year in and year out we have heard the constant lament, "We cannot use the extra money even if you give it to us." Yet when we have appropriated the money we have found that the money has been committed wisely, has been allotted prudently, and has been spent effectively. For what has it been spent? It has been spent to seek the cure for cancer, the cure for mental illness, and the cure for other diseases which are plaguing the well-being of the people of our great Nation.

Mr. President, the only test we have to meet is: If we appropriate this money, can it be wisely and prudently spent? That is the only question. The need is present. This is a good investment. It is not a giveaway. I hate to hear that word "giveaway" uttered with relation to these research funds, which are used to seek cures for terrible scourges which afflict mankind. This money is not being given away, but it is being invested in the good health of the people of the Nation.

In my short time in the Senate of the United States I have seen five fine men of this body succumb to the scourge of cancer. I do not know if a cure for this awful disease will be found in my lifetime, but we must keep on trying.

We did not pick this figure out of thin air. We were given testimony from experts, men who are acknowledged leaders in the field of research in the great domain of medicine. We took their testimony, and on their testimony we predicated the figure of an increase of $136 million.

Who is to spend this money? Not the junior Senator from Rhode Island; not the senior Senator from Washington. This money is to be spent by experts who are telling us to go slowly in this field. Year in and year out critics have said we have appropriated too much; yet we find that the money appropriated was

not enough. This year the Budget Bureau gives us an estimate which is equivalent to the amount which last year was said to be $101 million more than could be spent.

If it were not for the aggressiveness, courage, conscience, and big heart of the distinguished Senator from Alabama [Mr. HILL], I doubt very much if we would have made the progress we have made.

Whereas, years ago we could save one out of four from the scourge of cancer, now we can save one out of three. In the millions of dollars in terms of human effort thus preserved, our investment is truly wise. In the saving of human suffering and tragedy, our investment is beyond all price.

I take this occasion to say, Thank God we have in the Senate a man who is willing to stand up and fight and fight and fight for the health and well-being of the people of this great Nation of ours. I compliment him with the highest sentiments of admiration and gratitude for the tremendous work he has done.

Mr. HILL. Mr. President, I thank the Senator from Rhode Island for his very generous words. If the Senator from Alabama has been able to do anything in the field of medical research, in an effort to save the lives of our people, prevent human suffering, and wage war on premature death, it has been because of the fact that in any fighting he has undertaken, men like the Senator from Rhode Island have been at his side. No one has fought more valiantly and courageously, or with greater devotion to this cause than has the Senator from Rhode Island.

Mr. PASTORE. I thank the Senator.

Mr. JOHNSON of Texas. Mr. President, I wish to endorse every word the able and eloquent Senator from Rhode Island has just said. I subscribe fully to the sentiments he has expressed.

Mr. President, I rise to support the amount of $478 million which has been allocated for the medical research programs of the National Institutes of Health in fiscal 1960 by the Senate Appropriations Committee.

I am fully aware that this is an increase over the amount proposed by the administration for medical research during the coming year. As a matter of fact, the administration proposed exactly the same amount of money this year as it did last year.

This administration budget, if adopted, would mean that millions of dollars in new medical research projects, already approved by the scientific advisory councils, would have to be disapproved in fiscal 1960.

In a unanimous report signed by all Republican and Democratic members of the full House Appropriations Committee, the House exploded the argument that medical research should be curtailed to curb inflation and balance the budget. Let me quote a couple of sentences from that report:

> Actually, it is difficult to conceive of anything more anti-inflationary than a successful medical research program.
>
> It is obvious that disability is doubly inflationary—it reduces tax revenue on the one hand and it increases the expenses of Government on the other. It is equally obvious that medical research, which reduces disability and lengthens productive life, is doubly anti-inflationary—it increases tax revenue on the one hand and decreases the expenses of Government on the other.

Just a few weeks ago, in a magnificent speech advocating his international medical research bill, the senior Senator from Alabama, the beloved and able Senator HILL, who is an authority in the halls of Congress on all health and medical matters, presented some dramatic figures on the achievements of medical research over the past 50 years.

The Senator quoted from a report of the Legislative Reference Service of the Library of Congress. It said that 23 million American lives have been saved by the advances of medicine and science since 1900.

Mr. President, at the beginning of the century, uncontrolled disease menaced the very future of this great democracy. The average American died in his mid-forties—in the very prime of his life. Think of what a tremendous productive loss this was to a nation which had just begun its transformation into a major industrial power.

Many distinguished historians have pointed out that the major obstacle to our conquest of the American West was not the difficult terrain, the rigors of weather or the Indian—it was actually unchecked epidemics of disease which constantly decimated the ranks of the gallant pioneers who settled the West.

In the childhood of many of us in this Chamber, diphtheria, typhoid fever, smallpox, pneumonia, tuberculosis, and a host of other diseases brought heartbreak to hundreds of thousands of American families. Few were the families in Texas or in any other part of the country, for that matter, who did not lose at least one beloved child to one of these major killers.

Mr. President, I think we sometimes forget how dramatically this picture has changed.

In 1900, for example, this country lost 600,000 infants in childbirth.

Last year, we lost only about 100,000.

To put it very simply, for every six infants who died in 1900, five were saved in 1958.

The average baby born today will live at least 70 years. Since World War II, mainly due to the increased knowledge gained by accelerated research programs such as that advocated by the distinguished Senator from Alabama, we have added 6 precious years to the average American life. In that short period, 1,800,000 lives were saved due to medical research.

I have not the slightest doubt that I would not be standing here today but for the research which has been done in the past few years in connection with heart disease.

It is estimated that, in 1958, the people saved from death over the past 14 years earned approximately $3½ billion in income annually. In turn, these people paid to the Federal Government $623 million in taxes annually. This was three times the amount of money invested by our Government in medical research in 1958. This does not take into account the disabilities avoided and productive time saved by these people for the economy of the United States.

However, cold statistics do not begin to tell the whole story. For example, while we are beginning to achieve remarkable breakthroughs against cancer, it is still true that cancer kills 250,000 Americans each and every year, among whom there are thousands of children.

Over the past decade alone, cancer has claimed the lives of five members of this body: Kenneth Wherry, who was the minority leader at the time; Robert A. Taft, his successor as minority and then majority leader; Arthur Vandenberg, a tower of strength in the formation of our modern foreign policy; Brien McMahon, and finally the beloved Matt Neely who, by a bitter twist of fate, died of the disease which he had been fighting legislatively in the halls of the Congress for more than 20 years.

Cancer has killed many of our military heroes whom enemy bullets failed to stop: "Vinegar" Joe Stilwell, Gen. Hoyt Vandenberg, Gen. Claire Chennault, and many more. Only a few weeks ago General Twining, Chairman of the Joint Chiefs of Staff, underwent and operation for cancer of the lung.

By another ironic twist of fate, the Senate Appropriations Committee hearings on the budget for the National Cancer Institute for the coming year were held on the very day that our great Secretary of State, John Foster Dulles, was laid to rest. The senior Senator from Alabama dedicated that morning's deliberations to the memory of John Foster Dulles, and I now quote from his deeply moving statement that day:

> What more fitting, more meaningful, or more reverent memorial to the great contributions which John Foster Dulles made to his beloved country could there be than a higher resolve on the part of those of us assembled here and elsewhere throughout this great land to redouble our research efforts against the monstrous killer which struck Mr. Dulles down and which will claim the lives of 250,000 more Americans before this year has ended?
>
> It is indeed fitting that we dedicate these hearings this morning to both the memory of John Foster Dulles and to the hope that our deliberations here today may serve to bring closer the day when medical research will wipe this infamous disease from the face of the earth.

Mr. President, cancer is a personal tragedy, it is a family tragedy, but it is also a national tragedy which sometimes strikes at the very core and strength of our posture in the free world. Its deadly stranglehold upon the fiber of our democracy was nowhere better assessed than in a brief editorial which appeared several days after the death of John Foster Dulles in the Machinist, the official publication of the International Association of Machinists:

> For 6 years the Communists tried every trick in the book to get John Foster Dulles out of their hair. What the Commies couldn't do to our former Secretary of State, cancer did.
>
> We may know how to defend ourselves against the Communists, but recent events prove again that our defenses against cancer are inadequate and ineffective. It is time to strengthen our national defense against cancer.

Mr. President, many American doctors who have visited Soviet Russia over the past few years have come back and reported to us that Soviet progress in the field of medical care and medical research has been truly amazing.

Recently an official medical mission from the U.S. Public Health Service headed by Dr. Thomas Parran, a former U.S. Surgeon General, described Russian progress in medicine since 1917 as impressive as the appearance of sputnik. In their report, they noted that Russia had worked out a massive 15-year plan for the medical research conquest of cancer and heart disease.

From the time of the revolution which overthrew the czars in 1917, the Russian economy was seriously threatened by the ravages of disease. In fact, the civil war that followed the revolution of 1917 unloosed a series of disease epidemics which killed millions of Russians.

An official report disclosed that Russia's death rate was approximately twice that of the West, and that the average Russian worker had a life expectancy of only 40 years. The report emphasized the point that the industrial development of Russia could come only from the increased production of the workers and peasants.

As a result of this report, over the past 40 years the Russians have constantly diverted scarce materials and manpower to the promotion of health.

What have the results been? The length of life of the average Russian citizen has been increased from 40 years at the end of World War I to approximately 67 years today.

The massive Soviet health system now boasts 2,750,000 employees. Furthermore, Russia is turning out 16,000 doctors a year, more than twice the annual output in this country.

In proportion to its population, Russia now has 25 percent more doctors than we have in America. It has been reported by reliable medical sources that Russia is training 2,000 doctors a year for work in the underdeveloped countries of the world.

By way of contrast, because of the critical doctor shortage in this country, 25 percent of our hospital staffs are composed of foreign-trained doctors.

Testifying before the Senate Appropriations Committee earlier this year, Mr. John T. Connor, president of one of this country's largest drug houses, issued this sober warning to this country in discussing our major offensive to win the allegiance of the free peoples of the world:

> Because of our concentration on physical and financial capital, we are inclined to forget the importance of human capital, which is both the means and the end of industrialization.

Mr. Connor warned the Senate committee:

> This concept of the relation between human capital and economic growth could turn out to be decisive as the Soviets set forth to meet the rising expectations of Asia, Africa, the Middle East, and even Latin America with a program of health, development, and communism.

Mr. President, we do not have excess resources of manpower in this country. Furthermore, the nations of the free world are far outnumbered by the vast populations of the Communist nations. Our most precious capital resource is still, and always will be, the health and well-educated individual.

It has been conservatively estimated that the major killers and cripplers of our time cause a $30 billion annual loss to the American economy. One million and seven hundred thousand Americans die from disease, but 20 to 30 million Americans are incapacitated, either fully or partially, by a whole host of disabling diseases.

Mr. President, I wish there were time to detail the ways in which disease is cutting into our economic system. But let me give you the figures on just one disease, considered by most people a relatively unimportant and undramatic one. It does not kill, but it disables over a long period of time.

Arthritis, which afflicts 11 million Americans, disables 1 out of every 10 persons over the age of 14. It causes the loss of 80 million workdays each year; this is the same as if 320,000 persons were removed from the work rolls of the Nation each year.

Furthermore, 12 percent of all permanently and totally disabled persons in this country receiving public assistance from State and Federal sources suffer from this disease; the annual relief bill for the support of these people exceeded $125 million last year alone.

Mr. President, the only way to stem the heavy economic costs of disease, which produces inflation by adding to Government expenditures, is through accelerated medical research. Furthermore, one of the major ways to increase these tax revenues and reduce these deficits is through an accelerated medical research program which will add additional workers to our productive economy, who cannot produce now and will not produce if they are hit by one of these dread diseases.

In our present financial situation, I believe that every Member of the Senate can fully agree on this: We need more taxpayers, and we need fewer tax recipients. Medical research is totally dedicated to the accomplishment of this objective.

I applaud the dedicated and diligent efforts of the subcommittee and the members of it on both sides of the aisle led by the able senior Senator from Alabama [Mr. HILL]. I hope and trust and pray that as a result of their vision and their efforts, the day will come when we will drive from the face of the earth these dread diseases which cost so much in pain and suffering and money each year we live.

Mr. HILL. Mr. President, as the chairman of the subcommittee, and on behalf of the subcommittee, I thank the distinguished Senator from Texas for his very kind and generous words. I also thank him and heartily congratulate him for the very eloquent, challenging, and compelling speech he has made in the Senate today. Certainly no one could have heard his speech without being moved, without being inspired to move forward all the more consistently and courageously in the battle against these dread diseases and for the health of the American people.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the passage of the bill, so that Senators will know there will be a yea-and-nay vote on its passage.

The yeas and nays were ordered.

Mr. NEUBERGER. Mr. President, it was my privilege, when the hearings to consider funds for the National Cancer Institute, were opened by the distinguished Senator from Alabama, to be the first witness. I was the first witness at his request. I had the privilege of sitting at the witness table between two of the greatest cancer researchers in our country or in any other country—Dr. Sidney Farber, of the Children's Cancer Research Foundation, and Dr. Isadore S. Ravdin, of the University of Pennsylvania Medical School.

Although I cannot speak for him, I believe the Senator from Alabama asked me to be the first witness not only because I had taken a profound interest in the cause of medical research, but because I have had cancer.

I desire to associate myself with what the majority leader, the distinguished senior Senator from Texas [Mr. JOHNSON], said a few minutes ago. Senator JOHNSON said that he may owe his own life to the research undertaken so successfully by the National Heart Institute. I think I may collaborate with the Senator from Texas by emphasizing that I owe my own life to the research undertaken by the National Cancer Institute.

Mr. KEATING. Mr. President, will the Senator yield at that point?

Mr. NEUBERGER. I am glad to yield.

Mr. KEATING. I simply make the comment that if the appropriations for medical research have had any force in bringing about both of those results, or either of them, they have surely proved their effectiveness. I shall certainly support this increased amount for medical research.

Mr. NEUBERGER. The Senator from New York is characteristically kind. We are delighted to have his very influential and enthusiastic support.

Mr. President, I often wonder why it was that in the past so little had been spent on medical research, and that the investments which should have been made were not made until we had the leadership provided by persons like the Senator from Alabama [Mr. HILL], the Senator from Washington [Mr. MAGNUSON], the Senator from Nevada [Mr. BIBLE], the Senator from Texas [Mr. JOHNSON], and many others.

I think there is a curious fatalism which obsesses us all. Each of us thinks that it will be the other person who will have a coronary attack, or the other person who will have cancer. I believe we move through life perhaps in blissful ignorance of what awaits us. I know that that was my own particular situation.

My wife and I were ready to go to the beach at Gearhart, Oreg., one afternoon on our vacation. It was the day we arrived home from the last session of Congress, in August. We had planned to leave in about an hour. She had started to pack the car.

I said, "Don't pack the car anymore. Do the things around the house which have to be done before we go away. I am going to see our family doctor about a sore in my mouth which has been troubling me."

I went to see him at 3 o'clock in the afternoon about the sore in my mouth. He looked at it and said, in effect, "That is nothing. Gargle with warm water."

He went to the wash basin in the examining room, washed his hands, and began to dry them on a towel. I was ready to go out of the examining room to start on my vacation. Just as I was about to go past the doctor, he said, "I haven't look at you for a while. I think I should. Take off your clothes and get up on the examining table."

The doctor said later that he would never know exactly what moved him to say that at that particular time. But 60 second later he looked at me, and my blood ran cold when he said, "DICK, I don't like this one bit. This does not belong in you; it belongs in a jar. We are going to get it in a jar tomorrow morning at the Teaching Hospital."

That night, instead of being on our way to our vacation, I lay at the Medical School Teaching Hospital, convinced I was going to die, because the doctor had told me I had cancer. The sore in my mouth had been innocent. The cancer produced no symptoms; not even one, single iota of pain.

The next afternoon, after the operation, when I came out of the anesthetic, the doctors were sitting in my room. They were grinning. I thought it was a horrible nightmare and that actually I had died.

The doctor who had diagnosed the tumor said to me, "We think you are going to be all right."

I said, "I do not believe you. You are trying to keep me from being overcome with terror and fright."

"No," he said, "we think you are going to be all right. If the permanent section, tomorrow, confirms the frozen section which Dr. Hunter, the pathologist, has under his microscope in surgery now, we are confident you will be all right."

I said through the aftermath of the anesthetic, in my panic, "What do you mean?"

He said, "Well, the preliminary diagnosis is that of a tumor which is responsive to radiation. There are certain types of tumors which are responsive to radiation. If the permanent section, which will be ready tomorrow, confirms the preliminary diagnosis, we are very confident that you will be all right."

Then followed a long course of radiation therapy under a cobalt 60 machine. I never laid there, each morning, without blessing the whole long procession of people interested in medical research, who had over the decades and over the years produced the device which was saving my life.

Later I received a letter from one of the great medical researchers of our country. In effect, in the letter, he said: "Through the funds made available to the National Cancer Institute, these improved methods of radiation, such as cobalt, have been developed. If it were not for that, your chance of recovery would be much less, and your course of treatment would be far more painful and uncomfortable."

So I finally realized more fully something which I had often said—namely, how urgent and important medical research is to all the people. All at once I learned that I was dependent upon the product of medical research in order to live. Of course, I was fortunate enough to have had what was called a radiosensitive tumor. If that had not been the case, the doctors have told me I would not be alive now. But if funds had not been available, through the leadership of the able Senator from Alabama [Mr. HILL] and others, especially in the National Cancer Institute, the marvelous device which saved my life would not have been available.

So all I can say to Senator LISTER HILL is: "Thank you very much for helping to save my life."

I doubt that anyone can say more than that. I wish I could phrase my sentiments more eloquently. I wish I could use more expressive language. But sometimes, I think, understatement is what should be employed.

I say to you, Senator HILL, that whatever I may do in my future and in my career, you are partly responsible for it, because if it were not for you and for the medical research which was made possible by your leadership, I would not be here.

Mr. HILL. Mr. President, will the Senator yield?

Mr. NEUBERGER. Of course I yield.

Mr. HILL. The Senator from Oregon has been generous to me; I am deeply grateful to him. But, as I said earlier, the action of Congress in providing funds for medical research, to obtain the knowledge, and to secure the information which has made it possible to save the life of the Senator from Oregon, has resulted from the efforts of many persons, particularly the efforts and the fighting for the cause by many Members of Congress.

If the Senator from Alabama has been able to make any contribution to the cause, it has been due to the fact that many other Members of Congress have stood by our side through the years and have fought hard and valiantly that we might wage the battle against cancer and the other dread diseases, and the battle for health for the American people.

Mr. NEUBERGER. The Senator from Alabama is characteristically modest. Yet, I think all the persons who have worked with him, including the Senator from Rhode Island [Mr. PASTORE] and the Senator from Washington [Mr. MAGNUSON], will concur in what I say: That without his leadership, these gains would not have been possible.

Mr. President, the July issue of the American Legion magazine contains an excellent article headlined "What We Now Know About Cancer," written by Tom Mahoney, an able journalist. The article sums up in concise fashion the current status of research work in this area of disease study. I ask unanimous consent that it, together with a special newsletter supplement issued June 20, 1959, by Prentice-Hall and entitled "Can We Buy a Cure for Cancer," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From American Legion magazine, July 1959]

WHAT WE NOW KNOW ABOUT CANCER

(By Tom Mahoney)

One of the most tragic nights for American arms in World War II was lucky for cancer research. On December 3, 1943, the port of Bari, Italy, was jammed with ships unloading supplies for our forces which then had a tenuous foothold on the southern third of the country. In the center of the vessels was the *John E. Harvey*, a Liberty ship loaded with high explosives and also 100 tons of nitrogen mustard gas in aerial bombs.

At 7:30 p.m., enemy bombers struck. Sixteen ships blew up and sank. Though not hit directly, the *Harvey* and all her crew disappeared in a gigantic explosion which sprayed poison gas over the harbor which was already covered with burning oil, smoke, flames, exploding munitions, and sinking ships.

Medical officers who treated survivors observed that one of the effects of the mustard gas was interference with the body's mechanism for producing blood cells, especially white blood cells. As this is exactly what is needed to control the form of cancer known as leukemia, it pointed the way to the development of nitrogen mustard compounds and other chemicals for at least the temporary control of certain forms of cancer. Col. John A. Alexander's report on the Bari injured was termed "a classic medical paper" by Dr. Cornelius P. Rhoads, director of the Sloan-Kettering Institute for Cancer Research.

Since then thousands of chemicals, 40,000 in 1958 alone, have been compounded, principally by pharmaceutical companies, as potential anticancer weapons. It is an extremely difficult task. The drug must combat cancer and at the same time not do too much harm to the rest of the patient. As one scientist explains, it is "like finding something that will take off a rabbit's right ear while leaving the left one unharmed."

Ninety-eight of these drugs have survived animal tests and now are being used in the treatment of human patients in some 150 hospitals including many of the Veterans' Administration. The lives of many children suffering with leukemia (which takes a greater toll of children between the ages of 5 and 14 than any other disease) are being prolonged months and sometimes years by chemicals pioneered by American Cyanamid's Lederle Laboratories at Pearl River, N.Y., and Burroughs Wellcome & Co. at Tuckahoe, N.Y.

National Cancer Institute researchers recently found that, for the first time in medical history, a rare but previously invariably fatal solid human cancer, choriocarcinoma, can be suppressed by methotrexate, one of the Lederle drugs. Fourteen of sixteen women with this rare cancer, a tumor in the uterus before or after childbirth, are alive and 11 are free of symptoms and living normally 3 years after treatment. Dr. Roy Hertz of the Institute received an award from the American Association for the Advancement of Science for his work with this drug.

Promising anticancer drugs, some of entirely different types, also have come from

Parke, Davis & Co. in Detroit, Eli Lilly in Indianapolis, Abbott Laboratories in North Chicago, Upjohn in Kalamazoo and Merck in New Jersey. E. R. Squibb & Sons opened a new laboratory in New Brunswick, N.J., last year and will spend $7 million on cancer studies in the next 5 years. At its John L. Smith Memorial for Cancer Research in Maywood, N.J., Chas. Pfizer & Co. this year is spending $800,000 of its own and $1.2 million in Government funds screening antibiotic broths for anticancer activity. Schering Corp. at Bloomfield, N.J., and Bristol Laboratories at Syracuse, N.Y., also have cooperative Government research contracts.

These and other developments since the Bari disaster cause Dr. Rhoads, Dr. John R. Heller, director of the National Cancer Institute, and other cancer leaders to be cautiously optimistic. Some leaders of the American Cancer Society expect cancer may be controlled within our lifetime. In a Chicago address this year a Pfizer executive went so far as to predict a cancer cure by 1965.

But there are serious hurdles. Cancer has been recognized and studied since 400 B.C. when Hippocrates observed the often crablike appearance of the spreading lesions and gave the disease its name. Though more has been published about cancer than any other disease, our knowledge of it still is appallingly small. Sir Winston Churchill's words "a riddle wrapped in a mystery inside an enigma" are more applicable to cancer than they are to Russia.

Researchers cannot even agree as to whether cancer is a single entity or several diseases. Pathologists incline to the latter theory and say some cancers are as different as such diseases as smallpox, diphtheria, and malaria. Many biochemists, however, believe that all cancers—despite their variety and their different response to treatment—are essentially the same, and that all cancer cells have a similar submicroscopic chemistry. There is, of course, no generally accepted explanation of why the body's cells become cancerous and run wild to invade and destroy other tissues.

Cancer is increasing, not declining. Among children, it is second only to accidents as a cause of death. But it strikes most frequently among adults and often at the peak of their careers. Some of the best known recent cancer patients have been Arthur Godfrey, former Secretary of State John Foster Dulles, Senator Richard L. Neuberger, and Senator Robert A. Taft. It also hit Generals Hoyt S. Vandenberg and Joseph W. Stilwell, Gertrude Lawrence, Dr. Enrico Fermi, Babe Didrikson Zaharias, Humphrey Bogart, Eddie Duchin, and Babe Ruth.

Most experts agree that cancer is on the rise because it parallels the lengthening span of life. By reducing deaths from infectious diseases, we actually have increased the amount of cancer among us. If the present rate of increase continues, the annual death toll will double in the next 50 years. Massachusetts has the highest cancer death rate. New Mexico, Utah, and North and South Carolina have the lowest.

While the death rate of women from cancer has declined 15 percent in as many years, the death rate of men from cancer, especially lung cancer, has increased. Perhaps because of greater exposure to X-ray equipment or, as some theorize, from increased radioactive fallout from atom-bomb experiments, there also has been a sharp rise in leukemia. This hits adults as well as children.

Cancer kills about 700 Americans a day. Unless something unforeseen is discovered, 40 million persons now living will develop cancer and 26 million of them will die of it. As a cause of death in the United States cancer advanced from seventh place in 1900 to second in 1938 and continues to hold this rank. One out of six deaths is now a cancer death. Only heart disease kills more. In 31 foreign countries cancer is the leading cause of death.

Fortunately there is another side to the picture. More has been learned about cancer and more progress made toward its control since World War II than in all previous human history. In 1938 one out of four cancer patients was saved. Last year it was one out of three. Some definite gains are these:

1. More than 800,000 Americans who have had cancer are now alive and free from it 5 years or more after its diagnosis. Half of the 450,000 new cases of cancer that will be found this year can be saved by treatment now available if it is obtained promptly.

2. Tests now detect early cancer with greater accuracy than in the past, and new electronic devices for swift and precise identification of cancer cells are being developed. The vaginal smear test of Greek-born Dr. George N. Papanicolaou has saved the lives of thousands of women with unsuspected uterine cancer. At 75, he is still studying cancer at the Cornell University Medical College in New York.

3. Surgery, the principal answer to cancer since Galen, is safer than ever before, thanks to infection-preventing antibiotics, improved anesthetics, and blood-tranfusion techniques. Removal of a mouth cancer in a secret operation saved the life of President Grover Cleveland in 1893. In recent years better surgery has greatly reduced abdominal cancer mortality. A new operation which has restored speech to some people whose larynxes have been removed because of cancer was revealed this year by Dr. John H. Conley, of New York.

4. Radiation, used against cancer since 1899, now is more effective than ever, thanks to multi-million-volt X-ray machines, betatrons, and the peacetime byproducts of the atom bomb. The last include radiocobalt, radioiodine, radiophosphorus, and radiogold. Radiation supplements surgery and also is used to treat inoperable cancers.

5. New chemicals useful against cancer, in addition to those named, include the synthetic adrenal hormones of the cortisone family and the synthetic sex hormones which are of definite value in cancer of the prostate in men and breast cancer in women. Dr. Charles Huggins, of the University of Chicago, and others, have found that administration of male hormones helps control the latter and female hormones help control the former.

6. Funds for cancer research have increased a hundredfold since 1944. While more money can still be used, $76 million a year in public and private funds is now being spent on what the American Cancer Society terms "the greatest and costliest single undertaking in medical history."

Although the Roswell Park Institute at Buffalo, Memorial Hospital in New York, Harvard University, and a few other institutions had research programs, there never was as much as $1 million a year available for cancer research before World War II. The American Society for the Control of Cancer, a medical lay organization dating from 1913, had less than this for all its activities.

Under the leadership of Elmer H. Bobst, Emerson Foote, the late Albert Lasker, and others, this group was reorganized as the American Cancer Society in 1944. That year it raised $850,000. The next year it raised $4 million, and since then $250 million.

Moved by the fate of his friend, Damon Runyon, who first lost his voice and then his life from a throat cancer, Walter Winchell, the columnist, in 1946 started the Damon Runyon Memorial Fund for Cancer Research. It has since raised $13.5 million, nearly $1 million from the Fraternal Order of Eagles alone. All of this money has been devoted to research. Runyon's death, incidentally, was an example of the tragedy of unsuspected cancer. He learned of it from a veterinarian who noticed his speech when he brought a dog in for treatment.

The personal element also figured in several other anticancer projects launched at the time. The late Charles F. Kettering, whose wife and two sisters died of cancer, joined his General Motors colleague Alfred P. Sloan in establishing the Sloan-Kettering Institute for Cancer Research in New York as "a cancer university." It was started with a $2 million building and the same amount to finance its work for a decade. The institute soon will have, at Rye, N.Y., a new $4 million building for research in chemotherapy. Called the Walker Laboratory, it was built with Government assistance. In Newark, N.J., eight women friends of a young woman who died of cancer at 28 formed the Ruth Estrin Goldberg Memorial for Cancer Research and raised $100,000 for it by stunts such as running a filling station for a day and soliciting funds in burlesque shows.

Pursuit of research related to but independent of the explosion at Bari led the private pharmaceutical industry to invest millions in cancer work. On the decision of its late President William B. Bell, a Quaker who believed in bold research, the American Cyanamid Co. began a program on which it has spent more than $5 million. In the tradition of its American-born founder, Sir Henry Wellcome, who kept a research laboratory "much as another man might like to support a racing stable," Burroughs Wellcome & Co. has conducted costly cancer research both in America and England.

Drs. R. B. Angier and Robert Stokstad and other Cyanamid scientists isolated and in 1945 synthesized folic acid, a vitaminlike material found in the foliage of certain leafy plants. A daily supply of folic acid is vital for the growth and survival of all cells.

This led students of cancer, such as Dr. Sidney Farber of the Children's Hospital in Boston, to believe that a variation of folic acid might starve, poison, or otherwise halt the growth of cancer cells. By substituting other chemicals for various parts of folic acid, researchers of Cyanamid's Lederle Laboratories produced a series of folic acid antagonists. These function by displacing or preventing folic acid from acting in living cells.

One folic acid antagonist is Aminopterin, first made in 1947. Dr. Farber found that oral doses of it temporarily halted the advance of leukemia in children. In one remarkable case it was given for 6 years to a boy with an apparent intestinal cancer. He grew up to be a 6-foot, 4-inch National Guardsman with no further trouble. Methotrexate, already mentioned, was developed the next year. Other companies have since developed many other drugs to fight cancer.

The American Cancer Society meanwhile has raised increasing amounts for its work, and Government appropriations for the National Cancer Institute at Bethesda, Md., have been increased sharply. The society's contributions increased to $13.25 million in 1948. The Institute's appropriation rose from $548,000 in 1946 to $14.5 million in 1948. The society now raises about $30 million a year; and the National Cancer Institute, having had its funds doubled in a single year, has $75,268,000 annually.

Seventy percent of the Institute's money and about 30 percent of the society's go for research, the remainder principally for education and help to cancer patients. Nearly $1 million of the Veterans' Administration funds and $3.4 million from the Atomic Energy Commission also are being used for cancer research. The funds available for

research in this field are greater than ever before.

Much of the money is going into the search for chemical compounds that will shrink or destroy cancers, and the testing of them on cancers in mice and other animals. Antibiotics as well as synthetic chemicals are being tested. In addition to numerous university and hospital contracts, the Government has contracts totaling more than $11 million with more than 100 private companies for laboratory work of this sort. The program is handled by the Cancer Chemotherapy National Service Center, set up in 1954 at Bethesda, and is guided by a committee which includes top Government and industry researchers. A 1958 decision of the Department of Health, Education, and Welfare allows a company patent rights on any cancer drug it discovers in the course of the program as long as it can produce it economically and meet all demands.

Many more projects are concerned with the basic enigma: Why some of us develop cancer and, equally important why some of us do not. "We want to find what makes cancer cells tick," explains an Eli Lilly researcher in Indianapolis, and where to throw the monkey wrench to make them stop ticking." A National Cancer Institute scientist explains that a cell is malignant because of an added "something" which it didn't have before, or the lack of "something" which formerly regulated its growth. The problem is the "something."

The mass effort to find it involves statisticians; convict volunteers in Ohio State Prison and elsewhere; mice breeders and millions of mice; and hundreds of chemists, pathologists, physicians, surgeons, and others in scores of institutions. It involves the Sloan-Kettering Institute and the complex of hospitals and laboratories forming the Memorial Center for Cancer and Allied Diseases in New York; the Atomic Energy Commission's great Argonne Cancer Research Hospital at the University of Chicago, and AEC installations at Oak Ridge and Brookhaven; Dr. Paul Burkholder's antibiotic laboratory at the Brooklyn Botanic Garden, which has screened 100,000 molds; and the National Cancer Institute's own laboratory and hospital at Bethesda where 500 scientists, technicians, and laboratory assistants have 250 research projects underway. Groups at Columbia, Mo., and Houston, Tex., are doing promising work.

While the mechanism by which they do their evil remains a mystery, certain irritants are known to cause some forms of cancer. As far back as 1775 Dr. Percival Scott, a surgeon of St. Bartholomew's Hospital in London, observed that chimney sweeps developed cancer of the scrotum because some of the soot in which they worked became lodged in this part of their body. Later it was found that soot contains a cancer-causing chemical. Forty-two women who put their brushes into their mouths while painting luminous watch and clock dials at an Orange, N.J., plant later died of cancers of the blood, bone, or brain. This established radium paints as a cause of cancer. Certain coal tar chemicals, excessive sunlight, X-rays, radium rays, certain compounds of arsenic and anilin dyes induce cancerous growths.

Whether the tars and nicotine of cigarette smoke are to be added definitely to this list, of course, is a matter of heated controversy. The American Cancer Society and investigators such as Drs. Alton Ochsner, of New Orleans, and Ernest L. Wynder, of New York, believe the facts implicate cigarette smoking in the rise of lung cancer. Evidence for this is strong enough to have popularized filter-tip cigarettes. Some eminent medical men say that the cases are unproved. They point to the fact that Senator Taft, a nonsmoker, died from lung cancer and add that the majority of smokers do not develop it. Dr. Arthur J. Vorwald, of Detroit, is one of the researchers doing important work on lung cancer.

Because lung cancer seldom is diagnosed in time for cure, and only about 5 percent of all cases are saved, the Veterans' Administration and the Cancer Society last November embarked on a new $2 million study designed to improve diagnostic procedures. The study will last for at least 3 years in VA domiciliaries in Los Angeles, Calif.; Dayton, Ohio; Wood, Wis.; Biloxi, Miss.; Bay Pines, Fla., and Martinsburg, W. Va. These centers house approximately 12,000 men during a year. The vast majority of the men are over 50—in the "lung cancer age."

All admitted to the centers during the first 3 years will be studied semiannually. Every 6 months each will have a chest X-ray and sputum examination. Three radiologists will examine each X-ray, and four of the best pulmonary cytologists in the country will receive the sputum preparations for study. This is the first program of periodic cytologic examination for lung cancer ever undertaken.

Dr. Dean F. Davies, the Cancer Society's administrator for research on lung cancer, said that all residents in these centers will be given the best lung-cancer-detection, diagnostic, and treatment services medical science has to offer.

"The study will teach us several things," Dr. Davies said. "We should learn whether chest X-rays or sputum tests can detect significant numbers of lung cancers before symptoms appear. If the symptomless cancers can be detected, we should learn whether they are curable. We will look for evidence on the role of environmental factors such as smoke, atmospheric pollutants, and industrial wastes, clinical histories of earlier diseases, and other factors among these populations."

All 171 VA hospitals have begun a long-term survey to provide information on cancer patients. The data will include material on diagnosis and results of treatment for cancer, clinical information needed for research and epidemiological studies, and statistics useful for planning purposes. The hospitals will report followup studies of discharged patients.

VA hospitals are admitting approximately 35,000 cancer patients yearly, and have an average daily cancer patient load of more than 4,000. A continual increase in the number of cancer patients admitted to VA hospitals may be expected as the veteran population ages.

Dr. Ludwik Gross, of the Bronx VA Hospital, is one of the foremost scientists gaining research support for the idea that cancer is caused by viruses. He was able to induce leukemia in mice with a filtrate containing no cells but possibly virus particles. Dr. Wendell Stanley, a University of California virologist who received a Nobel Prize, believes it important to learn more about the relationship of viruses to cancer. So does Dr. Steven O. Schwartz, of Chicago's Hektoen Institute. As early as 1911 Dr. Peyton Rous, of the Rockefeller Institute for Medical Research, proved that a virus caused cancer in chickens. Dr. Ferdinand C. Helwig, of St. Luke's Hospital, Kansas City, Mo., reported finding viruslike particles in human cancer of the colon. If viruses are responsible for cancer, and if they can be isolated, there is hope of a vaccine for cancer. In fact, Dr. Charlotte Friend, of the Sloan-Kettering Institute, and others have developed vaccines for certain mouse cancers.

The search for something unique in cancer tissue which might be used to enhance the body's defenses against cancer has turned up a compound called cytolipin H. This has been isolated from more than 20 different specimens of human cancer. It was found in trace amounts in only one normal tissue, the spleen. A related substance, malignolipin, also isolated last year, has been found only in cancer tissue.

Evidence of natural resistance to cancer was uncovered with verification of 30 cases of "spontaneous regression," the disappearance of cancer for no known reason. These were added to 47 cases previously identified, and they represented a wide variety of cancers.

Studies were made of properdin, which occurs in the blood and appears to be deficient among persons with advanced cancer. The question now to be answered is whether the cancer depresses properdin production or whether lack of properdin permits the cancer to grow. Volunteers among prison inmates who permitted themselves to be injected with live cancer cells, which they promptly rejected, showed high levels of properdin. Advanced cancer patients who also volunteered for similar experiments rejected the cells slowly, if at all, and had extremely low levels of properdin in their blood.

With so many projects involving so many scientists, including many elderly investigators who are desperately anxious to achieve something noteworthy before their careers end, there may be early breakthroughs. Then again, there may not; and some of the 1,000 investigators supported by the American Cancer Society in 117 research centers are working on very long-range projects.

Dr. James Melford Price, of the University of Wisconson, received the society's first lifetime grant of $392,296 to study metabolic disturbances of cancer patients. The Roswell Park Memorial Institute this year received $188,510 to support the epidemiological research of Dr. Morton Levin for 10 years; Harvard, $201,400 for the biochemical work of Dr. Lewis L. Engle for 17 years; and Vanderbilt University, $432,000 for work in the same field by Dr. Sidney P. Colowick. These grants compare with $500,000 invested earlier in the work of Dr. Papanicolaou and $900,000 in that of Dr. Huggins.

The World Health Organization and most foreign countries, including Russia, also have cancer research programs. The next meeting of the International Cancer Congress, at which researchers from all parts of the world exchange information, is scheduled for Moscow in 1962.

"If we were to find a cure for cancer," said a scientist recently, "it would be as much a propaganda victory for the United States as the pioneer moon rocket." The speaker was not a medical man but Dr. Simon Ramo, one of the foremost developers of space missiles.

CAN WE BUY A CURE FOR CANCER?

"I've got cancer!" The shattering, mind-searing impact of this discovery strikes 450,000 Americans every year. It has been estimated that, unless a preventive or cure is found, 40 million men, women, and children now living will be stricken by cancer, and 26 million of them will die from it. Can the U.S., through massive Federal appropriations, "buy" a cure for this vicious disease? Opinion splits sharply on this crucial issue. But the evidence weighs heavily in favor of vast new expenditures to achieve a quick scientific breakthrough against the Nation's No. 2 killer.

Cancer is not only profligate with human life—it also exacts a staggering economic toll. The 700,000 U.S. cancer cases under treatment at any given time run up $300 million in hospital bills annually. The disease cost employees about $175 million in wages in 1958. Employers lost about 113,000 man-years in production. Who can even begin to measure the inestimable loss to the Nation from the premature death of such cancer victims as Enrico Fermi, outstanding atomic scientist, or John von Neumann, one of the world's most brilliant mathematicians?

Viewed from either the humanitarian or the more impersonal economic standpoint, there would seem to be no dispute that the

campaign against cancer should be accelerated to the limit of the Nation's financial capacity. But no such unanimity exists. President Eisenhower, questioned on the need for expanded Federal assistance to medical research, replied that "we are doing a pretty good job." He defends his $75 million hold-the-line request for cancer studies in terms of the need to balance the budget and curb inflation.

Proponents of increased Federal assistance brand the administration stand as niggardly. They charge the President is placing budgetary considerations above human life. On the House floor, Representative JOHN E. FOGARTY, Democrat, of Rhode Island, chairman of the Appropriations Subcommittee for Health, Education, and Welfare, charged that the President's budget for the National Institutes of Health "is not a responsible budget." Said he: "I do not believe we can apply flat mathematical restrictions to any single item of Federal financing without first considering the effect it has and will have on the lives of the people."

The House has already boosted the President's cancer allocation to over $83 million, and the Senate is considering a further increase, possibly to $110 million.

WHAT COULD NEW MONEY DO?

Opponents of proposals to pump vast new sums into Federal cancer research argue that the money could not be used effectively. They contend that shortages of trained personnel and lack of facilities and equipment limit experimental work. But advocates of more liberal outlays retort: Use the money to train more people through fellowships and clinical trainee assistance; obtain more qualified personnel through better salaries; build more special cancer laboratories; increase research grants to universities and hospitals; and boost contracts to pharmaceutical and other industries.

Senator RICHARD D. NEUBERGER, Democrat of Oregon, only recently treated for cancer himself, proposes that Congress appropriate $500 million for a crash program directed by the National Cancer Institute, one of the seven Institutes run by the U.S. Public Health Service. This fund would be available until expended, not subject to annual legislative review. NEUBERGER declares the continuing grant would insure stability and continuity, and thus better results.

WHAT ARE THE PROSPECTS?

Recent research advances and the shining promise for the future bolster the arguments for greater efforts in the fight against cancer. What has been accomplished? What are the chances for new gains? Here's a quick rundown:

(1) Causes of cancer: More and more scientists are convinced that viruses cause many types of cancer. Investigators have induced tumors in mice, rats, and hamsters with laboratory viruses. The scientists also have developed a vaccine 97 percent effective in immunizing such animals. Applying such findings to humans is, of course, a thorny problem. But discovery of the animal cancer virus and vaccine is considered a milestone on the road to prevention of human cancer. Study of tissue cultures—living cells outside the body—is an increasingly effective tool now being used by researchers like Dr. Jonas Salk.

(2) Early detection: Catching cancer in its early, localized stages is a paramount factor in improving the cure rate—now one in three. As stressed in Dr. Charles S. Cameron's "The Truth About Cancer" (Prentice-Hall, Inc.), half of today's deaths from cancer could have been prevented by early diagnosis and treatment.

It is estimated that the currently available vaginal smear test alone could save the lives of 38,000 women a year. Many researchers believe they are on the threshold of developing similar tests for many other forms of cancer.

Blood studies and development of instruments to detect early cancer by mechanical or electronic means also open promising avenues in diagnosis.

(3) Treatment of cancer: At present, cancer can be cured only by surgery or radiation. The limitations of these methods are now fairly well defined. Chemotherapy—treatment with drugs—furnishes the brightest hope for the future. According to the National Cancer Institute, this "chemical warfare" shows particular promise on leukemia and cancers which have broken free and spread to many parts of the body. Under the direction of the Cancer Chemotherapy National Service Center, about 40,000 chemical compounds a year undergo rigorous screening for anticancer properties. About 20 drugs already in use prove effective against 30 forms of cancer for periods ranging from a few weeks to several years.

Dr. John R. Heller, National Cancer Institute director, points up the high hopes for drug treatment: "Chemotherapy appears to offer the promise of breakthroughs in the control of cancer. The success achieved thus far anticipates the time when physicians will be armed with a number of chemical weapons with which to treat and cure cancer in man. It is impossible to say when this will happen, but the accomplishments of the national program in all likelihood will hasten eventual control of many types of cancer."

WHAT CAN I DO?

Recent death of John Foster Dulles, and the incapacitation of such public figures as Gen. Nathan F. Twining, Chairman of the Joint Chiefs of Staff, and TV star Arthur Godfrey, dramatize the acute need to raise the pitch of battle. Private organizations such as the American Cancer Society, the Damon Runyon Fund, and the Lasker Foundation are in the vanguard of the fight. The National Cancer Institute asserts that even a marked increase in Federal funds will not lessen the need for greater private giving—indirectly aided by the Government via special tax deductions for charitable contributions.

On the Washington front, the rising tide of public opinion eventually will exert the pressure necessary to inject more money into the research program. The Nation now spends nearly a dollar on military research for each penny allotted to cancer studies. A reappraisal of medical requirements is inevitable. How soon? Everyone can help shape the legislative will by writing or speaking to his Congressmen or Senators (check any almanac or your local political club for exact names).

The need is great and urgent. New funds aren't the whole answer. But they will speed the victory. Senator NEUBERGER eloquently states the case:

"Money alone won't buy a cancer cure. But without adequate funds to provide necessary research facilities and trained workers, new scientific findings will remain unexploited and new experimental leads unexplored. Results of lifting present financial restrictions which shackle the ingenuity of men's minds would be of significance to all medical research."

Mr. NEUBERGER. Mr. President, again I thank the able Senator from Alabama.

GENERAL GOVERNMENT MATTERS APPROPRIATIONS, 1960

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The hour of 1 o'clock has arrived; and the Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7176) making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1960

Mr. HILL. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed with the further consideration of the bill, H.R. 6769, making appropriations for the Departments of Labor, and Health, Education, and Welfare and related agencies.

There being no objection, the Senate resumed the consideration of the bill (H.R. 6769), making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. ALLOTT. Mr. President, I rise to discuss this measure because I believe that certain elements of it have either been overlooked or have not been given sufficiently serious consideration. Despite that, however, Mr. President, I shall probably support the bill.

First, let me say that although I was a member of the Subcommittee on Health, Education, and Labor, I did not have an opportunity to attend the hearings on this bill, because the hearings of the Subcommittee on Appropriations for the Independent Agencies, under the chairmanship of the Senator from Washington [Mr. MAGNUSON] and of which I am the ranking minority member, were held at the same time; and obviously one cannot be in two places at once. That was the only reason why I did not attend the hearings on this measure, which deals with an area in which I have always had a very great interest.

As a matter of fact, Mr. President, I suppose there are a great many Members of this body, as well as a great many Members of the other body, whose very presence here is made possible by good medical attention, based upon research.

In the entire medical picture, it is necessary to consider not only medical research but also the doctors who are able to apply that research. It is necessary to have adequate and capable doctors at the local level, so that patients may be able to choose their own physician.

Mr. President, I pay tribute to the medical profession. I number among my closest friends literally dozens of medical men, some of whom are outstanding nationally and internationally in the medical field.

Certainly the Senator from Alabama [Mr. HILL] deserves the credit and the plaudits which have been paid to him today. But in connection with this measure, I believe I must call the attention of the Senate to a fact which I do not believe was discussed adequately in the course of the hearings.

Although I realize that at this time there is a strong inclination to provide

for almost unlimited research, I believe we must also keep in mind the fact—and I sound this warning for the future—that adequate research requires adequate numbers of trained personnel. Millions of dollars made available for research, but placed in the hands of untrained persons, would be almost valueless.

So today I wish to refer primarily to some statistics which have been brought to my attention, and which I believe should be available for the future. These statistics bear on what may be the impact of this bill upon the medical care available in this country.

On August 19, 1957, then Secretary Folsom appointed a group of consultants, nonpartisan in nature, which has become known as the Bayne-Jones committee. Those consultants undertook to develop, as an essential guide to planning, a projection of the potential rate of growth of medical research for a substantial period ahead. They estimated that by 1970 this country could support a total medical research effort of $1 billion a year, provided there occurred in the interim the necessary increases in the manpower and facilities devoted to medical research. The report emphasized, however, that such increases would have to be very substantial if we were to have a truly worthwhile, dedicated, and high type of research, such as is going on in the United States at this time.

Mr. President, I wish to say that I am sure no Member of the Senate has any interest in having research work done in a haphazard or inadequate manner.

Assuming a 40 percent increase between 1957 and 1970 in research costs per research worker, the projected increase to an annual rate of $1 billion would require an increase from the 1958 total of 20,000 professional workers engaged in medical research to a total in 1970 of 45,000 such workers. That means that in the period between 1958, when this report was made—just before Secretary Folsom's resignation and the appointment of Secretary Flemming—and 1970, we shall have to more than double the number of professional research workers in order to take care of such an increase in research funds.

This group pointed out, moreover, that even if its projections of the number of M.D.'s and Ph. D.'s to be trained between the date of the report—which was made in the latter part of 1957 or in the early part of 1958—and 1970 could be attained, "an additional 6,000 M.D.'s and/or Ph. D.'s beyond the supply now projected will be needed if the Nation's medical research program approximates the 1970 estimates."

The committee recognized that shortages of personnel engaged in the direct provision of medical care will also develop, and found that the total cost of the new medical school construction required to sustain today's population-physician ratio would range between $500 million and $1 billion, and that 10 years typically elapses between the planning of a new medical school and the production of its first graduates.

The committee said:

> Indeed, even if funds in the order of $500 million to $1 billion were made available immediately for construction of new medical schools, it seems certain that the number of physicians per 100,000 population will decline between now and 1970.

Most important of all, the consultants pointed out "that the soundest procedure is to increase funds for research on a regular and well-planned basis."

The Bayne-Jones report was completed only a few weeks before Secretary Folsom resigned. Secretary Flemming, shortly after taking office as Secretary Folsom's successor, requested the National Institutes of Health to undertake a detailed review of the Bayne-Jones report in order to lay the basis for a specific departmental position on each one of the report's recommendations. On the basis of this review of the recommendations of the Public Health Service, Secretary Flemming concluded that the following basic objective of the Bayne-Jones study is highly commendable:

> The desirability of establishing a long-range goal for medical research based on all factors known and recognized at the time, with the intent of moving systematically toward such a goal is accepted as a sound and wise approach.

Among the additional results of this review were the conclusions (1) that the target date for a research volume of $1 billion could be advanced from 1970 to 1967; and of this $1 billion, I might say, it is contemplated, on a nationwide basis, that $500 million would be contributed by the Government, and that private industry, private sources, endowments, and the like, would contribute the other $500 million.

The second conclusion was that this total amount should be about evenly divided, as at present, between the Federal Government and other sources of support. Assuming that the National Institutes of Health share also remained about the same as at present, appropriations to National Institutes of Health for research would reach the level of $350 million in 1967.

Again, however, it was apparent that these goals could be attained only if some rather optimistic assumptions with respect to the rate of manpower production could be fulfilled. The National Institutes of Health review corroborated the conclusion of the Bayne-Jones study that an additional 25,000 professional research workers would be needed to reach a level of $1 billion a year.

In other words, if we are going to reach the level of $1 billion a year by 1967, there will be needed an additional 25,000 workers, or more than double the number we have now in the way of doctors—that is, M.D.'s or Ph. D.'s, presumably in the scientific field.

More than half of the required workers would be at the doctoral level. At the present time the annual number of medical graduates is about 7,000.

When I quoted this figure to the chairman of the committee yesterday, he said that his latest figures indicated there were about 7,500 graduates.

Any of us who have had any experience with education knows that the medical training facilities of this country today are so overcrowded that the number of applications for admittance to our medical schools runs in a ratio of as high as 10- and 14-to-1 vacancy. In other words, the number of applications is as high as 14 for each vacancy. Sometimes, I am sure, the number of applications in comparison to the one person who is accepted by a medical school is higher than stated, particularly in the so-called name medical schools.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. ALLOTT. I am happy to yield.

Mr. HOLLAND. I am called from the Chamber. I apologize for interrupting at this point, but before I leave the floor I want to verify the statement made by the distinguished Senator from Colorado. In one of the great colleges in the southern region of the Nation, of which I happen to be a trustee, the ratio of applicants to those who can be accepted has been, in recent years, just 14 to 1, the figure just mentioned by the distinguished Senator.

Furthermore, we are carrying on at that school, and at another school of which I happen also to be a trustee, experiments in this field, some financed in part by the National Institutes of Health, some financed by the great foundations. We have noted first a shortage of those who can carry on the experimentations, a shortage in the number being graduated from medical institutions to carry on in the future, and, likewise, a conflict between the great charitably supported institutions and the national effort in this regard.

Mr. President, I want to commend the distinguished Senator from Colorado as fully as I can. Some mention has been made of the courage required to support the program as recommended by the committee. I think it requires infinitely more courage to stand up and speak the truth, as the Senator from Colorado is doing, about the critical imbalance already existing, and which will be made greater by the furnishing of funds much beyond the capacity of the trained personnel of our country to utilize.

I compliment the distinguished Senator because he is throwing light upon the situation. There is no Senator who does not support as fully as he thinks justified these very fine activities. They are among the most appealing of those which we have in our Nation. But to have in the particular recommendation for an additional $136 million by the Senate committee the implication that the House, in adding only $43 million, did not show sufficient regard for the exigencies in this important field, indicates how unthoughtfully we are dealing with the situation, when, in effect, we are attempting to provide money which cannot be assimilated in a regular program of the type which the Senator has mentioned, and which was so fully recommended by the distinguished commission from whose report the Senator has quoted. I thank the Senator from Colorado for his contribution.

Mr. ALLOTT. I thank the Senator from Florida for his own contribution and his remarks on this subject.

It is not easy, I may say, with respect to the matter under discussion, for me to rise on the floor of the U.S. Senate

and face up to and be against what I know is a great trend. It is like standing in a gorge, when a cloudburst has taken place above it, and watching the water rush toward oneself, knowing there is nothing one can do against that onslaught of water.

Mr. HOLLAND. Mr. President, will the Senator yield at that point?

Mr. ALLOTT. I yield.

Mr. HOLLAND. It is almost like standing up against a group which is advocating home and motherhood. Is that not correct?

Mr. ALLOTT. It is exactly like that, if I may say so.

Mr. HOLLAND. I thank the Senator.

Mr. ALLOTT. I appreciate the Senator's remarks.

I may say, in this respect, no one has a corner on patriotism, and no one has a corner on any other emotion which surges through the human breast. This morning Senators have spoken feelingly in this Chamber as to how they have been affected by medical research. I doubt if we could go through the Senate and find a single man or woman who has not had within his or her own family or one close to him or her, as the case may be, a medical experience which does not cause the throat to choke up and tears to come to the eyes. I read to the committee yesterday afternoon a letter from a very gifted, and talented, close friend of mine who said in the letter that at this point he is doomed to die. So let no one interpret my remarks as the remarks of one who is cold, calloused, or indifferent to the needs for progress in the medical field, which will relieve human suffering, because the facts I am stating are not statistics to me and they are not budgets. People who suffer are people in agony. One cannot measure individual pain and suffering in terms of millions of dollars.

Let it be made clear, lest hereafter somebody call me a budget balancer, how I feel about the matter. I yield to no one, including the distinguished chairman of the committee, in my concern about and feeling in this matter.

For this reason I find it all the more painful to discuss a subject which I feel has been ignored, yet I feel the Senate and the House must consider it before the question is finally determined.

I had said just a few moments ago, when I yielded to the distinguished Senator from Florida [Mr. HOLLAND], that at the present time the annual number of medical graduates is about 7,000. As I said before, the chairman of the committee corrected me yesterday afternoon and said that according to his latest figures the number was about 7,500. Whichever the number may be, the difference is not significant enough to make a change in the problem which I am discussing. The number from this group entering the fields of teaching and research is about 500 or 600 a year.

For doctors of philosophy in the biological sciences the total annual output is now about 1,500 a year, a pool from which we can perhaps expect to get 1,200 medical research workers. Chemistry, physics, and psychology together produce less than 3,000 Ph. D.'s a year. This group, which serves, primarily, disciplines other than the medical and biological sciences, can be expected to produce at the most 600 or 800 a year to work in medical research fields.

So we can see a maximum of about 2,500 new doctoral level workers a year for medical and medically related research. Even this number can be found only at the competitive expense of urgently needed teachers in the cases of doctors of philosophy and needed medical care in the cases of physicians.

The year 1967 is only 8 years away. For fiscal year 1958 the total NIH appropriations amounted to $211 million, of which $155 million was for medical research. If we took a straight line projection of increase, the total goal of $350 million in 1967 would be reached by an annual increase of appropriations for research of about $21.7 million.

Mr. President, I am not one of those who say that the figures of the budget estimates are inadequate. I do not believe any man or woman in the world knows what is adequate or what is inadequate. Certainly I do not know, and I do not think the chairman of the committee can say positively, that the figure approved by the House of Representatives is inadequate, or adequate. I think, however, that the figure reported by the Senate committee yesterday afternoon, of which committee I am a member, is one which requires consideration by the Senate, to determine whether it may actually, in the long run, be thwarting and perhaps stultifying the very purpose and the very aim which we are trying to accomplish.

There is no question concerning the figures which I have given. The same figure of $1 billion which I used was quoted to me by the chairman of the committee yesterday afternoon. There is no gainsaying the fact that these figures produce the result I have stated. Unless one can add the figures up in some different way or figure out a greatly increased number of persons who will enter this field, from whence are the research workers going to come? There are three main sources; doctors of medicine, doctors of philosophy in the sciences, and newly trained persons. We can predict roughly the number of those who are going to contribute to this pool of research workers.

There is perhaps another source of research workers which I have not mentioned, which is a significant one. That is the great pool of doctors who are now practicing medicine in the various towns and cities.

If for research we draw from the new doctors in too great number, then our medical care, which is inadequate at the present time in may places in the country will suffer.

So I say to my friend, the chairman of the committee, that even though I may vote for this item, I think we have provided an amount which needs to be completely overhauled and reconsidered. I do not think that the Bayne-Jones report can be totally discounted. We cannot have adequate research even if we appropriate $5 billion today, unless we have the personnel to perform the research. Elaborate education is required to enable persons in the National Institutes of Health to carry on the type of research we are discussing.

Yesterday in the committee the chairman of the committee made a very potent observation when he said: "I should like to have anyone show me where a single dollar of this money is being wasted or where this research is not at the top level." I do not think anyone is going to try to show the Senator that. I am not. The Senator was making a statement out of a feeling of pride which we all feel. But the most pathetic thing which could happen in the United States, having in mind Russia, or thinking of our own ideals, would be that we should expand this program to such an extent as to pauperize our communities in their medical care; or, because we spent more money than we had adequate personnel to use, that we lowered the quality of the research work which is being conducted.

There can be no compromise anywhere, at any time, in connection with the quality of research, because the minute it is not top-flight, it ceases to be research, and becomes a gamble—a gamble with the health and lives of members of our families.

I find it difficult to make this kind of speech on a subject with respect to which I feel as deeply as does any other Member of the Senate, or anyone else in the country, for that matter. The die is cast for this year, but before next year the Congress must take a look at the real problem of manpower to carry on a medical research program. One cannot fly an airplane until he has had some training. Not everyone can do research work. One must be trained over a long period of time. Not every medical doctor, and not every doctor of philosophy is qualified to be a competent, first class research worker, or a part of a research team.

So we have two elements involved in the great problem which we face. On the one hand, we have the question of Congress supplying money, the wherewithal with which to carry on the program. That includes science laboratories, equipment, and contracts with universities and other associations to perform research.

On the other side of the balance is the question of manpower. We in America can supply the dollars a great deal more easily than we can supply the manpower to do the job.

I have not yet heard any adequate discussion of the problem I have raised. I am sorry I could not have raised it in committee. Perhaps I am remiss in that I was attending the meetings of another subcommittee of the Committee on Appropriations, which is my responsibility.

This is a problem with which we must concern ourselves. I hope that when the bill goes to conference, as it will, this factor will be taken into consideration by the chairman of the subcommittee and by the leadership, whose sincerity in this field I do not question in any degree. Nor would I want any of the remarks I have made to be considered as a reflection upon the sincerity or ability of the chairman of the subcommittee or

of the position of leadership which he has attained in this field.

By the same token, as a Member of the U.S. Senate who took the oath of office 4 or 5 years ago at the bar of this great assembly, I would be greatly remiss—in fact, I would be shirking my duty—if, notwithstanding political considerations, and notwithstanding the great popularity of this program, I did not call the attention of my friends in the Senate, and of all other Americans, to the serious problem which faces us in this area, namely, the furnishing of manpower to carry on research. We can furnish dollars much more easily than we can furnish the personnel. I hope this feature will be considered and discussed by the conference committee when the bill goes to conference.

Mr. COOPER. Mr. President, I wish to address myself to that section of the bill which provides grants for library services, and to support strongly the recommendation of the Committee on Appropriations to increase the appropriation over the House figure by $1.5 million, and over the budget estimate by $2,350,000. I should like to say to the distinguished chairman of the subcommittee [Mr. HILL] that I know all those who are interested in the program are grateful for his interest in it, and for his support. I am sure that his interest in and support of the program played a great part in the recommendation made by the Senate committee.

This bill deals with programs which are very close to the hearts of the American people. Most of the programs comprehended in the bill deal with educational or health objectives. They are the problems of humanity. Great as they are—and I do not derogate any of them—the program which provides grants for library services is also one which is important, and one which is having great influence in our country. It is a program which brings libraries to people in the remote areas. It brings books to the people. Fifty States and Territories have taken advantage of the program and are supplying a part of the necessary funds.

I think it even more significant that it has enlisted the support and interest of people in the urban centers as well as the rural sections, although it is designed to take books to rural sections. I am very proud of the record of my State. In addition to the support which has been given by the Commonwealth of Kentucky and by the counties, the citizens of Kentucky have purchased bookmobiles, to carry books and magazines to the rural sections. The program has enlisted the dedicated service of many people in our State—chiefly women—who operate our library offices and bookmobiles at very low salaries, and are glad to do so because they are interested and inspired by the program.

But its greatest importance is that it brings to people who may not have had the benefit of wide education, or who do not live near libraries, the opportunity to know the great literature of our country and the world. It furnishes them entertainment and information. It stimulates young people to do well in elementary school and high school, and encourages them to get a college education.

It is a program which brings light and learning to people in the rural sections of our country. I know the great interest of the chairman of the subcommittee in this program, and, on behalf of the people of my State who are so deeply interested in it, I thank him and the committee for their support.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a portion of the committee report on page 11, which deals with this subject; also a section from the bill, on pages 17 and 18, dealing with the same subject.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

[Excerpt from the committee report]

Grants for library services

1959 appropriation	$6,000,000
1960 budget estimate	5,150,000
House allowance	6,000,000
Committee recommendation	7,500,000

The committee recommends the full amount of the authorization, which is $1,500,000 over the House allowance and $2,350,000 over the budget estimate. The committee heard testimony from the American Library Association to the effect that if the full amount authorized is not appropriated for 1960, some States will not be able to initiate new projects; some communities which have already taken action to assure matching funds for 1960 will not be able to proceed with plans; others which have begun projects will have to curtail them.

At present 50 States and Territories are participating in the program and 2—Delaware and Wyoming—of the 3 not now participating are expected to initiate programs in fiscal year 1960. A recent survey of their matching ability in 1960 revealed that 44 would be able to match the full authorization in 1960, and that the others might possibly be able to do so.

[Excerpt from the bill]

GRANTS FOR LIBRARY SERVICES

For grants to the States pursuant to the act of June 19, 1956, as amended (20 U.S.C. 351–358), $7,500,000: *Provided*, That the amount of any State's allotment from this appropriation which such State certifies will remain unpaid to it on June 30, 1960, may be reallotted by the Commissioner among other States applying therefor in proportion to their rural population, and deemed part of such allotments, except that no State's allotment shall be so increased as to exceed the allotment which would be made to it were this appropriation equal to the maximum authorized under such act.

Mr. COOPER. Mr. President, I ask also to have printed in the RECORD at this point as a part of my remarks the names of those from my State who represent the Library Services and who are in Washington today working for this program, and who have given dedicated service to it.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Miss Margaret Willis, director, library extension division, Commonwealth of Kentucky, Frankfort, Ky.

Mrs. Mary Belknap Gray, Louisville, Ky.

Mrs. Clyde M. Brassfield, Elizabethtown, Ky.

Miss Sue McGill Holbert, Elizabethtown, Ky.

Mrs. Charles Copeland, Somerset, Ky.

Mr. SALTONSTALL. Mr. President, as the Senator from Colorado [Mr. ALLOTT] has stated and as other Senators have stated, I have been disturbed by the amounts of money provided by the bill over and above the budget estimates for medical research, to be made available for research in cancer, heart, and other dread diseases. This process has been going on during the term of office of President Truman and, more recently, during the past 6 years under President Eisenhower. We want to encourage research in these dread diseases. The question is whether the amount is sufficient and, secondly, whether it is being efficiently spent.

I wish to put into the RECORD, because I believe it will help to make it clear, an understanding we had in the Committee on Appropriations with regard to the amounts we voted yesterday for research. The resolution was unanimously adopted. It reads:

Whereas the Committee on Appropriations annually makes available substantial sums for research in the dread diseases, and whereas the committee believes wholeheartedly from the hearings it has held on these important problems that progress is being made and further believes that a careful study by experts will be helpful in its future determinations in order to make certain that the committee's decisions are made in the best interests of the eventual cure or prevention of these diseases: Now, therefore, be it

Resolved, That the subcommittee with funds available to the committee for investigations organize a group of specialists and others to determine whether the funds provided by the Government for research in dread diseases are sufficient and efficiently spent in the best interests of the research for which they are designated, said subcommittee shall take into account the facilities, the experts, the laboratories, the availability of private funds and all other factors including the possible impact which the recruitment of those engaged in research enter into such a study of research efforts. The Subcommittee on Appropriations for the Departments of Labor and Health, Education, and Welfare shall make its report to the Committee on Appropriations on or before February 1, 1960.

As I am sure the distinguished chairman of the subcommittee will agree, if the study provided for is made objectively, it will be very helpful to the subcommittee and it will be very helpful to the Congress as a whole, and bring about a greater knowledge as to how these funds are spent, whether they are enough or whether they are too much, or whether they are being wisely and efficiently spent for research in these dread diseases.

It is with that motive that the committee adopted the resolution, and it was with the understanding that the resolve would be executed and would be put into effect that the committee voted very substantial increases over the budget estimate, which it did yesterday. I wished to get this matter into the RECORD in the course of the debate on the pending appropriation bill, for the reason that it had a great deal of influence on my vote, and I am sure also on the votes of some of the other members of the committee.

Mr. President, I turn briefly to another subject and make a brief statement, and then I shall ask the chairman of the subcommittee a question.

It is my understanding that in the bill there is contained, in connection with research efforts, an appropriation to take care of an overhead expense of 25 percent. The House adopted the figure of 15 percent as a limitation, and the Senate raised it to 25 percent. This becomes a very important matter, particularly as it affects private hospitals which wish to do medical research for the good of all our people.

I quote two sentences from a letter which I received from Gen. Robert Cutler, who is chairman of the board of the Peter Bent Bingham Hospital in Boston. He states:

> In 1946, the share of the continuing (hard money) income of the Harvard Medical School which had to be used to pay for unreimbursed indirect expense related to medical research projects was 3.5 percent. In every subsequent year but one, this percentage increased. In 1957, this percentage had reached up to 21.6 percent. Thus at the present time, nearly one-fourth of the medical school's continuing income must be siphoned away from the other important aspects of the medical school's work to the payment of unreimbursed overhead expense related to medical research projects.

I believe that states the case. On June 20, 1958, when the bill was considered last year, the CONGRESSIONAL RECORD volume 104, part 9, page 11876, there appears, during my colloquy with the Senator from Alabama, this statement by me:

> The armed services use the so-called Mills formula in regard to indirect expenses incurred by educational institutions in connection with the performance of research. They allow approximately 25 percent.
>
> In addition, Lybrand, Ross & Montgomery, a very careful and thorough accounting firm, as the Senator from Alabama knows, made an elaborate cost study at the Harvard Medical School, and determined that the average overhead cost for research projects is between 30 and 40 percent.

What the percentage actually may be in the Harvard Medical School may be one thing, what the percentage may be in other hospitals and other medical schools may be another. The two figures may be different. However, certainly the 25-percent limitation put in the bill by the Senate should be maintained in conference; otherwise, we shall be handicapping the necessary research for the good of all.

I ask the Senator from Alabama if I am correct in stating that there is a 25-percent limitation in the bill. I hope that the Senator will do his utmost to maintain it.

Mr. HILL. The limitation placed in the bill in the House of Representatives was 15 percent, but the Senate committee yesterday struck out the 15 percent and inserted in lieu thereof 25 percent Therefore the 25 percent is now in the bill. I will say to the distinguished Senator from Massachusetts that of course the Senate conferees will do all they can to persuade the House conferees to agree to the Senate position.

Mr. SALTONSTALL. May I ask one further question?

Mr. HILL. I yield.

Mr. SALTONSTALL. The Senator heard me read the resolve which the committee unanimously adopted yesterday with relation to an objective study during the coming months. Does the Senator agree with me that in the past years, when we have constantly increased these amounts, we have had testimony from outside medical witnesses who are very enthusiastic, perhaps, about increasing the amounts, but we have had no objective study made as to how the money is spent, and whether it is efficiently spent, whether it is enough, or whether it is too much.

Mr. HILL. Studies have been made, but no studies have been made with a direct report to the Committees on Appropriations. Studies have been made by different people in different groups, but no studies such as the one now contemplated, and provided for by the action of the Senate committee yesterday afternoon. Such a study can and will be helpful to the subcommittee in its efforts to get all the facts and all the information and all the knowledge possible in this matter of waging war on dread diseases.

Mr. SALTONSTALL. I thank the Senator.

Mr. DIRKSEN. Mr. President, first, I was delighted to hear the statement by the distinguished Senator from Massachusetts [Mr. SALTONSTALL] with respect to an evaluation of this health program. One day this week we had a discussion of the matter, and we generally agreed that there should be such an evaluation and that it should be made as objectively as possible. I am glad now that this has eventuated, because it will set a foundation for future appropriations and for the effectiveness of the expenditure of the money which is being appropriated by Congress.

Mr. President, I am not unmindful of the fact that one can become highly emotional about some of the programs which are involved in the bill. It has been said that it takes a good deal of courage to speak out against some of these items. I would feel that I was rather derelict in my duty if I did not do so. I think the people, whose money we spend, have the right to know what kind of results we are getting, and whether we are within hailing distance of remedies for the dread scourges which afflict mankind.

When the names of persons who have been the victims of disease are recited, let me submit that probably the world's No. 1 exhibit in the field of massive coronary attacks would be the President of the United States. I think if a poll were taken all over the world, the people would look at him as the No. 1 exhibit. He is the first President in the history of the United States who has so freely laid on the front page every detail of his physical condition and the difficulties he has encountered. We have had blow-by-blow accounts from his hospital bedside.

I remind the Senate that it was the President of the United States who had the last look at these estimates after they were prepared by the Budget Bureau and messaged to the Senate and the House for further consideration.

I submit, also, that if an opinion poll were taken, the whole wide world would be thinking of that blessed Secretary of State, John Foster Dulles, in relation to the fact that he was a cancer victim. If there is any individual among the 176 million people in this country who wept at the misfortune which befell Mr. Dulles, it was the President of the United States. I know something of his affection for John Foster Dulles. I have heard him express it time and time again.

So when we talk about the killers—cancer and heart disease—the President is not insensible of what has gone before, nor of his own experience in this field. When, then, it is said sometimes that there has been an "ice water" approach to this problem; that we think of it in terms of balancing the budget; how can that be said, when the President himself was the victim of a coronary attack? He is not unmindful of what is before us.

Mr. President, I think we have gone far afield in providing $268 million above the House figure and $365 million above the budget estimate. Can it be said that the House was insensible to this whole program? I have the House hearings before me. They contain 2,600 pages of printed testimony. One volume contains almost entirely the statements of Members of Congress, interested organizations, and individuals on subjects with which the measure deals. The $268 million over the House figure is the amount which is presently before us. The $365 million above the budget estimate is the figure on which we are expected to vote today.

In my service on the Committee on Appropriations, I well remember that in other years millions of dollars have been added to the bill over and above the budget figures, and too often the timidity of members of the Committee on Appropriations let those amounts slide through. I cannot do it. If I were thinking in political terms, or were thinking of my own skin, or were thinking that I might avoid some scolding and criticism from people who have such dedicated devotion to health matters, I would not say anything on the Senate floor today. But I am interested in some results. The resolution which was mentioned by the distinguished Senator from Massachusetts [Mr. SALTONSTALL], makes it appear now that, at long last, there will be some sweet, constructive fruit.

I have heard all the arguments today. I have not left the floor. If there was validity to some of those arguments, then why not add $500 million? Why not add a great heap of money, if dollars are the solution?

The distinguished Senator from Colorado [Mr. ALLOTT], pointed out what I think is the weakness; namely, where is the manpower to accomplish this work? Dollars will accelerate this program only up to a point.

I recall a statement which the President made to me 2 weeks ago, which rather registered, and particularly so because 2 years ago I put out a little orchard—a little mixture of cherry trees,

peach trees, apple trees, and pear trees. Then I wondered how to make them grow faster; how to get the fruit more quickly. I began to experiment with a number of the energizers which can be bought in a garden store, such as the liquefied Japanese Gibberelin. So I went around and squirted Gibberelin on the foliage, thinking that the leaves would finally pop up to twice the size, and that the tree would grow up so fast that it would knock the hat off my head. But every time I got a chance to go out over the weekend to look at the trees, I could not see that they had grown a great deal faster than nature had intended them to grow.

Just as it takes so long to mature a tree, it takes so long to get this job done. We can pour money in great quantities into it, but the job will not be done much faster. Certainly the Budget Bureau was mindful of that. They submitted an estimate based upon their examination of the needs. They determined how much manpower was available. They determined the amount which could be effectively expended. When we go beyond it, obviously we are headed for waste and extravagance of public funds. We need only look at all the witnesses who have come before the committee. We can understand why they testified for more and more money. If it is easy to get, why not get it? Oh, that has been the format in Government ever since I have been in Washington. That goes back a long, long time. But it is in the face of such testimony that some restraint has to be shown.

So if no other person will lift his voice against these increases, which have not had the sanction of the Budget Bureau and the approval of the President of the United States, then I feel, even though I am no longer a member of the Committee on Appropriations, that I must do it. It is not a tasty job, but it has to be done, because there is here a question of effective expenditure.

In line with my own feelings in the matter, I shall submit a few amendments, at least, to make a record. I shall not labor them very long.

On page 18, line 13, in the paragraph which is captioned "Payments to School Districts," I move to strike out "$163,957,000" and insert in lieu thereof "$142,300,000," which is the Budget figure. I know of no argument I need make in its behalf. It deals with payments to local educational agencies for the maintenance and operation of schools as authorized by the act of September 30, 1950. It is not a dramatic item; it is not a health item. But I think the amount ought to be cut back. Therefore, I offer the amendment I have just submitted.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The amendment submitted by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. On page 18, in line 13, it is proposed to strike out "$163,957,000" and to insert "$142,300,000."

Mr. DIRKSEN. Mr. President, I need not belabor the matter further.

Mr. HILL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HILL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN] on page 18, line 13.

Mr. HILL. Mr. President, I do not want to detain the Senate except to say the amendment offered would reduce the fund made available for payments to school districts in federally affected areas by some $21 million. In other words, the amount now contained in the bill, which was placed in the bill by the House of Representatives, and was agreed to by the Senate committee, would meet the full entitlements of the school districts under the statute, Public Law 874. If the amendment prevailed, the school districts, instead of receiving their full entitlements, would have their payments reduced to approximately 85 percent of their entitlement.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was rejected.

Mr. DIRKSEN. Mr. President, I submit the following amendment: On page 18, in line 23, strike out the dollar sign and the figure "61,135,000" and insert in lieu thereof the dollar sign and the figure "38,500,000."

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The CHIEF CLERK. It is proposed, on page 18, in line 23, to strike out "$61,135,000" and insert in lieu thereof "$38,500,000."

Mr. DIRKSEN. Mr. President, the amendment is also an endeavor to bring the bill within the budget concept and the budget. The figure as submitted to both Houses was $38,500,000.

Mr. HILL. Mr. President, the amendment would reduce by some $22,635,000 the amount provided by the House, and agreed to by the Senate Committee on Appropriations, to be used in payments to federally impacted areas for school construction in the federally affected school districts.

We very much hope this amendment will be defeated, so the school districts may get their full entitlements under the law.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN] on page 18, in line 23.

The amendment was rejected.

Mr. DIRKSEN. Mr. President, I offer an amendment on page 25, line 13, to strike out the dollar sign and the figure "45,000,000" and insert in lieu thereof a dollar sign and the figure "20,000,000."

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The CHIEF CLERK. It is proposed, on page 25, in line 13, to strike out "$45,000,000" and insert in lieu thereof "$20,000,000."

Mr. DIRKSEN. Mr. President, the approval of the increase in the bill over the budget request, as reported by the Senate committee, will be nothing more than an impetus to the new program which is already under consideration in the House, and expands the program over a 10-year period at $100 million a year, for a total of $1 billion. I think, of course, that is taking liberties with the budget. So this amendment is designed to keep this item in proper context and at the budget level.

Mr. HILL. Mr. President, the House provided $45 million in the bill for the sewage disposal plants program, the amount authorized by the Water Pollution Control Act creating the program. The amendment of the Senator from Illinois would reduce the amount provided from $45 million to $20 million. The Senate Appropriations Committee agreed with the House, and it supports the $45 million figure.

We very much hope the Senator's amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN] on page 25, in line 13.

The amendment was rejected.

Mr. DIRKSEN. Mr. President, on page 25, line 19, under the caption "Grants for Hospital Construction," I offer the following amendment: Strike out the figure "$211,200,000" and insert in lieu thereof "$101,200,000," which is the budget estimate.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 25, line 19, it is proposed to strike out "$211,200,000" and to insert in lieu thereof "$101,200,000."

Mr. HILL. Mr. President, this amendment would deny the hospital construction program some $110 millon which is very much needed at this time for the program. As Senators know, this program includes construction not only of hospitals of different types, but also of public health centers, diagnostic and treatment centers, rehabilitation centers, hospitals for the chronically ill, and, most important, nursing homes.

This year the Congress provided $186.2 million for these purposes. There is a great and compelling need for these hospitals and other health facilities. A great backlog of need has been built up due to the fact that we went through the great depression, then through World War II, and then through the Korean war. We also have a problem with regard to our population, which is increasing each year by some 3 million.

We have many hospitals and hospital beds each year which are becoming obsolescent. Our States and local communities are not only ready to go forward and put up their part of the funds for the building of these new hospitals and health facilities, but they are also ready to do far more than the amount agreed on by the Senate Appropriations Committee would permit. We cannot afford to cut these funds any more, Mr. President, and I hope the amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DIRKSEN].

The amendment was rejected.

Mr. DIRKSEN. Mr. President, I could, of course, offer other amendments to the bill, but I think I shall content myself with one further motion, which will be a motion to recommit the bill.

I am willing to withhold the motion, if there are any other amendments to be offered, but I think I ought to put the Senate on notice that I will make the motion to recommit for the purpose of having the total amount of the bill when reported back to the Senate not in excess of the budget figure of $3,691,685,581.

Mr. President, the reason is this: The House took 2,600 pages of testimony in regard to this bill. Notwithstanding that fact, the Senate Committee on Appropriations has reported a bill $206,825,400 in excess of the House figure and $365,061,000 in excess of the budget estimates. I believe the record must be made, so I am hopeful that when the motion to recommit is made we can have a yea-and-nay vote thereon, and I shall ask for the yeas and nays at the proper time. I will submit the motion to recommit after the third reading of the bill.

I believe the distinguished Senator from Connecticut either desires to propose an amendment or desires to discuss some other matter in connection with the bill.

Mr. BUSH. Mr. President, I wish to raise a point of order. I refer the Senate to page 19 of the bill, line 11, to the proviso concerning the $7 million for grants to States for area vocational education programs. The proviso reads:

Provided, That funds available for grants to States for area vocational education programs shall be available, notwithstanding any other provision of law, for instruction (including related instruction for apprentices) in programs designed to fit individuals for useful employment as technicians or skilled workers in recognized occupations requiring scientific or technical knowledge.

My point of order, Mr. President, is that this is legislation upon an appropriation bill, and therefore should be ruled out of order.

The PRESIDING OFFICER. The amendment on its face provides that the funds in question "shall be available, notwithstanding any other provision of law" and this constitutes a change of existing law and is legislation on an appropriation bill; therefore, it is not in order. The Chair sustains the point of order raised by the Senator from Connecticut.

Mr. BUSH. I thank the Chair.

The PRESIDING OFFICER. The bill is open to further amendment.

Mrs. SMITH and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mrs. SMITH. Mr. President, as a member of the Appropriations Subcommittee which deals with health, welfare, and education I should like to take this opportunity to commend my distinguished colleague, the able chairman of the subcommittee, the senior Senator from Alabama [Mr. HILL], for his leadership and for his dedicated service in the field of medical research.

I should like also at this time to pay my respects to the staff member of that subcommittee, Mr. Herman E. Downey, who has done, as always, a most efficient job on the bill.

Mr. HILL. Mr. President, I wish to thank the distinguished Senator from Maine first for her very kind and generous words about me. Also, I wish to say there is no one more devoted to the cause of medical research and better health for the American people than the distinguished Senator from Maine. She is always working and fighting for this cause. She has made many, many fine contributions to the success of the cause.

I also wish to thank the distinguished Senator from Maine for what she has said about the very faithful and diligent clerk of the committee, Mr. Herman Downey. I join with her wholeheartedly in her words about this gentleman.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

Mr. KEATING. Mr. President, before a vote is taken it is my desire to say that I am in full accord with the action of the Senate Committee on Appropriations in recommending an increase in the money available to the National Institutes of Health for medical research programs.

I recognize the importance of governmental economy and the ever-present danger of inflation, but, in my opinion, the Nation's investment in medical research is anti-inflationary. It helps our citizens to continue their contribution to the economy, and it wards off the much higher costs of curing illness. In the long run, I believe this will save money at every level of Government activity.

I am particularly interested, Mr. President, in the problem of mental illness, which is covered in this measure at page 30, because it weighs so heavily on the State budget in my own State of New York. In the current year, New York State is spending more than $200 million for the care and maintenance of more than 120,000 patients who are confined in its mental institutions. The bill for mental illness in New York State takes up approximately 35 percent of the State's general operating budget each year. At the present time, New York State operates the largest mental hospital system in the world.

Up until 5 years ago, the number of patients in the New York State mental hospital system increased each year. In the period from 1945 to 1955, there was an annual increase of 2,000 mental patients a year. Staggering under this economic burden, the State of New York in 1954 adopted a $350 million bond issue program for the construction of 16,000 additional mental hospital beds.

In 1955, for the first time in the history of the New York mental hospital system, the seemingly inevitable increase in resident mental patients was brought to an abrupt halt. With the advent of the new tranquilizing drugs, there began a remarkable transformation in the mental hospitals of the Empire State. Over the past 4 years, instead of an increase of 8,000 patients, there has been a decrease of 4,000 patients due to the intensive application of the new drugs.

Mr. President, I am proud to note that New York State played the leading role in the Nation in the evaluation of these new drugs. I note with particular pride that Dr. Nathan Kline, research director of the Rockland State Hospital at Orangeburg, N.Y., was the first psychiatrist in America to use a tranquilizing drug upon a mental patient. For his magnificent pioneering efforts, Dr. Kline in 1957 received the Albert Lasker Award of the American Public Health Association for his distinguished contributions to medical research.

Dr. Kline in his testimony before the Senate Appropriations Committee pleaded for additional appropriations to accelerate the development and evaluation of new drugs in the fight against mental illness. In requesting an additional $2 million for the development of drug screening centers in various parts of the country, Dr. Kline noted that even at his research unit at Rockland State, which is one of the finest in the country, medical research was being hampered by the lack of trained personnel.

Mr. President, Mr. Mike Gorman, executive director of the National Committee Against Mental Illness, estimates that mental illness costs this Nation more than $3 billion a year in hospital costs, lost wages, lost income taxes, and in the cost of public assistance to the mentally ill. Testifying before the Senate Appropriations Committee, Mr. Gorman noted that the several States spent more than $800 million in 1958 just for custody of mental patients. He further noted that mental illness in 1958 cost the Veterans' Administration $844 million in hospital costs and in compensation and pension payments.

Think of the savings which would result from any significant research discovery. It costs an average of $1,500 a year to provide little more than custodial care for each patient in a mental hospital and, in institutions where good care and service is given, the costs are much higher. Restored to a useful life, these patients could be earning a living and paying taxes instead of draining their own resources and Government revenues devoted to medical care.

Mr. President, the committee has recommended an increase in the appropriation for the mental health and other research programs of the National Institutes of Health. I believe every penny of this amount should be approved.

There are two areas of Federal activity in which we can never afford to skimp—those involving our national defense and those involving the health of our citizens. Just as there is no economy in leaving our Nation militarily insecure, there is also no economy in holding back on efforts which will contribute to the physical and mental well-being of our people.

I commend the Senate Appropriations Committee for its courage and foresight in recommending an increased medical research program. I hope all Members will support the appropriation of the funds necessary to reduce the staggering annual loss to our economy from mental illness and from all other killing and crippling diseases.

Very briefly, I should like to refer also to the action taken by the committee—which I highly commend—in connection with the item described on page 19 of the bill, by providing that none of the funds which are to be appropriated to implement the provisions of the National Defense Education Act shall be available for the purchase of teaching equipment or scientific apparatus, which is identifiable as having come from a Communist country.

There has been a widespread effort on the part of the Soviet Union to flood this country with scientific equipment. The production costs of these goods are about the same as in the United States, but the price has been cut to a fraction in order to inundate our market. In the first place this is extremely injurious to all those who engage in the making of such equipment in this country, not only to the manufacturers, but also to the employees in this most highly skilled industry.

But more important, it could have a very serious psychological effect and a propaganda impact, if the Soviet Union were permitted to spread the word around the world that in order to obtain proper scientific equipment for our children it is necessary to purchase it from Russia. Thus, we would be presenting the Soviets with a real political and propaganda coup in the economic cold war if we permitted the use of national defense education funds to buy these Russian products. We would, in effect, be contravening the avowed intent of that act to strengthen our national security.

Our industries in this country are producing remarkable equipment in this field, some of which has been on exhibit in the Capitol within recent weeks. I am delighted that the committee has made this very wise provision a part of the bill, and I commend its members for it. This amendment represents a solid rebuff to the Soviets at the outset of their new cold war offensive, and I am proud the Senate committee has seen fit to answer their challenge in this way.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. HUMPHREY. Mr. President, I wish to commend the committee and the subcommittee, and in particular the chairman of the subcommittee, the Senator from Alabama [Mr. HILL], for their very fine work in preparing for us the appropriation bill for the Departments of Labor, and Health, Education, and Welfare, and related agencies.

I wish to have the RECORD note that I opposed all the efforts which were made to reduce the funds for payments to school districts, for assistance in the school construction, and other efforts which were made to reduce sharply the funds for sewage treatment and disposal plants, and for sanitary engineering, as well as the efforts made to cut back funds in the field of medical research and hospital construction.

To put it affirmatively, it is my view that this bill is possibly the most important budget-balancing bill which has been presented to the Congress. We are balancing the human budget. We are balancing the health budget. We are balancing the welfare budget for our fellow Americans.

Let me be quite specific. I note, for example, that the committee increased, over the budget estimate, the funds for waste treatment works construction—what we call sewage disposal plant construction.

One of the great needs in this country today is to do away with water pollution. One of the urgent needs in the communities of the Nation is to improve our so-called sanitary engineering and sewage disposal plants. This is good economy. The cost of stream pollution and earth pollution is fantastic.

The efforts which are made here, on a timely basis, to provide a grant-in-aid program for waste treatment works construction, is good, sound business, and good, sound economy.

In the city of Washington this week there was held a meeting of the American Library Association. This great association of librarians represents one of the outstanding cultural and educational institutions of the land. I salute the American Library Association for its good work. I thank the librarians for all they have done throughout the States, towns, villages, and counties in the United States, in providing education and cultural activities for millions of our citizens. It was very gratifying to me to note that the committee approved the recommendation of $7.5 million for grants for library services. These are the services which are of benefit to the rural areas. These are the services which are provided in the mobile library units. These are the services which improve the library facilities and the library programs of interest to our communities. It is very good, therefore, that the committee has seen fit to raise the budget estimate for 1960 from $5,150,000 to $7½ million. I was a cosponsor of this program before it was enacted and at the time it was enacted—that is, of the authorization bill for the library services. It is most pleasing to me that the committee saw fit to extend the full amount authorized up to $7½ million. This prompts me again to commend the American Library Association for its fine work in expediting and extending its program to library service throughout the United States.

Mr. President, the senior Senator from Alabama, in response to an amendment offered by the Senator from Illinois [Mr. DIRKSEN], on grants for hospital construction, pointed out the importance of the sum of money of $211,200,000, as recommended by the committee, for grants for hospital construction. Of all the programs we have had of a public works nature none has been more successful and more appreciated and more helpful or of greater need than the hospital construction program. Literally thousands of lives have been saved through modern hospital facilities. It appears to me that Congress can take considerable pleasure and pride in knowing that this program of hospital construction has been one of the most worthwhile and effective programs of any of our health activities.

The amount of money which is provided in the bill will continue the planned program of hospital construction and will also, as has been indicated, provide for diagnostic clinics, nursing homes, and hospitals for the chronically ill.

Finally, I wish to commend the committee for its faithfulness in providing a slight amount of money for Indian health activities. In Minnesota, we have a substantial number of people of Indian extraction. They are good citizens. They need modern and up-to-date hospital facilities and health services. It is encouraging to see that the committee has been willing to raise the budget estimate at least a little, by some $2 million, to provide for this very extensive and well-documented need for our Indian people. I am hopeful that the action of the committee will be helpful.

We have had considerable discussion today on the National Institutes of Health. The National Institutes of Health are the finest example of cooperation between Government and private medicine which can be found throughout the world. The National Institutes of Health stand as a living example of a government which is deeply concerned about the health and welfare of its people. That great institution represents to me the spirit of a humanitarian and compassionate democracy.

I am pleased that the committee has seen fit in each of the areas of research—in heart disease and cancer and mental health and arthritis and neurological and metabolic diseases and dental research—to increase and expand the modest amounts which have been requested by the Bureau of the Budget.

I know, for example, that in the field of cancer the National Cancer Institute will receive $110,203,000. Surely this amount is deserved, and it will be put to the most constructive use.

It was rather shocking to me that the administration should ask for only $75,218,000, in light of the tragedies which we see every day as a result of this, the Nation's greatest killer, cancer.

Also, Mr. President, there are funds provided in the sum of $89,500,000 for the National Heart Institute. This is $44 million over and above the recommendation of the Bureau of the Budget.

I commend the Committee on Appropriations for having used good and sound judgment in providing what is the greatest economic program the Nation has ever known, the economic program of preventive medicine and good public care, and in the field of research, because research yields better lives and yields better health and provides greater work opportunities and provides for a constructive use of man's talents and energies.

It is in this spirit that I shall vote for the bill. It is one of the most important bills which will be before Congress and represents great achievement on the part of Congress.

Mr. GRUENING. Mr. President, I wish to associate myself with the remarks of the distinguished senior Senator from Minnesota [Mr. HUMPHREY]. I believe the committee has acted most wisely in making adequate appropriation on behalf of education. I believe, with the distinguished senior Senator from Minnesota, that this is a budget-balancing measure, because when we remove people from the sick list and return them to an active life we are making a most constructive economic contribution.

I wish to commend the subcommittee for including also some money for a consumer price index in Alaska, which we have not had, and which is very important to Alaska, because of the high cost of living there. As a Territory, we had not been included and no provision for it was made by the administration. However, the subcommittee in its generosity and wisdom has made it possible to have this study made. I wish to express my great appreciation to the chairman of the subcommittee, the distinguished Senator from Alabama [Mr. HILL], and the other members of his subcommittee.

Mr. HILL. I will say to the Senator from Alaska that it was only a matter of justice that that item be included.

Mr. JAVITS. Mr. President, I wish to make a very brief statement on the pending appropriation bill, with particular reference to the appropriation to the National Institutes of Health. I wish to support the committee-recommended appropriations in that regard, and for this reason: I have a rather personal interest in this situation, which I feel I should share with the Senate. I had the honor, while serving in the House of Representatives, of being the author of the bill which established the National Heart Institute. It started as a very small program. It has grown to a committee recommendation of $89,500,000. Coupled with that experience, I had during the war the experience of being associated in the Chemical Corps with Dr. C. P. Rhoads, who has led the Sloan-Kettering Institute, a leading research organization in the United States on the subject of cancer.

From both of these experiences, I came away convinced that if we are to make any measurable progress in this major field of research against these leading killers—heart and cancer—we must be willing to devote resources to a program which will eliminate various hypotheses on which the scientists are working, and do it most rapidly.

Dr. Rhoads, whose name I have mentioned, is responsible for the administrative theory in respect of research, that if we have a sizable enough organization to explore all the possibilities which can be explored at any particular time, we will accelerate the time when we can arrive at some kind of conclusion. We may not score, in that way, a sensational breakthrough in respect of a situation like the Salk vaccine. However, we do, in the way in which I have just described, make measurable progress, as has been made indeed, in respect to both heart disease and cancer, in aiding 20 or 30 or perhaps 40 percent of the victims a great deal sooner than otherwise would be the case.

I emphasize that because we always think of medical research as arriving at some broad-scale, sudden solution. That does not happen very often, as in the case of penicillin and the Salk vaccine. However, we can make measurable progress, as is being made with respect to certain aspects of cancer, and as we are making on certain kinds of heart disease.

For this, Mr. President, massive research on a big scale, a great many people and a great deal of money are needed. In answer to the argument that research scientists are thin in depth, there is the answer that if we have enough money, we can put enough private agencies to work in colleges and universities and hospitals and in medical schools throughout the country.

My attitude is, therefore, not merely inspired by a capricious desire to see the President's budget exceeded; on the contrary, I feel, as do so many of my colleagues, that the budget is entitled to most serious consideration. We want to hold everything we humanly can within the budget figure. Indeed, we want to do it for less, if we possibly can. But I have a real conviction that the amount by which the budget is exceeded here represents really fruitful things which can be done in areas which are not sensational, but which are nevertheless extremely important and potent in respect to saving life, particularly in the case of the major diseases.

However, I realize that there is grave disquiet about exceeding the budget by $186,325,000. In respect to the National Institutes of Health, I point out that in a very reasoned and sensible way, these funds can be made worthwhile, due to the cases which I have just described, which fall within the compass of my personal experience.

I hope, therefore, that for sound and cogent reasons, nothing capricious, and without any idea that some sensational breakthrough will occur by the expenditure of the money, but on a real bread-and-butter basis, the Senate will see fit to go along with the committee in respect to this appropriation.

Mr. NEUBERGER. Mr. President, before the Senate votes on H.R. 6769, I should like to join in the tribute which the Senator from Alabama [Mr. HILL] paid a few minutes ago to the leadership in the field of medical research which has been contributed in the Senate by the distinguished Senator from Maine [Mrs. SMITH].

In recent years, many fine articles have been written about the need for further support, both by the Federal Government and private agencies, in the field of health research.

Yet, I think the outstanding beneficial article in this field was published some 3 years ago over the byline of MARGARET CHASE SMITH in the Saturday Review. It has been quoted in the Senate many times, and in articles and books on many other occasions. I simply wanted to pay this brief tribute to the senior Senator from Maine for her outstanding role in this urgent lifesaving field. It is a role which does her great credit, indeed.

Mr. President, I wish to mention particularly one item in the bill and give it my special support. I am especially interested in it because my own State of Oregon is involved. In the funds for health and research facilities construction, the inadequate recommendation of the administration for only $20 million has been increased by the Senate committee to $30 million.

The State of Oregon has a particular interest in this matter because the National Institutes of Health, through their construction facilities branch, have allocated $1,297,000 for the erection of a great medical research center at the University of Oregon Medical School.

The 1959 session of the Oregon Legislature has wisely provided matching funds of $1,297,000. This particular grant, then, will make possible a great research center in the field of medicine and science generally at the university's medical school in Portland.

A few minutes ago, both the Senator from Alabama [Mr. HILL] and the Senator from New York [Mr. JAVITS] spoke about the urgent need for more trained men and women in the field of medical research. This appropriation for medical research facilities at various medical schools throughout the Nation will help fulfill this need. Because the University of Oregon's Medical School is so intimately involved in this particular appropriation of $30 million, I wish to give it my special support and endorsement. This medical research building will help to make the University of Oregon Medical School one of the great medical and health citadels of our Nation. I am glad to have had a part in so worthy an undertaking.

Mr. HILL. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. HILL. I am glad the Senator from Oregon has called particular attention to the funds for the physical research facilities. When that legislation was introduced, it was provided that for every one Federal dollar which went into research facilities, the recipient also should contribute another dollar. As a practical matter, the result has been that the Federal dollars have been matched not only by $1 but, on an average, by between $4 and $5 non-Federal.

Mr. NEUBERGER. That further demonstrates the wisdom of the program which the Senator from Alabama has sponsored so successfully.

Mr. DIRKSEN. Mr. President, I submit a motion to recommit, and send the motion to the desk.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The motion will be read.

The motion was read, as follows:

I move that the bill be recommitted to the Committee on Appropriations, with instructions to report the bill back with a total figure not in excess of $3,691,685,581.

Mr. DIRKSEN. Mr. President, on the question of agreeing to my motion, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. HILL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HILL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion of the Senator from Illinois [Mr. DIRKSEN] to recommit the bill, with certain instructions to the Committee on Appropriations.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. MCGEE] is absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senators from Wyoming [Mr. MCGEE and Mr. O'MAHONEY] would each vote "nay."

The result was announced—yeas 26, nays 70, as follows:

YEAS—26

Allott	Case, S. Dak.	Martin
Beall	Cotton	Morton
Bennett	Curtis	Mundt
Bridges	Dirksen	Saltonstall
Bush	Dworshak	Schoeppel
Butler	Goldwater	Thurmond
Byrd, Va.	Hickenlooper	Wiley
Capehart	Hruska	Williams, Del.
Carlson	Kuchel	

NAYS—70

Aiken	Hartke	Morse
Anderson	Hayden	Moss
Bartlett	Hennings	Murray
Bible	Hill	Muskie
Byrd, W. Va.	Holland	Neuberger
Cannon	Humphrey	Pastore
Carroll	Jackson	Prouty
Case, N.J.	Javits	Proxmire
Chavez	Johnson, Tex.	Randolph
Church	Johnston, S.C.	Robertson
Clark	Jordan	Russell
Cooper	Keating	Scott
Dodd	Kefauver	Smathers
Douglas	Kennedy	Smith
Eastland	Kerr	Sparkman
Ellender	Langer	Stennis
Engle	Lausche	Symington
Ervin	Long	Talmadge
Frear	McCarthy	Williams, N.J.
Fulbright	McClellan	Yarborough
Gore	McNamara	Young, N. Dak.
Green	Magnuson	Young, Ohio
Gruening	Mansfield	
Hart	Monroney	

NOT VOTING—2

McGee O'Mahoney

So the motion to recommit was rejected.

Mr. HILL. Mr. President, I move to reconsider the vote by which the motion to recommit the bill was defeated.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. CANNON in the chair). The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Alabama to reconsider.

The motion to lay on the table was agreed to.

Mr. JOHNSON of Texas. Mr. President, I should like to inform all Senators that the yeas and nays have been ordered on the question of passage of the bill. As soon as Senators have concluded any statements they may care to make we will proceed immediately to a vote on the passage of the bill.

Mr. MORSE. Mr. President, I wish to speak for a moment about the action of the Appropriations Committee in allowing $45 million for Federal grants to the States and cities under Public Law 660, the Water Pollution Control Act. This allotment is administered by the Public Health Service in the Department of Health, Education, and Welfare.

As the committee stated in its report on page 17:

Testimony indicated that since the inception of this program, the average annual construction of waste treatment works has increased 100 percent, with the Federal Government financing on the average only about 20 percent of the total cost. Thus the program has stimulated States and local communities in efforts to alleviate the health problems created by municipal pollution of our water resources. The Division of Sanitary Engineering now has on hand some 620 applications requesting $62.7 million in Federal financing.

Earlier in the year, when the President in his budget message proposed only $20 million of the $50 million presently authorized for construction grants, I asked the Oregon State Sanitary Authority for a summary of the sewage treatment plant needs in our State. The authority supplied me with such a summary, covering the next 3 fiscal years.

It shows that Oregon's share of the $20 million, the amount recommended by the President, is $264,500; Oregon's share of the $45 million appropriated the last 2 years is about $657,300; and finally, it shows that the Federal share of the cost of construction which should be undertaken in our State for the next 3 years would come to about $1 million for each of the 3 years, if the full amount were available.

I am delighted with the action of the House and the Senate Appropriations Committees in raising the budget request to a more reasonable amount. But I know that the needs of Oregon in this field of pollution control are fairly typical of conditions all over the Nation. The information I have obtained bears out, in my opinion, that the authorization for Federal participation should be doubled, and will have to be doubled, if pollution of our water supply is to be brought under control.

The House of Representatives has already passed H.R. 3610, doubling the authorization for Federal grants. I heartily endorse this bill, and I hope the Senate Public Works Committee will act on it promptly. It is greatly needed in Oregon, as elsewhere.

But I also commend our Appropriations Committee for its realistic action on this item.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the documents I have received from the Oregon State Sanitary Authority, entitled: "Status of Federal Grants for the Construction of Sewage Treatment Works in Oregon," and the estimates of sewage construction works for fiscal years 1959–60, 1960–61, and 1961–62.

I also ask unanimous consent to have printed at this point two editorials from the Medford Mail-Tribune, in Medford, Oreg., describing what pollution has done to one single stream in Jackson County in my State.

There being no objection, the documents and editorials were ordered to be printed in the RECORD, as follows:

STATUS OF FEDERAL GRANTS FOR THE CONSTRUCTION OF SEWAGE TREATMENT WORKS IN OREGON

Section 6 of the Federal Water Pollution Control Act authorizes appropriations in the amount of $50 million annually for use as grants to municipalities and other political subdivisions of the States for the construction of sewage treatment works to abate water pollution. These grants amount to 30 percent of the cost of the project or $250,000 whichever is the greater.

Following its enactment in 1956 the Congress has appropriated the following amounts to carry out the intent of the law:

Fiscal year	Appropriation	Oregon allotment
1956–57	$50,000,000	$647,125
1957–58	45,000,000	651,575
1958–59	45,000,000	657,300

The administration budget for 1959–60 substantially reduces the amount available for construction grants as follows: 1959–60 appropriation, $20 million; the Oregon allotment, $264,500.

With funds available to Oregon during the first 3 fiscal years of the program the following has been accomplished:

	Projects	Total cost	Federal share
1956–57	11	$3,052,303.81	$632,188.84
1957–58 [1]	[1] 10	2,368,963.20	618,612.16
1958–59 [2]	[2] 2	2,276,027.24	142,395.17
	[2] (3)	(4,894,855.00)	(562,803.83)

[1] 6 of these projects are still under construction.
[2] 3 other projects have been tentatively assigned priorities but are not yet under construction.

For the next 3 fiscal years the needs are as follows:

Year	Projects	Total cost	Federal share
1959–60	12	$5,547,000	$1,142,300
1960–61	12	5,565,000	1,040,300
1961–62	24	3,100,000	930,000

OREGON STATE SANITARY AUTHORITY

Estimated sewerage works construction, 1959–60

Applicant	Population	Estimated cost of project	Federal grant requested	Type of construction	Applicant	Population	Estimated cost of project	Federal grant requested	Type of construction
Ashland [1]	8,800	$350,000	$105,000	Alteration.	Oak Lodge [1]	8,500	$300,000	$100,000	New.
Brookings [1]	3,250	125,000	37,500	New.	Ontario [1]	4,790	242,000	72,000	Do.
Estacada [1]	950	250,000	75,000	Replacement.	Portland	402,300	2,500,000	250,000	Interceptor.
Eugene [1]	47,600	510,000	153,000	Addition.	Prineville [1]	3,800	266,650	44,745	Replacement.
Hood River [1]	4,100	194,000	58,000	New.	The Dalles [1]	11,560	285,000	94,500	New.
LaGrande [1]	9,100	344,000	103,200	Replacement.					
Lakeview [1]	3,200	180,400	49,380	Do.	Total		5,547,050	1,142,325	

[1] Applications already on file with the Oregon State Sanitary Authority.

Population:	Number of projects
More than 20,000	--
10,000 to 20,000	--
5,000 to 10,000	--
2,500 to 5,000	--
1,000 to 2,500	--
Less than 1,000	--

Type of construction:	Number of projects
New treatment works	8
Alteration and expansion of existing treatment works	2
Interceptor and outfall	1
Total	11

Estimated sewerage works construction, 1960–61

Applicant	Population	Estimated cost of project	Federal grant requested	Type of construction	Applicant	Population	Estimated cost of project	Federal grant requested	Type of construction
Canyon City	640	$100,000	$30,000	New.	Portland	402,300	$2,500,000	$250,000	Interceptor, new.
Dufur [1]	475	167,029	50,135	Do.	Salem	47,100	600,000	180,000	Addition.
Fanno Creek interceptor (Multnomah County).	35,000	500,000	150,000	Interceptor	Stayton [1]	2,220	478,000	49,980	New.
Florence	1,750	140,000	42,000	New.	Tryon Creek [1] (Multnomah County).	12,000	728,000	185,000	Do.
Green Sanitary District [1]	1,100	130,000	39,000	Interceptor.					
Lafayette [1]	620	47,671	11,750	New.	Total		5,566,300	1,040,365	
Newberg	4,000	150,000	45,000	Addition.					
Oak Lodge Sanitary District II.	2,000	25,000	7,500	Outfall.					

[1] Applications already on file with Oregon State Sanitary Authority.

Population:	Number of projects
More than 20,000	3
10,000 to 20,000	1
5,000 to 10,000	0
2,500 to 5,000	1
1,000 to 2,500	4
Less than 1,000	3
Total	12

Type of construction:	Number of projects
New treatment works	6
Alteration and expansion of existing treatment works	2
Interceptor and outfall	4
Total	12

Estimated sewerage works construction, 1961–62

Applicant	Population	Estimated cost of project	Federal grant requested	Type of construction	Applicant	Population	Estimated cost of project	Federal grant requested	Type of construction
Bandon	1,650	$70,000	$21,000	New.	Jacksonville	1,160	$150,000	$45,000	New.
Brownsville	1,200	90,000	27,000	Do.	Maupin	410	50,000	15,000	Do.
Canyonville	1,010	150,000	45,000	Do.	Metzger Sanitary District	4,200	200,000	60,000	Do.
Corvallis	19,100	100,000	30,000	Addition.	Oakland	970	65,000	19,500	Do.
Cresswell	780	80,000	24,000	New.	Powers	1,300	100,000	30,000	Do.
Dayton	680	75,000	22,500	Do.	Seaside	3,800	300,000	90,000	Additions.
Delake	800	78,000	23,400	Do.	Taft-Nelscott	600	204,000	61,200	New.
Eagle Point	690	60,000	18,000	Do.	Vernonia	1,300	85,000	25,500	Replacement.
Eastside	1,366	160,000	48,000	Do.	Wallowa	1,050	58,000	17,400	New.
East Springfield	5,500	450,000	135,000	Outfall.	Warrenton	1,900	100,000	30,000	Do.
Elgin	1,350	149,800	44,940	New.	Willamina	1,000	100,000	30,000	Do.
Empire	4,270	160,000	48,000	Do.					
Huntington	825	62,000	18,600	Do.	Total		3,096,800	929,040	

Population:	Number of projects
More than 20,000	0
10,000 to 20,000	1
5,000 to 10,000	0
2,500 to 5,000	5
1,000 to 2,500	11
Less than 1,000	7
Total	24

Type of construction:	Number of projects
New treatment works	21
Expansion or alterations of existing treatment works	2
Interceptor and outfall	1
Total	24

[From the Mail Tribune, Medford, Oreg., Mar. 13, 1959]

BEAR CREEK: SEWER OR ASSET?

The findings reported Wednesday by the Sportsmen Club of Jackson County—to the effect that fish in Bear Creek are dying, presumably from pollution—are surprising only in two ways:

1. It is surprising that any fish at all can live in the stream.

2. It is surprising that the people of Jackson County have permitted Bear Creek to be operated as an "open sewer" for so many years.

The revolting condition of Bear Creek—potentially a valuable recreational and esthetic resource—is no secret. Everyone we've talked to deplores it, and says, in effect, "Something should be done." But nothing has been done.

We suggest:

That the parks and recreation commissions of both Medford and Jackson County consider how Bear Creek could best be fitted into a long-range plan of improvement for recreational purposes;

That the newly-formed pollution control board of the county, in cooperation with such civic-minded groups as the Sportsmen and others concerned with such problems, find out what needs to be done to clear up pollution;

That Ashland, Talent, Phoenix, Medford, and Central Point and the county back them up with whatever sort of support is needed;

That the State sanitary authority be contacted to see if it can be of assistance;

That the State highway commission be made thoroughly aware of its responsibility for beautification of the Bear Creek area, if and when it cleaves Medford in twain by using Bear Creek as a freeway route;

That all good citizens support such actions.

The upstream irrigation districts, Medford and Talent, might have valuable suggestions as to how an adequate minimum streamflow could be maintained to prevent the creek from being nothing but a string of stagnant puddles in summertime, particularly in view of the possibility of more usable water resulting from the Talent project.

The State water resources board might have valuable suggestions, and furnish encouragement for the beneficial use of the creek.

If the Izaak Waltonians, sportsmen, garden clubs, civic organizations, PTA's, veterans organizations—and just plain people who are concerned—make it know that's what they want, Bear Creek could be converted from a 20-mile-long sewer into a 20-mile-long asset.

[From the Mail Tribune, Medford, Oreg., May 13, 1959]

BEAR CREEK—NOW IS THE TIME

The Jackson County chapter of the Izaak Walton League did this area a real service the other night by sponsoring a public discussion of Bear Creek, and the problems it poses in the form of pollution and waste of a resource.

The creek, as it is now, is a waste, too. Once it was a pleasant, fresh little stream. Now it is little better than an open sewer. Portions of it are still attractive—at a distance.

But for the rest, its recreational potentialities are almost all gone—simply as a result of normal human activities done without thought as to their consequences.

The discussion brought out the fact that there are dozens of causes for its present unhealthy condition, and that no single action is going to provide a solution.

But it also brought out the fact that there is widespread interest in the creek on the part of both groups and individuals. And, as the old saying goes, where there's a will there's a way.

Progress in cleaning up Bear Creek can be made, but it isn't going to happen all by itself. It is going to take effort and work by quite a few people, and very possibly some public funds—as well as "education" to avoid future abuses and mitigate present ones.

Bob Root, Medford orchardist and a member of the state water resources board, has been interested in this problem for a long time. His suggestion that the cooperation of the highway commission be solicited in doing some bank-cleaning work and landscaping of parklike approaches is a good one. We have reason to believe the commission already has this possibility in mind.

His second suggestion, that some means of maintaining a higher year-around minimum streamflow as a means of abating pollution, is another good one. County Judge Earl Miller's immediate response, in showing his willingness to consider this idea from the county's standpoint, is commendable.

The interest of the public health department, the State sanitary authority, and the State game commission is also to be praised and appreciated.

So, what next? No single agency of government has responsibility for all the varied factors involved in the Bear Creek problem. All of them, however, have some interest. So do many private groups—such as the Waltonians and other sporting and conservation organizations.

So what about forming an unofficial but representative group dedicated to solutions for this situation? It doesn't much matter what it's called. It could be an interagency committee for Bear Creek, or a Bear Creek coordinating board, or whatever its members wanted. The important thing is that some action be taken.

It is particularly so at this time, for time is, as they say, of the essence.

Only right now can plans be drawn for presentation to the highway commission—for if the freeway is to be done right, the plans have to be made before, not after, it is built.

Only right now can firm plans be laid for use of surplus water from the Talent irrigation project. And this water, to bring the annual minimum flow up to 20 or 25 cubic feet per second, is at the heart of an approach to a solution.

And right now, when people are aware of pollution as a growing threat to the welfare, health, and economy of our pleasant valley, is the time to lay the basis for a broad program of study and education, to the end that Bear Creek can again be a credit, instead of a shameful nuisance.

Whoever takes the first step toward formation of such an organization, be he city or county officer, State official, private citizen or an officer of some interested organization, will earn the gratitude of the community.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 182. An act for the relief of Yong Chul Jurgens;

S. 190. An act for the relief of Melanie Hoffman; and

S. 770. An act for the relief of Feiga Altmann Rock.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 21) favoring the suspension of deportation in the cases of certain aliens, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 7086) to extend the Renegotiation Act of 1951, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. FORAND, Mr. KING of California, Mr. SIMPSON of Pennsylvania, and Mr. MASON were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H.R. 1387. An act for the relief of Mrs. Mary D'Agostino;

H.R. 1456. An act for the relief of Universal Trades, Inc.;

H.R. 2009. An act for the relief of James V. Williams;

H.R. 2107. An act for the relief of Michael D. Ovens;

H.R. 2296. An act for the relief of the estate of Seth E. Libby, Jr.;

H.R. 2695. An act for the relief of the Inter-County Telephone & Telegraph Co., Fort Myers, Fla.;

H.R. 3094. An act for the relief of Oakley O. Warren;

H.R. 3117. An act for the relief of Albert J. Hicks;

H.R. 4243. An act for the relief of Peter Sergeevich Deryabin, also known as Theodore Stanley Orel;

H.R. 4423. An act for the relief of F. H. Hillel Co.;

H.R. 4894. An act for the relief of the Georgia Kaolin Co.;

H.R. 5350. An act for the relief of Mary W. Greene;

H.R. 5357. An act for the relief of Loretta F. Ossorio;

H.R. 5873. An act for the relief of Clara H. Hall;

H.R. 5914. An act for the relief of Dr. Radboud Louwrens Beukenkamp;

H.R. 6490. An act for the relief of Colbert Colgate Held and Charles W. Shellhorn;

H.R. 6546. An act for the relief of Nancy Mae Floor;

H.R. 6714. An act for the relief of Abraham Fye;

H.R. 6717. An act for the relief of Robert N. Anthony;

H.R. 6718. An act for the relief of Lt. Col. Albert E. Sherron (U.S. Army, retired);

H.R. 6955. An act for the relief of Sallie B. Dickens;

H.R. 7038. An act for the relief of the estate of Oshiro Shoko;

H.J. Res. 405. Joint resolution for the relief of certain aliens;

H.J. Res. 406. Joint resolution to facilitate the admission into the United States of certain aliens; and

H.J. Res. 407. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 186) favoring the granting of the status of permanent residence to certain aliens, in which it requested the concurrence of the Senate.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred to the Committee on the Judiciary:

H.R. 1387. An act for the relief of Mrs. Mary D'Agostino;

H.R. 1456. An act for the relief of Universal Trades, Inc.;

H.R. 2009. An act for the relief of James V. Williams;

H.R. 2107. An act for the relief of Michael D. Ovens;

H.R. 2296. An act for the relief of the estate of Seth E. Libby, Jr.;

H.R. 2695. An act for the relief of the Inter-County Telephone & Telegraph Co., Fort Myers, Fla.

H.R. 3094. An act for the relief of Oakley O. Warren;

H.R. 3117. An act for the relief of Albert J. Hicks;

H.R. 4243. An act for the relief of Peter Sergeevich Deryabin, also known as Theodore Stanley Orel;

H.R. 4423. An act for the relief of F. H. Hillel Co.;

H.R. 4894. An act for the relief of the Georgia Kaolin Co.;

H.R. 5350. An act for the relief of Mary W. Greene;

H.R. 5357. An act for the relief of Loretta F. Ossorio;

H.R. 5873. An act for the relief of Clara H. Hall;

H.R. 5914. An act for the relief of Dr. Radboud Louwrens Beukenkamp;

H.R. 6490. An act for the relief of Colbert Colgate Held and Charles W. Shellhorn;

H.R. 6546. An act for the relief of Nancy Mae Floor;

H.R. 6714. An act for the relief of Abraham Fye;

H.R. 6717. An act for the relief of Robert N. Anthony;

H.R. 6718. An act for the relief of Lt. Col. Albert E. Sherron (U.S. Army, retired);

H.R. 6955. An act for the relief of Sallie B. Dickens;

H.R. 7038. An act for the relief of the estate of Oshiro Shoko;

H.J. Res. 405. Joint resolution for the relief of certain aliens;

H.J. Res. 406. Joint resolution to facilitate the admission into the United States of certain aliens; and

H.J. Res. 407. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 186) favoring the granting of the status of permanent residence to certain aliens, was referred to the Committee on the Judiciary, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress approves the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 6 of the Refugee Relief Act of 1953, as amended (67 Stat. 403; 68 Stat. 1044):

A–10248241, Bucar, Ivan.
A–10248233, Bucar, Stanislava.
A–8106033, Camalich, Andrea (or Andrew).
A–6703473, Chang, Carol Ching-Hsing.
A–901118, Chang, Francis Fu-Chieh.
A–8031624, Chang, Jen Chung.
A–7118699, Chang, Tsi Ying.
A–10141530, Cheng, Daniel Tah-Nian.
A–9666623, Cheng, Foo See.
A–9518840, Chok, Wong Ah.
A–9799517, Fong, King Yao.
A–8921560, Han, Ching Chang.
A–9694260, Hing, Sah Ming.
A–10265984, Hirth, Jozef (or Joseph).
A–9556536, Huo, Hue Shen.
A–8103732, Hwang, Chung Li, also known as Clayton Chung Li Hwang.
A–7445242, Kagi, Rolf.
A–10256922, Katz, Siegfried.
A–9802189, King, Chen Lee.
A–9671970, King, Lock Ting.
A–9082703, Kong, Ho Yung.
A–9757090, Kudrawcew, Jerzy alias Piotr Wedrogowski.
A–9801139, Kwan, Luk.
A–10463833, Lan, Choo Sing.
A–9798540, Ling, Ah-Sang.
A–7274549, Lo, Ignatius Ching Ho.
A–10259333, Loong, Yao Ah.
A–10265378, Loosaar, Endel.
A–9556542, Lou, Koo Hai or Lou Hai Koo or Chang Kang.
A–10491939, May, Tung Pao, also known as May Pao-May Tung.
A–9558145, Naim, Ham Say.
A–9922572, Ploy, Woo Yung.
A–6986478, Po, Margaret Pei-Te.
A–7065631, Prumskyte, Anele.
A–10256926, Stavropoulos, Grigore Leonidas.
A–9948084, Tarabocchia, Rodolfo.
A–7389377, Ting-Ching, Huang.
A–9732183, Tong, Cheng Saw.
A–9799972, Tsai, Ong Ming.
A–9798652, Wong, Yong Moon.
A–8235258, Wu, Chiu-Sang, also known as William Chiu Sang.
A–8845940, Yin, Mignonette Ye Hsuen.
A–9798571, Ying, Ming-Wei.
A–7247125, Yuan, Shang Wen.

SEC. 2. The Congress favors the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U.S.C. 1953):

A–2049361, Chin, Pao-Tung.
A–8082083, Dow, Tan Kai.
A–8190830, Foon, Kong.
A–6847952, Pei-Fen, Chin nee Lin Pei-Fen.
A–7439686, Ping, Fong Yee or Yee Ping Fong.
A–8057484, Ying-Chiang, Theresa Yu.

THE TAX EXTENSION BILL—PROPOSED UNANIMOUS CONSENT AGREEMENT

Mr. JOHNSON of Texas. Mr. President, if I may have the attention of Members of the Senate, I should like to propose, on behalf of the minority leader and myself, a unanimous-consent agreement, and I ask the Senate to give consideration to it:

Ordered, That, effective on Thursday, June 25, 1959, at the conclusion of routine morning business, during the further consideration of the bill H.R. 7523, the tax extension bill, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. President, if the agreement is entered into we plan to have the Senate meet tomorrow at 10 o'clock and have the usual morning business. I think it would be reasonable to assume we would reach consideration of the bill at 11 o'clock. We would have all day, and we would stay in session as late tomorrow as might be necessary, up to midnight, at least, to consider the bill.

I have talked to the chairman of the committee and to the ranking minority member of the committee. I have talked to the minority leader. The bill contains provision for an extension of taxes which amount to about $9 million a day. We must have the bill passed by the Senate, have it go to conference, have an agreement in conference, have the conference report acted upon by both Houses, and have the bill go to the President and be signed by Tuesday. It is a grave responsibility; and I wish to do everything I can to get the bill to the President in time so that no tax revenue will be lost.

Some of my colleagues—in what they consider to be the national interest—made plans several weeks ago for Friday and Saturday of this week, in connection with a very important international event. I have great understanding of and sympathy for their problem. They would like to be present and recorded on any votes on the tax measure. In an attempt to accommodate them and serve the interests of the Nation, on behalf of the minority leader and myself, I make this suggestion. We are willing to consider any other suggestions which might accomplish the same result.

Mr. DOUGLAS. Mr. President, reserving the right to object—and I am not certain that I wish to object—may I point out that this is an extremely important measure.

This morning in committee two very important amendments were attached to the bill in question. One amendment would put the tax on communications on a temporary basis to expire next June 30. The other amendment would eliminate the tax on the transportation of persons.

In addition, five other amendments were proposed in committee, one by the Senator from Delaware [Mr. WILLIAMS], which was subsequently withdrawn, and four amendments by a group of us, aiming to plug some of the worst of the tax loopholes. If those amendments were adopted, they would raise more than $2 billion in revenue, and would permit us later to make some tax reductions, to meet needed welfare appropriations, and to provide a surplus for the coming year, which would permit of debt retirement.

This is probably the only time in the year that we shall have to debate these proposals, because this is probably the only revenue bill which will come over from the House for a long time.

We are always faced with the situation that the House sends us the tax extension bill at the very last moment. The Senate committee follows the procedure of not holding hearings on bills which are not initiated in the House. This year there was an alteration in that precedent, but the hearings were not very full or thorough.

Then, when amendments are brought up on the floor, it is always argued, "This bill must be disposed of in a hurry, and we have no time to deal with the improvement of the tax structure." So year follows year, and there is not adequate opportunity for the consideration of measures which are designed to cure the greatest weakness in our whole tax structure.

I am wondering, therefore, if, in the national interest, the able majority and minority leaders would not be willing to extend the time for debate, so that the final decision, if sufficient time were taken in debate, could be postponed until Friday.

Mr. JOHNSON of Texas. Mr. President, I should be glad to do so. I shall be here. I am told that the Members who are leaving for the meeting in Canada must leave late tomorrow evening. They hoped that the bill could be disposed of by 4 o'clock. That is why we are proposing to have the Senate meet at 10 o'clock. The Senator from Vermont

[Mr. AIKEN] is one of the members of the delegation.

I should be glad to increase the time on the bill, and then we could allot additional time to the Senator from Illinois if he so desires. I would have no objection to postponing the vote until Friday, but the reason I presented the unanimous-consent request is that the Senator from that group to which the Senator from Vermont [Mr. AIKEN] belongs desired it.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. AIKEN. The Senator from Illinois knows that I sympathize very strongly with his desire to plug certain loopholes in the present tax structure, and I should like to vote for such proposals at the first feasible opportunity.

I also agree with the Senator from Illinois that those who believe that certain tax measures ought not to be disturbed are perhaps rather astute in bringing up a tax measure just before the deadline at the end of the fiscal year.

However, I will say to the Senator from Illinois that we must face the situation as it is. The fiscal year will end next Tuesday. The tax bill should be enacted into law before next Tuesday; and, much as we desire to plug tax loopholes—which would, I agree, yield a return of several hundred millions of dollars in taxes, representing taxes which should be paid by those who are now escaping their proper share of the tax load, nevertheless, we could not muster anywhere near our maximum strength for plugging these loopholes under the circumstances. I feel that many Senators would place the necessity for getting the bill passed and signed before next Tuesday ahead of their desire to plug tax loopholes; and I am fearful of the effect if the word should go out over the country that we were able to muster only 17 to 20 votes, whereas at some other time we might be able to muster 35 or 40 votes. I do not believe that we shall be in the winning column this year, but we shall come nearer to being in the winning column than we have been up to this time. We shall come nearer to plugging the tax loopholes than we have been up to this time, but not if we force a vote only 2 days before the fiscal year expires.

I think there would be a misinterpretation in the country. The strength of those who wish to plug certain obvious and flagrant tax loopholes is greater than it has been for some time.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. AIKEN. I do not have the floor. I merely wished to express my opinion that we would not show anywhere near our normal or maximum strength under the circumstances described.

Mr. DOUGLAS. Mr. President——

Mr. JOHNSON of Texas. Mr. President, I yield the floor, so that the Senator from Illinois may be recognized.

Mr. DOUGLAS obtained the floor.

Mr. CLARK. Mr. President, will the Senator from Illinois yield to me in order that I may ask the Senator from Vermont a question?

Mr. DOUGLAS. I yield.

Mr. CLARK. As the Senator from Vermont knows, I am just as much interested in the problem as he is. I have pending one of the four major amendments which will be offered to the bill. I am gravely concerned about the fact that so many Senators will be out of the city. It seems unfair to try to press this proposal to a vote in their absence.

I entered the Chamber after the Senator from Vermont had taken the floor. I do not know whether he believes there should be a unanimous consent agreement to apply tomorrow, or whether he thinks the bill should be debated tomorrow and Friday, with a vote on Monday.

Mr. AIKEN. I would vote for the measure to continue the taxes which would otherwise expire at the end of the fiscal year, and then I would watch every chance to offer amendments. I realize that the 27½ percent oil depletion amendment is creating the greatest interest around here. I have had visitors lately representing the oil companies. They are certainly interested, and apprehensive. I told them when they left my office that I would give them an A for effort.

Mr. CLARK. Is the Senator supporting the unanimous consent request?

Mr. AIKEN. I would not object to the unanimous consent request, because I think it is important to expedite action on the bill. It may be that we have been maneuvered into this position. Nevertheless, we are here, and I would not want to have a vote on the oil depletion amendment which would show only a small number of votes in favor of it, when, by watching and getting a vote some other time, we might have 35 or 40 votes in support of it. I think we may have more than 40 votes this year.

Mr. CLARK. The Senator is wise enough to know that we shall probably not have another opportunity this year.

Mr. AIKEN. There is another year coming, and another session of Congress.

Mr. CLARK. Mr. President, may I have the attention of my good friend from Texas? Would the distinguished majority leader be willing to modify his unanimous consent request so that a vote could be had at an early hour on Monday—say 10 or 11 a.m.—so that Senators who wish to leave the city would have an opportunity to return and vote, and yet those of us who desire to make a case in connection with certain amendments would not be rushed into making our case in a limited time?

Mr. JOHNSON of Texas. I do not believe any Senator would agree to that. The chairman of the committee told me he believes it is inadvisable. The Senator from Illinois [Mr. DOUGLAS] feels it is inadvisable. I believe it would be the height of irresponsibility to put off action until next Monday. I would rather plan to have the Senate convene tomorrow, without an agreement, and stay late tomorrow night and Friday and Saturday, if we had not disposed of it by then, because I believe it is the responsibility of the Senator from Texas to see to it that we have action on the bill and have a chance to send it to conference at the earliest possible date. The Senator from Illinois and the Senator from Virginia tell me that they believe it must be acted on before Monday.

Mr. CLARK. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Texas. I do not have anything further to say.

Mr. CLARK. I should like to ask the Senator a question. He knows the answer to it.

Mr. JOHNSON of Texas. I do not know whether I know the answer.

Mr. CLARK. If the Senator does not know the answer, I am sure he will say so. It is my information—and I ask the Senator whether it is correct—that a large number of Senators who plan to leave for the Canadian meeting will be leaving town early tomorrow. Is that correct?

Mr. JOHNSON of Texas. No. I suggest that the Senator inform himself by asking the Senator from Vermont, who is in charge of one of the delegations. He knows more about when the meeting will be held. Some Senators have suggested that they would postpone leaving until late tomorrow night if we could get a unanimous consent agreement. Some Senators have suggested that they would leave early Friday morning if we could get a unanimous consent agreement. That is why I proposed the unanimous consent agreement. If we do not have an agreement, I will let the Members who are here vote until the Senate has disposed of the bill. If later they wish to enter into a unanimous consent agreement, we will do that. Otherwise we will go on and vote at any time.

Mr. DOUGLAS. Mr. President, I should like to have information from the distinguished Senator from Vermont as to when the first group of Senators is supposed to leave for the conferences on the St. Lawrence Seaway. How many Senators are leaving at that time? How many more are expected to leave on Friday morning, and so forth?

Mr. AIKEN. The Senator from Illinois understands that 12 Senators and an equal number of Members of the House are members of an official delegation who will confer with our Canadian friends.

Mr. DOUGLAS. When are they leaving?

Mr. AIKEN. Our first conference with Canadian parliamentarians is set for 11 o'clock tomorrow morning.

Mr. DOUGLAS. So that will take those Senators out of the ball park tomorrow. Is that correct?

Mr. AIKEN. Those who are conferring with the members of the Canadian Parliament will leave at 8 o'clock tomorrow morning. I understand that one of the other committees is slated to leave at 11 o'clock tomorrow. That is the Subcommittee on Appropriations for Public Works. They are leaving at 11 o'clock. The Senator from Florida [Mr. HOLLAND] is the chairman.

Mr. HOLLAND. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. It seems to me that the vote tomorrow, if the request were agreed to, would be taken at a time when a large proportion of the Senate

actually would be absent, and the vote, therefore, would not represent a true opinion of the Senate. I had originally thought that the departure could be postponed until Friday night. If that is not the case, pleasant as the St. Lawrence is at this time of year, and estimable as our Canadian cousins are, I believe we ought to transact the business of the United States of America first. If our good friends do not wish to postpone their departure, the only thing for us to do is to debate the matter the rest of this week and meet early on Monday morning and vote. The conference committee could then work on Monday afternoon and the report could come back to both Houses Tuesday morning. The President could then sign the bill prior to midnight on the 30th of June.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. AIKEN. I should like to give a little further explanation. When we have a commitment with representatives of a foreign country——

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAGNUSON. What is the pending question?

Mr. JOHNSON of Texas. The unanimous-consent request.

The PRESIDING OFFICER. It is the unanimous-consent request by the Senator from Texas.

Mr. MAGNUSON. We would like to get some appropriation business taken care of. Senators can discuss the itinerary on Friday.

Mr. JOHNSON of Texas. The group which the Senator from Florida heads——

Mr. HOLLAND. Mr. President, I have asked the Senator from Illinois to yield to me. I hope he will yield.

Mr. JOHNSON of Texas. Will the Senator relate to the Senator what he has told me?

Mr. HOLLAND. Mr. President, three committees are going to Canada on business which is the business of our country. Insofar as the group to which I am attached is concerned, it will be the subcommittee which has been passing on appropriations for the building of the St. Lawrence Seaway and for carrying on the St. Lawrence Seaway Commission. There is very important business to discuss in connection with the operation of the canal and the rules and regulations which affect rather definitely the State which is represented, at least in part, by the Senator from Illinois.

I have suggested to the distinguished majority leader——

The PRESIDING OFFICER (Mr. CANNON in the chair). The Senate will be in order.

Mr. HOLLAND. I have suggested to the distinguished majority leader that, while our plans were made to leave tomorrow morning at 11 o'clock, I would be very glad, so far as I am concerned, to recommend to the members of my committee—and I believe they will feel the same way—that we wait and go tomorrow night or early Friday morning, so that we could meet our obligations.

That is not the case with reference to the committee headed by the Senator from Vermont [Mr. AIKEN]. He, I understand, has an obligation to meet with a like committee from the Parliament of Canada. I am not able to speak for the Public Works Committee, which also has a delegation going to Canada, but they, too, are going on important public business of the United States. The question is how to adjust our various plans so as to be able to transact as much as possible of the important public business on every front which confronts us.

I suggested to the majority leader that if he could get consent for action on this matter tomorrow, I felt sure that many of us could postpone our going until very early Friday morning. It was in pursuance of that that I talked with the distinguished majority leader, who, joined by the minority leader, has made the unanimous-consent request.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. JOHNSON of Texas. I modify my request, and ask to have the Senate convene tomorrow morning at 9:30, and have an hour of debate on each amendment, and 4 hours on the bill. The majority leader and the minority leader can yield time to the proponents and the opponents of amendments. I wish to say to the Senate that, by agreement with the minority leader, we will sit tomorrow until midnight, if necessary, in an attempt to finish action on the bill and to send it to conference, where it will be on Friday and Saturday.

Mr. AIKEN. Mr. President, I should like to finish the explanation which I started some time ago. We have a commitment to meet at 11 o'clock tomorrow morning with members of the Canadian Parliament.

Mr. JOHNSON of Texas. How many Senators are involved?

Mr. AIKEN. There are 12 Senators involved. The commitment was made some time ago. When we have a commitment with representatives of another country, we do not cancel it the night before and say that we have decided that we will not be there. There is another conference, I believe, set for 3 o'clock tomorrow afternoon. It so happens that the decision to meet with the members of the Parliament was made some time ago, and the decision was then made to dedicate the St. Lawrence Seaway on the 26th of June. Therefore, we will have to interrupt our discussions on the morning of the 26th, because no one will be there.

On Friday afternoon we go into the conference with the members of the Canadian Parliament, and continue through Saturday. This is in accordance with an act passed by Congress. It certainly would not be well for us to say, the night before, that we cannot go.

The Committee on Public Works and other committees and individual Senators are going for other reasons. I think the dedication of the St. Lawrence Seaway is the primary reason why they plan to go. I am glad they are going. So far as I am concerned, they can go when they get ready to go.

But the delegation of which I am a member has a commitment to meet in conference with members of the Canadian Parliament at 11 o'clock tomorrow morning. We ought to keep that commitment.

Mr. JOHNSON of Texas. As I understand, the Senator from Vermont was not objecting to the proposed agreement. I will be glad to try to arrange pairs for any Senators who are members of his delegation.

The Senator from Florida [Mr. HOLLAND] approached me on behalf of himself and a number of other Senators. They were of the opinion that if the Senate would convene early tomorrow and could vote tomorrow, they could leave late tomorrow evening, while still having had a chance to vote on certain amendments.

Mr. DWORSHAK. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. DWORSHAK. It is difficult for me to understand the urgency involved in this controversy. When did the tax bill come to the Senate from the other body, and when was it considered by the Committee on Finance?

Mr. JOHNSON of Texas. The chairman of the Committee on Finance will have to answer the Senator's question.

Mr. BYRD of Virginia. I do not have the exact date when the bill came to the Senate. We have had a number of hearings. The Senator from Illinois [Mr. DOUGLAS] and other Senators asked for public hearings with respect to certain amendments which they desired to offer. Notwithstanding the fact that it has not been the custom of the Committee on Finance to have hearings, hearings were held. So we reached a vote and reported the bill this morning. I am sorry I do not have the exact date when the bill was received by the committee.

Mr. DWORSHAK. Was it as long ago as 3 weeks?

Mr. BYRD of Virginia. No, no; nothing like that.

Mr. DWORSHAK. It seems to me that every time a tax measure of this kind has come before the Senate, we have been invited to consider it immediately before the closing deadline, so that we are not permitted to have normal debate, as is customary in the consideration of other proposed legislation.

Mr. BYRD of Virginia. There are other revenue bills which come before the Senate. It is not necessary to include an amendment in this bill. Everyone knows that the President will not veto it. That is the reason why certain Senators want amendments in this bill. They know the President cannot veto a bill which would bring into the Treasury $3 billion from taxes which would otherwise expire. There will be other revenue measures to which amendments can be offered.

Mr. JOHNSON of Texas. I am informed by aids of the Senate that the bill came from the House on June 9.

Mr. DWORSHAK. Is it not possible to vote on Monday at noon, have a conference on the same day, and thus give the

President 24 hours in which to sign the bill?

Mr. JOHNSON of Texas. The judgment of the Senator from Idaho may be correct; but that is not the opinion of the chairman of the committee, of the ranking minority member of the committee, or the minority leader. They felt action ought to be taken as soon as possible. They hoped it could be taken on Thursday; if not, certainly on Friday; because they would have to agree to a conference, go to conference, discuss the two amendments which the committee has added, and then have the measure voted on by both bodies, so that the bill can go to the White House and the President can examine it before the expiration date.

Mr. DIRKSEN. Mr. President, the Senator from Idaho has raised the question whether this is an urgent matter. Two amendments will appear in the bill as reported by the Committee on Finance. The report and hearings, as I understand, will not be available until tomorrow morning. As a result, the bill cannot be considered until tomorrow.

When the Senate has worked its will upon the bill and any other amendments which may be offered, it will have to go to conference. The amendments, such as they are, will have to be considered. Then the conference report will have to go back to both bodies.

I can fully understand and appreciate that difficulties and delays may arise in the period of time before the deadline of Tuesday midnight, June 30, which is the end of the fiscal year. It is important for this reason, if for no other: For every day which goes by, the Treasury will lose, so far as I know, $9 million. The Treasury should not be projected into that difficulty. Other obligations would arise in connection with the excise tax, floor stocks, and that sort of thing.

So with the limited time which is available, I think the Senate ought to agree to the unanimous-consent request, particularly since the time for debate to be yielded on the bill has been extended in order to accommodate all Senators.

Mr. JOHNSON of Texas. Mr. President, I shall be here on Thursday, Friday, and Saturday. It is immaterial to me what amount of time we take before we vote on any of these measures.

The renegotiation bill is in conference. It is very important that the Committee on Finance reach an agreement with the House on that bill, and that the Senate act on the conference report and send the bill to the President before Tuesday.

We shall have the debt limit bill. The committee must meet a deadline of June 30 on that bill. The Senator from Virginia [Mr. BYRD] tells me he hopes he can ask the Senate to act upon that bill either on Friday or Saturday. It is important that that bill be sent to the President by June 30.

I want to accommodate all Senators who have made other arrangements. Sometimes when I make them I have to miss yea-and-nay votes. But I try to adjust the schedule of the Senate to accommodate the majority of Senators.

On the other hand, I think it would be the height of irresponsibility to gamble on a delay until next week before we act upon the tax bill. I am sorry the Senate did not receive it earlier. But since it did not, I cannot find any reasonable cause to complain of the action of the Committee on Finance. The Senator from Virginia [Mr. BYRD] felt that he had to accord some Senators hearings on the bill. The hearings have been held. Certain amendments were offered in committee, and were adopted by the committee. The committee has made its report, and the bill has been unanimously reported to the Senate.

Therefore, I hope the Senate will indulge us during these 2 or 3 busy days. We can, at least, accommodate the group of the Senator from Florida [Mr. HOLLAND] and perhaps the members of the Committee on Public Works if the Senate will convene at 9:30 o'clock tomorrow morning. I do not think many new things will be said. But there will be ample opportunity to say them all morning and all afternoon. Then, if we do not reach a vote, the Senators who must leave can leave; and those who do not have to go, can remain.

I appreciate the attitude of the Senator from Vermont [Mr. AIKEN].

Mr. DWORSHAK. Mr. President, would the majority leader modify his request so as to provide for a final vote tomorrow evening at, say, 9 o'clock?

Mr. JOHNSON of Texas. I certainly would have no objection to that. I think there will be no trouble reaching a vote without such a request. I think that can be done anyway. But I would have no objection to the Senator's proposal.

Mr. DWORSHAK. Is it planned to have the Senate meet at 9:30 tomorrow morning?

Mr. JOHNSON of Texas. Yes.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CARROLL. I think the Senate ought to understand that there are some important amendments to be voted on. Some of them affect subjects which have not been voted on for several years. One of the amendments will be offered by the junior Senator from Minnesota [Mr. MCCARTHY]. It involves about $400 million. One of the amendments was before this body 4 or 5 years ago. I think the Senate will accept it.

I now address my remarks to the majority leader. I cannot believe that another body of Congress will be so irresponsible as to allow the Government to lose revenue of $9 million a day. If we cannot vote tomorrow by reason of the absence of Senators who have previously made commitments, why cannot we debate the bill tomorrow and vote on it on Monday. I admit that the time is short. But let us assume that we voted on the bill on Monday. Even if the conference committee did not agree, it would not be necessary to lose $9 million a day in revenue. The other body, I believe, could initiate a joint resolution so as to preserve the status quo for 15 days or 30 days, until there was full consideration of the tax bill and the amendments which I believe will be offered to it.

It is my understanding that in a case of this kind, only the House can initiate a joint resolution. When it does so, the status quo is preserved.

I do not think the Senate is so irresponsible that it will not agree to pass such a joint resolution. That is why I suggest a modification of the proposal advanced by the majority leader. I ask unanimous consent that his proposed unanimous consent agreement be modified so as to provide that the Senate shall vote on the bill on Monday. Thus every Senator will have a chance to go on record on important tax amendments.

Mr. JOHNSON of Texas. Mr. President, I cannot speak for the other body. I would not want to assume such a responsibility. I do not want to suggest what the other body should do with respect to initiating a joint resolution. However, I see no need to wait until Monday or Tuesday, or any other day, in order to have adequate discussion. So far as I am concerned, I propose that there be adequate discussion tomorrow, tomorrow evening, Friday, and Saturday.

I have at the desk a proposed unanimous-consent agreement, and I should like to have the Chair put the question. If Senators do not care to agree to it, that will be their responsibility. But I shall still ask the Senate to meet tomorrow and to work until late tomorrow in an attempt to pass the tax bill; and if the Senate is unable to pass the tax bill on tomorrow, then to do the same thing on Friday; and if the Senate is not able to pass the tax bill on Friday, then to do the same thing on Saturday; and if the Senate is not able to pass the tax bill on Saturday, then to do the same thing on Monday, for as late on Monday as may be necessary.

Mr. DOUGLAS. Mr. President, before the Senator from Texas has the question put, I should like to propose an alternative which I believe would take care of the difficulty—namely, to have general debate on tomorrow and on Friday, and to have action taken then on whatever motions could be handled by voice votes, and to have the Senate convene on Monday at 10 a.m., with debate on amendments limited to 15 minutes for each side, and debate on the question of final passage of the bill limited to 30 minutes for each side, and then to have the Senate take final action on the measure.

Mr. JOHNSON of Texas. No, Mr. President; I would not agree to such a proposal, because only a few minutes ago the Senator from Illinois said that action on this measure should not be postponed until Monday. Furthermore, the chairman of the committee and I and the minority leader have joined in recommending the proposed agreement which I have at the desk.

If the Senate wishes to have this measure debated on Thursday, Friday, and Saturday, and wishes to have any lobbying in connection with it done on Sunday, and wishes to have the debate on it resume on Monday, that is for the Senate to decide.

But, Mr. President, so far as I am concerned—inasmuch as I am responsible

for proposing the schedule—I shall ask that the Senate convene tomorrow morning at 9:30, and then have each Senator make whatever remarks he may wish to make; and I shall do all I can to have the Senate vote on the tax bill as soon as possible.

I did all I could to have the hearings on it held as quickly as possible. I have pointed out that the committee has voted on the amendments, and that the earliest possible time to have the bill taken up on the floor of the Senate will be tomorrow morning. The hearings are available; and, so far as I am concerned, I want the matter decided.

So, Mr. President, I ask that the Chair submit to the Senate my proposed unanimous-consent agreement.

Mr. DOUGLAS. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. Yes; but I hope the Senators will permit the vote on the appropriation bill to be taken soon.

Mr. DOUGLAS. I wish to be as polite as possible in connection with this matter.

Mr. JOHNSON of Texas. That is fine.

My friend, the Senator from Washington [Mr. MAGNUSON], is anxious to have the vote taken on the appropriation bill.

However, I yield to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, when the Senator from Texas said I had informally agreed that the bill should not go over until next week, he was correct. But at that time I did not understand that there was to be the hegira, so to speak, to the St. Lawrence, and that it would take away so many of our Members.

I have looked at the list of those who will leave early in the morning, and also the list of those who will leave later. I do not think those who leave later should be excluded from our consideration in connection with this matter.

Mr. JOHNSON of Texas. Mr. President, I have no knowledge about that, except that the Senator from Florida [Mr. HOLLAND] said that he and his group would leave late tomorrow evening. I have not attempted to ascertain how Senators are grouped in that connection; but I shall be glad to have Senators arrange pairs, if necessary.

I was trying to arrange the matter so that the maximum number of Senators would have an opportunity to vote. How Senators may be divided or grouped I do not know. The Senator from Vermont [Mr. AIKEN] was arranging to be absent, but he was not objecting to the request. I do not know how he would vote on this measure.

The Senator from Florida [Mr. HOLLAND] stated that he would be absent, beginning late in the evening.

Mr. HOLLAND. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr. HOLLAND. Other Senators in addition to myself are involved. I have checked with them here on the floor. They say they are willing to remain here until midnight, tomorrow, if necessary, and then leave the following morning. We are willing to change our arrangements, if necessary. We think the proposed arrangement would take care of the matter.

Mr. JOHNSON of Texas. Mr. President, I submit my request.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement, as modified?

Mr. CLARK. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. JOHNSON of Texas. Mr. President, I give notice that we plan to bring up the tax bill tomorrow; and I hope all Senators who can be present will be here.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. WILLIAMS of Delaware. Mr. President, I should like to commend the Senator from Texas for his efforts to have the tax bill brought before the Senate and voted on at an early date.

I desire to point out that the bill involves over $3 billion in revenue, which is more than $9 million per day. If the bill is not passed and is not signed by the President by Tuesday night, that will not necessarily mean just a $9 million per day loss in revenue; it will mean that certain excise taxes on alcoholic beverages, cigarettes, and automobiles will be eliminated. Dealers will then be able to dump their inventories in wholesale quantities the following day without payment of this tax; and in that event the loss of revenue to the Government would be, not $9 million but perhaps as much as $100 million, as people stocked up and purchased in advance. It is impossible to impose retroactive taxes on any of these items. Failure to enact this bill by as much as 1 day after June 30 not only could result in substantial loss in revenue but would demoralize the retail markets for the item involved.

This bill must go to conference after the Senate acts, therefore it is imperative that we not delay consideration beyond this week.

Mr. BYRD of Virginia. Mr. President, will the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I yield briefly.

Mr. BYRD of Virginia. Mr. President, the Senator from Idaho inquired when the bill came from the House of Representatives.

The bill came to the Senate from the House of Representatives on June 9. The bill went to the Senate Finance Committee on June 10. Then the bill was sent to the Treasury, to obtain its recommendations. It was then necessary for the Finance Committee to hold hearings. Additional hearings were requested by the Senator from Illinois [Mr. DOUGLAS] and by other Members of the Senate who desired to be heard. The Finance Committee reported the bill this morning.

I submit that in the case of a bill which involves $3 billion, that is expeditious action—in 2 weeks.

ORDER FOR ADJOURNMENT TO 9:30 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I move that when the Senate concludes its business today, it stand in adjournment until tomorrow morning, at 9:30 o'clock.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 6769), making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and other purposes.

Mr. HUMPHREY. Mr. President, I am indeed gratified to see that the Senate Appropriations Committee has recommended in the Departments of Labor, and Health, Education, and Welfare appropriations bill for 1960 an appropriation of $933,172,800 for the Public Health Service, most of which is for research work and facilities in the National Institutes of Health.

This recommendation is much more realistic than the recommendations of the administration and the House of Representatives, and I wish again to commend the members of the Subcommittee on Labor and Health, Education and Welfare, including their distinguished chairman, Senator LISTER HILL, for facing with forthrightness the myriad health problems confronting us today.

Also, I wish to commend the NIH for its outstanding work against the various diseases and afflictions which are constantly crippling and snuffing out the lives of thousands of individuals.

Disease is a problem we cannot wish away. We must work, and work diligently, to determine its cause and to determine an effective solution. Research is the answer to dread diseases. Fundamental and applied research have astounded us in bringing some things which money cannot buy. I am speaking of the reduction in disability, lengthening of productive life, good health, happiness, and high morale.

The struggle against disease is not limited by national boundaries and ideologies. Indeed, all nations are challenged to mobilize their resources against disease.

Mr. President, the recommendation of the Appropriations Committee suggests to me that our resources, through NIH, will be mobilized in the next fiscal year against disease. It is my firm belief that we will not relent in our efforts until we can hail ourselves as the victors over disease.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Do I correctly understand that the pending question is

on agreeing to the request for the yeas and nays on the question of final passage of the appropriation bill for the Departments of Labor and Health, Education, and Welfare?

The PRESIDING OFFICER. No; on that question the yeas and nays have already been ordered.

The question is, Shall the bill pass? On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from Wyoming [Mr. MCGEE] are absent on official business.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senator from Virginia [Mr. BYRD] and the Senators from Wyoming [Mr. MCGEE and Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] is detained on official business, and, if present and voting, would vote "yea."

The result was announced—yeas 84, nays 10, as follows:

YEAS—84

Aiken	Green	Monroney
Allott	Gruening	Morse
Anderson	Hart	Morton
Bartlett	Hartke	Moss
Beall	Hayden	Mundt
Bible	Hennings	Murray
Byrd, W. Va.	Hill	Muskie
Cannon	Holland	Neuberger
Capehart	Humphrey	Pastore
Carlson	Jackson	Prouty
Carroll	Javits	Proxmire
Case, N.J.	Johnson, Tex.	Randolph
Case, S. Dak.	Johnston, S.C.	Robertson
Chavez	Jordan	Russell
Church	Keating	Saltonstall
Clark	Kefauver	Schoeppel
Cooper	Kennedy	Scott
Cotton	Kerr	Smathers
Dodd	Kuchel	Smith
Douglas	Langer	Sparkman
Dworshak	Lausche	Stennis
Eastland	Long	Symington
Ellender	McCarthy	Talmadge
Engle	McClellan	Wiley
Ervin	McNamara	Williams, N.J.
Frear	Magnuson	Yarborough
Fulbright	Mansfield	Young, N. Dak.
Gore	Martin	Young, Ohio

NAYS—10

Bennett	Dirksen	Thurmond
Bush	Goldwater	Williams, Del.
Butler	Hickenlooper	
Curtis	Hruska	

NOT VOTING—4

Bridges	McGee	O'Mahoney
Byrd, Va.		

So the bill (H.R. 6769) was passed.

Mr. HILL. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HILL. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. HILL, Mr. CHAVEZ, Mr. RUSSELL, Mr. MAGNUSON, Mr. STENNIS, Mr. PASTORE, Mr. MONRONEY, Mr. BIBLE, Mr. BYRD of West Virginia, Mr. KUCHEL, Mrs. SMITH, Mr. HRUSKA, and Mr. ALLOTT conferees on the part of the Senate.

GENERAL GOVERNMENT MATTERS APPROPRIATION, 1960

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H.R. 7176) making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS DURING RECESS OR ADJOURNMENT OF THE SENATE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that Senate committees be authorized to file reports during the recess or adjournment of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

REPUTATION AND STANDING OF THE SENATE

Mr. GOLDWATER. Mr. President, I am very happy to see my colleague, the senior Senator from Oregon [Mr. MORSE] on the floor today. I suggested to my friend the other day that I would have some additional remarks to make commenting on what he said in the course of the debate; in fact, in the course of several debates. Before leaving for the weekend I advised the Senator by mail of this intent, and I telephoned his office this morning to inform him in person.

Mr. BUTLER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. Those Senators desiring to converse will retire to the cloakrooms.

The Senator from Arizona may proceed.

Mr. GOLDWATER. Mr. President, today I wish to address the Senate of the United States upon a subject which causes me great concern. Traveling throughout the Nation my attention has been repeatedly invited to the low esteem in which this great legislative body is being regarded by substantial segments of our population.

Into my office come many foreign publications which contain references of nature derogatory to the Senate of the United States. Friendly nations are perplexed and worried. Communist propagandists are elated.

The reputation of the Senate of the United States as the greatest deliberative body on the face of the earth is precious. This reputation has been earned as a result of the efforts of people who have preceded us in this body. Their judicial, mature consideration of our Nation's problems have become a part of our legislative heritage.

Dignity, integrity, and honor have characterized this assemblage for over 150 years. Occasionally there have been Members whose conduct has degraded these Halls. However, usually their tenure herein has been very brief.

Though the Senate is a continuing body, its good reputation is not necessarily permanent. It must be maintained by each Senator, each in his own time, each by his own conduct. Since we form a sovereign body we must monitor our own behavior. I suggest to my colleagues that this Senate is doing little to enhance the legacy which we have received from the past.

There are those who believe that certain recent performances on the floor of the Senate have been unconscionable and tend to undermine the reputation of this assembly, both here and abroad, both with our friends and with our opponents.

The Constitution of the United States provides that no Senator can be called to account except by the Senate for any statement which he has uttered on this floor. This is a wise provision intended to guarantee that no tyrant can ever still the voice of freedom; but, like every privilege, it has a corollary responsibility.

Being immune from the normal legal processes of slander and libel, it is all the more necessary that every Senator of this U.S. Senate exercise extreme caution when referring to the character, the integrity, and the loyalty of persons who have no correspondingly equal recourse from his comments.

The normal rules of evidence and presumption of innocence which characterize our Anglo-Saxon legal traditions should certainly be observed by Senators who attack those who cannot fight back. This is but simple justice and fair play.

Those who use the constitutional protection of senatorial immunity to conduct slanderous attacks on individuals may turn a great freedom into a monstrous vice.

Mr. President, I might remind my colleagues that the Standing Rules of the Senate of the United States provide, rule XIX, clause 2:

> No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

It is not my intention to in any way infringe upon this rule. However, there is nothing in the rules of the Senate which deprives me of the opportunity and privilege of quoting remarks of other Senators made both on the floor of the Senate and via the press, the radio, and television, and expressing my personal disagreement concerning those remarks.

Much has been said in the last few years by the senior Senator from Oregon [Mr. MORSE] from which I desire to dissociate myself.

Sometimes when only one side of the story is reported, people at home and abroad might be led to the conclusion that in silence there is assent. All too often wild and undocumented accusations receive the headlines while many who hold other views remain quiet.

Today the junior Senator from Arizona wishes to correct any such false impression on this point.

Mr. President, I want to refer to some remarks of my colleague from Oregon from which I wish to dissociate myself.

DEMOCRATIC PARTY

First, with regard to the Democratic Party in 1951, according to the San Francisco Chronicle, the senior Senator from Oregon stated:

The Democratic Party is bankrupt for leadership and the administration is honeycombed with corruption and malfeasance in office.

The junior Senator from Arizona was very critical of some individuals and practices which occurred in the last Democratic administration, but I do not concur with an overall condemnation of a vast political party which contains millions of honest, patriotic Americans among its membership.

Mr. President, to this day when I refer to the Democratic Party I am meticulous in my efforts to make clear my remarks are not all-embracing, because my objections and my condemnations certainly do not include all Democrats, as did the remark, evidently, of the Senator from Oregon.

PRESIDENT HARRY TRUMAN

Concerning President Harry Truman, the senior Senator from Oregon, according to the Corvallis, [Oreg.] Gazette-Times in a June 10, 1955, editorial, stated:

The Creator didn't give him [President Truman] the ability to deal with the problems he has to deal with as President.

The junior Senator from Arizona does not pretend to evaluate the gifts of the Creator to any man and personally has not in the past and does not intend in the future to invoke the name of the Creator in evaluating any public servant.

SENATOR LYNDON JOHNSON

On the subject of the Senator from Texas [Mr. JOHNSON] on January 23, 1954, the Detroit News quoted the senior Senator from Oregon as saying:

I am no longer a Republican, but there is a great difference between my position and joining the Democrats in the Senate.

How could I follow the reactionary leadership of Democratic Leader JOHNSON of Texas?

The Senator from Arizona on occasions has differed with the honorable Senator from Texas, but at no time have I deemed him to be a reactionary, implying as it does a person who is not concerned with the progress of our Nation.

PRESIDENT EISENHOWER

Mr. President, turning to consideration of President Eisenhower, the senior Senator from Oregon was quoted in an article in The Nation on May 5, 1956, as declaring that President Eisenhower was "a demogog, who was obviously willing to commit any expedient act for support."

According to the same article the senior Senator from Oregon was describing President Eisenhower as "the most dangerous man who has been in the White House," and that as early as January 1953, he declared him to be "completely lacking in political morality."

According to the St. Louis Post-Dispatch of October 19, 1952, the senior Senator from Oregon said that—

Dwight D. Eisenhower is "dangling and dancing from puppet strings jerked by evil and reactionary forces."

The Senator from Arizona has had occasion to disagree with the President, but he believes that President Dwight D. Eisenhower to be one of the greatest leaders of the free world. In 1956 over 35 million Americans demonstrated their confidence in President Eisenhower. The junior Senator from Arizona has the greatest admiration for the integrity, the honesty, and the courage of the President of the United States. Could any of my colleagues present today really believe the harsh words spoken by the senior Senator from Oregon about our President?

VARIOUS SENATORS

Now for some remarks about various colleagues—

Several years ago when the Senator from Oregon was a political Independent, according to an article in The Nation of May 5, 1956, he referred to Senators Lehman, Mansfield, and Humphrey as "gutless wonders."

The Senator from Arizona is a member of a different political party than the three gentlemen who were so characterized. Nevertheless, though the junior Senator from Arizona has wondered about some of the political positions of these worthy gentlemen, I have never found them lacking in intestinal fortitude; and I, therefore, wish the RECORD to show how thoroughly I disagree with this inelegant and intemperate description of them by the Senator from Oregon.

RICHARD L. NEUBERGER

For the last year or so the public has been exposed to a series of exchanges between the senior Senator from Oregon and the junior Senator from Oregon. According to Newsweek magazine of December 15, 1958, the senior Senator from Oregon wrote to the junior Senator as follows:

You have a lot of guts to write me the message contained in your letter. * * * It is further evidence of your untrustworthy tactics. The cowardly attempt in your letter to pass the buck to me for your failure and PORTER'S failure to consult with me about your bill is but further evidence of your complete untrustworthiness as a colleague. It is obvious in view of your oft-repeated amoral conduct that you and I simply agree to disagree.

In a subsequent letter the senior Senator from Oregon further wrote:

I understand very well why you are upset over my letters because at long last you now realize that I have had my fill of your deceit, trickery, and complete untrustworthy tactics. * * * My disrespect for you has become so complete that there is no basis on which you and I can work together.

It so happens that the junior Senator from Arizona is seldom in agreement with the political views of the junior Senator from Oregon; yet I desire to state that I do not consider the junior Senator from Oregon to be "amoral," "cowardly," "untrustworthy," or "deceitful."

As chairman of the Republican senatorial campaign committee, naturally I shall support a Republican in the next election in the State of Oregon; but I desire to make it perfectly clear that my opposition to the junior Senator from Oregon will be based upon matters of principle and political philosophy and, accordingly, I desire to dissociate myself from the use of personal invective.

While I know that some of my colleagues on this side of the aisle may think it strange for the chairman of the Republican Senatorial Campaign Committee to say this, I have served with the junior Senator from Oregon on the Indian Affairs Subcommittee, and on the full Committee on Interior and Insular Affairs, and I have found that he assiduously applies himself to the tasks assigned him. In my opinion he has done an excellent job for his State and for the Indians.

JOHN FOSTER DULLES

A few weeks ago there gathered in the city of Washington, D.C., a group of eminent men representing most of the free world and even parts of the Communist bloc. On that occasion the United States and these foreign representatives paid their final tribute to a great American statesman, John Foster Dulles.

It was the consensus of most thinking people that John Foster Dulles was a man of courage, integrity, and ability. In a recent article in the American Weekly magazine section of the June 14, 1959, Washington Post, the Senator from Massachusetts [Mr. KENNEDY] expressed the general opinion of humanity concerning Mr. Dulles.

The Senator from Massachusetts stated:

Not soon or easily will the American people forget this warrior for peace as his spirit sought fresh tasks which an overburdened body no longer could sustain.

In contrast, I quote a comment of the senior Senator from Oregon. On September 26, 1958, in a speech made in New York City, when he said:

Secretary of State Dulles insulted the intelligence of every thinking American in his speech of shocking deception last night. * * * This evil man, bent on war, must be checked if our Nation's glorious record of having never been an aggressor nation is to be preserved.

Let the RECORD show that the junior Senator from Arizona violently disagrees with the senior Senator from Oregon as to his characterizations.

I ask the Senate of the United States if there is any Member who really believes that John Foster Dulles was an evil man. Is there one among us, save perhaps the senior Senator from Oregon, who really believes that John Foster Dulles was bent on war? Is it not only fair that the world know that some of us believe the senior Senator from Oregon is in error in his comments concerning our former Secretary of State?

THE ASSOCIATED PRESS

The Senator from Arizona has some very firm opinions which occasionally have elicited unfavorable response from

certain segments of the press. However, though I sometimes am in disagreement with the evaluation which is placed upon my efforts by newspaper reporters, I have always held to the belief that whatever disagreements existed were the result of honest differences of opinion, to which we are entitled in a free society. Therefore, I wish to disassociate myself from an evaluation made by the senior Senator from Oregon of the working press.

On June 11, 1953, on the floor of the Senate, the senior Senator from Oregon stated:

> What causes us to think that because a man is a newspaperman he possesses some exceptional ability? They are very average and mediocre people, by and large, especially the editors. If most of them took time out to read a book I believe they would develop some gastric difficulties, as well as mental difficulties.

On May 28, 1953, also on the floor of the Senate, the senior Senator from Oregon further remarked:

> I wish to say to the Associated Press that until I receive an apology for the conduct of their correspondent on the floor of the Senate yesterday afternoon, I never want a member of the Associated Press ever to darken the door of my office, because as of now they are persona non grata, so far as the junior Senator from Oregon is concerned; and I would not give them a conference on any subject, because I do not trust their veracity, I do not trust their intellectual honesty, I do not trust their journalistic ethics. I think the Associated Press will understand that language.

The junior Senator from Arizona has met many newspapermen. I wish the RECORD to show that I believe most of them are people of exceptional ability. I do trust their "veracity," their "intellectual honesty," and their "journalistic ethics" even though I retain the privilege of disagreeing with them when my conscience so dictates.

CLARE BOOTHE LUCE

Recently the senior Senator from Oregon was extremely active in the matter of the confirmation of Mrs. Clare Boothe Luce as the American Ambassador to Brazil.

The senior Senator from Oregon interrogated Mrs. Luce vigorously concerning matters involving her judgment. Furthermore, the Senator from Oregon made the flat statement that—

> It is for me to pass on your mental processes.

Later he stated on the floor of the Senate that he had reached the conclusion that Mrs. Luce's behavior was "abnormal."

The Senator from Arizona desires the RECORD to show that in his opinion Mrs. Clare Boothe Luce is a talented, intelligent, patriotic, dedicated American woman; and further, that her resignation as the Ambassador to Brazil has been a great loss to both the United States and to Brazil.

In addition, the Senator from Arizona desires to state that personally he does not consider that it is his own function or that of any other Senator to examine the mental processes of any free American. The Senator from Arizona does not believe it is the function of Congress to practice medicine without a license and to make diagnostic utterances concerning the mental health of public officials.

The junior Senator from Arizona believes it will be a tragic day in American history if Senators of the United States take upon themselves, in addition to their legislative duties, the work which is generally assigned to specialists in the field of medicine.

On April 28, 1959, the senior Senator from Oregon further remarked on the floor of the Senate that Mrs. Luce's statements were malicious distortions and untruthful.

Personally, I desire the RECORD to show that the junior Senator from Arizona has the greatest respect for the honesty of Mrs. Luce and that he would never believe that she could be guilty of malicious distortion.

This Senator from Arizona is not an attorney. In the past I have regretted my lack of legal training. I have always associated the study of law with calm, logical, equitable procedures.

On recent occasions, however, I have begun to realize that it is more important to retain a respect for the personality, for the feelings and for the rights of others rather than to sit in judgment as a prosecutor.

ADM. LEWIS L. STRAUSS

The Senate has just finished a lengthy examination of the qualifications, character, ability, and so forth, of Lewis L. Strauss, nominated to be Secretary of Commerce. There were harsh and inflammatory words spoken.

On May 28, 1959, the senior Senator from Oregon stated on the floor of the Senate:

> I want to say, with great restraint, Mr. President, to the President of the United States, "You owe it to the American people to withdraw Strauss's name at once, because he has demonstrated by his course of action, as shown by what the Senator from New Mexico has placed in the RECORD, that he is an enemy of the people. He is an enemy of democratic government."

The Senator from Arizona desires the RECORD to show that subsequently I protested the use of the words enemy of the people and enemy of the democratic processes. My protests were to no avail.

This Senator from Arizona believes that the motives which impelled Lewis Strauss to be available for public office are unimpeachable.

Honest men can have differences of opinion concerning the advisability of various programs. I believe that Lewis Strauss is a man of integrity, patriotism, and ability. Few people in this country will achieve the record of public service which Lewis Strauss has accomplished.

The problems with which Lewis Strauss has dealt were all complex, not yielding to simple solutions. Frankly, I believe the American people lost the services of a brilliant public servant when the Senate rejected Lewis Strauss as Secretary of Commerce.

In view of all the foregoing, I violently disagree with comments made by the senior Senator from Oregon, and I wish it to be known that I am sincerely concerned about the use of such language on the floor of the Senate.

Mr. President, I could continue with a lengthy list of disagreements which I have with the senior Senator from Oregon. I could list statements made by the Senator from Oregon about former President Hoover, Mr. Stassen, Mr. McKay, Mr. Ickes, Senator Ives, Senator Knowland, Senator Saltonstall, Charles E. Wilson, Mrs. Oveta Culp Hobby, Mrs. Ruth Shipley, Governor Hatfield, and others, and register my disagreement with the Senator from Oregon.

Apparently, however, there would be little profit for me to continue to enumerate the areas of disagreement which exist between the senior Senator from Oregon and the junior Senator from Arizona. The pattern is plain. The Senator from Oregon certainly has a right to his own opinions and the RECORD reflects that he is not reluctant to express them.

It is sufficient to say that when I hear such words and phrases as "cowardly," "untrustworthy," "amoral," "deceit," "trickery," "disloyal," "snide," "sanctimonious," "disrespect," "gutless," "mediocre," "mental difficulties," "lack of veracity," "lack of intellectual honesty," "disgraceful," "contemptible," "reactionary," "class conscious," "corrupt machine politics," "malfeasance," "totalitarian," "lacking in political morality," "the most dangerous man who was ever in the White House," "political hypocrisy," "maladministration," "slave to big business," "Fascist, 'big lie' technique," "political mush," half-truths," immorality," "dangling and dancing from puppet strings jerked by evil and reactionary forces," "demagogery," "evil," "bent on war," "gross incompetency," "enemy of the people," "enemy of democracy," "dishonest," "unreliable," "unstable," "a subversive character," "police state tactic," "a tool of the oil interests," "a stooge for American big business interests," and others, all of which have been used by the senior Senator from Oregon to describe various individuals in public life, the Senator from Arizona is in disagreement.

In my opinion, and I trust I am entitled to an opinion, the dignity and the reputation of the U.S. Senate is never enhanced when personal invective is invoked instead of calm, mature deliberation.

It seems to me, therefore, that the time has come for those who, like myself, are thoroughly conscious of the rights and privileges of American citizens to speak out whenever intemperate language or name calling is used in debate.

It is my belief that many of my colleagues share my concern.

As the senior Senator of Oregon himself so succinctly stated on June 30, 1954:

> The issue * * * is whether the Senate of the United States is going to countenance political thuggery in American politics.

Mr. President, I ask unanimous consent that an editorial appearing in the Detroit News of Saturday, June 20, and an editorial published in the Valley

Times of California, entitled "Strauss Defeat in Senate Vote Shows Personal, Political Venom," and an article entitled "Absurdity of Strauss Slander," written by George Todt and published in the same newspaper, be printed in the RECORD at this point in my remarks.

There being no objection, the editorials and article were ordered to be printed in the RECORD, as follows:

[From the Detroit News, June 20, 1959]

STRAUSS REJECTION—SENATE DISCREDITS SELF

The Constitution says the President's appointments to cabinet and other principal Government posts shall be made by and with the advice and consent of the Senate. In the case of Lewis L. Strauss, the Senate has refused its consent and advised Mr. Eisenhower to find another Secretary of Commerce.

It was not good advice.

We have already observed that Mr. Strauss is an arrogant man, opinionated, and unloved by many. But he is also a singularly able man who has served governments, both Democratic and Republican, for nearly 4 decades.

Commentators generally are interpreting the rejection vote as a "slap" at the President, which it was. But unlike previous Cabinet rejections which saw bipartisan disapproval founded on independent senatorial conviction, this one found only two Republicans (one the eccentric Mr. LANGER, of North Dakota) opposing the appointment and all but 15 Democrats who were present recorded the other way.

What were the "charges" against Mr. Strauss?

One alleged insensitivity concerned an alleged conflict of interest in the so-called Dixon-Yates case. But the conflict, if it really existed, did not personally involve Mr. Strauss. His "crime" in the Dixon-Yates matter was his conviction, shared by Mr. Eisenhower, that private enterprise still has a place in the public utility field. If, as the Senate could be interpreted as saying, a President now must surround himself with Cabinet members opposed to his own basic philosophies, then we have come to a pretty pass.

Strauss also was accused of withholding from the public facts about atomic fallout. We do not condone such action but neither do we believe it was an honest charge. Mr. Strauss, as Chairman of the Atomic Energy Commission, has a burning conviction that nuclear weapon tests must continue. His chief opponent, Senator ANDERSON, of New Mexico, violently disagreed. But administrative officials are not required to agree with Senators, no matter how prominent they may be and no one (Senator ANDERSON included) has ever charged that Strauss' opinion on atomic testing was dictated by anything other than a sincere conviction as to what was best for his country.

Strauss was accused finally of a bias favoring business. But, if a nominated Secretary of Commerce is to be rejected on that ground, does it follow that the Senate now will require that future Secretaries of Labor be biased against labor unions?

These were not the real reasons for the Senate action.

Helped undoubtedly by the fact that many Senators disliked the nominee and therefore had no personal reluctance to slap him down, the rejection was a Democratic Party-line retort to the President's threatened veto of pending legislation. The Senate majority would show the President, which it did. And in the process it also showed itself in an unflattering light.

[From the Valley Times, June 20, 1959]

STRAUSS DEFEAT IN SENATE VOTE SHOWS PERSONAL, POLITICAL VENOM

Personal pettiness and political spite won out in the U.S. Senate to defeat confirmation of the appointment of Adm. Lewis Strauss as Secretary of Commerce.

The handling of this case, the months of delay of action, and then the weeks of debate marked chiefly by unreasoned vindictiveness, has been a disgrace and a discredit to a body of the people's representatives of the rank, power, and responsibility of Senators.

It is doubtful that one out of a dozen persons of the run of the streets would be able to give any substantial answer if asked for reasons for this outstanding, loyal, and notably serviceable man's rejection for continuation in an office in which he has been serving creditably in an interim capacity. If they spoke out with the first thing coming into their minds, probably two out of every three trying to answer at all would say something about the ranting of Senator WAYNE MORSE, that man whose personal temperament and political psychology are incomprehensible.

What MORSE and other anti-Strauss fighters said was that the great scientist, former Atomic Energy Commission head, lacked integrity and was short on the talents to enable him to get along with Congress. As to integrity, in the weeks and in the bitterness of all the squabbling not a charge of dishonesty or professional or administrative crookedness was proved. As to ability to get along with Congress—in the sense of being subservient and bootlicking—the outstanding military officer-scientist is not that kind, could not be if he chose.

The outcome of this case is indisputably a severe blow for President Eisenhower, both personally and politically. It is a damaging punch for his Cabinet and his administration. But those points are things one must contend with in political life and in responsible office.

Senator HUGH SCOTT, an administration man from Pennsylvania, who did most of the work in support of the Strauss appointment, summed up the final chapter of the tragedy about as well as anyone could when he said:

"A band of bitter men have brought political execution upon an honored public servant. Admiral Strauss, patriot in war and in peace, has been shabbily treated for trivial personal reasons."

[From the Valley Times, June 20, 1959]

ABSURDITY OF STRAUSS SLANDER

(By George Todt)

"Zeal is very blind, or badly regulated, when it encroaches upon the rights of others."—Pasquier Quesnel.

The shabby little personal vendetta now being conducted against Adm. Lewis Strauss in the Senate has, by this time, assumed the monumental proportions of a tempest in a teapot.

Seldom has the Nation been treated to such a cockeyed and warped performance as this one. Some of the august Senators are acting like little boys at recess in the first grade. Just letting off steam. Thumbing the nose. Name calling.

In little boys, this is not unexpected by way of performance. But the gentlemen on Capitol Hill who are now acting with such lack of manners, taste and good judgment are, remember, Senators.

The strangest part of it all is that the most vindictive voices against Admiral Strauss are, to a very large extent, those of indentical solons who used to deplore "McCarthyism" and "witch hunting" and "book burning" so vociferously when a certain Wisconsin Senator was still alive.

They were the same people who ranted against his "methods" so much that you might have been led to believe that they would never have used the much less substantial methods they are presently engaging to attempt the downfall of a great public servant, such as Mr. Strauss.

In the words of Senator THOMAS J. KUCHEL, Republican, of California, the admiral has distinguished himself in the service of our country under three previous Presidents of the United States.

"I only wish to say," said Senator KUCHEL in the Senate recently, "that it would be interesting to me to have some Member who opposes the confirmation of the nomination of Admiral Strauss (as Secretary of Commerce) to point out at what point in his career he suddenly acquired the characteristics to which my colleague, the Senator from Texas, now alludes, because the nominee served under three Presidents of the United States in positions of trust and responsibility. But now, all of a sudden, we are told that he is devious."

This case presently reeks of bias and prejudice. And trivia. The accusations against Strauss don't amount to a row of beans. It is a tremendous point in his favor that his political enemies have not been able to come up with anything really substantial in their arguments against him. All we have heard thus far are gripes—and small, peevish gripes at that.

When men like former President Herbert Hoover, Senator STYLES BRIDGES, Republican, New Hampshire, and Senator BARRY GOLDWATER, Republican, Arizona, go to bat for Admiral Strauss, we may rest assured that his character is not in default. On the contrary, the character of Lewis Strauss is the most telling thing about him.

When he had to take necessary security action against Dr. Robert Oppenheimer, pampered scientific darling of the Nation's left-wing liberals, he did so without fear or qualms in the matter.

He knew that Oppenheimer had numerous Communist contacts surrounding him in his personal life and, for this reason alone, took him out of sensitive areas of our nuclear setup.

Now if he hadn't done this, it could have reacted very unfavorably later on against many innocent parties beyond the Admiral, himself. It would likely have reflected on many, many more people than Lewis Strauss. Bitter bigots might have quickly and easily read wrongful meanings into his protective action if he had been too easy on Oppenheimer.

To his everlasting credit, he treated Oppenheimer as any other security risk and acted accordingly. He removed him from the area where potentially important information might be leaked to contacts around Dr. Oppenheimer, however inadvertently on his part.

I don't see any other honorable and sane course open to Admiral Strauss at the time, do you?

And it is a sad thing to see this fine American getting an illiberal dosage of the treatment today from the same old liberal crowd who deplored what they are doing when they claimed it was being done by Senator Joe McCarthy. Now how about that?

Mr. MORSE. Mr. President, rising to a point of personal privilege, I should like to help the Senator from Arizona complete his speech attacking me by asking unanimous consent that there be published in the RECORD an article appearing in the Portland Oregonian of July 7, entitled "BARRY GOLDWATER Flies

to Spokane To Blast MORSE Senate Actions."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BARRY GOLDWATER FLIES TO SPOKANE TO BLAST MORSE SENATE ACTIONS

SPOKANE.—Senator BARRY GOLDWATER, Republican, of Arizona, flew into Spokane in his own private plane Saturday and then took off on Senator WAYNE MORSE, the Democrat from neighboring Oregon.

"MORSE's remarks on two great Americans, Lewis Strauss and Clare Booth Luce, have done more damage to the prestige of the Senate in the United States than any I've ever heard," GOLDWATER said.

"And his remarks have done damage to our prestige around the world because the Communists have had a field day with what he said about Mrs. Luce."

GOP SEEKS FUNDS

GOLDWATER made his comments to a reporter and said he would follow the same theme in an address later at a $25-a-plate Republican fund-raising dinner.

MORSE opposed the nomination of Mrs. Luce as Ambassador to Brazil and has also spoken out against confirmation of Strauss as Secretary of Commerce. Mrs. Luce's nomination was confirmed by the Senate, but she then resigned after her row with MORSE.

GOLDWATER said MORSE was a leader in the action that led to Senate censure of the late Senator Joseph McCarthy, Republican, of Wisconsin, and added:

"MORSE ought to get down on his knees and apologize to Joe McCarthy for what he has done on the floor of the Senate."

OTHERS FOLLOW CUE

GOLDWATER said Representative CATHERINE MAY, Republican, of Washington, the State's first Congresswoman, and others who have been critical of the Luce and Strauss appointments, "are being led around by the nose by MORSE."

A reporter asked if Republicans had considered some form of censure against MORSE.

"I considered a motion to rescind the condemnation of McCarthy, but I think I'll drop it," GOLDWATER said. "It might hurt Strauss.

"Not that I want to hurt MORSE. I have a kind personal regard for him. But he shouldn't tear down the dignity of the Senate."

Mr. MORSE. Mr. President, I ask unanimous consent to have published in the CONGRESSIONAL RECORD at this point an article from the Eugene, Oreg., Register Guard entitled "GOLDWATER Blasts MORSE in Spokane—Damage to Prestige of Senate Is Noted."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOLDWATER BLASTS MORSE IN SPOKANE—DAMAGE TO PRESTIGE OF SENATE IS NOTED

SPOKANE.—Senator BARRY GOLDWATER, Republican, of Arizona, flew into Spokane in his own private plane today and then assailed Senator WAYNE MORSE, the Democrat from neighboring Oregon.

"MORSE's remarks on two great Americans, Lewis Strauss and Clare Boothe Luce, have done more damage to the prestige of the Senate in the United States than any I've heard," GOLDWATER said.

"And his remarks have done damage to our prestige around the world because the Communists have had a field day with what he said about Mrs. Luce."

DINNER SCHEDULED

GOLDWATER made his comments to a reporter and said he would follow the same theme in an address Saturday night at a $25-a-plate Republican fund-raising dinner.

MORSE opposed the nomination of Mrs. Luce as Ambassador to Brazil and has also spoken out against confirmation of Strauss to be Secretary of Commerce. Mrs. Luce's nomination was confirmed by the Senate but she then resigned after her row with MORSE.

GOLDWATER said MORSE was a leader in the action that led to Senate censure of the late Senator Joseph McCarthy, Republican, of Wisconsin, and added:

"MORSE ought to get down on his knees and apologize to Joe McCarthy for what he has done on the floor of the Senate."

"LED BY THE NOSE"

GOLDWATER said Representative CATHERINE MAY, Republican, of Washington, the State's first Congresswoman, and others who have been critical of the Luce and Strauss appointments "are being led around by the nose by MORSE."

A reporter asked if Republicans had considered some form of censure against MORSE.

"I consider a motion to rescind the condemnation of McCarthy but I think I'll drop it," GOLDWATER said. "It might hurt Strauss.

"Not that I want to hurt MORSE. I have a kind personal regard for him. But he shouldn't tear down the dignity of the Senate."

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article published in the Oregon Statesman entitled "GOLDWATER Claims MORSE Damages Senate Prestige."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOLDWATER CLAIMS MORSE DAMAGES SENATE PRESTIGE

SPOKANE—Senator BARRY GOLDWATER, Republican of Arizona, flew into Spokane in his own private plane Saturday, then took off on Senator WAYNE MORSE, the Democrat from neighboring Oregon.

"MORSE'S remarks on two great Americans, Lewis Strauss and Clare Boothe Luce, have done more damage to the prestige of the Senate in the United States than any I've ever heard," GOLDWATER said.

"And his remarks have done damage to our prestige around the world because the Communists have had a field day with what he said about Mrs. Luce."

GOLDWATER made his comments to a reporter and said he would follow the same theme in an address Saturday night at a $25-a-plate Republican fund-raising dinner.

OPPOSED MRS. LUCE

MORSE opposed the nomination of Mrs. Luce as Ambassador to Brazil and has also spoke out against confirmation of Strauss to be Secretary of Commerce. Mrs. Luce's nomination was confirmed by the Senate but she then resigned after her row with MORSE.

GOLDWATER said MORSE was a leader in the action that led to Senate censure of the late Senator Joseph McCarthy, Republican, of Wisconsin, and added:

"MORSE ought to get down on his knees and apologize to Joe McCarthy for what he has done on the floor of the Senate."

"LED BY MORSE"

GOLDWATER said Representative CATHERINE MAY, Republican, of Washington, the State's first Congresswoman, and others who have been critical of the Luce and Strauss appointments "are being led around by the nose by MORSE."

A reporter asked if Republicans had considered some form of censure against MORSE.

"I considered a motion to rescind the condemnation of McCarthy, but I think I'll drop it," GOLDWATER said. "It might hurt Strauss.

"Not that I want to hurt MORSE. I have a kind personal regard for him. But he shouldn't tear down the dignity of the Senate."

Mr. MORSE. Mr. President, I judge from these newspaper articles and from the interesting speech just delivered by the Senator from Arizona that he does not particularly like the senior Senator from Oregon nor approve of the style of debate the Senator from Oregon engages in from time to time.

However, judging from the early part of his remarks, he confesses that the Senator from Oregon has not been in violation of any rule of the Senate. Of course, if the Senator from Oregon has been in violation of the rules of the Senate the Senator from Arizona knows the procedural course of action which is open to him, and that is to file with the Senate a resolution of censure against the senior Senator from Oregon. In that way the Senator from Arizona can have the Senate pass judgment on the parliamentary course of action of the senior Senator from Oregon.

Any time the Senator from Arizona or any other Senator wishes to offer such a resolution, I shall stand my trial gladly and let the Senate be the judge.

Finally, I am quite unimpressed by this attack. It is the type of attack which frequently has been visited upon the Senator from Oregon by his partisan critics and personal enemies. Let me say to the Senator from Arizona that so long as it is my public trust to serve in this body, I intend to carry out my duties within the rules of the Senate in accordance with my best judgment as to what needs to be said in order to call the attention of the American people to the facts about the issues which face them. When I think some public official is untrustworthy, or evil, or subversive, or politically immoral I intend to say so and I shall back up my charges with proof as I have in the past.

I have no intention of answering item by item the charges made by the Senator from Arizona. His attack is not deserving of that much consideration on my part. But I wish to say something about his remarks concerning my criticism of Secretary Dulles.

No one could be more sympathetic about the physical tragedy which struck Secretary Dulles than the senior Senator from Oregon. I never like to see anyone, friend or opponent, suffer from any physical ailment. But I am no hypocrite. I was an opponent of the foreign policies of Secretary Dulles. I am still an opponent of the foreign policies of Secretary Dulles. In my judgment, in 1955 the United States came very close to a preventive war because of the policies of Secretary Dulles and the proposed preventive war policies of some of the top officials in the Pentagon Building.

How well I recall the crisis which confronted the joint hearing held by the Committee on Foreign Relations and the Committee on Armed Services in 1955

when the Formosa resolution was before those committees. There was elicited in the testimony then taken what was clearly a policy proposal under that resolution which, if adopted, might very well have led us into a preventive war. The record of that hearing is a matter of history. I shall always be proud of the fact that in that hearing I took the lead in opposition to the policy expressed in the testimony of the Secretary of State and the chairman of the Joint Chiefs of Staff.

As a result of the debate which ensued, the chairman of the committee, who was then Senator Walter George, of Georgia, went to the White House for a conference with the President of the United States. He came back and expressed to me, in the cloakroom to my right, his great fear, too, that the United States might well become involved in a preventive war if the statements of the Secretary of State and the Chairman of the Joint Chiefs of Staff had gone unchallenged.

He went to the White House, talked to the President, and got a clarification of the situation. It was then that the White House issued its famous statement that the President, and the President alone, would make the decision concerning the course of action to be followed in Asia with respect to carrying out the proposals of the Formosa doctrine.

Mr. President, the Senator from Arizona is certainly privileged, as other Senators are privileged, to disagree with me as to why I think the policies of the Secretary of State might have led the country into a preventive war if some of us had not opposed his policies very critically from time to time.

I have always been of the opinion, and still am, that if some of us had not been willing to stand up against the original Dulles doctrine in 1955—and finally it got to just three of us on the floor of the Senate—the United States might very well have become involved in a preventive war in that year. Many persons in this country share that point of view. When I say many, there are many who have researched this matter who share that point of view.

Those of us who share that point of view represent honest, sincere, and serious differences of opinion with regard to the policies of the Secretary of State from those who supported the Secretary's policies. When I think a leader of our Government is following such a course of action I shall not hesitate to criticize him. I shall do so because I think a preventive war would be plainly immoral and inexcusable. I do not intend to speak of such a leader with hypocritical compliments on my lips.

Apparently the Senator from Arizona is averse to the use of critical and negative adjectives describing the course of conduct of a public official. But whenever I believe that a public official is not deserving of the trust of the American people, I intend to say so within my rights as a Member of this body, on and off the floor of the Senate. I express my convictions on and off the floor of the Senate and do not hide behind senatorial immunity.

I would be less than human if I did not say that I am sorry the Senator from Arizona thinks so ill of the senior Senator from Oregon. But it seems I will simply have to take comfort in the enemies I make and be judged by the enemies I make. I have no intention of changing my course of action by betraying the trust which I think I owe to the people of my State and my Nation, simply because my course of action may not be pleasing to the Senator from Arizona or to others of my colleagues in the Senate.

I am perfectly willing to be judged now, and to be judged after I am gone, by my record in the Senate, and by the fact that I shall never be afraid to call a spade a spade or to call the shots as I see them.

Of course, it would be nice to have the good will of the Senator from Arizona. But I assure the Senate that I did not ask him to make the speech he has made. However, I thank him for it. If I could have persuaded him to make it, I would have persuaded him to do so, because I would like to be judged by the opposition to me by the Senator from Arizona.

Finally and good naturedly, I wish to say that there may be something which would concern me less than the criticism of the Senator from Arizona; but if there is, I do not know what it is.

Mr. GOLDWATER. Mr. President, I did not make my remarks with any feeling that they would make a great impression on the senior Senator from Oregon, because I feel certain other persons have discussed with him what they feel to be the use of intemperate language.

The Senator from Oregon mentioned censure. That has been suggested. I have flatly refused to be a party to it. I voted against the censure of Senator Joe McCarthy because I think a Senator has the right to say what he wants to say. I will defend the right of the Senator from Oregon in that respect.

All I attempted to do in my remarks today was to point out the consistency of intemperateness which is characteristic of the remarks of the senior Senator from Oregon. I did so in the hope that his brilliant mind and his respect for people might cause him to pause as he disagrees with the policies of others, and to consider the language in which he might express his disagreement with them.

I do not disagree with the right of the senior Senator from Oregon to disagree with John Foster Dulles, to whom he referred as "this evil man." Of course, anybody could criticize Mr. Dulles; but he was not an evil man.

My whole purpose in speaking today was to plead with the intelligence of the senior Senator from Oregon, to plead with his sense of decency, as so often expressed by his feelings about civil liberties and civil rights, so that his future choice of language might be different.

I shall not stand here and say that the language of the junior Senator from Arizona has always been temperate. I am certain I have uttered many intemperate words. I wish I could take them back. Whenever I have uttered them and have found them to be wrong or intemperate, I have tried to correct them by apologies or by statements of retraction.

The whole purpose of my remarks was to dissociate myself from the language used by the senior Senator from Oregon from time to time, because it might have been assumed that my silence meant that I agreed with what he said.

EXTENSION OF RENEGOTIATION ACT OF 1951

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 7086) to extend the Renegotiation Act of 1951, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD of Virginia. Mr. President, I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. WILLIAMS of Delaware, and Mr. CARLSON the conferees on the part of the Senate.

GENERAL GOVERNMENT MATTERS APPROPRIATIONS, 1960

The Senate resumed the consideration of the bill (H.R. 7176) making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DODD in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I call up my amendment, and ask that it be stated.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. KUCHEL. Is this an amendment to the general Government matters appropriation bill?

Mr. PROXMIRE. Yes.

Mr. KUCHEL. The chairman of the subcommittee is not on the floor. I am not going to ask for any delay to take place, but I hope someone will contact the able senior Senator from Washington [Mr. MAGNUSON]. He told me he wanted to be on the floor.

Mr. JOHNSON of Texas. I am informed the Senator from Washington is en route to the Chamber, but, at the request of the minority leader, I thought we would try to make progress.

The PRESIDING OFFICER. The Chair wishes to inform the Senator from

Wisconsin that the committee amendments should be disposed of first.

The clerk will state the first committee amendment.

The first amendment of the Committee on Appropriations was, under the heading "Funds Appropriated to the President—Emergency Fund for the President, National Defense," on page 5, after line 10, to insert:

EXPENSES OF MANAGEMENT IMPROVEMENT

For expenses necessary to assist the President in improving the management of executive agencies and in obtaining greater economy and efficiency through the establishment of more efficient business methods in Government operations, including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), at rates for individuals not to exceed $75 per diem, by allocation to any agency or office in the executive branch for the conduct, under the general direction of the Bureau of the Budget, of examinations and appraisals of, and the development and installation of improvements in, the organization and operations of such agency or of other agencies in the executive branch, $250,000, to remain available until expended, and to be available without regard to the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended.

The amendment was agreed to.

The next amendment was, under the heading "Subversive Activities Control Board—Salaries and Expenses," on page 8, line 23, to strike out "$380,000" and insert "$360,000."

The amendment was agreed to.

The PRESIDING OFFICER. The bill is now open to further amendment.

Mr. PROXMIRE. Mr. President, I ask that my amendment be read by the clerk.

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 2, line 18, to strike out "$2,221,000" and insert, in lieu thereof, "$2,136,719: *Provided*, That no part of this appropriation shall be available for the payment of compensation to (1) any person occupying the position of Assistant to the Deputy Assistant to the President, (2) any person occupying the position of Staff Assistant to the President, and (3) more than four Administrative Assistants to the President."

Mr. PROXMIRE. Mr. President, this amendment would eliminate the appropriations for five of the seven lobbying positions in the White House Office.

The taxpayer is now required to pay the salaries of lobbyists whose sole job is well known to be to sway the Congress to agree with the President. This is morally indefensible. It is also clearly illegal. It violates the lobbying code, which specifically prohibits the use of any money appropriated by Congress to be used to influence in any way the legislative action of a Member of Congress.

Here is what title 18, section 1913, of the Criminal Code and Criminal Procedure provides:

No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to Members of Congress on the request of any Member of Congress or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business.

Mr. President, it is clear that this law flatly, clearly, and explicitly prohibits the use of any money appropriated by the Congress to be used to influence the Congress, with two very exact and specific exceptions.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the passage of the bill, so that all Senators may know we expect to have a vote this evening.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I repeat, it is clear that this law flatly, clearly, and explicitly prohibits the use of any money appropriated by the Congress to be used to influence the Congress, with two very exact and specific exceptions.

No. 1: Employees of the United States may communicate with Members of the Congress on the request—I repeat, on the request—of Members. That is when the Congressman takes the initiative. The initiative in the case of this exception obviously should not come from the President. This particular exception could understandably permit the one or two legislative aids that my amendment would still permit. But it is perfectly obvious, Mr. President, that the exception does not permit the kind of wholesale, aggressive, unsolicited expansion of the legislative staff to permit a kind of pressure that I shall describe later, and which has been obvious to those who have closely followed this Congress particularly.

The only other exception to the law's flat prohibition is communication to Congress through the proper official channels—I repeat, the proper official channels. This, of course, would except from the law's proscription the President's annual state of the Union message, his other, formal, publicly declared messages to Congress. It would except the proper, official channel of the congressional committees, and testimony before the committee by officials of the executive branch. But, Mr. President, if this ban against executive branch lobbying is to have any meaning at all, it cannot permit the President to use congressional appropriations to hire lobbyists to take the initiative to seek out Members of Congress privately to pressure them, for such reasons as party loyalty, to support his position against the program of the congressional majority.

Of course, the President must have staff assistance in dealing with Congress, but, as pointed out by the Wall Street Journal of a few days ago, in place of the one or two men, at the most, that Roosevelt and Truman had, Eisenhower now has six full-time envoys to Capitol Hill, plus General Persons, his chief of staff, who spends much of his time dealing with legislators.

I have offered this amendment because the President is simply setting the pace. What is happening in the big emphasis on White House lobbyists is also happening throughout the executive branch. For instance, Army and Air Force lobbyists have grown from 5 in 1940 and 65 in 1946 to 248 today.

That is about a fiftyfold increase. There are 50 times as many lobbyists representing the Army and Air Force as there were in 1940. As a matter of fact, there are some four times as many as there were in 1946, when the Army and Air Force were larger than they are today.

In fact, the total Pentagon lobbying team is 330. And it is scheduled to expand by a dozen or more this year. The Wall Street Journal recently estimated that there are 500 people in the executive branch now engaged in what is euphemistically called legislative liaison. The cost is $3.5 million every year.

This means that there are about as many legislative liaison workers as there are Congressmen. What a situation. The Congress has not grown very significantly in size in the past 10 or 20 years; but the army of legislative liaison personnel has multiplied, perhaps as much as fortyfold—4,000 percent—judging by the increase in the Army and Air Force complement. And, Mr. President, the legislative liaison corps continues to grow by leaps and bounds even in this economy-minded administration.

But the White House lobbyists are the real, partisan, major leaguers. They step in on major, Republican versus Democrat issues. Paid by the taxpayer, they push Republican Party loyalty in persuading Members of Congress to go along with the President and the Republican Party program. The President's lobbyists move in usually as the clinchers on the major policy bills.

Frankly, these lobbyists are doing well in their job of imposing the will of the White House on Congress, all things considered, and with a prominent exception or two. In fact they are doing very well, indeed. The reason for the President's ability to smother a Democratic program has mystified many. The appropriations this Congress is asked today tc make to continue the President's ace lobbying staff at three times the pre-Eisenhower level is one of the reasons, and a big one, why the President has prevailed over an apparent congressional majority position. This may be fine for the President and for the Republican Party, but for the taxpayer it simply amounts to an involuntary contribution to a partisan program.

This amendment would attempt to stop the President from using the taxpayers' money to persuade Congress to accept a viewpoint which the great majority of

taxpayers rejected in the congressional elections of 1958.

Mr. President, an excellent study entitled "Ike's Lobbyists" was recently made by the Wall Street Journal. The headline reads: "Administration Enlarges Staff Assigned To Sell Programs to Congress." The subhead is "Liaison Men Write Speeches, Answer Questions, Set Up Trips, Push Party Loyalty; Annual Costs: $3.5 Million."

Mr. President, I ask unanimous consent that at the conclusion of these remarks this article be printed in the RECORD.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. PROXMIRE. Mr. President, in the course of this article Lester Tanzer, the Wall Street Journal Reporter, describes how the lobbying operates, as follows:

The lobbyists chief tools: Facts "presented in the right manner and at the right time," according to one administration student of the art and party loyalty. When it comes to efforts to influence legislation, liaison workers deal mostly though not exclusively, with Republicans, leaving largely to higher officials the job of selling administration programs to Democratic leaders.

This is a statement from the Wall Street Journal, quoting a statement of White House lobbyists and other lobbyists:

You tell the Congressman, "look, here's a good bill," and you make your detailed case for the bill, explains an administration lobbyist. "You tell him the President is quite anxious to get his vote. Unless he's under strong local pressures in his district, he'll go along with you. If he sits on the fence, well, you find people who know him best or you get the Republican party leadership to work him over."

This is from the Wall Street Journal. Let me repeat that very interesting last clause:

You get the Republican Party leadership to work him over.

This, Mr. President, is a lobbyist paid out of an appropriation of this Congress, speaking.

Now, Mr. President, I come to the most serious reason why my amendment should be adopted. We live in a constitutional democracy. The Constitution is the fundamental document on which all of our laws should be anchored.

Of all the principles which animated the authors of the Constitution, none is more evident in that ingenious document than the Separation of Powers.

The Founding Fathers knew, and Americans should never forget, that the essence of our constitutional freedom goes back to the simple principle of self-government and freedom which Aristotle perceived 2500 years ago, and for which the French apostle of constitutional freedom, Montesquieu, is principally remembered: to wit, that the same group, or agency, or man should not make the laws, then execute those laws, and interpret the laws.

If the Congress appropriates money to permit the President to hire a personal lobbying staff which can enable the President to go a long way to determine what shall be the law, this fundamental principle is obviously subverted.

And it could hardly be more clear that the Constitution of the United States has been subverted, too.

Mr. President, I read from article I section I of the Constitution:

All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

This section is explicit and unqualified. There is no question that the Constitution gives the Senate and the House the sole power. And this is exactly what my amendment is designed to protect. For it is perfectly obvious that when the spirit and very likely the letter of the criminal code outlawing executive lobbying is violated by a sixfold increase in White House lobbyists, the appropriation measure which condones and permits the practice is an invitation to the President of the United States to exercise a very great, if indirect, legislative power.

Now, Mr. President, article II of the Constitution says what the President's power and authority shall be.

Section I of article II provides:

The Executive power shall be vested in a President of the United States of America.

Mr. President, section 3 of article II states exactly where the President's communication with Congress should constitutionally begin and end:

He shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient; he may, on extraordinary occasions, convene both Houses, or either of them, and in case of disagreement between them, with respect to the time of adjournment, he may adjourn them to such time as he shall think proper; he shall receive Ambassadors and other public ministers; he shall take care that the laws be faithfully executed, and shall commission all the officers of the United States.

Mr. President, that is it, in toto. Now can any fair-minded person tell me that any clause, any phrase, any word could possibly countenance the appropriation of public money to permit the President to hire lobbyists to privately work his will on the Congress.

Mr. President, the entire purpose of appropriating money for this many White House lobbyists is not to permit the Congress to adopt a more enlightened foreign-aid program, one more in the public interest, but to permit the President to impose his concept of a foreign-aid program on the Congress; to permit the President's foreign-aid program, not the congressional foreign-aid program, to prevail. This amendment of mine would not touch, would not mitigate one iota, the ability of Members of the Senate and the House to get all the information they desired to arrive at a decision based on their own judgment of what was in the public interest.

This amendment would deny the President the taxpayer financed power to impose his partisan will through lobbyists on the Congress, in determining the kind of housing program we have or do not have; the kind of education program we have or do not have; the kind of Fair Labor Standards Act; the wage and hour legislation, we have or do not have; the kind of unemployment compensation and depressed areas legislation this Congress shall pass or fail to pass.

Unless we amend the appropriation bill to knock out this excessive White House lobbying, we are appropriating taxpayer's money to permit the President to write the laws of this country in violation of the Constitution, and indeed of our own authority as Senators.

Mr. President, let us be completely frank. This amendment boils down to a question of power. Shall the Congress of the United States appropriate the money to permit the President of the United States to work his will on the Congress of the United States by the employment of lobbyists to work his will, or shall the Congress maintain its own authority to hear the President's publicly expressed convictions, consider in committee the administration's position in full detail, and then employ its own constitutional power and authority to determine our laws?

Mr. President, of course this whole problem of the separation of powers has never been easy. It has always been perplexing. The Founding Fathers wisely permitted a significant degree of Presidential influence over Congress—in the veto—and the right to recommend such measures as he shall judge necessary. But they were careful to be exact in limiting Presidential legislative influence to language which cannot be stretched to include this staff of lobbyists.

I want to be reasonable about this. And I think my amendment is reasonable. It would permit the President to employ two men to work largely or almost exclusively with the Congress. And this is as many as any previous President has had in all of American history. It recognizes that, of course, the President should have his full constitutional right, liberally interpreted, to urge his will upon Congress, but it would limit such influence to, first, responding to congressional inquiries for information and, second, formal messages by the President publicly pronounced.

Of course, in addition the President is free to use the great prestige of his office to urge his program any time, any place, anywhere. But it is vitally important that it be the President, himself, who does the aggressive urging, not intermediaries paid by public funds, from appropriations by the Congress itself.

The Criminal Code is very wise in proscribing such action.

Mr. President, I want to be as fair as I can with this administration. It may well be that a main purpose of the Eisenhower legislative effort is to persuade the Congress to economize. The record on appropriations may dispute this. But let us assume it is true. The fact is well known that the army of legislative liaison men that has sprung up, taking

its cue from the White House staff, is not—in this administration any more than in any other—interested in talking Congress into cutting the appropriations of the agency they represent. No matter how economy-minded the President may be, departmental ambassadors to Congress are going to be asking more—never do they urge less—and as the record shows only too well, getting more.

If this is true in an economy-minded administration I ask my good Republican friends what would happen in an administration that talked less and perhaps even acted less for economy.

This administrative lobbying is setting a dangerous precedent, Mr. President. The time to stop it is now. The way to stop it is just where it will do the most good, symbolically and by precept, right in the office of the President.

Mr. President, I ask unanimous consent that an article written in 1950, and published in the Wisconsin State Journal, a stanch Republican newspaper in my hometown of Madison, a newspaper which has always vehemently and vigorously opposed me, be printed in the RECORD at this point as a part of my remarks. This editorial is especially appropriate, because it denounced lobbying by the Federal bureaucracy nearly 10 years ago, before the army of lobbyists had reached the enormous size that it has now attained.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THOSE WHO WILL NOT BE TOUCHED

There is one area of lobbying that really would bear some investigation, and subsequent regulation.

But there will be little investigation in this direction, and no strict regulation.

We refer here to the pressure tactics and propagandizing by Government agencies in behalf of their own programs.

According to Congressman John Vorys, of Ohio, our Federal publicity and public relations activities now cost taxpayers more than $100 million a year.

This tax-supported lobby works unceasingly for Federal housing, Federal power, socialized medicine, more valley authorities, and more Federal control of everything.

There are more than 3,500 Federal employees—who cost taxpayers more than a million dollars a month—engaged in selling and lobbying for and stirring up support for the programs wanted—not by the people—but by department heads and Mr. Truman. The Department of Agriculture now has 525 information specialists boosting the Brannan plan, Congressman Vorys points out. Five different agencies are lobbying and publicizing Federal housing, while over the past 10 years the Federal security agencies' bureaus have spent more than $20 million in a campaign for socialized medicine.

Congressman Vorys points out one great danger in this tax-supported Federal lobby:

"Whether the immediate purpose of Government propaganda is good or bad, the fact remains that individual liberty and free institutions cannot long survive when the vast power of Government may be marshaled against the people to perpetuate a given policy or a particular group of officeholders."

Some of these tax-paid lobbyists work directly—even arrogantly—upon our Congressmen and Senators. Others work indirectly, stirring up the demand for more and more Government services out in the provinces.

Now here, in our opinion, is a lobby that should be investigated, thoroughly and completely.

Here are lobbyists who constitute an immediate threat to the taxpayer—to his freedom, his way of life, and his pocketbook.

And the not-so-funny part of it is that the taxpayer, unwillingly and unknowingly, is financing the very menace from which he now has no protection.

Will Congress do anything about this tax-supported Federal lobby?

We'll bet against it, for a very good reason: The tax-supported lobbyists now are beating their brains out, working in behalf of and stirring up a demand for Dr. Truman's political patent medicines.

Mr. PROXMIRE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial published in the Philadelphia Record in 1947, which was also aimed at reducing lobbying by the Federal bureaucracy.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia (Pa.) Record]

TODAY FEDERAL LOBBY BUSY—CONGRESS ON RUN—SOME TACTICS RAW—SIGNATURES FORGED—HOUSE CUTS RESTORED

(By Herman A. Lowe)

WASHINGTON, May 28.—Congress, which thought it had belled the cat last year when it decreed registration of lobbyists, is now jumping timidly through a hoop in the hands of a great unregistered lobby—the Federal Government.

This Congress started out to create a brave, new world in Washington, to whittle the President's whopping $37,500 million budget down to size. It is now on the run before hundreds of pesky little pressures set up by the slick operators in Government departments.

The legislators are befuddled. The people turned last November's election into a Republican landslide largely on the issue of excessive Federal spending. Today, the same people have succumbed to the octopus lobby of the Federal agencies and are angrily shouting to their elected Representatives: "Woodman, spare that tree."

Yet it is as certain today as it was on election day that Government expenses are wickedly extravagant. It is just as certain that billions in wasteful expenditures can be carved away without hurting any genuine function of Government.

It also is true, although the folks back home do not realize it, that so long as tremendous chunks of Federal coin are poured into padded payrolls, really deserving projects will never get Government help.

The Government lobby is a "honey." Nothing that the NAM, the real-estate boards, the farm bloc, or the labor organizations ever dreamed up compares with it.

There is nothing new about Federal departments and agencies lobbying for funds. Despite statutes outlawing the practice, it has been done for years with every trick in the book. But never before in history have so many worked so hard to prevent so many from being booted from the public payrolls.

They are pulling strings to have State and local governments protest on behalf of their projects. They are having the folks back home flood the legislators with letters and telegrams—just the way the utility holding companies used to do.

They furnish the ammunition, the facts, to every supporter of their cause. The skilled propagandists among them—and the Federal Government's press agents run into a couple of thousand—prepare propaganda material proving that the Government is actually undermanned. In case you have any doubt about the size of the propaganda machine which has turned on the heat, a congressional committee has figures showing that Uncle Sam spends $75 million a year to supply information.

Some of the machine's tactics have been raw. For instance, the customs service lobby prepared mimeographed letters to Congressmen urging that its funds be not reduced. These letters were carried to prominent citizens who were asked to sign and mail them.

In some instances, where enough signatures could not be obtained, the lobby forged them and mailed out the petitions itself. This has outraged many Congressmen—although it got results in the Senate, which has largely restored House cuts.

The service also discharged about 1,000 employees, with all the flourish of a circus parade, in several key port cities such as New York and Philadelphia. The idea was to convince the American public that it was having its throat cut and that smugglers were about to ruin the country.

If the full budget cuts had gone into effect immediately it would not have been necessary to fire nearly so many, the service now admits. But in any event the House-approved cuts would not have taken effect until July 1.

In small towns post offices shut down 1 or 2 days a week. It was explained that this was due to the economy drive and the folks were urged to write to their Congressman. Again it can be pointed out that the cuts do not go into effect until after July 1 and that no reduction in post office hours is to result. Could it be a coincidence that the Postmaster General is chairman of the Democratic National Committee?

There have been numerous shrewd examples of such tactics. People who should know better are being convinced that Congress—whose aim is to reduce the national debt and the high wartime tax rates—is out to wreck all the Government services.

Much of the pressure comes from new wartime functions which have an ingrained opposition to giving up the ghost, and whose personnel like it where they are now and want to stay there.

Actually, Congress is only trying to reduce a $37,500 million budget to about $32 billion or $33 billion. Anyone who thinks that will cut the heart out of Government should remember that the highest prewar budget was about $9 billion.

But with the heavy lobbyist squeeze on now, the economy bloc in the House has begun to crumble around the edges; and in the Senate many House-approved reductions are being restored.

The result is going to be that instead of saving of $4,500 million or more the public will awaken one day to the fact that the reductions have been only half that, and that they have been played for suckers by the Federal lobby.

It is still not too late to do something about it, if the awakening comes soon.

Mr. PROXMIRE. Mr. President, I earnestly hope that this amendment will be agreed to.

EXHIBIT 1

[From the Wall Street Journal, June 16, 1959]

ADMINISTRATION ENLARGES STAFF ASSIGNED TO SELL PROGRAMS TO CONGRESS—LIAISON MEN WRITE SPEECHES, ANSWER QUESTIONS, SET UP TRIPS, PUSH PARTY LOYALTY—ANNUAL COSTS: $3.5 MILLION

(By Lester Tanzer)

WASHINGTON.—The White House official leaned over the desk of the Midwestern Republican Congressman who had voted for an administration-opposed rural electrification bill. "We need your vote to sustain the President's veto," the Eisenhower aide argued. "This bill in itself isn't important,

but the Democrats have chosen it to see if they can establish a pattern of overriding the President's vetoes. If they can win, they'll be in a better position to override the vetoes of the big spending bills later on."

At the Old House Office Building, in a tiny third-floor room that once was a ladies' powder room, sit Navy Capt. G. S. Bullen and Marine Lt. Col. William Oliver, answering phone calls or dictating letters. The two affable officers get a steady stream of requests from lawmakers on how to handle mail from their constituents—dealing with such touchy topics as a Marine sergeant who treats junior too harshly; the failure of the Navy to serve milk to an offspring four times a day; or a sailor who wants to come home to support his financially hard-pressed family.

Twenty-four hours before one of the Federal housing agencies publicly announces a grant or loan for "urban renewal," college housing, or some other Government-aided housing program, William Henry Harrison, a former Wyoming Congressman and grandson of the 23d President, may pass the word along to interested legislators. That way, the lawmakers can tip off recipients and gain some goodwill back home.

A GROWING CORPS

The White House aid, the Naval officers, and Mr. Harrison all have something in common. They're part of a sizable though little-publicized corps of officials, spread through almost every Federal agency, whose full-time job it is to make congressional friends and influence legislation. Already some 500 people, many with Capitol Hill experience of their own, are engaged, at an annual cost of $3.5 million, in the Federal endeavor known as "congressional liaison"—and their numbers are growing steadily.

Behind the rise of this breed of Federal employee, largely a post-World War II phenomenon, lies the growth and complexity of modern Federal Government. As just one sign of that underlying fact, Congress last year enacted 1,063 new laws, compared with 940 in 1940 and less than 500 in the 66th Congress of 1919–20. "Every time Congress adds a facet to our operation," says Robert Forsythe, chief liaison officer for the Department of Health, Education, and Welfare, "the volume of our business increases."

Though it can't be measured precisely, the work of the administration's "lobbyists" plainly has an impact on the current struggle between President Eisenhower and the Democratic Congress. The envoys to Capitol Hill help shape their agencies' programs at the start of each session. They aid in preparing testimony for administration witnesses at congressional hearings. They sound out lawmakers' reactions to specific proposals and try to sell their views to fence-sitters, usually employing facts and reason or, if the target is a Republican, an appeal to party loyalty.

SOME HELP MAP STRATEGY

The congressional ambassadors also help write speeches or furnish information for sympathetic lawmakers who want to speak out for an administration measure. They may help map administration strategy once a bill nears floor action, perhaps working out compromises with key legislators when a measure is in trouble. Not long ago, one executive agency's top liaison official saw to it that enough Republican members stayed away from a Senate committee's meeting to prevent a quorum—thus delaying a vote on a particular measure until the administration could swing more support for the bill.

Not all the liaison forces' efforts are focused so directly on specific legislation. Often, these influence men drum up support for their department's policies, rather than for a particular bill. The Pentagon's congressional envoys, for example, arranged 221 air trips for one or more lawmakers in 1958 to Cape Canaveral, to the Strategic Air Command's Omaha headquarters and to other U.S. military installations around the world.

"The more we get them out," reasons Brig. Gen. William Fisher, head of the Air Force's legislative liaison division, "the better-educated decisions Congress will make."

Much of the liaison workers' time is taken up with tasks less directly linked to legislation: Answering legislators' complaints and queries, usually spurred by mail from constituents, and otherwise building goodwill among lawmakers. The lobbyists dig up answers for hundreds of thousands of letters that legislators pass on to the executive agencies each year, perhaps asking for advice on how to take advantage of a Federal program or griping about some Government activity.

ITINERARIES ARRANGED FOR LAWMAKERS

To keep lawmakers happy, the State Department's liaison staff works out complete itineraries, handling all necessary reservations, for legislators who want to travel abroad, for pleasure or business. General Services Administration officials recently came up with a two-decade-old Federal Government license plate to fill a hole in a Congressman's collection. One young lady at GSA spends most of her time calling up lawmakers to give them progress reports on Government buildings under construction in their districts. The Post Office Department's congressional envoys ask legislators for their personal views on the three top prospects, as determined by civil-service exams, for postmaster jobs in their districts.

Such little aids for Congress, to be sure, would be furnished even if Federal lobbyists never lifted a finger for an administration bill. Nevertheless, there's a distinct connection between providing these services and influencing legislation. "You do a good job handling the personal problems and requests of a Congressman," a White House official figures, "and you have an easier time convincing him to back your program."

Actually, the heaviest wooing of lawmakers on behalf of administration programs is probably done by Cabinet members and other high officials, rather than the full-time lobbyists. Liaison men often call in their superiors when an especially influential legislator complains about something or a rank-and-file lawmaker raises a major policy question. Comments an Interior Department liaison official, "It's more discreet to send somebody on the policy level than one of us from the working gang."

Besides his weekly metings with GOP leaders, the President meets privately on occasion with key lawmakers of both parties to make a more personal appeal for a particular program. On the eve of a big vote, he'll place a number of private phone calls to try to sway undecided legislators. Cabinet members, too, phone fence-sitters before a bill comes to a vote, even if the issue doesn't involve their own field; usually, the Cabinet officials concentrate on legislators from their home States or those they know well.

ANDERSON'S LUNCHEONS

Just about every Cabinet member makes a practice of meeting informally from time to time with lawmakers who deal in legislation they're concerned with. Treasury Secretary Anderson held a series of four buffet luncheons in his private dining room earlier this year—at his own expense—to explain the Treasury's debt management problems to freshman legislators and members of the House Ways and Means and Senate Finance Committees. Mr. Eisenhower recently invited Republican members of the House Commerce Committee for late-afternoon drinks at the White House to express his personal appreciation for trimming a Democratic-sponsored airport construction measure.

For all this high-level lobbying, it's the regular congressional liaison officials who cement the administration's day-to-day relations with Capitol Hill. In many cases, it's the liaison workers who spot the targets for their superiors and advise them how to handle lawmakers. William Macomber, Assistant Secretary of State for Congressional Relations, for instance, may remind Secretary of State Herter he'll be seeing a key lawmaker at an evening social affair and suggest something to tell him. Mr. Macomber is sure to set up private briefings by Mr. Herter for members of the House and Senate Foreign Affairs Committees when the Secretary of State returns from the Foreign Ministers' Conference in Geneva.

Attempts by the executive branch of Government to influence Congress, of course, are as old as the country itself; back in 1781, Gen. "Mad Anthony" Wayne's Pennsylvania regiments started marching on Congress in Philadelphia until the lawmakers agreed to make up the soldiers' back pay and discharge troops who had served their full 3-year enlistment terms. But until rather recently, "congressional liaison" was just another job of administration officials—often the general counsel of a department—who had many other duties as well. This meant the wooing of Congress usually was handled haphazardly or in routine fashion.

But in recent years, congressional liaison has become more and more formal. In 1949, for example, Congress officially created the post of Assistant Secretary of State for Congressional Relations. Mr. Macomber, who now occupies that spot, has a 22-man staff that does nothing but deal with Congress. Before 1949, the Department's top officers had personal aides who handled their bosses' relations with Congress as well as other chores, without necessarily coordinating their efforts; "homeless wanderers," one official calls them.

LARGER LIAISON STAFFS

As the Federal Government has grown, the size of liaison staffs has increased. At the outset of World War II, the Army, which then included the Air Force, employed only five full-time lobbyists. By the end of the war, the number had soared to 65. At last count, the Army and Air Force together employed 238 legislative liaison workers. Franklin D. Roosevelt and Harry Truman, who were their own chief lobbyists, had only one or two White House aids whose sole job it was to sway Congress. Mr. Eisenhower now has six full-time envoys to Capitol Hill plus Gen. Wilton (Jerry) Persons, his Chief of Staff, who spends much of his time dealing with lawmakers.

The total number of people trying to improve the administration's relations with Congress is still going up. The Pentagon's legislative liaison force, the biggest in Government at 330, is scheduled to expand by a dozen or more in the next year; spending will increase from $2.6 million in the fiscal year coming to an end June 30 to $2.9 million in fiscal 1960. The three-member staff at the recently created National Aeronautics and Space Administration will shortly go up to six. Just the other day, the staid old Interstate Commerce Commission set up the first congressional liaison office in its 72-year history.

The apparently irresitible impulse to expand doesn't stem just from the administration's desire to sway Congress. The lawmakers themselves have had a considerable hand in the steady growth of legislative liaison, with their persistent demands for information or help in handling their mail. "When Congress becomes aware of the existence of a legislative liaison office," notes an administration lobbyist, "it's amazing the way your workload increases."

Congress played a major role in the recent creation of the ICC's three-member

liaison staff. After the recent House investigation of pressures on regulatory agencies, according to one high official, many lawmakers became leery of direct contact with ICC commissioners, even on routine questions from constituents on matters pending before the Commission. So the legislators prodded the Commission into creating a sort of "middleman" to handle such matters, and thus forestall possible complaints that they were trying to influence the ICC improperly.

Congress' own urge to have executive-branch liaison workers handy probably accounts in large measure for the lawmakers' generous interpretation of laws designed to prevent use of appropriations "directly or indirectly" for administration lobbying.

But the lawmakers do occasionally snap back at the executive branch. Last year Congress forced a cutback to 330 from 360 in the number of Pentagon liaison staffers, out of resentment against the services' intensive lobbying reorganization bill. But the size of the Pentagon staff is creeping back up again. And the lawmakers show little disposition to question the liaison activities of other Federal agencies.

No two administration agencies handle their congressional liaison exactly alike. In size, the executive departments' lobbying forces range from the Treasury's lone liaison hand—former Columbia College football all-American, Gene Rossides—to the Pentagon's seven platoons of manpower. Some agencies with large staffs, including the Army, Navy, and Air Force, the Veterans' Administration, and the Civil Service Commission, have offices right on Capitol Hill—paid for by Congress—to provide quick access to lawmakers.

For all the diversity, a pattern of operation is clearly discernible throughout the administration * * * old congressional committee hands, including George Moore, once chief counsel of the House Post Office panel, and a large number of people who used to work for one lawmaker or another. Lawyers without such political background are numerous, too. Less typically, there's even a car dealer among the administration's legislative contact men—George Vaughan, who ran a Buick agency in Los Angeles before taking over the Defense Department's legislative affairs office earlier this year.

Personality, as well as experience, is a major factor in selecting a man for liaison work. "We run a low-key operation with no high-pressure types or brash personalities," claims a White House lobbyist. The Air Force's Brigadier General Fisher describes a typical liaison aide this way: "He has a combat record, which inspires confidence among Congressmen. He needs good judgment in dealing with people and a friendly personality, so he can handle difficult situations. He's got to be able to say 'no' pleasantly."

OBJECT: A FRIENDLY ATMOSPHERE

The idea, of course, is to create a friendly atmosphere between the administration and Congress; at the least, that can make the basic tools of the liaison staffers work more effectively. The lobbyists' chief tools: Facts "presented in the right manner and at the right time," according to one administration student of the art, and party loyalty. When it comes to efforts to influence legislation, liaison workers deal mostly, though not exclusively, with Republicans, leaving largely to higher officials the job of selling administration programs to Democratic leaders.

"You tell the Congressman, 'Look, here's a good bill,' and you make your detailed case for the bill," explains one administration lobbyist. "You tell him the President is quite anxious to get his vote. Unless he's under strong local pressures in his district, he'll go along with you. If he sits on the fence, well, you find people who know him best or you get the Republican Party leadership to work him over."

There are, of course, various ways of getting facts across to a legislator. "Your approach varies with the individual," notes a liaison official now trying to get the House to toughen the Senate-passed labor reform measure. Listen to his distinctions: "If you're talking to an old Eisenhower Republican, who may be somewhat liberal, you ask for support of the President rather than your legislation. If it's a real conservative, who wants an even stronger bill, you point out what your bill has that he wants and play down Eisenhower. If you find a guy 100 percent for you, then you use him to keep open your lines of communication with both extremes in case you have to work out a compromise."

The State Department, for one, likes to be sure it knows how various lawmakers feel about issues it's involved in. So a lady on the agency's 22-member liaison staff spends almost all her time keeping an up-to-date file on legislators, clipping newspaper reports of their votes on diplomatic issues and all their speeches, in Congress and out, on foreign matters.

LOCALIZING ARGUMENTS

Whenever they can, administration influence men like to bring their facts home to their targets. A case that is regarded as a classic among administration lobbyists was the Commerce Department's breakdown of what last year's reciprocal trade extension bill meant to individual States and districts. Such reports were furnished to 170 lawmakers who requested them; they showed among other things, the firms in a given area and the number of their employees making goods sold abroad—all of whom would supposedly benefit from extension of the trade act.

From all the outward signs, there's little evidence that any high-pressure tactics are employed—at least by the liaison men. "You occasionally hear rumors of deals to get a keyman on your side," admits one congressional contact man, "but if that happens, it's handled at a higher level than mine."

Nevertheless, a lawmaker's desire to get a friend a Federal job or get a military base built in his district is often a help to the liaison man. "I never went up to a guy and said, 'Vote this way and get a job for your constituent,'" says an administration lobbyist, adding, "but you've got the basic laws of human nature on your side. If the fellow wants a favor, he's likely to vote your way just in case he thinks it might do him good."

The mere presence of a White House lobbyist on behalf of a bill stamps it as a major issue; Mr. Eisenhower's own ambassadors to Congress step in on only the most vital measures—including almost all the major spending bills this year.

Mr. DOUGLAS. Mr. President, I wonder if the Senator from Washington [Mr. MAGNUSON] intends to make a preliminary statement on the bill; and, if not, if he will permit me to ask some questions.

Mr. MAGNUSON. Mr. President, the debate on the bill started when I was on my way over from the office. I think there should be a preliminary statement. I have a brief statement to present.

Mr. President, the general Government matters appropriation bill for 1960—H.R. 7176—contains funds for the Executive Office of the President, including the Bureau of the Budget, the Council of Economic Advisers, the National Security Council, and the President's Advisory Committee on Government Organization, as well as funds appropriated to the President for the emergency fund and for expenses of management improvement, and for expenses of the American Battle Monuments Commission, the Foreign Claims Settlement Commission, and the Subversive Activities Control Board.

As reported to the Senate, the bill totals $13,568,500, which is $230,000 over the House bill and $40,000 under the budget estimates.

Two amendments are recommended. One amendment inserts $250,000 for expenses of management improvement in the Executive Office, to bring that fund up to about $500,000. The fund is used to study and bring about solutions to management problems or in making needed administrative improvements in the executive branch. For example, the committee has suggested a study to correct the practice of using first-class or deluxe air transportation almost exclusively for Federal employees and military personnel traveling by air, when travel by air coach represents more than 50 percent of commercial air travel.

The other amendment recommended is an additional reduction of $20,000 from funds for the Subversive Activities Control Board, due to a decrease in their workload.

I ask that the bill be read for amendments.

I now yield to my friend from Illinois.

Mr. DOUGLAS. Mr. President, I wonder if the very able senior Senator from Washington would be willing to answer some questions which have arisen in my mind about the budget of the President.

Mr. MAGNUSON. Certainly. First, I should like to say that the House held lengthy hearings on this subject.

Mr. DOUGLAS. I have the printed hearings of the House and I have studied them.

Mr. MAGNUSON. I should like to state the action of the Senate committee. Inasmuch as there was no appeal from the House allowance, the Senate committee did not hear any testimony on this subject, because no one asked to appear, and we accepted the House figure.

Mr. DOUGLAS. I understand.

Does not the President receive a salary of $100,000 a year?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Plus an expense allowance of $50,000?

Mr. MAGNUSON. That is correct. I might add that he is not accountable to anyone for the $50,000. No itemization is required.

Mr. DOUGLAS. In addition, does not the President live in an executive mansion, the White House, for which an appropriation of $475,000 for maintenance and operation is requested by the administration?

Mr. MAGNUSON. That is correct; and that is a part of the bill.

Mr. DOUGLAS. Does not this appropriation for the Executive Mansion include an allowance for travel expenses, as well as certain entertainment expenses?

Mr. MAGNUSON. Yes. It does not include an allowance for travel expenses

as such. It includes an allowance for transportation of things, rather than of persons.

Mr. DOUGLAS. Is not the amount for travel expenses of the President $40,000?

Mr. MAGNUSON. Yes; $40,000 is in the White House Office.

Mr. DOUGLAS. In addition to the $150,000 allowance for salary and expenses, and $475,000 for the mansion, does not the President request, in this appropriation bill, $2,221,000 for salaries and expenses for his White House offices?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. In addition to the $150,000 for salary and expenses, $475,000 for the mansion, and $2,221,000 for his office, does not the President request $1,500,000 for the rather ephemeral category initiated in the fiscal year 1956, known as special projects?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. I have gone over the House hearings very thoroughly. I have also read articles by a number of very able reporters. In an article in the Washington Daily News by Mr. Ed Koterba, there appears the statement that in 1938, the First Lady had five maids, and that today there are eight maids. Does the Senator know whether that is correct?

Mr. MAGNUSON. I could not answer as to the number of persons involved. I have only the amount of money spent. Whether that would cover eight maids or five maids, I do not know. I can say to the Senator from Illinois that there has been an increase.

Mr. DOUGLAS. Those are the facts, as shown on page 132 of the House hearings. There were five maids in 1938, and eight maids are requested for 1960.

So far as the gardeners are concerned the record shows that there were five gardeners in 1938, while 12 gardeners are requested for 1960.

Mr. MAGNUSON. That is true.

Mr. DOUGLAS. Is the Senator aware of any increase in the extent of the White House lawn and gardens during these last 22 years which would require the services of additional gardeners?

Mr. MAGNUSON. I am not aware of any increase in the acreage. The fence has not been moved.

Mr. DOUGLAS. Would the installation of the putting green require additional gardeners service?

Mr. MAGNUSON. A putting green lawn must be well kept.

Mr. DOUGLAS. Does the Senator think this might account for a portion of the increase from 5 to 12 gardeners?

Mr. MAGNUSON. That I do not know. I believe the House hearings contain something on that subject. I shall furnish the page reference for the RECORD. There was some extra work because of certain changes in the lawn. It is page 132.

Mr. DOUGLAS. Is the Senator from Washington aware of the fact that on page 128 of the House hearings it is shown that in 1952 the White House staff was given as 261, and that 373 are requested for 1960?

Mr. MAGNUSON. That is correct.

Beginning on page 127 of the House hearings, there are comparative cost data on the Presidency and functions relating thereto, for the fiscal years 1938 to 1960, the figures for which have been collected by the Legislative Reference Service of the Library of Congress.

Mr. DOUGLAS. There has been an increase of 112 from 1952 to the requested number for 1960. Is that correct?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. That is an increase of more than 40 percent.

Mr. MAGNUSON. That is correct. As shown on page 133 of the House hearings, 45 persons were employed in 1938. Then the number went up and up. In 1942, there were 63. In 1960 there will be 272, in the White House office proper.

Mr. DOUGLAS. In other words, there are many times the number of persons employed in the White House than there were during the days preceding and during the great World War, when the responsibilities upon the Chief Executive were very heavy indeed. Is that correct?

Mr. MAGNUSON. Except that during the war period, I believe the record ought to show that employees could be detailed to the White House. The agencies from which they were detailed would pay those employees. That was only during the war.

Mr. DOUGLAS. Yes. In 1938 there were 45.

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. In 1940 there were 63.

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. So that there are now more than four times as many as in 1940, under President Franklin D. Roosevelt.

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Did the Senator from Washington respond to my question that, in addition to the $150,000 for salary and expenses, and $475,000 for the mansion, and $2,221,000 for Office of the President, the President has requested $1,500,000 for the rather ephemeral category first initiated in 1956 and known as special projects?

Mr. MAGNUSON. Yes. In 1956 that appropriation began at $1,250,000. For various years since then it has gone up, until this year the figure is $1,500,000.

Mr. DOUGLAS. This was first asked for in 1956.

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. Not in 1952?

Mr. MAGNUSON. No; in 1956.

Mr. DOUGLAS. The supporting figures for this item are found on page 126 of House hearings. Is that correct?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. In other words, the White House office includes a cost of $1,500,000 for special projects or a total of $3,721,000 for the White House office, exclusive of the President's $150,000 for salary and expenses, and not counting the $475,000 for maintaining the mansion. When these items are added the total is $4,346,000. Is that correct?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Am I not correct in assuming that the $4,346,000 is only for the President's mansion and office, and does not include another $1,055,000 for the White House Police?

Mr. MAGNUSON. The White House Police are under the Treasury Department.

Mr. DOUGLAS. The Secret Service?

Mr. MAGNUSON. Of course the amount stated does not include a great many other expenses.

Mr. DOUGLAS. These are the police at the grounds?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. Not the Secret Service?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. But charged to the Treasury, is that correct?

Mr. MAGNUSON. Charged to the Treasury; yes.

Mr. DOUGLAS. It comes to a total of $1,055,000.

Mr. MAGNUSON. These are not the ones who go out into the country. They stay right there on the grounds.

Mr. DOUGLAS. On page 128 of the House hearings the statement is made that the cost of the White House Police is $1,055,000.

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Mr. President, do I understand correctly that in 1938 the then President had 60 police and secret service agents to guard him, and that now the President has 160 agents and police and is asking for 170 for the 1960 budget?

Mr. MAGNUSON. That figure, I believe, is correct. The Legislative Reference Service pointed that out.

Mr. DOUGLAS. That is shown at page 135 of the House hearings.

Mr. MAGNUSON. They say the amount is seven times the $150,650 provided in 1938, and nearly twice the $652,000 voted in 1952.

Mr. DOUGLAS. And the personnel is almost three times the number of 1938. It is shown that even during the war years, when the President was probably exposed to more danger than now, the numbers were respectively 100, 94, 92, and 98.

Mr. MAGNUSON. Of course there may have been some other people assigned to such work during the war. That I do not know. I do not have those figures.

Mr. DOUGLAS. Am I correct in the observation that even the total just given does not include the $395,000 for the Council of Economic Advisers?

Mr. MAGNUSON. That is a separate item.

Mr. DOUGLAS. It does not include the $792,000 for the National Security Council and other sundry items of expense.

Mr. MAGNUSON. That is a separate item.

Mr. DOUGLAS. Is it correct to say that both the Senate and House Appropriations Committees granted these amounts at the President's request?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. Is it true that the $3,721,000 requested for the White House itself represents an increase of $169,230 over last year's appropriation?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Is it true that the increase from last year for the Mansion itself is $25,600?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. For the Bureau of the Budget, $114,000 over last year?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. For the Council of Economic Advisers, $7,000 over last year?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. For the National Security Council, $32,600 over last year.

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Now, I should like to invite special attention to the next question which I shall ask the distinguished chairman of the subcommittee, so that I may be meticulously accurate. For example, does the appropriation bill include the cost of purchasing and maintaining and operating the superconstellation airplane used by the President?

Mr. MAGNUSON. The information which has been obtained from the Bureau of the Budget, which has been put into the RECORD, and which we discussed somewhat in marking up the bill, is as follows: Mr. Stans, the Director of the Bureau of the Budget stated:

The only aircraft assigned for White House usage is one USAF C–121–E Super-Constellation (*The Columbine*). However, it is not used exclusively by the President but has been used on occasion for the travel of the Secretary of State and high foreign dignitaries during official visits to the United States.

The flight crew of the C–121–E assigned to the White House consists of three officers, two warrant officers, four airmen. There are 8 airmen assigned as security guards and 11 airmen assigned as maintenance crew.

That amounts to 28 persons.

Mr. DOUGLAS. Those expenses are charged to what agency?

Mr. MAGNUSON. I will come to that.

Mr. Stans continues:

Total operating cost for the *Columbine* is $198 per flying hour. This is a direct operating cost and includes petroleum and its products, $88.67; crew, temporary duty, $4.50; and base pay for flight crew, $104.83.

The total flying hours logged for C–121–E (*Columbine*) for fiscal year 1958 was 412 hours. The total direct operating cost is therefore $81,576. This does not include the pay of the 8 guards or 11 maintenance men.

Mr. DOUGLAS. In the material prepared by the Library of Congress, appearing at page 128 of the House hearings, it is stated that the Air Force reports that the cost-per-hour of running this Super-Constellation is approximately $711.

Mr. MAGNUSON. An hour?

Mr. DOUGLAS. Yes.

Mr. MAGNUSON. That would be arrived at if we add the cost of the pay of those assigned to it. This is the testimony given by Director Stans, of the Bureau of the Budget.

Mr. DOUGLAS. Yes. In addition to the *Columbine* the President has the use of two six passenger Aero-Commanders, costing $75,000 each. They are available for shorter trips, and they are furnished by the Air Force on short notice.

Mr. MAGNUSON. In addition, the Bureau of the Budget has informed me that the President, over a brief period, used a two-engine Aero-Commander plane for short-range, limited facility use. This plane was supplied from the special air missions group of the Air Force.

The President has, for the past 6 years, had access to smaller planes as needed.

Mr. DOUGLAS. We have heard much about helicopters. Is it correct that the President has available for his use two helicopters?

Mr. MAGNUSON. Yes. I have that figure here. I read from page 143 of the House hearings:

There are three jet transports now on order.

Mr. DOUGLAS. I will come to that in a minute.

Mr. MAGNUSON. Yes.

There are no helicopters specifically assigned to the President. When he requires helicopter transportation, it is requested from Army and Marine units in the local area. The Marine Helicopter Squadron is at the Marine Corps Air Station, Quantico; the Army unit is at Davison Army Air Field at Fort Belvoir. These units are stationed in the area for other missions and perform the small additional task of making occasional flights for the President. The type of helicopter which the President uses is the Sikorsky S–58 which is known as the HUS–1 by the Marines, and the H–34 by the Army. Operating costs for these helicopters, including fuel, crewing, maintenance, and depreciation, are $350 per hour.

Mr. DOUGLAS. Also, the President has a Super-Constellation.

Mr. MAGNUSON. I continue to read:

Since the President's first flight in these helicopters (Sept. 7, 1957), he has accumulated 21 hours, which would be a total cost of $7,350. (This is exclusive of the cost of operating the helicopters, which the President used during his campaign trip in October 1958, which were paid for by the Republican National Committee.)

Mr. DOUGLAS. I read in the press from time to time that the helicopters are used on Friday afternoons, frequently, for trips to Gettysburg.

Mr. MAGNUSON. The committee will inquire about that. I do not think the statement I have just quoted is correct, namely:

These units are stationed in the area for other missions.

The Senator from Illinois knows that when the White House suggests that the President might wish to use a helicopter, the Marine Corps will keep it handy for use at any time the President wants it.

Mr. DOUGLAS. If he wants it, it will be there.

Mr. MAGNUSON. Yes; it will be there. That is true.

Mr. DOUGLAS. The Senator has spoken of three Boeing 707 jet airliners made in the city from which the distinguished Senator from Washington comes, the city of Seattle. This has interested all of us. May I ask to what agency are these jet airliners charged? I do not see any provision for them in the White House budget.

Mr. MAGNUSON. They are charged to the Air Force, and they are assigned to a special air mission group. These airplanes are military versions or transport versions of the Boeing 707. The aircraft were not ordered for any one individual or special group. But the Senator from Illinois and I know that they were designed for a special purpose.

According to the information supplied by the Bureau of the Budget:

They will take their place in the SAM fleet as replacements for Lockheed Constellation-type aircraft.

The Air Force provided in the fiscal year 1958 program for three VC–137 jet transports at $4.7 million flyaway cost each for a total flyaway cost of $14.1 million. Direct operating cost is estimated at $270.86 per flying hour. This figure includes POL $223.06, crew TDY $4, base pay of flight crew, $43.80.

The SAM mission is to provide expeditious air transportation for high-ranking U.S. Government officials conducting official business throughout the world. Invited foreign dignitaries and heads of state are also provided SAM service while in guest status. In the past, SAM planes have carried the President, Vice President, visiting dignitaries, the Secretary of State, Cabinet officers and their deputies, Members of Congress, and officials of the Department of Defense.

I do not know of any Senators who have had a ride in them; but this is the general purpose of the planes.

Mr. DOUGLAS. Do these planes cost approximately $4,700,000 apiece?

Mr. MAGNUSON. That is the flyaway cost. Probably they cost well over $5,500,000 before everything is finished.

Mr. DOUGLAS. I have talked with service personnel who are stationed where these planes are located. They have looked into the planes, but they have not been permitted to photograph them. However, their description of them is that they are extremely plush.

On Monday, April 27, 1959, the St. Louis Post-Dispatch published an article describing the new jet planes. The article describes some of the features. I read from the article:

The ship is 144½ feet long and 130 feet 10 inches from wingtip to wingtip.

Behind the cockpit is a 15-foot section containing a galley, lavatory, coat closet, and communications facilities. Next comes a 10-foot forward seating section with eight seats.

Then the President's section—most luxurious in the plane.

Two felt-covered tables at one end are flanked on each side by big, comfortable chairs. Beside the President's seat are a telephone and buttons which bring in the pilot, attendants, or communications operator on the intercom loudspeaker system.

An AM–FM radio and tape recorder are behind the table opposite the President.

At the other end of the 20-foot section are two lounges which pull out and convert into double beds. There are no berths. Jets travel so fast sleeping accommodations seldom are needed.

Light floods the compartment from a long panel overhead. A golden maize rug covers the floor—

Apparently, rugs are popular both down there and here on the Hill—

Bulkhead panels are of simulated-wood plastic. Upholstery is of rich, nubby fabric in a plain light blue and creamy beige tweed.

To the rear is the largest seating section, 32 feet, with 28 seats in double row. Upholstery here is of slightly plainer metallic tweed with a pattern of brown, aqua, blue, and white thread.

Farthest aft is an 18-foot section holding three stainless steel galleys, more coat closets, two lavatories, and the rear entry door.

I skip a paragraph:

All walls are of cream plastic with a silk screen pattern portraying buildings and landmarks from all parts of the world. Drapes are beige. All materials are fireproof.

Mr. ALLOTT. Mr. President, would the Senator from Illinois mind reading louder, so that we can all hear him?

Mr. DOUGLAS. I repeat:

All walls are of cream plastic with a silk screen pattern portraying buildings and landmarks from all parts of the world. Drapes are beige. All materials are fireproof.

Has the Senator from Washington seen that article?

Mr. MAGNUSON. No; I have not seen the article.

Mr. DOUGLAS. Has he seen the plane?

Mr. MAGNUSON. No; I have not seen the plane. I have seen versions of the Boeing 707, but I have never seen this plane.

Mr. DOUGLAS. The plane was described as I have said in the article published by the St. Louis Post-Dispatch on April 27. On Wednesday, June 3, 1959, the New York Times published a small news item from Washington entitled "Presidential Plane in Capital." The article reads:

The Government has received two of the three Boeing VC–137 jet transports ordered for President Eisenhower and other high officials. The second transport landed at nearby Andrews Air Force Base, Md., late last week after a flight from the Seattle, Wash., plant of the Boeing Airplane Co., the Air Force said Monday.

Do I understand that these expenses are charged to the Air Force?

Mr. MAGNUSON. They are charged to the Air Force.

Mr. DOUGLAS. During the winter, when it was said that this item was to be covered in a special appropriation bill, we all, of course, looked for these items in the current budget. We did not find them. Now we find that, apparently, provision was made for them in items in the budget of last year or previous years, but not specially designated as being for Executive use. Is that true?

Mr. MAGNUSON. So far as I know, that is true. I think they were provided in the general defense budget.

Mr. DOUGLAS. But did the American people know the planes were for executive use?

Mr. MAGNUSON. The senior Senator from Washington has no knowledge of that. I assume the Subcommittee on Defense Appropriations appropriated X dollars for X number of planes, and that the planes were then set aside and fixed up in the manner which has been described.

Mr. DOUGLAS. There is a rumor that in addition to these 3 planes, there are 17 planes, only slightly less luxurious, which are to be used for high-ranking officers in the Department of Defense, at a cost of approximately $3 million for each plane. Has the Senator heard of those 17 planes?

Mr. MAGNUSON. The only planes I know of, which are included in the Department of Defense budget, and which are at all similar to the ones to which the Senator from Illinois has referred, are planes for purely military operations and training. They are small jets, but not for use by any dignitaries. In other words, the group they have set up, which is called the SAM—special air missions—is apparently the group that will provide transportation for the high-ranking Government officials; and that is where these planes were assigned.

But the planes included in the Defense budget proper are only for training. I suppose some generals and high-ranking Defense officials ride in them; but that would be only on a mission or in the field, or something of that kind.

Mr. DOUGLAS. It may be too late to attempt to take steps in regard to the 3 luxurious planes for the White House; but I hope the matter of the alleged 17 planes for high-ranking officers in the Defense Department will be thoroughly examined.

Mr. MAGNUSON. I am sure the Subcommittee on Appropriations for the Department of Defense will do so.

I am generally familiar with some small jet planes which will be used mainly for training. But they could be used for so-called executive use. However, they are mainly for training, since it is cheaper to train in those planes, because of their reduced cost of operation, than to use the 707's or the B–52's.

Mr. CHAVEZ. Mr. President, will the Senator from Washington yield briefly to me?

Mr. MAGNUSON. I yield.

Mr. CHAVEZ. There is a budget figure and a request for planes of the nature the Senator from Washington is discussing—in three categories.

Mr. DOUGLAS. Seventeen of them?

Mr. CHAVEZ. Possibly more than that. But all of them are for training and for use for airlifts.

Of course an officer can ride in a plane that is carrying nothing but equipment.

But the budget includes some planes for the training of navigators—which is just as important in connection with the national defense as it is to train pilots. Others are for the traiing of the pilots themselves. The ordinary pilot who is trained to handle the regular, conventional planes is not likely to be the proper pilot—unless he has further training—for the present-day jets.

Mr. DOUGLAS. Are these planes used primarily for high-ranking officers—those of flag rank?

Mr. CHAVEZ. I would not be at all surprised to find that high-ranking military officers and high-ranking departmental civilian officials use them. But that is not the purpose of them.

Mr. DOUGLAS. Has the Senator ever examined the logs which list the names of those who have used these planes; or have the investigators for the committee ever asked for the logs?

Mr. CHAVEZ. We have investigated a great deal, because I am just as anxious as anyone else is to have these planes used for the purposes for which they were provided. However, there is no doubt in my mind that some military officer of high rank can ride in those planes. I am quite sure that in the past there has been a great deal of abuse in that connection.

Mr. DOUGLAS. Does the Senator from New Mexico say there has been a great deal of abuse?

Mr. CHAVEZ. Yes; there has been. I can say that for several years such planes were used to take trips to shoot pheasants in South Dakota. But that is not being done now. The Congress—both the Armed Services Committees and the Appropriations Committees of both Houses—is insisting that the planes be used for the purposes for which the money was provided.

Mr. MAGNUSON. But they are not covered by this bill.

Mr. LANGER. Mr. President, will the Senator from Washington yield, so that I may ask a question?

Mr. MAGNUSON. I yield.

Mr. LANGER. Can the Senator from Washington tell me how much larger the appropriations for the White House are than the appropriations for the same purpose during the last year when Mr. Truman was President?

Mr. MAGNUSON. The fiscal year 1952 was the last year when Mr. Truman was President. To break down the items by categories: In the fiscal year 1952, the appropriations for personal services were $1,367,000. The estimate for the fiscal year 1960 is $1,947,000—or an increase of approximately $600,000, or approximately 50 percent more, for personal services.

Since approximately 1940, the travel expense appropriation for all the Presidents has been about the same—$38,000 or $40,000.

The appropriation for communications services has increased to an estimated $50,000 for 1960, as compared to $32,000 in 1951.

The appropriation for rent and utilities is about the same.

The appropriation for printing has increased considerably. In 1938, the appropriation for printing was $2,183; and now it is over $30,000.

The appropriation for supplies and materials has increased.

The appropriations for the office of the President in 1951—the last year when Mr. Truman was President—came to a total of $1,495,000; and for the fiscal year 1960 they will be $2,221,000. That total does not include——

Mr. DOUGLAS. It does not include the $1,500,000 for "special projects"; does it?

Mr. MAGNUSON. That is correct; and it does not include some of the other items we have been discussing. But that is an increase of approximately 60 percent, in rough figures.

Mr. DIRKSEN. Why not explain why the increase was needed? In that connection, why not mention the increase in pay?

Mr. MAGNUSON. I have not yet come to that. I have stated only the rough figures.

The appropriation for personal services would be, in part, for some pay increases, but they would not amount to 60 percent, in the case of the normal services around the White House. They would amount to approximately 30 to 40 percent in the case of some of the assistants to the President.

Mr. LANGER. I am interested in the amendment submitted by the Senator from Wisconsin [Mr. PROXMIRE]. If I have a chance to vote for that amendment, I shall do so, for I think what it proposes is long overdue.

Mr. MAGNUSON. The House Appropriations Committee has included in the hearings the figures for pay increases.

Mr. DIRKSEN. But is it not true that since 1952 there has been a decrease in the number of persons employed there? Is it not true that today there are 100 less persons on the executive payroll than the number on the executive payroll on June 30, 1952? There are 100 fewer persons, because in arriving at the figures it is necessary to exclude the employees in the Office of Civil and Defense Mobilization.

Mr. MAGNUSON. I do not know. All our figures——

Mr. DOUGLAS. Mr. President, I have prepared figures on this point.

Mr. ALLOTT. Mr. President, I am prepared to state the correct figures.

Mr. DOUGLAS. I may say——

Mr. ALLOTT. Mr. President, will the Senator yield to me?

Mr. DOUGLAS. Mr. President, who has the floor?

Mr. MAGNUSON. Mr. President, I have the floor; but I shall be glad to yield. All those figures are set forth in the House committee hearings.

Mr. ALLOTT. In 1952, the number was 1,504. The estimated number for the fiscal year 1960 is 1,404.

Mr. MAGNUSON. I do not see how that could be.

Mr. DOUGLAS. Mr. President, on that point, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. DOUGLAS. The material which I have before me in the House hearings beginning on page 138 was actually prepared by the Bureau of the Budget, although it was improperly designated, in printing it, as coming from the Library of Congress. A grave error was made in preparing the figures for 1952—by including those for the National Security Resources Board and those for the Office of Defense Mobilization. But the number of comparable positions was subtracted from the 1960 estimate.

The true figures show there has been an increase of 262, in comparable units, over this period of time.

That error was made by the Bureau of the Budget.

I ask unanimous consent that a correct table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of personnel in the Executive Office of the President, 1952 and 1960

Item	1952	1960	Increase (+) or decrease (−)
President	1	1	
White House Office	261	272	+11
Executive Mansion and Grounds	71	72	+1
White House Police	170	170	
Bureau of the Budget	515	435	−80
Council of Economic Advisers	47	31	−16
Emergency Fund for the President	82	5	−77
National Security Council	23	77	+54
National Security Resources Board	135		−135
Office of Defense Mobilization	199		−199
Office of Civil and Defense Mobilization	1,175	1,768	+593
Special projects		101	+101
President's Advisory Committee on Government Operations		5	+5
President's Committee on Fund Raising in the Federal Service		4	+4
Total	2,679	2,941	+262

Mr. DOUGLAS. This table is taken from the House hearings on this bill, page 199. However, to make it comparable, I have added to the number of positions under President Truman the figure of 1,175 for the Federal Civil Defense Administration for the year 1952 which, when added to those at the ODM and National Security Resources Board in 1952, is a comparable figure with the 1,768 positions under the new Office of Civil and Defense Mobilization in 1960. Thus, I have bent over backward to make this a fair comparison and one which compares the actual functions in the Executive Office in 1960 with those same functions—in or out of the Executive Office—in 1952. Here, too, then is a place where the President could begin to practice what he preaches.

Mr. MAGNUSON. All the figures we have are from the House committee hearings. They were given to us by the Bureau of the Budget. Those are the figures I am quoting. But I do not think anyone would say that the cost of maintaining the White House has decreased. It has increased. There may be good reasons for it, but it has gone up considerably, and the Legislative Reference Service of the Library of Congress has detailed it.

Mr. DOUGLAS. The question addressed to the Senator from Washington by Members on the other side of the aisle have been directed primarily to the Executive Office of the President, but not the White House Office. The White House Office, as it is very clearly stated on page 128 of the House hearings, has had an increase in personnel of from 261 to 373, or an increase of 112.

Mr. MAGNUSON. Actually, if the Senator will look at page 133, in 1938 the White House Office appropriation was $211,380, and the number of people employed was 45.

For the Executive Mansion and grounds, the appropriation in 1938 was $210,098, and the number of people employed was 57.

The number of White House police employed was 60, at a cost of $150,650.

The White House Office appropriation increased from $211,000 in 1938 to $1,883,615 in 1952, and the number of positions increased from 45 in 1938 to 261 in 1952.

For the Executive Mansion and grounds, the number of positions increased from 57 in 1938 to 71 in 1952.

For 1960 the requested number of positions is 72.

In other words, the totals for the White House in 1938 were 162 persons and an appropriation of $647,128. In 1952 the appropriation was $3,021,215, and 502 persons were employed.

For 1960 the requested appropriation is $5,401,000, with a total number of 615 persons.

Mr. DOUGLAS. That is the increase of 112 to which the Senator from Illinois has been calling attention, and the concentration of 112 is in the White House Office, the increase for the Executive Mansion and grounds being only 1, and the number of White House Police being constant.

Mr. President, will the Senator further yield?

Mr. MAGNUSON. Yes, I yield.

Mr. DOUGLAS. Does the appropriation bill and the items to which we have thus far referred include the cost of purchasing, maintaining, and operating the automobiles and limousines used by the President?

Mr. MAGNUSON. No. That is in a separate item. I am not quite clear as to the method by which that expense is included in appropriation bills, but I know that item is not included in this cost; the cars are leased. I do not know who pays the bill for the leasing——

Mr. DOUGLAS. I may say I think the leases are handled under the item of "other contractual services."

Mr. MAGNUSON. The cost is paid out of that item, but there is no initial payment made. It is a leasing arrangement.

Mr. DOUGLAS. In the report of the Library of Congress prepared for the House committee, which appears on page 129 of the House hearings, at the top of the page it is stated:

> It is reported that at least 20 cars are rented on a regular basis for use by the President and his staff. Additional vehicles are made available when the need arises. The President is reported to use three cars: A recent-model Cadillac, a bubbletop Lincoln costing about $30,000, and a Chrysler Imperial equipped with a sliding roof. Two heavily constructed Cadillacs costing about $65,000 each are occupied by Secret Service men who accompany the President. The Army furnishes chauffeurs for this fleet of cars.

Is that correct?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. The Army furnishes chauffeurs. Is that correct?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. So these items are charged to the Army budget, and not to the White House Office?

Mr. MAGNUSON. And, in addition, the Executive Office can call on a motor pool.

Mr. DOUGLAS. I understand it has a pool of 20 cars of its own.

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. I made an inquiry into this matter. I am simply going into the question of limousines. I found the White House had eight limousines, and that there were two, in addition, for the Secret Service. So there was a total of 10 limousines at the White House.

Mr. MAGNUSON. I do not have any details on the number of cars, but I assume the figures the Senator is citing are correct.

Mr. DOUGLAS. Does this bill include an appropriation for the maintenance and operation of naval vessels used by the President?

Mr. MAGNUSON. No. The cost of the naval vessels is computed separately. It will be recalled that the President in 1952, when he took office, deplored the fact that the *Williamsburg* was available.

Mr. DOUGLAS. The administration used it for a time.

Mr. MAGNUSON. The President declared that it was an unnecessary expense and the ship ought to be put away. The *Williamsburg* has been put away. It is now in the reserve fleet as a gunboat. In the place of the *Williamsburg* we now find being used the *Barbara Ann* and the *Susie E*, the names of the vessels having been changed from the *Leonore* and the *Margie*. The *Leonore* used to escort the *Williamsburg*, and the *Margie* was used for the President's family.

During the fiscal year 1958 the *Barbara Ann* was under way 197 hours, and the *Susie E* was used only 29 hours.

Mr. DOUGLAS. Twenty-nine hours? That seems to be a very small amount of use.

Mr. MAGNUSON. That is correct.

The *Barbara Ann* has one officer and eight enlisted men assigned to it. The *Susie E* crew comprises one officer and five enlisted men. Because these boats, however, are not used simultaneously, a separate crew is not maintained for the *Susie E*, but it is supplied a crew as needed from the crew of the *Barbara Ann*.

For the fiscal year 1958, the following hours were logged for the President and family and Cabinet officers, to whom the *Susie E* is made available in the month of June. This is the month when Cabinet officers can make use of the *Susie E*.

Mr. DOUGLAS. It is a consolation that on the hot nights when the rest of us are sweltering, to know that the Cabinet officers can enjoy the cool breezes of the Chesapeake Bay and the Potomac River. That will undoubtedly contribute to their peace of mind and improve their operating efficiency.

Mr. MAGNUSON. With reference to the cost of operating the two boats, I do not have the exact figures, but there is one figure of $60,000——

Mr. DOUGLAS. If the Senator will yield, the Library of Congress has furnished a figure, which appears on page 129 of the House hearings.

Mr. MAGNUSON. Is it a different figure?

Mr. DOUGLAS. It is stated on that page of the hearings that the 92-foot *Barbara Ann* cost about $140,000 to recondition, and the 60-foot *Susie E* about $35,000. The report goes on to state that there is no data on operating costs from either the Navy Department or the White House, indicating it had asked for that information, but had been unable to obtain it.

Mr. MAGNUSON. But the Navy uses $60,000 each year for their maintenance.

Mr. DOUGLAS. The U.S. News & World Report, in 1957, estimated it would take at least $500,000 to duplicate those vessels today. So the enjoyment of the water has not been completely given up by this administration. It has not been abandoned.

Mr. MAGNUSON. No.

Mr. DOUGLAS. Mr. President, will the Senator yield for a further question.

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. Would the Senator from Washington inform me whether the bill contains an appropriation for the maintenance and operation of Camp David, the President's lodge in the Catoctin Mountains of Maryland?

Mr. MAGNUSON. Camp David is maintained by the National Park Service.

Mr. DOUGLAS. Do you know how much that costs?

Mr. MAGNUSON. I have just been corrected by the clerk. Camp David was under the National Park Service when I knew about it, but it has now been taken over. I understand the Navy Department is responsible for it.

Mr. DOUGLAS. Does anyone know how much the operation and maintenance of Camp David costs?

Mr. MAGNUSON. That is under the Navy. The Senator from New Mexico is not present, but perhaps he would have a figure for it.

Mr. DOUGLAS. I will say I addressed a letter to the Bureau of the Budget some days ago in this regard.

Mr. MAGNUSON. The money for it is not in this bill.

Mr. DOUGLAS. On June 18 I addressed a letter asking for an immediate reply on this and other matters. We were in communication with the Bureau of the Budget last night, and understood a letter was on its way. It was slow in coming, so we asked to have it delivered. When the letter came, it had only the information previously contained in the House hearings, which, to my mind, was not responsive to the questions I addressed.

It should be noted that the Legislative Reference Service of the Library of Congress has stated in connection with this matter that it had trouble in getting information.

Mr. MAGNUSON. The Legislative Reference Service says that the Navy has the responsibility for Camp David.

Mr. DOUGLAS. Who has the responsibility?

Mr. MAGNUSON. The Legislative Reference Service says:

> No cost data on Camp David has been obtainable thus far, either from the White House or from the Navy Department which is responsible for Camp David's administration.

It is not in this bill.

Mr. DOUGLAS. It is not under the National Park Service?

Mr. MAGNUSON. No.

Mr. DOUGLAS. Is it under the Army?

Mr. MAGNUSON. My information was that costs of Camp David were in the Army Budget, but the Legislative Reference Service says that the Navy administers Camp David.

Mr. DOUGLAS. Can we find out from the Navy how much its operation costs?

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. ALLOTT. I suggest that the Senator might ask President Truman. President Truman had the same place when he was President of the United States.

Mr. DOUGLAS. We are not considering President Truman's budget. We are considering the budget for 1960.

Mr. MAGNUSON. Camp David was built by President Roosevelt.

Mr. DOUGLAS. The Senator from Washington, I take it, is aware of the statement made by the Library of Congress, as shown at page 128 of the House hearings:

> Our office has attempted to obtain official data from the White House on such Presidential expenses chargeable to other budget accounts, but to date this information has not been made available.

That is a polite statement saying it was either delayed or refused. I can say that as of this afternoon the information has not been made available by the Bureau of the Budget. They are still holding out on the matter. I want to know what is behind this curtain of evasion. It is amazing that one can find out more from the press on such matters than from the Budget Bureau.

I am going to offer an amendment, I will say, which I hope the committee will accept, to provide that in any request hereafter submitted for appropriations for the maintenance and operation of the Executive Office of the President there shall be included a statement of any services or facilities proposed to be made available to the President under other appropriation accounts, and their amounts.

We stand for publicity on these matters—for the public's right to know. The administration and the Budget Bureau evidently do not believe in this.

Mr. President, I take it we do not quite know who does pay the bill for Camp David, but at least it is not charged to the President's budget. Is that true?

Mr. MAGNUSON. It is not in this appropriation bill.

Mr. DOUGLAS. And therefore it is not charged in any detail of the President's budget?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. I wonder if the very able Senator from Washington, who is a member of the Committee on Appropriations, will use his good offices to see that we get an account of the expenses of Camp David.

Mr. MAGNUSON. I think that could be obtained.

Mr. DOUGLAS. Speaking of transportation, I find in the U.S. News & World Report, which is edited by David Lawrence, who certainly cannot be accused of being an opponent of this administration or a severe critic of the President, in the issue of March 15, 1957, a picture of a motorized golf car which he says is used by the President to reduce his walking on the golf course. I had always thought this was a golf car presented to the President by friends, but it is stated that friends have given him a similar golf car, which means that this golf car was evidently furnished by others than friends.

In the House hearings on page 129, in the second paragraph from the top, it is stated:

President Eisenhower also has the use of a motorized golf car which cost approximately $1,000. It is driven by a Secret Service man.

To whom are the costs of the services of this Secret Service chauffeur charged? Are they charged to the White House budget, or are they charged to the Treasury Department?

Mr. MAGNUSON. They are charged to the Treasury Department.

Mr. DOUGLAS. Could the Senator inform us who paid for the $1,000 motorized golf car? This is not the one contributed by friends.

Mr. MAGNUSON. That I do not know. This is the first I have heard about it. I can assure the Senator from Illinois it is not covered in this appropriation bill.

Mr. DOUGLAS. Since it was not given by friends, as is stated by the U.S. News & World Report article, it must have been purchased by someone. Is the cost in the budget for the White House?

Mr. MAGNUSON. I am sure it is not in this budget. The President could use the special fund he has for such a thing. That is $50,000 the President has, for which he is not accountable.

Mr. DOUGLAS. I wonder if the committee would work on this subject, to see who paid for the golf car.

Mr. SALTONSTALL. Mr. President, will the Senator yield for an observation?

Mr. MAGNUSON. I yield.

Mr. SALTONSTALL. So far as I know, the President pays for his own golf fees at various clubs. This motorized golf car is used to conserve the health of the President, in the same way a tennis court was built on the White House grounds for President Theodore Roosevelt, which is still maintained, and in the same way a swimming pool was built for President Roosevelt.

Mr. DOUGLAS. It was built by private subscription, in the case of President Roosevelt. It was a private subscription conducted by William Randolph Hearst.

Mr. SALTONSTALL. To which Roosevelt does the Senator refer?

Mr. DOUGLAS. To Franklin Roosevelt.

Mr. SALTONSTALL. That was for the swimming pool?

Mr. DOUGLAS. That was for the swimming pool. I happened to have been connected with the Hearst newspapers at the time and I know about it.

Mr. SALTONSTALL. It seems to me we have to maintain the health of our Presidents, whether they are Democrats or Republicans.

Mr. DOUGLAS. I hope the Senator from Massachusetts will not think I am attacking these items. No. No. I want our President to have the very best.

Mr. SALTONSTALL. Of course.

Mr. DOUGLAS. I am merely pointing out how much he has; that is all.

Mr. SALTONSTALL. We are very lucky to have a healthy President. What we want to do is keep him heatlhy.

Mr. DOUGLAS. So the Senator approves of all these services which are provided?

Mr. SALTONSTALL. Sometimes I do not approve of all the services, but it seems to me the President has to have sufficient automobiles to get around.

Mr. DOUGLAS. Twenty?

Mr. SALTONSTALL. He has to have sufficient administrative assistants.

Mr. DOUGLAS. Including eight limousines?

Mr. SALTONSTALL. He has to have an opportunity for exercise.

Mr. DOUGLAS. Six airplanes? Two helicopters?

Mr. ALLOTT. Mr. President——

Mr. DOUGLAS. Two naval vessels?

Mr. President, will the Senator yield further?

Mr. MAGNUSON. I yield to the Senator from Illinois for a few more questions.

Mr. ALLOTT. I hope the Senator will limit himself to questions. Otherwise I may be obliged to ask for the regular order.

Mr. MAGNUSON. I will be glad to yield the floor.

Mr. DOUGLAS. No. The Senator from Washington is a very expert witness, and I want to develop these facts by a colloquy with the Senator.

Is it not true that there has been a steady upward trend in the costs of the White House and in the costs of the Executive Office of the President, in regard to the hiring of personnel in so-called special positions and supergrades?

Mr. MAGNUSON. I will say to the Senator from Illinois, I do not have the figures, and they are not included in our hearings. Those figures may be included in the House hearings.

Mr. DOUGLAS. I believe the Senator will find them in the House hearings.

Mr. MAGNUSON. I am not familiar with that phase of the matter. I know there have been added to the White House staff what we call supergrades, or special advisers, or special assistants.

Mr. DOUGLAS. Is it not true that whereas in 1952 there were nine super grade and special positions—namely, those in grades 16, 17, and 18 and the uppermost group above grade 18—there are 20 at the present time in such positions at the White House?

Mr. MAGNUSON. Without giving the Senator the numbers, I will say I checked on this matter a little bit today.

There were two or three extra grades provided in 1949, and some more in 1956. In 1956 there were 4 provided in the GS–16 grade, 2 in the GS–17 grade, and 14 special positions.

Mr. DOUGLAS. That made 20.

Mr. MAGNUSON. Yes.

Mr. DOUGLAS So I was correct in saying that there are now 20 supergrade or special positions.

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. Can the Senator inform me as to how many of those supergrade and special positions there were in 1952?

Mr. MAGNUSON. I am informed that there were 16 or 17 in 1952.

Mr. DOUGLAS. I think the Senator is in error. I have before me a Senate committee print, in the 85th Congress, 2d session, of an additional report of the Joint Committee on Reduction of Nonessential Federal Expenditures, under the chairmanship of the Senator from Virginia [Mr. BYRD]. On page 44 it is stated that in 1952 there were 9 supergrade positions in the White House, of which 8 were so-called special positions, and one was a supergrade. Has the Senator from Washington had an opportunity to familiarize himself with the table which I have given him?

Mr. MAGNUSON. The number has gone up. There are more positions in the special or supergrade category.

Mr. DOUGLAS. The Senator from Wisconsin [Mr. PROXMIRE], in his very able speech, pointed out that the services of seven of those employees are primarily used for lobbying.

Mr. PROXMIRE. The Senator is exactly correct. The Wall Street Journal, which is certainly not an antiadministration organ, made a very careful study, and made the assertion to which I have referred. It has not been challenged. It appeared on June 16. That is 300 percent more than Roosevelt or Truman ever had.

Mr. MAGNUSON. Let me say to the Senator from Wisconsin that this is an appropriation bill. All these grades have been created by Congress, at one time or another. Whether we should have created them or not, I do not know.

Mr. DOUGLAS. We only created them, did we not, at the President's request?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. We have been very indulgent towards the President.

Mr. MAGNUSON. We feel in duty bound to pay the salaries. What those employees are or are not doing is something else but the positions were created by law at the President's request.

Mr. DOUGLAS. I ask the Senator from Washington if the Bureau of the Budget is not a very important arm of the President?

Mr. MAGNUSON. It is more important than that.

Mr. DOUGLAS. Does the Senator mean it is not merely an arm, but the cerebellum?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. And not merely an arm.

Mr. MAGNUSON. The Senator is correct.

Mr. DOUGLAS. Has the Senator from Washington stated the increase in the

number of supergrades in the Bureau of the Budget?

Mr. MAGNUSON. I do not have those figures, but I can obtain them for the RECORD. Does the Senator from Illinois have them?

Mr. DOUGLAS. Yes; would the Senator from Washington appreciate it if the Senator from Illinois were to supply them?

Mr. MAGNUSON. Yes; I certainly would.

Mr. DOUGLAS. There were 14 supergrade and special positions in 1952. There are 41 today. Does not that indicate that the Bureau of the Budget has done all right by itself?

Mr. MAGNUSON. The Bureau of the Budget could very well take care of itself when it sends up the budget. The Bureau of the Budget prepares it.

Mr. DOUGLAS. And it outlines the number of supergrades.

Mr. MAGNUSON. The Senator is correct.

Mr. DOUGLAS. The Senator from Washington had a distinguished naval career in World War II. Did he not always notice that the headquarters staff was always greatly over strength, and that, in the Army, for example, there would be a great aggregation of colonels, lieutenant colonels, and brigadiers on the headquarters staff; and, in the Navy, of commanders, captains, and commodores?

Mr. MAGNUSON. I think that is a fair observation.

Mr. DOUGLAS. The Bureau of the Budget, which keeps down the expenditures of other organizations, seems to have been very charitable with itself; is not that true?

Mr. MAGNUSON. It seems so.

Mr. DOUGLAS. There has been an increase from 14 to 41 in the supergrades in the Bureau of the Budget.

Mr. MAGNUSON. The Senator is correct.

Mr. DOUGLAS. And an increase from 9 to 20 at the White House.

Mr. MAGNUSON. The Senator is correct.

Mr. DOUGLAS. So the President now has working for him 61 of these supermen—I will not say supermen; but they are paid as though they were supermen. Is that correct?

Mr. MAGNUSON. That is the correct figure.

Mr. DOUGLAS. They are as thick, are they not, as flies used to be on custard pies in a railway boarding house?

Mr. MAGNUSON. Not having eaten in many railway boarding houses, I would not be an authority on that subject; but they are pretty thick.

Mr. DOUGLAS. Seriously, let me ask this general question: Does not the Senator from Washington believe that we should and can make savings in the President's budget?

Mr. MAGNUSON. The Senator from Washington was hopeful, first, that with all the discussion by the White House itself, complaining, before the fact, that we were throwing money around, that we were spenders, and all that sort of thing; and making a plea—and rightly so—for a balanced budget, a better example could have been set by those who make the plea.

However, the Senator from Washington has always taken the position that unless there is something which, on its face, is very unusual, he would be willing to go along with the House, as he has done on many occasions, in connection with what it has allowed the President. Sometimes I do not think he should have some of the things he has requested, but he is the President. Some Presidents would not ask for such things, but if that is what he thinks he wants, I am inclined to go along.

Mr. DOUGLAS. Is the Senator's slogan, "Give the President Everything He Asks For"?

Mr. MAGNUSON. No; not everything. But I believe the American people should know that, in the items listed for White House expenditures, all expenditures should be listed.

Mr. DOUGLAS. Then the Senator will accept the amendment which I propose to offer, providing that in the future all expenditures for items now charged to other departments, but used by the President, shall be stated by the President?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. I have not yet been able to get this information from the Bureau of the Budget. It has erected a curtain—I will not call it an iron curtain, a bamboo curtain, or an Executive privilege curtain, because Executive privilege has not yet been invoked; but I will call it a comity curtain—and evasion by delay and circumlocution.

Mr. MAGNUSON. The Bureau of the Budget should be the first to give those figures.

Mr. DOUGLAS. And if it does not give the figures, it creates in the minds of the public the idea that there is something wrong. Is not that true?

Mr. MAGNUSON. That is correct.

Mr. DOUGLAS. I hope the Bureau of the Budget will reverse its policy. I find, from the letter just delivered to me, that it hopes that by the end of this week there will be a complete listing. So let us hope that reform really penetrates the Bureau of the Budget, and that it will give us the truth.

The Senator from Washington made the very interesting point that if one asks others to economize, he should set a good example. The Senator will remember the writings of Confucius, who was a wise Prime Minister as well as a Chinese philosopher. Confucius said that the most important thing an executive can do is to set a good example.

Mr. MAGNUSON. That has always been a good rule to follow. It has been said, I suppose, by many people. But particularly when one protests so loudly, as in this particular case, before anything happens, that everyone up here is throwing money away——

Mr. DOUGLAS. The President has charged and is charging that we are wild spenders——

Mr. MAGNUSON. He should set a good example. The extra men in the Bureau of the Budget, and the President, are the people who are going to hold the line.

Mr. DOUGLAS. The 61 supermen.

Mr. MAGNUSON. Yes. A better example could have been set.

Mr. DOUGLAS. I hope the Senator from Washington will not yield the floor immediately, because I should like to ask him one or two more questions.

Mr. MAGNUSON. I thought the Senator had completed his interrogation.

Mr. DOUGLAS. No. The question I should like to address to him is this: Does the Senator remember not only the saying of Confucius but also the popular aphorism in this country to this effect: "What you do speaks so loudly that I cannot hear what you say"?

Mr. MAGNUSON. Yes.

Mr. DOUGLAS. Does the Senator from Washington think that this saying has some connection with the budget of the President and his comments about the budget with respect to other Government services?

Mr. MAGNUSON. Not only that, but to the budget itself.

Mr. DOUGLAS. Yes. The Administration preaches economy and yet it fills its ranks with highly paid people. They promote each other. Is that true?

Mr. MAGNUSON. They not only promote each other, but I remember that the whole State Department and the whole Army had been housed in one building across the street from the White House. That is within my own political lifetime. Now it is all filled up with the Executive Offices of the President.

Mr. DOUGLAS. Of course, neither the Senator from Washington nor the Senator from Illinois is planning to return to the days of Grover Cleveland.

Mr. MAGNUSON. No.

Mr. DOUGLAS. Who had one Secretary and who used to answer the telephone himself.

Mr. MAGNUSON. That is true.

Mr. DOUGLAS. But we do say that the office of the President should be conducted with economy and efficiency and relative simplicity. Is that not true?

Mr. MAGNUSON. Relative simplicity will set an example in these times, and tend toward balancing the budget, and at least it would be helpful to get what is called a sound dollar.

Mr. DOUGLAS. I appreciate what the Senator from Washington has been doing, and I congratulate the Senator from Wisconsin for the amendment which he has prepared. The Senator from Illinois has a similar amendment he will propose if the opportunity offers. He will offer amendments which will save $675,000 from the Office of the President, from the estimates of the Bureau of the Budget and from special projects—that mysterious bourne, into which no one ever penetrates and from which no dollar e'er returns.

It may be that the amendment offered by the Senator from Wisconsin has priority. However, first I believe we should let our long-suffering friends on the other side respond. Then I shall ask for the floor in my own right to move a cut in the President's budget.

First I believe the Senator from Colorado has been heating up for some time.

Mr. ALLOTT. Anyone listening to this debate for the last hour certainly would be long-suffering.

Mr. DIRKSEN addressed the Chair.

Mr. DOUGLAS. Then, since there is no reply from the other side, I claim the floor in my own right.

The PRESIDING OFFICER. The junior Senator from Illinois is recognized.

Mr. DIRKSEN. Mr. President——

Mr. ALLOTT. Mr. President——

Mr. DIRKSEN. I believe I have the floor.

The PRESIDING OFFICER. The Senator from Illinois [Mr. DIRKSEN] has the floor.

Mr. DIRKSEN. I do not quarrel with the motives of anyone who explores this sort of thing. I believe, however, that the whole story should be told. I know that such remarks as have been made create a great reader interest. We will find them on the front pages of the newspapers. It is so easy to get a line on Camp David. But the whole story is that Camp David used to be Camp Shangri-La, and was acquired under Franklin D. Roosevelt. Let us get the whole story. Let us get the whole picture.

Mr. MAGNUSON. Mr. President, will the Senator yield? I stated that.

Mr. DIRKSEN. The Senator from Washington has set that forth; yes. However, I want to be sure that it is properly emphasized. It is easy to attack these increases without drawing the proper deductions. For example, there is the transfer of employees to the executive payroll and setting forth any kind of figures. But the fact is—and I will stand on it—that there are 100 fewer persons now on the White House executive roll than there were on the 30th of June 1952. If anyone wishes to have that established, we will establish it.

Mr. DOUGLAS. I challenge it and I have already placed the correct figures in the record.

Mr. DIRKSEN. I will establish it in due course.

Mr. DOUGLAS. I wish to say that the figures prepared by the budget are incorrect.

Mr. DIRKSEN. The Senator from Colorado either has or will put certain figures in the RECORD. It is so easy to argue as to what the appropriations show. However, what is the whole story when we begin to take all the figures from the Library of Congress?

There is another possible reason why White House office appropriations and personnel have increased substantially since 1938. Although we are unable to document it, veteran Bureau of the Budget employees state that until 1947 the White House secured a large proportion of its staff by detail from other agencies.

That statement appears at page 138 of the House hearings, and was prepared by the Library of Congress.

I want the whole story told about how these things came about. There has been an increase in the money appropriated for every benefit that is voted, and for everyone on the payroll of the Government. The White House staff gets these fringe benefits. Let us not forget that the country has grown, that the chores have grown, and that, as a consequence, the costs have increased. If we are going to compare them, let us compare them paragraph by paragraph.

I shall not weary the Senate at this late hour. However there are a few things that must be put in the RECORD. We are dealing with aircraft. I ask unanimous consent that all of the fine print on page 142 of the House hearings be included in the RECORD at this point in my remarks.

There being no objection, the excerpt was ordered to be be printed in the RECORD, as follows:

The only aircraft assigned for White House usage is one USAF C–121–E Super-Constellation (the *Columbine*). However, it is not used exclusively by the President but has been used on occasion for the travel of the Secretary of State and high foreign dignitaries during official visits to the United States.

The flight crew of the C–121–E assigned to the White House consists of three officers, two warrant officers, four airmen. There are 8 airmen assigned as security guards and 11 airmen assigned as maintenance crew. Total operating cost for the *Columbine* is $198 per flying hour. This is a direct operating cost and includes petroleum and its products, $88.67; crew, temporary duty, $4.50; and base pay for flight crew, $104.83.

The total flying hours logged for C–121–E (*Columbine*) for fiscal year 1958 was 412 hours. The total direct operating cost is therefore $81,576. This does not include the pay of the 8 guards or 11 maintenance men.

In addition to the *Columbine*, the President over a brief period used a two-engine Aero-Commander plane for short-range, limited-facility use. This plane was supplied from the special air missions group of the Air Force.

The President for the past 6 years has always had one large plane assigned to him and access to smaller planes as needed.

Mr. DIRKSEN. I now allude to the first paragraph of the statement:

The only aircraft assigned for White House usage is one USAF C–121E Super-Constellation (the *Columbine*).

When it comes to others, and when they need some for dignitaries who are visiting, the White House can get them, but the *Columbine*—just as in the case of the *Independence* of President Truman—is the only plane exclusively assigned to the President.

The second thing I wish to put in the RECORD is with respect to the jet planes to which reference has been made. I ask unanimous consent that the memorandum in small print on page 143 of the House hearings be inserted in the RECORD at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

No planes are being acquired for the exclusive use of the President or the White House, as is the *Columbine*.

There are three jet transports now on order by the U.S. Air Force for assignment to its Special Air Missions Group. These airplanes are the military versions of the Boeing 707 and have been designated VC–137–A. The aircraft were not ordered for any one individual or special group. They will take their place in the SAM fleet as replacements for Lockheed Constellation-type aircraft.

The Air Force provided in the fiscal year 1958 program for three VC–137 jet transports at $4.7 million flyaway cost each for a total flyaway cost of $14.1 million. Direct operating cost is estimated at $270.86 per flying hour. This figure includes POL $223.06, crew TDY $4, base pay of flight crew $43.80.

The SAM mission is to provide expeditious air transportation for high ranking U.S. Government officials conducting official business throughout the world. Invited foreign dignitaries and heads of state are also provided SAM service while in guest status. In the past, SAM planes have carried the President, the Vice President, visiting dignitaries, the Secretary of State, Cabinet officers and their deputies, Members of Congress, and officials of the Department of Defense.

There are no helicopters specifically assigned to the President. When he requires helicopter transportation, it is requested from Army and Marine units in the local area. The Marine helicopter squadron is at the Marine Corps Air Station, Quantico; the Army unit is at Davison Army Airfield at Fort Belvoir. These units are stationed in the area for other missions and perform the small additional task of making occasional flights for the President. The type of helicopter which the President uses is the Sikorsky S–58 which is known as the HUS–1 by the Marines, and H–34 by the Army. Operating costs for these helicopters, including fuel, crewing, maintenance, and depreciation, are $350 per hour. Since the President's first flight in these helicopters (September 7, 1957), he has accumulated 21 hours, which would be a total cost of $7,350. (This is exclusive of the cost of operating the helicopters which the President used during his campaign trip in October 1958, which were paid for by the Republican National Committee.)

In addition to the occasional flights which he makes, there are two helicopters on standby to relocate the President and his family in case of a civil defense alert directing the evacuation of Washington. These helicopters are supplied on a rotating basis from the Marine and Army units mentioned above. Since these helicopters are flown on training missions during such duty, provided they remain within a short distance of the White House, this duty does not materially interfere with their military mission.

The President did on one occasion fly in an Air Force Bell H–13J during Operation Alert 1957. He made two flights, one on the 12th and one on the 15th of July, for a total of 2 hours and 5 minutes flight time at a cost of about $252. These helicopters were procured by the 1254th Air Transport Group at Washington National Airport for use by high Government officials. They were found to be too small for carrying the party that normally accompanies the President and, therefore, have not so been used since, although we understand they are still in use by the 1254th Air Transport Group.

Mr. DIRKSEN. I should now like to read some of that language:

No planes are being acquired for the exclusive use of the President or the White House, as is the *Columbine*.

Senators may wonder about the jets. They are replacements for the Lockheed Constellation type aircraft, and they belong to the so-called special air mission, for the dignitaries, and generals, and, I suppose, Senators and Representatives can also use them. Let us put all this in proper context, and not say that these planes are exclusively assigned to the President of the United States, because that is not true.

There is a certain mendacity about it if anyone tries to pin that on the President of the United States. The President is a man without guile, trying to do

his job as best he can. It is an amazing political exploration to demean him in this way. The British Queen is not demeaned in any such manner. The *Britannia* will sail the seas. There would not be a Canadian, there would not be an Englishman raising his voice to talk about how much money the British sovereign spends. Yet here in the greatest country on earth, the richest country, we cavil about a few helicopters and about a few automobiles and about a few motor launches and about a few gardeners at the White House. God save the mark. How petty can we get? How mincing can we get?

We demean the President of the United States. That is a fine way to build up our country abroad. Those are the things which can make the headlines in East Germany or in the Orient: "Senators Attack the President."

The distinguished junior Senator from Wisconsin wants to tell the President now how to reorder his office. That is the purport of his amendment which is pending. He wants to tie the President's hands. He wants to tell him whom he can hire and whom he cannot hire.

Congress amended the law with respect to the executive branch in 1956. The President can have eight assistants or other staff personnel. Now the junior Senator from Wisconsin wants to reduce the number. I do not know whether that is a confession that the assistants have done effective work, or whether it is a reflection upon the gullibility of the Senate. Whatever it is, it is amazing that it should be done.

The House does not dictate to the Senate whom we shall have. The Senate does not dictate to the House whom the House shall have. The President does not dictate to us.

Nobody quarrels with the junior Senator from Wisconsin when he puts 75 persons on his payroll. If Senators think I am kidding about that——

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. In a moment. If Senators think I am "kidding," here is the report.

I am talking about the Proxmire amendment, which would tell the President whom he can have on his staff, whether he can have a deputy assistant to the President, or whether he can have liaison officers. How can their duties be defined?

I do not tell the Senator from Wisconsin whether he can have 75 persons on his staff. But there it is, printed in the Secretary's report. He can have as many as he likes. But I do not think he ought to come before the Senate and seek to impose a crippling amendment on the President of the United States simply because he thinks that the liaison agents, like former Representative Jack Anderson, of California, may have been a little too effective. That is a fine intrusion, is it not, upon the Chief Executive?

I shall not continue; I simply wanted to put this matter in proper context.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. PROXMIRE. The Senator from Illinois has said that I have 75 persons on my staff. I do not. The fact is that when this publication was issued, or during the period to which it refers, at one time or another—never at the same time—75 different persons had worked in my office. My maximum size staff was far less. But I should like to tell the Senator from Illinois why I had as many as I had. I have explained it to the people of Wisconsin; I have explained it to the press. It is a matter of record.

Mr. DIRKSEN. I do not have to have an explanation by the Senator from Wisconsin.

Mr. PROXMIRE. The Senator from Illinois asked for it.

Mr. DIRKSEN. I do not care about the explanation.

Mr. PROXMIRE. The Senator from Illinois raised the point. I should like to answer it. First, I voluntarily published the full payroll—the amount paid to everyone on my staff. Only a very small number of Senators have done this. Instead of relying on full-time workers, a number of people who worked for me worked only one-fourth, one-quarter time. In the case of many who worked for me it was like having one-fourth of a person in my office.

I hired people to work 10 hours a week. They were largely graduate students at Georgetown University, or American University. They were competent young persons. I was delighted to have the opportunity to help them earn enough money to earn their degrees. They did excellent work.

I insisted on keeping track of every bit of work they did. We had an accounting system in our office, so we knew exactly who came in and when all the work was accomplished. We had a unit work system. It worked very well.

At present, however, I have, probably, fewer persons on my staff than the junior Senator from Illinois has on his.

The junior Senator from Illinois seems enraged—unhappy, at least—because I have pointed out that since President Eisenhower took office he has increased his lobbying staff from one or two persons, which, according to the Wall Street Journal, was the largest number President Roosevelt or President Truman ever had, to seven persons, whose job it is to influence Congress, to tell Congress what to do, in violation of the Constitution and in violation of the Criminal Code. There is no question at all, in my judgment, or I think in the judgment of any objective observer, that this constitutes an effort on the part of the President to impose his will upon Congress, in violation, as I say, of the laws of this country and the Constitution.

Mr. DIRKSEN. When we talk about increases in other areas, perhaps we should become a little introspective and look at ourselves. Since 1954, the legislative appropriation has jumped from $49 million to $120 million. I do not have the exact amount. There has been an addition of some 1,200 or 1,300 employees on Capitol Hill since 1954. That is testimony to the fact that the country is growing and that the business of Congress is growing. I am always glad to vote money for the legislative branch.

But, in the same proportion, the business of the President grows, too. Let us be fair.

Mr. MAGNUSON. I merely wanted to place this in perspective, as the Senator from Illinois has suggested. The committee allowed the full amount to the President.

Mr. DIRKSEN. That is correct. The Senator from Washington is a very appreciative person.

Mr. MAGNUSON. I wonder if the Senator from Illinois would not want the RECORD to show that no matter what we allow the President or what the British Parliament allows the Queen, there is much discussion in the British Parliament about what the Queen spends. Nevertheless, they allow her sufficient money.

What Congress allows the President is our concern. I think we have allowed him sufficient money. The junior Senator from Illinois has served with me on the Committee on Appropriations, as has the distinguished Senator from Massachusetts [Mr. SALTONSTALL]. I do not thing the Senator from Illinois wants to suggest that the American people are not supposed to know what the money is being spent for and why it is being spent, and perhaps express an opinion as to whether it is too little, or too much. That is all that is being done today. I do not know of any amendments to reduce the amount proposed to be appropriated.

Mr. DIRKSEN. The President has not complained. He is trying to organize his staff. Now the Senator from Wisconsin is trying to tell him whom he may have on his staff.

Mr. MAGNUSON. No; the Senator from Wisconsin is merely saying that he thinks the President has too many persons on his staff.

Mr. DIRKSEN. That is not what he said.

Mr. MAGNUSON. There are many persons who have the same opinion, I must say. Ferhaps I do not share the opinion, but the Senator from Wisconsin surely has the right to say that. He represents some of the people who are paying the bill.

I think we have a right to discuss the matter. I hope there will be no suggestion that we should not discuss it; that we should say, as may be said to the Queen of England, "Whatever you want, go ahead." I think we would be derelict in our duty if we did that. I wanted to place the matter in perspective to that extent. We have provided for the President a pretty good amount.

Mr. DIRKSEN. Let us see whether the Senator from Wisconsin is going to tell the President whom he can have on his staff. Here is what his amendment provides. It strikes out the figure "$2,221,000" and substitutes in lieu thereof "$2,136,000." That is quite a substantial reduction.

Then comes the limitation:

> No part of the appropriation shall be available for the payment of compensation to (1) any person occupying the position of assistant to the deputy assistant to the President—

That means that none of the money can be used for that purpose—

(2) Any person occupying the position of staff assistant to the President.

The statute gives the President the authority to have eight staff assistants. Look at the statute. Then:

(3) Not more than four administrative assistants to the President.

Is that telling the President whom he can hire? If it is not, I have never seen the English language.

Mr. PROXMIRE. No, it is not. And the minority leader knows it is not.

Mr. ALLOTT, Mr. DOUGLAS, and Mr. FREAR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Illinois yield; and if so, to whom?

Mr. DIRKSEN. I yield to the Senator from Colorado.

Mr. ALLOTT. I think no one can disagree with the fact that not only Congress but also the public has a right to know how and where the money is spent. But I object, and object vigorously, to the context in which the questions were asked particularly to the innuendos which were cast and to the way in which they were made.

Mr. DOUGLAS. Mr. President, who has the floor?

The PRESIDING OFFICER. The junior Senator from Illinois has the floor.

Mr. DOUGLAS. Has he yielded for a speech?

Mr. ALLOTT. I will ask the junior Senator from Illinois a question. Is it not a fact that during the last 2 hours the senior Senator from Illinois [Mr. DOUGLAS] usurped the floor and made speeches lasting for 15 or 20 minutes, while he was attempting to utilize the floor under the guise of the question rule?

Mr. DIRKSEN. I will amend that by striking out the word "usurp"; but I will say that the rest is correct. [Laughter.]

Mr. ALLOTT. Is not the Senator from Illinois aware that in the legislative branch of the Government the number of employees—those of Congress—increased from 5,480, in 1953, to 6,561, as of the present time?

Mr. DIRKSEN. As a matter of fact, the number has increased more than that.

Mr. ALLOTT. Under the obligational authority of Congress, is it not a fact that the number of employees of the Architect of the Capitol increased from 1,042 to 1,225?

Mr. DIRKSEN. I think that is what the records show.

Mr. ALLOTT. Will the Senator from Illinois permit me to request unanimous consent to have the table to which I have been referring printed at this point in the RECORD?

Mr. DIRKSEN. I yield for that purpose.

Mr. ALLOTT. Mr. President, I so request.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Legislative branch

FEDERAL CIVILIAN EMPLOYMENT (AS REPORTED TO THE CIVIL SERVICE COMMISSION)

	June 30, 1953	June 30, 1954	June 30, 1955	June 30, 1956	June 30, 1957	June 30, 1958	Dec. 31, 1958
Congress	(1)	5,480	5,629	6,277	6,554	6,788	6,561
Architect of the Capitol		1,042	1,034	1,097	1,088	1,152	1,225
Total	(2)	6,522	6,663	7,374	7,642	7,940	7,786

NEW OBLIGATIONAL AUTHORITY

[In thousands]

	Actual 1953	Actual 1954	Actual 1955	Actual 1956	Actual 1957	Actual 1958	Estimate 1959	Estimate 1960
Congress	$39,802	$40,740	$46,731	$59,883	$60,924	$64,094	$70,026	$72,535
Architect of the Capitol	4,321	5,957	37,323	114,947	6,252	9,796	14,300	6,623
Total	44,123	46,697	84,054	174,830	67,176	73,890	84,326	79,158

EXPENDITURES

Congress	$36,956	$37,618	$42,719	$53,338	$56,356	$60,786	$61,000	$61,850
Architect of the Capitol	9,680	6,279	6,776	11,375	21,231	16,465	30,512	61,309
Total	46,636	43,897	49,495	64,713	77,587	77,251	91,512	123,159

[1] No reports of civilian employment by the Congress were made to the Civil Service Commission prior to March 1954.
[2] Not available.

Mr. ALLOTT. Mr. President, is the Senator from Illinois aware that the compensation of the President of the United States is now the same as it was in 1952?

Mr. DIRKSEN. Yes.

Mr. ALLOTT. So the compensation received by the President is no more or no less than it was at that time. Is not that true?

Mr. DIRKSEN. Yes.

Mr. ALLOTT. I ask the Senator from Illinois whether the appropriations for the White House Office in 1952 were $1,883,615, as opposed to $2,221,000 for the fiscal year 1960. Is the Senator from Illinois aware of that?

Mr. DIRKSEN. I am.

Mr. ALLOTT. Is the Senator from Illinois also aware that the total number of persons employed in the White House Office in 1952 was 261, and the estimated number for the fiscal year 1960 is 272?

Mr. DIRKSEN. That is correct.

Mr. ALLOTT. Is the Senator from Illinois also aware that the total number of employees in the White House, disregarding the employees for civil defense activities, who have been put there, was 1,504 in 1952 and is estimated to be 1,404 in 1960?

Mr. DIRKSEN. Yes; and I so indicated.

Mr. ALLOTT. Will the Senator from Illinois yield, to permit me to request unanimous consent to have printed at this point in the RECORD a memorandum on the White House and Executive Office personnel as of 1952, as compared with the estimated personnel in 1960? The table shows that when the figures are adjusted to omit the employees of the Office of Civil Defense and Mobilization, the total cost in 1952 was $11,469,265, as compared with an estimated total for 1960 of $14,595,500.

Mr. DIRKSEN. Yes. I think that is disclosed by the evidence.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

White House and Executive Office personnel, 1952 and 1960

	1952		1960 (estimated)	
	Appropriations	Number of positions	Appropriations	Number of positions
Compensation of the President	$150,000	1	$150,000	1
White House Office	1,883,615	261	2,221,000	272
Executive Mansion and Grounds	335,600	71	475,000	72
White House Police	652,000	170	1,055,000	170
Bureau of the Budget	3,608,000	515	4,665,000	435
Council of Economic Advisers	341,800	47	395,000	31
Emergency Fund for the President	[1] 1,000,000	[2] 82	1,000,000	[2] 5
National Security Council	160,000	23	792,000	[3] 77
National Security Resources Board	1,627,000	135		
Office of Defense Mobilization	1,711,250	199		
Office of Civil and Defense Mobilization			86,970,000	1,768
Special projects			1,500,000	101
President's Advisory Committee on Government Organization			57,500	5
Total	11,469,265	1,504	99,280,500	2,937
Deduct: Civil defense activities			−84,685,000	[4] −1,533
Total, adjusted for comparability	11,469,265	1,504	14,595,500	1,404

[1] For purposes of comparability, excludes reappropriation of $4,580,100.
[2] Represents average number of personnel on a full-year basis; number of positions not available.
[3] Reflects incorporation of Operations Coordinating Board, heretofore financed, as an interdepartmental committee group, out of departmental budgets.
[4] It is estimated that 235 positions and $2,285,000, the amount of the 1959 Office of Defense Mobilization appropriation, are applied to functions of the former Office of Defense Mobilization.

Mr. ALLOTT. Mr. President, I should like to ask the Senator from Illinois another question: On page 129 of the House committee hearings, we find, with respect to the *Barbara Ann:*

In place of the *Williamsburg,* President Eisenhower has the use of two naval vessels, the *Barbara Ann* and the *Susie E,* named after two of his granddaughters.

Does the Senator from Illinois find in the hearings anything to indicate that the former President of the United States had ever used the same vessels?

Mr. DIRKSEN. The records show that those vessels were acquired either in 1946 or before then. One was used by the Secret Service, to accompany the *Williamsburg;* and the other was used by the President's family. So they were acquired long before this administration came into office.

Mr. ALLOTT. As a matter of fact, they were then called the *Eleanor* and the *Margie,* were they not?

Mr. DIRKSEN. Yes.

Mr. ALLOTT. They were acquired in 1945.

Was the Senator from Illinois present when the *Williamsburg* used to cruise up and down the Potomac River, with the President aboard?

Mr. DIRKSEN. I was never aboard that vessel.

Mr. ALLOTT. I mean, was the Senator from Illinois ever in Washington at that time, and did he ever see that vessel?

Mr. DIRKSEN. I have seen the *Williamsburg* on Chesapeake Bay. I do not recall seeing it on the Potomac River. The records show that in 1952 the *Williamsburg* had an active crew of 8 officers and 110 enlisted men.

Mr. ALLOTT. That vessel was decommissioned by President Eisenhower, was it not?

Mr. DIRKSEN. Yes, in 1953.

Mr. ALLOTT. And it is now a part of the naval forces at New London, Conn., is it not?

Mr. DIRKSEN. Either that, or it is put into mothballs—either one or the other.

Mr. ALLOTT. Mr. President, I think I shall postpone my further questions until I see what develops. The Senator from Illinois has had the floor, and I have not had it. I shall wait until I can speak in my own time.

Mr. DIRKSEN. Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE].

Mr. DOUGLAS. Mr. President, I ask my colleague not to leave the Chamber until I make a statement, please.

My colleague from Illinois made what I am sure was an inadvertent error, which is pardonable, when he stated that the material from which he quoted on page 138 was prepared by the Library of Congress. It is so designated in the House committee hearings, but that is a typographical error. The report of the Library of Congress begins on page 127 and continues through the top of page 138. The Bureau of the Budget then prepared its reply, which runs from page 138 to page 141 and certain following paragraphs; and the junior Senator from Illinois, in perfectly good faith, has been quoting from that reply. But, by a typographical error—we have checked on this—this second statement was prepared, not by the Library of Congress, but by the Bureau of the Budget; and it really constitutes a reply by the Bureau of the Budget to the initial statement made by the Library of Congress.

As I tried to make clear during the colloquy, a very grave statistical error was made by deducting from the 1960 appropriation figures the appropriations for the Office of Civil and Defense Mobilization—a deduction of $84,685,000 and of 1,533 positions—but retaining in the figures for 1952 the expenditures for the National Security Resources Board and for the Office of Defense Mobilization—which amounted, respectively, to $1,627,000, and $1,711,250, or a total of $3,338,250.

But it is more appropriate to consider a comparison of the personnel. When we add the 1952 figures for the National Security Resources Board, the Office of Defense Mobilization, and the Office of Civil and Defense Mobilization—amounting, respectively, to 135, 199, and 1,175—or a total of 1,509—we find that figure is the equivalent of the 1,768, which is the number of the personnel for 1960 in comparable positions; and we find that these figures indicate a net increase of 262 during this period.

I may say also that there has been a great increase in the White House staff; and, of course, the new monstrosity—the "Special projects" item—was created. It did not exist prior to 1956; but in that year it was given an appropriation of $1,250,000, which since then has been increased to $1,500,000. Yet this is one of the reasons why there has been some confusion on the part of my colleague from Illinois.

Mr. President, let me say that I was a little startled at the statement by my colleague from Illinois that we should not scrutinize the expenditures of the President, and that, somehow, it would be unpatriotic to do so; and—perhaps in view of the approaching visit of the Queen of England—he suggested that since the British Parliament does not inquire into the expenditures of the Queen of England, it was, somehow, unpatriotic for us to inquire into the expenditures of the President of the United States.

Mr. President, I had not been aware that we had crowned the Queen of England in this country or that we were attributing to the President of the United States the same monarchial splendor which has been provided for the Queen of England.

Even though our imaginations may be touched by the coming of this beautiful young lady, I do not think we wish to transform this country from a republic into a monarchy. I had not thought Illinois had ceased to be a Republican and had become a monarchist. In a democracy we have the right to scrutinize expenditures of all groups, including our own. I am not in favor of putting a crown on the head of the President of the United States. We settled that long ago and I at least do not want to return to any condition resembling it.

The senior Senator from Illinois feels he is privileged to speak on this subject, because those of us who were here from 1949 through 1952 will remember that very often the senior Senator from Illinois took the floor and proposed cuts in the Truman budgets. He was not censured for those efforts by the leaders of his party. No one ever said that the President was sacrosanct, that his budget should not be questioned. I admit that the senior Senator from Illinois was frequently voted down, but the charge was never made that in trying to bring about economy he was helping the East Germans or the Chinese or other groups. In fact, as the senior Senator from Illinois used to make these attempts for economy, he would notice broad smiles of approval, at times coming quite openly, from the other side of the aisle. They seemed to enjoy it so long as the whiplash was being laid on a Democratic President. They not only enjoyed others laying the whiplash on a Democratic President, but, in unmerciful fashion, they would attack the Democratic Presidents, Harry Truman and Franklin Roosevelt.

I heard the most vitriolic statements made about them and the most vicious comments about the personal expenditures and personal habits of those Presidents.

But now, suddenly, we cannot ask a question about who pays the bill for all this luxury, we cannot even ask a question as to these little naval vessels. We cannot ask a question about the bubble-top Lincoln, or the three jet airplanes that cost $4.7 million apiece, or the Super-Constellations, or the two shorter range airplanes, or the special golf car. As for mentioning the helicopter, that is outside the ball park completely.

Our friends across the aisle seem to have a double standard of ethics. It is all right to pan Democratic Presidents in the severest of terms, but it is almost treason to inquire what a Republican President is spending in the way of money and what the taxpayers are paying. I am not attacking the President. I am merely criticizing his expenditures. Every American citizen has that right.

We should consider the taxpayers primarily. They are the ones who foot the bill. We should at least find out what is being spent for the operation of the White House, and introduce reasonable economies there, if possible.

Senators may remember that some weeks ago the senior Senator from Illinois questioned the expenditures of the Senate itself. He questioned spending $4 million to extend a subway which runs nowhere, and which was probably built through an architectural error, not knowing that the plans for an underground garage had been changed.

The Senator from Illinois was critical of the action of Congress. He did not make himself too popular with his colleagues by doing that, but he was trying to save $4 million for the taxpayers.

The Senator from Wisconsin and the Senator from Illinois were very critical

about putting carpets at a cost of $150,000, on rubber tiled floors which had already cost $100,000. Then when the carpets were put on the floors, it was discovered the doors could not be closed, because the doors had been designed for use with rubber tiled floors, so the doors had to be altered and cut down.

Those events reminded me of the Peterkin family, which was always getting into trouble, and they would have to call on the lady from Philadelphia to bail them out. One morning the Peterkin family made coffee. By mistake, they put salt in the coffee instead of sugar. Then they tried to sweeten the coffee by pouring in sugar. They made the coffee too sweet, so they poured in more salt. That made the coffee too salty. Then they poured more sugar in the coffee. That made it too sweet. Finally they called the lady from Philadelphia to help them. She said, "Throw it all out, and make a new batch."

That is all the Senator from Illinois and the Senator from Wisconsin were trying to do about the carpet over tile floors.

So I think the Senator from Wisconsin and the Senator from Illinois have a record of opposing waste—waste wherever it occurs, whether it be waste in Congress, or waste in the Executive offices. I maintain we have a right to inquire into waste in the Presidential office. That is what we are doing.

Here is an Executive office which had 9 supergrade positions in 1952, and which now has 20 supergrade positions. We have a Budget Bureau which had 14 supergrade positions in 1952, and which has 41 now. The President has 61 supergrade employees.

I admit—I not only admit, but assert—that probably President Eisenhower needs more help than President Truman did. President Truman worked hard at his job, and, working hard at the job, he needed only nine supergrade assistants. I would not expect the present Chief Executive to be cut back to nine supergrade assistants. That would be too rigid.

The Budget Bureau under President Truman was an efficient organization. I know the Bureau has its difficulties. I would not expect to cut it back to 14 supergrades, but if the Senator from Illinois has the opportunity, he is going to move to reduce the number of supergrade positions in the Office of the President by 5—which is, interestingly enough, the very number the Senator from Wisconsin, without consultation with me, arrived at. I am going to move to reduce the number of supergrade positions in the Bureau of the Budget by 10.

This will save at least $15,000 a job. In addition, there is at least a $5,000 secretary. In my judgment, there is also probably a secretary for a secretary, but we will not count that. It will save $20,000 a job, at a minimum, say, of 15 jobs, or a saving of $300,000.

Then the Senator from Illinois is going to move, if he has an opportunity, to take $375,000 out of the mysterious slush fund called "special projects," which has sprung up and grown like a yupas tree to $1½ million.

The Senator from Illinois is going to propose total savings of $675,000. In addition, he is going to ask that in the future we may know how much the airplanes and helicopters and naval vessels and chauffeurs and personal waiters and servants detached from the military cost, and to whom they are charged.

Senators on the other side of the aisle may work themselves into a lather and say we should not question the expenditures of the President, but I think we should remember the taxpayers, we should remember the farmer who gets up early in the morning and works through the day, who has a low income, but has to pay taxes to support activities of this kind; we should remember the wage earner who works at his job 40 hours a week and pays 20 percent or more of his income in taxes, and the small businessman, already facing extinction, who pays heavy taxes to support all these activities.

We should consider these men and women. We should realize that the public purse is not without limits; that private resources are limited; that we should introduce efficiency and economy in government service; and that not even the White House or the Congress is exempt from this requirement.

Let us help the President to practice what he preaches. If, beguiled by those around him, he departs from the simplicity which should be characteristic of a chief executive in a democracy, and if he should want to imitate the regal habits of monarchy, let us save him from that temptation. Let us return to democratic simplicity and thus help the President to set a good example for the American people, for by doing so we are really assisting him in fulfilling what I still believe to be the desire of his heart.

Mr. President, I had a long speech prepared on this subject, but I am not going to deliver it. I think the Senator from Colorado said he wants to reply. We will see what the parliamentary situation is.

I have some amendments I should like to offer. I think the Senator from Wisconsin has priority, however. If the Senator's amendment is rejected—and I intend to vote for it—I shall then offer the other amendments, which will bring about savings totaling $600,000, without specifying the positions involved.

Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, I will take only 1 minute. I want the RECORD to show that under no circumstances shall I ever, or have I ever, undertaken to favor a concealment of or wrong disclosure of the truth. I have served on the Appropriations Committees of the House and of the Senate for nearly 18 years. I have dedicated myself in all that time to bringing out the truth, as I saw it.

What I object to, Mr. President, is the statement of a partial truth or a half-truth. I want the whole business laid out where all can see and come to their own conclusions.

The only way I can express the idea, in a half minute, is to relate a story which I told on this floor some time ago, about the watchman at a crossing where an accident took place at night. The watchman was put on the witness stand, counsel qualified him, and asked him questions. Counsel asked, "Were you on duty at the crossing?" The man said, "I was." Counsel asked, "Was it dark?" The man said, "It was dark." Counsel asked, "Did you have your lantern?" The man said, "I had my lantern." Counsel asked, "Did you wave your lantern?" The man said, "I waved my lantern." The company obtained a judgment, and as counsel and the flagman went out, the flagman looked at counsel and said, "By golly, I am glad he did not ask me whether the lantern was lit."

Let us know whether the lantern is lit and what is the whole story.

Mr. President, I intend always to assert the need for economy with all the vigor at my command.

Mr. President, I am ready to vote.

Mr. PROXMIRE. Mr. President, as I understand the situation, my amendment is the pending question.

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. This amendment would have some $84,000. It would reduce the number of lobbyists on the White House staff back to the maximum level the country ever had under any previous President. I ask that the amendment be agreed to.

Mr. MONRONEY. Mr. President, I reluctantly rise in opposition to the amendment offered by my distinguished friend from Wisconsin.

The Office of the Presidency is the mightiest office in the world. It is occupied sometimes by a Democrat and sometimes by a Republican, but the Office of the Presidency must not and should not be diminished. Its flexibility and its responsibility to the Government I do not believe should be diminished by amendments, hastily added to a bill on the floor, designed to restrict the freedom of the President in organizing his office as he sees fit.

Even Members of Congress are not told what money they shall spend for an administrative assistant, for a private secretary, for a press secretary or for a research assistant. Consequently when we thus invade the separation of powers principle to try to act as a nagging nurse in regard to the wide discretion in the Office of the Presidency, with its tremendous responsibilities, we are not acting properly. The President must be given latitude, so I must reluctantly oppose the amendment offered by my distinguished colleague from Wisconsin.

Likewise, I shall oppose the amendments to be offered by my distinguished friend from Illinois, except the last one. I feel that the President takes the responsibility for the expenditures which he and his staff require in the administration of the Executive Office. These expenditures are well known, and should be well known. Perhaps the revelation of them on the floor of the Senate serves a good purpose. But I do not believe it adds to the concept of an independent executive working with an independent

legislative and an independent judiciary for us to put careless or unimportant restrictions upon the Chief Executive of this Nation, who has many duties.

I agree with point 4 of the amendment of the distinguished Senator from Illinois. I think the identification of the services and facilities required to be included in a statement of expenditures of the Executive Office of the President is legislation in the right direction.

Certainly I object, and I have heretofore objected on this floor, to the purchase of three jet planes for the use of the President, the distinguished members of his executive family, the Cabinet officers, and perhaps high-ranking military officers. This was an expenditure I raised my voice against long and loud, and I do not yet approve it.

I do not go along with my distinguished friend, the minority leader, in the intimation that these planes—and particularly these three planes—are not for the primary use of the President. It is all right to say they are not for the exclusive use of the President. No plane was ever built for the exclusive use of any one individual.

So when we determine whether the lantern was lit, a description of exclusive use is a little bit like an unlighted lamp.

These planes are for the principal use of the President, and the White House has consistently defended the item by saying the planes will speed the President from place to place, and the cost will not be too excessive, and so on.

It does us little good to argue at this late date about whether one of the planes is or is not for the principal use of the President of the United States. We do not accomplish anything that way. The President keeps the old-fashioned "Conny" which flies only some 300 miles an hour. Then there are two others, which were bought primarily for the use of the executive officials of the Government.

I think there should have been a request, and there should have been legislative permission granted, before $15 million worth of jet planes were purchased by MATS out of military funds for national defense, when the planes are tied up with crews ready to go and are not assigned to regular duties of airlift or anything remotely approaching it.

Certainly, I think it would be good, in the free enterprise system, to buy a plane for the President. I would have approved that, because the service and security of the plane requires mechanical perfection, and it should be, rightfully, in the hands of the military, for the President's use.

I think it would be a pretty good advertisement for our free enterprise system to charter two other planes, if it were necessary to have them, instead of buying planes and having them standing, rusting away, or becoming weather worn. The worst thing in the world for an airplane is to have it not flying. Then it is in the wrong element, on the ground. An airplane must fly in order to be a good airplane.

How easy, how inexpensive, and how fine it would be if, when the Vice President flies to open the trade fair at Moscow, he could go in a Pan American Super 707, which would be able to fly nonstop from the United States to Moscow.

The three planes which the brilliant generals bought, perhaps to make an impression on some military aides at the White House, cannot fly from here to Moscow nonstop, although they are brandnew planes just being delivered. However, Boeing has already delivered a Pan American plane which is an improvement on these old models our brilliant military minds bought with the MATS money. So we now have three obsolete jet planes for the executive department—admittedly for the executive department—and for a few VIP's.

The charter could have been effected at a fraction of the cost of the plane plus depreciation; and, when carrying the American flag under a free enterprise system, it would have told the Russians that Americans can pay their passage and fly anywhere in a jet plane. It would have been a great example of American ingenuity, and of the rights of our working people, who can cross the ocean for $250 in such planes. But, oh, no—we must have executive planes owned by the Government. That is the same as the Communist system.

Fortunately our privately owned airlines can and do fly farther and better, with more modern equipment.

So I agree with the last part of the distinguished Senator's amendment. I believe that this identification is necessary to protect the President himself and his office against rumors, against misinformation as to what services are being furnished. Let us have everything on record, in connection with the appropriation bill. However, I do not believe it is in keeping with the responsibility of the legislative branch, in the constitutional division of powers which has been so long in effect, to restrict the powers, responsibilities, and flexibility of operation of the President's own office.

Mr. DOUGLAS. Mr. President, I send to the desk an amendment which I ask to have read.

The PRESIDING OFFICER. There is an amendment pending.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE].

Mr. KUCHEL. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. COTTON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. COTTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE] [putting the question].

Mr. KUCHEL. Mr. President, I ask for a division.

The PRESIDING OFFICER. The "noes" appear to have it.

Mr. KUCHEL. Mr. President, a division.

The PRESIDING OFFICER. A division is called for.

On a division, Mr. PROXMIRE's amendment was rejected.

Mr. DOUGLAS. Mr. President I offer the amendment which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

> In any request hereafter submitted for appropriations for the maintenance and operation of the Executive Office of the President, there shall be included a statement of any services or facilities proposed to be made available to the President under other appropriation accounts.

Mr. SALTONSTALL. Mr. President, I make the point of order that this amendment is legislation on an appropriation bill.

The PRESIDING OFFICER. May the Chair inquire from the chairman of the committee whether there is any law of this sort at present?

Mr. MAGNUSON. Not specifically. The amendment is a request for information, which I think would not be subject to a point of order. If the amendment imposed additional duties upon the President of the United States, it would be subject to a point of order; but it involves a request for information.

Mr. DOUGLAS. That is correct. I am simply asking that the people's right to know be recognized.

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that if the law does not already carry this obligation, this addition to an appropriation bill would place an additional duty on the President, not now provided for by law, and therefore would be improper in an appropriation bill. It is a positive directive to the President to do something that he is not now required to do.

Mr. DOUGLAS. Is it the ruling of the Chair, then, that the amendment is out of order?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOUGLAS. Mr. President, I am very sorry that the Senator from Massachusetts raised the point of order. I believe that on mature consideration he will conclude that he has made a moral mistake.

We have been seeking to obtain this information for some time.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. In a moment. Let me finish, please.

The Congressional Library tried to obtain this information, and it was refused by the executive department, as will be evident from its statement.

On June 18 I asked for similar information from the Bureau of the Budget. I shall insert my letter in the RECORD.

This afternoon I received a letter from the Bureau of the Budget which is in no sense responsive. It merely gives material which had already been given,

and does not deal with the question of personnel and services to the President, charged to other departments.

I regard the letter of the Budget Bureau as evasive. I think the administration has made a very bad record in this matter. My amendment was designed to obtain the information. Of course, if the Senator from Massachusetts feels that this information should not be given to the public, he is privileged to make his point of order, and we have been put out of commission by a technical point.

I ask unanimous consent that my letter to the Budget Bureau and their reply be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JUNE 18, 1959.

MR. MAURICE STANS,
Director, the Bureau of the Budget,
The White House, Washington, D.C.

DEAR MR. STANS: I have been reading the House hearings on the general Government matters appropriation in which are to be found several tables concerning personnel, functions, and activities of the White House.

While this is the most extensive treatment of this subject which I have seen, there appear to be a number of facts which are missing and I wonder if your Bureau could provide at least one set of facts to me.

What I am interested in is the number of individuals who work at or who are assigned to the White House or to the President or his Office, who are in fact carried on the payroll of some other agency or Department. For example, there are numerous military personnel who are assigned as chauffeurs, there are the pilot and crew of the President's plane, there are various liaison officers from the military establishments as well as from other Departments and agencies, and there are a number of people from the State Department and other agencies who are assigned to the National Security Council and work in the White House.

Could a full list of these people be provided to me?

With best wishes.

Faithfully,

PAUL H. DOUGLAS.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 24, 1959.

HON. PAUL H. DOUGLAS,
U.S. Senate, Washington, D.C.

MY DEAR SENATOR DOUGLAS: I have looked into the matter of the number of individuals who work at or who are assigned to the White House or to the President or his office who are in fact carried on the payroll of some other agency or department, which you requested in your letter of June 18.

While we have some of the information which you are requesting, as in the case of the Treasury Department which has a statutory mission to protect the President, we have found it necessary to obtain certain information from the departments and agencies whose employees are assigned to the White House or to the President.

I am attaching a tabulation setting forth the number of people assigned to the White House as of June 30, 1952, and May 31, 1959, that we have been able to identify thus far. We hope by the end of this week to have a more complete listing.

Sincerely yours,

MAURICE H. STANS,
Director.

Partial listing of personnel assigned to the White House or the President and paid from appropriations of other departments and agencies as of June 30, 1952, and May 31, 1959

	June 30, 1952	May 31, 1959
Treasury Department:		
Secret Service	53 agents; 7 clerks	63 agents; 5 clerks.
White House Police	132	149.
Department of Defense:		
Presidential aircraft	*Independence*	*Columbine.*
	1 pilot	1 pilot.
	1 copilot	1 copilot
	3 flight engineers	2 flight engineers.
	1 navigator	1 navigator.
	1 radio operator	1 radio operator.
	1 flight steward	3 flight stewards.
	8 airmen and security guards	8 airmen and security guards.
	10 mechanics and ground crew	11 mechanics and ground crew.
	1 administrative personnel	1 administrative personnel.
Naval vessels:		
Williamsburg	8 officers; 110 enlisted men	
Motor launches (2)	1 officer; 8 enlisted men	1 officer; 8 enlisted men.

NOTE.—No employees are assigned from other agencies to the National Security Council and work in the White House.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. In a moment.

I had never thought however, that the Senator from Massachusetts would raise technicalities to defeat a good purpose. We all have the highest respect for the Senator from Massachusetts. We like him as a person. In his personal relations there is no one whom we trust more. We are delighted to have him as a friend, a relative, and a neighbor. The Senator from Massachusetts is one of the most estimable men I know. I hope very much that he will withdraw the technical point which he has raised, and return to the self we like to think of characterizing the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. Mr. President, I cannot withdraw my point of order at this time in connection with this appropriation bill.

I will say to the Senator from Illinois that I inquired personally of a representative of the Bureau of the Budget on this subject today, and asked him about the letter which the official in charge of this subject, had written to the Senator from Illinois. He stated that there was simply not time to obtain from the various departments the data which might be necessary.

I will say to the Senator from Illinois that, so far as I am concerned, I shall be glad to join with him, through appropriation committee channels, in obtaining this information, and I certainly will try to see that we have it. I will try to see that the Senator from Washington, other members of the committee, and the Senator from Illinois have the information before the supplemental budget requests come before us.

Mr. DOUGLAS. Why does the Senator object to my amendment?

Mr. SALTONSTALL. Because it is legislation on an appropriation bill. It would place an additional duty on the office of President. I do not believe such a formal characterization should apply to the office of President, any more than it applies in any other department.

We have the right to obtain this information, and, so far as I know, it will not be denied. The difficulty is that it could not be collected in time for the consideration of the pending bill. That is the best information I had, at 2 o'clock this afternoon.

Mr. DOUGLAS. The Library of Congress tried to obtain this material months ago, and was denied it. Six days ago the Senator from Illinois tried to obtain this information. We have been in almost constant telephonic communication with the Bureau of the Budget for the past few days. This is information which could be easily collected.

Information as to the military personnel who drive the automobiles for the President could be easily collected. To whom are they charged? Who pays for the airplanes? Who pays for the helicopters? Who pays for the boats? What about Camp David? All of this is accessible information, if there were the will to produce it. However, the Bureau of the Budget delays and postpones, in the hope that the people will forget about it. They are putting a curtain between this information and the American people. The Senator from Illinois, because of the technical point raised, has no recourse. By the motion of the Senator from Massachusetts, he has been literally put off the court. But the American people will want to know. I predict that in a few days the information will be forced out. I hope the press of the country, which has been so anxious to get at senatorial payrolls—I have published mine and I was glad to to do so—will assert the right of the people to know about expenditures by the Executive.

Since the amendment has been ruled out of order, I send another amendment to the desk, which proposes to cut $300,000 in salaries. This cut could be made in the first place by dropping 5 supergrade personnel attached to the White House, by reducing the number from 20 to 15. That is six more than President Truman had. I send the amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 2, line 18, it is proposed to strike out "$2,221,-

000" and insert in lieu thereof "$2,121,000."

On page 3, line 17, it is proposed to strike out "$4,665,000" and insert in lieu thereof "$4,465,000."

Mr. DOUGLAS. The first item refers to the President directly. The second one refers to him indirectly.

The PRESIDING OFFICER. Does the Senator from Illinois wish to have the amendments considered en bloc?

Mr. DOUGLAS. Yes. The second item refers to the Bureau of the Budget. Both cuts could be made effective without any loss of efficiency. The amendment would reduce the number of supergrade personnel in the White House by 5 and in the Bureau of the Budget by 10. Their exit would take with them at least a $5,000 secretary for each one and probably more. This is a chance to save $300,000 for the hard-pressed taxpayers of the country. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is the request sufficiently seconded?

The yeas and nays were not ordered.

Mr. DOUGLAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. KERR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KERR. Has the Chair announced the sufficiency for a yea-and-nay vote?

The PRESIDING OFFICER. There was not a sufficient second. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. I also ask unanimous consent that the yeas and nays be ordered on the amendment.

The PRESIDING OFFICER. Is there objection to rescinding the order for a quorum call?

Mr. HICKENLOOPER. To the request that the yeas and nays be ordered by unanimous consent?

The PRESIDING OFFICER. No. Is there objection to the request to rescind the order for the quorum call? The Chair hears none, and it is so ordered.

Mr. HICKENLOOPER. That was a double-barreled request.

Mr. MAGNUSON. I will make it a single-barreled request. I ask for the yeas and nays.

Mr. HICKENLOOPER. I have no objection to the yeas and nays, but I will object to unanimous consent for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays are ordered.

Mr. DOUGLAS. Mr. President, I do not intend to take any lengthy time on this amendment. For those who came into the Chamber late, the amendments would effect a saving of $100,000 in the Office of the President. This would be done by reducing the number of supergrade personnel from 20 to 15. There were only 9 in the last year of the Truman administration. It would also reduce the supergrade personnel in the Bureau of the Budget from 41 to 31 and save an additional $200,000, or a total of $300,000. There were only 14 supergrade positions in the Bureau of the Budget when Mr. Eisenhower took office. This would save money for the taxpayers by striking at the swollen bureaucracy of the Eisenhower administration.

Mr. CASE of South Dakota. Mr. President, for the benefit of Senators who have come into the Chamber during the last few minutes, I should like to repeat the sentiment which was expressed by the distinguished Senator from Oklahoma [Mr. MONRONEY]. If the amendment should carry the precedent would be established that Congress would be attempting to tell the President of the United States how to conduct his office. The independence of the Executive in his office must be maintained, just as the independence of the judiciary and that of the legislative branch. It would be an unfortunate precedent if the Congress should start to set a limit upon the request of the President for salaries in his own office. The operation of the executive branch of the Government is different. This deals with the President's own office.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments offered by the Senator from Illinois [Mr. DOUGLAS]. On this question the yeas and nays have been ordered.

Mr. KERR. Mr. President, I believe there is one thing which the Senate has done since I have been a Member of it, without advising and counseling with the President, and that is the matter of providing itself with the staff it needs and fixing the salaries on a basis it thinks equitable. There have been times when, if I could have brought about control of the President by the Senate, I would have done so. However, I would not do it by trying to fix a reasonable amount of salary for the employees he has. I would think that if we were going to take the position that we should determine that question for him, then we should permit him also to determine it for us. Having demonstrated our independence in that regard, I feel we cannot do any less than to extend to him the same privilege which we retain for ourselves.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments offered by the Senator from Illinois [Mr. DOUGLAS]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from Rhode Island [Mr. GREEN], the Senator from Alaska [Mr. GRUENING], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from Rhode Island [Mr. GREEN], the Senator from Alaska [Mr. GRUENING], the Senator from Massachusetts [Mr. KENNEDY], the Senators from Wyoming [Mr. O'MAHONEY and Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Missouri [Mr. SYMINGTON] would each vote "nay."

Mr. KUCHEL. I announce that the Senators from Maryland [Mr. BUTLER and Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from New Jersey [Mr. CASE], and the Senator from New Hampshire [Mr. BRIDGES] are absent on official business.

I also announce that the Senator from North Dakota [Mr. LANGER], the Senator from Wisconsin [Mr. WILEY], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

I further announce that, if present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from New Jersey [Mr. CASE], and the Senator from New Hampshire [Mr. BRIDGES] would each vote "nay."

The result was announced—yeas 5, nays 75, as follows:

YEAS—5

Carroll	Morse	Randolph
Douglas	Proxmire	

NAYS—75

Aiken	Goldwater	Mansfield
Allott	Gore	Martin
Anderson	Hart	Monroney
Bartlett	Hartke	Morton
Bennett	Hayden	Moss
Bible	Hennings	Mundt
Bush	Hickenlooper	Muskie
Byrd, W. Va.	Hill	Neuberger
Cannon	Holland	Pastore
Carlson	Hruska	Prouty
Case, S. Dak.	Humphrey	Robertson
Chavez	Jackson	Russell
Church	Javits	Saltonstall
Clark	Johnson, Tex.	Schoeppel
Cooper	Johnston, S.C.	Scott
Cotton	Jordan	Smathers
Curtis	Keating	Smith
Dirksen	Kefauver	Sparkman
Dodd	Kerr	Stennis
Dworshak	Kuchel	Talmadge
Eastland	Lausche	Thurmond
Ellender	Long	Williams, N.J.
Engle	McCarthy	Williams, Del.
Ervin	McNamara	Yarborough
Frear	Magnuson	Young, Ohio

NOT VOTING—18

Beall	Fulbright	McGee
Bridges	Green	Murray
Butler	Gruening	O'Mahoney
Byrd, Va.	Kennedy	Symington
Capehart	Langer	Wiley
Case, N.J.	McClellan	Young, N. Dak.

So Mr. DOUGLAS' amendments were rejected.

Mr. DOUGLAS. Mr. President, by this overwhelming vote, the Senate has clearly indicated that it is giving up its control over appropriations. It has previously established the precedent that any request approved by the House of Representatives in that body will not be scrutinized or changed by the Senate. The evidence also clearly shows

that when the committees approved requests for expenditures to run the Senate, the Senate as a whole will not change them.

Now Senators are saying, in effect, that everything the President requests will be granted. In speech after speech it has been stated that the bureaus of the Government have made certain requests and commitments, and that therefore it is improper for Congress to make changes in the requested appropriations.

There now seems to have developed a decentralized process by means of which virtually every agency of the Government can determine what it will spend; and it seems to be regarded as improper for any Senator to question the amounts.

Mr. President, only five of us voted for economy in this budget. The defeat we experienced was an overwhelming one. I do not question the good faith of Senators who voted against us, because all of them are good Members of the Senate, and I am sure they voted with the highest of purposes.

I think the people of the country—those on the farms, those who sit quietly in their homes—are asking themselves, "Cannot economy be obtained somewhere? Do the executive, the President and Congress really mean business?"

Mr. LONG. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. Moss in the chair). Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. DOUGLAS. No, Mr. President; I do not yield at this time.

Mr. LONG. If the Senator from Illinois wants economy, will not he yield for a suggestion?

Mr. DOUGLAS. First, let me finish my remarks; and then I will yield to my good friend, the Senator from Louisiana.

Mr. President, certainly the American people—those on the farms, those in the factories, those in the homes of the workingmen—are asking, "Cannot we have economy?"

Although we wish to take proper care of our President, I do not think we want him to live in Oriental splendor. I think that probably next to the Sheik of Saudi Arabia, we have now provided more liberally for the President of the United States than any ruler anywhere in the world has been provided for; and my belief that simplicity should attach to the office of the President is so strong that I definitely believe it is now time to make a change.

Mr. LONG. Mr. President, will the Senator from Illinois yield to me now?

Mr. DOUGLAS. Mr. President, I do not yield at this time.

Mr. LONG. I do not blame the Senator from Illinois for not yielding, for he knows what is coming. But of course he can yield whenever he is ready. [Laughter.]

Mr. DOUGLAS. Mr. President, we remember that when Thomas Jefferson was first inaugurated President of the United States, he rode on horseback to the foot of Capitol Hill, and then walked to the Capitol Building. But that is regarded as something in the past to which we should not return.

However, I wish to say that simplicity of life, economy, and frugality are still virtues in this country, even though they may be flouted by those in high office.

So, Mr. President, although the five of us were overwhelmingly repudiated here in the Senate, tonight, I do not think we shall be repudiated by the people of the country. And the Senator from Illinois, for one, intends—with good humor, but with persistence—to work for further economies in the budget.

Now I am delighted to yield to my good friend and needler from the State of Louisiana.

Mr. LONG. Mr. President, let me inform the Senator from Illinois that I am not here to needle. I am here to ask about important issues in the country, and particularly about what I regard as perhaps the most important one.

For 11 years the Senator from Illinois has been advocating "peanut" economies—for instance, when he advocated that free shaves for Senators be discontinued, and that they be made to pay 75 cents for shaves; or when he advocated taking the automobile away from the majority leader.

Mr. DOUGLAS. No; I never suggested the latter.

Mr. LONG. Or when he advocated taking the automobile away from the former President pro tempore, who then was 85 years of age.

Mr. DOUGLAS. No; I never suggested that.

Mr. LONG. Or when the Senator from Illinois advocated similar things; or when he advocated taking the rugs out of the new Senate Office Building.

Mr. DOUGLAS. Yes; I did suggest that or rather I proposed that they not be put in when there was no need for them.

Mr. LONG. Or when the Senator from Illinois proposed that the construction of the new subway be stopped 50 feet short of the Senate wing of the Capitol, with the result that Senators would have to run to this Chamber, regardless of the circumstances.

For instance, I recall that once, when a Senator was taking a bath, a vote was begun in this Chamber; and we had to wait until that Senator was able to use the subway and reach the floor. But under the proposal of the Senator from Illinois, the subway from the New Senate Office Building would stop 50 feet short of this building; and such a Senator would have to run all the way from the New Senate Office Building to the Senate Chamber, where he would arrive, no doubt, almost entirely out of breath—panting, perspiring, and in really quite a deplorable state.

Mr. CLARK. Mr. President, I call for the regular order.

Mr. DOUGLAS. No, Mr. President. I do not ask for that. I am glad to yield to the Senator from Louisiana; I would not have him taken off his feet.

Mr. LONG. The Senator from Illinois knows that—as compared to the "peanut" economies which he has advocated—a Government bond with a February 15, 1965, maturity date, which was issued at 2.58 percent interest, now sells at less than 90 percent par, with the result that it yields the purchaser 4.49 percent interest—on a U.S. Government bond—which is almost twice what such bonds were supposed to yield. The Senator from Illinois knows that previously we had a low interest rate—before the policy the Senator from Illinois has advocated went into effect and before he got his way.

Certainly the policy the Senator from Illinois has advocated is costing the Government $2 billion a year extra interest on the national debt; and that extra cost happens to be about 50 times as much as the total of all the "peanut" economies the Senator from Illinois has advocated here during the past several years.

The result of the policy the Senator from Illinois has advocated is that the people of the country are paying this extra interest rate, which operates as a tax on the poor, for the benefit of the rich, to the extent of $15 billion a year.

The Senator from Illinois has now said that that policy is no longer good and that he no longer advocates it. But our Republican friends will not let us forget about it. Every time we try to say that policy is unwise, they read the statements the Senator from Illinois made, to prove from the words of a good, loyal Democratic Senator that that was a fine policy and that it should have been instituted. They say the policy should be continued, and they urge the logic of the Senator from Illinois.

If the Senator from Illinois will go to the repenters' bench, and will say, "I was wrong. I never was right. I made a very bad mistake, and it is costing the Government a fortune. It is a $15 billion hidden tax on the poor, for the benefit of the rich. And I am sorry I ever did it," then I am willing to vote with him for some of his "peanut" economies. [Laughter.]

Mr. DOUGLAS. Mr. President, the Senator from Louisiana has made one of his typically effective speeches. His speech reminds me of the character, Mr. Dick, in Dickens' novel "David Copperfield," who, whenever he discussed any subject, had to bring the head of King Charles into the discussion.

No matter what subject we discuss, the Senator from Louisiana will bring up the interest rate; and he always will try to fasten around the neck of the Senator from Illinois responsibility for the increase in the interest rate.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. First, let me reply to the Senator from Louisiana; and then I shall yield.

Mr. President, I do not intend to go into that issue and discuss it at length at this time. However, I have moved for some very major economies as well as small ones, such as the $1 billion cut I proposed in the Commodity Credit Corporation funds a few days ago.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question—just a question, now?

Mr. DOUGLAS. No; I ask the Senator from Louisiana to wait a minute, please.

What I was trying to establish in 1950 and 1951 was a competitive interest rate, so that the Federal Government would not compel the Federal Reserve Board to purchase Government bonds at interest rates below the competitive rate, because in so doing the Reserve Banks increased their member bank reserves, which in turn permitted an approximately sixfold multiplication of bank credit, and contributed to inflation.

The Senator from Illinois was correct in that policy. He had some part in effecting the change.

Mr. President, I am not ashamed of that. I am very proud of it. I am not going to sit on the sinner's bench, at all.

But I do say that now this administration is trying to force upon the public an uncompetitive interest rate, and is trying artificially to raise the interest rate, whereas the Truman administration tried artificially to lower the interest rate.

The Senator from Illinois is standing for, and is urging, a competitive interest rate. That is what he is seeking to establish. He believes it is not necessary to increase the interest rate above 4¼ percent.

I shall be glad to argue this point at length on another occasion, Mr. President. But at this time, when the Senate is ready to vote, I do not propose to let the Senator from Louisiana come on the floor and launch into a rhodomontade and attack me.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. If the Senator from Louisiana wishes to ask me a question, of course I will yield.

Mr. LONG. Has the Senator from Illinois not heard his statement read out of context at least half a dozen times, to support an erroneous policy?

Mr. DOUGLAS. The Senator from Illinois has been pained to find that the Republican Secretaries of the Treasury think he is a great fiscal authority when his views happen to correspond to theirs, but that they denounce him as wild-eyed when his views differ from theirs. When George M. Humphrey, formerly the Secretary of the Treasury, and when the present Secretary of the Treasury, Mr. Anderson, say I am a fiscal authority, I am ready to admit it, if they insist on it. And I am ready to say that their present policies are unsound and, furthermore, that the administration is trying to throttle appropriations for human welfare, by advocating reductions in appropriations which the Congress should make to help the health and the housing of the American people.

The PRESIDING OFFICER. If there is no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. RANDOLPH. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. Well, Mr. President, I am torn between a desire to——

Mr. RANDOLPH. Mr. President, I am one of the five. [Laughter.] So will the Senator yield to me?

Mr. DOUGLAS. Very well; I yield with pleasure.

Mr. RANDOLPH. Mr. President, I ask the indulgence of my colleagues for a brief comment.

In the mountains of West Virginia, where there continues to be a considerable lumbering industry, we do not expect a man with an ax to fell a tree with one blow. And I declare to the distinguished Senator from Illinois, that I would not criticize him; rather, I would commend him for his continual chipping away on these unwarranted expenditures. Certainly, the White House must maintain a consistent attitude toward a better balancing of the budget.

Mr. President, we are in good humor in this discussion but actually, my fellow colleagues, this is a basic rule of sound action.

Kin Hubbard, the cracker-barrel philosopher, wrote many years ago:

> I don't believe in kickin';
> It ain't like to bring one peace.
> But the wheel that squeaks the loudest
> Is the one that gets the grease.

I hope the Senator will pursue his "kickin'," and I will stand with him on issues of this type.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment——

Mr. DOUGLAS. Mr. President, I thank the courageous Senator from West Virginia. I have one other amendment, which I send to the desk. I shall not ask for a yea and nay vote on this amendment, because I know what its fate would be, but I wish to have it made a matter of record.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. It is proposed on page 2, line 25, to strike out "$1,500,000" and insert in lieu thereof "$1,125,000."

Mr. DOUGLAS. Mr. President, the Bureau of the Budget, which says there is not money enough to aid education, not money enough to safeguard health, not money enough for housing, not money enough to take care of the needs of the American people, has done very well by itself. Instead of having 14 supergrade positions, as it had in the last year of the Truman administration, it now has 41 supergrade positions. While receiving comfortable salaries, they try to cut down on the needs of the poor. I am proposing that we cut the mysterious special projects appropriation by $375,000. Some of these people work very closely with the Bureau of the Budget.

Mr. President, I do not ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. I will not, however, shun a yea-and-nay vote.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. Has there been a request for the yeas and nays? There has been no such request.

Mr. CARROLL. Mr. President, I was one of the five who voted with the Senator from Illinois on the last vote. I did not fully agree with my distinguished colleague from Illinois, but I did not want to see him standing there alone. [Laughter.] It is a privilege, also, to associate myself with the senior Senator from West Virginia [Mr. RANDOLPH] in his cogent observations.

I want to say now to my distinguished colleague from Illinois I do not think the Bureau of the Budget needs fewer employees. It needs more. What is needed even more is more control by the Congress. I see present the distinguished senior Senator from Oklahoma [Mr. KERR]. He could tell Senators about the Bureau of the Budget.

This is the doctrine I have been trying to teach in my limited experience in this body. The Bureau of the Budget is determining what appropriations the executive branch will request of Congress. It is the one conducting investigations into the executive branch and into the regulatory bodies. We know our own committees are not following through.

I may say to my friend from Illinois he made a fine move toward economy, and I supported him, as a symbol, on the last vote, and only as a symbol, because I did not want him to stand with so few Senators supporting him. I did not quite agree with the Senator, but I did not want him to stand alone.

On the amendment now before the Senate, I think the Senator from Illinois is wrong. I think the Bureau of the Budget needs more personnel, more competent personnel, more salaries. But, more than that, the Congress of the United States needs larger staffs. We are the ones who ought to be staffing ourselves. We are the ones who ought to be spending money to check the Bureau of the Budget and find out what it is doing, so the legislative branch can regain control of the purse strings.

With all due deference to the Senator from Illinois, I hope this amendment will be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS].

The amendment was rejected.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that a statement and several exhibits which I have prepared be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DOUGLAS

THE WHITE HOUSE AND EXECUTIVE OFFICE BUDGET—THE RIGHT TO CRITICIZE

I wish to point out some of the waste and excesses in the budget of the White House and of the Executive Office of the President. There will be those who will say that a Member of the Senate should not criticize the President's personal budget; that it is above criticism or beyond the pale of congressional approval or disapproval. I do not share this point of view and I believe that my past actions make it possible for me to criticize the waste and extravagance in the President's personal budget.

In the first place, my colleagues will recall that when President Truman was in office, I rose time and again on the floor of the Senate to offer amendments to cut his budget. At that time, I was often joined by my colleagues on the other side of the aisle. However, since a member of their own party has occupied the White House, they have been strangely silent on the increases in the costs, personnel and perquisites of that office. I can only conclude that they operate on a double standard and apply a different set of values to Democratic waste or extravagance than to Republican waste and extravagance.

Not only are they silent in their criticism of Eisenhower waste, but when such issues are raised by members of my party, they appear indignant that anyone would have the temerity to raise such issues or to criticize their President. Their actions make me feel like approving the famous statement that the British journalist, Labouchere, made about Prime Minister Gladstone—and which more often than not, is inadvertently attributed to Disraeli—namely, that while he did not object to Mr. Gladstone always having the aces up his sleeve, what he did object to was Mr. Gladstone's insistence that the good Lord put them there.

In the second place, some may remember that I have also criticized actions of the Congress in supplying what I believe to be unnecessary perquisites to ourselves—perquisites which include free haircuts, subsidized meals, unneeded carpets, and the building of tunnels which seems to go nowhere.

For these reason, my conscience is clear and I believe that the budget of the President and the White House should receive the same scrutiny and evaluation that should properly be applied to all other matters of budgets and expenditures.

Furthermore, the White House and the Republican National Committee, as well as some of our colleagues in this body, have been waging a campaign against a wild-spending Congress.

The truth, however, is quite different. In these last 4 years, a Democratic Congress has cut the President's budget and his requests—including supplemental requests—by about $8 billion. In the 85th Congress, we cut his requests—including supplementals—by some $5.6 billion. In the 84th Congress, we cut his requests—including the supplementals which he also requested—by some $2.3 billion, or a total of $8 billion.

When these facts are given, our colleagues on the other side of the aisle reply that while this is true, we have nonetheless provided for back-door financing which is the reason that the budget was unbalanced, even though we cut it drastically. However, they fail to point out that in almost every case of so-called back-door financing, the President has requested such financing or has included such financing in the bills which he has sent to us, or has signed them into law. In fact, we have only just seen the example of the President requesting some $4.5 billion in back-door financing for the World Bank and the International Monetary Fund, and back-door financing for the latter sent to us in such a way that it would add to the deficit in fiscal year 1959 when it is not to be spent, but not to the fiscal 1960 budget when it is to be spent.

There is another fact about which they are strangely silent, namely, the tremendous deficits which have been piled up under the Eisenhower administration. Under this administration, we have had the largest peacetime deficit in our history. Under this administration, we have been asked to increase the debt ceiling on no less than three occasions, the last at this very moment. Under this administration, the total deficits have amounted to $25.1 billion and have been offset by budget surpluses of only $3.1 billion, leaving a net deficit for 6 years of $22.1 billion. In the 6½ peacetime years Mr. Truman was in office, there were total deficits of $14.4 billion which were offset by surpluses of $11.9 billion, leaving a net deficit of only $2.5 billion. This almost tenfold increase in the budget deficits under President Eisenhower are facts about which the President and his supporters say very little when they charge us Democrats with being wild spenders.

Since the President and his agents have determined to make the spending theme their 1960 campaign issue, it is not unfair to ask that the President should practice what he preaches and work a little harder to set his own house in order. This I intend to help him do today, for he needs our help in this matter. I want him to be just as frugal as he and his party claim he wants to be, or claims that others should be.

Increases in the budget of the White House and the Executive Office of the President

A. The White House Staff

Since 1952, there has been an increase in the White House staff—exclusive of personnel for the Executive Mansion and grounds and White House Police—of 112 positions. In 1952, the number of positions was 262 and the appropriation was $1,883,615. In 1960, the President has requested 373 positions and an appropriation of $3,721,000. This is an increase of 43 percent in the number of personnel and of almost 50 percent in the dollar costs of the staff of the White House office itself, exclusive of maintenance personnel, police and those in the Executive Office. When these figures are examined, it will be seen that this increase has come about by the addition of 11 persons to the White House staff, plus an additional 101 positions for so-called special projects of the President.

When this increase has been pointed out, the administration says it is unfair to count the special projects, but that is where the increases have been and my judgment is that they have been termed "special projects" in order to avoid criticism. Their argument is something like that of the excuse of Rip Van Winkle who, having sworn off the bottle, exclaimed as he lifted the glass to his lips, "We won't count this one." But nonetheless, there are 101 special positions which are a part of the White House office and which have added considerably to the cost of the White House itself.

Others may say that all of this can be explained away by the overall increase in the cost of living and the increase in the functions of the President. However, since the President has come into office, the cost of living index has risen from an index number of 113.5 in 1952 to an index number of 124.0, or by 10.5 points, or 9.2 percent. The rise in the cost of living of 9.2 percent hardly accounts for the 43 percent increase in the personnel and the almost 50 percent increase in the cost of the White House office itself.

When, in addition to this, the personnel of the Executive Mansion and grounds, who number 72, and the White House police, who number 170, are added to these totals, we see that the number of employees at the White House, in addition to the President and the White House office, have increased from 502 positions in 1952 to 615 positions requested for 1960, and that the dollar amounts have increased from $3 million in 1952 to $5.4 million requested in 1960. Thus, here is a place where the President could make a good start in proving to the country how sincere he is in wanting to cut down on waste and extravagance.

B. The White House and Executive Office of the President

The Office of the President includes numerous other personnel who are counted as a part of the Executive Office of the President and who are there because they serve the President in his various functions. There has also been a considerable increase in these numbers. The table below gives these facts and figures.

Comparison of personnel in the Executive Office of the President, 1952 and 1960

Item	1952	1960	Increase (+) or decrease (−)
President	1	1	
White House Office	261	272	+11
Executive Mansion and Grounds	71	72	+1
White House Police	170	170	
Bureau of the Budget	515	435	−80
Council of Economic Advisers	47	31	−16
Emergency fund for the President	82	5	−77
National Security Council	23	77	+54
National Security Resources Board	135		−135
Office of Defense Mobilization	199		−199
Office of Civil and Defense Mobilization	1,175	1,768	+593
Special projects		101	+101
President's Advisory Committee on Government Operations		5	+5
President's Committee on Fund Raising in the Federal Service		4	+4
Total	2,679	2,941	+262

This table is taken from the House hearings on this bill, page 139. However, to make it comparable, I have added to the number of positions under President Truman the figure of 1,175 for the Federal Civil Defense Administration for the year 1952 which, when added to those at the ODM and National Security Resources Board in 1952, is a comparable figure with the 1,768 positions under the new Office of Civil and Defense Mobilization in 1960. Thus, I have bent over backward to make this a fair comparison and one which compares the actual functions in the Executive Office in 1960 with those same functions—in or out of the Executive Office—in 1952. Here, too, then, is a place

where the President could begin to practice what he preaches.

C. Increase in Top Flight and Super Grade Personnel

The question may be asked, What accounts for the large increase in the number and appropriations for the White House Office and the Executive Offices of the President? In particular, what accounts for the increased appropriations for some agencies, like that of the Bureau of the Budget, where, in fact, the number of people has decreased since 1952?

The answer to that question lies largely in the large increase in the number of supergrade personnel or topflight personnel which this administration has added at the White House and in the Bureau of the Budget. These are the personnel who are paid from $14,000 up to $22,500 per year. Let us first examine the increase of these personnel in the White House Office.

In 1952, President Truman had on the staff of the White House Office, eight topflight or special positions and one supergrade position, or for a total of nine. In the 1960 budget, the President is asking for 14 special positions and for 6 supergrade positions, or for a total of 20. Thus, there has been an increase in these topflight positions of from 9, under Mr. Truman, to 20 under Mr. Eisenhower. Now, I know that Mr. Eisenhower probably needs more high-priced help than did Mr. Truman, but I would think that this increase of 11, or of 122 percent, is excessive. I should think that he might be able to get along with only a 50-percent increase in these positions, and I would suggest that the numbers be reduced from 20 to 15, which would still leave him with an increase of 66 percent.

The Bureau of the Budget has had a decrease in personnel of from 515 positions under President Truman to 435 positions under President Eisenhower, or a total of 80 positions, yet their budget has increased from $3.6 million in 1952 to $4.7 million in 1960, or by $1.1 million or by 30 percent. I suspect, also, that some of the functions which were performed by the Bureau of the Budget under President Truman have been transferred to other agencies or to other people in the Executive Office. But, let us take the figures as they have been given.

How does one account for this 30-percent increase in appropriations when there has been a decrease in the numbers employed. Again, it is a great deal more than the increase in the cost of living. But the secret lies, in part, in the great increase in the number of topflight or supergrade positions under the Eisenhower administration.

When President Eisenhower came into Office, there were at the Bureau of the Budget, 12 supergrade employees and two special positions, or a total of 14 topflight positions. In the 1960 budget, the President and the Budget Bureau are asking for 36 supergrade positions and for 5 special positions, or a total of 41 topflight positions which carry salaries from $14,000 and above to a top of $22,500. This is a 300-percent increase in the number of these topflight positions.

I would think that we could cut at least 10 of these positions, thus reducing the number of topflight positions to 31, still leaving the Budget Bureau with an increase in topflight positions of 220 percent over the number which President Truman had.

I think that in view of the increase in the yearly budgets, which are now in the range of $77 to $80 billion per year, and of the tremendous increase in the deficits under this administration which have been, on net, some $22.5 billion, that a 220-percent increase may be needed. But I do not think that a 300-percent increase in the topflight positions at the Budget Bureau are at all necessary.

In fact, if the President were ever to have carried out his campaign pledge—made at Morningside Heights—to reduce our annual budgets to the general level of about $60 billion per year, then, of course, he would probably have not needed this high-priced help in the Budget Bureau. But, they do have their problems in the increased amounts which they recommend that we spend, and they also have the problem of the huge deficits which have come about, including the largest deficit in any peacetime year, so that I think I am being fair when I say that a 220-percent increase in their topflight personnel should be adequate. In fact, if we reduce these numbers as I am proposing, perhaps we might see a proportionate reduction in the size of the budget and the size of the deficits, for, at the moment at least, there seems to be some direct relationship between the increase in topflight personnel and the increase in both budget expenditures and the size of the deficits.

D. The Perquisites of the President

In addition to all of these expenses and expenditures, there are the perquisites of the President which, unfortunately, are now shown in the budget of the White House or Executive Office, for—in the most part—they are charged to other appropriations and to other accounts and do not show up in the White House budget.

These perquisites, which he has at his personal disposal or which are provided to the White House staff and those in the Executive Office, include a fleet of eight limousines at the White House itself—which include a 7-passenger Cadillac, a bubbletop Lincoln costing about $30,000, and a Chrysler Imperial equipped with a sliding roof. In addition, there are two more heavily constructed Cadillacs costing about $65,000 which are occupied by the Secret Service. Then, also, the Director of the Bureau of the Budget and the Office of Civil and Defense Mobilization also have limousines provided to them. Thus, the number of limousines alone come to a total of 12 which are used at the White House or for the President and his agents. Attached to these, of course, are military personnel who function in the capacity of chauffeurs.

In addition to this, the President will have available to him three new Boeing 707 jet airliners—two of which have already been delivered—costing $4.7 million each.

Furthermore, the President has at his disposal two 6-passenger Aero-Commanders and two helicopters which are provided alternatively by the services.

One must also remember that he has at his disposal two naval vessels, the *Barbara Ann* and the *Susie E*, which cost about $140,000 and $35,000 each to recondition. Of course, the President has at his disposal the crews and personnel for these perquisites, as well as the ground crews in the case of his planes.

Even a motorized golf cart appears to be provided for him out of the funds of the Treasury. The cost of the golf cart is estimated at about $1,000 and requires a driver, a function performed by the Secret Service.

The Library of Congress has prepared a very interesting memorandum on these perquisites, which appear on pages 128–129 of the House hearings.

It reads as follows:

"[From the Library of Congress, Legislative Reference Service, Washington, D.C.]

"COMPARATIVE COST DATA ON THE PRESIDENCY AND FUNCTIONS RELATING THERETO, FISCAL YEARS 1938–60

"The Federal cost of maintaining the President, the White House, and his staff has shown a marked increase over the past two decades. Today, the support of this growing establishment necessitates the employment of hundreds of persons and annual outlays running into millions of dollars.

"Data showing this upward trend in congressional appropriations approved for the compensation of the President, the upkeep of the Executive Mansion, the White House staff, and related agencies for every year from 1938 to date are given in the tables appended to this report.

"President Eisenhower receives an annual compensation of $150,000. This includes his salary of $100,000 plus a $50,000 expense allowance. In addition, an allowance of $40,000 is available to pay the President's travel expenses as well as certain entertainment expenses. Presidential remuneration today is just twice that received by President Roosevelt 20 years ago.

"The cost of the upkeep of the Executive Mansion and grounds costs the Federal Government half a million dollars annualy. For the fiscal year 1959 Congress appropriated $515,000 for the care and operation of the Executive Mansion and grounds. This compares with $335,600 provided for the fiscal year 1952, the last year of President Truman's administration, and $210,098 voted for President Roosevelt in 1938. As can be seen in table 3 the greater portion of the total has been for payment for personal services. At the present time there are some 72 persons on the staff of the Executive Mansion. Thirty-four are servants, while the remaining 38 are engineers, carpenters, painters, electricians, gardeners, etc. This total is about the same number as those employed during the last year of President Truman's administration, but represents an increase of 16 over the number maintained at the end of President Roosevelt's administration. Detailed information on the number of persons employed in the Executive Mansion, their occupation and salary appears from time to time in hearings conducted by the House and Senate Appropriations Subcommittees. Table 4 gives this detail for 1938, 1951, and 1959.

"Salaries and expenses of the White House staff exceed $2 million a year. The $2,052,000 appropriated for the fiscal year 1959 is $168,000 more than that provided for fiscal year 1952 and is nearly seven times that voted for President Roosevelt's staff in 1940. Again personal services account for the major portion of this total. Obligations for personal services are estimated at $1,947,165, in the budget for 1960. This is 13 times the amount obligated in the fiscal year 1938. Included also under this appropriation is the $40,000 travel expense fund for the President. Table 6 gives a detailed breakdown of obligations for the White House office staff from 1938 to date.

"The latest Federal budget requests 272 positions for the White House staff in 1960. This compares with 261 in 1952 and 45 in 1938.

"In addition, $1,500,000 has been requested for fiscal year 1960 for the services of 101 persons hired for special White House projects. This staff gives special assistance to the President on particular problems of public policy.

"The U.S. Secret Service, operating under the Treasury Department, is responsible for guarding the President, his family, and the Executive Mansion and grounds. The budget for the fiscal year 1960 asks for $1,055,000 to pay the salaries and expenses of 170 White House police. This amount is seven times the $150,650 provided in 1938 and nearly twice the $652,000 voted in 1952. While the number employed today is about the same as in 1952, it is almost three times that required in 1938. These data cover only the police required for the protection

of the White House and grounds. Excluded are the police employed for the personal protection of the President and his family. We have been advised that funds for this purpose cannot be segregated from the general salaries and expenses of the U.S. Secret Service.

"The funds appropriated for the immediate support of the President and his staff along with the persons employed in 1938, in the last year of President Truman's administration and the most recent request for the Eisenhower administration, is summarized as follows:

	"1938		1952		1960 (requested)	
	Appropriations	Number of positions	Appropriations	Number of positions	Appropriations	Number of positions
Compensation of the President	$75,000		$150,000		$150,000	
White House office	211,380	45	1,883,615	261	3,721,000	[1] 373
Executive Mansion and grounds	210,098	57	335,600	71	475,000	72
White House Police	150,650	60	652,000	170	1,055,000	170
Total	647,128	162	3,021,215	502	5,401,000	615

[1] Includes special projects carried on by the White House.

"It may be seen from this table that the Presidency today necessitates a minimum annual outlay of $5 million and a staff of more than 600 persons.

"This does not include the numerous agencies which act in an advisory capacity and are directly responsible to the President. Such agencies include the Bureau of the Budget, the Council of Economic Advisers, the National Security Council, the Office of Civil and Defense Mobilization, etc. Appropriations amounting to $97,226,000 were requested for the fiscal year 1960 for the entire Executive Office of the President. By far the largest portion of this is for the Office of Civil and Defense Mobilization which asks $86,970,000 for the coming fiscal year. It is difficult to accurately compare the growth of the entire Executive Office of the President because of the constant addition of new agencies or the transfer or abolition of existing ones. Detailed information on appropriations and employees of most of the agencies included under the Executive Office of the President since 1938 is given in the tables included in the appendix. Excluded are the temporary agencies which were set up during World War II.

"Thus for all of the information presented is that which is readily available in appropriations hearings and in the annual volumes of the Federal budget. There are additional costs of the Presidency which are included in budgets of other Federal agencies. Our office has attempted to obtain official data from the White House on such Presidential expenses chargeable to other budget accounts, but to date this information has not been made available.

"However, newspaper and magazine articles have appeared from time to time giving certain cost data on the planes, boats, cars, etc. of the President. Summarized below are the data which have appeared within the last 2 years on this subject.

"President Eisenhower has at his disposal a fleet of limousines, planes, helicopters, two cabin cruisers, a modern Executive Mansion in Washington and a mountain lodge in the Catoctin Mountains in Maryland—all supported out of Federal taxes.

"The air fleet available for the President's use consists of a four-engine Super Constellation, two six-passenger Aero-Commanders and a number of helicopters. In addition, three Boeing 707 jet airliners are on order for use by the President, high-ranking officials and heads of state.

"The Super Constellation *Columbine III* transports the President and his staff on long-distance flights. This plane cost in the neighborhood of $3 million. The White House reports the following crew members: pilot, copilot, navigator, radio operator, 2 flight engineers, 3 stewards, 8 airmen, and security guards, and 11 mechanics and ground maintenance men—a total crew of 28. The Air Force reports that the cost per hour of running this plane is approximately $711.

"Two 6-passenger Aero-Commanders, costing $75,000 each, are available for trips of a few hundred miles. These planes are furnished by the Air Force on short notice. The only cost data available are those reported in 1957. Press Secretary, James C. Hagerty, is reported to have made the statement at that time that it cost between $30 and $35 an hour to operate these planes. This estimate excludes the salaries of the Air Force personnel used to operate them.

"Also at the President's disposal are 12-passenger S–58 helicopters provided in pairs by the Army and Marine Corps.

"U.S. News & World Report in a very recent article estimated that one of the new jet airliners would cost in the neighborhood of $4.7 million.

"It is reported that at least 20 cars are rented on a regular basis for use by the President and his staff. Additional vehicles are made available when the need arises. The President is reported to use three cars: A recent-model Cadillac, a bubbletop Lincoln costing about $30,000, and a Chrysler Imperial equipped with a sliding roof. Two heavily constructed Cadillacs costing about $65,000 each are occupied by Secret Service men who accompany the President. The Army furnishes chauffeurs for this fleet of cars.

"President Eisenhower also has the use of a motorized golf car which cost approximately $1,000. It is driven by a Secret Service man.

"The Ferdinand Magellan, a private railroad car, was formerly available for the President to use on his cross-country tours. The Federal Government purchased it in 1946 for $1. Its value was estimated in 1957 at $200,000. It is understood that President Eisenhower no longer uses this means of transportation.

"The yacht, *Williamsburg*, formerly used by President Truman, was inactivated in 1953 at the request of President Eisenhower. The Navy Department advises that it is not used for anything now, but is held in the reserve fleet at New London, Conn. During the years of its operation it was manned by 8 officers and 156 men and cost $186,000 annually to operate, exclusive of the salaries of the personnel on board. The Navy reports that it is not feasible to segregate the salaries of the Naval personnel used on this yacht from other salary data.

"In place of the *Williamsburg*, President Eisenhower has the use of two naval vessels, the *Barbara Ann* and the *Susie E*, named after two of his granddaughters. The 92-foot *Barbara Ann* cost about $140,000 to recondition, and the 60-foot *Susie E*, about $35,000. No information on operating costs of these vessels has been obtainable to date from either the Navy Department or the White House. U.S. News & World Report in 1957 estimated that it would take at least $500,000 to duplicate these vessels today. It also estimated that the Navy spends approximately $60,000 each year for their maintenance.

"In addition to the Executive Mansion, the President has the use of Camp David, a mountain retreat in the Catoctin Mountains in Maryland. It was built during World War II as a refuge for President Roosevelt. It was named "Shangri La" by President Roosevelt, but was renamed 'Camp David' after President Eisenhower's grandson. No cost data on Camp David has been obtainable thus far, either from the White House or from the Navy Department which is responsible for Camp David's administration.

"APPENDIX

"BUDGET REQUESTS FOR APPROPRIATIONS, APPROPRIATIONS APPROVED, AND TOTAL POSITIONS OF THE WHITE HOUSE AND RELATED AGENCIES, FISCAL YEARS 1938-60

"TABLE 1.—*Compensation of the President*

Fiscal year	Budget request	Appropriations approved
1938	$75,000	$75,000
1939	75,000	75,000
1940	75,000	75,000
1941	75,000	75,000
1942	75,000	75,000
1943	75,000	75,000
1944	75,000	75,000
1945	75,000	75,000
1946	75,000	75,000
1947	75,000	75,000
1948	75,000	75,000
1949	75,000	108,438
1950	75,000	150,000
1951	150,000	150,000
1952	150,000	150,000
1953	150,000	150,000
1954	150,000	150,000
1955	150,000	150,000
1956	150,000	150,000
1957	150,000	150,000
1958	150,000	150,000
1959	150,000	150,000
1960	150,000	

NOTE.—Except where noted, budget requests represent the original request for appropriations carried in the budget document for the years given.

"TABLE 2.—*Executive Mansion and grounds*

Fiscal year	Budget request	Appropriations approved	Number of positions
1938	$143,098	$210,098	57
1939	146,750	146,750	61
1940	146,750	146,750	63
1941	152,750	202,750	63
1942	150,670	150,670	63
1943	145,570	145,570	58
1944	151,500	151,500	59
1945	150,000	150,000	56
1946	150,000	[1] 1,871,940	49
1947	184,000	202,250	56
1948	202,250	202,250	57
1949	230,700	244,200	61
1950	260,400	260,400	61
1951	266,000	266,000	61
1952	315,600	335,600	71
1953	367,200	366,700	72
1954	367,200	356,184	72
1955	366,200	372,197	72
1956	366,200	383,775	72
1957	383,775	383,775	72
1958	400,400	415,000	72
1959	[2] 449,400	515,000	[3] 72
1960	475,000		[3] 72

[1] $1,650,000 of this total was for addition to the Executive Mansion.
[2] Includes supplemental request of $34,000 for fiscal year 1959 presented in the 1960 Federal budget.
[3] Estimated.

"TABLE 3.—*Executive Mansion and grounds, obligations by object, fiscal years 1938–60*

Fiscal year	Personal services	Transportation of things	Communication services	Rents and utility services	Printing and reproduction	Other contractual services	Supplies and materials	Equipment	Grants, subsidies, and contributions	Taxes and assessments	Repairs and alterations	Travel	Land and structures	Special and miscellaneous	Total obligations
1938	$105,125	$11	$552	$11,057			$8,998	$24,241			$54,526	$18		$5,570	$210,098
1939	98,337	20	628	11,180			14,876	11,630			4,300	60		4,759	145,790
1940	103,750	24	603	11,558			12,297	7,180			6,262	48		5,028	146,750
1941	104,106	49	666	11,774			14,882	18,098			32,509	28		5,570	187,682
1942	112,403	22	223	12,420		$8,207	19,157	5,441				5			157,878
1943	101,968	14	144	13,268	$70	11,073	14,932	1,304							142,773
1944	105,834	4	140	12,706	17	8,561	17,570	4,163							148,995
1945	106,300	3	145	12,127		12,983	17,739	703							150,000
1946	114,723	8	140	12,723	66	11,939	25,707	6,652							171,958
1947	164,385	329	76	12,416	97	44,921	38,196	13,545				108	$83,602		357,675
1948	155,604	46	64	13,387	85	101,616	79,881	11,314					13,839		375,836
1949	173,017	30	64	13,892	125	18,358	33,701	4,713				43			243,943
1950	193,774			12,635	154	13,840	25,307	37,408				41			283,159
1951	208,400	49		13,607	640	6,180	32,233	21,988		$73					283,170
1952	253,470	54		17,623	26	20,804	63,779	2,573		147		85	6,986		365,547
1953	287,586	8		27,315	272	13,546	48,765	2,700		85		29			380,306
1954	280,964			28,766	39	52,798	37,750	881		69			42,411		443,678
1955	278,870	9		28,327	159	27,268	53,298	4,367		41					392,339
1956	283,802	34		29,366	40	26,560	46,158	4,125		114				821	391,020
1957	297,335	23	4	34,412	40	20,139	50,409	1,078		207			19,728		423,375
1958	316,692	80		36,460	130	14,287	30,547	274	$16,564	170				[1] 3,946	419,150
1959 (est.)	320,956		145	30,890	125	42,100	48,575	11,984	16,625				14,000	−3,946	481,454
1960 (est.)	362,581			34,890	125	26,100	47,175	7,984	20,000	145			6,000		505,000

[1] 1959 program obligated in 1958. Source: 'The Budget of the U.S. Government,' annual volumes for the years 1940 through 1960. Washington, U.S. Government Printing Office.

"TABLE 4.—*Executive Mansion and grounds—Detail of personal services in selected fiscal years*

	Number of positions	Salaries
1938		
Assistant engineer	1.0	$2,900
Senior foreman gardener (at $2,250)	2.0	4,500
Gardener (at $1,545)	4.0	6,180
Assistant gardener	1.0	1,380
Housekeeper	.5	1,650
Administrative assistant	1.0	2,000
Clerk	1.0	1,620
Receiving clerk and accountant	.5	840
Assistant mechanical superintendent	1.0	2,500
Senior mechanic (at $2,200)	2.0	4,400
Mechanic (at $1,860)	3.0	5,580
Junior mechanic	1.0	1,560
Cook	1.0	1,620
Housekeeper	.5	840
Butler	1.0	1,620
Butler (at $1,380)	2.0	2,760
Messenger (at $1,470)	2.0	2,940
Footman	1.0	1,320
Mechanic's helper (at $1,440)	3.0	4,320
Valet	1.0	1,380
Cook	1.0	1,320
Pantryman	1.0	1,380
Assistant storekeeper	1.0	1,440
Doorman	1.0	1,260
Senior laborer (at $1,425)	8.0	11,400
Butler (at $1,260)	2.0	2,520
Housemen (at $1,160)	3.0	3,480
Cook (at $1,080)	2.0	2,160
Kitchen helpers	1.0	1,080
Laborer (at $1,080)	2.0	2,160
Maid (at $996)	5.0	4,980
Total	56.5	85,090
1951		
Principal operating engineer	1.0	4,525
Operating engineer (at $3,325)	4.0	13,300
Foreman carpenter	1.0	4,525
Carpenter (at $3,380)	3.0	10,140
Carpenter	1.0	3,140
Carpenter's helper	1.0	2,770
Foreman electrician	1.0	4,525
Electrician	1.0	4,150
Do	1.0	3,140
Foreman gardener	1.0	4,525
Gardener	1.0	3,725
Do	1.0	3,460
Gardener (at $3,275)	2.0	6,550
Gardener	1.0	3,050
Gardener (at $2,930)	3.0	8,790
Gardener	1.0	2,850
Do	1.0	2,530
Foreman plumber	1.0	3,900
Plumber	1.0	3,140
Painter	1.0	3,625
Storekeeper	1.0	3,725
Assistant storekeeper	1.0	3,115

"TABLE 4.—*Executive Mansion and grounds—Detail of personal services in selected fiscal years*—Continued

	Number of positions	Salaries
1951		
Maintenance foreman	1.0	$3,625
Clerk	1.0	2,955
Housekeeper	1.0	4,325
Maitre d' hotel	1.0	4,325
1st butler	1.0	3,140
2d butler	1.0	2,914
Butler	1.0	2,450
1st cook	1.0	3,140
2d cook	1.0	2,914
Cook (at $2,770)	2.0	5,540
Cook	1.0	2,652
Do	1.0	2,530
Doorman	1.0	2,850
Do	1.0	2,732
Do	1.0	2,652
Do	1.0	2,120
Houseman	1.0	2,732
Do	1.0	2,652
Do	1.0	2,540
Do	1.0	2,470
Do	1.0	2,260
Do	1.0	2,190
Do	1.0	2,120
Housemaid	1.0	2,470
Housemaid (at ($2,400)	3.0	7,200
Housemaid	1.0	2,120
Messenger	1.0	2,930
Valet	1.0	2,850
Total	61.0	188,598
1959 (estimated)		
Principal operating engineer	1.0	5,645
Operating engineer	7.0	30,425
Foreman of carpenters	1.0	5,645
Assistant foreman of carpenters	2.0	9,860
Carpenter	3.0	12,415
Foreman of painters	1.0	5,240
Foreman electrician	1.0	5,645
Electrician	3.0	14,030
Foreman plumber	1.0	5,240
Plumber	2.0	9,100
Plumber's helper	1.0	3,345
Foreman gardener	1.0	5,645
Gardener	11.0	39,465
Storekeeper	1.0	5,025
Assistant storekeeper	1.0	4,010
Clerk	1.0	3,415
Maitre d'hotel	1.0	5,375
Housekeeper	1.0	5,375
Assistant housekeeper	1.0	3,940
1st butler	1.0	4,010
2d butler	1.0	3,515
Butler	2.0	6,415
Head cook	1.0	4,215
2d cook	1.0	3,670
Cook	4.0	12,690
Valet	1.0	2,960
Doormen	5.0	16,515

"TABLE 4.—*Executive Mansion and grounds—Detail of personal services in selected fiscal years*—Continued

	Number of positions	Salaries
1959 (estimated)—Con.		
Foreman-houseman	1.0	$3,670
Housemen	4.0	12,375
Head laundress	1.0	3,130
Pantrywoman	1.0	2,775
Maids	8.0	23,660
Total	72.0	278,440

Source: 'The budget of the U.S. Government, Fiscal year 1940, Washington.' U.S. Government Printing Office, 1939, p. 25. U.S. Congress. House Committee on Appropriations. Hearings. Independent Offices Appropriations for 1952. 82d Cong., 1st sess. Washington. U.S. Government Printing Office, 1951, p. 6; 'General Government Matters Appropriations for 1959.' 85th Cong., 2d sess. Washington, U.S. Government Printing Office, 1958, p. 135.

"TABLE 5.—*White House Office*

Fiscal year	Budget request	Appropriations approved	Number of positions
1938	[1] $211,380	[1] $211,380	45
1939	[1] 213,160	[1] 213,160	45
1940	[1] 214,200	312,200	63
1941	305,500	305,500	63
1942	307,560	307,560	48
1943	308,910	308,910	47
1944	302,190	302,190	48
1945	339,131	353,631	49
1946	313,038	342,588	52
1947	883,660	883,660	210
1948	1,452,500	952,500	288
1949	969,612	1,169,612	241
1950	1,375,140	1,375,140	238
1951	1,585,553	1,585,553	254
1952	1,883,615	1,883,615	261
1953	1,907,643	1,957,643	279
1954	1,904,790	1,800,000	246
1955	1,800,000	1,895,000	262
1956	1,882,500	1,882,500	271
1957	1,875,000	1,875,000	268
1958	2,051,970	2,052,000	270
1959	[2] 2,151,970	2,052,000	[3] 272
1960	2,221,000		272

[1] Represents funds for salaries, Executive Office; contingent expenses, Executive Office; printing and binding and traveling expenses of the President. In later years these accounts are consolidated under the heading 'White House Office.'

[2] Includes supplemental request of $100,000 for the fiscal year 1959 presented in the 1960 Federal budget.

[3] Estimated.

"TABLE 6.—*The White House Office—Obligations by object, fiscal years 1938–60*

Fiscal year	Personal services	Travel expenses of the President	Other travel	Communication services	Rents and utilities	Printing and reproduction	Other contractual services	Supplies and materials	Equipment	Grants, subsidies, contributions	Taxes and assessments	Total obligations
1938	$144,299	$25,000	----------	$12,255	----------	$2,183	$120	$9,810	$7,912	----------	----------	$201,579
1939	141,366	25,000	----------	12,954	----------	2,130	209	9,604	6,711	----------	----------	197,974
1940	161,142	30,000	----------	12,591	----------	1,965	98	9,400	9,990	----------	----------	225,186
1941	186,282	30,000	----------	15,725	----------	2,700	73	12,795	7,091	----------	----------	254,666
1942	178,268	30,000	----------	13,639	$3,451	7,159	90	11,895	2,580	----------	----------	247,082
1943	195,477	30,000	----------	15,465	2,808	6,843	23	8,740	586	----------	----------	259,942
1944	225,789	[1] 30,000	----------	15,681	2,855	5,864	10	7,538	1,503	----------	----------	289,240
1945	235,643	[1] 29,852	----------	17,869	2,875	7,756	40	9,979	682	----------	----------	304,696
1946	250,996	[1] 14,636	----------	17,405	2,875	9,027	24	11,837	2,951	----------	----------	309,751
1947	772,122	[1] 33,094	----------	17,452	3,199	6,239	71	14,788	1,542	----------	----------	848,507
1948	1,067,200	32,039	$13,293	29,382	5,867	23,682	7,522	14,425	1,092	----------	----------	1,194,502
1949	1,023,060	33,896	----------	28,802	5,801	9,409	954	15,993	5,928	----------	----------	1,123,843
1950	1,185,660	40,000	6,787	32,815	7,725	10,181	1,500	17,345	2,722	----------	----------	1,304,735
1951	1,367,294	37,131	4,929	34,092	7,655	17,406	900	20,651	5,641	----------	----------	1,495,699
1952	1,446,264	39,989	10,151	44,279	7,425	18,004	911	23,580	18,795	----------	----------	1,609,398
1953	1,525,290	55,266	9,561	34,382	10,190	32,345	2,401	30,242	32,647	----------	----------	1,732,324
1954	1,435,479	41,564	18,636	48,416	4,626	30,098	811	31,098	29,724	----------	----------	1,640,452
1955	1,640,038	40,000	20,000	55,152	3,675	34,287	1,382	37,323	22,913	----------	----------	1,854,770
1956	1,649,934	39,240	12,556	62,520	3,327	37,832	6,620	35,608	30,315	----------	----------	1,877,952
1957	1,672,258	29,062	8,763	51,061	2,533	35,448	6,741	31,899	9,181	----------	----------	1,846,946
1958	1,748,437	32,140	8,205	58,879	2,830	46,388	6,805	48,056	12,599	$80,055	$7,576	2,051,970
1959 (estimated)	1,878,165	40,000	25,000	50,000	4,000	30,000	7,000	30,000	15,000	66,835	6,000	2,152,000
1960 (estimated)	1,947,165	40,000	25,000	50,000	4,000	30,000	7,000	30,000	10,000	71,835	6,000	2,221,000

[1] The Federal budget for these years does not indicate whether these funds were for the exclusive use of the President or were for the White House staff.

Source: The Budget of the U.S. Government. Annual volumes for the years 1940 through 1960. Washington, U.S. Government Printing Office.

"TABLE 7.—*Special projects* [1]

Fiscal year	Budget request	Appropriations approved	Number of positions
1956	$1,250,000	$1,250,000	95
1957	1,500,000	1,500,000	113
1958	1,500,000	1,381,000	114
1959	1,500,000	1,500,000	[2] 101
1960	1,500,000	----------	[2] 101

[1] For staff assistance for the President on special problems, e.g., coordination of public works planning, foreign economy policy, etc.
[2] Estimated.

"TABLE 8.—*U.S. Secret Service, White House Police*

Fiscal year	Budget request	Appropriations approved	Number of positions
1938	$150,650	$150,650	60
1939	150,650	150,650	60
1940	150,650	150,650	60
1941	151,400	203,900	80
1942	202,400	263,170	100
1943	202,400	354,400	94
1944	354,400	354,400	92
1945	322,000	309,000	98
1946	269,000	318,500	102
1947	334,000	379,500	110
1948	381,900	381,900	107
1949	370,000	399,000	107
1950	370,000	404,500	110
1951	418,000	522,000	172
1953	698,000	698,000	170
1954	698,000	730,000	145
1955	712,000	786,008	163
1956	800,000	857,000	163
1957	859,000	859,000	160
1958	865,000	908,000	160
1959	[1] 980,000	865,000	[2] 160

[1] Includes a supplemental request of $115,000 for fiscal year 1959 contained in the 1960 Federal budget.
[2] Estimated.

NOTE.—The appropriations given are for salaries and expenses (including uniforms and equipment) for the police used for protection of the White House and grounds. Excluded from this tabulation are the personnel and the funds employed for the personal protection of the President and his immediate family. The U.S. Secret Service advises that this information cannot be segregated from other functions performed by their service.

"TABLE 9.—*Bureau of the Budget*

Fiscal year	Budget request	Appropriations approved	Number of positions
1938	$222,000	$222,000	45
1939	225,000	480,710	103
1940	519,280	671,455	158
1941	808,000	840,100	281
1942	1,237,000	1,315,000	357
1943	$1,982,000	$1,982,000	507
1944	2,712,000	2,817,500	547
1945	3,827,000	2,956,800	566
1946	2,967,100	3,037,357	583
1947	4,052,500	3,762,483	599
1948	3,470,000	3,376,608	595
1949	3,467,000	3,280,500	534
1950	3,314,500	3,300,000	531
1951	3,486,000	3,412,000	534
1952	3,447,000	3,608,000	515
1953	3,850,000	3,461,200	485
1954	3,700,000	3,412,000	446
1955	3,390,000	3,388,617	435
1956	3,349,000	3,559,000	425
1957	3,559,000	3,935,000	458
1958	4,400,000	4,340,000	455
1959	[1] 4,589,000	4,205,000	[2] 435
1960	4,665,000	----------	[2] 435

[1] Includes supplemental request of $384,000 for 1959 presented in the 1960 Federal budget.
[2] Estimated.

"TABLE 10.—*Council of Economic Advisers*

Fiscal year	Budget request	Appropriations approved	Number of positions
1947	----------	$275,000	30
1948	$433,000	350,000	44
1949	400,000	310,000	39
1950	340,000	300,000	36
1951	330,000	300,000	39
1952	392,800	341,800	47
1953	349,000	225,000	33
1954	300,000	301,986	26
1955	325,000	351,000	33
1956	385,000	329,000	32
1957	365,700	365,700	31
1958	398,000	375,000	31
1959	[1] 395,000	375,000	[2] 31
1960	395,000	----------	[2] 21

[1] Includes supplemental request of $20,000 for 1959 presented in the 1960 Federal budget.
[2] Estimated.

NOTE.—Established by the Employment Act of 1946 (60 Stat. 24).

"TABLE 11.—*National Security Council*

Fiscal year	Budget request	Appropriations approved	Number of positions
1949	$200,000	$200,000	31
1950	217,000	200,000	25
1951	175,000	160,000	20
1952	160,000	160,000	23
1953	186,000	155,000	27
1954	160,000	220,000	29
1955	215,000	215,000	28
1956	240,000	244,000	28
1957	$248,000	$248,000	28
1958	710,000	711,000	77
1959	[1] 769,000	700,000	[2] 77
1960	792,000	----------	[2] 77

[1] Includes supplemental request of $69,000 for fiscal year 1959 contained in the 1960 Federal budget.
[2] Estimated.

NOTE.—Established by the National Security Act of 1947 (61 Stat. 496).

"TABLE 12.—*National Security Resources Board*

Fiscal year	Budget request	Appropriations approved	Number of positions
1949	$4,500,000	$3,000,000	280
1950	4,000,000	3,400,000	250
1951	3,500,000	3,500,000	353
1952	4,000,000	1,627,000	135
1953	1,780,000	625,000	135
1954	1,300,000	----------	----------

NOTE.—Established by the National Security Act of 1947 (61 Stat. 499) as an independent agency. Transferred to Executive Office of the President by Reorganization Plan No. 4 of 1949. Board and offices of Chairman and Vice Chairman abolished and remaining functions transferred to newly established Office of Defense Mobilization by Reorganization Plan No. 4 of 1953.

"TABLE 13

Fiscal year	Budget request	Appropriations approved	Number of positions
Office of Defense Mobilization:			
1951	----------	----------	----------
1952	----------	$1,711,250	199
1953	----------	2,409,564	536
1954	----------	2,870,216	389
1955	$2,761,000	2,161,000	294
1956	2,220,000	2,225,000	250
1957	2,283,000	2,200,000	251
1958	2,380,000	2,214,000	[2] 238
1959	2,420,000	[1] 2,285,000	[2] 254
Federal Civil Defense Administration:			
1951	80,000,000	26,750,000	555
1952	450,000,000	75,310,000	1,175
1953	575,000,000	43,000,000	789
1954	150,000,000	46,525,000	773
1955	85,750,000	49,325,000	721
1956	59,300,000	68,675,000	992
1957	123,200,000	93,560,000	1,141
1958	180,000,000	39,300,000	[2] 1,389
1959	67,800,000	38,500,000	[2] 1,575

Footnotes at end of table.

Footnotes at end of table.

Footnotes at end of table.

"TABLE 13.—Continued

Fiscal year	Budget request	Appropriations approved	Number of positions
Office of Civil and Defense Mobilization: 1960	$86,970,000	----------	[2] 1,768

[1] In addition, $4,500,000 was appropriated for the Office of Civil and Defense Mobilization for the fiscal year 1959.
[2] Estimated.

NOTE.—The Office of Defense Mobilization was established in the Executive Office of the President by Reorganization Plan No. 3 of 1953 (67 Stat. 634). The Federal Civil Defense Administration was first created within the Office for Emergency Management by Executive Order 10186 of Dec. 1, 1950. It was subsequently established as an independent agency by the Federal Civil Defense Act of 1950 (64 Stat. 1245). By Reorganization Plan No. 1 of 1958 the Office of Civil and Defense Mobilization was created by merger of the Federal Civil Defense Administration and the Office of Defense Mobilization.

"TABLE 14.—*President's Advisory Committee on Government Organization*

Fiscal year	Budget request	Appropriations approved	Number of positions
1954	----------	$60,000	5
1955	----------	----------	6
1956	$60,000	60,000	6
1957	60,000	57,500	5
1958	57,500	50,000	5
1959	57,500	58,000	[1] 5
1960	58,000	----------	[1] 5

[1] Estimated.

NOTE.—Established by Executive Order 10432 of Jan. 24, 1953.

"TABLE 15.—*President's Commission on Veterans' Pensions*

Fiscal year 1956:
Budget request ---------- $300,000
Appropriations approved ---------- $312,000
Number of positions ---------- 24

NOTE.—Created by Executive Order 10588 to make a special study of the veterans' compensation and pension program. Its activities ceased after submission of its report on Apr. 23, 1956.

"TABLE 16.—*Committee on Retirement Policy for Federal Personnel*

Fiscal year 1954:
Budget request ---------- $225,000
Appropriations approved ---------- $225,000
Number of positions ---------- 18

NOTE.—Created by the act of July 16, 1952 (66 Stat. 723) and authorized to make a report to Congress by Dec. 31, 1953.

"SOURCES

"The Budget of the U.S. Government. Annual volumes for the fiscal years 1938 through 1940. Washington, U.S. Government Printing Office.

"'A Jet Plane—Something New for the White House Fleet,' U.S. News & World Report, March 19, 1959, pp. 62–3.

"'*Columbine III* Cost $348 Hourly in Air,' Washington Post, July 24, 1957, p. 2.

"'Eisenhower and His Money. Many Extra Benefits Available to President,' Washington Star, July 29, 1957, pp. A–1, A–5.

"'When Ike Travels—Golf Carts to Yachts, a Big Fleet Stands by,' U.S. News & World Report, March 19, 1959, pp. 62–3.

"U.S. Congress. House Committee on Appropriations. Hearings. Independent Offices Appropriations for 1952. 82d Congress, 1st session. Washington, U.S. Government Printing Office, 1951, p. 6.

"———. Hearings. General Government Matters Appropriations for 1959. 85th Congress, 2d session. Washington, U.S. Government Printing Office, 1958, p. 135."

In addition, numerous articles have appeared on this subject, two of which are given below:

"[From the U.S. News & World Report]

"WHEN IKE TRAVELS—GOLF CARTS TO YACHTS, A BIG FLEET STANDS BY

"(When a President wants to travel, he can choose from a vast array of vehicles. President Eisenhower, for example, has available 3 airplanes, 2 yachts, a railroad car, 20 automobiles, a farm car, and a motorized golf cart. Included are two specially built Cadillacs for Secret Service men. Now two helicopters are being added to the White House armada. They will be used to fly the President and his Secret Service guards on short trips—to the airport, perhaps to his golf club, and his Gettysburg farm. Idea is that they will save Ike's time and protect him from traffic dangers.)

"Dwight D. Eisenhower has found a new way to simplify the difficult job of being President of the United States. He is soon to get a helicopter to whisk him away from the White House and back again on short trips. Another helicopter is being acquired to carry the Secret Service men who must accompany and guard the President everywhere he goes.

"The White House announcement of the purchase of the helicopters is now centering attention on the transportation facilities that a President enjoys in these days of mechanization and air travel.

"Already, Mr. Eisenhower is far ahead of any previous President when it comes to conveniences and conveyances. He has at his disposal a vast array of vehicles—ranging from a $3 million airplane to a motorized golf cart.

"Now, with the addition of two helicopters to his transportation armada, the President will have a vehicle for almost every occasion.

"Dangerous traffic jams

"Main idea behind the purchase of the helicopters is to save the President's time and protect him from traffic jams, which are dangerous as well as a source of delay.

"The whirlybirds will be used principally, according to White House officials, to fly Mr. Eisenhower from the White House to the airport. They also may be used, officials say, to fly him to the Burning Tree golf club—8.8 air miles northwest of the White House—or to speed him to his farm at Gettysburg, Pa.—about 60 miles away by air.

"Another idea, not being publicized but admitted by a White House aide to have been taken into consideration, is this: 'The helicopters would be of great value if the President ever had to evacuate Washington in a hurry in case of attack.'

"Mr. Eisenhower is a man who likes to get from point A to point B in the shortest possible time. To accomplish this, he will now have at his disposal—including the helicopters—5 aircraft, 2 yachts, a fleet of about 20 automobiles, a special railroad car, a motorized golf cart, and a miniature automobile for touring his farm. Other vehicles of various kinds are readily available in case of special need.

"Previous Presidents also have had planes, yachts, railroad cars and automobiles. Helicopters, however, are something entirely new to presidential travel.

"Range: 200 miles

"The helicopters, which will go into service in about 2 months, are Bell 47–J Rangers, costing about $60,000 apiece. Each can carry four people, and has a range of about 200 miles. The 47–J can fly at about 100 miles an hour.

"One of the helicopters will carry the President, his pilot, and a Secret Service man. The other will carry three more Secret Service men.

"Chief asset of the helicopters is that they can take off from the White House lawn and land only a few feet away from the precise destination—beside the President's big plane at the airport, near the first tee at Burning Tree, or on the lawn at Gettysburg.

"Result is considerable time saved. Exactly how much may be saved can be seen in the chart on page 50.

"Adding up all the trips that Mr. Eisenhower usually makes to the airport, to Burning Tree and to Gettysburg in a year, you come up with a yearly saving in travel time of at least 40 hours, if helicopters are used.

"Helicopters, however, will be only a small part of President Eisenhower's motorized armada.

"Queen of the travel fleet still will be the *Columbine III*, the four-engine Super Constellation that Ike uses on long trips. This $3 million plane drinks up $97 worth of gasoline every hour it is in the air, and the Government spends at least $20,000 a month to guard it and keep it in flying trim.

"The *Columbine* requires a crew of 10 persons, including 4 stewards, and the President's personal pilot, Lt. Col. William G. Draper. The big, silver-gray ship has every possible convenience—including a galley, a stateroom, a dressing room, and sleeping quarters for at least 10 passengers.

"For flights of medium distance, the White House has two $75,000 Aero-Commanders, each of which carries six persons. These are the planes which have been used for flights to Gettysburg. When Mr. Eisenhower was recuperating at the farm after his ileitis operation, last year, at least four Aero-Commanders were used in a shuttle service for White House aids and presidential callers.

"Land fleet

"On the roads, President Eisenhower can command an impressive fleet of automobiles. About 20 cars are rented for the White House staff. Reserved for the President's personal use are a late model Cadillac, and the famous 'bubble' car—a Lincoln incorporating features suggested by Ike.

"The 'bubble' is a sloping roof of Plexiglas which covers the entire rear seat. This protects Ike from the weather, but enables crowds to see him as he drives by. It can be brightly lighted so he can be seen by night. Mr. Eisenhower got the idea of the 'bubble' in 1954 when he noticed that people lining the sidewalks as he drove by were unable to see him when the top of his convertible was put up.

"Cost of the 'bubble' car is estimated at more than $30,000.

"Recent additions to the White House fleet of cars are two Cadillacs which have bodies of heavy steel and cost $65,000 each. They were especially designed for the Secret Service men who always accompany the President's limousine. The vehicles are open cars, with special frames, engines and chassis, and with bodies reinforced with heavy metal. They have running boards and footstands for the Secret Service men, and special compartments for tommyguns and pistols. Each car can carry nine persons at speeds up to 100 miles per hour.

"Just last week, friends gave Mr. Eisenhower the 1942 Cadillac that was his command car in World War II. The car will go into the Eisenhower memorial museum at Abilene, Kans.

"On his farm, Mr. Eisenhower has several vehicles. Best known is a miniature automobile with a fringed canvas top—also a gift.

"Motorized golf

"Ike also uses motorized transport on the golf course. At Augusta, Ga., he rides from tee to green in a chromium-trimmed cart that has his initial printed in gold on the side. It was donated to the President by friends at the Augusta National Golf Course, where he goes several times each year to play his favorite game.

"Cost of the golf cart is estimated at about $1,000. It is chauffeured about the golf course by a Secret Service man.

"Sometimes Ike's cart is joined on the golf course by other carts carrying fellow players. Secret Service men and the President's personal physician, Maj. Gen. Howard McC. Snyder.

"The sight of this motorized caravan advancing across a golf course has been described by watchers as something resembling a tank attack. As a matter of fact, considerable firepower is contained in those carts. Secret Service men carry submachineguns in their golf bags. At least one of the carts is equipped with two-way radio.

"Rail travel

"President Eisenhower has a special railroad car—called the Ferdinand Magellan—which is truly a home on wheels. The Government bought it for only $1 in 1946, but its value is estimated at $200,000. Mr. Eisenhower, however, doesn't care much for the old car and uses it very little.

"When the President does travel by train, as on a campaign speaking trip, he usually uses a more modern car belonging to some railroad official.

"Small Navy

"President Eisenhower doesn't care much for ships or yachting. He disposed of the yacht *Williamsburg* which the Navy kept in trim for former President Harry S. Truman. However, Ike still is able to call on two vessels set aside by the Navy for presidential use.

"One is a 92-foot yacht named *Barbara Anne* which cost $140,000 to recondition. The other is a 60-foot yacht called *Susie E.* which $35,000 to put in shape. It would take at least $500,000 to duplicate the two craft today, and the Navy spends an estimated $60,000 a year to keep them maintained and manned. The vessels are named for the President's granddaughters.

"Despite these naval facilities, Ike has made only four boat trips since he took office.

"Arrival of the two new helicopters is expected to be the last major change in presidential transportation for some years to come. After studies, it has been decided that jets are not at present feasible for use by the White House.

"'But someday the President will have a rocket ship, I guess,' says a White House aid."

"[From the U.S. News & World Report]

"A JETPLANE: SOMETHING NEW FOR THE WHITE HOUSE FLEET

"(Mr. Eisenhower plans to be the first President to travel by jet, with a special jet transport on order for his use. The jet to be added to the fleet of White House planes will fly at 575 miles per hour, reach Paris in 7 hours, cost $4.7 million. With eight planes, Ike expects to set a record for travel.)

"President Eisenhower in April is scheduled to add a jet airliner to his fleet of travel facilities.

"Mr. Eisenhower already is the first President to travel extensively by helicopter. He has a four-engine Super-Constellation, especially fitted and reserved for his own use. Half a dozen smaller aircraft—six-passenger Aero-Commanders and new-model helicopters—are kept available for White House transportation at any time.

"The new jet is to be a modified Boeing 707, similar to those being used by commercial airlines on transatlantic runs but with an especially designed interior for the President's convenience on long trips.

"Time saver

"With his jet transport, Mr. Eisenhower will be able to carry out his announced plans for traveling over much of the world in the coming two years, while losing little time in actual travel. The jet, flying at 575 miles an hour, will bring Paris to within 7 hours of the White House. India can be reached in only 14 hours, the Philippines in about the same time. A trip to Alaska for statehood ceremonies in July will take no more than 9 hours. Hawaii can be reached in about 8 hours from Washington.

"The Presidential jet, as yet unnamed, is to be checked out thoroughly after its delivery in April, and ready to use by mid-June at the latest. It will be one of three 707 transports, all fitted with special interiors and extra equipment, to be maintained by the Air Force in Washington for 'special air mission' flights. Of the two others, one is to be for State Department use, one for standby and occasional use by top-level officials.

"You get an idea of what the President's newest plane will be like from the drawing on these pages. There will be plush furnishings to accommodate Mr. Eisenhower, a party of aids and officials, plus a number of Secret Service men—up to 46 passengers, in addition to the crew.

"Comfort and efficiency

"While traveling at 30,000 feet and close to the speed of sound, most of the President's party will be able to relax in reclinable seats in the front and rear cabins. The center cabin will become the main living area, with sofa beds for Mr. Eisenhower's use, tables with swivel chairs, closets, and a dressing area for overnight flights. A pulldown container for charts is installed in this area, along with a projection screen, for use in briefings conducted during flight.

"It's a big plane, 145 feet long and about 139 feet from wingtip to wingtip. The commercial version, with a standard seating arrangement, can carry more than 100 passengers across the Atlantic in relative comfort. The President's model, with far fewer passengers, will carry a great deal of special equipment for navigation, communication, and safety. It will be based at Andrews Air Force Base, in Maryland close to Washington.

"Cost: $4.7 million

"What about its cost? That is estimated now at $4.7 million, or about 50 percent more than the especially equipped Super-Constellation which now serves as the queen of the Presidential fleet of aircraft. Each of the two other 'SAM' jets ordered by the Air Force will cost the same.

"The President still expects to keep and use his fleet of other vehicles, however, for future trips in the air.

"The now-famous *Columbine*—Ike's Super-Constellation which has been used for trips abroad—will be retained for future trips of moderate length. This piston-driven aircraft cost about $3 million, carries a crew of 10, and is equipped with an elaborate galley, a stateroom, a dressing room, and sleeping quarters for at least 10 passengers.

"In addition, two $75,000 Aero-Commanders, each able to carry six persons, are to be kept available for White House use on 1-day notice. These small planes also are maintained by the Air Force, can be used for trips of a few hundred miles. In the past, they have been used to provide a shuttle service between Washington and Gettysburg for the President and members of his staff.

"The President's personal pilot, Col. William G. Draper, will fly the fast new jet as well as these propeller-type aircraft when Mr. Eisenhower is aboard. Presidential air travel now is taking more and more of his time.

"New, larger helicopters

"Helicopters, too, are being used frequently now by President Eisenhower, who flies in one nearly every week. For short hops, he is using a bigger model than he flew in earlier. This new version is the 12-passenger S–58 type, furnished in pairs by the Marine Corps and the Army alternately as they are needed by the White House.

"With his expanded fleet of jet and piston-type aircraft, Mr. Eisenhower now plans a series of globe-hopping trips for this year and next, and expects to log more trip mileage in these 2 years ahead than he has in the last 6. To date, the President has made nine trips outside the continental United States, with two trips each to Europe, Bermuda, Canada, and Mexico, one to Panama.

"A flying trip to India, Pakistan, and the Philippines, for example, is scheduled. The President especially wants to visit India's Jawaharlal Nehru and may include a visit to Japan in the course of this trip.

"Two European trips

"At least two trips to Europe are in the planning stage. A new summit meeting is still possible, to be held probably at Geneva. Separate meetings with allied heads of state in Europe are under consideration as well, with Mr. Eisenhower now able to get there for weekend get-togethers by jet.

"A visit to Canada is planned for the end of June, when the President will meet with Britain's Queen Elizabeth and attend ceremonies opening the new St. Lawrence Seaway.

"In addition, he plans to attend a 21-nation conference in Latin America, tentatively scheduled for Buenos Aires, and may make special trips to see individual leaders on the pattern of last month's 2-day visit to Acapulco.

"Mr. Eisenhower, in brief, plans not only to be the first President to travel by jet plane, but to make use of the technique of jet travel to cover much of the world for face-to-face meetings in the years just ahead."

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. MAGNUSON. Now that the Senate is ready for a vote, I wish to express my appreciation to all the members of the subcommittee, who worked so hard on the independent offices appropriation bill and this bill. Many agencies and many problems were involved. Before the Senate votes, I want to thank the fine staff, particularly Mr. Earl Cooper, which worked so hard in the subcommittee on these two bills.

The PRESIDING OFFICER. The question is, Shall the bill pass?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Wyoming [Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that, if present and voting, the Senator from Virginia [Mr. BYRD], the Senators from Arkansas [Mr. FULBRIGHT and Mr. MCCLELLAN], the Senator from Rhode Island [Mr. GREEN], the Senator from Massachusetts [Mr. KENNEDY], the Senators from Wyoming [Mr. MCGEE and Mr. O'MAHONEY], the Senator from Montana [Mr. MURRAY], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

Mr. KUCHEL. I announce that the Senators from Maryland [Mr. BUTLER and Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from New Jersey [Mr. CASE], and the Senator from New Hampshire [Mr. BRIDGES] are absent on official business.

I also announce that the Senator from North Dakota [Mr. LANGER], the Senator from Wisconsin [Mr. WILEY], and the Senator from North Dakota [Mr. YOUNG] are detained on official business.

I further announce that, if present and voting, the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. CAPEHART], the Senator from New Jersey [Mr. CASE], and the Senator from New Hampshire [Mr. BRIDGES] would each vote "yea."

The result was announced—yeas 79, nays 2, as follows:

YEAS—79

Aiken	Gore	Monroney
Allott	Gruening	Morse
Anderson	Hart	Morton
Bartlett	Hartke	Moss
Bennett	Hayden	Mundt
Bible	Hennings	Muskie
Bush	Hickenlooper	Neuberger
Byrd, W. Va.	Hill	Pastore
Cannon	Holland	Prouty
Carlson	Hruska	Randolph
Carroll	Humphrey	Robertson
Case, S. Dak.	Jackson	Russell
Chavez	Javits	Saltonstall
Church	Johnson, Tex.	Schoeppel
Clark	Johnston, S.C.	Scott
Cooper	Jordan	Smathers
Cotton	Keating	Smith
Curtis	Kefauver	Sparkman
Dirksen	Kerr	Stennis
Dodd	Kuchel	Talmadge
Dworshak	Lausche	Thurmond
Eastland	Long	Williams, N.J.
Ellender	McCarthy	Williams, Del.
Engle	McNamara	Yarborough
Ervin	Magnuson	Young, Ohio
Frear	Mansfield	
Goldwater	Martin	

NAYS—2

Douglas Proxmire

NOT VOTING—17

Beall	Fulbright	Murray
Bridges	Green	O'Mahoney
Butler	Kennedy	Symington
Byrd, Va.	Langer	Wiley
Capehart	McClellan	Young, N. Dak.
Case, N.J.	McGee	

So the bill (H.R. 7176) was passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. FREAR. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. Moss in the chair). The question is on agreeing to the motion of the Senator from Delaware to lay on the table the motion of the Senator from Texas to reconsider.

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. ALLOTT, Mr. SALTONSTALL, and Mr. YOUNG of North Dakota conferees on the part of the Senate.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to announce for the information of the Senate that we will convene at 9:30 tomorrow morning, under the order previously entered. We hope that we may be able to pass the tax extension bill tomorrow; and, if necessary, we will run until late in the evening, at least midnight or later.

The President talked to some of us this evening, and he feels it is very essential to get the bill to the White House at the earliest possible date, so I appeal to Senators on both sides of the aisle to prepare whatever arguments they may desire to make or whatever amendments they may have to offer, in the hope that the majority of the Senate may decide what it wants to do, and send the bill to conference. We know the bill will have to go to conference. We are hopeful that at least during the remainder of the week we can dispose of such dissension as we may have, and send the bill to the White House not later than Monday, in order that the President may have a chance to review it and determine what his position will be.

I want all Members to know that we expect some yea and nay votes tomorrow, or the next day, or the next day, or at least until the bill shall have passed both Houses of Congress.

WHAT IS RIGHT WITH AMERICAN LABOR

Mr. HUMPHREY. Mr. President, on April 25, this body passed by the overwhelming vote of 90 to 1, S. 1555, the Labor-Management Reporting and Disclosure Act of 1959, the Kennedy-Ervin labor-reform bill as amended on the floor of the Senate.

In the period since the Senate took this action, there has been much discussion—in and out of the Congress—about the ultimate fate of S. 1555. Hearings have been concluded before the House Education and Labor Committee. The AFL–CIO has indicated its strong objections to a number of features in the bill. The major business groups have indicated their objections to the bill—objections which are of course quite different from those expressed by labor. The editorial writers of the Nation have been pouring out thousands of words of praise and of criticism of the bill. Labor corruption continues to be a popular issue.

I rise today, Mr. President, not to discuss the merits—or demertits—of S. 1555 or any other legislative proposals. I have confidence that when the legislative process is completed, the 86th Congress will have hammered out a constructive piece of labor legislation.

In this connection I want to pay warm tribute to my colleague, the junior Senator from Massachusetts [Mr. KENNEDY] for the splendid job he has been doing as chairman of the Labor Subcommittee of the Committee on Labor and Public Welfare, for his role in bringing out of committee a sound, constructive, nonpunitive bill, and for his brilliant floor management of that bill. As so often happens in a democratic body like the Senate, that bill went through numerous changes in the course of Senate action. And again, as often happens, some of those changes may deserve a second look after greater study and after their full implications become fully understood.

As we evaluate this legislation, however, and every other item of labor legislation before us, I urge that a simple criterion guide us. Will the proposed legislation help advance a strong, free, independent labor movement?

Legislation, of course, can do only a small part of the total job that is needed to eliminate corruption not only from the trade union movement but from society at large. The AFL–CIO, let it never be forgotten, did not wait for legislation before it acted. Its ethical practices committee was set up before there was established a Senate Select Committee to investigate improper activities in the field of labor-management relations.

Chaired by one of America's outstanding labor statesmen, the president of the International Association of Machinists, Mr. A. J. Hayes, the ethical practices committee developed ethical practices codes which have already done much to meet the challenge of labor corruption. It was violation of these codes that served as the basis for the courageous action of the AFL–CIO in expelling more than one-tenth of its membership. Would that the business organizations of this country or the legal societies followed this example and insisted upon such strict adherence to ethical behavior. I have yet to hear of one lawyer, of the hundreds already cited in the Senate hearings, being expelled from the American Bar Association. I have yet to hear of the chamber of commerce or the NAM expelling a member because of illegal or unethical business conduct.

For 2 years now we have been hearing much about what is wrong with the American labor movement. A sordid, frightening, distorted image of that labor movement has emerged from the hundreds of hearings, the thousands of editorials and cartoons, the countless speeches about corrupt labor officials.

Mr. President, I rise today to discuss what is right with the American labor movement. If there is any area of human behavior where the dog-bites-man formula is true, it is the area of labor relations. How often do we read articles about labor peace? How often are edi-

torials written about honest labor leaders? Is it not true that a $10,000 union contribution to a worthy charity is less newsworthy than a $100 bribe to a cheap crook? How often does a national magazine do a feature story on building tradesmen contributing their weekends to the rebuilding of a school or a hospital destroyed by fire?

But there seems never to be a shortage of front page space or editorial space when a strike is called, or when some violence flares, or when a union official is called before an investigating committee. Now, I do not want to be misunderstood. I think that strikes and violence and labor corruption are worthy of public attention. I think the public should be informed about the issues in a strike, why violence results, which union officials have violated their trust. But the public should also have the full story of what decent, honorable, devoted trade unionists are doing day by day for their fellowmen, for country, and the cause of freedom in a troubled world.

Many of our finest economists, political scientists, sociologists, and philosophers have written at length about the basic meaning and goals of trade unionism. I think that the Hebrew elder, Hillel, many centuries ago, said it all in one brief comment:

If I am not for myself—

He asked—

who will be for me? But if I am only for myself, what am I?

This is the real story of American labor. Working men and women have banded together to further their mutual interests. If they failed to do it for themselves, who would do it for them? But they could not be concerned with their problems alone. If they were only for themselves, what were they?

It is a tragic fact, indeed, that the recent disclosures before the Senate Select Committee on Improper Activities in Labor-Management Relations, in the absence of adequate publishing of the total labor story in America, have led many people to believe that the labor movement is a narrow, selfish, irresponsible force.

Mr. President, when I hear or see the phrase "labor movement," there does not flash through my mind the image of racketeers. That would be as appropriate and as fair as equating America with slums and juvenile delinquency and lynchings. America has those problems, and more, but America also stands for freedom, for achievement, for individual dignity, for opportunity, for decency, for honor, for compassion, and justice.

No, Mr. President, I think of other things when I think of the labor movement. I think of men whose names are recorded in history for their contribution to the growth of the American labor movement; dedicated and selfless men, such as Samuel Gompers, William Green, Philip Murray, Daniel Tobin, Van Bittner, and Alexander Whitney, to name but a few.

Let me recall just a few recent experiences—direct, personal experiences—that make me feel good to be considered a friend of organized labor.

A few weeks ago I attended an unusual dinner here in Washington. Hundreds of people, including dozens of Members of Congress, came to honor a lobbyist, a labor lobbyist. Usually, of course, it is the other way around. They came to pay tribute to John Edelman, the Washington representative of the Textile Workers Union of America.

For 50 years, 20 of them here in Washington, this humble, soft-spoken gentleman had worked tirelessly for the public interest. There has not been a cause—housing, minimum wages, public power, mutual security, civil rights—into which this union representative has not thrown his great talents, his inspiring leadership. Those talents, that leadership could have brought John great personal gain. But he has continued to serve the great public interest—as well as his own membership—as a union representative. And to the eternal credit of his union and its great leaders, Emil Rieve and William Pollock, he was encouraged to perform these manifold services.

For every self-serving person in the American labor movement, there are hundreds of John Edelmans. That is what is right with the labor movement.

It was John Edelman himself, by the way, who more than 30 years ago stated so eloquently the great role which unions could play in our modern civilization:

There are before us vast problems in human engineering—

He wrote—

which cannot be solved in any easy formula, but by the oldest method of all—that of reaching men's heart by a deep, moving, human appeal. Television may speed the sending of pictures, the radio may enable men to hear one another talk across continents, but none of these amazing devices will take the place of the ordinary human contact of the labor union and its activities in bringing about a more enlightened attitude among the masses of men in meeting their fundamental human problems.

In the more than 30 years since John Edelman wrote these words, the labor movement has indeed demonstrated its willingness and its ability to bring about that "more enlightened attitude among the masses of men in meeting their most fundamental human problems."

Union organizations have provided for millions of formerly inarticulate citizens the forum in which to hammer out policies affecting the world in which they live and which their children will inherit. And not only have they hammered out policies, but they have developed techniques and resources for implementing those policies. That is what I find so right about the labor movement. They have made democracy and citizenship and the right to petition a reality to millions of men and women.

I speak from some rich personal experience. Like every politician, I enjoy large audiences, television, press conferences, and enthusiastic applause. But perhaps the most stimulating periods I ever spend are the 20- and 30-minute sessions I have with groups of textileworkers, rubberworkers, steelworkers, machinists, building tradesmen, autoworkers, and communication workers who come to Washington to attend their unions' legislative institutes.

We Members of this great deliberative body do not know what debate really is until we have had to answer the searching but down-to-earth questions put to us by workers who know from firsthand the problems of automation, of unemployment, of old age, of radiation hazards, of slums.

The unions have given their wonderful people a voice. That is what is right about the labor movement.

Only last month I found myself sharing a platform with Mr. William Schnitzler, secretary-treasurer of the AFL–CIO. Both of us addressed the merger convention of the American Labor Health Association and the Group Health Federation of America. In the audience were many dozens of union officials and union technicians involved in the vital work of administering health plans and union hospitals and medical centers, working together with some of the Nation's leading medical and insurance authorities. This was nothing new to me—finding union representatives actively involved with other groups in seeking solutions to America's unsolved problems. Mr. Schnitzler made an eloquent plea for bringing full medical care within the reach of all American families. He spoke forthrightly about labor's right and its responsibility to speak out on this issue on behalf of all Americans. In doing so, he explained simply and effectively American labor's role in the whole area of legislation and community activities. Permit me to quote:

I find it rather amusing—but also distressing—that labor is sometimes attacked, on the one hand, for being a selfish, vested interest, and then, on the other hand—by the very same critics—for injecting itself into issues that are not related only to trade unions and their members, and presuming to speak for underprivileged, unorganized workers.

Well, ladies and gentlemen, American labor does presume to speak for more than its own membership. It does this partially as a matter of simple enlightened self-interest. We believe that what is good for America is good for American labor. In one area after another, it is clear that our own members will improve their lot in life only as all the people in the community improve theirs. There is a limit to the things we can obtain for our own members at the collective bargaining table, although we have by no means reached that limit. The welfare, happiness and security of our people requires sound legislation. It also requires the development of appropriate cooperative and other forms of voluntary organizations designed to promote the general welfare. In all of these aspects of American life, the labor movement plays a constructive role.

There used to be in Washington a small organization called the Peoples' Lobby. That phrase is sometimes used to refer to attempts to realize the vague, undefinable desires of the American people as a whole. But the fact of the matter is that there is no really articulate voice of the people. The closest thing to it is the labor movement. We are happy and proud to serve as a people's lobby. We represent at least 50 million men, women, and children in the families of our members. But in much of our work in Congress, in the State legislatures, in the school systems, in the voluntary organizations—we sincerely believe we speak out for the great bulk of all Americans.

For a hundred years now, no one has worked more vigorously than American labor for free, universal education.

There has been no group more active in seeking improvements in our social security laws.

Although few of our own members qualify, we have fought hard for public housing because we know that slums are incompatible with our free America.

In making these observations, I don't mean to suggest that we have done these things by ourselves. In every one of these activities, we have always been associated with others—groups like those represented at this conference. But we do say proudly that American labor has tried for all these years to use its organized strength in the pursuit of the general welfare.

Mr. President, I say to Mr. Schnitzler and to the millions of American trade unionists that they have a right to be proud, that they have indeed used their organized strength in the pursuit of the general welfare.

That is what I find right with the American labor movement.

As a Member of the U.S. Senate, I can give personal testimony as to what American labor seeks from the Congress of the United States. Labor lobbyists are not coy in expressing labor's goals. Of course, they seek legislation that will permit them to organize and to function with a minimum of Government interference. But labor relations legislation is only a small part of their legislative program—albeit very important.

Labor asks that the Federal minimum wage be increased and that its coverage be expanded. Very few union members need a Federal minimum wage to protect them. Is this narrow self-interest legislation?

Labor asks for improvements in unemployment insurance. Union members would benefit from this, but there are a greater number of nonunion workers who need this additional protection. A growing number of union workers, as a matter of fact, look to union-negotiated supplementary unemployment insurance for their own protection. Do not all wage earners in the Nation deserve adequate protection against the hazards of unemployment?

Labor asks for health benefits for retired people. It asks for higher appropriations for medical research and hospitals and child welfare activities. Are not these desirable social goals?

Labor lobbies for public housing and slum clearance and urban redevelopment. Is this not in the public interest?

Labor seeks depressed areas legislation, help for community facilities, bigger public roads programs. Are these narrow, selfish interests?

Labor supports Federal aid to school construction, better salaries for teachers, liberal scholarship programs. Are not these proper goals for all America?

Labor favors multipurpose river projects and atomic energy development for peaceful purposes and conservation of our natural resources. Should not we welcome such support?

Labor supports programs designed to aid America's farmers, such as REA, and it backs legislation to preserve the family-size farm. Is not this in the best interest of our country?

Labor favors legislation designed to promote a vigorous and healthy climate for small business. Is not such promotion of our free enterprise system in the public interest?

Labor is a strong backer of civil rights legislation, despite the difficulties such support causes in some parts of the country. Is not such support a good thing?

Let me cite another illustration of labor's concern for all who may be in distress. Early this month the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of which I am a member, conducted hearings on the various proposals which have been submitted by a great number of Senators in the matter of expanding and improving our present surplus food distribution program and the establishment of a food stamp or food allotment system. These proposals have come from agricultural States and from industrial States. They have come from Democrats and they have come from Republicans. I have myself introduced several measures and I have been pleased to join in the sponsorship of some others.

One of the finest statements presented to the subcommittee in support of doing more to feed Americans suffering from hunger and malnutrition was that of Mr. Joseph A. Beirne who, in addition to his distinguished service as president of the Communications Workers of America, is chairman of the AFL–CIO community services committee.

Mr. Beirne told us that our Nation has the resources for meeting the full nutrition requirements of every American:

> We are blessed with a bounty that is the envy of the world—

He said—

> yet it is a fact that there are many of our fellow Americans who do not enjoy a proper diet because of the inadequacy of their income.

And Emil Mazey, secretary-treasurer of UAW and director of that union's Community Services Department, told our subcommittee:

> We have been blessed as has no other nation in history. We have the land, the resources, the genius to produce an abundance of food. All we need is the desire and determination to share this abundance with those in need so that no American will want for a decent and adequate diet.

Here were labor spokesmen appealing to the Congress to do a simple, decent thing. They were concerned not only with the welfare of their own particular membership, but with the welfare of all Americans.

It is this concern with the general welfare that I find so right with the labor movement.

I only wish that this concern was shared by many others—including the leadership of our Federal Government. I was shocked beyond words in the course of these hearings when I heard spokesmen from both the Departments of Agriculture and HEW tell the committee that the administration is opposed to any and all of the proposals now before it. They did not come in and say, "We do not think this bill is exactly right or that bill is precisely right; that is what we would like to see done." All they did was to say, "No action is needed, things are going along quite well as they are." But the records of these hearings have shown conclusively that things are not right, that the program does not reach enough communities, that the foods now available do not constitute an adequate diet, that the costs of the present program are improperly charged to the farm program rather than to welfare. I shall have more to say about this on another occasion. I could not let the occasion go by, however, without paying tribute to the labor movement for its more realistic, more compassionate, more constructive position on this question than I find at the highest levels of our Government.

I could go on and on and detail the many other domestic issues on which, in my opinion, labor has taken a sound position and in which it has tried to be of help.

But I want to move on to another thing that I think is so right with the American labor movement.

On March 26 I introduced Senate Resolution 96 expressing the Senate's backing of our negotiations in Geneva looking to a meaningful, inspection-proof agreement on suspension of nuclear tests. I hoped for early approval of this resolution, an approval which I did get expeditiously and unanimously. It was not a matter on which I expected much public activity. It was particularly gratifying to me, therefore, to receive a telegram from Mr. George Meany, president of the AFL–CIO, expressing support for the resolution and indicating that he had wired every member of the Foreign Relations Committee urging prompt action.

This telegram from Mr. Meany may seem unimportant to future historians of American public affairs. To me, it represents a moving symbol of the alert and conscientious and constructive role which the American labor movement, under the brilliant leadership of Mr. Meany, is playing on the world scene.

The free labor movement of the world has played, and will continue to play, a most important role in the effort to stop the onward rush of Communist aggression. In that movement, American labor has made a major contribution.

It would be very easy, and even understandable, for American labor troubled as it is with its own problems of unemployment and automation, to stay out of international affairs. It could, as it once did, fight to keep all immigrants from our shores and for protectionist tariffs on all imports. It could oppose mutual security and technical assistance and insist that America's own underdeveloped and depressed areas receive these billions of dollars of assistance. But American labor, for the most part, understands the threat of the Soviets. It understands there can be no security for Americans in a world racked with insecurity.

Recently George Meany—who had himself served so effectively as a member of a U.S. delegation to the United Nations—spoke at the occasion of a Four Freedoms Award to Ambassador Lodge. He spoke briefly, but eloquently, about

America's responsibility in the world struggle between freedom and tyranny:

It is hard for other nations to look to America for inspiring and vital leadership when one group of Americans says to another: You cannot enter or eat here. You cannot live or study here. You cannot work or worship here. You cannot stay or play here. In short, you cannot be a free American because the color of your skin, your religion, or land of birth are different from ours.

If we sacrifice the freedom of any American at home, we cannot help save and serve human freedom abroad.

We must guard against the political as well as the atomic fallout of totalitarian dictatorship.

The crisis of our time is grave, indeed. Americans and all other liberty-loving peoples must be ready to make many sacrifices in order to protect and promote freedom. The Four Freedoms were conceived as a call to heroic action against Nazi despotism. Unless we are ready today to make sacrifices for freedom as in the past, we will lose all our freedoms tomorrow.

We must never forget that there are moments when there is no other way to defend our Four Freedoms than by fighting for them. Let us be ever ready and ever strong to preserve human freedom and world peace.

And only a few weeks earlier, Walter Reuther had brought this somber warning directly to more than half a million West Berliners who had assembled on May 1 to demonstrate their solidarity in the face of the most direct challenge by the Soviets since Korea. Walter Reuther thrilled these free Germans—speaking in German, by the way—with his message of friendship and solidarity from American workers.

But, Mr. President, this keen understanding of the world's problems and world's challenges is not confined to public utterances of American trade union leaders. I hold here in my hand a special labor edition of CARE News. The headlines on top of page 1 tell the whole story:

The Underdeveloped Areas: American Unions Are Doing Something Positive About Building Good Will—Gifts of Food and Tools Bring Real Understanding of United States—Humanitarianism and a Sense of Practical Diplomacy Mark Labor's Efforts.

Following these headlines, I find four pages crammed full with stories of American labor support, through CARE, of vital projects in Latin America, in the Mideast, in Hong Kong, in India—wherever there are human problems crying out for help. The plight of the world's refugees has received very special consideration by American labor. And most heartening to me is the report that the bulk of the aid comes not from union treasuries but from voluntary contributions from individual union members.

I read from page 3 of this publication a brief item that sums up the whole significance of this activity:

LETTER FROM HONG KONG

In a letter to the AFL–CIO expressing appreciation for the recent sending of 700 CARE food crusade packages to needy area trade unionists, Fung Hoi Chiu, secretary general of the Hong Kong and Lowloon Trades Union Council stated:

"Your help has a meaning which is more significant and important than its material value, as we look back on the last number of years when we were fighting alone against the overwhelming Communist influence which came directly from across the close border of Communist China."

Mr. President, it is this realistic understanding of our obligations in the world struggle for peace and freedom that I find so right with the American labor movement.

We should be availing ourselves of the talents and know-how of the labor movement to bring to the peoples of other lands a clearer understanding of our country and our way of life.

There should be greater emphasis on the importance of the role of our labor attachés.

We should spare no effort to let other nations know that we are vitally concerned with the problems and the needs of working people. Who is better suited to convey such a message than our own labor people?

I think it would be well if the administration were to spend less time in labor name calling and more time in calling upon labor for its assistance.

I have now spoken at some length about American labor's role in the promotion of the general welfare and its contributions to the international peace and freedom we all seek. I turn briefly now to discuss the tremendous contributions American trade unions have made to the well-being of their own members—and to the development of our very special kind of dynamic, ingenious economic system.

I do not intend to make a record here of the specific economic gains which unions have brought their members. The economics books and history books and Government statistics are available for all to see. From 7-day workweeks and 14-hour workdays down to a standard 5-day, 40-hour week. Improvements in wages to match our ever-increasing productivity. Humane working conditions in factory and mine and mill. Paid holidays and vacations and rest periods. Health benefits and pension rights and life insurance.

Are unions alone responsible for these gains? No; they have had allies in humane employers, in friendly governments, in social welfare groups. In the economic sense, of course, every bit of progress had to be made possible by increasing productivity. But it is a matter of simple record that without the constant push for these gains by the organizations of working men and women very few of these gains would have come about so soon, as fully, or as democratically as they did.

The need for organization to promote the welfare of wage earners was perhaps never more simply nor effectively put than by Chief Justice Charles Evans Hughes in the Jones & Laughlin case in 1937:

Long ago we stated the reason for labor organizations. We said that they were organized out of the necessities of the situation; that a single employee was helpless in dealing with an employer; that he was dependent ordinarily on his daily wage for the maintenance of himself and family; that if the employer refused to pay him the wages that he thought fair, he was nevertheless unable to leave the employ and resist arbitrary and unfair treatment; that union was essential to give laborers opportunity to deal on an equality with their employer.

To those who say, "Well, protecting labor's right to organize may have been necessary many years ago when employers were insensitive to the need of workers, before there were protective labor laws, before we had such an abundance of wealth," I say that unions are as essential as ever before.

Yes, there are indeed many employers who have accepted unionism and who have accepted the obligation to provide decent working conditions. But in this year of 1959, when the Nation is about to hit a $500 billion national product, there are still millions of men and women toiling for less than $1 an hour. There are union organizers still being attacked by thugs. There are still millions and millions of workers who need, who deserve, who want the protection of honest, progressive trade unionism.

"If I am only for myself" Hillel asked, "what am I?"

Organized workers continue to show that they are not only for themselves. A heavy part of every dues dollar goes into efforts to organize other workers.

It is this concern for all that I find so right with the labor movement.

Within the past month, Mr. President, two items crossed my desk. One was the report of the Sidney Hillman Foundation—set up to commemorate the work of the first president of the Amalgamated Clothing Workers of America, set up by contributions not only from the clothing workers but by the employers in the industry. The other item was a report of the general executive board of the International Ladies' Garment Workers' Union.

These two documents are parts of a related, wonderful story. It is the story of perhaps the most sweated group of industries in America, industries populated 40 and 50 years ago for the most part by immigrants ready and anxious to accept any employment. It is the story of child labor and homework and sweatshops and triangle fires. It is the story of bitter strikes and lockouts.

It is the story of great and patriotic Americans like Jack Potofsky and David Dubinsky, the story, as has been said, of practical men who dared to dream, of dreamers who dared to be practical.

Here is how one keen newspaperwoman described conditions in the clothing districts of New York 40 years ago:

Anyone passing Astor Place at noon would have seen a strange procession—women with burdens on their heads of such size that it did not seem possible that they could carry them. These women were taking home clothes to finish, and in their tenement they and their children, and sometimes the neighbors' children, would work throughout the long hours of the day and late into the night without rest. * * * They scarcely stopped for birth. * * * Babies of 5 and 6 picked bastings. Babies of 6 and 7 sewed on buttons. Little boys and girls would be taught

to use the needle at the age of 8 or 9. When they were 10 or 11 they would be in the shop. There are men and women today working in the trade who would tell you that they never knew what childhood was. All they can remember is sitting in a crowded room sewing and everlastingly sewing.

That was many years ago. Work in the apparel industries is still hard. But there is no more child labor. There is no homework. The 35-hour week is spreading. There are paid holidays and vacations. There are retirement programs. There are union-built cooperative apartments and vacation resorts.

There is a pattern of peaceful collective bargaining in both the men's and women's apparel industries that is a model for all labor-management relations. Small wonder that employers join in honoring the memory of Sidney Hillman. Small wonder that employers come as guests to the convention of the International Ladies' Garment Workers.

It is this great example of labor-management cooperation that I find so right with the labor movement.

All Americans—not just union members—should share the pride with which the general executive board of the Garment Workers could report to its 30th convention:

We have molded a union of great influence and strength out of elements and in an environment that seemed to defy organization: women distracted by the pull of family duties, immigrants staggered by initial disillusionments and language difficulties, employers grappling with each other in bitter competition, an industry running like water downhill to wherever wages are lower, newcomers frightened against joining the union by the threat of losing the sole factory in town. * * *

Let those who dream of a return to an America without unions look to the record. Let them consider what this industry would be like without the ILGWU; then let them match their dream with the record of the era of the sweatshop. Let them consider what this Nation would be like without its great organized labor movement. Then let them match their dream to the record of workers in the enslaved Communist countries.

And then the report says what it so very much has the right to say of its own union, but which can also be said by the labor movement as a whole:

Every gain won by garment workers has made the garment industry—all persons and factors in it—a better industry. Every gain won by the trade unions of this land has made this Nation—all in it, employers as well as workers—a better country to live in. We have not lived unto ourselves alone. Out of what we have gained we have reached out to help the less fortunate at home and abroad.

Mr. President, much of what the unions of America have done for their members and for others can be measured statistically. Wages increased, hours reduced, pensions granted, contributions to charity, CARE packages to refugees abroad. But perhaps the major contribution of all has no dimensions; it cannot be measured in dollars, in time, in size. It is that intangible thing that makes everything else in life shrink to nothingness. It is what unions have done to enhance the dignity, the spirit, the personality of the individual.

I know of no better way of stating this than to tell a story that Walter Reuther loves to tell. Some time ago, a local of the UAW was celebrating its 20th anniversary. Reuther was invited to make the major address. At the conclusion of the affair, an elderly worker came over to Reuther, and spoke to him in heavy Polish accent.

"You know, Walter," he said, "I listen to your speech tonight. Everything you say is OK. I know how much the union do for me. What you say about big increase in wages is right. What you say about hours and pension and seniority, sure, it's true. But, Walter, you know what the union really means to me? Twenty years ago when I come to this shop, everybody call me 'dumb Pollack.' Now they call me 'Brother.'"

This is the way a UAW member put it. Many, many years ago, the Apostle Paul said it another way: "Be ye members one of another." This is what unions have done for millions of men and women. It has brought them together, made them members one of another, given them common tools for common goals. And as they gained strength through unity, each gained the strength to speak up for himself, to talk back when necessary, to complain when aggrieved.

Unions have strengthened the democratic process by giving this voice to millions of individuals. The public hears about it when James Carey challenges General Electric; when W. P. Kennedy or H. E. Gilbert negotiate with the railroads; when William Doherty or George Harrison testify before congressional committees, and when James McDevitt discusses political action.

But what is even more important for the cause of democracy itself is that every day of the year literally thousands of men and women are speaking out for their fellow workers. I am thinking of the shop stewards, the grievance committees, the negotiating committees, the local executive boards. This is industrial democracy in action.

During the past weeks we have seen this industrial democracy operating in the steel industry. The negotiations have been unproductive thus far. Charges have been hurled by both sides, but it is all part of the great American system of collective bargaining.

Although most of the sessions thus far have been attended only by a handful of union officials, I have been impressed by the pains which Steelworkers Union president, Dave McDonald, has taken to keep his people informed and to obtain their concurrence in every major step taken. Mr. McDonald has managed to take time out to meet with hundreds of his local leaders, has appeared on television and on radio to discuss the important issues with his membership, and he has seen the wisdom and the public responsibility in taking his case to the American people generally. And in doing so, he has forced the industry itself to explain its own position.

I am certain that in the long run this public debate will serve the public interest, and for this I salute Mr. McDonald.

In many ways, Americans who got their first training and their first call to public service while serving their trade union have performed constructively and conscientiously for the public interest. As labor attachés, as technical assistance specialists abroad, as directors of health groups and cooperative housing, as members of boards of education, and in almost every aspect of public work, they have made outstanding contributions. Here in the Congress, too, they have done much to bring credit both on the unions from which they come and to the Congress itself.

For over 4 years now I have been pleased to have the friendship, the guidance, and the cooperation on many an issue of the senior Senator from Michigan, PAT MCNAMARA.

In the House a number of Members have given outstanding service to the Congress. JOHN FOGARTY, a former bricklayer, has become the outstanding House authority on health and welfare matters. He has served with distinction on numerous occasions in international conferences in the field of health research.

And there are many other distinguished Members of the Congress who have a background in the labor movement. From my own State of Minnesota there is ROY WIER and JOSEPH KARTH. From California, JOHN SHELLEY and JEFFREY COHELAN. From Pennsylvania, GEORGE RHODES and ELMER HOLLAND. From Illinois, ROMAN PUCINSKI, and there are doubtless others I have not mentioned who have at one time or another held union cards and played a part in the great American labor movement.

Mr. President, I have risen today to say some things about the labor movement that I believe deeply. There is nothing new or profound or especially controversial in what I have said.

In the heat of debate over some specific legislative proposals, I fear, or in the midst of exposés of wrongdoing in the labor movement, these basic truths about the labor movement tend to be overlooked.

These truths must not be overlooked. The value of a free, honest labor movement must always be remembered. As we take steps to help the labor movement prevent and correct abuses which have crept into it, let us take great pains not to hurt the labor movement itself, not to interfere with the progress which it has made for itself and for all America.

Mr. President, in case it has not been made abundantly clear by my remarks so far, I am pleased to be considered a friend of labor. I like to be considered prolabor just as I like to be considered propeople, propeace and proliberty, profree enterprise, and proreligious. I find myself in mighty good company. It was a Republican President, Abraham Lincoln, who said:

The strongest bond of human sympathy outside the family relation should be one uniting working people of all nations and tongues and kindreds.

And he said, too:

All that serves labor serves the Nation. All that harms is treason. If a man tells you he loves America, yet hates labor, he is a liar. If a man tells you he trusts America, yet fears labor, he is a fool.

And another Republican President, Dwight Eisenhower, said:

Only a fool would try to deprive working men and women of the right to join the union of their choice.

And it was Franklin Roosevelt, during whose first administration the Wagner Act was passed, who said:

If I were a worker in a factory, the first thing I would do would be to join a union.

There are 18 million Americans who have banded together in unions. They believe in their unions. They have sacrificed for their unions. Some of their unions may temporarily be in the control of unsavory elements. But sooner or later, and with the help of laws which we adopt here in the Congress, those relatively few unions will be restored to honest leadership. Let us work hard to help these decent, law-abiding Americans protect and strengthen their unions.

Mr. President——

The PRESIDING OFFICER (Mr. Moss in the chair). The Senator from Minnesota.

THE WORLD REFUGEE YEAR

Mr. HUMPHREY. Mr. President, on July 1 we will begin our observance of World Refugee Year. In doing so we will partially fulfill the obligation we incurred in cosponsoring with eight other nations in the United Nations a resolution calling for this observance. We are also obliged to achieve, as best we can, the goals of World Refugee Year. These are: First, to focus attention on the many refugee problems; second, to encourage additional financial contributions from governments, voluntary agencies, and the general public; and, third, to encourage additional opportunities for permanent solutions to refugee problems through voluntary repatriation, resettlement or integration.

Heretofore, I have called the attention of my colleagues to the refugee problem which begs for a solution and to activities in connection with the United States' participation in World Refugee Year.

Therefore, I am happy to recommend at this time an excellent article entitled "The World Refugee Year," written by Dr. Francis B. Sayre, Jr., dean of the Washington Cathedral, and published in the June 10 issue of the Christian Century, an undenominational weekly publication.

Dr. Sayre is well informed and qualified to speak on the subject of refugees. His experiences as a world traveler, as chairman of the U.S. Committee for Refugees, and as a cleric constitute a vast reservoir of information on this perplexing problem well worth our tapping. In his account of the history, background, and aims of World Refugee Year, Dr. Sayre observes that "the first and primary fact concerning the refugee problem therefore is that it is a worldwide problem, and that it is not merely humanitarian in nature but often involves and underlies all other major problems of international life." This is the challenge we inevitably face. I certainly join Dr. Sayre in the hope that the solidarity between peoples and nations can soon be cemented.

Mr. President, I ask unanimous consent to have the article on World Refugee Year, by Dr. Sayre, printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WORLD REFUGEE YEAR

(By Francis B. Sayre, Jr.)

(The chairman of the U.S. Committee for Refugees presents an account of what has been done and what remains to be done in confronting needs of refugees around the world.)

Most Americans have approached the refugee problem only from the receiving end. There is hardly a clergyman in the church who is not familiar with the often difficult problem of settling foreign families who come to our shores seeking a new life.

Immigration of refugees has generally been arranged through a pattern of partnership between Government and private (usually church) groups. Since 1938 countless church people have given time to finding homes, jobs, clothing, and friends for new Americans. It has been the Government's role to screen them before they came and to help with transportation on the way; but it has remained for private groups, chiefly religious, to find sponsors for the refugees so that they would not become a public charge and to undertake the responsibility of actually settling them in what are for them new communities.

From 1937 on a steady stream of refugees has come to our shores. At first they were largely Jews fleeing from Hitler's Germany. Following World War II they were the enormous number of displaced persons uprooted by the great conflict. Since then they have in the majority of cases been persons fleeing from totalitarian Russia or its satellites (e.g., the recent Hungarian fugitives) or, in a minority of cases, from economic hardship or actual starvation (e. g., the Mexican "wetbacks" escaping across the Texas border from a land of too many children and too little food).

A CLAIM TO THE WORLD'S ATTENTION

In the past few years, thanks to the freedom which the deanship of a nonparochial cathedral gives me, I have crossed the ocean to witness at firsthand the beginning of the long process through which a refugee person or family passes on the road from an old home to a new one.

The whole refugee problem appears in a piercing new light when one stands at one of the borders across which multitudes of people stumble toward what they hope will be freedom. There they are gathered into camps, sorted out as to occupation and skills and their own wishes, fed and housed, their medical needs inventoried, and finally matched up with opportunities for settlement which may be open in various parts of the world. Through their appropriate agencies the churches reach out to help in this process.

At a conference on the refugees held in Washington last fall, the State Department's troubleshooter, Under Secretary Robert Murphy, made a remarkable address in which he pointed out that the refugees not only represent a poignant claim on the world's sympathy but also are a serious economic and even military problem for the nations. It is obvious, he said, that when 30 million human beings are pulled up by the roots and condemned to live in misery and uncertainty for long periods, a condition is created which must be reckoned with even on the august levels of foreign policy. Unrest and unhappiness are always a potential crucible of political disturbance, and the accumulated dangers can well affect the destiny of extensive portions of the world.

Lebanon, on the eastern shore of the Mediterranean, is a case in point, which Mr. Murphy cited. That little land happens to be divided so evenly between Christian Arabs and Moslem Arabs that its constitution provides that if the president be Islamic, the premier must be Christian. Politically Lebanon exists always in a precarious state of delicate equilibrium. Ten years ago the Arab-Israeli war projected refugees, largely of Moslem faith, into all corners of the Middle East. A hundred and twenty thousand of them went north to Lebanon. Their advent upset the delicate balance, and consequently Lebanon has ever since been in a condition of political uncertainty leading to riots, murders and the like. This unrest came to a head just at the time Nasser was taking over Syria, seemingly with the blessing of Communist Russia, and the whole Middle East was in danger of being alienated from the West. With a revolution going on in Iraq and with fighting a daily occurrence in Lebanon, it seemed to the U.S. Government that if the West was to preserve any foothold at all in that part of the world, troops would have to be landed. This was the reason U.S. marines descended upon Beirut.

The sequence of these events, declared Mr. Murphy, illustrates how directly the underlying human problem of refugees can affect the economic and even the military policy of great nations like our own.

NO DIMINISHING NEED

The first and primary fact concerning the refugee problem, therefore, is that it is a worldwide problem, and that it is not merely humanitarian in nature but often involves and underlies all other major problems of international life.

This fact is further accentuated by a look at the great number of refugees in the world—well over 30 million in the few years since the end of World War II. Consider first the picture in Europe: West Germany alone (thanks to a booming economy) has absorbed 12 million national and ethnic Germans from East Germany and former German territories. Add to these in Europe alone the more than 200,000 Hungarians who came out 2 years ago; the steady flow of Yugoslavs, now amounting to at least 60,000, who have fled both Tito's version of communism and a strained economy; the 175,000 Turks (1950–52 figures) who escaped to Turkey from their former homes in Bulgaria. The majority of all these refugees have now been settled. However, Dr. Auguste Lindt, the United Nations High Commissioner for Refugees, estimates that there are still roughly 130,000 refugees in Europe, 30,000 of them in camps, the rest but poorly settled if at all.

Moving over to the Middle East we run into the most insoluble of all the refugee problems: that of the Arabs—933,000 of them, according to a United Nations estimate, though an accurate count is difficult to arrive at—who formerly lived in Palestine and today, a decade later, are still quartered in camps of the most primitive sort in Jordan, Syria, the Gaza Strip, Lebanon, and Iraq. The ever-growing hatred between Israel and the Arab nations makes it difficult to conceive what final disposition may be found for these miserable thousands.

CRUCIBLE OF UNREST IN THE ORIENT

Moving eastward, we come to the economically struggling lands of Pakistan and India. When India was divided in 1947

there was a stupendous exchange of populations, 8 million Hindus and Sikhs leaving their homes in the newly created nation of Pakistan to cross the border into India and 6½ million Moslems making the reverse journey. These could properly be classed as refugees. But an Indian personage recently said, "We don't know what to do specially for our refugees, for they are indistinguishable from the other millions of beggars in our country."

In the Orient, the oppressive regime in Red China has forced the patient and family-loving Chinese to flee in every direction. Today 400,000 of them are to be found in Vietnam and 1 million in Hong Kong—the latter in a most pitiable condition although the Hong Kong government is making a heroic effort to house and employ all of these people, who have more than doubled the population of that colony of the British crown. There are other groups to be counted: 750,000 North Koreans now doubling up in the already crowded houses of South Korea, and 750,000 Indo-Chinese from Vietminh who have gone to Vietnam.

Each day's newspaper brings word of additional groups of refugees swelling the total. No one has yet counted the people who have fled the French in Algeria and are now being fed by the World Red Cross in Tunis and Morocco. Recently Rumania began a systematic expulsion of all Jews, a process that for the moment has abated. One reads of Koreans living in miserable conditions in Japan who are imploring the world to make it possible for them to return to their homeland. The most recent refugees are, of course, the Tibetans, but as yet no one knows how many of them have been pushed across the mountain barrier into northern India.

These then are the human chaff blowing around the globe, claiming humanity's sympathy in their unhappiness and threatening with their need to shatter the complacent peace of men and nations who simply want to keep things as they are. Think of the Dalai Lama multiplied 30 million times and you get a picture of the immensity of this human problem.

HELP FROM INTERNATIONAL BODIES

What agencies and powers are there which address themselves to the amelioration of this problem? At the top are two major international bodies. These are the successors of a single organization, the International Refugee Organization, which after World War II did an enormous job of settling the largest share of the old DP's. When the mandate of the IRO expired, part of its work was assumed by the United Nations, which set up a high commissioner for refugees (a post at the present time held by Dr. Auguste Lindt of the famous Swiss chocolate-making family).

It was clear, however, that the U.N. could not do the whole job, because Russia, one of its key members, had no interest in helping refugees, almost all of whom were fugitives from her own political sphere. Hence there was need for an organization outside the U.N. which could operate without the threat of a Russian veto. Thus was born the Intergovernmental Committee for European Migration, whose 28 member nations include both the countries of first asylum and the countries in North and South America, as well as Australia and New Zealand, to which they are finally allocated for settlement. Roughly, the work for refugees is divided between these two organizations in the following way: The U.N. High Commissioner sees to the care and feeding of the refugees in Europe (another U.N. organization, UNWRA, does the same job in the Middle East), and ICEM is charged with transporting the refugees and finding opportunities for their ultimate settlement.

PRIVATE AGENCIES INVALUABLE

Independent of the two international organizations but working closely with them are the world agencies of the three major religious groups, Protestant, Catholic, and Jewish. In the case of Protestants this agency is the World Council of Churches, whose relief arm in the United States is known as Church World Service. These private agencies operate branches in all countries affected by refugee problems. They raise money and generally assist in the whole operation. Their chief responsibility, however, is the actual settlement of refugees at their final destination.

A third instrument for attacking the problem is the several governments involved. The most important of these is the U.S. Government, which last year, in addition to substantial contribution of surplus food and commodities, spent approximately $50 million to help refugees. This sum is administered partly by the Office of Refugee and Migration Affairs and partly by the so-called U.S. escapee program. The two offices are closely linked in the State Department, through which grants are made to the U.N., to ICEM, to the international religious agencies, and to many smaller groups, such as the Tolstoy Foundation and the American Friends Service Committee. Though the sum varies in different instances, it would be accurate on the whole to say that the United States contributes between 40 and 60 percent of all funds devoted to the alleviation of the world's refugee problem.

Of immediate concern to us all is the fact that the nations of the world have agreed to designate the year beginning this July as World Refugee Year. This action adopted by the Assembly of the United Nations was implemented at a recent meeting in Geneva of representatives of the free nations of the world. It means that a very special effort will be made in the next months to make a major impact on the refugee problem, even though it is too much to hope that the problem can be entirely liquidated.

It is interesting to note how this idea began. The man who started it all is Chris Chataway, the famous English runner who paced Roger Bannister to the first achievement of the 4-minute mile. About a year and a half ago he wrote an article urging the people of the world to have a "human year," following the International Geophysical Year. The article came to the notice of leaders in England, who in turn urged the wisdom of Chataway's idea upon the British Government. It met with hesitation at first and then with enthusiasm. Having gained U.S. support, the British put it up to the U.N. Assembly, which just after Christmas 1958 endorsed the whole idea. Since then national committees have been formed in many member nations to implement the program.

ONE GREAT YEAR OF CONCERN

Anticipating the U.N. action, a national committee (of which I have the honor to be chairman) was formed in this country last October. It is the intention of the American committee to serve not only during the World Refugee Year but to be a continuing group which will be concerned with the continuing problem and able, I hope, to offer useful advice to the Government and leadership to the American public.

During the last few months there has been a good deal of discussion as to what the U.S. special contribution to the World Refugee Year should be. The sights set by the present administration are not as high as those of our citizens' committee. Between the hopes of the committee and the achievement of them, therefore, lies a certain amount of political education and arduous planning. Whatever the final result, it will be the product of a kind of three-cornered discussion between the administration, Congress, and our citizens' committee, which also includes representatives of the three major religious agencies. At present, I have reason to hope that a special contribution by the United States, over and above its normal activity, will make a genuine impact on the whole problem. There is even the possibility that with sufficient funds and additional visas to the extent already envisioned by some officials, the entire refugee problem in Europe can be wiped out in the course of the year.

In other parts of the world the most we can hope for is a good program of vocational training for the 200,000 children born in the Arab camps (among the million Arab refugee, half are under the age of 15) who must somehow be prepared for life wherever they live it. In Hong Kong the magnificent efforts of the local government must be supplemented by some real help from the outside. The British committee is prepared to give some of this help, and we hope Americans will give the rest. The problem in Hong Kong is first of all housing, and this is difficult since the city is built on the edge of cliffs that descend steeply to the sea. For every inch of flatland to build on, solid rock has to be hewn out and filled into the sea. Elsewhere in the world there are all sorts of special needs—for instance, the desperate need for clothing in frozen Korea and for food for the Algerian refugees in Tunis and Morocco.

SET THE COFFEEPOT BOILING

Recently I was taken to a little village in France where an Albanian family had been settled. In faith they were Moslem, in number 19, counting all the grandchildren. They had fled to Yugoslavia, been imprisoned there, escaped and finally made their way to Italy, whence they came to France. There they were settled by CIMADE (the French Protestant relief agency), with the help of the U.N. and of U.S. funds. Now they were all living happily in a prefabricated barrackslike house. I found them squatting contentedly on the oriental rugs which the women had made. The old grandfather, the head of the family, was an imam. When he saw my clerical collar as I walked up the muddy path to his home he came out in his turban and welcomed me with a toothy smile as his colleague. Then he sat down while the women brewed me some Turkish coffee, which in his happy view would cement the solidarity between two men of God and between his people and our people.

We certainly have need of plenty of that Turkish brew in the world. Surely we owe it to mankind to get out the coffeepot and start it boiling during this World Refugee Year.

THE PASSPORT PROBLEM

Mr. CASE of South Dakota. Mr. President, my distinguished colleague from South Dakota, Senator KARL MUNDT, has introduced legislation of a most comprehensive nature dealing with the Passport Office.

In brief, my colleague's bill would raise the status of the Passport Office by establishing it as the U.S. Passport Service.

The action of Senator MUNDT in outlining a comprehensive plan to replace outmoded ideas and to eliminate outdated operations of the Passport Office is to be commended as a constructive, progressive approach designed to meet the needs of the space age in which we find Americans in every walk of life traveling abroad.

Mr. President, I am hopeful that my colleague's proposal will receive early consideration, for there is no question in my mind that earnest inquiry by the Senate will demonstrate the necessity for legislation of this type.

Mr. President, I ask permission to have printed in the RECORD, following my remarks, an article from the Washington Star of Sunday, June 21, which discusses the importance of this proposal.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DANGERS ARE IGNORED—PASSPORT BILLS GETTING NOWHERE

(By Miriam Ottenberg)

Exactly a year ago the Supreme Court ruled that the Secretary of State could not refuse a passport to a Communist because Congress had never specifically given him the right to refuse.

Stunned by a decision that overruled a century-old concept of the Secretary's power over passports, the State Department rushed proposed legislation to Congress.

And President Eisenhower urgently indorsed the legislation in these words:

"Each day and week that passes without it exposes us to great danger."

We are still exposed.

By the latest count, 1,100 persons whom the Department has reason to suspect have applied for passports since the Supreme Court decision. And the passports have been granted.

A MULTITUDE OF BILLS

Congress failed to plug the loophole in the law at the last session. So far in this session 21 bills have been introduced in the House and four have gone into the Senate hopper. The bills have been assigned to six different committees.

Not one has come out of committee.

Various reasons have been given for the delay. The one heard most frequently is that other bills—particularly foreign aid measures—have had priority. Another is that Chairman FULBRIGHT of the Senate Foreign Relations Committee has served notice that he wants his committee to handle any passport legislation. It was in this committee that a House-passed bill died in the last session.

It has also been mentioned that the administration has not sent its own bill to Congress. Last week, the Senate Foreign Relations Committee sent the State Department a letter asking its intentions. The State Department still wants the bill it tried and failed to get last session codifying all passport laws and regulations. But in a letter cleared through the Budget Bureau it has made clear that a bill introduced on May 7 by Representative BENTLEY, Republican, of Michigan, would be acceptable to take care of the immediate problem.

The Bentley bill starts out by terming the activities of the international Communist movement "a clear, present, and continuing danger to the security of the United States." It authorizes the Secretary of State to refuse or revoke passports to persons engaged in the international Communist movement. And it sets out detailed procedure for passport denial and appeal. In other words, like most of the other pending bills, it is limited to granting or denying passports to Communists.

SENATOR MUNDT'S BILL

The latest entry in the passport race is the most comprehensive one. It was introduced on June 3 by Senator MUNDT, Republican, of South Dakota. It stems from the simple recognition that while the Communist problem is the most pressing, it is one of many areas of the multi-million-dollar passport business not covered by any specific law.

Basically, the right of the Secretary of State to issue passports goes back to a law passed in 1856. Records indicate that the Secretary had been issuing passports long before that but the law was considered necessary to make it clear that passports issued by States or judges were no good.

In 1926, the law was brought up to date for that time but was no more specific. It said the Secretary should operate under rules prescribed by the President.

With the passing years, two things happened. First, passports became big business. Where 176,033 passports were issued or renewed in 1926, the annual figure had reached 676,898 in 1958. This year, 750,000 Americans are expected to ask for passports for oversea travel in the biggest travel spree of all time.

While the passport business was booming and the Government was struggling with regulations, the Communists launched their offensive against the security policies of the Government.

Paralleling the attack on the passport policies were attacks on port security, Government employees' loyalty, the industrial security, and the visa programs.

And on passports, the Government was vulnerable for lack of legislative authority which it had always been assumed was implicit.

Court decisions began raining down. The first restriction on the free exercise of the Secretary's discretion came in 1952 in the case of Anne Bauer, a journalist overseas who was alleged to be a Communist sympathizer. The State Department revoked her passport. The court of appeals here held that the Department had no authority to revoke it without notice and a hearing. The court directed that the passport be returned to Miss Bauer or that she be given a hearing. The showdown never came because Miss Bauer lost her citizenship by marrying a Frenchman and staying overseas.

But the then Secretary of State Acheson hastily drew up a set of regulations to specify procedures for withholding passports and for appealing from decisions of the Passport Office. These regulations were enlarged in 1956 and the Government became increasingly cautious about protecting individual rights.

Ironically, as passport officials narrowed the field of passport denials and made the appeal machinery more elaborate, the attacks on any travel restrictions became more vociferous.

The Communist plan was described before a Senate committee as an effort to force the intelligence agencies to reveal confidential information. But journalists who couldn't get permission to go into Red China and advocates of individual liberties who balked at any restraints on freedom of travel joined the fray. The American Civil Liberties Union has challenged the State Department's power to ban reporters' travel and the Americans for Democratic Action have fought passport legislation.

The journalists finally did get permission to go to Red China under criteria set up by press officials of the State Department. Of the more than 30 news agencies given permission by the State Department to send in a correspondent, Red China has offered its hospitality to only one.

FREEDOM OF TRAVEL

On the question of restricting freedom of travel, the State Department reports that it has withheld passports in only 15 Communist cases since Secretary Acheson issued his 1952 regulations.

But on June 16, 1958, the Supreme Court lowered the boom. The Court by a 5–4 decision, held that the Secretary of State, in peacetime, cannot withhold passports to applicants whom he believes are linked to communism and who refuse to swear they are not Communist. It held that the three applicants were entitled to passports.

The majority opinion made it clear that it was not settling the issue on constitutional grounds. It simply found that the Secretary did not have the statutory authority to withhold the passports.

Soon after the Supreme Court acted, the late Secretary of State Dulles sent the administration's bill to Congress. He said in part:

"The international Communist movement seeks everywhere to thwart U.S. foreign policy. It seeks on every front to influence foreign governments and peoples against the United States and eventually by every means, including violence, to encircle the United States and subordinate us to its will. The issuance of U.S. passports to supporters of that movement facilitates their travel to and in foreign countries. It clothes them when abroad with all the dignity and protection that our Government affords. Surely our Government should be in a position to deny passports to such persons."

FLOOD OF APPLICATIONS

But Secretary Dulles' plea was—and still is—unanswered. The result?

John W. Hanes, Jr., Administrator of the Bureau of Security and Consular Affairs, recently reported "A flood of applications (for passports) from persons with records of Communist affiliation or activities. Some of them had previously been denied passports, but many had never previously applied. Many we know a great deal about, and none of it is good. Others we would like to know more about, but the Department of State is no longer in a position to inquire, much less investigate, whether any such applicant is a Communist Party member or how dangerous he may be."

Mr. Hanes made a distinction between a known courier and a "harmless fellow traveler." He reiterated this point that the Department has been making since last June:

"We do not seek statutory passport authority to stifle criticism of this Government or its policies. We do not believe that the passport should or can be used to restrict the movement of people who hold political, social, or economic opinions which are not of the orthodox American variety.

"We do not seek or want authority to deny passports to any whose travel or activity abroad is merely an embarrassment to our country. I believe that the United States is strong enough to survive embarrassment if we must.

"All we seek, and what I feel we must have, is the capacity to protect ourselves by denying passports to those relatively few hardcore, active Communist supporters who are not ordinary American citizens and whose travel abroad constitutes a danger to the United States."

DUCKING THE IRON CURTAIN

Mr. Hanes pointed out that success in preventing entry of Communist couriers, carrying money and instructions to this country, becomes hollow if American members of the Communist apparatus can travel freely out of the country. Likewise, the successful penetration by intelligence agents into the Communist underground in this country, he pointed out, becomes less useful if those under surveillance can duck under the Iron Curtain.

The argument has frequently been raised that there's no point in denying passports to American Communists who can go without passports to Latin America and gain illegal passage to their ultimate destination. Mr. Hanes conceded that was true, but he argued that few important members of the apparatus used this roundabout route in the

days when passports were being denied—possibly because the more devious the route, the more conspirators have to be brought into it and the more the chance that the conspiracy can be unveiled.

Many of those who have rushed to get passports have shown no inclination to use them immediately. This may be because they fear Congress will shut the door again at any time. Or it may be because the Communist bosses hope to provoke the State Department into pulling a boner. Or it may be that the Communists have other uses for these passports.

During the Spanish Civil War, Communist leaders collected passports of the several thousand Americans in the International Brigade and the bulk of these passports turned up in Moscow. So many American passports were collected that way that the United States had to replace every outstanding passport in the world with a new document.

Who are getting the passports? There are the lower level Communists whose one hour of fame is an appearance before a congressional committee where they automatically plead the fifth amendment.

There are also people like this:

William Lorenzo Patterson, general manager of the weekly Communist newspaper, The Worker. In 1950, visiting fellow Communists in Hungary and Czechoslovakia, he gave interviews to the press in which he accused the United States of using germ warfare in Korea and repeatedly advocated the overthrow of the Government. In 1952, he made a speech in New York urging listeners to write American soldiers in Korea and incite them to go to the other side.

Maurice Halperin, identified by Elizabeth Bentley as a member of a wartime espionage ring. After pleading the fifth amendment in 1953, he went to Mexico. A news story from there in 1957 said he had facilitated the flight of Alfred and Martha Dodd Stern, who were charged by this Government with espionage and are still behind the Iron Curtain.

Marcel Sherer, a charter member of the Communist Party and a principal officer in the Communist movement.

Paul Novick, a Communist Party member since 1923 on the editorial staff of the Morning Freiheit, the Communist daily in the Yiddish language.

Albert E. Kahn last week was identified in a Senate Internal Security Subcommittee report as a leading American Communist specializing in anti-American and pro-Russian propaganda. Among other charges, Mr. Kahn was described as the author of works "used by the Chinese Communist army in Korea for the purpose of brainwashing captured American troops."

BAR ASSOCIATION STUDY

Men like these presumably would fit even under the broad rules advocated by such groups as the special committee of the New York City Bar Association, which made a study last year of freedom to travel.

The bar group declared that American citizens should be free to travel abroad with a minimum of Government restraint, that the regulations in effect before the Supreme Court overturned them seem inadequate to support the deprivation of the right to travel and that the procedures by which passports have been denied provide insufficient protection to the individuals.

So, the bar group called for congressional clarification of passport policy—thereby reaching the same conclusion as the administration but by a different route.

Senator MUNDT's bill grew out of a long study by the staff of the Senate Committee on Government Operations. It has two major goals: To raise the status of the Passport Office to the U.S. Passport Service and to give assurance to the just and unjust alike as to just what the rules of the game are.

It gives legislative authority to present procedures which are now a matter of discretion by the Director of the Passport Office and the Secretary of State and could be changed by the next incumbents in these positions.

In establishing the proposed U.S. Passport Service under the immediate jurisdiction of the Deputy Under Secretary of State for Administration, it takes passport operations out of the Bureau of Security and Consular Affairs. Right now as an office within a bureau, the passport business operates on the fifth echelon of the State Department—that far from the policymaking top in a business where policy decisions must be made daily.

Senator MUNDT said the passport business in these days of prosperity and mass travel is too big to "be handled like it was in the days of the quill pen and the ink bottle."

In addition to dealing with the Communist question, the bill specifies other conditions under which passports may be withheld. These range from persons under indictment to persons who owe the Government money for their ride home. Right now, they are denied passports under a regulation which bars passports to persons whose activities would be "prejudicial to the interests of the United State," but there's no statutory basis for it.

The Mundt bill would require the passport director and employees of the office to be civil service employees, thus assuring that they would not get into the rotation of foreign service employees.

The bill, like some of the others but in more detail, sets forth the procedures to be followed and the appeal machinery where passports are denied or revoked. Most of these procedures are being followed today but without statutory base.

The bill also extends the life of the passport to 5 instead of 4 years, allows air crewmen to get free passports as seamen already do and—for the first time—specifically defines what a passport is.

The bill also authorizes the Secretary of State to restrict travel in areas where hostilities are threatened or where the Government cannot protect them.

The State Department's travel-restriction actions have been almost as controversial as its denial of passports to hard-core Communists.

On June 9, the court of appeals here upheld the Department's rights to set aside Communist-controlled areas in which Americans are forbidden to travel. The court said this falls within the power of the President to conduct foreign affairs.

But, William Worthy, the newspaperman involved in the case, said he would carry it to the Supreme Court.

The bill would give congressional approval to the Secretary's right to circumscribe areas of travel. As Chief Judge E. Barrett Prettyman said in his Worthy opinion: "A blustering inquisitor avowing his own freedom to go and do as he pleases can throw the world international neighborhood into turmoil."

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, June 24, 1959, he presented to the President of the United States the following enrolled bills:

S. 498. An act to extend the life of the Alaska International Rail and Highway Commission, and to make a change in the membership of such Commission; and

S. 1968. An act to strengthen the wheat marketing quota and price support program.

ADJOURNMENT TO 9:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, under the agreement previously entered, I move that the Senate stand in adjournment until 9:30 a.m. tomorrow.

The motion was agreed to; and (at 8 o'clock and 45 minutes p.m.), under the order previously entered, the Senate adjourned until tomorrow, Thursday, June 25, 1959, at 9:30 a.m.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JUNE 24, 1959

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Joshua 24: 14: *Now therefore fear the Lord and serve Him in sincerity and in truth.*

Almighty God, who hast created us in Thine own image and called us to walk with Thee; in this moment of prayer, we are not asking for tasks more suited to our strength but for strength that will make us equal to them.

We are coming unto Thee, with hearts full of praise but also with penitence for we are haunted by the memory of duties neglected, of deeds of kindness left unperformed and of lofty impulses unheeded. Give us now that peace which comes from pardon.

Grant that when we are beset by stern conflicts and seem to be the victims of a conspiracy of wicked circumstances we may have a vivid sense of Thy presence and companionship by which alone we can be victorious.

May we never shun or shirk any responsibility or fall below the measure of the manhood and womanhood of those, who in days gone by, feared life so little because they feared God so much.

Hear us in the name of the Captain of our Salvation. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 11, 1959:

H.R. 2228. An act to provide for the acquisition of additional land along the Mount Vernon Memorial Highway in exchange for certain dredging privileges, and for other purposes;

H.R. 5805. An act making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1960, and for other purposes; and

H.J. Res. 254. Joint resolution to authorize participation by the United States in parliamentary conferences with Canada.

On June 15, 1959:

H.R. 7007. An act to authorize appropriations to the National Aeronautics and Space Administration for salaries and expenses,

research and development, construction and equipment, and for other purposes.

On June 23, 1959:

H.R. 318. An act to authorize a revision of the boundaries of the Edison Laboratory National Monument, New Jersey, and for other purposes;

H.R. 1306. An act to provide for the sale of Columbia Basin project lands to the State of Washington, and for other purposes;

H.R. 1471. An act for the relief of Jim B. Hill;

H.R. 1711. An act for the relief of the Galveston, Houston & Henderson Railroad Co.;

H.R. 2044. An act for the relief of the estate of Richard Anthony Nunes, Jr.;

H.R. 2154. An act to authorize the Secretary of the Interior to acquire certain additional property to be included within the Independence National Historical Park;

H.R. 2289. An act for the relief of Mrs. Gertrude E. Shetler;

H.R. 2586. An act for the relief of Miss Mame E. Howell;

H.R. 3292. An act to amend title 10, United States Code, to authorize the Secretary of the Navy to furnish supplies and services to foreign vessels and aircraft, and for other purposes;

H.R. 3366. An act to authorize the extension of loans of naval vessels to the Governments of Italy, Turkey, and the Republic of China;

H.R. 3454. An act to disclaim any interest on the part of the United States in certain lands in the State of Colorado, and for other purposes;

H.R. 3495. An act to direct the Secretary of the Interior to administer certain acquired lands as revested Oregon and California railroad grant lands;

H.R. 3496. An act to revise the boundaries of the Kings Mountain National Military Park, S.C., and to authorize the procurement and exchange of lands, and for other purposes;

H.R. 3522. An act for the relief of Aaron Green, Jr.;

H.R. 3960. An act for the relief of Patrick W. Gowan, David Dooling, Harlie L. Mize, James H. Blaes, and William L. Perkins;

H.R. 4345. An act to repeal clause (9) of subdivision a of section 39 of the Bankruptcy Act (11 U.S.C. 67a(9)), respecting the transmission of papers by the referee to the clerk of the court;

H.R. 4692. An act to amend sections 1, 18, 22, 331, and 631 of the Bankruptcy Act (11 U.S.C. 1, 41, 45, 731, 1031) to provide for automatic adjudication and reference in certain cases;

H.R. 4748. An act to extend the leasing provisions of the act of June 14, 1926, as amended by the act of June 4, 1954 (68 Stat. 173; 43 U.S.C. 869—869-3), to certain lands in Oregon, and for other purposes;

H.R. 5212. An act to revise the minimum charge on pieces of mail of odd sizes and shapes;

H.R. 5262. An act to revise the boundaries of the Montezuma Castle National Monument, Ariz., and for other purposes;

H.R. 5488. An act to revise the boundaries of Wright Brothers National Memorial, N.C., and for other purposes;

H.R. 5728. An act to set aside and reserve Memaloose Island, Columbia River, Oreg., for the use of the Dalles Dam project and transfer certain property to the Yakima Tribe of Indians in exchange therefor;

H.R. 5915. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1960, and for other purposes;

H.R. 7290. An act to provide for the striking of medals in commemoration of the 100th anniversary of the settlement of the State of Colorado and in commemoration of the establishment of the U.S. Air Force Academy; and

H.J. Res. 324. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7040. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. HOLLAND, Mr. ALLOTT, Mr. SALTONSTALL, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7086. An act to extend the Renegotiation Act of 1951, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7343. An act making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JOHNSON of Texas, Mr. ELLENDER, Mr. HAYDEN, Mr. FULBRIGHT, Mr. BRIDGES, Mr. SALTONSTALL, and Mr. HICKENLOOPER to be the conferees on the part of the Senate.

FREE IMPORTATION OF GIFTS FROM ARMED FORCES ABROAD

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 7567) to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of December 5, 1942, entitled "An Act to accord free entry to bona fide gifts from members of the armed forces of the United States on duty abroad", as amended (U.S.C., title 50 App., sec. 847), is amended by striking out "July 1, 1959" and inserting in lieu thereof "July 1, 1961".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SIMPSON] and I have permission to extend our remarks in explanation of the bill just passed at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MILLS. Mr. Speaker, the purpose of H.R. 7567 is to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad. This is a privilege which the Congress has allowed members of the armed services continuously since 1942. It applies to the entry of so much of any shipment of bona fide gifts as does not exceed $50 in value without the payment of customs duties and import taxes when such gifts are sent by members of the Armed Forces on duty abroad. The bill was introduced at the request of the Department of Defense, in behalf of the administration.

The history of this legislation is set forth in the committee report on the bill. As stated in the report, the Department of Defense in urging the enactment of this legislation expressed the opinion that a very definite morale factor is embodied in this legislation. It is extremely important to a serviceman on tour of duty overseas that he be able to send small gifts and souvenirs from the region in which he is serving to his family and friends in this country. If such articles were made subject to duty the administrative problems involved in sending gifts home would serve to discourage this practice.

Your committee was assured that the legislation is safeguarded from abuse not only by the restrictions contained in the act, but also by appropriate regulations issued by Department of the Treasury and the Department of Defense.

The Committee on Ways and Means unanimously recommended the enactment of H.R. 7567.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, the legislation which has just passed the House providing for the free importation of gifts from members of the Armed Forces is a 2-year extension of a privilege the Congress has accorded military personnel in one form or another virtually without interruption since the period of World War II. The legislation has been administered in such a way as to prevent abuse insofar as information has been made available to the Committee on Ways and Means. The privilege is limited to bona fide gifts not exceeding $50 in value and such gifts must be from members of the Armed Forces on duty abroad.

The action taken by the Committee on Ways and Means in favorably reporting this 2-year extension was pursuant to a request made by the Department of Defense. In requesting such

legislation the Defense Department has reiterated its view that this privilege is an important morale factor with respect to our Armed Forces on duty abroad.

SUSPENSION OF DUTIES ON METAL SCRAP

Mr. MILLS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 6054) to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 2 of the Act of September 30, 1950 (Public Law 869, Eighty-first Congress), is hereby amended by striking out "June 30, 1959" and inserting in lieu thereof "June 30, 1960": *Provided,* That this Act shall not apply to lead scrap, lead alloy scrap, antimonial lead scrap, scrap battery lead or plates, zinc scrap, or zinc alloy scrap, or to any form of tungsten scrap, tungsten carbide scrap, or tungsten alloy scrap; or to articles of lead, lead alloy, antimonial lead, zinc, or zinc alloy, or to articles of tungsten, tungsten carbide, or tungsten alloy, imported for remanufacture by melting.

With the following committee amendment:

On page 2, strike out lines 3 and 4 and insert:

"SEC. 2. This Act shall not apply to any article provided for in section 4541 of the Internal Revenue Code of 1954."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SIMPSON] and I may extend our remarks on the bill just passed at this point in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MILLS. Mr. Speaker, the purpose of H.R. 6054, as reported by the Committee on Ways and Means, is to amend section 2 of Public Law 869, 81st Congress, as amended, to continue for 1 year—from the close of June 30, 1959, to the close of June 30, 1960—the suspension of duties on metal scrap.

The bill is exactly the same bill which the Committee on Ways and Means brought to the House last year and which the House passed by unanimous consent.

The bill contains the existing proviso that the suspension shall not apply to lead scrap, lead alloy scrap, antimonial lead scrap, scrap battery lead or plates, zinc scrap, or zinc alloy scrap, or to any form of tungsten scrap, tungsten carbide scrap, or tungsten alloy scrap, or to articles of lead, lead alloy, antimonial lead, zinc, or zinc alloy, or to articles of tungsten, tungsten carbide or tungsten alloy, imported for remanufacture by melting. The bill also continues the existing provision that the suspension shall not apply to any article provided for in section 4541 of the Internal Revenue Code of 1954.

Favorable reports on the bill were received from the Departments of the Treasury, State, Interior, Defense, Commerce, and Labor. A favorable report was also received from the Director of the Office of Civil and Defense Mobilization and an informative report from the U.S. Tariff Commission. The Committee on Ways and Means received no information which would indicate any opposition to this legislation.

The Committee on Ways and Means is unanimous in urging the enactment of H.R. 6054.

Mr. SIMPSON of Pennsylvania. Mr. Speaker, the legislation which has just passed the House, H.R. 6054, has as its purpose the suspension for an additional year of duties and import taxes on certain metal scrap. This legislation is similar to other legislation which the Congress has passed periodically so as to exempt from import duties scrap metal used by our domestic producers. The suspension under existing law is scheduled to terminate on June 30, 1959, and H.R. 6054 would extend the period of suspension through June 30, 1960.

Mr. Speaker, the Committee on Ways and Means in its consideration of this legislation received no indication of any opposition to the continuation of the present suspension. The Committee membership was unanimous in favorably reporting this bill to the House of Representatives.

Mr. Speaker, for these reasons I have joined with the distinguished chairman of the Committee on Ways and Means in urging the House to give its approval to H.R. 6054.

ESTABLISHING RULES OF INTERPRETATION FOR FEDERAL COURTS INVOLVING THE DOCTRINE OF FEDERAL PREEMPTION

Mr. WILLIS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3) to establish rules of interpretation governing questions of the effect of acts of Congress on State laws.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3, with Mr. THOMPSON of Texas in the chair.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 1, ending on line 5, page 2, of the bill. If there are no amendments to this section, the Clerk will read.

Mr. CELLER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and one Members are present, a quorum.

The Clerk will read.

The Clerk read as follows:

SEC. 2. (a) Chapter 115 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"§ 2392. Enforcement of State statutes.

"Except to the extent specifically provided by any statute hereafter enacted by the Congress, the enactment of (a) any provision of law contained in this chapter or in chapter 37, 67, or 105 of this title, (b) the Subversive Activities Control Act of 1950, (c) the Communist Control Act of 1954, or (d) any other Act of Congress heretofore or hereafter enacted which prescribes any criminal penalty for any act of subversion or sedition against the Government of the United States or any State of the United States, shall not prevent the enforcement in the courts of any State of any statute of such State prescribing any criminal penalty for any act, attempt, or conspiracy to commit sedition against such State or the United States, or to overthrow the Government of such State or the Government of the United States.

"As used in this section, the term 'State' includes any State of the United States, the Territory of Hawaii, and the Commonwealth of Puerto Rico."

(b) The analysis of chapter 115 of title 18, United States Code, is amended by inserting at the end thereof the following new item:

"2392. Enforcement of State statutes."

Mr. WALTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened with interest yesterday to some of the arguments of the proponents of this legislation, and I say to them that this legislation has nothing whatsoever to do with those decisions of the Supreme Court that many of us feel are not proper. The enactment of this legislation will in nowise affect decisions which the Committee on the Judiciary and other committees of this House have had under consideration for some time.

I ask the Committee on Post Office and Civil Service what was the status of my bill which deals directly with the most outrageous usurpation of authority that this republic has seen. It was reported favorably at the last session of Congress, passed by the House, but not acted on in the Senate. This is the case of Cole against Young, wherein the Supreme Court held that a disloyal Government employee could not be discharged from his or her employment unless that person occupied a "sensitive position." The Supreme Court by writing "sensitive position" into the law has as effectively amended the law as if it had been done properly and in this body.

The thing that disturbs me about this bill among other things is this: Enact this legislation—and all of you know how we operate in this body—and there will be no action on the decision. It is designed to undo the invasion by the Supreme Court of the prerogatives of this branch of Government. Many of the Members will say that we have enacted H.R. 3, why should we bother with the decision in the Mallory case, or the Cole against Young case, or many of these other cases? I think there are 48 of them.

It would be a most unfortunate thing if the Congress did not reassert its power. I am afraid that we will ultimately permit this branch of the Government to be subordinated to the extent that it is in other nations.

This great republic of ours, the leading Nation up to now of the whole world, is as powerful as it is because we have insisted on preserving the integrity of each branch of the Government. The way to deal with this usurpation of authority is on a case-by-case basis. We have undertaken that. The Committee on the Judiciary had a special committee headed by the distinguished gentleman from Louisiana [Mr. WILLIS], which has examined these cases; and I ask those of you who are interested in preserving the integrity of the Congress to vote against this bill, lest by voting for it we will not continue our efforts to correct these wrongs.

CALL OF THE HOUSE

Mr. MASON. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 100]

Anderson, Mont.	Goodell	Powell
Ashley	Holifield	Rabaut
Bolton	Kearns	Spence
Canfield	Kilburn	Wallhauser
Chiperfield	Martin	
Cook	Miller, George P.	
Davis, Tenn.	Miller, N.Y.	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, H.R. 3, and finding itself without a quorum, he had directed the roll to be called, when 414 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. For what purpose does the gentleman from New York [Mr. CELLER] rise?

Mr. CELLER. Mr. Chairman, I ask unanimous consent to go back to section 1. I have an amendment to section 1.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. WILLIS. Mr. Chairman, I object.

Mr. CELLER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CELLER: On page 3, line 7, insert:

"SEC. 3. Section 1 of this Act shall be applicable only to Acts of Congress hereafter enacted."

The CHAIRMAN. For what purpose does the gentleman from Louisiana [Mr. WILLIS] rise?

Mr. WILLIS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. WILLIS. Mr. Chairman, this bill is in two sections. Section 1 provides the broad rule of preemption, and section 2 is directed to the decision of the Supreme Court in the specific Nelson case.

This bill has been read in full; both sections 1 and 2 have been read. An amendment to section 1 is obviously not in order. The addition of section 3, proposed by the amendment offered by the gentleman from New York, is a complete circumvention of the rule because as drafted what does the language of section 3 do? It does one single, solitary thing, that is, to amend section 1. I therefore make the point of order that the amendment offered by the gentleman from New York is not in order and is in violation of the rules. It comes too late at this time.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. CELLER. The gentleman from New York simply states that there are more ways than one to offer an amendment, and there is no reason why section 3 cannot be offered to amend any part of the bill.

Mr. SMITH of Virginia. Mr. Chairman, may I be heard briefly on the point of order?

The CHAIRMAN. The Chair will hear the gentleman from Virginia.

Mr. SMITH of Virginia. This is the amendment which was offered in proper order last year to the bill and defeated on the floor. It is obviously designed to destroy the bill.

Mr. CELLER. Mr. Chairman, the gentleman is not in order.

The CHAIRMAN. The Chair is hearing the gentleman on the point of order. The gentleman from Virginia will proceed.

Mr. SMITH of Virginia. I have not heard the gentleman deny that my statement is correct, and it obviously is. But I wanted to say that this is so obviously an amendment to section 1, which is not in order, that I can see no ground or excuse under any parliamentary rule to overrule this point of order.

The CHAIRMAN (Mr. THOMPSON of Texas). The Chair does not rule on the question of consistency. The Chair is ready to rule on the point of order.

The new section is merely a modification of a section already in the bill. The Chair therefore thinks it is germane and overrules the point of order.

The gentleman from New York [Mr. CELLER] is recognized in support of his amendment.

Mr. CELLER. Mr. Chairman, this amendment tests the sincerity of the proponents of this bill. If the proponents mean what they say and say what they mean, namely, that the bill is not retroactive, let them say so. My amendment says so in so many words, that this bill shall refer to the future and shall not refer to the past.

Apparently in the debate the reason offered by one of the proponents against an amendment of this character or import was that if you adopt such an amendment then you have two types of interpretation, or two types of construction: Cases coming up in the future would be decided in accordance with H.R. 3 rule of construction, whereas old cases would have to be construed, past cases, past laws, would have to be construed under the present rules of construction and, therefore, you have a dual method of construction. Apparently the proponents of this bill want these old laws and these old cases decided under this new construction. In other words, they want the act to be retroactive—to reach back and cover laws passed decades ago, laws even passed 100 years ago.

Let me give you an illustration. We passed in 1952 the Nationality and Immigration Act, and thereafter the State of Pennsylvania passed a statute requiring the registration of aliens. The Nationality and Immigration Act referred also and applied also to the registration of aliens. It contains a provision requiring aliens to register.

In the case of Hines against Davidowitz, the Supreme Court struck down the Pennsylvania statute and said that the Federal statute must prevail. That is under the present rule of construction

The Nationality and Immigration Act had no words of preemption. If this bill is passed and any State would enact laws requiring registration of aliens, then those aliens would have to register. There would be no positive conflict; thus aliens would be compelled to register twice. The old Pennsylvania act would be reactivated and revived. You would then have also this nice question: Would the old Pennsylvania statute be so revived and would those who failed to register between the time of the decision of the Supreme Court and the time of the passage of this act suffer pains and penalties, suffer punishment, money damage or imprisonment for their failure to register?

That is a contingency that can conceivably rise if we pass this bill without the words of my amendment, which state that this bill shall have effect only in the future and shall only refer to acts of Congress hereinafter passed.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Louisiana.

Mr. WILLIS. Will the gentleman support the bill if his amendment prevails?

Mr. CELLER. I will support the bill if my amendment carries. Apparently, I do not rise to the gentleman's bait. He thought I would answer differently.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WILLIS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York [Mr. CELLER], and I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. WILLIS. Mr. Chairman, the pending amendment, of course, strikes at the very heart of the bill. It comes from those who in actuality do not really want any legislation at all, and I will come to my recent question asked of the chairman of my committee in that connec-

tion. It is the same old hue and cry, the same argument we hear today we heard when we considered legislation to correct the decision of the the Supreme Court in the Jencks case.

In that case, you will recall, the Supreme Court departed from the conventional rules of evidence in criminal procedures. The Court held that the Jencks decision would permit criminals and Communists to rummage through the files of the FBI to have a "roman holiday." Those are not my words. That is what Justice Clark, speaking for himself and several of the other Justices, said, and he cried out for corrective legislation.

We studied the problem, and we passed the bill. The bill went only this far: It went back to the conventional rules of evidence. Many of those who opposed that bill are the same people who oppose this bill. When that bill was under consideration they said all sorts of dire consequences would be encountered, and we would deprive citizens of their constitutional rights. But on Monday of this week the Supreme Court construed the Jencks bill that we passed, and it approved our bill, stating that Congress, in passing the Jencks bill, was simply exercising its legislative functions. The story is repeating itself today.

Beginning with the decision in the case of Sinnot against Davenport, rendered exactly a century ago, in 1859, the courts uniformly established a rule of statutory construction to the effect that the Court should not undertake to destroy State law unless the Federal law stated or expressed an intention to invade the field or unless there was a direct conflict between the two.

And that is all this bill does in those identical words.

For those of you who were not here during general debate, I had with me at that time Shepard's citations, which is an analysis, among other things, of all Supreme Court decisions, and this brought out that the Supreme Court of the United States, in addition to other courts, up until a few years ago, cited that rule of statutory construction over 110 times. For 110 subsequent decisions the rule was applied. But now, under recent decisions, culminating in the decisions in Cloverleaf and Nelson, the Supreme Court has applied an expanded and unconventional rule of preemption. The present rule is, under those decisions, that the Supreme Court can strike down State law even though the Federal act does not express an intention to invade the State law, and even though there is no conflict between the two. For example, the Smith Sedition Act contained no such provision, yet the Court struck it down. In other words, the new doctrine is a doctrine of preemption by implication or inferences. Again, just like in the Cloverleaf case, Justice Frankfurter said this, as a warning to Congress, just as Justice Clark did in the Jenks case. Justice Frankfurter said it was an open invitation for Congress to do something about it. He said:

> If ever there was an intrusion by this Court into a field that belongs to Congress, and which it has seen fit not to enter, this is it.

He said further:

> And what is worse, the decision is purely destructive legislation—

He was begging us to do something about it, and that is exactly what this bill proposes to do, to simply go back to the conventional rule that brought harmony in the delicate field of State and Federal relationships.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. Gladly.

Mr. HALLECK. This legislation that is presently before us is good for legislation that might be enacted hereafter. Then, why would it not be likewise good for legislation, statutes already on the books, in decisions to be rendered in the future?

Mr. WILLIS. The gentleman is so eminently correct.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. Not at this point, but I will in just a moment. I am commenting on the gentleman's remarks.

Under this amendment you would have the anomalous situation of two standards as to laws already on the books. The Supreme Court would be free to do what they please and enter into the field of judicial legislation. But, as to laws to come, they would be bound by the conventional rule.

Look how inconsistent, I might say to my friend from Indiana, the opponents of this bill are. They move to strike out section 1, but they apparently embrace section 2.

What does section 2 do? I will read it to you: "or (d) any other act of Congress heretofore or hereafter enacted shall not prevent the enforcement in the courts of any State of any statute of such State prescribing any criminal penalty for any act, attempt, or conspiracy to commit sedition against such State or the United States."

In other words, they agree to the principle of the bill, and further they say that in cases of sedition we should follow the conventional rule. But, in all other cases involving preemption we should follow the Nelson rule.

Now, we the proponents of H.R. 3 say, as the gentleman from Indiana has so clearly pointed out, that this bill is an attempt to simply go back to what was the conventional rule for almost 100 years and if it is good law, and a good rule of construction with respect to sedition, then obviously it should be good law with respect to preemption in all other cases that may come before the Court.

Mr. CELLER. Mr. Chairman, will the gentleman yield now?

Mr. WILLIS. I yield.

Mr. CELLER. I take it now that the gentleman admits that the bill in effect is retroactive, in accordance with the answer given to the gentleman from Indiana.

Mr. WILLIS. Here is the way I expressed it in general debate in answer to the same question propounded by my chairman. You can read this bill from now until day after tomorrow and you will not find an amendment to any law, or the addition or the striking out of any word in any old law. However, in future cases coming up before the Court for construction——

Mr. CELLER. Future issues on what?

Mr. WILLIS. Future cases before the Court.

Mr. CELLER. Based upon all laws?

Mr. WILLIS. Based upon all laws, laws that have been on the books for 10 years, 100 years, or laws to come.

Mr. CELLER. Interpreting laws that were on the books 100 years?

Mr. WILLIS. H.R. 3 is no more retroactive than the rule of the Nelson case, which, of course, applies to old laws and will apply to future laws unless we change it which I hope we do by passing H.R. 3. Now, I decline to yield any further.

Mr. CELLER. I did not object to the gentleman's getting an additional 5 minutes.

Mr. WILLIS. I am still answering the gentleman's question.

This bill would simply go back to the rules applicable to all laws, old and new, that were in existence over the years and which the courts have said 110 times should be the law, as expressed in this bill. State laws and Federal laws were passed pursuant to and in the light of those decisions. Those decisions created harmony in the State-Federal relationship, and this bill would simply restore harmony.

Mr. CRAMER. Mr. Chairman, I rise in opposition to the amendment.

Mr. McCULLOCH. Mr. Chairman, will the gentleman yield for a question?

Mr. CRAMER. I am delighted to yield to the distinguished ranking minority member of the committee.

Mr. McCULLOCH. Mr. Chairman, I should like to ask this question of the gentleman from Florida. If the amendment offered by the gentleman from New York [Mr. CELLER] were agreed to by the committee, would not the Supreme Court of the United States be required to follow two rules of construction thereafter; one rule which would interpret laws passed hereafter in accordance with the bill we shall pass today, and statutes that are on the books by the implied preemption rule or some new rule that the Court may devise in some other decision?

Mr. CRAMER. The gentleman is eminently correct. Of course, I can add to that not only the fact that this would provide two rules of construction for future cases but that what we are talking about in this bill is not past acts but future cases before the courts. Therefore, it is not and cannot be retroactive. It is a rule of construction of and not a substantive amendment to existing and future statutes.

The distinguished chairman answered a question concerning the point raised by the distinguished minority leader, as to whether the inconsistency of the chairman's position that H.R. 3 would be good in the future but not for statutes of the past. I suggest that the chairman's answer with regard to this point on the bill could be equally applicable to the Nelson case itself—as it is to H.R. 3. In other words, the majority chairman, who leads the opposition, takes the position that the Supreme Court can establish a new rule of construction and that

is not retroactive; but the U.S. Congress cannot establish a rule of construction which it has the power to do, to determine the intent of this Congress—that is, the Congress cannot do it, but the Supreme Court can do it. That is the inconsistency of the position of the gentleman from New York.

Further, it should be noted that if such distinction were made between past and future statutes, this is what the result would be. The ironic result would be that future statutes would be governed by the rule of interpretation that has been in effect for the past century, but that statutes enacted in the past under that rule and in the light thereof would presumably be interpreted in the future under some different rules not yet known to Congress. That would be the result of the amendment that is proposed.

Mr. Chairman, obviously this is an effort to kill this bill. The argument that is being made now is the same argument that was made in the Jencks case when legislation was presented to this body to clarify that decision. There is not any question but that there is no retroactivity in this action on the part of Congress. The Supreme Court itself complimented the Congress in its recent decision the other day with regard to enactment of this legislation in the Jencks case. We are attempting to take a similar action with regard to the Nelson case.

Now with regard to retroactivity itself, is this bill retroactive in fact? The answer categorically and unquestionably is no. As a matter of law, no, it is not. And it could not be, because you cannot have an ex post facto law, under the Constitution. If, in fact, the worries of the majority are well founded; if, in fact, this were an ex post facto law then, of course, the Court would strike it down. But I say it is not and that we could not pass a law in contravention of the Constitution itself. We could not in this body pass a law that would affect cases previously determined and decided because that, too, would raise a very grave and very serious constitutional question. So I say to you there is no question but that this is not a retroactive bill.

What is being done and the only thing that is being done is this. This provides a rule to guide the Court in future cases; I repeat, future cases, in construing statutes of the Congress. It provides a rule of construction and does not amend the substantive law and therefore could not be construed to be retroactive in effect. So I say there is nothing to this argument with regard to retroactivity. As a matter of fact, what this bill does is this. It attempts to codify into law a rule of construction to determine the intent of Congress in future cases, a rule that existed nearly 100 years. Under it the Court decided on the meaning of statutes as a rule of construction for preemption for nearly 100 years, and a return to that rule through H.R. 3 certainly does not mean it is retroactive or destructive in any respect. As a matter of fact, this bill will bring order out of the present chaotic effect of the Nelson, Cloverleaf, and other cases. The amendment should be defeated.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. VANIK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened with patience to almost every word of the debate on this bill. I have listened in vain for convincing truths. With courtesy and with patience I have endeavored to extract answers to simple and reasonable questions. It is regrettable that there has been no full debate on this bill in the traditional manner. Some positions were involved with deep emotions, unrelated to the issue.

I oppose this bill, because I fear it with all my heart. No argument presented on this floor has convinced me that this legislation will have no effect on the regulatory power of the Federal Government as it is now exercised. It is the present exercise of this power, which I desire preserved in what I believe is the public interest. Rules of judicial construction can be used as lethal weapons of destruction to assault the rights of man. During 7 years as a trial judge in Ohio, I have seen the failure of justice more often through inappropriate and mishandling of procedural law than through the inadequacy of substantive law.

This bill has the force and effect of an A-bomb on established jurisprudence. There is something in it for those who seek vengeance against the Supreme Court for what it said in the segregation decision of 1954. There is something in this bill for those who seek to exercise States rights to protect unfortunate citizens from the civil rights they now have. There is something in this bill for those members of the law who thrive on lusty fees made by conflict of laws. There is something in this bill for some business interests who expect to reap a bonanza of profit through the deterioration and atrophy of the Federal regulatory power. There is something in this bill for practically everyone except the people of America who may never comprehend what it will do to them.

This bill is designed to increase the legislative power of the States. This created new power must of necessity be carved from existing Federal power to regulate. My fear is that the States will use this increment of legislative power to further compete and divide. The economic disunity among the States will make for a weaker America.

This bill, I fear, will lead our Nation on a weird adventure. I suspect that even its most avid supporters will rue the day they gave it life.

The gentleman from Florida and the gentleman from Ohio say the bill does not have retroactive effect. The gentleman from Louisiana says it does. The Attorney General does not seem to know. Is this the climate in which we should legislate?

In this 86th Congress the record is one of compromising compromise. The work of the individual Member is obscured in compromise. There is little to distinguish the Member wherever he may sit in this House. I believe, however, that the manner in which we vote on H.R. 3 will more likely classify our work in this Congress than any other legislation this term.

I urge the defeat of H.R. 3.

Mr. WILLIS. Mr. Chairman, this bill has been debated for 2 days. We do not want to cut off reasonable debate but I wonder if we could not reach an agreement on a limitation on debate for a reasonable time on this particular amendment and amendments thereto? I would hope that we could do so reasonably in 15 more minutes.

The CHAIRMAN. Does the gentleman submit such a request?

Mr. WILLIS. I am trying to test the wish of this committee. I do not want to force anybody but that is my judgment. I asked the gentleman from New York if that would be agreeable to him.

Mr. CELLER. That would be agreeable to me.

Mr. FULTON. Mr. Chairman, I have an amendment adding a new section 3. Could I still offer it?

Mr. WILLIS. This would apply only to the pending amendment and amendments thereto. Would this be agreeable to the gentleman from Ohio?

Mr. McCULLOCH. Entirely agreeable.

Mr. WILLIS. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 15 minutes.

Mr. BROOKS of Louisiana. Mr. Chairman, reserving the right to object, I spoke to my colleague and very dear friend the gentleman from Louisiana [Mr. WILLIS] during the first day of debate on this bill and told him I would like 5 minutes on the bill. At that time he told me all of his time was taken up. I talked to my colleague the gentleman from New York [Mr. CELLER] and got the same reply.

I merely ask him to withhold his request until I can get 5 minutes' time. I am not going to be arbitrary with my own colleague or be arbitrary with the House, but I would like to have reasonable time on the bill, that is all.

Mr. WILLIS. Mr. Chairman, in that connection I see three Members standing. This would allow 5 minutes each, but I would like to have time reserved for the author of the bill.

The CHAIRMAN. The Chair would inform the gentleman that there were six Members on their feet, seven now.

Mr. BROOKS of Louisiana. I want to know if I am going to get 5 minutes, if the gentleman will incorporate 5 minutes for me.

The CHAIRMAN. There are now nine Members seeking recognition.

Mr. WILLIS. Mr. Chairman, I move that all debate on this amendment and all amendments thereto, in view of the number standing, close in 20 minutes.

The CHAIRMAN. The question is on the motion.

The motion was agreed to.

The CHAIRMAN. The Chair noted the names of the Members standing. The time will be divided equally among them and will amount to about 2¼ minutes each.

The Chair recognizes the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I rise in support of the amendment. I think it possibly improves a little bit, but even if the amendment were adopted we still would have before us a piece of legislation dangerous in concept and dangerous in application. But at least it would be some improvement.

I am quite sure that there are Members of this Committee who support H.R. 3 but are somewhat nervous about the effect that it might have on existing regulatory procedures and existing statutory arrangements. I predict that we will see amendments offered to exempt certain fields of endeavor from the operation of H.R. 3.

The amendment, however, would save Members of the House from the obligation which they would have to go through the United States Code from one end to the other to determine exactly what it is that they have done if H.R. 3 is passed. Therefore I support this amendment which would at least get rid of the necessity of having to do that. It still would be a bad bill for the simple reason that the basic fallacy remains that we do not have any new doctrine of preemption created out of thin air by the courts. We still have the doctrine of preemption as it was envisioned by our forefathers in this country.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Mr. Chairman, I rise in opposition to this amendment.

I wish to commend the succinct statement of the basic issue involved in H.R. 3 as offered yesterday by my colleague, the gentleman from Michigan [Mr. MEADER].

The gentleman from Michigan said:

> It seems to me that the matter of policy involved here would require those who favor the maintenance of the vigor, vitality, integrity, and authority of State governments to vote in favor of H.R. 3. Those who believe that self-government at the State and local levels is obsolete and that all problems must be dealt with on a national basis will, of course, vote against H.R. 3.

I am not a member of the bar and therefore cannot speak with the authority and background of legal training such as my friend from Michigan brings to this debate. But I do not need to be a lawyer to know where my allegiance lies in this great issue. Like the gentleman from Michigan [Mr. MEADER] I favor—and throughout my service in this House I have consistently favored—the maintenance of the vigor, vitality, integrity, and authority of State governments.

In connection with this issue I think it is worth noting that back in 1867, as an aftermath of the tragic War Between the States and as a part of the equally tragic reconstruction era controversy, Senator Charles Sumner, of Massachusetts, was advocating consolidation of virtually all governmental power in the National—that is, Federal—Government.

Regarding Sumner's views his biographer, Edward L. Pierce, writing in 1893, said:

> Thoughtful students of the American system recognized, even at that period when national power was being pressed to its utmost verge in the interest of freedom, that Sumner's conception was onesided. He admitted indeed the place of States in our system, as supplying opportunities for education and meeting local wants; but he treated them as conveniences rather than essential organs of national life, and his conception reduced them almost to the level of counties and towns—as if States, with equal representation in the Senate and with jurisdictions guarded by the Constitution against national interference, bore any real analogy to the municipal divisions of a State, which are useful for local administration but absolutely subject, as to their sphere and even as to their existence, to legislative power.

Also, with respect to Sumner's views his own colleague from Massachusetts, Senator Henry Wilson, remarked critically after Sumner had lectured in Boston, "The States are something, still."

I subscribe to the sentiment of Senator Wilson that the States, indeed, are something, still. I go further. I believe that it is absolutely essential to the survival of constitutional government in these United States, to the preservation of our Federal system, and to the maintenance of freedom and self-government in any meaningful sense, that the States be maintained and strengthened in their essential role as something, still, in our governmental scheme of things.

It is for these reasons that I unqualifiedly support H.R. 3.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. BROOKS].

Mr. BROOKS of Louisiana. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Louisiana [Mr. WILLIS] because I need 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. DOWDY].

Mr. DOWDY. Mr. Chairman, I oppose the amendment to limit section 1 of this bill. The argument of retroactivity is wholly immaterial on a question of construction of statutes.

The rule proposed in this bill merely reestablishes the rule followed by the Supreme Court for 100 years. When the Court abandoned that rule and adopted their rule of presumptive preemption, the Court's new rule was no less retroactive than is this bill. Any rule of construction must apply to all future litigation, and that is all this bill does.

That is not retroactivity.

I consider H.R. 3, and particularly the first section, to be the most important legislative proposal that it has been my pleasure to support since I have been a Member of this honorable body.

I do not see how any American could oppose this bill; it states a fundamental rule for judicial interpretation of laws passed by Congress that prevailed through the years of the infancy, growth, and maturity of our great Republic, yet I know there is a group of people who do oppose this principle.

It is composed, principally, of the self-styled liberals. They are sincere in their opposition—they sincerely believe that the American people do not have sense enough to govern themselves, and therefore we must have an omnipotent, centralized Government in Washington, with their group as the godhead, to make all decisions for the people. They oppose this bill for the reason they fear it might detract somewhat from the deadly power of the octupus on the Potomac.

In an effort to delude the people in regard to the basis for their opposition, knowing full well their true reason must be concealed, the argument is advanced that this bill would bring into question the interstate commerce laws. That is not true, and the fallacy of the argument can be easily demonstrated. This bill would not affect the interstate commerce laws.

In the U.S. Constitution, article I, dealing with the legislative department, section 8, clause 3, it is stated:

> The Congress shall have power to regulate commerce among the several States.

This clause is the direct source of the most important powers which the Federal Government exercises in time of peace, and is the most important limitation imposed by the Constitution on the exercise of State power. The courts used it as a curb on State power many times, and long before 1887, when the Interstate Commerce Act was adopted.

As early as 1824, in Gibbons against Ogden, the Supreme Court held that under the commerce clause, a State could not interfere with interstate commerce, and in so doing overturned a series of acts of the Legislature of the State of New York, since which time the States have not been considered to have authority to impede the free flow of commerce from State to State—and may I say again, that antedated the Interstate Commerce Act by 63 years.

H.R. 3 seeks only to restore the rule of construction and interpretation of statutes that was followed through all those years—and until only recently—under which the named result was reached. H.R. 3 will not and can not change the U.S. Constitution. Only a constitutional amendment can do that. So do not be hoodwinked by that argument, because for 135 years it has been accepted constitutional doctrine that the commerce clause, even without the aid of congressional legislation, affords protection from State legislation, and that in cases where Congress has not acted, the Court, under the commerce clause, and not the State legislatures, is the final arbiter of the competing demands.

Do not construe my words to mean that the Supreme Court can supersede the will of Congress in this connection. I do not know what would happen now, which is one of the many reasons I support H.R. 3, but former Supreme Courts have recognized the dominance of Congress in legislating. In 1852, Congress passed an act pronouncing the Wheeling

bridge "a lawful structure," setting aside the Court's contrary decision a few months earlier. The Court learned that lesson, and 30 years later, in Transportation Co. against Parkersburg, the Court used this language:

It is Congress, and not the Judicial Department, to which the Constitution has given the power to regulate commerce.

The present Supreme Court has been usurping the legislative functions by enlarging its acknowledged power of construction so as to include rewriting the laws passed by Congress. It is hoped H.R. 3 will cause the Court to relearn the lesson that it is Congress, and not the Judicial Department, to which the Constitution has given the power to legislate.

Section 1 of the bill says to the Court only that it shall not read into an act of Congress an intent that is neither expressed nor apparent. The fact that such an expression from Congress is necessary is evidence of the breakdown that has occurred in the division of powers between the three branches of Government. Congress must take this step, else have its constitutional powers and prerogatives further invaded and usurped.

But I want to mention briefly other of the pseudo-objections to this bill. The opponents, for instance, do not give the laboring men credit for much intelligence. They are not dumb—they know this bill provides that a conflict between a State and Federal act will be resolved in favor of the Federal act. They are too intelligent to be misled by the contention, for instance, that a State law on wages and hours would take precedence over the Federal law on this question, because, in fact, under H.R. 3 a conflict between the two would void the State act.

The truth of the matter, any thinking laboring man would strongly support this bill. The Federal law provides $1 per hour minimum wage. If a State enacted a 75 cents an hour minimum wage in applicable cases, the Federal law would prevail because the conflict would be resolved, under this bill, in favor of the Federal provision.

However, take a contrary case. I understand the State of Alaska will have a $1.50 minimum wage. That would be a resolvable conflict, because the minimum would be above the Federal provision. Under the prevailing Supreme Court doctrine of preemption, that Court might well knock down the Alaskan law—H.R. 3 would prevent that from happening. There may be other States confronted with this same situation.

Similar objective reasoning will reveal the baselessness of other fears about H.R. 3.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. TOLL.]

Mr. TOLL. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from New York [Mr. CELLER].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I suppose as a lawyer I should support this bill and as a lawyer I should oppose the amendment, because if anything this bill is a full employment bill for lawyers. It is going to create a morass of litigation, ambiguity and doubt upon the rights, responsibilities and liabilities of every American citizen, that will offer unlimited opportunity to members of the bar.

The amendment improves the bill somewhat, but it is sort of like washing a skunk. You can wash it as much as you want, but it is still a skunk.

I want to read to my colleagues some of the things which have been said by the Department of Justice on H.R. 3, as some of many cogent reasons for its defeat.

The only difference between Judge SMITH and the Department—and I do not mean to be presumptuous—but the only one I think of at the moment is that Judge SMITH seeks it by this general statute. We would like to go at it field by field, and, if there is any conflict, let us eradicate it field by field, so we know what we are doing.

That is a quote from the statement of Mr. Walsh, Deputy Attorney General, before the House Judiciary Committee.

Mr. Walsh went on to say:

I would say that this job you are suggesting for the Department of Justice is not one for a week, a month, or a year. There will be many years involved in such a job.

I read this for the benefit of my colleagues on the Republican side, because I assume after their policy committee meeting they are going to vote almost unanimously for this particularly iniquitous piece of legislation. I want you to know what their Department of Justice and our Department of Justice thinks about this particular bill.

I want to go a little bit further and tell my colleagues that there occasionally falls on the House of Representatives the job of enacting a legislative futility. We are doing that here today. Those of us who oppose this bill are doing more than something to protect the public interest. We are trying to save these silly people in the National Association of Manufacturers, the Chamber of Commerce, and, if you please, the Republican Policy Committee in the House from the consequences of their own outrageous folly in the enacting of a bill like H.R. 3, which will create a confusion compounded of litigation and relitigation of now established rights and obligations.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. CELLER].

The Chair recognizes the gentleman from Ohio [Mr. MCCULLOCH].

Mr. MCCULLOCH. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Louisiana [Mr. WILLIS].

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. WILLIS].

Mr. WILLIS. Mr. Chairman, I yield back my time.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, everything that can be said on this bill has been said in the past few days, and Members who want to understand this bill can understand it. Others may do as they see fit.

Mr. Chairman, I hope we will get to a vote right quick on this.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. CELLER].

The question was taken; and on a division (demanded by Mr. MULTER) there were—ayes 81, noes 138.

Mr. CELLER. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. CELLER and Mr. WILLIS.

The Committee again divided, and the tellers reported that there were—ayes 129, noes 195.

So the amendment was rejected.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LINDSAY: Strike out all after the enacting clause and insert in lieu thereof the following language as a substitute bill:

"That chapter 115 of title 18, United States Code, is amended by adding at the end thereof the following new section:

"'§ 2392. Enforcement of State statutes

"'Except to the extent specifically provided by any statute hereafter enacted by the Congress, the enactment of (a) any provision of law contained in this chapter or in chapter 37, 67, or 105 of this title, (b) the Subversive Activities Control Act of 1950, (c) the Communist Control Act of 1954, or (d) any other act of Congress heretofore or hereafter enacted which prescribes any criminal penalty for any act of subversion or sedition against the Government of the United States or any State of the United States, shall not prevent the enforcement in the courts of any State of any statute of such State prescribing any criminal penalty for any act, attempt, or conspiracy to commit sedition against such State or the United States, or the Government of such State or the Government of the United States.

"'As used in this section, the term "State" includes any State of the United States, the Territory of Hawaii, and the Commonwealth of Puerto Rico.'

"(b) The analysis of chapter 115 of title 18, United States Code, is amended by inserting at the end thereof the following new item:

"'2392. Enforcement of State statutes.'"

Mr. WILLIS. Mr. Chairman, I make a point of order to the amendment.

Mr. Chairman, I followed the reading of the amendment and it is word for word carrying section 2 of the bill after the enacting clause. It is really an amendment to strike out section 1 and all that this amendment does is simply to repeat what the Committee has just voted on. It comes too late, Mr. Chairman, because section 1 has already been read.

The CHAIRMAN. The Chair will be glad to hear the gentleman from New York [Mr. LINDSAY] on the point of order.

Mr. LINDSAY. Mr. Chairman, under the rules the amendment is in order.

Mr. CELLER. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. CELLER. Mr. Chairman, this is a substitute amendment which, in effect, strikes out section 1. There is no reason why a Member cannot offer a substitute amendment changing the provisions of any section, either amending the section or striking it out in toto. That is what this amendment does. It is a substitute amendment substituting a new bill as it is, with the elimination of section 1.

The CHAIRMAN (Mr. THOMPSON of Texas). The Chair is ready to rule.

The only function of the Chair is to rule on the germaneness of the substitute. The Chair believes the substitute is germane and, therefore, the point of order is overruled.

Mr. LINDSAY. Mr. Chairman and Members of the Committee, this substitute strips this matter down to its essentials. What it does is to leave intact that portion of the bill, H.R. 3, which is directed at the decision of the Supreme Court in the Nelson case. Those who wish to overcome the decision of the Supreme Court in the Nelson case have an opportunity to do so and can support this amendment. This in essence is the case by case approach about which so much has been said in this Committee of the Whole House in the past 2 days.

Mr. Chairman, I do not hold any particular brief for section 2. It seems to me that the decision of the Supreme Court in the Uphaus case clarified a certain amount of confusion as to the effects of the Nelson decision. It was understood in some quarters, or at least it was thought in some quarters, that the Nelson decision had the effect of preventing any State from taking legal action in the courts against internal disturbance, sedition or what have you directed against the State itself. In my humble judgment, sedition directed against the United States is a national matter which is best handled by the Government of the United States. There is plenty of evidence to that effect. But, this is beside the point, Mr. Chairman. At least legislation designed to overcome the decision of the Nelson case or legislation designed to overcome the decision in the Jencks case or legislation designed to overcome the Cole decision is the correct legislative approach to this problem. I have no quarrel, as a matter of principle, as to the approach that is made by any Member of the House who decides to attack these decisions of the Supreme Court. That is his right and I have no quarrel with any effort to overcome it by specific legislation. But the blunderbuss approach of section 1 as the distinguished gentlemon from Massachusetts [Mr. CURTIS] so aptly put it in debate yesterday, is like using plumber's tools to perform a brain operation that should be performed with a scalpel. Therefore, I say to you, although I do not agree with those who would enact legislation to overcome the decisions in the Uphaus case and the Nelson case, nevertheless, I recognize their point of view and I am quite ready to subscribe to the theory that this is the correct legislative approach.

I am not going to take the time of the Committee to reargue the question of the effects of H.R. 3. I tried to do it briefly yesterday, and other Members of the Committee on both sides of the question have expressed their thinking.

In substance, the argument of the opponents of H.R. 3, that is, section 1 of H.R. 3, is that there has been no change in the doctrine of preemption by any Supreme Court decision in recent years. We have been able to point to case after case, going way back to Gibbons against Ogden, which established the principle of preemption founded on the supremacy clause of the U.S. Constitution. Not a single Member of the Committee has been in a position to deny the fact that if section 1 of H.R. 3 is enacted that, for example, alien registration statutes in several of the States would be automatically reactivated. In fact I take as my text on that score, as I did in the debate yesterday and the day before, the brief submitted by the distinguished author of the bill, the gentleman from Virginia [Mr. SMITH] in which it is expressly stated that this is the intention of H.R. 3 in alien registration and other areas of Federal activity.

So, Mr. Chairman, in substance, if there are Members of this Committee who wish to enact legislation to overcome the effect of the Nelson case, but who are fearful as to the possible overall effects of section 1 of this bill, then they will support this amendment.

Mr. FORRESTER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from New York says that his amendment will overrule the Nelson case decision. It will do perhaps that very thing, but that statement on the part of the gentleman is a complete admission that the Uphaus case did not overrule the Nelson decision and actually did not touch it even with a 40-foot pole.

I have just this little disagreement with the gentleman from New York, and I want to make it crystal-clear and I want to see which side the Members of this Congress are on. The gentleman from New York says that in matters of sedition, and so forth, the Federal Government should have exclusive jurisdiction and control. I do not think so. When that day arrives it is going to be the saddest day that America has ever witnessed. Oh, my dear friends, I wonder where that philosophy came from? You did not think that back in World War I. Back in World War I Minnesota passed a law saying that anyone who discouraged registration would be guilty of a criminal offense. Minnesota convicted a man under that statute. That case was carried to the U.S. Supreme Court and the point was raised that the Selective Service Act had preempted the field. But the U.S. Supreme Court said certainly: "The State has the right to cooperate in the defense and the protection of this country, and, as a matter of fact, it is their duty so to do." God pity us if the day should come that the gentleman from New York looks forward to.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. FORRESTER. I yield to the gentleman from Idaho.

Mr. BUDGE. I would like to commend the gentleman on his statement and also make this observation: The gentleman from New York who offered this substitute seems to think that the only thing involved here is the matter of criminal jurisdiction. Far more is involved that that. Just as an example, Congress for a period of 102 years has in 18 separate pronouncements said that the water which is the lifeblood of the 11 arid Western States should be obtained under the laws of those several States and Territories. It has never said otherwise. In spite of that legislative history, some departments of the Federal Government continue to assert some kind of superior power of the Federal Government over those waters. If they are successful in any such assertion, chaos would result in the Western States where the water rights have been settled for many years and settled under State laws.

I say to the gentleman from New York that there is a great deal more involved in H.R. 3 than the Nelson case or any other criminal proceeding, important as corrective measures are in that field.

Mr. FORRESTER. I thank the gentleman for his contribution, but I have not finished with this subject.

The State of Georgia wants the privilege of joining in the fight on communism. No matter what the gentleman from New York [Mr. LINDSAY] wants, I want to stand here in the well of this House and say to you, sir, that we in Georgia want the privilege of trying to work with you in wiping out communism and trying to destroy the enemies of the United States of America.

Another thing, sir, I would like to say to you, and I am a little surprised because the gentleman has been with the Justice Department, it would seem to me that the gentleman would be sick and tired of these 5 to 4 decisions. You have four on one side and four on the other in the Supreme Court and Justice Frankfurter now is the most powerful man in the world because the way Justice Frankfurter votes, that is the way the Court goes and that becomes the law of the land. In my country law practice I just do not think that is good for the country and we just do not like it, and I bet you do not like it. I bet you have nothing against your State. I do not know why you should fear your State. Do you fear your State? I do not fear Georgia. If you fear your State you ought to move from your State. I never thought I would see the day I would hear an argument that the 49 sovereign States should be prevented from protecting themselves against overthrow by force and violence or from protecting the Government of the United States against any foe.

Mr. NELSEN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time for the purpose of asking some questions of the gentleman from Louisiana [Mr. WILLIS], who is handling this bill. I have listened to the discussion for several days and I am rather confused.

A letter came to my attention dealing with the rural electrification program. This is a letter from the National Rural Electric Cooperative Association and it reads as follows:

NATIONAL RURAL ELECTRIC
COOPERATIVE ASSOCIATION,
Washington, D.C., June 16, 1959.

As you know, H.R. 3 which purports to establish rules of interpretation for Federal courts involving the doctrine of Federal preemption is due for floor debate and action this week.

The National Rural Electric Cooperative Association, the service organization for the rural electric system of the United States which represents some 4 million member consumers, has a vital and direct interest in this legislation.

In addition to the reasons why H.R. 3 should be rejected, as set forth on page 28 of the minority report, Report No. 422, the enactment of legislation as contained in H.R. 3 would also, as the minority report set forth, throw into "chaos * * * all possible areas of concurrent powers * * * including forms of transportation, labor-management relations, criminal law, alien, power and natural gas regulations, matters affecting the national defense, etc., etc."

Some 450 of the rural electric cooperatives receive either directly or indirectly all or part of their wholesale power supply from Federal power projects such as for example, the Tennessee Valley Authority, the Bonneville Power System, Southwestern Power Administration, Bureau of Reclamation, etc. In addition the commercial utilities from whom many of the rural electric systems purchase power are subject to the scrutiny of the Federal Power Commission. We feel that passage of legislation embodied in H.R. 3 would seriously hamper the operations of the Federal Power Commission and those Federal agencies which over the years have time and time again been delegated the authority and responsibility by the courts and the Congress to have control over navigable waterways and streams, water rights, and use of water for irrigation, navigation, power development, etc.

In addition, passage of such legislation would throw into chaos the interpretation of the Federal property clause of the Constitution, section 3, clause 2, under which all the Federal power projects have operated these many years.

The reasons as stated above, plus others, clearly indicate the great harm that could be done directly and indirectly to the rural electric systems if such provisions as embodied in H.R. 3 were allowed to become law.

For these reasons we respectfully urge your consideration of our position on this matter.

Sincerely,

CLYDE T. ELLIS,
General Manager.

Mr. Chairman, I would like to know of the gentleman from Louisiana if this is a correct analysis and whether or not this legislation would affect the rural electric cooperatives all over the United States.

Mr. WILLIS. My answer is no. But I am amazed at this letter being written by Clyde Ellis. Who was it written to? I did not receive one.

Mr. NELSEN. I did not receive a copy myself. It was directed to several Members of the Congress, and a copy came to my attention for the purpose of asking of me my opinion relative to it, and I am frank to say I could not answer the question.

Mr. MASON. Mr. Chairman, I received an identical copy of what the gentleman refers to.

Mr. WILLIS. I want to say that Mr. Ellis, in fairness, should have sent a letter to all Members. I doubt that there has been a greater supporter of the REA program in this Congress than myself. It happens that the largest REA group in the world is from my congressional district. I attend all their yearly meetings. I do not think I have ever voted against any program involving REA that I considered fair and just over the years.

By the way, it is my impression that the gentleman has been a supporter of REA. Has he received such a letter?

Mr. NELSEN. I have not.

Mr. WILLIS. My opinion, in answer to the question propounded by the gentleman, is emphatically no.

Mr. MATTHEWS. Mr. Chairman, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Florida.

Mr. MATTHEWS. Mr. Chairman, I appreciate the gentleman's bringing this information to the House and to the committee. I know that I can assure him that that letter does not represent the philosophy of the wonderful REA's in the Eighth District of Florida. I would go so far as to say that 99 99/100 of the members of REA in the Eighth District of Florida are behind H.R. 3, and I want to thank the gentleman for bringing this matter to our attention.

I thank the gentlemen for their assurance. Certainly no one would wish to permit this legislation to damage the REA program and I do believe this discussion will be helpful in establishing legislative intent.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will say that the letter written by Mr. Ellis to the gentleman who just spoke clearly indicates the difficulties attendant upon this bill. The Rural Electrification Act contains no words of preemption. That means that the States would be free, if you pass this act, to set up little rural electrification acts, and there may not be the irreconcilable conflict, which is the only standard under H.R. 3, between the State act and the Federal act. The Federal agency may set forth certain rates. The State agency could set forth conflicting rates to be operative in the State. Similar conflicts may occur in routes, and the rates might be different. Under the standards of H.R. 3, you would not necessarily have here an irreconcilable conflict. The Federal act would not necessarily preempt. There would be dozens of State acts infringing upon and making ineffective the Federal act; you would have confusion worse confounded. That is why this letter was written. And, it points up the serious danger of cavalierly voting for this bill. I am going to ask you to be very, very careful, because you are going to take a shot in the dark without knowing the ramifications of this type of legislation. That was pointed out very succinctly in the letter which was just read, and in the import of the excerpts which were commented upon from the minority report.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CRAMER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, just let me point out that the amendment offered by the gentleman from New York would have this effect. The basis of his argument in support of his position is that the States should not prosecute for sedition against the Federal Government, but rather the Federal Government should do so. I read from page 2, line 18, of the section which remains in the bill, and which he indicates he now supports. It says "shall not prevent the enforcement in the courts."

That is, the previous decisions of the Court, "shall not prevent the enforcement in the courts of any State of any statute of such State prescribing any criminal penalty for any act, attempt, or conspiracy, to commit sedition against such State or the United States."

Of course, the amendment which he offers would retain the provision which permits the States to act against sedition against the United States, and of course, that sets the precedent which is exactly the same as the general provision which is contained in section 1 which the majority in the committee has supported.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from Kentucky.

Mr. CHELF. Let me say to my colleagues that my friend and my chairman the gentleman from New York [Mr. CELLER] made the statement a moment ago that he thinks this bill would be ruinous to REA and to various civil rights legislation. Now, I come from the great border State of Kentucky, and I am one of those who voted for the civil rights bill; and if I thought that there was anything in H.R. 3 that would adversely affect or in the slightest manner hurt or harm the rights and the privileges of my people, I want everybody here to know I would be the first man to offer an amendment to correct the bill so that it would not in any way be injurious to my district or to the country. Now, I cannot conceive of any section of this bill that would affect labor adversely—civil rights, REA, railroads, their employees, or anybody else. This argument is a smokescreen. I have supported REA ever since I have been in the House of Representatives, and, what is more, I have always tried to be fair to labor, business, and all segments of our people. I shall keep on doing it. H.R. 3 is no more retroactive than the rule of the Nelson case, which will be applied to old laws if H.R. 3 is not enacted. It is just that simple.

Mr. CRAMER. I will say to the gentleman that he is eminently correct. And he is a good enough lawyer, I am confident, to know that neither this bill nor any other bill that Congress would enact could possibly affect the constitutional right of an American citizen; is that not correct?

Mr. CHELF. That is right. Will the gentleman yield further?

Mr. CRAMER. I yield.

Mr. CHELF. We had a fairly recent case in Kentucky which was quite fa-

mous, the Carl Braden case. That man was indicted, tried, and convicted by a jury of his peers, for sedition and for communism in Louisville, Jefferson County, Ky. He was sentenced to serve 15 years in the penitentiary and fined $5,000. During the time that his case was on appeal before the Court of Appeals of Kentucky, which is the supreme court of our State, the Nelson case decision was handed down. The Braden case was thrown out and today he is running around, thumbing his nose at the laws of Kentucky and of the United States. He is laughing at the Congress, hissing through his teeth at the Supreme Court, and no doubt back in business trying to destroy America. I am against a card-carrying, dues-paying, Communist preaching parson, being able to do that, especially after he has been tried and convicted. On Monday I stated that his wife was convicted also. I have learned since that she was only indicted by a Jefferson County grand jury. This was no doubt based on her activities in aiding and abetting her husband, Carl. An undercover FBI agent testified that Anne Braden was in a Communist cell with the agent. So—she is as lucky as is her husband, to be out and "in circulation."

Mr. CRAMER. I will say to the gentleman further that this bill could not possibly have anything to do with the REA and Mr. Ellis is about as wrong on that as he was on REA reorganization.

Mr. CHELF. Exactly.

Mr. CRAMER. And that is because it involves interstate commerce. That is the basis on which REA was established. This bill cannot have and does not have anything to do with interstate commerce, it being a constitutional provision which the bill could not possibly abrogate.

Mr. CHELF. Amen.

Mr. JACKSON. Mr. Chairman, will the gentleman yield?

Mr. CRAMER. I yield to the gentleman from California.

Mr. JACKSON. Mr. Chairman, I asked the gentleman to yield to me for the purpose of directing an inquiry to the distinguished chairman of the committee. I should like to ask if the Chairman honestly and sincerely believes that the passage of H.R. 3 would enable an individual State to set up an REA system on the State level.

Mr. CELLER. Of course, it could.

Mr. JACKSON. Mr. Chairman, I can think of no greater recommendation for the bill, and if I had not been inclined to vote for it before, I certainly would be now.

Mr. BROOKS of Louisiana. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, we have had a lot of very fine running-fire debate here today and I have enjoyed it. It covered the whole waterfront. I know that every member of the committee that is handling this bill is anxious to do his full part to represent his views on the measure. Sometimes, Mr. Chairman, we feel very heavily our responsibilty. I am not a member of the committee that is handling this bill and it has been my policy not to speak on a measure unless I am a member of the committee presenting the bill. This is the sole instance this year I have asked for time on a bill offered by a committee of which I am not a member.

I think it is appropriate that I speak at this time. The fundamental purposes of this amendment presented to the committee now are good. I like the thought behind it. But I think the bill itself accomplishes the purpose of the amendment and does it much better and more succinctly.

The measure presented to us has been well thought out and therefore it is the one that we should tie to and adopt. I respect the views of the gentleman from New York who offered the amendment.

Mr. Chairman, I want to say that the overwhelming majority of those of us in the House some time or other have served in the Armed Forces of this country. I know that I did. When we came out of the Armed Forces, the majority of us decided to take part in the work of some patriotic organization. I have done that. I like the Americanism programs of these patriotic organizations that we are fortunate to have in this country, such as the American Legion, the Veterans of Foreign Wars, the DAV, and the AMVETS. They all have good Americanism programs.

My purpose, when dealing with legislation in this Congress, has been to support those programs so that our Government may be able to accomplish its purpose of rendering service in a democratic way to the people of the United States.

I am one of those who has been saddened in recent years by a succession of opinions, and major opinions, of the U.S. Supreme Court which strike at these Americanism programs of our patriotic organizations. These decisions, major in their scope, have sought to make it more difficult to accomplish the democratic processes of the Government of the United States.

I served for years on the Committee on Armed Services. I was there during two World Wars, and I can tell you this: You cannot win a war without the cooperation of the several States. When war comes along we dump authority upon the States and ask for their full and complete cooperation to win that war; and the States should give that cooperation.

You have to have that kind of cooperation if you are going to do it. The draft is only one instance. Civil defense is another. But there are a thousand duties and responsibilities which we put on the several States in order to bring victory to our flag and to our Government. You cannot afford to take away from the States the right to cooperate in punishing for sedition and matters of that sort in order to obtain the support and accomplish the purposes of our Government. You cannot take those powers away from them and then expect the several States in time of great emergency to fully cooperate in every way.

Of course, I am saddened by the decisions of the Supreme Court which have placed the Communists on a pedestal and have made it more difficult to accomplish orderly procedures in our Government. They have thrown judicial rocks in the path of our freedom as a nation.

Mr. Chairman, many of us in this Congress are dissatisfied with recent decisions, coming out in large numbers, of the U.S. Supreme Court. This Court is the highest judicial tribunal in the Nation. It gets all of its powers from our Constitution, but it is the last source by which our Federal laws are interpreted.

In recent years this Court has, in my judgment, gone far afield in some of its decisions. Many of them are legislative decisions—that is, changing our laws by judicial interpretation. Many of them reverse jurisprudence of many years' standing and by doing this they become retroactive in effect. Almost all of the decisions of which I complain strike at efforts being made to properly defend and protect our Government. This is the reason many patriotic organizations have joined in criticizing the Court for its new type of decisions.

H.R. 3 is a bill which will put into permanent law a definite construction of our Federal statutes. This bill is very simple in its scope and aims. It simply declares that the Federal courts shall not construe any statute as indicating an intent on the part of Congress to occupy the field in which it operates, to the exclusion of all State laws on the same subject matter unless such act contains an express provision to that effect. The only exception to the rule of interpretation would be where there is a direct and positive conflict between the Federal law and State law in existence. In this event, of course, the State law would give way to the Federal statute.

This bill is made necessary by the ruling in the case of Nelson against Commonwealth of Pennsylvania. In this single case the Supreme Court held that the State of Pennsylvania could not punish under its own laws for sedition—an effort to undermine the U.S. Government. Instead of encouraging the States to assist and cooperate in maintaining orderly government, by this ruling of interpretation the U.S. Supreme Court actually rebukes the States for seeking to cooperate. And this is the case in the face of 168 years of continuous jurisprudence to the contrary.

Should H.R. 3 become law, this country will know in advance that the States are not robbed and denied of their normal operating powers unless the Federal statute specifically specifies. For instance, in such things as veterans, legislation on flood control, interstate commerce legislation, and a host of problems such as this, the State may proceed with its own statutes and with the application of its own laws, provided only that they do not conflict with the laws of the United States.

Unfortunately the decisions which the Supreme Court of the United States has recently rendered, and regarding which I complain, almost entirely favor communism or communistic causes. Whether this be by chance or by definite doctrinal beliefs makes no difference. The fact is that operating under these new opinions of the U.S. Supreme Court, the punishment of communism and the maintaining of our orderly government against communism and communistic sympathizers has become more difficult. Tragic, is it not, that, with the Nation

engaged in a cold war with the Soviet Union in which we are spending multiplied billions of dollars of our wealth and giving without stint of our energy and even the loss of life of our people, we should find the pathway strewn with judicial rocks thrown in our way by our final legislative tribunal—the U.S. Supreme Court.

I wish the time permitted here a full analysis of the many decisions to which I refer. I will have to forego this opportunity and take them up at a later date. H.R. 3 will not cure all of the things of which I complain, but it will efface from our jurisprudence the odious effects of the Nelson against Pennsylvania decision and again revivify our States with the knowledge that they are indeed a part of a Union of States and that we need their help not only to enforce our laws against destruction of the States themselves, but also to protect and maintain within its constitutional sphere the U.S. Government itself.

Mr. KASEM. Mr. Chairman, will the gentleman yield?

Mr. BROOKS of Louisiana. I yield.

Mr. KASEM. I would like the gentleman to tell us, in his use of the word "Americanism," how his definition of Americanism applies to people with the right of free speech who hold unorthodox or unconventional views.

Mr. BROOKS of Louisiana. I will answer and cheerfully answer the gentleman. Of course, I subscribe to the first 10 amendments of the Constitution which is our Bill of Rights—and I subscribe to every part of them. But I want to tell the gentleman this. I do not go along with any of these Communists or any of these Pinkos when they seek to tear down this Government by force and violence or by other means destroy the orderly processes of democratic government. I am against it and when the Supreme Court renders a decision which makes the accomplishment of their purposes easier, I think the Supreme Court has been beguiled and is misguided and deluded and has gone down the wrong path as far as democracy is concerned.

Mr. WILLIS. Mr. Chairman, I move that debate on the pending amendment and all amendments thereto close in 5 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognies the gentleman from Georgia [Mr. PILCHER].

Mr. PILCHER. Mr. Chairman, regarding the letter from Mr. Ellis, I have just talked to Mr. Walter Harrison, national president of the Rural Electric Cooperative Association, and he says he is 100 percent in favor of this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, I just want to point out that the amendment offered by the gentleman from New York [Mr. LINDSAY] would leave the doctrine of preemption by implication as announced or expounded in the Nelson case untouched. It would expressly say that the Congress did not intend the Smith Act to strike down State laws dealing with sedition. But since it does not deal with the rules of construction—and that is what this bill is about—by implication, if we were to adopt the Lindsay amendment, we would be putting our stamp of approval upon the doctrine of preemption by implication, and for that reason the amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. QUIGLEY].

Mr. QUIGLEY. Mr. Chairman, in accordance with my own House rule 3, I want to say at the outset, I rise in support of the amendment offered by the gentleman from New York.

I want to take the remaining half minute to extend congratulations to the gentleman from Georgia and the gentleman from Kentucky. Nothing they said in their argument impressed me as much as the fact that they completed their statements. When their oratorical flights had them floating somewhere between a coronary and apoplexy, I suddenly realized for the first time why the American Medical Association endorses the bill, H.R. 3.

Seriously, the amendment proposed by the gentleman from New York is the sensible approach to this problem, his reasoning is sound. I agree with him on the Nelson and Uphaus cases. Section 2 of H.R. 3 is not needed but section 1 spells absolute minatory of our American jurisprudence. For these reasons I urge adoption of his amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, I rise only to say to the gentleman from Louisiana [Mr. BROOKS] that I appreciate his comments.

The purpose of this amendment is to give an opportunity to the Members of the Committee to vote on the question of the Nelson case, but it removes all the surplusage and all the unnecessary and unwise material that surrounds it.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WILLIAMS].

(By unanimous consent Mr. WILLIAMS yielded his time to Mr. WILLIS.)

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. MCCULLOCH].

Mr. BOYLE. Mr. Chairman, will the gentleman yield?

Mr. MCCULLOCH. I yield to the gentleman from Illinois.

Mr. BOYLE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BOYLE. Mr. Chairman, although a firm believer in the philosophy of legislative government by the 20 separate and distinct committees which compose the legislative branch of the House of Representatives, I feel that I have a right to participate in this debate and to take an active part in opposing H.R. 3, the so-called antipreemption bill off my 3 years of association with the Judiciary Committee in the 84th and 85th Congresses, where I listened to testimony, studied various bills, researched the United States Code, Supreme Court decisions, and the general history of the instant legislation.

Incidentally, this legislation, known as H.R. 3, bore the same number in the last two Congresses. It was the subject of hearings by the House Committee on the Judiciary in the 84th Congress—Hearings, House Committee on the Judiciary, serial No. 9, parts 1 and 2, 84th Congress. The bill at that time was similar to section 1 of the instant bill and was reported by the House Judiciary Committee in an amended version limiting the effect of its provisions to the fields of subversion or sedition against the United States—House Report 2576, 84th Congress. The amended version was the same as section 2 of the instant bill.

In the 85th Congress a bill also known as H.R. 3 was the subject of hearings before the full Judiciary Committee.

The present H.R. 3, containing two sections, is identical with H.R. 3 of last year as it passed the House.

The five following decisions in recent years have provided serious discussion regarding the doctrine of preemption which has been held for over 100 years to be the necessary ingredient in our Federal system: *Pennsylvania* v. *Nelson* (350 U.S. 497 (1956)), *Phillips Petroleum Co.* v. *Wisconsin* (347 U.S. 672 (1954)), *Slockower* v. *The Board of Higher Education* (350 U.S. 551 (1956)), *Railway Employees' Dept.* v. *Hanson* (351 U.S. 225 (1956)), *Cloverleaf Co.* v. *Patterson* (315 U.S. 148 (1942)). The proponents of the bill, who would like Congress to believe that the present constitution of the Court has made for an abandonment of its traditional and time-honored approach to cases of this character, are not familiar with the time-honored and time-tested doctrine of preemption.

The effect of the proposed legislation may be to subordinate Federal legislation to State law, despite the specific constitutional provision that Federal laws under the Constitution shall be the supreme law of the land.

The proposed measure, contrary to the principle of a separation of powers, would usurp the function of judicial review, for it interposes limitations on the Supreme Court's freedom to interpret the national supremacy clause—article 6—in conformity with its own standards of construction.

The legislation has been viewed by certain opponents thereof as part of a drive in the name of States rights to undermine the prestige and authority of the Supreme Court and the Constitution

Passage of the bill in its present form would give rise to serious uncertainties as to its effect on judicial construction of State statutes applicable in a field in which Congress has the power to act but has not yet acted.

To the extent that the bill, upon passage, is accorded retroactive application its enactment would inundate already overburdened Federal courts with lawsuits instituted for the purpose of ob-

taining a judicial reappraisal of the operative effect hitherto extended to existing Federal statutes.

The processing of these lawsuits will affect Federal law enforcement adversely.

The measure would effect an appreciable increase in duplication of effort and resulting annoyance occasioned by the necessity of complying with a multiplicity of overlapping laws, State and Federal, all purporting to regulate the same line of activity.

The issue of concurrent jurisdiction should be dealt with by Congress on a statute-to-statute basis and not by recourse to a single, abstract principle embodied in the proposed bill. If Congress is dissatisfied with a judicial interpretation of the operative effect of a single Federal law and believes that the court departed from its intent, it can correct that result by amending the law.

Adoption of the proposed measure will render more difficult the enactment of legislation effecting a uniform national system of regulation.

To require Congress, as a prerequisite to achieving the maximum coverage for its legislation, to incorporate into each law that it adopts a provision expressly manifesting an intention to occupy the field is to involve the legislative branch in additional controversy and to increase the likelihood of defeat of many significant measures on an issue extraneous to its merits.

If the proposed legislation is enacted many Federal statutes, through failure of Congress to incorporate therein a provision expressly manifesting an intention to occupy the field, will prove unworkable. For example, the Federal safety-coupler law, United States Code 45: 2, enforced as to railroad equipment moving in intrastate commerce, probably could not be given equivalent operative effect after passage of the proposed bill—*Southern Ry.* v. *U.S.* (1911), 222 U.S. 11.

Passage of the bill also may have the effect of reviving State aviation legislation insofar as it could be applied to planes engaged in local flights, and thus of affecting adversely enforcement of relevant Federal legislation.

To the extent that adoption of this bill will enable States to exercise jurisdiction concurrently with the Federal Government over unfair labor practices and labor representation controversies, the result can be only chaos and confusion. States would be unable to handle those aspects of a labor dispute as to which State labor laws differed from the Federal law. Thus, if a State labor law was directed solely at unfair practices by employers, but not by employees, cases involving the former could be disposed of by the State labor agency but allegations directed at employees could be reviewed only by the National Labor Relations Board.

Passage of this legislation also would unsettle previous judicial interpretation under which provisions of the Federal Communications Act were held to apply to intrastate telephonic communications—*Weiss* v. *U.S.* (1939), 308 U.S. 321.

This, in spite of the fact that the proponents have reported it to be a simple measure of limited scope designed to cure a great evil—the unnecessary invalidation of State laws by the Supreme Court. Actually it is one of the most complicated measures ever to come before Congress, and instead of mending any defect in Federal-State relations it would unloose a veritable plague of confusion as to where the Federal law ends and State law begins. The bill is in the form of a mandate to the courts. It provides that no act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws, on the subject matter, unless such act contains an express provision to the effect or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

The passage of this bill would give Congress the very real obligation to reevaluate and reform all existing Federal statutes in order to determine whether or not each statute shall expressly preempt State and local laws. That task would keep Congress in session until next year. With this chimera, monstrous absurdity or absurd monstrosity on the books, Congress would be fortunate if it straightened out the law in several years of continuous session.

Originally this bill was designed chiefly to upset the Supreme Court's decision in the Steve Nelson case. It was commonly assumed that the Court in that case had invalidated State laws dealing with subversion against the Federal Government. In the recent Uphaus case, however, a majority of the Court said that the enforceability of the Pennsylvania Sedition Act had merely been superseded by the Federal Smith Act. "All the Nelson opinion proscribed," the Court said, "was a race between Federal and State prosecutors to the courthouse door." That seems to leave the States all the leeway that would be tolerable in fighting subversion which is primarily a national concern.

Despite the clarification of the Court's intention or even shift in its position, the demand for a brutal shotgun remedy is being pressed here today.

I plead with you not to vote for this leap into the dark without knowing what the outcome may be. Seldom have we been in such grave danger of playing the role of wrecker under the pretense of straightening out the law.

Let me reiterate that an independent judiciary has always been the backbone of democracy. Any limitation on this independence poses a threat to civil liberties and to freedom equal to any threat by any dictator or any foreign governments.

I respectfully recommend the defeat of H.R. 3.

Mr. McCULLOCH. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. WILLIS] for 1½ minutes to close the debate.

Mr. WILLIS. Mr. Chairman, I do not expect to take even a minute and a half. I want to call to the attention of the Committee that this amendment seeks to accomplish the very same thing that we just voted down. It is a duplication and rehash. It is the same thing we just defeated.

I ask that the amendment be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LINDSAY].

The question was taken, and on a division (demanded by Mr. CELLER) there were—ayes 62, noes 134.

So the amendment was rejected.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

I just want to make the comment that I notice the entire phalanx of Republicans are rushing to the aid of their Attorney General.

Mr. COLLIER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. COLLIER: On page 3, following line 6, add as section 3 the following:

"*Provided, however,* That nothing herein contained in this Act shall be construed as subjecting foods, drugs, cosmetics or other articles distributed interstate in compliance with standards, potency, labeling and other requirements of Federal laws and regulations relating thereto, to other and additional requirements made by or under State laws or regulations."

Mr. MEADER. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state it.

Mr. MEADER. As I understand, the gentleman offers his amendment to page 3, line 6, which has to do with amending the title of the code.

The CHAIRMAN. Does the gentleman from Illinois desire to be heard?

Mr. COLLIER. Yes; if the Chair please.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. COLLIER. In my opinion the ruling of the Chair on the amendment offered by the gentleman from New York [Mr. LINDSAY] as to its being in order and as to its propriety, would appy with equal force to this amendment which does nothing more than add as section 3 a clarification of the subject matter of section 1.

The CHAIRMAN (Mr. THOMPSON of Texas). The Chair is prepared to rule.

Again, the Chair has only to rule on the question of the germaneness of the amendment. The Chair believes the amendment is germane and, therefore, overrules the point of order.

The gentleman from Illinois is recognized in support of his amendment.

Mr. COLLIER. Mr. Chairman, I had proposed to offer this amendment to section 1, of course; and I might say had it been offered, at that point, it would have been in the interest of the best legislative construction of the bill. Since, however, I arrived after the train left the station, I have no alternative but to offer it at this place. Let me say, and make it very clear, that whether or not this amendment is adopted I will wholeheartedly support the legislation.

The purpose of the amendment is to do nothing more than to spell out very

clearly the intent of this legislation insofar as it affects the area of regulation under the Food, Drug and Cosmetics Act. I have been told, and I might add I consulted members of the committee handling this legislation and told them I intended to offer this amendment, that it was unnecessary by reason of the general construction of the law. If that is so, I can only say that this is perhaps the same as the case of worrying about a screen if the window is closed. By the same reasoning it would do no harm and would offer a definition of the intent of this act if we were to adopt my amendment.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Michigan.

Mr. MEADER. I would like to ask the gentleman whether it is his intention in offering this amendment merely to maintain the status quo in the relationship between the Federal Government and the State governments in the field of food, drugs and cosmetics, or it is intended by his amendment to take away from the States some of the power they now have in that area?

Mr. COLLIER. Let me say without equivocation to the gentleman from Michigan that there is no intent to do anything other than to maintain the relationship status quo. As I said before, this simply spells out the intent of the bill as the committee advised me it was intended.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from New York.

Mr. LINDSAY. As I understand it, what the gentleman seeks to do by this amendment is to make sure that some degree of uniformity is maintained with respect to the food and drug laws and that the Federal statutes shall remain paramount; is that correct?

Mr. COLLIER. That is correct.

Mr. LINDSAY. Is not the gentleman a little fearful that if H.R. 3 is adopted there might be some reactivation of some of the State laws which may be in conflict or might otherwise require duplication or other areas of difficulty in the administration of the food and drug laws?

Mr. COLLIER. Let me say, imagining the likelihood of 40 or 50 different kinds of labels on various commodities shipped interstate, there is bound to be a reservation of fear in an area in which I am particularly interested. However, at the same time, let me say that on the assurance of many of the good legal minds of the committee I have been told that this is sufficiently safeguarded by the application of the act itself.

Mr. LINDSAY. I compliment the gentleman on his caution in this regard, and he is particularly concerned about the food and drug laws. I think his amendment is an excellent one. If he has any other areas of fear or concern about the effects of this bill, I suggest he start checking the United States Code from top to bottom to make sure he does not miss anything.

Mr. COLLIER. In view of the hour, there is no desire to go beyond the amendment that I have before me.

Mr. Chairman, I urge the adoption of my amendment.

Mr. WILLIAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, H.R. 3 is the most important piece of legislation to come before this body in the 13 years that I have been privileged to serve as a Member. It is particularly important because it is a restatement of the basic philosophy which has served our people as the guardian of their liberties throughout the life of this Republic.

This legislation is vitally important at this time because its purpose is to shore up the weakened foundations upon which this Republic was built; foundations which have been weakened by the battering rams of recent sociological decisions of an irresponsible Supreme Court.

It is difficult, if not in fact impossible, for me to understand how anyone who has read and studied the Constitution of the United States, and who has taken an oath in the presence of Almighty God and his fellow men to support and defend that Constitution, can reconcile a vote against this bill in the light of that oath.

President Eisenhower stated the real cause for H.R. 3 in a speech he made in 1952, in which he said:

> The Federal Government did not create the States of this Republic. The States created the Federal Government. The creation should not supersede the creator. For, if the States lose their meaning, our entire system of Government loses its meaning, and the next step is the rise of the centralized national state in which the seeds of autocracy can take root and grow.

President Franklin D. Roosevelt, in 1930, stated the cause for H.R. 3 when he said:

> We are safe from departure from the principles on which this country was founded just so long as the individual home rule of the States is scrupulously preserved and fought for whenever it seems in danger.

Mr. Chairman, members of the great Democratic Party proclaim to advance the philosophy of Jefferson, the founder of our party. Annually, lavish praise is heaped upon the memory of this great architect of American liberty in the party's Jefferson-Jackson Day dinners, Perhaps no greater advocates of States rights ever lived than the two patron saints of the Democratic Party, Jefferson and Jackson, and it is indeed sad to note that so many who profess to embrace their philosophy of government oppose the principles of H.R. 3.

It was Jefferson's belief, as he stated in his writings, that it is not through the assumption or concentration of power, but by its very distribution, that good government is effected.

In 1811, Jefferson declared:

> But the true barriers of our liberty in this country are our State governments.

Later, he cautioned:

> The States should be watchful to note every material usurpation on their rights; to denounce them as they occur in the most peremptory terms.

The doctrine of preemption which has been followed by the Court in recent years is, indeed, a dangerous encroachment against the sovereign powers of the several States as reserved unto themselves under the Constitution, and should, as Jefferson said, be denounced in the most "peremptory terms."

That the Federal Government should be one of unlimited powers, with the power to erase from the statute books the laws of the several States passed in the due exercise of their reserved powers, was never intended by the Founding Fathers. Indeed, if it had been intended that the Federal Government should exercise unlimited powers, there would have been no need for a written constitution—for that is the very purpose to be served by a written constitution: to specify the powers to be exercised by governments, and to limit such authority to those powers specifically delegated.

Opponents of H.R. 3 appear to base their position on a distrust of the people as they act through their State legislatures, and appear to presume that the Central Government, the Federal Government, is the repository of all wisdom, and the exemplification of all that is just and good. I cannot subscribe to any theory which suggests that the sovereignty of the people should be preempted by the wishes of nine appointed judges, or action of the Federal Congress whether so empowered to act by the Constitution or not.

Mr. Chairman, in the interest of preserving our dual sovereignty form of government; in the interest of preserving the rights of the States and the liberties of the people; in the interest of maintaining inviolate the structure of our Republic, I hope that this bill will be given overwhelming support.

Mr. SCHWENGEL. Mr. Chairman, in seeking to objectively evaluate the H.R. 3 and what effect it might have on Federal-State relations, I have called upon a member of my legislative research team to formulate an opinion which I might include as a part of the discussion on this issue. These remarks were prepared by Warren Wood, of Davenport, Iowa, an attorney who has made some valuable studies for me and whose opinions I respect and explain, at least in part, my reasons for opposition to this legislation:

H.R. 3 Too Drastic

The Smith bill, as all other substitutes for judicial thinking should be criticized as constituting mechanical jurisprudence. What is the result when the report of a committee hearing and all other conventional tools for determining legislative intent clearly establish an intent on the part of Congress to occupy the field in which a specified act operates, but through legislative oversight or inartful draftsmanship such act does not contain an express provision to that effect? By the terms of the Smith bill, the intent of Congress would be defeated by a purely mechanical application of statutes.

Advocates of H.R. 3 would have one believe that they are turning back a tide of preemption by implication emanating from the Supreme Court. We are quick to indict the Supreme Court for indulging in judicial legislation where they have implied our intent in a difficult case, but where is that much-neded self-criticism for our failure to expressly make our intent known? Our

problems in the field of Federal preemption have come as a consequence of a void in expressing legislative intent.

If H.R. 3 were to become law, those who believed that an act preempted the field in which such act was to operate would have to work diligently and probably unsuccessfully to make their preemption intent a part of the legislation. Further, those who held a contrary view would be required to apply little effort with an enhanced chance that the legislation proposed would not preempt the field in which such legislation was to operate. This leaves us with the question of whether or not the opponents of Federal preemption are entitled to a crutch to assist them in achieving their legislative end? This question is not answered by the charge that the proponents of Federal preemption already have a crutch through the medium of the Supreme Court which they contend is now willing to preempt by implication. The stature of the Supreme Court and its application of precedents will give the result desired if only we undertake the task of making our preemption intent explicit.

There is no need to impair a long line of judicial precedents, speculate about the efficacy of H.R. 3, or invite litigation construing it, when a realistic and workable solution is available to us. Recent Supreme Court decisions and our consideration of this bill have helped to define the problem and create a consciousness on our part of a need to be explicit as to our intent. At such time as we have clearly expressed our legislative intent regarding Federal preemption and the charge is validly made that the Supreme Court has indulged in judiical legislation, then, and only then, can we seriously contemplate a remedy as drastic as that proposed in H.R. 3.

Mr. Chairman, my position on H.R. 3 has been supported by outside views which I have sought expressly for the purpose of evaluating my own stand, which I feel to be reasonable on this important matter.

I asked Mr. Harold Golding, a practicing attorney in the District of Columbia, to prepare an analysis of H.R. 3 for me. Mr. Golding's background includes experience as a labor law specialist for the American Trucking Association and service as a labor analyst for the Bureau of Information of the Southeastern Railways.

His analysis points out some aspects of H.R. 3 as they would affect labor-management relations. I want to make them a part of this discussion on the bill because they definitely deserve consideration.

ANALYSIS OF H.R. 3

The commerce clause of the Constitution of the United States gives Congress great latitude in passing legislation which affects persons and activities that are either (1) directly engaged in interstate commerce or (2) are connecting links between intra and interstate commerce. Consequently, the Supreme Court has, by a number of cases before it, rendered decisions that have left the State and Federal legislators, attorneys, and even laymen baffled at just where the Federal sphere pertaining to jurisdiction ends and where the State orbit begins.

Because of the dynamic nature of the economy of the United States, Congress and the States are faced with meeting problems in regulating activities of its citizens. As a consequence much regulatory legislation has been passed by both entities. When, through the maze of regulatory legislation, a conflict, or dispute, arises as to which entity has the "green light" and which does not, the Supreme Court must, of course, look to the intent behind the Federal act. Inasmuch as finding what the intent was behind a particular statute is the essential key to resolving this ever-growing no man's land, the Supreme Court has often groped in the darkness to find the true intent behind a Federal statute.

Many of the opinions rendered by the Court have been labor cases—cases where the stakes are high, and the winner often takes all. The Court, since 1953, has rendered about four important opinions that, along with the Nelson case (350 U.S. 497), have led to the introduction of H.R. 3 before Congress. These remarks will pertain solely to a discussion of preemptive rights as the question affects the rights of management and labor.

LANDMARK CASES DECIDED BY THE SUPREME COURT

At the outset it should be noted that the present Taft-Hartley Act leaves "much to the States, though Congress has refrained from (saying how much)." *Garner* v. *Teamsters* (346 U.S. 485).

On December 14, 1953, Justice Jackson, speaking for the full Court in *Garner* v. *Teamsters,* 346 U.S. 485, held that where there is a potential conflict between the Federal and State remedies pertaining to peaceful picketing, the Federal remedies prevail. In this case the Court held that a State court was precluded from issuing an injunction to prevent peaceful picketing when such activity was in violation of the State law. The emphasis was upon remedies between the two spheres.

As a result of the Garner (supra) holding, many people thought the States were precluded from acting at all except where violence resulted. However, the broad holding of Garner was whittled down on December 7, 1954, when the Court rendered its opinion in *Construction Workers* v. *Laburnam Construction Company,* 347 U.S. 656, 74 S. Ct. 833. In that case the Court held that the State court in Virginia had jurisdiction even though the union's activity was violative of section 8(bX1) of the Taft-Hartley Act. Consequently, the State court was free to pass on damages inflicted on the employer because of the activity of the union. The reason, stated the Court, was that Congress had left an area in which no redress could be obtained for a violation of this section of the act.

"The act does not give such exclusive jurisdiction over subject matter of common law tort action for tort action for damages as would preclude a State court from hearing its issues even though such action is a Federal unfair labor act."

From these two cases, Garner and Laburnam, the Court has rendered such decisions as *Guss* v. *Utah Labor Relations Board,* 353 U.S. 1, the *Gonzales* case, 356 U.S. 617 and a host of others—all of which reflect the holding in either Garner or Laburnam (supra). To suddenly remove these holdings by legislation such as H.R. 3 would make the situation more nebulous than before. Acquired, or vested, rights would be subject to being divested. The result would be only a greater burden on the courts than there is now.

CONCLUSION

H.R. 3 would bring chaotic results to labor legislation. This area is too dynamic to be tampered with by indiscriminate legislation. It is one area where there is a need for standardization—else one State would be prey to another to restrict management or employee rights. As stated in *Guss* v. *Utah Labor Relations Board,* 353 U.S. 1, 77 S. Ct. 598:

"Congress, in the National Labor Relations Act, expressed its judgment in favor of uniform Federal regulation of labor relations matters affecting interstate commerce; since Congress' power in the area of interstate commerce is plenary."

Though the decisions of the Supreme Court recently have not been popular ones, the Court has obtained them from its former holdings in either of the two aforementioned cases, Garner and Laburnam. These two cases represent wise reasoning, and if any change should be forthcoming, it should be through amendments of the existing law, Taft-Hartley, not by a shotgun approach such as H.R. 3.

Mr. ALGER. Mr. Chairman, H.R. 3, an effort to protect States rights from Federal encroachment, should not be necessary. Proposing it is like restating the 9th and 10th amendments to the Constitution for congressional action. Unfortunately, H.R. 3 is needed; unfortunately, the 9th and 10th amendments seem to be forgotten by Congress; unfortunately the Federal bureaucracy has grown until H.R. 3 may be too little too late. But it is a step in the right direction, minimum though it is. It will not undo much damage done to States and individuals' rights. It is better than nothing. In fact, anything we do to preserve the governmental checks and balances of traditional constitutionalism will be for the best interests of our citizens. H.R. 3 moves in this direction. I am heartily for it and hope it will be passed overwhelmingly.

Mr. ABBITT. Mr. Chairman, I rise in support of H.R. 3, which bill has for its purpose establishing rules of interpretation for Federal courts involving the doctrine of Federal preemption. This is a very simple bill as well as easy to understand. The bill has two sections. The first section seeks to preserve an orderly balance of power between the States and the Federal Government. It makes no substantive change in any existing law. In simple language, readily understandable, it provides a rule of construction for Federal courts in interpreting the intent of Congress in legislation affecting both State and Federal interests.

The appellate courts in recent years have been in an all-out race to impose upon the States and the citizens of this country their own political and sociological views and theories by legislating through usurpation of authority never granted the judiciary by the Constitution or the Congress. Frequently the court has construed acts of Congress contrary to the plain intent of the language used and by judicial fiat has written in intentions never dreamed of when the act was passed.

This section merely upholds and protects the laws of the several States when they are not in conflict with the Federal Constitution or a valid act of Congress. It will partially stop the Supreme Court from enacting legislation by court decree. It will slow up usurpation of authority by the Federal judiciary.

Section 1 in effect tells the Federal court that, first, if Congress intends by an act to set aside State laws, it will say so and it is not up to the Supreme Court to guess the intent of the Congress; and, second, State laws must not be annulled by Federal laws unless they are in direct conflict.

Section 2 of the bill specifically restores the vitality to all State sedition laws set aside by the Supreme Court in

the infamous case of the notorious Communist, Steve Nelson. It is intended simply to clarify the plain intent of Congress not to prohibit State enforcement of criminal penalties in the field of subversion.

Mr. RAINS. Mr. Chairman, I rise in support of H.R. 3, which is necessary legislation if we are to prevent further usurpation of States rights and State laws by the Supreme Court. This is not a sectional bill nor does it have to do with race or creed. Its sole purpose is to prevent the Supreme Court from nullifying State laws simply because the Federal law covers a similar area and where Congress has expressed no intention of preempting a State law.

The wise men who composed the Constitutional Convention of 1787 were determined to establish a government of laws and not of men. To prevent the exercise of arbitrary powers by the Federal Government they embodied in the Constitution the doctrine of separation of governmental powers. They delegated to the Federal Government powers necessary to enable it to discharge its functions as a central government and they left to each State the power to regulate its own internal affairs. It was this use of the doctrine of the separation of powers which prompted Chief Justice Salmon P. Chase to make the following observation in Texas against White:

> The Constitution, in all its provisions, looks to an indestructible union, composed of indestructible States.

In recent times we have found the Supreme Court striking at the powers of Congress and at those powers delegated to the States by the explicit language of the 10th amendment.

Let us look at the Court's record. California has been told it cannot punish its residents for criminal offenses committed within its borders if such residents are ignorant of the statutes creating such criminal offenses.

New Mexico and California were served notice that they cannot determine the fitness or qualifications of those who apply to them to practice law in the State courts.

Pennsylvania and New Hampshire have been told that they cannot investigate or punish seditious activities within their borders.

New York was told by the Court that it cannot prescribe standards of propriety and fitness for teachers in the State-supported schools of New York.

And we in Alabama are familiar with the Cloverleaf case which has been cited often during this debate as a salient example of the Court's doctrine of Federal preemption. In an effort to protect the health of its citizens, the State of Alabama sought to inspect a butter plant. Some of the butter made in Alabama was shipped in interstate commerce so the Supreme Court declared that the matter was subject to Federal pure food laws and the State could not legally inspect the operation in Alabama and thus had no right to protect the health of Alabamians consuming the product.

The Supreme Court today has in no way recognized a concurrent jurisdiction. Each of these decisions is a repudiation of State government, an attempt to further weaken the States and thus lead to their destruction.

Sedition laws of 42 States were nullified by the Nelson decision and in effect the law officers of those States are powerless to protect their citizens from the Communist conspiracy or from other seditious acts because the Court decided that the Federal Government had preempted this field. Congress did not intend this when passing the Smith Act, however of late on many fronts we have found the Supreme Court thinking and legislating for us.

It is indeed time that we notify the Court that we in Congress and in the respective States still maintain an abiding faith in the doctrine of separation of powers and that we regard our States as indestructible, despite the sociological thinking of the moment or the passing impressions recorded by those appointed to the High Tribunal.

The pending legislation should be passed with a sense of urgency. I am reminded of Thomas Jefferson's warning:

> There is no danger I apprehend so much as the consolidation of our Government by the noiseless and, therefore, alarming instrumentality of the Supreme Court.

Mr. COHELAN. Mr. Chairman, I wish to commend those members of the House Committee on the Judiciary—Mr. CELLER, Mr. LANE, Mr. FEIGHAN, Mr. RODINO, Mr. ROGERS, Mr. DONOHUE, Mr. HOLTZMAN, Mr. LIBONATI, Mr. TOLL, Mr. KASTENMEIER, Mr. KASEM, Mr. LINDSAY, and Mr. CAHILL—who have clearly and consistently pointed out that H.R. 3 is bad legislation.

Proponents of H.R. 3 would revive certain State laws in various areas, certainly including civil rights, which have been held unconstitutional by the Supreme Court because of their conflict with Federal laws. They would do so by means of this legislation which would repeal the long-established legal rule known as preemption.

In fact, H.R. 3 would probably result in increased preemption in the future, simply because Congress, so as to leave no room for doubt, would specifically so state in each new law. The point is made quite clearly in the minority statement included in Report No. 422 which these gentlemen authored.

Furthermore, because of its general, vague and ambiguous language, H.R. 3 would cause unnecessary re-litigation and create endless confusion. In their wisdom, these gentlemen wrote: "Seldom has this House had before it a bill so productive of chaos in the legal relationships governing substantial areas of American economic and political life."

I thank them for their thorough and responsible analysis of this legislation and I join them in voting against H.R. 3.

Mr. HOLTZMAN. Mr. Chairman, last year when H.R. 3 was before the House of Representatives I opposed it, and had previously opposed it in the Committee on the Judiciary.

This year I again signed the minority report on the bill, and intend to vote against it at this time.

Section 1 of H.R. 3 deals with the preemption theory, and section 2 of the bill deals with the enforcement of State statutes. In my opinion the broad sweeping language is an open invitation to the States to enter fields of legislation heretofore considered to be solely Federal jurisdiction. In effect the enactment of this legislation could change the meaning of statutes which have been on the books for many years, and it is not hard to imagine the chaos which could and would result. This section goes far beyond the area of State sedition statutes, which was one of the factors motivating the introduction of the bill, and would affect questions of interstate commerce, labor relations, criminal law, and so forth. The one case which has been most significant in the move for support of H.R. 3 is the Nelson case. The Supreme Court had affirmed the decision of Pennsylvania's highest court in declaring unconstitutional that State's sedition law insofar as it applied to subversive activities. If we were considering a bill the sole intent of which would be to correct that final decision, as I mentioned last year, there is a good possibility that it might merit the favorable consideration of the House. However, this is so patently a broadside attack on the Supreme Court by those who have been dissatisfied with some of the decisions of the Court that it could very well upset completely the balance of power between the Federal and State Governments.

For years we have heard complaints about the congestion of our Federal court calendars, and I would like to point out again that if this bill is enacted we will face an immediate need of doubling the number of Federal judges now sitting in order to cope with the litigation which will arise. If the bill is passed, it will really mean that we, the Members of the 86th Congress, will be trying to interpret the intent of every past Congress which had previously enacted any statutes. In addition, we would be trying to bind every future Congress in the enactment of statutes in the years to come.

There is no need for H.R. 3, and it will only bring about confusion and conflict. It is my firm opinion that the proponents of the bill do not realize the Pandora's box of troubles and delays will be opened by the provisions of the bill, and I feel that if such a bill is passed, these proponents will be among the first to ask a future Congress for relief from the burdens imposed.

Mr. EDMONDSON. Mr. Chairman, I have listened to the debate of this bill, from start to finish, with keen interest and a genuine desire to vote the best interests of our country.

There have been compelling and eloquent arguments for it, and I share the concern of my good friend from Virginia, Mr. SMITH, over judicial decisions that have questioned the rights of the States to meet serious public health, economic and safety problems in the States.

On the other hand, I am most seriously disturbed by the likely effects of this legislation upon the critical and all-important field of internal security.

The work of the FBI, in meeting the very serious challenge of the Communist conspiracy, could in my opinion be se-

verely hampered and impaired by this bill. The mishandling or bungling of a single major espionage or subversive activities case, as a result of State invasion of this field, could have the most serious consequences.

Primarily because this bill opens wide the door and even encourages a State and local invasion of the basically national problem of subversive activities and internal security, I must vote against the bill.

Mr. ULLMAN. Mr. Chairman, I am opposed to H.R. 3 and shall vote against it. Its meaning is unclear; its effect uncertain; its necessity not established.

Mr. Chairman, an attempt to remold a century and a half of the legal precedents governing Federal-State relationships by the enactment of a two sentence bill is indeed an ambitious undertaking. We are even more amazed at the grandness of this undertaking when we recall that the remolding process is to be accomplished by establishing a supposedly infallible standard in an area of jurisprudence least susceptible to rigidity.

Undoubtedly, Congress has been disturbed in the past by court interpretations of congressional intent. Assuredly such situations will arise in the future. However, distaste for the Nelson decision, or for any other judicial interpretation of the operative effective of a law can hardly justify sweeping legislation seeking to nullify uniform Federal regulation in the field of labor, transportation, criminal law, and similar areas. Assuredly a wiser policy would be the correction of the allegedly misinterpreted law so as to clarify congressional intent. This has been done in the past and the same can be accomplished in the future.

Mr. Chairman, I commend this wiser, if less spectacular, approach and urge my colleagues to reject the legislation now before the committee.

Mr. FISHER. Mr. Chairman, I simply want to associate myself with the position taken by the gentleman from Virginia [Mr. SMITH], the author of H.R. 3. Mr. SMITH, one of the most able and statesmanlike Members of this body who has served here for years, has made out what in my judgment is a conclusive case in support of the bill. He has been ably assisted in the presentation by the gentleman from Louisiana [Mr. WILLIS], the gentleman from Mississippi [Mr. COLMER], and a number of others. They deserve the gratitude and commendation not only of the Congress but also of the entire country.

The bill is so simple it really should be the subject of very little debate. It simply provides a rule of statutory construction to guide the courts in future actions in construing existing statutes and any additional laws that may be enacted. It provides that no act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter—subjects in which both the State and Federal Governments have concurrent constitutional 'jurisdiction—unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together.

The bill, if enacted, will go a long way toward correcting some grave errors made in recent years by the Supreme Court in constructions of statutes completely contrary to the intention of the Congress. In following such a course the Court has invaded the jurisdiction of the States, and has upset interpretations that have obtained for a hundred years. Let us here and now restore to the States their time-honored constitutional rights and prerogatives in this field. Let us once and for all resolve this issue and remove the confusion that has arisen as a result of the recent Supreme Court decisions.

Mr. JACKSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the pending legislation. The debate on H.R. 3 is certainly to the learned members of the legal profession here in the House what the Olympic games are to sportsdom. Those who can determine these fine points of law have many of the nonlawyers in the mental frame of mind of the witness in a legal action which involved the theft of a car. He was asked by counsel, Are you sure that this is the man who stole your car?

The witness replied, I was until your cross examination. Now I am not even sure I ever owned a car.

However, the debate on H.R. 3 has served to convince the gentleman now addressing the House of one fact, and that is that whatever position one takes on this measure he has an abundant weight of legal talent to support his stand. I am not a member of the bar, therefore I am not qualified nor shall I presume to go to the fine points of controversy in the measure.

I have heard it said in the debate, however, that some of us in the House who support H.R. 3 are motivated, to some extent at least, by sheer emotion and that our reasoning cannot meet a realistic appraisal of the things which may conceivably occur in the delicate area of Federal-State relationship if the measure should be passed by both Houses of Congress and signed by the President.

Whether the support of others in the House for the instant bill springs from emotion or from conviction which in turn stems from the most painstaking analysis of its provisions, I cannot say. For my part, I am frank to admit that my support of H.R. 3 is, in major part, emotional. This may shock some of the opponents of the bill, and even cause some of its proponents embarrassment.

But, Mr. Chairman, I submit that all laws, since the Codes of Hammurabi and Solon, have been enacted out of the deep emotions of human beings and their profound conviction that certain events and circumstances peculiar to their eras required remedial legislation. Is there any who would say that the Constitution of the United States and the subsequent Bill of Rights were not direct reflections of human emotions stirred to legislative action by persecution and tyranny? Who would contend that the scene enacted under the branches of Charter Oak was not an emotional drama played by men weary of oppression. The rack and the thumbscrew of the inquisition were natural instruments for the creation of human emotions of pain and misery, later to be translated into the body of law.

To be emotional about H.R. 3 is not difficult. One need not have labored over Blackstone or other authorities in law to read the clear language of the Constitution. If this and other Congresses have strayed afield in the passage of legislation infringing upon the clear language of amendment 10 of the Constitution, it is certainly not emotional to seek to direct government back to its intended course vis-a-vis its relationship with the several sovereign States. If conflicts appear between the provisions of H.R. 3 and previous laws enacted by former Congresses, can we not meet these instances in a forthright manner as they become apparent to us and to successor bodies? It appears to me that to compound the mistakes of the past by piling on them the errors of the present and future only insures that we will drift further and further afield as time goes by. To this degree, at least, emotion plays no part in my conviction that we should act promptly to restore a proper balance in this important area of our national life.

Mr. Chairman, in the recent colloquy between the gentleman from New York, the chairman of the committee, and myself, a very significant fact emerged. There is a body of opinion in this House that does not want any infringement of Federal activities already instituted. To my mind this is a dangerous philosophy. I cannot understand why a State of this Union, any State, should not institute a rural electrification program if the legislature of that State and the people of that State want such a program.

Mr. Chairman, I urge the adoption of H.R. 3.

Mr. CELLER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened to the remarks of the gentleman from California and I gather from those remarks the following: That the gentleman is confused and in a highly emotional state and therefore he is going to vote for the bill.

Mr. WILLIS. Mr. Chairman, I move that all debate on this bill and all amendments thereto close in 10 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman, there have been times in the history of our Nation when the Supreme Court has been the center of controversy. Seldom, however, has the controversy been over an attempt by the Court to usurp the clear and unmistakable power of the legislative branch of the Government. This is the real point before us today.

There is real concern throughout our land over the trend of the Court as now constituted. In a line of decisions rendered during the past few years the Court has clearly and unmistakenly trespassed upon the right of the Congress to

legislate. It has trespassed upon the rights of the States. It is trespassing upon the clear and unmistakable interpretations of the Constitution. In construing various statutes, particularly the Smith Act, it has read into its decisions language which the Congress did not include and an intent on the part of the Congress which no fair interpretation of the statutes or of the debates preceding and attendant to their enactment would imply.

The conduct of the Court has been such as to move the country toward an all powerful central government in Washington which the founders of our country and the authors of our Constitution made every effort to avoid. The decisions of the Court which are leading us in this direction have caused tremendous concern throughout our land. The concern is still with us and will continue to be unless and until this Congress does something about it. And, by the way, the vast majority of the people of our great country are today and have been for quite some time looking to and expecting us to do something about it.

Admittedly there is a philosophy to the contrary among some of our people. There are those who sincerely believe in an all-powerful central government. They support the theory that government from Washington is better than government from the States. The Hamiltonian theory has always been prevalent among some segments of our population. However, it has always been in the minority and it is in the minority now. Those who adhere to this philosophy are at this hour defending the Supreme Court, a privilege which I agree is rightfully theirs.

To mention some of them, it seems that most of the leadership of the national labor movement favor a strong central Federal Government. They have poured messages upon this Congress in opposition to the pending bill which actually are not in point and evidently designed only to confuse. The same applies to one of the racial minority organizations, when it is a well known fact and conceded by the most eminent of our lawyers that the pending bill is not designed to nor does it affect the so-called rights which they contend they are trying to protect.

And I am really astounded that the head of the National Rural Electric Power Association would dispatch such a message as he has sent to the various Members of the Congress. I know he is not speaking for the REA managers or the patrons of the various rural electric power associations in my district.

But as I say, Mr. Chairman, these objectors have a right to oppose this legislation. They have a right to support an all-powerful central Federal Government. They have a right to support the current trend of the Supreme Court which is destroying the rights and dignity of our States. They have a right to support the theory of transferring the legislative functions of the Congress to the Court. But I repeat their views are in the minority. The people of this country desire that we right the mistakes of the Court and that we do everything we can to confine it to the functions clearly designed for it under our Constitution.

This bill is a step in that direction.

Mr. Chairman, I am happy to have been a coauthor of H.R. 3 which so overwhelmingly passed this body in the last Congress. On the first day of this Congress I was pleased and happy again to join with my colleague, the distinguished gentleman from Virginia [Mr. SMITH], as the coauthor of H.R. 3 now before us. I am confident that we will again pass this bill today and when we do our action will meet with widespread approval throughout the country.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. BARR].

Mr. BARR. Mr. Chairman, I rise in support of the amendment of the distinguished gentleman from Illinois. The food and drug industry is vital and important to the State of Indiana. I should like to make certain that in this legislation we are doing nothing to interfere with an extremely vital and extremely important industry in my Congressional district and in my State.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. MEADER].

Mr. MEADER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois.

I fully sympathize with those who fear that interstate industries may be affected by H.R. 3. But I believe when you begin making exceptions and adopting amendments of this kind on the floor of the House, which have not received the consideration of the committee, you may be making bad law.

I believe this amendment, even though its purpose is a good one, would actually harm the legislation. For that reason it should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. KASEM].

Mr. KASEM. Mr. Chairman, I had at the desk two amendments which I shall not now offer because the House's action on limiting time prohibits proper explanation of these amendments. One was to define the operation of the word "conflict", as it is used in this act, because the Supreme Court is going to have trouble with it for the next 20 years if this bill passes. The other one was to take care of a situation that seriously concerns me under this bill, where there is deliberate duplicate legislation by a State, and there is going to be a ton of it if H.R. 3 passes.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I ask unanimous consent that I may be recognized after the vote is taken on the amendment of the gentleman from Illinois, as I have an amendment to offer.

The CHAIRMAN. Without objection, the gentleman may reserve his time.

The Chair recognizes the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, I rise in support of the amendment of the gentleman from Illinois [Mr. COLLIER]. I would ask the gentleman from New York [Mr. CELLER] if this is not an indication of exactly what is wrong with this bill. If we exempt this particular part of the industry of the United States, has the gentleman's committee decided that all the other industries of the United States should not be exempted? It seems to me that until you have done so, obviously this legislation is hasty and ill considered. I hope I am not being emotional, but it would seem that not only the rights of industry but also the rights of human beings need exemption from the effects of this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. MCCULLOCH].

Mr. MCCULLOCH. Mr. Chairman, I rise in opposition to the amendment. It has been said time and time again, with authority to support the statement, that the amendment offered to this bill is just not necessary.

The CHAIRMAN. The Chair recognizes the gentleman from Louisiana [Mr. WILLIS].

Mr. SMITH of Virginia. Mr. Chairman, I ask unanimous consent to yield my time to the gentleman from Louisiana [Mr. WILLIS].

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia.

There was no objection.

Mr. WILLIS. Mr. Chairman, this amendment, of course, should be defeated. I think it is ill considered. It would qualify the Cloverleaf decision of the U.S. Supreme Court and pick out certain areas for this bill to apply to. For instance, it would permit the application of the Pure Food and Drug Act in a wide open field to the exclusion, perhaps, of all State law. I do not know how far the gentleman's amendment would go. It might cross State laws dealing with narcotics. This might even repeal the State narcotics laws. I do not think the fears of the Pure Food and Drug people are well founded. I am sure the amendment was offered in perfect sincerity and offered upon representations of people who might have the idea that this bill would do harm to the food and drug industry. But I assure the gentleman that while I oppose his amendment, the bill, while it will permit States to continue to regulate food and drugs and other health laws, will not do the damage that is anticipated.

Mr. Chairman, I reserve the balance of my time, because there may be other amendments to come.

The CHAIRMAN. The gentleman reserves the balance of his time.

Mr. WILLIS. Mr. Chairman, I move the previous question on the pending amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. COLLIER].

The amendment was rejected.

Mr. FULTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULTON: On page 3, line 6, at the end thereof, insert the following new section:

"SEC. 3. This Act shall not apply to any provision of law relating to civil rights except to the extent specifically provided by

statute enacted by Congress after the date of enactment of this Act."

Mr. FULTON. Mr. Chairman, I have other amendments and I ask that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Clerk will report the other amendments.

The Clerk read as follows:

Amendments offered by Mr. FULTON: On page 3, line 6, at the end thereof insert the following new section:

"This Act shall not apply to any provision of law relating to labor management relationships except to the extent specifically provided by statute enacted by Congress after the date of enactment of this Act."

On page 3, line 6, at the end thereof insert the following new section:

"This Act shall not apply to any provision of law relating to education except to the extent specifically provided by statute enacted by Congress after the date of enactment of this Act."

On page 3, line 6, at the end thereof insert the following new section:

"This Act shall not apply to any provision of law relating to rural electrification except to the extent specifically provided by statute enacted by Congress after the date of enactment of this Act."

On page 3, line 6, at the end thereof insert the following new section:

"This Act shall not apply to any provision of law relating to interstate common carriers except to the extent specifically provided by statute enacted by Congress after the date of enactment of this Act."

Mr. FULTON. The majority report of the House Judiciary Committee on H.R. 3 says this legislation is very limited in scope. The question is: How limited in scope is it? This amendment, consisting of five individual amendments now combined, points out various fields and specifically states that this bill, H.R. 3, as now phrased, does not apply to any provision of law relating to civil rights, education, labor-management relations, rural electrification, and interstate common carriers, fields we are all deeply interested in.

If we read the previous debate, we find Mr. LINDSAY, a Republican, of New York, and Mr. CELLER, a Democrat, of New York, Judiciary Committee members, saying that the bill as now written does apply to these fields. On the other hand, both Mr. COLMER, of Mississippi, and Mr. BROWN, of Ohio, a Democrat and a Republican, say it does not.

In order to clear up the question of the legislative intent of the House, I have offered these amendments which were prepared in advance and taken up with the counsel for the House Judiciary Committee to show clearly that this legislation will not affect nor apply to any provision of law relating to these fields. If the legislation does so apply, I wish you would vote my amendments down.

Mr. CURTIS of Massachusetts. Mr. Chairman, I move to strike out the last word.

This bill has popular appeal as a States rights bill, and as one that will impose some restraint on the Supreme Court with respect to certain types of decisions which have been criticized. But we must consider whether this bill is the right way of attaining those objectives, or whether, on the contrary, it may not prove harmful. I believe that section 1 of this bill is bad legislation for the following reasons:

First. The reasons given for its adoption are unsound. It is said that this bill merely requires the Court to use a standard in preemption cases which it used for many years, and from which it has only recently departed. That standard involved the finding of a direct, positive, and irreconcilable conflict between the State and Federal laws under consideration. It is said that instead of that, the Court has recently adopted a doctrine of "implied preemption," as evidenced in the Nelson case.

The legal situation is not as simple as that. The Court has used no pat formulas to decide the difficult and delicate questions of balance between State and Federal powers involved in these cases. Why, the very first case of Gibbons against Ogden, a hundred years ago, involved implied preemption. There, a monopoly granted by New York for shipping in New York waters was held invalid. It would have been easy to hold such a grant unconstitutional as a burden on interstate commerce, but the Court held that a Federal statute about shipping, under the doctrine of preemption, invalidated the New York legislation.

The Court has specifically stated that it relied on no single set formula, but applied many different tests in different circumstances. The Court has really done a magnificent job in this delicate field for over a hundred years, and has produced a body of law entitled to respect. Only a few of the decisions have been criticized on the ground that they overemphasized the national power. It is a serious error to think that this complex problem can now be solved for all time and for all the difficult and delicate situations that arise, by a three-line statutory formula.

Second. To require the Court to use the proposed new formula would create chaos and confusion. This is the crux of the argument. Opponents of the bill claim that this proposed law would have a retroactive effect, and require relitigation of situations thought to have been settled by past decisions. Proponents deny that the proposed law would have retroactive effect.

It is submitted that the facts are: While the law applies only to future actions, it does not apply only to future statutes. It applies also to past statutes now on the statute books and which have already been construed and fought over.

If, after the passage of this bill, a new case arose on facts which had already been decided under the law as it existed prior to the new rule of interpretation, any lawyer who was consulted on the subject would advise that those facts be again litigated under the new rules of interpretation; that those rules might just make the difference which would bring about a different result in the action. This would result in endless litigation and great uncertainty.

Third. Leading lawyers and organizations are opposed to section 1 of H.R. 3 with its shotgun or omnibus approach to the problem of preemption.

It is important that the record should be correct as to this because it has been suggested that certain important organizations favored this bill, which I submit is not the case. Misunderstanding might well arise because we have a bill that deals with two subjects, the general preemption provision, and the more specific provision to overrule the Nelson case.

One such group is the American Bar Association. This year it took unprecedented and historic action in making a report recommending legislation to change the results of certain Supreme Court decisions, and commenting at length on 24 of those decisions, most of them relating to subversive activities. There was full discussion of the tendencies shown in recent decisions of the Court. Recommendations were adopted by the house of delegates which were designed to be helpful. One of these even concerned the doctrine of preemption, and urged remedial legislation stating the intent of Congress that State statutes proscribing sedition against the United States should have concurrent enforceability.

Yet there was no recommendation or discussion of the sort of general shotgun approach to the problem of preemption brought forward by section 1 of H.R. 3. Under the circumstances this negative fact is a clear indication that the American Bar Association did not favor this approach.

The above-mentioned report and recommendations can be found in the CONGRESSIONAL RECORD of March 5, 1959, page 3362.

Beyond that, the president of the American Bar Association sent a telegram to the Chairman of the House Committee on Judiciary stating that a former approval of a prior bill on this subject is not considered applicable at this time to present legislation which is now under study. This telegram appears in the CONGRESSIONAL RECORD of June 22, 1959, at page 11502.

Another group which was said to be in favor of this bill was the Conference of State Chief Justices. Like the American Bar Association, that group brought out a painstaking report, criticized certain decisions of the Supreme Court and urged restraint upon it. But it also failed to mention or to approve the present proposal as to the doctrine of preemption.

Beyond that, the chairman of the committee who was principally responsible for the report, Judge Frederick W. Brune, of Baltimore, recently testified against this bill. His testimony appears in the CONGRESSIONAL RECORD of June 23, 1959, at page 11644. He was against the bill unless the new rule of interpretation should be made prospective only, applying only to future enactments. This indicates fundamental opposition to the bill as it was before the House. He feared that in that form it would cause confusion. He indicated that in his opinion it would have retroactive effect, opening up for litigation situations which had previously been determined under the old rules of interpretation.

Another group which was said to be in favor of this bill was the National Association of Attorneys General. They are in fact opposed, and their opposition is along the same lines as that of Judge Brune. They believe that the proposal of this bill should be applied only to future enactments. This is a fundamental opposition to the bill as presented to the House. In fact chief proponents of the bill are reported to have said they would prefer no bill at all rather than to have one so limited.

The conference proceedings of the National Association of Attorneys General for 1957 contains the resolution on this subject:

That this association approve the enactment by Congress of legislation to clarify its intent that no future act of Congress shall be considered to exclude any State laws on the same subject matter unless such congressional act contains an express provision to that effect, nor shall such congressional act invalidate a provision of State law which would be valid in the absence of such act unless a power expressly granted to the Federal Government by the Constitution of the United States is involved.

This bill provides a shotgun or meat ax approach to a problem involving the most delicate questions relating to the coordinate powers of the Nation and the States. When we use this approach, it is as though we called upon a plumber to perform a brain operation. We are using a sledgehammer instead of a scalpel.

Mr. WILLIS. Mr. Chairman, I do not think the last amendments were seriously offered. I think the gentleman knows that we know he is opposed to the bill, and what he is trying to do is to strike out all after the enacting clause and to let it be understood that this bill shall not apply to anything—period.

Mr. Chairman, we are now closing debate on this bill. The Members have been very patient. Unfortunately, we cannot always control our emotions.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WILLIS. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I have asked the gentleman to yield for the purpose of inquiring as to the legislative program for the balance of the week and for next week.

I ask unanimous consent to proceed for 1 minute and that the time not be taken out of the time as fixed by the motion of the gentleman from Louisiana [Mr. WILLIS].

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

LEGISLATIVE PROGRAM

Mr. HALLECK. Will the majority leader be good enough to tell us at this time what the program is while the Members are present?

Mr. McCORMACK. After the disposition of this bill, there will be no further program this week. There may be some unanimous consent requests. I know one or two Members have spoken to me and I understand they have been cleared or screened, but no bill will come up for debate.

On Friday the House will meet since the gentleman from Texas [Mr. PATMAN] has obtained a special order to speak in connection with the 25th anniversary of the establishment of the credit unions in the United States.

But there will be no legislation, and I can assure the Members that I will be here and I will protect their rights. But, there will be nothing that will require any Member to be here unless they want to be here on that occasion.

The 25th anniversary of the establishment of the credit unions is a very important matter, but I want Members who have made engagements to know that they will be protected by me.

The program for next week is as follows:

Monday, the supplemental appropriation bill for 1960; and

H.R. 5752, the legal holiday bill for Federal employees.

Tuesday, Wednesday, and Thursday, House joint resolution continuing appropriations. I secured permission from the Speaker for that to be called under a suspension of the rules.

Thereafter S. 1120, amendments to the Federal Reserve Act, a bill which has been pending for the past few weeks.

H.R. 4957, relating to the admission of evidence. This bill deals, I think, with the Mallory decision.

A week from Saturday is July 4. Should there be any rollcalls on Thursday, July 2, it would be agreeable to me to have them go over to the following week. I doubt if there will be a session on Friday.

When we go back into the House I will submit a request with the consent of the leadership on both sides that rollcalls go over to the following Monday for final conclusion.

This announcement is with the usual reservation that any further program may be announced later and that conference reports may be brought up at at any time.

Mr. HALLECK. One further question: If there are votes on Monday next, might they go over to Tuesday?

Mr. McCORMACK. I am perfectly willing that that be done if my friend from Indiana requests it.

Mr. HALLECK. We are all aware of the fact that a number of the Members are going to be away over the weekend on official business. It would be reasonable and fair action to take, and I would be willing to assume all or any part of the responsibility for such an arrangement.

Mr. McCORMACK. That is for a week from Monday?

Mr. HALLECK. Next Monday.

Mr. YATES. Mr. Chairman, will the gentleman from Indiana yield that I might ask the majority leader a question?

Mr. HALLECK. I yield to the gentleman from Illinois.

Mr. YATES. I should like to point out to the majority leader that the Illinois delegation has been invited to attend a celebration for the Queen of England in Chicago on Monday next. Would it be possible to have any rollcalls that might come up on Monday go over to Tuesday so that the Members could attend that dinner?

Mr. McCORMACK. I have indicated that when we get back in the House I will submit such a request for next Monday in order to bring the matter to a head.

Mr. WILLIAMS. Mr. Chairman, will the gentleman from Indiana yield for a question?

Mr. HALLECK. I yield.

Mr. WILLIAMS. May I ask the distinguished majority leader if he has included the airlines pass bill in the program?

Mr. McCORMACK. No; not for next week. I will tell the gentleman frankly that I did not put it on the program because I did not see how we could get to it next week. I did not do so because I downgraded it but as a matter of fact I doubt if we even reach the Mallory bill next week, but I put it down in order that we could consider it should we reach it.

Mr. PHILBIN. Mr. Chairman, in the main, the purposes of this bill have already been to considerable extent achieved by recent decisions of the Supreme Court.

While I am anxious to clarify, define and duly limit the powers of the Court within constitutional boundaries, I have serious doubt that the Congress should presume to usurp the rulemaking functions of the Court which properly belong to the judicial branch.

I think that the Court in recent time has conducted some very unhappy safaris away from organic law into the realm of sociology. This is neither necessary nor desirable. The Court should stick to the law and leave sociological therapy to the experts in social studies.

To my mind, there is considerable misapprehension about the objectives of the bill. The effects of the supremacy clause are well understood by lawyers and judges. We thought until some recent decisions that we also understood the preemption doctrine, but it is clear that we did not understand it as interpreted by the Court.

In order to clarify this misunderstanding and dispel current confusion, it would be necessary only to restate the doctrine and require its compliance.

I fear that the bill has gone beyond this point and contains language which, far from clarifying would still further confuse and lead to the dangerous possibility of retroactive application that could readily bring doubt and chaos into some of our most essential activities and relationships.

Section 2 of the bill might well be construed as innocuous. It would be a mere surplusage of clarifying language perhaps quite unnecessary now since the ends it seeks have already been largely reached by recent decisions of the courts. From now on there should be no doubt that the States may punish treason against their own sovereignty and the Federal Government may punish treason against its own sovereignty. It was this balance of State-Federal power that the Nelson case disturbed, and it is gratifying that the situation has now been remedied. Perhaps the Court itself will move to correct other decisions.

Congress should be vigilant and vigorous in perceiving and promptly moving to rectify any usurpation of its powers by the courts. It should also be decisive in correcting speedily any infringement upon constitutional prerogatives.

But the Congress should not seek to usurp the judicial power.

Any bill that merely restates existing law is a redundancy and a surplusage.

Any bill that meddles with the valid powers of the courts is an unjustifiable arrogation of judicial power and hence is in violation of the letter and the spirit of the Constitution.

And any law that would be retrospective action disrupt, unsettle and obscure long established principles of constitutional law cannot be justified either in logic or sound policy.

Mr. DONOHUE. Mr. Chairman, it is axiomatic in legislative procedure that if the accomplishment of the objective is not clearly reached in a proposed measure, then the proposal is, at the very best, of dubious legislative and national value.

No matter how sympathetic we may be with the proponents of this measure and their sincere attempts to legislatively correct inequities, I submit that this bill in all probability would, instead of clarifying anything, tend to make even more chaotic a very complex legalistic and judicial situation.

In reading the language of this proposal, it appears that the principles inherent in it must apply, without distinction, to such divergent fields as criminal law, the regulation of interstate transportation by rail or trucks and labor relations legislation.

In consideration of the technicalities involved, in a legal sense, the wording of this proposal is uncertain, and I doubt very much if anyone can predict what effects the measure would have in the numerous fields where it would apply. The only thing about which there is no doubt is that it would invite relitigation of innumerable long-settled issues and would produce wide-scale confusion.

I indeed hope that the membership here will carefully scan the language expressed in this proposal for the purpose of conscientiously determining whether or not further study and revised wording would provide a better and clearer instrument in reaching the complicated objective. I would add that most authorities agree that an attempt to legislate a specific cure for every suspected, expanded or exaggerated interpretation of existing law is a difficult and dangerous business.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania [Mr. FULTON].

The question was taken; and on a division (demanded by Mr. FULTON) there were—ayes 53, noes 146.

So the amendments were rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMPSON of Texas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3) to establish rules of interpretation governing questions of the effect of acts of Congress on State laws, pursuant to House Resolution 288, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. LINDSAY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. LINDSAY. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. LINDSAY moves to recommit the bill H.R. 3 to the Committee on the Judiciary.

Mr. WILLIS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit offered by the gentleman from New York [Mr. LINDSAY].

Mr. CELLER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 191, nays 227, not voting 16, as follows:

[Roll No. 101]

YEAS—191

Addonizio	Edmondson	McCormack
Anfuso	Fallon	McDowell
Ashley	Farbstein	McFall
Aspinall	Feighan	McGovern
Auchincloss	Fino	Macdonald
Bailey	Flood	Machrowicz
Baldwin	Flynn	Mack, Ill.
Baring	Fogarty	Madden
Barr	Foley	Magnuson
Barrett	Forand	Mailliard
Bass, N.H.	Frelinghuysen	Marshall
Bennett, Mich.	Friedel	Merrow
Blatnik	Fulton	Metcalf
Boland	Gallagher	Meyer
Bolling	Garmatz	Miller, Clem
Bowles	George	Miller, George P.
Boyle	Giaimo	Moeller
Brademas	Glenn	Monagan
Breeding	Gray	Montoya
Brewster	Green, Oreg.	Moore
Brooks, Tex.	Green, Pa.	Moorhead
Brown, Mo.	Griffiths	Morgan
Buckley	Hagen	Morris, Okla.
Burdick	Halpern	Moss
Burke, Ky.	Hargis	Multer
Burke, Mass.	Hays	Murphy
Byrne, Pa	Healey	Nix
Cahill	Hechler	O'Brien, Ill.
Carnahan	Hogan	O'Brien, N. Y.
Carter	Holifield	O'Hara, Ill.
Celler	Holland	O'Hara, Mich.
Clark	Holtzman	O'Konski
Coad	Hosmer	O'Neill
Coffin	Irwin	Oliver
Cohelan	Johnson, Calif.	Osmers
Conte	Johnson, Colo.	Perkins
Corbett	Johnson, Wis.	Pfost
Curtin	Karsten	Philbin
Curtis, Mass.	Karth	Powell
Curtis, Mo.	Kasem	Price
Daddario	Kastenmeier	Prokop
Daniels	Kee	Pucinski
Dawson	Kelly	Quigley
Delaney	Keogh	Randall
Dent	King, Calif.	Reuss
Denton	King, Utah	Rhodes, Pa.
Diggs	Kirwan	Rivers, Alaska
Dingell	Kluczynski	Rodino
Dollinger	Kowalski	Rogers, Colo.
Donohue	Lane	Rooney
Dooley	Lankford	Roosevelt
Dorn, N.Y.	Lesinski	Rostenkowski
Doyle	Levering	Roush
Dulski	Libonati	Santangelo
Dwyer	Lindsay	Saund
Sullivan	Walter	
Taylor	Teller	Wampler
Shelley	Thompson, N.J.	Weis
Shipley	Toll	Widnall
Sisk	Tollefson	Wier
Slack	Udall	Wolf
Smith, Iowa	Ullman	Yates
Staggers	Vanik	Zablocki
Stratton	Van Zandt	Zelenko

NAYS—227

Abbitt	Fountain	Natcher
Abernethy	Frazier	Nelsen
Adair	Gary	Norblad
Alexander	Gathings	Norrell
Alford	Gavin	Ostertag
Alger	Grant	Passman
Allen	Griffin	Patman
Andersen, Minn.	Gross	Pelly
Andrews	Gubser	Pilcher
Arends	Haley	Pillion
Ashmore	Hall	Pirnie
Avery	Halleck	Poage
Ayres	Hardy	Poff
Baker	Harmon	Preston
Barden	Harris	Quie
Barry	Harrison	Rains
Bass, Tenn.	Hébert	Ray
Bates	Hemphill	Reece, Tenn.
Baumhart	Henderson	Rees, Kans.
Becker	Herlong	Rhodes, Ariz.
Beckworth	Hess	Riehlman
Belcher	Hiestand	Riley
Bennett, Fla.	Hoeven	Rivers, S.C.
Bentley	Hoffman, Ill.	Roberts
Berry	Hoffman, Mich.	Robison
Betts	Holt	Rogers, Fla.
Blitch	Horan	Rogers, Mass.
Boggs	Huddleston	Rogers, Tex.
Bolton	Hull	Rutherford
Bonner	Ikard	St. George
Bosch	Jackson	Schenck
Bow	Jarman	Scherer
Boykin	Jennings	Schwengel
Bray	Jensen	Scott
Brock	Johansen	Selden
Brooks, La.	Johnson, Md.	Sheppard
Broomfield	Jonas	Short
Brown, Ga.	Jones, Ala.	Sikes
Brown, Ohio	Jones, Mo.	Siler
Broyhill	Judd	Simpson, Ill.
Budge	Kearns	Simpson, Pa.
Burleson	Keith	Smith, Calif.
Bush	Kilday	Smith, Kans.
Byrnes, Wis.	Kilgore	Smith, Miss.
Cannon	Kitchin	Smith, Va.
Casey	Knox	Springer
Cederberg	Lafore	Steed
Chamberlain	Laird	Stubblefield
Chelf	Landrum	Taber
Chenoweth	Langen	Taylor
Church	Latta	Teague, Calif.
Collier	Lennon	Teague, Tex.
Colmer	Lipscomb	Thomas
Cooley	Loser	Thompson, La.
Cramer	McCulloch	Thompson, Tex.
Cunningham	McDonough	Thomson, Wyo.
Dague	McGinley	Thornberry
Davis, Ga.	McIntire	Trimble
Derounian	McMillan	Tuck
Derwinski	McSween	Utt
Devine	Mack, Wash.	Van Pelt
Dixon	Mahon	Vinson
Dorn, S.C.	Mason	Watts
Dowdy	Matthews	Weaver
Downing	May	Westland
Durham	Meader	Wharton
Elliott	Michel	Whitener
Everett	Milliken	Whitten
Evins	Mills	Williams
Fascell	Minshall	Willis
Fenton	Mitchell	Wilson
Fisher	Morris, N. Mex.	Winstead
Flynt	Morrison	Withrow
Ford	Moulder	Wright
Forrester	Mumma	Young
	Murray	Younger

NOT VOTING—16

Albert	Davis, Tenn.	Porter
Anderson, Mont.	Goodell	Rabaut
Canfield	Granahan	Spence
Chiperfield	Kilburn	Wainwright
Cook	Martin	Wallhauser
	Miller, N.Y.	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mrs. Granahan for, with Mr. Albert against.

Mr. Rabaut for, with Mr. Miller of New York against.

Mr. Wallhauser for, with Mr. Spence against.

Mr. Wainwright for, with Mr. Davis of Tennessee against.

Mr. Cook for, with Mr. Kilburn against.

Mr. Anderson of Montana for, with Mr. Chiperfield against.

Mr. Porter for, with Mr. Goodell against.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. CELLER. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 225, nays 192, not voting 17, as follows:

[Roll No. 102]

YEAS—225

Abbitt	Forrester	Murray
Abernethy	Fountain	Natcher
Adair	Frazier	Nelsen
Albert	Gary	Norblad
Alexander	Gathings	Norrell
Alford	Gavin	Ostertag
Alger	Grant	Passman
Allen	Griffin	Patman
Andersen, Minn.	Gross	Pelly
	Gubser	Pilcher
Andrews	Haley	Pillion
Arends	Hall	Pirnie
Ashmore	Halleck	Poage
Avery	Hardy	Poff
Baker	Harmon	Preston
Barden	Harris	Quie
Barry	Harrison	Rains
Bass, Tenn.	Hébert	Ray
Bates	Hemphill	Reece, Tenn.
Baumhart	Henderson	Rees, Kans.
Becker	Herlong	Rhodes, Ariz
Beckworth	Hess	Riehlman
Belcher	Hiestand	Riley
Bennett, Fla.	Hoeven	Rivers, S.C.
Bentley	Hoffman, Ill.	Robison
Berry	Hoffman, Mich.	Rogers, Fla.
Betts	Holt	Rogers, Mass.
Blitch	Horan	Rogers, Tex.
Boggs	Huddleston	Rutherford
Bolton	Hull	St. George
Bonner	Ikard	Schenck
Bosch	Jackson	Scherer
Bow	Jarman	Scott
Boykin	Jennings	Selden
Bray	Jensen	Short
Brock	Johansen	Sikes
Brooks, La.	Johnson, Md.	Siler
Broomfield	Jonas	Simpson, Ill.
Brown, Ga.	Jones, Ala.	Simpson, Pa.
Brown, Ohio	Jones, Mo.	Smith, Calif.
Broyhill	Judd	Smith, Kans.
Budge	Kearns	Smith, Miss
Burleson	Keith	Smith, Va.
Bush	Kilday	Springer
Byrnes, Wis.	Kilgore	Steed
Cannon	Kitchin	Stubblefield
Casey	Knox	Taber
Cederberg	Lafore	Taylor
Chamberlain	Laird	Teague, Calif.
Chelf	Landrum	Teague, Tex.
Chenoweth	Langen	Thomas
Church	Latta	Thompson, La.
Collier	Lennon	Thompson, Tex.
Colmer	Lipscomb	Thomson, Wyo
Cooley	Loser	Thornberry
Cramer	McCulloch	Trimble
Cunningham	McDonough	Tuck
Dague	McGinley	Utt
Davis, Ga.	McIntire	Van Pelt
Derounian	McMillan	Vinson
Derwinski	McSween	Watts
Devine	Mack, Wash.	Weaver
Dixon	Mahon	Westland
Dorn, N.Y.	Mason	Wharton
Dorn, S.C.	Matthews	Whitener
Dowdy	May	Whitten
Downing	Meader	Willams
Durham	Michel	Willis
Elliott	Milliken	Wilson
Everett	Mills	Winstead
Evins	Minshall	Withrow
Fascell	Mitchell	Wright
Fenton	Morris, N. Mex.	Young
Fisher	Morrison	Younger
Flynt	Moulder	
Ford	Mumma	

NAYS—192

Addonizio	Ashley	Auchincloss
Anfuso	Aspinall	Ayres
Bailey	Garmatz	Morgan
Baldwin	George	Morris, Okla.
Baring	Giaimo	Moss
Barr	Glenn	Multer
Barrett	Gray	Murphy
Bass, N.H.	Green, Oreg.	Nix
Bennett, Mich.	Green, Pa.	O'Brien, Ill.
Blatnik	Griffiths	O'Brien, N.Y.
Boland	Hagen	O'Hara, Ill.
Bolling	Halpern	O'Hara, Mich.
Bowles	Hargis	O'Konski
Boyle	Hays	O'Neill
Brademas	Healey	Oliver
Breeding	Hechler	Osmers
Brewster	Hogan	Perkins
Brooks, Tex.	Holifield	Pfost
Brown, Mo.	Holland	Philbin
Buckley	Holtzman	Powell
Burdick	Hosmer	Price
Burke, Ky.	Irwin	Prokop
Burke, Mass.	Johnson, Calif.	Pucinski
Byrne, Pa.	Johnson, Colo.	Quigley
Cahill	Johnson, Wis.	Randall
Carnahan	Karsten	Reuss
Carter	Karth	Rhodes, Pa.
Celler	Kasem	Rivers, Alaska
Clark	Kastenmeier	Rodino
Coad	Kee	Rogers, Colo.
Coffin	Kelly	Rooney
Cohelan	Keogh	Roosevelt
Conte	King, Calif.	Rostenkowski
Corbett	King, Utah	Roush
Curtin	Kirwan	Santangelo
Curtis, Mass.	Kluczynski	Saund
Curtis, Mo.	Kowalski	Saylor
Daddario	Lane	Schwengel
Daniels	Lankford	Shelley
Dawson	Lesinski	Sheppard
Delaney	Levering	Shipley
Dent	Libonati	Sisk
Denton	Lindsay	Slack
Diggs	McCormack	Smith, Iowa
Dingell	McDowell	Staggers
Dollinger	McFall	Stratton
Donohue	McGovern	Sullivan
Dooley	Macdonald	Teller
Doyle	Machrowicz	Thompson, N.J.
Dulski	Mack, Ill.	Toll
Dwyer	Madden	Udall
Edmondson	Magnuson	Ullman
Fallon	Mailliard	Vanik
Farbstein	Marshall	Van Zandt
Feighan	Merrow	Walter
Fino	Metcalf	Wampler
Flood	Meyer	Weis
Flynn	Miller, Clem	Widnall
Fogarty	Miller, George P.	Wier
Foley		Wolf
Forand	Moeller	Yates
Frelinghuysen	Monagan	Zablocki
Friedel	Montoya	Zelenko
Fulton	Moore	
Gallagher	Moorhead	

NOT VOTING—17

Anderson, Mont.	Goodell	Rabaut
	Granahan	Roberts
Canfield	Kilburn	Spence
Chiperfield	Martin	Tollefson
Cook	Miller, N.Y.	Wainwright
Davis, Tenn.	Porter	Wallhauser

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Miller of New York for, with Mrs. Granahan against.

Mr. Spence for, with Mr. Rabaut against.

Mr. Davis of Tennessee for, with Mr. Wallhauser against.

Mr. Kilburn for, with Mr. Wainwright against.

Mr. Chiperfield for, with Mr. Cook against.

Mr. Goodell for, with Mr. Anderson of Montana against.

Mr. Roberts for, with Mr. Porter against.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WILLIS. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. PHILBIN], the gentleman from Massachusetts [Mr. DONOHUE], and the gentleman from Minnesota [Mr. WIER], have permission to extend their remarks at that point in the RECORD following my own remarks on the Fulton amendment.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. WILLIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill just passed.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. ROBERTS. Mr. Speaker, during the rollcall vote on the bill, H.R. 3, I was called away on a matter of official business. Had I been able to be present, I would have voted "yea." I had previously voted against the motion to recommit the bill. I am in favor of the bill and would have so voted.

Mr. Speaker, I ask unanimous consent that my remarks may follow the recording of the vote on the bill, H.R. 3.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

FINANCING OF NEW JET AND TURBOJET AIRCRAFT

Mr. HARRIS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 1368) to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of new jet and turboprop aircraft.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (2) of subsection 503(a) of the Federal Aviation Act of 1958 is amended to read as follows:

"(2) Any lease, and any mortgage, equipment trust, contract of conditional sale, or other instrument executed for security purposes, which lease or other instrument affects the title to, or any interest in, any specifically identified aircraft engine or engines of seven hundred and fifty or more rated takeoff horsepower for each such engine or the equivalent of such horsepower, or any specifically identified aircraft propeller capable of absorbing seven hundred and fifty or more rated takeoff shaft horsepower, and also any assignment or amendment thereof or supplement thereto;"

SEC. 2. That section 504 of the Federal Aviation Act of 1958 is amended to read as follows:

"SEC. 504. No person having a security interest in, or security title to, any civil aircraft, engine or propeller under a contract of conditional sale, equipment trust, chattel or corporate mortgage, or other instrument of similar nature, and no lessor of any such aircraft, engine or propeller under a bona fide lease of thirty days or more, shall be liable by reason of such interest or title or by reason of his interest as lessor or owner of the aircraft, engine or propeller so leased, for any injury to or death of persons, or

damage to or loss of property, on the surface of the earth (whether on land or water) caused by such aircraft, engine or propeller, or by the ascent, descent, or flight of such aircraft, engine or propeller or by the dropping or falling of an object therefrom, unless such aircraft, engine or propeller is in the actual possession or control of such person at the time of such injury, death, damage, or loss."

SEC. 3. The proviso clause in section 503(d) of the Federal Aviation Act of 1958 is amended to read as follows:

"*Provided,* That an instrument recorded under section 503(a)(2) shall not be affected as to the engine or engines, or propeller or propellers specifically identified therein, by any instrument theretofore or thereafter recorded pursuant to section 503(a)(3)."

SEC. 4. Clause (1) of section 503(f) of the Federal Aviation Act of 1958 is amended to read as follows:

"(1) the identifying description of the aircraft, aircraft engine, or propeller, or in the case of an instrument referred to in section 503(a)(3), the location or locations specified therein; and".

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That paragraph (2) of section 503(a) of the Federal Aviation Act of 1958 is amended to read as follows:

"'(2) Any lease, and any mortgage, equipment trust, contract of conditional sale, or other instrument executed for security purposes, which lease or other instrument affects the title to, or any interest in, any specifically identified aircraft engine or engines of seven hundred and fifty or more rated takeoff horsepower for each such engine or the equivalent of such horsepower, or any specifically identified aircraft propeller capable of absorbing seven hundred and fifty or more rated takeoff shaft horsepower, and also any assignment or amendment thereof or supplement thereto;'.

"SEC 2. Section 504 of the Federal Aviation Act of 1958 is amended to read as follows:

"'LIMITATION OF SECURITY OWNERS LIABILITY

"'SEC. 504. No person having a security interest in, or security title to, any civil aircraft, aircraft engine, or propeller under a contract of conditional sale, equipment trust, chattel or corporate mortgage, or other instrument of similar nature, and no lessor of any such aircraft, aircraft engine, or propeller under a bona fide lease of thirty days or more, shall be liable by reason of such interest or title, or by reason of his interest as lessor or owner of the aircraft, aircraft engine, or propeller so leased, for any injury to or death of persons, or damage to or loss of property, on the surface of the earth (whether on land or water) caused by such aircraft, aircraft engine, or propeller, or by the ascent, descent, or flight of such aircraft, aircraft engine, or propeller or by the dropping or falling of an object therefrom, unless such aircraft, aircraft engine, or propeller is in the actual possession or control of such person at the time of such injury, death, damage, or loss.'

"SEC. 3. The proviso contained in section 503(d) of the Federal Aviation Act of 1958 is amended to read as follows: '*Provided,* That an instrument recorded under section 503(a)(2) shall not be affected as to the engine or engines, or propeller or propellers, specifically identified therein, by any instrument theretofore or thereafter recorded pursuant to section 503(a)(3).'

"SEC. 4. Paragraph (1) of section 503(f) of the Federal Aviation Act of 1958 is amended to read as follows:

"'(1) the identifying description of the aircraft, aircraft engine, or propeller, or in the case of an instrument referred to in section 503(a)(3), the location or locations specified therein; and'."

Mr. GROSS. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, will the gentleman tell us briefly what this bill is about.

Mr. HARRIS. I will be very glad to yield to the gentleman from Mississippi [Mr. WILLIAMS], the chairman of the subcommittee, that reported the bill out.

Mr. WILLIAMS. Mr. Speaker, the purpose of this legislation is to facilitate the lease or sale of propellers for aircraft. It is needed in order to modernize the Civil Aeronautics Act of 1938, which provided for the recording of mortgages on whole aircraft. In 1948, because it became necessary, as the aviation industry developed, to interchange airplane engines among various aircraft, the act was amended to provide for the separate recording of aircraft engines, separate and apart from the airframe. Now, that we are in the jet and turboprop age, it was found to be necessary to provide for separate recording of aircraft propellers. The propellers for these turbo-prop type aircraft run sometimes in the vicinity of $25,000 or $30,000 in cost. Finding it necessary to interchange propellers as well as engines and airframes, the FAA found it necessary to request permission to record propellers separately.

Mr. GROSS. Does this call for any authorization of spending of money?

Mr. WILLIAMS. This does not call for the authorization of any additional funds for the Federal Aviation Agency. However, in fairness, I think it should be stated that it is estimated there will be an additional cost of $13,000 per year for administrative expenses. However, the committee in its report recommended and requested that the Federal Aviation Agency charge fees for this recording in order to take care of the additional costs. So actually there will be no additional cost to the Federal Government in the administration of the bill.

Mr. GROSS. I thank the gentleman.

Mr. HARRIS. Mr. Speaker, the purpose of the bill is to help the financing for these new jets. This legislation is necessary for some of the airlines. I will point out too that it was reported out unanimously by the committee and everyone is in agreement that the legislation is needed and justified.

Mr. WILLIAMS. I think it should also be pointed out that the bill passed the other body by a unanimous vote and came to the floor of the other body by unanimous recommendation of the committee.

Mr. YOUNGER. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. YOUNGER. The bill has been cleared by the minority leader on this side?

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed. The title was amended so as to read: "An act to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of certain aircraft engines and propellers."

A motion to reconsider was laid on the table.

EXTENDING RENEGOTIATION ACT OF 1951

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7086) to extend the Renegotiation Act of 1951, and for other purposes with Senate amendments thereto, disagree to the Senate amendments, and request a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MILLS, FORAND, KING of California, SIMPSON of Pennsylvania, and MASON.

LEGISLATIVE PROGRAM

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, I have asked for this time in order to inquire of the majority leader as to the program. Earlier there was a colloquy between the majority and minority leaders with reference to the program coming up. There are a few items which are left unresolved. I wonder if the majority leader could advise us as to the situation as it now stands.

Mr. McCORMACK. Specifically, the gentleman from Indiana [Mr. HALLECK], the minority leader, asked me about rollcalls on Monday. I said I would only be too glad so far as I am concerned if any rollcalls were to take place on Monday, other than, of course, rollcalls on a rule, that they be postponed until the following day. We were then in the Committee on the Whole and I could not at that time submit a unanimous consent request. If the gentleman will yield to me for that purpose now, Mr. Speaker, I ask unanimous consent in the event a rollcall is necessary on Monday next that it be postponed until the following day.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ADJOURNMENT OVER

Mr. McCORMACK. Mr. Speaker, we will have no business for tomorrow. As I previously announced, there will be a meeting of the House on Friday so that the special order in connection with the 25th anniversary of the establishment of credit unions in the United States might be exercised by the Member who has been granted the special order and others who may be interested in speaking on that day.

Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Friday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

RE-REFERENCE OF BILLS

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the bills H.R. 7431, 7434, 7435, 7436, 7438, 7440, and 7443, identical bills to amend Public Law 85–880, and for other purposes, and that they may be re-referred to the Committee on Space and Astronautics.

Mr. PELLY. Mr. Speaker, reserving the right to object, and I shall not, I would just like to point out that the delay has been caused by the difference in jurisdiction. I only hope that the Committee on Space and Aeronautics will expedite consideration of the various bills.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

RE-REFERENCE OF PRESIDENT'S MESSAGE

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the President's message of May 21, 1959, requesting such legislation for the purpose of authorizing funds for Federal participation in the World Science Pan-Pacific Exposition—now known as Century 21 Exposition—be re-referred to the Committee on Space and Astronautics.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CENTURY 21 EXPOSITION

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include two letters.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Speaker, the jurisdiction of the Committee on Foreign Affairs over legislation relating to international fairs and expositions has arisen from the fact that such fairs and expositions, in general, have a relation to and an impact on our foreign policy and foreign relations.

An examination of the President's message referring to the participation of the United States in the World Science Pan-Pacific Exposition, also called the Century 21 Exposition, to be held in Seattle, indicates that Federal funds are being requested primarily for use in connection with exhibits planned to excite youth and adult interest in, and promote the understanding of, certain basic science areas. Under the circumstances, it was my impression that U.S. participation in the fair might be justified principally because of its impact on matters not directly related to foreign policy. With this question in mind, on June 12, 1959, I directed a letter to the Secretary of State to obtain his views as to the relation of the Seattle fair to our foreign policy. I have just received a reply to my letter, which includes the following paragraph:

> The Department has not considered that the advancement of foreign policy objectives is the primary purpose of the Century 21 Exposition and has continually refrained from commenting on the appropriation request because the Department has believed that this is primarily of domestic interest.

Since the State Department confirms my own view that U.S. participation in the Seattle fair is most directly related to considerations other than foreign policy, I have requested that legislation relating to the World Science Pan-Pacific Exposition be referred to the Committee on Science and Astronautics.

In asking that this legislation be so referred, I want to make clear that the Committee on Foreign Affairs recognizes that, in general, international fairs and expositions have an important place in the advancement of our foreign policy objectives, and it is not our purpose to relinquish in any respect our responsibility for such legislation. An exception has been requested in this case because of the special considerations involved.

I am making available the text of my letter to the Secretary of State and the State Department reply for the information of the House:

COMMITTEE ON FOREIGN AFFAIRS,
June 12, 1959.

The Honorable SECRETARY OF STATE,
Washington, D.C.

DEAR MR. SECRETARY: The report of the President on the World Science Pan-Pacific Exposition to be held at Seattle, Wash., in 1961, required under section 5(a) of Public Law 85–880, has been referred to this committee.

The bill passed by the Congress last year, which authorized the President to cooperate with the Washington State World Fair Commission to determine the extent and nature of U.S. participation in the fair, indicated that the purposes of the exposition were to (1) commemorate the centennial of the physical fixing of the boundary line between the United States of America and Canada, (2) depict the role of science in modern civilization, and (3) exhibit the varied cultures of the nations of the Pacific rim.

The President's message indicates that the participation of the Federal Government at an estimated cost of $12,500,000 will be limited to that phase of the exposition relating to the theme of "the role of science in modern civilization." The jurisdiction of the Committee on Foreign Affairs over legislation relating to international fairs and expositions has arisen from the fact that such fairs and expositions, in general, have a relation to or an impact on our foreign policy and foreign relations.

In the case of the Seattle Fair, the report of the President seems to indicate that those aspects of the fair most directly related to matters of foreign policy will not be financed by the Federal Government. This raises a question as to whether legislation relating to the further participation of the United States in the fair would be handled to best advantage by the Committee on Foreign Affairs, or whether it might more properly be referred to another committee.

I can fully understand that you may not wish to express an opinion as to the most appropriate committee of the Congress to consider legislation or as to the purpose or merit of the Seattle fair. I would appreciate, however, your judgment as to whether the $12,500,000 estimated to be the cost of Federal participation in the fair would make a commensurate contribution to the improvement of our relations with other nations or to the advancement of our foreign policy.

I recognize that an exposition of this character might have as its principal justification its impact in areas not directly related to foreign policy, such as its contribution to the advancement and understanding of science, or its service in providing enlightenment or entertainment to the people of the United States. If in your judgment the contemplated expenditure of funds would appear to be justified primarily by considerations other than the advancement of our foreign policy, it would be my inclination to seek to have consideration of further legislation relating to the Seattle fair referred to another committee of the Congress.

The Committee on Foreign Affairs recognizes that international fairs and expositions have had in the past, and are even more likely to have in the future, an important place in the advancement of our foreign policy objectives. For that reason, we would feel obliged to assume responsibility for further legislation relating to this exposition if you regard it as having an important impact on our foreign policy.

Sincerely yours,

THOMAS E. MORGAN,
Chairman.

ASSISTANT SECRETARY OF STATE,
Washington, June 22, 1959.

The Honorable THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs,
House of Representatives.

DEAR MR. MORGAN: In your letter of June 12, 1959, you requested the opinion of the Department as to the World Science Pan-Pacific Exposition (Century 21 Exposition) and its relation to or impact on our foreign policy and foreign relations. In your letter you said that if, in our judgment, the contemplated expenditure of funds would appear to be justified primarily by considerations other than the advancement of our foreign policy, the committee might wish to have consideration of further legislation relating to the Seattle Fair referred to another committee of Congress.

The Department has not considered that the advancement of foreign policy objectives is the primary purpose of the Century 21 Exposition and has continually refrained from commenting on the appropriation requested because the Department has believed that this is primarily of domestic interest.

The Department drafted the proclamation which was authorized by Public Law 85–880, approved September 2, 1958 (72 Stat. 1703) and expects on behalf of the President, and the Governor of the State of Washington, to extend invitations to appropriate countries to participate in the fair. This is a function that the Department frequently fulfills at the request of those State, municipal, and private groups who wish to extend invitations to other countries to participate in fairs, expositions, and ceremonial celebrations to be held within the United States. The Department will do whatever it may to assist the officials of the State of Washington in the Century 21 Exposition in arranging for foreign participation.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary
(For the Acting Secretary of State).

PRINTING OF DUPLICATE BILLS AND RESOLUTIONS

Mr. JONES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include a letter.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. JONES of Missouri. Mr. Speaker, a short time ago I stated that from time to time I would make suggestions and take such action as I thought was practical in bringing about savings and more economy, as well as efficiency in the operation of this body.

Today I am introducing a resolution which has for its purpose the discontinuance of the printing of identical or duplicate bills and resolutions. While the Rules of the House do not specifically prohibit the joint introduction of bills and resolutions, a practice which is followed in the other body, a ruling of the Chair which has been followed for many years, has had the practical effect of prohibiting such joint introduction. I am not attempting to bring about a change which would permit the joint introduction by several or many Members, of the same bill or resolution. However, I am attempting to bring about a saving by the elimination of the necessity for printing duplicate or identical bills and resolutions, but at the same time provide the means whereby Members may continue to introduce such bills or resolutions, but instead of being printed as is done at the present time, the title of the bill or resolution, and the name of the Member introducing the same shall be printed in the CONGRESSIONAL RECORD, together with a reference to the original bill or resolution introduced.

Of the first 5,900 bills or resolutions introduced in the House at this session, at least 43 bills were introduced a total of 883 times. In other words, according to a statistical survey made at my request by the Library of Congress, 840 of the first 5,900 bills were identical to bills already introduced, and this figure does not include those bills which were duplicated less than 10 times, which of course would add greatly to this total.

I am not going to attempt to estimate the savings that would be effected by the adoption of this resolution, but it would include not only the actual printing cost, but would eliminate much of the bookkeeping required in the referral and processing of these duplicate bills. I am including herewith a copy of the memorandum from the Library of Congress, showing the extent to which this duplication exists in this Congress:

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., June 19, 1959.

To: Hon. PAUL C. JONES.
From: American Law Division.
Subject: Introduction of duplicate bills in the House.

As far as can be determined, there are no complete statistics available regarding the above. In response to your request, a study was made of the first 5,900 bills introduced in the current Congress. Those bills which were duplicated 10 or more times were isolated, and the statistics follow:

1. Eight bills were introduced 10 times.
H.R. 2382: Medical coverage under Social Security Act.
H.R. 3: To limit the power of the Supreme Court to invoke the preemption doctrine.
H.R. 486: Preemption; another version.
H.R. 5248: To increase funds for school milk program.
H.R. 257: To equalize pensions of widows of veterans of World War II with widows of veterans of World War I and Korea.
H.R. 713: National Wilderness Preservation Act.
H.R. 3540: Labor Management Practices Act.
House Joint Resolution 21: Item veto on appropriation bills.
2. Four bills were introduced 11 times:
H.R. 2853: Commemorative stamps for Olympic games.
H.R. 4679: Wheat Stabilization Act of 1959.
H.R. 5463: Consent to Wabash Valley compact.
H.R. 300: Civil rights (Douglas bill).
3. Five bills were introduced 12 times:
H.R. 42: Repeal of Calmat tax.
H.R. 1121: Labor Management Reporting and Disclosure Act.
H.R. 4200: Weather control, Colorado River Basin.
H.R. 3592: Refund of certain taxes in installments.
H.R. 755: Increase income limitation on non-service-connected disability pensions to $1,800 for nonmarried and $3,000 for married.
4. Three bills were introduced 13 times:
H.R. 3463: Inclusion of State routes on highway system.
H.R. 5373: Parities on oats, etc.
House Joint Resolution 33: Constitutional amendment to prohibit State taxation of income of nonresidents.
5. One bill was introduced 14 times:
H.R. 16: Immigration law revision.
6. One bill was introduced 15 times:
H.R. 1098: To extend coverage of the Federal Coal Mine Safety Act.
7. One bill was introduced 17 times:
H.R. 4846: Adjustment of import quotas.
8. One bill was introduced 18 times:
H.R. 226: Transportation of explosives in interstate commerce.
9. Two bills were introduced 19 times:
H.R. 3840: National Milk Sanitation Act.
H.R. 1: To authorize additional withdrawal of water from Lake Michigan.
10. Two bills were introduced 20 times:
H.R. 1855: To establish a National Advisory Committee for the Blind.
H.R. 104: Coal Research and Development Act.
11. Two bills were introduced 21 times.
House Concurrent Resolution 42: In favor of UHF booster station.
H.R. 36: To remove income limitation on social security benefits.
12. One bill was introduced 23 times.
H.R. 9: Self-employed individuals, retirement act.
13. One bill was introduced 24 times.
H.R. 50: Hawaiian statehood.
14. Two bills were introduced 25 times.
H.R. 1379: D.C. Charter Act.
H.R. 22: School Support Act of 1959.
15. One bill was introduced 30 times.
H.R. 88: Armed Services dismissals, standards for.
16. One bill was introduced 31 times.
H.R. 830: Area Redevelopment Act.
17. One bill was introduced 32 times.
House Concurrent Resolution 113: International Education Programs.
18. One bill was introduced 34 times:
H.R. 1012: Amendments to Railroad Retirement Act.
19. One bill was introduced 39 times:
H.R. 6964: Armed Services Competitive Procurement Act.
20. One bill was introduced 45 times:
H.R. 3547: Unemployment Compensation.
21. One bill was introduced 49 times:
H.R. 3395: Repeal communications tax.
22. One bill was introduced 59 times:
House Joint Resolution 28: Equal rights for women.
23. One bill was introduced 60 times:
H.R. 14: Organizations for the blind.

CONCLUSIONS

The above 43 bills were introduced a total of 883 times. In other words, at least 840 of the first 5,900 House resolutions were identical to bills already introduced; and this figure does not include those bills which are duplicated less than 10 times.

STRENGTHEN THE BUY AMERICAN ACT

Mr. OSTERTAG. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. OSTERTAG. Mr. Speaker, I take this occasion to urge the support of a bill which I have introduced today. It would provide for much needed amendments to the Buy American Act.

It is my belief and that of many Members of Congress and others that the Buy American Act, as it stands today, has become almost meaningless and has little value or protection for American industry.

The original purpose of the Buy American Act was to provide a fair and satisfactory competitive atmosphere between domestic and foreign bidders in competing for Government contracts. The margin of advantage of the domestic over the foreign bidder began with a 25-percent differential and was subsequently dropped to 6 percent in 1954. This is an indication of how the purposes of this act have been eroded in the past 25 years to the point where it now not only fails to provide a fair and satisfactory competitive differential but ignores the principles upon which the original act was based.

Labor costs of American producers are, in many instances, 8 and 10 times higher than that of foreign competitors. A gross average hourly wage of $1.50 in the United States as compared to 15 cents an hour in Japan is just one example of this tremendous differential. Therefore, oftentimes there is considerable justification for raising greatly the differential, since foreign bidders are often able to underbid domestic manufacturers by wide margins. However, since labor costs vary so widely among different countries, it is difficult and unfair to establish a set differential and expect it to apply to all situations, without injuring the opportunities of American manufacturers in competing for Government contracts.

Mr. Speaker, since foreign producers or manufacturers are in a position in many instances to underbid American manufacturers due to the fact that their labor costs are far below American labor costs, it is my conviction that the best way in which to establish a fair and equitable differential is to compare the average wage rates prevailing in the foreign industry with that of the average

wage rates prevailing in the domestic industry. This can be accomplished by consulting the current or most recent official wage rates, foreign and domestic, as published by the Bureau of Labor Statistics of the U.S. Department of Labor and making the comparison. The percentage of difference should then be the differential. Mr. Speaker, this is exactly what my bill calls for. It further states that "no domestic bid shall be deemed unreasonable unless it exceeds the lowest foreign bid, exclusive of duty, by a margin greater than the differential found pursuant to this section to exist between such prevailing domestic and foreign wages." In addition, it will protect the Government by providing that no bid or contract price may be in excess of the prevailing prices applicable to other trade. In other words, this bill prohibits an American manufacturer or producer from having a higher price for the Government than that used in the marketing of his goods to other consumers.

The amendments embodied in my bill would put teeth into the Buy American Act. They would provide a more equitable application of it, and tend to preserve the expenditure of the taxpayer's dollars to American industry, agriculture, and labor whenever money is expended for procurement of articles, materials, and supplies for public use. Since it is American industry, agriculture, and labor which support our Government through their tax dollars, it seems reasonable that a fair and equitable yardstick should be provided between domestic and foreign producers and manufacturers in competing for Government contracts. Otherwise, the high standard of living which has been created in our country by private enterprise will in turn handicap and penalize our own producers in competing for contracts from our own Government.

Mr. Speaker, the enactment of my bill will mean increased business and employment in American industry. It is in the best interests of our Nation and will benefit all segments of our economy. Therefore, it is my hope that it will receive the sober and favorable consideration of the Congress.

FOREIGN AID TO DOGPATCH

Mr. MOULDER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. MOULDER. Mr. Speaker, last week this House passed H.R. 7500, the foreign aid or so-called mutual security bill, providing authorization for the wasteful expenditure or giving away of an additional $3½ billion to foreign countries.

I have many times expressed my opposition to this useless waste of the taxpayers' moneys and have offered many documents, facts, and figures to support my contention that the foreign aid program as now administered is a colossal mistake and financial burden on the American people.

Last Sunday, I was amused by my favorite comic strip "Li'l Abner" by Al Capp. The title of the Sunday edition is "A Foreigner's Life Is Not an 'Appy One." Mammy or Pansy Yokum informs all Dogpatchers of "some confoozin' but not amoozin' news." To wit: "Dogpatch hain't part o' th' Yew-nited States no more. * * * They discovered thet in Washin'ton." So Dogpatch is a indy-pendent nation now—like Monaco—an' it belongs to th' Yokum fambly—same as Monaco belongs to Prince Rainier's fambly."

This announcement by Her Majesty Pansy Yokum created great consternation. Dogpatchers expressed great disappointment in losing "all th' advantages o' bein' Americans."

But then there appears a representative of the U.S. Government with a construction crew erecting "A 5-million dollar, prefabricated university. Compliments of the U.S. Government." A prominent Dogpatcher said, "Mah goodness. When we was merely pore li'l broke-down Dogpatch, we couldn't git th' govamint to give us a seed catalog. But, now that we is a furrin country—they's buildin' us a whole college." Her Majesty Pansy Yokum replies, "Natcherly. They needs our good will." The next scene is the arrival of a special delivery letter to Pansy Yokum. Dogpatch had made application to the U.S. Government for a $20 loan "to keep Dogpatch alive when we was Americans." "Did they turn us down?" "Right, Mammy. No $20. But they has set us a check fo' 80 millyun dollahs, to improve our rivers and harbors, now thet we is furriners."

The Dogpatch story may appear to be silly and ridiculous but it is a funny and amusing example of the foreign aid programs. The foreign aid or so-called mutual security program is also just as silly and ridiculous but most certainly not funny nor amusing.

THE OIL INDUSTRY'S TAX BILL

Mr. IKARD. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. IKARD. Mr. Speaker, I think it is particularly appropriate at this time to comment on a most important subject which is receiving increasing attention here in Congress as well as in the public press. I refer to the tax treatment Congress has provided for mineral producers and, more especially, the 27½-percent depletion rate authorized in the case of oil and gas production.

Much has been written and spoken regarding these tax provisions, and unfortunately all too often by the uninformed.

In this regard I think it is particularly appropriate that the Committee on Ways and Means has listed percentage depletion as one of the many subjects to be reviewed in its hearings that begin on November 2. As you know, the committee will invite experts from colleges and universities, research organizations, business, labor, and agriculture—informed people who can present an objective appraisal of just how the various provisions of the Tax Code operate, and how they affect the American people.

We all, I think, recognize that this undertaking—though a big one—is most worthwhile and indeed a constructive move to assure that our tax laws are such as to best serve the American people.

At one time or another all important legislative enactments should be reviewed to determine their usefulness and what, if any, changes are needed.

Tax laws are no exception. At the time the percentage method for computing depletion and the 27½ percent rate was adopted the Congress recognized the necessity of congressional review to determine the appropriateness of the method and rate.

The Congress then created a watchdog committee to review its effects. The committee at that time approved the method and rate. Many subsequent reviews have been made by the Congress. I believe that proceeding to be proper and, therefore, that is why the committee's plan to study and review percentage depletion along with the many other important provisions of the Internal Revenue Code should be welcomed.

Mr. Speaker, the Members of this body need and deserve to have a thorough analysis of the reasons for, and the operation of, the present tax treatment provided the minerals extractive industries. This analysis needs to be made by our duly constituted committees, charged with the responsibility of presenting to the membership of this body all of the facts and factors that are involved in any legislative proposal.

Meanwhile, it is only proper in view of the current rash of misleading and unfounded statements regarding percentage depletion, that the record be set straight on why we have this provision in our tax laws; briefly, how it works, and just why it is in the national interest to retain it in the law.

HISTORICAL BACKGROUND

If we check the dictionary we will see depletion defined as "impairment of capital; decline in value caused by the consumption or diminution of an asset." Thus, each time a producer extracts a barrel of oil or a ton of ore from the ground he is depleting his property—and consuming his capital.

For this reason, in 1913, after adoption of the 16th amendment, which authorized a tax on incomes, Congress provided mineral producers a reasonable allowance for depletion of ores and other natural deposits. The early law specified that depletion during the life of the property could not exceed the cost of the property or its market value as of the date the first income tax law went into effect, on March 1, 1913.

In 1918, in order to put properties discovered after 1913 on an equal footing,

Congress authorized mineral producers to use the fair market value of newly discovered oil and gas wells or mines as their basis for computing depletion where the fair market value of the property is materially disproportionate to the cost.

Thus, an operator could use the cost or the fair market value of a property in computing what portion of the money returned from his mineral property represented exhaustion; that is, depletion of his capital, and thus, not be subject to income tax.

Basically, this principle laid down more that 40 years ago, still remains in the law today so that capital value created by discovery will not be taxed as income. It expresses the congressional definition as to what constitutes capital and what is income in the extractive industries.

In the years 1918 to 1926 the so-called discovery value for computing the value of capital exhaustion often proved difficut and expensive to use both for taxpayer and Government. The determination of the fair market value of a newly discovered property often entailed complicated engineering analyses involving interpretations of geological data and the exercise of a large degree of individual judgment. This led to administration chaos.

To meet this, a select Senate committee studied the problem and found that experience showed that the discovery value per barrel of oil as established by appraisal of individual properties bore a reasonably consistent relationship to the price of oil as produced at the wellhead. Early in 1926, the committee reported its findings and concluded that the whole procedure could be simplified by establishing a percentage method for computing depletion for oil and gas wells. Under this method a fixed percentage of the gross income obtained from each barrel of oil as it came from the well would be the used up capital not to be taxed as income.

Since the selling price of petroleum at the wellhead and the value of the oil and gas in the ground are subject to the same fluctuations in value, percentage depletion provides the flexibility necessary to reflect the changing value of the capital asset being consumed.

The Senate Finance Committee then made its own study and also concluded that "in the interest of simplicity and certainty in administration your committee recommends that in the case of oil and gas wells the allowance for depletion shall be 25 percent of the gross income from the property during the taxable year" not to exceed 50 percent of the net income of the taxpayer from each property. Following further study and debate, the Senate approved a 30-percent depletion rate. The House, based on its studies, approved a 25-percent rate. Congress then agreed on a 27½-percent rate—for oil and gas wells—limited to 50 percent of the net income from the mineral property.

This rate has remained the same for the past 32 years. It has proven to be a simple and practical method of carrying out the original congressional policy laid down 45 years ago, when the income tax was born, that, to avoid taxing capital as income, depletion of mineral properties can be based on the fair market value of the mineral in the ground.

WHY 27.5-PERCENT RATE?

We often hear this question—what is the magic of the 27½-percent rate? Why not 37½ percent—or why not 17½ percent? There is a ready and logical answer. This rate has done the job Congress expected of it. It is an integral and vital part of the economic structure of the petroleum industry. The industry and its many millions of shareholders have been encouraged to risk billions of dollars to perpetuate this essential industry based on this 27½-percent depletion rate.

In setting this rate Congress recognized two basic facts:

First, it would generally approximate the value of the capital asset being used up with each barrel produced; and

Second, it would recognize the peculiarities of the operations in the extractive industries and provide the incentive of equal tax treatments and thereby encourage men to get into this risky, but vital, business of looking for oil to replace the reserves currently being used up.

History has proven the soundness of this rate. Experience during the 32 years that percentage depletion has been a part of our income tax laws provides the best evidence in support of the 27½-percent rate for petroleum production. During this period, the domestic oil industry has proved its ability to replace the reserves that have been consumed; has met growing demands in peace and war at reasonable prices; and has maintained reserve producing capacity for any further national emergencies. It has done this while earning only a reasonable return on its investments.

When percentage depletion was written into law, our proved reserves of petroleum were 8.8 billion barrels, or about 11 times our yearly production. Since then, over 50 billion barrels have been produced in the United States, or about 6 times the known reserves in 1926. At the end of 1958, our proved petroleum reserves were 36.7 billion barrels, or about 13 times our greatly increased annual production. Percentage depletion has contributed much to this accomplishment.

OIL AND ITS IMPORTANCE TO NATIONAL SECURITY

Mr. Speaker, I do not need to dwell very long on what oil means to our national security. Admittedly some writers and a few self-styled experts claim that in these days of modern 3-day wars oil is not an ammunition of war. Well, Mr. Speaker, whenever we see no need for an Air Force, a Navy, or an Army traveling on wheels, and no need for the wheels of industry to turn, then I will concede that oil's national security role is diminishing.

Meanwhile our military leaders put the highest priority on adequate supplies of petroleum and its products.

Last year the President's Special Cabinet Committee declared:

> It is clear that there is a direct relationship between the Nation's security and adequate and available sources of energy. Oil and gas account for two-thirds of all the energy that is consumed in this country. Furthermore, there is no adequate substitute in sight for the foreseeable future. Therefore, we must have available adequate supplies of oil.

Today more than ever percentage depletion is needed to help assure that we have within our own borders plentiful supplies of petroleum and its products to meet our defense needs, to stave off and deter war threats, and help other friendly nations in times of crises—such as the Suez situation.

THE CONSUMERS STAKE IN PERCENTAGE DEPLETION

When we discuss percentage depletion we must place in proper perspective just who is the real and ultimate beneficiary of this important tax provision.

The chief beneficiary of percentage depletion allowed the oil and gas industry is the consuming public—and it is the consumer who would suffer greatly from a reduction in rate or elimination of percentage depletion for the petroleum industry.

Mr. Speaker, it is obvious that the petroleum industry passes along to the consumer any so-called benefits it receives from the tax laws. This can be seen from the fact—which I will discuss in more detail later—that official Government statistics and studies of the Chase Manhattan Bank show that for the years 1955 to 1957 the domestic oil industry's rate of return was 9.97 percent. This is well below the 11.92 percent return for all manufacturing industries.

This is certainly an insufficient rate of return for an industry which, first, drills eight dry holes for each successful exploratory well; second, plows two-thirds of every dollar of gross income from petroleum produced each year back into the search for and development of new oil reserves; and, third, according to Bureau of Mines statistics show that the oil producing industry spends each year to find and develop new oil reserves, three times as many dollars as it retains out of its earnings through percentage depletion.

Now, Mr. Speaker, under these circumstances the industry's only recourse if it loses the 27½-percent depletion rate, is to call on the consuming public to pay more for the oil and gas it consumes.

Many critics of percentage depletion recognize this. For example, Edward S. Mason, dean of Harvard University, has stated that the effect of depletion is "to expand investment and output—thus bringing down mineral prices." Prof. Arnold C. Harberger, of the University of Chicago, has testified that—

> More oil can indeed be obtained by tax concessions * * * [but] * * *. If the rest of the economy wants more oil, it should be willing to pay for it by way of a higher market price."

The fact that elimination or reduction in depletion would mean less oil at higher

prices, can be illustrated by the following figures:

	Per barrel
Average U.S. price of crude oil in 1957	$3.09
Maximum amount available from 27½ percent depletion,[1] spent by oil producers to find more oil	.85
Loss in funds for oil exploration because of additional income tax of depletion were eliminated (52 percent tax rate on $0.85 per barrel)	.44
Increase in price of crude oil necessary to provide $0.44 per barrel for exploration after payment of 52 percent tax	.92

[1] The 27½ percent applies to gross income, but because depletion is limited to 50 percent of net income, the average for the industry is no more than 23 percent. However, depletion also applies to income from natural gas which is not included in the price of crude oil used above. If all such factors were taken into consideration in a more detailed calculation, the results would be approximately the same as shown in this analysis.

An increase of 2.2 cents per gallon in the price of crude oil would necessarily mean an increase in prices paid by consumers for petroleum products. The price of all products could increase by 2.2 cents per gallon, but it is most likely that the increase would be passed along in the form of higher prices for gasoline, the principal product derived from crude oil. As it takes 2.3 gallons of crude oil to make a gallon of gasoline, an increase of 2.2 cents per gallon in the price of crude oil would mean an increase of about 5 cents per gallon in the price of gasoline at the service station.

Looking a bit further into how percentage depletion has worked for the consumer we see that over the years since its enactment the oil industry has consistently furnished petroleum and its products at reasonable prices. In fact, gasoline today is one of the biggest bargains in America. For example, gasoline which is, as I stated earlier, the principal product derived from crude oil, is today selling—excluding tax—for about the same price that the consumer paid for a lower grade gasoline back in 1926—the year percentage was written into our tax law. In contrast to this the consumer price index since 1926 has increased more than 63 percent. Another way of looking at it shows that average hourly wages in 1926 would buy 2.6 gallons of gasoline excluding excise tax, whereas today an hours average earnings will buy about 10 gallons of a much better grade gasoline.

An enlightened minerals tax policy has contributed greatly to this accomplishment.

Aside from the adverse economic impact on the consumer which would surely follow any tampering with percentage depletion, there is still another direct benefit to the consuming public flowing from this wise congressional policy which must be weighed. The key to this Nation's standard of living is productivity. Our productivity and living standard are closely related to our high per capita consumption of energy and the substitution of energy from fuel for the work previously done—and still being done in nations with low energy use—by humans and animals.

During the past 30 years national income in the United States and indeed most of the other nations of the world has paralleled the growth in energy consumption. Expressing total energy in terms of equivalent gallons of oil consumed per year, national income varies from country to country in the direct relationship of $1 of national income per capita for each gallon of such energy consumption.

Today petroleum is furnishing more than 70 percent of the energy consumed in this Nation each year.

Under these circumstances can anyone be heard to question the wisdom of a tax policy laid down by Congress which over the years has encouraged intense search and development of adequate supplies of this valuable commodity. Our country has indeed been served well by this policy.

In addition to fueling America, the petroleum industry through its petrochemical advances is opening up vast horizons which already are providing new and useful products for America.

Stated simply, for over 32 years percentage depletion has contributed immeasurably to the American people by helping to provide at low costs the energy supplies and raw materials which are making more and better things available to more people.

PERCENTAGE DEPLETION AND OIL INDUSTRY EARNINGS

Mr. Speaker, as I mentioned earlier the oil industry, contrary to popular opinion, is not a high profit industry. To be sure, we hear of some who strike it rich in oil—but these are the cases that make the headlines. The large number who are barely getting by or who go broke each year make no headlines. One does not advertise his losses.

Statements are often made that earnings in the oil industry are excessive. Many are led to believe that unusual earnings are possible because of the depletion tax provision. Authoritative studies show that such generalizations are not based on facts.

While on occasion, a few individuals have been highly successful, this has been due to many varied factors, and not because of depletion. For the industry as a whole, earnings are no greater than for other industries. In fact, a study made by the First National City Bank of New York, covering the period 1938–57, shows the earnings for petroleum companies based on net worth are lower than the average return for manufacturing companies in general.

An industry's rate of return can be measured on many different bases such as net worth, assets, book value, sales, and so forth. Financial statistics published by the Government use the rate of profit on stockholders' equity as a basis for comparing rates of profit of the respective industries. Reports of the Federal Trade Commission, the Securities and Exchange Commission, and the Chase Manhattan Bank clearly show that the rate of return in the domestic petroleum industry is lower than most other major industries. The accompanying chart compares the rate of return during 1955–57 for 12 major industries. It deserves emphasis that funds retained through percentage depletion are included in the earnings upon which the rate of return for the domestic petroleum industry is based.

Also, as noted on the chart, the rate of return for the domestic petroleum industry, in addition to being lower than most other major industries, is below the 11.92-percent average of all manufacturing industries.

Mr. Speaker, the facts show that percentage depletion does not result in undue profits to the oil industry.

Comparative rate of return[1] in 12 major industries

[Average 1955–56–57]

[Figures in percent]

Autos and trucks	16.34
Other transportation (aircraft, vessels, etc.)	15.10
Stone, clay, glass	14.25
Chemicals	14.04
Iron and steel	12.54
Electrical machinery	12.07
Average all manufacturing	11.92
Other machinery	11.21
Paper	10.70
Fabricated metal products	10.00
Petroleum	9.97
Food	8.94
Textile mill products	5.23

[1] Rate of profit after taxes on stockholders' equity for industries with total assets of $5 billion and over.

Source: Federal Trade Commission, Securities and Exchange Commission, Chase Manhattan Bank.

In fact, the petroleum industry is now faced with an alarming trend because of increasing costs and shrinking profits. This trend is what the industry calls the sell out. Even under our present tax structure it is becoming more and more difficult to stay in the oil business. Last year a high officer in one of the leading banks in the Southwest announced that approximately 90 percent of its loans to the oil producing industry were made to finance the purchase of oil already found by producers who are selling out.

A cut in depletion rate would certainly accelerate this unfavorable trend, and cause a narrowing of the industry's broad base with all the adverse results on our economy which would flow from this occurrence. Percentage depletion was designed to encourage men to produce the oil they found and not sell out and thus concentrate this industry in the hands of a few companies.

Mr. Speaker, when I speak of the economic position of the petroleum industry I am always reminded of one of the greatest criticisms of percentage depletion, that it attracts too much investment which in turn finds too much oil. Without arguing the point, let us assume that percentage depletion does attract large amounts of capital into the oil industry—it is only performing the job Congress wants and expects of it. Can you think of anything wrong with having an essential industry adequately financed?

As I see it, Mr. Speaker, sufficient capital attracted into an essential industry serves to increase oil reserves and which in turn keeps prices reasonable and America, oilwise, strong—what is wrong with that?

THE OIL INDUSTRY'S TAX BILL

Mr. Speaker, another contention often heard is that the oil industry does not pay its fair share of taxes.

Now just what is its fair share of this Nation's tax bill? Who can say what an industry should be paying in taxes? I can say this, however, in my State last year the oil producing industry paid 53 percent of the tax load.

On the national scene according to statistics of income published by the Treasury Department the income tax paid by companies classified as petroleum producers both here and abroad represent about 7.2 percent of their gross revenue compared with about 5 percent for manufacturing corporations, and 3.9 percent for all industries.

Mr. Speaker, another very important factor when considering tax consequences is that finding and producing oil is the creation of new taxable wealth. If the oil is not found and produced our State and Federal Governments will be deprived of direct tax revenues of approximately $1.80 per barrel.

An outstanding expert in this field of petroleum economics and taxation, Dr. Richard Gonzalez, of Houston, Tex., in 1957 declared:

> The truth is that at current prices and tax rates the production from a typical well over its life will generate income tax revenues of about 44 cents a barrel and severance and property taxes of about 20 cents a barrel. Furthermore, the petroleum products made from a barrel of crude oil are the source of an additional $1.15 in taxes paid by consumers. Therefore, the discovery and development of crude oil in the United States can be expected to generate direct tax revenues of about $1.80 per barrel, plus other tax receipts from the related increase in general economic activity.

Mr. Speaker, the Treasury Department has told us that a reduction in percentage depletion to 15 percent rate would increase tax revenue by about $325 million from the domestic oil-producing industry.

I cannot prove or disprove this figure, but I do have serious doubts that such would be the case because I fear the domestic petroleum industry would decline to such an extent if we tamper with the existing rates that quite possibly no increase in revenue would result by such a reduction in rate.

Mr. Speaker, I have only touched on a few of the many, many factors that must be considered in any appraisal of the 27½-percent depletion rate for oil and gas. However, as I stated in the beginning of my remarks this subject must be appraised and will be by the objective and searching analysis which is planned by the Ways and Means Committee during its overall study of the Internal Revenue Code. However, again let me repeat that I felt it my duty and responsibility to set the record straight in light of the completely inaccurate and misleading statements regarding this vital tax provision that are being made these days.

In conclusion, Mr. Speaker, I wish to quote from a statement recently made before the Ways and Means Committee by the Treasury Department concerning percentage depletion.

> A sound national policy must, of necessity, provide for the development and replenishment of all our vital mineral resources as a part of our economic arsenal to insure our security and to provide for growth and expansion. Only in this manner can we provide the goods and services in peacetime requisite to our national development and to provide work opportunities for an expanding labor force and for the best use of technological developments. Such a policy requires that we develop such resources at a rate that will, on the average, exceed the rate of domestic demand. Only then will we have a margin which can be used should we be confronted with emergency demands either for our own use or for that of our allies.
>
> The philosophy of percentage depletion must, therefore, be properly examined not only in the context of our overall tax structure but in the light of such national considerations as those suggested.

I hope everyone will keep these words of the Treasury Department in mind whenever considering this vital tax provision—percentage depletion.

THE SMALL BUSINESS TAX PROBLEM

Mr. RIEHLMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RIEHLMAN. Mr. Speaker, today I have introduced a small business tax reform measure that is identical to one introduced earlier in the session by several of my former colleagues on the Small Business Committee.

For those of you who have had the benefit of the extensive remarks by my very able colleague, the gentleman from Ohio [Mr. MCCULLOCH], no further explanation is in order. For those of you who have not, I would refer you to those remarks on page 6353 of the April 20th CONGRESSIONAL RECORD. They provide a very learned analysis of the small business tax problem.

Until such time as you are able to peruse these remarks, let me briefly impress upon you the contents of this legislation and the need for its passage. A healthy small business economy is an integral and vitally necessary segment of the total economic picture. If the business economy is to expand in order to meet the needs and demands of a growing population it is imperative that our small business institutions have the means to effect a growth and expansion on a sound, constructive basis. Ours is the responsibility for providing these means. The bill which I have introduced today will help us fulfill this responsibility by permitting more of a small business' earnings to be plowed back into growth, expansion, and modernization. Among other provisions it allows deductions at different taxable income levels up to a maximum taxable income of $150,000.

It is of the utmost importance that we give small business a chance to breathe and to grow and to maintain itself at a level of expansion that is essential to a strong and free nation.

USDA PROPOSES DISCONTINUANCE OF LAMB GRADING

Mr. ROOSEVELT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, Subcommittee No. 5 of the House Small Business Committee, of which I am privileged to serve as chairman, this week opened its study of the food industry.

The subcommittee was very much surprised and alarmed to learn from a representative of the Western Meat Packers' Association yesterday that the Department of Agriculture has announced its intention to consider the suspension of Federal grading of lamb and mutton carcasses effective August 1, 1959.

This is a matter of tremendous concern to the small businessmen in the packing industry, and of even greater importance to the buying public.

The protection given the consumer by Federal standards in the grading of meat is a long-established governmental service. The Department has been grading lamb since about 1925. The service is a self-supporting one in that companies who request it pay for the grading.

Small businessmen in the meat packing industry feel that this step will be ruinous to their business as well as costly to the lamb producers. They argue that the way to improve the service where it is necessary is to make needed changes, not to discontinue it.

The U.S. Department of Agriculture's Federal Meat Grading Service is voluntary. Any owner of meat can employ a Federal meat grader at the rate of $5 an hour to grade lamb, veal, or beef carcasses. The cost is a very small fraction of a cent per pound. When the carcass is graded prime, choice, or good, by a Federal grader, the buyer knows that he is getting the quality of meat he desires. The buyer is not at the mercy of the largest advertising budget or fancily worded private labels. Retailers and consumers do and can have faith in the quality of the product when identified as carrying the Federal grade. Small packers and small food retailers benefit along with livestock producers and the consumers.

On May 25, 1959, the Department of Agriculture issued a press release announcement that the Department proposes to suspend Federal grading of lamb and mutton carcasses, effective August 1, 1959. Notice was given interested parties that the deadline for expressing their views on that proposal was June 22, 1959. Representatives of

small packers and others sought a postponement of that deadline. The gentleman from Texas, WRIGHT PATMAN, chairman, House Small Business Committee, on June 17, 1959, joined the small businessmen in their request for a 30-day postponement. We are advised that the Secretary of Agriculture has granted the extension to July 6, 1959. However, that does not mean that the Secretary of Agriculture has made any change in his plans for the suspension of Federal grading of lambs and mutton to be effective August 1, 1959.

From these circumstances it is clear that Federal grading of lamb and mutton is in danger of suspension and elimination. It appears that this action is imminent and is being taken without adequate consideration. The testimony presented to our subcommittee about this problem causes serious concern. It has been called to the attention of our colleague the gentleman from North Carolina, Hon. HAROLD D. COOLEY, chairman, House Committee on Agriculture.

It has been suggested to the Committee on Agriculture that this matter might merit its consideration. Also, it has been stated that Subcommittee No. 5 of the House Small Business Committee is planning to ask the Secretary of Agriculture to have a representative appear before the subcommittee and discuss the matter. I hope the full weight of public opinion will be brought to bear that the proposed action of the Department of Justice may be set aside.

COMMITTEE ON APPROPRIATIONS

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Thursday to file a report on the supplemental appropriation bill, 1960.

Mr. TABER. Mr. Speaker, reserving the right to object, this is a very important bill and if there is not going to be much of an attendance here I think it would be questionable whether we ought to take it up on Monday.

I think therefore I shall have to object.

The SPEAKER. Objection is heard.

NATIONAL AERONAUTICS AND SPACE ACT OF 1958—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 187)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with accompanying papers, referred to the Committee on Science and Astronautics and ordered to be printed with illustrations:

To the Congress of the United States:

Pursuant to the provisions of the National Aeronautics and Space Act of 1958, I transmit herewith for the information of the Congress the first semiannual report of the National Aeronautics and Space Administration covering the period October 1, 1958, through March 31, 1959.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 24, 1959.*

THE LIBRARY OF CONGRESS

LEGISLATIVE REFERENCE SERVICE

Washington, D.C.

U.S. Government bonds: Value computed at prices of selected dates

	Outstanding Apr. 30, 1939	Value computed at bid prices of June 11, 1959	Loss from face value	Value computed at bid price of June 30, 1952, and amount outstanding Apr. 30, 1959	Value computed at bid price of June 30, 1949, and amount outstanding Apr. 30, 1959	Value computed at bid price of June 30, 1945, and amount outstanding Apr. 30, 1959
2¼ percent, 1959–62 (June 1, 1945)	$5,266,347,500	$4,950,366,650	−$315,980,850			
2¼ percent, 1959–62 (Nov. 15, 1945)	3,454,997,500	3,223,944,542	−231,052,958	$3,413,969,405	$3,517,619,330	
2⅛ percent, 1960	3,806,483,000	3,713,699,977	−92,783,023			
2¾ percent, 1960–65	1,485,383,100	1,455,675,438	−29,707,662	1,627,887,041	1,667,936,683	
2¾ percent, 1961	2,239,262,000	2,159,488,291	−79,773,709			
2½ percent, 1961	11,177,152,000	10,667,194,440	−509,957,560			
2½ percent, 1962–67	2,111,466,300	1,856,770,678	−254,695,622	2,113,445,800	2,190,646,286	$2,179,429,122
2½ percent, 1963	6,754,695,500	6,252,315,022	−502,380,478			
2½ percent, 1963–68	2,819,310,500	2,424,607,030	−394,703,470	2,793,090,912	2,906,532,919	2,890,674,297
3 percent, 1964	3,854,181,500	3,620,521,747	−233,659,753			
2½ percent, 1964–69 (Apr. 15, 1943)	3,742,525,500	3,181,146,675	−561,378,825	3,685,218,078	3,843,105,873	3,819,715,088
2½ percent, 1964–69 (Sept. 15, 1948)	3,817,534,000	3,230,588,148	−586,945,852	3,744,237,347	3,914,165,329	3,890,305,742
2⅝ percent, 1965	6,896,234,000	6,262,642,501	−633,591,499			
2½ percent, 1965–70	4,698,723,000	3,952,800,724	−745,922,276	4,613,558,646	4,807,380,969	4,776,545,600
2½ percent, 1966–71	2,945,806,000	2,500,252,843	−445,553,157	2,892,413,266	3,012,086,635	2,994,595,912
3 percent, 1966	1,484,298,000	1,365,554,160	−118,743,840			
2½ percent, 1967–72 (June 1, 1945)	1,832,555,500	1,531,329,190	−301,226,310	1,795,904,390	1,855,279,188	
2½ percent, 1957–72 (Oct. 20, 1941)	2,715,988,750	2,254,270,663	−461,718,087	2,676,946,412	2,846,695,709	2,869,611,864
2½ percent, 1967–72 (Nov. 15, 1945)	3,699,286,000	3,091,215,864	−608,070,136	3,625,300,280	3,764,023,505	
4 percent, 1969	1,276,393,000	1,260,438,088	−15,954,912			
3⅞ percent, 1974	653,811,500	628,849,366	−24,962,134			
3¼ percent, 1978–83	1,602,891,500	1,400,526,448	−202,365,052			
4 percent, 1980	884,115,500	862,565,185	−21,550,315			
3¼ percent, 1985	1,134,867,500	990,881,186	−143,986,314			
3½ percent, 1990	1,727,014,500	1,535,963,209	−191,051,291			
3 percent, 1995	2,739,998,500	2,291,323,746	−448,674,754			
Total	84,821,321,650	76,664,931,811	8,156,389,839			

Face value of securities which were outstanding Apr. 30, 1959, and June 30, 1945	$22,851,354,050
Value at prices of June 11, 1959	19,400,436,161
Loss at market price	−3,450,917,887
Value at prices of June 30, 1952	22,518,910,461
Loss at market price	−332,443,589
Value at prices of June 30, 1949	23,520,613,720
Gain at market price	+669,259,670
Value at prices of June 30, 1945	23,420,877,625
Gain at market price	+569,523,575

COMMITTEE ON APPROPRIATIONS

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a report on a continuing resolution.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. TABER reserved all points of order.

FLUCTUATIONS IN THE VALUE OF TREASURY BONDS

Mr. McCORMACK: Mr. Speaker, I ask for unanimous consent to address the House for 1 minute, to revise and extend my remarks, and include certain tables.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, it is very interesting to note the effects of the market fluctuations on the value of Treasury bonds.

The par value or maturity value of marketable Treasury bonds outstanding on April 30, 1959, was $84,800 million. The value of these bonds computed at the closing prices on June 11, 1959, was $76,700 million, a decline in value of $8,200 million below maturity value.

I include as part of my remarks the following table:

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. PATMAN. Does not the gentleman believe that at some point the Federal Reserve should support the market on Government bonds as an agency of the Congress?

Mr. McCORMACK. I think the Federal Reserve has an obligation to enter into the picture that exists. The administration wants the ceiling on interest lifted. Personally, I think that would be most unwise. What else might have to be done is a different proposition; but one thing is certain, the Federal Reserve has an obligation and a responsibility.

My purpose here is to show this tremendous loss of $8,200 million in the maturity value of long-term bonds now outstanding.

H.R. 3

Mr. DORN of South Carolina. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN of South Carolina. Mr. Speaker, I have not received a single letter from any of the members of the REA cooperatives in my district opposing H.R. 3. Therefore, it came as a shock to me, and all southern Congressmen today during debate when we learned of a letter written by Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association, opposing H.R. 3.

In this letter, Mr. Ellis very skillfully followed the Socialist line by intimating that the 4 million consumers of REA power in America were opposed to this great States rights bill of Judge HOWARD SMITH, of Virginia. Nothing, Mr. Speaker, could be further from the truth. Mr. Ellis is doing REA a great disservice by misrepresenting the thinking of REA members and by projecting himself into legislation and debate on this floor which in no manner affects REA or the REA cooperatives.

Mr. Ellis, by opposing this States rights bill, is not working in the best interest of REA. By joining the CIO and the NAACP in opposing this great legislation he is only hurting REA. Last year H.R. 3 passed this House by an overwhelming majority. It passed this House again a few moments ago by a comfortable majority. It is interesting to note that nearly all House Members from the REA areas voted for States rights. This fact alone would indicate that Mr. Ellis is wrong. Mr. Ellis, in my opinion, does not represent a majority of the REA consumers in opposing H.R. 3.

Mr. Speaker, I am a consumer of REA power and I voted for H.R. 3 last year and again this year and I will continue to vote for it. Mr. Ellis does not represent me as a farmer and consumer of REA power. I believe H.R. 3 is in the best interest of rural communities, free local government, and States rights. REA has nourished and grown in areas with this States rights philosophy. This legislation was made necessary by the Steve Nelson case. Steve Nelson was a Communist convicted under the State laws of Pennsylvania. The Supreme Court of the United States turned Nelson loose on the public on the grounds that there was a Federal law against sedition and espionage. This bill, H.R. 3, is an effort on our part to change the law so that our States can continue to have laws, as well as the Federal Government, against sedition, Communist intrigue, and overthrow of our representative form of Government.

It is strange to me why anyone would project the great REA cooperatives and the membership into this debate here today. I condemn this attempt to line the REA up with the Supreme Court and the defenders of Steve Nelson.

Mr. Speaker, H.R. 3 is the most important States rights bill in a generation. Rural people everywhere are for individual liberty and States rights. The Farm Bureau is actively supporting H.R. 3. The Grange has time and time again adopted resolutions against too much Federal control and has always favored States rights. Mr. Speaker, you will not find Communists, seditionists, or Fascists out on our farms tilling the soil. REA consumers are patriotic Americans. They believe in liberty and the Christian principles upon which the United States was founded. They have nothing in common with Steve Nelson. They do not believe in these many wild decisions of the Supreme Court. Our farmers are opposed to gangsters, crooks, and racketeers. Speaking for my fellow REA consumers all over the United States, I honestly believe they are overwhelmingly for States rights, individual liberty, and H.R. 3. I hope H.R. 3 as passed by the House will be acted on in the other body and become the law of the land.

DISTRESSED LABOR MARKET AREAS STILL NEED AID FROM FEDERAL GOVERNMENT AS PROVIDED IN FLOOD-DOUGLAS AREA REDEVELOPMENT BILL

Mr. GRAY. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. FLOOD] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois.

There was no objection.

Mr. FLOOD. Mr. Speaker, this is another in a series of statements and supporting statistics that I have been making in support of the area redevelopment bill, sometimes called the Flood-Douglas bill.

WASHINGTON, D.C., June 25.—Although unemployment in the United States as a whole has declined to 4.9 percent, the rate in 179 areas classified as distressed labor markets remains at 10.8 percent, Solomon Barkin, secretary-treasurer of the Area Employment Expansion Committee, said here today.

Barkin released his study in connection with a series of breakfast meetings with freshmen Congressmen being conducted by the committee this week. The committee was formed to press for area redevelopment legislation similar to the bill adopted by Congress last year, but vetoed by President Eisenhower.

An analysis of State and Federal statistics shows that one-third of the Nation's unemployed is concentrated in these distressed labor markets, which contain only one-seventh of the working population, Barkin said.

"Economic recovery has cut the unemployment rate in nondepressed markets to 4.2 percent," Barkin noted. "But there has been little relief for the areas where the problem is greatest; nor is any substantial improvement likely to occur in the future. Actually we can expect the number of distressed labor markets to increase in the months ahead, despite the probable continuation of the business upturn. Where basic industries have been lost, the normal benefits of general economic recovery do not apply."

"The 179 distressed labor markets are spread across 29 States," Barkin said. "The greatest concentration is in the Northeast, with 28 in New England and 35 in the Middle Atlantic States. Fifty-eight are in the South, 45 in the North Central States, and 13 in the West," he added.

"Thirty-two of the distressed labor markets are classified as major by the Department of Labor, and 132 as smaller. There are 15 others too small for inclusion in the Federal figures," Barkin said.

"The highest unemployment rate in the Nation, 23.1 percent, is in the Biddeford-Sanford area in Maine," Barkin continued. "Others with 20 percent or more are Uniontown-Connellsville, Pa., and Pikeville, Ky.; Williamson, W. Va., with 22.8 percent; Saint Helens, Oreg., 20.6 percent; and Astoria, Oreg., 20 percent. Twenty other labor markets show more than 15 percent jobless and 66 range from 10 to 15 percent.

"In 70 of these areas," Barkin added, "substantial unemployment began in 1957—in other words, before the nationwide recession. In 1 area the rate has exceeded 6 percent since 1951; in 17, since 1952; in 8, since 1953; in 15, since 1954; in 13, since 1955; and in 16, since 1956.

"In addition to these urban distressed areas, there are at least 663 counties qualifying for rural redevelopment benefits," Barkin said. "They have a population of more than 15.5 million and are divided among 20 States."

The persistence of high unemployment in distressed labor market areas, despite the general economic recovery, underlines the importance of the area redevelopment bill, S. 722, passed by the Senate and reported by the House Banking and Currency Committee, the study noted.

"Without the assistance of the Federal Government as provided in this legislation, pockets of chronic unemployment will continue to grow in areas which need economic redevelopment," Barkin said. "The need for prompt and favorable action by the House is urgent so that the essential planning can get under way."

FACT SHEET No. 38

Employment, unemployment, and unemployment as percent of labor force in distressed labor markets in the United States, by geographical region, May 1959

TABLE I

Region, State, number of distressed labor markets	Civilian labor force (total)	Unemployment (total)	Unemployment as percent of the labor force	Region, State, number of distressed labor markets	Civilian labor force (total)	Unemployment (total)	Unemployment as percent of the labor force
United States (179)	10,079,293	1,090,657	10.8	United States—Con.			
				North Central (45)	2,907,420	325,560	11.2
Northeast (63)	4,489,950	490,264	10.9	East North Central (38)	2,764,570	309,500	11.2
New England (28)	1,232,750	114,184	9.3	West North Central (7)	142,850	16,060	11.2
Middle Atlantic (35)	3,257,200	376,080	11.5	West (13)	338,700	38,028	11.2
South (58)	2,343,223	236,805	10.1	Mountain (2)	35,160	4,275	12.2
South Atlantic (29)	1,026,405	119,405	11.6	Pacific (11)	303,540	33,753	11.1
East South Central (22)	1,131,296	102,130	9.0				
West South Central (7)	185,522	15,270	8.2				

FACT SHEET No. 38–A

Employment, unemployment, and unemployment as percent of labor force in distressed labor markets in the United States, by geographical region, May 1959

TABLE II

Region, State, number of distressed labor markets	Date	Civilian labor force (total)	Unemployment (total)	Unemployment as percent of the labor force	Most recent date of start of substantial labor surplus
United States (179)		10,079,293	1,090,657	10.8	
Northeast (63)		4,489,950	490,264	10.9	
New England (28)		1,232,750	114,184	9.3	
Connecticut (9)		385,400	27,700	7.2	
Major		217,200	14,800	6.8	
Bridgeport	May 1959	139,600	10,600	7.6	November 1957.
Waterbury	do	77,600	4,200	5.4	July 1957.
Smaller		168,200	12,900	7.7	
Ansonia	May 1959	19,900	1,700	8.5	August 1957.
Bristol	do	19,800	1,600	8.1	July 1957.
Danielson	do	15,900	1,200	7.5	March 1955.
Meriden	do	39,100	2,600	6.6	October 1957.
Norwich	do	21,600	1,500	6.9	July 1959.
Thompsonville	do	26,900	2,500	9.3	November 1957.
Torrington	do	25,000	1,800	7.2	Do.
Maine (2)		61,200	10,200	16.7	
Smaller:					
Biddeford-Sanford	February 1959	27,700	6,400	23.1	March 1954.
Lewiston-Auburn	do	33,500	3,800	11.3	January 1957.
Massachusetts (14)		410,250	35,399	8.6	
Major		235,350	20,703	8.8	
Fall River, Mass.-R.I.	April 1959	57,250	4,637	8.1	Do.
Lawrence	do	56,340	4,113	7.3	January 1952.
Lowell	do	52,850	5,338	10.1	Do.
New Bedford	do	68,910	6,615	9.6	November 1957.
Smaller		152,220	12,128	8.0	
Haverhill	April 1959	21,580	1,640	7.6	May 1957.
Milford	do	23,900	1,530	6.4	June 1957.
Newburyport	do	14,370	1,135	7.9	November 1957.
North Adams	do	17,520	2,523	14.4	January 1957.
Pittsfield	do	37,150	2,452	6.6	November 1957.
Southbridge-Webster	do	22,350	1,743	7.8	Do.
Ware	do	15,350	1,105	7.2	January 1958.
Very small		22,690	2,568	11.3	
Gloucester	April 1959	11,440	1,464	12.8	September 1957.
Great Barrington	January 1959	3,650	450	12.3	February 1958.
Plymouth	April 1959	7,600	654	8.6	November 1957.
Rhode Island (2)		360,130	40,160	11.2	
Major: Providence	March 1959	343,800	38,900	11.3	July 1951.
Smaller: Newport	do	16,330	1,260	7.7	March 1957.
Vermont (1)		15,760	725	4.6	
Smaller: Springfield	April 1959	15,760	725	4.6	January 1958.
Middle Atlantic (35)		3,257,200	376,080	11.5	
New Jersey (4)		248,700	31,500	12.7	
Major: Atlantic City	March 1959	63,700	9,600	15.1	January 1952.
Smaller		172,500	19,800	11.5	
Bridgeton	March 1959	48,600	6,400	13.2	March 1955.
Long Branch	do	123,900	13,400	10.8	February 1955.
Very small: Wildwood	do	12,500	2,100	16.8	January 1955.
New York (12)		993,800	104,180	10.5	
Major		665,400	68,100	10.2	
Buffalo	April 1959	[1] 528,000	56,500	10.7	January 1958.
Utica-Rome	May 1959	137,400	11,600	8.4	November 1957.
Smaller		328,400	36,080	11.0	
Amsterdam	January 1959	23,000	3,100	13.5	January 1955.
Auburn	March 1959	25,900	3,200	12.2	Do.
Batavia	January 1959	21,200	2,200	10.4	February 1957.
Elmira	May 1959	[1] 39,500	3,200	8.1	November 1957.
Glen Falls-Hudson Falls	do	37,450	2,850	7.6	May 1958.
Gloversville	January 1959	23,450	5,000	21.3	January 1955.
Kingston	do	42,450	4,400	10.4	January 1958.
Newburgh-Middletown-Beacon	December 1958	78,400	7,630	9.7	June 1957.
Oneida	April 1959	[1] 17,000	1,700	10.0	November 1957.
Plattsburgh	January 1959	20,050	2,800	14.0	February 1958.

Footnote at end of table.

Employment, unemployment, and unemployment as percent of labor force in distressed labor markets in the United States, by geographical region, May 1959—Continued

TABLE II—Continued

Region, State, number of distressed labor markets	Date	Civilian labor force (total)	Unemployment (total)	Unemployment as percent of the labor force	Most recent date of start of substantial labor surplus
Northeast (63)—Continued					
Middle Atlantic (35)—Continued					
Pennsylvania (19)		2,014,700	240,400	11.9	
Major		1,565,850	172,900	11.0	
Altoona	March 1959	53,600	6,400	11.9	January 1952.
Erie	do	99,600	15,300	15.4	January 1957.
Johnstown	April 1959	97,850	13,400	13.7	July 1953.
Pittsburgh	do	970,200	89,400	9.2	January 1958.
Scranton	March 1959	102,900	16,500	16.0	January 1952.
Wilkes-Barre-Hazleton	do	138,400	23,700	17.1	Do.
York	do	103,300	8,200	7.9	May 1957.
Smaller		448,850	67,500	15.0	
Berwick-Bloomsburg	do	21,600	2,900	13.4	May 1957.
Butler	do	34,950	5,300	15.2	March 1958.
Clearfield-DuBois	do	35,600	5,400	15.2	November 1952.
Lewiston	do	22,400	2,400	10.7	November 1957.
Lock Haven	do	14,900	1,700	11.4	March 1957.
New Castle	do	37,300	6,100	16.4	March 1958.
Oil City-Franklin-Titusville	do	29,600	3,300	11.1	March 1958.
Pottsville	do	78,600	14,500	18.4	January 1952.
Sayre-Athens-Towanda	do	20,600	2,200	10.7	May 1958.
Sunbury-Shamokin-Mount Carmel	do	63,400	9,100	14.4	November 1952.
Uniontown-Connellsville	do	45,600	10,400	22.8	March 1958.
Williamsport	do	44,300	4,200	9.4	March 1957.
South (58)		2,343,223	236,805	10.1	
South Atlantic (29)		1,026,405	119,405	11.6	
Maryland (4)		79,600	9,475	11.9	
Smaller		56,600	6,925	12.2	
Cumberland, Md.-W. Va	February 1959	39,750	5,550	14.0	January 1952.
Westminster	December 1958	16,850	1,375	8.2	November 1957.
Very small		23,000	2,550	11.1	
Crisfield	July 1957	10,500	800	7.6	July 1957.
Elkton	December 1958	12,500	1,750	14.0	January 1958.
North Carolina (10)		293,660	25,350	8.6	
Major		99,565	7,100	7.1	
Asheville	March 1959	51,450	3,900	7.6	January 1956.
Durham	do	48,115	3,200	6.7	January 1957.
Smaller		194,095	18,250	9.4	
Fayetteville	March 1959	33,450	3,480	10.4	March 1956.
Kinston	April 1959	21,400	2,400	11.2	April 1957.
Mount Airy	March 1959	22,650	1,910	8.4	June 1956.
Rockingham-Hamlet	April 1959	14,735	2,595	17.6	March 1957.
Rocky Mount	do	42,845	2,945	6.9	April 1957.
Rutherfordton-Forest City	March 1959	16,615	1,315	7.9	November 1956.
Shelby-Kings Mountain	do	25,500	2,405	9.4	March 1955.
Waynesville	April 1959	16,900	1,200	7.1	March 1954.
Virginia (3)		78,975	6,350	8.0	
Smaller:					
Big Stone Gap-Appalachia	March 1959	20,200	2,700	13.4	April 1955.
Carroll and Grayson	do	14,800	1,050	7.1	March 1957.
Radford-Pulaski	April 1959	43,975	2,600	5.9	January 1956.
West Virginia (12)		574,170	78,230	13.6	
Major		348,500	42,350	12.2	
Charleston	March 1959	114,550	13,100	11.4	March 1954.
Huntington-Ashland-W. Va.-Ky.-Ohio	do	92,500	12,300	13.3	March 1957.
Wheeling, W. Va.-Steubenville, Ohio	do	141,450	16,950	12.0	November 1957.
Smaller		225,670	35,880	15.9	
Beckley	February 1959	23,700	6,500	27.6	March 1953.
Bluefield	December 1958	23,110	4,220	18.3	June 1957.
Clarksburg	April 1959	32,100	3,250	10.1	April 1957.
Fairmont	do	25,050	3,110	12.4	November 1952.
Logan	February 1959	21,480	3,980	18.5	March 1954.
Morgantown	April 1959	19,580	3,000	15.3	April 1958.
Point Pleasant-Gallipolis, W. Va.-Ohio	February 1959	38,810	4,100	11.1	November 1952.
Ronceverte-White Sulphur Springs	do	19,240	2,700	14.0	Do.
Welch	December 1958	22,600	5,020	22.2	February 1954.
East South Central (22)		1,131,296	102,130	9.0	
Alabama (6)		168,800	14,145	8.4	
Smaller:					
Alexander City	April 1959	17,940	1,025	5.7	July 1957.
Anniston	do	34,035	2,520	7.4	June 1957.
Florence-Sheffield	December 1958	45,535	4,775	10.5	Do.
Gadsden	April 1959	33,640	2,365	7.0	February 1957.
Jasper	March 1959	16,850	1,450	8.6	November 1952.
Talladega	do	20,800	2,010	9.7	June 1957.
Kentucky (11)		565,800	60,850	10.8	
Major: Louisville, Ky.-Ind	March 1959	300,100	21,400	7.1	November 1957.
Smaller		265,700	39,450	14.8	
Corbin	March 1959	26,050	3,050	11.7	July 1953.
Hazard	do	19,500	2,600	13.3	Do.
Hopkinsville	October 1958	28,100	2,700	9.6	October 1957.
Madisonville	March 1959	25,800	3,400	13.2	September 1953.
Middlesboro-Harlan	do	27,600	5,850	21.2	July 1953.
Morehead-Grayson	do	20,350	4,050	19.9	August 1954.
Owensboro	October 1958	27,750	2,850	10.3	April 1954.
Paducah	November 1958	43,150	5,850	13.6	May 1957.
Paintsville-Prestonburg	March 1959	23,250	3,600	15.5	July 1953.
Pikesville-Williamson	October 1958	24,150	5,500	22.8	Do.
Mississippi (1)		25,746	2,235	8.7	
Smaller: Greenville	February 1959	25,746	2,235	8.7	
Tennessee (4)		370,950	24,900	6.7	
Major		255,000	17,250	6.8	
Chattanooga, Tenn.-Ga	March 1959	[1] 115,000	7,850	6.8	January 1957.
Knoxville	do	[1] 140,000	9,400	6.7	January 1956.
Smaller		115,950	7,650	6.6	
Bristol-Johnson City-Kingsport, Tenn.-Va	April 1959	99,600	5,400	5.4	September 1957.
La Follette-Jellico-Tazewell	October 1958	16,350	2,250	13.8	January 1954.

See footnotes at end of table.

Employment, unemployment, and unemployment as percent of labor force in distressed labor markets in the United States, by geographical region, May 1959—Continued

TABLE II—Continued

Region, State, number of distressed labor markets	Date	Civilian labor force (total)	Unemployment (total)	Unemployment as percent of the labor force	Most recent date of start of substantial labor surplus
South (58)—Continued					
West South Central (7)		185,522	15,270	8.2	
Arkansas (1)		29,175	2,600	8.9	
Smaller: Pine Bluff	March 1959	29,175	2,600	8.9	October 1957.
Oklahoma (3)		43,925	3,500	8.0	
Smaller:					
Ardmore	February 1959	14,225	950	6.7	November 1957.
McAlester	April 1959	12,650	950	7.5	August 1954.
Okmulgee-Henryetta	March 1959	17,050	1,600	9.4	February 1958.
Texas (3)		112,422	9,170	8.2	
Smaller:					
Galveston-Texas City	April 1959	[1] 54,000	4,250	7.8	November 1957.
Laredo	March 1959	22,422	2,220	9.9	January 1958.
Texarkana, Tex.-Ark	April 1959	[1] 36,000	2,700	7.4	January 1954.
North Central (45)		2,907,420	325,560	11.2	
East North Central (38)		2,764,570	309,500	11.2	
Illinois (10)		253,325	32,925	13.0	
Smaller		230,600	30,800	13.4	
Canton	February 1959	15,050	1,025	6.8	August 1956.
Centralia	November 1958	22,500	2,700	12.0	March 1957.
Harrisburg	March 1959	25,800	2,475	9.8	January 1955.
Herrin-Murphysboro-West Frankfort	February 1959	69,500	15,600	22.4	January 1952.
La Salle	January 1959	27,475	1,775	6.5	January 1957.
Litchfield	February 1959	24,375	2,700	11.1	March 1954.
Mount Carmel-Olney	December 1958	20,650	2,050	9.9	February 1955.
Mount Vernon	April 1959	25,250	2,475	9.8	April 1954.
Very small		22,725	2,125	9.4	
Cairo	November 1958	11,425	1,100	9.6	January 1955.
Chester-Sparta	July 1958	11,300	1,025	9.1	August 1955.
Indiana (7)		254,490	22,900	9.0	
Major		124,900	9,700	7.8	
Evansville, Ind.-Ky	April 1959	80,800	5,600	6.9	September 1957.
Terre Haute	March 1959	44,100	4,100	9.3	January 1952.
Smaller		129,590	13,200	10.2	
Connersville	March 1959	22,370	2,110	9.4	September 1957.
Michigan City-La Porte	January 1959	35,160	3,840	10.9	March 1954.
Muncie	March 1959	41,700	3,900	9.4	January 1956.
New Castle	October 1958	15,230	2,030	13.3	April 1958.
Vincennes	February 1959	15,130	1,320	8.7	January 1952.
Michigan (14)		2,034,350	233,400	11.5	
Major		1,789,300	208,700	11.7	
Detroit	April 1959	1,454,000	175,000	12.0	March 1956.
Flint	do	140,200	18,000	12.8	April 1957.
Grand Rapids	do	138,500	11,100	8.0	February 1957.
Muskegon	do	56,600	4,600	8.1	July 1956.
Smaller		245,050	24,700	10.1	
Adrian	December 1958	27,700	3,100	11.2	July 1957.
Bay City	April 1959	33,000	3,700	11.2	September 1956.
Escanaba	February 1959	14,900	2,000	13.4	January 1956.
Iron Mountain	December 1958	15,600	2,400	15.4	April 1954.
Jackson	April 1959	46,800	3,200	6.8	September 1957.
Marquette	February 1959	16,500	2,500	15.2	January 1956.
Monroe	November 1958	23,100	2,100	9.1	April 1956.
Owosso	December 1958	17,100	1,000	5.8	September 1957.
Port Huron	April 1959	34,000	3,700	10.9	January 1956.
Sturgis	February 1959	16,350	1,000	6.1	January 1958.
Ohio (5)		175,300	16,200	9.2	
Smaller:					
Athens-Logan-Nelsonville	March 1959	20,900	2,200	10.5	March 1958.
Cambridge	August 1958	17,200	1,500	8.7	November 1957.
East Liverpool-Salem	March 1959	30,600	2,100	6.9	September 1957.
Portsmouth-Chillicothe	November 1958	61,700	5,100	8.3	May 1957.
Springfield	August 1958	44,900	5,300	11.4	February 1957.
Wisconsin (2)		47,105	4,075	8.7	
Smaller:					
Beloit	January 1959	17,520	1,405	8.0	November 1957.
La Crosse	do	29,585	2,670	9.0	January 1958.
West North Central (7)		142,850	16,060	11.2	
Kansas (2)		50,455	5,550	11.0	
Smaller:					
Coffeeville-Independence-Parsons	November 1958	28,030	2,250	8.0	January 1956.
Pittsburg	March 1959	22,425	3,300	10.4	March 1954.
Missouri (5)		92,395	10,510	11.3	
Smaller		64,475	6,550	10.2	
Flat River	March 1959	30,875	3,450	11.2	January 1958.
Joplin	February 1959	33,600	3,100	9.2	November 1957.
Very small		27,920	3,960	14.2	
Caruthersville	February 1959	11,450	1,560	13.6	June 1957.
Sedalia	January 1959	13,670	1,850	13.5	April 1958.
Versailles	November 1958	2,800	550	19.6	October 1958.
West (13)		338,700	38,028	11.2	
Mountain (2)		35,160	4,275	12.2	
Montana (2)		35,160	4,275	12.2	
Smaller:					
Butte	December 1958	19,200	2,400	12.5	September 1957.
Kalispell	do	15,960	1,875	11.7	November 1957.

See footnotes at end of table.

Employment, unemployment, and unemployment as percent of labor force in distressed labor markets in the United States, by geographical region, May 1959—Continued

TABLE II—Continued

Region, State, number of distressed labor markets	Date	Civilian labor force (total)	Unemployment (total)	Unemployment as percent of the labor force	Most recent date of start of substantial labor surplus
West (13)—Continued					
Pacific (11)		303,540	33,753	11.1	
Washington (7)		263,380	26,320	10.0	
Major: Spokane	April 1959	95,600	6,800	7.1	November 1957.
Smaller		167,780	19,520	11.6	
Aberdeen	February 1959	26,300	3,080	11.7	February 1957.
Anacortes	do	20,020	3,080	15.4	January 1958.
Bellingham	do	26,610	2,970	11.2	Do.
Everett	do	42,220	5,040	11.9	Do.
Olympia	do	38,080	3,920	10.3	February 1957.
Port Angeles	August 1958	14,550	1,430	9.8	Do.
Oregon (4)		40,160	7,433	18.5	
Very small:					
Astoria	January 1958	12,560	2,513	20.0	January 1958.
Gold Beach	March 1958	6,050	848	14.0	March 1958.
McMinnville	do	11,750	2,050	17.4	Do.
St. Helens	do	9,800	2,022	20.6	Do.

[1] Estimated.

Source: State employment security agencies.

WISCONSIN ECONOMICS PROFESSOR PROPOSES AMENDMENTS TO S. 1120 TO AVOID $15 BILLION GIVEAWAY TO THE BANKS AND THUS MAKE IT UNNECESSARY TO INCREASE TAXES BY ONE-HALF BILLION DOLLARS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, Dr. Arthur P. Becker has written me pointing out what he calls three very strong weaknesses in the American Bankers Association bill, S. 1120, which the House will vote on next Tuesday. Dr. Becker is a highly respected authority in the field of money and banking and a distinguished educator. He is chairman of the Economics Department of the University of Wisconsin at Milwaukee.

Dr. Becker reaches an interesting conclusion with reference to the feature of the bill which would give away $15 billion of Government-owned bonds and other interest-bearing obligations to the private banks. It is his view that since Congress will be passing this bill, if it does pass it, it will be Congress that is creating the money which pays for this $15 billion of securities, which will, as he says, "in reality be given free to the banks."

In addition, Dr. Becker adds a point which we all know, which is that approximately one-half billion dollars a year in interest charges on these securities which is now being paid back into the Federal Treasury will, under this bill, go into bank profits. He says this will make it necessary for Congress to increase taxes by one-half billion dollars annually.

HOW TO COMPENSATE FOR BONUS TO NEW YORK AND CHICAGO BANKS

Dr. Becker proposes three amendments to S. 1120 to correct the three weaknesses he points out. One of these is that Congress require the Federal Reserve Board to increase reserve requirements for the country banks by 3 percentage points and increase reserve requirements for the Reserve city banks by 2 percentage points, above the present requirements for these two classes of banks. Raising reserve requirements for the country banks and the Reserve city banks by these amounts would compensate for the special bonus contained in the bill for the New York and Chicago banks and for so-called vault-cash provision.

I will insert Dr. Becker's letter in the RECORD for the benefit of those Members who would like to consider his other suggested amendments. Dr. Becker has concluded by saying that unless the present weaknesses of the bill can be corrected by amendments, he is convinced "that the interest of the Nation would require that the bill be defeated."

My only observation about correcting these weaknesses is that, while I fully agree that they should be corrected, correcting them would defeat the purpose of the bill and make it pointless to pass the bill. So while the professor is doubtless 100 percent correct in his analysis of the bill and its practical effects, I suspect he may not be expert in the practical politics of bankers' legislation.

I will insert Dr. Becker's letter at this point, then I want to speak briefly on the question why the newspapers have not informed the American people about this legislation:

THE UNIVERSITY OF WISCONSIN,
Milwaukee, June 22, 1959.

Congressman WRIGHT PATMAN,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN PATMAN: On May 13, 1959, the U.S. Senate passed S. 1120 with only eight Members of the Senate present and voting. The bill, as reported to the House, makes three changes in the law relating to the reserves that Federal Reserve member banks must maintain against their demand deposits. After studying the bill carefully, I find that there are at least three very strong weaknesses of the proposed changes:

1. It places no restriction on the portion of legal reserves in the form of vault cash. While it is unlikely, a member bank can withdraw all of its deposits with its Federal Reserve bank. This raises serious questions of control or policing of reserves as well as potential problems of liquidity.

2. It would dilute still further the inadequate control over the supply of money (potential) by the Government as compared with the private commercial banks. Banks even now have the potential to increase the supply of money by many billions, and it is not necessary to give them still more leverage.

3. In order to prevent the bill from creating a considerable money inflation ($15 billion worth) it will be necessary for the Fed to sell $15 billion worth of U.S. obligations. Since the $15 billion in money will be created by Congress in passing the bill and changing reserve requirements, these U.S. obligations will in reality be given free to the banks. Further, it means that the $500 million in interest which now is turned over by the Fed to the Treasury will be received and kept by the banks, thus making it necessary to increase taxes by $500 million annually.

In order to overcome the above objections and problems which would arise out of S. 1120 if it were passed "as is" by the House, I would recommend the following amendments by the House of Representatives:

1. If vault cash is to be counted as legal reserves, its use should be limited to the present average of vault cash to net demand deposits which is 3 percent for country banks and 2 percent for Reserve city banks.

2. In order that the Fed (i.e., U.S. Government) will retain the same potential control over the money supply of the United States as it now has it will be necessary for the statutory minimums and maximums to be as follows:

	Minimums	Maximums	Average increase
Reserve city banks	From 10 to 11 1+	From 20 to 22 2=	3+2=1.5 points.
Country banks	From 7 to 9 2+	From 14 to 18 4=	6+2=3.0 points.

3. In order that the bill will not be inflationary, and to avoid the need of the Fed to sell $15 billions in U.S. obligations and raising taxes by $.5 billion, the Fed should be directed to increase present reserve requirements, when the bill becomes effective, in the amount of 3 percentage points for country banks and 2 percentage points for Reserve city banks. It might also be desirable to prohibit the Fed in reducing legal reserve requirements if such action must be offset by the Fed selling U.S. obligations or other assets to the public or commercial banks.

I hope that you will make every effort to eliminate the objections to the bill. If the bill cannot be amended to eliminate these objections, either in the way I have suggested or perhaps some other effective way, I am convinced that the interests of the nation would require that the bill be defeated.

Sincerely yours,

ARTHUR P. BECKER,
Chairman, Department of Economics.

WHY THE NEWSPAPER SILENCE ON THE BOND GIVEAWAY BILL?

Several Members of the House have been discussing this bond giveaway bill for some weeks now, and making reference to it in their newsletters home. In the past few weeks I have received several hundred letters from people in all parts of the country asking such questions as "Why don't the newspapers print anything about this legislation?" or "How do the New York bankers manage to keep this thing out of the newspapers and off the airwaves?" and so on. Furthermore, several of the Members have told me that they have reported on this bill in their newsletters to their constituents, and that the volume of letters they have received in reply has been terrific, with many letters asking the same question—What is wrong with the newspapers? For example, this afternoon I received a short letter from the publisher and editor of the Liberty Free Press in California which expresses a belief held by many people that the newspapers refuse to print as a matter of policy anything that would be offensive to the bankers. This is from a publication which specializes in matters of "money, banks, and taxes," and reads as follows:

LIBERTY FREE PRESS,
Oakland, Calif., June 22, 1959.

Hon. WRIGHT PATMAN,
Representative from Texas,
House Office Building, Washington, D.C.

"Federal Reserve Audit Shocking" (Oakland Tribune heading for Associated Press article on Monday evening, June 22, 1959).

DEAR CONGRESSMAN PATMAN: Attached clipping from "Ex-Senator" Bill Knowland's Oakland Tribune in today's issue.

Congratulations to you. How in the world the Associated Press ever gave your disclosures this cross-country publicity is beyond my comprehension.

Now bring forth the fact about the great giveaway bond deal of $15 billion (but I do not believe any paper in the country would print that).

Sincerely,

LESTER O. WISLER,
Publisher and Editor.

The truth is, I suspect, most of the newspapers have simply overlooked the bond giveaway bill. All of them have not overlooked it, of course, because there are a few, such as the New York Times, which I have written about the bill; and the refusal of these papers to report on the bill cannot be blamed on ignorance. But on the whole I think the papers have just overlooked it, or they have not regarded the matter as something that would be of particular interest to their readers. One of the reasons I think this is so, is that on Monday I released a report on the "high living" of the officers and employees of the Federal Reserve System and gave some examples of their wasteful and extravagant use of public funds for personal and other improper purposes. The wire services, both AP and the UPI, sent out news reports on that, and the story was carried in papers all over the country. It was carried even in several papers which have reputations for screening the news with exceptional vigilance with reference to big banker matters and all other matters tending to challenge their "solid Republican" standards of what is fit to print. Certainly, then, it would hardly be reasonable to assume that the newspapers have been silent on the bank giveaway bill merely because of banker influence. At least I do not myself believe that the ABA's influence is quite that strong.

THE WHEAT BILL

Mr. McGOVERN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota.

There was no objection.

Mr. McGOVERN. Mr. Speaker, we all know that one of the most serious problems of American agriculture today is the mounting surplus of wheat. We have sent a bill to the President which calls for a reduction of 25 percent in wheat acreage at a saving of some $500 million to the taxpayers during 1960 and 1961.

For some time the Secretary of Agriculture has been contending that if farmers were given a chance to express their own preferences, they would choose low price supports with uncontrolled production. If the President will sign the bill now on his desk, the farmers will be given an opportunity to go to the polls and make a clear-cut choice between low price supports with unlimited production, or 90 percent of parity price supports with marketing quotas. If as many as one-third of the wheat farmers of the Nation vote in favor of low price supports and uncontrolled production, and turn down the other alternative they can have what Mr. Benson says they wish. On the other hand, if they approve of the allotments provided for in this bill at 90 percent of parity, we will have reduced surplus wheat production by nearly 300 million bushels for each of the years 1960 and 1961 and saved the taxpayers $500 million. It is unthinkable to me that the administration would veto such a logical proposal. If the President does veto the wheat bill, his action can only be interpreted as another indication of Secretary Benson's stubborn resistance to hard economic facts.

THE WHEAT BILL

Mr. TEAGUE of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TEAGUE of California. Mr. Speaker, I take this time to point out that there is a decided difference of opinion as to whether the wheat bill to which the previous speaker referred will save or cost money. It is the opinion of the Secretary of Agriculture and mine that if this bill is enacted into law, it will cost the taxpayers of this country and the housewives a great deal more money than the present program. Furthermore, the bill provides for a return to the principle of 90 percent of parity guaranteed price supports. Certainly it has been demonstrated that price supports at that level simply are not realistic and have not worked. It is as simple as that.

Farmers know that a 25-percent reduction of wheat acreage will not mean a 25-percent reduction in the total wheat supply. Poorer acres will be taken out of production; the remaining acreage will be better farmed; and the cutdown in production will be materially less than 25 percent.

THE WHEAT BILL

Mr. ALBERT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, on the question of differences of opinion, there cannot be any difference of opinion about the fact that the bill that we sent to the White House will take 14 million acres of production. The bill we sent to the White House will prevent overplanting which has added about 22,500,000 bushels per year. The bill we sent to the White House will eliminate the practice of adding 100,000 new 15-acre farms each year to contribute to the production of wheat in this country. On these matters there is no doubt. All of these things will lower the production of wheat.

Mr. TEAGUE of California. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman from California.

Mr. TEAGUE of California. Is it not also true that the bill sent to the White House proposes to return to the principle of 90 percent price support guarantee?

Mr. ALBERT. The gentleman is correct. We sent a bill down to the White House that will preserve the income of farmer and cut down on the production of wheat. These were the purposes of the bill. These things the bill will do.

THE WHEAT BILL

Mr. SAYLOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SAYLOR. Mr. Speaker, it is very interesting that the recent wheat bill that is supposed to have the marvelous effect of increasing parity and decreasing acreage and production also disenfranchises and prevents from voting many thousands of small wheatgrowers in the State of Pennsylvania and everywhere else in the country. I am satisfied that if the wheat bill really gave the right to vote to all of the wheat farmers of Pennsylvania and in the United States you would have an overwhelming number of the small wheatgrowers, not only in Pennsylvania, but throughout the United States vote against it, and you would have a majority of all of the wheatgrowers of the country vote against this unfair agricultural bill.

INSERTIONS IN THE APPENDIX OF THE CONGRESSIONAL RECORD

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. MOELLER] is recognized for 30 minutes.

Mr. MOELLER. Mr. Speaker, I rise at this time to join with my colleagues, the distinguished gentleman from California [Mr. TEAGUE] and Missouri [Mr. JONES] in commenting on the ridiculous practices we have all observed with respect to insertions in the Appendix of the CONGRESSIONAL RECORD. In particular, I want to commend the gentleman from Missouri [Mr. JONES] on his scholarly presentation in the CONGRESSIONAL RECORD for June 11, at which time he introduced his bill, H.R. 7676, to limit the present practice to some reasonable extent.

In no wise do I wish to cast any reflection upon any individual Member of this House, nor do I wish to inhibit them in any way in the free expression of their opinions through either the written or the spoken word. However, there is a time and a place for everything, and it takes no more than a casual reading of the RECORD to ascertain that we are grossly abusing the public trust in many respects in our misuse of the privilege of making insertions in the CONGRESSIONAL RECORD. We, as good stewards of the taxpayer's dollar, should pay serious attention to the need to curb reckless extravagance in the Government's printing bill, just as we attempt to curb similar extravagances in the executive agencies when they come to our attention.

We all know that much of this material which appears in extensions of remarks, either in the body of the RECORD, or in the Appendix, is of such nature that it seems designed to serve personal political advantages rather than the public good. Whether it is intended to benefit the individual who makes the insertion, or another who may be expected to reciprocate at some later date makes no essential difference. The use of the CONGRESSIONAL RECORD for personal political gain is, it seems to me, not in accord with the purposes to which the RECORD should be limited.

Further, many of the insertions which do not fit into this category are of a more or less frivolous or useless nature. There may be more to some of it than what meets the eye, but even in the few short months that I have been a regular reader of the RECORD, my eyes have come upon lines of little consequence and of doubtful propriety for a CONGRESSIONAL RECORD. At times I wish that it were possible or practical to operate the RECORD on the same basis as a commercial magazine or a newspaper; that is, to have a board of editors or some other form of review to assess the content matter of what is presented for printing to pass on its usefulness and the purpose it might serve. I realize, however, the practical difficulties of such procedures and the difficulty of setting standards and living up to such standards. It seems, therefore, that a system of limitations such as those proposed in H.R. 7676 or H.R. 7687, as introduced by the gentleman from California [Mr. TEAGUE] as of this moment presents the best possibility for a practical application of money saving procedures.

As the gentleman from Missouri [Mr. JONES] pointed out on June 11, for the first 5 months of this year the cost of printing the CONGRESSIONAL RECORD has already amounted to $1,142,655, an increase of $128,945 over the similar period in the 1st session of the 85th Congress. Since the amount of matter inserted continues to increase steadily, we will soon be faced with a situation where we are putting out a daily publication the size of a Sears-Roebuck catalog unless we take action to force a little self-control upon our Members.

Furthermore, with respect to cost, the figure I have just mentioned does not, of course, tell the whole story. For every insertion in the RECORD copies are presumably mailed out under the frank to interested parties, or to persons whom we Members, sometimes stretching a point, assume to be interested parties. This adds to the cost of postal operations. In many cases reprints are ordered in the thousands for distribution through the mails. They bear the imprint "Not printed at Government expense," and this is true. However, as we know, much of this material is mailed out under the frank and in manila envelopes not charged to the Member's stationery account but for which the taxpayer foots the bill. There are none of us who have not read accounts of instances of such mass mailings of propaganda inserted in the RECORD, reprinted, and then mailed out to the propaganda organization's mailing list of thousands, and all under the congressional frank.

I submit that these junk insertions have less justification than the so-called junk mail about which many of us bitterly complain. I realize that for many of us there is a feeling of obligation to constituents who may request it, that we insert material of which we do not personally think much in the RECORD. A limitation, then, could be a protection for the individual Member subjected to pressure to submit to such requests, as well as a means of saving tax dollars.

I have examined the bills which I have mentioned previously and I believe that they present a proper approach. I believe, however, that the restrictions they impose may be a little too stringent to have a reasonable chance for approval, particularly as they apply to insertions having to do with legislative matters when such matters are not at that time the subject of debate in either the House or the other body. For that reason, I have today introduced a similar bill, but have modified it to the extent that I believe it to be a reasonable, prudent, and acceptable first step in attempting to bring a situation which is fast getting out of hand under control. It is obvious that the control measures instituted by the Joint Committee on Printing had only a temporary effect, through no fault of the committee. What is needed is more drastic action by the full membership of the Congress to police its printing policies. My bill, and those introduced by my colleagues, should be given prompt attention by the Committee on House Administration to which they have been referred.

MILITARY AIR TRANSPORT SERVICE

The SPEAKER. Under previous order of the House, the gentleman from South Carolina [Mr. RIVERS] is recognized for 30 minutes.

Mr. RIVERS of South Carolina. Mr. Speaker, over the years, continuously and without ceasing certain statements are made impugning and questioning the operation of MATS and the reasons for its existence. These statements are misleading, unfair, incorrect and strike at the security of his country and the capability of the Military Air Transport Service to fulfill its mission in implementing the striking power of SAC. Very recently, a statement was made on the floor of this House which needs to be answered and which the taxpayer has a right to have answered. Disaster may result to our armed services during an emergency if adequate and timely military air transportation is not available. To be sure, those of you who are present this afternoon remember the Beirut operation last summer, the Berlin airlift, and the Taiwan operation, not counting other emergencies both military and acts of God.

In this day of the missile and of the atomic and hydrogen bombs, America does not possess the luxury to build on the skeletons of the past. Whatever we possess by way of offense or defense, must be in being, on hand, and not on order.

I know whereof I speak. As a part of my statement today, I include for the record a report I made on the MATS

scarcely a year ago. This report answers many of the equivocal statements being said to many of the unsuspecting Members of the Congress by the beneficiaries of the MATS program, the small business law, and the charity of the Department of Defense. It is high time that somebody come to the defense of MATS. It is high time that the facts be known and it is high time that the very people who are living off MATS' business be exposed for undermining the morale of MATS and threatening the security of this Nation.

I call upon the Defense Department to come to the aid of the reason for MATS' existence. I call upon the Department of the Air Force to take official notice of these insidious attacks on the MATS. As a member of the Committee on Armed Services and as a member of the Committee on Merchant Marine and Fisheries, I am familiar with recent statements comparing MATS with Military Sea Transport Service, MSTS. Recently it was said that the country needs more airlift. In response to this, I readily admit that certain hypothetical situations, such as limited war conducted simultaneously in several geographical areas, could demand more airlift than is presently available. However, the Joint Chiefs of Staff determine airlift requirements, in consonance with national strategy. In addition, the economy of the Nation necessarily affects the magnitude of the calculated risk which must be assumed by the Nation in this regard.

Second. It has been said that although we have developed STRAC, the Strategic Army Corps of four divisions, it would take some 17 days to airlift even the spearhead of one of these divisions, such as the 101st Airborne Division, to a trouble spot abroad such as the Middle East. I stated that evaluation of a plan which contemplates the air movement of a division spearhead force to troubled areas reveals that it would take substantially less than 17 days.

Third. It has been stated that most of the airlift would not be available for limited war anyway since it would be earmarked for the Strategic Air Command, and that therefore, "It will be necessary to create additional airlift capacity." This statement is not correct. The USAF does reserve a portion of airlift capability for immediate deployment of SAC. However, the USAF simultaneously provides airlift for the requirements of an emergency situation. This ability was clearly demonstrated in the Lebanon and Formosa crises of last year.

Fourth. We have a sound and historic example in the civilian merchant marine which has been the backbone of sealift in every war in which this country has participated. The facts are, a review of the capability of the merchant marine to respond to World Wars I and II leads to conclusions quite different. In neither war had private industry provided shipping in the amount required. After each war the merchant marine suffered a decline, as provide by the following figures from Lloyd's Register Book:

Gross tons launched

[In thousands, ships over 100 tons]

1905	107
1910	178
1915	157
1916	383
1917	821
1918	2,602
1919	3,580
1920	2,349
1925	79
1930	214
1935	32

It may be noted that delivery of most of these hastily constructed ferro-concrete ships did not occur until after the war was over. Lloyd's reports further that total gross tonnage available as a result of the building program was:

[In thousands of gross tons]

1914	4,330
1920	14,574
1935	12,223

In 1939, only 13 percent of the merchant marine ships were under 15 years of age.

The same trend existed during World War II, as reported by the U.S. Maritime Commission.

Tonnages, in ships of 1,000 gross tons and over, excluding special types and those owned by the military forces were on hand as follows:

Sept. 1, 1939	8,125
June 30, 1946	38,587
June 30, 1947	30,901
June 30, 1948	26,689
June 30, 1949	25,997
Jan. 1, 1951	25,793

Of the 1951 merchant fleet, represented by 3,500 ships, only 1,400 of these ships were active, with 2,100 in reserve fleets.

By June 1948, over 1,000 U.S. vessels had been sold to other nations.

By 1951, U.S. shipbuilding had dropped to seventh place, contributing only 5.1 percent of the world's new construction. The postwar building pattern within U.S. wards has been as follows:

Number of ships and tonnage (deadweight)

1946: 460	4,000,000
1947: 53	518,000
1948: 33	269,000
1949: 18	390,000
1950: 40 [1]	1,065,000

[1] All tankers, but only four registered under the U.S. flag.

From the foregoing, it is apparent the shipbuilding industry and the merchant marine, although heavily subsidized, has not developed a sufficiently large and modern fleet to meet the requirements of war. The effect of international competition is alarmingly illustrated in the decrease in new construction. The decline of an operating fleet is further evidenced in the decrease of contractor operated ships. From a peak of 1,500 Government-owned ships on charter in 1947, the number had dropped to about 200 by January 1950.

The Merchant Marine Act came into existence in 1936 to enable the shipping industry to survive foreign competition through the payment of subsidies. A 10-year program was established at that time by the Maritime Commission to build 50 ships a year. This Government-sponsored program was overtaken by events. One hundred and eighty-five ships were built from 1939 to 1941; 5,592 from 1942 through 1945.

Fifth. The Navy has never felt it necessary to build up a merchant marine of its own to compete directly with the civilian merchant marine in time of peace so as to have its own merchant marine in war, it has been alleged. The fact is the very existence of MSTS proves that the Navy—and the Army, too—never relied completely on the merchant marine. MSTS is composed of transports formerly owned and operated by the two services.

Sixth. The question has been asked, is there any reason to suppose that the civilian crews and managements of the U.S. commercial airlines are any bit less courageous or less patriotic than the civilian sailors and management of the U.S. merchant marine? The truth is the response of the merchant mariners in the recall of those ashore, and in the training of the thousands of apprentice seamen to man this war-built fleet was indeed magnificent. Their actions throughout the war fully justified the praise that has been heaped upon them.

The Military Air Transport Service counts on a similar response from the employees of the Nation's civil airlines. As proof of this confidence, the Civil Reserve Air Fleet is counted on to provide over one-third of the wartime airlift. War, limited or total, in this day and age, however, cannot await the training of crews, and the building of an air fleet. It will be fought with the force in being.

Seventh. Again, it has been asked how best can the national airlift be tripled? It can best be done by a triple expansion of our civil airlift. This way is most in keeping with our free enterprise traditions; it is the cheapest, and it has a long history of success. I assert that the converse is true. The tremendous growth of the U.S. commercial air carriers since World War II can be attributed to the initiative and perseverance of private enterprise. Operating war-surplus, prewar designed transports in 1945, the industry has developed and is operating over 1,000 modern four-engine aircraft and innumerable twin-engine aircraft throughout the country and the world, made possible by the creation of new civil markets.

The Air Force has endeavored to encourage this growth by refusing to charter any significant number of aircraft to commercial operators. Instead, MATS has contracted only to those airline operators who had invested in equipment. The increased use of modern pressurized equipment has not only provided a reasonably comfortable ride for its passengers, but has discouraged the use of obsolescent civil air fleets.

The absence of venture capital for investment in the rather stable ocean

transport business has been a factor requiring different policies for the operation of the Military Sea Transport Service. The Merchant Marine Act of 1936 has been expanded by a Commerce-Defense agreement to limit the size of the MSTS fleet—"to carry out logistic needs of the military departments which cannot be met by commercial interests." Of the MSTS owned fleet, nearly one-half of its ships are leased by contractors who do not possess commercial vessels, but who bid for the MSTS traffic.

Eighth. The question has again been asked why should not MATS imitate MSTS and book 70 percent of its traffic on civil carriers? The answer is based on MATS present requirements the 70 percent increase would substantially increase the cost to the taxpayer. Since MATS must continue to train in order to maintain D-day readiness the added cost of flying the major portion of its fleet empty while procuring commercial airlift to the extent of 70 percent would increase the cost of airlift transportation of the Department of Defense by over $500 million.

Ninth. It has been said that the more transport planes that can be built up by the civil industry, the fewer that will have to be purchased and operated entirely at the taxpayers' expense. Everyone knows that transport planes purchased solely to satisfy military requirements will be operated by the military or civil authority.

Tenth. These MATS haters always get around to the Hoover Commission. As a matter of fact, the Hoover Commission is used as an excuse to destroy the military generally. The Hoover Commission has been used to practically skeletonize the naval shipyards of this country. It has been used for everything except running for Congress. It has just about outlived its usefulness and should be replaced. It has been stated that the bipartisan Hoover Commission unanimously recommended that only after commercial carriers have been utilized to the maximum practicable extent, should transportation on service carriers be authorized.

This is a sound principle and who can really argue against it?

The primary point in question is whether or not military or civil capacity should have first consideration in assessment of our national air transport capability for defense. Military consideration dictates the size and composition of the military air transport force. Further, our military strategists place heavy reliance on augmentation of our military force with civil capability through the Civil Reserve Air Fleet program. In this regard, the Special Subcommittee No. 4 of the Committee on Armed Services, House of Representatives, over which I had the honor to be chairman in the 85th Congress, stated in its second session report that:

> The committee has heard it said that commercial aircraft could perform the military missions of MATS. In the committee's view it could as logically be said that bomb bays could be installed in commercial aircraft for delivery of weapons to the target, or commercial trucks be equipped as missile-launching equipment. It is also pointed out that the military strategic transports will have post-D-day operations that because of the size and sensitivity of the material transported could not under any circumstances be assigned to, or even accommodated by, commercial aircraft, even if operated by military personnel. The committee feels that the importance of the transport mission calls for a continued peacetime operation of the MATS system at least at its current level of activity to insure its D-day readiness.

After establishing and recognizing the requirement for a Military Air Transport force we then must consider the utilization that is made of the transport capacity that this force generates in peacetime as a result of the training program and the requirement to attain a reasonable operational tempo consistent with the current force-in-being concept of the Joint Chiefs of Staff. With reference to this aspect of this consideration the committee report stated that:

> The committee supports the policy and practice of the military in obtaining the most beneficial use of the airlift generated by MATS' peacetime operations and meeting essential requirements. The procurement of civil airlift to meet requirements which exceed MATS' capability should be continued.

The report further states that:

> The Department of Defense would be amiss in wasting public moneys to procure such airlift merely to provide business to commercial operators. This would constitute a subsidy with funds appropriated for military defense purposes, which never has been intended by Congress.

The subcommittee reiterates their support of the requirement to utilize the capacity of MATS by stating that:

> Such peacetime use of MATS' airlift reflects much credit on the Defense Establishment and, rather than being the subject of probes and repeated, costly, time-consuming investigations, is deserving a favorable and affirmative recognition by the Congress.

The President of the United States, in a memorandum to the Secretary of Defense, dated July 23, 1958, recognized the necessity, even in an atmosphere of investigation and review, to direct the Secretary of Defense as follows:

> In connection with our previous discussion of the study you are to make of the military role performed by MATS in peace and war, I am looking forward to having your report of your findings as soon as practicable.
>
> While reviewing areas where MATS may be performing transportation roles in duplication of commercial enterprises, you will also need, I am sure, to see that careful consideration is given to the requirement of the Military Establishment to retain or augment its worldwide combat mobility, with due regard to the attendant necessity for realistic training on a continuous basis, as well as the economical use in peacetime of airlift necessarily generated by a ready D-day force.

Eleventh. We should be encouraging the growth of U.S. international civil airlift because the greatest defense need is the long-haul transport planes capable of spanning the oceans. The fact is that the Air Force recognizes that a fleet of aircraft to provide immediate and responsive logistic support for the military services in time of emergency must be diversified and flexible. It must be without restraint. It is true that, based on the assumption the island bases are denied us, the airfleet must be intercontinental. But of equal or greater importance is the need for an aircraft to do each of the following:

Possess the capability of hauling outsized cargo such as missiles and the majority of Army vehicles. Such a capability is contained in the C–133.

Possess a fast reaction time to provide support for the strategic bomber forces in case of full hostilities and tactical forces in the event of limited situations such as Formosa. This fast reaction time can only be achieved by an aircraft having speeds commensurate with the SAC bomber force. These speeds are available in C-jets.

Possess an intercontinental capability—overseas only—for distribution of supplies and troops and close support to combat troops. This close support entails the necessity for short takeoff and landing distances on semiprepared strips.

Twelfth. It has been said on this floor that a survey has been made of all U.S. civil airlines, large, small and medium ones, asking them to tell how much unused space they expect to have during the fiscal year ending June 30, 1960, to transport additional military traffic.

A tabulation of the replies received indicates that these civil airlines expect to have over 1.3 billion ton-miles of capacity during fiscal year 1960 to carry extra military traffic. The truth is that the fact which is not recognized is that the 1.1 billion ton-miles forecast for MATS activity is exclusively overseas airlift. Of the 1.3 billion ton-miles of reported available civil lift, approximately 1.050 billion or 79 percent was domestic or intra-Alaska and Hawaiian Islands. Also, much of the offered capability relates to helicopter, single and twin-engine equipment. Obviously, aircraft which cannot fly over ocean as well as other airlift available within the continental limits and within Alaska and the Hawaiian Islands cannot be utilized to satisfy transatlantic and transpacific airlift requirements.

It must be realized that civil operators do not fly empty airplanes over their routes so that a large percentage of the international airlift reported represents fractional plane loads. Traffic load factors on commercial airlines have seasonal and directional variations. It is impossible to adjust Department of Defense airlift requirements to the extent that would be necessary to effectively utilize the unused space available on the U.S. scheduled international operators. A few seats here and there, available on a few hours' notice, cannot be used to meet Department of Defense airlift requirements unless personnel processing centers are reestablished to hold Department of Defense passengers for long periods of time.

Thirteenth. It has been alleged that MATS has been far too prone to indulge in luxury passenger planes that could not possibly carry Army tanks or missiles. The fact is that MATS aircraft

are all cargo capable; however, some are currently used in passenger operations but are immediately convertible to cargo or air evacuation. These aircraft are not outfitted to luxury standards. All missiles used by the U.S. Army can be carried by MATS cargo planes.

Fourteenth. It is said that the Department of Defense has even officially proposed to our House Appropriations Committee a one-third decrease in the use of civil airlift, while at the same time asking for huge increases to be spent on their own fleet of Government-owned transport planes. Everybody knows that the Department of Defense can budget only for requirements known at the time. As an example, the fiscal year 1959 budget for overseas commercial airlift augmentation of MATS was $58 million. MATS spent more than $71 million. Actually, MATS' financial plan calls for an equivalent amount of commercial airlift for fiscal year 1960. Included is a substantial amount of commercial airlift to be used in connection with training maneuvers.

Contrary to being a "huge" amount, the increase is in consonance with the need to exercise the fleet at 5 hours' utilization in order to be prepared for its D-Day mission.

Fifteenth. The wild statement has been made that MATS has mushroomed in size so that it now operates approximately 1,500 airplanes.

This is characteristic of the constant misrepresentations made on this floor regarding the size of MATS.

Mr. Speaker, the major airlines are fast converting some piston to jet aircraft. Many of the piston aircraft are being sold. Much of this type of airplane is being bought by certain untested and untried operators who seek to get MATS' business. They use the subterfuge of the Small Business Law enacted by this Congress. They would take these planes and completely destroy the effectiveness of MATS. They are carrying on an endless tirade of abuse against MATS. If this siren's song is heeded, we will have no military aircraft in time of war. Could it be expected that these operators would fly into a combat zone in a time of emergency? To be sure they would be unavailable. There would be no law requiring them to operate in a combat zone. This country would wake up with a Maginot Line of no use. If all of our aircraft were placed in the lines of scheduled carriers, could it be expected that these planes would be available at a moment's notice with all the long-range commitments which these distinguished public servants possess? Could it be expected that this indispensable industry might be disrupted overnight?

Mr. Speaker, this country needs MATS, this country needs MATS in-being, and Mr. Speaker, this country needs MATS capable of fulfilling its wartime mission. The war plans of MATS are not available to the public. They are part and parcel of our war overall mobilization program of the Joint Chiefs. What MATS sorely needs is adequate and new jet-powered aircraft to fulfill its minimum requirements. Recently this very body denied the MATS with money to modernize its equipment.

Mr. Speaker, I make the categorical statement that the MATS stands on the brink of disaster. I sound this warning now and I stated that a part of this impending tragedy is a constant attack by the beneficiaries of the program which has put these people in business.

Mr. BOW. Mr. Speaker, will the gentleman yield?

Mr. RIVERS of South Carolina. I am delighted to yield.

Mr. BOW. Mr. Speaker, the gentleman has made a fine statement on the question of MATS. I wonder if the gentleman does not also feel that the great reserve of airpower that we have in the standby reserve of the commercial airlines of the country are not also contributing to the national defense. As the gentleman knows, the great commercial fleet we have is really on a standby basis, on a basis of 24 hours call, with their crews and equipment. By this plan we are saving the taxpayers of the country millions of dollars every year.

Mr. RIVERS of South Carolina. MATS has a reserve aircraft program in which these fine airlines participate. I am not talking about the first-class aircraft carriers of this country. I am talking about these vultures who get the business of MATS and then try to stab them in the back. I was not talking about the legitimate people.

Mr. BOW. I think I understood what the gentleman was talking about.

Mr. RIVERS of South Carolina. Of course; the fine airline industry which backs up MATS does save the taxpayers money. I hope the gentleman will read my statement, because I have taken up these attacks and have numbered them from 1 through 12 and have answered every attack made on MATS. I have tried to point out that I was not referring to the people in the legitimate air-carrier business.

Mr. BOW. Mr. Speaker, I thank the gentleman for the suggestion. I agree that MATS does a great deal of good for us. Sometimes I am a little concerned about some of the people who are riding MATS, people who take a free ride on MATS. I have in mind some correspondents who recently went to a conference in London.

Mr. RIVERS of South Carolina. And they are the same people who criticize Congress for riding MATS, but they are the same people who are running around trying to get a free ride on MATS.

Mr. BOW. That is correct. These gentlemen are the same ones who will criticize Members of Congress who have to ride MATS on official business.

Mr. RIVERS. That is exactly right.

Mr. BOW. And they are now riding MATS and they are taking their free rides, but they forget to mention that in their column.

Mr. RIVERS. They do not plan to mention that or to give any good publicity to any Member of the Congress on that score. I thank the gentleman for his fine contribution.

I hope the gentleman will read my statement because I have put in considerable time on this statement. In it I show how without MATS we cannot have an adequate SAC to protect this country and put the fear of God in the hearts of those who would destroy this Government.

Mr. BOW. Of course, we do not refer directly to Members of the Congress by name on the floor. We do not refer to Members of the other body by name on the floor. But it has been suggested we could use the name of Drew Pearson, the columnist who was riding MATS just the other day.

Mr. RIVERS. Of course, he is in a special class.

EAMON DE VALERA

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Rhode Island [Mr. FOGARTY] is recognized for 15 minutes

Mr. FOGARTY. Mr. Speaker, in just a few hours a great world figure will step out of the arena of active political life in his home country to become the head of his state. This is a fiting climax to the great career of Eamon de Valera for so long the active leader of the Irish people who last week voted for his election as President of Ireland and thereby accorded him an appropriate recognition of his great work for Ireland and indeed the world over a period of half a century.

In a special sense, Mr. de Valera has always been held in particular regard in the United States. His affection for America and the close bonds he has always maintained with the great Irish-American community here allied to the fact of his birth here make him in some sense an American. To Americans he is not the outsider that any other world figure might be, but rather a cousin living distantly but constantly in communication. He was born in New York in 1882, and when only 3 years old went from the New to the Old World to his mother's country, where he was destined for greatness. This child, born far from the land for which he was to achieve so much, at an early stage exhibited the qualities that enabled him to fulfill his mission in after life. He had a brilliant academic career, and he has enjoyed an international reputation as a fine mathematician. He grew up in an Ireland still under alien domination, an Ireland still carrying on the centuries-old struggle for freedom and the right to control and guide its own destiny. His great love for his country matured in conditions which enabled him to see clearly the tragic wrong being inflicted on his homeland. The attempt over centuries to stamp out Ireland's great cultural heritage had partially succeeded, and this success was typified by the fact that in large areas of the country that ancient and beautiful language of the people had been lost. It was not strange, therefore, that at an early stage the young de Valera dedicated himself to the proposition of Patrick Pearse, the 1916 leader, of an Ireland not only free, but Irish speaking as well. In 1908 he joined the Gaelic League, the organizatior concerned with

the restoration of the Irish language and the Gaelic culture, which was founded by Douglas Hyde, who, coincidentally, became Ireland's first President under a constitution pioneered to success by Mr. de Valera himself in 1937. At the same time his interests spread into the general field of the resurgence of Ireland, and in 1913, at its foundation, he joined the Irish Volunteers. After this the tempo of events quickened in Ireland and led to the great rising of Easter, 1916. Mr. de Valera commanded the Irish forces in a critical area of Dublin on the route along which British reinforcements hurried from England would travel. In the struggle he exhibited a fine grasp of military tactics and showed those qualities of organization, coolness, audacity, and courage which distinguished his subsequent life of public service. He was the last of the 1916 commandants to surrender, and only at the last moment was spared the cruel fate of the other leaders who were executed by firing squads. Instead, he was imprisoned in Britain.

Eamon de Valera now stood out as the great Irish leader. His sincerity, his ability, his complete dedication to Ireland's cause was proved. He was in the direct line of descent from Ireland's great heroes who generation after generation had led the fight for Irish freedom and who in consequence had suffered death or banishment. Released from prison in 1917 he immediately was elected President of Sinn Fein and of the Irish Volunteers and won an election for Sinn Fein in County Clare, a constituency he has represented up to the present. Again jailed in 1918, the year of the great Sinn Fein victory at the polls which marked the people's enthusiastic endorsement of the glory of 1916, he made a dramatic escape 9 months later. The Sinn Fein deputies scorned to sit in a British Parliament and instead convened in Dublin in January 1919 as Ireland's first Dail or Parliament. They recessed and then reassembled in April 1919 and unanimously made Mr. de Valera President.

The final War of Independence was now in progress and to elicit support for Ireland's cause and recognition of her valid claim to independence Eamon de Valera in 1919 returned to the country of his birth. Everywhere in the United States he was received enthusiastically and it was fitting that a country which has received so much from Ireland and which in former days had itself fought a great War of Independence should find itself so sympathetic to a small, much older country now in its final agony before deliverance from the oppressors. In 1920 Mr. de Valera returned to Ireland and shortly thereafter the Truce with Britain was declared. It is now part of history how disagreement arose out of the negotiations for a Treaty with Britain, how de Valera felt he could not accept the Treaty finally negotiated and signed without reneging on his Republican principles, how a tragic Civil War was fought in Ireland on the issue and how de Valera lost control of his country for a period.

Eamon de Valera, though he fought when fighting for his country was the only possible course, is essentially a man of peace. He prefers reason, restraint, democratic discussion. One of the great political realists of our time, he decided that though he disliked the settlement with the British that he had ardently opposed, his best course of action was to work to change it by entering the field of constitutional politics to seek a mandate from the people for his program. In 1926 he founded his political party, entered the Dail in opposition in 1927 and in 1932 finally got into office. Since then, with the exception of two periods of 3 years each, he has been the head of Ireland's Government. On entering upon office he immediately began to remove the more objectionable features of the Treaty with Britain and when he refused to pay any further land annuities to the British Government, war again broke out between Ireland and Britain, this time not a shooting war but an economic and tariff war. This period of the 1930's was one of great trial for the Irish people but it was also one which saw the introduction in Ireland of many far-reaching changes by their leader. The Industrial Revolution really was started in this period. Social, industrial, and economic legislation was enacted to ameliorate the conditions of the people and the country. The great Constitution went into force in 1937, a Constitution which enshrines all the safeguards and liberties of democracy and which was the great brain child of Eamon de Valera. Finally, in 1938, the economic conflict with Britain was resolved. De Valera at this stage exhibited another of his many qualities, that of a skillful diplomat and negotiator.

But he has already shown that he was a born diplomat and statesman. In the period before World War II his voice was frequently heard at Geneva in the councils of the League of Nations urging restraint and reason and respect for the rule of law. He became a world figure renowned for his intellectual prowess, his ardent advocacy of justice and right, his attempts to get the nations of the world to resolve their differences by negotiation and to outlaw the use of force. On all sides his counsel was acknowledged as the essence of wisdom. His courage and forthrightness were respected and no matter who the parties involved were or what the issues, always he was guided by right reason in his advice and his decisions. In 1938 just 1 year before war, which this man had done his mightiest to avert, broke out, the representatives of the nations at Geneva elected Eamon de Valera President of the League of Nations Assembly. At last, in a very special and illustrious sense, Ireland had taken her place among the nations of the world, a place made for her in no small measure by the stature of Mr. de Valera, who, as Ireland's great leader, received such high honor in Geneva in 1938. During the war and in the postwar period Eamon de Valera continued to guide the destinies of his country and in this very difficult time Ireland was fortunate in having such a skilled leader at the helm.

The problem whose solution has always been closest to the heart of Eamon de Valera is that of the unjust partition of his country. This dismemberment of an ancient land, foisted on the Irish people against their wishes, is one of the great tragedies of our time and one that calls for an ending if the world's conscience is to be clear again. De Valera has striven over many decades to remove this wrong and that the problem has continued to be intransigent is not his fault. He has gone out of his way to appeal to his brothers in the six partitioned counties in northeastern Ireland to end this sad division and he has been ever ready to give every reasonable guarantee to them of an honorable and dignified position in a fully free and united Ireland. In a famous phrase he has called for a unity of wills with the six counties to solve Ireland's problems and though the response has not equaled the invitation, nevertheless the calm and just approach of Mr. de Valera to the problem that has occupied him most of his life in time will have its effect. And now, gone from the pressures of active political life and elevated by his people to the final throne of honorary distinction, Mr. de Valera in the shade of his days can still from his wisdom make further contributions to the reunification of his country.

This great scholar, soldier, administrator, diplomat and statesman, who for so long shouldered the troubles of his country and devoted himself unselfishly to the problems of our time, who despite the handicap of near blindness continued to serve in the humble belief that his service was of use, today departed the active scene. His life has spanned two ages and much change and the world today and not only Ireland feels deeply a sense of some loss but a gratitude that this man still remains to give of his wisdom when needed. History will confirm that he belongs to the small band of immortals. Only recently we had the honor of a visit from his distinguished predecessor, Mr. O'Kelly; and fitting it would be if at some time in the future Eamon de Valera would again cross the Atlantic to the country of his birth to let us match Ireland's gesture today by giving him final honor.

Tomorrow also marks another event in Ireland, the departure of Mr. O'Kelly from public life into retirement. He has devoted a long life to the service of his country and everywhere he has earned respect and affection. He was a close associate of Mr. de Valera in the movement for the Independence of Ireland and was a member of Mr. de Valera's government from 1932 up to the time he was elected President. His countrymen made him their President 14 years ago, and when his term expired 7 years ago he took that high office again, this time without a contest, such was the esteem and affection in which he was held. It is certain that if the Constitution of Ireland permitted a third term and Mr. O'Kelly was willing to accept he would have continued as President.

Mr. O'Kelly like Mr. de Valera is no stranger in the United States which he has often visited. But his most recent visit, only a few months ago, this time as head of state, is the one that will

stand out as a most memorable event. Everywhere he went, with everyone he met, he engendered nothing but good will and affection. His kindliness, his graciousness, his good humor and wit have drawn even closer the ties between America and Ireland; and his mission of good will, coming as the climax to a distinguished life, will live forever in our memories. We all remember the morning he came to our Congress and addressed a joint session; this was a historic occasion which will take an illustrious place in the annals of our proceedings. But for me in a special way Mr. O'Kelly's visit was particularly memorable in that I had the high honor to be his host when he came to Rhode Island in March last. When he left our country the departure of a kindly friend and great gentleman was keenly felt, and if he could somehow have prolonged his stay among us we would have been the richer and the better for it. All good men everywhere will wish him well in the long years that still lie ahead of him.

Mr. Speaker, under leave to extend my remarks I include editorials from the New York Times, the Washington Star, and the Washington Post commenting on the election of Eamon de Valera as President of Ireland:

[From the New York Times, June 20, 1959]

THE PRESIDENT OF IRELAND

It is strange to feel a sense of regret, as if at the passing of an era, now that Eamon de Valera has become President of the Republic of Ireland. Born in New York and only half an Irishman by blood, he has exemplified for more than 40 years and more than any individual the Ireland of our times.

Yet, by his own constitution of 1938 and his desire at the time, the Presidency was set "above politics." For 21 years he was head of the Government; now he is head of the state. From revolutionary to politician to—what? One hesitates to say figurehead for Eamon de Valera. Who can imagine "Dev" as just a figurehead?

His influence, at least, will surely continue. However, he has been rebuffed by the electorate in his efforts to change the voting system from proportional representation to direct voting for single-member constituencies. It so happens that direct voting would have helped his Fianna Fail party, but one need not doubt the sincerity of Mr. de Valera's convictions that since P.R. brings a multiplicity of parties and the need for coalitions, it is bad. All the same, it cannot be denied that few democracies in the world have had more political stability than Eire in the last 20 years.

As these changes take place a warm tribute is due to the popular figure of President Sean O'Kelly. Only the constitutional prohibition on a third term prevented him from continuing in his post, as everyone would have liked. There, indeed, is Ireland in the flesh and at its best. It is hardly an exaggeration to say that Sean O'Kelly was the perfect President of the Irish Republic.

[From the Washington Star, June 20, 1959]

"DEV" AS PRESIDENT

It is fitting that the people of Ireland have overwhelmingly elected Eamon de Valera to serve as their President for the next 7 years. The office is basically a ceremonial one, but it is laden with numerous honors, and these certainly become him very well in the sunset phase of his remarkable career.

Now in his 77th year, the American-born Mr. de Valera has been Prime Minister of Ireland for the better part of the past quarter century. He could have remained in that office, in which he has served with great distinction, until 1962, but he chose instead to run for the Presidency. Presumably his failing eyesight (he is nearly blind) has been one of the factors accounting for his decision in that respect, and the voters of Eire have responded accordingly: They have given him a handsome majority which serves in its own way as a kind of grateful tribute both to the man himself and to the fine service he has rendered his country.

Mr. de Valera will succeed the retiring President Sean T. O'Kelly, who spread charm everywhere during his recent trip to the United States. We hope that "Dev," as his countrymen affectionately call him, will be able to pay us a similar visit as Eire's chief of state. In any event, he can be sure that the American people, and not only those of Irish descent, wish him well in his new office.

[From the Washington Post, June 21, 1959]

TRANSITION IN IRELAND

That long-embattled schoolmaster and statesman, Mr. Eamon de Valera, has now been elected to the Presidency of the Republic of Ireland, which must in considerable degree be regarded as his personal creation. The new office, of course, is purely symbolic; Mr. de Valera, like his predecessors Douglas Hyde and Sean O'Kelly, will be the titular head of state, but the real power will lie in the hands of whoever is chosen to succeed him as Prime Minister and as head of the now dominant Irish political party which calls itself Fianna Fail, or the Fenians of Destiny. In all probability this will be his chosen heir, Mr. Sean Lemass, who in the most recent Fianna Fail Cabinet served as Minister of Commerce and Industry.

There is no doubt that Mr. de Valera's political adversaries are more gratified than not by his elevation to a post of relatively innocuous dignity. His own decision to exchange power for honor was doubtless determined by age (he is only a few years younger than Chancellor Adenauer of Germany) and infirmity (he is said to be nearly blind). His opponent in the contest for the Presidency was Gen. Sean MacEoin, who, like Mr. de Valera himself, was one of the great heroes of the Irish War of Independence (1916–22). Mr. MacEoin is identified with the party called Fine Gael (or United Ireland) which descends from the faction of Griffith, Collins, Cosgrove, Mulcahy, and O'Higgins, and which, accepting the Anglo-Irish Treaty of 1922, contrived to established the Irish Free State after a fierce and bitter civil war.

On the more important question whether to abandon or continue the present method of proportional election to Parliament, however, Mr. de Valera and his party were defeated. Their proposed adoption of the British and American systems of single-choice ballots might well have given the Fianna Fail a long extended lease of power. Now the chances that its domination may be soon again upset are considerable. It would seem to depend very largely on the popular appeal and leadership capacity exhibited by Mr. de Valera's successor; but there is also much evidence to suggest that—with the gradual passing of the generation so bitterly and irreconcilably divided by rancorous memories of the civil war—there will soon be radical realinements in the party politics of Ireland.

IN SUPPORT OF THE SUPREME COURT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Illinois [Mr. O'HARA] is recognized for 40 minutes.

Mr. O'HARA of Illinois. Mr. Speaker, in view of the vote of 223 to 191 by which the House earlier this afternoon passed H.R. 3 I am moved to remark that the people do have a voice and that elections do count. Last year the vote on H.R. 3 was 250 to 147. Then came the November elections and the casualties were large among the Republicans from the North who for a political price had been parties to a coalition with Members from the South intent on punishing the Supreme Court of the United States for upholding the Constitution of the United States in the matter of desegregated public schools. It is so significant that no one can fail to read the meaning and in it the forecast of what is to come in November of 1960 that in 1958 H.R. 3 passed with a margin of 103 votes, and that in 1959, after the elections of last November, the margin was shaved to 32.

Mr. Speaker, our Supreme Court has gone through many storms and survived many onslaughts of passion. The present storm it is riding has its source in the hot anger of those who are opposed to the mandate of the Court that the public schools and universities of our country are open to the children of all men. In their anger they would destroy the Court itself, curbing its powers and dismantling it bit by bit until our loftiest temple of the law were an empty framework, rather than accept its desegregation mandate. But the Court, Mr. Speaker, will ride out this storm as it has other storms. The temple of law will continue to stand. The anger will abate, and soon pass, of those afraid to move from the status quo of a social order, a hangover from the days of slavery, to a new order expressive of a real democracy in living function.

Meanwhile it is heartening to note the progress we are making when the issue goes to the people and by their votes the people talk. The difference between the 103 majority of last year to swat the Supreme Court and the 32 majority of this year tells the story.

Mr. Speaker, as this is a day when we have been giving much thought to the Supreme Court of the United States, and a bill aimed at the Court has squeaked through the House whereas a year ago it sailed through, it seems timely to read into my remarks an article by Dr. Joseph F. Menez, a distinguished constituent and the eminent professor of political science at Loyola University in Chicago, in the Northwestern University Law Review, volume 54, No. 1, 1959, as follows:

A BRIEF IN SUPPORT OF THE SUPREME COURT

(By Joseph F. Menez)

As Alexander Hamilton noted in "The Federalist," the Supreme Court is the weakest of the three branches of the Government. It has no power of the purse or sword and can be said to possess "neither force nor will, but merely judgment."[1] Yet its judgment[2]

---

[1] "The Federalist," No. 78, at 428 (Everyman ed. 1934) (Hamilton).

[2] The Constitution is "brief and in many important respects is couched in general terms." It was "intentionally drafted in broad terms so that it would cover a myriad of situations, many of them only dimly conceived—many wholly unforeseen. Of necessity these constitutional principles acquire specific meaning and content only as they are

is precisely the factor which is the cause of the emotional, almost savage furor against it.[3] The Court, of course, is not above criticism, "but any institution, and perhaps especially the Court, can fairly ask that strictures upon its acts be addressed to the merits of those acts, and not be masked in either innocent misunderstanding, or conscious misrepresentation, of its function."[4]

Similarly, Attorney General William P. Rogers charged before the American Bar Association Convention recently that "sweeping generalizations and across-the-board public condemnation of the decisions of the courts * * * are not in the best interest of the Nation."[5]

That the Court is weak there is no doubt. The Court is not the sole custodian of judicial power because Congress can establish inferior courts. Nor does it fix its own jurisdiction since Congress controls its appellate power. Congress, further, determines the Court's size, compensation, and its budget. Unlike the Senate and the House, the Court cannot judge its own members and must look to the political branches to enforce its decrees. Aside from the strength of its opinions, it needs friends to defend its views for the Justices cannot speak on their own behalf, hold press conferences and write articles in order to counter vicious, irresponsible criticism.[6]

Although the 85th Congress successfully weathered the storm of the Court "curb" bills, the battle, but not the war, is over. Like a Damoclean sword the threat is still present. This tends seriously to impede, if not damage, the judicial function—the sort of criticism which Holmes described as "an unrest that seems vaguely to wonder whether law and order pay."[7] No wonder, then, that Charles Curtis in "Lions Under the Throne" described the Court as a "tenant in sufferance."[8]

Despite its obvious weakness within the Federal system, the Court is periodically under fire. Unlike the conservatives in 1937 who prevented President Roosevelt's Court-packing plan from succeeding, today's conservatives, occupying various positions of power in our Government, have joined forces to challenge the High Court. Together these groups comprise (1) southerners who reject the desegregation decisions, (2) northern Republicans—followers of the late Senator McCarthy—who witnessed the Supreme Court's overthrow of contempt citations because it was soft on communism, (3) congressional conservatives who feel that the Supreme Court was displacing State and local power in the areas of education and law, and (4) State supreme court justices who charge the Court with disregarding the 10th amendment, of policy making, and of improper judicial restraint.[9] In consequence, says Edmund Cahn, the Court is passing through a "hostile phase when criticism becomes strident enough to seem substantial and extensive enough to suggest alarm."[10]

There is much talk about the three branches of the Government being equal, autonomous, and independent—until the Court brings Congress up to date on the meaning of the Bill of Rights[11] and essentially follows "a middle-of-the-road program toward sanity."[12] Nevertheless, the Court is denounced in terms which make the catalog of charges against George the Third seem pale indeed.[13] If the President violates the Constitution, as the Court said Mr. Truman did in the Steel Seizure[14] case, it is hailed as the bulwark of the constitutional system;[15] but if Congress violates the Constitution which it has over 80 times,[16] the Court is accused of creating "judge made"[17] law and of violating the doctrine of separation of powers. Telford Taylor writes:

"It helps little merely to say however loudly, the Court must act as a court, not as a legislature. The line is not so easy to draw, for the Constitution is not a laundry list, and many of its most important provisions are conceptual rather than specific. The due process clause cannot be interpreted by resort only to dictionary definitions,

---

interpreted and applied in concrete cases. This was fully recognized by the framers of the Constitution and is inherent in the nature of our legal system." Address by Attorney General William P. Rogers, National Conference on Citizenship on the Role of the Constitution, September 17, 1958, in 1958 Congressional Quarterly 1246. Unlike the politician, the Court cannot be all things to all people. "The nature of the institution impels judgment and decision, the deliberate choice between competing claims and theories, and what pleases the Civil Liberties Union is apt to wrap a fog of gloomy debate around the next American Legion convention." Dunsford and Childress, "Attacks on the Supreme Court," 1957 Social Order 453. "The decisions in the cases," said Justice Felix Frankfurter, "that really give trouble rest on judgment, and judgment derives from the totality of man's nature and experience." Frankfurter, "The Job of a Supreme Court Justice," N.Y. Times, Nov. 28, 1954, section 6 (magazine), p. 14. "When all the talk is over," said John Frank, "when all the precedents have been analyzed, the Court must supply a meaning of its own. In these circumstances the judges have no choice but to consult their sense of what is right and practical. * * * In these hard cases the judges draw upon their total knowledge of law and of life to make matters come out as fairly, as reasonably, and as justly as they can. There is no mechanical answer, no slot machine in the Court basement to give forth a card saying "affirmed" or "reversed." Frank, "Marble Palace: The Supreme Court in American Life" 157 (1958).

[3] One hundred attorneys in a 600-word statement said, in part:

"No institution of our Government, including the judiciary, stands beyond the reach of criticism. But these attacks have been so reckless in their abuse, so heedless of the value of judicial review, and so dangerous in fomenting disrespect for our highest laws that they deserve to be repudiated by the legal profession and by every thoughtful citizen."

Chicago Sun-Times, Oct. 28, 1956, section 1, 7, column 1. While similarly agreeing the Court is not above criticism, former Attorney General Herbert Brownell, Jr., wrote: "But the criticism should be fair, responsible, and informed if it is to be respected." Brownell, "The United States Supreme Court: Symbol of Orderly, Stable, and Just Government," 43 A.B.A.J. 579 (1957), Dean William C. Warren, of Columbia University Law School, said irresponsible criticism gave cause for "serious concern," encouraged "resort to violence," and called on the bar to "promote enlightenment and displace emotion with reason." N.Y. Times, Nov. 9, 1958, section 1, p. 44, column 4.

[4] McGowen, "The Problem in Historical Perspective," 33 Notre Dame Law 529 (1958).

[5] 1958 Congressional Quarterly. 1186.

[6] Rhyne, "Defending Our Courts: The Duty of the Legal Profession," 44 A.B.A.J. 121 (1958).

[7] McGowen, supra note 4.

[8] Curtis, "Lions Under the Throne," 36 (1947).

[9] Hyman, "High Court Fight Tests Our Checks and Balances," Chicago Sun-Times, Sept. 7, 1958, sec. 2, p. 1.

[10] Cahn, "Brief for the Supreme Court", New York Times, Oct. 7, 1956, sec. 6 (magazine), p. 9. The narrow voting over the Court-curbing plans in the 85th Congress indicates the Court and its defenders are still on the defensive. Further, the powerful blast of the Conference of State Chief Justices (meeting in Pasadena, Calif., August 1958) gives the critics additional strength. See 45 U.S. News & World Report 92 (1958).

[11] It is noticeable that the tirade against the Court stems from the fact that it is largely concerned with civil liberties, New York Times, Aug. 24, 1958, sec. 1, p. 1, col. 5. It must be remembered that it has been only since 1917 that the Court—aside from questions involving slavery—was much concerned with civil liberties. Latham, "The Supreme Court and Civil Liberty," American Government Annual, 1958–59, 5 (1958). Despite Charles Warren's excellent volumes on the Supreme Court, the reader would scarcely know there were any great problems of human liberty in America other than slavery before the Civil War. This was not the fault of Warren but it was due to the fact that there was no judicial business in this area.

[12] Frank, op. cit., supra, note 2, at 192.

[13] See generally 104 CONGRESSIONAL RECORD 4958 (1958) (remarks of Mr. Willis). Note the plethora of editorials inserted in the CONGRESSIONAL RECORD of which those from the Indianapolis Star are an example, CONGRESSIONAL RECORD, p. A190 (daily ed., 1958). See also the insolent letter addressed to the Supreme Court under "Dear Lifers." CONGRESSIONAL RECORD, p. A251 (daily ed., 1959). For a quick summary of the attack on the Court see Mason "The Supreme Court from Taft to Warren" 3 (1958).

[14] *Youngstown Sheet & Tube Co.* v. *Sawyer*, 343 U.S. 579 (1952).

[15] In *Wilson* v. *Girard*, 354 U.S. 524 (1957), the Court said in part that wavering jurisdiction was for the political branches. It is "ironic that the Court is criticized for not interfering with the actions of Congress and the Executive, whereas the usual complaint is that the Court is guilty of usurpation of powers of the coordinate branches." Dunsford and Childress, "Attacks on the Supreme Court," 1957 Social Order 456.

[16] See the list of acts of Congress held unconstitutional in whole or in part by the Court in "The Constitution of the United States of America; Analysis and Interpretation," 82d Cong., 2d sess. 1241 (1953). The most recent count is set at 81 times. *Trop* v. *Dulles*, 356 U.S. 103 (1957).

[17] The phrase "judge-made" law is probably the most overworked among the critics of the Court. Assailing the "judicial lawmaking" of the Court, Senator Bricker added: "It is trying to create itself a third legislative chamber not elected by the people." Chicago Daily News, Sept. 17, 1958, sec. 1, p. 32, col. 1. On March 12, 1958, Senator O'MAHONEY (Democrat of Wyoming) of the Judiciary Committee was reported as saying that the Constitution as it now stands is an effective bar to "judge-made law if its terms are called to the attention of all future judicial nominees." The Senator is apparently calling this to the attention of nominees for the Federal bench, for it has been reported that they are taking an additional oath not to knowingly alter the Constitution or laws of Congress passed in pursuance of the Constitution. Letter from Henry Waldman to the New York Times, April 6, 1958. "Laymen, lawyers, and judges have always said," writes Judge Leflar, "and still say that courts have no business 'making law,' that the law is already there, that the judge's task is merely to find it, state it, apply it to the facts. On this theory decisions breaking new ground are apt to be condemned because their counterparts cannot be found in the old books. Often this overlooks the equally apparent fact that the opposite is also true—there is simply no decision at all on the matter in the old books. The court had to break new ground or else fail to decide the case that was before it." Leflar, "The Role of the Supreme Court in the American Constitutional System," 33 Notre Dame Law 548 (1958).

grammatical parsing, or technical legal rules of construction.

"History, philosophy, and political ideology envelop such phrases, and it is absurd to suggest that the Court can or should exclude these disciplines from its deliberations and announcements. Indeed, should it try, the Court would not long endure, for there is at least a germ of truth in the irreverent gibe that the Supreme Court 'follows the election returns.' " [18]

When the High Court, thus, sets limits on the legislative power, as it recently did in the Watkins case,[19] a decision, moreover, that when looked at calmly, hardly seems extreme at all,[20] it is energetically reminded that Congress is a coordinate body; [21] when it sets limits on the executive power of removal, as in the Humphrey [22] case, judicial review takes on a new luster. The Court, in truth, does not serve as a barrier to the democratic will, "but as a gyroscope that helps to keep the democratic machine in balance and to prevent it from running off wildly in one direction or another." [23]

It is easy to prejudice the Court's independence by simply charging it with "playing politics." [24] Although it does not play politics in the sordid sense, by its very nature it is very much in politics for, under the Constitution, it is largely a tribunal to see that the distribution of political power is channeled properly.[25] This is quite clear as Alexis de Tocqueville's "Democracy in America" reveals.[26] We submit political questions to the Court and expect judicial determinations. The late Justice Jackson saw this clearly for in the Harvard lectures he wrote:

"Few acquisitions against the Supreme Court are made with more heat and less candor than that it makes political decisions. Of course the line between political science and legal science is not fixed and varies with one's definition of his terms. Any decision that declares the law under which a people must live or which affects the power of their institutions is in a very real sense political." [27]

It was for this reason, too, that James M. Beck called the Court a continuous constitutional convention whose duties became political when interpreting the Constitution.[28]

Witness the questions asked Court nominees at Judiciary Committee hearings. The interrogation is often more concerned with political problems than legal ones.[29] Despite this practice of judges being at times badgered by the Judiciary Committee,[30] it is hoped that when Judge Potter Stewart's nomination comes before the Senate his confirmation will not suffer because of prior political or judicial activity.[31] One reason judges are asked political questions at their confirmation is that they are often selected for political reasons. Thus President Theodore Roosevelt writing to Henry Cabot Lodge concerning the appointment of Holmes said: "I should hold myself guilty of an irreparable wrong to the Nation if I should put * * * [in this vacancy] any man who was not absolutely sane and sound on the great national policies for which we stand in public life." [32]

There have been only two departures from the practice of a President choosing a Chief Justice inside the President's party. William H. Taft nominated Edward D. White of Louisiana and Franklin Roosevelt nominated Harlan F. Stone of New York. It might be noted, though, that both Chief Justices were elevated from within the Court largely because they were close to the President politically.[33] The Presidents have always known that the Supreme Court is a great center of power. Nevertheless, the Court "is no puppetmaster pulling the strings of American life," [34] and ultimately and by itself is about powerless to effect the course of national policy.[35]

Unlike the President's office where Mr. Truman observed "the buck stops here," [36] there is not a little "buckpassing" on the part of Congress when it passes legislation of questionable constitutionality and expects the High Court to construe it favorably. Often under pressure from some strong minority, Congress passes such "hot" legislation hoping that the Court will negate it and "bail it out." Similarly, Congress has on occasion passed legislation knowing full well that a threatened Presidential veto cannot be surmounted.[37] The difference between these

---

[18] Taylor, "Is the Supreme Court Supreme?" New York Times, Oct. 5, 1958, sec. (magazine), p. 10.

[19] *Watkins* v. *United States*, 354 U.S. 178 (1957).

[20] Fordham, "Supreme Court, a Political Instrument," 24 Vital Speeches of the Day 652 (1958).

[21] Justice Clark in his minority opinion seems to believe that congressional committees are laws unto themselves and that a witness cannot appeal from them no matter what the abuse. "Perhaps the rules of conduct placed upon the committee by the House admit of individual abuse and unfairness. But that is none of our affair." *Watkins* v. *United States*, 354 U.S. 178, 217 (1957) (dissenting opinion). But see a trenchant criticism by Walter Lippmann in which he labels this position "a masterpiece of confusion." Chicago Sun-Times, June 28, 1957, p. 28, col. 1.

[22] *Humphrey's Executor* v. *United States*, 295 U.S. 602 (1935).

[23] Frank, op. cit., supra, note 2, at 157.

[24] United States News & World Report, July 12, 1957.

[25] Hand, "The Supreme Court," University of Chicago Round Table, Oct. 4, 1953, p. 14.

[26] De Tocqueville, "I—Democracy in America," 106 (Bradley ed. 1954). Carl McGowen writes that "if we accept and require the peaceful resolution of controversies as they arise by the exercise of an independent judicial power then we must be prepared to pay the price that some of those controversies will have political consequences, thereby laying the tribunal itself open to a charge by the unsuccessful litigant that it has wrongfully assumed political power or, at the least, has improperly reflected political considerations in the result reached. We cannot have it both ways. If we want a judicial power to decide cases, we must recognize that this in itself is a basic political decision; and that, accordingly, the exercise of judicial power is political in this fundamental sense. And if we want all our cases to be amenable to the judicial power, and not merely those that are politically colorless, we must be prepared to weigh the disappointment some of us may feel with particular decisions in the light of the considerations which led us as a people to evolve the judicial power as a factor in our plan of government." McGowen, supra, note 4, at 540.

[27] Latham, supra, note 11, at 25.

[28] Johnsen. "Reorganization of the Supreme Court" 48 (1937).

[29] The report on the Warren confirmation before Senator LANGER of the Judiciary Committee may be found in 1954 Congressional Quarterly 397. See also White "Citadel, The Story of the U.S. Senate" 194 (1957). Senator Tom Connally, of Texas wanted to know why discussion of a nominee's fitness should be limited to legal qualifications. After calling attention to the fact that it is the great economic questions which confront the Court and is "the form of contest that is going to face us," he added, "can it be true that in passing upon the competency of a man to sit upon this or any other court the mind of the Senate is to be closed to all questions except that of the character of the appointee and whether or not he is versed in the law?" Mason, op. cit., supra, note 13, at 33.

[30] Frank, op. cit., supra, note 2, at 51.

[31] Chicago Daily News, Oct. 8, 1958, sec. 1, p. 14, col. 5. "Every member of the Supreme Court," says Prof. John R. Schmidhauser, "except George Shiras held a political post of some kind prior to his appointment to the High Bench." He also points out that one-fifth of Presidential nominations for the Supreme Court have been dealt with negatively by the Senate by outright rejection, failure to act, or postponement. Judge Parker, though, was the first judge since Cleveland to be rejected outright. Schmidhauser, "The Justices of the Supreme Court: A Collective Portrait," 111 Midwest J. of Political Science 39–40 (1959).

[32] Carr, "The Supreme Court and Judicial Review" 239 (1942); Peltason, "Federal Courts in the Political Process" 57–58 (1955). Even more pronounced was Theodore Roosevelt's letter to Senator Henry Cabot Lodge regarding the appointment of Democrat Horace Lurton to the Court. Whatever his nominal politics, said Roosevelt, "[his] real politics are all-important. * * * He is right on the Negro question; he is right on the power of the Federal Government; he is right on the Insular business; he is right about corporations, he is right about labor. On every question that would come before the Bench, he has so far shown himself to be in much closer touch with the policies in which you and I believe than even White because he has been right about corporations where White has been wrong." Despite being ideologically sound, Horace Lurton had to wait until Taft nominated him. Senator Lodge suggested an explanation. Although agreeing to what the President wrote, he added: "but I do not see why Republicans cannot be found who hold those opinions as well as Democrats." Schmidhauser, supra, note 31, at 38–39.

[33] Charles A. Beard has referred to Justice White, in this connection, as a "good, sound conservative like Taft." Beard, "The Republic" 230 (1943). Also see Frank, op. cit., supra, note 2, at 271–72.

[34] Id. at 41.

[35] See N.Y. Times, Oct. 5, 1958, sec. 1, p. 54.

[36] Rossiter, "The American Presidency" 27 (1956).

[37] Just as the founders deliberately left questions to the future decision of Congress or the Court, whichever had the hardihood to answer them, so Congress delegates quite as much power to the Court by the somewhat inscrutable process of expecting it to divine their undeclared intentions." Curtis, op. cit. supra note 8, at 235. Similarly, says Frank: "The repeated episodes of buckpassing exemplify Congress' refusal to trouble itself about legal issues in a comfortable, if mistaken, assurance that the judiciary will correct the worst errors." Frank, "Judicial Review and Basic Liberties," in Supreme Court and Supreme Law 129 (Cann ed. 1954). See Currie, The Supreme Court, University of Chicago Roundtable, Oct. 4, 1955, p. 4.

"Sometimes questions are left deliberately ambiguous," says Dean Erwin N. Griswold of the Harvard Law School, "so that the Court is left to make the choice. Legislation is often a matter of compromise, and sometimes a compromise can be arrived at only if issues are not too sharply drawn," CONGRESSIONAL RECORD, p. A150 (daily ed. Jan. 14, 1959). This also was the issue raised, in part, by Chief Justice Weintraub of the New Jersey Supreme Court speaking before the Chief Justices assembled in California. "With respect to the interpretation of acts of Congress," he said, "the Supreme Court is contending with a well known phenomenon, legislative ambiguity. I think it is enough to say that if the Court has incorrectly divined the legislative intent, correction is

two stratagems is that in its relations with the Presidency this congressional technique has hardened into a political maneuver which everybody understands and no one gets excited about; whereas in its relations with the Court it is made to appear that the judges are making law and exceeding legislative intent.[38] At the same time that Congress virtually compels the Court to correct its errors, it censures it for doing so.

The Supreme Court does not consist of disembodied intellects, but rather of judges who decide cases on legal philosophies acquired over a period of many years. "Most judges," said Eugene V. Rostow, "are men who have had a lifetime of experience, or of study, in the world of the constitutional process. They come to their posts from the Senate or the courts, from the bar, or politics, or the law schools, with a considerable exposure to the role of the Constitution as a guiding force in American public life. Inevitably they bring different views to the Court—not differing personal and idiosyncratic views of what the Constitution might have been, but differing views, as constitutional lawyers, as to what the Constitution is, and what it ought to become, in terms of its own animating premises." [39]

Accounting for even the known influences there still exists what Holmes called the inarticulate major premise.[40] Moreover, the Constitution, in its fundamental areas, remains an ambitious document which these same men are forced to interpret. Rather than being viewed in terms of "its institutional role and its operative processes as distinguished from preoccupation with particular decisions," [41] prevailing criticism is so extreme that it goes beyond the Court's opinions and attacks the Court itself as a fulcrum in our governmental system.[42] Even Calvin Coolidge, who left no legacy as a constitutional exegete, could understand that it was not necessary to prove the Supreme Court never made a mistake; but it was necessary to prove that if the Court was shorn of its powers that those who exercise them would make fewer mistakes.[43]

The people have come to feel, said Justice Jackson, "that the Supreme Court, whatever its defects, is still the most detached, dispassionate, and trustworthy custodian that our system affords for the translation of abstract into concrete constitutional commands." [44]

The Court has not lacked critics [45]—from Presidents like Jefferson to commentators like Rodell—but it was Chief Justice Hughes who said that "great critics are even more apt to display their infirmities than great judges acting under a keener sense of responsibility." [46] Stemming initially from the desegregation decision [47] right up to the historic decisions of the 1957–58 term involving personal liberty, there is considerable talk about "curbing" and "reforming" the Supreme Court. Thus, by May 1956, some seventy bills which would affect the work of the Court were introduced in Congress. [48]

Among the journalists, influential David Lawrence is especially vitriolic and so suspicious of the Court that he wants it elected on the theory that they are making policy and hence should be subject to the voters. His "Nine Honest Men" of two decades ago have become nine politicians. Judges, he feels, are accountable to nobody—"an autocracy * * * never envisaged by the Founding Fathers." [49]

James Bryce [50] saw the futility of popular elections. He perceived that the election of judges was an unwise extension of democracy for judges represent the law, not constituents. They are not delegates who are politically responsible. The Founding Fathers deliberately put the judiciary beyond the reach of the ballot box as well as the Gallup poll.[51] Democracy, as Dean Rostow so neatly put it, is more than a commitment to popular sovereignty; it is equally a commitment to popular sovereignty under law.[52] This is not to say that the Court could for long operate against public confidence. Yet it need not buckle under to popular shifts of opinion. A good politician need not necessarily be a bad judge. In fact, he might be a good judge. But the curse of the elective system is that it tends to turn almost every judge into a politician.[53]

An insecure judge would be tempted to shape his decisions with the press in mind. Aside from whether the electorate is competent—assuming it wanted to elect the Court—it is doubtful if men of caliber would campaign for the seat. To suggest that the National judiciary ought to be selected because the State judiciary is elected in three quarters of the States is to turn the clock back on any progress made in our legal institutions. "Judges elected by the people," said the late distinguished Chief Justice of

---

within the easy reach of the authors of the ambiguity" CONGRESSIONAL RECORD, p. A687 (daily ed. Feb. 2, 1959).

[38] Curtis, op. cit., supra, note 8, at 242.

[39] Rostow, "The Supreme Court and the People's Will," 33 Notre Dame Law, 573, 580 (1958).

[40] Bent, "Justice Oliver Wendell Holmes" 150 (1932).

[41] Fordham, supra, note 20, at 651.

[42] Here is a sampling from several sources of irresponsible criticism: "If the day comes when we all join hands and rattle our chains in a slave mart, or rather our bones in a Red grave dug with our own hands, we may find ourselves repeating in unpleasant tones the names of some of the present members of the Court." Chicago New World, June 21, 1957; "Communist influence," said Senator EASTLAND, "is working within the Supreme Court." The Senator also found the Court "insolent," "willful," "irresponsible," and "pro-Communist." The Reporter, July 12, 1957: "The boys in the Kremlin may wonder why they need a fifth column in the United States so long as the Supreme Court is determined to be helpful." Chicago Tribune, June 19, 1957, § 1, p. 18, col. 1. See the "Supreme Court's Record on Reds," introduced to Congress with these remarks: "The subverters have had the benefit of a peculiar ally—the Supreme Court of the United States." CONGRESSIONAL RECORD, p. A11 (daily ed. Jan. 9, 1959) (remarks of Representative HARRISON). Prefacing a report highly critical of the Court (some 24 Supreme Court decisions had "weakened internal security and encouraged Communist activities") with the statement that it was not meant to attack the motives of the Court, the governors of the American Bar Association accepted the report which said in part: "Our internal security has been weakened by technicalities raised in judicial decisions which too frequently in the public mind have had the effect of putting on trial the machinery of the judicial process and freeing the subversives to go forth and further undermine our Nation." For the text, see CONGRESSIONAL RECORD, p. A1470 (daily ed., Feb. 25, 1959). The chairman of the Committee on the Judiciary labeled the report as one "obsessed with security and oblivious of individual liberty" of "dogmatic assertion" and "most irresponsible." CONGRESSIONAL RECORD, p. 2861 (Feb. 24, 1959) (remarks of Representative CELLER.)

[43] Warren, "Congress, The Constitution, and the Supreme Court" 174 (1st ed. 1925).

[44] Taylor, supra note 18.

[45] The early critics of the Court can be conveniently found in Brownell, supra, note 3, and McGowan, supra, note 4, at 529–37. For the Progressive attack on the Court, see Kelly and Harbison, "The American Constitution," 622–26 (1948).

[46] Hughes, "The Supreme Court of the United States" 46 (1st ed. 1928).

[47] *Brown* v. *Board of Educ.*, 347 U.S. 483 (1954). Following the censure of the Supreme Court by the state supreme court justices at the Conference of Chief Justices in Pasadena, Calif., on Aug. 23, 1958 (the vote was 36 to 8 to approve a 10-man committee report), the text can be found in the U.S. News & World Report, Oct. 3, 1958, p. 9, and CONGRESSIONAL RECORD, p. A44 (daily ed., Jan. 12, 1959), a number of dissenting judges claimed that the report without mentioning it was really disturbed over the segregation issue. See New York Times, Aug. 24, 1958, sec. 1, p. 1, col. 5. Agreeing that segregation was not mentioned in the report, nevertheless Chief Justice Charles Alvin Jones of Pennsylvania wrote:

"The fact remains that no matter how meticulously reference to the school segregation case is avoided, it must be recognized that the principal cause of the present-day criticism of the Supreme Court is that decision. And, thus the committee report, quite unintentionally but nonetheless actually, exploits a hostility to the Supreme Court bred of a decision (involved in current litigation) which the report does not, and could not properly discuss." CONGRESSIONAL RECORD, p. A378 (daily ed., Jan. 21, 1959). In a letter to Attorney General William P. Rogers, Chief Justice Frederick W. Brune, of the Maryland Supreme Court and chairman of the committee which prepared the resolution, denied this allegation. See CONGRESSIONAL RECORD, p. A5 (daily ed., Jan. 9, 1959). As regards the "censure" itself, what the eight judges essentially said of the resolution was this:

"It would be well if the State chief justices practiced the judicial restraint they were preaching to the U.S. Supreme Court. Moreover, if the quality of justice was to be improved, the last way to improve was by a vote of the judges' association critical of the decisions of other justices. The best way to improve it was still the customary way. It was to have a judge, legally responsible for a decision, make the decision. Then afterward, the matter could be reviewed by a higher court with responsibilities of its own." Hyman, supra, note 9.

[48] Latham, supra, note 11, at 24.

[49] Lawrence, "Does Court Action Imperil U.S.," Chicago Daily News, June 20, 1957, sec. 1, p. 10, col. 6. His "Nine Honest Men" have now become the arch villains or the policymakers of Fred Rodell's "Nine Men" (1955) the "Nine Old Men" (1936) of Drew Pearson and Robert Allen became, in turn "The Nine Young Men" (1947) of Wesley McCune. In the spirit of David Lawrence's thinking, Senator JOHNSTON of South Carolina introduced a resolution which provides for reappointment or reconfirmation each 6 years of justices of the courts of the United States who are now appointed for life terms. S.J. Res. 7, 86th Cong., 1st sess., (1959). Since much of the criticism of the American Bar Association was over specific cases in the field of subversion and communism and, in their opinion might have been decided otherwise, the remark of Justice Sutherland might be appropriate: "If the provisions of the Constitution," he said, "be not upheld when they pinch as well as when they comfort, they may as well be abandoned." *Home Bldg. & Loan Association* v. *Blaisdell*, 290 U.S. 398, 483 (1934).

[50] 1 Bryce, "The American Commonwealth" 512 (1911).

[51] Pritchett, "The Judiciary," in "Introduction to Political Science" 333 (Roucek ed. 1950).

[52] Rostow, supra, note 39, at 579.

[53] Vanderbilt, "The Challenge of Law Reform" 28 (1955).

the New Jersey Supreme Court, Arthur T. Vanderbilt, "are not only unknown in any other English-speaking common-law country but everywhere else except Soviet Russia and its satellites, a dubious distinction of which we cannot be proud." [54] Further, campaigning would be manifestly unfair to the judge already on the bench since he would have to temper his political position with his judicial responsibilities. By contrast, the man not on the bench would be free to conduct a campaign of words. Those who suggest this remedy are curiously silent on the details precisely because they are insurmountable.[55] It is also strange to see a conservative Republican like Lawrence embracing a discredited Jacksonian philosophy of rotation in office.[56] What would have been the effect, Professor Elliott wonders, on some of the great decisions of the Court had it been elected for limited terms? [57]

Critics of the Court have always protested decisions of a 5 to 4 nature. They are now joined by the chief justices of 36 States who deplore their frequency. It is their contention that the Court does not have a true majority for any one opinion but often the opinion comes "from the divergent views of individual justices who happen to unite on one outcome or the other of the case before the Court." [58] It might be suggested as an explanation that except for the 1957–58 term, 5 to 4 decisions within the last several years have not been unduly frequent.[59] The chief justices might have mentioned that there were more unanimous decisions during the same term and, in fact, under Warren a good 25 percent or more of the opinions have been unanimous.[60] Finally, until the last several decades the Court did not have many cases involving civil liberty—precisely the area in which the 5 to 4 cases have been handed down.[61] The real trouble, as Charles Warren noted, depends on "whose toes are trodden upon—and not upon the number of judges who do the trodding." When all is said and done, he continued, "the fact is that this complaint about 5 to 4 decisions holding Federal statutes invalid is largely insincere, or rather a mere camouflage of the real complaint. The real grievance felt by the Court's critics is not the number of justices who joined in setting aside the Federal statute, it is rather the fact that the statute was set aside at all." [62]

To erase such 5 to 4 decisions some critics of the Court have recommended that seven out of nine judges should determine the constitutionality of State and Federal legislation. Such a plan was introduced in Congress as early as 1823 and is revived periodically.[63] This plan, providing an extraordinary majority for the Court to decide State and Federal statutes, introduces minority decision making.[64] What happens if one or two of the justices are absent? The litigant then has to convince all but one or all the judges rather than seven out of nine. It would be less than fair, too, since Congress would need to convince only three justices of the Court that its law was valid while seven would be necessary to invalidate the same act.[65] Supposing an inferior court holds the statute unconstitutional and the six members of the Court reviewing the case concur. But since three justices view it as constitutional the lower court would be reversed. Assume, in addition, that a State supreme court held a Federal statute unconstitutional and six justices agreed while three disagreed. "Is it possible," says Charles Warren, "that such a condition is legal or that Congress has the power to require the reversal of the judgment of a State's highest court by the action of a minority of the U.S. Supreme Court?" [66] Thus, the constitutionality or unconstitutionality would be based on a minority of three. It is difficult to understand how such a scheme as this would make the Court more responsible. Further, a two-thirds requirement would not end the argument over judicial review—as the 7 to 2 decision in the Dred Scott case and the recent civil liberty cases show; [67] and, its proponents to the contrary, "it is probable that a constitutional amendment would be necessary before the Courts would agree to follow any such rule." [68]

A companion piece of constitutional hocus pocus is the proposal that Congress can repass legislation over an adverse decision of the Court much in the same manner that it can now do over a Presidential veto. Senator Wheeler once advocated a similar rule.[69]

His plan would have provided for an election between the adverse ruling and the repassage of the law by Congress. This would introduce a popular mandate scheme resembling the system of parliamentary dissolution practiced in England. The system of checks and balances consequently would exist only as long as Congress did not alter it. It would make Congress virtually sovereign and legally omnipotent. Congress, in a word, could overrule the Court whenever it would say twice what it ought not to have said even once. "A bad statute shall become good by repetition." [70] Under this scheme of things the majesty and conclusiveness of Opinion Monday would be meaningless. If the political branches have the right alone to decide on their powers, does any constitution remain? [71] Chief Justice John Marshall understood this when he wrote:

"The powers of the legislature are defined and limited; and that those limits may not be mistaken, or forgotten, the Constitution is written. To what purpose are powers limited, and to what purpose is that limitation committed to writing, if these limits may, at any time, be passed by those intended to be restrained? [72]

Morris Ernst in "The Ultimate Power" favored this plan [73] which Walter Lippmann characterized as indefensible. Ernst argued that such a congressional veto was merely allowing power to flow from the people to their representatives. Lippmann was skeptical, as he might well be, of the proposition that a supreme legislature is supremely responsive. Such a supremacy, he felt, was a great peril to democracy for the Founding Fathers knew what assemblies, captured by demagogs, had done to the ancient world.[74] Echoing the remarks of Alexander Hamilton in The Federalist that legislators, as representatives of the people, "seem sometimes to fancy that they are the people themselves. and betray strong symptoms of impatience and disgust at the least sign of opposition from any other quarter," Justice Douglas observed that the judiciary is not perverse and Congress is not omniscient.[75] Two recent philosophers of the state, Jaques Maritain in "Man and the State" and Yves Simon in "The Philosophy of Democratic Government" are similarly for watching the legislature for power tends to increase power and the power machine tends ceaselessly to extend itself.[76] Among the Founding Fathers. Elbridge Gerry saw the weakness of this

---

[54] Id., at 17.

[55] The vastness of the country, the enormous population, the inescapable difficulties in the choice of President, the opportunties for political intrigue that would exist in the nomination of judges by national party conventions, are cogent reasons for the continuance of the present method which has even more to be said for it now than it had in 1787. Hughes, op. cit., supra, note 46, at 17.

[56] For a critique of the election as against the appointing system of judges and of the Jacksonian legacy of rotation in office, see Vanderbilt, op. cit., supra, note 53. See also the excellent discussion in Hurst, "The Growth of American Law" 122–146 (1950), Elliott, "Court-Curbing Proposals in Congress," 33 Notre Dame Law 597, 611 (1958): "Surely the history of Jacksonian democracy and its impact on the state judicial systems has taught us that judicial independence and ability are apt thereby to be sacrificed on the altar of popular whim and political control."

[57] Id., at 603.

[58] Text found in U.S. News & World Report, Oct. 3, 1958, p. 102.

[59] Bartholomew, "The Supreme Court of the United States 1952–53," 29 Social Science 3 (1954).

[60] Fellman, "Constitutional Law in 1952–53," 48 Am. Pol. Sci. Rev. 64 (1954).

[61] Latham, supra, note 11, at 5.

[62] Warren, "Congress, the Constitution, and the Supreme Court" 215 (1925).

[63] Carr, op. cit., supra, note 32, at 266. Before ascending the Court, Judge Minton (then Senator Minton from Indiana) favored this plan. 1949 Congressional Quarterly 694. Said Senator Robert La Follette: "No inferior Federal judge could set aside a law of Congress on the grounds that it was unconstitutional, and if the Supreme Court should do so, Congress could, by repassing it, nullify the action of the Court." Quoted in Brownell, supra, note 3, at 598. See also Ernst, "The Ultimate Power" 315 (1937): "It is high time [to] amend our Constitution so that Congress has the power to override any decision of the Supreme Court. This is the English system. But today our Supreme Court is both a Parliament and a House of Lords."

[64] Warren, op. cit., supra, note 62, at 182. Barnes and Littlefield, "The Supreme Court Issue and the Constitution" (1937), lists some 75 cases declared unconstitutional by the Court with the vote in each. Warren, op. cit., supra, note 62, at 273–301, gives a chronological listing, as does Library of Congress, "The Constitution of the United States of America" 1241–1254 (1952).

[65] Hughes, op. cit., supra, note 46, at 239.

[66] Warren, op. cit., supra, note 62, at 191.

[67] See Barnes and Littlefield, op. cit., supra, note 64, for those cases up to 1937 which were decided unconstitutional by an extraordinary majority. *Mallory* v. *United States*, 354 U.S. 449 (1957); *Service* v. *Dulles*, 354 U.S. 363 (1957); *Yates* v. *United States*, 354 U.S. 298 (1957); *Sweezy* v. *New Hampshire*, 354 U.S. 234 (1957); *Watkins* v. *United States*, 354 U.S. 178 (1957); *Jencks* v. *United States*, 353 U.S. 657 (1957); and *Schware* v. *Board of Bar Examiners*, 353 U.S. 232 (1957), were decided under an extraordinary majority but yet engendered considerable criticism.

[68] Carr, op. cit., supra, note 32, at 256.

[69] The objections to this plan can be summarized as: (1) it might take years before the Court declares a law bad and several more before Congress could repass it; (2) if the law involved any great social and economic question it would be very difficult to get a two-thirds vote, but reduce the proposal to a simple majority and it would lose popular support; (3) it might require a constitutional amendment. Carr, op. cit., supra, note 32, at 268.

[70] Warren, op. cit., supra, note 62, at 139.

[71] Speaking of the first amendment, Prof. Charles Black, Jr., of the Yale Law School, writes: "A limitation on Congress which does not really limit Congress is a mere sham." Letter to New York Times, Mar. 23, 1958.

[72] *Marbury* v. *Madison*, 5 U.S. (1 Cranch) 137 (1803).

[73] Ernst, op. cit., supra, note 63, at 315.

[74] Walter Lippmann, quoted in Barnes and Littlefield, op. cit., supra, note 64, at 10.

[75] "The Federalist" No. 71 (Hamilton); New York Times, Nov. 9, 1958, p. 1, col. 3 (city ed.).

[76] Maritain, "Man and the State" 14 (1951); Simon, "Philosophy of Democratic Government" 132 (1951).

legislative scheme to recall Court decisions, for if the power of making declaratory acts were vested in Congress with the judge bound by these decisions, the fifth article would be alterable at will. What then would be the necessity of the fifth article for the purpose of obtaining amendments? [77]

Although the Constitutional Convention rejected the proposition that Federal judges could be removed by the President on an application of Congress,[78] yet it is currently revived as a means of democratizing—if not disciplining—the bench. An uneasy supporter of this plan, Henry Hazlitt, suggests that not more than one judge could be removed in any 1 year. This would be accomplished by a simple majority or a two-thirds majority with the concurrence of the President. Its employment, he believed, would be exercised rarely and only upon extremely capricious and incompetent judges.[79] David Lawrence who currently views the Court as bête noire thinks that the justices hold office for "good behavior" and not for "life." It is up to Congress to determine "good behavior" for senatorial consent is not irretrievable action.[80]

This suggestion, in effect, would transfer an independeent judiciary into a captive one. It smacks of "court-packing" in reverse. Even Franklin Roosevelt, as the late Justice Jackson remarked, wanted to change the Court's composition—not its constitutional prerogatives.[81] Further, it seems late to hold that the judges have tenure subject to congressional consent. Even if tenure is not spelled out in the Constitution, it is as much a part of it as the committee system in Congress, senatorial courtesy, popular election of the President, political parties and judicial review.[82] Tenure, said Alexander Hamilton in "The Federalist," is "the best expedient which can be devised in any government to secure a steady, upright and impartial administration of the laws." [83] The immunity we have given the Court—an immunity we have withdrawn from the political branches of the Government in our own interest—is that amount we have determined as necessary for them to carry on their appointed tasks properly, fearlessly and with integrity, of expounding the Constitution to the various crises of human affairs.[84]

Such an argument as this attack on judicial tenure is not simply a thrust at particular decisions—a criticism the Court could understand and even be persuaded to reverse—but it is a challenge to the very system itself. Its result would be to deprive the Court of the high standing it enjoys with the public.[85] Free from the pressure of a local constituency, that great corrupter of conscience or legislative control, the judge need only look to his conscience. John Frank's tale is worth citing. "One of the most penetrating comments I ever heard a Supreme Court justice make," he said, "was a remark to a colleague whose life was being consumed in a series of minor pressures from persons who had helped to elevate him to his ultimate station. When the victim of these pressures pointed out the obligations, the justice to whom he was speaking said: 'Yes, but you are here now.' " [86]

Impeachment is the only method mentioned in the Constitution for the removal of judges. Judges can be removed for "treason, bribery, or other high crimes and misdemeanors." [87] Recently the Georgia and Florida Legislatures voted resolutions calling for the impeachment of certain justices on the bench for "high crimes and misdemeanors." [88] Neither the Constitution nor the Supreme Court has ever defined these words,[89] but to these legislators they mean usurping power which properly belongs to the States. Such ill-founded accusations are lacking not only constitutional support but indicate these legislators are lacking commonsense. To talk further about "resisting the Court by lawful means" is contradictory.[90] In the Declaration of Constitutional Principles (signed by the Southern Delegation in Congress—77 Representatives and 19 Senators) the signers reaffirm their "reliance on the Constitution, as the fundamental law of the land," a statement, says Alexander Bickel, which in "context is pregnant with the suggestion, tenable only academically or by force but not in law, that there exists a Constitution distinct from the one the Supreme Court expounds." [91] Maybe it is too much for the Southern critics of the Court to understand Lincoln when he wrote:

"We believe as much as Judge Douglas (perhaps more) in obedience to, and respect for, the judicial department of Government. We think its decisions on constitutional questions, when fully settled, should control not only general policy of the country, subject to being disturbed only by amendment of the Constitution as provided in that instrument itself. More than this would be revolution." [92]

It is true that several Justices have been removed by Congress but this was (1) done under the impeachment power, a power which Congress has shied from using since its unsuccessful attempt to impeach Associate Justice Samuel Chase in 1805,[93] (2) mostly in removing lower court judges,[94] and (3) never because there was a quarrel between the Court and Congress over judicial review.[95]

It has often been suggested that the Supreme Court issue advisory opinions with a view to settling the constitutionality of such legislation before it leaves Congress. In 1793 Secretary of State Jefferson asked the Court 29 questions relative to the obligations the United States had assumed with France under its treaty of 1778. The Court declined to consider the questions, a precedent which has never been violated. These questions, ruled Chief Justice John Jay, were nonjudicial and implied that the Cabinet existed precisely to advise the President.[96] Although it is true that a number of State courts issued advisory opinions to the State legislature, it is worth noting that such advisory opinions are not binding on the Court if and when subsequent adverse litigation arises. Thus Alexander Hehmeyer's proposed amendment, in "Time for Change," in which advisory opinions would be rendered on a request from Congress, the President, one-third of the Governors, or one-half of the State legislatures would convert the Court into a real Chamber of Revision.[97] According to Frank, the Court "avoids a good many controversies. It has developed whole groups of rules as to what it will and what it will not decide. Particularly in the constitutional field it has learned that caution may be more profitable than haste, and has found ways of dealing with problems that might get it into trouble." [98]

Among these judicially self-imposed limitations, the Court refuses to entertain actions involving "political questions" or those in which the litigant has no standing, and will decide nothing but a real case or controversy. This last limitation gives rise to what Justice Robert Jackson once conceived as government by lawsuit.[99] As one scholar of the Court rightly remarked, in Europe struggles over power bring out regiments of troops while in the United States they bring out batteries of lawyers.[1] The Court not only has asserted that the essential element is their final binding judgment on the both the object and the molder of public opinion, never very far removed from the dominent community response to the great public." Frank, op. cit. supra note 2, at 214.

[77] Warren, op. cit., supra, note 43, at 103.

[78] Butzner, "Constitutional Chaff, Rejected Suggestions of the Constitutional Convention of 1787" 114; Hart & Wechsler, "The Federal Courts and the Federal System" 12 (1953): "The motion was strongly opposed and only Connecticut supported it."

[79] Hazlitt, "A New Constitution Now" 220 (1942).

[80] U.S. News & World Report, July 5, 1957, p. 104.

[81] Jackson, "The Supreme Court in the American System of Government" 26 (1955).

[82] On the judges having life tenure, see Schwartz, "The Supreme Court, Constitutional Revolution in Retrospect" 65, 367 (1957).

[83] "The Federalist" No. 78 (Everymen ed. 1934) (Hamilton). The Founding Fathers must have had the Declaration of Independence partly in mind, for note the ninth specification: "He [George the Third] has made judges dependent on his will alone for the tenure of their offices and the amount and payment of their salaries."

[84] See *McCulloch* v. *Maryland* (17 U.S. (4 Wheat.) 316 (1819).)

[85] Vanderbilt, op. cit. supra note 53, at 24–25. "Throughout the Court has been

[86] Id. at 46.

[87] U.S. Constitution, art 2, sec. 4.

[88] 1956 Congressional Quarterly 286. The Justices cited were Warren, Black, Douglas, Clark, Frankfurter, and Reed. The resolution was based on the Court's ruling in sedition cases and others in which the Justices were accused of usurping powers reserved to the States. The Georgia Senate completed action on a resolution calling for impeachment of Court members for "high crimes and misdemeanors." Chicago Daily News, Feb. 21, 1957, sec. 1, p. 6, col. 3.

[89] Library of Congress. "The Constitution of the United States of America" 502 (1952).

[90] The judiciary was viewed as a "great rock," said Justice Douglas to the Bar of the City of New York, because it was unmoved by the storm breaking over it, even when they led to attempts at nullification. New York Times, Nov. 9, 1958, p. 1, col. 3 (city ed.).

[91] New Republic, April 23, 1956, p. 11.

[92] Frank, op. cit, supra, note 2, at 35.

[93] Except for the removal of Justice Pickering for insanity in 1803, the Jeffersonians were unsuccessful in removing any Justices. Library of Congress, "The Constitution of the United States of America" 501–504 (1952).

[94] Bartholomew, "American Government Under the Constitution" 79–80 (3d ed. 1956).

[95] Carr, op. cit., supra, note 32, at 262.

[96] See Jefferson's letter (while Secretary of State) to Chief Justice John Jay (July 8, 1793), and the list of 29 questions, together with Jay's letter of August 8, 1793, declining the invitation to advise the Government because it was a function more properly belonging to the Cabinet rather than to the Court. Hart and Wechsler, op. cit., supra, note 78, at 75. The argument for advisory opinions is that today's legislation is administered by the Executive and this often requires setting up complex machinery and of employing thousands of people. It is an "attempt to get a settlement of the constitutional issue before administrative enforcement of the legislation begins." Corry "Elements of Democratic Government" 365 (1951). For the arguments against advisory opinions, see Downing and Edwards, "American Constitutional Law" 55–56 (1954).

[97] Hehmeyer, "Time for Change" 178 (1943).

[98] Frank, op. cit., supra, note 2, at 37.

[99] Jackson, op. cit., supra, note 81, at 11–12.

[1] Schwartz, "Is the Criticism of the High Court Valid?" N.Y. Times, Aug. 25, 1957, sec. 6 (magazine), p. 14.

parties,[3] but it will not anticipate a question or decide it on a constitutional issue if it can be avoided. Thus, with all the talk to the contrary, the judicial activism of the Warren Court in the case of the political offender is much exaggerated.[5] "By and large," says Dean Rostow, "the Supreme Court has not gone past the frontier of its power, nor taken on issues beyond its duty to decide, in its recent cycle of constitutional cases."[4]

It is repeatedly affirmed that the members of the Court ought to retire at 70 or 75 years of age, as in the original Butler amendment,[5] although the age factors is not as pressing today as it was two decades ago. No doubt there have been justices who refused to retire notwithstanding lack of mental vigor.[6] But the same could be said of Congressmen who have refused to resign despite incapacity so long as they controlled their party machinery or it served the interest of the party to keep them in the legislature. Mr. Truman, who could speak with some authority on Congress, had this in mind when he said that the legislative disease was "senility and seniority."[7] It is naive to believe that a Congressman who is chairman of a key committee in the legislature is any less powerful than a Supreme Court justice.[8] As William White correctly observes, a chairman is "emperor."[9] Finally, the question of retirement of judges is often political. Thus, in April, 1937, when the Court was predominantly Republican and a Democrat was in the White House, an American Institute of Public Opinion poll recorded that 65 percent of the Republicans opposed such an amendment, but 80 percent of the Democrats approved. But in 1954 it was the Republicans in the Congress who pushed a provision to compel Federal judges to retire at the age of 75. In 1954, the Federal bench was overwhelmingly Democratic and a Republican was in the White House.[10]

Moreover, intellectual alertness is not contingent upon age as witness the careers of Holmes, Brandeis, and Hughes. Chief Justice Hughes, writing between his two terms on the Court, remarked that the work of the bench kept a man keen witted and earnest.[11] The suggestion that a mandatory retirement age be imposed on the Court while not imposed on the Congress, the President, Cabinet officials, chairmen of commissions and others, assumes that only the judges can do great harm.[12] Anyone familiar with the legislative process knows this view to be baseless.[13] For the most part, moreover, prominence at the bar comes late in life [14] and appointments will stem from this class unless the President is willing to defy pressures and politics and select competent but relatively young Justices. Even with the selection of three young men, Brennan, Whittaker and Stewart, the present Court is not considered young. A compulsory retirement plan would be calamitous to the national welfare. Several assumptions, for example that physical and mental degeneration is a concomitant of old age, have not been adequately explored, as Prof. John Schmidhauser persuasively argues.[15] Recent findings in geriatrics hesitate to identify age with illness or mental inflexibility or conservatism. This view was authoritatively supported by Dr. Gunnar Gunderson before the National Gerontological Society.[16]

The critics of the Court complain that the judges do not know any law and that the Court is made up of nonpracticing attorneys like Warren, law school professors like Frankfurter, or politicians like Clark.[17] In addition, the Court is accused of scuttling stare decisis. Justice Robert's remark is gleefully quoted. He said that overruling decisions tends to bring adjudication by the Court into the same class as a restricted railroad ticket, good for this day and train only.[18] Yet the phrase a "switch in time saves nine" is attributed to him for his jumps between the majority and minority in 1936 and 1937. Justice Reed remarked that overruling decisions had long been an accepted practice, and pointed out more than a dozen instances when the Court had overruled itself when Roberts sat on it, and in most of these he had concurred.[19] Roberts' view overlooks what Cardozo in the "Nature of the Judicial Process" called static and dynamic precedents.[20]

What is often ignored is the fact that mere technical craftsmanship is not sufficient on the Supreme Court, although of course every judge ought to possess a decent portion of it. The judge must interpret the law, but the law is not always clear for "the Court does not really decide cases by formula as a pharmacist might prepare a remedy. The law is more subtle than chemistry and does not lend itself to the prescription of proprietaries."[21]

Precedents are often conflicting. Public law is concerned with great public questions and a mere technical ability will not suffice. What is needed on the Supreme Court are Justices with a grasp of disciplines that complement the law. For every Brandeis familiar with economics, a Holmes versed in literature, and a Cardozo learned in philosophy, as Henry Commanger remarked, there are numerous judges who "regard such learning as esoteric if not irrelevant."[22] Congress itself recognized this great public law feature of the Court for in 1925 it enacted what has come to be called judge law, the law under which we live today and which enables the Court to disregard petty types of cases it previously heard in favor of public questions of national importance.[23]

Single out any great Justice in the Court's history and invariably he will be a man who

---

[3] Dowling and Edwards, op. cit. supra, note 96, at 54. Library of Congress, "The Constitution of the United States of America" 550 (1952).

[5] Pritchett, "The Political Offender and the Warren Court," 38 B.U.L. Rev. 53, 119 (1958). "Ever since 1937, the Supreme Court has followed a deliberate, consistent policy of reducing and withholding its jurisdiction. It has employed every known device in the tool chest of procedure to avoid friction with Congress." Cahn, "Brief for the Supreme Court," N.Y. Times, Oct. 7, 1956, sec. 6 (magazine), p. 9.

[4] Rostow, supra, note 39, at 581. Discussing the American Bar Association's criticisms of the Court (stemming from the association's house of delegates which met in Chicago, February 1959), Anthony Lewis points out that the Court, in the *Steve Nelson* case, "chose the ground of decision it did in part because of the constitutional problems that would otherwise be raised. This same theme has run through many of the cases—narrow construction of a statute to avoid constitutional questions." N.Y. Times, Mar. 1, 1959, sec. IV, p. 10E, col. 1.

[5] Sec. 1 of the original Butler bill would compel the Justices to retire at age 75. It was by the Senate Judiciary Committee on Mar. 24, 1954, and passed by Senate on May 11, 1954. Brown, "Proposed Amendments to the Constitution of the United States," 1947–53, No. 180 (1953). Hazlitt, op. cit., supra, note 79, at 217, has a similar proposal.

[6] Fairman, "The Retirement of Federal Judges," 51 Harv. L. Rev. 397 (1938). Judge Duval, Professor Fairman points out, was deaf, Baldwin physically unfit, McKinley ill most of the time, and Field interested in establishing an endurance record. Fairman would like to see judges retire at 70 with a continuance until 78 if the President and Senate concur. He would also favor the mentally unsound retiring, the extension of generous financial terms to justices as an incentive to retire, and the creation of procedure to separate a judge who was prematurely disabled. As a caution, though, he suggests that the proposed amendment should be brought into effect without producing any sudden remaking of the judiciary.

[7] Hillman, "Mr. President" 148 (1952).

[8] Thus, Senator CARL HAYDEN (Democrat, Arizona), 80 years old, has been in Congress over 46 years; some 15 members of the 85th Congress served more than 30 years each; Daniel Reed (Republican, New York), over 82 years of age, has 32 years in the House; and Speakers RAYBURN and MARTIN have 44 and 33 years in the House, respectively. 13 Congressional Quarterly 1308 (1957).

[9] White, op. cit., supra, note 29, at 180.

[10] Peltason, op. cit., supra, note 32, at 38.

[11] Hughes, op. cit., supra, note 46, at 24.

[12] Former President Harry S. Truman believes that some Congressmen have lived in Washington too long—men who "live in a day back before the First World War." He suggests, as a remedy, that there ought to be a limit on any President, Senator, and Representative. Hillman, op. cit., supra, note 106, at 148.

[13] It is difficult to telescope the terrible power Senators have, especially the "institution" dominated by Southern chairmen, but Mr. White's sentence is illustrative: "Over the affairs of the Republic * * * the mandate of the Senate is for paractical purposes limitless," White, op. cit., supra, note 29, at 3. As a powerhouse the Speaker needs no description, as Mr. RAYBURN has shown time and again, but most recently in opposing the disability amendment proposed by the Eisenhower administration. Menez, "The Presidential Disability Plans," Chicago Sun-Times, Apr. 6, 1958, sec. 2, p. 3.

[14] Despite the appointment of 43-year-old Potter Stewart of the 6th U.S. Circuit Court of Appeals, appointees' ages have steadily risen over the years. Within the last several decades most of the judges were appointed in their middle or late fifties and Cardozo, Byrnes, and Warren in their sixties. "Curtailment of the valuable services of eminent Justices seems unwarrented." Schmidhauser, "The Butler Amendment: An Analysis by a Nonlawyer," 43 A.B.A.J. 714, 762 (1957).

[15] Id., at 717. Rusk, M.D., "Life Span Increases," New York Times, Aug. 10, 1958, p. 79, col 1.

[16] Chicago Daily News, Nov. 6, 1958, p. 22.

[17] See the statement on minimum qualifications for appointment to the Supreme Court of the United States introduced by Senator TALMADGE. After calling attention to the lack of judicial fitness of the present Supreme Court, his bill would require that every appointee to the Court have at least 5 years' judicial service on a lower district court, court of appeals or the State's highest court, S. 880, 86th Cong., 1st sess. (1959).

[18] Said the Honorable M. T. Phelps, justice of the Arizona Supreme Court: "The present Supreme Court apparently does not feel itself bound by either precedent or by the Constitution itself. * * * The Supreme Court's decisions are as unstable as the shifting sands of the desert and are as unsound as they are unstable." 105 CONGRESSIONAL RECORD, A6 (daily ed., Jan. 9, 1959). Justice Roberts' remark is in his dissent, *Smith* v. *Allwright*, 321 U.S. 649, 666 (1943). See the pertinent discussion of stare decisis in Mason, "The Supreme Court From Taft to Warren," 193–200 (1958).

[19] Frank, op. cit., supra, note 2, at 258.

[20] Cardozo, "The Nature of the Judicial Process," 163–4 (1921).

[21] Latham, supra, note 11, at 7.

[22] Carr, op. cit., supra, note 32, at 248.

[23] "And the Judiciary Act of 1925 has made the Court the master of its docket so that it now may be free to concern itself only with cases that have a substantial public interest." Frankfurter, "The Supreme Court in the Mirror of Justices," 23 Vital Speeches of the Day 434 (1957).

had combined legal talent with additional academic and professional accomplishments [24]—Judges whose efforts and talents outran merely the casebooks. As Professor Chafee once said concerning the opposition to the appointment of Hughes, "it is less revealing to examine the list of clients in the nominee's office than to investigate the books in his library.[25] Of the 14 Chief Justices, moreover, only five had previous judicial training [26] indicating that "judicial success is as unrelated to judicial experience as is executive experience necessary to the Presidency." [27] As the hearings before the Judiciary Committee often confirm, the appointees have to prove their political trustworthiness while their legal ability, whatever it might be, is assumed. It is certain, though, that in any valuation of a judge public service experience cannot be considered unimportant in determining judicial temperament and fitness.[28]

Being a successful politician is no mean achievement. Before ascending to the bench, for example, Justice Warren, as Governor of California, signed some 10,000 bills, none of which was reviewed by the judiciary. In addition, Earl Warren was not only elected three successive terms as Governor—the only Governor so honored—but under the cross-filing system with nomination of both parties. He was also a Vice Presidential nominee of the Republican Party.[29] Politicians of such extraordinary ability have proved extremely capable judges. A judge should not be a politician, said Chief Justice Arthur Vanderbilt of the New Jersey Supreme Court, but if he knows nothing about politics he is likely to "make many blunders until he learns what it is all about." [30] Supreme Court Judges having no prior judicial experience, according to Cortez Ewing in "The Judges of the Supreme Court," constitute a "veritable galaxy" of the judicial greats. He is unconvinced, also, that the selection of Judges of previous judicial experience would have equaled the contributions to the law as these appointees.[31] As Justice Felix Frankfurter said at the Roberts Memorial Lecture at the law school of the University of Pennsylvania: "One is entitled to say without qualification that the correlation between prior judicial experience and fitness for the functions of the Supreme Court is zero." [32]

Perhaps because he is disappointed with Warren's liberalism—he finds some of the recent opinions hard to understand [33]—President Eisenhower stated that an attorney lacking judicial experience would not receive an appointment to the Supreme Court, unless he had an exceptional background.[34] It would be a great loss to our national well being if Eisenhower's practice were followed by subsequent Presidents whereby great public servants without previous judicial experience were cut off from the Court.[35] As John Frank writes:

"In the ultimate positions of power the most valuable qualities are wisdom, judgment, and great energy. Experience can aid but it can also diminish any of these qualities. * * *

"From another standpoint, one can know so much about one's job that he does it badly. The man at the top makes policy. Great policy making often requires a bold transcendence over practice, precedent, and experience. A man conditioned to the daily workings of a bureaucracy is dangerously unlikely to conceive of the building of 100,000 airplanes in the Nation's hour of need, or the buying of the vast Territory of Louisiana from France, or the creation of an international league of states, or the freeing of a slave population by executive order. The same thing is true—in a more limited way, of course—in the Judiciary. When the question "What shall we do tomorrow?" is asked, the judge answering it must be able to answer without being limited altogether by the answer to "What did we do yesterday?" [36]

It might be mentioned, too, that the growing practice of submitting the names of nominees to a committee of the American Bar Association for clearance could well prove the dimunition of the appointing power.[37] This is not to suggest that the bar should not be consulted. The bar, however, tends to be conservative and this custom once established could prove to have a prenatal influence on the nominating power.[38] This usage which approximates senatorial courtesy would drive the President into a dilemma of selecting judges which meet the bar's conception of "judicial temperament," [39] a most illusive phrase, or of ignoring the bar and creating an opposition bloc.[40]

Chief Justice Warren might not be considered the legal craftsman that Stone was,[41] but he did show his great judicial leadership in getting a unanimous Court to overrule the segregation decision, *Plessy* v. *Ferguson*,[42] and in achieving a majority for the historic personal liberty cases in the last

---

[24] Id. at 432.

[25] Freund, "Umpiring the Federal System," 54 Colum. L. Rev. 561, 574 (1954).

[26] See the statistical data in Ewing, "The Judges of the Supreme Court, 1789–1937" 94–108 (1938).

[27] Frank, op. cit., supra, note 2, at 46.

[28] Lewis, "What Qualities for the Courts?" New York Times, Oct. 6, 1957, sec. 6 (magazine), p. 17; Frankfurter, "The Job of a Supreme Court Justice," New York Times, Nov. 28, 1954, sec. 6 (magazine), p. 14. After mentioning that like Chief Justice Warren, Chief Justices Marshall, Taney, Fuller, Hughes, and Stone had not been previously judges, Dean Erwin N. Griswold adds: "The task of judging in the Supreme Court is not, for the most part, like that in other courts in the country, and experience has shown in many cases that a record of high achievement in political office is excellent background for a Supreme Court post." 105 CONGRESSIONAL RECORD, A150 (daily ed., Jan. 14, 1959), Mason, op. cit., supra, note 117, at 45, concurs with Dean Griswold's position.

[29] Bassett, "Unpartisan Chief Justice of the United States," New York Times, Oct. 11, 1953, sec. 6 (magazine), p. 10. Chief Justice Howard Taft valued previous experience as much as anyone but "of the eight appointments which he personally made or influenced the most successful were those made most definitely on political grounds." Holcombe, "Our More Perfect Union," 294 (1950).

[30] Vanderbilt, op. cit., supra, note 53, at 28.

[31] Ewing, op. cit., supra, note 125, at 119.

[32] Frankfurter, "The Supreme Court in the Mirror of Justices," 23 Vital Speeches of the Day, 434, 436 (1957). Charles Evans Hughes listed eight outstanding judges only two of whom had previous judicial experience. Hughes, "The Supreme Court in United States History," 58 (1928).

[33] Chicago Sun-Times, June 27, 1957, p. 4, col. 3. "In their [the Supreme Court's] latest series of decisions there are some that each of us has very great trouble understanding," said the President. 13 Congressional Quarterly, 807 (1957).

[34] President Eisenhower's press conference, Feb. 6, 1957. Drinan, "How Not To Select Judges," 98 America 683 (1958). Mason, op. cit., supra, note 117, at 219. See also Rogers, "Judicial Appointments in the Eisenhower Administration," 12 J. Am. Jud. Soc'y. 39–40 (1957).

[35] A number of bills have been introduced in Congress that require judicial experience of one kind or another before a judge ascends to the Supreme Court. Thus, Representative Henderson Lanham, Democrat, of Georgia, introduced H.R. 322, 85th Cong., 1st sess. (1957), requiring that each Justice belong to the bar and have 10 years' practice and 5 years' judicial experience; Senator R. B. LONG'S bill, S. 171, 85th Cong., 1st sess. (1957), would require that at least one-half of the Court be judges of at least 6 years' experience; Senators G. A. SMATHERS and HERMAN E. TALMADGE, in identical bills, S. 283 and S. 1184, 85th Cong., 1st sess. (1957), would require 5 years' judicial experience; Senator J. STENNIS, Democrat of Mississippi, in S. Res. 96, 85th Cong., 2d sess. (1958), provides that at least every second nominee have 10 years' service, 13 Congressional Quarterly 808 (1957). For Senator STENNIS' plan in more detail, see his address in CONGRESSIONAL RECORD, vol. 104, part 2, page 2803.

[36] Frank, op. cit., supra, note 2, at 47.

[37] For the complete account of how the American Bar Association's Committee of Judicial Selection operates, see Fox "The Selection of Federal Judges: The Work of the Federal Judiciary Committee," 43 A.B.A.J. 685 (1957), in 104 CONGRESSIONAL RECORD A1017 (daily ed., Feb. 4, 1958). The importance of the committee for the President is illustrated by the fact that when President Eisenhower learned from the bar association that it had not passed on the nomination of Justice Brennan, he directed that the nomination be held up until the committee could report.

[38] See Drinan, supra, note 133, at 683: "The prior approval of the bar association for all judicial appointments would indeed be a treacherous idea to introduce." A similar conclusion is reached by Lewis, supra, note 127.

[39] Heading a list of 55 Bostonians who opposed the confirmation of Louis Brandeis to the Court, President Lowell of Harvard wrote: "We do not believe that Mr. Brandeis has the judicial temperament and capacity which should be required in a judge of the Supreme Court." Peltason, op. cit., supra, note 32, at 34. But what are the requirements of judicial temperament? Anthony Lewis suggests that this means technical skill, disinterestedness, a breath of vision, ability to express one's self, and an awareness of tradition. Lewis, supra, note 127.

To Justice Felix Frankfurter judicial temperament means "largeness of view" in deciding great issues before the Court over and above technical legal equipment. Frankfurter, "The Supreme Court in the Mirror of Justices," 23 Vital Speeches of the Day 434, 436 (1957). Although important, prior judicial experience, for Dean Drinan, is not the only requirement for becoming a judge. Law school professors, trial lawyers, professional arbitrators, public agency officials and legal research experts "are oftentimes superior in judicial temperament and ability to those who happen to be judges of a lower court. A true intellectual and moral talent for harmonizing conflicting interests should be the test required of an appointee to the bench." Drinan, supra, note 133, at 683.

[40] When President Woodrow Wilson appointed Louis D. Brandeis in 1916 to fill the vacancy caused by the death of Justice Lamar, five former Presidents of the American Bar Association opposed the appointment. Peltason, op. cit. supra, note 32, at 34. Mason, "Brandeis' A Free Man's Life" 489 (1946). If the recommendation of the Federal Judiciary Committee is not accepted by the Attorney General, the committee then can feel free to openly oppose the Presidential nomination before the Senate Judiciary Committee. Fox, supra, note 136, at 685.

[41] Schwartz, "Warren Court—An Opinion," New York Times, June 30, 1957, sec. 6 (magazine), p. 10. Although competent in his individual duties, Stone did not function well as a Chief Justice, that is, as an administrative officer. The Conferences deteriorated. Prichett, "The Roosevelt Court," 40 (1948).

[42] 163 U.S. 537 (1896).

two terms.[43] Although not to the extent claimed, the Warren Court has not hesitated to overturn stare decisis when respect for such previous ruling was no longer held by the community and the precedent had lost its vitality.[44] The law student as well as the practicing lawyer might well be annoyed; but the law must adapt itself to changing circumstances. Answering those who believe the Court should not reverse itself, former Justice Stanley Reed said:

"It would not be practicable to adopt a rule that a judicial interpretation of the Constitution by the Supreme Court could not be modified by a later decision; that such a change could come only by constitutional amendment. The power of the dead over the living would be too far extended." [45]

In the case of statutory construction, at any rate, the legislature has the final word. Not only can Congress correct the "error" by an amendment to the law—for example, it did this 26 times in income tax cases between 1945 and 1957—but it is a "healthy practice." [46]

A frequent complaint from the bar and the press is that the Court is acting as a third chamber engaged in policy functions [47] and deciding cases not on law but on sociology. If this means that the courts are influenced by sociology in deciding their cases then they stand guilty. But the Court is now doing somewhat more obviously perhaps, what it has always done; that is, to make social policy, and to interpret the Constitution in such a way as to give social policy the juristic room it requires.[48] As Judge Robert Lefler of the Supreme Court of Arkansas, and now professor of law at the Arkansas Law School put it, the critics of the Court are really annoyed by the fact that sociology has not been accepted; the grievance is not that the Court made a choice between views on race relations, it is that the Court made its choice against their views.[49] Further, it has been some time since the Court has restricted itself to the legal materials, as indicated by expansion of the Brandeis brief.[50]

One method of curbing a runaway Court, as some critics have called it, is for Congress to curtail its appellate jurisdiction. Congress, under its power to make exceptions and regulations, can follow the McCardle [51] precedent and undercut the Court's jurisdiction in the very areas now challenged. Senators Jenner and BUTLER led the attack on the Court. On April 30, 1958, the Senate Judiciary Committee—at the time sharply under indictment by Senator HENNINGS, of Missouri, for reporting bills without adequate hearings [52]—passed by a 10-to-5 vote and sent to the Senate the Butler-Jenner amendments which were designed to check the Court in four areas: (1) State subversion laws having been ruled out by the Nelson [53] case, thereby allowing the States to prosecute for subversion unless Congress expressly forbade them to do so; (2) overturn the Watkins [54] case and deprive the Court of jurisdiction over congressional committees. Thus any question, says the amendment, shall be deemed pertinent * * * if such question is ruled pertinent by the body conducting the hearing; (3) overturn the Konigsberg [55] and Schware [56] cases and deny the Court power to review any State regulations, or discussions on admission of persons to the State bar; (4) recall the Yates [57] case and broaden the Smith Act to outlaw such advocacy without regard to the immediate probable effect of such action.

On a close vote following much intricate parliamentary maneuvering, the Senate rejected the Jenner-Butler bill, and along with this defeat a host of other lesser anti-Court bills were impaled.[58]

"My bill," Senator Jenner had said, "would push the Supreme Court into its own sphere." [59] Although Senator Jenner claimed his bill was not addressed to remedy any individual cases, it was curious and "somewhat more than sheer coincidence," as Congressman EMANUEL CELLER pointed out in a letter to the New York Times, that the areas the Jenner bill covered embody "precisely the issues decided in recent decisions of the Court." In addition, Mr. CELLER claimed that the bill (1) would abolish the Court as an institutional framework of Government created by the Constitution; (2)

---

[43] Pritchett, op. cit., supra, note 140, at 62.

[44] Warren's opinion, it has been charged was a sociological one. Obviously the grounds could not be legal because the precedents were against him. But the Supreme Court is not solely a Court of law. It is a Court of law and justice. Pritchett, op. cit. supra, note 140, at 62–63. Delivering the keynote address at the 81st annual American Bar Association convention at Los Angeles, Chief Justice Warren pleading for respect for law and its enforcement said: "Therefore, I urge we make the improvement of justice the great central cause of our profession." Chicago Daily News, Aug. 25, 1958, p. 8, col. 5.

Moreover, regardless of the technical problems involved some justices have always believed that the goal of the Court was substantial justice. Frank, op. cit., supra, note 2, at 149.

[45] Former Associate Justice Stanley Reed before the bar of the city of New York, New York Times, Nov. 9, 1958, p. 44, col. 6 (late city ed.).

[46] Associate Justice William O. Douglas, before the bar of the city of New York, New York Times, Nov. 9, 1958, p. 44, col. 1 (late city ed.). A legislature cannot continually amend statutes and thus pass on the Court's interpretations but it can periodically check the main lines of policy developments of the Court. In the long run in a democratic society it "has both the duty and the opportunity to keep watch over the main lines of social policy and ultimately to speak the final word as to any major issue of statute interpretation which may arise in the courts." Carr, "American Democracy in Theory and Practice," 248 (rev. ed. 1955).

[47] Lawrence, "High Court a Third Chamber?" Chicago Daily News, Oct. 1, 1958, p. 16, col. 3.

[48] Latham, supra, note 11, at 25.

[49] Lefler, "The Role of the Supreme Court in the American Constitutional System," 33 Notre Dame law, 548, 570 (1958). See the remarks on the Court's use of sociology by Senator ELLENDER in 105 CONGRESSIONAL RECORD, page 475. Also Mr. JOHNSTON of South Carolina who says: "There must be a brake applied to the present trend in courts to supplant justice with psychology, sociology, and ideology. The men in our courts are more and more becoming witch doctors of sociology and psychology rather than dispensers of justice and supporters of law." 105 CONGRESSIONAL RECORD, page 266.

[50] Chief Justice Stone, for example, always stressed the necessity of deciding constitutional cases with the aid of all available information within the range of judicial notice or which has been developed at the trial. He wrote: "The questions which come to us are rooted in history and in the social and economic development of the Nation. To grasp their significance our study must be extended beyond the examination of precedents and legal formulas, by reading and research in fields extralegal, which nevertheless have an intimate relation to the genesis of the legal rules we pronounce." Konefsky, "Chief Justice Stone and the Supreme Court" 261 (1945). For a most perspicacious article supporting the Chief Justice, see Newland, "Legal Periodicals and the U.S. Supreme Court," 3 Midwest J. of Political Science 58 (1959).

[51] In *Ex parte McCardle*, 74 U. S. (7 Wall.) 507 (1868). Congress, fearful that the Court would overthrow the validity of the Reconstruction Acts, withdrew appellate jurisdiction from the Court in certain cases of habeas corpus despite the issue having been already argued and ripe for decision. Library of Congress, "The Constitution of the United States of America" 614–616 (1953). This decision two students of the Constitution term a "regrettable legislative assault upon the independence of the Court." Cushman and Cushman, "Cases in Constitutional Law," 62 (1958). As a result of *Ex parte Milligan*, 71 U.S. (4 Wall.) 2 (1866), Congress attempted to restrict again the Court's appellate power, but a compromise among the principals postponed the showdown. "Today this decision is regarded as one of the bulwarks of American freedom." Brownell, "The U.S. Supreme Court: Symbol of Orderly, Stable, and Just Government," 43 A.B.A.J. 579, 595 (1957). As in a number of civil liberty cases today, there was talk of impeaching the judges. Cushman and Cushman, op. cit., supra, note 1949, at 494.

[52] CONGRESSIONAL RECORD, vol. 104, part 15, page 18914.

[53] *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1956).

[54] *Watkins* v. *United States*, 354 U.S. 178 (1956).

[55] *Konigsberg* v. *State Bar*, 353 U.S. 252 (1956).

[56] *Schware* v. *Board of Bar Examiners*, 353 U.S. 232 (1956).

[57] *Yates* v. *United States*, 354 U.S. 298 (1957).

[58] See 14 Congressional Quarterly (Aug. 29, 1958); Lewis, N.Y. Times, Aug. 21, 1958, p. 1, col. 6 (late city ed.). For the text of the Jenner and Butler bills, see 33 Notre Dame Law 613 (1958). As was anticipated, there have been numerous bills introduced in the 86th Cong., 1st sess., to limit sharply the Supreme Court's appellate power. See H.R. 486, 86th Cong., 1st sess. (1959) (Mr. COLMER, Mississippi); H.R. 634, 86th Cong., 1st sess. (1959) (Mrs. St. GEORGE of New York); H.R. 659, 86th Cong., 1st sess. (1959) (Mr. SMITH of Mississippi); H.R. 1133, 86th Cong., 1st sess. (1959) (Mr. HUDDLESTON, of Alabama); S. 294, 86th Cong., 1st sess. (1959) (STYLES BRIDGES, of New Hampshire), formerly S. 654, 85th Cong., 1st sess. (1957); H.R. 1139, 86th Cong., 1st sess. (1959) (Mr. RIVERS, of South Carolina), which would give the States concurrent power in opposition to *Pennsylvania* v. *Nelson*, 350 U.S. 497 (1955), in the field of sedition and subversion. CONGRESSIONAL RECORD, p. 620 (daily ed., Jan. 14, 1959), and H.J. Res. 201, 86th Cong., 1st sess. (1959), which would amend the Constitution so that the Supreme Court could not overrule, modify or change any prior decision of that Court in construing the Constitution or an act of Congress. CONGRESSIONAL RECORD, p. 1428 (daily ed., Jan. 29, 1959). As CHARLES A. VANIK, of Ohio, pointed out, such an amendment would force the U.S. Supreme Court into a death grip with its own precedents, freeze precedents—wise or unwise, clear the way for electronic Supreme Court decisions and establish an irrefutable dictatorship of past precedents. CONGRESSIONAL RECORD, pp. 1431–1432 (daily ed., Jan. 29, 1959).

[59] CONGRESSIONAL RECORD, vol. 104, pt. 4, p. 4195. "Obviously," says the Richmond News Leader, a supporter of Senator Jenner, "These five fields were chosen with an eye toward rebuking the Court for some of its more outrageous opinions of recent months. And just as plainly the Court richly deserves such a rebuke." CONGRESSIONAL RECORD, p. A2136 (daily ed., Mar. 6, 1958).

corrode an independent judiciary; and (3) balkanize the American judicial system.[60] Congress may regulate in the exercise of its legislative power the appellate jurisdiction of the Court but "it may not commit legislative murder by destroying that jurisdiction."[61] Prof. C. Herman Pritchett believes that the discretion given Congress in article III, section 2, is a loophole which, like the electoral college, has been plugged and hence this method of congressional control is no longer respectable.[62] Lending weight to this view is the suggested constitutional amendment of the American Bar Association which would abolish this congressional discretion and give to the Court jurisdiction in all cases arising under the Constitution.[63]

"Resolved, That the American Bar Association approves the submission to the Congress of the United States of an amendment to article III, section 2, of the Constitution of the United States of America, establishing in the Supreme Court of the United States appellate jurisdiction in all cases arising under the Constitution of the United States."

It is now apparent that none of the personal liberty cases of the 1956 and 1957 terms involved the weakening of adequate national security.[64] As far as the Jencks [65] decision is concerned Congress has already amended the statute to the satisfaction of the Attorney General.[66] Congress could similarly tighten up its statutes or resolutions accommodating them to the Court's objections.[67] The Smith Act "is still very much alive, if the Government wants to take the trouble to use it in accordance with the Supreme Court's restrictions." [68]

If such suggestions to "reform" the Supreme Court were not enough, proponents of change also recommend (1) that the number of justices on the Court, as in the annual Dondero amendments,[69] be permanently set at nine, a proposal which passed the Senate of the 83d Congress but which died in the House; [70] (2) amending the Constitution as was done in the 11th, 14th and 16th amendments, thus "recalling" certain decisions; [71] (3) providing that no justice could resign from the Court and within a period of 5 years seek the Presidency or Vice-Presidency—an amendment suggested with Warren in mind; [72] (4) selecting the Supreme Court by a majority vote of the chief justices of each State; [73] (5) restricting any one President to appointing no more than three Supreme Court justices; [74] (6) requiring each judge to be a member of the bar in good standing and have 5 to 10 years judicial experience; [75] (7) insuring a nine man vote by having lower court judges sit when a judge is absent or has disqualified himself and allow the Court to sit en banc, a procedure followed in the courts of appeals; [76] and, finally, (8) having the Chief Justice, either annually or when formally requested by Congress from time to time, address Congress on the state of the Federal judiciary.[77]

In the past these and similar proposals have been rejected. Powerful and level-headed Congressmen, led by Senators MORSE, HENNINGS, and JOHNSON in the Senate, and Representatives like EMANUEL CELLER, repulsed the kill-the-umpire mood of the 85th Congress. EMANUEL CELLER, chairman of the House Judiciary Committee, said he would not "countenance any kind of hocus-pocus legislation aimed at the Supreme Court." He added that those "who are criticizing it now will have reason in the future to be glad it is still around." [78] The Congress, it seems, will continue to adjust itself to Senator EASTLAND'S characterization of the Court as being "freewheeling" and other strictures, such as that of Louis C. Wyman, attorney general of New Hampshire, that "majority of the Supreme Court of the United States has equated Communist activity with lawful politics." [79]

---

[60] Letter from Representative EMANUEL CELLER, chairman of the House Judiciary Committee, to the New York Times, Mar. 30, 1958, p. E8, col. 6.

[61] Taylor, "Is the Supreme Court Supreme?" New York Times, Oct. 5, 1958, sec. 6 (magazine), p. 10.

[62] Pritchett, "The Political Offender and the Warren Court," 38 B.U.L. Rev. 53, 118. Of 73 deans of law schools and distinguished lawyers, only 4 favored the original Jenner bill. Drummond, Chicago Sun-Times, Mar. 14, 1958, p. 36, col. 1. It was too much even for the conservative Chicago Tribune which labeled it "a dangerous bill." Feb. 24, 1958, sec. 1, p. 12, col. 1.

[63] Elliott, *supra,* note 56, at 597:

[64] New York Times, June 23, 1957, sec. 4, p. 3, col. 1.

[65] *Jencks* v. *United States,* 353 U.S. 657 (1957).

[66] New York Times, Aug. 30, 1957, sec. 1, p. 1, col. 6. Signed by the President Sept. 2, 1957.

[67] Peltason, "Federal Courts in the Political Process," 59 (1955), lists a number of examples.

[68] Pritchett, "The Political Offender and the Warren Court," 38 B.U.L. Rev. 53, 81 (1958). After saying that the Government took too broad a view of its powers under the Smith Act and returned to the clear and present danger rule of Holmes and Brandeis (but not overturning the Dennis case), it is said in Cushman & Cushman, op. cit. supra, note 149, at 652: "Congress could undoubtedly amend the Smith Act by giving a different definition of the word "organize" and thus bring current and continuing activities of Communist Party officers within the reach of the statute." As for "supercession" there is nothing in *Pennsylvania* v. *Nelson,* 350 U.S. 497 (1955), denying Congress the power to pass legislation making the State partners with the National Government in its war on sedition and subversion. Not only has the Court had to act in areas left unclear by Congress, but Professor Crampton is concerned with the possibility that an individual may be subjected to successive State and Federal prosecution. He accepts the argument, moreover, that as the States may not punish for treason against the United States, so also the power to punish sedition directed against the United States is beyond their power. Crampton, "Supercession and Subversion: Limitations on State Power to Deal With Issues of Subversion and Loyalty," U. Chi. Law School Record Special Supp., vol. 8, No. 1, 24–53 (particularly 28, 33, and 35). For a balanced view of "supersession" see Wham and Merrill, "Federal Preemption: How To Protect the States Jurisdiction," 43 A.B.A.J. 131 (1957).

[69] Elliott, supra, note 56, at 607: "It appears that the events of 1937 show quite conclusively that barring a crisis more serious than the one of that year, the tradition of judicial independence is sufficiently strong to prevent legislative interference with the size of the Court. The real question is not whether the Court will function best with 9, 12, or 15 justices but whether the size of the Court will be fixed by statute or constitutional amendment." Schmidhauser, supra, note 113, at 763.

[70] Schwartz, "American Constitutional Law" 145 (1st ed. 1955). See also Brown, op. cit. supra, note 104, Nos. 29, 105, 180, 189.

[71] The 11th amendment "recalled" *Chisholm* v. *Georgia,* 2 U.S. (2 Dall.) 419 (1793), in which the Court declared a citizen could sue a State; the 14th amendment recalled *Dred Scott* v. *Sanford,* 60 U.S. (19 How.) 393 (1865), which declared the Missouri Compromise of 1820 null and void and hence a Negro was not a citizen although born here; and the 16th amendment overturned *Pollock* v. *Farmers Loan & Trust Co.,* 158 U.S. 601 (1895). "These amendments represent victories for interests which had failed to find the desired representation of judges." Peltason, "Federal Courts in the Political Process" 59 (1955).

[72] Section 4 of the Butler bill: "The office of Chief Justice has often been termed the number two office. * * * There may well be a desire on the part of persons to seek the number one office. * * * I do not believe that a man can conscientiously perform the judicial tasks assigned him if he must be mindful of the political complications of the decisions which are presented to him." Address by Senator BUTLER, Senate Speech, May 21, 1954. The following day (May 11) Senator THOMAS C. HENNINGS, JR. (Democrat, of Missouri) inquired if the observation did not apply to all Federal judges, members of regulatory commissions, Cabinet officials, Chiefs of Staff and other five star generals. However, there is no evidence that the justices trimmed their decisions with further political advancement in mind. Schmidhauser, supra note 113, at 763.

[73] S.J. Res. 168, introduced by Representative COLE (New York) Feb. 20, 1951, and referred to the Committee on the Judiciary. Brown, op. cit., supra, note 104, No. 220.

[74] Proposed by Senators EASTLAND and BRIDGES, unreported by the Judiciary Committee. This would have denied to Mr. Eisenhower, of course, the power to appoint his fourth Justice, Potter Stewart.

[75] See note 134, supra.

[76] Proposed by Representative (now Senator) KENNETH B. KEATING. This suggestion grows out of the fact that while Justice Jackson was at the Nuremberg trials as a special prosecutor, the Court set aside 15 cases to reargue because of 4–4 splits and in the last 8 years 19 cases had been decided by less than a full Court. The problem is whether these proposals can be accomplished by statute or whether they need a constitutional amendment. The plan provides for selecting a temporary judge (1) from the membership of the Court of Appeals for the 11th Circuit; (2) from a panel chosen by the judges; (3) or appointing retired Supreme Court judges temporarily, as Stanley Reed. Chicago Herald American, Mar. 25, 1958, p. 18, col. 3. As regards en banc decisions, Charles Evans Hughes said the Constitution does not authorize two or more Supreme Courts or two or more parts of a Supreme Court that function in effect as separate courts. Jackson, op. cit., supra, note 81, at 21. See also Library of Congress, "Constitution of the United States of America," 528 (1952).

[77] See the pros and cons of this suggestion in New York Times, Feb. 6, 1955, sec. 4, p. 3, col. 1. As expected, additional proposals establishing qualifications for the Supreme Court have been introduced in the 86th Cong., 1st sess. They are S. 880 (Mr. TALMADGE of Georgia); S. 813 (Mr. THURMOND of South Carolina); S. 517 (Mr. LONG of Louisiana); S. 104 (Mr. SMATHERS of Florida); H.R. 4106 (Mr. WALTER of Pennsylvania); H.R. 2922 (Mr. POFF of Virginia); H.R. 2270 (Mr. WHITENER of North Carolina); H.R. 1200 (Mr. WINSTEAD of Mississippi); H.R. 658 (Mr. SMITH of Mississippi); H.R. 421 (Mrs. ROGERS of Florida); H.R. 320 (Mr. ALEXANDER of North Carolina); H.R. 304 (Mr. ABERNETHY of Mississippi); H. Con. Res. 35 (Mr. MATHEWS of Florida); S. J. Res. 18 (Mr. LONG of Louisiana); H. J. Res. 201 (Mr. SIKES of Florida); H. J. Res. 135 (Mr. WHITENER of North Carolina); H. J. Res. 32 (Mr. ABERNETHY of Mississippi).

[78] 13 Congressional Quarterly 807 (1957).

[79] Address by Louis C. Wyman, General Assembly of Georgia, Feb. 18, 1958, in CONGRESSIONAL RECORD, p. A1624 (daily ed. Feb. 24, 1958). Senator WAYNE MORSE protested to the Senate the monstrous charge of Senator EASTLAND, of Mississippi, that the Judges

In its saner moments Congress knows there is not much point in having a Constitution if there is not a Supreme Court to say when it has been violated. Judical review, Curran Shields to the contrary in his view that it has been used to "perpetuate rule by an elite majority," [80] is too embedded in our national life to be kicked around now." [81] The Court is a terminal point and serves the real need of bringing issues to a conclusion, however it may gall us at times. Moreover as Mr. Justice Douglas noted, it seems odd that judicial review is attacked at the same time it is being adopted in France, Canada, Australia, Turkey, India, Burma, and Pakistan.[82]

It is the greatness of the Warren Court that, despite the "furious resents of a crisis," will not permit "immoral solutions for particular problems." [83] The Court will not be "curbed," [84] nor will it "take a back seat," [85] nor will it "mend" its ways, but will, instead, continue to expound the Constitution, translating it from paper into real life. The Court sits in judgment, says Mr. Justice Frankfurter, "and breathes life, feeble or strong, into the inert pages of the Constitution and the statute books." [86]

ELIMINATION OF 4¼ PERCENT CEILING ON GOVERNMENT BOND INTEREST

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. MOORHEAD] is recognized for 15 minutes.

Mr. MOORHEAD. Mr. Speaker, one of the most important issues to face the Congress this year is the administration's proposal to eliminate the 4¼ percent ceiling on Government bond interest. This proposal should receive the most serious consideration, because the outcome will greatly affect the entire economy.

The administration proposal would result in long-term high interest rate bonds being placed in the hands of the big lending institutions. It would follow inevitably that the interest rate for home mortgages and consumer loans would be increased. The interest charges on the national debt and hence the cost to the taxpayers would be increased.

The Democratic Party has always been opposed to high interest rates. We believe as a principle that Government fiscal policy should be such that interest rates be kept reasonably low for the benefit of the small borrower, rather than excessively high for the benefit of the big lending institution.

The situation with respect to interest rates may well be temporary in nature because for 40 years we have stayed within the 4¼ percent interest limit. The interest situation, therefore, should not be handled by a permanent long-term solution of issuing long-term, high-interest bonds.

The Treasury Department objects to the issuance of more short-term Treasury bills or notes, as to which there is no interest limit. I believe this objection of the Treasury Department has considerable merit. It contends that the issuance of short-term obligations which are almost the equivalent of cash is inflationary, and I believe this is correct. The Treasury Department also contends that it is unsound fiscal policy to increase the portion of the national debt which is represented by short-term obligations.

I know that the Committee on Ways and Means has been meeting regularly in an effort to find a solution. There are many sides to this question and the answers are not easy. However, I have been giving this matter some study, and I would like to call the attention of the House to one approach to this problem which might serve as a solution.

If the committee believes that an increase in the interest rates for marketable Government bonds is absolutely necessary, I suggest that the Congress eliminate the interest ceiling on Government bonds, but only on such bonds as are redeemable within a relatively short period of years after issuance.

It seems to me that such bonds have all of the virtues which the Treasury contends for long-term bonds. Because it would not be known whether or not the bonds would be redeemed, the bonds would not be the equivalent of cash and hence not inflationary. On the other hand, redeemable bonds would leave the future control of interest rates in the hands of the Government. It would not be necessary for high-interest long-term bonds to be placed irrevocably in the hands of the large lending institutions.

This is a method of financing which has proved invaluable in corporate finance. Redeemable bonds have frequently been used as a sound method of corporate financing when such financing is needed at a time when interest costs are high. This is exactly the situation in which the Government now finds itself.

This is not the first time in history such a proposal has been made. During the Civil War the Secretary of the Treasury was authorized by Congress to issue bonds which were payable 40 years from date of issue, but redeemable any time after 5 years. These and similar bonds known as five-twenties were issued in 1862, 1864, 1865 and 1867.

As further evidence of the feasibility of this suggestion, I would like to call attention to the policy of the Securities and Exchange Commission. Under the provisions of the Public Utility Holding Company Act, the Securities and Exchange Commission requires that bonds issued subject to the act "can be called by the issuer for redemption at any time upon reasonable notice and with reasonable redemption premiums, if any." In a recent address by Mr. Edward N. Gadsby, Chairman of the Securities and Exchange Commission, this policy was stanchly defended. The reason given for the adoption of this policy is the protection of the consuming public against the imposition of excessive interest costs. The Securities and Exchange Commission feels that the only way of protecting the public against exorbitant interest rates is to insist that utility bond issues be freely redeemable.

The proposal to make long-term Government bonds callable has been objected to by some persons on the ground that such bonds would not be marketable. I think the experience of the Securities and Exchange Commission with respect to public utility bonds in this connection is significant. Mr. Gadsby states that "the interest rate is not significantly affected by the absence or inclusion of a restriction on refundability," and that there seems to be "no significant difference between the market acceptance of refundable as against nonrefundable issues."

I believe that this experience of the Securities and Exchange Commission could profitably be considered by the Treasury Department. I can see no reason why the experience in public utility bond issues would not be applicable to Government bond issues.

Under unanimous consent heretofore granted, I include herewith a portion of the speech of Chairman Gadsby which appeared in the Commercial and Financial Chronicle, of Thursday, June 11, 1959. I have not included that portion of Mr. Gadsby's speech which deals with deferred tax accounting because it has no bearing on the question of redeemable bonds:

SEC ON CALLABLE UTILITY ISSUES AND DEFERRED TAX CREDITS

(An address by Mr. Gadsby before the Mountain-Pacific States Conference of Public Service Commissions, San Francisco, May 27, 1959)

(The SEC head pointedly reinforces arguments supporting free refundability policy and announces that the December 30, 1958, proposed removal of deferred tax credit as part of equity capital is still under advisement. Says recent studies reveal no significant cost or market acceptance differences

---

of the Court are pro-Communist. CONGRESSIONAL RECORD vol. 104, pt. 10, p. 13347. Criticism, if responsible, is healthy: "But there is a difference between the sound criticism of the work of the Court and the nonsense reported in the SPX Research Associates documents submitted at the hearing of the Internal Security Subcommittee of the Senate Judiciary Committee which charges the Court with following the Communist line and rendering aid and comfort to our enemy." Maxwell, "Introduction to the Supreme Court in the American Constitutional System," 33 Notre Dame Law. 521, 525 (1957–58).

[80] Shields, "Democracy and Catholicism in America" (229 (1958)). Very persuasive is the counterargument of Samuel Konefsky in "Konefsky, the Legacy of Holmes and Brandeis" (1956), as quoted in Mason, "The Supreme Court From Taft to Warren." 141 (1958): "When it is said that judicial review is an undemocratic feature of our political system, it ought also to be remembered that the architects of that system did not equate constitutional government with unbridled majority rule. Out of their concern for political stability and security for private rights, particularly property, they designed a structure the keystone of which was to consist of barriers to the untrammeled exercise of power by any group."

[81] Frank, "Cases on Constitutional Law" 49 (1952).

[82] New York Times, Nov. 9, 1958, sec. 1, p. 1, col. 2.

[83] Language of Eugene Rostow in Rostow, "The Democratic Character of Judicial Review," 66 Harvard Law Review 207 (1952), which could easily be applied to the Warren court.

[84] Byrnes, "The Supreme Court Must Be Curbed," U.S. News & World Report, May 18, 1956, pp. 50–58.

[85] Mr. Justice Douglas, New York Times, Nov. 9, 1958, sec. 1, p. 1, col. 2.

[86] Frankfurter, "The Supreme Court in the Mirror of Justices," 23 Vital Speeches of the Day 434, 435 (1957).

of callables versus noncallables, and claims rights of investors, nevertheless, are safeguarded in other compensating ways. As to deferred tax accounting question, he intimates what the decision may be in noting registered holding company systems are increasingly classifying accumulated credits outside of the equity capital category. Chairman calls on State public utility commissions to adopt a parallel redemption policy, and solicits their cooperation and advice as to proper deferred tax credit treatment.)

In view of the increasing importance of public utility financing, and since this field involves many aspects of joint interest to the Federal regulatory bodies in general and our own agency in particular on the one hand and the State commissions on the other, it seems particularly pertinent to discuss the jurisdiction of our commission in general and especially to touch upon two particular problems of current mutual interest, with respect to which we have either taken action or may take action in the near future. These two problems are the commission's policy with respect to the free refundability of bonds issued by public utility companies subject to the Public Utility Holding Company Act of 1935, and the considerations governing the balance-sheet treatment to be given to the accumulated credits arising from deferred tax accounting in respect to liberalized depreciation and accelerated amortization.

ORIGIN OF SEC LAWS

The Securities Act of 1933 was passed by the Congress in the realization that lax financial and ethical standards were undermining the integrity of our capital markets, destroying investor confidence, and leading the business and financial enterprises of this country to the brink of disaster. The decline in security values beginning in October 1929, made clear the pressing need for the establishment and preservation of higher standards of business conduct if the American system of private capital was to survive. State blue sky laws, while most helpful, were found to be inadequate fully to meet the situation not only because of wide variations between States in their approach to this problem, but also because, with financial maturity, State lines were coming to be of less importance, and State authorities were unable to cope with the interstate activities of unscrupulous promoters.

The Securities Act of 1933 was the first of the several so-called securities acts passed by the Congress. Its two principal objectives were, first, to protect investors by requiring adequate and accurate disclosure regarding securities distributed to the public in interstate commerce or by use of the mails, and second, to outlaw fraud in the sale of all securities, whether or not newly issued. The 1933 act was followed in 1934 by the enactment of the Securities Exchange Act, under which the Securities and Exchange Commission was established and which extended regulatory control to stock exchanges and broker-dealers. The next major legislation came in 1935, with the enactment of the Public Utility Holding Company Act. The balance of the securities acts, which are of less immediate interest to this particular group, are the Trust Indenture Act of 1939, the Investment Company Act of 1940, and the Investment Advisors Act of the same year.

While a very large number of other factors are, of course, also responsible for the tremendous expansion in our economy since the dismal days of the thirties there can be no question but that the enactment of the Securities Act of 1933 and the other securities legislation has increased investor confidence and has thereby been of substantial assistance in enabling corporations to secure the vast amounts of capital they have required for their expansion. By 1933, approximately half of the $50 billion of new issues sold to American investors between 1920 and 1933 had become worthless. Since 1933, there have been effectively registered under the Securities Act, corporate securities of an aggregate issue value of about $161 billion. Not all of these securities, of course, are today worth the issue price. Some of them have become worthless and others have increased enormously in value. There have been broad market price fluctuations over the years affecting these values, sometimes up, sometimes down, but there has been no major wholesale devaluation since 1933 to compare, even remotely, with that which took place prior to that time. In fact, many shrewd, observant economists are of the opinion that the securities laws, together with the substantial body of other regulatory legislation now on the books, have served and will serve to prevent any such phenomenon based on anything less than international disaster.

The confidence of investors in corporate investment today is such that new financing records are being made each passing year. The dollar amount of new securities registered with the Commission in the fiscal year ending June 30, 1958, totaled $16.9 billion—the largest amount in the history of the Commission. The number of registration statements filed with the Commission and their value since July 1, 1958, have set new records. We expect that the value figure for the current fiscal year will be $18 billion, and that it will reach $22 billion in fiscal 1960. The number of registrations is currently running about 29 percent over those filed in the comparable period last year.

EXPLAINS HOLDING ACT'S INTENT

The 1933 act was premised on the principle that full disclosure of all pertinent financial data should be made to the prospective investor. The duty of the SEC under this act is only to administer these statutory provisions. It has no power to evaluate any proposed security thereunder, nor to prevent its sale under a properly filed and fully frank registration statement. Strictly speaking, the SEC regulates only the sale of securities under this legislation, not the securities themselves. The Public Utility Holding Company Act of 1935, however, gives the Commission substantial regulatory power over the financial structure and activities of those electric and gas utility holding company systems which come under its jurisdiction. The underlying objective of the 1935 act was to free operating electric and gas utility companies from the control of absentee and uneconomic holding companies, and to permit them to be effectively regulated by the States in which they were operating. At the same time, the 1935 act contemplated the existence of such public utility holding companies as served a useful economic function and whose operations were limited to an integrated system. Such holding companies and their constituent operating companies were, however, to be subject to continued and detailed regulation designed to prevent the recurrence of the abuses which brought about the enactment of this law.

A principal mandate under the 1935 act was to require the physical integration of public utility companies and functionally related properties of holding company systems and to compel the simplification of intercorporate relationship and the financial structures of holding company systems. While most of these problems as they existed at the time of adoption of the act have been resolved, there still remain some important questions which must eventually be faced.

REDEMPTION OF BONDS

The second area of our jurisdiction under the 1935 act covers the financing operations of the residual large holding companies and their subsidiaries, acquisitions, and dispositions of securities and properties, accounting practices, servicing arrangements, and intercompany transactions. It is in this area that we are called upon to determine whether debt securities of utility companies should be freely refundable.

The redemption characteristic of senior securities has been a very much discussed and debated subject for years. I have in the past had occasion to restate the Commission's policy of insisting upon free refundability of such securities. I have been referred to no evidence which would alter our position in this respect and I should like to discuss one or two studies which have been made relatively recently and which I feel give it substantial support.

In order to put our position in proper focus, I should like to point out that our jurisdiction to pass upon these particular provisions of mortgage bond indentures stems only from the Public Utility Holding Company Act of 1935. We have no jurisdiction under this act or under the 1939 act to pass upon such indenture provisions of industrial corporations or of utility companies not subject to the 1935 act. Our jurisdiction under the 1935 act extends, in terms of assets, to roughly one-fifth of the privately owned electric and gas utility industry. A number of provisions of the Holding Company Act give us specific authority to consider the question of free refundability of the senior securities of these companies. All of such provisions must be interpreted in the context of section 1(b) of the act, which declares that the national public interest and the interest of investors and consumers are or may be adversely affected by lack of economies in the raising of capital. We have considered that the act thus directs the Commission to protect the consuming public against the imposition of excessive interest costs, and that it is necessary in order to obtain this result for us to insist that utility bond issues be freely refundable upon the payment of reasonable redemption premiums.

The Commission set forth its position on free refundability in two cases in 1953; Indiana & Michigan Electric Co. (35 S.E.C. 321) and Arkansas Louisiana Gas Co. (35 S.E.C. 313). The positions set forth in those cases were adopted in the statement of policy promulgated by the Commission on Feb. 16, 1956, regarding first mortgage bonds subject to the 1935 act. This statement of policy states in part that "the indenture * * * of the issuer * * * shall provide that the bonds can be called by the [issuer] for redemption at any time upon reasonable notice and with reasonable redemption premiums, if any." You will note that this statement, while it requires a reasonable redemption premium, does not set forth any formula for determining the amount of such premium. The Commission has, however, adopted a rule-of-thumb formula under which the initial redemption price may not exceed the sum of the initial public offering price plus the interest rate. Thus, if bonds are offered to the public at 101 and bear a 5 percent coupon, the initial redemption price may not exceed 106, and the 6-point premium must thereafter be reduced pro rata to maturity.

REFERS TO MOST RECENT STUDY

Those who disagree with our policy of free refundability have advanced a number of arguments in favor of their position. They contend, for example, that an issuer of freely refundable securities is forced to pay higher interest rates in the market than it would have been required to pay if the security had a restriction on refundability. In the nature of things, it is difficult to isolate the evidence which would support or contradict such an argument or, for that matter, any similar argument. There are obviously many factors which enter into the

pricing of any security of which refundability is only one. No two utilities are exactly alike, nor are any two issues identical in all respects. To date, however, the evidence which has been adduced in support of such a statement has not been substantial or convincing. On the other hand, the SEC has conducted certain internal studies which point unmistakably to the conclusion that the interest rate is not significantly affected by the absence or inclusion of a restriction on refundability. This conclusion was recently affirmed by certain studies made under the direction of Dean Willis J. Winn and Prof. Arleigh Hess, Jr., of the Wharton School of Finance and Commerce of the University of Pennsylvania. These analysts stated at the annual meeting of the American Finance Association in Chicago, in December 1958, that data accumulated on corporate bond issues offered between 1945 and 1958 indicated that the presence or absence of the call privilege appeared to have no significant effect on the interest rate.

MARKET ACCEPTANCE ARGUMENT

A second argument made in this debate is that certain large institutional investors do not look with favor on the purchase of freely refundable bonds and that the Commission is, in effect, thus drying up or removing possible sources of capital available to the electric and gas utility industries. If our policy created any visible substantial difficulties with respect to the marketing of senior securities by utility companies, we would, of course, be seriously concerned and would reappraise our policy in the light of such evidence. In an effort to evaluate this contention, the Commission recently directed Mr. J. Arnold Pines, Chief Financial Analyst of our Division of Corporate Regulation, which administers the 1935 act, to make a study of refundable and nonrefundable issues to determine whether in fact there appears to be any significant difference in the marketability of the two types of issues.

In making this study, Mr. Pines secured data on all issues of electric, gas, and utility bonds offered at competitive bidding between May 14, 1957, and November 30, 1958, specifically securing the number of bids which were made for each issue and information as to the market success or failure of the particular issue. A total of 137 issues aggregating $2,956 million were studied. Of this total the refundable issues numbered 109 and represented an aggregate face amount of $2,005 million. The nonrefundable issues, each nonrefundable for a period of 5 years, numbered 28 and totaled $951 million. While, as I have pointed out, a number of factors other than callability can affect the number of bids received and the market success of the particular issue, there is, statistically, a tendency for such factors to cancel out in a study of a relatively large number of issues. The median number of bids on both the refundable and nonrefundable issues represented was four for each group. The weighted average number of bids received on the refundables was 4.46, while that on nonrefundables was 4.11. In evaluating the marketing success of the particular issues, an issue was termed successful if at least 95 percent of the issue was sold at the syndicate price. On this basis, 75.2 percent of the 109 refundable issues were successful and 75 percent of the 28 nonrefundable issues were successful. We believe that the only possible conclusion is that there is no significant difference between the market acceptance of refundable and nonrefundable issues, and that call privileges do not raise any serious impediment to the securing of capital by private utility companies.

I asked Mr. Pines to review certain issues of western utility companies in the past 6 months since his previous study was completed to see whether there appeared to be any significant evidence as to marketing results. He found six such issues put out by western issuers, of which two were refundable and four had a 5-year restriction on refundability. Of the four nonrefundable issues, three were successfully marketed by the selling syndicate. The selling syndicate on the fourth issue was broken up with less than one-third of the issue sold. With respect to the two refundable issues, one was successfully sold and the syndicate on the other was terminated with 20 percent unsold. While no far-reaching conclusions can be made on the basis of a study of such limited data covering a relatively short period of time, this evidence of market performance would appear to be in accord with the previous study, and shows no significant difference between the market acceptance of refundable as against nonrefundable issues.

WHAT ABOUT THE INVESTOR?

Finally, one of the arguments we hear most often in opposition to the policy of the Commission is that it provides a "one-way street" in favor of consumers only and that it disregards the rights of investors. It is true that this particular provision favors the utility and its consumers, consistently with the expressed policy of Congress in adopting the 1935 act. It seems to us, however, that the investor has a certain duty in these premises, and that this argument takes this portion of the statement of policy out of context and overemphasizes its importance and effect. The statement of policy contains many provisions other than those which relate to refundability and which either give additional rights to or serve to protect existing rights of investors. For instance, it contains certain restrictions against the issuance of additional bonds, and provides for sinking and improvement funds, and for renewal and replacement funds. It provides further for restrictions on the declaration of dividends. All of these requirements provide substantial protection to the investor. In short, in drafting this statement, the SEC did not favor either the investor over the consumer or vice versa, but rather sought to protect the interest of each in accordance with the policies declared in the act.

At the time I first publicly discussed this situation about a year ago, I felt it proper to suggest to the State Public Utility Commissions that the adoption of a parallel policy in dealing with local issuing utilities might be of mutual benefit. I still feel this way, and urge reconsideration of the policies of such of your agencies as do not comport with our statement in this regard. If there is universal acceptance of this viewpoint as between the Federal and the local agencies acting within the orbits of their respective jurisdictions, it seems patent to me that much of whatever validity there may be in the contentions of those who advocate redemption freezing provisions will be negated. In the presence of the current increasingly high interest rates, it seems quite clear that such a cooperative program can have no result except to benefit the ultimate consumer in the rates which he will be required to pay for utility service.

DEFERRED TAX ACCOUNTING

* * * * *

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mrs. GRANAHAN (at the request of Mr. BYRNE of Pennsylvania), for Wednesday, June 24, 1959, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. REUSS, for 60 minutes, on Monday next.

Mr. FOGARTY, for 15 minutes, today, and to revise and extend his remarks.

Mr. O'HARA of Illinois, for 40 minutes, today, and to revise and extend his remarks.

Mr. MOORHEAD, for 15 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. VANIK, to vacate the special order he had for today and to address the House for 10 minutes on Monday next.

Mrs. ROGERS of Massachusetts, for 10 minutes, on Tuesday next, June 30, 1959, to revise and extend her remarks and to include certain material from the State Department.

Mr. JOHNSON of Colorado, for 30 minutes, on Monday next, June 29, 1959.

Mr. BARR (at the request of Mr. GRAY), for 30 minutes, on Monday next, June 29, 1959.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. LANE.

Mr. BURKE of Massachusetts and to include extraneous matter.

Mr. SANTANGELO.

Mr. PELLY and to include extraneous matter.

The following Members (at the request of Mr. MOORE) and to include extraneous matter.

Mr. DERWINSKI.

Mr. BATES.

The following Member (at the request of Mr. GRAY) and to include extraneous matter.

Mr. ZELENKO.

ADJOURNMENT

Mr. McFALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 3 o'clock and 15 minutes p.m.) the House, pursuant to its previous order, adjourned until Friday, June 26, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1130. A communication from the President of the United States, transmitting a proposed supplemental appropriation to pay claims for damages and judgments rendered against the United States, as provided by various laws, in the amount of $198,675, together with such amounts as may be necessary to pay indefinite interest and costs (H. Doc. No. 185); to the Committee on Appropriations and ordered to be printed.

1131. A communication from the President of the United States, transmitting a report on the organization and administration of the military assistance program, submitted to the President on June 3, 1959, by the President's Committee To Study the United States Military Assistance Program (H. Doc. No. 186); to the Committee on Foreign Affairs and ordered to be printed.

1132. A letter from the Assistant Secretary of Defense (Properties and Installations), transmitting with reference to a letter dated January 26, 1959, relative to our approval of a Naval Selected Reserve project for the restoration of a pier facility at Baltimore, Md., pursuant to Public Law 85-685; to the Committee on Armed Services.

1133. A letter from the Administrator, General Services Administration, transmitting a draft of proposed legislation entitled "A bill relating to the disposition of coconut oil from the national stockpile under the Strategic and Critical Materials Stock Piling Act"; to the Committee on Armed Services.

1134. A letter from the Chairman, Federal Deposit Insurance Corporation, transmitting a copy of our report of operations for the calendar year 1958, pursuant to section 17(a) of the Federal Deposit Insurance Act; to the Committee on Banking and Currency.

1135. A letter from the Secretary of the Treasury, Cochairman, Joint Federal-State Action Committee, relative to endorsing the legislation embodied in S. 1617 and H.R. 5785, dealing with legislative jurisdiction over Federal lands within the States; to the Committee on Government Operations.

1136. A letter from the Assistant Secretary of the Interior, relative to a loan of $1,425,000 on a project estimated to cost $1,675,000 to construct Hernandes Dam on the San Benito River, Calif., pursuant to section 10 of the Small Reclamation Projects Act of 1956; to the Committee on Interior and Insular Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AVERY:

H.R. 7937. A bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight car supply, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BAKER:

H.R. 7938. A bill relating to the tax on certain transportation of coal to the Tennessee Valley Authority; to the Committee on Ways and Means.

H.R. 7939. A bill to provide a temporary increase in the tax on gasoline and special fuels to provide additional revenue for the highway trust fund; to the Committee on Ways and Means.

H.R. 7940. A bill relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association; to the Committee on Ways and Means.

By Mr. BALDWIN:

H.R. 7941. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. DERWINSKI:

H.R. 7942. A bill to repeal the tax on transportation of persons; to the Committee on Ways and Means.

By Mr. DURHAM:

H.R. 7943. A bill to authorize the Coast Guard to accept, operate and maintain a certain defense housing facility at Yorktown, Va., and for other purposes; to the Committee on Armed Services.

By Mr. FOGARTY:

H.R. 7944. A bill to provide for the registration of crew leaders in interstate agricultural employment, and for other purposes; to the Committee on Education and Labor.

By Mr. HOLT:

H.R. 7945. A bill to amend section 314 of title 38, United States Code, to provide that an aid and attendance allowance shall be paid to certain seriously disabled veterans during periods in which they are not hospitalized at Government expense; to the Committee on Veterans' Affairs.

H.R. 7946. A bill to amend the act of July 27, 1956, with respect to the detention of mail for temporary periods in the public interest, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. IKARD:

H.R. 7947. A bill relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association; to the Committee on Ways and Means.

By Mr. KLUCZYNSKI:

H.R. 7948. A bill to declare nonnavigable a part of the west arm of the South Fork of the South Branch of the Chicago River situated in the city of Chicago in the State of Illinois, as hereinafter described; to the Committee on Interstate and Foreign Commerce.

By Mr. MAILLIARD:

H.R. 7949. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. MASON:

H.R. 7950. A bill to amend the Internal Revenue Code of 1954 to equalize taxation among financial institutions, and for other purposes; to the Committee on Ways and Means.

By Mr. CLEM MILLER:

H.R. 7951. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. MILLS:

H.R. 7952. A bill to amend title II of the Social Security Act to effectuate recommendations made by the Advisory Council on Social Security Financing with respect to the investment of the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund; to the Committee on Ways and Means.

By Mr. MOELLER:

H.R. 7953. A bill to amend the act of January 12, 1895, to regulate and restrict the printing of certain extraneous matter in the CONGRESSIONAL RECORD, and to limit the number of insertions of extraneous matter in the Appendix of the CONGRESSIONAL RECORD; to the Committee on House Administration.

H.R. 7954. A bill for the establishment of a Commission on a Department of Science and Technology; to the Committee on Government Operations.

By Mr. OSTERTAG:

H.R. 7955. A bill to amend title III of the act of March 3, 1933, with respect to the acquisition by the United States of articles, materials, and supplies for public use; to the Committee on Public Works.

By Mrs. PFOST:

H.R. 7956. A bill to quiet title to certain lands within the Nez Perce Indian Reservation, Idaho, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. POWELL:

H.R. 7957. A bill to provide for the establishment of a Federal Voter Registration Commission to provide, in certain instances, for the registration of citizens of the United States for the purpose of voting in Federal and State elections, and for other purposes; to the Committee on House Administration.

H.R. 7958. A bill authorizing appropriations for the operation of public schools in the several States which would otherwise be closed by State action intended to prevent compliance with certain orders of courts of the United States; to the Committee on Education and Labor.

By Mr. RIEHLMAN:

H.R. 7959. A bill to amend the Internal Revenue Code to assist small and independent business, and for other purposes; to the Committee on Ways and Means.

By Mr. ROGERS of Texas (by request):

H.R. 7960. A bill to amend the Interstate Commerce Act to remove certain restrictions as to persons who may engage in the business of a motor carrier and upon the issuance of certificates or approvals for engaging in such business or acquiring control of another engaged therein, so that all modes of transportation may have equal opportunity; to the Committee on Interstate and Foreign Commerce.

H.R. 7961. A bill to amend the Civil Aeronautics Act to remove certain restrictions as to persons who may engage in the business of an air carrier and upon the issuance of certificates or approvals for engaging in such business or acquiring control of another engaged therein, so that all modes of transportation may have equal opportunity; to the Committee on Interstate and Foreign Commerce.

H.R. 7962. A bill to amend the Interstate Commerce Act to remove certain restrictions as to persons who may engage in the business of a water carrier and upon the issuance of certificates or approvals for engaging in such business or acquiring control of or an interest in another so engaged so that all modes of transportation may have equal opportunity; to the Committee on Interstate and Foreign Commerce.

By Mr. SCHERER (by request):

H.R. 7963. A bill to provide a temporary 1½-cent increase in the tax on gasoline and the tax on diesel fuel and special motor fuels used in highway vehicles; to the Committee on Ways and Means.

By Mr. SIMPSON of Pennsylvania:

H.R. 7964. A bill to facilitate management of the public debt, to permit the Secretary of the Treasury to designate certain exchanges of Government securities to be without recognition of gain or loss for income tax purposes, and for other purposes; to the Committee on Ways and Means.

By Mr. TEAGUE of Texas:

H.R. 7965. A bill to amend section 612 of title 38, United States Code, to authorize outpatient treatment incident to authorized hospital care for certain veterans; to the Committee on Veterans' Affairs.

By Mr. TEAGUE of Texas (by request):

H.R. 7966. A bill to amend section 601 of title 38, United States Code, to provide for the furnishing of needed services of optometrists to veterans having service-connected eye conditions; to the Committee on Veterans' Affairs.

By Mr. TOLL:

H.R. 7967. A bill to amend the act of July 5, 1946, so as to prohibit the sale in the United States of articles of foreign manufacture bearing certain trademarks, and for other purposes; to the Committee on the Judiciary.

By Mr. UTT:

H.R. 7968. A bill relating to the income tax treatment of nonrefundable capital contributions to Federal National Mortgage Association; to the Committee on Ways and Means.

By Mr. VINSON:

H.R. 7969. A bill to amend title 10, United States Code, to permit members of the Armed Forces to accept awards, fellowships, or grants; to the Committee on Armed Services.

By Mr. YOUNGER:

H.R. 7970. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. BARING:

H.J. Res. 438. Joint resolution expressing the sense of the Congress with respect to a sound national minerals policy, and directing the Secretary of the Interior to take certain action in furtherance of such policy; to the Committee on Interior and Insular Affairs.

By Mr. BLATNIK:

H. Con. Res. 227. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. COLLIER:

H. Con. Res. 228. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. THOMSON of Wyoming:

H. Con. Res. 229. Concurrent resolution to accept the statue of Esther Morris for placement in Statuary Hall; to the Committee on House Administration.

H. Con. Res. 230. Concurrent resolution to place temporarily in the rotunda of the Capitol a statue of Esther Morris; to the Committee on House Administration.

H. Con. Res. 231. Concurrent resolution to print proceedings of the presentation and acceptance of the statue of Esther Morris for placement in Statuary Hall; to the Committee on House Administration.

By Mr. JONES of Missouri:

H. Res. 307. Resolution to amend rule XXII of the Rules of the House of Representatives so as to discontinue printing identical House bills and resolutions; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Alabama, memorializing the President and the Congress of the United States relative to expressing appreciation for naming the new lock and dam under construction at Columbia, Ala., after Hon. GEORGE W. ANDREWS; to the Committee on Public Works.

Also, a memorial of the Legislature of the State of Alabama, memorializing the President and the Congress of the United States relative to requesting enactment of the bill H.R. 6671, to amend title II of the Social Security Act; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN:

H.R. 7971. A bill for the relief of Antonino Miosi Castronovo; to the Committee on the Judiciary.

By Mr. COHELAN:

H.R. 7972. A bill for the relief of Betty Michiko Kameshima Gudnason; to the Committee on the Judiciary.

By Mr. HOLT (by request):

H.R. 7973. A bill for the relief of Mrs. Masa Shimotsuma; to the Committee on the Judiciary.

By Mr. MERROW:

H.R. 7974. A bill for the relief of Ionnis Stravou Papadopoulos; to the Committee on the Judiciary.

By Mr. MEYER:

H.R. 7975. A bill to authorize and direct the sale or lease of certain land in Vermont to John C. Grindlay, of East Jamaica, Vt.; to the Committee on Public Works.

By Mr. ROGERS of Colorado:

H.R. 7976. A bill for the relief of S. M. Esler; to the Committee on the Judiciary.

By Mr. UTT:

H.R. 7977. A bill for the relief of Augustin Ramirez-Trejo; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

An Interview With Senator Humphrey

EXTENSION OF REMARKS
OF
HON. EUGENE J. McCARTHY
OF MINNESOTA
IN THE SENATE OF THE UNITED STATES
Wednesday, June 24, 1959

Mr. McCARTHY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an interview with the senior Senator from Minnesota [Mr. HUMPHREY] by Courtney Sheldon, and published in the Christian Science Monitor of June 10, 1959.

The exchange demonstrates the keenness of mind of the senior Senator from Minnesota. I think the Senate will find his comments most edifying.

There being no objection, the interview was ordered to be printed in the RECORD, as follows:

NEW TACTICS TO WIN OBJECTIVES—A CAPITAL INTERVIEW WITH SENATOR HUBERT H. HUMPHREY

(By Courtney Sheldon)

(Third in a series of interviews on Capitol Hill to record the viewpoints of Senators SYMINGTON, KENNEDY, and HUMPHREY, each of whom is generally considered a serious prospect for the Democratic presidential nomination in 1960.)

WASHINGTON.—Minnesota Senator HUBERT H. HUMPHREY, once a college professor in political science, twice elected mayor of Minneapolis, and now a leader of the northern, liberal wing of his party and the possible choice of that faction for the Democratic presidential nomination next year:

Believes that a Soviet move toward an acceptable nuclear test ban agreement is one of the things that Khrushchev will make at a summit conference.

Recommends that the United States program its farm production 5 to 10 years in advance to help underdeveloped countries improve their diets and feed their hungry.

"What issues do you feel the Democrats should concentrate on in 1960, Senator HUMPHREY?"

"Well, I think you will find that issues will vary in different areas of the country. In my part of the country, the utter failure of this administration's agriculture policy will still be an issue, for example.

"A countrywide issue will be the failure of the administration to really plan economic growth. Now here is a difference, I think, between liberal Democrats and Republicans. Some of us believe in the broad outlines of national planning for economic growth.

"I believe, for example, that we can't leave things to the accident of chance. I think that in the light of the kind of competition we are facing internationally from Soviet communism we have to make better use of our resources.

"There are some limits to them and they ought to be programed and utilized. At the same time we must provide the widest opportunity for individual decision within that great national plan. We do, however, need goals to strive for—objectives to accomplish."

"Now on international affairs what issues of consequence do you anticipate?"

"Well, here the Republicans take fixed positions and try to hold them without getting into the field of maneuver and using new tactics to win objectives.

"We haven't won anything. We have been lucky to hang on. The same administration that tried to repudiate the doctrine of containment, which we had for a period after the Soviets were pressing so hard in Western Europe, has embraced containment even more than the previous administration.

"It has been incapable of understanding the social revolution that is going on in the world. Conservative government, by its nature, tends to embrace the status quo. It approaches change with fear and timidity."

"Would you favor more or fewer periodic summit meetings just to exchange views?"

"I would favor more. I wish we could make these summit meetings a little less of a circus or bazaar. Meetings of heads of state would be better if there were not quite so much headline attention until something was done."

"You favor more contacts with the Soviets all along the line, such as yours with Khrushchev?"

"I wish you could see the volume of letters that comes everytime any American, including myself, meets with the Soviets. You'd think that somehow or other we were going to catch political leprosy.

"It seems to me we have more to gain from meeting with them than they have from meeting with us. And I enjoy the idea of intellectual competition, as well as political and psychological competition.

"I like to have the opportunity of telling the Soviets a little about the way of our life, and doing it in a friendly and polite manner, and I think it is a good idea for them to see our country. They live under gross misconception as to what American life is all about. This misconception could lead to dangerous miscalculations."

"Do you feel that we have gone too far or not far enough in our efforts to the Soviets on a nuclear test ban agreement?"

"I really believe that in the past few months we have been very sincere and have gone quite a way with the Soviets on a policy of trying to reconcile differences. I had a feeling in January that maybe we were being a little too stiff. That has been changed.

"While bringing to the attention of the Geneva delegations the new scientific data, we have demonstrated a willingness to adapt ourselves to this new material and to give the Soviets an opportunity to join with us in further scientific research for better means of inspection.

"I hope the Soviets will come around ultimately and I think they will. I believe this is one of the things that Khrushchev will do at a summit conference."

"If that did not come about, would you favor unilateral banning of atmospheric tests?"

"Yes. Atmospheric tests, I would. I believe we have nothing particularly to gain in atmospheric tests militarily and we have a great deal to lose, both psychologically and possibly in health.

"We can do these tests underground. We can do them at extraordinarily high altitudes which is a much safer process from a human health point of view."

"Now on the farm problem, is there really any feasible long-range solution?"

"A sound national agricultural policy must be based on expanded soil conservation; adequate farm credit; continued research not only in production but in uses of food and fiber; a price support or income protection system designed to aid the family farm production pattern—with definite ceilings on the total of commodity loans or payments to any one farm producer.

"Farm price supports should be extended only when farmers accept production and marketing controls; there should be no supports for products or producers who fail to comply with necessary production regulations.

"And finally the means of income protection or price supports should be varied—whatever works best for any commodity or producer. By this I mean the Secretary of Agriculture should be authorized to use crop loans, compensatory payments, purchases, extended credit, and even retirement of unneeded acres.

"Production plans must include not only the domestic and normal export needs, but also food and fiber for strengthening our foreign policy in the food deficit areas, plus food for the needy at home—possibly the use of food stamps for those on social security plus others who receive all too inadequate allowances.

"I believe that this Nation would be better served by an agriculture of smaller units. I suggest that we look upon this production of food and fiber as a great economic asset in the cold war and that we utilize it as part of a definite international economic aid program; that we work with the underdeveloped countries and see what their food deficits are, and then start to help these countries improve their diets and feed their hungry.

"This programing of farm production for international use should be done 5 to 10 years in advance so that the recipient nations and our farm people can plan on it."

American Export Lines Cited for Excellence in Maintenance of Sanitation by the U.S. Public Health Service

EXTENSION OF REMARKS
OF
HON. HERBERT ZELENKO
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, June 24, 1959

Mr. ZELENKO. Mr. Speaker, excellence in the maintenance of sanitation is worthy of widespread approval and is particularly noteworthy when it affects the transportation facilities which are in constant use by the general public. Such a development has recently occurred in the citation by the Surgeon General of the Public Health Service to the American Export Lines, of New York City, for the fourth consecutive year.

The award is based upon the inspection during the last calendar year of each of the 28 vessels operated by the American Export Lines which earned a rating of 95 or better on the official Health Service inspection including no less than 166 separate items of sanitary construction and maintenance. Most significant is the fact that similar citations to American Export Lines were awarded in 1956, 1957, and 1958.

The presentation of the citation was made by Mark D. Hollis, Assistant Surgeon General, to L. S. Andrews, vice president in charge of operations, during ceremonies on one of the company's vessels in Hoboken, N.J. Joseph B. O'Connor, regional director of the Department of Health, Education, and Welfare, gave formal approval to the award.

Mr. Frazer Bailey, one of the best known and mostly highly respected executives of the maritime industry, is managing director of Export.

Included in the fleet of this company are two passenger carriers, the SS *Independence* and the SS *Constitution*.

Ships of American Export Lines call at ports on the U.S. North Atlantic coast, the Mediterranean, Black Sea, Red Sea, north Africa, India, Pakistan, Ceylon, and Burma.

Jewish War Veterans—M.D.R. District Council Memorial Service, May 31, 1959

EXTENSION OF REMARKS
OF
HON. JAMES A. BURKE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Wednesday, June 24, 1959

Mr. BURKE of Massachusetts. Mr. Speaker, on Sunday, May 31, 1959, memorial services were conducted in the name of the Mattapan, Dorchester, Roxbury District Council, Jewish War Veterans of the United States. It was my privilege to be the principal speaker at these exercises. To me it was a dual honor because the Honor Veteran of 1959 selected by the district council was Robert A. Carpenter, who was killed in action during the battle of Leyte. The Carpenter family were my neighbors in the Mattapan section of Boston, Mass.

JEWISH WAR VETERANS OF THE U.S.A., M.D.R. DISTRICT COUNCIL MEMORIAL SERVICE, MAY 31, 1959

Raising of colors: "Star-Spangled Banner."

COMMANDER. In the name of the Mattapan, Dorchester Roxbury District Council, Jewish War Veterans of the United States, I summon all comrades within hearing to join in reverent tribute to our departed comrades, whose names remain forever on our rolls. Though their faces have vanished from our midst, they will abide with us through the precious memories we retain. They still guide and direct our actions, through the inspiring examples of patriotism and manly performance of duty, which they have provided.

To our comrades who surrendered their lives on the battlefield, in the hours of our Nation's greatest peril, we pay the highest measure of tribute. We likewise here honor all our comrades who wore the uniform of the United States, who returned to safety to serve their Nation in peace as in war, and were then called to their eternal rest.

One of the chief objects of the Jewish War Veterans of the United States is, "To honor the memories of our heroic dead and shield their graves from neglect."

Comrades, let us pray for the eternal peace of those who have departed. To those who have honored us in life and in death, let us pay a full measure of our loyal devotion. And let us here highly resolve to dedicate our own strength and lives to the ideals of democratic freedom for which they gave their utmost.

CHAPLAIN. Lord, Thou has been our refuge in all generations. Before the mountains were brought forth, before Thou hadst formed the earth and the world, even from everlasting to everlasting, Thou art God.

But man Thou turnest into dust and sayest, "Return unto me, all you children of men." Man is like grass which flourisheth and groweth up in the morning, but in the evening is cut down and withereth.

We bring our years to an end as a tale that is told. Teach us to number our days that we may get us a heart of wisdom.

Let Thy work appear unto Thy servants and Thy glory upon their children. And let the grace of the Lord, our God, be upon us.

COMMANDER. We are here to pay tribute to the many heroes of all races, and of all creeds, who in their lifetime rendered patriotic service to our country. Let us bow our heads and let our voices be hushed in memory of every American soldier, sailor and marine who made the supreme sacrifice in the defenses of our Nation.

CHAPLAIN. Lord, our God, Thou who art our inspiration in life, Thou who givest comfort and consolation in death, we pray this day that Thou mayest send Thy comforting influence into the homes which are marked by the gold star of bereavement. To the widows and orphans of all who have fallen in defense of our Nation's ideals; to the parents, the brothers and sisters; to all who were deprived of their dear ones, through the devastation of war, grant Thy Divine consolation.

We pray Thee, O our God, that the spirit of patriotism may abide with us strongly in peace as in war; that the service rendered America by us, the living sons and daughters of Israel, may be as eloquent and challenging as the sacrifices of our brethren who gave their lives in battle.

Bless America and the world with peace, that there may be no further need for the instruments of war. Let all the Nations beat their swords into plowshares and their spears into pruning. Let them learn war no more. Give all mankind such understanding and counsel, that living together in peace and in harmony, they may promote their mutual welfare and perpetuate the ideals of our Nation.

Let us in 1 minute of silence, recall our own precious memories of departed comrades, and each speak in his own heart the prayer that loving memory calls forth.

One minute of silence. And may their souls rest in peace.

Chairman ALBERT SCHLOSSBERG. Congressman Burke, Cantor Kischel, Commander Cohen, distinguished guests, ladies and gentlemen, it is indeed a great pleasure for me, as chairman of this Memorial Day service, to welcome you and extend to you the thanks of the officers and members of the Mattapan, Dorchester, Roxbury District Council, Jewish War Veterans of the U.S.A., for your participation in this annual Memorial Day observance. We of the Jewish War Veterans of the U.S.A. deem it a sacred duty to honor the memory and shield from neglect the graves of our heroic comrades. We join in honoring the memory of all men and women, who died in the service of our beloved country, without regard for their race or creed. We welcome, in addition to the guests who will address you this morning, Mr. Melvin R. Lubin, commander of the New England Region No. 1, Jewish War Veterans of the U.S.A., Messrs. Bernard Julius and Jack Smith, past commanders of the M.D.R. District Council, J.W.V., and Mr. Joseph Carpenter, brother of the "Honor Veteran" of 1959.

We are indeed fortunate to have, as our principal speaker, a resident of my own hometown, Milton, Mass., and currently representing the 13th Massachusetts District, having been elected to the 86th Congress in November 1958. Our distinguished guest was registrar of vital statistics for the city of Boston under the late Mayor Maurice J. Tobin. For 10 years our guest served in the Massachusetts Legislature, 4 years of which he served as assistant majority leader to the then speaker of the house, Congressman THOMAS P. O'NEILL, JR. He was house chairman of the World War II Veterans Problems and Korean Veterans Commission. During World War II Congressman BURKE was a special agent in the military intelligence, attached to the 77th Infantry Division in the South Pacific. Ladies and gentlemen, our distinguished guest, Congressman JAMES A. BURKE.

Congressman JAMES A. BURKE. Mr. Chairman, members of the Jewish War Veterans of the U.S.A., ladies and gentlemen: Memorial Day, with its sad and sacred memories, has come again. This is a day consecrated to the fighting men of the United States who gave their lives in the honor of our country. Their precious memories are clustered about us for they have not left us—they live as does our country, the leader of the free world against communism.

Almost a century ago when the great Civil War became a part of our history in which thousands of lives were lost to protect our heritage and billions of dollars were spent to preserve the life we know today the United States emerged without dismemberment.

Today the great struggle between slavery and freedom has passed from our national scene and those whose families were broken and separated are now reunited as brothers and fellow citizens of the United States of America.

Thus it is those who sacrificed their lives and died in the struggle of the Civil War and the wars since to protect the honor and heritage of the United States should be remembered on this day.

Yet with all of our sacrifice we today are leaders of the free world in a fight against communism which has the theory to destroy, and batter our great country into submission.

We all know this—despite the fact we today are honoring our men and women who sacrificed their lives so that this country might live and be nourished in the lives of free men.

All the pomp and ceremony, the sighs and supplications, the eulogy and tribute of today can weigh naught with voiceless lips and hearts that are long since still.

The import and value of this Memorial Day stand only insofar as we, the men and women upon whose shoulders rest the burden and duties of the present hour, realize and remember the principles for which they have fought, and each for himself resolves that the light shall not be dimmed, that the effort they put forth shall not have been in vain.

Although this day was originally set aside in memory of the departed comrades of the Civil War, it has now so developed itself as to embrace a nationwide tribute to all those heroes who have laid down their lives or fought for our country and have now passed to their reward.

So when the time comes for us to pass on to those who shall succeed us that which they whose memory we honor today fought and conserved for us we can truly say in the words of Kathryn Lee Bates in the mighty lines of "America, the Beautiful"

O beautiful for patriots dream
That see beyond the years
Thine alabaster cities gleam
Undimmed by human tears.

And because it is a holy and wholesome thought to pray for the dead, may it please almighty God that "they rest in peace."

Thank you.

Chairman SCHLOSSBERG. Officer of the day, you will escort to the memorial, Mr. Joseph Carpenter, brother of our honor veteran, Robert A. Carpenter, for the placement of the memorial wreath:

The Lord is my shepherd; I shall not want. He maketh me to lie down in green pastures; He leadeth me beside the still waters. He restoreth my soul; He leadeth me in the paths of righteousness for His name's sake. Yea, though I walk through the valley of the shadow of death, I will fear no evil; for Thou art with me; Thy rod and Thy staff, they comfort me. Thou preparest a table before me in the presence of mine enemies; Thou anointest my head with oil; my cup runneth over. Surely goodness and mercy shall follow me all the days of my life; and I will dwell in the house of the Lord forever."

Let us all rise for the traditional memorial and Kaddish prayer to be chanted by Cantor Irving Kischel, of Temple Shalom, Milton.

EL MOLEY RACHAMIM

"O God, who art full of compassion, who dwellest on high, grant perfect rest beneath the shelter of Thy divine presence, in the exalted places among the holy and pure, who shine as the brightness of the firmament, to all those who have gone to their eternal home, the piety of whose life forms the subject of our meditation today. We beseech thee, Lord of compassion, shelter them evermore under the cover of Thy wings, and let their souls be bound up in the bond of life, and may they repose on their resting places, and let us say, Amen."

OFFICER OF THE DAY. Firing squad, prepare to fire three volleys. Comrades, present arms.

Detachment from Headquarters, First Naval District, fires three volleys. Bugler sounds taps.

Order arms.

Closing remarks by Mr. Samuel Cinamon, commander, Department of Massachusetts, Jewish War Veterans of the U.S.A.

Military Justice

EXTENSION OF REMARKS
OF

HON. ALFRED E. SANTANGELO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1959

Mr. SANTANGELO. Mr. Speaker, a great deal of confusion exists in connection with my amendment to bar defense contractors from receiving funds under the defense appropriation bill if defense contractors hire retired military or naval personnel above the rank of colonel who have been connected with the service within the last 5 years.

Several people believe that present law adequately provides against undue influence. Others claim military regulations cover the situation and no legislation is necessary. The facts belie the assertions. It is apparent that while there are statutes seemingly affecting the situation of undue influence on former subordinates and friends by retired officers, the enforcement of the statutes are ineffective and are being used in insignificant areas. Just laws and just regulations apply to the powerful and weak alike. It is no answer to enforce them against the lowly and the insignificant while doing nothing with respect to the mighty. I quote the applicable statutes.

First, 10 U.S.C. 6112(b) (1956):

If a retired officer of the Regular Navy or the Regular Marine Corps is engaged for himself or others in selling, or contracting or negotiating to sell, naval supplies or war materials to the Department of the Navy, he is not entitled to any payment from the United States while he is so engaged.

Second, 67 Stat. 437, 5 U.S.C. (Supp. IV) 59c (1953):

No payment shall be made from appropriations in any act to any officer on the retired lists of the Regular Army, Regular Navy, Regular Marine Corps, Regular Air Force, Regular Coast Guard, Coast and Geodetic Survey, and Public Health Service for a period of 2 years after retirement who for himself or for others is engaged in the selling of or contracting for the sale of or negotiating for the sale of to any agency of the Department of Defense, the Coast Guard, the Coast and Geodetic Survey, and the Public Health Service any supplies or war materials.

The distinction between these two statutes should be carefully noted. The first act applies (a) only to retired officers of the Regular Navy and Regular Marine Corps, (b) as long as they hold their retired status, (c) who, for themselves or others, sell, contract or negotiate for the sale of naval supplies or war materials to the Navy Department. The second statute applies (a) to retired regular officers of all Armed Forces—and other listed Government departments—(b) only for a period of 2 years after retirement, (c) who, for themselves or others, sell, contract or negotiate for the sale of any supplies or war materiels to the specified Government departments—including the Department of Defense. Neither statute applies to reserve officers; and it appears that neither statute applies to retired permanent enlisted personnel, advanced to commissioned rank on the retired list under the provisions of 10 U.S.C. 6151(1956).

Title 18, chapter 15, section 281, provides for a fine of $10,000 or a prison sentence for whoever being the head of a department, or other officer or employee of the United States or any department or agency thereof, directly or indirectly receives or agrees to receive any compensation for any services rendered or to be rendered by himself or another, in relation to any matter in which the United States is a party or directly or indirectly interested, before any department, agency, court martial, officer, or any civil, military, or naval commission.

The next section of 281 reads as follows:

Retired officers of the Armed Forces of the United States, while not on active duty, shall not by reason of their status as such be subject to the provisions of this section. Nothing herein shall be construed to allow any retired officer to represent any person in the sale of anything to the Government through the department in whose service he holds a retired status.

In the enforcement of the foregoing provisions, there is much to be desired.

A recent article by a newspaper man, Jack Steele of the Washington Daily News, demonstrates the inadequacy of present laws and regulations and its ridiculousness in its application. I set forth the article, which is self-explanatory and imposes several questions:

NAVY RETIREE LOST PAY FOR SUPPLYING BEER, BUT 720 OTHERS HOLD JOBS WITH DEFENSE FIRMS

(By Jack Steele)

A retired Navy lieutenant commander recently was forced to forfeit his retirement pay during an 8-month period in which he allegedly sold beer to officers' clubs and ships' stores.

This is the only recent case uncovered by investigators for a House Armed Service Subcommittee in which a retired military officer has been penalized or prosecuted for representing a defense contractor or supplier.

It was cited today by Chairman F. EDWARD HÉBERT, Democrat of Louisiana, to illustrate the "incongruity" and "fuzziness" of present laws and regulations covering the employment of retired officers by munitions makers.

SEVEN HUNDRED AND TWENTY-ONE IN JOBS

The Defense Department reported last week that 721 high-ranking retired officers hold big-paying jobs with 88 major munitions and missile firms—each with defense contracts running into many millions.

None apparently is in danger of losing his retirement pay, since these retired generals and admirals are not technically engaged in "selling" to the Defense Department.

The low-ranking Navy officer who did lose his retirement pay temporarily was Lt. Comdr. Ronald Anthony. He retired July 1, 1957, and soon thereafter took a job with the Hoffman Cigar Co., of Norfolk, Va., which also was a sales agency for Budweiser beer.

Lieutenant Commander Anthony argued that he was engaged in sales promotion and public relations in pushing the beer to officers' clubs, Navy exchanges and ships' stores in Norfolk. He insisted that he did not actually sell or negotiate sales of the beer.

RULING

But the Navy's Judge Advocate General asked the General Accounting Office for a ruling on his case.

Comptroller General Joseph Campbell ruled last January 6 that Lieutenant Commander Anthony had to forfeit his Navy retirement pay for about 8 months while he held this beer-selling job.

Mr. Campbell based his ruling primarily on a rider to a 1956 appropriation bill which bars retirement pay for Navy and Marine officers while they are engaged in "selling, or contracting or negotiating to sell, naval supplies or war materials" to the Navy.

This law, which has no time limitation, does not apply to Army or Air Force officers.

An earlier (1953) law bars retirement pay for officers of any service if they engage in selling military supplies or war materials within 2 years after their retirement.

QUESTION

But the big question these laws pose is: What constitutes selling?

This was conceded yesterday by Navy Secretary William B. Franke in a TV interview with Represenative HÉBERT.

Mr. Franke noted that the law covering retired Navy officers is more stringent than that which applied to Army and Air Force officers.

He suggested that all military officers who retire should observe some time lag before they take jobs with defense contractors. But he did not say whether this should apply only to selling jobs.

The HÉBERT subcommittee is expected to open hearings on the problems created by retired officers working for defense contractors in a couple of weeks.

We eagerly await the hearings to be conducted by Representative HÉBERT.

Twenty-fifth Anniversary of FHA

EXTENSION OF REMARKS
OF
HON. EDWARD J. DERWINSKI
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1959

Mr. DERWINSKI. Mr. Speaker, rarely has a Government agency served as practical a purpose compatible with the traditional American private enterprise system as has the Federal Housing Administration. This week on June 27 we are commemorating the 25th anniversary of the existence of the FHA, and I should like to call to the attention of the Members of Congress some pertinent facts in its history and its future.

The fundamental concept of the FHA is that it strengthens private institutions through enlightened Government cooperation rather than through the approach to direct Government lending as advocated by many who lack faith in American private financial institutions. In its 25 years, the FHA has been instrumental in the expansion of American home ownership and has materially contributed to all facets of home construction and home financing.

Another important point is that it is a fully self-sustaining institution with sufficient reserves at this time to weather any anticipated economic storm. It stands today without debt to the taxpayer—a rare thing in this day and age of excessive squandering of public funds.

The FHA has been one of the few governmental institutions that has maintained its original objective over the years and has rarely deviated from its policy of financial soundness.

Obviously, an operation as large as FHA cannot claim perfect administration, but I can say truthfully it has fewer critics in proportion to its activities than any other governmental agency of which I can think.

I, personally, object to the increasing paternalism in the operation of the FHA and its assumption of many responsibilities which should be left to lending institutions, builders, or borrowers themselves. Over the years, existing for the most part under the socialistic New Deal regimentation, it is not surprising that the FHA has acquired a degree of bureaucratic redtape that should be removed as soon as possible.

The future indicates that the FHA will continue to serve a constant area in the field of home financing. While repeating my conviction and faith in its principles and in the sincerity of its administrators, I feel it must undergo drastic modification since its present complex structure and cumbersome procedures may be poorly adapted to the challenges of the future.

Numerous private organizations and institutions, which over the years have had close association with the FHA, have made recommendations as to the improvement of its operation to produce simplicity, flexibility, and improved operation.

As a member of the House Banking and Currency Committee, I will certainly devote my time and energy to cooperating with the agency and American private enterprise in an effort to provide maximum possible utility of the FHA with a minimum of redtape and bureaucratic impediments.

There is no reason for lack of confidence in the future if we continue to expand the investment of American families in their own homes, since an obvious irrefutable fact is that home ownership is one of the basic safeguards of American liberties.

Raymond V. McNamara

EXTENSION OF REMARKS
OF
HON. WILLIAM H. BATES
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1959

Mr. BATES. Mr. Speaker, I wish to call to the attention of the House, the retirement of a very distinguished and able postmaster in Haverhill, Mass., Mr. Raymond V. McNamara. He is known and highly respected throughout the Nation as the past president of the National Association of Postmasters. In fact, he was, on three separate occasions, elected and reelected to the position of president of that organization, an honor accorded to few men and exceeded by none. He is held in the highest esteem by the Postmaster General and, indeed, throughout the postal service.

The high honors he has received and the great contributions he has made to our country in his chosen field have merited the admiration and respect of those whose pleasure it was to know him. I know his many friends join with me in offering our best wishes as he undertakes his well deserved retirement.

I include herewith an exchange of correspondence on the occasion of his retirement:

APRIL 10, 1959.

Hon. RAYMOND V. MCNAMARA,
Postmaster, Haverhill, Mass.

DEAR RAY: It is with a deep sense of personal disappointment that Mrs. Summerfield and I find that we cannot be present for the testimonial dinner in Boston which will mark your retirement as postmaster of Haverhill. A long-standing commitment to deliver an address in Los Angeles makes it impossible for me to join your colleagues in paying to you a tribute so well earned.

For my own part, I hope this letter will express in some measure the Department's appreciation for the contribution which you have made to the postal service, as well as my warm personal affection for you as a friend.

Your enthusiastic support during your tenure as President of the National Asso-

ciation of Postmasters made the task of modernizing the postal system easier and earned for you the gratitude of the Department and your fellow postmasters.

The high integrity and devotion to duty which mark your career as a public servant and as a leader of postmasters reflect the religious principles which have guided your life. Mrs. Summerfield and I wish you many more useful and happy years, because we are sure you can never really retire from the postal service, nor from the National Association of Postmasters.

Sincerely,

ARTHUR E. SUMMERFIELD,
Postmaster General.

(Letter forwarded to Francis R. Sinervo, postmaster, Palmer, Mass., for presentation to Mr. McNamara at retirement banquet, April 18.)

NATIONAL ASSOCIATION OF POSTMASTERS OF THE UNITED STATES,
Haverhill, Mass., April 30, 1959.

Hon. ARTHUR E. SUMMERFIELD,
Postmaster General,
Washington, D.C.

DEAR MR. SUMMERFIELD: Among all the communications which I received upon the occasion of my retirement as a member of your official family, none brought me greater joy or consolation than your intimate and highly complimentary letter commenting on my services as postmaster at Haverhill, Mass.

As God gave me the talents and the opportunity, I have tried to give to my beloved Postmaster General and the Service I had the honor of representing a loyalty and a dedication that has never waned.

As one who abhors expediency and compromise, I glory in the knowledge that I have remained faithful and loyal to the high ideas and ideals set forth by a courageous leader in whose path I was privileged to follow.

On this day, when tears are near the surface, I cannot refrain from making my last official act one of thanksgiving and appreciation to you for all the many generous acts of kindness and consideration shown to me throughout your years of service as Postmaster General of the United States.

You must find a personal satisfaction in the knowledge that out of a quarter of a century of antiquity you have brought the Postal Service of our Government to its highest peak of efficiency. That I have had a small part to play in this tremendous drama brings to me a sense of pride and happiness, born of affection for a courageous leader and a complete devotion to the service of this great arm of our Government in the service of its people.

That our country may continue to be blessed with your unselfish and outstanding leadership is my fervent hope and prayer. May God bring to Mrs. Summerfield and yourself health and contentment, length of days and the happiness one finds in the knowledge of a job well done, is the sincere and heartfelt wish of one of your most devoted followers.

Again, with an expression of high esteem and affection, I shall ever remain,

Sincerely yours,

RAYMOND V. MCNAMARA.

MAY 5, 1959.

Mr. RAYMOND MCNAMARA,
Postmaster, Haverhill, Mass.

DEAR RAY: I have learned with mixed feelings of your retirement as postmaster at Haverhill. I am disappointed that you are leaving the postal service, because I think it is a loss to that service. On the other hand, I am very pleased that you will receive the benefit of a richly deserved retirement.

You have served long and honorably in the postal service, and indeed you have done a great deal not only for your own post office but for your associates throughout the Nation. You leave with the good will and friendship of many of us who have had the pleasure of knowing you and of working with you during the years. I know you can look back with justifiable pride on your years of service. I only hope the years ahead will hold for you every reward and happiness.

Best personal regards.

Sincerely,

LEVERETT SALTONSTALL,
U.S. Senator.

Remarks of Congressman Lane at Annual Banquet of Veterans of World War I in Boston, Mass.

EXTENSION OF REMARKS
OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1959

Mr. LANE. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include a portion of my remarks at the annual banquet of the Veterans of World War I of the United States of America at the Hotel Bradford, Boston, Mass., on June 20, 1959.

REMARKS OF CONGRESSMAN LANE AT ANNUAL BANQUET OF VETERANS OF WORLD WAR I IN BOSTON, MASS.

Greetings: You saw what happened in the U.S. House of Representatives last Monday. A pension reform bill was passed. Its purpose, on the face of it, was to scrap flat pension payments and substitute sliding-scale benefits, based on need.

There is not a man or woman here who opposes higher pensions for veterans with non-service-connected disabilities who are in need. Or to provide for their widows and their orphans.

This is nothing new. We have been for this all the way.

What we do object to is the manner in which this worthy cause is being used to block progress toward a pure service pension for the veterans of World War I.

Representative VAN ZANDT, myself, and 32 others, opposed the bill for this reason alone.

Although the bill was sweetened up with temporary increases to beguile the innocent, we saw its real though hidden motive.

The needs test is the trap.

They don't intend to hit you all of a sudden. That would be too obvious. Slowly but surely, through the application of the needs test which will not only take into account your outside income but that of your wife as well, they propose to choke off most pensions for non-service-connected disabilities.

This is a challenge that must be met by a strong and sustained reaction in favor of a service pension for all World War I veterans based on age, and without the slippery sliding scale that makes a mockery of the pension reform bill that was passed by the House last Monday.

The report on that bill came out last Friday. We were given no opportunity to consider the testimony of those who were for, or against it. Amendments to the bill were prohibited. It was rammed through under a gag rule.

I know many Members who voted for this bill with great reluctance. They did not want to be recorded in opposition to a veterans' bill, even though that so-called veterans' bill was a betrayal of the veterans of World War I.

The sponsors of the bill knew this and took advantage of it, forcing Members to vote for it against their will. The House was placed in the awkward position of supporting it, or, being cornered like the man who was asked: "When did you stop beating your wife?"

There were not many with the courage to vote against this bill that, in the long run, and in fact, will be detrimental to the best interests of all veterans.

The terminology of this bill with its needs tests, places veterans in the same category as recipients of old-age assistance, depriving them of the right to receive a pension based on age and honorable service.

In response to this veiled insult we should redouble our efforts to win a genuine pension for World War I veterans, consistent with similar pensions that were provided to the veterans of previous wars.

This is the purpose of our organization, but not the only purpose.

As veterans, we insist that our Nation shall be fair in its treatment of the men and women who served it so well in time of national peril irrespective of the wars in which they served. As we look at the record, we feel that the veterans of World War I have been the victims of neglect. And we are determined to correct that oversight.

As veterans who know firsthand, the cost of unpreparedness, we are also concerned with the state of our Nation and its leadership.

In the pleasant month of June, that is set aside for beautiful brides and starry-eyed graduates, we live again through our children and grandchildren, the beginnings of a brave, new world.

In the role of senior veterans, we are like the elder statemen who, out of the accumulated wisdom of their experience, do not rest on memories, but lead our people toward tomorrow.

Ours is a great and fruitful land where there are hurdles on the road of progress but no walls.

The only factors that slow our development are lack of vision and lack of will.

As we look around our Nation, we see most of our people busy at their work, providing for their families, improving their standard of living.

As individuals, most people are doing well.

But what about our national goals?

Is there confident direction and purpose, able and willing to do those things which can, and must be done?

In Washington, one senses a cautious mood, basing policy on things as they are, watching and waiting.

As if afraid to go ahead.

Negative. Not positive.

In spite of so much that needs to be done, and can be done if the tremendous resources of our Nation are fully employed.

This constructive force, once liberated, could finance many more development programs and balance the budget at the same time.

This supercaution at Washington, this lack of faith in the capacities of our people, is doing our Nation and the cause of freedom a great disservice. If our Nation is realizing only three-quarters of its present potential, the reason for this is lack of leadership that can be traced to the hesitation at Washington.

In urban redevelopment, airport construction, medical research, education, aid to underdeveloped countries, foreign policy, and other problems, there is lack of imagination, planning, and initiative.

Meanwhile, deterioration does not stand still.

The other day, I happened to see a survey of a Massachusetts industrial city.

More than 70 percent of the housing units were built in 1919 or earlier.

Almost 30 percent had limited plumbing facilities, or were in need of substantial repairs.

Only 40 percent had central heating.

The oldest school, still in use, was built in 1876.

Most of the industrial buildings date back more than half a century.

This is not an isolated case. From New York City to the smallest village, there is a huge backlog of essential building; public, residential, commercial, industrial, and the community services that go with them, that would provide work for hundreds of thousands of people in manufacturing, construction, and related industries, and would open up new economic opportunities for many more.

The airplane manufacturing, electronic, and nuclear energy industries are devoting most of their research and their production to meet the needs of national defense. But there is no reason why they cannot be enlarged to provide for the needs of people, and the needs of other industries, thus serving as a spur to our economy, and thereby increasing our national wealth.

From the neighborhood variety store to General Motors, there is not one enterprise in the United States, outside of agriculture, that could not produce more, or sell more, given the encouragement and the leadership that must come from Washington. Economic expansion will not be stimulated by timid policies. Trying to balance the Federal budget in line with present revenues, is putting a brake on America's progress. No wonder that so many Americans feel frustrated. Instinctively, they know that the vast possibilities of our Nation, its brainpower as well as its horsepower are not being given the fullest opportunity to show what they can do.

It is rare for a nation to distrust its own power for good.

Yet, in the field of foreign affairs, we hang back like a nation that has run out of original ideas. We wait, for the Communists to make their next move, and then try to repair the damage instead of preventing it.

We have a surplus of farm products that cost us hundreds of millions of dollars just to pay for the storage. We can't dispose of it in the United States without wrecking the farm economy. At the same time, we don't know how to give it to the millions of starving people of India, who desperately need it but cannot pay for it.

Has it ever dawned upon our Government to offer some of it to the millions in undeveloped countries who do not have enough to eat? These people have been reached by us with this generous offer which is proof of our good will toward them. But this takes imagination, and bold leadership, and a knowledge of the way that freedom can appeal to human beings the world over.

A Lincoln—or a Wilson—would touch the heart of mankind with such a pronouncement—and then would follow through with prompt and effective relief. It would take only part of the present wasteful storage costs to ship this agricultural surplus to have-not nations. Before this inspiring example of humane leadership, Communist propaganda would beat in vain. We would have taken a positive step forward in winning the trust and the faith of mankind.

But, Washington does not move.

This is but one example of the poverty of ideas.

To hold the line, resting upon past achievements, is not enough.

We are not looking forward to the dawn of a new age. We are in it, and events are racing ahead of our leadership.

The carefully worded statements out of Geneva reveal how much we are on the defensive.

The Communists have been pushing, and confusing, and blackmailing us to get out of West Berlin, where the allies maintain small forces under an agreement signed by us and the Russians, at the end of World War II.

But no demand was made by the Western Powers that Russian forces should get out of Lithuania, Latvia, Estonia, Poland, and other countries which they occupy in violation of the sovereign rights of those captive peoples.

Another illustration of our lack of initiative.

What distresses me, and many Americans, is that we have a wealth of human as well as material resources that we are not using.

To expand our own economy so that we may also help other people, and thus defeat the fraud and the danger that is communism.

To achieve this mobilization of strength for peace and progress we must look to the American people to provide the leadership that we are not getting today.

I realize that this is a serious charge, but the times plead for creative ideas and vigorous action.

When will the United States wake up?

I believe that the veterans of World War I can help to provide that missing leadership.

In concert with other groups we must rouse the sleeping giant of public opinion. Sparked by their great and generous idealism, and powered by their magnificent abilities, there is nothing that the American people cannot accomplish.

This, then, is our patriotic duty to the United States and to the cause of human freedom.

A Bill To Protect Domestic Industry and Labor

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1959

Mr. PELLY. Mr. Speaker, I take this means of informing my colleagues that I have introduced H.R. 8013 which would amend the so-called Buy America Act in such a way as to protect American workers and wages against low substandard foreign competition in connection with Federal Government purchases.

My bill provides that the United States in acquiring materials and products for public use inside the United States would make awards competitively between domestic and foreign bidders on the basis of a preference to offset the differential between average wages prevailing in our country as against the corresponding foreign pay scale.

As Members know, at present the law provides for a flexible preference—presently set by Executive order at 6 percent—which is meaningless to a large extent as far as domestic portection is concerned.

As an example of how our American standards of living are being undermined by the operation of the present unrealistic 6 percent differential, I should like to cite a situation in my own State of Washington. In this case the Bonneville Power Administration issued a bid invitation on 14,000 tons of structural tower steel. The lowest domestic bidder in this instance was the Bethlehem steel fabricating plant in Seattle, with a price of $4,074,406. The low foreign bid was $3,324,556 by a firm in Milan, Italy, which made the difference between the two low bids about 22 percent.

Under the law, the Bonneville Power Administration had no choice but to award the contract to the Italian firm, whereas had a realistic differential existed, as provided in my bill, H.R. 8013, the Seattle firm would have been the successful bidder. The fabrication of these towers for the Bonneville Power Administration would have provided 2½ years' work with a payroll which would have assured better than 200 American families the means of livelihood with a return of taxes to the Federal Treasury from the company and the workers.

I wish to make it clear, Mr. Speaker, that this proposed change in the law would not be susceptible to allowing exorbitant profits on monopolistic items. In this respect, to prevent profiteering, I have included a provision in my bill for exclusion of bids where a domestic price is unreasonably high. Likewise I have exempted purchases abroad or during a national emergency or where the national security would be jeopardized. Any cost to the Government under my bill which exceeded 25 percent more than a foreign bid would be deemed unreasonable.

The wage comparison would be established by uisng current official wage rates as published by the Bureau of Labor Statistics of the Department of Labor.

Mr. Speaker, Congress has the obligation of protecting our standard of living from being undermined by cheap foreign scales of pay. H.R. 8013 will accomplish such protection without extra cost to the Government on account of profiteering by industry. I hope, Mr. Speaker, that the House Committee on Public Works will give speedy consideration to this desirable legislation. The increased business as a result of my bill will create jobs and benefit business. It will stimulate the overall economy of the country. This is the type of legislative measure that will tend to lift wages and working conditions in other nations rather than for foreign industries, as they do now, to depress wages and employment conditions in the United States.

Congress should act promptly to correct the Buy America Act and relieve our American industry and labor from unfair foreign competition.

Bills To Rebate Taxes to States Must Be Equitable

EXTENSION OF REMARKS

OF

HON. HENRY ALDOUS DIXON

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 24, 1959

Mr. DIXON. Mr. Speaker, a proposal which is given consideration frequently by many Congressmen is that a portion of the taxes collected by the Federal Government should be rebated to the States.

Without arguing the merits of this idea, I believe it is important to draw

attention to a serious and probably unintentional inequity in most of the bills which have been introduced to carry out this idea.

These bills typically rebate to the State 1 percent or 5 percent of the Federal income tax collected within that State. The inequity arises from the fact that the amount of Federal taxes collected in any particular State is largely a geographical or business practice coincidence and is to a considerable extent wholly unrelated to the amount of taxes paid by the people of the State in question. For example, in a State such as Utah, even the personal income withheld by a number of our large employers with out-of-State headquarters is remitted to the Collector of Internal Revenue in States other than Utah where the income was earned and where the payroll deductions were made. Practically all of the Federal excise taxes such as those on new cars, appliances, machines, and so forth, are remitted by the manufacturer in the State of the parent manufacturer, even though the amount of the tax is expressly paid by the final consumer in Utah. These are but obvious examples of the irrelevance of the amount of Federal tax collections within a State as a measure of the Federal taxes paid by the people of that State.

It would therefore be manifestly unfair to use the amount of Federal tax collections within the respective States as the base for distributing Federal grants. As an example, for the fiscal year of 1958 the Internal Revenue Bureau reported Federal tax collections in Utah amounting to $200,022,000 whereas a fair estimate of the actual taxes paid by the people of Utah for the same year would be $278,300,000.

These figures were carefully estimated by the Utah Foundation, and Mr. Henry R. Pearson, executive director of the Utah Foundation and his staff deserve to be commended for bringing to light these significant discrepancies which show that Utahans pay almost 40 percent more in Federal taxes than is attributed to the State through collections.

I am placing in the RECORD the method used by the Utah Foundation to compute Utah's share of Federal taxes which further elaborates reasons for the disparity between collections and the actual taxes paid by the people of Utah.

SENATE

THURSDAY, JUNE 25, 1959

The Senate met at 9:30 o'clock a.m.

Rev. Albert Joseph McCartney, emeritus minister, National Presbyterian Church, Washington, D.C., offered the following prayer:

Almighty God, our gracious and Heavenly Father, it is written "Early in the morning our prayers shall rise to Thee."

O Thou who hast given us eyes to see and hearts to love this world so fair, give us a faith to find out Thee and see Thee everywhere. In simple, childlike trust we look to Thee at the beginning of our legislative day for that meed of wisdom which cometh down from above and is ever profitable to direct. Conscious of our need we humbly ask Thy guiding spirit in our deliberations throughout the day. Enlighten our minds with knowledge, fill our hearts with love, stimulate our souls with courage, anoint our lips with charity that we may bring all our words into obedience to Thy spirit. Guide our feet in the way of peace. These mercies we ask in the name of Him whom we delight to call the Prince of Peace, upon whose shoulders our governance must rest, and may the God of Peace keep your hearts and minds in Christ Jesus. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 24, 1959, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries.

REPORT ON TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT (S. DOC. NO. 31)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on Finance and ordered to be printed:

To the Congress of the United States:

I hereby transmit the third annual report on the operation of the trade agreements program. This report is submitted to the Congress pursuant to section 350(e)(1) of the Tariff Act of 1930 as amended.

Through the trade agreements program the United States plays a sound role in fostering the healthy and mutually beneficial international trade so necessary to the economic well-being of the free world and the promotion of higher standards of living in all nations, including the United States.

Although total world trade declined somewhat from 1957, several developments in 1958 hold great promise for the future. The treaty establishing the European Economic Community entered into effect. The currencies of most Western European countries were made convertible for nonresidents, a move which should facilitate early and substantial progress in the further elimination of quantitative trade restrictions. And at home, the 4-year extension of the trade agreements legislation enabled the United States to begin preparations for reciprocal tariff negotiations among the countries participating in the General Agreement on Tariffs and Trade.

In the coming months and years there will be many complex problems connected with the emergence of the European Common Market and with possible developments toward regional economic integration in other areas of the world as well. In addition, we shall continue to face the problems of the less-developed countries and the Communist attempts at economic penetration throughout the free world. Such problems emphasize anew the compelling need for wise policies in the field of trade. For U.S. leadership in these matters the trade agreements program will remain an indispensable instrument.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 25, 1959.*

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Col. Howard A. Morris, Corps of Engineers, to be a member and secretary of the California Debris Commission, which was referred to the Committee on Public Works.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed the bill (S. 1368) to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of new jet and turboprop aircraft, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 3. An act to establish rules of interpretation governing questions of the effect of acts of Congress on State laws;

H.R. 6054. An act to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes; and

H.R. 7567. An act to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 3. An act to establish rules of interpretation governing questions of the effect of acts of Congress on State laws; to the Committee on the Judiciary.

H.R. 6054. An act to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes; and

H.R. 7567. An act to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad; to the Committee on Finance.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE SANDERS CREEK WATER STORAGE PROGRAM—RESOLUTION OF THE CITY OF PARIS, TEX.

Mr. JOHNSON of Texas. Mr. President, the Army Corps of Engineers is currently studying the feasibility of a water supply storage program on Sanders Creek near Paris, Tex. It is my strong hope that those parts of the country which lack and need our most fundamental resource—water—will gain relief.

Mr. President, so that Senators may have a better idea of the importance of this and similar programs to the people of my part of the country, I ask unanimous consent that a resolution concerning the Sanders Creek water storage program by the city of Paris, Tex., and delivered to me by the distinguished mayor of Paris, Mr. Robert Glass, appear in the RECORD at this point in my remarks.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION 871

Whereas under authority of a resolution adopted May 21, 1957, by the Committee on Public Works, U.S. House of Representatives, the Corps of Engineers, U.S. Army, has under consideration a reservoir on Sanders Creek for flood control, water supply, and related purposes; and

Whereas under provisions of the Water Supply Act of 1958 (title III of Public Law 500–85) water supply storage for municipal or industrial uses may be included in any reservoir project planned by the Corps of Engineers, provided that before start of construction State or local interests shall agree to pay the cost of such storage; and

Whereas the city of Paris, Tex., considers the proposed reservoir on Sanders Creek as a desirable source of water supply and has furnished information to the Corps of Engineers regarding the anticipated future needs; and

Whereas the Corps of Engineers has requested opinions on whether or not the city of Paris would be prepared to enter into contract with the United States for water supply storage in said proposed reservoir at the appropriate time; and

Whereas it is understood that the securing of proper water rights from the State of Texas is the responsibility of local interests; and

Whereas the city of Paris earnestly desires that the Corps of Engineers, U.S. Army, continue the survey investigations and prepare, for submission to the Congress, a report presenting the findings and recommendations with respect to said reservoir: Now, therefore, be it

Resolved by the city of Paris, Tex., That the city of Paris hereby requests the Corps of Engineers, U.S. Army, to include water supply storage in the proposed Sanders Creek Reservoir sufficient to yield 55 million gallons daily; and

That the city of Paris recognizes the responsibility of repayment to the United States, all costs allocated to water supply in event the reservoir is constructed by the Federal Government; and

That the city of Paris will, at such times as required by the Corps of Engineers, U.S. Army, agree to pay the costs allocated to water supply in said reservoir; and

That the city of Paris will, at the appropriate time, acquire the necessary water rights from the State of Texas.

Passed and adopted this 16th day of June A.D. 1959.

ROBERT GLASS, *Mayor.*

Attest:

H. C. KENNEMER, *City Clerk.*

BEN F. MAORING, *City Attorney.*

RESOLUTION OF BOARD OF DIRECTORS, CONTROLLERS INSTITUTE OF AMERICA

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a resolution adopted by the board of directors, Controllers Institute of America, relating to the disasters of continued inflation.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF BOARD OF DIRECTORS, CONTROLLERS INSTITUTE OF AMERICA, ADOPTED MAY 23, 1959

Whereas the Controllers Institute of America is deeply concerned with the harmful effects of continuing inflationary forces in our national economy; and

Whereas Federal Government expenditures not matched by revenues impair both Government and private credit and serve further to debase the value of the dollar; and

Whereas balanced Federal budgets at a prudent level of expenditure will strengthen the economy and protect those who must rely on the soundness of the monetary unit; and

Whereas controllers, as proponents of sound fiscal policy in private enterprise, should lead in expressing their belief in sound governmental fiscal policies: Now, therefore, be it

Resolved, That the board of directors of Controllers Institute of America go on record as recommending:

1. That the Government of the United States adhere to the policy of balanced budgets in fiscal year 1960, and in future years of normal economic activity, with reductions of debt in years of general prosperity; and

2. That the members of Controllers Institute of America individually communicate to their representatives in Congress their belief in the importance of adherence to such policy; and be it further

Resolved, That the president of Controllers Institute of America be directed to send a copy of this resolution to the President of the United States, the Vice President, the Speaker of the House of Representatives, the chairmen of the Senate Finance and the House Ways and Means Committees, and the Director of the Bureau of the Budget.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BYRD of Virginia, from the Committee on Finance, without amendment:

H.R. 7567. An act to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad (Rept. No. 431); and

H.R. 7749. An act to increase the amount of obligations issued under the Second Liberty Bond Act which may be outstanding at any one time (Rept. No. 432).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, without amendment:

S. 1958. A bill to amend title 46, United States Code, section 601, to clarify types of arrestment prohibited with respect to wages of U.S. seamen (Rept. No. 433).

EXECUTIVE REPORTS OF A COMMITTEE

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. BUSH, from the Committee on Armed Services:

James Henry Wakelin, Jr., of New Jersey, to be Assistant Secretary of the Navy.

By Mrs. SMITH, from the Committee on Armed Services:

Maj. Gen. Truman Hempel Landon, Maj. Gen. Emery Scott Wetzell, Maj. Gen. Mark Edward Bradley, Jr., Maj. Gen. Walter Campbell Sweeney, Jr., Maj. Gen. Archie Jordon Old, Jr., and Maj. Gen. John Paul McConnell, Regular Air Force, to be assigned to positions of importance and responsibility designated by the President, in the rank of lieutenant general.

By Mr. THURMOND, from the Committee on Armed Services:

Brig. Gen. Wendell W. Bowman, and sundry other officers, for temporary appointment in the U.S. Air Force; and

Richard L. Buxton, Ronald J. Doyle, and Gilford G. Rowland, Jr., midshipmen (Naval Academy), to be ensigns in the Navy.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. MANSFIELD:

S. 2273. A bill to amend the act entitled "An act to incorporate St. Ann's Infant Asylum, in the District of Columbia," approved March 3, 1863, as amended; to the Committee on the District of Columbia.

(See the remarks of Mr. MANSFIELD when he introduced the above bill, which appear under a separate heading.)

By Mr. McCARTHY:

S. 2274. A bill to amend section 170(b)(1) of the Internal Revenue Code of 1954 with respect to certain charitable contributions to libraries; to the Committee on Finance.

(See the remarks of Mr. McCARTHY when he introduced the above bill, which appear under a separate heading.)

By Mr. HRUSKA:

S. 2275. A bill for the relief of Dr. Emin Derman; to the Committee on the Judiciary.

By Mr. WILLIAMS of New Jersey:

S. 2276. A bill for the relief of Thomas Gargano; and

S. 2277. A bill for the relief of the Geo. D. Emery Co.; to the Committee on the Judiciary.

By Mr. MORTON:

S. 2278. A bill to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MORTON when he introduced the above bill, which appear under a separate heading.)

RALPH FEFFER & SONS—REFERENCE OF BILL TO COURT OF CLAIMS

Mr. GOLDWATER submitted the following resolution (S. Res. 140), which was referred to the Committee on the Judiciary:

Resolved, That the bill (S. 2243) entitled "A bill for the relief of Ralph Feffer & Sons," now pending in the Senate, together with all accompanying papers, is hereby referred to the Court of Claims; and the court shall proceed with the same in accordance with the provisions of sections 1492 and 2509 of title 28 of the United States Code and report

to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand as a claim, legal or equitable, against the United States and the amount, if any, legally or equitably due from the United States to the claimant.

AMENDMENT OF ACT TO INCORPORATE ST. ANN'S INFANT ASYLUM IN THE DISTRICT OF COLUMBIA

Mr. MANSFIELD. Mr. President, I have sent to the desk a bill which provides for certain amendments to a special act of Congress under which St. Ann's Infant Asylum was established here in the District of Columbia in 1863. The provisions of this bill are simply to change the name of the institution from "St. Ann's Infant Asylum" to "St. Ann's Infant and Maternity Home"; and to strike out the limitation in the existing law that it be located in the District of Columbia and to remove the limitation on the value of property that can be held.

I am sure all of us here in the Senate are familiar with the fine work being done by St. Ann's home in the field of adoption. The home has taken in thousands of homeless children and has found them suitable homes and has given them the guidance and help in their early lives which they were being denied. At the present time the asylum also takes some maternity cases.

St. Ann's is located at 2200 California Street in Northwest Washington. The present building has served its purpose for many years but now conditions are extremely crowded and it has become desirable to move the institution into the suburbs. I understand that at the present time a location is being considered just over the District line in Maryland.

A building program which will offer greatly expanded facilities is planned and the cost estimates exceed $1 million.

In view of the present conditions and the humanitarian record made by St. Ann's, I know that the Congress will give early and favorable consideration to this bill and its companion introduced in the House by the distinguished majority leader, Mr. MCCORMACK.

Mr. President, I ask that the text of this bill, as well as the language of the act of incorporation, approved March 3, 1863, and the act amending the same in 1942, be printed at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The bill will be received and appropriately referred; and, without objection, the bill, together with the original act of March 3, 1863, and the amendment of October 3, 1942, will be printed in the RECORD.

The bill (S. 2273) to amend the act entitled "An act to incorporate St. Ann's Infant Asylum, in the District of Columbia," approved March 3, 1863, as amended, introduced by Mr. MANSFIELD, was received, read twice by its title, referred to the Committee on the District of Columbia, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That the first section of the act entitled "An act to incorporate St. Ann's Infant Asylum, in the District of Columbia," approved March 3, 1863 (12 Stat. 798), as amended by the act of October 3, 1942 (56 Stat. 768), is further amended (1) by striking out "St. Ann's Infant Asylum" and inserting in lieu thereof "St. Ann's Infant and Maternity Home"; (2) by striking out "in the city of Washington, in the District of Columbia,"; and (3) by striking out "not exceeding in value at any one time $1,000,000,".

The act of March 3, 1863, and the amendment of 1942, presented by Mr. MANSFIELD, are as follows:

AN ACT TO INCORPORATE ST. ANN'S INFANT ASYLUM, IN THE DISTRICT OF COLUMBIA (BY CONGRESS, FEBRUARY 11, 1863)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Theresa A. Costello, Lucy Gwynn, Margaret Bowden, Sarah M. Carroll, Catherine Ryan, Louisa Fisher, and Catherine Shea, and their successors, be, and they are hereby, made a body politic and corporate forever, by the name of St. Ann's Infant Asylum, for the purpose of maintaining in the city of Washington, in the District of Columbia, an institution for the maintenance and support of foundlings and infant orphan, and half orphan children, and also to provide for deserving indigent and unprotected females during their confinement in childbirth; and by that name may sue and be sued, prosecute and defend; may have and use a common seal, and the same alter and renew at pleasure; may adopt and establish rules, regulations, and bylaws not repugnant to the Constitution and laws of the United States, for properly conducting the affairs of said corporation; may take, receive, purchase, and hold estate, real, personal and mixed, not exceeding in value at any one time one hundred thousand dollars; and may manage and dispose of the same, and apply the same, or the proceeds of the sales, thereof to the uses and purposes of said corporation, according to the rules and regulations which now are or may hereafter at any time be established.

SEC. 2. *And be it further enacted,* That said corporation shall be entitled to retain under their care, charge, and restraint, and subject to the rules and discipline of said corporation, all foundlings and infant children committed to their keeping by authority of parents, guardians, or persons having legal authority, as fully and completely, to all intents and purposes, as if they were regularly indentured and bound apprentices to said institution, until said foundlings and infants shall be, if males, twenty-one years old, and if females, eighteen years old, or any shorter period that may be agreed upon; said children to be taught to read, and write, and the rules of arithmetic, and shall be instructed in some useful art or profession. And said corporation shall have power to bind them out for a time not to exceed said ages of twenty-one and eighteen years, respectively, as apprentices to learn any trade or business, or to learn to be useful in housekeeping, or may, under terms (proper in the view of the said corporation) and to be by them stipulated, place them for adoption, or as inmates with any families of persons, said corporation not being restricted in the exercise of their powers of binding or placing out to the District of Columbia; and all such acts shall be in writing, signed by the president of said corporation, and sealed with their corporate seal, and signed and sealed by the persons taking said children as apprentices or as aforesaid, and acknowledged by said parties before a justice of the peace in and for said District, and within one month thereafter recorded in the office of the Register of Wills for said District.

SEC. 3. *And be it further enacted,* That Congress may at any time hereafter, alter, amend, or repeal this act.

Passed the House of Representatives February 11, 1863.

Attest:

EM. ETHERIDGE,
Clerk.

AN ACT TO AMEND THE ACT ENTITLED "AN ACT TO INCORPORATE ST. ANN'S INFANT ASYLUM, IN THE DISTRICT OF COLUMBIA," APPROVED MARCH 3, 1863 (12 STAT. 798)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the act entitled "An act to incorporate St. Ann's Infant Asylum, in the District of Columbia," approved March 3, 1863 (12 Stat. 798), be, and the same is hereby, amended to read as follows:

"That Theresa A. Costello, Lucy Gwynn, Margaret Bowden, Sarah M. Carroll, Catherine Ryan, Louisa Fisher, and Catherine Shea, and their successors, be, and they are hereby, made a body politic and incorporate forever, by the name of 'St. Ann's Infant Asylum,' for the purpose of establishing and maintaining in the city of Washington, in the District of Columbia, an institution for the maintenance and support of foundlings and infant orphan and half-orphan children, and also to provide for deserving indigent and unprotected females during their confinement in childbirth; and by that name may sue and be sued, prosecute and defend; may have and use a common seal, and the same alter and renew at pleasure; may adopt and establish rules, regulations, and bylaws not repugnant to the Constitution and laws of the United States, for properly conducting the affairs of said corporation; may take, receive, purchase, and hold estate, real, personal, and mixed, not exceeding in value at any one time $1 million, and may manage and dispose of the same, and apply the same, or the proceeds of the sales thereof, to the uses and purposes of said corporation, according to the rules and regulations which now are or may hereafter at any time be established."

Approved, October 3, 1942.

AMENDMENT OF INTERNAL REVENUE CODE, RELATING TO CERTAIN CHARITABLE CONTRIBUTIONS TO LIBRARIES

Mr. MCCARTHY. Mr. President, it is appropriate this week to call attention to the place of libraries in our traditional educational structure, because the American Library Association is holding its 78th annual conference here in Washington. Members of the Senate will, I know, be interested in following the reports of the meetings and in learning more about the needs and contributions of the libraries of our Nation, considering the great contribution they have made to the enlightenment and progress of the Nation.

I am today introducing a bill which would include public libraries in the special category of institutions for tax purposes. Section 170(b)(1)(A) of the Internal Revenue Code of 1954 permits individuals, but not corporations, to make a deduction of an additional 10 percent of gross adjusted income for gifts to churches, educational institutions, and hospitals. My bill would include public libraries in this special group. This 10

percent, as Senators know, is in addition to the standard 20-percent maximum deduction from the adjusted gross income which the taxpayer is allowed for general contributions.

Churches, educational institutions, and hospitals have been placed in a preferred category because of the important contribution they make to the general welfare, and because they have high costs and relatively low endowments to supplement income.

We are all agreed on the need of education if we are to maintain representative government and measure up to our responsibilities around the world. We need greater education in social and political affairs and in technology. We need sources of information and contact with the great ideas of the past and present. The right to know and the freedom to know require a concern for maintaining and improving the means to know. In the American tradition libraries have been an essential part of our educational and cultural institutions for a free society.

There are three reasons why the bill which I have introduced is needed. First, college, university, and school libraries are already included in the law. Public libraries, that is those supported in whole or in part by tax funds, are not now eligible. It seems proper to bring this form of the library system into line with the others.

Second. Libraries are educational institutions in the broad definition of the word. Public libraries are in the spirit of a group already included in the preferred list, although they are excluded by the technical language. Many States place the development of public libraries under the State department of education. This is true of my own State of Minnesota and is the case also in New York, Pennsylvania, Georgia, Maryland, Tennessee, Massachusetts, and Colorado. It is important to note that schools and school libraries are usually closed during the summer months; in general, the public library serves as the principal source of educational material for youth during one-fourth of the year. And libraries are often the most important place for continued education of adults.

Third. Many public libraries already rely upon private contributions and gifts to maintain their present services. Since local and State governments are so overburdened, there is not much hope that local tax funds can be secured to enable libraries to expand their services and facilities or especially to undertake adult education projects.

The need for adult education projects is especially great, in view of the increased number of people who are retiring and the increase in the span of life in the United States. It is vitally necessary that this public service be extended and improved.

The passage of my bill would stimulate local library boards to carry on community campaigns for voluntary contributions to meet the expanded needs of public libraries.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2274) to amend section 170(b)(1) of the Internal Revenue Code of 1954 with respect to certain charitable contributions to libraries, introduced by Mr. MCCARTHY, was received, read twice by its title, and referred to the Committee on Finance.

PROPOSED WORLD DEVELOPMENT CORPORATION ACT—CHANGE OF REFERENCE

Mr. FULBRIGHT. Mr. President, the Committee on Foreign Relations will shortly act upon the bill (S. 1928) to provide for the participation of the United States in the Inter-American Development Bank.

This bill, which was recommended by the President, will serve to supplement the activities of other international financial institutions operating throughout the world.

In this connection, I have noted that the bill (S. 1743) to promote an increasing flow of private capital from the United States into economically sound enterprises in other areas of the world, to enlist an ever-increasing number of individual private investors in this undertaking, to promote world peace through the expansion of mutual economic interests, to reduce gradually the need for U.S. foreign public investments and grants, to establish a World Development Corporation, and for other related purposes was introduced on April 20 by the Senator from New York [Mr. JAVITS], and was referred to the Committee on Banking and Currency.

It seems proper to me that S. 1743, providing for the establishment of a World Development Corporation, should be re-referred to the Committee on Foreign Relations, which, in accordance with the provisions of the Legislative Reorganization Act, has jurisdiction over the safeguarding of American business interests abroad, international financial and monetary organizations, and foreign loans.

The chairman of the Committee on Banking and Currency, the junior Senator from Virginia [Mr. ROBERTSON] has informed me that he would not object if I should ask that S. 1743 be re-referred to the Committee on Foreign Relations. I have also been informed that the sponsors of S. 1743, Senators JAVITS, COOPER, and MURRAY, approve this re-referral. Therefore, Mr. President, I ask unanimous consent that the Committee on Banking and Currency be discharged from further consideration of S. 1743 and that the bill be re-referred to the Committee on Foreign Relations.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object—I have discussed this subject with the chairmen of both committees, and I am satisfied that this change of reference should be made.

I hope very much that within this session the distinguished Senator from Arkansas will be able to afford us a hearing on the bill before a subcommittee or whatever part of the Foreign Relations Committee may seem convenient to the Senator from Arkansas. I have every reason to believe that he will try to accommodate us in that regard.

Mr. FULBRIGHT. We certainly shall. Up to this time we have been completely absorbed in other problems.

Mr. JAVITS. Let me say, too, that I think the Senator from Arkansas and other members of the committee are impressed with the need for participation by the private economy in our foreign policy efforts. I think there has been a great lack of such participation in the foreign policy of the United States. Therefore I am glad that we shall have the whole problem under one tent, so to speak, and can look forward to working with the distinguished Senator from Arkansas in the effort to obtain some constructive result from the proposed legislation.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. KEATING:

Statement prepared by him entitled "June Is Dairy Month in New York State."

NOTICE OF HEARINGS ON PROPOSED AGREEMENTS FOR COOPERATION ON USES OF ATOMIC ENERGY BY JOINT COMMITTEE ON ATOMIC ENERGY

Mr. PASTORE. Mr. President, open public hearings will be held July 1 and 2, 1959, on seven proposed agreements for cooperation on uses of atomic energy for mutual defense purposes, before the Subcommittee on Agreements for Cooperation of the Joint Committee on Atomic Energy.

Persons desiring to testify concerning the proposed agreements for cooperation for mutual defense purposes presently before Congress will be given an opportunity to be heard at that time.

The proposed agreements, which involve the exchange of atomic energy information and material for military purposes, are with the Governments of the United Kingdom, France, Canada, Federal Republic of Germany, the Kingdom of the Netherlands, Turkey, and Greece.

Persons desiring to testify should notify the staff of the Joint Committee on Atomic Energy by June 29 to permit the scheduling of witnesses.

To inform the public and other Members of the Congress as to the details of the proposed agreements, I presented the texts of the agreements for the CONGRESSIONAL RECORD. The British and French agreements are in the CONGRESSIONAL RECORD of May 26, 1959. The Greek agreement is in the CONGRESSIONAL RECORD of June 17, 1959, and the others are in the CONGRESSIONAL RECORD of June 9, 1959.

NOTICE OF HEARING ON NOMINATION OF HAROLD K. WOOD TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for 10:30 a.m., Thursday, July 2, 1959, in room 2300, New Senate Office Building, on the nomination of Harold K. Wood, of Pennsylvania, to be U.S. district judge, for the eastern district of Pennsylvania, vice William H. Kirkpatrick, retired.

At the indicated time and place all persons interested in the above nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

NOTICE OF HEARINGS ON THE NORTH AMERICAN REGIONAL BROADCASTING AGREEMENT AND THE MEXICAN BROADCASTING AGREEMENT

Mr. FULBRIGHT. Mr. President, on behalf of the Senator from Oregon [Mr. MORSE], chairman of a subcommittee of the Foreign Relations Committee appointed to consider the North American Regional Broadcasting Agreement and the Mexican Broadcasting Agreement, I desire to announce that public hearings will be held on these agreements on Thursday, July 9, at 10 a.m. in room 4221, New Senate Office Building. The other members of the subcommittee are Mr. LAUSCHE, Mr. CHURCH, Mr. AIKEN, and Mr. CARLSON.

The North American Regional Broadcasting Agreement has been before the Senate since 1951 and the Mexican Broadcasting Agreement since 1957.

All parties interested in presenting testimony on the broadcasting agreement are urged to make arrangements for their appearance with the clerk of the Committee on Foreign Relations, as soon as possible.

NOTICE OF HEARINGS ON S. 1711, FOOD FOR PEACE BILL, BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, I would like to inform the Senate that on Tuesday, July 7, and Wednesday, July 8, the Senate Foreign Relations Committee will hold hearings on S. 1711, the food-for-peace bill.

This bill was introduced on April 16 by Senator HUMPHREY and 15 other Senators. Its purpose is to "promote the foreign policy of the United States and help to build essential world conditions of peace, by the more effective use of U.S. agricultural commodities for the relief of human hunger, and for promoting economic and social development in less developed countries."

I make this announcement today so that those who are interested in knowing of the hearings and being heard on this bill will have an opportunity to notify the committee.

NOTICE OF HEARINGS RELATING TO DUE PROCESS OF LAW BY SUBCOMMITTEE ON CONSTITUTIONAL RIGHTS OF COMMITTEE ON JUDICIARY

Mr. HENNINGS. Mr. President, as chairman of the Senate Judiciary Subcommittee on Constitutional Rights, I wish to announce that public hearings will be conducted by the subcommittee on methods of providing "due process of law" in hearing procedures in Federal loyalty security programs, particularly the industrial personnel security review program; and on the use today of the Attorney General's list of proscribed organizations.

The hearings begin at 10:30 a.m., Thursday, July 2, 1959, in room 457, Old Senate Office Building, Washington, D.C.

The scheduled witnesses are: Ralph S. Brown, Jr., professor of law at Yale Law School, and author of the recently published book, "Loyalty and Security," and numerous articles on the subject; and Joseph L. Rauh, Jr., Washington, D.C., attorney, former law clerk to Supreme Court Justices Cardozo and Frankfurter, and legal counsel for Charles Allen Taylor in the current Supreme Court case.

In November 1955, the subcommittee conducted extensive hearings covering these subjects; the printed record of those hearings is entitled "Security and Constitutional Rights." A few copies are still available in the subcommittee office.

HIGHWAY AND TAX PROGRAMS

Mr. DIRKSEN. Mr. President, I ask unanimous consent to have printed in the RECORD a release issued by the White House with respect to the highway program and the tax program, on which no action has been taken. This release was accompanied by a series of telegrams from the State highway commissioners including what progress or lack of progress will result with regard to the interstate highway program.

There being no objection, the release and other information were ordered to be printed in the RECORD, as follows:

STATEMENT BY THE PRESIDENT

I have consistently requested the Congress to maintain the pay-as-you-go principle which was embodied in the Highway Act of 1956. With this in mind in January I recommended a temporary increase of 1½ cents in the gas tax to provide revenues to meet anticipated deficits beginning in fiscal year 1960.

I am deeply concerned that no action has yet been taken on this proposal. As matters now stand, no apportionment of interstate funds can be made to the States in July or August of this year for fiscal year 1961, and only a small apportionment next year for fiscal 1962. The only serious alternatives now being considered by the Congress—waiving the Byrd pay-as-you-go amendment or diversion of other taxes—would solve nothing. They would either increase the size of the highway fund deficit by further postponing the pay-as-you-go principle, or reduce the general revenues available for other essential programs. Either of these alternatives would be unacceptable to me.

There is attached hereto a report from the several State highway commissioners. They have been queried as to the effect of no new apportionments of money in July or August of 1959, which is the present likelihood. As this report indicates, the Federal Highway Administrator has been informed by the several State highway departments that 10 States will have to cease issuing any new contracts for the Interstate System this summer, and that 15 additional States plus the District of Columbia will be forced to suspend contract letting by about the end of this year. An additional 11 States will have run out of interstate funds for new work by July 1960.

This is a critical situation in our national roadbuilding program, and one which should give great concern to every motorist. We are on the verge of a stalemate in the orderly development of our vital interstate road network.

THE UNDER SECRETARY OF COMMERCE,
Washington, D.C., June 23, 1959.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: In accordance with your request I am forwarding to you a report on the Interstate System program by Mr. B. D. Tallamy, Administrator of the Federal highway program.

This report includes a review of the probable future Interstate System progress under the present financing provisions together with an analysis of the effect of the suspension of apportionments for 1961 and 1962.

Telegrams from State highway commissioners outlining the impact of present financing on their respective programs are attached to this report.

Respectfully yours,

FREDERICK H. MUELLER,
The Under Secretary.

REPORT ON THE INTERSTATE SYSTEM PROGRAM, JUNE 23, 1959

(By B. D. Tallamy, Federal Highway Administrator)

It is becoming increasingly urgent that we reach a sound and early solution to the problem of continuing the interstate highway program on schedule and without interruption.

Within a few weeks an apportionment of interstate funds should be made to the States for the fiscal year 1961. It is now past the middle of June and, as matters stand, there will be no apportionment for fiscal 1961 and only a small one—not exceeding one-fifth of the authorized amount—for fiscal 1962.

Briefly, unless Congress acts quickly to provide additional financing, the fine construction pace we have established in building our National System of Interstate and Defense Highways will dwindle to a mere trickle of new contracts.

The Federal Aid Highway Acts of 1956 and 1958 provided authorizations totaling $25.625 billion for the fiscal years 1957 through 1969 for improving the Interstate System.

The 1956 legislation set in motion an accelerated program to be financed on a self-liquidating basis. It required the interstate and other Federal-aid highway programs to be financed entirely from trust fund revenues. On June 1 there was a balance of $476 million in the fund.

Under section 209(g) of the Highway Revenue Act of 1956, the full amounts authorized for the Interstate System cannot be apportioned if the estimated revenues in the highway trust fund will not be sufficient to meet obligations as they fall due. In 1958 Congress suspended the limitations of this

section for the 1959 and 1960 fiscal year apportionments and at the same time provided increased authorizations for the fiscal years 1959, 1960, and 1961.

No additional revenues were made available, however, to cover the increased expenditures resulting from the 1958 act. As a consequence, under existing legislation there will be a deficit in the highway trust fund in the fiscal year 1960. Also, there can be no apportionment of interstate funds for the fiscal year 1961, and the maximum interstate apportionment for the fiscal year 1962 would be $500 million, instead of the authorized $2.2 billion.

As a result, during the next 3 months, 10 States will be unable to award further Federal-aid interstate contracts. These are: California, Connecticut, Florida, Illinois, Michigan, New Hampshire, New York, Ohio, Oregon, and Vermont.

By about the end of this year, the interstate program will have reached a dead end, as far as any new work is concerned, in 16 more States. These are: Iowa, Kentucky, Louisiana, Maine, Massachusetts, Missouri, New Mexico, North Dakota, Rhode Island, South Carolina, Tennessee, Utah, Washington, West Virginia, Wyoming, and the District of Columbia.

Projecting a little further, our records show that 11 more States will have run out of interstate funds for new work by July 1960. These are: Alabama, Georgia, Indiana, Kansas, Maryland, Mississippi, Nevada, New Jersey, Pennsylvania, South Dakota, and Wisconsin.

In brief, all new interstate work will have been cut off in 36 States and the District of Columbia in about a year unless additional financing is provided very soon. The problem is even graver than these facts would indicate. Actually, a 2-year interruption or sharp curtailment in apportionments would have the practical result of interrupting the advancement of the interstate program by about 3 years. During the period since the accelerated construction pace was made possible by the Federal Aid Highway Act of 1956, the States have built up the necessary momentum required to complete the program on schedule. They have done this in the face of serious obstacles such as shortages of State funds, a scarcity of engineers, and the many other perplexing problems inherent in a program of such size.

We are now tooled up for a steady continuation of the authorized construction program. The States have built up their highway departments, made provisions for matching Federal funds, and streamlined laws and procedures to expedite such necessary matters as acquisition of right-of-way. Public hearings have been held on proposed routes and commitments have been made to property owners along the right-of-way. Families have been moved and commercial and industrial establishments have been relocated in anticipation of early construction.

Substantial Federal and State funds are invested in right-of-way, engineering, and construction in various stages. Thousands of miles of highways will be partially completed yet cannot be finished until further apportionments are made.

Appendix No. 1 indicates the rapid decline in contracts which will take place during fiscal year 1960–61.

Furthermore, based on current estimates of revenue and expenditures, the highway trust fund will incur a deficit this fall. Unless the trust fund is supplemented in fiscal year 1960 by additional revenue either from the motor fuel tax increase as the President has suggested or by an appropriation from the general fund—which the President has rejected—it will be necessary to withhold several hundred million dollars due the States late this calendar year, until funds are available. Such action would cause grave financial situations in the States.

In keeping with the Executive budget recommendation, draft legislation has been submitted to the Congress providing for a temporary increase of 1½ cents a gallon in the Federal motor fuel tax to be levied during the fiscal years 1960 through 1964. Enactment of this legislation would avoid a deficit in the highway trust fund, consequently eliminating the need for an appropriation from the general fund. It would likewise permit apportionments of interstate funds for 1961 and 1962 in accordance with the amounts already authorized by Congress.

The seriousness of this situation is further illustrated by appendix 1 which graphically illustrates the drastic cut in apportionments which would have to be made under existing law and the similar cut in contracts as compared to the result contemplated in the budget submission which included the 1½-cent motor fuel tax increase.

Appendix 2 is a tabulation showing the effect upon individual States of not being able to make the apportionment this summer and of a maximum apportionment next year of $500 million.

Also attached are copies of telegrams which have been received from the various State highway departments which individually describe the situation which would be created in their States under those conditions.

APPENDIX 2

Reduction in interstate apportionments for fiscal years 1961 and 1962 required under existing legislation

[In millions]

State	Fiscal year 1961		Fiscal year 1962		Required reduction in authorized apportionment ($4,200,000,000 [1])
	Authorization ($2,500,000,000 [1])	Possible apportionment ($0)	Authorization ($2,200,000,000 [1])	Maximum possible apportionment ($500,000,000 [1])	
Alabama	$48.8	$0	$43.0	$9.8	$82.0
Arizona	33.8	0	29.8	6.8	56.8
Arkansas	24.6	0	21.6	4.9	41.3
California	251.5	0	221.3	50.3	422.5
Colorado	19.2	0	16.9	3.8	32.3
Connecticut	30.2	0	26.6	6.0	50.8
Delaware	8.7	0	7.7	1.7	14.7
Florida	64.1	0	56.4	12.8	107.7
Georgia	59.7	0	52.6	11.9	100.4
Idaho	17.1	0	15.0	3.4	28.7
Illinois	126.9	0	111.7	25.4	213.2
Indiana	71.4	0	62.8	14.3	119.9
Iowa	23.5	0	20.7	4.7	39.5
Kansas	22.2	0	19.5	4.4	37.3
Kentucky	43.5	0	38.3	8.7	73.1
Louisiana	65.4	0	57.5	13.1	109.8
Maine	12.7	0	11.2	2.5	21.4
Maryland	55.8	0	49.1	11.2	93.7
Massachusetts	68.9	0	60.7	13.8	115.8
Michigan	97.3	0	85.6	19.5	163.4
Minnesota	46.7	0	41.1	9.3	78.5
Mississippi	27.2	0	23.9	5.4	45.7
Missouri	70.6	0	62.1	14.1	118.6
Montana	28.1	0	24.8	5.6	47.3
Nebraska	15.3	0	13.4	3.1	25.6
Nevada	12.9	0	11.4	2.6	21.7
New Hampshire	13.6	0	12.0	2.7	22.9
New Jersey	80.1	0	70.5	16.0	134.6
New Mexico	29.7	0	26.1	5.9	49.9
New York	122.6	0	107.9	24.5	206.0
North Carolina	13.4	0	11.8	2.7	22.5
North Dakota	11.0	0	9.6	2.2	18.4
Ohio	161.2	0	141.9	32.3	270.8
Oklahoma	22.5	0	19.8	4.5	37.8
Oregon	42.9	0	37.7	8.6	72.0
Pennsylvania	100.9	0	88.8	20.2	169.5
Rhode Island	11.5	0	10.1	2.3	19.3
South Carolina	20.4	0	17.9	4.1	34.2
South Dakota	10.5	0	9.2	2.1	17.6
Tennessee	73.4	0	64.6	14.7	123.3
Texas	111.8	0	98.4	22.4	187.8
Utah	23.1	0	20.4	4.6	38.9
Vermont	23.3	0	20.5	4.7	39.1
Virginia	104.9	0	92.3	21.0	176.2
Washington	44.8	0	39.4	9.0	75.2
West Virginia	31.0	0	27.3	6.2	52.1
Wisconsin	26.1	0	22.9	5.2	43.8
Wyoming	25.7	0	22.6	5.1	43.2
District of Columbia	24.5	0	21.6	4.9	41.2

[1] Less 1 percent for administration.

TEN STATES AFFECTED DURING NEXT 3 MONTHS

SACRAMENTO, CALIF., *June 3, 1959.*

B. D. TALLAMY,
Bureau of Public Roads:

Reurphone today last interstate project advertised May 15; bids June 10, 1959. Any further advertising discontinued as of May 15. We are now holding several large interstate projects totaling in excess of $50 million pending decision 1961 apportionment.

G. T. MCCOY,
State Highway Engineer, California Division of Highways.

HARTFORD, CONN., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administration:

Connecticut will have obligated in July 1959 substantially all of the Federal-aid interstate apportionments presently available, including the 1960 apportionment.

Unless the interstate apportionments authorized under the Federal Aid Highway Act of 1956 are made the program in Connecticut would be seriously affected.

Public hearings have been held in many communities, and this department has set forth schedules of proposed construction which have been made known to and accepted by the local public officials. Their plans have been correlated with our proposals, and commitments have been made to owners of property located on the proposed right-of-way in conformance with the proposed schedule.

Curtailment of Federal apportionments will necessitate a revision of our proposed construction program, making it impossible

for the department to fulfill its commitments to property owners and local officials regarding the timetable established for construction of these interstate projects. Such a revision of the program will place this department in a very unfavorable position on future programs proposed at the public hearings.

N. E. ARGRAVES,
State Highway Commissioner.

TALLAHASSEE, FLA., *June 4, 1959.*

Hon. BERTRAM D. TALLAMY,
Federal Highway Administrator:

Re your inquiry regarding approximate date Florida will stop awarding interstate construction contracts if there is no 1961 apportionment, we wish to advise that September 1959 would be the approximate date.

WILBUR E. JONES,
Administrator of Interstate Program.

SPRINGFIELD, ILL., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
U.S. Bureau of Public Roads:

Assuming there will be no 1961 interstate apportionment and maximum of only $500 million for 1962, Illinois will have to stop awarding interestate construction contracts on approximately September 15, 1959.

R. R. BARTELSMEYER,
Chief Highway Engineer,
Illinois Division of Highways.

LANSING, MICH., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads, Department of Commerce, Washington, D.C.:

Re telegram June 3, 1959, Michigan will be forced to stop awarding interstate contracts September 1, 1959, if interstate 1961 funds are not apportioned difficulty will be encountered resuming construction after a year lapse in funds, due to resulting loss of experienced construction personnel.

JOHN C. MACKIE,
Michigan State Highway Commissioner.

CONCORD, N.H.,
June 4, 1959.

B. D. TALLAMY,
Federal Highway Administrator, Department of Commerce, Bureau of Public Roads:

In re your telegram June 3 with exception of one $3 million project to be contracted in September 1959 all interstate program for 1960 will be under contract by end of July 1959.

JOHN O. MORTON,
Commissioner.

ALBANY, N.Y., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads:

Re your June 3 teletype if no 1961 interstate apportionment is forthcoming by July 1, 1959, we estimate that the award of further interstate construction contracts will terminate on or about September 1, 1959 in New York State.

J. B. MCMORRAN,
Superintendent of Public Works.

COLUMBUS, OHIO, *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads:

Under hypothetical situation posed in your telegram of June 3, 1959, Ohio would have to stop immediately awarding of interstate construction contracts. This is true because Ohio has already indulged in advanced financing of interstate projects to the extent of about $40 million, which would equal Ohio's share of a $500 million Federal allocation under past ratio.

Therefore we would not be able to resume awarding of interstate construction contracts before some Federal allocation were made for 1963.

E. W. PRESTON,
Director,
Ohio Department of Highways.

SALEM, OREG., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Reference your telegram sent through Regional Engineer French. Oregon will be forced to suspend advertising of interstate project by September 1, 1959, except for a few projects held for right-of-way acquisition.

G. S. PAXSON,
Assistant State Highway Engineer,
Oregon State Highway Department.

MONTPELIER, VT., *June 4, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator, U.S. Department of Commerce, Bureau of Public Roads:

Failure to continue full apportionments of Federal aid will have serious impact on Vermont. Will be forced to stop awarding interstate contracts by August 31, 1959. Any stoppage of program will require several years to rebuild our highway department organization.

WILLIAM POETER,
Vermont Commissioner of Highways.

SIXTEEN STATES AFFECTED BY ABOUT END OF THIS YEAR

AMES, IOWA, *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads, Department of Commerce:

State of Iowa will have to stop awarding interstate construction contracts not later than January 1, 1960, if there will be no 1961 apportionment.

JOHN G. BUTTER,
Chief Engineer, Iowa State Highway Commission.

FRANKFORT, KY., *June 4, 1959.*

B. D. TALLAMY,
U.S. Bureau of Public Roads:

Reply to your telegram of June 3, we have determined that following our normal schedule of contract lettings we will have to stop awarding construction contracts on the Interstate System, January 1, 1960.

WARD J. OATES,
Commissioner of Highways.

BATON ROUGE, LA., *June 3, 1959.*

B. D. TALLAMY,
Administrator, U.S. Bureau of Public Roads:

Reurtel June 3 based on current schedule, Louisiana would stop letting contracts on Interstate System, December 1, 1959.

R. B. RICHARDSON,
Director, Louisiana Department of Highways.

AUGUSTA, MAINE, *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads, US. Department of Commerce:

Information requested through regional and division offices will stop awarding interstate contracts about January 1, 1960, under conditions outlined.

DAVID H. STEVENS,
Chairman, Maine State Highway Commission.

BOSTON, MASS., *June 4, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator.
Bureau of Public Roads:

If no 1961 interstate apportionment is made and the maximum of only 500 million for 1962, the Massachusetts Department of Public Works will cease contract lettings on interstate in December 1959.

ANTHONY N. DINATALE,
Commissioner of Public Works.

JEFFERSON CITY, MO., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Assuming no 1961 apportionment interstate awards in Missouri will stop approximately October 31, 1959.

REX M. WHITTON,
Chief Engineer.

SANTA FE, N. MEX., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator:

Reurtel June 3 New Mexico will exhaust all interstate funds and can let no further interstate construction after our December 1959 letting. We have only approximately $12 million remaining which under normal scheduling would run only 6 months.

L. D. WILSON,
New Mexico State Highway Department.

BISMARCK, N. DAK., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Reurtel North Dakota is maintaining interstate schedule. Based on best current information in normal schedule of contract lettings North Dakota would have to stop awarding interstate construction contracts in January 1960 assuming there was to be no 1961 interstate apportionment and a maximum of $500 million for 1962.

A. W. WENTZ,
State Highway Commissioner, North Dakota State Highway Department.

PROVIDENCE, R.I., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
U.S. Bureau of Public Roads:

Assuming no 1961 interstate apportionment and approximately one-fifth normal for 1962 the last interstate construction contract in Rhode Island will be about January 1960 until further funds are available.

ANGELO A. MARCELLO,
State Director of Public Works.

COLUMBIA, S.C., *June 4, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administration:

Retel based on present appropriations through 1960 interstate contract awards would stop October 1959.

C. R. MCMILLAN,
Chief Highway Commissioner.

NASHVILLE, TENN., *June 4, 1959.*

B. D. TALLAMY,
Administrator, Bureau of Public Roads:

Retel interstate apportionment Tennessee will have to stop awarding interstate construction contracts not later than December 31, 1959, under basis outlined your telegram.

H. D. LONG,
State Highway Engineer.

SALT LAKE CITY, UTAH, *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Department of Commerce:

If no 1961 interstate apportionment is reveived will be necessary to stop awarding interstate contracts October 1959. Assuming Utahs portion for 1962 would be about 3 million this would permit only two contracts during year received which could be placed under contract immediately upon receipt of funds. This estimate based on current information and normal contracting schedule.

ELMO R. MORGAN,
Director of Highways, State Road Commission of Utah.

OLYMPIA, WASH., *June 3, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads,
Department of Commerce:

Assuming there will be no 1961 interstate apportionment and a maximum of $500 million for 1962, it is estimated that State of Washington would have to stop awarding interstate construction contracts by December 1, 1959. This is based on current information and our normal schedule of contract letting.

W. A. BUGGE,
Director of Highways.

CHARLESTON, W. VA., *June 4, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator,
Department of Commerce,
Bureau of Public Roads:

Re your wire June 3 to C. L. Bower. Assuming no 1961 interstate apportionment and a maximum of $500 million for 1962, West Virginia would have to stop awarding interstate construction contracts by end of 1959.

PATRICK C. GRANEY.

CHEYENNE, WYO., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Wyoming will not award interstate contracts after October 9, 1959, unless 1961 interstate apportionment is made. Interstate program is two-thirds of Wyoming road program which constitutes 28 percent of States economy.

J. R. BROMLEY,
Superintendent, Chief Engineer, Wyoming Highway Department.

WASHINGTON, D.C., *June 4, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads, Department of Commerce:

Reurtel, June 3. If there is no apportionment of interstate funds for 1961 and only 500 million for 1962, and if we followed normal schedule of contract letting, District of Columbia would have to stop awarding interstate construction contracts in October 1959. In view of present uncertainty with respect to interstate funds the District is now holding in abeyance advertisement projects estimated to cost $12.9 million.

HAROLD L. AITKEN,
Director, Department of Highways and Traffic, District of Columbia.

ELEVEN STATES AFFECTED BY JULY 1960

MONTGOMERY, ALA., *June 4, 1959.*

B. D. TALLAMY,
Administrator, Bureau of Public Roads:

Regarding your inquiry, if Alabama receives no interstate apportionment for fiscal 1961, and only its share of $500 million for fiscal 1962 we will have all available interstate funds under contract by June 30, 1960.

SAM ENGELHARDT,
Highway Director.

ATLANTA, GA., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Reurtel assuming no 1961 interstate apportionment and maximum $500 million for 1962 our normal schedule of contract letting would exhaust funds about July or August 1960 necessitating stop in awarding interstate construction contracts.

M. L. SHADBURN,
State Highway Engineer, State Highway Department of Georgia.

INDIANAPOLIS, IND., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Re your wire June 3, 1959, based on normal schedule of contract lettings Indiana will have to stop awarding interstate construction contracts about July 1, 1960.

JOHN PETERS, *Chairman.*

TOPEKA, KANS., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Assuming there will be no 1961 interstate apportionment, and a maximum of only $500 million for 1962, based on the best current information and our normal schedule of contract lettings, it will be necessary to stop awarding interstate construction contracts by approximately June 30, 1960.

WALTER JOHNSON,
State Highway Engineer, Kansas, State Highway Commission.

BALTIMORE, MD., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads,
Department of Commerce:

Based on the premise that interstate funds will not be available for 1961 and a maximum of $500 million for 1962, advise Maryland's status as follows: February 1960 would be terminal date for awards of interstate construction contracts. This terminal date would possibly occur as early as December 1959 pending review of protective right-of-way acquisition that would normally have come from 1961 and 1962 funds.

NORMAN M. PRITCHETT,
Chief of Engineers,
Maryland State Roads Commission.

JACKSON, MISS., *June 4, 1959.*

B. D. TALLAMY,
Highway Administrator,
U.S. Department of Commerce,
Bureau of Public Roads:

According to our schedule, we would stop awarding contracts on the Interstate System about March 1960.

T. C. ROBBINS,
Director, Mississippi State Highway Department.

CARON CITY, NEV., *June 3, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

The State of Nevada will stop awarding Interstate Highway construction contracts on July 1, 1960, providing there is no 1961 interstate apportionment.

EDWARD L. PINE,
State Highway Engineer.

TRENTON, N.J., *June 4, 1959.*

Hon. B. D. TALLAMY,
Federal Highway Administrator, Department of Commerce, U.S. Bureau of Public Roads:

The 1959–60 Federal interstate funds will all be under advertisement by July of 1960. New Jersey share ($16,200,000) of 1962 Federal funds if apportioned for July 1960 will be committed by October 1, 1960.

DWIGHT R. G. PALMER,
New Jersey State Highway Commissioner.

HARRISBURG, PA., *June 4, 1959.*

B. D. TALLAMY,
Administrator, Bureau of Public Roads, U.S. Department of Commerce:

With no 1961 Federal interstate apportionment, Pennsylvania must stop letting contracts April 1, 1960, at the latest. Contracts with reduced 1962 apportionment would be awarded by June 1, 1961.

PARK H. MARTIN,
Secretary of Highways.

PIERRE, S. DAK., *June 3, 1959.*

BERTRAM D. TALLAMY,
Commissioner of Public Roads:

Without a 1961 apportionment South Dakota should have all interstate funds under contract by May 1, 1960.

W. V. BUCK,
State Highway Engineer.

MADISON, WIS., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Assuming no 1961 interstate apportionment and maximum $500 million for 1962 Wisconsin estimates that under its normal schedule of contract lettings it would stop awarding interstate construction contracts May 1, 1960.

HAROLD L. PLUMMER,
Chairman, State Highway Commission of Wisconsin.

TWELVE STATES AFFECTED AFTER JULY 1960

PHOENIX, ARIZ., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Washington, D.C.:

Assuming there will be no 1961 interstate apportionment and a maximum of only $500 million for 1962, based on best current information, and a normal schedule of contract lettings, Arizona would have to stop awarding interstate construction contracts approximately December 31, 1960.

J. R. VAN HORN,
Deputy State Engineer.

LITTLE ROCK, ARK., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads, General Services:

Assuming there will be no 1961 interstate apportionment and a maximum of $500 million for 1962 based on best current information Arkansas would have to stop awarding interstate construction contracts approximately August 1, 1960.

ARKANSAS HIGHWAY DEPARTMENT,
R. B. WINFREY, *Acting Director.*

DENVER, COLO., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads,
Department of Commerce:

Re telegram this date on basis no interstate apportionment for 1961 and 500 million for 1962 our normal schedule of contract award would utilize all funds on or before September 1, 1960.

MARK U. WATROUS,
Chief Engineer,
Colorado Department of Highways.

DOVER, DEL., *June 4, 1959.*

BERTRAM D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Matching interstate funds in Delaware depends primarily on receiving request allocation from Delaware Legislature now in session. With State matching funds available Delaware would continue to advertise and award interstate construction contracts through June of 1961 based on existing apportionments not yet spent. Should there be cutback in 1962 Federal funds, Delaware would start reduced construction in that year.

R. A. HABER,
Chief Engineer,
Delaware State Highway Department.

BOISE, IDAHO, *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
U.S. Bureau of Public Roads:

On basis of assumptions stated and that 1962 apportionment to Idaho would be $3,-

430,000 available in July 1960 Idaho would have to stop awarding interstate contracts in November 1960.

G. BRYCE BENNETT,
State Highway Engineer,
Idaho Department of Highways.

ST. PAUL, MINN., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Re your telegram, Overbee, June 3: Based on continuing normal schedule of contract lettings we estimate end of interstate construction contract awards by November 1960.

L. P. ZIMMERMAN,
Commissioner of Highways.

HELENA, MONT., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
Bureau of Public Roads:

Re your telegram June 3 on interstate apportionments: Present financial status indicates State matching funds would be sufficient to cover unobligated Federal-aid balance with no stoppage of contract awards providing 1962 apportionments of $500 million is allocated, and 1961 apportionment is deleted.

FRED QUINNELL, Jr.,
Montana State Highway Engineer.

LINCOLN, NEBR., *June 3, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
U.S. Bureau of Public Roads:

Assuming there will be no 1961 interstate apportionment and a maximum of only $500 million for 1962, Nebraska will have to stop awarding interstate construction contracts by February 1961.

R. L. COCHRAN,
Nebraska State Engineer.

RALEIGH, N.C., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
U.S. Bureau of Public Roads:

Reference is made to your telegram received from the local bureau of public roads pertaining to approximate date North Carolina would have to stop awarding interstate construction contracts; assuming no 1961 interstate apportionment and a maximum of $500 million for 1962. Our best estimate at this time is that our normal schedule of contract lettings for the Interstate System would stop by late fall 1960.

W. F. BABCOCK,
Director of Highway.

OKLAHOMA CITY, OKLA., *June 3, 1959.*

B. D. TALLAMY,
Administrator, Bureau of Public Roads,
Department of Commerce:

Assuming no 1961 interstate apportionment and maximum of only $500 million for 1962, Oklahoma would have to stop awarding interstate construction contracts August 1960.

G. H. BITTLE,
Acting Director,
Oklahoma Department of Highways.

AUSTIN, TEX., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator, Bureau of Public Roads, Washington, D.C.:

Replying to your letter of June 3, you are advised that all Federal interstate highway funds will be let to contract in Texas by November 1960 should 1961 and 1962 funds not be forthcoming.

D. C. GREER,
State Highway Engineer.

RICHMOND, VA., *June 4, 1959.*

B. D. TALLAMY,
Federal Highway Administrator,
U.S. Department of Commerce:

Re your telegram June 3: It will be necessary to stop awarding interstate construction contracts in July 1961.

S. D. MAY,
State Highway Commissioner.

LIBERAL DILEMMA

Mr. CLARK. Mr. President, in this morning's issue of the New York Times there was published an editorial entitled "Liberal Dilemma." I ask unanimous consent that the editorial may be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. MANSFIELD in the chair). Is there objection to the request of the Senator from Pennsylvania?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

LIBERAL DILEMMA

The liberals in Congress and their outside supporters have been tireless in their condemnation of the Democratic leadership for its efforts to curb spending bills and avoid Presidential vetoes. This is understandable. From the liberal view there is no denying that, in the words of the Committee for an Effective Congress (CEC), the present session has not supplied the new national direction, the sense of verve, which optimists expected of the election.

But the real reasons for the liberals' frustration go deeper than Senator JOHNSON and Speaker RAYBURN. The first of these reasons is generally understood: the liberals have only a bare majority on most issues. Given Presidential vetoes, they simply do not have the votes to override. The leadership prefers to act with this fact of life in mind.

The other reasons are more meaningful in the context of what Congress ought, or ought not, to be doing. One is the course of the economy. The exuberant and pervasive recovery has sharply altered the sense of urgency behind one category of liberal measures, such as depressed areas relief and loans to communities for public works.

Another is that achievement of a new national direction is much easier said than done in the case of problems that defy any readily apparent solution. The farm mess and the mix of national defense come to mind. If the liberals have reached agreed answers on these matters, which only Senator JOHNSON is preventing them from putting into effect, they have kept their answers to themselves.

The last, and perhaps most important, reason comes under the heading of a historical accident. The liberal victory last November came at a fiscally and economically inopportune time. The Federal Government was heading into its largest peacetime deficit, inflation was properly an overriding national concern, bond markets were weak, the Nation's international payments were showing a huge deficit. The President's reaction—a policy of retrenchment—was not only the natural one for a conservative, but surely right in the circumstances. His sense of alarm has been conveyed in some degree to the moderates of the opposition party.

Thus one can sympathize with Senator CLARK in his lament that northern Democrats are being deprived of a record on which to run in 1960, without sharing his conclusion that the leadership is to blame. Events, more than men, have made this a difficult year for the liberals.

Mr. CLARK. Mr. President, the editorial makes the point that those of us who are called "liberals" in the Congress have been the victims of circumstances because "The exuberant and pervasive recovery has sharply altered the sense of urgency behind one category of liberal measures, such as 'depressed areas' relief and loans to communities for public works."

The editorial then indicates that the farm mess and national defense are problems puzzling not only to the liberal group, but also to all Members of Congress. Goodness knows that is true.

It is then pointed out that the liberal victory last November came at a fiscally and economically inopportune time, because the Federal Government was headed into its largest peacetime deficit, and inflation was properly an overriding national concern.

Mr. President, those things all may be true, but to my way of thinking it is important for the country to appreciate it is not events, more than men, which have made this a difficult year for the liberals. The basis of our contention is that the measures which we advocate should go ahead regardless of the state of the economy. We need a depressed areas bill in West Virginia, Pennsylvania, and numerous other States just as much today as we did at the bottom of the recession. We need an aid-to-education bill in good times as well as bad. We need a good housing bill in good times as well as bad.

I am firmly convinced that the country wants such measures, and I am confident that the changing nature of the economy, and its improvement, will not significantly reduce the public support for—just as they do not reduce the need for—the liberal measures which I hope the Congress will push to enactment before adjournment.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. CLARK. I am bound by the 3-minute rule.

Mr. President, I ask unanimous consent to be granted 2 additional minutes in order that I may yield to the Senator from West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH. I believe that the observations of my distinguished colleague from Pennsylvania are very important at this time. It is appropriate to focus attention on the need for the enactment of legislation vital to the well-being of large segments of our people and to the strengthening of certain areas of our country.

The measure to which the Senator from Pennsylvania particularly refers—notably the bill for assistance to the distressed areas of the country—is imperative. I am encouraged to believe that there is a growing sentiment within the House of Representatives which may "jell" within the next few days, so that we may see action in this session on the Senate passed legislation.

Mr. CLARK. My friend, as a former Member of the other body, is in an excellent position, in talking with his erstwhile colleagues, to urge them to take whatever steps may be necessary to bring that bill to a vote on the floor of the House, and enlist the support of the leadership in the other body. I will do what I can in my humble way. I welcome the Senator's assistance in the project. I feel that legislation to assist depressed areas is a definite commitment by the Democratic Party, and that our colleagues in the other body should be given an opportunity to vote on that bill.

Mr. RANDOLPH. It is entirely possible that there will be a discharge petition used on the House side in reference to this specific proposal, in the event there is no regular procedure in bringing the legislation before that body for debate and action.

TRIP IN SUBMARINE "SKIPJACK"—ARTICLE BY SENATOR JACKSON

Mr. MAGNUSON. Mr. President, I wish to bring to the attention of the Senate an informative and constructive article written by my distinguished colleague the Senator from Washington [Mr. JACKSON] urging support for a program that will give the United States leadership in oceanographic research and continue our leadership in the nuclear-submarine field. The article, entitled "The Most Important 7 Miles in the World," appeared in Parade magazine June 21, 1959.

As chairman of the Military Applications Subcommittee of the Joint Committee on Atomic Energy, Senator JACKSON has been in the forefront of those in Congress urging an expanded oceanographic effort.

I ask unanimous consent that his article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE MOST IMPORTANT 7 MILES IN THE WORLD

(By Senator HENRY M. JACKSON)

WASHINGTON, D.C.—I have just returned from a historic voyage in the atomic submarine *Skipjack*. We traveled deeper and faster than any submarine in history. We explored an entirely new world, a world of mystery and vast possibilities. It is a world of which we know very little.

Our very ignorance of this world—the 7 miles, at most, between ocean surface and ocean floor—may be a menace to our Nation's survival.

What I learned beneath the seas convinces me that the greatest threat to security may not be the lag in outer space research. We actually know less about the oceans than we do about outer space. For instance, we have roughly accurate charts for only about 2 percent of the total deep-sea floor.

Yet the seas are highways, strategic approaches to our shores, potential sources of food and minerals, and weathermakers. For the moment, let me cite just one example of their importance to the world in peace as well as war:

Millions in the world are underfed. If we knew why fish populations disappeared and reappeared, and knew more precisely the distribution of fish life, we could at least double the commercial fishing harvest. The oceans could be farmed as land is farmed. We could plow the oceans by mixing deep, nutrient-rich ocean water with surface water, thus increasing the ocean's production of fish.

But it is the military use of the seas that is most threatening today. The time is rapidly nearing when the Soviets could mount a devastating nuclear warhead attack from the sea. The H-bomb and the missile have added new muscle to seapower—the nuclear submarine armed with ballistic missiles.

But while the submarine has moved into a new era, submarine defenses have not. A panel of underseas warfare experts, which I appointed last year to advise the Joint Atomic Energy Committee, reported that no weapons system now in existence, even on an experimental basis, offers an adequate defense against nonsnorkeling submarines that run deep.

Antisubmarine defenses may improve, but before they can, we must know more about the oceans. Sonar is a detection system based on the measurement of noise. But the so-called silent deep actually is one of the noisiest places in the world. The most seasoned sonar expert may be 99 percent certain he has spotted a submarine 20 miles to the north; actually he is zeroed in on a whale 30 miles to the east.

We had better get to work. For our own security, there are four steps we should take immediately:

1. We must speed up the building of missile firing submarines—our Polaris program. The submarine based Polaris, together with the mobile land-based missile, the Minuteman, is the most invulnerable deterrent to war now in sight.

2. We must make an all-out effort in basic research below the oceans, including the Arctic.

3. We must enlarge our program of applied research in undersea warfare to find an effective detection system. At present we tie up an entire naval task force, involving many ships and thousands of men, just looking for one Soviet submarine.

4. We must step up our attack submarine program. Experts agree that the best instrument for finding and killing a submarine is another submarine.

The Russians are neglecting none of these important areas. They have 450 submarines to our 110; and 350 of their 450 have been built since World War II, in contrast with only 25 of ours. We have heard no boasts yet of nuclear-powered submarines but they probably will unveil some in the near future. If they announced only one, they might fear it would make them appear a bit ridiculous, so any announcement in all probability will involve a fleet.

UNDERWATER ACOUSTICS

And the Russians also have embarked on a massive effort in oceanographic and undersea warfare research. It is estimated that Russia employs as many as 800 professional oceanographers, plus 800 support personnel. A great number of Soviet oceanographers have been trained very recently. About 65 merchant vessels and 40 naval vessels, including submarines, are employed in oceanographic research full time or half time.

The Russians, we know, have been concentrating on underwater acoustics, so vital in submarine and antisubmarine programs. Recently, they made a thorough study of the Kurile-Kamchatka Trench. Oceanographers regard this study as significant, for the trench is an important area for basic scientific studies about the origin of the earth's crust. Knowing the topography of undersea mountains and valleys also is important in submarine operations, for they can provide the same kind of cover that an infantry or tank commander would look for in ground warfare.

The Soviet ocean effort during the International Geophysical Year was greater than that of any other country. According to reliable estimates, Soviet expenditures in this vital area may now be three times greater than ours.

The United States, by contrast, has about 500 professional oceanographers, who operate 45 ships for research, surveying and development. Sadly, only seven persons in this country earned graduate degrees in oceanography last year: Right now we could be using about three times our present number of trained oceanographers just to satisfy current demands. We should try to double our oceanographic fleet by 1970.

But first we must have a top-level decision to give the entire oceanographic program high priority. The Navy and other agencies have some farsighted plans. What is needed is action.

For instance, we should immediately start building a nuclear-powered research submarine, which could explore the deep valleys in the ocean floor and make ultra-deep-water measurements that otherwise are impossible.

Actually, America has not fallen far behind in undersea research. But we've got to move ahead fast. We have done some excellent work. In 1958 we discovered the equatorial undercurrent, the Cromwell Current—a discovery comparable to the wartime discovery of the jet stream in the atmosphere.

But oceanographic research is not only important for military reasons.

The seas also are a vast storehouse of minerals. Some already are of great economic importance to the chemical industry—for example, iodine, bromine, and magnesium. And there are concentrations of manganese, cobalt, and nickel on the deep-sea floor.

Today we drill for oil just off our shorelines. Tomorrow, when we know more about the oceans, we may mine other minerals farther out.

THE SECRET OF LIFE

Discoveries we have made recently hint at the origin of the earth and of life itself. We are beginning to have some understanding, for instance, of the importance of water temperatures and of how heat is conducted within the earth's surface. We are beginning to understand the relationship of ocean currents and weather.

We know that what we call climate can change over a few decades. Experts now suspect that changes in the storage of gases and heat in the oceans influence the process. Behind this question lies the possibility of controlling the weather itself.

If we do not press research into weather control, it could be an awesome weapon against us. Think what might happen if one power in the world had the ability to inflict scorching heat one day and frigid blizzards the next. We find it difficult enough to move about in our present environment when we get a few inches of snow. I wonder how people in the warmer areas of our country would get along at 200° below zero. Military applications aside, weather control has vast implications for agriculture, industry, and all of society.

We must push ahead in both peaceful and military aspects of all these fields, for a big job lies ahead. Perhaps most important at the moment is acoustical research and techniques for predicting the behavior of sounds underwater. This is crucial to a breakthrough in the problem of submarine detection. Work on the topography of the ocean floor also must be stressed.

To meet the immediate military challenge of the world beneath the seas, there are two things we need to do now, in addition to those I mentioned above.

I suggest that we have a Deputy Chief of Naval Operations for Undersea Warfare because our submariners now are lost in a welter of naval bureaucracy.

Secondly, I would suggest that, as we speed up the construction of our nuclear submarine force, we concentrate on the Arctic. The Arctic, as the *Nautilus'* voyage proved, is a whole new theater where we could operate under the protective shield of the Arctic ice. This ice prevents sonar detection from the air and will give us an opportunity to bring into being a new retaliatory force that will, in effect, be a truly invulnerable deterrent.

The 7 miles beneath the seas may be the most important 7 miles in the world today. To plumb their mysteries is vital to our security, to the development of our economy, and to the well-being of all free peoples.

TRIBUTE TO J. GEORGE STEWART, ARCHITECT OF THE CAPITOL

Mr. FREAR. Mr. President, as most Members of Congress undoubtedly know, the distinguished Architect of the Capitol of the United States is a resident of the State of Delaware and a former Member of Congress.

Among his many other duties, he is actively concerned at the present time with the renovation of our Capitol Building. In that connection, the American Society of Civil Engineers, through the president of its Washington chapter, has recently visited Capitol Hill to observe the progress of the construction now taking place.

After doing so, the society has addressed a letter to Mr. Stewart commending him and his staff, and I ask unanimous consent that this letter be included in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN SOCIETY OF
CIVIL ENGINEERS,
NATIONAL CAPITAL SECTION,
Washington, D.C., June 17, 1959.

Mr. J. GEORGE STEWART,
Architect of the Capitol,
Architect's Office,
Washington, D.C.

DEAR MR. STEWART: On behalf of the National Capital Section please accept our most sincere thanks for the very pleasant trip that we enjoyed last Saturday, June 13, in visiting the work in progress on Capitol Hill.

The generous use of your time and the assistance of your staff are very much appreciated. We were quite impressed with the engineering excellence of the works under construction and we feel sure the taxpayers of the country are getting a good return on their investment.

Sincerely yours,

ALFRED R. GOLZÉ.

FEDERAL-STATE RELATIONSHIPS

Mr. DODD. Mr. President, I wish to state my unqualified opposition to the House bill passed yesterday which would limit the power of Federal courts to interpret Federal laws, and threaten the essential supremacy of Federal law which is the bedrock of our Constitution.

I oppose this bill because I think it is unnecessary, because I feel it is a usurpation by Congress of the legitimate authority of the courts, because it would create chaos in the field of Federal-State relationships, and because it would inundate the courts with a flood of needless litigation.

Even if I supported the objective of this bill, and I do not, its ambiguous wording and the conflicting estimates by its supporters of what it would accomplish would cause me to oppose it.

I have conducted extensive Senate hearings on this subject. I have emerged from those hearings with the conviction that this legislation would bind the Supreme Court in a straitjacket and endanger a vast body of vital Federal regulatory law.

It is a dangerous, one-shot attempt to rewrite a century and a half of history and I urge my colleagues in the Senate to oppose it.

ORDER OF BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

Mr. JOHNSON of Texas. Mr. President, early this morning I talked with the distinguished chairman of the House Ways and Means Committee, Mr. MILLS, and asked his advice and assistance in connection with the problem which confronts us relative to the tax extension bill.

Mr. MILLS stated to me that he expected that if the Senate passed the bill as reported by the committee a conference would be necessary, and that considerable time would be consumed in the conference.

He stated that he did not believe the House would be willing to accept the amendments which have been made to the tax bill by the Senate committee.

I asked him if it would not be possible to reach an arrangement under which we could pass a joint resolution extending taxes until we could pass the bill. He said he did not favor that procedure, and that he did not expect to present such a resolution. As we all know, such a resolution would have to be initiated in the House.

I have no particular preference for any day to vote on the bill. I desire to follow the wishes of the Senate. However, I do wish to be responsible, and I know that the Senate wishes to be responsible.

Therefore, I shall, later today, ask unanimous consent for an agreement. If I am unable to obtain it, I shall modify it, and try to devise some other plans.

In any event, if we do not obtain an agreement, or have not passed the bill, I expect the Senate to remain in session late this evening—at least until midnight—reassemble early tomorrow, and, if necessary, go around the clock until action is taken on the bill.

Mr. CLARK. Mr. President, I believe every Member of the Senate must feel a keen sense of responsibility with respect to the tax bill.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CLARK. Has the tax extension bill been made the unfinished business?

The PRESIDING OFFICER. It has not.

Mr. CLARK. I certainly share that sense of responsibility. I regret any disagreement with the majority leader in which I find myself on this question, because I have great sympathy with his position, and I know that he feels it is most important to have the bill before the President at the earliest possible moment. So do I.

Yesterday, in the course of the discussion relating to the unanimous consent agreement, my good friend the majority leader said:

> We must have the bill passed by the Senate, have it go to conference, have an agreement in conference, have the conference report acted upon by both Houses, and have the bill go to the President and be signed by Tuesday. It is a grave responsibility; and I wish to do everything I can to get the bill to the President in time so that no tax revenue will be lost.

I share the majority leader's concern. I think it is absolutely vital that no tax revenue be lost.

However, later in the debate the Senator from Colorado [Mr. CARROLL] said:

> I cannot believe that another body of Congress will be so irresponsible as to allow the Government to lose revenue of $9 million a day. If we cannot vote temorrow by reason of the absence of Senators who have previously made commitments, why cannot we debate the bill tomorrow and vote on it on Monday? I admit that the time is short. But let us assume that we voted on the bill on Monday. Even if the conference committee did not agree, it would not be necessary to lose $9 million a day in revenue. The other body, I believe, could initiate a joint resolution so as to preserve the status quo for 15 days or 30 days, until there was full consideration of the tax bill and the amendments which I believe will be offered to it.
>
> It is my understanding that in a case of this kind only the House can initiate a joint resolution. When it does so, the status quo is preserved.
>
> I do not think the Senate is so irresponsible that it will not agree to pass such a joint resolution. That is why I suggest a modification of the proposal advanced by the majority leader. I ask unanimous consent that his proposed unanimous-consent agreement be modified so as to provide that the Senate shall vote on the bill on Monday. Thus, every Senator will have a chance to go on record on important tax amendments.

Thereafter the majority leader pointed out that this was not a matter within his control, and that the legislation would have to be initiated in the other body.

Steps have been taken to see that such a resolution is introduced in the other body. What its fate will be I have no way of knowing. I myself, respectfully and with all deference, must disagree with the comment made by my friend the majority leader to me on the floor last night when I suggested that perhaps a vote could be postponed until early on Monday. The majority leader said:

> I think it would be the height of irresponsibility to put off action until next Monday.

I regretfully find myself unable to concur in that view, particularly in light of the comments made by the Senator from Colorado.

Personally, I see no great urgency with respect to this bill; and I believe the amendments should be fully debated. I

hope they will be. I hope the distinguished majority leader will delay his presentation of the unanimous-consent agreement for at least a few hours more, until an accounting can be made of the present situation. I think there is nothing more disagreeable for a Democrat to do than to refuse to give unanimous consent when his majority leader asks for it. I think I have never done it before last night; I hope I shall never feel impelled by my conscience to do so again. I certainly would not want to oppose any unanimous-consent agreement which the majority leader might propose later today unless it was absolutely necessary for me to do so because of my strong feeling about these amendments.

None of us in the Senate are children. I think we all know the facts of life. So far as I am aware, a large number of Senators, my best count last night was 22 Senators—were planning to go to Canada on official business of the United States. I do not know how many that will turn out to be this morning. They have every right and ever reason to go to Canada. In many instances, I believe it is their duty to go. Among those Senators are a number who have a very keen interest in the amendments to the tax bill which will be presented today.

Frankly, and in a somewhat lighter vein, when I made a nose count of the 22, I came to the tentative conclusion that there were 11 who would vote in favor of some, if not all, of the tax amendments, and 11 who would not. So from the point of view of my position, I am in no worse shape, nor are my colleagues, if we vote today or tomorrow, than if we voted on Monday. It may be that the nose count this morning will disclose a different situation.

For that reason, I ask the distinguished Senator from Texas, as a personal favor to me, to withhold his unanimous-consent request for a few hours—perhaps no longer than noon—until we can see what the situation is.

I assure him that if at that time the conditions are such that we who support these amendments can conscientiously say we will be no worse off if we vote today or tomorrow, than if we vote on Monday, I will interpose no objection to the unanimous-consent agreement.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JOHNSON of Texas. Of course I will comply with the Senator's request. I get no pleasure out of proposing consent requests and having them objected to. I believe the Senator from Pennsylvania would object if I did not observe his request, so I will comply with his wishes.

I may say to the Senator that sometime last week, and again this week, I reminded all Senators who had engagements, whether in Europe or Canada or anywhere else, that the Senate as an institution had to continue its work notwithstanding such engagements, and that Senators should be prepared to vote, particularly during the last week of June. Not only must we consider the tax bill; we must consider also the renegotiation bill, the debt limit bill, and other bills which have deadlines to be met.

I have reviewed the list of Senators who will be absent. As nearly as I can tell, I think they could pretty well be paired off. I am glad to have the view of the Senator from Pennsylvania that, in his judgment, no particular philosophy would gain an advantage by voting on one day or the other.

I do know that the House is very much concerned about its rights in the matter and its prerogative to initiate tax legislation. I do know the House will oppose, and oppose strongly, and I think at length, the amendments which have been added to the bill. I do know that the House will not initiate a continuing resolution, unless it does so over the protest of the chairman of the Committee on Ways and Means.

Knowing all those things, I think the course of responsibility indicates that we follow the advice of the chairman of the Committee on Finance, the ranking minority member of the committee, and the minority leader. Even the President feels very strongly that we should take no chances on getting the bill to him later than Tuesday. I do not think we could do that if we took up the bill on Tuesday.

It would be necessary for the Senate to have a discussion. The bill would have to go to conference. I do not know whether the House would be able to send it to conference immediately. I do not know what their situation is. But I do know that when the bill reaches the House, there will be some debate, just as there will be debate in the Senate, and just as the Senator from Pennsylvania wants to be assured that there will be debate.

So I think Senators who are absent could arrange to do what the Senate has done for many, many years. Most Senators have standing pairs. I have a standing pair with the minority leader. Any time he is absent from the Chamber for any purpose, and even if there is a tie vote, if we differ on the matter being voted on, I will protect him by not voting. He has agreed to do the same for me. I think Senators in my party understand that, and I think Senators in his party understand it, too.

So I think Senators who are absent could follow the same procedure. If the division among them is 10 to 10, or 11 to 11, or 12 to 12, what is to be gained by delaying the vote until next week? Not one thing. But there will be the added risk of losing revenue.

The chairman of the House Committee on Ways and Means has said that if there is 1 hour when there is no law, people will go out and buy large quantities of the products on which there are normally excise taxes; so the situation is simply too dangerous to contemplate.

Therefore, I shall ask the Senate to vote on the bill this week, in accordance with the request made by the committee. But I will not submit a unanimous-consent request until I have conferred with the Senator from Pennsylvania, in accordance with his request.

Mr. BYRD of Virginia. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I am glad to yield.

Mr. BYRD of Virginia. I express my hearty agreement with the views of the distinguished majority leader. I think it would be extremely dangerous not to act on the tax bill this week. The bill extends taxes in the amount of $3,100 million. Of that amount, $900 million is in excise taxes. As the majority leader stated, if those excise taxes are not operative, even for a day or a week, or for any other length of time, they will be noncollectible. Such action would throw the market into confusion. It may be that there will be made sales of refrigerators and of a large number of other commodities which are subject to excise taxes. It would be most unfortunate to cause so great a loss to the Treasury.

Furthermore, I agree with the majority leader with respect to the amendments to the bill. I opposed the amendments to the bill in the Committee on Finance. Two amendments were adopted, one by a vote of 9 to 8. One of the amendments would remove, effective August 1, the tax on passenger fares, whether on railroads, buses, or airplanes. I oppose that amendment. I have done all I could to oppose it, not because of its merits or demerits, but because I do not think the bill should be loaded down with amendments.

I opposed the other amendment, with respect to the tax on telephones and long distance messages. That amendment puts those taxes in the category of the bill which expires on the 30th of next June. That amendment was adopted in the committee by a vote of, I believe, 15 to 2. I opposed it.

One word more. As I stated yesterday, the bill came from the House on June 9. It was received by the Committee on Finance on June 10. Hearings were held on the bill, as of course they should have been. A number of Senators requested an opportunity to be heard. The Senator from Pennsylvania [Mr. CLARK] honored the committee by being a witness at the hearings. Other Senators who are not members of the Committee on Finance asked to be heard.

The bill was reported on June 24. I think that was very expeditious action—a matter of 2 weeks—for a bill of so great importance. So if any delay has crept into the progress of the bill, the Committee on Finance is not responsible for it. We acted as promptly as we could, if we gave proper consideration to the bill and held the hearings which were requested.

I sincerely hope that prompt action will be taken on the bill, even if it is necessary to have the Senate stay in session continuously from now until Monday or from now until Saturday, because a conference will have to be held with the House, and we do not know what the outcome of the conference will be. The bill will have to be signed by midnight of next Tuesday; otherwise the excise taxes will become inoperative.

Mr. CLARK. Mr. President, let me first say a word to the distinguished Senator from Virginia, and then I shall address a word to the majority leader.

It is very painful for me to have to differ, on a question of judgment, and

perhaps even on a question of fact, with so distinguished a Senator who has had long experience in this body and has as wide a knowledge of the problem before us as has the senior Senator from Virginia. In fact, it may even seem presumptuous for me, a junior Senator, to do so. Nevertheless, I feel compelled to do so because I do not see the situation as he does.

In my judgment, there is no gun with a time lock on it pointed at our heads. There is no real requirement to pass the bill this week, or on Monday, Tuesday, or even Wednesday of next week. A procedure has been used many times before in the history of Congress—and at a later time this morning I shall have some examples to call to the attention of the Senate. Because of the shortness of the time involved, the research on that matter is still being made.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. CLARK. Not at this moment; I will yield later.

I agree with the able Senator from Colorado [Mr. CARROLL] that we must assume that the other body is as responsible as we are. I think that assumption is justified. I honor the statement of the majority leader. I feel certain that he has told us the exact truth, the whole truth, and nothing but the truth, with respect to his conversation with the chairman of the House Committee on Ways and Means.

But I must say to the Senator from Virginia, in all candor, that I do not believe the House would hesitate to pass a joint resolution extending these taxes for 5, 10, 15, or even 30 days, so that these important matters of public business can be adequately considered by this body and then have the bill go to conference under no sense of pressure. The conferees of the Senate would represent the view of the Senate on the matters with respect to which we differ with the House, and would be able, in cooperation with our colleagues in the House, to come back to the Senate with an appropriate bill from a conference which was not held under pressure.

I am sorry that I differ with the Senator from Virginia in that regard. I firmly believe that the House of Representatives will act as I have suggested, and that Members of the Senate should not be hastened in making determinations in regard to these amendments by any thought that a time gun is placed against their heads.

Mr. President, I turn to the comments made by the majority leader, which I think were entirely pertinent and absolutely correct. He did give us notice that this bill would be called up this week and that he would press for a vote. He was candid; and I think that from where he sits, what he did was absolutely right. I have no quarrel with it.

In view of his personal conversations with me on the subject, as well as what he said on the floor, I canceled a trip to England that I was very anxious to make. My plane would have left at 3 o'clock yesterday afternoon, and I would now be meeting with an international group on the subject of what can be done through parliamentary action in a number of countries to achieve the rule of law in the field of world peace and in the field of limited disarmament. To me, that was about as important a use of my time as I could imagine. Arrangements had been made with Representative PORTER, of Oregon, from the other body, in response to a House concurrent resolution similar to mine, to go to London for that purpose. I was supposed to go, representing a dozen Senators who had joined in submitting here in the Senate a concurrent resolution on the same subject. It was a source of real regret and deep disappointment to me that I had to call off that trip. However, I felt, and still feel, that the majority leader was entirely within his rights in urging all Senators who had a keen interest in the tax bill to remain here and show their interest on the floor. So I canceled my trip.

Last night, on the floor, in the course of the mildly hectic proceedings in connection with consideration of the unanimous-consent agreement proposed by the majority leader, six Senators on our side of the aisle who were going to Canada urged me to do everything within my power to hold off a vote on this measure until Monday, because they felt, from the point of view of their own records and also from the point of view of their obligations to their constituents, that they wished to be here to vote.

I may say to the majority leader that I made no commitment that I would do that. I told them I would see what I could do, and that I would do the best I could. But I made no commitment.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Pennsylvania yield to me?

The PRESIDING OFFICER (Mr. JORDAN in the chair). Does the Senator from Pennsylvania yield to the Senator from Texas?

Mr. CLARK. I am happy to yield.

Mr. JOHNSON of Texas. Not a day passes that I do not receive such requests from Senators. In fact, very few days pass that I do not receive requests of that sort in regard to more than six Senators who plan to be absent.

Some Senators were absent earlier in the week or were absent last week, and did not want me to bring up the conference report on Monday, and they did not want it voted on on Tuesday.

If we were to comply with all such requests—I always desire to comply, but never am able to do so—no votes would ever be taken in the Senate, because there are always four, five, six, or seven Senators who would like to be somewhere else.

Mr. CLARK. I am sure the Senator from Texas is correct. The only comment I can make is that I thank God I am not the majority leader.

A little while ago the Senator from Delaware [Mr. WILLIAMS] asked me to yield to him; and I told him that I would do so later. Does he desire that I yield to him at this time?

Mr. WILLIAMS of Delaware. No.

Mr. CLARK. Mr. President, I yield the floor.

TAX RATE EXTENSION ACT OF 1959

Mr. BYRD of Virginia. Mr. President, I should like to call up for consideration House bill 7523.

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to consider that bill.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

Mr. BYRD of Virginia. Mr. President, I wish to make a brief explanation of the bill, on behalf of the Senate Finance Committee:

The Committee on Finance, to whom was referred the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

H.R. 7523 as passed by the House provided for a 1-year extension of the present corporate income tax rates and the existing rates of certain excise taxes. The rates of these taxes otherwise are scheduled for reduction on July 1, 1959.

The present 52-percent corporate income tax rate, without the 1-year extension provided in this bill, would revert to 47 percent as of July 1, 1959, through a reduction of the normal tax rate from 30 percent to 25 percent. The excise tax rates, which without this bill would also be decreased as of July 1, 1959, are those on distilled spirits, beer, wine, cigarettes, passenger automobiles, and automobile parts and accessories. The rates for these taxes, both those which are being extended and the rates which will be applicable July 1, 1960, are both shown in table 1 of the report.

The Committee on Finance has accepted the provisions of the House bill, but added two amendments. One of these repeals the 10-percent tax on the transportation of persons effective for the first month beginning more than 10 days after the date of enactment of this bill. The second amendment provides that the present taxes on telephone, telegraph, and related services, which are generally at a 10-percent rate, are to terminate as of July 1, 1960, the same termination date the House-passed bill provides for the excise tax rates it is continuing.

The continuation of the present corporate tax rate and the excise tax rates on alcoholic beverages, cigarettes, passenger cars, and auto parts and accessories is essential, in view of the 1960 budgetary requirements. Provision for a termination date in the case of the various communication excise taxes is provided, in order to give assurance that these tax rates will be reviewed at the

same time Congress reviews the other excise tax rates which are to terminate on July 1, 1960. This is not intended to give any assurance that these communication tax rates will be considered for termination any sooner than the other excise tax rates which under this bill are to be reduced as of July 1, 1960. The repeal of the transportation tax on rail, air, and other transportation of persons is in accord with the action taken by the Senate last year, when it repealed this tax. However, this repeal did not become effective, since it was not accepted by the conferees.

If the existing rates are not continued, there would be a revenue loss in a full year of operation of about $3.1 billion. Of this, $2.2 billion would be in corporate income taxes, and $0.9 billion in the following excise taxes: $241 million in various alcohol taxes, $226 million in the tax on cigarettes, and $458 million in the taxes on automobiles and automobile parts and accessories. The $924 million which would be received in a full year from the continuation of excise taxes will, under your committee's bill, be reduced by $250 million, or the estimated cost in a full year of operation of its amendment repealing the tax on the transportation of persons. This reduces the $924 million of gain from excise taxes to $674 million in a full year of operation. This does not take into account the taxes on communications, since these are not reduced until the beginning of the fiscal year 1961.

Mr. President, I urge the passage of the bill as it has been reported to the Senate by the Finance Committee.

Mr. CLARK. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. CLARK. I should like to ask a question.

I note there are no minority views. Can the Senator from Virginia tell me the background on that point? It was my understanding, from my talk with the Senator from Minnesota [Mr. McCARTHY], that minority views would be filed.

Mr. BYRD of Virginia. No request was made of the chairman of the committee to file minority views. This is the first I have heard of it, I say to the Senator from Pennsylvania.

Mr. CLARK. I should like to ask another question: It is my understanding—and of course the Senator from Virginia will tell me if I am requesting information to which I am not entitled—that within the committee, several votes were taken on amendments to be proposed by some of us.

First, I ask the Senator from Virginia whether there was within the committee a vote, and, if so, what the result of the vote was, on the amendment of the Senator from Minnesota, dealing with the dividend credit.

Mr. BYRD of Virginia. I shall be glad to give the Senator from Pennsylvania the votes on all the amendments.

Mr. CLARK. I thank the Senator.

Mr. BYRD of Virginia. The amendment to repeal the tax on the transportation of persons was adopted by a vote of 9 to 8.

The amendment to repeal the dividend credit and exclusion provisions from the gross income tax was defeated by a tie vote of 8 to 8.

Mr. CLARK. That was the amendment of the Senator from Minnesota [Mr. McCARTHY], was it?

Mr. BYRD of Virginia. Yes. Several members were absent. Each one was given an opportunity to vote.

On the amendment to reduce the depletion allowance for oil and gas wells to 15 percent in the case of those whose gross income from gas and oil wells was over $5 million, and to 25 percent in the case of those whose gross income from gas and oil wells was between $1 million and $5 million, and to 27½ percent in the case of those whose gross income from gas and oil wells was under $1 million, the amendment was defeated by a vote of 3 to 14, with all Senators voting.

The amendment to disallow business expenditure deductions for entertainment at night clubs, theaters, sporting events, the maintenance of yachts, hunting lodges, country club dues, business gifts, and expenses in traveling to conventions, was defeated by a vote of 4 to 9. The repeal of the excise tax on communications, which I have just mentioned, simply would put that tax in the category of those taxes which expire each year. That amendment was adopted by a vote of 15 to 2.

That is the record of the votes taken on the amendments proposed.

There was no request made of the chairman of the committee to ask permission of the Senate, which, as the Senator from Pennsylvania knows, is necessary, to file minority views. If the Senator from Minnesota [Mr. McCARTHY] had made such a request, the chairman of the committee would have asked the permission. This is the first I have heard that the filing of minority views was in contemplation.

Mr. CLARK. May I ask another question with reference to the 15 to 2 vote? I am afraid I did not catch what the Senator said that vote was on.

Mr. BYRD of Virginia. That was in regard to the repeal of the excise tax on communications.

Mr. CLARK. The committee voted 15 to 2 in support of that amendment?

Mr. BYRD of Virginia. Yes; in support of it. I voted against it, and the Senator from Illinois voted against it.

I will say to the Senator from Pennsylvania I voted against all amendments, because I did not believe this bill was the proper vehicle on which to put such amendments.

I wish to call attention to the fact that any revenue bill which is reported to the Senate by the Finance Committee is subject to amendment. I am unable to understand why the impression is being created that this is the last opportunity to offer amendments.

Since the President would not be in a position to veto the bill, it is very obvious that if the proponent of any amendment were to succeed in having it incorporated in the bill, there would be a loss of some of the $3,100 million in taxes for which this bill provides. I do not think the Senator from Pennsylvania or anyone else would want to create the impression that this is the only opportunity the Senate will have to consider such amendments as the Senator from Pennsylvania and other Senators desire to present to the Senate.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. BYRD of Virginia. I yield.

Mr. CLARK. It had been my understanding, and I ask the Senator from Virginia to correct me if I am wrong, that the pending bill, dealing with excise taxes and corporate taxes, was, in all likelihood, the only bill which would come from the Finance Committee during this session of the Congress to which amendments of the nature of those submitted to the committee would be pertinent. Am I wrong in that understanding?

Mr. BYRD of Virginia. There is no rule of germaneness in the Senate, as I understand. There will be several other small bills, the chief of the committee staff advises me, relating to minor matters, which will be reported by the Finance Committee.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I may say to the Senator from Pennsylvania there are some amendments which I would like to offer with reference to the Internal Revenue Code. One of them deals with the depletion allowance. I do not think this bill was the proper measure in which to include such a revision through amendment. We would not be in a very strong position at this time. There are several bills pending in the House which are expected to come before the Senate. One deals with amendments of the Internal Revenue Code; for instance H.R. 5 dealing with subchapters C, J, and K, of the code on earnings.

Hearings are scheduled on that bill for July 7. I do not think there is any question but that one of these measures will be before the Senate.

When that bill comes before the Senate, it will not be facing a time limit. It will carry many proposed revisions of the Internal Revenue Code in addition to the sections to which I have referred. That measure will be a very much better vehicle to which to attach the type of amendments the Senator from Pennsylvania is proposing and which many other Senators will be proposing. This bill before us here today is not the proper vehicle to which to add such amendments.

I agree with the statement of the Senator from Virginia. We are operating against a time limit. I do not think there is any question that this bill could have been reported last Friday, or Monday at the latest, had it not been for requests by Senators, including the Senator from Pennsylvania [Mr. CLARK] that hearings be held on it. We wanted to accommodate those Senators. In order to do so, we could not get the bill to the Senate sooner. Even if we had, this still would not be the proper vehicle to which this type of amendment should be attached.

I make that statement as one who supported such amendments on previous occasions and as one who will support them again. However, we cannot overlook the fact that we are dealing with a bill on which it is essential to act promptly.

A short while ago the Senator from Pennsylvania said it is immaterial whether the Senate votes on the bill today, tomorrow, Monday, Tuesday, or Wednesday. If the Senate waited until Wednesday to vote on the bill, I call attention to the fact that as of midnight Tuesday the effect of no action would be to lower excise taxes on distilled spirits, beer, all types of wines, champagne, and cigarettes, as well as a reduction of 3 percent on the tax on automobiles and automobile parts.

I do not think the Senator from Pennsylvania or any other Senator wants to be responsible for lowering taxes at this time on alcoholic products. The bill involves revenues amounting to $3 billion, or about $9 million a day. If 24 hours were to slip by without the law being extended, practically every retail store the following morning would dump its inventories on the market minus the excise tax. They would be entitled to file claims against the United States for excise taxes paid in advance on floor stocks. It is inconceivable that we should even consider letting this law slip by for one day.

If the taxes are going to lapse entirely and not be extended then I think that should be stated. An excise tax cannot be stopped for 24 hours and then reinstated.

The corporate rate tax is in a different classification but we are not dealing only with the corporate rate tax. It may be true that whether the Senate votes Monday, Tuesday, or Wednesday, would make no difference as to that particular part of the bill.

Mr. CLARK. Mr. President, will the Senator from Virginia yield so I may reply to the Senator from Delaware?

Mr. BYRD of Virginia. I yield.

Mr. CLARK. I regret that the Senator from Delaware appears to have heard a part, but not all, of my remarks, or, if he heard them all, felt that it was desirable to reply only to a part of them. It was perhaps before the Senator from Delaware came into the Chamber that I——

Mr. WILLIAMS of Delaware. If the Senator will yield, I heard all of his remarks, and I replied to those which I thought needed reply.

Mr. CLARK. I will ask my friend from Delaware if he will reply, whether he thinks it is needed or not, to my statement that there is not a shadow of a doubt that if this matter were held in the Senate until Monday or Tuesday, the other body, being just as responsible as we are, and not wanting to have the Treasury lose revenue any more than this body does, would pass and send to the Senate the kind of resolution which has been initiated many times in the past, which would provide for temporary extension of the taxes in question for 5, 15, or 30 days, in order that, as I said—and I hope my friend from Delaware heard it, but I will say it again in case he did not—we might consider these very important matters in due course, without feeling there was a gun against our head. The matter could then go to conference, the conferees could consider the matter expeditiously, though not under any sense of pressure, and come back to the Senate with an appropriate conference report.

I would be happy to have my friend from Delaware state why it is not just as clear as crystal that that would happen.

Mr. WILLIAMS of Delaware. I may say to the Senator from Pennsylvania I hope that is what would happen, but that hope would be based on the assumption that the House has a higher sense of responsibility than the Senate. The House has accepted its responsibility and has passed the measure now before the Senate. I hope we in the Senate can accept our responsibility and send it to the President promptly. I certainly would not want to assume that the House can act with a higher sense of responsibility than the Senate. As one Senator I would not want to take the gamble that what the Senator predicts would happen. We cannot escape the conclusion that should we not act as of next Wednesday we would have reduced the tax on alcohol, beer, wines, champagnes, and other distilled spirits. That involves a substantial amount of revenue.

Mr. CLARK. Mr. President, I understand the Senator from Virginia has yielded the floor. I ask to be recognized.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The Senator from Pennsylvania.

Mr. CLARK. It is always a great source of regret to me—in fact, it distresses me—to find myself in opposition to the views of the Senator from Delaware, whose judgment I do so much respect, and with whose economy measures I have occasionally associated myself; but I do not like the charge being made of the sense of irresponsibility on the part of the Senate——

Mr. WILLIAMS of Delaware. I did not make that charge. I said we had the same sense of responsibility.

I should like to ask the Senator from Pennsylvania what is wrong with voting on the amendments today or tomorrow. We are in session. The amendments of the Senator from Pennsylvania have been heard.

Mr. CLARK. I thought I made it abundantly clear to the majority leader—perhaps the Senator from Delaware did not listen to me—that I hoped very much we could work out an arrangement to vote either today or tomorrow. The majority leader has been very kind to me. He has agreed to withhold asking for a unanimous-consent agreement so we can take a nose count to see who is here and who is not. That nose count is presently in process. If it appears, as the majority leader has suggested, and I know he suggested it in complete good faith, that we can pair off the absent Members on these amendments in an approximately even way——

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JOHNSON of Texas. The Senator indicated there were about 22 Senators absent. I was taking the Senator's estimate.

Mr. CLARK. Yes.

Mr. JOHNSON of Texas. I have not counted them. I do not think it makes much difference one way or another. I quite agree with the Senator from Delaware. I think the authors of the various amendments should offer the amendments when they wish. The amendments would have more chance of being agreed to if offered to another bill, but it is immaterial to me if the authors want to offer them to this bill and if they want yea-and-nay votes. I think the Senate is prepared to determine what it wants to do, by majority rule.

Mr. CLARK. I am sure the majority leader is correct. I was merely commenting on the fact that the Senator from Delaware had inadvertently, of course, not heard what I previously said on the floor before, or he would not have implied I was trying to hold this matter up unduly. I hope very much we can work out an arrangement to vote either today or tomorrow—preferably tomorrow, but I do not feel adamant about that one way or another.

Mr. SCOTT rose.

Mr. CLARK. I see my colleague from Pennsylvania is on his feet, I wonder if he wishes to have me yield to him.

Mr. SCOTT. I thank the senior Senator from Pennsylvania. I had hoped to be recognized on another matter, whenever the Senator yields the floor.

Mr. CLARK. Mr. President, I yield the floor.

SOVIET INTERPRETATION OF STRAUSS DEFEAT

Mr. SCOTT. Mr. President, I read from a text of a transcription of a radio broadcast, which I shall identify at the end of the quotation:

Recently we spoke to our listeners about how U.S. Secretary of Commerce Strauss, in an outburst of zeal and contrary to obvious facts, announced that the U.S. economy was flourishing. Alas, however, this excessive zeal on Strauss' part was not assessed correctly. As has become known, in accordance with the decision of the Senate, Strauss yesterday was removed from his post. What happened? The fact is, according to the U.S. Constitution, the appointment of a Secretary is made by the President of his discretion. But, this appointment has to be confirmed by the Senate.

A few months ago, after the resignation of millionaire Sinclair Weeks as Secretary of Commerce, Eisenhower chose as his successor another financial magnate, Lewis Strauss, who then began to fulfill the functions of Secretary of Commerce.

Strauss is by no means a novice in official Washington. During the last few years he headed the Atomic Energy Commission. At the same time, he has also been active in the business sphere, being the financial adviser of the Rockefellers and a partner in one of the big Wall Street firms, Kuhn, Loeb & Co. This completely respectable figure, from the point of view of the ruling circles, turned out to be unacceptable to the Senate.

Opposing the appointment of Strauss, Democratic Senators said that in his previous Government post, Strauss unashamedly utilized his powers for the enrichment of companies in which he himself occupied

directing posts. And, insofar as the opposition party, the Democrats, has a majority in the Senate, the candidature of Strauss failed.

The thunder and lightning which the Senators cast at Strauss might seem strange at first sight. Corruption is quite normal for the U.S. Capital, and the dark machinations of many highly placed figures by no means hinders their careers. However, in the United States at present a campaign is beginning for the presidential election which will take place next year, and evidently the leaders of the Democratic Party have decided to make use of the damaged reputation of Strauss, a Republican, in their own political interests.

It must be added that Strauss has called forth the discontent of those realistically thinking circles which support the widening of United States-Soviet trade relations. Strauss has tried in every way to throw a wrench into the machinery in the matter of the development of trade between the two countries. But his position in U.S. business circles is now by no means so popular as it was, let us say, a year or two ago. It is not without reason that yesterday's voting in the U.S. Senate is looked upon by U.S. commentators as one of the biggest political defeats suffered by Eisenhower's government in its entire existence.

The transcription I have read is the commentary of Valentin Zorin, Radio Moscow, Soviet Home Service, June 20, 1959, 1600 hours Greenwich mean time.

Following this, Moscow Tass radio teletype in Russia to Europe, June 21, 1959, stated:

A political scandal has broken in Washington: For the first time in the last third of a century, the U.S. Senate has turned down the candidature for a ministerial post proposed by the White House, says Pravda, commenting on the refusal of the U.S. Senate to approve the appointment of Lewis Strauss as Secretary of Commerce, a post which he has already held for some time.

The paper recalls that long before the discussion of his candidature in the Capital, Lewis Strauss aroused the hatred of all honorable Americans. The U.S. public has torn the down and feathers from Strauss, and he has appeared before the country stark naked as a dyed-in-the-wool reactionary and inveterate enemy of peace.

Mr. Strauss is not called an enemy of the people, but he is, however, identified as an enemy of the people and characterized as an "enemy of peace."

I thought the Senate and the Nation, interested as we all are at all times in the reactions of Soviet communism to our domestic and foreign affairs, would be pleased to have this latest news of the reaction of Russia, the Russian press, and the Russian leaders to a recent sad episode in the history of the U.S. Senate.

CODE OF ETHICS FOR LEGISLATIVE PERSONNEL

Mr. JAVITS. Mr. President, I wish to address myself to the subject of a code of ethics to serve as an example to Congress.

At the recent session of the New York State Legislature, the State senate and assembly adopted a series of amendments to the rules of their bodies which might well serve as a precedent for the Congress. The specific provisions which were adopted are, of course, directed specifically at the operations of the State legislature and its particular parliamentary structure, so that there are many areas in which they do not apply to our organization. But the concern and responsibility which these changes represent, and the favorable public response which they received, could serve as a precedent to the Congress.

Of particular applicability to the Senate is rule 15 adopted by the legislature, which provides:

Rule 15: Personnel information appearing in oaths and affidavits the names and addresses of payees, the period involved and the compensation therefor shall be available for inspection during regular business hours in the office of the secretary of the senate and the executive secretary of the assembly, by accredited members of the press and others who seek the same in good faith and with a concern for the public welfare.

That is a disclosure resolution and pertains to what people who are on the staff of the New York State Senate are receiving as pay. It is in accordance with a bill reported only yesterday by the Committee on Rules and Administration of this body, and which I hope will have our favorable consideration.

A number of Senators, including myself, have been seriously concerned with the question of payroll disclosure in this body. A number of us have made available such information to the press in the sincere belief that this was information to which the public is entitled. In addition, the Committee on Rules and Administration, has just reported out unanimously a resolution on this subject. I ask unanimous consent that the text of the New York State Legislative Rules changes and a letter from the legislative leaders on this subject be printed in the RECORD following my remarks.

I would also like to take this opportunity to urge the Committee on Rules and by our Committee on Labor and Public Welfare to give prompt consideration to the proposals now pending before them to amend the Rules of the Senate with respect to ethics and conflicts of interest. There has been growing concern, both among Senators and the general public, on these questions, which makes even more timely a prompt consideration by the various committees of the Senate of proposals involving conflicts of interest and ethics among legislators and their employees and in the executive branch. Early in the session I introduced, together with Senator KEATING, a number of bills on this subject in order to meet the congressional responsibility to establish standards and enforcement provisions in the area of conflicts of interest and ethics.

These include S. 658, S. 671, Senate Joint Resolution 30, Senate Resolution 46, and Senate Resolution 47, the latter two of which would amend the Rules of the Senate to give the Committee on Rules jurisdiction of matters involving the application of codes of ethics to Members, officers and employees of the Senate, and to permit Senators to abstain from voting on matters concerning which they have a personal or pecuniary interest, without securing the permission of the Senate. Prompt consideration by the appropriate committees should be given these proposals.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the concurrent resolution relating to the code of ethics adopted by the New York State Legislature.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

CONCURRENT RESOLUTION AMENDING THE JOINT RULES OF THE SENATE AND ASSEMBLY, IN RELATION TO PRACTICES AND PROCEDURES IN CONNECTION WITH THE EMPLOYMENT OF LEGISLATIVE PERSONNEL, THE PURCHASE OF MATERIALS AND SUPPLIES, AND THE ACTIVITIES OF JOINT LEGISLATIVE COMMITTEES

Resolved (*if the senate concur*), That rules 7, 8, and 9 of the joint rules of the senate and assembly be renumbered to be, respectively, rules 25, 26, and 27; and be it further

Resolved (*if the senate concur*), That the joint rules of the senate and assembly be amended by inserting therein 18 new rules, to be rules 7 to 24, inclusive, to read, respectively, as follows:

Rule 7: There shall be filed with the secretary of state an oath of office for every employee no later than 30 days after appointment.

Rule 8: Before employment, every employee shall make an affidavit which shall be filed no later than 30 days thereafter, setting forth the name, home address, legal residence, Albany address (if any), whether a citizen of the United States, whether such employee holds any other position with any State, municipal, or Federal agency, the title and position thereof, whether ever removed from public employment, and whether ever convicted of any crime. In addition the title of the position to which the employee has been recommended, compensation, and whether such employment is on an annual, session, temporary, or limited basis, shall be set forth.

Rule 9: Appointments on behalf of the majority shall be designated "appointed on recommendation of majority" and such recommendations shall be signed by the recommending legislator or the temporary president of the senate or the speaker of the assembly, respectively, before certification. Appointments on behalf of the minority shall be designated "appointed on recommendation of minority" and such recommendations shall be signed by the recommending legislator, or the minority leader of the senate or the minority leader of the assembly, respectively, before certification.

Rule 10: The secretary of the senate or the executive secretary of the assembly shall respectively advise the temporary president of the senate or the speaker of the assembly that the oath of office, the affidavit, and the requirements of employment have been executed and fulfilled, before certification becomes effective.

Rule 11: A person who is receiving compensation for services from any branch of the State, Federal, or municipal government, shall not be employed by the legislature without prior written approval of the temporary president of the senate or the speaker of the assembly, respectively.

Rule 12: Employees shall not hold any employment or engage in any activity which may be in conflict or interfere with their legislative duties.

Rule 13: Every employee except those employed on an annual basis, shall file a statement that the services assigned to such employee have been performed and shall specify the period during which such services were performed. In addition the senator, assemblyman or administrative official under whose supervision the services were performed shall verify the same.

Rule 14: Employees who are regularly employed and on an annual basis shall be certified for payment substantially in the same

manner as employees in other branches of the State government.

Rule 15: Personnel information appearing in oaths and affidavits, the names and addresses of payees, the period involved and the compensation therefor shall be available for inspection, during regular business hours in the office of the secretary of the senate and the executive secretary of the assembly, by accredited members of the press, and others who seek the same in good faith and with a concern for the public welfare.

Rule 16: Special or extra service vouchers for legislative employees, setting forth the names and addresses of payees, the amounts received and the period for which the services were rendered, shall be filed with the comptroller of the State of New York and a copy filed with the secretary of the senate or the executive secretary of the assembly, respectively, and shall be available for inspection as hereinabove provided.

Rule 17: Whenever consultants or experts are employed or where special services are performed under contract, such agreements or contracts of employment shall be on file with the secretary of the senate or the executive secretary of the assembly, respectively, and shall be available for inspection as hereinabove provided.

Rule 18: In order to insure maximum efficiency and economy, purchase of materials, equipment, and supplies shall be in general accord with the prices established by the division of standards and purchase for the same or similar products. Whenever practicable, such purchases shall be the result of competitive bidding.

Rule 19: Joint legislative committees in their employment practices shall follow the procedures set forth herein for all legislative employees.

Rule 20: Appointments of joint legislative committee employees on behalf of the majority shall be designated "appointed on recommendation of majority" and such recommendations shall be signed by the appointing or recommending legislator or the temporary president of the senate or the speaker of the assembly, respectively, before certification. Appointments on behalf of the minority shall be designated "appointed on recommendation of minority" and such recommendations shall be signed by the appointing or recommending legislator or the minority leader of the senate or the minority leader of the assembly, respectively, before certification.

Rule 21: The chairman of joint legislative committees shall file a statement that the services were rendered by employees and the period thereof, before certification for payment. In addition every employee shall file a statement that he has performed the services assigned to him and the period for which such services were rendered. Upon request of the chairman, any member of such committee shall verify the facts in respect of the rendition and period of such services.

Rule 22: In the case of a joint legislative committee headed by a member of the senate, the personnel and related records shall be on file in the office of the temporary president of the senate and where the joint legislative committee is headed by a member of the assembly, such records shall be on file in the office of the speaker of the assembly.

Rule 23: Meetings of joint legislative committees shall be held under rules established by the temporary president of the senate and the speaker of the assembly and no vouchers incurred or submitted in violation thereof shall be valid.

Rule 24: Joint legislative committees and temporary State commissions shall file with the temporary president of the senate and the speaker of the assembly annual statements concerning their activities, fiscal operations and personnel.

By order of the assembly:

AINSLEY B. BUKOWSKI,
Clerk.

By order of the senate:

WILLIAM S. KING,
Secretary.

LETTER FROM ASSEMBLY SPEAKER OSWALD D. HECK, SENATE MAJORITY LEADER WALTER J. MAHONEY, ASSEMBLY MINORITY LEADER EUGENE F. BANNIGAN, AND SENATE MINORITY LEADER JOSEPH ZARETZKI

MARCH 4, 1958.

Hon. PAUL L. TALBOT,
Chairman, Joint Legislative Committee on Legislative Practices and Procedures, Capitol, Albany, N.Y.

DEAR ASSEMBLYMAN TALBOT: There has been widespread publicity concerning salaries of employees of the legislature and joint legislative committees.

In any governmental body made up of more than 200 independently elected officials, and many committees, there is always the possibility that unfortunate practices may develop. We feel that reexamination of present practices is required. In instances where abuses are found to exist, immediate remedial steps must be taken.

The necessity for strengthening the legislative process has been emphasized by many students of government. This can be done best by utilizing skilled professional staffs with adequate research, clerical, and stenographic assistance. The maintaining of a personnel system which will assure the legislature the manpower and tools to carry on its functions effectively is fundamental.

In eliminating abuses we must take every precaution to avoid injury to the hundreds of conscientious and competent men and women who presently staff the legislature, and without whose services the legislature could not effectively discharge its responsibilities to the people. The mere listing of the name and salary of a public employee gives no basis for evaluating or understanding the employee's ability, responsibilities and duties. Most legislative employees are paid modest salaries, in many cases less than is paid for comparable work in executive agencies and private enterprise.

There is no surer way to deprive the government of the services of able men and women than through indiscriminate attacks on the deserving and undeserving alike.

Our task as government officials is to safeguard the use of public funds while maintaining a system of government which will attract and retain competent personnel. To this end, we request that your committee, which has already rendered valuable service in the improvement of legislative procedures, expand its studies to include a thorough appraisal of the legislature's personnel system.

We invite your recommendations for methods of improving and strengthening personnel practices and making payroll records more easily accessible to the public. Your committee may wish to consider the designation of a special bipartisan subcommittee for this purpose which would work in cooperation with the State comptroller, the attorney general and other agencies.

We are particularly anxious that a procedure be developed which will ensure satisfactory verification of duties and time spent on the job. We would like this work to begin at once, so that the committee may submit interim reports and recommendations. These will receive our immediate attention whether we are in or out of session.

Sincerely yours,

(Signatures of legislative leaders.)

Mr. JAVITS. Mr. President, I urge upon the respective committees of the Senate—and I am urging upon the committees of which I have the honor to be a member—the consideration of this question, so that we may act upon it. I believe we are taking an excellent forward step in the disclosure of Senate payrolls, as they are colloquially called. But I think the matter needs to be followed through in other areas where there are conflicts of interest or ethical questions. Especially, I think the same general rules should apply to us that applies to all other Federal employees. Whether it is the acceptance of gifts, or whether it is a question as to whether to vote when one owns a security of a certain company which might be engaged in a certain line of business, or whatever else the question may be, we certainly will be helped by a series of standards adopted by the Senate, as I am deeply convinced every one of our 98 Senators wants to engage in conduct which is impeccable. Often Senators may be at a loss as to just what standard ought to be applied. It is for that reason that I urge favorable action upon a code of ethics at this session of Congress.

Mr. PROXMIRE. Mr. President, I wish to commend the Senator from New York on what he has said and has placed in the RECORD. I agree wholeheartedly with him that a code of ethics would be most desirable. I think there is no Member of the Senate who can speak more eloquently or more feelingly on this subject than can the senior Senator from New York.

The distinguished senior Senator from Illinois [Mr. DOUGLAS] also has spoken on this subject, and I associate myself with what he and the Senator from New York have said about it.

TAX RATE EXTENSION ACT OF 1959

The Senate resumed the consideration of the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The first committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 4, after line 8, it is proposed to insert a new section, as follows:

SEC. 4. REPEAL OF TAX ON TRANSPORTATION OF PERSONS.

(a) REPEAL.—Subchapter C of chapter 33 of the Internal Revenue Code of 1954 (relating to tax on transportation of persons) is repealed.

(b) TECHNICAL AMENDMENTS.—

(1) The table of subchapters for chapter 33 of the Internal Revenue Code of 1954 is amended by striking out

"SUBCHAPTER C. Transportation of persons."

(2) Section 4291 of such Code (relating to collection of tax by persons receiving payment) is amended by striking out "sections 4231 and 4264(a)" and inserting in lieu thereof "section 4231".

(3) Section 4292 of such Code (relating to State and local governmental exemption) is amended—

(A) by striking out "or 4261"; and

(B) by striking out "or facilities".

(4) Section 4293 of such Code (relating to exemption for United States and possessions)

is amended by striking out "subchapters B and C" and inserting in lieu thereof "subchapter B".

(5) Section 4294(a) of such Code (relating to exemption for nonprofit educational organizations) is amended—

(A) by strike out "or 4261"; and

(B) by striking out "or facilities".

(6) Section 6103(a)(2) of such Code (relating to publicity of returns and lists of taxpayers) is amended by striking out "B, C, and D" and inserting in lieu thereof "B and D".

(7) Section 6415 of such Code (relating to credits or refunds to persons who collected certain taxes) is amended by striking out "4261," each place it appears therein.

(8) Section 6416(b)(2)(H) of such Code (relating to credits or refunds in the case of certain taxes on sales and services) is amended—

(A) by striking out "tax-exempt passenger fare revenue" and inserting in lieu thereof "commutation fare revenue"; and

(B) by striking out "(not including the tax imposed by section 4261, relating to the tax on transportation of persons)."

(9) Section 6421(b) of such Code (relating to gasoline used for certain nonhighway purposes or by local transit systems) is amended—

(A) by striking out "tax-exempt passenger fare revenue" each place it appears therein and inserting in lieu thereof "commutation fare revenue"; and

(B) by striking out "(not including the tax imposed by section 4261, relating to the tax on transportation of persons)" each place it appears therein.

(10) Section 6421(d)(2) of such Code (relating to definition of tax-exempt passenger fare revenue) is amended to read as follows:

"(2) COMMUTATION FARE REVENUE.—The term 'commutation fare revenue' means revenue attributable to the transportation of persons and attributable to—

"(A) amounts paid for transportation which do not exceed 60 cents,

"(B) amounts paid for commutation or season tickets for single trips of less than 30 miles, or

"(C) amounts paid for commutation tickets for one month or less."

(c) EFFECTIVE DATE.—The repeal and amendments made by subsections (a) and (b) shall apply with respect to amounts paid, on or after the first day of the first month which begins more than 10 days after the date of the enactment of this act, for transportation which begins on or after such first day.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The next committee amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 7, after line 5, it is proposed to insert a new section, as follows:

SEC. 5. REPEAL OF TAX ON COMMUNICATIONS EFFECTIVE JULY 1, 1960.

(a) REPEAL.—Effective as provided in subsection (c), subchapter B of chapter 33 of the Internal Revenue Code of 1954 (relating to tax on communications) is repealed.

(b) TECHNICAL AMENDMENTS.—

(1) The table of subchapters for chapter 33 of the Internal Revenue Code of 1954 is amended by striking out

"SUBCHAPTER B. COMMUNICATIONS."

(2) Section 4292 of such Code (relating to State and local governmental exemption) is repealed.

(3) Section 4293 of such Code (relating to exemption for United States and possessions) is amended by striking out "and subchapter B of chapter 33".

(4) Section 4294 of such Code (relating to exemption for nonprofit educational organizations) is repealed.

(5) Section 6103(a)(2) of such Code (relating to publicity of returns and lists of taxpayers) is amended by striking out "subchapters B and D" and inserting in lieu thereof "subchapter D".

(6) Section 6415 of such Code (relating to credits or refunds to persons who collected certain taxes) is amended by striking out "4251," each place it appears therein.

(c) EFFECTIVE DATE.—The repeals and amendments made by subsections (a) and (b) shall apply with respect to amounts paid on or after July 1, 1960, for communication services rendered on or after such day.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum. I should like to proceed to third reading of the bill, but I suggest the absence of a quorum so that those who are interested in offering amendments can at least be present to offer them.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill is open to further amendment.

Mr. McCARTHY. Mr. President, today the Senate is considering a bill passed by the House, House bill 7523, which provides for a 1-year extension of existing corporate normal tax rates, and also for the extension of certain excise tax rates.

The Committee on Finance adopted one amendment relating to the excise tax on the transportation of passengers. It is my opinion that the action on this bill will constitute the major tax legislation of this session of Congress, and possibly of the next session of Congress. In any case, with the expiration date of the excise taxes pressing upon us, there is need for almost immediate action in the Senate, so as to prevent the lapse of such excise taxes.

So far as that section of the bill which deals with corporate profits taxes is concerned, it would be possible for us to delay action. The tradition has been more or less well established, however, to tie these two features together, and to grant an extension for a single year.

It is my opinion that the extension of these taxes on a year-to-year basis is desirable. I would not object to having some additional taxes included in this annual program, for several reasons.

First, it gives the Congress an opportunity to examine the tax structure and to make some changes and adjustments. In any case, under the present practice approximately $3 billion of revenue is subject to an annual review by Congress. If this amount were to be expanded by $1 billion, or possibly $3 billion, I think the situation might be improved.

The truth is that the one power Congress can still exercise effectively is the power to tax or the power to remove taxes. All of us know that in the field of appropriations the real authority and power of Congress is strictly limited, since most of the appropriations are called for by the necessity of circumstances, or because of requirements for money to carry out programs which Congress has already approved.

In other fields of legislation we have established broad policies which the executive branch of the Government expects to carry out, and a great deal of discretion is given to the executive branch of the Government.

I believe it was established in the debate on the confirmation of the nomination by the President for Secretary of Commerce that often there is a great difference between what Congress has legislated, and what is actually carried out by the executive branch of the Government. However, in the field of taxation, generally when Congress imposes a tax, the imposition of the tax is implemented by the executive branch of the Government; and when Congress repeals a tax, the tax is repealed, and the taxpayer very quickly learns what Congress has done, whether it imposes a tax or repeals a tax, whether it lays a tax burden on the taxpayers of the country, or whether it unburdens the taxpayers.

Mr. President, in the course of at least the last 2 or 3 years the question of taxation has received more and more attention, not only in the journals of trade and commerce and the special journals dealing with taxation; not only here in Congress, particularly in the committees which have the primary responsibility for taxation; but also more and more attention has been given to taxation, the problems of taxation, questions of justice and of inequities, problems of administration in the popular trust.

I think this is highly desirable, because in times when the Federal Government collects, in the way of taxes, approximately $70 billion a year, and when State and local governments collect between $35 billion and $40 billion or perhaps $45 billion a year, it is vitally important that the taxpayers and citizens of the country concern themselves about questions of justice, questions of equity, questions with regard to the consequences of the tax program which is in effect, and questions regarding the consequences of changes in tax policy.

Mr. President, in 1947, during the 80th Congress, a special tax study committee, under the chairmanship of Roswell Magill, was created by the House Committee on Ways and Means and its chairman, Representative Harold Knutson, of Minnesota. The special committee conducted a study and reported to the Committee on Ways and Means on November 4, 1947. The report recommended approximately 30 changes in the income tax law, both corporate and individual, and also about 15 changes in the estate and gift tax laws. Among the 15 principal recommendations for change in the income tax law were the following:

First, income splitting; second, liberalization of taxation of family trusts;

third, exclusion of dividends from income for purposes of individual income taxes.

I should like to make a special note of that recommendation, since it is the one to which an amendment I shall offer later in the course of these deliberations is directed.

The report also recommended, fourth, the broadening and extending of capital gains; fifth, the shifting of the burden of proof to the Government in cases charging corporations with improperly accumulating surpluses; sixth, relaxation of the tax law regarding fringe benefits, such as stock purchase plans, employee pensions, and the like; seventh, a change in the treatment of deductions, permitting accrual methods; eighth, accelerated depreciation; ninth, a liberalization of the tax laws applicable to firms doing business overseas through branches and subsidiaries.

These, in my opinion, were the 9 most important changes of the 30 which were recommended to be made in the income tax law.

In the field of estate and gift taxes, the committee recommended, among other things, the following:

First, the extension of time for which contemplation of death will be presumed to be nonoperative in the transfer of property; second, the removal of inequities between community and noncommunity property States, with regard to estate and gift taxes; third, the elimination of the premium payment test on life insurance in determining taxable estate tax base; fourth, the exclusion from the estate and gift tax of the interest of employees in qualified pension plans.

Serious objection to all of these 1947 recommendations was made by Mr. Matthew Woll in a minority statement which was filed in that year. Mr. Woll charged that the recommendations of the majority of the tax study committee, if enacted, would wreck the effectiveness of the surtax on individuals almost as devastatingly as any surtax scale revisions they might have contemplated." In other words, the graduated scale of income taxes, which is supposedly based upon the principle of ability to pay, he said, would be wrecked as devastatingly as any surtax scale revisions which might have been contemplated.

The purpose of the recommendations, he said, "seems to be to attain by indirect and complex methods the result of income tax cutting for the favored few which they do not dare recommend by an outright reduction in surtax rates. The recommendations of the majority regarding estate and gift tax amendments appear to be just as deliberately calculated to render existing laws ineffective and to still further reduce the revenue from estate and gift tax laws by sanctioning tax evasion."

Views similar to those expressed by Mr. Woll in 1947 were stated in the minority views signed by all Democratic members of the Committee on Ways and Means at the time of the passage of H.R. 8300 in March 1954. The minority views especially objected to the following provisions:

First, the exclusion of dividends from income for tax purposes. I may note that Representative BOGGS, of Louisiana, filed separate views on this one point, in which he disagreed with the position taken by the other Democratic members of the Committee on Ways and Means.

The minority views, in the second place, objected to the special tax treatment proposed for "so-called charitable trusts."

Also, they objected to the provisions regarding accelerated depreciation; to the elimination of the premium payment test for the taxation of life insurance on the estate of the insured; to the excessive liberalization of laws regarding special employee benefits; to provisions relating to improperly accumulated surpluses; to the special privileges which were given to corporations engaged in foreign business.

Mr. President, despite these objections and protests, the fact is that most of the major recommendations of the 1947 special committee have been adopted, either in whole or in part, and are today included in the tax law of the United States. Most of them were brought into the code in two major actions: first, in the 1948 revision of the Internal Revenue Code; second, in the 1954 revision of the Internal Revenue Code.

Income splitting was provided in the 1948 act. We might accept income splitting as defensible; at the same time, it should have been compensated for by some modification or adjustment in the rate scale itself.

Family trusts were given special status in the 1954 code. Dividend exemptions were included in the 1954 code. Capital gains treatment was extended especially in that act. Fringe benefits and procedures regarding improperly accumulated surpluses, graduated deductions, rapid depreciation, and special treatment on oversea income all were given favorable treatment in the 1954 code. The estate and gift tax recommendations of the special committee were honored in the 1950 amendments to the code, as well as in the 1954 revision.

As a result of these changes, as Mr. Woll predicted in 1947, the surtax rates have been effectively reduced to the point where economists and tax lawyers state that there is scarcely any graduation in income-tax rates above the level of $50,000 in annual income, and that the top rate paid on income, if all income is considered, is much closer to 50 percent than it is to 90 percent or 91 percent, which is deplored by those who advocate changes in the individual income-tax rates.

These provisions, taken together, in my opinion, are in large measure responsible for the size of the Federal debt and also for the size of the deficits which have been accumulated in recent years.

In addition, they have resulted in a dangerous economic imbalance in the tax structure, which continues to create problems for the economy of the United States.

I should like to note some of the points which were made in the minority views filed at the time when the 1954 revision of the Internal Revenue Code was under consideration in the House of Representatives. The general statement of the minority was that the bill embodied a much-needed revision of the tax laws, and they credited it with having deleted much obsolete language; with having rearranged, for clarity, ease of use, and for simplification, much of the code. To this extent, the bill was commended.

The minority views stated that the bill embodied far more administrative and technical changes in our tax laws, and that many substantive changes were made, and that in some instances those changes amounted to basic changes in the tax philosophy.

For example, under the guise of removing obsolete language and inequitable provisions from the tax laws, the bill reduced taxes substantially for corporations—actually for businesses, but primarily for corporations and for a few selected groups of individual taxpayers.

As a result of those changes, the 1954 act was much more than a simple recodification. The revenue losses as a result of that act were estimated at $1,397 million in the fiscal year 1955; and when the act was fully operative, the losses were expected to amount to between $3,500 million and $4 billion.

The effect of enactment of the 1954 act has been to reduce Federal revenue in the fiscal years 1956, 1957, 1958, and 1959; and if no change is made, we can expect that that act will result in a reduction of approximately $3 billion in the revenue for the fiscal year 1960.

Mr. President, I think it is obvious that if these estimates are correct and if that revision of the code had not been approved, in the year 1955, instead of a budget deficit of $4,200 million, the deficit would have been approximately $3 billion; and in the fiscal year 1956, if these estimates are correct, there would have been a budget surplus of approximately $4 billion, and again in the fiscal year 1957; and in the fiscal year 1958, instead of a budget deficit of approximately $3 billion, we might have expected a surplus of approximately $1 billion; and in the current fiscal year, instead of a deficit which will amount to approximately $13 billion, the deficit this year might have been reduced to approximately $8 billion; and in the overall period of the 4 or 5 years affected by that change in the revenue code, the budget would have been approximately in balance, and the increase in the Federal debt limit would not be necessary. It is also quite possible that we would not be faced with the increasingly difficult problem of financing the public debt of the Federal Government.

I should like to review some of the provisions of the 1954 code, as a result of which the revenue losses to which I have referred did occur.

It was claimed that more than half of the relief provided by the bill would go to the average taxpayer. I should like to point out, however, that that really was not the case.

The only reductions made by that act which could be considered as even—well, I will not say remotely, but I will say in some measure—in some measure of benefit to the average wage or salary earner were two: First, the allowance for deduction of interest charges on installment

purchases, which amounted to $10 million; second, the liberalized deduction for medical and dental expenses, which was estimated to total approximately $8 million.

Even in those cases, the average wage or salary earner would receive no benefit unless he were purchasing an item under an installment contract and unless his interest charges were broken down; or, in the case of the medical and dental expense deduction, if such expenses exceeded 3 percent of his adjusted gross income and if he had deductions in the other categories, such as contributions and so forth, amounting to more than 10 percent of his income. Otherwise, such a person would take the standard deduction of 10 percent.

I know that, at the time when the 1954 revision was made, the majority party took credit for permitting the automatic reductions in income taxes to take place, as scheduled, on December 31 of that year. So, in effect, if the majority party claimed a $7 billion reduction in taxes as a result of its action in 1954, when the bill became fully operative, the positive action taken by the majority party did amount to a reduction of between $3,500 million and $4 billion; and that reduction was in consequence of the expiration of the statute previously on the statute books. I assume that, if the majority party is going to claim credit for that, the majority party would also wish to take credit at the present time for having increased taxes by $3 billion, as the majority party proposed to do, through the extension of the excise taxes and corporate profits taxes as now provided by the pending bill, and also through the increases the majority party is recommending by means of additional excise taxes on gasoline users, both those who use gasoline on the highways and those who use aviation fuel.

Mr. President, a list of the benefits claimed, as a result of enactment of the 1954 code, for average taxpayers, includes the following—and these reductions are based on the fiscal year 1955 only:

First of all, for individual wage and salary earners, a tax reduction of $10 million, resulting from the change of the tax law dealing with interest charges on installment contracts.

In the case of the liberalization of medical expense deductions, $80 million.

For the specially selected categories, the new rule for the taxation of annuities was estimated to result in a tax loss of $10 million.

The exclusion of $1,200 of retirement income was estimated to result in a tax loss of $125 million.

The deduction for child care and expenses was estimated to result in a tax loss of $40 million.

The new definition and treatment of dependents was estimated to result in a tax loss of $85 million.

The new provision for the heads of families was estimated to result in a tax loss of $50 million.

All of the reductions in this category total $310 million.

The special individual relief to businessmen and farmers, for depreciation, was estimated to result in a tax loss of $75 million.

The soil and water conservation expense deductions, $10 million.

The total is $85 million.

Then there were four of what were called exceptional categories:

For the increased exemption for certain trusts, $3 million.

For the exemption of life insurance from the estate tax, $25 million.

For the dividend exclusion and tax credit, for 1955 only, $240 million.

For the increased charitable deduction, $25 million.

The total in this category is $293 million.

When we consider the total amount of tax relief which was involved in the 1954 act, it will be seen that the relief in the four categories I have listed benefited relatively few individuals, and that the amount of relief for individuals in itself was small.

Under exceptional categories, for example, only the high income tax payers—those who might be called well-to-do—would be benefited, because very few people in the low income brackets, for example, have any kind of special family trust. Such taxpayers operate pretty much on a month-to-month basis, and are not particularly concerned about trusts which have been in the family not only for one generation, but in some cases for two or three generations.

The exclusion of life insurance proceeds from estates of decedents would benefit only persons who were left estates of $60,000 or more, since the law already provided an estate-tax exemption of $60,000 to apply to the entire estate.

The exclusion of the first $100 of dividends from income, as provided and recommended by the House of Representatives, but later compromised to $50; and the credit against taxes of 10 percent of the remaining amount—which later was reduced to 4 percent—would have, if they had been continued, amounted to tax relief of approximately $814 million.

The bill as finally passed and approved provided tax reductions—because of these provisions—totaling approximately $400 million, instead of the $814 million which would have been provided if the House version of the bill had prevailed.

According to the bill as passed by the House of Representatives in 1954, the following tax reductions would have been given to corporations, for the fiscal year 1955 only: As a result of the depreciation provisions, $300 million; as a result of the net operating loss deductions, $100 million; as a result of the percentage depletion allowance, $27 million; as a result of the special accounting provisions, particularly those relating to the setting up of reserves and the use of the accrued method, $45 million; as a result of the special treatment of foreign income, $147 million—or a total, for the special relief of corporations, of $619 million.

The liberalized deductions for depreciation for corporations and others, assuming a continuation of the present tax rates and rates of investment, and ignoring the incentive factor, it was estimated, would have resulted in the loss of $22 billion by the year 1960.

These assumptions, of course, we can expect, would not be entirely correct because of the changes in the level of business activity. Nonetheless, the estimate of $22 billion as the potential loss, through the inclusion of the recommendation of these provisions, was quite close to reality.

It was the opinion of the minority in 1954 that this particular bill provided the wrong kind of tax relief; that, in effect, in the face of a Federal deficit in fiscal year 1954 of over $3 billion, and an anticipated one in 1955, or at least one which was realized, of $4.2 billion, and in the face of a rising cost of living, this particular deduction, or these changes in the Internal Revenue Code, were not justified.

At the time they were recommended, there was not really a shortage of investment capital. On the contrary, industry in the United States was adjusting very properly to the postwar period and to the new needs and new demands which were being placed on the American economy.

One of the consequences, in my opinion, of these changes in the tax structure was the encouragement of improper speculation in the stock market. And I think that, in part, the action taken in 1954 by way of changing the basic tax laws in this drastic manner has contributed significantly to creating the problem, which we now have, in which we find savings which are available for investment are not going into Government bonds or long-term investments, but, rather, are going into the stock market.

This action has been described in the following words: The approach of the administration at that time to the problem was somewhat different from the approach of the administration, for example, of Herbert Hoover. In the case of Hoover, it was really a matter of killing the goose that laid the golden egg, but in 1954 the administration did not kill the goose; it simply overfed it. The consequences were not quite so serious, but, nonetheless, they were serious.

I think all of us are generally familiar with what happened to the economy in the years following 1954.

Mr. President, in the course of the past few months Fortune magazine has been running a series of most constructive articles dealing with tax problems. One of them, by Mr. Robert Lubar, is entitled "A Plan for Tax Reform," which is described as an attempt to modernize an obsolescent system to increase the rewards for achievements and to balance the budget.

In order to accomplish these objectives he makes several important points. In the first place, he establishes that there are certain standards, or what he calls benchmarks, by which a tax program or a tax structure can be fairly and properly evaluated.

First of all, he says a tax system must pay the bills. Well, Mr. President, in the face of a $13 billion deficit for this fiscal year, I think we would have to say that by this standard the tax structure of the

Federal Government falls far short of what is desirable.

The writer of the articles points out that anyone who considers seriously the problems of taxation in this country and considers them in the light of the demands which are being made today, and the possible increase of those demands in the future, must accept the view that the present level of revenue must at least be maintained, and that possibly we may have to increase the amount of Federal revenues.

The second standard he sets up is that taxes must be reasonably easy to collect and hard to avoid.

Mr. President, I am sure he had in mind not real tax evasion, but the kind of legal evasion really accepted under the law, the kind of evasion which really is not to be condemned, because it is accepted in this country, at least, that tax law is to be interpreted to the advantage of the taxpayer. But, in any case, the tax should be such and the legislation which establishes it should be so drafted that the taxes would be fairly easy to collect and it would be difficult to avoid the payment of the taxes.

Third, he says that the tax system must be equitable. I would extend the statement somewhat and say that basic to that premise is the question of justice, what has traditionally, at least in the scholastic tradition, been described as communitive justice in the obligation of the individual to the State, the responsibility which he must bear and accept as a member of society.

The tax should be just. Mr. Lubar says the tax must be equitable. As I read his exposition of what he means by equitable, it comes to the same thing as if he had said it must be just.

A sound reform program, he says, should clear away the inequities and legislative favoritism which are likely to undermine the morale of the vast taxpaying public, which is now virtually the entire U.S. population, and which at the same time should make possible just rewards for merit and for achievement.

I point out that if we consider all the taxes which are imposed in this country, it is practically impossible for any one individual who is leading a reasonably normal life to escape paying some share of taxes.

I would say, Mr. President, that since basic to the Federal tax structure at least is the Federal income tax, it is vitally important that Congress be most alert and most vigilant to see to it that the situation does not arise with regard to Federal income taxes similar to what has happened with regard to real estate taxes which are imposed by State and local governments, in which, in the first place, in the case of real estate taxes, there is not established a full and true estimate of the value of the property taxed. There are assessment variations from one lot to the next, and from one block to the next, and from one quarter section to the next quarter section, in many cases without any justification.

The same is true, generally, with regard to the personal property taxes which are imposed. The full value is not revealed. The assessments are inaccurate. So there has developed a kind of attitude among the people that, "Well, really, this is not a serious tax."

Most of us are at least vaguely familiar with what has happened to taxes in countries such as France and in some of the other European countries, when the question of what one is going to pay and what one does pay becomes almost a matter of negotiated settlement. A condition is reached which is similar to the situation which existed at the time when there was in practice the old system of making a contract with a person to collect as much as possible from people living in a certain province or area.

We must be most careful not to permit this situation to develop in relation to the income tax of the Federal Government, or, for that matter, of the State governments. We can do this by being carefully attendant to these points: First, that inequities be removed.

Second, that the law be drafted so as to clearly establish the tax obligation of the individual taxpayers.

Third, we must have adequate and effective enforcement.

Mr. President, as Senators will recall, very recently when the Treasury Department appropriation bill was under consideration, the Senator from Pennsylvania [Mr. CLARK] proposed to increase the amount of appropriations so that additional internal revenue agents could be hired and those who were employed could be better paid. The Senator's object was to have more and better internal revenue agents in the field. I regret very much that this effort was not supported as strongly as it should have been supported by the administration.

Another area which has been under consideration is the area of abuses of expense accounts. Senators may recall that in February of last year, I think it was, the executive branch of the Government, speaking through the Treasury or through the Internal Revenue Bureau, announced it was going to tighten up on expense accounts and see to it that people who were taking deductions made proper entries on their tax forms. As a result of expense accounts, the Federal Government, in the case of corporations, was paying approximately 52 percent of certain expenses and costs which should not have been deducted.

Mr. President, that order was issued, or that announcement was made, something over a year ago. As of this time, there is very little evidence that anything has been done to implement it; that anything has been done to clarify it; or that anything has been done to enforce it very effectively.

In the course of the hearings on the proposed legislation which is now before the Senate, a question was raised as to whether the Treasury Department had any recommendations in this field. At least as of yesterday the Department indicated it was still studying the problem; it was deeply concerned about the problem, but had not yet reached the point of being able to specify changes in the code or any action which it was felt Congress should take to help meet the problem.

Mr. President, I know that the provisions in the code dealing with expense accounts and special deductions are not very specific. There is very little language dealing with the matter, and what language there is is most general.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Did I correctly understand the Senator to lay down three principles—or was it four principles—which he felt should guide us in regard to tax legislation?

Mr. McCARTHY. I have spoken about three principles. First, the tax structure should be such as to produce adequate revenue. Second, the tax structure should be one which is fairly easy to enforce, on the collection of taxes, or one which at least makes it hard to avoid taxes. The third principle of which I spoke was that of justice and equity.

There is a fourth principle which I have not yet taken up.

Really, I am going to add a fifth principle. The fourth principle of which Mr. Lubar speaks in his article is that taxes must favor and encourage proper economic growth.

Mr. PROXMIRE. On the question of justice and equity, I understood the Senator from Minnesota to refer to State and local taxes. Did the Senator suggest that State and local taxes by and large, are not based on the ability to pay; that is, generally, with some exceptions, people's taxes do not go up in proportion to a rise in income, but on the contrary, as income increases the proportion of taxes paid to local and State governments is inclined to fall?

Mr. McCARTHY. The Senator from Wisconsin is quite correct. Most State and local taxes are much more regressive than the Federal tax structure. With the exception of those States in which a reasonably graduated income tax is provided, the regression is quite serious.

Mr. PROXMIRE. It is my understanding that a number of authoritative studies have been made. One which particularly comes to mind was made at the University of Michigan by a distinguished economics professor. The study showed that because of this inequity in our State and local tax structure, because of the fact that Federal excise taxes are also regressive—that is, they hit people with small incomes harder—and because of the fact that the corporation income tax to a very great extent hits the consumer at least as hard as it hits the dividend recipient, the overall impact of the tax structure in this country, if not regressive, is not progressive.

My point is that as a person's income goes up taxes should increase in greater proportion than income, if we are to have a truly progressive tax structure. I think this is something which cannot be stressed often enough. This relates to the amendments which the Senator from Minnesota and the Senator from Wisconsin are offering today.

I think the overwhelming majority of the American people have been told so often about the very great progressiveness of the Federal income tax that they think of taxes almost exclusively in terms of the Federal income tax.

Mr. McCARTHY. The Senator from Wisconsin is quite correct.

Mr. PROXMIRE. It is extremely important to stress this principle of justice and equity. In my judgment, although the other elements the Senator from Minnesota has mentioned—that is, the importance of having adequate revenue and the importance of having efficiency in collection—are essential, are important, and are basic, this is the most important element. This is the basic principle we must insist on constantly, that the tax system be just and equitable.

Mr. McCARTHY. The Senator is quite correct. That is the starting point. Whenever we undertake to consider any revision in the tax structure we should make this our prime concern. After we have come to some measure of clarity as to what is just and what is equitable, then, as practical men and as men who have to deal with real problems, we can begin to make compromises and concessions. Then we can beign to consider the question of revenue. Then we can begin to consider the question of ease of collection. Then we can begin to consider the question of favoring economic growth or bringing about certain socially desirable changes.

The Senator is quite correct. It seems to me this is the point, this is the benchmark, this is the standard which all too often in recent years we have neglected properly to consider—the question of justice and equity.

Mr. PROXMIRE. On the basis of justice and equity, is it not true that almost everyone who has thought, spoken, or worked on economic philosophy and distributive justice agrees that those whose incomes are high are better able to pay taxes than those whose incomes are low?

Mr. McCARTHY. The Senator is quite correct.

Mr. PROXMIRE. Does it not follow as the night follows the day that a man with a low income—in this day and age a low income would perhaps mean an income of $3,000 or $4,000 a year or less, for a man with a family to suport—has very little freedom after he buys the necessities of life and after he buys just barely enough to support his family? Such a man has very little freedom to do anything with his income, so if his taxes are, in proportion, the same as the taxes of a person with a higher income, his freedom to spend his income is very sharply inhibited. On the other hand, a man with a substantial income, of $15,000, $20,000, or $25,000 or more, after the necessities of life have been paid for still has a very substantial degree of freedom as to the disposition of his income.

Applying this principle, it would seem to me if we are to have any kind of justice or equity in our tax philosophy or our tax system it is enormously important to stress a progressiveness in our tax system, recognizing that there have to be limitations. We have to preserve incentives. We have to recognize that a highly progressive tax system, if it is excessively progressive, may defeat itself. Nevertheless, it is possible to improve greatly the progressiveness of our tax structure and at the same time to provide for the other criteria which the Senator from Minnesota so ably set forth.

I feel very strongly that the amendments of the Senator from Illinois, of the Senator from Minnesota, of the Senator from Pennsylvania, and my own amendments, strive to do exactly that, and I think they move significantly in that direction.

Mr. McCARTHY. I commend the Senator from Wisconsin for the observations he has made, and particularly for having introduced into this discussion such terms as distributive justice, commutative justice, and legal justice. It seems to me all the parliamentary bodies of the world—and particularly in those of the free societies, and of the free countries of Western Europe—must at all times give consideration to these basic concepts. We must clarify, first of all, our definition of them. Having done that, we should go on to make application of these concepts to the problems facing us, whether they be problems relating to taxation, problems relating to economic change in the institutions of business and finance, or problems relating to the whole field of the general social welfare.

Mr. President, I should like to proceed to speak about the fourth standard which was referred to in the article by Mr. Lubar. It is a standard not original with Mr. Lubar, but one which has long been recognized.

I must note, it is not recognized by everyone. I recall testimony by the former Secretary of the Treasury, Mr. George Humphrey, who appeared before the House Ways and Means Committee when I was a member of that committee and said that the only standard Congress had a right to consider in dealing with tax questions was whether the tax would raise sufficient revenue. Mr. Humphrey went so far as to say that questions of social welfare should not be taken into account in the consideration of taxes. He did not go quite so far as to say that questions relating to the effects of tax changes on the economy should not be considered, but it was quite clearly implied he did not really think Congress should attempt to pass any judgment upon the tax changes which he recommended, which he judged would be good for the economy.

He seemed to think it was all right for the Secretary of the Treasury to take this into account, but that Congress should not reconsider, or attempt to form any independent judgment; but he did say specifically that questions of social welfare were not properly to be considered and included in any consideration of tax changes.

I am sure that this is a concept which few of us would accept—that the taxes and tax changes should not take into account questions of social welfare. But on the matter of the principle of the benchmark of economic growth, the real hope of a tax change generally is that it will stimulate necessary economic growth. We must look forward to a time when the tax structure will be such as to bring about growth in an orderly fashion, and, of course, consider in all our deliberations the problem of inflation, the problem of stability of investment, stability of one's holding in money, and the instruments of credit and finance.

In order fully to realize or achieve this object in an economy which changes as rapidly as ours does, there will be need for continuous adjustment. This is the responsibility which rests primarily upon the Congress.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CLARK. I ask unanimous consent that I may suggest the absence of a quorum without the Senator from Minnesota losing his right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McCARTHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, the fourth benchmark for a sound tax program, which I was discussing before the quorum call was initiated, has to do with the relationship of taxes to economic growth and, along with that, the responsibility of Congress to develop a tax program which will stimulate economic growth and will direct it into proper channels.

There was a time when the amount of Federal taxes collected was very small. There was a time when the Fedderal debt was relatively unimportant in the total debt structure of the country. But that is no longer the case. Federal taxes now total approximately $70 billion. Consequently, the incidence of those taxes and the sources from which they are collected have an important bearing on the total economy of the country, in the same way that the handling of the Federal debt, totaling approximately $285 billion, has an important bearing upon monetary policy and monetary and fiscal and credit activities throughout the Nation.

Mr. President, after establishing those four basic standards, plus a fifth standard, which relates to general social welfare, and sometimes involves a kind of social control—as in the case of special taxes—and, on the other hand, a positive contribution to social welfare—for example, such as the provision for the family allowance and special consideration in the tax code for special needs of people and of society—the author of the article published in Fortune magazine refers specifically to the overhaul of the income tax, and points out a well-known fact—namely, that when the individual income tax returns are in this year, approximately 47 million Americans will have paid approximately $36 billion of Federal income taxes on wages, salaries, dividends, interest, and the capital gains which they either received or collected or realized this year.

Mr. President, after pointing out that approximately $36 billion is collected through the Federal income tax, the author of the article points out that the

U.S. income tax is perhaps the biggest engine of taxation the world has ever seen. Of course, we do not know the amount of taxes collected through the Soviet Union's concealed sales tax which is a kind of profits drainoff. But, so far as we know, the income tax of the United States is the greatest source of taxes anywhere in the world. Certainly it is the greatest source of taxes in the United States.

Mr. President, in the times when all Federal taxes amounted to very little, the question of inequity was relatively unimportant, and the question of the bearing of those taxes upon business and upon the financial and economic system of the country was also relatively unimportant. But in these days, when, as we have been pointing out, approximately $36 billion is collected through individual income taxes and when the total taxes collected amount to approximately $70 billion, and when we must anticipate that these heavy taxes will have to be continued for a long time, the question of equity and the question of justice and the question of the bearing of taxes upon the economy become extremely important.

The people of the United States in time of war, when great demands are made upon them, and when it appears that those demands will be shortlived, may do some murmuring and some complaining, but the general disposition is to accept such inequities, and for one man to be willing to sacrifice more or to give more than the next.

But in these times, which are described as cold war times, for which no one can really forecast any kind of terminal date, and when it appears that over a long period of time, perhaps even 10, 20, 30 years, these heavy taxes will have to be imposed, the question of equity, the question of justice, and the question of the bearing of the taxes upon the economy and the general welfare of the people become increasingly important and, therefore, deserving of congressional study.

Mr. President, the author of the article to which I have been referring in my remarks recommends that the deductions which are allowed in the case of individual incomes should be reduced to four. Such a comprehensive reform should still permit, he says, the $600 personal exemption for a wife and dependents, as well as for the taxpayer himself. Of course, the amount of that deduction might be increased. The author points out that this kind of deduction is vitally necessary in order to take the burden of taxation off the people in the lowest income groups, and that it is significant for even those who have incomes up to $10,000.

The second deduction which the author says should be continued is the one for charitable contributions. He points out that the revenue which would be gained from a removal of this deduction would be so trivial, as compared to the huge social loss which would result from discouraging traditional private support for charity and education, that, if anything, the deductions of this kind should be liberalized.

The author states that deductions for business costs should be retained in accordance with the principle that income spent for the purpose of earning income should not be taxable. However, I think all of us realize that careful definition of this deduction is necessary.

Next, the author of the article points out that State income taxes should continue to be deductible, inasmuch as removal of this deduction would intensify resistance to a useful and increasingly necessary method of raising State revenues.

The author next points out that medical expenses should, of course, remain deductible above some reasonable percentage.

Next, he states that capital gains should continue to be taxed at a lower rate than straight income, but that the capital gain should be redefined, so that it could no longer be utilized as a tax haven, or tax loophole, or tax shelter for what is really ordinary income.

In addition to that article which states those recommendations in regard to personal income tax reform, Fortune magazine has published an article which deals with the entire question of the taxation of corporate profits. The recommendations which are made in this area relate to the question of equity and to the question of the proper encouragement, stimulation, and direction of industrial and economic growth in the United States.

Mr. President, I recommend that all Members of the Senate make it a point to read this series of articles, beginning with the March 1959 issue of Fortune magazine.

Mr. President, the amendments which have been proposed and have been discussed, or which may subsequently be offered to the pending bill, will certainly not go very far toward solving the many and complex problems which exist in the tax structure of the United States. But each amendment that has been proposed has some bearing and some significant relationship to the four standards to which I have referred. The amendments will raise revenue, and therefore at least in part they will help us to realize the first standard, namely, that the tax structure and the tax system should raise sufficient revenue.

At least two of the amendments have significant bearing upon the second standard to which I have referred, namely, ease of collection and difficulty of tax avoidance. In that connection, I refer to the withholding provisions included in the amendment submitted by the Senator from Wisconsin [Mr. PROXMIRE]. The same is true of the amendment submitted by the Senator from Pennsylvania [Mr. CLARK]. That amendment deals with the question of expense accounts.

These amendments relate quite directly to the effect of the tax structure upon the economic growth; and, certainly, for that reason, the amendments are deserving of serious consideration. In my opinion, each one of the amendments which was discussed before the committee has significant bearing and relationship to the basic question of equity in taxation and the basic question of justice in taxation.

Mr. President, it is my opinion that there is really no better time than today—or tomorrow, if necessary, or the day after tomorrow—for the Senate to give consideration to these questions.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

Mr. LAUSCHE. Mr. President, will the Senator from Pennsylvania withhold for a minute or two his suggestion of the absence of a quorum?

Mr. CLARK. Certainly.

Mr. LAUSCHE. Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. LAUSCHE. I understand that this morning the Senate adopted, without objection, an amendment which would include in the bill provisions eliminating the excise tax of 15 percent on passenger transportation.

The PRESIDING OFFICER. The only thing the Senate has done this morning on the bill is to agree to two committee amendments, by voice vote.

Mr. LAUSCHE. Did one of those amendments provide for the elimination of the excise tax on passenger transportation?

The PRESIDING OFFICER. That is not a parliamentary inquiry.

Mr. LAUSCHE. Then I propound this parliamentary inquiry——

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LAUSCHE. Yes.

Mr. WILLIAMS of Delaware. The action which has been taken is that the Senate approved the committee amendments, one which eliminated the passenger tax. However, I explain to the Senator from Ohio that many of us on the committee opposed that amendment on the basis that we did not think the Government could afford the $250 million revenue loss at this time. Later either an effort will be made to strike the amendment from the bill, or, if such an effort is not made in the Senate, it certainly will be made in conference. Whether the effort will be made on the floor or in conference to eliminate that provision will, frankly, be based on which position will be considered the stronger; but let the record be clear, that amendment was not accepted with an expression of approval by all members of the committee.

As one member of the committee I state that in my opinion it is inconceivable that we reduce taxes by $250 million in the face of a $12 billion deficit.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LAUSCHE. Although the committee amendments have been agreed to, it is still possible for the subject to be taken up on a motion to strike. Is that correct?

The PRESIDING OFFICER. The amendments were not accepted en bloc, but two committee amendments were agreed to by the Senate. However, the

Chair will state to the Senator from Ohio that they may be reconsidered.

Mr. LAUSCHE. I thank the Chair very much.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, the Senator from Minnesota has just delivered an excellent address on our revenue system. In the course of his remarks he set down three criteria to which, in his judgment, our revenue system should conform. One was adequacy of revenues. We all recognize how important that is and how imperative it is today, when a balanced budget obviously has a distinct relationship to the cost of living.

If we are to prevent inflation, one very clear and important way in which the Government can accomplish that result is by balancing its budget. We cannot do that, of course, if we are to meet the great obligations we have in the world today, especially for national defense, unless we have adequate revenues.

The second criterion the Senator from Minnesota suggested was ease of collection. This is a criterion which our Federal tax system meets quite well. However, by the amendment offered by the Senator from Illinois, the Senator from Pennsylvania, the Senator from Minnesota, and myself, we say that ease of collection by our revenue agents can be improved, and improved substantially.

The third criterion is equity and justice. As the Senator from Minnesota said, there can be no question at all that this should be the principal, essential criterion. Is the tax system just? Is it fair to all taxpayers? This is not simply a matter of saying that all people with equal incomes should pay the same tax, although that is very important and a part of what our amendments try to accomplish, but it is also a matter of having a tax system based as much as possible on the ability to pay. This has been the objective of reformers and liberals in Government for a long, long time. It may be that there is no single issue on which the liberals and conservatives part company more clearly and more distinctly than on the revenue system and on taxation based on the ability to pay. Since the time of Alexander Hamilton and Thomas Jefferson American liberals and conservatives have divided on this issue.

The success of the liberals in the American constitutional democracy is marked by the fact that at least on a Federal basis we have a generally progressive income tax.

As I tried to bring out in the course of my colloquy with the Senator from Minnesota, however, a number of studies by competent, responsible economists have shown that the American tax system, overall, is not progressive, and it may be regressive. The reason is that State and local taxes take a far larger proportion of the income of people with small incomes than of the income of people with large incomes.

I should like to give one or two examples. The principal source of revenue for our local governments and to some extent for our State governments is the property tax. The real property tax, at least, is the backbone of our property tax system. The real property tax is related to the value of the property which is being taxed, but it is not necessarily related to the income of the person who is being taxed. This means that a man who is living on a very modest income of $3,000, $4,000, or $5,000 a year in a house worth $8,000, $10,000, or $12,000 is likely to have to pay a property tax in the neighborhood of $150, $250, or perhaps $300. A man with a $30,000 annual income, which is 10 times as great, is likely to live in a house which is valued at, say $30,000. Instead of paying 10 times as large a property tax, pays only three times as large a property tax. So the property tax in the case of the example I have given would hit the man with a modest income three times as hard in proportion to income as it would hit the man with a large income.

This is even more true with respect to the sales tax, for several reasons. A sales tax is a tax, by and large, on tangible expenditures of consumers. The only income which is taxed by a sales tax is the income which is spent. Most studies show the persons with small incomes not only spend everything they earn, but they spend more than they earn. They go in debt. People with moderate incomes spend virtually everything they earn. People with large incomes save a large proportion of what they earn.

As a matter of fact, two-thirds of all the savings in this country are held by only 10 percent of the people. This means, of course, that the sales tax hits the person with a small income much harder, proportionately, than it hits the person with a large income.

This is also true, of course, with respect to the various Federal sales taxes, on some of which, such as the excise taxes, we are passing judgment today. It is certainly true to a very great extent of corporation income taxes. The corporation income tax on every utility is passed on to the consumers. The corporation income tax on many corporations which are in the oligopolistic or monopolistic industries, where management has the power to pass on costs to the consumers freely, is not borne by the stockholder, but is passed on to the consumers. Even in highly competitive industries, to the extent that the corporation income tax is universal and the corporate form is the virtually universal form of the competitors in the industry, the tax is universalized and is passed on to the consumers.

It is true that the Federal personal income tax is progressive, and very progressive, and in a sense I think it is too progressive. That is why I propose an amendment, to reduce the top rate from 91 percent down to 65 percent. I do not think this is contradictory at all, with what I have been saying, because anyone who has studied the personal income tax must recognize there are some people who simply cannot escape high tax rates because their income is largely a salary income. However, there are many other people with large incomes who have control over their assets and are able to receive their incomes in capital gains or able to receive their incomes in other ways which permit them to evade the high personal income taxes.

That is why the estimates made by the most responsible economists I could get to make estimates on my proposal show that even if we reduced the 91 percent top bracket on the personal income tax to 65 percent we would only lose $240 million in revenue a year. In view of the greater incentives this would provide in our economy, it might result in very little loss at all.

I think the progressiveness of our tax system has to be achieved by plugging the loopholes in the law, rather than by trying to rely on a 91 percent top income tax bracket, which is totally unrealistic and which simply assists smart, shrewd tax lawyers in persuading clients it is to their interest to hire such lawyers so that they can find ways to get around the tax laws.

The reason I am bringing up and discussing these criteria, Mr. President, is that every one of the amendments being proposed today by the Senator from Illinois, by the Senator from Minnesota, by the Senator from Pennsylvania, and by me will fulfill the criteria set forth by the Senator from Minnesota, and will advance in every single respect our revenue system. Every amendment will improve our revenue system.

For instance, the Senator from Minnesota [Mr. McCARTHY] proposes to end the dividend exclusion provision which was passed by the House of Representatives. Incidentally, this provision was overwhelmingly opposed by the Senate, but it was accepted in conference in 1954. It is interesting to note that the vote in the Senate rejecting the dividend exclusion provision was 71 to 13 in 1954, with an overwhelming majority of Republicans and Democrats voting against it. It passed in the House, and the conferees accepted it, so it became the law. This proposal cost the Federal Government a substantial amount of money. It is my understanding the estimate of the Senator from Minnesota is that we can raise $340 million by eliminating that exclusion, and by plugging that loophole in our tax laws. Certainly that would provide more adequate revenue.

Then there are the entertainment provisions. Perhaps I should refer to this as the modification of expense deductions in the income tax provisions. There are modifications proposed by the Senator from Pennsylvania, to prevent corporate executives and others from taking advantage of the income tax law and requiring the taxpayers to pay, in part, such expenses. As it is, the taxpayers of the country, via the Government, are paying for entertainment, at least in part, they are paying for liquor bills and theater bills and other expenditures of that kind, which are now accepted by the Internal Revenue Bureau as

necessary business expenses. Adoption of such an amendment would raise a substantial amount of revenue and would comply with the first criterion suggested by the Senator from Minnesota, which is adequacy of revenue.

The Senator from Illinois has proposed an oil depletion measure, which is designed to plug what is probably the most notorious tax loophole in our American revenue system. This proposal would raise several hundred million dollars, and would provide more adequate revenues. It would raise, on the basis of the Treasury estimates, as I understand the situation, about $300 million, while the Library of Congress says it would raise from $400 million to $500 million.

The amendment which I have proposed to the bill would not increase the taxes on anyone now paying his legal taxes, but would simply provide that stockholders and interest recipients would have their income taxes withheld at the source, in exactly the same way wage and salary receipents have their income taxes withheld at the source now. Again on the basis of the most conservative estimates I could get—and, incidentally, the Senator from Illinois, who is the Senate's outstanding economist, calls them, "very, very, very conservative," using exactly that number of modifying adverbs in describing the proposal—this would raise at least $540 million for our Treasury.

Therefore, all these amendments would provide more adequate revenues. In each case it is very clear that the taxes would be very easy to collect.

I believe that of the four amendments offered it is only against my proposal that any argument has been made that it might make it more difficult to collect the tax. I think I can show that the principal virtue of my proposal is that it would be far easier for the Federal Government to collect taxes on dividends than it is at the present time.

The final criterion suggested by the Senator from Minnesota was justice. There is no question in my mind, in view of the overwhelming evidence, that the overall tax system in this country is proportional, probably, and the argument can be made that it is quite a little more regressive than progressive—speaking of the overall tax structure.

Proposals to increase in every case the progressiveness of our tax are certainly just proposals. As as matter of fact, in every single case, in the judgment of the four of us—and I believe in the judgment of most other objective observers—these proposals would simply require that those who are not paying their fair share of taxes now, taxes which the spirit of the law would suggest that they pay, should pay their fair share of the tax burden.

The amendment which I intend to offer, to withhold individual income tax dividend and interest payments, is quite simple, but it has been subject to controversy. In order to get into the RECORD the most authoritative and responsible analysis that I think has ever been made of this proposal, I shall read extensively from a memorandum, or rather a series of memorandums, prepared by the Senator from Illinois [Mr. DOUGLAS] last year. I think it is very important, in the course of this debate, that Senators understand exactly what is being proposed, and how the amendment I intend to offer could not possibly injure anyone who is now paying his taxes in full. It would merely provide greater equity.

This memorandum is entitled "Withholding Individual Income Tax on Dividends and Interest Payments."

I read from the memorandum:

I. THE NEED FOR WITHHOLDING

A. Extent of dividend and interest gap

Virtually every study made of income reporting for the Federal individual income tax shows a significant gap between the amount of dividends and interest which should be reported and the amount actually reported on individual tax returns. The extent of this gap cannot be measured with precision for the following reasons:

1. The basic data are taken from the Internal Revenue Service's Statistics of Income, part 1, and the Department of Commerce series on personal income. Since the income concepts in these two sources differ, adjustments to reconcile these differences must be made before an estimate of nonreported income can be arrived at. While the character of those adjustments is fairly clearly established, the specific data required to express them quantitatively is not always available. For example, the commerce series includes in personal income dividend and interest receipts of nonprofit organizations and of self-insured corporate pension funds. Such receipts on behalf of individuals need not be reported in the individual taxpayer's return, and therefore must be subtracted from the commerce total as one step in arriving at the "to be reported" income-tax total. The measurement of these receipts, however, is imprecise at best, since no regular statistical series contains this information.

2. Even after the difference between the Commerce Department and Statistics of Income tables is approximated, there is a problem in allocating the remaining nonreported dividends between individuals required and those not required to file tax returns and then between taxable and nontaxable returns.

At this point I should say that this memorandum by the Senator from Illinois indicates why he called my estimate "very, very, very conservative." I said that some 20 percent might go to people whose incomes were so small that they would not have to file an income tax return, and therefore no withholding would be required. There would be no withholding to gain any money for the Treasury.

The Senator from Illinois pointed out—and undoubtedly with great wisdom—that nothing like 20 percent of the dividends go to people with such very small incomes. Statistics are overwhelming that probably less than a fraction of 1 percent goes to people with such very small incomes. Very few such people hold stock. Those who do necessarily receive small incomes. Their incomes would be no greater than $600 a year.

The total of dividends received by such people is very modest. I have seen some statistics by economists which suggest that in recent years 80 percent of dividends have been paid to less than 1 percent, or about 1 percent, of the population. So my estimate is very conservative, indeed.

I read further from the memorandum prepared by the Senator from Illinois:

Some of the nonreported dividends and interest, for example, undoubtedly are received by individuals with less than $600 in gross income (income tax definition of gross income) who need file no tax return. Some individuals with gross income less than $600 do file returns as a means of claiming refunds for taxes withheld on wages. At present, one can only guess at the amount of dividends and interest received but not reported by these individuals. In addition, some dividends and interest are received by individuals required to file tax returns but who pay no tax because their exemptions and deductions exceed their adjusted gross incomes. How much of the nonreported interest or dividend receipts go to people in this situation?

Recognizing these difficulties, it is, nevertheless, possible to make a fair approximation of the amount of dividend and interest income which should, but does not, appear on tax returns. Daniel Holland and C. Harry Kahn estimated the dividend and interest gap at $1.1 billion and $3.4 billion, respectively, for the taxable year 1952. About 13 percent of properly reportable dividends and 61 percent of interest receipts were not reported for that year. This compares with a 5-percent gap for wages and a 30-percent gap for entrepreneurial income (cf. Daniel M. Holland and C. Harry Kahn, Comparison of Personal and Taxable Income, Federal Tax Policy for Economic Growth and Stability, papers submitted by panelists appearing before the Subcommittee on Tax Policy, Joint Economic Committee, November 1955, pp. 313–338, especially pp. 318–320 and 336–337). The Holland and Kahn results accord closely with the estimates of Selma F. Goldsmith for the taxable years 1944–46 (cf. Selma F. Goldsmith, Appraisal of Basic Data for Constructing Income Size Distributions, Studies in Income and Wealth, vol. 13 (National Bureau of Economic Research, 1951)).

More recently, in a paper presented to the American Finance Association, December 29, 1957, Holland estimated the dividend "gap" for the taxable year 1955 to be about $1.235 billion, or about 12.1 percent of total dividend receipts adjusted for comparability with tax returns.

Dividends have increased very greatly since 1952, and even since 1955. So once again the estimates are conservative, in terms of present dividends.

I continue to read from the memorandum prepared by the Senator from Illinois [Mr. DOUGLAS]:

Even if one assumes that 20 percent of this "gap"—about $250 million—were the dividends received by individuals not required to file returns and/or by individuals required to file returns but not taxable (because deductions and exemptions exceeded income), there remains about $1 billion of dividends which should have appeared, but did not, on taxable individual returns in 1955.

Using the techniques developed by Goldsmith, Rechman, Holland, and Kahn, the interest gap for 1955 appears to be about $4.6 billion.

Once again the increase in this kind of income has been great. Between 1955 and today the interest income has increased more rapidly, by far, than any other kind of income; and if the interest gap at that time between the amount reported and the amount received was $4.6 billion, it must be in the neighborhood of $6 billion or $7 billion today.

Reverting to the 1955 figure, which, as I say, is much more conservative:

Again assuming that 20 percent of this amount was received by individuals not required to file returns and/or by individuals filing nontaxable returns, there remains about $3.7 billion of personal interest receipts which should have been reported, but were not, on taxable individual returns in 1955.

B. Revenue loss attributable to nonreporting of dividends and interest

Determination of the revenue loss involved in nonreporting of dividends and interest is complicated not only by the statistical vagaries in measuring the dividend and interest gap but also by the lack of persuasive evidence concerning the distribution by taxable income brackets of the nonreported income. The $1 billion dividend gap estimated above, for example, may imply a revenue loss as little as $150 million or as much as, say, $350 million (and conceivably the upper amount could be significantly larger).

The Bureau of Internal Revenue conducted an extensive investigation of the amount and kind of error appearing on individual tax returns for the taxable year 1948. This audit control program indicated some concentration of nonreporting at the lower end of the income distribution and, in addition, a relatively larger rate of underreporting at the lower than at the upper ranges of the income distribution. These results can hardly be taken as definitive, but suggest that the average effective rate which would be applicable to dividends and interest not now reported would be somewhat lower than that in fact applicable to reported dividends and interest receipts. Even supposing that the appropriate effective rate were only 20 percent in the case of dividends, however, nonreporting of this income in 1955 probably resulted in a $200 million revenue loss to the Treasury. If one applies a 15 percent effective rate (allowing for the effect of exemptions and deductions) to nonreported interest, the revenue loss in 1955 from this source appears to be about $475 million. Even allowing a 50-percent margin of error in computing the dividend and interest gap leaves a revenue loss of about $350 million. This amount should certainly be regarded as a rockbottom estimate.

Incidentally, this amount is higher, I believe, than the estimate I presented to the Committee on Finance when I appeared before that committee in favor of the amendment the other day.

I now turn to the reasons for nonreporting. This is the language of the memorandum; it is not the language of the junior Senator from Wisconsin.

C. Reasons for nonreporting

Three sets of reasons may be adduced for the failure of taxable individuals to report the full amount of their taxable dividend and interest income. The principal reason probably is deliberate evasion. Holland's most recent study of the dividend gap shows a good positive correlation of the size of the gap with tax rates over time. A second reason is honest forgetfulness.

I should be perfectly willing to say that most persons may very well honestly forget to include dividends in reporting their incomes to the Federal Treasury, particularly if their dividends are small. However, if the dividends are substantial, it is a little less understandable that they should forget, especially when the amounts are in the neighborhood of ten, twenty or thirty thousand dollars. Needless to say, it is the person who deliberately fails to report dividends who should be required to pay his tax in full. He will be primarily affected by the proposal we are making.

I continue to read:

It is a reasonable assumption, for example, that many taxpayers do not know and make no regular effort to determine the amount of interest credited to their savings accounts, and simply overlook this income item in preparing their tax returns. Taxpayers receiving relatively small quarterly dividends from a number of corporations, similarly, may easily forget one or more such receipts because of poor bookkeeping. A final reason for nonreporting may be ignorance of the law's requirements. The accrued interest on U.S. savings bonds, for example, need not be reported on the taxpayer's return until the bonds are redeemed. It is quite possible that many taxpayers are not aware that they must include such realized interest in their gross incomes for tax purposes. Conjecturally, some taxpayers may reason that since U.S. savings bond interest need not be reported until the bond is redeemed, it is not required to report savings account interest until withdrawn.

Whatever the reason for nonreporting of interest and dividends, a system of withholding on such incomes would contribute materially to improving compliance with the law's requirements. From the point of view of the taxpayer who is not a willing evader of the law, dividend and interest withholding has the positive virtue of assisting him to be as honest as he would wish to be.

In my State of Wisconsin, there has just been a big hassle about withholding the tax on wages and salaries. It is very interesting to me that a substantial majority of the working people, it seems, enthusiastically favor the withholding tax law. They do so for several reasons. I think most Americans want to be honest. It is easier to be honest when one can be told at the end of the year how much of his tax has been paid and is reminded of how much income he has received.

Furthermore, it is a matter of simple convenience. The taxpayer whose tax is withheld every 2 weeks or every month, or in some cases every week, while he misses the amount which is withheld, can become adjusted rather easily to the circumstances. On the other hand, when he has to pay his State income tax in one lump sum—many taxpayers having modest incomes must pay from $150 to $200 in one fell swoop when the tax is due—the burden is great and is very difficult to sustain.

Mr. President, many small wage earners in Wisconsin would be happy to have the withholding tax. It would be a convenience for them. It has meant that they have been able to avoid borrowing money at very high rates of interest. The interest rates on personal loans can be as high as 12, 15, and even 18 percent in some States, perhaps even higher. Very often people are forced to borrow money with which to pay their State income taxes today. They would be saved this necessity if there were a withholding tax.

Furthermore, I think a large number—perhaps most—of the dividend and interest recipients would be very happy to have the tax withheld at the source. It would save their keeping track of what they owe. It would save them bookkeeping and would assure them that their taxes were being paid. They would be saved, I believe, considerable annoyance. They would be saved the serious problem which exists for many persons who rely very largely on interest and dividends, particularly aged people.

They would be saved from the situation in which, human nature being what it is, they may not have adjusted the family budget to meet their taxpayments as the year goes along. They may have spent whatever they received—most of us do—only to find, when the taxes come due, that they have not saved enough to pay the tax on their dividends and interest. It is much more difficult to pay later than to have the tax withheld at the time when the income is received. This is true of the quarterly payment system which is at present in effect on the payment of Federal income taxes.

I continue to read:

From the point of view of the deliberate tax evader, withholding, by substantially reducing the rewards of dishonesty, might well produce a net gain in revenues above those from the withholding itself.

II. WITHHOLDING PLANS

Three major efforts have been made to provide for withholding on dividends and interest.

A. The 1942 plan

The first of these was in connection with the introduction of withholding on wages and salaries in 1942. The plan then proposed would have withheld tax at the rate of 10 percent on dividends and interest payments in excess of the amount of such payments determined to be nontaxable on the basis of withholding exemption certificates to be filed with the payor by the dividend or interest recipient. The paying corporation would have been required to file quarterly returns showing dividend and interest payments and to furnish the dividend or interest recipient a receipt for the tax withheld, very much like the withholding receipt provided wage and salary earners. When the dividend or interest payment was made to a nominee of the recipient, rather than to the recipient directly, the paying company was, nevertheless, to be required to withhold the tax.

In rejecting this proposal, major emphasis was placed on the compliance problems raised by the proposed requirement for a withholding exemption certificate. It was pointed out that a relatively much larger number of such certificates would call for no withholding of tax (whether or not tax was actually payable) than in the case of wage and salary certificates. The payor organization, it was argued, would incur substantial costs in soliciting exemption certificates from each stockholder or interest recipient of register on the payment date, in maintaining a file of such certificates, and in collating interest and dividend payments with the taxable status of each recipient.

Let me say that that objection is met completely by my proposal, because my proposal does not require that the payor of either interest or dividends supply the recipient of the interest or the dividends with a certificate.

I read further:

In addition, the proposed withholding scheme—

That is to say, in relation to the 1942 plan—

could hardly be applied in the case of coupon bond interest. Transactions in the coupons, it was argued, would not in all

cases involve the bond-issuing organization so that a substantial volume of such interest might be realized without opportunity for a withholding agent to withhold the tax due.

B. The 1950 plan

The proposal in 1950 would have provided for withholding tax at the rate of 10-percent from dividends only. No provision was made for exemption certificates, although certain types of payor organizations were to be exempt from the withholding requirement. The withholding company was to be required to provide the dividend recipient a withholding receipt although this might take the form of a notation on the dividend check or check stub of the amount of tax withheld. As in the 1942 plan, the paying company was to be required to withhold tax where the dividend payment was made to the shareholder's nominee. Provision for returns by withholding companies was to be made in regulations.

The 1950 plan was criticized primarily on the basis that it would require withholding on dividends paid to both nontaxable individuals and tax-exempt organizations. Moreover, it was argued, the plan would involve a good deal of expensive paperwork by the payor corporation with respect to very small amounts of dividend payments, a significant proportion of which would be nontaxable in any case. Furthermore, it was maintained that proper administrative procedures, for which adequate provisions were made in then existing law, would greatly increase taxpayer compliance. Specifically, the Bureau of Internal Revenue was directed to make fuller use of the information return, form 1099, which all payor corporations were required to file for all dividend payments in excess of $100. The administrative problems of collating such information returns many of which showed nominees or street addresses as payees, with individual tax returns, of determining any difference in aggregate dividend payments between amounts reported on the information return and those reported on the taxpayers' returns, and of determining the amount and collecting any tax due on the basis of such differences were not adequately or persuasively delineated to the taxwriting committees.

For example, take the not unreasonable case of an individual taxpayer owning shares, in, say, 10 companies, each of which makes a quarterly dividend payment. Some of these payments might well be below the minimum amount for which the payor is required to file an information return. Suppose, therefore, that 30 of the 40 payments involve the filing of an information return. Suppose, moreover, that in some of these cases, the taxpayer's minor child is registered as a co-owner of the shares and the dividend is addressed to the child. With an adequate investment in machinery, the problems of collating the information returns, of associating them with the taxpayer's income tax return, and of determining the amount of any tax deficiencies would not be insuperable. Such machinery was not available to the Bureau of Internal Revenue in 1950, however, and is not now.

C. The 1951 plan

In connection with the Revenue Act of 1951, the Treasury proposed withholding on dividends, interest, and royalties at a 20 percent rate.

The first two plans called for 10 percent. The 1951 plan was the first one in which a 20 percent rate was proposed.

I read further:

As in the 1950 proposal, no exemption certificate was to be filed by the dividend, interest, or royalty recipient, although certain specified classes of payments were to be exempt from the withholding requirement.

On this occasion, the Committee on Finance spelled out its objections to the plan in considerable detail (S. Rept. No. 781, 82d Cong., 1st sess., pp. 65–67).

1. The committee indicated that although there may be substantial underreporting of dividend, interest, and royalty income, it was not impressed by the results of the investigation presented to it and accordingly did not feel that a solution of the problem as drastic as that contained in the House bill was warranted. Specifically, the committee report pointed out that no information was available with respect to the number of persons receiving dividends, interest, and royalties who do not file a tax return. Accordingly, accurate information was not available with respect to either (1) the number of individuals now required to file returns and who would be required to file for refunds or (2) the number of individuals who should file returns but do not do so. "Information of this type is essential to any appraisal of the need and the desirability for legislation in this area."

The second objection by the Finance Committee to the 1951 House bill for withholding dividend and interest income was as follows:

2. Withholding would impose expensive administrative burdens upon withholding agents and would work great hardships on many taxpayers. This hardship would be particularly severe with respect to nontaxable individuals and tax-exempt organizations who would be deprived of the use of amounts of tax withheld until such time as claims for refunds were processed and refunds were paid. The committee observed that no adequate system for providing quick refunds had yet been called to its attention.

Incidentally, Mr. President, my proposal provides for quick refunds; and, of course, we have had vast experience with quick refunds on the present withholding tax.

I read further from the statement by the Finance Committee on the 1951 plan:

3. The 20-percent withholding rate would be applied to dividends, interest, and royalties without allowance of personal exemptions. This would impose greater hardship on recipients of investment income, particularly those with large families, than is involved in the withholding on wage earners.

4. Substantial administrative burdens would be imposed upon withholding agents even though the proposed plan would not require payor corporations to notify stockholders of amounts withheld from dividends. Thus payor corporations, in the interest of good stockholder relations, would in practice be required to indicate to dividend recipients why dividend payments have suddenly been reduced and what the amount of tax withheld was in each case.

5. The plan would have required withholding on royalty payments. The committee was skeptical of the need for withholding in this area and assumed that virtually complete reporting was the practice.

6. The Senate Finance Committee asserted that more effective use of the information returns then required by the law would substantially improve taxpayer compliance in reporting receipts of dividends and interest.

The legislative history of efforts to withhold taxes on dividends and interest shows the following major objections:

1. The extent of under- or non-reporting of dividend and interest income has not been accurately or adequately expressed by those favoring withholding.

2. Statistical investigations have not adequately revealed the type of problems with respect to underreporting of dividends and interest, on the one hand, and of overwithholding on dividends and interest, should a withholding plan be adopted, on the other.

3. Compliance problems for withholding agents would be very great even if the withholding plan did not require the payor to furnish payees with formal withholding statements.

4. Any withholding plan would require development of a system of quick refunds for dividend and interest recipients who are either not taxable or who would have too much tax withheld. No adequate plan for such quick refunds has yet been presented.

Those were the four main objections. In 1958, the Senator from Illinois made the following proposal:

III. A PROPOSAL FOR DIVIDEND AND INTEREST WITHOLDING

The principal stumbling block to withholding on dividends and interest appears to be the problem of avoiding overwithholding on nontaxable individuals and tax-exempt organizations without imposing substantial compliance burdens on dividend and interest payors. The 1951 plan went far in the direction of eliminating compliance burdens for withholding corporations by requiring no withholding receipt and no elaborate return form to be filed with the Government at the time of remission of withholding taxes. Elimination of the receipt and return form requirements, however, necessarily involved across-the-board withholding at a uniform rate on the gross amount of dividends and interest paid. This necessarily involved overwithholding on payments made to tax-exempt organizations, nontaxable individuals, and individuals the effective rate of tax on whose total income is less than the withholding rate.

A compromise between considerations of avoiding overwithholding on the one hand and minimizing compliance burdens for withholding corporations on the other, therefore, is highly desirable. The following plan might well represent such a compromise without sacrifice of substantial improvement in compliance by individual dividend and interest recipients.

A. The basic withholding plan would be identical with that proposed in 1951

The payor company would withhold a flat percentage of dividend and interest payments. At present tax rates, this withholding rate would be 20 percent, i.e., the first-bracket rate.

That was the proposal of the Senator from Illinois. My proposal is even more modest; it is for only 18 percent.

I read further:

The payor would not be required to keep records of each dividend or interest payment or of the amount withheld with respect to each payment. The payor would not be required to submit withholding receipts to the individual at the end of each quarter. The payor would remit to the Internal Revenue Service 20 percent of the gross dividend and interest payments made (subject to the exceptions provided in the 1951 plan: cf. Revenue Act of 1951, H.R. 4473, secs. 201–204). The dividend or interest recipient would make the following entries on his tax return: (1) the net amount of dividends and interest he received after withholding, (2) one-quarter of the net amounts received (i.e., if the withholding rate were 20 percent, the amount withheld),[1] (3) the sum of 1 and 2, which is the total dividend or interest received before withholding.

[1] If tax were withheld at 18 percent the amount of tax withheld to be reported by the taxpayer in this step would be 22 percent of the net dividend or interest receipt. The formula for determining this amount is T equals t_w divided by the quantity 1 minus t_w (net interest or dividend receipt), where t_w equals the withholding tax rate.

The taxpayer would compute his tax on his total taxable income including the amount in 3 and would take a credit against his final tax liability for the amount computed in 2.

B. The payor corporation would attach to the dividend or interest check, if the check were in an amount less than, say, $1,000, a simple refund claim form on which the dividend or interest recipient would indicate exemptions from tax or nontaxability either because of inadequate gross income, or deductions or exemptions in excess of income

The dividend or interest recipient completing this form would send it to the paying corporation, upon receipt of which the paying corporation would immediately refund the tax withheld. The quick refund, in other words, would be provided by the payor corporation rather than the Internal Revenue Service. The payor corporation would remit these refund claim forms to the Treasury quarterly as a basis for reimbursement by the Treasury for the refunds of overwithheld tax. The refund claim forms would then be used by the Internal Revenue Service as a check against individual tax returns. This would, of course, require elaboration of existing machinery for collating information returns with individual tax returns. Since such collating would be required only where the dividend or interest recipient actually claimed a refund, it may be fairly assumed that the magnitude of the collating task would be substantially less than that presently involved in tracing information returns to tax returns.

Further simplification might be achieved by requiring the payor corporation to attach refund claim forms only to the first quarterly or semiannual dividend or interest payment and to determine whether tax should be withheld on subsequent payments within the year on the basis of the dividend or interest recipient's response to the first payment.

The proposal to make payor corporation attach the refund claim form only in the case of dividend or interest checks in amounts less than the suggested $1,000 takes into account the fact that where dividend or interest payments exceed this amount the likelihood of overwithholding would be at best remote. In the case of interest payments this proposal might not materially reduce the load on the paying company in view of the likely concentration of interest payments at the lower end of the income distribution. In the case of dividends, however, providing that the quick refund mechanism would be available only with respect to dividends less than $1,000 could be expected to reduce paying corporations' compliance burdens quite significantly below what they would be if the refund claim form were to be attached to all dividend checks.

Admittedly this proposal would involve additional accounting burdens for dividend and interest payors. The magnitude of these burdens is clearly less than would be the case under a withholding plan involving filing of exemption certificates by the interest or dividend recipient. They are somewhat, but presumably only moderately, greater than those involved in the 1951 plan. The possibility of eliminating the overwithholding problem by use of this device while substantially improving revenue collections from dividend and interest sources, however, must surely be more persuasive than the modest additional cost which would be incurred by dividend and interest payors.

Withholding Individual Income Tax on Dividends and Interest Payments

1. Technical features in proposal for dividends and interest withholding

Since, with the exception of the provision for quick refund, the dividend and interest withholding proposal outlined in the principal memo is substantially identical to the 1951 plan, the technical problems discussed in connection with that plan should be reviewed in connection with this proposal.

A. Coverage

As originally proposed, the 1951 plan was to apply to virtually all dividend and interest receipts of individuals. As passed by the House, however, the plan excluded withholding on interest on bank deposits and series E bonds even though these are the most important sources of interest for individuals.

Presumably, the basis for these exclusions was the complaint received from bank representatives that withholding on savings account interest would discourage savings by individuals. It was also argued that withholding on interest included in redemption proceeds on series E bonds would be regarded by holders of E-bonds as a reduction in net interest yields and would, therefore, discourage E-bond sales.

Certain types of dividend and interest payments were specifically excluded from the 1951 plan either because the practical problems of withholding were too great or because the recipient was not generally subject to income tax. The specific exclusions were:

(a) Stock dividends or stock rights.

(b) Distributions to shareholders in connection with corporate reorganization and the redemption of outstanding stock.

(c) Dividends paid by Federal Reserve banks, Federal land banks, Federal home loan banks, and cooperative banks.

(d) Dividends paid by a corporation, all the stock of which is owned by one or more (a) governments; (b) political subdivisions thereof; (c) international organizations; or (d) wholly owned instrumentalities or agencies of any of the foregoing if such instrumentalities or agencies are exempt from tax.

(e) Dividends and interest paid by a foreign corporation.

(f) Dividends and interest paid by one corporation to another corporation if both corporations are members of the same affiliated group which is required to file a consolidated return for the taxable year, or which did file a consolidated return for the preceding taxable year.

(g) Interest payments by State and local governments.

(h) Interest payments made by individuals.

(i) Interest paid on open accounts, notes, and mortgages.

(j) Interest on equipment trusts.

(k) Tax-free covenant bond interest as defined in section 1451 (1954 Code).

(l) Interest and dividends subject to withholding under section 1441 (1954 Code).

(m) Dividends and interest on corporate obligations, issued prior to effective date of the withholding proposal enactment, paid pursuant to a lease under which the obligor is required by the terms of the contract to absorb the tax.

(n) Patronage dividends of cooperatives.

B. Withholding on bank deposit and series E bond interest

As noted above, withholding on bank deposit and series E bond interest was dropped from the 1951 plan on the basis that such withholding would discourage these forms of savings. The argument, in effect assumes that the volume of such savings depends on illicit tax exemption for their interest accruals rather than on the rate of such accruals. Whatever objections may be raised to withholding on this type of income, certainly no serious consideration should be given to this argument.

Little difficulty is to be anticipated in withholding on individuals' bank deposit interest. The bank would reduce credit to individuals' accounts by the amount of tax to be withheld. These amounts would, of course, be remitted to the Treasury by the bank. The computation by the individual on his tax return for the amount of tax withheld on bank deposit interest would be the same as in the case of dividends. All the individual taxpayer would need to know would be the net amount of interest credited to his account annually.

There was some fear in 1951 that withholding on series E bonds would involve mechanical difficulties. The Treasury, however, submitted a plan whereby banks and other agents authorized to redeem E-bonds would be provided with tables showing gross redemption values, the amount of interest included in this redemption value, the income tax to be withheld on the interest and net amount to be paid at redemption. For example, the redemption of a $50 face-amount bond at maturity would include $12.50 interest on which tax in the amount of 18 percent would be withheld, resulting in a net redemption of $47.75. The individual taxpayer would, of course, gross up the $10.25 interest (equals net redemption proceeds minus original purchase price of $37.50) in the same manner that he would gross up net dividends receipts.

Most individuals do not annually report the annual accrual of interest on series E bonds for tax purposes, but report the interest received upon redemption for the taxable year in which the redemption occurs. In the exceptional case in which the individual does report the annual interest accrural, the grossing-up procedure would, of course, overstate the total amount of interest to be included in the income in the year of the redemption. In such cases, however, the taxpayer would be permitted to make the necessary adjustments in reporting the interest received and would, of course, receive credit for the full amount of tax withheld upon redemption.

C. Treatment of tax-exempt organizations

One of the more strenuous objections raised to withholding on dividends and interest was that it necessarily would involve overwithholding on certain dividend recipients which were wholly tax-exempt by statute, such as religious, charitable, and educational organizations and pension trusts. The argument here was that such organizations receive substantial amounts of dividend and interest income so that withholding even at a modest rate, e.g., 18 percent, would deprive them of the use of funds until refund could be claimed. The cost of the funds loaned to the Treasury without interest, it was further argued, might be substantial.

Provision, therefore, would have to be made either for a quick refund of tax withheld on interest and dividend payments to these organizations or for nonwithholding on such payments. The argument was made, however, that dividend and interest payors would find it much too burdensome to withhold only on dividend and interest payments going to potentially taxable recipients and to refrain from withholding on those which were nontaxable.

To avoid both problems, the 1951 plan did not exempt the dividends and interest of tax-exempt organizations from withholding, but allowed these organizations to offset currently the amounts withheld from their dividends and interest against the amounts they withhold from their employees. For example, if during a given quarter, a university withholds $50,000 from its employees for income and social-security tax purposes and $30,000 was withheld from its interest and dividends, it would pay only $20,000 at the end of the quarter to the Government. In those rare instances where the amount withheld from a tax-exempt organization exceeds the amount it owes to the Government, the excess would have been refunded promptly at the end of each quarter.

While the tax-exempt organizations would have preferred to have had their dividends and interest exempt from withholding, this arrangement was clearly an adequate substitute for exemption. Tax-exempt organizations continued to oppose dividend and interest withholding publicly, but they acknowledged privately that the proposed system would avoid creating hardships for them.

The quick refund provision outlined in the principal memo would, of course, substantially eliminate this complaint of tax-exempt organizations. It would not, of course, meet the objections of payor organizations and admittedly would increase the burden of paperwork which they would carry. Whether this objection is really a serious one today, when so many dividend and interest payors use machine methods for making up their dividend and interest distribution, is certainly questionable. The quick refund provision would in any case involve a substantially smaller burden for the Federal Government by obviating the necessity for reconciling discrepancies in social-security tax payments with overwithholding on interest and dividend receipts of tax-exempt organizations.

Whatever modest increase in cost—and it would be a very, very modest increase in the cost—would be involved for the corporation in withholding the 18 percent, when the corporation did not have to send receipts to the recipients, would be a tiny fraction of the increase in revenue the Federal Government would receive. The vast experience every corporation in the country has had on withholding income from employees demonstrates this work can be done with great efficiency and with a very small, virtually insignificant, increase in cost.

WITHHOLDING INDIVIDUAL INCOME TAX ON DIVIDENDS AND INTEREST PAYMENTS

2. INTEGRATION OF DIVIDEND WITHHOLDING AND THE DIVIDEND-RECEIVED EXCLUSION AND CREDIT

This discussion of dividend and interest withholding has implicitly assumed the repeal of the present dividends-received exclusion and credit provisions.

That is the proposal in the amendment of the Senator from Minnesota [Mr. MCCARTHY].

If this assumption is rejected, the question will be raised whether withholding on dividends would not conflict with the present provisions permitting the individual dividend recipient to exclude the first $50 of his dividends and to claim a credit against his tax equal to 4 percent of dividends received in excess of the excluded amount.

Few major difficulties are anticipated in integrating dividend withholding with the credit provision. The single significant complication to be expected is the possibility that the exclusion and credit provisions would magnify overwithholding. If the proposal for quick refunds, outlined in the principal memorandum, were adopted, the overwithholding problem might in any case be regarded as minor. In addition, it is perfectly feasible to adjust withholding on dividends to take account of the likely effect of the credit on tax liability for a substantial proportion of the cases in which the taxpayer would not be permitted to claim the quick refund.

For example, with the present 4 percent dividend credit, the paying corporation would withhold at the rate of 14 percent (instead of 18 percent) on dividends. Of a $1,000 dividend, therefore, the individual recipient would receive $860 instead of the $820 he would receive if the 4 percent dividend credit were repealed. He'd report his net dividend receipt of $860, add thereto the amount of tax withheld which he'd find by multiplying the $860 net amount by 16 percent (equals 0.14 divided by the quantity 1 minus 0.14). The sum of the two would be his gross dividend. From this amount he'd deduct the $50 which may be excluded from gross income under the present law, including the remainder, with his other income for purposes of computing his tax liability before credits. From this tax he'd deduct the 4 percent credit, equal in this example to $38 (4 percent of $950), to find his liability after credit. Against this amount, he'd offset any advance tax payments he'd made, including the tax withheld on the dividend. The remainder would be the amount of tax or refund due him. These steps are presented in tabular form following (assuming a single individual with no dependents, using the standard deduction).

Mr. President, I ask unanimous consent that the table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXAMPLE A.—*No income other than dividends*

1. Gross dividend payable by corporations	$1,000
2. Less: Tax withheld at 14 percent	140
3. Equals: Dividends received by individual taxpayer	860
Dividends reported by taxpayer:	
4. Net dividends received	860
5. Add: Tax withheld=16 percent of $860	140
6. Equals: Gross dividends	1,000
7. Less: Dividend exclusion	50
8. Equals: Dividends included in individual's gross income	950
9. Less: Personal exemption and standard deduction	695
10. Equals: Taxable income	255
11. Tax at 20 percent, before credit	51
12. Less: Dividend credit at 4 percent	38
13. Equals: Tax liability	13
14. Less: Tax withheld	140
15. Equals: Refund due	127

Mr. PROXMIRE. Mr. President, I continue to read:

This example highlights the overwithholding problem in the case of the widow or orphan, so frequently cited, whose income is derived exclusively from property. (Assuming an average dividend rate as high as 5 percent, the individual in this example has $20,000 worth of stocks.) If the quick refund provision suggested in the principal memorandum were incorporated in the withholding system, however, the individual could and presumably would claim a refund from the paying corporation(s) at the time of the dividend receipt.

Mr. President, I ask unanimous consent that the table, example B, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

EXAMPLE B.—*$1,000 of wages or salary*

1–8. Same as in example A.	
9. Income from other sources included in gross income	$1,000
10. Total gross income	1,950
11. Less: Personal exemption and standard deduction	795
12. Equals: Taxable income	1,155
13. Tax at 20 percent, before credit	231
14. Less: Dividend credit at 4 percent	38
15. Equals: Tax liability	193
16. Less: Tax withheld	200
17. Equals: Refund due	7

Mr. PROXMIRE. Mr. President, I continue to read:

In this example, the overwithholding is attributable solely to the fact that under present law, $50 of the dividends received are excludable from gross income. For a married couple owning stock jointly, the exclusion is $100. The maximum overwithholding on account of the exclusion is $14.

The table below shows the additional tax or refund due on selected amounts of dividends, assuming withholding at 14 percent to take account of the 4-percent dividend received credit, with selected amounts of nondividend income.

Mr. President, I ask unanimous consent that this table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Additional tax or refund due on selected amounts of dividends, assuming integrated withholding and dividend received credit[1]

Wages or salaries and amount withheld ( ) on such income	$100 ($14 withheld)		$500 ($70 withheld)		$1,000 ($140 withheld)		$10,000 ($1,400 withheld)	
	Tax liability	Additional tax due or refund ( )	Tax liability	Additional tax due or refund ( )	Tax liability	Additional tax due or refund ( )	Tax liability	Additional tax due or refund ( )
	A. Single person, no dependents							
0 (—)	----------	($14)	----------	($70)	$13	($127)	$1,683	$283
$1,000 ($60)	$67	(7)	$123	(7)	193	(7)	1,989	529
$2,000 ($240)	247	(7)	303	(7)	374	(6)	2,301	691
$5,000 ($780)	826	32	901	51	998	78	3,370	1,190
	B. Married person, 2 dependents							
0 (—)	----------	($14)	----------	($70)	----------	($140)	$956	($444)
$1,000 (—)	----------	(14)	----------	(70)	----------	(140)	1,154	(246)
$2,000 (—)	----------	(14)	----------	(70)	$6	(134)	1,365	(35)
$5,000 ($420)	$420	(14)	$476	(14)	546	(14)	2,067	247

[1] Assuming joint ownership by husband and wife of shares on which dividends are paid.

NOTE.—Tax computation assumes deductions equal to 10 percent of gross income after dividend exclusion.

Mr. PROXMIRE. Mr. President, I read further:

As this table indicates, the proposed integration of dividend withholding with the dividend credit will result in overwithholding when the effective rate of tax (tax liability dividend by adjusted gross income) is less than the dividend withholding rate. This results when allowable exemptions and deductions are large relative to adjusted gross income, and therefore may occur even when the dividend receipts are quite substantial. By virtue of the quick refund proposal, such overwithholding need not be troublesome in those cases in which the taxpayer has little or no tax liability. Nevertheless, some troublesome cases of relatively substantial overwithholding on relatively small total adjusted gross income may well remain. On the whole, however, the quick refund provision and the reduced withholding rate reflecting the dividend credit may be expected to confine overwithholding to quite limited proportions.

Mr. President, so much for what I think is a definitive memorandum on this whole subject, a memorandum prepared, as I said before, by the outstanding economist in this body, the Senator from Illinois [Mr. DOUGLAS]. This memorandum bears very directly on the proposal I have made.

Mr. President, I am about through, but I should like at this time to provide a full technical understanding, at least in the RECORD, of what I am offering, for if there is to be a unanimous-consent agreement, I want to make sure I have done everything I can to explain my amendment, which differs in some respects from what the Senator from Illinois offered last year, on which this memorandum is based.

This is the way the proposal I am offering would work:

The dividend or interest recipient would report on his tax return, first, the net amount of dividends or interest he received after withholding; second, 22 percent of the net amount received; and, third, the sum of the net amount received from the amount withheld computed, as indicated, in step 2. The taxpayer would then compute his tax on his total taxable income including the amount shown in step 3 and would claim a credit against his final tax liability for the amount computed in step 2.

For example, assume a corporation declares and pays a dividend of $100 per share. The dividend recipient would receive $82 after the tax had been withheld. On his return, the dividend recipient would report the $82 net dividend received. In step 2 he would add the $18 in tax withheld—22 percent times $82—and the sum of these amounts, $82 plus $18 or $100, would be reported as his total dividend income. He would then compute his tax in the ordinary manner upon his total income including the $100 dividend and claim the credit in the amount of $18 against this tax.

Mr President, I should explain that I am going into considerable detail and great pains to show how this amendment would work, because I understand the real objection to it—the only objection, as I understand—is that it might be difficult to administer. This is the only objection which experts of the Treasury Department or the tax experts consulted by the committee had to the proposal.

I think every American certainly recognizes that any measure which provides those who owe the taxes shall pay their taxes is in the interest of our Government and of our country. The only possible objection I can conceive of is that the proposal might be difficult to administer. For that reason I am laboring at very great length, I concede, to try to show that this proposal would work, would work quite simply, would work very effectively, would work without any real burden on the corporations involved and without any significant burden on the persons receiving dividends or interest, and would certainly work to the great benefit of our Treasury, which urgently needs the revenue.

It should be noted that this plan calls for no special forms to be filed by the dividend or interest recipient and very little additional calculation to be made by him in completing his tax return. Indeed, the required changes in the tax form would be very modest and would therefore involve little, if any, additional compliance burden for the dividend and interest recipient.

It should also be noted that the paying company would not be required to keep records, for this purpose, of each dividend or interest payment or of the amount withheld with respect to each payment. Nor would the paying company be required to submit a withholding receipt to the interest or dividend recipient. The additional compliance burden, therefore, for the paying company would also be extremely modest, requiring only a flat percentage deduction from the amount actually paid or distributed to the dividend or interest recipient and a brief return to the Internal Revenue Service of the amounts so withheld.

Even for a small company, this would be a very, very modest burden. Certainly for a large company it would be no burden at all. It would happen only 4 times a year, once every 3 months, so no one could complain that this would be a significant burden on the corporation or on the payor.

Mr. President, on three previous occasions the Treasury Department has sought legislation to deal with the problem of underreporting of dividend and interest income.

This, of course, was when we had Democratic administrations under President Roosevelt and under President Truman.

Plans for withholding were offered in 1942, in 1950, and again in 1951. Each of these plans was rejected primarily on the basis of certain practical problems. The plan which I offer today would overcome these practical difficulties while foreclosing a major area of tax evasion.

The principal problem cited in connection with the previous withholding plans was that it would involve withholding of tax on individuals and organizations which, for one reason or another, incur no tax liability with respect to the dividend or interest payment. The plan I proposed today would eliminate this difficulty by providing for quick refunds to such individuals or organizations of any tax withheld. The extraordinary success which the Internal Revenue Service has achieved in providing quick refunds of overwithheld taxes upon filing of taxpayers' annual returns but before audit of returns, clearly demonstrates that quick refunds for any taxes which may be overwithheld on interest and dividend payments is quite feasible. The dividend or interest recipient incurring no tax liabilities with respect to the dividend or interest receipt would be permitted to file a claim for refund immediately upon receipt of the dividend or interest payment, by completing and remitting to the district director of internal revenue a simple form showing the dividend recipient's name and address, the name and address of the dividend or interest payer, and the amount of the dividend or interest received. Use of this quick refund device would eliminate the objection to previous plans that many individuals and organizations without tax liability would be deprived of the use of the tax withheld upon their dividend and interest income for a fairly long period of time. At the most, under the quick refund plan, the dividend or interest recipient would have to wait about one-half a calendar quarter for refund of the tax withheld.

The second practical objection to previous plans for withholding on interest and dividend was that they involve substantial burdens on withholding agents. This objection should not have been particularly persuasive when offered in 1950 and 1951 since by that time every company or organization which would have been required to withhold on interest or dividends was then withholding on salaries and wages. Some specific types of cases were cited in which it was alleged the recordkeeping required in connection with withholding would add substantially to the companies' bookkeeping costs. In the intervening years widespread adoption of machine bookkeeping methods has robbed this objection of virtually all of its force. Apart from the bookkeeping facility made possible by these technological advances, however, the extent of the additional record or bookkeeping required by the withholding plan I am now proposing is very modest indeed. As already indicated, the withholding agent would be required merely to deduct a flat percentage of the payment to be made and file a return indicating the total amount of payments with respect to which tax has been withheld and to remit the amount of the withheld taxes.

The amendment that I propose would provide for certain exclusions from the withholding requirement. With respect to interest, the withholding provision would not be applicable to interest paid by a corporation to any government or political subdivisions, or wholly owned instrumentalities or agencies thereof, if the evidence of indebtedness in respect of which such interest is paid is owned by one or more of such governments, subdivisions, organizations, instrumentalities, or agencies. Withholding would not apply to interest paid to a foreign corporation, or any payment of interest to a foreign corporation not engaged in trade or business within the United States, a nonresident alien individual, any partnership not engaged in trade or business within the United States and

composed in whole or in part of nonresident aliens, or any foreign government or international organization.

With respect to dividends, the withholding provision would not be applicable to dividends paid under certain specified conditions or by certain specified organizations. These exceptions would not materially reduce the amount of dividends upon which tax would be withheld at the source. They would significantly reduce the administrative burden on the Internal Revenue Service, without, however, complicating the simple procedures described above for withholding agents.

The amendment also provides for conforming adjustments in the provisions of the present law dealing with declaration of estimated tax, which, on the whole, should simplify the declaration for many dividend and interest recipients.

I conclude this presentation by saying that I have taken time, while it was available, to explain in detail, as well as I could, the reason why it is feasibe, practical, and efficient to provide now for a withholding of the tax on dividends and interest payments. There is no question, on the basis of all the evidence available, that such a plan would work. There is no question that it would not be a burden on the payer corporations or institutions involved. It would not be a burden; as a matter of fact, it would be a convenience for the honest taxpayer, and a help to him.

There can be no question that it would very substantially increase the amount of revenue the Government would receive. We have estimated—and I do not know how we could be more conservative—that more than $500 million of additional revenue would flow. I point out that this would not impose an additional tax burden on any individual who is now paying in full the tax he lawfully owes to the Federal Government.

For that reason this proposal conforms with the excellent standards which have already been laid down by the Senator from Minnesota. It certainly would increase our revenues, and provide more adequate revenues. It would provide for ease of collection, which is the whole purpose of it. Instead of requiring field auditors to go out and check over carefully corporate and individual incomes, assess assets, and so forth, and determine whether or not people have been receiving interest and dividend income and not reporting it, there would be provided a very simple and easy method of collection.

Above all, this amendment, preeminently, would provide greater justice in our tax system, because the recipients of interest and dividends, by and large, are people with substantial incomes.

Every study that has been made has indicated that the overwhelming majority of interest and dividend payments are made to people in the high income brackets.

Finally, the amendment would provide greater justice because it would prevent the tax avoiders from evading taxes at the expense of the honest taxpayer.

Mr. President, I yield the floor.

Mr. CLARK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLARK. Mr. President, something over 3 months ago, on March 5, 1959, I addressed the Senate on the subject of the program for the 86th Congress. At that time, I stated that obviously no one Senator could be so presumptuous as to lay down the program for the 86th Congress. But I did have the temerity to suggest a program which I hoped Senators would consider and which I felt might lead us out of the difficulties in which I believed the President's program had placed us. I quoted the words of Lincoln, which in turn had been quoted by Carl Sandburg at the joint congressional ceremony commemorating the anniversary of the birth of Lincoln:

> The dogmas of the quiet past are inadequate for the stormy present. We must think anew, we must act anew, we must disenthrall ourselves.

I criticized the President's program as leading inevitably to a steady decline toward a second-class America, an America incapable of leading the defense of freedom in the world, and into social, political, and economic injustice at home. I suggested that to believe we could have a secure national defense and a sound and prosperous America with a budget of $77 billion was little short of folly.

I discussed various areas in which I felt it was essential that Congress should appropriate more money than the President had requested. First among those areas was that of national security. It seemed to me then, and it seems to me now, that we are losing the race for atomic missile equality; that we are losing control of the seas to the Russian submarines; that we have not pushed our anti-submarine defense to its needed potential; that we have an inadequate airlift to transport Marine and Army divisions to places where brush warfare might break out; that we have reduced the strength of the Marine Corps below the point of safety; that we have reduced the mobile Army divisions below the point of safety; and that this was dangerous for us to do in terms of national security.

I quoted from the Rockefeller report of a year ago which said:

> Programs of great importance to the United States security now suffer from insufficient funds.

The recent military expenditures are, therefore, insufficient to maintain even our current force levels, and conditions have made clear the inadequacy of those levels. The price of survival, then, is not low, but we can afford to survive.

Mr. President, I have had no occasion since that day to change my views respecting our national security needs, nor would I think that developments, either in Europe, the Middle East, or the Far East, could lead an objective observer to the conclusion that we have a lesser need today for adequate arms strength than we had then.

I suggested at that time that the 1960 budget needed a minimum of $2 billion of additional appropriations to shore up the national defense in the areas I have just indicated.

Looking back on that situation today, I fear I was unduly conservative. Probably we need more than that amount to maintain the national defense security.

Despite the ridicule to which it has been unjustly exposed, I believe the recent report of the Democratic Advisory Council, dealing with our national defenses, is sound. It calls for an immediate expenditure for defense purposes of vastly larger sums than I have indicated. I am happy to note that it was commented on by so distinguished a commentator today as Mr. Walter Lippmann.

Mr. President, I ask unanimous consent that Mr. Lippmann's article, published in the Washington Post and Times Herald today, be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEBATE ON DEFENSE

(By Walter Lippmann)

Last week the Democratic Advisory Council issued a long pamphlet dealing with national defense. The worst thing that can be said about it is that it is sponsored by a political party, or rather by a faction of a political party, and that it will, therefore, be heavily discounted. This is a pity. For, disregarding a few unnecesary and extraneous partisan phrases, the pamphlet deserves a vary careful reading.

There is a large literature already existing which is critical of our defense policy. Having read a good deal of it, I would venture to say that this pamphlet is much the best in its field, evidently quite expertly informed, reasonable and civilian in its temper, and lucidly written.

It ought not to be brushed aside as a partisan document. For, in fact, the argument it makes has the support of large numbers of Republicans, especially of those who have paid close attention to the problem of defense, and of many of the military men who by common consent are leaders in military thought. Moreover, the pamphlet is not a Democratic Party document since there is no reason to think that the present Democratic leadership in Congress agrees with it.

The two main points of the pamphlet are familiar enough. The first one deals with the missile gap which, on the admission of Secretary McElroy, is likely to bring it about that in the next 3 years the U.S.S.R. will have in intercontinental ballistic missiles a supremacy of 3 to 1. This could mean that during these years the U.S.S.R. would be theoretically capable of knocking out the bulk of our Strategic Air Force. The pamphlet does not say that the U.S.S.R. would or is likely to, try for such a Pearl Harbor. But it is right in saying that the existence of this theoretical power would have an important effect on the political relations between the West and the Communist powers.

The other point, which is also familiar, is that defense cannot be allowed to depend solely on nuclear weapons—the big ones which are suicidal or the small ones which would be devastating to our allies and to the uncommitted countries.

The pamphlet contains a carefully reasoned and persuasive argument why expenditures should be increased to close the missile gap and to increase our conventional forces.

What interested me most in the pamphlet, given the fact that it was written under the auspices of Mr. Dean Acheson, was the illuminating candor with which it explains how things have changed since the Truman administration. The critical change is this: Our original strategy in NATO was based on our possession at the time of a monopoly of nuclear weapons. Under those conditions, a small ground force backed by the irresistible power of the Strategic Air Force was quite sufficient to hold in check the enormously superior masses of the Red Army.

Our monopoly was broken by the Soviets in 1949 and this has brought with it, as the U.S.S.R. developed its bombs and its missiles, a radical change in the balance of power. We are far from being defenseless against this new might of the Soviet Union. But there is no doubt that our allies in Western Europe and our client states in Asia are far more vulnerable than they were 10 years ago. This could have serious political consequences, if the missile gap is allowed to become so wide that this country, which is the ultimate protector of the non-Communist world, becomes itself highly vulnerable.

No matter what it costs, this must not be allowed to happen.

It would be a very useful thing if the administration issued a thoroughgoing, fully considered reply. This would not be easy to do because within the Pentagon and within the administration itself there are so many who agree with the pamphlet. But it would be a true public service if the President, who does not agree, would see to it that there is a reply.

Mr. CLARK. Mr. President, I indicated on March 5 the need to increase our Development Loan Fund. I pointed out that that would cost more money than the President had indicated would be needed. That need is greater today than ever before. I am happy to note that the Committee on Foreign Relations has submitted a report calling for the establishment of a Development Loan Fund on a long-term, 5-year basis. I heartily support the position taken by the Committee on Foreign Relations. I believe we should appropriate for the Development Loan Fund, not only in the coming fiscal year, but also thereafter, every cent which the Committee on Foreign Relations recommends.

I noticed in today's newspapers that the President has endorsed the recommendations of the Draper Committee for placing defense expenditures for our allies under the mutual security program on a relatively long-term, 5-year basis, at a figure substantially in excess of that contemplated at the time when Congress received the budget. I should like to feel that military aid to our allies could be cut; but certainly there is nothing in the present world situation, either at Quemoy, Matsu, or Formosa, or in the Middle East or in Berlin, which would lead one to conclude that we do not need to set our hearts, our minds, and our pocketbooks toward meeting the goals which the Draper Committee recommends.

Accordingly, Mr. President, I conclude that today there is perhaps an even greater need than I thought there was on March 5 to increase the appropriations in the field of economic aid, defense support, and military assistance for our allies, and that this need is probably going to continue for the foreseeable future, and will require greater appropriations than those the budget calls for.

At the same time, Mr. President, I examined our domestic programs, which are so necessary to our domestic well-being and to our ability to hand over to our children a first-class America. I pointed out the need for vastly increased appropriations, at the local, State, and National levels, in aid to education. My colleagues probably are a little tired of hearing me reiterate, day after day, here on the floor that twice as many babies were born in 1956 as were born in 1936 in this country, but that we are making very little progress toward providing the schools, the teachers, the libraries, and the laboratories which those children will need and the scholarship funds they will need if they are to attend graduate schools. Certainly, all those needs will exist in the future.

I pointed out that in Russia every boy or girl receives a free education, provided by the Government, all the way through graduate school, as he or she follows the educational process up to the point of engaging in whatever career the totalitarian rulers decide they want Ivan Skovolski or his sister to follow; and I also pointed out that we are not doing the best we can to provide the necessary aid for education, and that we should mobilize our best brains in that effort, which is so important in connection with the cold war, and that certainly we cannot do that without spending more funds at the Federal level, and that if that is done we shall break the budget.

I suggested that we would need to spend a minimum of $1 billion for Federal aid to education in 1960, and that probably we would need to increase that amount thereafter.

Mr. President, today I see no reason to change the views I expressed on March 5, even though it may well be that various forces which, in my judgment, do not have at heart the national interest—although they may be sincere, I am sure they are mistaken—may prevent us from passing at this session of Congress the kind of aid to education bill that is so desperately needed in the national interest. In fact, Mr. President, we cannot pass very much of an aid-to-education bill at all if we are going to stick to this fantastic $77 billion budget.

I went on to discuss our problems in the field of housing and urban renewal.

Recently we passed a watered-down housing bill which contained inadequate provisions for urban renewal. The House has passed that bill; and it has been sent to the President, for his signature. The press is full of articles about rumors that the President will veto that bill. If he does, I believe we do not have sufficient votes to pass the bill over his veto—although I hope I am wrong. But, Mr. President, somehow we will get out of Congress a housing bill that the President will sign; and in 1960 it will cost hardly any money, and it will cost very little more in 1961. But let us face the fact that thereafter it will cost more money, and we must provide the funds which are necessary in order to carry on that effort.

When I spoke in March, Mr. President, I had high hopes that the airport bill which had been passed by the Senate early in the session, and provided authorizations of $400 million for 4 years, would be looked upon with favor by the House of Representatives, and would be passed by the House; and I hoped that then the President would sign it. I was disappointed in that regard. The airport bill which was passed is, in my judgment, inadequate to meet the need. Some 35 cities in my Commonwealth are desperately in need of safety at their airports. Our mountains and our fog and the character of our local airplane service demand a larger expenditure of State and Federal funds to make our airways safe. However, by means of the bill which has been passed, that will not be done. Nevertheless, Mr. President, the need exists.

I also spoke of the need for funds for depressed areas and for area redevelopment. I am still hopeful that the House of Representatives will pass that bill, and that in the conference it will be possible to agree on some happy compromise as between the bill which was passed by the Senate and the bill which was passed by the House, and that it will be possible to send to the President a bill which either he will sign or, if he vetoes it, that we can pass over his veto, or, if we cannot do that, that we can obtain some program which will be satisfactory to him. Certainly it will cost more money, in any event.

I also discussed the need for additional expenditures on our essential water resources—expenditures for flood control on our rivers; for pure water, and plenty of it, for our cities; for the dredging of channels to our inland ports; the need to make provision for recreational waters; and the need to provide for developments in the interest of fish, game, and wildlife—in short, all the needs we have in connection with the development of our essential water resources. These also call for expenditures by the Federal Government.

I hope some bills of that sort will be passed, Mr. President. I think they will be passed. Certainly this body has crossed the bridge as regards not being willing to authorize any new starts. Certainly this body has crossed the bridge as regards not being bound by the President's budget, in terms of failing to create wealth in our river valleys and thus increase the well-being of our people and the taxable income which can come into the Treasury.

I spoke of the needs in regard to the developments in space and in regard to the developments in research in connection with atomic energy; and I indicated my view that the appropriations provided in the President's budget are inadequate.

I spoke in terms of health and welfare and the need for additional appropriations in that area.

Mr. President, I was happy to participate in the passage yesterday by the Senate of a Departments of Labor, and

Health, Education, and Welfare appropriation bill which went well above the President's budget ceiling.

Mr. President, all of these are crying and continuing needs of our economy and of our national safety and security. We need more money for all these purposes. I pointed out then, and I reiterate now, that there are wide areas where substantial economies can be made and where waste can be eliminated. Efforts to do that have been made in the last several months. The level of the appropriation bills, as those that have been submitted to us by the President, has been substantially decreased.

There is enormous waste in the Defense Department. Whether the Congress can ferret it out, I do not know. But certainly we should make the effort to do so. How much money we can save, I do not know, either. I hope it will amount to several hundreds of millions of dollars.

I pointed out that our farm program is unduly wasteful, and that the brains and abilities of the Senate could well be devoted to providing for our country a sensible farm program which would do the farmer much more good than is done by the present discredited farm program. However, Mr. President, I fear that we shall not obtain much help from Secretary Benson and his staff. They are so tied down with the present discredited farm program that they have little opportunity to develop a new program. Of course we shall look to them for help and assistance. But in both Houses of Congress there are plenty of able representatives of the farm States; and I refuse to abandon hope that the 86th Congress will devise and pass a bill for an intelligent farm program which will save the taxpayers who live in the cities a great deal of money, and will also enable us to keep the family size farms going, and will constitute substantial economy in terms of our national budget.

When all this is said and done, Mr. President, we are still going to be $3 billion or $4 billion or $5 billion short of the funds we need for adequate national defense, appropriate aid to our allies, and essential domestic programs.

So we come to the question of how we are to raise that money.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Pennsylvania yield to me so that I may suggest the absence of a quorum, with the understanding that I may submit a unanimous-consent request when the quorum call is concluded, and that the Senator from Pennsylvania will not lose his right to the floor?

Mr. CLARK. I am glad to yield to the Senator from Texas with that reservation.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a qourum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I announce that in 3 or 4 minutes I hope to be able to propose a unanimous-consent agreement, because I want to propose it immediately after a quorum call, or as shortly thereafter as I can.

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. CLARK. Mr. President, I am about to read the financial policy plank in the Democratic Party platform for 1956. I read:

> A fully expanding economy can yield enough tax revenues to meet the inescapable obligations of Government, balance the Federal budget and lighten the tax burden. The immediate need is to correct the inequities in the tax structure which reflect the Republican determination to favor the few at the expense of the many. We favor realistic tax adjustments, giving first consideration to small independent business and the small individual taxpayer. Lower income families need tax relief; only a Democratic victory will assure this. We favor an increase in the present personal tax exemption of $600 to a minimum of at least $800.

Mr. President, I take that platform seriously. I ran for election on it. I won based on it, in part, by a vote of 50.4 percent of the Pennsylvania voters who cast their votes, in the face of an Eisenhower landslide of over 600,000 votes.

Mr. President, the Democratic national platform of 1956 is, in my judgment, a commitment for all Democrats who ran on it. I certainly consider it as such.

I wonder, Mr. President, in the light of the comments I have just made on the subject of our national defense and the domestic needs, how we can possibly meet any of those commitments. I think it can be done in part. I think the place we have to start is by closing tax loopholes.

I reiterate that the platform says:

> The immediate need is to correct the inequities in the tax structure which reflect the Republican determination to favor the few at the expense of the many.

The four amendments which are being cosponsored by the junior Senator from Minnesota [Mr. MCCARTHY], the senior Senator from Illinois [Mr. DOUGLAS], the junior Senator from Wisconsin [Mr. PROXMIRE], and by me, all have as a purpose the providing of revenue which, first, will enable us to balance the budget; second, will permit us to expend necessary sums for national defense and the domestic programs; third, will permit a payment on and a reduction in the national debt; and, fourth, will permit us to pass a comprehensive tax adjustment bill which will carry into effect the pledge of our platform.

Mr. President, even this program will not be effective unless we can get national growth back on the road. I have spoken so often on that subject recently that I shall not bore my colleagues again, other than to say it is perfectly clear that in the 6 years of the Eisenhower administration national growth on a per capita basis, using constant dollars, has been only slightly in excess of 1 percent. We have to get that growth back on the road if we are to get anywhere in stabilizing the economy.

Mr. President, the Senator from Minnesota and the Senator from Wisconsin have both completed their outlines of their tax loophole closing amendments. I should now like to explain mine. It is my understanding that the Senator from Illinois [Mr. DOUGLAS] will follow me in outlining his. Once that has been done I think we would all like to cooperate in a reasonable unanimous-consent agreement with the majority leader, but we feel it must be done before we make any such agreement.

Mr. President, I have sent to the desk, and will, at an appropriate time, call up for consideration, a tax loophole closing amendment which deals with expense accounts or what is colloquially known in business circles as "a swindle sheet."

In this connection, Mr. President, I noted with pleasure an editorial published in this morning's Philadelphia Inquirer entitled "Costly Tax Dodge," which I am happy to see endorses the position I have taken in this regard. I ask unanimous consent that the editorial may be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

COSTLY TAX DODGE

In urging the closing of expense account loopholes in Federal income tax laws, Pennsylvania's Senator JOSEPH S. CLARK has spotlighted a widespread and costly abuse.

In testimony before the Senate Finance Committee, CLARK pointed out correctly that the loopholes benefit a privileged few in business who use tax-exempt expense accounts to pay for plush entertainment, lavish gifts, and even African safaris.

It is well known that a certain type of businessman will brag of his ability to act the part of a big-time spender in night clubs and luxury restaurants, in trips to Europe, and other foreign climes and in other extravagances, while treating the total expense as a deductible item in his income tax reports. Senator CLARK has mentioned deductions allowed by present tax law on funds used for the exchange of expensive gifts between Hollywood film executives and for parties at the Kentucky Derby and the New Orleans Mardi Gras.

An amendment he supports would make expense payments nondeductible if used at night clubs, theaters, and sports events; to maintain yachts and hunting lodges; or to pay for gifts, club dues or for travel to conventions outside the United States.

Some of the expense account boys will doubtless denounce the amendment as an infringement of their standards of living and spending. They may even have to cut down on their night life and give up a yacht or two.

This is too bad. They have had their fling. It is about time the excesses of tax-deductible expense payments are curbed by law.

Mr. CLARK. Mr. President, while the wording of my two amendments is different and while there are certain technical problems involved as to exactly how the technical language is phrased, the sum and substance is to disallow income tax deduction for expenses paid or incurred for entertainment at night clubs, theaters, athletic events, horse races, or other places of public amusement, or on boats, unless the conduct of the place of amusement or the maintenance or operation of the boat happens to be the trade and business of the taxpayer, by providing that any such entertainment expenses which would have been deductible prior to the enactment of the amendment may be deducted in

an amount not to exceed a total of $1,000 for any taxable years.

The purpose of the language, Mr. President, is to give some leeway to the small businessman or to the individual in business for himself or in a partnership to spend up to $1,000 within the bounds of the existing law for entertainment.

My amendment would also refuse an allowance for deduction for business gifts in any amount. It is my view, and the view of the cosponsors, that if one wants to make a gift to somebody neither near nor dear, the recipient of which the donor thinks would be apt to throw his business one's way, then one ought to pay for that gift himself and not ask Uncle Same to pay anywhere from 52 cents on the dollar up—or down, in the case of the small businessman—as part of the income tax deduction which would be taken. Needless to say, the tax-deductible status of gifts to charities, worthy civic organizations and so on, would not be changed by this amendment.

My amendment would also exclude deductions for dues or initiation fees in social organizations. This would mean one could not join the Burning Tree Country Club, perhaps play golf with the President, and take the cost of his dues and initiation fees off his income tax as a business expense. I do not believe it is necessary to justify that proposal in any particular way.

My amendment would also exclude as a deduction for income tax purposes traveling expenses to conventions outside the United States, Canada, or Mexico. Senators may recall the famous junket which the American Bar Association took to London a few years ago. Most, if not all, the members charged the expense of that junket to Uncle Sam, as a business or professional expense. It does not seem to me that that should be permitted.

We excluded Canada, so that our friends in New England could go up to Montreal of Quebec if they so desired; and if the expenses of such a trip were ordinary or necessary business expenses, they would still be able to deduct them. We excluded Mexico, so that our friends from California, Arizona, New Mexico, and even Texas could go down to Acapulco, or Mexico City, or even Tiajuana, and charge up the expense as a business expense, on the theory that if it was logical to deduct expenses for a convention involving travel from Maine to Los Angeles, the expense of a shorter trip, to our friendly neighbors to the north or south, would also be an appropriate deduction.

The effect of these amendments would be to hit at expense account spending, which has been estimated by a Revenue Service spokesman to total between $5 billion and $10 billion a year. I have ample documentation for that statement, which I placed in the record during the hearings before the Finance Committee yesterday. The annual total of expense account claims has been increasing sharply in recent years, though we do not know to what extent. However, I think it is entirely likely that an annual revenue loss of between $1 billion and $2 billion a year results from the present "swindle sheet" practices.

The difficulty is that the phrase in the present law, "ordinary and necessary" business expenses, has been the subject of so much tugging and hauling by taxpayers and tax lawyers on one side, and Internal Revenue Service representatives and the courts on the other, that it is impossible for the ordinary revenue agent to come to a reasonably intelligent and objective conclusion as to what is an ordinary and necessary expense, and what is a claim submitted by a chiseler to evade his just income tax.

Let me cite a couple of examples, to show the extent to which this "swindle sheet" business goes.

I cite the case of Sanitary Farms Dairy, Inc., 25 Tax Court, 463, decided in 1955. A happily married couple, experienced big game hunters, the husband being the owner of a domestic dairy which produces milk, cream, and butter, took a 6-month safari to Africa, via London, Rome, and Paris. They shot a number of rhinoceroses and various other African game.

They took many reels of motion pictures. They spent $17,000. They brought the rhinoceros heads home and hung them on the wall. They showed the film to their friends, and perhaps to their customers, and the dairy, which reimbursed them, was allowed to deduct the entire $17,000 for income tax purposes as a business expense. Moreover, they got away with it. If this case is not in itself enough to show the need for a change in existing law, I do not know what is.

I was asked a question before the Committee on Finance by my good friend from Delaware [Mr. FREAR]. I assume he was speaking in a lighter vein. He asked me whether this couple from the dairy had not, perhaps, been investigating new sources of milk in Africa. I think it is fairly clear that the American people are not prepared as yet to shift from cows' milk to the milk produced by water buffalo, or whatever other kind of animal can be found in Africa. I was able to answer the question categorically, to the effect that such expense was not an ordinary business expense.

The couple to whom I have referred contended that the promotion value to the dairy of the heads they brought back, and the motion picture film they recorded, represented such a necessary and ordinary business expense that it could be deducted for tax purposes by the dairy. Accordingly, Uncle Sam paid 52 cents on every one of the $17,000.

Let me cite another example. I refer to the case of Olivia de Haviland Goodrich, in 20 Tax Court 323, decided in 1953.

I happened to be one of those middle-aged—perhaps elderly—Senators who thought Olivia de Haviland was one of the most beautiful, charming, and attractive motion picture actresses he ever saw on the silver screen. I regret the fact that I never met the lady personally. I have no doubt that "age cannot wither or custom stale her infinite variety," and that she is still among the most beautiful American women alive.

How did Olivia get before the Tax Court? She deducted, as an ordinary and necessary business expense, the cost of a gift of an oil painting to her agent. The oil painting cost Olivia $775.

She deducted the cost of a silver tea set and coffeepot, a gift to her dialogue director. The silver tea set and coffeepot cost $920.

She deducted the cost of a gold necklace and gold clips, for which she paid $810, and which she gave to her dress designer.

She not only deducted these sums, but she got away with it, as an ordinary and necessary business expense, in the opinion of the U.S. Tax Court. She certified that these gifts were made solely for business purposes, and not for personal reasons. The gifts she made were said to be commensurate with the service rendered. She did not contend that those people were not paid adequate salaries. Such are the customs in Hollywood that, I suppose, she felt that she had to keep up with the Joneses.

The end result is that Uncle Sam probably paid a great deal more than 52 cents out of every such dollar, because I suspect that if Miss de Haviland's income is commensurate with her beauty and ability, she is probably in a good deal higher income tax bracket than 52 percent.

I wonder what would happen if a surgeon tried to deduct, as a business expense, the cost of gifts to nurses, interns, and residents who assisted him in the course of an operation.

I wonder what would happen if the principal of a school or the president of a university tried to deduct, as an ordinary and necessary business expense, the cost of gifts to members of his faculty. I do not believe he would get very far. Doctors and teachers do not get into the "swindle sheet" racket to the extent others do.

Other rulings with respect to deductible business expenses involve the cost of food and liquor at night clubs; tickets for hit musical comedies in New York, and elsewhere; expenses incident to attending the Kentucky Derby; expenses involved in traveling to that wonderful spectacle at New Orleans, the Mardi Gras; football games; county club dues; initiation fees; and the cost of maintaining yachts.

Let me say a word about yachts. I now cite the case of William T. Stover, 27 Tax Court 435, decided in 1956.

In that case, the expense of operating a plain, simple, ordinary yacht—not a very fancy yacht—was entitled to be charged as a necessary business expense, coming off the taxpayer's income. Uncle Sam paid a large proportion of the cost. Why? It was a pleasure boat party on a lake near Hot Springs, Ark. The boat was used, in part, for entertainment in the petitioner's business and, in part, for the pleasure of its stockholders. The business of the petitioner was that of selling surgical and hospital supplies and equipment. One-half of the cost of operating the yacht was allowed to be deducted.

Mr. President, I could regale Senators with a large number of other examples of swindle sheet tax economics, but I am

not particularly desirous of detaining the Senate much longer. I did refer in my testimony before the Committee on Finance to an article published in the Yale Law Journal for July 1958, entitled "Expense Accounts for Executives," written by two competent tax lawyers, V. Henry Rothschild and Rudolph Sobernheim, which I think would be worth the while of all interested in this subject to read, and from which much of the material I am citing is drawn.

An interesting summary of the article was published in the U.S. News & World Report of January 23, 1959. The article is entitled "Your Expense Account: What the Tax Laws Allow." It is a very shrewd, incisive analysis of the present status of the tax laws, and was written for the benefit of business men. Its publication was in that well known magazine edited by the well known columnist, Mr. David Lawrence, and it quite clearly indicated what one might get away with and what he could not get away with under present law. I commend a reading of the article to all Senators. Both articles are too long, in my judgment, to ask to have printed in the RECORD.

It is said by almost every Member of the Senate that we must balance the budget. It is said that we cannot afford another deficit. That is true. There is no stronger advocate in this body of a balanced budget than the senior Senator from Pennsylvania. But how can the budget be balanced with any equity, with any decency, with any justice, if we leave wide open the loopholes through which rich taxpayers can drive without any stopping, when the phrase "ordinary and necessary business expenses" has been so tortured by the Internal Revenue Service and the courts that the kind of scandalous deductions which I have just been reciting in the Senate has been held to be legal? Such deductions may be legal, but in my judgment they are unethical. In my judgment they are debasing. They erode the moral structure of America. In my opinion, they ought to be stopped for moral reasons, if not for financial reasons. We have an opportunity to do that now.

I should like to say for myself—I do not speak for any other Senators; I would not for 1 minute impose my judgment on theirs—that I do not see how I could sleep at night if I voted against these tax loophole closing amendments, and then came to the Senate the next day and said I wanted to balance the budget and wanted to reduce the national debt. A time comes when a man must live with his own conscience. All I can say is that my lips would indeed be closed—other Senators will make up their own minds—to ever again have the effrontery to rise in the Senate and say I wanted to balance the budget, if I were unwilling to vote to close the notorious, inexcusable loopholes through which millions of dollars are leaking away from the Treasury every month, indeed every day, in every year.

I hope that when my amendment is called up, it will receive the favorable consideration of all Senators, that it will be adopted, and will be sent to the other House of Congress. I am confident that the Members of the other body are as desirous as we are to have an equitable and just tax system, a system which will raise the revenue which the law intends shall be collected. If they are, I am certain they will look on these amendments with favor, and that they will be enacted.

Moreover, I cannot see how the President of the United States could possibly object to these amendments. I do not take seriously the claim that we are putting a shotgun at the head of the President. The President ought to be very happy to have these amendments placed before him for signature, thus enabling him to balance the budget, in which he is so desperately interested. There is nothing sacred about the figure of $77 billion. As I pointed out earlier, we will have to go well above that figure if we are to have a first-class national defense and a first-class America to hand on to our children.

But even if we were to stand with the $77 billion budget, how could we possibly justify allowing this disgraceful situation to continue, particularly if we number among ourselves many of my conservative friends on the other side of the aisle and some on this side of the aisle? Do they not want to reduce the national debt? If they do, they had better vote for these amendments.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. CARROLL. I commend the able senior Senator from Pennsylvania for a very excellent, thought-provoking discussion of an issue which, as he has stated, is not entirely fiscal. This problem is not only a financial one. Of course, more money can be brought in. Of course, the loopholes ought to be closed. But there is a moral and ethical problem involved. The Senator from Pennsylvania ought to be successful in having his amendment adopted, but whether he is or not, the amendment can serve as a sort of springboard for our friends on the Committee on Ways and Means in the other body. I understand that they propose to reexamine the fiscal structure of the Nation.

The senior Senator from Pennsylvania is so right. All over America today the taxpayers understand that there are great loopholes in the tax structure, loopholes which give special privileges and special benefits to certain persons. The time has come to close them. This is a way to restore confidence and faith in our taxing system. The Government can recover hundreds of millions of dollars in taxes which are not now going into the Treasury.

I have not read carefully the amendment of the Senator from Pennsylvania, but I will vote with him in principle because I think he is right. After the bill leaves the Senate, it will go to the other body and then go to conference. We do not know whether the House will accept the amendment or not; but the House will be put on notice that we expect some revision in the tax laws.

Mr. President, I am very happy to associate myself with the remarks of the distinguished Senator from Pensylvania.

Mr. CLARK. I thank the Senator from Colorado for his very kind words, and I welcome his support. He and I have fought many battles together in the few short years we have been Members of the Senate. I know of no Member of this body whom I would rather have on my side than he.

Mr. HART. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. HART. Together with the Senator from Colorado, I welcome the opportunity to participate in an effort to put a bridle on what I think more and more of the people of the Nation realize has become a very confused section of the Internal Revenue Code, the section which has just been described by the Senator from Pennsylvania as the swindle sheet racket.

Looking at the amendment which I understand the Senator from Pennsylvania proposes to offer, and remembering one of the cases he cited, namely, the Safari by the dairy entrepreneur, would this amendment inhibit that dairyman from experimenting with rhinoceroses? I do not read it that way.

Mr. CLARK. I thank the Senator from Michigan for raising this point. I think there is some doubt whether the amendment which he holds in his hand would do exactly that. But we have since had prepared another amendment, which I have sent to the desk and which would deny a deduction for "travel to places outside the United States for advertising purposes."

Mr. HART. Fine.

Let me ask in regard to another specific area in which I think the abuse perhaps is more general than in any which has been mentioned thus far on the floor. I refer to the man whose annual compensation the Senator and I would think would enable him to buy his lunch 7 days a week, but who probably for the last 19 years has never known what it was to pay for his own lunch. I doubt that the amendment which I hold in my hand would even require him to do that, unless he took his lunch at a night club.

Mr. CLARK. The Senator from Michigan is again very astute. By means of the amendment which I have sent to the desk—which my friend has not seen—we try to close that loophole, too, by denying a deduction for all entertainment, unless entertainment is the trade and business of the taxpayer, provided that any entertainment expense which would have been deductible prior to the enactment of this act would still be permitted up to, but not in excess of, $1,000 in any taxable year. That proviso is for the purpose of protecting the small business man.

Mr. HART. Do I correctly understand, from the statement the Senator from Pennsylvania has made about his second amendment, that it will not enumerate the functions for which such expenses will not be permitted to be deducted?

Mr. CLARK. That is correct. An amendment to this area of the tax code is hard to draft, as my friend, the Senator from Michigan well knows.

But, fortunately, we had the advantage of having bright minds on the Finance Committee sharpshoot at us during the hearings on yesterday, and that process revealed some weaknesses in the earlier draft of the amendment. I think the present draft of the amendment is about as much perfected as can be obtained.

Mr. HART. I thank the Senator from Pennsylvania. I hope the amendment will result in the coming of the day when everyone will buy his own lunch.

Mr. YOUNG of Ohio. Mr. President, will the Senator from Pennsylvania yield to me?

The PRESIDING OFFICER (Mr. MCCARTHY in the chair). Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. CLARK. Mr. President, I shall yield to my friend, the Senator from Ohio. But I previously agreed to yield to the distinguished Senator from Missouri [Mr. SYMINGTON]; and at this time I yield to him.

Mr. SYMINGTON. I congratulate the able Senator from Pennsylvania, who this afternoon has been constructive in his approach to the problem of taxation and a balanced budget. I was glad to hear his talk in this regard.

In reading the Senator's second amendment, I judge that the provisions in regard to clubs and so forth would be pooled in one amendment, would they not?

Mr. CLARK. Yes; after much thought, we decided that instead of being so specific, it would be wiser to be general, and then to include an escape clause to protect small businesses.

Mr. SYMINGTON. I thank the Senator from Pennsylvania.

Mr. CLARK. Mr. President, at this time I am happy to yield to the Senator from Ohio [Mr. YOUNG].

Mr. YOUNG of Ohio. First, Mr. President, let me extend my warm and hearty congratulations to the senior Senator from Pennsylvania [Mr. CLARK] for the magnificent address he has made on this general subject and for his very effective reasoning, which, if it should not prevail here on the floor of the Senate within the next few days, will certainly prove very effective when this entire subject is being considered by the Ways and Means Committee of the House of Representatives.

Mr. CLARK. Mr. President, I thank my friend, the Senator from Ohio, who himself, was a most valuable member of the Ways and Means Committee of the House of Representatives before he was promoted—at least, that is my judgment—to membership in this body; and let me say that in making that statement I intend no affront to the other body.

Mr. YOUNG of Ohio. At this time I should like to make some observations——

Mr. CLARK. Mr. President, I yield the floor.

Mr. NEUBERGER. Mr. President, I have prepared an amendment to House bill 7523. I wish to send the amendment to the desk, to have it lie on the desk, so that I may call it up later, during the further consideration of the bill.

At this time I should like to submit a brief explanation of the amendment.

My amendment provides for an increase in the Federal motor fuels tax from 3 cents a gallon to 4½ cents a gallon, and that the increase shall remain in effect until July 1, 1961.

I send the amendment to the desk, and ask to have it lie on the desk. I shall call it up at a later time during the consideration of the tax bill.

The PRESIDING OFFICER. The amendment will be received and will lie on the table. It may be called up at such time as the Senator desires.

Mr. YOUNG of Ohio. Mr. President, I should like to say that, faced with so many pressing needs for the defense of our Nation and for its continued economic growth, the taxpayers of the United States are required to foot the bill for one of the largest peacetime budgets—if not the largest—in our history.

Mr. President, let me be recorded as one who believes in, and who votes for the appropriation of large sums of money for the defense of our Nation against the threat from the Soviet Union. I think that is essential. We know that the dictators of Communist Russia and of Red China respect and fear strength; and we know that when we provide for the defense of our Nation with the most advanced ballistic missiles, with nuclear submarines, and with an effective and modern armed force, we are legislating for the peace of the world.

But in this war economy, we, the elected representatives of the people, are charged with the tremendous task of seeking to operate within the budget which has been laid down by the Executive. As if our overlapping local, State, and Federal tax systems have not already been sufficiently complex and burdensome, we are constantly being forced to search for new sources of revenue.

Before we impose new taxes on the American people, Mr. President, every effort must be made to utilize to the fullest, the present revenue-producing laws—in other words, to plug the loopholes in our present tax structure.

The taxpayers who, at present, are struggling under our loophole-riddled tax laws are entitled to a "break."

What the administration needs, in order to balance the budget, is not additional taxes at this time, but a fair and just interpretation and enforcement of our present tax laws.

Too little recognition is given to the quite substantial revenues which could be derived from closing a series of tax-escape mechanisms and preferential treatment provisions in our present tax structure. These loopholes deprive the Federal Government of revenue to which it is entitled, and give unfair advantage to particular segments of our economy.

Mr. President, I shall be the first to admit that we shall not obtain 100 percent unanimity in regard to what constitutes a tax loophole. What one person might call a tax loophole might be considered by another to be a legitimate tax device designed to achieve a particular national objective or to provide fair treatment for taxpayers in special situations.

However, Mr. President, I believe we shall find among ourselves a wide area of agreement as to most of the tax loopholes; and I intend to mention some of them.

Obviously it is not possible in a short time to do more than refer to the most glaring of them—the ones which, if plugged, would do the most to bring in more Federal revenue; in other words, the ones that would bring in the most feathers with the least squawking.

The best way to start is by better enforcement of the laws which already are on the statute books.

In addition, we should deal with the flagrant failure of many of our taxpayers—sometimes innocently, sometimes willfully—to declare all of their income. It has been estimated that 30 percent of self-employed income is not reported, and also 61 percent of interest on money in savings accounts, 13 percent on dividends, and 5 percent on salaries. Only recently the Congress authorized the expenditure of additional funds to increase the enforcement staff of the Internal Revenue Service.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Ohio yield to me?

Mr. YOUNG of Ohio. Yes, if it is understood that in doing so, I shall not lose the floor.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Ohio may yield to me, in order that I may submit a proposed unanimous-consent agreement and may suggest the absence of a quorum, without his losing the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(At this point Mr. YOUNG yielded to the Senator from Texas [Mr. JOHNSON] to submit a unanimous consent request, which appears in the RECORD following the address of Senator YOUNG.)

Mr. YOUNG of Ohio. Mr. President, I am sorry to say that although this was a step in the right direction, not enough money was authorized for the job that needs to be done. It is estimated that for every thousand dollars spent in additional salaries, $20,000 in additional taxes would be brought to our good uncle.

Mr. CLARK. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The Senator will suspend. The Senate will be in order. The guests in the gallery will please remain silent.

The Senator may proceed.

Mr. YOUNG of Ohio. Mr. President, there is a direct ratio between the amount of delinquent taxes discovered and then recovered, and the number of enforcement personnel. Yet, the present administration in its early years reduced the enforcement section of the internal revenue service by 3,076 employees. That was a serious mistake.

It is estimated that more than $1 billion per year in additional taxes could be recovered by spending a modest

amount for more investigators. A close auditing of business and professional returns might even yield as much as $2.7 billion a year in additional taxable income and $1.4 billion a year in increased revenue.

Requiring the withholding and the reporting of income taxes on dividends and interest at the source, just as we do with salaries, might yield as much as an additional $600 million to $800 million annually. Why cannot corporations and banks withhold taxes from their investors and depositors just as they do with their employees?

Deductions for expenses—the so-called expenses, or, in other words, "swindle sheets," referred to by the distinguished Senator from Pennsylvania—should be carefully scrutinized and more strictly interpreted. Deductions for members of the family on ostensible business trips, transportation to conventions held in convenient locations abroad, company cars, airplanes and yachts, vacation lodges in Florida and California, and lavish expense accounts at plush night clubs and theaters are just a few of the permissible tax dodges today.

One expert believes that expense account spending might be conservatively estimated at $5 billion annually resulting in a loss to the Treasury of considerably over $1 billion each year.

Before we ask our ordinary American taxpayer to pay higher taxes on his gasoline or higher postage rates, why not in all fairness to the ordinary taxpayers, see to it that flagrant evasions be ended?

Since 1926 oil and gas producers have been permitted to deduct 27½ percent annually, as a depletion allowance, regardless of the actual amount of depletion involved. In 1950 President Truman said:

> I know of no loophole in the tax laws so inequitable as the excessive depletion exemptions now enjoyed by oil and mining interests.

Mr. President, the distinguished Senator from Colorado [Mr. CARROLL] and I were both members of the Committee on Ways and Means of the other body some 10 years ago. In cooperation with Jere Cooper, a Representative from Tennessee now deceased, a fine Representative of the people, who later became chairman of the Committee on Ways and Means of the House of Representatives, and perhaps a couple of other Members, we were pioneers in an effort at that time in the Committee on Ways and Means to reduce the oil and gas depletion allowance from 27½ to 15 percent. At that time we failed in our efforts, but now, approximately 10 years later, the time is ripe. We again make that effort. If we should fail this time, it is my hope that later on the Committee on Ways and Means of the House of Representatives will give this matter intensive study.

If this depletion allowance were reduced from 27½ percent to 15 percent, $500 million would be added to our annual Federal revenue, and in my opinion no one would be harmed.

Before I leave that subject, let me say that at all times, whenever the opportunity is afforded to me, I will vote to reduce the depletion allowance, which is now 27½ percent, which I think is an unconscionable favoritism to the gas and oil producing corporations of the country.

Furthermore, tax windfalls to corporations, such as loss carryover and tax exemptions given to businessmen who make a profession of "milking" losing businesses, would bring in additional millions. The average hardworking citizen should not be burdened with additional taxes while big-time financial operators are permitted to make millions because of loopholes in our tax laws.

The 1954 tax code contains a special tax credit and exclusion for dividend income. As a result, a wage earner netting $5,000 must pay $60 more income tax than a person living entirely on dividends of the same amount. If this provision were repealed, we would stand to gain some $400 million, and, at the same time, bring about a more equitable treatment between two classes of taxpayers.

Mr. President, there are just a few of the more flagrant weak spots in our income tax laws. Many others could be mentioned, such as the favorable treatment of income earned abroad and the capital gains formula.

To eliminate all of these loopholes is hardly feasible by action on the floor of the Senate in a few days time. The important thing is to recognize them and to start taking action to close them. It is important for us to encourage the Ways and Means Committee of the other body in its efforts to reform the entire tax structure, and to make it more equitable for all our people by actually levying the taxes of the Nation in accordance with ability to pay.

Mr. President, as we are preparing to legislate on taxes which will affect every American, let us realize that there is no other way of helping to achieve a balanced budget, no other way of fighting inflation, that is as fair and can be taken as promptly and effectively as sorely needed tax reforms.

Mr. President, as has been said here today and I repeat again, taxes should be levied according to ability to pay. That is essential and fundamental. I am sorry to say that in my own State of Ohio at the present time it seems necessary to the executive to urge the general assembly to increase the sales tax on necessaries. It now begins at 40 cents. Formerly, as my distinguished colleague from Ohio [Mr. LAUSCHE] well knows, it began at 10 cents. Under his administration as Governor of that State, the sales tax was made far less oppressive. I dislike to see it increased. Of course, a sales tax is regressive, and it violates the principle that taxes should be levied according to ability to pay. A sales tax on necessaries burdens most those who have least. The man or woman in moderate or poor circumstances must spend practically all of his earnings to live. They are the ones who are oppressed by sales taxes.

Let me say in closing that if we desire to plug the tax loopholes, we can achieve this objective by voting in favor of the amendments discussed and presented today, which will be voted upon later today. It will be our effort and the effort of fine Senators such as the Senator from Minnesota [Mr. MCCARTHY], the Senator from Illinois [Mr. DOUGLAS], the Senator from Pennsylvania [Mr. CLARK], who just preceded me, the Senator from Colorado [Mr. CARROLL], and others who have spoken, to obtain more sorely needed revenue for our Government, without unfairly treating any corporation or any individual in America.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that during the further consideration of the bill, H.R. 7523, the Tax Extension Act of 1959, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1½ hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader; provided, that in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him; provided further, that no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, that on the question of the final passage of the said bill debate shall be limited to 3 hours—I will say, Mr. President, I have agreed to yield 1 hour and 15 minutes of that time to one Senator—to be equally divided and controlled, respectively, by the majority and minority leaders; provided, that the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I will yield in a moment.

I should like to suggest that if the unanimous-consent agreement as proposed is entered into we would expect a vote in approximately an hour and a half or an hour and 40 minutes on the McCarthy amendment. Has the McCarthy amendment been made the pending question?

Mr. CLARK. No.

Mr. JOHNSON of Texas. Would the Senator from Minnesota call up his amendment now?

Mr. MCCARTHY. Mr. President, will the Senator yield for that purpose?

Mr. JOHNSON of Texas. Yes.

Mr. MCCARTHY. Mr. President, I send my amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. Does the Senator desire to have the amendment stated, or simply printed in the RECORD without reading?

Mr. MCCARTHY. Mr. President, I ask unanimous consent that the amendment may be printed in the RECORD, without being read.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

(Mr. MCCARTHY'S amendment, ordered to be printed in the RECORD, is as follows:)

At the end of the bill insert the following:

"SEC. 6. REPEAL OF CREDIT AGAINST INCOME TAX FOR DIVIDENDS RECEIVED BY INDIVIDUALS.—

"(a) REPEAL OF SECTION 34: Effective with respect to taxable years beginning after December 31, 1959, section 34 of the Internal Revenue Code of 1954 (relating to credit for dividends received by individuals) is repealed.

"(b) TECHNICAL AMENDMENTS.—

"(1) The table of sections for part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out

"'SEC. 34. DIVIDENDS RECEIVED BY INDIVIDUALS.'

"(2) Section 35(b)(1) of such code is amended by striking out 'the sum of the credits allowable under sections 33 and 34' and inserting in lieu thereof 'the credit allowable under section 33.'

"(3) Section 37(a) of such code is amended by striking out 'section 34 (relating to credit for dividends received by individuals),'.

"(4) Section 584(c)(2) of such code is amended by striking out 'section 34 or'.

"(5) Section 642(a) of such code is amended by striking out the first sentence, and by striking out 'section 34 and' in the second sentence.

"(6) Section 702(a)(5) of such code is amended by striking out 'a credit under section 34,'.

"(7) Section 854(a) of such code is amended by striking out 'section 34(a) (relating to credit for dividends received by individuals),'.

"(8) Section 854(b) of such code is amended by striking out 'the credit under section 34(a),' in paragraph (1) and by striking out 'the credit under section 34,' in paragraph (2).

"(9) Section 1375(b) of such code is amended by striking out 'section 34, section 37, or section 116' and inserting in lieu thereof 'section 37 or 116'.

"(10) Section 6014(a) of such code is amended by striking out '34 or'.

"(c) EFFECTIVE DATE.—The amendments made by subsection (b) shall apply only with respect to taxable years beginning after December 31, 1959."

Mr. JOHNSON of Texas. Mr. President, I should like to inform all Senators that the hour and a half may not necessarily be used. For instance, 45 minutes of the time is under the control of the Senator from Minnesota [Mr. MCCARTHY]. I have no way of knowing how long the Senator will talk, how many Senators he will yield time to, or how much time will be requested on his amendment. I do not know how much time will be requested in opposition to the amendment. All Senators should be on notice that we will be having a series of votes during the evening. We will attempt to complete action on the bill tonight.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. MCCARTHY].

Mr. JOHNSON of Texas. Mr. President, I should like to have excluded from the germaneness requirement of the unanimous-consent agreement the Gore amendment, the Douglas amendment, the Clark amendment, the McCarthy amendment, the Proxmire amendment, and the two Long amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

Mr. JOHNSON of Texas. In case those amendments happen not to be germane, I should like to specify that they are to be excluded from the germaneness requirement.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Texas? The Chair hears none, and the unanimous-consent agreement is entered, and is now in effect.

Mr. PASTORE. Mr. President, I have been asked by the leadership to request unanimous consent that the time consumed by the Senator from Ohio [Mr. YOUNG] be not charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Ratchford, one of his secretaries.

INCREASE OF THE DEBT CEILING

Mr. JOHNSON of Texas. Mr. President, House bill 7749, to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time—it is the so-called debt ceiling bill—has been reported unanimously by the Finance Committee. The Treasury believes it very important that we take action on this measure at the earliest possible time.

The report on the bill has been filed; and I have conferred with the chairman of the committee and with the ranking minority member of the committee. They know of no objection to this proposed legislation, which was reported unanimously by the committee. Although no one really wants to raise the debt limit, no way is known by which it can be avoided.

Mr. CLARK. Mr. President, will the Senator yield to me?

Mr. JOHNSON of Texas. I yield.

Mr. CLARK. I regret—particularly in view of the happenings of the last several days—to have to tell my friend, the Senator from Texas, that I think there are six, seven, or eight Senators who have joined me in sponsoring, in connection with the debt limit measure, an amendment which we would wish to call up for consideration. I do not think we would wish to debate the amendment at great length. But I believe there was submitted to that measure—and I ask that I be corrected if I am in error—an amendment which relates to such assets of the United States as REA bonds and similar assets. This seems to some of us to be quite important in our search for a capital budget. I do not want to appear difficult or impossible, but we are going to have some time to discuss the amendment—not too much time, I may say.

Mr. JOHNSON of Texas. I was totally unaware of the amendment. Nobody indicated to me there would be an amendment. May I ask how much time the Senator would like?

Mr. CLARK. So far as I am concerned, not much, but the principal cosponsor is the distinguished senior Senator from Oregon [Mr. MORSE], and I am in no position to speak for him. He is not unreasonable, as the Senator knows.

Mr. JOHNSON of Texas. The Senator from Oregon is out of town.

Mr. CLARK. I know. For that reason, I thought we would wait until Monday.

Mr. JOHNSON of Texas. I have been informed it is important that the bill be passed today.

Mr. CLARK. I hate to be difficult about it. I see the Senator from Illinois [Mr. DOUGLAS] present. I thought he said there was no objection to an increase in the debt limit at all.

Mr. DOUGLAS. The reservation I made was to the increase in the interest rate. I have always been disposed to believe we should not put restrictions on the debt limit, although I want very solemnly to state that I hope when the debt limit is exceeded the funds will be used to meet current bills which the Nation owes, and not to make interest-free deposits in banks. This is an extremely important point.

Mr. CLARK. I should like to ask my friend from Virginia why it is so urgent that the bill be passed this week. I know the senior Senator from Oregon, who I do not think knew this bill was to come up, will be upset.

Mr. JOHNSON of Texas. I stated in the RECORD day after day that it would be considered at the earliest opportunity. We gave adequate notice we are going to try to pass all bills that have expiration dates by the 30th of June. We are being told constantly that we need to expedite legislation, that we need to go ahead with our work.

Mr. CLARK. Could my friend from Virginia tell us what the great urgency is? Why not wait until Monday?

Mr. BYRD of Virginia. I think the majority leader has the information.

Mr. JOHNSON of Texas. The Secretary of the Treasury has not discussed this matter with me, but I understand he has substantial financing to be announced later today. He thinks it is very important and very much in the national interest, if there is no opposition to the bill, and if we can pass it, that it be passed. He is withholding his announcement, awaiting action.

Mr. CLARK. In view of what the Senator from Texas has said, and with a good deal of regret, and with some feeling—not directed against the Senator from Texas at all—that we are being pressured into taking precipitate action on a very important measure without adequate opportunity for debate, I shall not insist on holding the matter up. I will do the best I can, since the senior Senator from Oregon is not here, to present our point of view in half an hour.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Chair may lay before the Senate H.R. 7749, as reported by the committee, and that we may have not to exceed 1 hour on the bill, 30 minutes to be controlled by the author of the amendment, the other 30 minutes to be controlled by the majority leader, and that we proceed to vote following action on the amendment.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. CARROLL. Mr. President, reserving the right to object, will the majority leader inform us or will the distinguished Senator from Virginia inform

us whether or not there is any difference in the bill as reported by the Senate Finance Committee and the bill as it came from the Ways and Means Committee of the House?

Mr. BYRD of Virginia. There is not.

Mr. CARROLL. This is an increase from $283 billion to $285 billion. Is that correct?

Mr. BYRD of Virginia. The permanent debt limitation would be raised to $285 billion.

Mr. CARROLL. But there is a difference between the temporary and the permanent debt ceiling, is there not?

Mr. BYRD of Virginia. The present debt ceiling is $288 billion, $5 billion temporary, and $283 billion permanent. The Treasury recommended a permanent limitation of $288 billion, and an additional $7 billion, temporary, for a total of $295 billion. The House provided increases of $10 billion temporary and $2 billion permanent, making a total of $295 billion for fiscal year 1960, with the $10 billion temporary increase expiring June 30, 1960. This is the same bill that the House Ways and Means Committee reported and the House passed and sent to the Senate.

Mr. CARROLL. Let me restate my question. On the permanent side, the national debt ceiling is $283 billion. The proposal is to increase it to $285 billion. Is that correct?

Mr. BYRD of Virginia. That is correct.

Mr. CARROLL. And the temporary ceiling is increased——

Mr. BYRD of Virginia. From $5 billion to $10 billion. That makes a total increase of $7 billion over the present $288 billion limitation.

Mr. CARROLL. On a temporary basis?

Mr. BYRD of Virginia. Yes.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CLARK. Is my understanding correct that the Senator from Texas wants to set aside the pending business in order to take up and pass this debt ceiling bill?

Mr. JOHNSON of Texas. Yes.

Mr. CLARK. I shall not object, and again I wish to make it very clear that I am not blaming the Senator from Texas, but, in view of the pressure which is being put on us from all sides, and my keen desire to protect my colleagues who want to get a vote on the McCarthy amendment this afternoon and want to leave later, I am going to stifle my strong desire to offer my amendment and say, let us pass the bill in 10 minutes, and I will make my argument later.

Mr. JOHNSON of Texas. Mr. President, I so modify my request.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Illinois.

Mr. DOUGLAS. I am going to vote for the proposal. I regret I was not able to be present at the Finance Committee meeting this morning so that I could question the Treasury officials. I was hit on the head with a bungstarter last night when my attempt to introduce some economy in the White House was defeated by a vote of 75 to 5, and I have been trying to recover my equilibrium ever since. But there is one thing which needs to be watched very carefully, and that is this: Suppose the Treasury borrows $5 billion of short-term notes, and pays for them at the rate of 3¼ percent. Suppose it gets the money, redeposits the money in the banks interest-free, and the banks then turn around and buy short-term Government notes in the open market for which they get 3¼ percent, so that the net result is that the banks get 6½ percent. I do not know whether that is the intent of the Treasury. I say that if it is the intent of the Treasury or the practice of the Treasury, that fact should be made known to the country. I hope it is not.

The Senator from Illinois is serving notice that he is going to watch very assiduously whether there is an increase in the interest-free deposits of the Government in the banks of the country. This has been an abuse which has gone on for too long. It was probably justified in wartime because of unpaid services which the banks performed for the Nation; but deposits in excess of current needs should pay interest to the Government.

I have again and again queried the Treasury on these funds, and again and again have not received any satisfactory answer. I hope this is not to be used as a measure to enrich the banks.

I am ready to vote for the measure as a means of enabling the Government to pay its bills.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes.

Mr. BYRD of Virginia. The Senator from Illinois was not at the meeting this morning, but the Secretary of the Treasury stated that he regarded $3.5 billion as the amount necessary for what is known as a constant balance. The Senator from Illinois and the Senator from Virginia have joined in their efforts not so often, but occasionally. Some years ago the Senator will recall we exposed the fact that entirely too much money was being left in the banks when we were borrowing and paying interest.

Mr. DOUGLAS. Will the Senator from Virginia, whose eye is sharper than that of the Senator from Illinois, keep his eye on the matter?

Mr. BYRD of Virginia. I certainly shall.

Mr. DOUGLAS. I think he has more influence with the Treasury than I have. And will he watch sharply if the Treasury increases its interest-free deposits?

Mr. BYRD of Virginia. Yes. The figure of $3.5 billion is what the Secretary regards as a necessary constant balance.

Mr. DOUGLAS. It will be interesting to see if this figure is raised subsequently upon the borrowing of more money.

Mr. BYRD of Virginia. I will ask the Secretary of the Treasury to furnish to the Finance Committee a monthly statement.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. McCARTHY. Will the Senator from Virginia tell me when the Treasury made the specific request for an increase in the debt ceiling?

Mr. BYRD of Virginia. It was made recently to the House Ways and Means Committee. I do not have the exact date before me.

Mr. McCARTHY. Hearings were held last week, were they not?

Mr. BYRD of Virginia. I think it was last week, the bill came to the Finance Committee only a few days ago.

Mr. McCARTHY. I presume the committee acted as soon as it received the request.

Mr. BYRD of Virginia. It came to the Finance Committee within the week.

Mr. McCARTHY. We can be quite sure that the Treasury Department knew of this need long ago. So far as we know, it did not submit its request until a week ago.

Mr. BYRD of Virginia. Such proposed legislation goes to the Ways and Means Committee of the House first.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Texas? The Chair hears none, and it is so ordered.

The Senate proceeded to consider the bill (H.R. 7749) to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time.

Mr. JOHNSON of Texas. Mr. President, so far as I know, Senators have already used all the time they desire. I have had no request for time. I believe, if we are ready, we can vote.

Mr. BYRD of Virginia. Mr. President, I should like to make a brief statement.

Mr. President, the bill raises the permanent statutory limit on the Federal debt from $283 billion to $285 billion, and for fiscal year 1960, it allows an additional $10 billion temporary increase.

Under the provisions of the bill the debt limit will be $295 billion during fiscal year 1960; the $10 billion temporary increase will expire June 30, 1960; and the limit thereafter will be $285 billion.

The administration requested that the permanent limit be raised from $283 billion to $288 billion, and that an additional increase of $7 billion be allowed temporarily for fiscal year 1960.

The Committee on Ways and Means of the House of Representatives, approved the bill providing that the permanent ceiling be raised to $285 billion and allowing an additional $10 billion in temporary increase for fiscal year 1960. The House passed the bill as reported by the Committee on Ways and Means.

The Secretary of the Treasury, in testimony before the Senate Committee on Finance, said an increase in the debt limit was essential to proper management of the Federal debt under existing and foreseeable conditions. He testified further that the provisions of the bill as passed by the House were workable in terms of Treasury requirements, and acceptable to the administration.

The Committee on Finance has approved and reported the bill as passed by the House of Representatives, without amendment.

HISTORY OF FEDERAL DEBT LIMITATION

Limitation on public debt is standard and traditional in the United States at all levels of Government. It is advocated by the administration, with sufficient leeway for flexibility. It is not new with Congress. Prior to 1917, specific acts of Congress were required to authorize each loan. Since 1917, the maximum limitation on Federal debt has been fixed by statute.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, on condition that the minority leader do likewise.

Mr. GOLDWATER. Mr. President, will the Senator yield to me first?

Mr. DIRKSEN. Mr. President, I yield 1 minute to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, because there will not be a yea and nay vote, I do not want the RECORD to indicate I would vote for the bill if a yea and nay vote were taken. I have voted against increasing the debt ceiling every time I have had the opportunity, on the ground that I think we should practice more economy in Government before we raise our national debt ceiling. Therefore, if there were to be a yea-and-nay vote, I would vote against the passage of the bill.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I yield back the balance of my time.

The PRESIDING OFFICER. All time for debate has been yielded back. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 7749) was passed.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Illinois to reconsider.

The motion to lay on the table was agreed to.

TAX RATE EXTENSION ACT OF 1959

The Senate resumed the consideration of the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Minnesota [Mr. MCCARTHY]. How much time does the Senator from Minnesota yield himself?

Mr. McCARTHY. I yield myself 15 minutes.

Mr. President, the amendment before the Senate provides for the repeal of section 34 of the Internal Revenue Code of 1954. This is the section of the code which permits the 4-percent credit against taxes on the basis of dividends received. My amendment repeals the 4-percent credit against taxes on dividends received from domestic corporations. My amendment does not in any way affect the $50 deduction which was granted in the act of 1954 and is included in section 116 of the code.

Let me make it clear to the Senate that the $50 deduction will be continued, and that on a joint return $100 of dividend income of husband and wife would continue to be deductible.

My amendment relates only to the 4-percent tax credit which was included in the act of 1954. If my amendment is adopted, the Federal revenues will be increased by $335 million in the year beginning January 1960. The amount of revenue involved in the $50 deduction comes approximately to only $65 million. I point out again that my amendment does not in any way affect the $65 million tax deduction which is granted on the basis of the first $50 of dividend income which any individual taxpayer will receive and have to report.

I feel certain that Senators are familiar with the background of these provisions in the Internal Revenue Code. In the early years of income tax legislation, a situation arose under which a person who received income from salaries and wages paid a smaller tax than a person who received the same amount of income from dividends. In those days people talked about earned income and unearned income. Earned income was given preferential treatment.

This difference was eliminated by the Tax Adjustment Act of 1943, when the law was changed so as to establish equities. Those who received income from dividends paid a tax which was the same as that which was paid by those who received their income from wages and salaries.

The 1943 act, let me repeat, established equities. The tax was the same on dividend income as on income from wages and salaries.

In 1954, the revised code gave preferential treatment to those whose income was derived from dividends. The act of 1954 provided a $50 deduction for dividend income in addition to all the other regular deductions which were given to all taxpayers, and provided for a straight deduction from income and a credit against tax of up to 4 percent of the individual taxable income, and 4 percent on dividends and up to 4 percent of the individual's total taxable income.

The original bill proposed by the Treasury would have granted even greater deductions and a larger tax credit—$100 a person by way of deduction, and a tax credit of 10 percent on dividends.

The second provision is not a deduction from the tax itself but is rather a credit against the tax.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CARROLL. Do I correctly understand the Senator from Minnesota to mean that the Treasury in 1954 advocated a program for a deduction of $100 plus a 10-percent tax credit rather than a 4-percent tax credit?

Mr. McCARTHY. The Senator is correct.

Mr. CARROLL. What was the philosophy behind that? I can understand a deduction of $100 or $50. But what was the philosophy with respect to either the 10-percent or the 4-percent tax credit? How was that justified?

Mr. McCARTHY. Two arguments were made. The first was on what was called double taxation, which I shall discuss in some detail; the second argument was that it was necessary to stimulate investment in corporate securities. Investment in the stock market needed to be stimulated and encouraged in 1954.

Mr. CARROLL. So it was the concept of the Treasury in 1954 that it was really necessary to stimulate investment in the stock market.

Mr. McCARTHY. The statement was made that people were not investing in stocks, but rather were investing their savings in bonds. The Treasury wanted to reverse this trend and to change that disposition of savings.

Mr. CARROLL. I hope the Senator from Minnesota will continue along this line and will compare stock market and bond market conditions today with those of 1954.

Mr. McCARTHY. I hope that in the course of my remarks I shall make that point clear.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. DOUGLAS. The Senator from Minnesota touched very concisely on the essential point which I think needs to be emphasized. Is it not true that this deduction or credit of 4 percent of dividends is not applied to income, but is a direct dollar-for-dollar deduction from taxes which would otherwise be paid?

Mr. McCARTHY. The Senator is correct. Let me trace the manner in which this credit is arrived at. After the tax liabilities of the taxpayer are determined, a person having an income from dividends is permitted to subtract from that amount an amount equal to 4 percent of his dividends, with a top limit of 4 percent of his taxable income.

A person who receives income from salaries or wages, or, for that matter, interest or rent, is not permitted or given such a privilege.

Let us consider the case of a joint return of a taxpayer who is married and has 2 children and an income of $10,000 a year. If all of his $10,000 income is derived from salaries and wages, he would take the 10 percent standard deduction, which would leave $9,000 subject to taxation. Deducting his personal exemptions, which would come to $2,400, he would be left with a taxable income of $6,600. The tax on that amount would be $1,372.

Let us now consider the case of the joint return of a taxpayer who is married, who has 2 children, and all of whose income of $10,000 is derived from dividends. After his dividend exclusion of $100 has been deducted, the amount is reduced to $9,900. Deducting the 10 percent standard deduction, which is $990, the remaining figure is $8,910. Subtracting from that his personal exemption of $2,400, he is left with a taxable income of

$6,510, in contrast with the taxable income of $6,600 in the case of the person who had $10,000 in wages and salaries.

Now we come to the next credit. In addition to the other credits and deductions which he has been permitted to take, he takes a 4-percent credit of his dividend income up to 4 percent of his taxable income. This amounts to $260.40. He subtracts this amount and is left with a tax liability of $1,091.80, in contrast with the tax liability of the man who earned his $10,000 in wages and salaries, of $1,372, or a difference of $280.20 between the two taxpayers.

I point out to the Senate that as the amount of income, including dividend income, rises, the advantage increases. I have a table based upon the 1956 tax year in which the dividend credit provision was in effect. It shows who really benefited as a result of Congress having placed this provision in the tax code.

Of those who had incomes under $3,000, more than 12 million taxable returns were filed. Of the 12 million, only 2 percent claimed any dividend credit. The tax saved by the credit came to $16 on a $3,000 income.

If we move into the bracket of those whose incomes were $10,000 to $15,000, we find approximately 2 million returns were filed. Of those, 23.9 percent claimed dividend credit. The tax saved was $108 in that category.

If we move into the $100,000 bracket, 14,000 returns were filed. Ninety percent of those taxpayers filed a claim for dividend credit. The amount of tax saved was $1,480.

In the $200,000 to $500,000 class, 93.9 percent of the taxpayers claimed credit, and the saving came to something over $4,000, on the average.

In the bracket from $500,000 to $1 million, the saving came to $9,902.

As one moves up in the income brackets, the graduated escape from relief from taxation increases.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CARROLL. Will the Senator go back to his first category, please? How many million returns were filed in the $3,000 income bracket?

Mr. McCARTHY. Two million one hundred and sixty-one thousand three hundred and twenty-five.

Mr. CARROLL. The Senator mentioned something about 2 percent.

Mr. McCARTHY. Two percent of those who filed in that bracket claimed any kind of dividend credit, and the average tax saving was $16.

Mr. CARROLL. For each of those 2 percent who claimed dividend credit, the amount of saving was $16?

Mr. McCARTHY. Yes.

Mr. CARROLL. That was what confused me. Let us to go the category of $100,000. What was the percentage there?

Mr. McCARTHY. Of those who filed returns in that bracket, 90 percent claimed credit.

Mr. CARROLL. As to each, what was the saving in dollars and cents?

Mr. McCARTHY. It was $1,480.

Mr. CARROLL. Let us go to the next category.

Mr. McCARTHY. In the bracket from $200,000 to $500,000, 93 percent claimed credit. Four thousand persons filed that kind of return. The average saving was $4,135.

Mr. CARROLL. Each?

Mr. McCARTHY. Each.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield to me?

Mr. McCARTHY. I yield.

Mr. DOUGLAS. I was a member of the Banking and Currency Committee at the time when this measure was proposed and finally was adopted. The then Secretary of the Treasury, George M. Humphrey, was the sponsor of the amendment. In his testimony before the Banking and Currency Committee he represented this tax as being an aid to persons of low incomes, because, so he said, those with low incomes were the primary owners of American industry.

In the light of experience, how wrong does the Senator think Mr. Humphrey has been proven to be?

Mr. McCARTHY. I think the evidence is strongly on the side of condemning the policy and program of Mr. Humphrey.

Mr. DOUGLAS. Does not the evidence indicate that Mr. Humphrey has been about 99.44 percent wrong?

Mr. McCARTHY. I think the Senator from Illinois has indicated the correct percentage.

Mr. CLARK. Mr. President, will the Senator from Minnesota yield to me?

Mr. McCARTHY. I yield.

Mr. CLARK. I hope the Senator from Minnesota will save himself a few minutes in which to speak just before the vote is taken.

Mr. President, let me ask how much time remains available to the Senator from Minnesota.

The PRESIDING OFFICER. Thirty-two minutes.

Mr. CLARK. Mr. President, in view of that, I should like to ask the Senator from Minnesota whether his amendment, which is pending, is substantially identical to an amendment which was called up in the Senate and was voted on in 1954. I refer to an amendment against inclusion of section 34 of the code.

Mr. McCARTHY. The amendment I am now submitting to the Senate was submitted to the Finance Committee; and in the committee the vote was 8 to 8—a tie. So the amendment failed by only one vote of having been reported as a committee amendment from the Finance Committee.

Let me also state that in 1954, when this provision was first written into the code, the House adopted the Treasury's recommendation of $100 and 10 percent. But the Senate took the action to which the Senator from Pennsylvania has referred. On July 1, 1954, the then Senator Johnson of Colorado offered an amendment to reject entirely the proposal to grant this dividend credit. That was the same as the proposal I am making now, except that his amendment was directed to the $100 and the 10 percent, and his amendment called for eliminating all of it. In conference a part of it was retained. My amendment calls for eliminating the part which was retained. But his amendment, as he submitted it, went to the entire $100. Mine goes to the remaining $50.

When the vote was taken, 71 Senators showed by their votes that they believed the dividend credit should not be given; and at that time—in July 1954—only 7 Members of the Senate voted in favor of giving this credit.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield to me?

Mr. McCARTHY. I yield.

Mr. DOUGLAS. I hope the Senator will pardon me if I say that it was at my insistent request that a yea-and-nay vote, a record vote, was taken on the question of agreeing to that amendment.

Mr. McCARTHY. I give the Senator from Illinois full credit for that. I hope the Senators present today who were Members of the Senate in 1954 will look at the votes they cast then, as recorded at that time at the insistence of the Senator from Illinois. That was in 1954.

In fact, to make it easy for Senators to study that vote, I should like to point out that that yea-and-nay vote has been reproduced, and has been distributed to every office in the Senate Office Building, and also has been laid on every desk in this Chamber.

The PRESIDING OFFICER. The 15 minutes the Senator from Minnesota yielded to himself have elapsed.

Mr. McCARTHY. Mr. President, I yield myself an additional 5 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for an additional 5 minutes.

Mr. CLARK. Mr. President, will the Senator from Minnesota yield further to me?

Mr. McCARTHY. I yield.

Mr. CLARK. I also wish to call the attention of my genial friends across the aisle—and I see there the distinguished chairman of the Republican National Committee, the junior Senator from Kentucky [Mr. MORTON], and my good friend, the senior Senator from Connecticut [Mr. BUSH]—to the fact that of the 43 Members of the Senate who then were in the Senate and still are in the Senate, the division among them was 27 Democrats and 16 Republicans. They are the Senators who voted in favor of an effort very similar to the one the Senator from Minnesota is making today. That vote was taken in 1954.

I hope my good Republican friends will call to the attention of their colleagues who have not desired to come to the Chamber to hear this debate, just what their votes were in 1954. On that occasion, my charming and delightful friend, the Senator from Connecticut [Mr. BUSH], with his usual consistency, was among the Senators who voted against that amendment in 1954. So when the Senator from Connecticut votes against it today, he will be taking a consistent position. But perhaps not all of his colleagues will be able to be in that happy position.

Mr. McCARTHY. Certainly such Senators will wish to consider the votes they cast in connection with that amendment in July 1954. They will wish to consider their votes on that

occasion, either in order to decide that their vote on this occasion should not be consistent with that one; or else to prepare their defenses, in case they decide that the vote they will cast at this time will be consistent with that vote, and in case such consistency of voting is challenged.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield to me?

Mr. McCARTHY. I yield.

Mr. LAUSCHE. The Senator from Minnesota has pointed out that a credit is given to the holders of stocks, on the basis of their income from the stocks, whereas one whose income comes from his salary does not receive such a credit. Is not preferential treatment also given, under existing law, to those who derive their income from stockholdings, over those who derive their income from the purchase of Government savings bonds?

Mr. McCARTHY. A preference is given to those who receive income from dividends, over those who receive income from interest on the bonds of the Federal Government. However, that is not necessarily true in the case of the bonds issued by all the States and municipalities.

Mr. LAUSCHE. In other words, one who buys Federal Government savings bonds pays the full income tax on the interest which those bonds produce, does he not?

Mr. McCARTHY. That is correct.

Mr. LAUSCHE. But a person who invests his money in stocks is given, to begin with, a $100 deduction on his earnings from the stocks; and then, in addition, he is allowed to apply 4 percent of his net taxable income as a credit on his tax obligation, is he not?

Mr. McCARTHY. He is permitted to take, as a credit against his tax, after he has figured it, 4 percent of the dividends he received, with a top limit to the effect that the amount shall not exceed 4 percent of all of his taxable income. The Senator from Ohio is correct.

Mr. LAUSCHE. Am I not also correct in understanding that under the present tax-law situation, there is an incentive or an inducement for one who has money to invest to purchase stocks, rather than Federal Government bonds?

Mr. McCARTHY. I think that is an entirely proper conclusion.

Let me say to the Senator from Ohio that in the course of the debate in 1954, when the argument for the inclusion of this provision was made, it was argued that the tax laws had been devised so as to punish, in effect, what was referred to as success, or to punish risk capital. Some Members said they would change that, so as to encourage investments, not in tax-exempt bonds, but, rather, in stocks. That was the argument which was made then.

At the time—in 1954—I disagreed, as did many other Members, when it was claimed that it was necessary to do that. I disagreed because at that time—as I note from the report which was filed then—dividend income was at an all-time high. As a matter of fact, the Senator from Ohio knows what has happened since then: Today, dividend income is again at an all-time high, and much higher than it was in 1954, when that action was taken.

The PRESIDING OFFICER. The additional time the Senator from Minnesota has yielded to himself has elapsed.

Mr. McCARTHY. Mr. President, I yield myself an additional 10 minutes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized for an additional 10 minutes.

Mr. LAUSCHE. Mr. President, I thank the Senator from Minnesota very much for yielding to me.

Mr. McCARTHY. Mr. President, I also point out that on the basis of the composite index for stock prices, in 1954 the index was 229.8; and as of June 5, 1959, the index was 419.8. So even though there might have been some reason to encourage investments in stocks in 1954—although I question whether there was—certainly these figures indicate that such investments have been overstimulated and overencouraged.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield further to me?

Mr. McCARTHY. I yield.

Mr. LAUSCHE. That is especially true when we recognize that there has been a flight of investors from the purchase of the bonds of the Federal Government. Instead of purchasing Government bonds, stocks are purchased. Is that not a correct conclusion?

Mr. McCARTHY. Yes, I think that is a logical conclusion; and it is supported by the evidence.

Mr. LAUSCHE. Is it not also true that the Treasury Department is complaining because of the fact that many investors have decided that it is more profitable to purchase stocks than to purchase Government bonds?

Mr. McCARTHY. The Senator from Ohio is again correct.

Mr. LAUSCHE. And today that trend is increasing, rather than decreasing, is it not?

Mr. McCARTHY. Yes. Not only the Treasury but others who are concerned about the financial system of the country and the stock market situation are also concerned about this development. I believe the Senate has an obligation to consider this situation and this problem, and to do something about it here, today, when we have a chance to take action in regard to it.

Mr. LAUSCHE. Mr. President, will the Senator from Minnesota yield for a statement?

Mr. McCARTHY. I yield.

Mr. LAUSCHE. I wish to inform my colleagues that I decided to invest a modest sum of money. My judgment was not to purchase Government bonds, because I could earn more by purchasing stocks. But my conscience said to me that, as a patriotic citizen of the United States, it would be wrong for me to flee from the duty that each one of us has to support the country in this dismal hour of fiscal combat. So I determined to look aside from the profit which would come to me from the purchase of stocks and that, on July 1, I would invest my money in the bonds of my Government.

But while I do that, it is my opinion that if inducement is going to be given for the purchase of any type of securities, we on the floor of the Senate should take steps to see that sufficient inducement is given to the citizenry to buy the bonds on which the country is so vitally dependent at this hour.

Mr. McCARTHY. The Senator from Ohio has made an excellent statement. I might say this applies particularly to the series E and savings bonds, in that citizens buy them for patriotic reasons. Congress should exercise its responsibility in seeing that holders of those bonds get at least a fair return on their investment.

Mr. DOUGLAS. Mr. President, I know the Senator's time is limited, but will he yield for another question?

Mr. McCARTHY. I yield.

Mr. DOUGLAS. In other words, the Eisenhower administration, having given this tax favor to the owners of stocks, helped send up the prices of stocks. Is that correct?

Mr. McCARTHY. I think the Senator is quite correct.

Mr. DOUGLAS. And it helped stimulate the movement of capital investment into the purchase of stocks. Is that correct?

Mr. McCARTHY. That is correct.

Mr. DOUGLAS. But now they say that is one reason why they must increase the interest rate on bonds. Is that correct?

Mr. McCARTHY. That is the argument they make.

Mr. DOUGLAS. In other words, having gotten us into the fix through improper benefits to owners of stocks, they now want to use that fact as a leverage to increase the interest rate on bonds. Is that correct?

Mr. McCARTHY. If the inclusion of this provision in the tax code had the effect they said they wanted it to have, and all the evidence shows it did, then they clearly should take the responsibility for the situation in which the Government finds itself today.

In any case, in the arguments on this recommended provision in the 1954 debates, there were two principal points made in support of it. One was that it would reduce double taxation.

I may point out to the Senate that at the very time this provision was under consideration for inclusion in the tax code, the proposal to extend the corporate profits tax was before the Congress. If Congress had been concerned about double taxation, the simple thing to have done would have been to reduce the corporate profit taxes from 52 percent to 50½ percent or 50 percent. Some economists say that 50 percent tax on corporate profits is the breaking point. But instead of proposing the obvious and simple reduction of corporate profits tax from 52 percent to 50 percent, or 50½ percent or 51 percent, they said, "No; we do not want double taxation. So we will go around this side and we will grant a dividend credit against personal income tax."

I am sure Senators realize that the corporate tax is generally a regressive tax. It can be passed back to the consumer and to the purchaser of the product. But this particular tax provision

is one which is not regressive, but which gives special favor to those in the higher income tax brackets. I have no question this was in the mind of the Secretary of the Treasury when he proposed it. Officials in the administration were not concerned about double taxation. If they had been, the simple way to have accomplished the purpose would have been to decrease the corporate profits tax. But they were interested, instead, in narrowing again the base of the income tax and taking off the graduation which had been built up over the years as a result of serious consideration.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CARROLL. I invite the attention of the Senator from Minnesota and other Senators to the CONGRESSIONAL RECORD, volume 100, part 7, page 9461. The then Senator from Colorado, Mr. Johnson, who offered the amendment, said:

> Mr. President, during the past year—

He was referring to 1954—

> Congress has given tax relief in the amount of $6 billion. In a very few days, as I understand, we shall face a request from the Treasury to increase the debt limit.

I think of the similarity of the circumstances today. Awhile ago the Senate voted to increase the debt limit from $283 billion to $285 billion, permanently, and temporarily to $295 billion.

We now have before us a bill to extend excise taxes and corporate taxes. Here is a significant thing. I see present the distinguished Senator from Kentucky [Mr. MORTON], who is chairman of the Republican National Committee. This action was taken in 1954. Tax relief was granted in 1954. After that happened, the fact that tax relief had been given to dividend recipients was debated throughout the country and became a political issue.

I think the record will speak for itself that since 1954 there has not been a Republican Congress in control of the legislative arm of the Government.

I think I am right when I state that in the campaign of 1954, for the first time in 100 years, the people of this Nation turned away from a Republican President and put into office a Democratic Congress. We know what the record was in 1956. The Democrats held their majority. In 1958 the Democrats obtained a greater majority than ever.

In my opinion, there is involved in this issue a basic philosophy. I think the able junior Senator from Minnesota stated it at the outset. He stated what our policy was in 1943 and how it changed. The really great change in this matter came in 1954.

I commend the able Senator from Minnesota for outlining this issue so clearly.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. McCARTHY. How much time does the Senator from Minnesota have remaining?

The PRESIDING OFFICER. Fifteen minutes.

Mr. McCARTHY. I yield myself an additional 10 minutes and I now yield to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, I regret to take exception to the statements made by the Senator from Colorado. I believe there is so much merit to the proposal made by the distinguished Senator from Minnesota that if we approach this problem on its merits, we shall probably succeed in having it adopted. I do not care who is responsible for what occurred. There are many Republicans in the country who, if this problem were submitted to them on its merits, would subscribe to the reformation proposed by the Senator from Minnesota. I think we ought not drive strength away from the cause by taking our eyes away from the merits of the question and centering them on the political differences between the parties represented in this Chamber.

Mr. McCARTHY. Let me say to the Senator from Ohio——

Mr. CARROLL. Mr. President, I should like to respond to the Senator from Ohio, if the Senator from Minnesota will yield.

Mr. McCARTHY. I yield to the Senator from Colorado for that purpose.

Mr. CARROLL. This is not a political difference. It is a philosophical difference. I know the distinguished Senator from Ohio has a tendency to string along with the Republicans, but this issue is more than a political issue; it is a basic philosophical difference.

Referring to the vote of 71 to 13, I point out that many Republicans voted for this proposal in 1954. What we are trying to do is see that this issue transcends political, partisan considerations. That is what I have been trying to say. I have been commending the junior Senator from Minnesota. I want the Republican Party to be strong. I shall not vote with it as often as my friend from Ohio does, but I think there is a basic difference in the political parties, and it is a philosophical difference. That is the point I want to make.

Mr. McCARTHY. Mr. President, I will yield no further at this point.

I do not want this to be a political issue. I do not see how it can be, since a majority of the Republicans have indicated they are in favor of it. If I may pick out just a few, I would note that the minority leader voted against including this provision in the bill in 1954. I am going to quote from something one of the distinguished leaders of the Republican Party said, namely, the Senator from Delaware [Mr. WILLIAMS]. This is what he had to say:

> I shall support the amendment offered by the Senator from Colorado [Mr. Johnson]. I wish to make it clear that my support of the amendment is based solely upon the fact that I do not believe we have sufficient revenue at this time to warrant our reducing taxes.

At that time the country was faced with a deficit in the Federal budget of $3 billion. The Senator from Delaware said he would support the amendment because he did not think we could stand to lose that much revenue.

I point out the Federal debt in 1954 was approximately $270 billion. Here on this floor, just a few minutes ago, we increased the limit on the national debt to $288 billion.

The Senator from Delaware voted for the Johnson amendment in 1954 in the face of a $3 billion deficit. Today we are asking him simply to vote the same way, in the face of a national debt which is almost $20 billion higher, and in the face of a Federal deficit of $13 billion.

It would seem to me any Senator who voted for the Johnson amendment in 1954 because of the deficit of $3 billion in the Federal budget and because of the size of the national debt should have no trouble voting for my amendment today, in the face of a Federal deficit of $13 billion and a national debt which is $20 billion higher than it was in 1954.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CARROLL. Let me allude to one additional factor: The condition of the stock market today and the condition of the Government bond market. They were overriding factors, as explained by my predecessor, a very able Republican, the late Senator Millikin, a fine man and a fine legislator. But he had a different political concept. In my opinion, time has proven him to be wrong. These are the reasons why I raise the question of philosophy. I think the argument is in favor of the point of view of the Senator from Minnesota.

Mr. McCARTHY. Senator Millikin favored this amendment.

I am left with one last argument, that of double taxation.

We pointed out that this is really not double taxation. I should like to note again in particular, at the time the double taxation argument was made Congress was acting to extend the excise taxes. If there is any tax which involves double taxation it is the excise tax or the sales tax, because the individual who spends his money on the service or on the product on which an excise tax or a sales tax is applied has already paid income tax on his income.

It was a clear case of double taxation which did not seem to bother anybody.

In the second place, instead of working on the corporate profits, the work was done on individual income. Let me quote the distinguished Senator from Tennessee [Mr. GORE] who participated in the debate on this specific point of double taxation. He said:

> The junior Senator from Tennessee has never taken too seriously the argument regarding double taxation. The burdens of a corporate entity go with the privilege of incorporation. If a business acquires the privilege of incorporation, it must thereby incur the responsibility and the obligations of a corporate entity.

The Senator continued:

> The pending bill would not only discriminate in favor of the man who receives his income from corporate dividends as against the man who earns his income from the sweat of his brow, but would favor him over the man who earns his income from the investment in any other property except corporate property.

It seems to me, Mr. President, this is the vital issue involved in the debate and in the controversy.

Mr. President, I reserve the remainder of my time.

Mr. MORTON. Mr. President, I yield myself 6 minutes from the time on the bill.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 6 minutes.

TOBACCO SUPPORT PRICES AND ACREAGE ALLOTMENTS

Mr. MORTON. Mr. President, the President has vetoed S. 1901, legislation motivated by the desire of the tobacco industry to stabilize tobacco support prices at 1958 levels for the 1959 and immediate subsequent crop years.

While I supported passage of the bill through the Congress and have since maintained close contact in its behalf with the White House, I fully appreciate the views of the Secretary of Agriculture in recommending disapproval of S. 1901.

The administration is in full accord with the almost unanimous agreement of the various segments of the tobacco industry that action must be taken to stabilize tobacco prices at a level which will reverse the unsatisfactory downward trend in foreign sales.

The primary disagreement with the bill is in method only, particularly with reference to old parity.

A few years ago, the farming community made a successful fight for the modernization of parity. I can well understand the reluctance of a part of the farm community to accept a breach of the new parity formula. S. 1901 did breach that formula. To attain the same purpose and not breach the new parity formula, I am introducing, for appropriate reference, a bill to stabilize and protect the level of tobacco support prices.

In view of the fact that certain southern Flue-cured markets open their sales season in late July, I respectfully request and urge the bill's prompt attention and consideration by the Committee on Agriculture.

The bill proposes to do two things: First, freeze tobacco support prices at their 1958 rates for the 1959 and 1960 crop years, and second, prevent a reduction in acreage allotments for the 1960 crop. I fully realize that this is a stopgap measure and that it does not in any way get to the heart of the growers' problems. It will give the farmer, at best, temporary respite from a price trend in which he sees destruction of his tobacco markets, particularly those shrinking overseas markets. It will provide 2 years of stability during which time the entire industry can study the program and propose changes of long-term benefit to all growers.

The need for a halt in constantly rising price supports for tobacco was thoroughly debated in both the House and the Senate, and I will not at this time review the complete background. However, I shall explain briefly why something must be done—and done quickly. Under the parity formula, tobacco support prices can do nothing but continue to rise for several years to come. Higher prices have, on one hand, discouraged the foreign buyers in the American marketplace and, at the same time, encouraged other tobacco-producing countries to expand their output. The result has been America's selling less and less tobacco to foreign customers.

Of tremendous concern is the possibility that the farmer will have to further reduce his acreage. The declining trend in foreign sales, if continued, can only result in the farmers eventually taking another cut in their acreage allotments. The average allotment for tobacco farmers in my State is about eight-tenths of an acre. The farmers cannot take another acreage cut. The decline in our export market must be stopped and reversed so that the farmers can look forward to an urgently needed increase in allotments, rather than a cut.

The farmers should be given assurances that they can look forward to an increase in their allotments. The bill I am introducing would prevent any further acreage reduction for 1960, but would not forestall any increase which might be possible under the quotas formula.

Again, let me stress the need for prompt action. The Bright Belt Warehouse Association meets next week, I understand, to set the opening dates of the Flue-cured markets in southern Georgia and northern Florida. These markets usually open the latter part of July, which this year may be either July 21 or July 23. The Department of Agriculture will conduct its meeting to establish the 1959–60 loan rates for Flue-cured grades on July 7 in Richmond, Va. So Senators can see time is rapidly running out.

Mr. President, I send the bill to the desk and ask that it be appropriately referred; and I ask that the bill lie on the desk through Monday next in case any Senators, especially those of my colleagues who come from the tobacco-producing States, care to add their names as cosponsors.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Kentucky.

The bill (S. 2278) to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco, introduced by Mr. MORTON, was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

TAX RATE EXTENSION ACT OF 1959

The Senate resumed the consideration of the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

Mr. BENNETT. Mr. President, I ask the majority leader to yield me 10 minutes on the amendment.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, we have listened to the author and proposer of the amendment make some interesting claims and give some interesting explanations as to the reasons for this particular amendment. One of the explanations is that we have reached the time when too many people are investing in stocks, and because so many people are investing in stocks we must force more of them into investing in bonds, and the only way to do that is to remove this very slight relief which was given to stockholders 5 years ago.

Mr. President, I have my own impressions as to why people are investing in stocks and why the number of stockholders has doubled in about 5 years. Stocks have been represented to the American people by nearly every economist who calls himself an authority as being the perfect inflation hedge. The fact that so many people are putting their money into stocks rather than into bonds demonstrates their belief that they expect inflation in the years to come.

Most people do not realize that those who go to a broker and buy stock in an existing corporation are in fact buying a secondhand article. They are not investing money in new enterprises, but they are simply replacing the money which somebody else has already invested and is withdrawing.

There are some 400,000 corporations in the United States, and more are being formed every year. These corporations need fundamental capital, equity capital, capital which will stay with them when the going gets rough. They need people who have enough faith in the American enterprise system to put their money in stocks.

I know there are those in this body who feel that to invest in equity capital is somehow foolish. The thing to do is to loan the money to the corporation in the form of bonds, it is felt by some. The corporation, under that philosophy, should not be worried about equity capital, for when it needs money it should go to the bank and borrow it.

Equity capital is the basic, fundamental source of capital which is committed to a business. Bond capital and loan capital can be withdrawn. That kind of capital is not the basis on which one can build a permanent business.

The argument is made that the fact that people are not buying Government bonds as readily as they did indicates we should put the incentive somewhere else. I am sure my colleagues realize that income from bonds is balanced by the privilege a corporation has to deduct the interest on the bond as a business expense, so this is a kind of pass through. The Government itself gets very little, if any, net revenue from income under the bond system. However, income from stocks is, according to my philosophy, taxed twice.

The change which was made in 1954 was a very halting step to try to meet this problem. I know my friend from Minnesota says there is no such thing as double taxation.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BENNETT. It seems to me the Senator illustrated the fact that he did not understand the situation, at least as I do——

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BENNETT. I would be glad to yield briefly. I am on limited time, also.

Mr. McCARTHY. I simply want to point out that the Senator from Minnesota did not say there was no such thing as double taxation. The Senator from Minnesota said that double taxation was quite common. If we are going to be concerned about double taxation with regard to some phases of the matter, we should be concerned about all of them. We could have reduced the excess profits taxes. We could have reduced the excise taxes. I would say the double taxation in this case is not glaring or obvious as it is in many other cases.

Mr. BENNETT. The Senator from Utah will be happy to accept the correction by his colleague, and then go on to say that in his experience, as a man who has been in business and who has operated a business belonging to a corporation, it does not make sense to assume one could avoid double taxation by reducing the corporate rate, which is only one form of taxation. If we had reduced the corporate rate slightly but still had required the stockholder to pay taxes on his income from dividends, it seems to me that essentially double taxation would still have existed.

I know there is a philosophy, which we have heard explained in the last half an hour, which states that the corporation is one entity and the individual is another entity and each must pay his own taxes. The fact that the corporation could not exist without the equity capital supplied by the individual is of no concern, it is felt.

I have been in a situation—and I am sure many other businessmen have been in the same situation—where I was faced with the practical problem, "Shall we operate the business as a partnership and pay one tax, or shall we operate as a corporation and pay 52 percent tax on all the profits and then have to pay taxes on all the money we get out of the business at the personal income tax rates?"

Mr. McCARTHY. Mr. President, will the Senator yield for a question?

Mr. BENNETT. I will yield for a brief question.

Mr. McCARTHY. Would the Senator be willing to apply the argument to the case of the undistributed profits of a corporation, to say that since the corporation is this kind of a person we will tax the undistributed profits?

Mr. BENNETT. I should like to invite the attention of the Senator to the fact that the undistributed profits have already been taxed. They had to be taxed before they could go into surplus. So I do not see any reason why we should agree to tax them twice.

The Senator from Utah feels that in our growing economy, in which we desire to encourage investment of the savings of the people in new businesses, which must depend for permanence on equity capital, we should give serious consideration to maintaining at least this much encouragement to the stockholder who commits his savings to the equity capital of a corporation, and automatically subjects them to the full corporate tax rate, before he can hope to get anything out of the operation.

The Senator from Utah is one of the "Brave 13" who in 1954 took the same position on this issue as he now takes. The Senator from Utah feels that this is a step in the direction of incentive, encouragement, and taxing equity toward the people of the United States who have enough faith in our system to commit their savings entirely to the capital needs of a corporation.

I hope the Senate will reject the proposed amendment, and preserve the comparatively small protection given to the more than 12 million stockholders.

Mr. BUSH. Mr. President, will the Senator from Virginia yield me 15 minutes?

Mr. BYRD of Virginia. Mr. President, I yield 15 minutes to the Senator from Connecticut.

Mr. BUSH. Mr. President, I wish to associate myself with the remarks just made by the distinguished senior Senator from Utah [Mr. BENNETT] and to make a few additional observations in opposition to the amendment.

First, I ask unanimous consent to have placed in the RECORD that section of the report of the Committee on Finance on the Internal Revenue Code bill of 1954, consisting of the portion beginning near the bottom of page 5 and continuing through the middle of page 7, dealing with "Credits Against Tax: Dividends Received by Individuals."

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

IV. CREDITS AGAINST TAX

A. DIVIDENDS RECEIVED BY INDIVIDUALS (SECS. 34 AND 116)

(1) House changes accepted by committee: Under present law the earnings of a corporation are taxed twice, once as corporate income and again as individual income when paid out as dividends to shareholders. This is due to the fact that dividends, unlike wages or interest, do not constitute a deduction to the corporation.

This results in a higher tax burden on distributed corporate earnings than on other forms of income. In addition, it has contributed to the impairment of investment incentives. Capital which otherwise would be invested in stocks is driven into channels which involve less risk in order to escape the penalty of double taxation. This restricts the ability of companies to raise equity capital and has forced them to rely too heavily on borrowed money. The penalty on equity financing has been especially harmful to small business which cannot easily borrow funds and must rely on equity capital for growth and survival.

The House and your committee have reduced double taxation by adopting two related provisions: One (sec. 116) affords complete relief from the double tax on small amounts of dividend income. Under both versions of the bill an individual may exclude from his gross income up to $50 of dividend income received from a domestic corporation during a taxable year ending after July 31, 1954, and before August 1, 1955. In subsequent taxable years he may exclude up to $100 of his dividend income. These exclusions are granted for each taxpayer, which means that a husband and wife filing a joint return will have two exclusions where each is a dividend recipient.

In addition, the other provision (sec. 34) under both versions of the bill provides relief by making available a dividend-received credit for part of the corporate tax paid on the dividends in excess of the amount excluded. This is a credit against tax, equal to 5 percent of dividend income above the exclusion received after July 31, 1954, and before August 1, 1955, and 10 percent of dividend income above the exclusion received after July 31, 1955.

The amount of the credit is limited to 2 percent of taxable income in 1954, 7 percent in 1955 and 10 percent in subsequent years. This limitation retricts the credit to the amount of dividend income which actually enters into the tax base. The use of 2 percent and 7 percent for 1954 and 1955 removes the necessity of prorating income in the 2 years.

The August 1 date for the credit was selected in order to minimize the likelihood that corporations will change the dates of dividend payments in the year in which the credit is introduced or increased.

The relief offered by the dividend-received credit is limited to situations in which double taxation actually occurs. Accordingly, the dividend-received credit is not allowed with respect to dividends paid by foreign corporations or tax-exempt domestic corporations. Moreover, it does not apply to dividends of exempt farm cooperatives or to distributions which have been allowed as a deduction (in effect treated as interest) to a mutual savings bank, cooperative bank, or building and loan association. In addition, the dividend-received credit is not available to nonresident alien individuals not subject to the regular individual income tax. (For differences in the treatment of dividends of insurance companies under the House and your committee's bill, see (2) below.)

The proposed dividend exclusion and credit confers partial relief for double taxation in the most administratively feasible manner. Moreover, the method of adjustment adopted affords greater relief for the low-income investor than for those at higher income levels. The percentage reduction of tax under the combined dividend exclusion and credit is greatest in the lowest bracket and declines progressively as the income level rises. For example, in the case of a married couple filing a joint return, the 10-percent credit alone will reduce existing tax liabilities on dividend income in the $4,000 first bracket (subject to a 20-percent rate) by 50 percent; on dividend income in the $12,000–$16,000 bracket (subject to a 30-percent rate) by 33 percent; and on dividend income in the $32,000–$36,000 bracket (subject to a 50-percent rate) by 20 percent. At very high income levels, the percentage reduction in tax on dividend income will be about 11 percent.

The combination of a dividend exclusion and a credit for dividends received was was adopted in preference to various other methods to relieve the existing double taxation of dividend income. A credit to corporations for dividends paid would be unsatisfactory because it would in effect make the remaining corporation income tax an undistributed profits tax, or a tax on retained earnings, the principal source of equity capital. Also, a dividend-paid credit for corporations would completely relieve from tax dividends received by tax-exempt organizations.

The method of relief from double taxation selected is a modification of the dividends-received credit adopted in Canada in 1949. However, the present Canadian credit is 20 percent instead of 10 percent. Moreover, limiting the credit to the amount of taxable income, when it is less than the amount of dividends, is a restriction not imposed under the Canadian system. On the other hand, the dividend exclusion provided is more liberal than the Canadian method for persons receiving small amounts of dividend income.

In effect, the 5-percent or 10-percent credit exempts dividend income from 5 percent to 10 percent of the tax rate applicable to an individual's income. In this country,

prior to the middle 1930's, dividends were exempted from the normal individual income tax, which was generally the first bracket rate. This gave recognition to the fact that the income from which they were paid had already been taxed at the corporate level. It was not considered appropriate, however, to give a credit equal to the entire 20-percent first bracket rate.

Another suggestion has been to give the dividend recipient a deduction in computing taxable income for some specified percentage of dividends received instead of the credit against tax. However, this proposal was rejected because it gives higher proportionate tax relief to stockholders in the upper income brackets.

Mr. BUSH. Mr. President, I point out one or two interesting sections.

First, the proposed dividend exclusion and credit gives partial relief from double taxation in the most administratively feasible manner.

Moreover, the method of adjustment adopted affords greater relief for the low-income investor than for those at higher income levels.

The percentage reduction of tax under the combined dividend exclusion and credit is greatest in the lowest bracket, and declines progressively as the income level rises.

For example, in the case of a married couple filing a joint return, the 10 percent credit alone will reduce existing tax liabilities on dividend income in the $4,000 first bracket, subject to a 20 percent rate, by 50 per cent. With respect to dividend income in the $12,000 to $16,000 bracket, subject to a 30 percent rate, the tax liability would be reduced by 20 percent.

At very high income levels the percentage reduction in the tax on dividend income will be about 11 percent.

Who are the stockholders to whom reference is made, who are receiving what the Senator from Utah calls incentive tax treatment? That is exactly what it is. With all respect to my very warm friend, the senior Senator from Ohio [Mr. LAUSCHE], I could not agree with his analogy between Government bonds and equity investment. The two things are entirely different. The point is that American industry needs capital. It can obtain plenty of credit. What it needs is capital. It needs incentive for people to invest their money in American industry, so that more industries can be created and more jobs provided. That is one of the important things.

Therefore, this is a job-creating, incentive form of taxation, and that is one of the real justifications for it.

In the case of Government bonds, one is buying an obligation which is absolutely undoubted, so far as security is concerned. The Government cannot fail to pay its obligation in dollars. However, the reason why Government bonds are not as popular as they should be does not lie in the matter of tax consideration, but it is because of the way Congress has handled the fiscal affairs of the United States. The people of the country have begun to lose faith in it. That is the trouble with Government bonds. That is the reason we are having to increase the debt limit, and the reason we shall probably face the possibility of taking the lid off the interest rate, so as to make Government bonds comparably attractive with other high-grade investments of a credit nature. It is the duty of the Government to make its obligations attractive, and it should do so by sound fiscal measures. The Congress of the United States has the greatest responsibility in that respect.

Were it not for the high existing tax rates, both corporate and individual, this type of tax incentive would not be necessary at all. I would certainly look forward to the time—and I am sure almost every other Senator would—when we could reduce both corporate and individual tax rates, so as to get out of the confiscatory brackets and eliminate the need for such tax incentive methods as that provided in 1954.

I wish to turn my attention to the question of American stockholders, and discuss the question of who those people are. This is not a rich man's tax bill, although the rich may benefit from it to a certain extent.

There are 12,494,000 Americans today who own shares in public corporations. That is nearly double the number in 1952, and 45 percent over what the figure was in 1956. My recollection is that when the bill was passed in 1954 there were about 7½ million stockholders. Now there are approximately 12½ million stockholders. One of every eight adults is now a shareowner.

Sixty-eight percent of the shareowners own the stock which is listed on the New York Stock Exchange. The average shareowner has a median household income of $7,000. The comparable figure for a new shareholder is $6,900. Almost half the shareowners are in the $5,000 to $10,000 income tax bracket. The median age of new shareowners since 1956 has been 35 years, compared with 49 for all shareowners. So the young people are putting their money into stocks. Possibly it is the result of incentive taxation, but I think it is a good sign for the United States.

Women outnumber the men by a somewhat larger margin than they did in 1956. Four million housewives were shareowners, representing the largest single group of stockholders.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. BENNETT. Is it not possible that many of the women are widows who must depend upon income from the stocks which their husbands accumulated?

Mr. BUSH. That is undoubtedly true. Trustees buy stock for the estates of people who are deceased, and undoubtedly hundreds of thousands, if not millions, of widows are involved.

Adult shareowners are almost equally divided between those who attended college and those who did not. One out of five shareowners first acquired stock through an employee stock purchase plan.

The holders of shares in investment companies—the so-called investment trust companies—number 1,235,000, which is four times the total in 1956.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. McCARTHY. Does not the Senator understand that my amendment applies only to the tax credit, and not to the $50 deduction?

Mr. BUSH. It applies only to the tax credit.

Mr. McCARTHY. Only to the credit.

Mr. BUSH. I understand that.

Mr. President, I should like to make a few further observations with respect to stockholders.

An estimated 1,335,000 shareowners are members of labor unions; 1,275,000 out of 6,347,000 women shareowners are housewives who have jobs outside the home.

Mr. DOUGLAS. Mr. President, will the the Senator yield?

Mr. BUSH. I shall be glad to yield in a moment.

An estimated 136,000 members of the armed services own shares in public corporations. Fifty thousand U.S. citizens who live in foreign countries own shares.

Among adult shareholders, women outnumber the men in four of the five age groups. The exception is the group 65 years of age and older. In all other groups the women outnumber the men.

The cities of Berkeley, Calif., Hartford, Conn.—I am proud to say—Pasadena, Rochester, St. Petersburg, and Wilmington, Del., lead all other large cities in the proportion of shareowners to the total population. In each of those cities more than one out of five persons own shares of stock.

Mr. President, if the Senator from Illinois wants me to yield for a question, I will yield at this point.

Mr. DOUGLAS. Has not the Senator from Connecticut unwittingly perpetreated a very great fallacy? He has not told us the number of shares these people own. The facts are that the working people and housewives own but very few shares. The overwhelming proportion of the shares are owned by a relatively small proportion of persons in the upper income brackets. In fact, the Federal Reserve Bulletin for August of 1957, page 894, shows that 89 percent of all spending units—which is their term for families, own no stock whatsoever. The Senator from Connecticut, as an experienced banker, knows that fact perfectly well.

Mr. BUSH. The Senator from Illinois, as an experienced economist, also knows that everyone does not own the same number of shares. It is just as important for the man who owns 10 shares. He may be just as much interested in this question as the man who owns 200,000 or 2,000 shares.

Mr. DOUGLAS. In other words, the Senator from Connecticut considers this program to be on a 50–50 basis—one rabbit to one elephant.

Mr. BUSH. No, that is not the idea at all. I have just read into the RECORD factual information which shows that there is a very wide interest and a very wide participation in stock ownership. I am certain the Senator from Illinois knows and understands that very well.

I am also certain, although perhaps he will not admit it, that he knows perfectly well that it is a good thing for the United States to have all these people owning stock. I am sure he would like to see

the number of stockholders in this country increased. I ask him whether he would not.

Mr. DOUGLAS. Yes; of course. But I also think that the men who work and earn their living by the sweat of their brows have equal dignity and that they should not be taxed at a higher rate.

Mr. BUSH. I certainly agree that those people have equal dignity and that they should not be taxed at a higher rate; but I do not think they are being taxed at a higher rate. I believe this feature of the act which was passed in 1954, which was called incentive taxation, has had good results, and has demonstrated that it was a good idea because the amount of new capital which has gone into American industry has increased enormously, as has the number of stockholders.

I shall emphasize one thing more; then I will conclude. American industry needs capital. It needs more capital today. It is easy to get loans, but it is hard to get equity capital. The whole purpose of this phase of the legislation is to give some incentive to people who have savings to invest in American enterprise, so that American enterprise can continue to expand and to create jobs for the increasing population of the country.

Our economic system depends entirely—it depends absolutely and basically—upon the ability and the willingness of the people of the Nation to put their savings into the equities of American institutions. It has been their willingness in the past to do this which has enabled these institutions to grow and become strong and to create jobs for some 67 million persons in this country today.

I realize, of course, that we do not have the votes; nevertheless, I shall vote, as I did in 1954, against this proposal to remove this provision from the existing law.

I yield back the remainder of my time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, earlier this afternoon the Senator from Minnesota [Mr. McCARTHY] referred to the fact that I was one of those who supported the amendment in 1954. He was correct. I did. When we deleted this section from the bill the Senate rejected the amendment, and the bill went to the House.

The conferees put the proposal back in the conference report. When the conference report came back to the Senate, on July 29, I still voted against the conference report which included this amendment.

We must be very careful when we change the tax laws, because we are establishing precedents. However, I note that when the House adopted the conference report as found in the CONGRESSIONAL RECORD, volume 100, part 9, page 12436, my friend from Minnesota [Mr. McCARTHY] voted for this conference report containing this provision.

Mr. McCARTHY. Mr. President, I want to have a clarification. Is the Senator from Delaware looking at the Senate vote or the House vote?

Mr. WILLIAMS of Delaware. I am looking at the House vote on page 12436. Among those answering the rollcall vote on the conference report, the Senator from Minnesota [Mr. McCARTHY] is listed as voting in the affirmative.

Mr. McCARTHY. Mr. President, I am uncertain whether the Senator from Delaware is referring to the Senator from Wisconsin or the Representative from Minnesota. If the Senator from Delaware had looked at the vote on the motion to recommit the bill when the House first had the chance to consider it, the Representative from Minnesota was recorded as voting against this provision, and also a number of other provisions, in 1954.

Mr. WILLIAMS of Delaware. That is correct. You voted against it one time and for it the next.

Mr. LAUSCHE. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS of Delaware. I yield.

Mr. LAUSCHE. Did the Senator from Delaware oppose the proposal to grant this, if I may call it so, special privilege to holders of stocks with respect to the payment of dividends?

Mr. WILLIAMS of Delaware. Yes, I did. At that time I spoke in support of the amendment that deleted the section.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. At that time we were establishing a precedent. I am not changing my position on that. But I think we must not overlook the fact that when we amend the Revenue Code, we cannot change it back without proper notice being given to the parties concerned. But it has not been considered by the committee nor have any hearings been held.

We have before us again a bill on which we have agreed not to take amendments because this bill must be signed by next Tuesday.

I point out to the Senator from Minnesota that he himself, voted for the conference report, which included this provision at that time—if there had been enough of us at that time, we could have rejected the conference report in the Senate or House.

Mr. McCARTHY. I find that on page 12434, on the motion to recommit, the then Representative from Minnesota voted to recommit. Anyone who understands the procedures of the House knows that the vote on a motion to recommit is the significant vote. If that motion fails, then one might as well give approval to what has been done. I want the RECORD to show both votes.

Mr. WILLIAMS of Delaware. Both sides of your vote are shown.

Mr. LAUSCHE. Will the Senator from Delaware restate his position as it is today on this amendment?

Mr. WILLIAMS of Delaware. As of today, I am not going to support the McCarthy amendment to this bill now before us.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. If I have time, I will yield.

Mr. McCARTHY. The Senator from Delaware has a great reputation for fiscal responsibility. The Senator knows that in the bill before us right now, by, as I understand, a unanimous-consent acceptance earlier today, the Smathers amendment was included. This involves a loss of revenue of $240 million.

Yesterday, on the health fund amendment, in the Health, Education, and Welfare appropriation bill, the Senate, by a vote of 84 to 14, increased the appropriation by approximately $350 million. I do not know how the Senator from Delaware voted. But any Senator who believes in fiscal responsibility should have been here. If he is not going to support my amendment and some of the other amendments to restore revenue, he should certainly have voted against that appropriation, or else he should have been here to vote against the Smathers amendment when it was adopted.

The PRESIDING OFFICER. The time of the Senator from Delaware has again expired.

Mr. DIRKSEN. I yield 2 additional minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I agree fully with the Senator from Minnesota in this case. I may say that I was here, and I did vote against the appropriation to which he referred.

Mr. McCARTHY. I think the Senator from Delaware did.

Mr. WILLIAMS of Delaware. Furthermore I was in the committee and voted against the Smathers motion to repeal the transportation tax in the face of a deficit.

The reason I am opposed to these amendments is that we are dealing with a bill which provides for $3 billion in revenue. If it is not enacted—signed by the President—by midnight of next Tuesday, as was said earlier, the result will be a loss of $3 billion of revenue to the U.S. Government, a substantial part of which cannot be recovered. Therefore, I do not think this is a bill which we can loosely begin to amend. I have amendments, as I said earlier today, which I would like to offer, but I am not offering them to this bill. One of them deals with the depletion allowance. If the committee once begins to accept these amendments, where will we stop? That is the reason why I am not going to support the amendment of the Senator from Minnesota or any other amendment at this time. If we should start taking these amendments, revising the code, we may ultimately end up with the loss of $3 billion in revenue.

I do not question for one moment the sincerity of the Senator from Minnesota in offering his amendment. But, as the Senator knows, he being a member of the Committee on Finance we are trying to keep the bill confined strictly to the excise taxes which will expire as of midnight, June 30, next Tuesday, and to the extension of the corporate tax rates. I believe that is the best procedure to follow. I say that without in any way questioning the sincerity of the Senator from Minnesota in offering his amend-

ment. I only regret that he offers it at this time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the Senator from Kentucky.

Mr. COOPER. Mr. President, the President of the United States vetoed today S. 1901, a bill which had been introduced in the Senate by the distinguished junior Senator from North Carolina [Mr. JORDAN] and myself. The bill passed the Senate by a voice vote. Later, it passed the House of Representatives by an overwhelming record vote.

I raise no question about the sincerity of the Presidents' action. I know that when he deals with agricultural bills, he is advised by the Secretary of Agriculture, Mr. Benson. I must say that in this case I believe the President was poorly advised; and that reasons given in his veto message are not sound. I regret that he has seen fit to veto Senate bill 1901, for I am sure that it is a sound bill, and that its enactment would have benefited tobacco farmers and the entire tobacco industry.

The Secretary of Agriculture, Mr. Benson, voiced his opposition to Senate bill 1901 at the last moment, when it was being debated in the Senate. The bill was opposed from the time of its introduction by leaders of the National Farm Bureau for reasons their representatives could never make clear.

Against this opposition, the record shows that the bill was supported by tobacco growers, tobacco cooperatives, farm organizations—including farm bureaus—in all the tobacco-growing States.

I know that tobacco growers and the tobacco industry who supported the bill know infinitely more about their problems and their programs than does the National Farm Bureau; and infinitely more about them than the Secretary of Agriculture, Mr. Benson.

I have no doubt that if the cotton farmers, the corn farmers, the wheat farmers, and others for whom the National Farm Bureau assumed to speak could have spoken for themselves on this matter, they would have had no objection to the enactment of this bill. For farmers everywhere have sympathetic regard for the problems of other farmers, and desire very much that other farmers do well.

Mr. President, this issue may not seem to some to be of great importance. But it is of great importance to the tobacco farmers of the country—to the 1 million farm families who depend upon tobacco for their livelihood.

I do not intend to detail again all the reasons which led the tobacco growers and all the tobacco organizations in the country to join in support of Senate bill 1901. But it is well to point out that it was for the purpose of stabilizing prices for a period which tobacco experts estimated would be 5 years, and possibly might extend to 10 years.

With such a period of stabilzed price, it would have undoubtedly stimulated exports, contrary to the opinion expressed in the veto message. Also it was designed to protect the small acreage allotments of farmers—and there are no large corporate tobacco farmers. The bill also affirmed—and I make no apology for it; I proclaim it—the desire of tobacco farmers to maintain fixed supports for tobacco at 90 percent of parity. Mr. Benson is evidently against fixed 90 percent supports for tobacco. But I can say that we will fight to maintain our tobacco program, and we will hold it despite opposition. There has never been a serious effort by the Congress to change the fixed 90 percent supports for tobacco enacted in 1948, by an amendment which I introduced and was joined by the late Senator Barkley. But the Secretary of Agriculture has evidently determined, for unclear reasons, that the present tobacco program—which suits and benefits the tobacco growers of the Nation, which at times has been approved in referendums conducted by the Department of Agriculture by the votes of 99 percent of tobacco growers, which has not cost the Government 1 cent in price support operations of the program during its life—should be changed.

Inferentially, the President's veto message, declares that it should be changed. I oppose any such change, and I am sure the Congress will not change the basic program of 90 percent support with acreage controls.

If other farm programs are in difficulty, there is no rationality—no sense—in changing the tobacco program, because it is a successful program.

Mr. President, I regret very much that the President saw fit to veto this bill. I do not know what will happen now.

A few minutes ago my colleague and friend, the junior Senator from Kentucky [Mr. MORTON], introduced a bill which is, as he says, an interim or stopgap proposal.

The PRESIDING OFFICER. The time yielded to the Senator from Kentucky has expired.

Mr. COOPER. Mr. President, will the Senator from Illinois yield 2 additional minutes to me?

Mr. DIRKSEN. Mr. President, I yield 2 additional minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 2 additional minutes.

Mr. COOPER. Mr. President, of course, I am aware of my colleague's interest in this problem. But, I must say that the bill he has introduced is, with one change, the bill and the same proposal that the American Farm Bureau Federation and Secretary Benson have wanted for tobacco from the outset. It is not the tobacco growers' bill, and does not meet their problems, but it may be the best we can get under the circumstances after the President's veto.

I intend to consult with my cosponsor, the Senator from North Carolina [Mr. JORDAN], with representatives of the tobacco States in the Congress, particularly the Kentucky delegation—all of whom so loyally supported S. 1901—and with tobacco growers and the farm organizations which represent them, before I make a decision as to the course of action we shall now take.

The arguments the President advances in his veto message are the same as the arguments the Secretary of Agriculture has used again and again regarding the tobacco program. They are the arguments the American Farm Bureau Federation used in opposition to S. 1901. The arguments in the message itself with respect to the level of support prices are inconsistent; but it is done.

While respecting the President's unquestioned sincerity, I regret the veto, for I sincerely believe the decision was wrong.

Mr. TALMADGE. Mr. President, will the Senator from Kentucky yield to me?

Mr. COOPER. I yield.

Mr. TALMADGE. I desire to compliment the distinguished Senator from Kentucky on the statement he has made. I concur in what he has said.

The tobacco farmers are the only commodity group in the Nation that came voluntarily to the Congress and requested that their price supports be reduced.

The bill was reported from the Senate Committee on Agriculture and Forestry, according to my recollection, unanimously; and the bill passed the Senate unanimously; and it passed the House of Representatives, as I recall, with about 100 votes to spare.

If the bill had been approved by the President of the United States, it would have reduced the price supports on tobacco $14 million, the first year.

Is it not true, I ask the Senator from Kentucky, that because the President has seen fit to veto the bill, the potential cost to the taxpayers, next year, will be $14 million greater?

Mr. COOPER. The veto message states that had Senate bill 1901, been enacted into law, we would have saved $14 million.

Mr. TALMADGE. In other words, the veto will cost the taxpayers money, while at the same time it will render a disservice to the tobacco farmers; is that correct?

Mr. COOPER. That is my opinion.

The PRESIDING OFFICER. The additional time yielded to the Senator from Kentucky has elapsed.

Mr. TALMADGE. I thank the Senator from Kentucky for yielding to me.

Mr. SYMINGTON. Mr. President, a dividend tax credit shifts the burden of $335 million in taxes from the receivers of dividends to other taxpayers of the Nation.

Despite the economic recovery, many middle-income families find it increasingly difficult to meet their financial obligations on their wage and salary income.

Many face heavy installment debt, especially under the higher interest rates which this administration has made it a policy to encourage.

Under these circumstances, we should not perpetuate a law which forces a family whose income is from wages and salaries to pay higher taxes than those paid by a family which receives an equivalent income from dividends. But this is the effect of the present dividend credit provision.

Under existing law, a married man with two dependents who has $10,000 of income from wages and salary pays a tax of approximately $1,372; whereas

a married man with two dependents who has $10,000 of income from dividends pays a tax of approximately $1,091—a difference of approximately $280.

Mr. President, in the interest of equality of taxation for families of moderate means, I urge the repeal of this provision.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCARTHY. Mr. President, may I ask how much time I have remaining?

The PRESIDING OFFICER. The Senator from Minnesota has 8 minutes remaining.

Mr. McCARTHY. And how much time is remaining to the opposition?

The PRESIDING OFFICER. Seven minutes remain to the opposition.

Mr. McCARTHY. May I ask the distinguished chairman of the committee whether he has any further requests for time?

Mr. BYRD of Virginia. The majority leader is in control of the time.

Mr. JOHNSON of Texas. I have no requests.

Mr. McCARTHY. May we have the yeas and nays of my amendment?

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the amendment of the Senator from Minnesota.

The yeas and nays were ordered.

Mr. McCARTHY. Mr. President, I think that in the course of this nearly 1 hour and a half of debate the issue or the stake has been made clear. I would point out, in case anyone has been confused by the remarks of the Senator from Delaware [Mr. WILLIAMS], that the 2 votes to which he referred in my case were not restricted to this particular amendment, but involved a very comprehensive tax bill. But in the case of the Senator from Delaware, in 1954 he had a clear vote on this specific issue, and he has the same clear vote here today.

I should like to make two or three points regarding my amendment. The first is on the ground of fiscal responsibility. The bill, with the committee amendments, before the Senate now does not raise $3 billion. With the amendment relating to the excise tax on passenger transportation, it will fall short by approximately between $200 million and $250 million. In addition, I should like to remind Senators that the action taken on the Health, Education, and Welfare appropriation bill resulted in an increase of appropriations above the budget by approximately $350 million.

My amendment, which, it should be clearly understood, is not a new proposal, but is one which has been considered by the Congress, and thoroughly considered and thoroughly discussed here today, would restore to the Treasury approximately $335 million.

Those Senators who wish to make a stand, therefore, on the basis of fiscal responsibility would make a better record by supporting this amendment.

I point out again to the Senate that when this amendment was considered in 1954, the vote in the Senate was 71 in favor and only 13 against. At that time the principal argument which was made in support of granting this special privilege was that we needed to encourage investment in the stock market. As I said earlier, I questioned the argument at that time. Certainly, everybody will agree that there is no need for any special stimulation or encouragement to induce or entice or force people into making stock market investments.

At the same time that argument was made, it was stated that there were not enough savings going into the bond market. I think everyone knows what the problem is in the bond market today.

But more important than any of those arguments is the basic consideration of justice, the question of whether or not we wish, under the personal income tax laws of this country, to give preferential treatment to income which is derived from dividends over and above income which is derived from wages and salaries or from interest or from rent.

This, to me, is a fundamental question. It takes us back to what is basic to any consideration of a tax structure or of a tax program or of a tax policy—the basic question of equity and of justice.

I think every Member of the Senate is concerned about the erosion of the tax base and is concerned about the possible loss of confidence on the part of the people in the income tax laws of the United States. My amendment, it seems to me, if adopted, if understood by the people of the country, will serve to restore their confidence. It will do so by removing what is a gross inequity, by removing a preferential treatment which is contrary to the traditions of the United States, as was so well pointed out in the debate on this amendment in 1954.

It is my opinion that the cause of equity and justice will best be served by the adoption of my amnedment and that, in addition, the cause of fiscal responsibility on the part of the Congress will be clearly demonstrated. Furthermore, it is my opinion that the adoption of the amendment will help to restore a better balance between investment in corporate securities in the form of stock and investment in bonds of all kinds, including Government bonds.

Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Minnesota. All time has been yielded back, the yeas and nays on the amendment have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation for parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. McNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Alaska would vote "yea" and the Senator from Indiana would vote "nay."

The Senator from Idaho [Mr. CHURCH] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Idaho would vote "yea" and the Senator from Florida would vote "nay."

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART] and the Senator from Kansas [Mr. CARLSON] are absent on official business as Members of the U.S. delegation to conference in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Indiana would vote "nay" and the Senator from Alaska would vote "yea."

The result was announced—yeas 47, nays 31, as follows:

YEAS—47

Allott	Hartke	Magnuson
Anderson	Hayden	Mansfield
Bartlett	Hennings	Monroney
Bible	Hill	Moss
Byrd, W. Va.	Jackson	Neuberger
Cannon	Johnson, Tex.	Pastore
Carroll	Johnston, S.C.	Proxmire
Clark	Jordan	Randolph
Dodd	Keating	Russell
Douglas	Kefauver	Sparkman
Engle	Kennedy	Symington
Ervin	Kerr	Talmadge
Frear	Langer	Williams, N.J.
Fulbright	Lausche	Yarborough
Gore	Long	Young, Ohio
Hart	McCarthy	

NAYS—31

Beall	Eastland	Robertson
Bennett	Ellender	Saltonstall
Bridges	Goldwater	Schoeppel
Bush	Hickenlooper	Scott
Butler	Hruska	Smith
Byrd, Va.	Javits	Stennis
Case, N.J.	Kuchel	Thurmond
Cooper	McClellan	Williams, Del.
Cotton	Martin	Young, N. Dak.
Curtis	Morton	
Dirksen	Mundt	

NOT VOTING—20

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Smathers
Church	McNamara	Wiley
Dworshak	Morse	

So Mr. McCARTHY's amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCARTHY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the motion of the Senator from Texas to reconsider.

The motion to lay on the table was agreed to.

Mr. CLARK. Mr. President, on behalf of myself, the Senator from Illinois [Mr. DOUGLAS], the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Minnesota [Mr. McCARTHY], the Senator from Maine [Mr. MUSKIE], the Senator from Utah [Mr. Moss], and the Senator from Wyoming [Mr. McGEE], I call up my amendment No. 1, ask that it be stated, and ask that the yeas and nays be ordered on the amendment.

Mr. JOHNSON of Texas. Mr. President, I hope we can have the yeas and nays.

The yeas and nays were ordered.

Mr. CLARK. Mr. President, before the clerk reads the amendment, may I say to my friends——

Mr. JOHNSON of Texas. Mr. President, may we have order in the Chamber, please.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CLARK. Mr. President, before the clerk reads the amendment, may I say to my friends on both sides of the aisle I hope very much we can dispose of this amendment in 20 minutes or less. I will make my presentation very brief, and I hope Members of the Senate will stay in the Chamber so that we can have a vote before 6 o'clock.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed to insert at the proper place the following section:

SEC. . That (a) section 162 of the Internal Revenue Code of 1954 (relating to trade or business expenses) is amended by redesignating subsection (d) as (e) and by inserting after subsection (c) the following new subsection:

"(d) DEDUCTIONS DENIED IN CASE OF CERTAIN EXPENSES.—No deduction shall be allowed under subsection (a) for any expenses paid or incurred for—

"(1) entertainment (unless entertainment is the trade or business of the taxpayer and the expenses are paid or incurred to further such trade or business), *Provided*, That any such entertainment expenses, which would have been deductible prior to the enactment of this Act, may be deducted in an amount not to exceed a total of $1,000 in any taxable year;

"(2) gifts;

"(3) dues or initiation fees in social organizations; or

"(4) travel to places outside the United States, Canada or Mexico to attend conventions or for advertising purposes (unless conventions or advertising is the trade or business of the taxpayer and the expenses are paid or incurred to further such trade or business)."

(b) The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

Mr. CLARK. Mr. President, I yield myself 5 minutes.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. JOHNSON of Texas. Would the Senator be willing to vote at 6 o'clock on his amendment, the time to be equally divided, so that Members will be encouraged to remain in the Chamber?

Mr. CLARK. I would.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the vote on this amendment be taken at 6 o'clock p.m., the time to be equally divided.

Mr. BENNETT. Mr. President, reserving the right to object, I assume that the time between now and 6 o'clock will be equally divided?

Mr. JOHNSON of Texas. Yes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CLARK. Mr. President, I yield myself 5 minutes.

This amendment would deny deduction of entertainment expenses paid or incurred in excess of $1,000 per taxpayer per annum. The purpose of the $1,000 exemption is to take care of the small business man who has a legitimate need for a modest deduction for entertainment allowance as a business expense.

The amendment would also deny deductions for tax purposes of the expenses of business gifts, dues or initiation fees in social organizations, and travel to conventions, or for advertising purposes to places outside the United States, Mexico, and Canada. If approved, it would increase revenues by many hundreds of millions of dollars. It would help to bring in the money necessary to pay for the defense of our country, and for health, welfare, and education. It would assist us to balance the budget, and help us to have a surplus to apply on the national debt.

In effect, this amendment would declare the "swindle sheet" illegal for purposes of income tax deduction. Hereafter the big expense account spenders would have to pay their own way, without making Uncle Sam an involuntary partner.

The amendment would prohibit deductions for expenses in excess of $1,000 incurred for entertainment at night clubs, theaters, athletic events, and horse races or on yachts. It would deny a deduction for the expenses of safaris to Africa.

Earlier today I cited, as I did on Wednesday before the Finance Committee, several scandalous cases involving the kind of deduction which is at present permitted under the ordinary and necessary business expense rule of the Internal Revenue Code. Let me take one moment to cite an example or two.

A couple went to Africa by way of London, Paris, and Rome. They spent $17,000 on a safari, killing big game animals and making motion pictures. The couple were experienced big game hunters. The husband was the president of a dairy company in the United States. The dairy was allowed to deduct as a business expense the entire $17,000 which went into that safari, on the ground that the advertising value of the films and the big game heads which were put up in the office of the dairy made this a business expense.

Case No. 2 involved a well-known, very attractive actress, who was allowed deductions as ordinary and necessary business expenses of the costs of certain gifts she gave to movie associates, including $800 worth of jewelry to her dialogue director; a $775 painting to her agent, and a $900 silver tea set to her dress designer. She testified that these were not personal gifts, but purely business expenses and that the value of the gifts was commensurate with services rendered. The court believed her and the deductions were allowed.

If my amendment is adopted, such deductions will be prohibited.

An Internal Revenue Service spokesman has estimated that between $1 billion and $2 billion a year of revenue which would otherwise come into the U.S. Treasury is lost because of deductions claimed for expense account spending. Unquestionably a large part of those deductions should be disallowed in my opinion.

It has been suggested that my amendment would put every big American company out of business. It would do no such thing. It would merely take Uncle Sam out of the business of underwriting up to 52 cents of every dollar of cost involved in expenditures of this kind, which in my judgment are not only unethical and immoral, but are costing the Treasury money which it badly needs to balance the budget at this time.

Mr. President, I reserve the remainder of my time.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. CLARK. I yield my friend from Ohio 2 minutes.

Mr. LAUSCHE. Would the tax deduction allowance be the same under the Senator's amendment for every corporation, regardless of the volume of its business and income?

Mr. CLARK. The Senator is correct. I would have eliminated the $1,000 exemption in the prohibition of entertainment expenses if I did not feel that small business was entitled to some break.

Mr. LAUSCHE. The amendment provides that if the corporation does $25,000 in business, it shall have the same rate of deductions as a corporation which does $500 million worth of business?

Mr. CLARK. The Senator is correct. The theory of the amendment is that Uncle Sam should not have to pay for entertainment expenses.

Mr. LAUSCHE. That is the theory under which the Senator has made the allowance identical for all companies.

Mr. CLARK. The Senator is correct. It is my view that entertainment should not be a permissible business expense deduction.

Mr. LAUSCHE. If the Senator did not have that interpretation of entertainment expense, would he subscribe to the idea that there should be some proportional scale which would be applicable to small corporations, and would take into consideration the various stages of their growth into larger corporations?

Mr. CLARK. I have completely eliminated deductions for the expenses of gifts, dues, or initiation fees in social organizations, and travel to places outside the United States, Canada, or Mexico, to attend conventions, or for advertising purposes. I would have completely eliminated entertainment expense, except that I thought that would be unfair to small business, and that is the reason for the $1,000 blanket exemption.

Mr. BENNETT. Mr. President, will the Senator from Virginia yield me 4 minutes?

Mr. BYRD of Virginia. Mr. President, I yield 4 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, when this amendment was discussed in committee, there were no hearings on it. The committee had no opportunity to consider the definition of these words. What is "entertainment"? Can a businessman take another businessman to lunch? Certainly a large corporation could not buy many lunches for $1,000.

The amendment would prohibit gifts. Does that mean that a business concern in the habit of putting out a ballpoint pen with its name on it must discontinue that practice, and no longer give such a gift as advertising? It is a gift, and is useful. My point is that the amendment is hastily drawn, and there has been no opportunity to study the language. The language has been changed two or three times. In the committee we pointed out that it was very hastily and loosely drawn.

It was also pointed out that the Internal Revenue Service is now studying this problem. There will be other opportunities to hold hearings on the subject, and to write carefully drawn definitions of such words as "entertainment" and "gifts."

While I agree that there have been abuses, and I should like to see them corrected, I believe that a proposal to limit expenses for lunches to $1,000 a year, in the case of a giant corporation, is entirely unrealistic.

I know that it may be suggested that the amendment be taken to conference. I shall not oppose such a request, but I believe the Senate should realize that we are acting hastily, in such a way as to create a situation which would be impossible to understand. I do not believe it would be possible to administer such a provision without a great amount of work on definitions.

Mr. BYRD of Virginia. Mr. President, I have consulted a number of members of the Senate Committee on Finance. This is a very complicated amendment, and requires a great deal of further consideration. However, I shall be willing to take it to conference and see what can be done with it.

Mr. CLARK. Mr. President, my friend is kind, indeed. I reaffirm my affection and respect for my friend from Virginia. I say this with the best possible motives. Does the Senator from Virginia feel that this is an amendment which he could support in conference?

Mr. BYRD of Virginia. I certainly support the principle of the amendment. It would require a great deal of thought and attention to determine whether or not it is properly worded. One item which is excluded is gifts. Gifts are not deductible unless they are a business expense. All gifts would be prohibited.

Mr. CLARK. I am grateful for my friend's concession, and I certainly expect to accept it.

Let me say to my friend from Utah, with respect to the ballpoint pens, that if the name of the concern were on the ballpoint pen, it would be advertising, and advertising expense could still be deducted as ordinary and necessary business expenses. If the name of the firm were not on the pen, the concern would have to pay for giving it away, and Uncle Sam would not be put into the business of making a contribution of 52 cents out of every dollar for unsolicited gifts of ballpoint pens.

Mr. President, we worked for 2 months on this amendment. We had expert advice, including informal advice from present and past Treasury officials. The amendment was not drawn in haste. The last version was slightly different from the version before the Senate committee, but not very much different. I would not want my friends to think that this is a hastily drawn amendment, or one drafted at the last minute. It is not.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. CLARK. I shall be glad to yield. However, I hope the time will be charged against the time of the opposition.

The PRESIDING OFFICER. Which side is yielding time?

Mr. BYRD. I yield 2 minutes to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I should like to ask the Senator from Pennsylvania if it is his intention, under the term "gifts," to include gifts which the taxpayer might give to an employee?

Mr. CLARK. Yes.

Mr. CURTIS. That expense would not be deductible?

Mr. CLARK. The Senator is correct, unless the gifts were in the nature of payment for services rendered.

Mr. CURTIS. Mr. President, I yield back the remainder of my time.

Mr. SMATHERS. Mr. President, will the Senator from Virginia yield 2 minutes to me?

Mr. BYRD of Virginia. Mr. President, I yield 2 minutes to the Senator from Florida.

Mr. SMATHERS. I supported the amendment in committee. I did so only from the standpoint of principle. However, I cannot help but feel that, as the able chairman of the Committee on Finance has said, the amendment is so loosely drawn as to be vague and indefinite.

For example, there is the word "conventions." The expense of travel to places outside the United States, Canada or Mexico to attend a convention is not deductible. Suppose a famous neurosurgeon went to London to exchange information for the betterment of humanity. We may wish to increase trade with Argentina or Brazil. If we send a trade mission to either place the expenses involved should be deductible. Worthy undertakings ought to be encouraged.

The word "yacht" is used here. It is not clearly expressed what kind of yacht it is, whether it is 12 feet long or what the tonnage is.

Mr. CLARK. The word "yacht" is not in the amendment which is before the Senate. The Senator from Florida must have an earlier amendment in his possession.

Mr. SMATHERS. I do not want to say that I disagree at all with the principle the Senator from Pennsylvania espouses. Abuses in this area ought to be stopped. As the Senator from Utah [Mr. BENNETT] pointed out a moment ago, the Commissioner of Internal Revenue, on June 12, 1955, issued a warning. I will not take the time of the Senate to read it, but he said that all hunting trips tending to be sporting trips, entertainment which was company supported, and the use of automobiles for entertainment purposes, would be examined by the Internal Revenue Service. It appears that what is sought to be accomplished is to legislate in an area where abuses can and ought to be corrected administratively.

Mr. CURTIS. Mr. President, if the term "gifts" includes charitable gifts, and business organizations of the country can no longer make contributions to colleges and other fine institutions, and get a deduction for them, I think that provision should be corrected.

Mr. CLARK. Charitable gifts are permitted under another section of the code which would not be affected by the amendment.

Mr. BENNETT. I point out to the Senator from Florida that there can be no conventions in the Caribbean, leaving Florida. They are not listed. In other words, this is so drawn that it will

not interfere with many of the customs of business.

Mr. SMATHERS. The Senator from Utah must have misunderstood my position. I was trying to be on the same side as he was when we started. I think the amendment is loosely drawn. I believe the intent is good. Abuses have occurred. But we should not prohibit a proper business deduction.

Mr. CARROLL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Colorado will state it.

Mr. CARROLL. What is the situation with respect to time?

The PRESIDING OFFICER. The Senator from Pennsylvania has 6 minutes remaining; the Senator from Virginia has 3½ minutes remaining.

Mr. CARROLL. Mr. President, will the Senator from Pennsylvania yield 2 minutes to me, so that I may propound an inquiry to the Senator from Virginia?

Mr. CLARK. Certainly.

Mr. CARROLL. I commend the Senator from Virginia for agreeing to take the amendment to conference. We have a practical problem here. We know that in conference, the other body is very jealous and zealous with respect to its prerogatives. But the point is that we are proposing a principle. I agree with the Senator from Virginia and the Senator from Florida that the Senate has a chance to go on record in support of this principle. But the Senator from Pennsylvania [Mr. CLARK] has said that this is a matter of moral and ethical consideration. It is sweeping the whole country. The people know about the loopholes. The people of the country are sick and tired of what is going on with respect to the evasion of tax laws. That is why the Internal Revenue Service has issued the statement which it has.

Here is a chance for the Senate to go on record. Let the distinguished Senator from Virginia take the amendment to conference. I will be frank; I do not think much will come out of it. But here is a chance for the Senate to go on record and to let the Internal Revenue Service and the Committee on Ways and Means, which proposes to review the tax laws, know our opinion. This amendment can serve as a symbol, coming from the Senate.

I commend the Senator from Pennsylvania for his amendment, and the Senator from Virginia for agreeing to take it to conference.

Mr. DODD. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. DODD. What concerns me is the comparable practice which is followed in other countries. Has any effort been made to compare our tax situation with the tax situation prevailing in Great Britain, Germany, or France? Are businesses in those countries allowed to entertain freely? Would our business enterprise be at a disadvantage if this amendment were adopted?

Mr. CLARK. We made no particular effort to check the tax laws of other countries. It seems to me that the issue here is whether we are going to leave Uncle Sam in a 52-percent partnership with the big expense account spenders.

Mr. DODD. I understand that. But I think we should compare our tax situation with that of our competitors throughout the world. We are trying to promote trade all over the world. If our foreign business competitors are allowed to entertain prospective customers, make trips abroad, and do other things which American businessmen are not permitted to do and still receive tax credit, American business will be at a disadvantage in the competition for foreign markets. I do not know that this is so, but I think it would be prudent for us to determine the facts before passing on this question.

Mr. CLARK. Mr. President, if the opponents are prepared to yield back the remainder of their time, I am prepared to yield back the remainder of my time. The yeas and nays have been ordered, so I call for a vote.

Mr. BYRD of Virginia. Mr. President, it is customary——

Mr. BENNETT. Mr. President, if the chairman of the committee is willing to take the amendment to conference, it is customary, at least in the Senate, to trust the conferees.

Mr. CLARK. I trust the conferees implicitly. I should simply like to show the other body to what extent the Senate is in favor of my amendment; therefore, I must insist on the yeas and nays.

Mr. BYRD of Virginia. I thought I was being helpful.

Mr. SMATHERS. I recommend, then, that the Senator from Virginia withdraw his willingness to accept the amendment and that the yea-and-nay vote be in order. I, for one, would support the principle, but I would not support the amendment as it is now drawn.

Mr. BYRD of Virginia. I have been both the chairman of the committee and a member of the committee for 26 years. I do not ever recall a similar situation, when the chairman was willing to take an amendment to conference; and then the sponsor of the amendment demanded a yea-and-nay vote.

Mr. CLARK. The debate has indicated clearly that a number of Senators do not agree with the chairman. I should like to see what the vote will be.

Mr. BYRD of Virginia. Then I withdraw my offer to accept the amendment and take it to conference.

Mr. DIRKSEN. Mr. President, I do not know how other Senators feel, but certainly I shall not vote for the amendment. The Internal Revenue Service has the authority to determine what is a proper business deduction. When we go much further than that, it is hard to spell out the definition. We get into all sorts of trouble.

The present Commissioner of Internal Revenue, Mr. Dana Latham, of California, has already moved deeply into this field. I think he has performed splendid service. Now, it is proposed to make the interpretive problems of the Internal Revenue Service more difficult. By spelling out what is a convention and what is not a convention, what is entertainment and what is not entertainment, we shall be limiting the Commissioner and tying his hands when, as a matter of fact, that has always been a question of administrative determination.

We shall be writing rigidities into the law here and now which will spell difficulty for business everywhere, at a time when competition is very keen.

I earnestly hope the amendment will be rejected, as it should be. It has no place in the bill now, when we are up against a deadline with respect to taxes.

Mr. CLARK. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Pennsylvania has 2½ minutes remaining.

Mr. BRIDGES. Mr. President, will the Senator from Illinois yield me half a minute?

Mr. DIRKSEN. I yield.

Mr. BRIDGES. I commend the distinguished minority leader [Mr. DIRKSEN] for his very fair, clear, and courageous statement. He is right. The amendment should be voted down.

Mr. DIRKSEN. If business has to make a showing of fact as to whether a deduction is a proper business deduction, and if a company gets into difficulties, it can go to the Tax Court. So long as the Internal Revenue Service is bearing down on business now, why should we interfere with the operations of the Service and try to tie their hands?

Mr. GOLDWATER. Mr. President, may I ask the distinguished chairman of the committee if representatives of business were given a chance to appear before the committee and testify on this amendment, and did the committee have an opportunity really to determine what business thinks are really legitimate, deductible expenses?

Mr. BYRD of Virginia. When the amendment came before the committee, it was defeated by a vote of 10 to 4. I think that since then the Senator from Pennsylvania has changed the amendment.

Mr. CLARK. That is correct.

Mr. BYRD of Virginia. So this is a new amendment; it has not been considered by the Committee on Finance.

Mr. GOLDWATER. Were hearings held on the amendment?

Mr. BYRD of Virginia. No, in hearings; the only presentation was made by the Senator from Pennsylvania.

Mr. GOLDWATER. Then, American business representatives have not had an opportunity to explain how they operate in this field?

Mr. BYRD of Virginia. The amendment of the Senator from Pennsylvania, as offered in committee, was rejected by a vote of 10 to 4. But, this is a new amendment. If it should be adopted in its present form, it will have to be worked out in conference.

Mr. COOPER subsequently said: Mr. President, I ask unanimous consent to have inserted in the body of the RECORD at a place preceding the vote on the amendment offered by the senior Senator from Pennsylvania [Mr. CLARK] relating to exemptions for entertainment, travel, gifts, and so forth—a statement explaining my vote supporting the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COOPER

The amendment offered by the senior Senator from Pennsylvania [Mr. CLARK] is right in principle—that is to restrict tax exemptions that can be claimed for entertainment and the like. While I am sure that the overwhelming majority of our business people are circumspect in claiming such exemptions there is undoubtedly some padding of claims for exemptions under the heading of entertainment, travel, and gifts, and it should be more closely guarded.

I must say frankly that the amendment offered by the Senator from Pennsylvania is loosely drawn and deserves more careful drafting.

Nevertheless, I vote for it, because if the Senate adopts the amendment it can go to conference between Senate and House conferees where the amendment can be studied, drafted properly, and adjusted so that it will protect the legitimate expenditures of taxpayers. But if we fail to adopt it—there will be no opportunity to enact into law the principle which the amendment expresses. Therefore I will vote for the amendment.

Mr. CLARK. Mr. President, I yield back the remainder of my time and call for a vote.

Mr. JOHNSON of Texas. Mr. President, is any time left?

The PRESIDING OFFICER. Time remains on the bill.

Mr. JOHNSON of Texas. I yield myself 1 minute on the bill.

I had hoped that the generous offer of the Senator from Virginia [Mr. BYRD] to take the amendment to conference would be accepted, in an attempt to have it properly drafted. Since that is not acceptable, I shall not vote for what I know and what I believe to be a poor amendment. I think we could make progress if the amendment were taken to conference. But I shall not vote for the amendment in its present form. I think it is poorly drafted. I do not think it is a good amendment. I hope it will be rejected.

The PRESIDING OFFICER. All time has been yielded back. The question is on the amendment of the Senator from Pennsylvania [Mr. CLARK]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. MCGEE] and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation for parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On the vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Alaska would vote "yea," and the Senator from Indiana would vote "nay."

The Senator from Idaho [Mr. CHURCH] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from Florida would vote "nay."

The Senator from Oregon [Mr. MORSE] is paired with the Senator from New York [Mr. JAVITS]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from New York would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business, as members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the ceremonies at the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from New York [Mr. JAVITS] and the Senator from Wisconsin [Mr. WILEY] are detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Alaska would vote "yea."

On this vote, the Senator from New York [Mr. JAVITS] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from New York would vote "nay," and the Senator from Oregon would vote "yea."

The result was announced—yeas 34, nays 44, as follows:

YEAS—34

Bartlett	Hart	Moss
Bible	Hennings	Neuberger
Byrd, W. Va.	Hill	Pastore
Cannon	Jackson	Proxmire
Carroll	Keating	Randolph
Case, N.J.	Kefauver	Sparkman
Clark	Kennedy	Symington
Cooper	Langer	Williams, N.J.
Douglas	McCarthy	Yarborough
Engle	Magnuson	Young, Ohio
Fulbright	Mansfield	
Gore	Monroney	

NAYS—44

Allott	Curtis	Hayden
Anderson	Dirksen	Hickenlooper
Beall	Dodd	Hruska
Bennett	Eastland	Johnson, Tex.
Bridges	Ellender	Johnston, S.C.
Bush	Ervin	Jordan
Butler	Frear	Kerr
Byrd, Va.	Goldwater	Kuchel
Cotton	Hartke	Lausche
Long	Russell	Stennis
McClellan	Saltonstall	Talmadge
Martin	Schoeppel	Thurmond
Morton	Scott	Williams, Del.
Mundt	Smathers	Young, N. Dak.
Robertson	Smith	

NOT VOTING—20

Aiken	Green	Morse
Capehart	Gruening	Murray
Carlson	Holland	Muskie
Case, S. Dak.	Humphrey	O'Mahoney
Chavez	Javits	Prouty
Church	McGee	Wiley
Dworshak	McNamara	

So Mr. CLARK's amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. DIRKSEN. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. LAUSCHE. Mr. President, I move that the vote by which the committee amendment dealing with removal of the excise tax on the transportation of persons was agreed to by the Senate this morning, be reconsidered.

The committee amendments were agreed to without objection. One of the committee amendments dealt with the removal of the excise tax on the transportation of persons on all forms of transportation. That action was taken at approximately 11 a.m. It is my understanding that at that time there were very, very few Senators on the floor; and the amendments were agreed to without any objection.

Mr. JOHNSON of Texas. Mr. President, let me say to the Senator from Ohio that the action was taken by a voice vote, and it was taken after a quorum call. The Chair put the question, as follows: "As many as are in favor will say 'aye'; those who are opposed will say 'no.'"

It is very difficult to bring other Senators to the floor. We had quorum calls after quorum call, in trying to get them to come to the floor. Each committee amendment was taken up; and the Chair did the unusual thing, I think, of calling for a vote on each particular amendment, instead of saying "without objection."

Mr. LAUSCHE. Let me say that there is no justification for the majority leader to construe what I said as an implication that anything which was done was wrong. I merely stated that very few Senators were on the floor at that time.

Mr. President, I shall present my case in approximately 5 minutes, if I am permitted to do so.

The PRESIDING OFFICER. Will the Senator from Ohio state to which of the committee amendments his motion to reconsider is addressed?

Mr. LAUSCHE. It is the committee amendment by means of which the excise tax on the transportation of persons was repealed. It begins on page 4, in line 9, and ends in line 4 on page 5. The amendment repeals the excise tax on the transportation of persons.

The PRESIDING OFFICER. The Senator from Ohio has moved that the

vote by which that amendment was agreed to be reconsidered; is that correct?

Mr. LAUSCHE. That is correct.

The PRESIDING OFFICER. How much time does the Senator from Ohio yield to himself?

Mr. LAUSCHE. Mr. President, in 5 minutes I shall be able to present my views on this matter.

The PRESIDING OFFICER. Very well; the Senator from Ohio is recognized for 5 minutes.

Mr. LAUSCHE. In dealing with these amendments contemplating the collection of more taxes, I assume we contemplate putting our fiscal house in order. I assume the feeling of the Senate is that in order to induce American citizens to invest in bonds, we ought to create a fiscal situation which will instill in them a feeling of confidence that what they are buying is sound.

The repeal of the passenger transportation tax will entail a loss in revenues, according to my understanding, in the sum of $250 million. The argument is made that the excise taxes imposed during the war ought to be repealed. I would be the first to urge the repeal of all of them, but I respectfully submit to my colleagues we are not out of war. We are factually and realistically in a state of war.

There is a $13 billion deficit for this fiscal year. My anticipation is that there will be a $3 billion or $4 billion deficit for the fiscal year 1960. This is not the time, in spite of our wishes, to reduce the revenues of our Government and to further create deficits.

I should like to help the airline industry, the railroads, the bargelines, and the buslines, but we cannot hope to help them if by doing so we are endangering the security of our Nation from a fiscal standpoint.

I do not mind saying to my colleagues that, so far as I am concerned, the fiscal situation of the country is far worse than is generally understood. The amendment which was adopted will mean a loss of $250 million in revenue.

If this year Congress repeals this excise tax, next year Congress will be asked to repeal the telephone excise tax and all the other excise taxes which were imposed for the purpose of sustaining our country in war.

With one additional word I shall be through. We are not in a state of peace; we are in a state of war. When there exists a budget of $40 billion for military defense, no one can convince me we are living under the conditions and in the atmosphere that prevail in peacetime.

I ask my colleagues to support me in my motion to reconsider the action which was taken this morning, and I ask for a yea-and-nay vote on my motion.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Ohio [Mr. LAUSCHE] to reconsider the vote whereby the committee amendment on page 4, line 9, was agreed to.

On this question the Senator from Ohio asks for the yeas and nays. Is the demand sufficiently seconded?

The yeas and nays were ordered.

Mr. SMATHERS. Mr. President, after I have talked for 5 minutes I am going to move to table the motion of the Senator from Ohio so we can get a vote. Every Senator knows what the issue is. If my motion to table is not supported, it will be clear that the Senate is of a disposition to leave the amendment in the bill.

I think Senators realize that I am not one who takes much of their time. I do not intend to do so tonight, but I do not think we should complicate our procedure any more than it is necessary.

Mr. WILLIAMS of Delaware. I hope the Senator will withhold his motion. I would like to have 5 minutes in support of the motion of the Senator from Ohio.

Will the Senator from Ohio yield me 5 minutes on his motion?

Mr. LAUSCHE. I yield 5 minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware is recognized for 5 minutes.

Mr. WILLIAMS of Delaware. I am going to support the motion of the Senator from Ohio. I do not think the amendment should have been incorporated in the committee bill when it was reported. I opposed it in committee. This bill now proposes a $250 tax reduction. The only manner in which we can finance this Government is on borrowed money. I think the time has come when we have got to face up to the issue that we cannot have tax reductions until we have a balanced budget.

I am one Member of the Senate who does not see very much chance of balancing the budget even next year, in view of the action which has been taken. Certainly the very least we can do is strike out section 4.

If we provide this $250 million tax reduction, certainly many other tax reductions should be considered at the same time. Again we get back to the point that inflation is a threat to this country, and that inflation is directly the result of deficit spending by the United States Government.

I think those who travel can afford to pay the bill more than can many other segments of our population.

I shall support the motion, and if it is carried, I shall support the motion to strike that section from the bill.

Mr. DIRKSEN. Mr. President, will the Senator yield? And, Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. LAUSCHE. The Senator from Ohio has the floor. I yield to the Senator from Illinois.

Mr. DIRKSEN. I should like to ask the Senator from Delaware whether the transportation item was thoroughly considered in the Finance Committee—or, let me ask, was it considered?

Mr. WILLIAMS of Delaware. I was not at the hearings every day. I do not think the item was brought up as an amendment, or that any testimony about it was taken in the hearing.

Mr. DIRKSEN. Was there a formal vote?

Mr. WILLIAMS of Delaware. There was. If I recall correctly, the amendment carried by a margin of one.

Mr. BYRD of Virginia. The vote was 9 to 8.

Mr. WILLIAMS of Delaware. It was 9 to 8, the Senator from Virginia says.

Mr. DIRKSEN. This item was written in the tax bill by a vote of 9 to 8?

Mr. WILLIAMS of Delaware. That is correct. At the time it was adopted by the committee many of us said we did not think we could afford to allow the $250 million tax reduction at this time.

Mr. DIRKSEN. From what source does the estimate of the $250 million loss come? Is that a Treasury Department estimate?

Mr. WILLIAMS of Delaware. It is a Treasury Department or staff estimate, yes.

Mr. DIRKSEN. I thank the Senator.

Mr. SMATHERS. Mr. President——

The PRESIDING OFFICER. The 5 minutes yielded to the Senator have expired. The Senator from Ohio has the floor.

Mr. HART. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield 1 minute to the Senator from Michigan.

Mr. HART. Mr. President, notwithstanding the fact that it would contribute further to our revenue problem, I am compelled to indicate that if the motion of the Senator from Ohio to reconsider the elimination of the passenger excise tax does not prevail I would be compelled—and I am sure this reflects the feelings of other Senators in peculiarly affected States—to move that we eliminate the automobile excise tax as we further consider the bill. For this reason, I shall support the Senator from Ohio.

Mr. YARBOROUGH. Mr. President, will the Senator yield me 1 minute?

Mr. LAUSCHE. I yield 1 minute to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized for 1 minute.

Mr. YARBOROUGH. Mr. President, this tax, it seems to me, is as much a luxury tax as the tax on automobiles and many other taxes. I had about 20 round trip tickets from Washington to my home State of Texas last year. My tax was over $400 on those tickets. All of my transportation taxes totaled between $500 and $1,000 for the year.

My ox is gored by this tax, but I think we ought to keep it. I do not see how the Senate in good conscience can eliminate the tax, when we have a deficit of more than $10 billion in a year. We have some very necessary Government expenditures. We have some new programs which I think should be started. We have increased the budget estimates for the Department of Health, Education, and Welfare.

The PRESIDING OFFICER. The time of the Senator from Texas has expired.

Mr. YARBOROUGH. Mr. President, will the Senator yield me 1 additional minute?

Mr. LAUSCHE. I yield.

Mr. YARBOROUGH. We added about $300 million to take care of cancer research, arthritis research, heart disease research, and some of the most necessary programs we have ever voted

upon in this body. To me it is utter fiscal irresponsibility to lift these $250 million of taxes, which are not directly on the poor people, as many taxes are.

We have an income tax limitation, so if a man's net income is over $600 a year he must pay taxes. This means that people with incomes of $75 a month or less must pay taxes.

The lifting of the transportation tax would remove from the taxpaying brackets many types of expenditures people are well able to pay. This is one tax we should keep until we can balance the budget or find other sources of tax income.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. LAUSCHE. I yield.

Mr. SALTONSTALL. I have been at the desk to check on the motion. I understand the Senator's motion to reconsider applies only to section 4 of the bill. Does the Senator mean to apply the motion only to transportation, or does he mean to apply it also to communication, which is section 5?

Mr. LAUSCHE. To sections 4 and 5.

Mr. SALTONSTALL. Then I hope the Senator will amend his motion to reconsider so that it will include both sections. That would make it much more clear as to how to vote.

Mr. LAUSCHE. The motion applies to section 4 at this time because the argument which I made with respect to the loss of revenue I am not certain covers section 5. At this moment I am attempting to deal only with section 4.

Mr. SMATHERS. Mr. President——

Mr. MAGNUSON. Mr. President, will the Senator yield me 2 minutes?

The PRESIDING OFFICER. Does the Senator from Ohio yield?

Mr. LAUSCHE. Mr. President, I will retain the remainder of my time. I yield the floor.

The PRESIDING OFFICER. Does the Senator from Texas yield; and, if so, to whom?

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Florida whatever time he may desire.

Mr. SMATHERS. Mr. President, I have the floor, so I yield to the Senator from Washington such time as he may desire.

Mr. MAGNUSON. Mr. President, I should like to have the attention of the Senator from Ohio and of the Senator from Delaware.

I think everything which has been said by the Senator from Ohio and by my good friend the Senator from Texas is correct. The committee amendment will cost the Treasury Department a certain amount of income, somewhere around the figure given by the Senator from Ohio.

My friend the Senator from Michigan [Mr. HART] says that he would feel obliged to offer an amendment to take the excise tax off automobiles if the tax on transportation is not retained. This is an entirely different type of tax, I will say to the Senator. If I buy an automobile in Seattle, I pay the same tax as if I buy the automobile in Detroit. I pay according to the price.

The transportation tax is a tax which is unfair. It is just as unfair as the freight tax was. The farther a person travels the more he has to pay. If somebody in my State has business in the city of Washington, D.C., he has to pay 10 times the amount of a tax a person traveling from Delaware would have to pay. This is unfair.

If I pay an excise tax on all the other items in the bill, I have to pay the same tax, no matter where I buy the items. However, this particular tax is unfair to the people who have to travel long distances. It is unfair to commuters, to the people who have to work and travel every day back and forth.

That is the difference between this tax and the other taxes. The Senator from Florida and I never would have suggested that this be done if it had not been clearly shown to us how unfair the freight tax and the passenger tax were. That is the only difference. This is a tax which was put on during the war.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. MAGNUSON. This was a tax put on during the war. I suppose there was some need for it at that time. Now we are almost 15 years beyond the war. This is an inequitable tax.

If everyone who bought a ticket on an airplane, a railroad, or a bus, paid $1, $2 or $10, no matter where his business took him, then I would say it would be all right, but a person has to pay according to the distance he travels.

Mr. HART. Everyone who buys a Ford has to pay the same amount of tax, but if a person buys a Cadillac he pays a different amount of tax. What does that prove?

Mr. MAGNUSON. Of course, we are talking about people who must travel.

Mr. HART. Every form of traveling should be treated the same.

Mr. MAGNUSON. The people of this country have business, which frequently causes them to travel great distances. The same principle applies to businessmen who have to travel short distances.

No one is suggesting that we should repeal a tax which is equal for everyone. That is the difference.

I remind the Senate that we had this problem under consideration about a year ago. I think at that time the Senate voted 50 to 35 to repeal the tax, and the freight tax, but I believe the conferees threw this particular item out and agreed to removing the freight tax. Naturally the attempt is being made again to remove this tax. That is the only reason we have suggested it.

We do not suggest this for the other excise taxes, because I think they are in a different category.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. I should like to point out to the Senator from Washington that the people from his State of Washington and from my State of Montana and from every other State along the Canadian and Mexican borders many times go over into Canada or Mexico to buy transportation tickets, thereby not having to pay the 10 percent transportation tax; is that correct?

Mr. MAGNUSON. Yes. We have travel agencies in my area which have branch offices in Vancouver, so that tickets can be bought there.

Mr. MANSFIELD. That is correct.

Mr. MAGNUSON. I suppose that occurs in the State of Montana and in other places.

Mr. MANSFIELD. And this temporary tax has been in effect for some 17 years?

Mr. MAGNUSON. Seventeen years.

Mr. MANSFIELD. The abolition of the tax was voted by a majority of this body last year, was it not?

Mr. MAGNUSON. Yes.

Mr. MANSFIELD. The abolition of the tax was approved by a majority vote only this week in the Senate Committee on Finance?

Mr. MAGNUSON. Yes.

Mr. MANSFIELD. And it was approved unanimously earlier today by the Senate?

Mr. MAGNUSON. That is correct.

Mr. MANSFIELD. This is a sales tax.

Mr. SMATHERS. Mr. President, I yield myself such time as I may desire.

First, I should like to pick up where the able Senator from Montana left off. There could be an inference that the Senate does not know what it is voting on, but that of course is absurd. Last year we had full hearings with regard to the matter of excise taxes on travel and on freight. The matter was well debated in the committee, and it was well debated in the Senate. The Senate went on record by a vote, I believe, of 50 to 35 stating that this was an unfair tax which was stopping travel and hurting transportation, and that it should be repealed.

We are now considering the same thing. The Senate conferees had to recede in conference last year, with the result that we have had to bring up the matter again this year.

So if any one of us feel we do not know what we are voting on, he will not be looking at the RECORD and will not know all the facts involved.

The estimated revenue loss does not involve $250 million. The estimate is that it will involve approximately $225 million. It is a questionable revenue-producing measure inasmuch as the tax and expense of collecting it are tax deductible, thereby reducing profits that otherwise would be taxable.

Mr. President, I should like to answer the Senator from Ohio. The Senator said we are in war. I do not doubt that for a minute, for we are in a cold war. However, Mr. President, if we ever become involved in a hot war the one thing we will need above anything else is a sound national transportation system. We cannot fight a war effectively without such a system. If we do not have railroads, if we do not have airlines, and if we do not have means of communications we will be strapped and helpless. We might have $100 billion in the bank, but it would not do us any good if we could not move the men and the equipment essential in time of emergency.

Mr. LAUSCHE rose.

Mr. SMATHERS. I will yield to the Senator in a moment.

Mr. LAUSCHE. I thought the Senator desired to ask me a question.

Mr. SMATHERS. I will yield in a moment.

If we could not move our equipment in a hot war it would not make any difference what the budget showed. Under such circumstances, a balanced budget at the expense of a healthy national transportation system is a risk we can ill afford to take. And let me point out that a sound national transportation system promotes a sound economy vitally essential to our success in the present cold war. Make no mistake about that. This tax was originally imposed for the sole purpose of discouraging people from traveling, because we were in a war. The Government wanted to save all the space possible, so that members of the armed services could use it. That tax has remained in effect until today, and even in peacetime it discourages people from traveling. It now serves as an economic obstacle to a transportation industry which must develop and grow if we are to have strength in time of an emergency and prosperity in time of peace.

If we are interested in seeing this country develop itself, in order to meet the possible threat of war, we had better make certain that we have an adequate transportation system.

The distinguished senior Senator from Ohio knows, having sat on the Commerce Committee, that the transportation system of the country is not in good shape. He has heard representatives of the Defense Department testify on several occasions that the railroads are deteriorating and that our bus lines are disappearing. There are 5-percent fewer bus lines today than there were 10 years ago.

The aviation industry is so deeply in debt that there is grave doubt whether it will be able to meet its future commitments. It has become so greatly indebted in the purchase of turboprops and jets that it is in serious financial difficulty.

What happens? The industry may find it necessary to come to Congress and ask for a subsidy. The Congress will grant that subsidy. Why? Because we must have an adequate transportation system.

Removal of this tax would be infinitely better than a subsidy and would give the transportation industry an honest opportunity to try to stay alive without subsidies.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SMATHERS. One further point, and then I shall be glad to yield for a few questions.

The Senator from Texas said that this was a sort of luxury tax. I do not know that the people who ride the buses from El Paso to Austin think they are on any luxury trip. They pay a 10-percent tax, just as anyone else does. A rich man can charge off a part of the tax, but the poor man cannot deduct it. The poor man carries a greater burden under this discriminatory tax than anyone else.

We talk about discrimination. This tax is a discriminatory tax against the people who do not have a business, and do not know how to take advantage of deductions.

This is a discriminatory tax against the small man, the man who rides the bus. It is a discriminatory tax against our own transportation system, as the able Senator from Montana has pointed out. People no longer buy domestic tickets when they go from the Southwest or from Los Angeles, to Europe. They buy a foreign ticket all the way across, thus favoring a foreign carrier to the detriment of our own domestic carriers. Why? So that they can save themselves from paying the 10-percent tax for a part of the trip over the United States. That is why the Senate voted last year to remove the tax. That is why a majority of the Senate Committee on Finance voted yesterday to remove it. That is why the Senate voted earlier to remove it.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. MANSFIELD. Can the Senator tell this body what is happening to the number of trains making transcontinental runs? Is the number decreasing or increasing?

Mr. SMATHERS. The number has decreased as much as 60 percent. One can hardly find a transcontinental train running every day of the week.

Mr. MANSFIELD. In my part of the country, for example, the Milwaukee Railroad runs only one train a day east and west, whereas it formerly ran two or three, not so many years ago. I have traveled on those trains. There is plenty of vacant space.

I believe that one of the reasons why the railroads are going down is that they are not getting the passenger business which they need. The transportation tax does not help them in any way.

I hope the Senator's amendment, as originally approved by this body last year, by the Senate Committee on Finance earlier this week, and by the Senate earlier today, will be adhered to, because I think it is a good amendment, and vitally needed at this time.

Mr. SMATHERS. Mr. President, I am prepared to yield back the remainder of my time if the Senator from Ohio is prepared to do likewise.

Mr. LAUSCHE. Mr. President, I should like to make some reply to what has been said.

In my opinion the argument made by the Senator from Washington and the Senator from Florida is applicable to every type of tax we are required to pay. All we have to do is to substitute a different name for the transportation tax, and we can apply the same arguments which have been made.

A luxury tax was imposed to dissuade people from buying luxuries, and to make possible the full use of our manufacturing facilities in the production of war materials. Communications taxes were imposed to dissuade people from using the communications system. The income tax is an unjust tax, which should be repudiated. My query is this: How does it happen that all the other taxes are to remain, and it is proposed to bestow a beneficence upon the transportation system? The same argument applies to every kind of tax. There is no tax that is just in the minds of all persons.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. BUSH. I support the Senator's motion.

While it is true that the railroads have suffered a decline in transportation of persons and revenue from that source, passenger service has never been a source of profit to the railroads. Fifty years ago my father worked for a railroad, and he used to say, "There is no money in the passenger business." It has never been a profitable business.

I ask the Senator if this tax does not apply also to the airlines and the motor coach lines, whose business has been growing year by year, and is greater this year than last year.

Mr. LAUSCHE. It applies to all passenger transportation.

Mr. BUSH. The trouble with the railroads is not this tax. The trouble is much deeper and broader. I think that is a separate problem, and ought not to be involved in this debate.

I hope the Senator's motion will prevail.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. ERVIN. Almost all the taxes I know anything about are unfair. I think it is unfair to charge a corporation 52 percent of its net income for taxes. I think it is unfair to take 20 cents out of every dollar a person makes over $600 a year. Virtually all our taxes are unfair; but we have reached the tragic state where we have to levy taxes for the purpose of obtaining revenue, and not for the purpose of being equitable.

I cannot, consistently with my views, vote to grant a tax reduction of $200 million, $225 million, or $250 million to one group of persons, while leaving a 52 percent income tax on corporations, or a high income tax on individuals. So I think we must vote from the standpoint of keeping our country solvent, and not from the standpoint of doing equity.

Mr. YARBOROUGH. Mr. President, will the Senator yield for a question?

Mr. LAUSCHE. I yield.

Mr. YARBOROUGH. I should like to ask the distinguished Senator from Ohio, who is an able member of the Committee on Interstate and Foreign Commerce, and who heard the evidence last year about the transportation problem, if it is not a fact that the tax on transportation of goods was removed because many corporations were buying their own fleets of trucks, for the reason that the 3 percent transportation tax on goods made it profitable for them to buy their own trucks, enabling them to ship their goods cheaper than they could ship them by common carrier. The margin of difference was less than 3 percent, and the repeal of the transportation tax on goods was to discourage companies from buying private fleets, which were ruining the common carriers by freight and motor carrier. There is a difference between the tax on goods and the tax on transportation of persons. The tax on the transportation of goods was removed for

the reasons which I have stated. Those facts do not apply to the transportation of persons. Is not that true?

Mr. LAUSCHE. The statement of the Senator from Texas is accurate. A reading of my dissenting opinion of last year will show that I subscribed to the removal of the excise tax on cargo transportation because of the reasons enumerated by the Senator from Texas, and opposed the removal of the passenger excise tax.

Mr. HART. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. HART. Suggestive of the fact that these arguments can be made with respect to all excise taxes, let me relate the points made by the Senator from Florida to the automobile industry.

To meet the point that we applied the excise tax on passenger travel to discourage it during the war, I can only observe that is precisely the same reason we imposed the excise tax on automobiles. This deters travel. Ask any automobile manufacturer if he thinks the excise tax on automobiles does not discourage the purchase of automobiles. It is not a luxury to travel from El Paso to Johnson City. By and large, people do not regard the transportation they buy in the form of automobiles as a luxury. It is a necessity. The passenger carrier and the automobile manufacturer are obviously in competition.

Lastly, we are told that people are buying transportation tickets outside the country, and using foreign lines. What about the importation of European cars, and the impact of this fact on our economy? These are the arguments which I will press in support of the amendment I will offer with Senator MCNAMARA, to remove the automobile excise tax if we do not stand up and retain the passenger tax.

Mr. LAUSCHE. Mr. President, I yield back the remainder of my time.

Mr. SMATHERS. Mr. President, I yield back the remainder of my time.

I move that the motion of the Senator from Ohio [Mr. LAUSCHE] be laid on the table.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LAUSCHE. Does the yea-and-nay vote which was ordered on my motion apply to the motion made by the Senator from Florida?

The PRESIDING OFFICER. It does not.

Mr. LAUSCHE. Then I ask for the yeas and nays on the motion of the Senator from Florida.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida [Mr. SMATHERS] to lay on the table the motion of the Senator from Ohio [Mr. LAUSCHE] to reconsider the committee amendment on page 4, line 9, which was agreed to earlier in the day.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. As I understand, the Senate will now vote on the motion to table the motion of the Senator from Ohio [Mr. LAUSCHE] to reconsider and thus make it possible for the Senate to reconsider the transportation tax item in the bill.

The PRESIDING OFFICER. The Senator from Illinois is correct.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Is a vote "nay" a vote in support of the position taken by the Senator from Ohio?

The PRESIDING OFFICER. That is correct. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. MCGEE], the Senator from Montana [Mr. MURRAY], and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation on parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business attending opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Alaska [Mr. GRUENING], the Senator from Florida [Mr. HOLLAND], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART] and the Senator from Kansas [Mr. CARLSON] are absent on official business as Members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

If present and voting, the Senator from Indiana [Mr. CAPEHART] and the Senator from Vermont [Mr. PROUTY] would each vote "yea."

The result was announced—yeas 52, nays 26, as follows:

YEAS—52

Allott	Hennings	Monroney
Anderson	Hill	Moss
Bartlett	Hruska	Mundt
Beall	Jackson	Neuberger
Bible	Javits	Pastore
Butler	Johnson, Tex.	Proxmire
Byrd, W. Va.	Johnston, S.C.	Randolph
Cannon	Jordan	Schoeppel
Carroll	Keating	Smathers
Dodd	Kefauver	Smith
Eastland	Kennedy	Sparkman
Ellender	Kerr	Symington
Engle	Langer	Talmadge
Frear	Long	Thurmond
Fulbright	McCarthy	Williams, N.J.
Goldwater	Magnuson	Young, N. Dak.
Gore	Mansfield	
Hartke	Martin	

NAYS—26

Bennett	Dirksen	Robertson
Bridges	Douglas	Russell
Bush	Ervin	Saltonstall
Byrd, Va.	Hart	Scott
Case, N.J.	Hickenlooper	Stennis
Clark	Kuchel	Williams, Del.
Cooper	Lausche	Yarborough
Cotton	McClellan	Young, Ohio
Curtis	Morton	

NOT VOTING—20

Aiken	Green	Morse
Capehart	Gruening	Murray
Carlson	Hayden	Muskie
Case, S. Dak.	Holland	O'Mahoney
Chavez	Humphrey	Prouty
Church	McGee	Wiley
Dworshak	McNamara	

So Mr. SMATHERS' motion to lay on the table Mr. LAUSCHE's motion to reconsider was agreed to.

Mr. KERR. Mr. President, I move that the Senate now reconsider the vote by which the committee amendment in the form of section 5 was agreed to this morning.

Mr. GORE. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee to lay on the table the motion to reconsider.

Mr. SALTONSTALL. Mr. President, what is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee [Mr. GORE] to lay on the table the motion of the Senator from Oklahoma [Mr. KERR] to reconsider the vote by which the second committee amendment was agreed to [Putting the question.]

The motion to lay on the table was agreed to.

Mr. PROXMIRE. Mr. President, I offer the amendment which I send to the desk, and ask to have stated by title only.

The PRESIDING OFFICER. The amendment will be stated by title only.

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add a new section entitled "Section 6. Collection of Income Tax at Source on Interest and Dividends."

The PRESIDING OFFICER. Without objection, the amendment will be printed in its entirety at this point in the RECORD.

The amendment submitted by Mr. PROXMIRE is as follows:

At the end of the bill insert the following:

"SEC. 6. COLLECTION OF INCOME TAX AT SOURCE ON INTEREST AND DIVIDENDS.

"(a) (1) IN GENERAL.—Subtitle F of the Internal Revenue Code of 1954 (relating to

procedure and administration) is amended by adding at the end thereof the following new chapter:

"CHAPTER 81—COLLECTION OF INCOME TAX AT SOURCE ON INTEREST AND DIVIDENDS

"'Sec. 7901. Income tax collected at source on interest.
"'Sec. 7902. Income tax collected at source on dividends.
"'Sec. 7903. Exemptions from withholding.
"'Sec. 7904. Returns and payments.
"'Sec. 7905. Nondeductibility of tax in computing taxable income.
"'Sec. 7906. Refund or credit of tax to tax-exempt organizations; refund of tax to individuals having no taxable income.
"'Sec. 7907. Credit for regulated investment companies and personal holding companies.
"'Sec. 7908. Failure to file returns.
"'Sec. 7909. Definitions.

"'SEC. 7901. INCOME TAX COLLECTED AT SOURCE ON INTEREST.

"'(a) REQUIREMENT OF WITHHOLDING.—Every corporation, making payment after December 31, 1959, of interest on obligations of such corporation, shall deduct and withhold on such interest a tax equal to 18 percent of the amount thereof. If the withholding agent is unable to determine the person to whom the interest is payable, such tax shall be deducted and withheld at the time payment thereof would be made if such person were known.

"'(b) INTEREST DEFINED.—For purposes of this chapter, the term 'interest' means interest on all bonds, debentures, notes, certificates, or other evidences of indebtedness, issued by any corporation with interest coupons or in registered form.

"'(c) INDEMNIFICATION OF WITHHOLDING AGENT.—A withholding agent shall not be liable, except as provided in section 7904, to any person for the amount of any tax required to be deducted and withheld under this chapter.

"'(d) CREDIT FOR TAX WITHHELD.—

"'For credit, against the income tax of the recipient of the income, of amounts required to be deducted and withheld under this section, see section 39.

"'SEC. 7902. INCOME TAX COLLECTED AT SOURCE ON DIVIDENDS.

"'(a) REQUIREMENT OF WITHHOLDING.—Every person making payment after December 31, 1959, of a dividend shall deduct and withhold on such such dividend a tax equal to 18 percent of the amount thereof. If the withholding agent is unable to determine the person to whom the dividend is payable, such tax shall be deducted and withheld at the time payment thereof would be made if such person were known.

"'(b) DIVIDENDS DEFINED.—For purposes of this chapter, the term "dividend" means—

"'(1) any distribution by a corporation which is a dividend (as defined in section 316); and

"'(2) a payment made by a stockbroker to any person as a substitute for a dividend (as defined in section 316) on which a tax is required to be deducted and withheld under this chapter.

"'(c) WITHHOLDING WHERE AMOUNT OF DIVIDEND IS UNKNOWN.—If the withholding agent is unable to determine the portion of a distribution which is a dividend, the tax required to be deducted and withheld under this chapter shall be computed on the entire amount of the distribution.

"'(d) INDEMNIFICATION OF WITHHOLDING AGENT.—A withholding agent shall not be liable, except as provided in section 7904, to any person for the amount of any tax required to be deducted and withheld under this chapter.

"'(e) CREDIT FOR TAX WITHHELD.—

"'For credit, against the income tax of the recipient of the income, of amounts required to be deducted and withheld under this section, see section 39.

"'SEC. 7903. EXEMPTIONS FROM WITHHOLDING.

"'(a) INTEREST.—The provisions of section 7901 shall not apply to:

"'(1) Interest paid by a corporation to one or more—

"'(A) governments,

"'(B) Political subdivisions thereof,

"'(C) international organizations, or

"'(D) wholly owned instrumentalities or agencies of the foregoing, if the evidence of indebtedness in respect of which such interest is paid is owned by one or more of such governments, subdivisions, organizations, instrumentalities, or agencies.

"'(1) Interest paid for a foreign corporation.

"'(3) Any payment of interest to—

"'(A) a foreign corporation not engaged in trade or business within the United States,

"'(B) a nonresident alien individual,

"'(C) any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, or

"'(D) any foreign government of international organization.

"'(b) DIVIDENDS.—The provisions of section 7902 shall not apply to:

"'(1) A dividend paid in the stock or rights to acquire the stock of the distributing corporation whether or not the recipient of such stock or rights had an option to be paid in money, or other property, in lieu of such stock or rights.

"'(2) Distributions (other than capital gain dividends described in section 852(b)(3)(C)) to shareholders which are treated under chapter 1 as amounts received on the sale or exchange of property, or distributions with respect to which gain or loss is not recognized under chapter 1 to the shareholders.

"'(3) Any amount which is includible in gross income as a taxable dividend under the provisions of section 302 or 303 (relating to redemptions of stock), section 354(b) (relating to receipt of property on transfer to corporation controlled by the transferor), section 356 (relating to receipt of additional consideration in connection with certain reorganizations), or section 1081(e)(2) (relating to certain distributions pursuant to order of the Securities and Exchange Commission).

"'(4) A dividend paid by a Federal reserve bank, Federal land bank, Federal home loan bank, Central Bank for Cooperatives, or Bank for Cooperatives.

"'(5) Dividends paid by a corporation to another corporation if both corporations are members of the same affiliated group which filed a consolidated return under chapter 6 for the preceding taxable year of the payor corporation.

"'(6) Dividends paid by a corporation to one or more—

"'(A) governments,

"'(B) political subdivisions thereof,

"'(C) international organizations, or

"'(D) wholly owned instrumentalities or agencies of the foregoing,

if the entire class of stock in respect of which such dividend is paid is owned by one or more of such governments, subdivisions, organizations, instrumentalities, or agencies.

"'(7) Dividends paid by a foreign corporation.

"'(8) Any payment of a dividend to—

"'(A) a foreign corporation not engaged in trade or business within the United States,

"'(B) a nonresident alien individual,

"'(C) any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, or

"'(D) any foreign government or international organization.

"'(9) Dividends paid pursuant to the terms of a lease of property entered into before January 1, 1959, if under such lease the shareholders of the lessor corporation are entitled to such dividends without deduction for and tax which any law of the United States might require to be deducted and withheld on the payment of dividends.

"'(10) Amounts (whether or not designated as dividends) paid by a mutual savings bank, savings and loan association, building and loan association, cooperative bank, homestead association, credit union, or any similar organization, in respect of withdrawable or repurchasable shares, investment certificates, or deposits.

"'SEC. 7904. RETURNS AND PAYMENT.

"'(a) GENERAL RULE.—Every person required under this chapter to deduct and withhold any tax shall make a return of such tax and shall pay such tax, at such time, for such period, and in such manner as the Secretary or his delegate may by regulations prescribe, by making a return of the total amount of interest and dividends with respect to which tax is required to be deducted and withheld by such person under this chapter for such period and paying a tax, for which such person shall be liable, in an amount equal to 20 percent of such total.

"'(b) ADJUSTMENT OF TAX.—If more or less than the correct amount of tax due for any period under subsection (a) is paid with respect to such period, proper adjustments with respect to the tax shall be made, without interest, in such manner and at such times as may be prescribed by regulations made under this chapter.

"'SEC. 7905. NONDEDUCTIBILITY OF TAX IN COMPUTING TAXABLE INCOME.

"'Any tax deducted and withheld under this chapter shall not be allowed as a deduction in computing taxable income for the purpose of any tax on income imposed by Act of Congress.

"'SEC. 7906. REFUND OR CREDIT OF TAX TO TAX-EXEMPT ORGANIZATIONS; REFUND OF TAX TO INDIVIDUALS HAVING NO TAXABLE INCOME.

"'(a) TAX-EXEMPT ORGANIZATIONS.—In the case of a person which is exempt from the tax imposed by chapter 1, if the amount required to be deducted and withheld as tax under this chapter with respect to interest and dividends received by it during any calendar quarter exceeds the credit claimed by and allowed to such person under section 3505 (relating to credit against employment taxes) for such quarter, the excess shall be immediately refunded or credited to such person as an overpayment of the tax imposed by this chapter, but only if claim therefor is filed (or, if no claim is filed, if credit or refund is made) after the close of such calendar quarter and on or before March 15 of the fourth calendar year beginning after the close of such calendar quarter. No interest shall be allowed or paid with respect to any such refund or credit for any period before the date on which claim for such refund or credit is filed or before March 16 of the calendar year succeeding the close of the calendar quarter in respect of which such refund or credit is claimed, whichever date is the later.

"'(b) INDIVIDUALS HAVING NO TAXABLE INCOME.—In the case of an individual who certifies (in such form and manner as the Secretary or his delegate prescribes by regulations) with respect to interest and dividends received by him during any calendar quarter that he reasonably believes (at the time of such certification) that he will have no taxable income for his taxable year of which such calendar quarter is a part, the amount required to be deducted and withheld as tax under this chapter with respect to interest and dividends received by him during such calendar quarter shall be immediately refunded to him as an overpayment of the tax imposed by this chapter,

but only if claim therefor is filed (or, if no claim is filed, if refund is made) after the close of such calendar quarter and on or before April 15 of the fourth calendar year beginning after the close of such calendar quarter. No interest shall be allowed or paid with respect to any such refund for any period before the date on which claim for such refund is filed or before April 16 of the calendar year succeeding the close of the calendar quarter in respect of which such refund is claimed, whichever date is the later.

"'SEC. 7907. CREDIT FOR REGULATED INVESTMENT COMPANIES AND PERSONAL HOLDING COMPANIES.

"'In the case of any withholding agent which is a regulated investment company (as defined in section 851) or a personal holding company (as defined in section 542), the amount required to be deducted and withheld as tax under this chapter with respect to interest and dividends received by it during a taxable year shall be allowed, under regulations prescribed by the Secretary or his delegate, as a credit against (but not in excess of) the tax for which such withholding agent is liable under section 7904(a) in respect of dividends paid by it during such year. For purposes of this section, a dividend shall be considered as having been paid within a taxable year—

"'(1) in the case of a regulated investment company, if treated as paid during such taxable year under section 855(a), or

"'(2) in the case of a personal holding company, to the extent elected under section 563(b), in determining the dividends paid deduction for purposes of the personal holding company tax, in the return for such year.

"'SEC. 7908. FAILURE TO FILE RETURNS.

"'In case of a failure to make and file any return required under this chapter within the time prescribed by law or prescribed by the Secretary or his delegate in pursuance of law, unless it is shown that such failure is due to reasonable cause and not to willful neglect, the addition to the tax or taxes required to be shown on such return shall not be less than $5.

"'SEC. 7909. DEFINITIONS.

"'For purposes of this chapter—

"'(1) TAXABLE YEAR.—The term "taxable year" has the same meaning as when used in chapter 1.

"'(2) PERSON.—The term "person" includes any government or political subdivision, or agency or instrumentality thereof.

"'(3) NONRESIDENT ALIEN.—The term "nonresident alien individual" includes an alien resident of Puerto Rico.'

"(2) The table of chapters for subtitle F is amended by adding at the end thereof

"'Chapter 81. Collection of income tax at source on interest and dividends.'

"(b)(1) CREDITS AGAINST INCOME TAX.—Part IV of subsection A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by adding at the end thereof the following new section:

"'SEC. 39. CREDIT FOR TAX WITHHELD ON INTEREST AND DIVIDENDS.

"'(a) GENERAL RULE.—The amount required to be deducted and withheld under section 7901 as tax on interest or under section 7902 as tax on dividends shall be allowed to the recipient of the income as a credit against the tax imposed by this subtitle for the taxable year in which the interest or dividend is received.

"'(b) PARTNERSHIPS, TRUSTS, AND ESTATES.—If the recipient of the interest or dividend is a partnership or a common trust fund, then the credit provided by subsection (a) shall not be allowed to such recipient, but the members of the partnership, or the participants in the common trust fund, as the case may be, shall be allowed their proportionate share of such credit. If the recipient is an estate or trust, and if any legatee, heir, or beneficiary subject to the tax imposed by this chapter is required to include a portion of such interest or dividend in computing his taxable income, such legatee, heir, or beneficiary shall be allowed such portion of the credit as is properly allocable to him on the basis of the income allocable to him under subchapter J (sec. 641 and following, relating to estates, trusts, beneficiaries, and decedents) for the taxable year of the estate or trust, and such portion of the credit shall not be allowed to the estate or trust.

"'(c) REGULATED INVESTMENT COMPANIES AND PERSONAL HOLDING COMPANIES.—In the case of a regulated investment company or a personal holding company, the credit provided by subsection (a) shall be reduced by the amount of credit allowed such company under section 7907.

"'(d) TAX-EXEMPT ORGANIZATIONS, ETC.—

"'(1) IN GENERAL.—The credit provided by subsection (a) shall not be allowed—

"'(A) to any recipient which is exempt from income tax; or

"'(B) to an individual, with respect to interest and dividends received during any calendar quarter for which he has made a certification under section 7906 (b).

"'(2) CROSS REFERENCE.—

"'For refund under chapter 81 in the case of a recipient which is exempt from tax and in the case of an individual who has no taxable income, see section 7906.'

"(2) AMENDMENTS TO TABLE OF SECTIONS.—The table of sections for such part IV is amended by adding at the end thereof the following:

"'Sec. 39. Credit for tax withheld on dividends.'

"(c) (1) SPECIAL CREDIT FOR TAX-EXEMPT ORGANIZATION.—Chapter 25 of such Code (relating to general provisions relating to employment taxes) is amended by adding at the end thereof the following new section:

"'SEC. 3505. SPECIAL CREDIT IN CASE OF ORGANIZATIONS EXEMPT FROM INCOME TAX.

"'(a) GENERAL RULE.—In the case of any person (including any government or political subdivision, agency, or instrumentality thereof) which is exempt from the tax imposed by chapter 1, the amount required to be deducted and withheld as tax under chapter 81 with respect to interest and dividends received by it during any calendar quarter shall be allowed, under regulations prescribed by the Secretary or his delegate, as a credit against (but not in excess of) the amount shown on the return of such person as its liability (after the adjustments, if any, provided for in sections 6205(a) and 6413(a)) for such quarter in respect of the taxes imposed by chapter 21 (Federal Insurance Contributions Act) and by chapter 24 (collection of income tax at source on wages). Such credit shall be allowed only if claim therefor is made, in accordance with such regulations, at the time of the filing of the return with respect to the taxes under chapter 21 and chapter 24 for such quarter.

"'(b) CROSS REFERENCE.—

"'For refund under chapter 81, see section 7906.'

"(2) AMENDMENT TO TABLE OF SECTIONS.—The table of sections for chapter 25 is amended by adding at the end thereof the following:

"'Sec. 3505. Special credit in case of organization exempt from tax.'

"(d) TECHNICAL AMENDMENTS.—

"TAX COMPUTED BY SECRETARY OR HIS DELEGATE.—Section 6014 of such Code (relating to income tax not computed by taxpayer) is amended—

"(A) by striking out in subsection (a) the phrase 'and whose gross income other than wages, as defined in section 3401(a), does not exceed $100,' and by inserting in lieu thereof 'and whose gross income (other than wages, as defined in section 3401(a), and other than interest and dividends on which tax is required to be deducted and withheld under chapter 81) does not exceed $100,'; and

"(B) by inserting after 'other than wages on which the tax has been withheld at the source' the following: 'and other than interest and dividends on which tax is required to be deducted and withheld under chapter 81'.

"(2) DECLARATION OF ESTIMATED INCOME TAX BY INDIVIDUALS.—Section 6015(a) of such code (relating to declaration of estimated income tax by individuals) is amended—

"(A) by amending so much of paragraph (1) thereof as precedes subparagraph (A) to read as follows:

"'(1) the gross income for the taxable year can reasonably be expected to consist of wages (as defined in section 3401(a)), or interest (as defined in section 7901(b)) or dividends (as defined in section 7902(b)) on which tax is required to be deducted and withheld under chapter 81, or both, and of not more than $100 from sources other than such wages, interest, and dividends, and can reasonably be expected to exceed—'; and

"(B) by amending so much of paragraph (2) thereof as precedes subparagraph (A) to read as follows:

"'(2) the gross income can reasonably be expected to include more than $100 from sources other than wages (as defined in section 3401(a)) and other than interest (as defined in section 7901(b)) and dividends (as defined in section 7902(b)) on which a tax is required to be deducted and withheld under chapter 81, and can reasonably be expected to exceed the sum of—'.

"(3) WITHHOLDING OF TAX ON NONRESIDENT ALIEN INDIVIDUALS.—Section 1441(c) of such Code (relating to exceptions to the withholding of tax on nonresident alien individuals) is amended by adding at the end thereof the following new paragraph:

"'(6) INTEREST AND DIVIDENDS ON WHICH TAX IS WITHHELD UNDER CHAPTER 81.—Where any person is required to deduct and withhold a tax under subsection (a) on an amount on which a tax was required to be deducted and withheld under chapter 81, such person shall deduct and withhold under subsection (a) only the excess of—

"'(A) the amount which would be required to be deducted and withheld under subsection (a) but for the application of chapter 81, over

"'(B) the amount required to be deducted and withheld under chapter 81.'

"(4) WITHHOLDING OF TAX OF FOREIGN CORPORATIONS.—Section 1442 of such Code (relating to withholding of tax on foreign corporations) is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: 'and except that where any person is required under this section to deduct and withhold a tax on an amount on which a tax is required to be deducted and withheld under chapter 81, such person shall deduct and withhold only the excess of—

"'(1) the amount which would be required to be deducted and withheld under this section but for the application of chapter 81, over

"'(2) the amount required to be deducted and withheld under chapter 81.'

"(5) INFORMATION BY CORPORATIONS.—Paragraph (1) of section 6042 of such Code (relating to returns regarding corporate dividends, etc.) is amended by adding at the

end thereof the following: 'except that if the amount of dividends paid to any shareholder during a calendar year is less than $300 and tax is required to be deducted and withheld under chapter 81 on the entire amount of such dividends, no such return shall be required with respect to such shareholder for such calendar year;'.

"(6) EXCESSIVE WITHHOLDING.—Subsection (b) of section 6401 of such Code (relating to amounts treated as overpayments) is amended to read as follows:

"'(b) TREATMENT OF CREDITS.—The amount of the credit provided in section 31 (relating to credit for tax withheld on wages under chapter 24), and the amount of the credit provided in section 39 (relating to credit for tax withheld on interest and dividends under chapter 81), against the tax imposed by subtitle A for any taxable year shall, to the extent thereof, be considered as payment of the tax for such year, whether or not the withholding agent has paid to the Secretary or his delegate the amount of the tax deducted and withheld at the source under chapter 24 or the amount of tax required to be deducted and withheld at the source under chapter 81.'

"(7) SPECIAL PERIOD OF LIMITATIONS FOR SMALL REFUNDS ON TAX WITHHELD AT SOURCE.—Section 6511(d) of such Code (relating to special rules for limitations on allowance of credits and refunds) is amended by adding at the end thereof the following new paragraph:

"'(4) SPECIAL RULES RELATING TO TAX ON INTEREST AND DIVIDENDS WITHHELD AT SOURCE.—In the case of an individual filing a claim for credit or refund of an overpayment for a taxable year for which he was not required to make a return under section 6012(a) to make a return, if the overpayment is attributable to the credit allowed under section 39 for tax required to be deducted and withheld under chapter 81 (relating to tax withheld at source on interest and dividends), in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be 7 years from the date prescribed by law for filing a return for the taxable year with respect to which the claim is made. In the case of such a claim, the amount of credit or refund may exceed the portion of the tax paid within the period provided in subsection (b)(2), to the extent of the amount of the overpayment attributable to such credit allowed under section 39, or to the extent of $2, whichever is the lesser.'

"(8) PRESUMPTIONS AS TO DATE OF PAYMENT.—Section 6513(b) of such Code (relating to time tax considered to be paid) is amended by adding at the end thereof the following new sentence: 'For purposes of section 6511 or 6512, any tax required to be deducted and withheld at source during any taxable year of the recipient under chapter 81 shall, in respect of the recipient of the income, be deemed to have been paid by him on the last day prescribed for filing the return under section 6012 for such taxable year (determined without regard to any extension of time for filing such return).'

"(9) DEFINITION OF WITHHOLDING AGENT.—Section 7701(a)(16) of such Code (defining the term 'withholding agent') is amended by striking out 'or 1461' and inserting in lieu thereof '1461, or 7901.'

"(10) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) shall apply to taxable years beginning after December 31, 1959."

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senator from Wisconsin has 45 minutes under his control.

Mr. MANSFIELD. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield.

Mr. MANSFIELD. I ask unanimous consent that the time on this amendment be limited to a total of 30 minutes, with 15 minutes to each side.

The PRESIDING OFFICER. Is there objection? Without objection——

Mr. GOLDWATER. Mr. President, reserving the right to object, let me ask what amendment this is.

Mr. PROXMIRE. It is the amendment to provide for withholding the tax on interest and dividends.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana [Mr. MANSFIELD]? Without objection, it is so ordered.

Mr. ALLOTT. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. ALLOTT. Is a copy of the amendment available?

Mr. PROXMIRE. The amendment is at the desk.

The PRESIDING OFFICER. Under the agreement just entered, the Senator from Wisconsin has 15 minutes at his disposal.

Mr. PROXMIRE. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized for 10 minutes.

Mr. PROXMIRE. Mr. President, this amendment provides for withholding the tax on interest and dividends, in the same way that the tax now paid on wages and salaries is withheld.

On the basis of what the Senator from Illinois has called "very, very, very conservative estimates," the amendment would save the Federal Treasury $540 million. Actually, in the judgment of the Senator from Illinois and in my judgment, the amendment probably would save for the Federal Treasury a great deal more than $540 million—perhaps as much as $1 billion.

The amendment does not provide for any new tax on anyone. It will not limit in any way the privileges legally available to any taxpayer at the present time. The amendment will not increase by one nickel the tax liability of anyone. All the amendment will do is provide a much more efficient and a much surer method of collecting the income tax on dividends and interest.

Estimates made by economists are consistent in showing that the Federal Treasury is now losing hundreds of millions of dollars through tax avoidance because the taxes on interest and dividends are not paid at the source.

Mr. JOHNSTON of South Carolina. Mr. President, let me inquire whether the amendment provides for any limitation at all.

Mr. PROXMIRE. The amendment provides several limitations, which I shall explain in the course of my remarks.

Mr. JOHNSTON of South Carolina. When the taxpayer is entitled to make a deduction in the case of the first $100 of dividends received by him, would the tax on those dividends be withheld, under the provisions of this amendment?

Mr. PROXMIRE. There would be withholding in all cases; but, under the amendment, the quick refund arrangement which has proven so successful in the case of wages would be employed; and thus a person who was entitled to a refund would be able to obtain it very promptly; and in no case would he have to wait longer than 6 weeks.

Mr. JOHNSTON of South Carolina. What I have in mind is that thousands of taxpayers receive dividend income of less than $600, and it is their only income. Would this amendment require that they make a tax return, and that thereafter the Government make a refund to them?

Mr. PROXMIRE. I have taken that point into account. I recognize that the Senator from South Carolina has raised a very legitimate point. But, under the circumstances, I think this amendment takes recognition of that situation, and meets that problem, and does not impose a handicap on such persons.

Mr. BUTLER. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield.

Mr. BUTLER. Would the amendment result in the withholding on the dividends paid by cooperatives to their members?

Mr. PROXMIRE. It does not provide for withholding on the interest paid by commercial banks to their depositors; neither does it provide for withholding on the dividends paid by cooperatives or similar institutions.

The amendment provides primarily for withholding on corporation dividends and corporation interest.

Mr. BUTLER. Why does not the Senator's amendment provide for withholding the tax on all interest and all dividends?

Mr. PROXMIRE. Because on the basis of consultations with persons who have studied this matter at length for many years, it is apparent that complications which would develop would make such a provision very difficult to administer.

Furthermore, in line with the point the Senator from South Carolina raised a moment ago, in many cases the amount withheld would be extremely small.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield.

Mr. WILLIAMS of Delaware. Is a copy of the amendment available?

Mr. PROXMIRE. A copy of the amendment is at the desk.

Mr. WILLIAMS of Delaware. Is that the only copy that is available? Can the Senator from Wisconsin give us a copy of the amendment?

Mr. PROXMIRE. I have before me a copy which has been changed slightly, but the Senator from Delaware is welcome to read it.

Mr. WILLIAMS of Delaware. Is this the amendment which the Senator from Wisconsin had in the committee?

Mr. PROXMIRE. It is the same, with a slight modification which I shall explain a little later. It provides an easier method in the case of educational and charitable institutions, so they will not be deprived not even for an instant of any of their interest or dividend income.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Wisconsin yield further?

Mr. PROXMIRE. I yield.

Mr. WILLIAMS of Delaware. How would the amendment work in connection with coupon bonds? Several corporations in the United States have outstanding coupon bonds. The coupons are, in effect, cashable at any bank or grocery store. Under the provisions of the amendment, how would the tax be withheld in those cases?

Mr. PROXMIRE. That would be very simple; all that the institution paying the dividend would have to do would be to pay to the Federal Treasury 18 percent of the interest or the dividends paid at the end of each quarter.

Mr. WILLIAMS of Delaware. But after the bonds are printed, under existing law the coupons are marked "Pay to bearer," and can be paid at any bank or grocery store. Does the amendment propose that the cashability of the coupons be ended; and would the amendment require that all of the coupons be returned to the paying company?

Mr. PROXMIRE. No. Certainly every corporation which issues coupon bonds, coupon-bearing instrumentalities or obligations, has a record of what is has outstanding, and knows how much of the interest comes due at the end of each quarter—if it has any bookkeeping system whatever. So it would be very simple to pay 18 percent of that amount to the Treasury.

Mr. WILLIAMS of Delaware. The problem is not that simple.

These corporations will have a million dollars' worth of bonds outstanding, and they will be owned by many persons. But 90 percent of such bonds are not registered. When the owner of the bonds presents the coupons, to be cashed, inasmuch as the coupons are marked "Pay on demand," if he presents them at, perhaps, the Chase National Bank, in New York, the coupons are then subject to being cashed on a particular date.

The company must have the funds in that bank to meet this request.

I am not opposing the principle of what the Senator is proposing. I am just wondering if the mechanics are provided in the amendment. My question is, Suppose an investor who holds one of these bonds, which is not registered, and as to which there is no way a company can know who owns it, goes to the bank or grocery store and cashes the interest coupon. Who deducts the 18 percent or 20 percent?

Mr. PROXMIRE. I now understand the question of the Senator from Delaware. I have consulted with the staff. I find there is no interest withheld in that particular case. We have made allowance for that situation in making our estimates.

Mr. President, because I am working under a limitation of time and I have a presentation to make, I think I cannot yield further. The opposition has 15 minutes. I would appreciate it very much if Senators do not ask me to yield. If I have time when I have completed my presentation, I shall be delighted to yield further.

As I stated, from the latest and most conservative estimates, $1½ billion is not reported as to dividends alone. Even if one-fifth of such dividends goes to people whose incomes are of the kind described by the Senator from South Carolina—and that would be a great deal more than is generally estimated—that would still leave $1.2 billion which is not reported, and which would be subject to a tax of at least 20 percent, minus the 10-percent standard deduction, or 18 percent. So there would be provided 18 percent of the $1.2 billion, or a recovery by the Treasury of $220 million.

This is only a part of what would be recovered, but it is all I included in my estimates. There is no question that when this kind of withholding is employed, persons who do not now pay taxes on their dividends are much more likely to pay. That is my first point.

My second point is that the average rate of tax paid by dividend recipients, again on the basis of competent estimates, is about 40 percent. So on that basis there could be brought into the Treasury as much as $500 million. I am not including that amount in my estimates. All I am including in my estimates is on the basis of 18 percent of the $1.2 billion, or $220 million as the amount which would be received by the Federal Government in additional income by withholding the tax on dividends.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. MANSFIELD. Mr. President, I yield the Senator 5 additional minutes.

Mr. PROXMIRE. I shall yield in a moment. I have only 5 minutes left. The Senator from Montana has yielded me 5 minutes on the bill.

Mr. MANSFIELD. Five minutes on the amendment. If the Senator wants more, he may have it.

Mr. PROXMIRE. I thank the Senator.

The National Bureau of Economic Research estimated in 1952 that the gap between the amount individuals receive and what they pay is something like $3.4 billion. Of course, now it is much greater than that. It is at least $4 billion, because interests payments have increased greatly since 1952. Even if we exempt 25 percent, the fact is that an 18 percent withholding tax for individuals would raise $540 million.

Because I have made the exemptions which the Senator from Delaware has just pointed out, and because I have made other exemptions as suggested by the Senator from Maryland, we estimate this would not raise $540 million in interest alone, but some $320 million. Once again, I think it is an extremely conservative estimate.

I want to point out that this is not an impulsive proposal, arrived at by one Member of the Senate on the basis of his own notions. This is a proposal which has been evolved over a period of years.

In 1942 a bill of this kind was introduced. There were objections raised to it of the kind which have been raised on the floor tonight. It was modified and improved and reintroduced in 1950. It was further improved and refined in 1951. I think almost all, if not all, of the objections were eliminated.

The first objection raised was that it was a burden on the payer. We have eliminated that objection almost completely by providing the payer of the dividends does not have to provide a receipt for the recipient. We believe the purpose can be accomplished just as well without the requirement of a receipt. The requirement of a receipt would not give much of a result, and it would be a burden on the payer.

In the second place, it was complained over the years that the recipient would have to wait quite a while for a refund. The excellent experience of the department in refunding taxes withheld on salaries can be duplicated. What is more, instead of refunding over withholding, as with wages and salaries on an annual basis, the refund would be made on a quarterly basis, so no one would have to wait more than 6 or 8 weeks, at the very most.

In the third place—and this is something I have hinted at, but have not explained, and it is contained in the amendment—with reference to nontaxpaying institutions, which receive a great deal of interest and dividend income, such as universities and charitable institutions, which might be inconvenienced very greatly if they had to wait 6 or 8 weeks for a refund, they are taken care of in this provision. They can retain an equivalent portion of the amount they withhold from the employees they pay on their income tax. There is a counterbalancing amount, so they do not lose a nickel.

It seems to me when we add to the elimination of the objections, such as the inconvenience to the payer, which had been a significant objection, the advantage in the fact that the recipient will have an exceedingly brief wait for his refund, the fact that in the overwhelming majority of cases the recipient would not have to wait, because, far from an overwithholding, there would be an underwithholding, the fact that in the case of the nontaxpaying institutions—which was a legitimate problem—the institutions will not have to wait a minute, this amendment should have the votes of Senators all the way through.

So it seems to me my proposal, which would not increase the tax liability of any American citizen, which would not limit in any way the privileges legally available, which would provide no new tax, but which would raise between $500 million to $1 billion for the Federal Treasury, should be adopted.

Mr. President, I reserve the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. PROXMIRE. I would appreciate it very much if the Senator from Delaware, who I understand may oppose me, will request time from the opposite side, if that is possible.

Mr. MANSFIELD. I yield 2 minutes to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I do not know that I am opposing the proposal. I am trying to ascertain what the Senator is trying to do. If I understand his proposal correctly, he now says he exempts coupon bonds from the withholding tax.

Mr. PROXMIRE. I was not sure of that. I have checked with the staff. I am told that coupon bonds have been exempted.

Mr. WILLIAMS of Delaware. I now refer the Senator to page 2 of his amendment. Section 7901, paragraph (b), reads:

> Interest defined. For the purposes of this chapter, the term "interest" means interest on all bonds, debentures, notes, certificates, or other evidences of indebtedness, issued by any corporation with interest coupons or in registered form.

The Senator has just stated they were exempt. I do not understand.

Mr. PROXMIRE. It is my understanding they are exempt. The amendment was modified. It was changed.

Mr. WILLIAMS of Delaware. I am reading from the amendment at the desk. There is no exemption that I can find.

Mr. PROXMIRE. Before a vote is had I think I shall be able to explain to the Senator where the exemption takes place. Having consulted with a member of the staff which drafted the bill, I understood it was exempt. I shall be glad to point out where that is done, if the Senator will withhold his inquiry for a few minutes.

Mr. MANSFIELD. Mr. President, I yield 2 minutes to the junior Senator from Texas.

Mr. YARBOROUGH. Mr. President, I asked for time in order that I might address a question to the Senator from Wisconsin in the 2 minutes granted to me by the distinguished acting majority leader.

Mr. PROXMIRE. I yield.

Mr. YARBOROUGH. Has the distinguished Senator from Wisconsin computed the amount of the additional tax which would be collected from withholding on dividends, separate from the withholding on interest?

Mr. PROXMIRE. That is correct.

Mr. YARBOROUGH. How much would be saved from withholding taxes on dividends?

Mr. PROXMIRE. Two hundred and twenty million dollars initially. I derived that figure by taking $1.5 billion as the amount involved. I subtracted $300 million, which would go to persons with incomes too low for withholdings, and I took 18 percent of the remaining figure, which amounts to $220 million. I make no allowance whatsoever for the amount which would come into the Treasury as a result of persons being reminded to pay their tax.

Mr. YARBOROUGH. What saving would there be as a result of withholding of tax on interest?

Mr. PROXMIRE. Three hundred and twenty million dollars. I do not compute that figure on all interest. There are several exceptions.

Mr. YARBOROUGH. Suppose I went to the bank to renew my note and to pay interest. Does the original borrower of the money have to withhold on the interest he pays?

Mr. PROXMIRE. The answer is "No."

Mr. YARBOROUGH. Where is that interest to be paid?

Mr. PROXMIRE. That interest is not withheld. That interest is paid by the bank.

This is not an attempt to withhold all interest. The definition on page 2, to which the Senator from Delaware referred, refers to interest on all bonds, debentures, notes, certificates, or other evidences of indebtedness issued by any corporation with interest coupons or in registered form.

Mr. YARBOROUGH. Then the individual debtor would not have to withhold interest as he paid his debt?

Mr. PROXMIRE. No. The institution would be responsible. It is my position that the institutions, by and large, report their interest and pay taxes on it.

Mr. YARBOROUGH. I thank the distinguished Senator from Wisconsin for the clarification.

The PRESIDING OFFICER (Mr. HART in the chair). The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE].

Mr. MANSFIELD. Mr. President, I yield back the remainder of my time.

Mr. PROXMIRE. Mr. President, I yield back the time remaining to me.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE]. [Putting the question.]

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, it would appear that in parliamentary procedure, as well as in personal life, we always save the hardest problems for the last. The amendment which I am going to call up after a time is an attempt to modify the well known depletion allowance on oil and gas.

Sometimes it is said that only fools rush in where angels fear to tread, which may be the case in this instance.

The PRESIDING OFFICER. The Senator from Illinois will suspend. The Parliamentarian advises the Chair that until an amendment is offered and is pending, time cannot be allocated.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to call up my amendment numbered 6-24-59—A and ask that it be printed in the RECORD but that its reading be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is ordered.

The amendment proposed by Mr. DOUGLAS is as follows:

At the proper place in the bill insert the following:

"SEC. . Section 613 of the Internal Revenue Code of 1954 (relating to percentage depletion) is amended—

"(1) by striking out, in subsection (a), 'specified in subsection (b)' and inserting in lieu thereof 'specified in subsection (b) and (d)';

"(2) by striking out paragraph (1) of subsection (b) and inserting in lieu thereof the following:

"'(1) OIL AND GAS WELLS.—The percentage applicable under subsection (d)(1).'; and

"(3) by redesignating subsection (d) as (e), and by inserting after subsection (c) the following new subsection:

"'(d) OIL AND GAS WELLS.—

"'(1) PERCENTAGE DEPLETION RATES.—In the case of oil and gas wells, the percentage referred to in subsection (a) is as follows:

"'(A) 27½ PERCENT.—if, for the taxable year, the taxpayer's gross income from the oil and gas well, when added to (i) the taxpayer's gross income from all other oil and gas wells, and (ii) the gross income from oil and gas wells of any taxpayer which controls the taxpayer and of all taxpayers controlled by or under common control with the taxpayer, does not exceed $1,000,000.

"'(B) 21 PERCENT.—if, for the taxable year, the taxpayer's gross income from the oil and gas well, when added to (i) the taxpayer's gross income from all other oil and gas wells, and (ii) the gross income from oil and gas wells of any taxpayer which controls the taxpayer and of all taxpayers controlled by or under common control with the taxpayer, exceeds $1,000,000 but does not exceed $5,000,000.

"'(C) 15 PERCENT.—If, for the taxable year, the taxpayer's gross income from the oil and gas well, when added to (i) the taxpayer's gross income from all other oil and gas wells, and (ii) the gross income from oil and gas wells of any taxpayer which controls the taxpayer and of all taxpayers controlled by or under common control with the taxpayer, exceeds $5,000,000.

"'(2) CONTROL DEFINED.—For purposes of paragraph (1), the term "control" means—

"'(A) with respect to any corporation, the ownership, directly or indirectly, of stock possessing more than 50 percent of the total combined voting power of all classes of stock entitled to vote, or the power (from whatever source derived and by whatever means exercised) to elect a majority of the board of directors, and

"'(B) with respect to any taxpayer, the power (from whatever source derived and by whatever means exercised) to select the management or determine the business policies of the taxpayer.

"'(3) CONSTRUCTIVE OWNERSHIP OF STOCK.—The provisions of section 318(a) (relating to constructive ownership of stock) shall apply in determining the ownership of stock for purposes of paragraph (2).

"'(4) APPLICATION UNDER REGULATIONS.—This subsection shall be applied under regulations prescribed by the Secretary or his delegate.'

"(b) The amendments made by subsection (a) shall apply only with respect to taxable years beginning after the date of the enactment of this Act."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, I understand that by informal arrangements with the majority leader I am entitled to an hour and a half of the time on the

bill, as well as 45 minutes on the amendment. In the interest of getting on with consideration of the bill, and at the same time seeking to make an adequate record, I shall take very much less than that amount of time, unless I am interrupted. If that happens I shall, of course, be glad to yield for questions.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. MANSFIELD. If 45 minutes and 45 minutes combined are not enough time, the Senator may have more time if he needs it.

Mr. DOUGLAS. I thank the Senator from Montana.

The PRESIDING OFFICER. Will the Senator from Illinois advise whether he is taking time on the amendment or time on the bill.

Mr. DOUGLAS. Mr. President, I will first take time on the amendment. Then, if that is not enough time, I will ask for time on the bill.

Mr. President, I yield myself such time as I may require.

THOSE WITH EQUAL INCOMES SHOULD PAY EQUAL TAXES

Mr. President, I dare say that some Senators on the floor, most of the people in the galleries, and a good portion of the fourth estate whom I see in the press gallery over the Presiding Officer are wondering whether there is any central principle in the series of amendments which a group of us have offered. Are these disconnected amendments advanced at random, or is there a concerted principle behind them?

Mr. President, there is such a concerted principle, and it has been arrived at after a long series of meetings and a long series of legislative proposals going back over many years. The principle is a very simple one.

May we have order, please, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Illinois may proceed.

Mr. DOUGLAS. The principle is that people with equal incomes should pay equal taxes. There is nothing in these proposals to say that we should have a progressive system of taxation, a proportional system of taxation, or a regressive system of taxation. All that is waived and is beside the point. The question is, simply, Shall people with equal incomes pay equal taxes?

The three amendments which have been offered heretofore and the fourth amendment which I offer have all been directed at this central purpose.

SPECIAL PRIVILEGE FOR THOSE WITH INCOME FROM DIVIDENDS

The amendment of the Senator from Minnesota [Mr. MCCARTHY] was designed to remove the discrimination which is now granted in favor of those who own shares of stock as compared to the recipients of other forms of income. I am delighted that the amendment carried by such a decisive vote. I am not at all certain it will survive the conference, because I have seen many promising measures go to conference and never emerge therefrom. I sometimes think the fate of good amendments which go to conference is similar to the fate of the two young princes of England who put their trust in Richard III, who went into the Tower of London under very good promises but who were strangled by Richard III and never emerged from the Tower. So, as the amendment of the Senator from Minnesota goes to conference, it will go with our prayers that it may survive, with our hopes that it will not be done to death, and that it may at least be an initial step in the reform of our tax system.

EXPENSE ACCOUNT ABUSES

The amendment of the Senator from Pennsylvania, for which I think some 32 of us voted, was an attempt to prevent groups from receiving income in the form of entertainment, gifts, and so forth, upon which no taxes would be paid. That amendment failed tonight, but I predict that with the passage of years the sentiment in favor of that principle will increase, because of scandals in connection with making Uncle Sam pay half the cost of entertainment at night clubs, at popular musicals, and the expenses of hunting lodges and conventions outside the United States. Indignation will swell.

I think it is quite a demerit in the record of the American Bar Association that the American Bar Association a few years ago was one of the worst offenders when in holding its convention in London its members charged off their traveling expenses as business expenses. This experience, I will say frankly, diminishes the the esteem in which I think the American Bar Association should be held.

The Senator from Pennsylvania failed tonight, and those of us who stood with him failed, but I know the Senator will return to the fray next year. I predict that public sentiment in the Nation will ultimately prevail.

TAX EVASION ON PAYMENTS OF INTEREST AND DIVIDENDS

The amendment which the Senator from Wisconsin has just advanced was designed to get at certain tax evaders—not tax avoiders, but tax evaders. Under our system of taxation, as the Senator from Wisconsin pointed out, if one receives wages or a salary the basic tax of 20 percent is deducted at the source. There is no change for one to cheat in those circumstances. However, if one receives interest or dividend income the tax is not deducted at the source but is required by the law to be declared by the recipient at the end of the year.

The Senator from Wisconsin produced figures which indicate that approximately $1½ billion in dividends and $3½ billion in interest were paid out by corporations and never reported for tax purposes by the recipients; therefore, a very large proportion of taxation upon such money was evaded.

The proposal of the Senator from Wisconsin, while it was rejected on a voice vote tonight, will ultimately carry, because what it seeks to do is to establish an equality of reporting. It seeks to provide that we shall not have some classes who are favored—in this case the recipients of dividends and interest, who are being given a chance to evade taxes, of which some persons take advantage—while other persons who sell personal services to others have to pay the full tax on their income.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I am glad to yield.

Mr. NEUBERGER. I am very favorably impressed by the informative and able speech being delivered by the distinguished Senator from Illinois. Because of that fact, I should like to have the RECORD show, inasmuch as there was no yea-and-nay vote, that on a voice vote I was in favor of the amendment offered by the Senator from Wisconsin [Mr. PROXMIRE].

Mr. DOUGLAS. I am very glad the Senator from Oregon has made that clear. It is in keeping with his whole record.

In order that the RECORD may be clear, may I say also that the Senator from Illinois raised his voice, too, in support of the amendment of the Senator from Wisconsin.

I see in the chair the distinguished junior Senator from Michigan [Mr. HART] who raises his hand, and unless he contradicts me, I take it that he wishes to make it clear that he, too, voted for the amendment of the Senator from Wisconsin.

Mr. NEUBERGER. We were all in unison.

Mr. DOUGLAS. But we were not enough.

TWO BILLION DOLLARS IN SAVINGS

Mr. President, I am presenting the fourth of a series of amendments, an amendment to reduce the depletion allowances on oil and gas. If all four of those amendments had been adopted, we believe they would have produced, directly and indirectly, not far from $2 billion in additional revenue. In the form in which they went before the Finance Committee they would have produced $2,350 million. They were whittled down. But in the estimate of the Senator from Wisconsin, the indirect effects of withholding were not included, because if we had correct reporting of dividends and interest—since most of it is received by those in the upper income brackets—this would have carried with it higher supertaxes, in addition to the basic tax of 18 to 20 percent.

So I believe roughly that an estimate of $2 billion as the amount which would have been added is approximately correct.

I think it is worth noting that this would merely have made an approach to having people with equal incomes pay equal taxes. We would have plugged some of the loopholes, which have grown to such an extent that they are not loopholes any more, but truck holes, which enable certain favored classes to receive income without paying taxes, or without paying commensurate taxes. There are other loopholes which would have remained.

WOULD ALLOW SOME TAX REDUCTION

If this package could have gone through—as I predict it will some day go through—several byproducts would have followed. For one thing, I think it would have made possible a reduction in certain taxes. I will let the Senate and the country in on a secret. We have in our files a tax bill which, if these reductions had gone through, we would have put into the hopper, which would have reduced excise taxes to the extent of approximately $600 million, and which would have made a reduction in income taxes of $340 million. I may say that in this connection the income tax reductions would have been primarily in the upper income brackets, reducing the supertax from 91 percent to a maximum of 75 percent, and scaling down the progressive rates from that figure to the middle income groups. The lower income groups would benefit from the reductions in excise taxes.

What we would have done would have been to introduce greater equity and greater justice within the various groups, so that those in the upper income brackets, who paid their taxes honestly and neither sought to evade nor avoid the taxes, would have their taxes reduced, while those who did seek to evade or avoid would have had their taxes increased. In other words, we proposed a horizontal redistribution of the tax burden; but, of course, we also wanted some reduction in excise taxes, and this would have reduced the scale for the middle brackets, and in some cases the lower brackets.

HELP BALANCE BUDGET

If we dwell upon what might have been, as John Greenleaf Whittier once said, those are the saddest words of tongue or pen. If we go into the question of what might have been, if savings of $2 billion could have been put into effect, we would, of course, have had a tax reduction. We would clearly have balanced the budget. As a matter of fact, I think the budget will come close to being balanced anyway.

WELFARE PURPOSES AND DEBT PAYMENTS

We would have had some money to devote to welfare purposes, health, education, and housing, and we would have had a surplus which could have been used to help retire a portion of the public debt. Once the Government starts to retire the public debt instead of borrowing, this means that the price of bonds will rise, the yield on bonds will fall, the interest rate will fall, and, in my judgment, it will not be necessary for the administration to raise the interest rate. Of course, we know that they want to raise the interest rate. That is their heart's desire. But the excuse for raising the interest rate would be removed.

So this package was a consistent, well-thought-out program. Only one portion of it has been adopted. I sadly fear that this portion faces strangulation at the hands of the conference committee.

Some day I intend to write a glossary of senatorial terms, and write definitions for various terms used on the floor of the Senate. One term is, "We will take it to conference." This means, "We will save your face before the voters and give you a paper victory, but put your proposal to death when we get it in conference."

There are other definitions in the tentative glossary which I have compiled, and which, when I retire from the Senate, I shall publish, but I shall not go into them at this time.

I wish to turn now to the depletion allowance—perhaps the greatest abuse in our whole tax structure, an abuse deeply imbedded, defended by the most powerful economic interests in the country, so that in a sense it seems somewhat quixotic to attack it. Nevertheless, the Senator from Illinois has been attacking it for 9 years, and he does not propose to stop now.

What is it that a group of us, some 10 in number, are proposing in the amendment which is now before this body? I feel deeply honored at the number of Senators who stood up on this issue and put their names to the amendment, braving the wrath of the powerful barons of the oil and gas industry.

SLIDING SCALE REDUCTION

What would this amendment do? It would reduce the existing 27½ percent depletion allowance for oil and gas to 15 percent, for those who receive income from oil and gas properties in excess of $5 million a year. It would diminish it from 27½ to 21 percent for those who receive income from oil and gas properties amounting to between $1 million and $5 million a year. I am speaking of gross income. But it would retain the existing 27½ percent for those with gross incomes from oil and gas properties below $1 million a year. In other words, this amendment proposes a sliding scale for the depletion allowance, to replace the present flat 27½ percent, retaining this figure for those with gross incomes under $1 million, but reducing it to 21 percent for those who have gross incomes between $1 million and $5 million, and to 15 percent for those with gross incomes of more than $5 million.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. I should like to emphasize the moderation of the Senator's amendment. In the first place, it would not eliminate the depletion allowance. It would simply cut it back from 27½ percent to 21 percent in the case of medium-sized companies, that is, those which gross between $1 million and $5 million, and to 15 percent for the giant companies; but it would not reduce it at all for the little companies.

Mr. DOUGLAS. That is correct.

Mr. PROXMIRE. I may point out at this juncture to my friend from Illinois something which he undoubtedly knows, namely, that a study was made in 1952 by the President's Material Policy Committee of 260 selected corporations, which, incidentally, accounted for 80 percent of the corporations using depletion. The study showed that oil companies charged 19 times as much allowable depletion as they would have if limited to simply recovery of capital investment.

What the Senator from Illinois is doing is not cutting that 19 times down to 1. He is cutting it down, in the case of the allowance, only to 10. He is saying the oil companies can charge off their investment 10 times or tenfold, they charge off their investment 10 times over. That is a moderate, middle-of-the-road proposal.

Mr. DOUGLAS. It is so modest that I am astonished at my own moderation.

Mr. PROXMIRE. I should like to emphasize the figures, because we have been startled to learn that the allowable depletion of these companies, according to the President's Materiel Policy Commission, was $1,075 million. If they had adjusted it and depreciated it on the basis of the cost of their investment, it would have been $44,200 million.

Mr. DOUGLAS. I appreciate the Senator's statement.

Mr. PROXMIRE. I point out that the small company, the company which has a gross of a million dollars a year or less, is not touched at all by this amendment.

Mr. DOUGLAS. That is correct. The royalty recipient is not touched.

I wish to pay tribute to the Senators who are standing with me in this fight: the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Pennsylvania [Mr. CLARK], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Missouri [Mr. HENNINGS], the Senator from Oregon [Mr. MORSE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Ohio [Mr. LAUSCHE], the Senator from Colorado [Mr. CARROLL], and the junior Senator from Ohio [Mr. YOUNG], who are cosponsors of the original bill.

SPECIAL TAX ALLOWANCES TO THE OIL AND GAS INDUSTRY

Under the present law, in addition to the 27½ percent depletion allowance, there is a host of costs and special allowances which are also deductible from gross income, even before the depletion allowance applies.

These are, first, operating costs, which are, of course, proper deductions.

Second. Intangible drilling and development costs, which my amendment does not change. But it should be noted that these costs can be written off in the year in which they occur and are not spread over a period of years, as is the case in other industries. It has been estimated that between 75 and 90 percent of all costs can be written off in 1 year in this manner. We have, therefore, already accorded to this industry virtually the ultimate in accelerated depreciation and fast tax writeoffs.

Third. Unsuccessful or dry holes can, of course, be written off against the income from successful drillings. The tax is computed not on an individual well basis, but on the basis of all the properties of the owner or the operator.

Fourth. A 14-point reduction in the tax itself—or a reduction from 52 percent to 38 percent on taxable income—for income derived from operations abroad in the Western Hemisphere,

such as operations in Venezuela, Canada, and Mexico.

Fifth. Royalty payments abroad, particularly in the Near East, may be disguised as income tax payments for which foreign tax credits is then available. A company, therefore, escapes liability for the U.S. tax by being allowed to take a credit for a payment which a domestic taxpayer would be permitted to deduct only from gross income, rather than to take it as a credit against tax.

Sixth. There is also the capital gains tax advantage.

PERCENTAGE DEPLETION

In addition to all these provisions, which would seem to be quite generous, a further allowance is permitted, called the percentage depletion allowance. In the case of gas and oil, this amounts to an additional 27½ percent of gross income up to one-half of net income. This allowance is, moreover, permitted in perpetuity so long as there is any flow of oil or gas from the well. It is not limited to recapturing the cost of the well in question, most of which cost, as we have seen, is recovered for tax purposes in the year the outlay is made through the intangible drilling and development cost deduction.

Some wells have been flowing for 30 or 40 years, and the 27½ percent depletion allowance has been allowed every year. This practice can continue. The Senator from Wisconsin has just produced figures which indicate that the amount of deduction is vastly greater than the cost of the properties.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. The Senator has indicated the enormous additional tax advantages which the oil companies have, depletion being only one, expensing being another, writeoff of intangibles being another, the "golden gimmick" being still another. Capital gains, of course, is a great advantage.

It is interesting to me to observe that the 27 largest oil companies, between 1945 and 1954, paid in taxes 17 percent of their net income, although, of course, all corporations are subject to a 52 percent tax, and the average corporation, as I understand, pays about 48 percent.

Mr. DOUGLAS. I think that is true. The oil and gas industry has paid approximately one-third the rate of taxation which other corporations pay. Therefore, either there has been overdevelopment, or the payments to stockholders have been greater in those companies than equal investments would have yielded elsewhere.

Mr. PROXMIRE. Once again, the modesty of the Senator from Illinois, or the moderateness of his amendment, it seems to me, is emphasized by the fact that if only the 10 largest oil companies had paid the same average tax as other corporations paid in 1955 alone, the Treasury would have received an additional $600 million from only those 10 companies.

Mr. DOUGLAS. The Senator from Wisconsin is correct. In a little while I shall submit further evidence to show how much this avoidance of tax amounts to.

VALUE OF DEPLETION ALLOWANCE HAS INCREASED

The percentage depletion allowance was put into effect sometime in the 1920's. It has remained at 27½ percent throughout that time. But in the beginning, corporation tax liability amounted to only 14 percent of corporate income, so that 27½ percent of that figure amounted to about 4 percent of corporate profits. It therefore was a very slight advantage when the rate of corporate taxation was low. But now that the rate of corporate tax is 52 percent, it will be noted that the 27½ percent depletion allowance is, on gross income, up to one-half of net income, and that this can be deducted from the corporate tax.

The value of the allowance, therefore, to the oil and gas industry has with the elapse of time grown tremendously.

Mr. PROXMIRE. It is almost four times as great in value as it was then.

Mr. DOUGLAS. That is correct.

Mr. PROXMIRE. If the amendment of the Senator from Illinois simply cut back the depletion allowance to what it was when it was originally written into the law, it would cut it back to some 7 or 8 percent, instead of 15 percent. So it would be twice as great in value to the oil companies, if this amendment should be enacted as it was when the depletion was enacted in 1926. The oil companies would be enjoying twice the advantage they enjoyed at the time the original law was placed on the books.

DEPLETION ALLOWANCE UNIVERSALIZED

Mr. DOUGLAS. At least twice; probably somewhat more.

Not only has the depletion allowance for oil and gas benefited the oil and gas companies in increasing measure throughout the years; it has furnished a precedent and has been the vanguard to carry on a series of similar allowances applying to everything which lies underneath the ground, and in some cases underneath the sea. It applies to virtually everything which is under the ground—to coal, to sulfur, to uranium, to titanium, to zinc, to lead, to fluorspar.

I well remember, in 1951, when it was extended to sand and gravel and to oyster shells and clam shells.

The excuse is frequently given that it is necessary to provide this extra bonus because there are such things as dry holes. What is the danger of getting dry holes in connection with sand and gravel or clam shells and oyster shells? Yet these industries claim a depletion allowance on top of these other tax benefits.

Mr. PROXMIRE. What is the rate of depletion on most of the other minerals?

Mr. DOUGLAS. They vary from 5 to 27.5 percent.

Mr. PROXMIRE. Is it not true that oil has a much higher depletion allowance than any other mineral?

Mr. DOUGLAS. Oh, yes. In the royal family of depletion allowances, oil and gas, like Abou ben Adhem, lead all the rest.

Mr. PROXMIRE. Is it not true that this fact can be quite dangerous to the tax structure? After all, if oil gets 27½ percent, why should not some of the other minerals get 27½ percent?

Mr. DOUGLAS. As a matter of fact, the oil and gas allowance has exercised a steady gravitational pull. The allowances for the other minerals have moved up, as they have looked up to the sun-crowned heights of oil and gas and have contemplated that 27½ percent.

Mr. PROXMIRE. So if the amendment of the Senator from Illinois should be adopted, and oil placed in the same category of many other minerals—15 percent—then this temptation would be removed.

Mr. DOUGLAS. That is correct. The Senator from Illinois is not proposing to reduce the depletion allowance on the other minerals, some of which do have more than 15 percent. If anyone wishes to offer an amendment to include them, I will be very glad to support such an amendment. But I am not anxious to get the whole mineral industry down on me at one time. But I do want to take an initial step; and I believe that if and when this step is taken, then other inequities will gradually be ironed out. In other words, let us go after the king, first; and then the other members of the royal family will alter their conduct.

Mr. President, this oil and gas depletion allowance is almost a perfect example of a case where, instead of closing a loophole in the law, an attempt has been made to make the loophole universal.

FACTS ABOUT DEPLETION

Now let me turn to some of the facts about depletion allowances, in general, and the oil and gas depletion allowance, in particular.

I have here three tables. One shows the amount of all depletion which corporations took as income-tax deductions in the period 1946 to 1956; another table shows the same deductions by total asset classes; and a further table shows corporate depletion deductions and net income by total asset classes for the years 1952 to 1956. These tables are printed on pages 66, 67, and 68 of the hearings. The last column on page 67 shows that deductions for depletion amounted to $3,056,700,000.

Another of the tables shows who took the depletion allowances. I call attention to the last item of the second table—the one on page 67 of the hearings. It shows that $2,082 million of these allowances were taken by corporations with assets of over $100 million. In other words, the corporations with assets of over $100 million got two-thirds of the swag.

I ask unanimous consent that these tables may be printed in the RECORD at this point in my remarks.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—*Selected corporate business deductions, all corporations, 1946–56*

[Dollar amounts in millions]

Deduction	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Compensation of officers	$5,143.1	$6,026.4	$6,733.3	$6,743.0	$7,606.8	$8,122.0	$8,430.0	$8,776.7	$9,113.2	$10,480.7	$11,045.1
Interest paid	2,251.0	2,501.4	2,758.7	3,045.1	3,211.9	3,700.5	5,013.2	5,680.9	6,270.6	7,058.4	8,281.0
Taxes paid	5,830.5	6,892.9	7,481.7	8,361.3	9,013.2	11,030.8	11,696.8	12,194.9	12,476.9	14,202.6	15,038.5
Contributions or gifts	213.9	241.2	239.3	222.6	252.4	343.0	398.6	494.5	313.8	414.8	418.0
Depletion	798.9	1,210.3	1,711.3	1,476.2	1,709.3	2,085.1	2,126.5	2,301.8	2,358.6	2,805.5	3,084.3
Depreciation	4,201.7	5,220.1	6,298.6	7,190.5	7,858.1	8,829.0	9,604.4	10,410.6	13,691.5	13,418.8	14,952.9
Amortization	64.5	58.9	38.9	30.6	43.3	291.9	831.3	1,515.3		2,590.3	2,625.9
Advertising	2,408.3	3,032.2	3,466.0	3,772.7	4,097.0	4,552.9	5,026.8	5,480.9	5,770.2	6,601.8	7,061.6
Amounts contributed under pension plans, etc.[1]	834.6	1,038.3	1,153.5	1,216.1	1,660.9	2,326.9	2,551.8	2,936.3	2,840.3	3,296.2	3,645.5
							[2] 860.9	[2] 860.9	[2] 910.6	[2] 1,146.9	[2] 1,302.9
Other [3]	5,892.1	7,338.4	8,062.8	7,998.7	8,371.3	9,709.7	10,493.6	11,520.5	11,445.5	12,959.1	14,325.4
Total selected deductions	27,638.6	33,560.1	37,944.1	40,056.8	43,824.2	50,991.8	56,803.4	62,273.3	65,191.2	74,975.1	81,781.1

[1] Deductions claimed under sec. 23(p) of the Internal Revenue Code for amount contributed by employers under pension, annuity, stock-bonus, or profit-sharing plans, or other deferred compensation plans.

[2] Contributions under employee welfare plans.

[3] Includes bad debts, repairs, and rent paid on business property.

Source: Internal Revenue Service, Statistics of Income, Corporation Income Tax Returns.

TABLE 2.—*Corporate depletion deductions by total assets classes, 1946–55* [1]

[Millions of dollars]

Assets classes	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
Under $50,000	3.3	3.9	3.9	3.7	4.0	3.5	3.1	4.7	4.2	5.7	8.6
$50,000 and under $100,000	3.7	4.6	5.5	4.0	4.4	3.7	5.2	3.7	4.3	5.2	6.9
$100,000 and under $250,000	10.8	14.7	16.1	11.9	12.6	12.1	13.5	13.5	15.7	27.2	21.1
$250,000 and under $500,000	12.8	18.9	21.4	16.1	17.1	21.4	21.2	21.4	22.6	26.0	27.5
$500,000 and under $1,000,000	23.2	31.8	40.8	21.4	31.5	41.4	35.1	38.6	32.2	45.1	43.1
$1,000,000 and under $5,000,000	71.3	108.3	126.1	101.0	120.8	160.8	150.3	154.0	147.4	191.5	181.6
$5,000,000 and under $10,000,000	38.3	54.3	72.5	57.5	68.5	83.8	85.7	83.3	73.7	80.0	96.7
$10,000,000 and under $50,000,000	130.7	165.5	245.2	213.1	278.9	318.9	297.7	306.1	290.3	351.2	339.9
$50,000,000 and under $100,000,000	38.6	85.7	89.7	92.8	115.2	120.8	131.2	119.8	134.0	178.1	249.0
$100,000,000 or more	445.0	713.8	1,076.5	895.1	1,038.8	1,299.3	1,370.0	1,539.3	1,517.9	1,869.0	2,082.5
Total	777.7	1,201.4	1,698.9	1,426.5	1,691.8	2,065.8	2,112.9	2,284.3	2,242.4	2,779.0	3,056.7
	Percentage distribution										
Under $50,000	0.4	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.2	0.2	0.3
$50,000 and under $100,000	.5	.4	.3	.3	.3	.2	.2	.2	.2	.2	.2
$100,000 and under $250,000	1.4	1.2	.9	.8	.7	.6	.6	.6	.7	1.0	.7
$250,000 and under $500,000	1.7	1.6	1.3	1.1	1.0	1.0	1.0	.9	1.0	.9	.9
$500,000 and under $1,000,000	3.0	2.6	2.4	2.2	1.9	2.0	1.7	1.7	1.4	1.6	1.4
$1,000,000 and under $5,000,000	9.2	9.0	7.4	7.1	7.1	7.8	7.1	6.7	6.6	6.9	5.9
$5,000,000 and under $10,000,000	4.9	4.5	4.3	4.0	4.1	4.1	4.1	3.6	3.3	2.9	3.2
$10,000,000 and under $50,000,000	16.8	13.8	14.4	14.9	16.5	15.4	14.1	31.4	12.9	12.6	11.1
$50,000,000 and under $100,000,000	5.0	7.1	5.3	6.5	6.8	5.8	6.2	5.2	6.0	6.4	8.1
$100,000,000 or more	57.2	59.4	63.4	62.7	61.4	62.9	64.8	67.4	67.7	67.3	68.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] All returns with balance sheets.

Source: Internal Revenue Service, Statistics of Income, pt. 2.

NOTE.—Detail may not add to totals because of rounding.

TABLE 3.—*Corporate depletion deductions and net income by total assets classes, 1952* [1]*–55*

[Dollar amounts in millions]

Assets classes	1952			1953			1954			1955			1956		
	Net income [2]	Depletion deductions	Depletion deductions as percent of net income	Net income	Depletion deductions	Depletion deductions as percent of net income	Net income	Depletion deductions	Depletion deductions as percent of net income	Net income	Depletion deductions	Depletion deductions as percent of net income	Net income	Depletion deductions	Depletion deductions as percent of net income
Under $50,000	$382.5	$2.6	0.7	$370.6	$3.2	0.9	$354.9	$3.3	0.9	$422.6	$4.7	1.1	$486.0	$3.6	0.7
$50,000 and under $100,000	577.0	4.7	.8	539.3	3.1	.6	518.1	2.9	.6	631.3	4.1	.6	722.7	4.6	.6
$100,000 and under $250,000	1,364.9	11.2	.8	1,251.1	11.2	.9	1,281.3	13.3	1.0	1,571.8	20.8	1.3	1,756.1	17.2	1.0
$250,000 and under $500,000	1,336.0	17.5	1.3	1,228.0	18.0	1.5	1,252.2	17.5	1.4	1,589.6	22.0	1.4	1,690.4	22.8	1.3
$500,000 and under $1,000,000	1,644.7	27.4	1.7	1,473.2	28.8	2.0	1,459.3	23.9	1.6	1,871.0	37.0	2.0	1,861.9	32.5	1.7
$1,000,000 and under $5,000,000	4,716.4	129.2	2.7	4,331.5	120.1	2.8	4,172.5	120.8	2.9	5,293.6	155.2	2.9	5,197.7	142.3	2.7
$5,000,000 and under $10,000,000	2,319.1	64.6	2.8	2,188.6	70.2	3.2	2,025.7	59.5	2.9	2,410.3	65.5	2.7	2,512.0	73.6	2.9
$10,000,000 and under $50,000,000	6,105.7	250.9	4.1	6,123.9	263.6	4.3	5,555.0	245.0	4.4	6,736.3	305.1	4.5	6,993.4	278.1	4.0
$50,000,000 and under $100,000,000	2,806.5	122.4	4.4	2,854.4	106.5	3.7	2,813.8	113.4	4.0	3,174.9	157.6	5.0	3,488.0	211.1	6.1
$100,000,000 or more	19,105.5	1,350.5	7.1	21,384.2	1,515.6	7.1	20,085.6	1,489.9	7.4	26,568.5	1,835.9	6.9	25,596.2	2,056.8	8.0
Total	40,358.3	1,980.9	4.9	41,750.9	2,140.3	5.1	39,518.4	2,089.3	5.3	50,270.9	2,608.1	5.2	50,304.6	2,842.6	5.7

[1] Returns with balance sheets and net income.

[2] Compiled receipts less compiled deductions as shown in Statistics of Income.

Source: Internal Revenue Service, Statistics of Income, pt. 2.

Mr. DOUGLAS. Now I see my good friend, the junior Senator from Oklahoma [Mr. MONRONEY], rising to his feet. I know what he is going to say.

Mr. MONRONEY. Mr. President, I think it would help us if the Senator from Illinois, with the aid of the vast amount of statistical information which he and his colleague have, would identify the "big boys," so as to let us know those who are engaging in the overseas production of gas and oil——

Mr. DOUGLAS. Let me say that my amendment would hit oversea gas and oil producing companies just as much as it would hit domestic gas and oil producing companies; and I hope my good friend will not let his heart bleed too much for those at home, in trying to apply the amendment to those overseas.

Mr. MONRONEY. But certainly the Senator from Illinois could supply the figures, in connection with the $2,082 million in depletion allowances to the large companies—the largest in the United States, for those which have holdings overseas, and which make use of a tax device which is not connected with the ordinary depletion allowance given to domestic producers. Actually, the oversea companies wind up with about a 55-percent depletion allowance, because the royalty which the owner of the land received, and which originally was considered a working interest, is now considered by the Attorney General to be a tax payment.

Therefore, it would clarify the record—and I know the Senator from Illinois would like to have that done—if he would identify these great takers of depletion, so as to show exactly which ones are producing the oversea oil. Actually, he will find that much of their profit is coming from the oversea source.

Mr. DOUGLAS. Mr. President, let me say that the tables are taken from the "Statistics of Income," published by the Bureau of Internal Revenue, and they do not identify individuals. I am not interested in pillorying any individual or company, by means of the figures I have here. I could do so if I wished to, in some cases; but I do not wish to do so. I wish to make the case on the basis of principle, not on the basis of whether so and so is the bigger culprit. Furthermore, Mr. President, I invite attention to table 2, which shows that only 3½ percent of the depletion allowances are taken by corporations with assets of less than $1 million.

I see my good friend, the senior Senator from Oklahoma [Mr. KERR], entering the Chamber. I do not think he is with me on this issue; but I will shake hands with him in fraternal affection.

Mr. KERR. Mr. President, I express my deep appreciation to my good friend for doing so; I have never known him to fail to do so. [Laughter.]

Mr. DOUGLAS. The big boys are the ones who get the depletion allowances.

Mr. LAUSCHE. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I am glad to yield to the Senator from Ohio, who is one of the cosponsors of the amendment.

Mr. LAUSCHE. And I am very glad to be a cosponsor of the amendment.

I desire to commend the Senator from Illinois for his unrelenting fight to protect the taxpayers of the country and to take from the privileged a right which does not justifiably belong to them, and for which the general public has to pay.

Mr. DOUGLAS. I thank the Senator from Ohio.

Mr. LAUSCHE. I refer now to page 81 of the testimony at the hearings. I ask these questions merely to ascertain whether we can put into perspective the position of the ordinary corporation, as compared to the position of the companies that have been granted the privilege of deducting from the taxes they pay what is known as the allowance for depletion.

Mr. DOUGLAS. Yes. Let me say, for the RECORD, and for the benefit of those who are in the Chamber, that during the hearings, I placed in the record the income statements and the tax statements of 28 oil and gas producing companies, which I designated, not by name, but by letter; and the Senator from Ohio is now calling attention to certain companies listed on page 81 of the hearings.

Mr. LAUSCHE. And I am picking out at random, on page 81, the company designated by the letter "P." On that page, we find that in 1958 the net income of that company, before taxes, was $6 million-plus.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. The company paid income taxes of $470,000.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. And its net income after taxes was $5,700,000-plus.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. The percentage of tax that it paid on its income was 7.66.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. What would the ordinary corporation have paid on income of that type?

Mr. DOUGLAS. The effective rate is approximately 50 percent.

Mr. LAUSCHE. So the ordinary corporation would have paid 50 percent of $6,135,000, which would have been about $3 million. But because this company was an oil or gas producing corporation, it paid only $470,000, which was equivalent to 7 percent; is that correct?

Mr. DOUGLAS. That is correct—only at about one-seventh of the rate of taxation which a company in other fields would be required to pay.

Mr. LAUSCHE. Such companies in other fields would have paid at the rate of 50 percent, in which case the tax would have amounted to approximately $3 million; but in the case of this company, which is a part of the oil and gas producing industry, its tax payment was at the rate of 7 percent, and its tax amounted to $470,000; is that correct?

Mr. DOUGLAS. That is correct.

I wish the Senator from Ohio, who has touched on a very valuable point, would turn to page 83, and would examine the record of company W. I wonder whether the Senator from Ohio will read those figures.

Mr. LAUSCHE. Company W, as listed on page 83, in 1958 had a net income, before income taxes, of $16,500,000-plus, I believe.

Mr. DOUGLAS. Sixteen million seven hundred thousand plus.

Mr. LAUSCHE. Yes. Company W, on a net income, before income taxes, of $16,700,000-plus, paid an income tax of $175,000.

Mr. DOUGLAS. Yes; and there is a footnote which states that those were foreign income taxes.

Mr. LAUSCHE. And after the company paid the $175,000 in taxes, it still had a net income of $16,551,000, which means that the company paid its tax at the rate of 1.05 percent.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. In other words, it paid a tax of $1.05 on each $100 of its income.

Mr. DOUGLAS. Yes; and that tax was paid to a foreign government, and taken as an offset against their domestic tax liability.

Mr. LAUSCHE. In our country, what would the corporation have paid?

Mr. DOUGLAS. At least 50 percent, if it were an ordinary corporation—or more than $8 million.

Mr. LAUSCHE. More than $8 million; but that oil and gas producing company, although an ordinary corporation would have paid $8 million in taxes, paid only $175,000 in taxes; is that correct?

Mr. DOUGLAS. Yes.

Will the Senator from Ohio examine the figures for 1957?

Mr. LAUSCHE. Yes. We find that the company had a net income, before income taxes, of $18,800,000-plus, for 1957; but it paid no taxes.

Mr. DOUGLAS. That is correct; it paid none at all.

Will the Senator from Ohio examine the figures for 1956?

Mr. LAUSCHE. Yes. The company had an income of $5,040,000, but it paid no income tax at all.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. And the same occurred in 1955, when it had an income of $3 million. But in that year it paid no income taxes at all.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. And in 1954, the company had an income of $10 million, and it paid $100,000 in taxes.

Mr. DOUGLAS. There is a $100,000 entry there; but I ask the Senator from Ohio to look at footnote No. 6.

Mr. LAUSCHE. Oh. In other words, the $100,000 was a credit, not a taxpayment; is that correct?

Mr. DOUGLAS. Yes; it was a credit. Instead of paying any income tax, the company actually got back $100,000.

Mr. LAUSCHE. That company, which in 1954 got back $100,000, would have paid, if it had been an ordinary corporation, a tax of about 50 percent of its net income before income taxes, I understand.

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. And it would have paid $5 million in taxes?

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. But in this instance, instead of paying taxes, it got back $100,000 as a credit?

Mr. DOUGLAS. That is correct.

Mr. LAUSCHE. And that is what the Senator from Illinois is complaining about?

Mr. DOUGLAS. It certainly is. Look again at 1953.

Mr. LAUSCHE. I thank the Senator very much. I refer to 1953, company W. I understand the Senator from Illinois has not identified the names of these companies because he does not want to take undue advantage of them and have the spotlight pointed at them.

Mr. DOUGLAS. That is correct, unless I am forced to do so in self-defense.

Mr. LAUSCHE. Now we are speaking about 1953.

Mr. DOUGLAS. Yes.

Mr. LAUSCHE. In 1953 the income was $11,500,000.

Mr. DOUGLAS. Yes.

Mr. LAUSCHE. And the taxes which were paid, with footnote 6, were $500,000.

Mr. DOUGLAS. What does the footnote say?

Mr. LAUSCHE. The company obtained a credit.

Mr. DOUGLAS. Although it made a net income of $11,500,000, instead of paying a tax, the Government paid it $500,000.

Mr. LAUSCHE. If this 1953 company W were an ordinary corporation, it would have paid 50 percent of the $11 million, which would have been $5,500,000. Is that correct?

Mr. DOUGLAS. That is correct. I have tabulated the figures. In 6 years company W received $65.7 million in income, and it had a net tax rebate of $425,000.

Mr. LAUSCHE. Will the Senator repeat those figures, please?

Mr. DOUGLAS. Yes. In 6 years company W made a net profit of $65.7 million, paid no taxes at all, and the Government actually gave it $425,000 as a net tax rebate.

Mr. LAUSCHE. I say to the Senator from Illinois, if he went down the byways and told the people of the United States what is being achieved through this depletion tax allowance, we would have a revolution.

Mr. DOUGLAS. I do not want a revolution. I want only a reform.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes.

Mr MONRONEY I have listened to the interesting colloquy. Does the Senator from Illinois contend that the figures he has discussed are the sole result of the depletion allowance?

Mr. DOUGLAS. No.

Mr. MONRONEY. I think he should make it absolutely clear, because the Senator from Ohio has just said that is the sole result of depletion.

Mr. DOUGLAS. As a matter of fact——

Mr. MONRONEY. Will the Senator let me complete my statement? I have read the Senator's statement. I have examined the chart. I know, and I am sure the Senator from Illinois knows, that no company or individual operator can expense more than half of the net income from each property. That is a part of the tax law. Certainly, there must be some charges that do not appear in the Senator's table. I think it would be enlightening, to the Senator from Ohio particularly, who is astounded that there is a rebate as a result solely of the depletion allowance, because the law provides that a company cannot expense or charge off more than half the net income from each property. If there are development costs, if there are leasing costs, if half of the State of Oklahoma does not produce oil, but is under lease at a certain charge in the hope that oil will be found, that is an operating cost, and perhaps that is the cost we have to pay in order to have a domestic supply of oil.

The PRESIDING OFFICER. The Chair will inform the Senator from Illinois that he has exhausted all his time on the amendment, and he has 1 hour and 15 minutes on the bill.

Mr. MONRONEY. I will yield some time from the time of the opponents of the amendment, if the Senator wishes more time. We do not expect to use all our time.

Mr. DOUGLAS. It is not necessary to ask the Senator from Oklahoma to do this. We will stand on our own.

Mr. LAUSCHE. Here is one of the very things I complain about. The oil producers and gas producers maintain they are engaged in a hazardous business, and therefore, to induce them to continue, it is asserted the Government should grant them a 27½ percent depletion allowance in their taxes because of the depreciation of their capital investment. Yet in the next breath they state that every penny they expend in making explorations can be charged off as an operating expense and be fully considered.

Mr. DOUGLAS. And virtually all of it can be charged off in the initial year.

Mr. LAUSCHE. Would the Senator from Illinois allow me to read an article which was published in the Cleveland press, and which I think is of tremendous significance?

Mr. DOUGLAS. I shall be very glad to have the Senator do so.

Mr. LAUSCHE. A Texas oil man came to Cleveland to address a seminar on how to invest money. The query was, "Where can I put my money to produce the greatest profit?" I now read the article:

Exploration for gas and oil offers the greatest opportunity for the high-bracket taxpayer who has a gambling spirit at heart, according to Grant E. Judge, partner of Arthur Andersen & Co. in its Houston, Tex., office.

Judge, who wrote the "Bible" on taxation of gas and oil, was here as one of eight national experts today for a 1-day seminar on deferred compensation and estate planning at Hotel Carter. He addressed some 600 Cleveland executives at noon.

The program is cosponsored by the Cleveland chapter, American Society of Chartered Life Underwriters and the Cleveland Chamber of Commerce, and endorsed by the Cleveland Bar Association.

"Even though we are in a recession and the oil industry is hard hit by an oversupply of crude oil and price regulation of natural gas, oil and gas still are among the few opportunities by which a person can acquire substantial wealth," said Judge.

For a business executive in the 90 percent bracket, $10,000 could be worth as much as $100,000 if successfully invested in a gas and oil venture due to numerous tax incentives set up by the Government to spur development of our natural resources, Judge said.

In exploration, the Government permits you to deduct all gambling losses, Judge noted.

"An individual in the 90 percent tax bracket can consider Uncle Sam as his partner in up to 90 percent of all losses incurred in exploring for oil and gas" said Judge.

"Because of the 27½ percent depletion allowance, Uncle Sam takes a relatively modest share of the income of successful ventures.

"If you are in the 90 percent tax bracket you are risking only 10 cents out of a dollar spent on unsuccessful ventures. As to successful ventures, the effective tax rate on income to a 90 percent bracket taxpayer is about 65 percent.

"There, in a nutshell, is the reason that exploration for oil and gas has become so attractive in the last decade. It is the one way that a taxpayer can acquire valuable property through the use of income funds."

Keynoter today was William J. Casey, New York attorney and chairman of the board of editors, Institute for Business Planning.

Other speakers were John O. Tomb of the Chicago office of McKinsey & Co., management consultants; James F. Thornburg, South Bend, Ind., tax authority; Robert S. Latham, CPA, tax partner here of Arthur Andersen & Co.; Robert J. Lawthers, New England Mutual Life Insurance Co.'s director of benefits and pensions; John G. Ellis, president of Sprayon Products Inc. here, and Rene Wormser, New York attorney and expert in estate planning.

In other words, if one has money and is paying 90 percent of it in taxes, instead of paying the taxes, begin boring for oil. If the investor strikes oil, he becomes rich. If he misses, the Government pays 90 percent of the cost and the investor pay 10. It is a fraud, it is a swindle, and it ought to be stopped.

Mr. DOUGLAS. Mr. President, I was a little bit peremptory with the Senator from Oklahoma [Mr. MONRONEY], who, in good grace, offered me time from the opposition. I was ungracious in saying that we will operate on our own. I hope he will excuse me, and I hope I have not hurt his feelings.

Mr. MONRONEY. The Senator from Illinois never injures my feelings. I know the interest he has in this matter. Since no one was present on our side, I offered to yield time in the hope that we would be able to get an accurate interpretation of the figures the Senator was citing.

Mr. DOUGLAS. Mr. President, I should like to have placed in the RECORD, and I ask unanimous consent to do so, the tables dealing with the companies in question, beginning at page 75 of the hearings, and extending through page 85.

There being no objection, the extract was ordered to be printed in the RECORD, as follows:

Company A

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$22,485,135	[1]	$22,485,135	
1957	35,208,979	$5,260,000	29,948,979	14.94
1956	29,523,395	3,024,000	26,499,395	10.24
1955	28,143,673	2,780,000	25,363,673	9.88
1954	21,029,684	1,252,000	19,777,648	5.95
1953	18,812,590	367,000	18,445,590	1.95
1952	16,550,361	654,000	15,896,361	3.95
1951	17,369,652	1,073,000	16,296,652	6.17
1950	18,467,607	3,068,000	15,399,607	16.61
1949	14,759,193	375,000	14,384,193	2.54
1948	27,367,252	4,725,000	22,642,252	17.27
1947	17,749,626	2,830,000	14,919,626	15.94
1946	10,130,975	1,275,000	8,855,975	12.59
1945	5,611,770	215,000	5,396,770	3.83

[1] Not available.

Company B

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$4,371,094	$525,000	$3,846,094	12.01
1957	5,392,505	150,000	5,242,505	2.78
1956	6,975,382	1,095,000	5,880,382	15.70
1955	5,975,382	485,000	4,965,220	9.90
1954	3,291,733	38,172	3,253,561	1.16
1953	5,594,074	1,552,500	4,441,574	27.75
1952	4,436,030	669,500	3,766,530	15.09
1951	5,561,770	714,880	4,846,890	12.85
1950	5,709,537	1,023,900	4,685,637	17.93
1949	3,259,928	163,040	3,096,888	5.00
1948	6,295,858	898,900	5,396,958	14.28
1947	4,011,073	1,023,126	2,987,947	25.51
1946	2,089,932	417,000	1,672,932	19.95
1945	2,321,605	205,908	2,115,697	8.87

Company C

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$5,402,894	$481,413	$4,921,481	8.91
1957	5,561,652	640,635	4,921,017	11.52
1956	4,770,495	261,837	4,508,658	5.49
1955	4,826,687	417,388	4,409,299	8.65
1954	4,625,759	336,889	4,288,870	7.28
1953	4,391,404	179,114	4,212,290	4.08
1952	3,588,107	91,660	3,496,447	2.55
1951	3,934,107	399,397	3,534,710	10.15
1950	3,696,584	847,072	2,849,412	22.91
1949	3,373,448	679,553	2,693,895	20.14
1948	4,542,842	982,540	3,560,302	21.63
1947	2,284,109	529,781	1,754,328	23.19
1946	161,816	212	161,604	.13
1945	33,895	256	33,639	.76

Company D

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$156,130	[1] $13,000	$169,130	0
1957	271,515	5,000	266,515	1.84
1956	472,556	35,000	437,556	7.41
1955	549,093	15,000	534,093	2.73
1954	309,405		309,405	
1953	303,453	11,332	292,121	3.73
1952	159,084	25,686	133,398	16.15
1951	415,948	8,234	407,714	1.98
1950	277,514	1,500	276,014	.54
1949	177,187	1,000	176,187	.56
1948	526,061	35,000	491,061	6.65
1947	399,643	52,000	347,643	13.01
1946	139,923	1,000	138,923	.71
1945	140,101	1,500	138,601	1.07

[1] Credit.

Company E

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$8,108,706	$800,000	$7,308,706	9.87
1957	11,303,747	1,600,000	9,703,747	14.15
1956	11,379,241	1,900,000	9,479,241	16.69
1955	8,509,136	1,500,000	7,009,136	17.63
1954	5,320,750		5,320,750	
1953	6,420,968	1,048,000	5,372,968	16.32
1952	5,601,723	1,400,000	4,201,723	24.50
1951	5,866,052	2,000,000	3,866,052	34.09
1950	4,951,476	1,500,000	3,451,476	30.29
1949	4,928,459	1,020,000	3,908,459	20.70
1948	5,766,543	960,000	4,806,543	16.65
1947	3,650,374	600,000	3,050,374	16.44
1946	3,248,813	200,000	3,048,813	6.16

Company F

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$54,865,371	$7,400,000	$47,465,371	13.49
1957	51,273,749	4,550,000	46,723,749	8.87
1956	67,517,000	15,700,000	51,817,000	23.25
1955	56,259,000	9,900,000	46,359,000	17.60
1954	50,383,000	8,700,000	41,683,000	17.27
1953	55,775,000	14,900,000	40,875,000	26.71
1952	52,488,000	14,400,000	38,088,000	27.43
1951	58,593,000	17,300,000	41,293,000	29.53
1950	57,407,000	15,000,000	42,407,000	26.13
1949	46,487,000	10,390,000	36,097,000	22.35
1948	74,080,000	19,863,000	54,217,000	26.81
1947	40,655,000	9,298,000	31,357,000	22.87
1946	22,599,000	3,585,000	19,014,000	15.86
1945	16,371,000	1,228,000	15,143,000	7.50

Company G

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$804,716	$50,000	$754,716	6.21
1957	1,167,546	115,000	1,052,546	9.85
1956	560,753		560,753	
1955	832,765		832,765	
1954	785,624		785,624	
1953	730,699		730,699	
1952	968,287	69,022	899,265	7.13
1951	935,134	137,220	797,914	14.67
1950	892,552	147,275	745,277	16.50
1949	969,991	204,860	765,131	21.12
1948	872,719	150,367	722,352	17.23
1947	654,922	160,452	494,470	24.45
1946	471,923	135,664	336,259	28.75
1945	461,448	180,808	280,640	39.18

Company H

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$1,760,794	0	$1,760,794	0
1957	2,176,226	$160,000	2,016,226	7.35
1956	2,647,058	93,000	2,554,058	3.51
1955	1,994,072	86,000	1,908,072	4.31
1944	2,276,415	238,329	2,038,086	10.47
1953	1,899,343	156,039	1,743,304	8.22
1952	1,998,758	370,291	1,628,467	18.53
1952	1,992,234	411,166	1,581,068	20.64
1950	1,270,271	72,843	1,197,428	5.73

NOTE.—Records available only for last 9 years.

Company I

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958 [1]	$7,076,455	[2] $23,352	$7,099,807	0
1957 [1]	9,079,022	[2] 5,860	9,084,882	0
1957	9,078,922	[3] 5,860	9,084,882	(3)
1956	8,886,172	151,000	8,735,172	1.69
1955	8,106,746	429,075	7,677,671	5.29
1954	6,769,145	196,335	6,572,810	2.90
1953	5,414,053	26,156	5,387,897	.48
1952	5,067,243	410,539	4,656,704	8.10
1951	4,477,673	404	4,477,269	.01
1950	3,456,001	202,087	3,253,914	5.85
1949	2,949,585	72,628	2,876,957	2.46
1948	2,774,079	201,176	2,572,903	7.25
1947	3,172,001	504,487	2,667,514	15.90
1946	755,220	258,488	496,732	34.23
1945	102,860	65,966	368,946	64.13

[1] 12 months ended June 30.
[2] Credit.
[3] Credit taxes.

NOTE.—In total analysis 1956 equals 1957 on this company, etc.

Company J

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$2,950,700	$90,000	$2,860,700	3.05
1957	3,154,900	20,000	3,134,900	.63
1956	3,168,549	75,000	3,093,549	2.37
1955	3,656,274	150,000	3,506,274	4.10
1954	3,570,162	360,000	3,210,162	10.08
1953	3,363,964	500,000	2,863,964	14.86
1952	2,561,162	267,461	2,293,701	10.44
1951	3,971,370	965,230	3,006,140	24.30
1950	2,302,729	519,263	1,783,466	22.55
1949	1,551,586	104,000	1,447,586	6.70
1948	1,344,021	150,000	1,194,021	11.16
1947	1,230,364	50,000	730,364	4.06
1946	409,171		409,171	
1945	328,260		328,260	

Company K

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$14,145,331	$2,300,000	$11,845,331	16.23
1957	17,938,378	3,400,000	14,538,378	18.95
1956	16,316,268	2,500,000	13,816,268	15.32
1955	15,599,264	1,900,000	13,699,264	12.18
1954	11,541,464	1,278,154	10,263,310	10.01
1953	11,762,519	1,590,080	10,172,439	13.52
1952	9,218,224	1,875,000	7,343,224	20.34
1951	10,327,002	2,400,000	7,927,002	23.24
1950	8,723,484	2,000,000	6,723,848	22.93
1949	8,716,231	1,800,000	6,916,231	20.65
1948	17,245,547	4,000,000	13,245,547	23.17
1947	9,301,386	2,300,000	7,001,386	24.78
1946	5,321,560	1,010,000	4,311,560	18.93
1945	4,235,097	257,000	3,978,097	6.09

Company L—Liquidated Apr. 11, 1957

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1954	$7,762,785	$1,275,000	$6,485,785	16.42
1953	8,494,844	1,785,000	6,709,844	21.01
1952	7,844,057	1,500,000	6,344,057	19.12
1951	8,553,640	1,500,000	7,053,640	17.54
1950	8,086,702	1,983,000	6,103,702	24.52
1949	7,805,345	1,900,000	5,905,345	24.34
1948	7,512,733	1,726,006	5,786,727	22.97
1947	7,667,536	1,575,000	6,092,536	20.54
1946	5,146,094	1,100,000	4,046,094	21.38
1945	3,209,359	831,500	2,377,859	25.91
1944	3,519,208	1,068,760	2,450,448	30.37

Company M

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$152,543,223	$16,000,000	$136,533,223	10.49
1957	192,910,393	17,000,000	175,910,393	8.81
1956	212,961,000	34,000,000	178,961,000	15.97
1955	215,997,000	41,000,000	174,997,000	18.98
1954	174,803,000	28,500,000	146,303,000	16.30
1953	207,757,854	43,500,000	164,257,854	20.94
1952	175,792,000	30,500,000	145,292,000	14.68
1951	220,981,000	51,500,000	169,481,000	23.30
1950	161,360,000	32,000,000	129,360,000	19.83
1949	138,480,000	18,000,000	120,480,000	13.00
1948	240,069,000	54,000,000	186,069,000	22.49
1947	153,207,000	29,100,000	124,107,000	18.99
1946	79,332,000	7,500,000	71,832,000	9.45
1945	80,395,000	9,500,000	70,895,000	11.82

Company N

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$5,378,973	0	$5,378,973	0
1957 [1]	7,972,558	$1,727,910	6,244,648	21.67
1956	5,378,994	699,000	4,679,994	13.00
1955	2,502,867	18,000	2,484,867	.72
1954	1,603,682	23,923	1,579,759	1.49
1953	3,077,447	4,724	3,072,723	.15
1952	2,334,532	99,844	2,234,688	4.28
1951	1,209,045	31,250	1,177,795	2.58
1950	282,202	49,750	232,452	17.63
1949	1,225,576	6,949	1,218,627	.57
1948	1,395,517	29,053	1,366,464	2.08
1947	359,903	15,000	344,903	4.17
1946	[2] 106,098	200	[2] 106,298	----------
1945	1,537,551	406,500	1,131,051	26.44

[1] 12 months ended June 30.
[2] Deficit.

NOTE.—In totals analysis, 1956=1957 on this company, etc.

Company O

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	(1)	(1)	(1)	----------
1957	$1,573,165	----------	$1,573,165	----------
1956	1,034,094	(2)	1,034,094	----------
1955	1,006,718	(2)	1,006,718	----------
1954	1,690,567	$42,130	1,648,437	2.49
1953	1,873,226	50,000	1,823,226	2.67
1952	1,502,077	40,000	1,462,077	2.66
1951	2,714,277	30,000	2,684,227	1.11
1950	2,692,947	40,000	2,652,947	1.49
1949	3,382,140	42,323	3,382,140	1.25
1948	4,236,057	348,900	3,887,157	8.24
1947	1,517,480	48,919	1,468,561	3.22
1946 [2]	689,609	10,241	679,368	1.51
1945 [2]	664,526	4,103	660,423	.62
1954 [3]	2,205,837	42,130	2,163,707	1.91
1953 [3]	2,600,271	50,000	2,550,271	1.92
1952 [3]	2,202,835	40,000	2,162,835	1.81
1951 [3]	2,623,191	30,000	2,593,191	1.14
1950 [3]	3,744,852	40,000	3,704,852	1.01
1949 [3]	4,158,672	42,322	4,116,350	1.00
1948 [3]	4,353,435	348,900	4,004,535	8.01

[1] Not available.
[2] Not reported.
[3] Figures for 1954-48 restated as result of revision of estimates of recoverable oil and gas reserves.

NOTE.—Company O felt not liable for Federal income tax in this period.

Company P

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$6,135,363	$470,000	$5,765,363	7.66
1957	6,611,110	660,000	5,951,110	9.98
1956	6,277,997	478,000	5,799,997	7.61
1955	6,211,916	470,000	5,741,916	7.56
1954	6,209,385	470,000	5,739,385	7.57
1953	6,761,834	515,000	6,246,834	7.62
1952	7,023,582	540,000	6,483,582	7.69
1951	7,008,444	535,000	6,473,444	7.63
1950	6,616,103	415,000	6,201,103	6.27
1949	4,940,029	270,000	4,670,029	5.47
1948	5,679,055	333,000	5,346,055	5.86
1947	2,827,824	159,000	2,668,824	5.62
1946	2,532,718	151,000	2,381,718	5.96
1945	2,522,301	157,075	2,365,226	6.23

Company Q

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$16,144,274	$3,271,000	$12,873,274	20.26
1957	19,137,735	4,500,000	14,637,735	23.51
1956	10,590,947	2,703,000	7,887,947	25.52
1955	13,034,071	1,852,000	11,182,071	14.21
1954	14,484,813	1,967,000	12,517,813	13.58
1953	12,815,586	1,143,000	11,672,586	8.92
1952	9,570,934	602,000	8,968,934	6.29
1951	8,190,680	385,000	7,805,680	4.70
1950	6,263,638	400,000	5,863,638	6.39
1949	5,183,830	210,000	4,973,830	4.05
1948	7,713,057	407,623	7,305,434	5.28
1947	3,896,936	85,000	3,811,936	2.02
1946	1,614,888	65,000	1,549,888	4.02
1945	997,075	40,000	957,075	4.01

Company R

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$3,620,312	[1] $968,000	$4,588,312	----------
1957	6,908,969	882,000	6,026,969	12.77
1956	10,595,588	2,640,000	7,955,588	24.92
1955	8,052,718	1,164,559	6,888,159	14.46
1954	8,395,561	1,636,500	6,759,061	19.49
1953	11,536,428	3,477,350	8,059,078	30.14
1952	13,532,095	3,884,000	9,648,095	28.70
1951	14,940,795	4,645,000	10,295,795	30.11
1950	10,850,226	2,351,801	8,498,425	21.68
1949	6,470,610	299,023	6,171,587	4.62
1948	8,229,656	1,635,000	6,594,656	19.87
1947	4,773,864	576,444	4,197,420	12.07
1946	2,475,239	370,000	2,105,239	14.95
1945	1,983,259	252,500	1,730,759	10.27

[1] Credit.

Company S

Year [1]	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958 [1]	$3,337,324	[2] $236,642	$3,100,682	7.09
1957 [1]	4,712,841	330,000	4,382,841	7.00
1957	4,712,841	330,000	4,382,841	7.02
1956	4,060,789	260,000	3,800,798	6.40
1955	4,284,521	220,000	4,064,521	5.13
1954	5,241,179	43,000	5,198,179	.82
1953	5,525,948	583,000	4,942,948	10.55
1952	5,618,762	1,425,000	4,193,762	25.36

Company S—Continued

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1951	$5,280,578	$964,000	$4,316,578	18.22
1950	2,944,322	191,000	2,753,322	6.42
1949	4,736,153	342,000	4,394,153	7.29
1948	4,213,001	266,000	3,947,001	6.31
1947	3,200,034	160,000	3,040,034	4.99
1946	1,809,404	30,000	1,779,404	1.66

[1] 12 months ended June 30.
[2] Includes credit of $171,642 prior years' tax adjustment, etc.

NOTE.—In total analysis 1956=1957 for this company.

Company T

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$1,011,165	[1] $235,320	$1,246,485	0
1957	701,822	0	701,822	0
1956	949,659	138,000	811,659	14.53
1955	1,385,335	185,000	1,200,335	13.35
1954	542,208	2,500	539,708	4.61
1953	408,107	----------	408,107	----------
1952	431,569	----------	431,569	----------
1951	273,473	----------	273,473	----------
1950	183,116	5,000	178,116	2.73
1949	[1] 6,000	----------	[1] 6,000	----------

[1] Credit.

Company U

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	(1)	(1)	(1)	----------
1957	$11,719,324	$560,482	$11,158,842	4.78
1956	9,568,842	200,000	9,368,842	2.09
1955 [2]	9,340,810	900,000	8,440,810	9.64
1954	7,805,307	335,000	7,470,307	4.29
1953	7,140,132	600,000	6,540,132	8.40
1952	7,715,591	1,000,000	6,715,591	12.96
1951	10,239,600	2,900,000	7,396,000	28.32
1950	7,659,000	1,200,000	6,459,000	15.67
1949	6,656,347	875,000	5,781,347	13.15
1948	9,030,713	2,250,000	6,780,713	24.91
1947	7,191,002	1,250,000	5,941,002	17.38
1946	3,400,586	400,000	3,000,586	11.76

[1] Not available.
[2] Restated to conform with accounting practice effective Jan. 1, 1956—method of charging intangible development costs was changed. 1956 net income would have been $1,470,000 less without such change.

Company V, liquidated

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1954	$4,173,767	----------	$4,173,767	----------
1953	3,951,367	$350,000	3,601,367	8.86
1952	4,414,623	660,000	3,754,623	14.95
1951	3,112,871	----------	3,112,871	----------
1950	1,904,836	526,000	1,378,836	27.61
1949	[1] 592,448	7,500	584,948	1.26
1948	461,640	2,400	459,240	.52
1947	416,506	4,100	512,406	.98
1946	328,052	11,282	316,770	3.44
1946 [2]	176,841	5,250	171,591	2.97
1945 [2]	293,539	6,127	287,412	2.00

[1] Before $653,408 loss on wells abandoned.
[2] 12 months ended Apr. 30. In 1946, the company changed to a calendar year basis so 1946 taxes are shown both ways.

Footnotes at end of table.

Company W

Year [1]	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958 [1]	$16,726,337	[2] $175,000	$16,551,337	1.05
1957 [1]	18,887,389	0	18,877,389	0
1957	18,877,389	----------	18,877,389	----------
1956	5,040,752	----------	[3] 5,040,752	----------
1956 [4]	([5])	----------	([5])	----------
1955	3,395,446	----------	3,395,446	----------
1954	10,260,388	[6] 100,000	10,360,388	([7])
1953	11,500,382	[6] 500,000	12,000,382	([7])
1952	12,100,165	200,000	11,900,165	1.65
1951	15,195,639	1,900,000	13,295,639	12.03
1950	7,128,542	200,000	6,928,542	2.81
1949	7,483,443	200,000	7,283,443	2.67
1948	17,917,474	3,000,000	14,917,474	16.74
1947	5,266,897	400,000	4,866,897	7.59
1946	1,884,156	----------	1,844,156	----------
1945	5,422,254	450,000	4,972,254	8.29

[1] 12 months ended Aug. 31.
[2] Foreign income taxes.
[3] Same for both consolidated and co. only.
[4] Consolidated.
[5] Same.
[6] Credit.
[7] Credit taxes.

NOTE.—In total analysis, 1956-1957 on this company, etc.

Company X

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$4,642,978	$670,023	$3,972,955	14.43
1957	7,670,654	840,709	6,829,945	10.96
1956	6,057,708	400,000	5,657,708	6.60
1955	6,720,029	400,000	6,320,029	5.95
1954	5,245,527	----------	5,245,527	----------
1953	4,470,659	240,000	4,230,659	5.37
1952	3,635,498	450,000	3,185,498	12.38
1951	3,702,765	550,000	3,152,765	14.85
1950	3,770,706	696,200	3,047,506	18.46
1949	4,022,266	640,907	3,831,359	15.93
1948	4,731,952	901,906	3,830,046	19.06
1947	2,940,750	597,621	2,343,129	20.32
1946	1,394,512	163,973	1,230,539	11.75
1945	666,557	----------	666,557	----------

Company Y

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$6,231,481	0	$6,233,481	0
1957	7,802,218	$570,000	7,232,218	7.31
1956	7,859,694	650,000	7,209,694	8.27
1955	8,449,374	500,000	7,949,374	5.92
1954	8,256,034	400,000	7,856,034	4.85
1953	8,874,068	1,275,000	7,599,068	14.37
1952	8,101,335	1,255,000	6,846,335	15.49
1951	8,009,124	1,185,000	6,824,124	14.79
1950	7,047,367	1,050,000	5,907,367	14.89
1949	7,048,753	710,000	6,338,753	10.07
1948	9,186,038	1,725,000	7,461,038	18.78
1947	4,883,907	760,000	4,123,907	15.56
1946	2,428,249	315,000	2,113,249	12.97
1945	1,934,850	175,000	1,759,850	9.04

Company Z

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$2,065,816	0	$2,065,816	0
1957	2,215,290	0	[1] 2,215,290	0
1956[2]	746,447	----------	746,447	----------
1956[3]	1,602,988	----------	1,602,988	----------
1955	1,262,177	----------	1,262,177	----------
1954	1,720,086	----------	1,720,086	----------

Footnotes at end of table.

Company Z—Continued

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1953	$1,508,988	----------	$1,058,988	----------
1952	1,547,048	----------	1,547,048	----------
1951	703,747	----------	703,747	----------
1950	151,488	----------	151,488	----------
1949	154,707	----------	154,707	----------
1948	134,881	----------	134,881	----------

[1] Adjusted.
[2] 7 months ending Dec. 31.
[3] In totals analysis, May 31 ending years used.

NOTE.—Years end May 31 prior to 1957.

Company A–Z

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	$909,982	0	$909,982	0
1957	891,025	0	891,025	0
1956	783,082	----------	783,082	----------
1955	981,994	----------	981,994	----------
1954	647,516	----------	647,516	----------
1953	1,008,416	$80,000	928,416	7.93
1952	768,664	----------	768,664	----------
1951	1,143,004	283,000	860,044	24.76
1950	969,156	264,774	704,382	27.32
1949	394,227	----------	394,227	----------
1948	874,306	173,000	701,306	19.79
1947	655,289	73,000	582,289	11.14
1946	227,789	----------	227,789	----------
1945	322,232	----------	332,232	----------

Company B–Z

Year	Net income before income taxes	Income taxes	Net income after income taxes	Percent of income taxes to income before taxes
1958	[1] $31,647,420	[2] $4,074,902	$33,825,276	----------
1957	35,009,503	[2] 1,827,610	35,669,759	----------

[1] State and foreign income taxes included.
[2] Credit.

Mr. DOUGLAS. Mr. President, I could take company after company and show how they pay only a fraction of what ordinary companies and other persons pay.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. DOUGLAS. Yes; I am glad to yield.

Mr. LONG. The Senator well knows we have covered many times before the question I am going to ask him.

Mr. DOUGLAS. Yes; many times.

Mr. LONG. Has the Senator, for the purpose of the record, separated foreign holdings from domestic holdings, because I think that makes a tremendous difference?

Mr. DOUGLAS. No; but my amendment reaches income from foreign as well as domestic holdings, so I am trying to strike at the abuses by such companies as the Arabian-American Oil Co., and its parents. When they bring income back to this country we will be able to reach it through the amendment.

Mr. LONG. I am sure the Senator realizes that unless the amendment is going to do something about some of the foreign operations, he will be doing American companies an injustice.

The Senator knows what happens in Saudi Arabia and a few other countries. The foreign countries simply boost their taxes on American companies to keep those taxes in those countries, by virtue of the fact that the foreign operator gets an actual credit against taxes for anything he has paid the foreign government. The Senator knows what happened in Saudi Arabia. The company in that country was paying a royalty, and that was a deductible item.

There was perhaps $200 million a year income involved in that one transaction, but this was simply transferred over. The royalty was withdrawn, and it was called a tax.

Mr. DOUGLAS. Yes.

Mr. LONG. This country lost $200 million. I believe the Senator will find that with respect to all the foreign holdings, even with regard to the ordinary oil companies, we could be deriving perhaps $500 million a year income, yet we are only deriving about $1 million a year, which comes about by accident, by bookkeeping oversight, simply because the foreign countries are in a position to keep all the money. If the Senator does not touch that part of it he will not meet the problem. That is where the big profits are in the oil business.

Mr. DOUGLAS. That is where some of the big profits are. The amendment is designed to reach most of the evils. Though it does not reach all the evils in connection with the foreign companies, it makes a start. I hope the Senator from Louisiana will not refuse to take nine steps with us simply because we cannot at this moment take the 10th step. That would, as a matter of fact, involve the revision of treaties and the questions of offsets of taxes paid to foreign governments.

Mr. LONG. If the Senator is offering his usual depletion amendment, by which he attempts to do something about the small independent operator, I will say it is not the worst one I have seen. It is better than some.

Mr. DOUGLAS. As I say, it is an extremely moderate proposal. I will also say that if the oil and gas industry does not accept some amendment of this type it may in the future be compelled to take a more rigorous amendment.

In the offing lurks the Senator from Delaware, who wants a straight cut to 15 percent, without graduation. I have also had some trouble holding down the reformers who want to limit the depletion allowance to the original cost of the well itself. This would allow the cost of the well to be written off twice. It would allow them to write off the cost initially and to take the cost again through the depletion allowance. It would cut the total figure to a fraction of what I am proposing. I am the very soul of moderation. [Laughter.]

The oil and gas companies picture me as a fiend incarnate swishing his tail, ready to pounce upon them, when all I am trying to do is to get some element of justice in the tax system. If we do not have such a tax reform the oil and gas companies are likely to have to take something else. I will not forever stand for moderation.

Mr. LONG. Would the Senator be so kind as to explain to us, in view of the kind of tax proposal he has suggested, the difference between depreciation and depletion? I assume, as one who argues this matter repeatedly, the Senator does realize the difference between the two.

Mr. DOUGLAS. Yes.

Mr. LONG. Depreciation would definitely apply to the original investment.

Mr. DOUGLAS. Depreciation would cover the so-called intangible drilling and developmental costs, largely.

Mr. LONG. I have in mind the difference between depreciation and depletion. Perhaps the Senator will explain that, because unfortunately many of those who want to struggle with this problem do not know the difference. In fact, many do not know what depletion is.

Mr. DOUGLAS. I will say that we have here the most rapid form of accelerated depreciation. Virtually all the initial investment can be written off in 1 year. The normal depreciation rate is from 12 to 20 years. We have had accelerated depreciation in certain industries, down to 5 years. Then we have the scale which increases the amount of depreciation in the earlier years and decreases it in later years. But the oil industry, on top of having the most rapid depreciation of any industry, has the 27½-percent depletion allowance.

Mr. LONG. Mr. President, the point I wanted to get at—and I hope the Senator will touch upon it—is this: If a person undertakes to drill a well, the odds are about 9 to 1 against him. Actually, it is 8 to 1, I believe. There are eight dry holes for every producing well. If one is a farmer and thinks there might be oil on his property, even with the best seismographic information available, the odds are that there will be eight dry holes for every discovery, using the best information we can get. If a man is trying to find oil, when the odds are 8 to 1 against him, we can see why we have to find some way to make it possible for the man to drill.

We must compare him to the man who is, let us say, doing business by building a generating plant, or something else. That man knows the plant will generate electricity and supply power. He can depreciate the plant over the life of the investment.

On the other hand, we have to find some way to offset the fact that if a man is drilling a well, the odds are 8 to 1 he will get zero. That will be the last well he will every try to drill, if he is a little fellow drilling his first well.

Mr. DOUGLAS. My good friend knows that the large companies will have a field and will make a number of drillings. With a large number of drillings, the laws of chance and probability are such, particularly when based on sound geology, that not all the drillings will result in dry holes. The company will strike oil as a result of some drillings. Therefore, the company distributes the risk within the number of drillings.

That is the reason the small driller does not have the same chance, and that is why I propose to give the small driller a higher rate of depletion than I would give to the large driller, because he does not have a large number of drillings over which to distribute his risk.

If the Senator will recall his high school days, he will remember reading the "Merchant of Venice." The Senator probably played a part in the "Merchant of Venice," since nearly all of us took parts in productions of the "Merchant of Venice." The Senator will remember that Antonio sent out three ships, and at one time the news came back that all three ships had foundered. It was against the laws of probability that all three ships had foundered. Ultimately, it turned out that none of the ships had foundered.

In a like manner if one has a large number of oil ventures, one can spread the risk and therefore protect himself against the danger of dry holes. The Senator knows that perfectly well. The Senator is a skilled mathematician and a deep student of literature, and he knows all this both on the basis of mathematics and on the basis of literature.

Mr. LONG. My good friend, I fear, is overlooking one very important fact. Let us consider what the Senator has referred to, which is that a large company can spread its risk. In the United States, on the average, 38 percent of all efforts to drill wells are unsuccessful. That includes the proved fields. In other words, if one wants to drill in a field where one has a well the odds are, when one starts to drill, against him. When one gets toward the edge of production, there is a limit to the production. Even in the proved areas one will have a substantial number of dry holes, because one cannot tell where he will run out of the strata of sand where the oil is to be found.

The overall figure is 38 percent. If one compares that figure to the figure for electric plants, with depreciation, he will find there is quite a difference.

The depreciation problem also exists in the oil and gas industry. We have to make some adjustment to allow for the fact that when a person builds a generating plant, if he has a good engineer the plant will generate electricity. However, when any one undertakes to drill a well, even a large company in a position to distribute its risk, 38 percent of the time will find the drilling will be completely unsuccessful. Some of the wells will be marginal wells, in addition to the dry holes, and they will not produce much.

Mr. DOUGLAS. Some of the wells will yield oil and gas.

Mr. LONG. Yes.

Mr. DOUGLAS. On the yield from those wells the cost of the dry holes can be entered as a charge.

Mr. LONG. Yes.

Mr. DOUGLAS. I am not opposed to that.

Mr. LONG. The point I am getting at is that we have to make some adjustment for the fact that in this particular industry, on the average, 38 percent of the ventures are going to be completely unsuccessful. That is different from the situation with regard to building a powerplant.

Mr. DOUGLAS. I am not proposing to abolish the depletion allowance or to prevent the intangible drilling or developmental costs being written off in 1 year. I am not proposing to abolish those features.

Mr. LONG. I understand.

Mr. DOUGLAS. Or the royalty payments.

Mr. LONG. I understand.

Mr. DOUGLAS. Or the capital gains.

Mr. LONG. This is the point I am getting at. If the Senator once recognizes that the problem of depletion in the oil and gas industry is completely different from the problem in the ordinary manufacturing industry, he will realize there is an element of cost which must be accounted for in some respect; whether the allowance is excessive or not is the problem to which the Senator is addressing himself.

Mr. DOUGLAS. That is correct. I am glad, after many years, that this has finally penetrated the mind of the Senator from Louisiana.

Mr. LONG. Yes.

Mr. DOUGLAS. We have been going through this struggle for 9 years, and this is the first time that the Senator from Louisiana has been willing to admit this fact. I congratulate the Senator.

Mr. LONG. If the Senator will make a study of the overall situation, it seems to me the fair way to tax the industry would be to compare it to other industries; for example, to manufacturing industries. I have been referred to a study on the matter. The only study I know of in that respect was made by the Chase National Bank, and it related to domestic industry.

I do not think it is quite fair to heap taxes upon domestic industry, because the foreign producers, who have all the advantages, are making a lot of money. In other words, if we want to raise taxes, it should not necessarily be simply with respect to domestic industry.

Mr. DOUGLAS. I think I dimly see the point to which the Senator is leading, but will he please make it?

Mr. LONG. In a minute I will be through.

The Chase National Bank has made the only study I know of, to compare the profits, after taxes, considering depletion and considering all elements in the oil and gas industry, with profits in the manufacturing industries. The report concluded that, all factors considered, the oil industry, after taxes, was no more profitable than the average manufacturing industry in America after taxes.

Mr. DOUGLAS. I think it is probably somewhat more profitable, but I think one of the chief evils of this system has been that it has led to an undue investment in the oil industry. The tax system has encouraged the uneconomic use of capital in drillings which should not have been undertaken.

I know that is tough medicine for people coming from the oil and gas country to swallow, but I think it has been true. There has been more capital invested

and more capital ventured than there should have been. There are more wells actually in operation than there should be.

In Texas the wells are only running 9 days a month now.

Mr. LONG. Certainly the Senator wants to be fair. He is certainly making an effort, and I admire him for it. I presume the Senator knows that the President set up a Cabinet committee, composed of some top experts in America, to study the defense needs of this country.

After this large Cabinet committee got through studying the problem, its conclusion was that they were not drilling enough wells. Those are the experts who were assigned that responsibility. I am sorry they do not agree with the Senator from Illinois, but that happens to be their business, and they happen to be regarded as the best experts in America on the subject. They employed the best expert advice available.

Mr. DOUGLAS. If we start the defense argument, every industry comes in under the tent.

I remember when a very fine colleague of ours insisted that wooden clothespins were necessary for defense. The defense argument is used on behalf of every industry. However, there is a surplus capacity already existing, certainly in Texas, where they are operating only 9 days a month. Texas is the largest oil-producing State in the Union. The wells there are sealed 21 days in the month.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to my good friend, who is one of the finest men in the Senate. His only fault is that he is "off" on the oil question.

Mr. YARBOROUGH. I thank my good friend from Illinois. It is said that a judge always praises a lawyer when he has made up his mind to decide a case against him.

I should like to propound a question to the distinguished Senator from Louisiana through the distinguished Senator from Illinois.

Mr. DOUGLAS. Certainly.

Mr. YARBOROUGH. The distinguished Senator from Illinois has pointed out that the flood of foreign oil imported into this country has closed down oil wells in my State, to the point where they produce only 9 days a month. Last year I introduced a modest bill—and I reintroduced it this year—to levy a tax of 2 cents a gallon on foreign crude oil imported into the United States. That would be about 84 cents a barrel. Would not that raise a large sum of money, well over $100 million a year, to protect the domestic economy? It would not raise the price of gasoline a fraction of a cent to domestic consumers, but it would help to equalize the disadvantageous position in which our domestic capital and labor find themselves by reason of the flood of foreign oil cutting down domestic production to 9 days a month. The foreign oil comes in virtually untaxed. Is not that a fact? I ask that question of the Senator from Louisiana because of his knowledge of the oil industry.

Mr. LONG. Mr. President, may I answer?

Mr. DOUGLAS. Certainly.

Mr. LONG. I believe the Senator from Texas is correct. I do not see how we are going to get any money out of the tremendous profit being made on foreign oil unless we find some way to reach it. Much as I respect the Senator from Illinois, he cannot get at this problem.

Mr. DOUGLAS. Will the Senator from Louisiana please introduce a bill to do it? Instead of sitting on the sidelines shouting at those who try to cope with this question, let him introduce his own bill. I have heard the Senator from Louisiana shout about this question for years. The volcano gives up a great deal of smoke and fire, but there is no action.

Mr. LONG. Who is shouting?

Mr. YOUNG of Ohio. Mr. President, may we have order? There is too much laughter and noise back here from persons who are not Members of the Senate.

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOUGLAS. Will the Senator from Louisiana please continue? The Senator from Illinois will try to speak in a more decorous tone of voice.

Mr. LONG. The only point I had in mind was that the actual capacity of the domestic industry is just about the present consumption of this Nation. That is one reason why imports of foreign oil made such a terrific impact upon the domestic industry.

I believe the Senator's reference to operating days can be somewhat misleading. For example, Texas cannot produce three or four times the amount of oil which that State is now producing. Good conservation practice would allow the pulling of the old wells only at a certain rate. To try to pull them any more rapidly than that would mean only leaving an excessive amount of oil in the ground. The Senator will find that according to good conservation practices, the present capacity of the domestic oil industry is just about equal to the present consumption of oil in the Nation.

Mr. DOUGLAS. The Senator from Illinois does not wish to be diverted too much into side paths, but inasmuch as the Senator from Louisiana has brought up the question of national defense, let me say that I have heard people say that if we want to have an oil supply in wartime, it might be well to draw our peacetime supply from Venezuela and Saudi Arabia, and then have our domestic supply available in the event of war, so that tankers would not run the danger of being torpedoed by submarines. The Senator from Illinois does not necessarily wish to embrace this doctrine, but he suggests to the Senator from Louisiana that it has been advanced by very able people.

Mr. LONG. On one occasion I made a speech lasting about 3 hours, explaining how completely erroneous that argument is. One reason is that if we are to have a man sitting on a well and not producing, he must be subsidized, just as we subsidize the merchant marine to have ships tied up alongside the dock, in order to save the ships against some future time when they may be needed.

No one has seriously suggested subsidizing the oil industry. It would probably cost $1 billion a year to do that. No one would vote for that kind of subsidy. If we are out to get the oil, we must remember that it requires fantastic amounts of steel to drill wells; and when we find ourselves at war we cannot get the steel. The history of all wartime periods has been that anyone who can get a string of pipe can obtain an interest in good leases. The man who has the lease will find that it will expire on him if he does not drill it. He can be induced to accept almost any terms he can get to obtain the pipe. That usually means allowing someone else to come in and obtain the major interest in the lease.

In wartime, it is not possible to get pipe. The requirements for ships, tanks, and guns take priority. If we want oil, and if we want the industry to be available for the emergency, we must have it when the emergency starts.

I have never heard anyone make a serious effort to answer that logic. But certain major oil companies make a great deal of profit from foreign operations. They have a hammer-lock hold on the situation. They would like to make it appear that there is no good reason for producing oil domestically, where they would have to compete with a large number of small producers.

Mr. DOUGLAS. The Senator should remember his own adage of a moment ago. I am not proposing to remove the depletion allowance, but to trim it down, particularly in the case of the larger corporations, and, so far as possible, to get at the depletion allowance taken on foreign oil as well as domestic oil.

This would really give a competitive advantage to the little drillers in whom the Senator from Louisiana and his family have always been interested. I remember that it was the father of the Senator from Louisiana who, I think, first introduced the severance tax on oil in the United States. Frankly, when that was done 30 years ago, I said, "All credit to Huey Long." Incidentally, the severance tax on oil, which was imposed on the big oil companies in Louisiana, was one of the reasons why the big oil companies fought the Senator's father. The Senator knows that.

Mr. LONG. The Senator is most kind to make that statement. The junior Senator from Louisiana played some part in trebling that tax in 1948. I do not believe he had the support of more than a few substantial oil producers of any consequence in the State when he ran for the Senate.

Mr. DOUGLAS. The whole Long family, including the junior Senator from Louisiana, deserves credit on this point. I think they have never received enough credit in this matter from the American people. I am very glad to pay them tribute.

Mr. LONG. So far as this Senator is concerned, the situation was that the money was needed, and those producers were better able to pay it than anyone else.

Mr. DOUGLAS. I am now trying to collect money from those who can afford it, and reduce taxes for those who

cannot afford it. Will not the spirit of the Senator's father, and his own good spirit, cause him to join hands with me?

Mr. LONG. If the Senator will check our severance tax laws, he will find that we are taxing those producers as much as possible. We had to compete with the Federal Government to get revenue from people who were able to pay taxes. If we missed an opportunity to extract revenue from the oil producers in that State, it was not because we did not try.

Mr. DOUGLAS. The California oil operators do not pay a severance tax. A few days ago the Governor of California tried to put through a severance tax. The oil companies fought it. One of the companies is reputed to have used all its efforts to beat the program, and it was defeated.

So if Louisiana is perfect in this matter, help us in Texas, Oklahoma, Kansas, and California. Come over into Macedonia and help us.

Mr. LONG. We are not doing too badly so far as getting revenue from the oil-producing companies in Louisiana is concerned. They start out by paying approximately one-sixth of what they receive as royalty to the State, which owns the land, or to the landowner. In addition, they pay a severance tax amounting to about 25 cents a barrel; and if they have gas they pay an additional tax. By the time we are through taxing them at the State level, we have extracted about 80 cents a barrel, which costs about $3. I am informed that the average cost of producing a barrel of oil is about $2.70.

The actual cost of taxes in the State of Louisiana alone would exceed the cost of producing oil in Saudi Arabia and hauling it half way around the world. I believe the Senator will find that Texas and Mississippi have a way of taxing those companies as much as possible.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. LAUSCHE. I should like to emphasize the position taken by the Senator from Illinois, that while Louisiana is taking out a great portion of the money derived from the mining and sale of gas and oil, there are States which are not taking out anything. The Senator from Illinois says that California is not taking out anything. Ohio is not taking out anything.

Mr. LONG. I hope the Senator from Ohio is not going to blame Louisiana and Texas for that.

Mr. DOUGLAS. No; but we are saying that Federal power is needed to reach this situation.

Mr. LONG. But the Senator knows, too, that in the State of Illinois, which he in part represents with great dignity and effectiveness, as well as in the State of Ohio and the State of Indiana, those people do not have many large wells.

Mr. DOUGLAS. That is true.

Mr. LONG. They are marginal operators. Sometimes a man will operate a thousand wells and after he gets through paying his expenses, not make as much money doing it as the Senator's administrative assistant.

Mr. DOUGLAS. What is the Senator suggesting? That I am too hard on my administrative assistant?

Mr. LONG. No. If an oil man is a good executive and works hard from morning to night, and after he gets finished, he does not make as much as the Senator's administrative assistant does, he really cannot afford to pay high depletion taxes. If he is making too much money for his efforts, then, of course, he should be taxed.

Mr. DOUGLAS. The small producer is protected under my amendment because if he has a gross income of less than $1 million a year, the 27½ percent can protect him. That applies both in Louisiana and in Illinois.

Mr. LONG. The Senator recognizes the fairness to the small producers in his State or in Ohio, because as the amendment is drawn, nobody would be affected by it in those States.

Mr. DOUGLAS. No; there are some large companies which would be affected by this amendment. The Senator from Illinois is not favoring the small operators in Illinois any more than he is the small operators in any other State. Do not think for a minute that this is a politically easy thing for the Senator from Illinois to do.

Illinois is the eighth largest oil producing State. In one congressional district, the 23rd district, oil is overwhelmingly the largest industry. I have gone into that district, in county seat after county seat, and have stated what I intended to do. I have debated the subject with the representatives of the oil industry. I have debated it with representatives of the large companies. I am ready to do it again. I think the voters understand the issue and in the main support me for my stand.

Mr. LONG. The junior senator from Louisiana went to Indiana a while back and made a speech to the Tri-State Area Producers of Oil. They included the Illinois producers. They were the so-called independent producers of oil. I believe they included the vast majority of the producers in that area. No one in that group had any ill will toward the Senator from Illinois, because none of them was worried about his proposal touching them at all.

Mr. DOUGLAS. Contrary to any impression which may exist, I do not glory in making enemies. But I repeat: We do not protect the small producers in Illinois any more than we do in any other State. I know that the large companies from Louisiana, Texas, and other States come to Illinois and try to whip up the feeling of the little fellows against the Senators from Illinois, and they are successful in a certain percentage of cases, on the ground that oil men will stick together.

Mr. LONG. That was not my experience. My experience was that the oil and gas people in the State of the Senator from Illinois say that they cannot see how his proposal would hurt them.

Mr. DOUGLAS. Illinois is in that area. A number of the largest companies are there. They would get hurt by this proposal.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MONRONEY. For the purpose of the RECORD, will the Senator inform the Senate the percentage of tax imposed by the State of Illinois on oil and gas production?

Mr. DOUGLAS. There is no State tax.

Mr. MONRONEY. I understood the Senator to say that California and other States defeated efforts to enact taxes on petroleum production. I wondered if the government of Illinois or those who advocated such a tax have ever proposed one there.

Mr. DOUGLAS. The Senator from Illinois is not the Governor of Illinois.

Mr. MONRONEY. The Senator is a political leader in Illinois. I wondered if the State had been unsuccessful in raising revenues by severance taxes such as are used in other States.

Mr. DOUGLAS. I have never held a State office in my life. I have troubles enough with my national office.

Since the Senator from Oklahoma has raised this question, I will ask him, Why did he not keep Oklahoma a dry State? Why did he permit it to go wet? The real answer is, of course, that that was none of his business. That is a good enough answer. Except as a citizen it is none of my immediate responsibility what the State government of Illinois does. As a matter of fact, for 19 years, with the exception of 4 years when Adlai Stevenson was Governor, Illinois has had Republican Governors. What can we expect of Republican Governors? If the Senator from Oklahoma would help us elect a Democratic Governor in 1960, possibly we could do a little better.

Mr. MONRONEY. Perhaps I misunderstood the Senator. I thought he was critical, at a point earlier in the colloquy, of the fact that other States had not had the courage to tax oil.

Mr. DOUGLAS. No. I was paying a deserved tribute to the Long family. The father of the junior Senator from Louisiana has been unjustly criticized, I think, in some respects because of the fact that he was the first man in the United States who had the courage to propose a severance tax on the production of oil inside Louisiana. I think he was the first man to use that revenue for the purpose of education, the construction of highways, and the improvement of health. That is something of which I think American history should take cognizance.

Mr. LONG. Mr. President, while I appreciate that kind reference to my father, I do not believe it would be quite fair to say that he was the first one to do that.

Mr. DOUGLAS. Was he not almost the first?

Mr. LONG. He was one of the early advocates of that type of tax; but such a tax was enacted prior to the time he became Governor of the State. However, from the time he entered public life, he strongly advocated the imposition of that type of tax. He was a consistent

advocate of it and made life rather unpleasant for the Governors who preceded him in that office and who failed to place that tax at a level he thought appropriate.

Mr. DOUGLAS. Mr. President, as so often happens when we start discussing a subject, we get off into other kinds of topics.

AMENDMENT NOT PUNITIVE

I emphasize that my amendment is not a punitive one. First, it does not do away with the depletion allowance altogether. Certainly not. Second, it would not affect at all some wildcat driller or producer, except to his competitive advantage. In fact, my amendment is so written that a small royalty holder would not be affected.

The big oil companies throughout Illinois scattered literature stating that what I propose to do was to diminish the royalty payments of the farmers. That is not true. The royalty payments would continue at the rate of approximately one-eighth of the yield.

The individual landowner would take his oil depletion allowance on that. Since the amount would be less than a million dollars, he would get a 27½ percent depletion allowance. So this amendment will not affect the landowner, farmer, leaseholder, or royalty receiver. I think this should be known.

But the amendment is written in such a way that depletion taken on foreign assets by American companies would be reduced on the same sliding-scale principle as would apply to domestic companies.

The reason for making a graduated reduction in the amendment is that drilling for oil and gas, as the Senator from Louisiana has stated, involves some risk, probably. But only a fraction of the wells which are drilled actually produce oil and gas. The small driller, with only a few wells over which to spread this risk, does not have enough wells to assure that he will hit 1 in 6, 7, 8, or 9. Consequently, without a great number of wells over which to spread the risk, he takes a greater risk than the large driller, who will average 1 in 9 successful wells if he drills 100 or 200 wells a year. These are discovery wells, not development wells. Therefore, my amendment reflects the greater risk for the small operator and permits a 27½ percent depletion allowance to be taken by him.

A year ago, the Treasury estimated that the adoption of this amendment would result in a net revenue increase to the Federal Treasury of from $305 to $310 million a year. That was the increased revenue from domestic operations only. Another $90 million should, as I have said, be added for foreign depletion. In other words, my amendment will produce at least $400 million revenue annually.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. Once again, I think the Senator from Illinois is being conservative and modest in making his estimates. The oil depletion allowance which has been taken by American corporations, as I understand, has increased very greatly over the past 12 or 13 years. The figures I have from the Treasury show that, in 1946, $800 million was taken. In 1947, the amount was $1,210 million. In 1956, the figure was $2,800 million. So the amount has been increasing at an extremely rapid rate—$200 million, $300 million, or $400 million a year. So the estimates based on last year are likely, by the time this amendment takes effect, to be extremely conservative.

Mr. DOUGLAS. I thank the Senator from Wisconsin.

I wish to make one final point clear. I address myself to the Senator from Oklahoma. The Senator from Oklahoma has shown an interest in the question whether a severance tax is imposed in Illinois. Do I understand that Oklahoma has an income tax?

Mr. MONRONEY. It does.

Mr. DOUGLAS. In the State income tax, is depletion limited to the amount of the investment?

Mr. MONRONEY. We have a depletion tax which, I believe, operates on the same basis as the Federal tax.

Mr. DOUGLAS. Is not the total limited to the amount of the investment?

Mr. MONRONEY. Unfortunately, I do not have any oil or gas production. I am completely unfamiliar with that, so far as my own personal experience is concerned. However, my feeling is that Oklahoma's tax is on the basis of the Federal tax, aside from the fact that we allow, I believe, a 20 percent depletion.

Mr. DOUGLAS. Not a 27½ percent allowance?

Mr. MONRONEY. It is 20 percent. But Oklahoma has a 5 percent gross production tax, which is a much heavier tax than that difference.

Mr. DOUGLAS. Is it true that under the depletion allowance, that cannot exceed the cost of the investment in the well?

Mr. MONRONEY. As I have stated, I am not familiar with that, because I have never made out an income tax return on oil operations, because I do not have any ownership in oil operations.

But my impression is that it is on the basis as in Federal law with a maximum of half of the net income, and I am certain that it allows for the intangible drilling costs, the same as the Federal law does.

Mr. DOUGLAS. I am informed on reliable authority—although I do not have definite proof at hand—that in Oklahoma the depletion allowance under the State income tax is limited to the amount of the investment. If that is true, that is a degree of severity, applied in Oklahoma, which I would not urge be applied in the United States—although if this discussion continues much longer, I may be tempted to propose that that be done.

Mr. MONRONEY. I deeply regret that I do not have those figures, but perhaps later I shall be able to find authorities who can supply me with that information.

But at the moment I feel that the Senator's assumption is inaccurate.

Mr. PROXMIRE. Mr. President, will the Senator from Illinois yield to me?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Does the Senator from Illinois yield to the Senator from Wisconsin?

Mr. DOUGLAS. I yield.

Mr. PROXMIRE. The Senator from Illinois has made his usual masterful and extremely impressive and persuasive presentation.

One of the points which has been brought out in opposition to the amendment proposed by the Senator from Illinois is the allegation that the depletion allowance is necessary because of the risk involved in the industry. However, according to Dun's Review, the figures for 1953 and 1954—the last period for which figures are available—show profits for these companies for every year.

Mr. DOUGLAS. In fact, I have never noticed that Texas and Oklahoma oil millionaires act as though they were indigent.

Mr. PROXMIRE. If we are looking for persons who are engaged in a business that involves risk, we should consider the retail merchants, for certainly they deserve some tax relief if relief is to be given on that basis. Victor LeBow, an outstanding marketing consultant, told us, only last year, that the chances of survival of a new retail store for the first 6 months are about 5 out of 6; for the first 2½ years, approximately 50–50; and for 10 years, about 1 out of 4.

Mr. DOUGLAS. In other words, the end of almost every merchant is a tragedy.

Mr. PROXMIRE. Exactly.

I believe one other point should be made. I am sure the Senator from Illinois is aware of it. I hesitate to make it; but I think it relates to a moral issue, and I believe it should be called again to the attention of the Senate: Every time this proposal is brought up, I, for one, believe that I must point out that it involves a moral issue, because many persons believe that the oil industry is politically untouchable; that it has such power in the Congress, such power in high places throughout the country, that it is impossible for the Senate to oppose the industry successfully.

I have probably talked to as many people in my State of Wisconsin as has anyone. I have campaigned for State office five times in the last 6 or 7 years. I find that this is one issue which almost everyone understands, and which in the judgment of most of the people of Wisconsin is the No. 1 moral issue in American politics.

I wish to call the attention of the Senator from Illinois to the fact that on the basis of the general election study made by the Gore committee, the most famous oil family in America, the Rockefeller family, gave $152,000 to Republican candidates in 1956.

Mr. DOUGLAS. And in 1958 their contributions were somewhat larger.

Mr. PROXMIRE. And I imagine that in 1960 they may be even larger.

The Mellon family gave $100,000.

The American Petroleum Institute's officers and directors contributed $171,750—all to the Republican Party.

Incidentally, the contributions by the officers and directors of the American Petroleum Institute were more than double those of the officials of the National Association of Manufacturers, and were more than four times those of the officials of the American Iron and Steel Institute, according to figures filed with the Clerk of the House of Representatives.

Contributions of $500 or over by officials of the largest oil companies totaled $344,000 to the GOP and, incidentally, only $14,000 to the Democrats; 24 of the 29 largest corporations had officials who gave $500 or more. The largest contributing company was the Sun Oil Co., which donated $104,000, the bulk of which came from Mr. and Mrs. Howard Pew, of Philadelphia, and Joseph Pew, also of Philadelphia.

By contrast, only 18 labor officials were found to contribute more than $500; and that total was only about $19,000.

This matter is one of sheer political power, in addition to being a matter of moral justice and economic justice. Anyone who considers all the facts, and remembers what the Republican national committeeman for Texas attempted to do recently for a distinguished gentleman from Washington, who in the judgment of the Republican national committeeman for Texas had served the oil industry very well—I think that anyone who considers that whole very bad record and immoral record—recognizes that the Senate is up against a moral test when it votes on the oil depletion allowance, particularly when there is before the Senate such a modest, moderate, and fair proposal.

Mr. DOUGLAS. Let me say that I am ready to have a rollcall vote, a yea-and-nay vote, taken on this amendment so far as I am concerned; I am ready to stand up and be counted, even though a large number of those who voted with us last year are absent from the Senate on official business, many in connection with the St. Lawrence Seaway celebration. These and others include the Senator from Vermont [Mr. AIKEN], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Wisconsin [Mr. WILEY].

Mr. PROXMIRE. I should like to point out that, as the Senator from Illinois has indicated, not everyone in the oil industry feels that this amendment is an improper one.

For instance, I hold in my hand an article about Jack Coughlin, of Minot, N. Dak. He is an independent marketer of western oil, and is a vice president of the National Oil Marketers Association. In testifying in regard to the amendment which I submitted last year, which was the same as the amendment the Senator from Illinois has submitted this year, Mr. Coughlin argued very fervently for adoption of the amendment, and stated—just as the Senator from Illinois is saying now—that this amendment is what the oil industry should buy; that the amendment is the sort of moderate, fair proposal which will work fairly, and will not work any injustice.

Mr. DOUGLAS. I thank the Senator from Wisconsin. I certainly believe that is the case.

Let me point out that, of course, the political contributions which have been discovered by the Gore subcommittee were only a fraction of the total contributions.

Mr. PROXMIRE. Certainly so.

Mr. DOUGLAS. Because considerable amounts of contributions were made under the table, and printing bills were assumed, and various other types of expenditures were assumed or paid.

So, today, the oil industry is what the railways were in the eighties; today, the oil industry believes it can control Governors, legislators, Congressmen, Senators, and Presidents, and that it is immune from proper taxation.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SHOULD THE DEPLETION ALLOWANCE BE CUT?

("Yes," says Jack Coughlin, Minot, N. Dak., independent. A marketer who "integrated backward" into refining and production, Coughlin says he'll still produce—and profitably—if the depletion provision of the tax code is reduced. Coughlin, 39, is a vice president of National Oil Marketers Association.)

I'd like to point out that I wear two shirts. One, I'm an oil marketer competing against tax-privileged competitors. Two, I'm personally interested in oil production, and I'm firmly convinced that my company—Westland Oil—in time must have at least some of its own production.

I like to be a good fellow in the oil fraternity. Therefore, I have a self-serving interest in preserving the status quo of the depletion allowance. I assure you that I have studied the arguments for depletion with a selfish hope that somewhere I could find at least a neutral ground on which to stand.

I can only report that the more I studied the question, the more convinced I became that depletion is unjustified.

Some 33 years ago, when the 27½ percent depletion allowance was established by law, it was determined—on the basis of what its proponents call "extremely careful and scientific explanation and testimony"—that a 27½ percent allowance would permit a proper and adequate incentive for the oil industry. The corporate tax at the time was 13 percent.

Significantly, the value of the depletion allowance to any corporation depends on the corporate income tax. To put it another way, the value of the depletion allowance would be zero if corporate income tax were eliminated. However, since 1926 the corporate tax rate—instead of being reduced—has been quadrupled to 52 percent. Consequently the value of the depletion allowance and drilling chargeoffs has increased 400 percent—not to mention the benefits on crude price increases.

The oil industry claims, and rightfully, that it is entitled to regain its capital investment the same as other businesses. However, I would like to point out the rarely mentioned fact that in addition to the highly favorable depletion allowance, oil producers can immediately deduct for tax purposes a substantial part of their outlays for drilling and development. The amounts of capital investment thus written off at the outset have no effect on the future percentage depletion deductions. This results in a double deduction with respect to the same capital investment.

Naturally, if I drill a dry hole I can charge it off as a current expense. But here is the businessman's dream: If I bring in a producing well, I am permitted by special act of Congress to charge off the same year all my intangible drilling and development costs. Intangible costs include seismographing, drilling, labor, muds, and cement—in fact, everything except tubing, storage tanks, a small amount of pipe, and a pump, if necessary. And these last tangible items can be depreciated like any other capital asset.

When you build a building, or any income-producing property, you are obliged to set up all your labor costs, architectural fees, legal fees, materials, and costs of financing, to be depreciated over the life of the property. Only the oil industry enjoys a special chargeoff privilege, and in addition is still given a 27½ percent depletion allowance. The value of the chargeoff privilege has been estimated by competent experts to be almost as great as the depletion allowance itself.

Now let's look at some of the more popular arguments for depletion.

First, the one the public hears most often is the statement that eight of nine holes are dry. Some depletion proponents will state that the ratio applies to wildcats, but a good many don't, leaving the inference that it applies to all wells.

At no time have I heard the full story when discussing depletion. Here it is:

According to the Oil & Gas Journal, we find that there were 11,739 wildcat wells drilled in 1957, of which 1,652 were successful and 10,087 were dry. These are the eight out of nine you hear about, and I don't think I have to dwell on the importance of a successful wildcat.

However, there were 41,038 additional development wells drilled, of which 30,424 were producers. In other words, out of 52,777 wells drilled, we had 32,076 successful wells and 20,701 dry holes—or a ratio of more than one and a half producers to each dry hole.

Another argument advanced for depletion is that exploration and drilling would otherwise decline to the point where we would endanger our national security. This would seem to be off base on two counts.

For one thing, just about everyone admits that the next war, if there is one, will be over in a matter of hours or days.

Second, since the 1930's we've had such a surplus of domestic production that two measures were taken to curtail it—namely the Oil Compact Commission, to prorate oil by States through daily allowables, and the Connally Hot Oil Act. It seems contradictory to have tax subsidies in the form of depletion allowances and chargeoffs encouraging production, while on the other hand restricting wells to 10 days' production.

Equally contradictory seems the argument that the recently imposed import restrictions are being beneficial to national defense. It means we'll be using up our own national resources at a time when—for obvious social and political reasons—we should keep Middle East oil producers operating and encourage our Canadian friends as well.

Still another argument for depletion is that without it, the price of gasoline would increase as much as 3 cents or more.

First of all, that statement should defeat itself because it is threatening by implication. Let's forget the threat and look at it realistically.

Businesses don't pass on their advantages to the customer. A manufacturing plant or a refinery with a favorable geographical location doesn't lower its price by the amount of freight saved. Neither does a business

that cuts costs by being efficient, or a cooperative because it buys at a savings.

Business is not a philanthropy, and any retained profits it realizes through tax privileges are returned to stockholders or used for expansion.

Yet oil says it needs these tax privileges to keep an important industry healthy. I say no industry or group grows healthy on subsidies. Subsidies favor the certain few who least need them. Depletion allowance, drilling chargeoffs, proration of oil to or below market demand, transportation profits from pipelines or tankships, and fast tax writeoffs for so-called emergency facilities have removed the financial risk of integrated oil companies, so that they can be said to operate in a preferred class.

The only competition left in the oil industry is in a few remote places where there are some hardy independent refiners left, or where a couple of dealers or jobbers get into a local disagreement and try to prove who has the longest pocketbook. But even these remnants of a once hardy, competitive industry are fast disappearing. Dealers are becoming more and more the employees of the major oil companies. Wholesalers cannot operate unless they sign up.

Little wonder the Senate small business subcommittee found that "the petroleum industry can be set down as definitely a monopoly." By no stretch of the imagination can a monopolistic industry be a healthy one.

As late as 1916, in legislating on depletion, Congress included safeguards against evasion beyond full recovery of cost, by declaring: "That when the allowance authorized shall equal the capital originally invested, or, in the case of purchase made prior to March 1, 1913, the fair market value as of that date, no further allowance shall be made."

That should have remained the basis for depletion in the oil industry—a method whereby a taxpayer in the natural resource industries avoided paying taxes on capital, and yet contributed its fair share of taxes on income.

But here's what happened. The first error occurred in 1918, when Congress provided for "discovery depletion" or the use of "discovery value" for computing the capital investment, rather than the actual investment. From this inflated value after discovery of oil, gas, or minerals, the depletion could thereafter be computed. Under this method, when an oil or gas well was brought in, an engineering concept of the amount of oil that would be produced was set up on the books, and thereafter this became the so-called capital subject to depletion.

Following this first error in 1918, Congress in 1926 abandoned the "discovery depletion" principle. The principle was bad enough in itself, yet at least it provided an incentive bonus to the wildcatter. The tax laws since 1926 have authorized an oil or gas company to deduct 27½ percent from the gross income from any property producing oil or gas. This 27½ percent deduction is computed as a percentage of income from each property without regard to the amount of the investment or the amount of prior depletion deductions. One saving condition was attached: namely, that in no case may the deduction exceed 50 percent of the income from the property—something that doesn't happen very often.

Obviously, over the life of an oil well or gas-producing property the depletion allowance will not only exceed the investment or cost, but will go on and on without limitation of time or value.

There have been many suggestions advanced to correct or alleviate the inequities of these tax privileges. They range from true depreciation, to "discovery depletion" for the wildcatter, to divorcement of the oil industry to prevent subsidizing refining and marketing losses with depletion benefits, to a change in the present structure of the allowance—specifically, a graduated reduction to 15 percent.

While true depreciation may be the fair and ideal basis, the realist in me says it's too big a step. My personal belief is that some time in the near future, the Senate will pass a reduction based on a bill similar to the Proxmire amendment of last year.

Briefly stated, the Proxmire amendment would amend the present law three ways: (1) To allow the present 27½ percent depletion on gross income up to $1 million; (2) to reduce the depletion rate to 21 percent on income from $1 million to $5 million; (3) to reduce the depletion rate to 15 percent on income over $5 million. The drilling chargeoff privilege would not be changed. Oil companies would be allowed to write off 10 times the cost of their investment as compared to depreciation, based on figures from a recent presidential commission.

That's what I see ahead for the depletion allowance, and I think it's a good thing.

("No," says Samuel H. Elliott, Standard Oil Co., Ohio's newly appointed vice president for exploration and production. Elliott, 57, joined Sohio in 1929 in its business research department. He has been vice president for transportation and for marketing and is a director. He is also active in American Petroleum Institute.)

The job of a marketer is to give service to others at a profit to himself. The lower the price he can afford to charge, the better he serves. The lower the price he has to pay for his products, the higher his profits.

Why, then, should marketers concern themselves with depletion of crude oil when their interest at best is indirect, their knowledge of the subject sketchy, and the effect of any change on them a long way off? The reasons for our interest, therefore, are not simple. They are complex. But they are also important.

Certainly one of the reasons for marketers to be concerned with the subject is that some members of the fraternity are saying integrated companies subsidize marketing operations with the depletion allowance.

Others are taking advantage of the present furor over the subject to use it as a sort of polite or impolite "blackmail" to gain concessions of one kind or another. (Recently, according to Petroleum Week, the Nation's two largest maritime unions have come out in favor of a reduction in the depletion allowance, ostensibly to force oil companies owning tankers to change their registry in accordance with union preference.)

Another reason for our interest is that changes in the rate of depletion allowed for tax purposes will, as I hope to show, inevitably affect prices and availability of products—and will, therefore, produce changes in competitive relationships within the industry.

The depletion allowance is simply a device to permit an owner of crude oil in the ground to recover the value of this capital asset. A basic premise of tax laws is that business shall be allowed to recover the capital invested in profit-producing assets before any taxes are levied on earnings.

In the case of most business assets, such as buildings, and machinery, their cost or value is easily determined. Even in the case of in-the-ground crude oil purchased from another party, the cost is known and thereby establishes a value upon which depletion can be taken.

The rub comes in determining the value of crude oil already discovered, which usually has a value in excess of the cost of finding it. This is where percentage depletion applies, and the whole question revolves around the justice or adequacy of that percentage.

For 33 years this percentage has been 27½ percent of the well price of oil produced from any given property, provided that this is no more than 50 percent of the net income from the property. It is here that the problem begins to become complicated.

For our purposes, however, it is sufficient to say that the 27½ percent is a maximum figure; and because of the restrictions on its application, that the average depletion allowance is considerably less. Actually it has been determined to be about 23 percent.

It might be argued that the depletion allowance for oil is too high because the allowance for sulfur is only 23 percent, for metals 15 percent, and for coal 10 percent. But Congress, in establishing allowances for the several extractive industries, gave weight to, among other things, the value of the product above ground as compared with its value in place.

In the case of coal, for example, reserves in the ground typically have a value of 10 percent or less of the above-ground market price. Hence a depletion allowance of 10 percent on, say, $4 a ton would allow the owner to recover 40 cents per ton as a return of his capital free of any income taxes.

In the case of crude oil, domestic reserves have a value typically about one-third of the market price above ground. Hence it would seem that with a wellhead price of $3 a barrel and a value in the ground of $1 a barrel, the depletion allowance might well be 33⅓ percent instead of 27½ percent in order for the owner to recover his capital free of taxes.

But logic goes out the window when we hear of a wildcatter accidentally discovering an east Texas field with a reserve of 2 or 3 billion barrels, or of a major company scientifically selecting a location and drilling into 100 million barrels of reserves.

The catch is that there is no other field like east Texas, that only two fields of as much as 100 million barrels have been found in this country since 1952, and that only about 1 wildcat well in 10 discovers oil.

To argue that the depletion allowance provides a source of income with which to subsidize unprofitable marketing operations suggests either that the arguer has missed the relevant facts, or that by opposing the oil producers and integrated companies, some advantage can be gained.

As to the facts, one need go no further than the study of C. C. Anderson, chief petroleum engineer of the U.S. Bureau of Mines, presented at the recent World Power Conference in Montreal. It shows that total expenditures for finding, developing, and producing crude oil and gas have increased from $3.9 billion in 1948 to $7.1 billion in 1955, while the value of the oil and gas produced increased from $4.8 billion to only $6.7 billion.

This resulted in an actual deficit for the finding and producing segment of the industry amounting to $400 million in 1955. In that year, finding costs alone were $2.3 billion.

Even if the maximum depletion allowance of 27½ percent, rather than the average of 23 percent, was applied to the $6.7 billion value of the crude oil and gas produced, it would have generated only $1.8 billion, or half a billion dollars less than the cost of finding oil alone—to say nothing of the developmental expenses.

Circumstances since 1955 would tend to increase rather than decrease the deficit of the depletion allowance to cover the cost of finding oil.

An additional fact to consider is that substantial evidence exists to show that marketing needs no subsidy. A number of companies have entered the oil business by way of marketing, acquiring refineries and pipelines and eventually crude oil production.

In such instances, perhaps a case could be made that if any subsidizing was done it was done by the marketing activities—subsidizing production.

Perhaps most convincing, however, is the growth of private-brand marketing, which, as every marketer knows, is vigorously expanding and obviously without subsidy of any kind.

It would seem that such evidence provides a reasonable basis for accepting the statements of integrated companies that their marketing operations are conducted at a profit and are, therefore, in no need of subsidy from the depletion allowance or from any other source.

Relating to the fairness of the present depletion allowance, what would be the effects of reducing it? Some say only the independent producers (who, incidentally, drill most of the wildcat wells) would be hurt and would begin selling out to the majors; others that by thus reducing the attractiveness of searching for oil, less oil would be discovered and our dependence on foreign supplies would increase; still others that the integrated companies would simply make less money, a change which they could well afford.

No one knows precisely what would happen, but there can be little doubt that profound changes would occur that would gradually affect all segments of the oil industry, the industries which supply and are supplied by the oil industry, and eventually of course, that little guy who takes the brunt of everything—the consumer.

As marketers we should face up to the inevitability of increased prices as a result of a reduction or elimination of the depletion allowance. Surely no one will quarrel with the proposition that in the long run, prices must cover all costs, including the cost of capital.

If the depletion allowance is reduced, income taxes will be increased. Income taxes are a cost the same as any other taxes.

This is not to argue that if costs go up today because of a wage increase, prices can be raised tomorrow. Prices are the result of the relationship between supply and demand, but it is not necessary here to examine in detail the factors that would force an adjustment in the supply resulting in increased prices. It is sufficient to remind ourselves that the return on investment in the oil business must be adequate to attract capital; that if this fails to be the case, expansion will cease, supplies will diminish relative to demand, and prices will rise.

Several studies have been made showing that over a long period of years the percent return on net assets of oil companies is comparable with, though somewhat less than, that of manufacturing companies generally.

It seems clear, therefore, that increased costs resulting from a reduction in the depletion allowance will result in increased prices.

Perhaps, however, we might take the comfortable position that rising demand will solve the problem. What difference does it make to the marketer if he sells a little less but gets a higher price? Calculations have been made showing that increase in prices, depending on the assumptions made, would be on the order of 1½ cents to 3 cents a gallon on light products.

It may not be idle to speculate what effect such changes would have where heating oil is competing with coal, gas and electricity, or the effect on consumption of gasoline if added to rising gasoline taxes. Last year, for example, the sale of small foreign cars increased by 80 percent while the sale of domestic makes was declining by 26 percent.

There are some who say that prices need not rise; that oil imported from overseas should be allowed to flow freely into domestic markets and thereby keep prices at current levels or lower. From the viewpoint of a theoretical economist, the argument is appealing.

Such a viewpoint, however, is of little validity when considering the desirability of keeping the oil industry healthy in times of peace or the necessity of ample domestic reserves in time of war. Furthermore, the question has been settled for us by the imposition of compulsory import controls as a part of our national policy.

The contributions of the oil industry to higher standards of living in times of peace and to victory in times of war need no elaboration here. It might have performed adequately with a different depletion allowance, but that is something we will never know.

What we do know is that its impressive accomplishments were achieved with the present depletion allowance unchanged for 33 years.

Mr. LONG. Mr. President, at this point, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I am glad to yield to the Senator from Louisiana.

Mr. LONG. I should like to have the privilege of differing about the alleged corrupting power of the oil and gas industry.

Louisiana produces more oil and gas, for the size of the State, than does any other State in the entire Nation. Louisiana is regarded as a rather high tax State, and approximately 40 percent of all the State's revenues are at present derived from oil and gas producers. That terrifically large tax exceeds, so far as I know, any tax imposed by any other State in the Nation. For example, I would say it exceeds by 50 percent the tax rate in Texas.

Members of my family helped bring about that situation, and I helped do it.

Mr. DOUGLAS. That is correct; and all honor to the Senator from Louisiana.

Mr. LONG. I wish to say that in my campaigns, I have been supported by a number of gas and oil people whose companies I helped to tax. Some of them have been among the largest contributors to campaigns which I personally have made, but they have not asked for a single commitment by me or a single favor. Certainly I must respect a man who helps contribute to a campaign by me, when I have helped impose such a large tax on his company.

Mr. PROXMIRE. Mr. President, let me say that what I said in no way should be construed by anyone as impugning the integrity of any Senator.

The fact is that I have the greatest admiration, respect, and affection for the Senator from Louisiana [Mr. LONG], the Senator from Texas, and the Senator from Oklahoma. They are among the finest Members of the Senate. They are men of complete honesty; and nothing I said should be construed by anyone to cast any aspersion on their integrity, decency, or honor.

Mr. LONG. But I should like to make clear——

Mr. DOUGLAS. Mr. President, I have a retort courteous which I think will calm down my friend. It is that the Senator from Louisiana is gifted with such a marvelous personality and with such expansive friendliness that even those whom he may hurt economically become his strongest supporters. [Laughter.]

But for those of us who do not have the same gifts that he has, and are not able to charm others, and who have an unlovely exterior and a harsh manner, we are not able to overcome these difficulties. We do not have the well-known Texas-Louisiana-Oklahoma charm. So we suffer under these disabilities. [Laughter.]

Mr. LONG. Mr. President, I should like to make this matter clear.

In the first place, the Senator from Wisconsin did not say anything to impugn my honor or my motives; and I do not interpret his remarks in that way at all.

But as one who knows many of these people very well, I wish to state that it has been my impression that these are good, honorable, decent business folk, just like anyone else, and that they probably are not too proud of some of their element, just as that is true of every other group in the business world.

But I wish to say that these people have a right to make legitimate campaign contributions and to vote for whatever candidate they believe would be on their side.

Many Americans vote for candidates whom they think would take their side from an economic point of view. For instance, I imagine that a considerable number of grandmothers have voted for me because I have submitted an amendment to increase the old age pensions. [Laughter.]

Mr. DOUGLAS. I think that is true.

Mr. LONG. Those things work both ways. Sometimes we find one man is for us and another is against us. Some men will contribute to our campaigns. If we cannot find someone who will contribute, and the Senator from Illinois probably has been faced with this problem, we have to spend our own money to run for office.

Mr. DOUGLAS. I will simply say this in conclusion. It is a great abuse, and in the interest of justice, I think we should try to reduce it as rapidly as possible.

This amendment, which received only 8 votes in 1951, and on which in subsequent years we could not even get a yea-and-nay vote, nevertheless received 31 votes last year. Although a good many of our supporters have gone up to the St. Lawrence, either to look at the Queen or to commune with the Canadian Parliament, I am sure that the Members of the Senate will follow their consciences. I regret that many of those who supported us last year are absent and a number of the new Members who would be with us are not here.

Mr. President, I yield the floor.

Mr. MONRONEY. Mr. President, I am sure we have all enjoyed the scintillating and sparkling statement on oil and gas we have heard from the distinguished senior Senator from Illinois. I have had occasion to check the question he raised, and am advised that the depletion law in Oklahoma is on all fours with that of the Federal Government, except as to amount. The amount has been 20 percent. The House of Representatives of the State of Oklahoma has just voted to increase it to 27½ percent. I do not know whether the senate has yet acted. So, generally speaking, the law is the same, with the 5 percent severance tax

more than making up the difference in rate from the Federal tax.

In considering this question, we must consider that this proposal is beamed at taxation on one industry. This amendment is not a general tax bill. It does not affect all the depletion allowances, which the distinguished senior Senator from Illinois has talked about. However, the oil industry has been singled out for special treatment as the one to be severely penalized.

It always seems, from speeches made on the floor, that only gas and oil companies are the ones that receive benefits from the depletion allowance, which is 27½ percent for gas and oil. There is a 23 percent depletion allowance on:

(A) Sulfur and uranium; and

(B) If from deposits in the United States—anorthosite (to the extent that alumina and aluminum compounds are extracted therefrom), asbestos, bauxite, beryl, celestite, chromite, corundum, fluorspar, graphite, ilmenite, kyanite, mica, olivine, quartz crystals (radio grade), rutile, block steatite talc, and zircon, and ores of the following metals: antimony, bismuth, cadmium, cobalt, columbium, lead, lithium, manganese, mercury, nickel, platinum and platinum group metals, tantalum, thorium, tin, titanium, tungsten, vanadium, and zinc.

That is all 23 percent.

(3) 15 percent: Ball clay, bentonite, china clay, sagger clay, metal mines (if paragraph (2)(B) does not apply), rock asphalt, and vermiculite.

(4) 10 percent: Asbestos (if paragraph (2)(B) does not apply), brucite, coal, lignite, perlite, sodium chloride, and wollastonite.

(5) 5 percent:

(A) brick and tile clay, gravel, mollusk shells (including clam shells and oyster shells)—

Mr. DOUGLAS. I am very glad the Senator has brought out the fact that clam shells and oyster shells have a depletion allowance.

Mr. MONRONEY. I continue to read from the list of products having a 5 percent depletion allowance:

Peat, pumice, sand, scoria, shale, and stone, except stone described in paragraph (6); and

(B) If from brine wells—bromine, calcium chloride, and magnesium chloride.

(6) 15 percent: All other minerals (including, but not limited to, aplite, barite, borax, calcium carbonates, refractory and fire clay, diatomaceous earth, dolomite, feldspar, fullers earth, garnet, gilsonite, granite, limestone, magnesite, magnesium carbonates, marble, phosphate rock, potash, quartzite, slate, soapstone, stone (used or sold for use by the mine owner or operator as dimension stone or ornamental stone), thenardite, tripoli, trona, and (if paragraph (2)(B) does not apply) bauxite, beryl, flake graphite, fluorspar, lepidolite, mica, spodumene, and talc, including pyrophyllite), except that, unless sold on bid in direct competition with a bona fide bid to sell a mineral listed in paragraph (3), the percentage shall be 5 percent for any such other mineral when used, or sold for use, by the mine owner or operator as riprap, ballast, road material, rubble, concrete aggregates, or for similar purposes. For purposes of this paragraph, the term "all other minerals" does not include—

(A) Soil, sod, dirt, turf, water, or mosses; or

(B) Minerals from sea water, the air, or similar inexhaustible sources.

Mr. DOUGLAS. Give the Senator from Oklahoma and his friends time, and they will include that, too.

Mr. MONRONEY. I am sure it will be found that oil is as important to those of us from oil-producing States as corn is to the distinguished Senator from Illinois or as cheese is to the distinguished Senator from Wisconsin. These are economic factors that weigh heavily on the establishment of a tax base which helps keep our States afloat.

I simply point out that by singling out one industry and cutting down on the depletion allowed to that industry to the degree which is proposed, without affecting the other industries, is special, class legislation. The proposal ignores all the depletion allowances in other industries, which in most cases have no high risk factors, because there is not much risk in going after coal or bauxite or monumental stones or sand or gravel or clam shells.

So I feel those of us who have the good fortune to represent States which have been blessed with oil should do what we can to protect the health of that industry. Most of the minerals—in fact, everything except sod—have a depletion allowance. I fail to see the justice of not trying to cover all the other minerals, if the Senator is trying to be fair, instead of singling out this one industry.

The Senator from Illinois talked about the "giants." One would think this proposal dealt only with giants in the oil industry. The amendment proposes a reduction of the historic 27½ percent depletion allowance, on which the oil industry has grown, and on which it has been based for many years, going back into the 1920's, if the gross income from all oil and gas production of any company holding 51 percent of an oil well exceeds $1 million for their entire operation for the year.

It is interesting to say, "Well, this is $1 million gross," but that does not quite reflect the net profit before taxes. At $3 a barrel, the $1 million gross profit means production of about 333,000 barrels of oil. I would be stretching the profit secured by the average producer of oil in the United States to estimate it at 25 cents a barrel profit before taxes. Assuming even this high degree of profit, the Senator's breakpoint to reach the so-called giants, involves a net profit before taxes of $83,000. When a producer reaches that point he loses 6½ percent of the depletion allowance. Thus, a company operating 10 leases, on each of which there was a profit of $8,300 in a year, would automatically slide down 6½ percent in the depletion allowance.

Not only that, but tens of thousands of wells are not owned by stock companies, but are joint enterprises in which many small owners take an interest. If a small producer or anyone else owned 51 percent of the well and had a $1 million gross, or a $5 million gross, all the small stockholders, while they might have only a $1,000 or $2,000 share in that well, would also slide down to the same loss of depletion as the "giant" companies.

While the amendment has corrected the defect of an earlier amendment of the Senator from Wisconsin of applying to royalties, he does not correct the discrimination against the tens of thousands of small shareholders who join together in order that wells may be drilled. Their share in the depletion allowance goes down, too, although they may never approach, to the smallest degree, the figure of $1 million gross revenue.

Certainly, it would not be a large operator that would have $83,000 net before taxes. Those are rather modest sized operators in the Oklahoma fields.

The really large companies that get pushed down to a 15 percent, or 12½ percent loss in the gross production tax, the giant companies which suffer the great losses, would have to have only a $415,000 income gross profit.

That is based on the assumption that the $5 million gross will produce 1,665,000 barrels of oil which, at 25 cents a barrel net profit, would give the maximum cut of nearly half the allowance when profits reached $415,000.

The distinguished Senator from Illinois is a noted economist. I think we can be concerned about the growth potential in any business. Many of the small operators who start out with one lease have been rather lucky. They reinvest their money. They seek to find more oil. By finding more oil they will begin to cut down on their depletion allowance as they get greater gross production, if the Senator's amendment is agreed to. The tendency would be to have more and more splintering, in order to prevent the ownership of any combination of leases which would produce over $83,000 a year net.

Should the prices of oil go up, as sometimes they do, with the workings of economics the depletion would automatically be cut by 6½ percent for the very small operator, or it could be cut back almost half for the operator who had $415,000 net before taxes.

I say, Mr. President, this is a meat ax treatment on a very serious tax problem which affects one of our very basic industries. The relation of this country to our national defense cannot be brushed off as a fantasy. There is no single essential of national defense which is as important for the waging of a war today as petroleum. We found that out in World War II. The way we destroyed the war potential of Germany was to bomb out the oil supplies. Because Germany did not have the blessings of natural oil or natural gas we bombed out the coal extraction plants from which the oil came.

The importance of this industry was demonstrated in the Suez crisis, when we observed that all Western Europe was in danger of being rendered completely impotent to carry on industrial growth, transportation, or its very existence. Had it not been for the fact that we do have a degree of excess supply in this country, which the Senator from Illinois has repeatedly called overproduction, we would have been in trouble. I say to the Senator, he is ignoring the fact that this is a margin of safety. We should be grateful indeed for the extra bit of production. I would hate to see us cut production so close in this country that we would find it impossible even to produce the additional oil for a limited war.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I am happy to yield to my distinguished colleague.

Mr. GORE. Is it not true that the principle of a depletion allowance was adopted for the purpose of encouraging and stimulating the discovery and development of our natural resources?

Mr. MONRONEY. That is absolutely true. Furthermore, Congress has wisely and I think prudently considered that the utilization of natural resources represents an exhaustion of original capital wealth. We create no more oil by merely producing that which nature gave us millions of years ago. When we produce a barrel of oil we have one barrel less in reserves. Depletion must be considered in a twofold way.

We must encourage the replacement of exhausted supplies. We must provide enough money for the producer to invest in new wells.

That is why I think the Senator's statistics, which look so abnormal, do not mean that the oil industry is getting away with a vast tax grab. This money is being plowed back into searching for more production and plowed back into producing more oil for the United States. That is what the 27½ percent depletion allowance brings.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. MONRONEY. I am happy to yield.

Mr. GORE. I recognize that the Senator is a student and an authority on this subject. I cannot lay claim to very much knowledge in this field. I have an opinion that those who are actually using the depletion allowance or deduction for the purposes of discovery, exploration, and development are entitled to a liberal allowance. I am not sure exactly what percentage that should be.

The thing which troubles me is that many people who have never explored, discovered, or developed 1 gallon of oil seem to be getting the benefit of the depletion allowance. That not only is true with respect to people in our country but also is true with respect to corporations which, in addition to foreign tax credits, receive depletion allowances for the development of a Saudi Arabian field. Those are things upon which I solicit the opinion of the able Senator.

Mr. MONRONEY. I will say to my able friend and colleague there is a small percentage—I would judge it to be within the range of from 2 to 5 percent—of those engaged in the oil business who are not oil producers and who do not stay in the business to reinvest their money and continue to produce a supply of oil which is not necessary for this country.

The fault, I will say to my distinguished colleague, I feel rests in the high personal income tax brackets. I am referring to the people in the 90 percent income tax bracket, who find it easy to gamble with a 10-cent dollar. If they hit it rich on the 10-cent dollar, it is a good gamble. Those are dollars which would normally go into taxes. Instead they are plowed into the gamble for oil. Those people are playing with a 10-cent dollar. They have a far greater advantage in the making of big money than have the oil driller, the oil explorer, or the oil operator, who are not in those high tax brackets.

This group includes those in the entertainment world and others. I think if the personal income tax bracket were at a top of 50 percent we would not find this use of the high risk money gambling in oil. Much of the money has also gone into uranium. Much of the money goes into the New York plays, where the risk is high. When a person is in the 90-percent tax bracket he will find a high risk play very attractive for a 10-cent dollar.

Mr. DOUGLAS. Will my good friend yield to me?

Mr. MONRONEY. I am happy to yield.

Mr. DOUGLAS. I do not think my good friend was in the Chamber when I mentioned earlier in the evening that if this package proposal of tax reform of ours were to be enacted into law we could save some $2 billion for the taxpayers, and out of the money we could provide a $1 billion tax reduction. One of our amendments would provide for reducing the supertax to a total of 75 percent, with a corresponding reduction for other groups, so that the inducement for speculative gains which now exists would be greatly reduced.

If my good friend would only go along with us in cutting down the depletion allowance, we could remove or greatly lessen the undue stimulus to which he has referred.

Mr. MONRONEY. I have felt that the 90-percent tax bracket is in some way self-defeating.

Certainly I think much of the blame of the workaday oil industry results from those people in this kind of a peculiar situation, who invest not only in the oil industry but in many high risk enterprises because they are gambling with 10-cent dollars.

Certainly if one is in the day-to-day industry, as the statistics will clearly prove, the record is much different.

I live with the average oil producers. They are mostly small businessmen. They live well, but not extravagantly. I am sorry my friend from Wisconsin needed to make the point that there must be something wrong because there is a low rate of failures. I do not think Congress wants to legislate to increase the rate of failures. I think it is to the great credit of these men that they are able to stay solvent.

Our whole banking system in Oklahoma is geared to oil. Large loans are made with reference to oil.

The amendment the Senator from Illinois has offered, I will say, would undercut the traditional risks our banks take, because it is the depletion allowance which offers the extra security so that the banks can make the loans for the drilling of wells.

This is not "small potatoes." It frequently costs about a half million dollars to drill one oil well. The kind of wells we are finding now cover no more than 60 or 80 acres. If one finds a dry hole, $5 million may be lost.

We are now going down 8,000 feet to find oil, whereas originally we found oil at 600 feet. The risks are becoming greater. There are fewer wells, and the wells have less production.

We must continue the search for oil to replace the vast amount which is being exhausted from our continental U.S. supply. To cut off the depletion allowance now, with costs going up, when oil is becoming more and more difficult to find, would certainly be to our great disadvantage.

I never want to see this Nation become dependent on the adrenal glands of a foreign ruler. We have seen the jugular vein of the oil supply of Western Europe cut in a fit of temper. Had it not been for the fact that we had this excess of production, due to what the distinguished Senator from Illinois calls overdevelopment, we would not have been able to give a very necessary helping hand to our friends.

I have no brief for the large oil companies. I think those companies can take care of themselves, particularly those which are fortunate enough to enjoy the vast tax advantages, other than the depletion allowance, which our tax laws give to the producers of overseas oil, especially in the Middle East.

If the Senator really were able to reach a different problem, the situation might be different. I have spoken often, and have encouraged legislation, to try to correct the tax regulation which, in effect, gives 55 percent depletion to producers of oil in the Arabian countries. This is an outright discrimination against our domestic producers.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. DOUGLAS. The Senator has been talking about this subject for years, but so far as I know, he has never introduced a bill. I invite the Senator to apply his great talents to that subject. If it is a good bill, I will support it.

Mr. MONRONEY. The senior Senator from Wyoming [Mr. O'MAHONEY] has such a bill. The Senator from Texas has a bill, or an amendment. If it is in order, I am sure the Senator will have an opportunity to vote on it tonight. Certainly all of us from the oil territories recognize that this special favortism works a distinct hardship. Foreign oil is produced at a cost of less than 85 cents a barrel, delivered at the seaboard of the United States, whereas it costs around $3 a barrel to produce it in the United States.

This is the kind of thing the Senator's amendment would not cure, because while he would reduce the depletion allowance for producers with more than $5 million gross income, he would still leave this double depletion for producers overseas, who have worked out the slick trick of considering the sheik's share of the oil, instead of a 50 percent working interest, as was once the case, a foreign tax which is deducted.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. There is one other device—perhaps I should not call it a device, but a legal method of tax deduction or tax avoidance. I refer to the operation of a foreign subsidiary of a domestic corporation. In that case no taxes whatsoever are paid or owed until the income is brought back into the United States. It may never be brought back to the United States. It may go to Monaco, Bermuda, or some other tax haven. So in addition to the depletion allowance on foreign wells, the foreign tax credit, there is this foreign subsidiary operation. All three added together amount to a handsome subsidy for foreign oil operation.

I would not wish to discriminate against the development of oil which is available to the Western Hemisphere, but I share the opinion of the junior Senator from Oklahoma that we should not permit our tax laws to operate as a discrimination against domestic producers.

Mr. MONRONEY. I appreciate very much what the Senator has said, and I should like to point out that in 1957, in the case of the 33 largest companies in the United States, the income from domestic operations totaled $1,897 million, and that from their foreign operations totalled $1,203 million. So it can be seen that their income from operations abroad was almost as great as from their total operations within the United States.

Also, I point out that after all the figures were in, according to the Chase National Bank annual analysis of the 33 leading companies, these 33 oil companies had a net income of $3,100 million. The net income still represented only 9.9 percent of their total income. This represents a return on borrowed or invested capital of 11.7 percent. Yet, when we realize that this group of 33 companies had the great tax advantage on oversea oil, their domestic operations must not have yielded such a great return, even in the case of the giant companies, because their profit does not compare favorably with the yield of many other manufacturing corporations.

According to the Quarterly Financial Report for Manufacturing Corporations for the first quarter of 1959, published jointly by the Federal Trade Commission and the Securities and Exchange Commission, the petroleum industry's annual rate of profit on equity capital, after taxes, was a return of 10 percent. That is after taxes, including the deductions about which the Senator from Illinois has been speaking. This profit compares with the annual rate of profit for other industries for the same period as follows:

	Percent
Motor vehicle manufacturers	19.1
Electrical machinery	10.7
Iron and steel	11.7
Instrument manufacturers	10.8
Tobacco manufacturers	12.0
Chemicals	13.0
Drugs	18.5

This is after all the tax deductions—and many of them are deductions in the oversea operations that should not be allowed, which literally doubled the depletion allowance, as compared with the allowance for domestic concerns. It seems to me that this amendment is an unrealistic approach to the oil problem.

The amount of development of reserves to which the distinguished Senator from Tennessee [Mr. GORE] refers is the subject of a study made by C. J. Anderson, Chief Petroleum Engineer of the U.S. Bureau of Mines, in Washington, D.C. I ask unanimous consent that the table compiled from this study be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Net value of production versus expenditures for finding, developing, and producing oil and gas

[Thousands of dollars]

	1951	1953	1955
Industry income:			
Net value oil produced	4,862,136	5,401,018	5,884,215
Net value gas produced	465,451	660,501	836,324
Total net value production	5,327,587	6,061,519	6,720,539
Industry expenditures-exploration costs:			
Geological, geophysical, and related professional services	186,000	243,590	245,440
Lease purchases and rentals	637,910	744,630	876,520
Dry holes	650,290	795,890	940,210
Overhead	126,780	171,270	206,220
Total exploration costs	1,600,980	1,955,380	2,268,390
Development costs:			
Drilling and completion of producing wells	1,390,050	1,689,607	2,097,225
Equipment (tubing, tanks, flow value, etc.)	420,360	483,000	556,210
Overhead	135,780	168,378	205,640
Total development costs	1,946,190	2,340,985	2,859,075
Subtotal, exploration and development costs	3,547,170	4,296,365	5,127,465
Operating costs:			
Oil—direct costs	1,274,149	1,392,576	1,540,092
Oil—overhead	242,146	306,326	337,758
Total oil operating costs	1,516,295	1,698,902	1,877,850
Gas—Direct costs	89,220	134,675	134,097
Gas—Overhead	7,758	10,920	9,387
Total gas operating costs	96,978	145,595	143,484
Total operating costs	1,613,273	1,844,497	2,021,334
Total expenditures for finding, developing, and producing [1]	5,160,443	6,140,862	7,148,799
Net annual balance	+167,144	−79,343	−428,260

[1] Includes maintenance, supervision, and general overhead but excludes charges for research. The costs do not include income taxes, payment on interest and principal, or return to investors.

Source: "Petroleum and Natural Gas in the United States—Relation of Economics and Technologic Trends" by C. C. Anderson, Chief Petroleum Engineer, U.S. Bureau of Mines, Washington, D.C.

Mr. MONRONEY. This table refers to domestic production. It shows for 1955 that the total value of domestic production of oil and gas was $6,720,539,000. That was what the oil industry received from the production of all oil and gas in the United States.

The total cost of exploration amounted to $2,368,390,000. The development costs, including drilling and completion of producing wells, equipment, tubing, tanks, flow valves, and overhead, represent a total of $2,859,075,000.

The total exploration and development cost was $5,127,465,000. When we take into consideration the direct costs, overhead, and so forth, the total operating costs were $2,021,334,000.

This gives a total expenditure for finding, developing, and producing of $7,148,799,000. Considering the total net value of production for that year of $6,720 million, we have a deficit of $428,260,000.

Note that while the industry spent $5,127,465 on exploration and development, the maximum depletion allowable was $1,850,000. The industry spent $3 for every $1 of depletion.

Certainly this amount represents an investment in the future supply of oil. Because we are exploring. We are finding new supplies, which will come into production to serve our Nation's future needs.

The efforts to replace oil must continue. Were it not for the depletion allowance which makes this replacement possible, the consumers of the United States would have to pay many cents more for a gallon of gasoline than we are paying today to provide the same exploration costs.

While the distinguished Senator from Illinois has exempted royalty owners, the opportunity for development of marginal fields by big companies—because they will be in the 15-percent bracket—will not exist. They will not fool with stripper wells. They will not fool with the high-cost, low-producing wells, as they do today because of the 27½-percent depletion allowance. If they have over $480 million a year income before taxes, they are not going to drill out, so the royalty owner or farmer who wishes to lease to a company will find a smaller market, and fewer people willing to gamble on finding oil.

It seems to me that the test of time is the most reliable. We have had an adequate supply of oil, capable of oiling two world wars. We have met the emergencies involved in the limited wars in Korea and the Middle East. We have

supplied our allies and friends in case of emergency. Certainly it seems to me that the system which has worked well, and which has built a great industry, which has produced a great income, and which has paid taxes for highways, gasoline taxes, and every other kind of taxes, should not be made the single victim of this amendment. It is not carefully worked out. It does not operate equally across the board, in comparison with other minerals. It penalizes those having $83,000 net income a year before taxes by subjecting them to a drastic cut of 20 percent or more, merely because they were able to produce enough oil to earn $83,000 a year.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. RANDOLPH. The able Senator has spoken of stripper wells. I am privileged to be one of the Senators representing the State of West Virginia. Our citizens are familiar with this type of production. We know that it is absolutely necessary that a reasonable incentive be continued, so that the independent companies and the small oil and gas producers may continue, within our hills and valleys to pioneer, as did the generations before those for whom I speak, in the necessary and often hazardous search for oil.

Mr. President, I believe thoroughly that the cogent arguments being presented tonight by the distinguished Senator from Oklahoma, have an impact of logic on the membership of this body. I am hopeful that our colleagues will join in supporting the basic premise which is presented in the pertinent points which are carefully considered and clearly advanced.

Mr. MONRONEY. I thank my distinguished colleague.

Let me say that stripper production would be completely lost—the remaining 50 percent—for the want of a nickel a barrel in the cost at the mouth of the well. That production could be lost. During World War II we subsidized the stripper wells to the extent of 5 cents a barrel in order to keep them producing, rather than raise the price of oil under price control. It was that 5 cents that kept them in production.

The amendment of the Senator from Illinois, for any sized company at all, would withdraw more than 5 cents a barrel from these small wells and would lead to wholesale abandonment of the wealth of the country which could never be recovered, because once the wells are shut down, once water overtakes the small wells, the production is gone forever.

Mr. RANDOLPH. Mr. President, will the Senator further yield?

Mr. MONRONEY. I yield.

Mr. RANDOLPH. Personalities should not enter into a discussion of this type, but perhaps I will be pardoned as I speak of my revered dad, who was an oil and gas producer. He was also a lawyer and an active businessman and a cattle buyer. Yet my father, in a very real sense, was a pioneer. At one time he was reputed to be the most active oil and gas producer, in the independent category, in West Virginia.

I remember very well, as a youngster, when he was encouraged by the Federal authorities to drill for oil in West Virginia when our country was dedicated to the prosecution of World War I. He drilled 11 dry wells in an effort to meet the request made of him—and it was made of others—to drill into the earth in search of the oil which was needed for the successful conclusion to that armed conflict.

Yes, Mr. President, he was encouraged, and even told in Washington, that if he had dry wells and had losses accruing from this exploration, a grateful Government would be obligated to reimburse him for the actual costs. That assurance was not in writing; it was an understanding which, very frankly, was consummated with many other independent producers. Yet I recall it now for the purpose of indicating that he was a patriot who absorbed those losses. He was never reimbursed. It was a pioneering spirit which kept his at his task.

West Virginians from that era until now have had before them not only the desire but also the determination to carry forward this important enterprise.

Mr. President, our State is producing an average daily gross production of crude oil in the amount of approximately 6,000 barrels. There are some 25 or 26 oil producing States. In West Virginia we rank about 20 or 21 in this list. Exploration must be carried forward, even though the wells that are successful are small in their output.

Mr. MONRONEY. I thank the distinguished Senator for his contribution to the discussion.

Mr. President, some 3,750 million additional barrels of oil will be added from such stripper wells by secondary recovery methods and water flooding. But such legislation as is proposed by the Senator from Illinois will virtually put an end to this by the withdrawal of the necessary depletion allowance to do this job.

Mr. President, I yield the floor.

Mr. YARBOROUGH. Mr. President——

The PRESIDING OFFICER. How much time does the Senator from Texas desire?

Mr. JOHNSON of Texas. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from Texas has 22 minutes remaining.

Mr. JOHNSON of Texas. How much time does the Senator from Texas desire?

Mr. YARBOROUGH. Five minutes.

Mr. JOHNSON of Texas. I yield 5 minutes to my distinguished colleague.

Mr. YARBOROUGH. Early this evening in the colloquy between the Senators from Wisconsin, Illinois, and Louisiana, there was much discussion about the great political influence of the oil companies and rather an intimation that votes for the depletion allowance were because of that political influence.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the able and distinguished Senator from Illinois.

Mr. DOUGLAS. That was not the statement of the Senator from Louisiana or the statement of the Senator from Illinois. We did say, however, that the oil companies as a group had strong political influence. But we did not imply that everyone who voted against the depletion allowance was necessarily being swayed by the oil companies. I want to make that point clear.

Mr. YARBOROUGH. I thank the Senator from Illinois for that clarification, so far as he and the Senator from Louisiana and the Senator from Wisconsin are concerned. Of course, I concede that the political influence of the oil companies is great in this country. The political influence of any segment of our economy who owns that much of the wealth is great in this country. The political influence of the oil companies is very great in my own State, as I have learned to my sorrow on many a hard fought field.

The Senator from Wisconsin [Mr. PROXMIRE] said he had been in five statewide races in his State in the past 7 years. I also have been engaged as a candidate in five statewide campigns in my State in the last 7 years, always opposed by the influence of the wealth of this very powerful industry, put in scales on the other side against me. I lost the first three of those fine campaigns by virtue of that. So I am not on the same side of the political fence with these oil companies. My party is not, either.

The $100 a plate dinners given in my State, such as that for the former minority leader of the House, are not given to the members of our party; they are given for the party across the aisle. When the oil and gas industry gives $100 a plate dinners in Texas, they are not given to my party.

But I am not here to punish that industry simply because they support the opposing party and are among the chief contributors to the other side of the fence.

Statistics have been offered here tonight by the Senator from Wisconsin to show how much those people in the large oil companies contribute to the Republican Party in political campaigns. But this is not a question of politics; it is a question of economics. I have followed the discussion of the economics of this question as presented by the distinguished Senator from Illinois, but I cannot agree with his conclusions on this question.

I point out what has happened to the production of oil in my State. I am opposed to this amendment because of what I know did happen when the great flood of foreign oil poured in on us in 1957, and because I know what will happen if further restrictions are put on drilling. The elimination of the depletion allowance will put further restrictions on drilling. The production of oil in my State has declined 2½ percent in the last 5 years. During that same 5-year period, production of oil went up

in Venezuela 46 percent; in the Middle East, it increased over 52 percent. Because drilling has become unprofitable in my State, due to foreign oil imports it has meant fewer employment opportunities in Texas.

The man who works on a drilling crew earns about three times as much as a farmowner. He earns five times as much as a farm laborer.

The greater portion of the large oil companies are owned in the North and East and not in Texas, but the work is done in Texas and the Southwest.

Ninety percent of the oil pipelines in Texas are owned in the East. One of the largest carbon producers in my State is owned in Boston. Those big oil companies are owned in the North and East, their profits go there, but the oilfield laborer in Texas gets five times as much as a farm laborer for a day's work.

As one historian has pointed out, the thing which lifted Texas economically from its position as a typical farm State with a single economy was the production of oil and gas. Yet it was the banks of New York and Chicago which provided the credit structure on which many of the oil wells of the Southwest were drilled. That credit structure is based upon the depletion allowance.

But I am talking for the laborers in the oilfields who are going to lose their jobs if the depletion allowance is drastically reduced. I agree with the distinguished Senator from Illinois with respect to sound fiscal policies. I applaud the great work he has done in that respect. He is a distinguished American economist, as well as a Member of this body, and has sought today, by other tax raising measures, to put this country in a sounder fiscal position.

I supported this week the Health, Education, and Welfare appropriation bill, which appropriated $4 billion and increased the amount for public health research by $300 million. I believe we have to finance that. I have voted for every tax measure offered this afternoon and tonight to raise more taxes. I believe in raising taxes whenever we can do so without hurting the economy.

In my opinion, cutting off the depletion allowance would hurt the economy and reduce the number of job opportunities in all the oil-producing States. It would limit the drilling of oil wells. The Senator from Illinois is a great economist. He frankly admits and states that the cutting of the depletion allowance would reduce the drilling of wells. But he states that in his opinion too much money has been spent on drilling wells, that too much capital has been invested in drilling wells. He wants capital invested in something else, so there will be fewer oil wells.

We use a great deal of steel in an oil well. We buy the steel from the North and the East. The money paid for all the steel in an oil well goes into the profits of the steel companies and into the wages of the United Steel Workers. But let us remember that the drilling of wells is done in the oil-producing States, and wages for drilling the wells are paid in my State, adding to its economy.

Even in the drilling of dry wells, not all of the metal is lost, because during World War II the dry wells were located, the steel casings were pulled out, and then used as scrap in World War II.

I offered a bill in February 1958 to raise taxes on imported oil. I am offering that measure now as a substitute for the amendment offered by the distinguished Senator from Illinois. It will raise money. It will not hurt the American consumer; it will not raise the price of gasoline 1 cent. It will put more than $100 million of additional moneys into the Treasury per year. It will help the domestic industry some, but it will not stop the importation of foreign oil, because the bill I am offering does not tax oil imports enough to stop foreign imports. I am not trying to cut off foreign imports, I merely want it to pay a reasonable tax, as it takes a profit out of our economy.

Mr. President, at this time I offer my amendment in the nature of a substitute for the amendment of the distinguished Senator from Illinois, to levy an import tax on petroleum and petroleum products of 2 cents a gallon on crude petroleum, 3 cents a gallon on gasoline and other motor fuel, and 4 cents a gallon on lubricating oils, with the exception of that produced in countries which have a common land boundary with the United States.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. It is proposed that section 4521 of the Internal Revenue Code of 1954 (relating to import tax on petroleum products) be amended—

(1) by striking out "one-half cent per gallon" in paragraph (1) (tax on crude petroleum, etc.) and inserting "2 cents per gallon";

(2) by striking out "2½ cents per gallon" in paragraph (2) (tax on gasoline or other motor fuel) and inserting "3 cents per gallon"; and

(3) by striking out "4 cents per gallon" in paragraph (3) (tax on lubricating oil) and inserting "5 cents per gallon".

SEC. 2. The amendments made by this Act shall apply to articles entered, or withdrawn from warehouse, for consumption on or after the first day of the first month which begins after the date of the enactment of this Act.

The PRESIDING OFFICER. How much time does the Senator from Texas yield himself on his amendment?

Mr. YARBOROUGH. I will take only 2 minutes.

My proposal will raise more than $100 million a year. I point out that oil produced in Saudi Arabia and laid down at the great refineries in New Jersey can be produced and laid down there for more than a dollar a barrel cheaper than oil produced in the United States, even without any transportation costs being computed to get the domestic production to the refinery.

This is a tariff of 2 cents a gallon, or 84 cents a barrel. It will not hurt any American consumers financially. It will give us a modest tax income on imported oil. Even with this tax they can produce foreign oil and lay it down at dockside in the United States much cheaper than domestic oil can be produced. My substitute will do some of the things which the Senator from Illinois has tried to do with this and other measures. It will raise some needed revenue. It will help our economy. It will not slow up domestic production as a cut in the depletion allowance would slow it up. It will not cost the jobs of workers in the United States; while a cut in the depletion allowance will cause domestic oil workers in the United States to lose jobs.

Mr. LONG. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. LONG. Mr. President, will the Senator from Texas yield to me?

The PRESIDING OFFICER (Mr. HARTKE in the chair). Does the Senator from Texas yield to the Senator from Louisiana?

Mr. YARBOROUGH. I yield.

Mr. LONG. It seems to me that the Senator from Texas is correct about Saudi Arabian oil, and he might even be correct about Venezuelan oil. But how about Canadian oil? It seems to me that Canada could not very well stand that burden.

Mr. YARBOROUGH. I have stated that my amendment would not apply to a country with a common land boundary with the United States. In case of war, we could obtain Canadian oil by pipeline. But in time of war we might not obtain oil from overseas—as was shown during the last World War. So there is good reason, on the basis of the international situation, for applying the tax I propose to oil imported from overseas, but not to oil imported from a country which has a common land boundary with the United States. It is obvious that during a war, oil produced overseas might not be brought into the United States with ease because of the 600 Communist submarines lurking in the oceans and seas of the world.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the only remaining time on the amendment of the Senator from Illinois is under the control of the majority leader. If the Senator from Illinois is to obtain further time on his amendment, it must be yielded to him from the time still available.

Mr. DOUGLAS. I thought it was always in order to suggest the absence of a quorum.

Mr. JOHNSON of Texas. Not when a time limitation is in effect.

Does the Senator from Illinois think that more Members would be present at the conclusion of a quorum call than the number present at this time?

Mr. DOUGLAS. Yes. Will the Senator from Texas yield 3 seconds to me?

Mr. JOHNSON of Texas. Yes; in fact, I yield to the Senator from Illinois whatever time he seeks.

Mr. DOUGLAS. I thank the Senator from Texas for yielding 3 seconds to me.

Mr. President, at this time I suggest the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, more than 3 seconds will be re-

quired to call the roll, following the suggestion of the absence of a quorum.

Mr. DOUGLAS. Well, let us see.

Meantime, I thank the majority leader for yielding the 3 seconds to me.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana will state it.

Mr. LONG. What is the pending question?

The PRESIDING OFFICER. The pending question is on agreeing to the amendment submitted by the Senator from Texas [Mr. YARBOROUGH], in the nature of a substitute for the amendment submitted by the Senator from Illinois [Mr. DOUGLAS].

Mr. LONG. If all time available to the proponent of the Douglas amendment has been used——

The PRESIDING OFFICER. The junior Senator from Texas [Mr. YARBOROUGH] has submitted an amendment in the nature of a substitute for the amendment of the Senator from Illinois.

Does the junior Senator from Texas yield back the remainder of the time available to him?

Mr. DOUGLAS. Mr. President, the senior Senator from Texas [Mr. JOHNSON] yielded 3 seconds to me, and I suggested the absence of a quorum. Did the Chair hear me suggest the absence of a quorum?

The PRESIDING OFFICER. Under the unanimous-consent agreement under which the Senate is proceeding, the time yielded is for the purpose of debate, not for the purpose of the suggestion of the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Illinois thinks anything is to be gained by suggesting the absence of a quorum, and if he wishes to have a quorum call had, I shall not object to having a quorum call had, with the understanding that the time required for it will not be charged to the time available to either side. But I think that at the present time more Members are in the Chamber than the number who would be in the Chamber following a quorum call.

If the Senator is ready to yield back the remainder of the time available to him, I am ready to do likewise.

Mr. DOUGLAS. I am ready to yield back the remainder of the time available on my amendment.

I do not know whether the junior Senator from Texas [Mr. YARBOROUGH] is prepared to yield back the remainder of the time available to him on his amendment in the nature of a substitute for my amendment.

Mr. YARBOROUGH. All but 1 minute.

Mr. DOUGLAS. I am ready to yield back all but 5 seconds of the remaining time available to me. But I wish to reserve 5 seconds for the suggestion of the absence of a quorum and for a quorum call, without being held out of order.

The PRESIDING OFFICER. The time available to the Senator from Illinois on his amendment has expired.

The Senator from Illinois has 13 minutes remaining under his control from the 1 hour and 15 minutes yielded to him by the Senator from Texas [Mr. JOHNSON] from the time available on the bill.

Mr. DOUGLAS. In other words, not all of the time available to me has expired; is that correct?

The PRESIDING OFFICER. All time available to the Senator from Illinois on his amendment has expired; but 13 minutes on the bill is still available to him.

Mr. DOUGLAS. Precisely so.

Mr. President, I yield back all but 5 seconds of that time.

Mr. RANDOLPH. Mr. President——

Mr. YARBOROUGH. Mr. President, I yield to the senior Senator from West Virginia [Mr. RANDOLPH].

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. RANDOLPH. Mr. President, in connection with the amendment which has been offered by the eminent junior Senator from Texas [Mr. YARBOROUGH] as a substitute for the amendment submitted by the Senator from Illinois [Mr. DOUGLAS], I ask the Senator if he has given consideration to the residual oil which is dumped in the United States from Venezuela at a very low price, in large degree bringing almost irreparable damage to the coal industry in West Virginia and in other States.

Will the junior Senator from Texas be willing to modify his amendment by including a provision for the imposition of a tax on the importations of that residual oil?

Mr. YARBOROUGH. What does the distinguished Senator from West Virginia suggest in the case of the residual oil? The tax provided by my amendment in the nature of a substitute for the Douglas amendment is 2 cents a gallon on crude oil. Of course, residual oil is not worth as much as crude oil.

Mr. RANDOLPH. I believe that a tax of 1 cent on residual oil would be appropriate.

Mr. YARBOROUGH. One cent a gallon?

Mr. RANDOLPH. Yes. This is a serious matter. Residual oil in amounts displacing the equivalent of approximately 40 million tons of coal is being imported on an annual basis. My distinguished colleague from West Virginia [Mr. BYRD] has given valuable leadership in our successful effort to place mandatory controls on this residual oil.

Mr. WILLIAMS of New Jersey. Mr. President, will the junior Senator from Texas yield to me?

Mr. YARBOROUGH. I yield.

Mr. WILLIAMS of New Jersey. I wish to ask only two questions: Was the proposal of the junior Senator from Texas considered in any way before the Finance Committee as an amendment or as a substitute of any kind?

Mr. YARBOROUGH. I have no knowledge of it; I am not on the Finance Committee.

Mr. WILLIAMS of New Jersey. Have any hearings on that amendment been had before any committee of the Senate?

Mr. YARBOROUGH. I do not know of any at this session. Of course, the amendment has been before various sessions of Congress for a long time, and has been widely debated, and has been widely debated in the industry.

Mr. WILLIAMS of New Jersey. But no Senate committee hearings have been held on it during this session; is that correct?

Mr. YARBOROUGH. I know of none; I am not on the Finance Committee.

Mr. President, I modify my amendment by adding to it the proposal submitted by the distinguished Senator from West Virginia [Mr. RANDOLPH], who, with his usual diligence in his able representation of the people of his State, has sought by his amendment to protect them from the disastrous effects of the increasing flood of imported oil, produced at such a low cost abroad, and imported in vast amounts in competition with the oil produced by our domestic labor. By today's New York Times—June 25, 1959—I note that oil imports have now increased to 1,818,700 barrels a day, nearly 2 million barrels a day, up sharply from last year. This would mean a tax income of over $200 million a year. Earlier I said it would raise over $100 million; it will raise over $200 million a year.

Mr. JORDAN. Mr. President, will the junior Senator from Texas mind including in his amendment a textile amendment?

Mr. YARBOROUGH. A textile amendment tacked on to an oil imports tax?

Mr. JORDAN. Yes; a textile amendment—for cotton goods. [Laughter.]

Mr. LONG. Mr. President, will the Senator from Texas yield to me?

Mr. YARBOROUGH. I yield.

Mr. LONG. Did not the White House recently send to the Congress a proposal for a major increase for the benefit of textiles? I thought the White House proposed what the textile industry was looking for.

Mr. JORDAN. We have not heard of it yet.

The PRESIDING OFFICER. Does the junior Senator from Texas yield back the remainder of the time available to him?

Mr. YARBOROUGH. First, Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. YARBOROUGH. Has my amendment now been modified so as to include the language which the Senator from West Virginia [Mr. RANDOLPH] proposed, and which I accepted as a modification of my amendment?

The PRESIDING OFFICER. It has.

Mr. YARBOROUGH. Mr. President, I yield back the remainder of the time available to me on the question of agreeing to my substitute for the amendment of the Senator from Illinois.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time available to me on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Texas [Mr. YARBOROUGH], submitted as an amendment in the nature of a substitute for the amendment of the Senator from Illinois [Mr. DOUGLAS]. [Putting the question.]

The "noes" appear to have——

Mr. YARBOROUGH. Mr. President, I ask for a division.

On a division, the modified amendment to the amendment was rejected.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. DIRKSEN. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DIRKSEN. Was the result of the vote on the modified amendment in the nature of a substitute for the Douglas amendment announced before the absence of a quorum was suggested? I understood that the result of that vote was announced before the absence of a quorum was suggested.

The PRESIDING OFFICER. It was.

Mr. DIRKSEN. So the modified amendment in the nature of a substitute for the Douglas amendment has now been disposed of, has it?

The PRESIDING OFFICER. That is correct; the modified amendment in the nature of a substitute for the Douglas amendment has been disposed of.

The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS].

Mr. DIRKSEN. Mr. President, on this question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KEATING. Mr. President, I have a few shares of stock in oil companies, and I ask unanimous consent to be excused from voting.

The PRESIDING OFFICER. Without objection, it is so ordered.

The legislative clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from Massachusetts [Mr. KENNEDY], the Senator from Wyoming [Mr. MCGEE], the Senator Minnesota [Mr. MCCARTHY], the Senator from Utah [Mr. Moss] and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation on parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On the vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Maine would vote "yea."

The Senator from Idaho [Mr. CHURCH] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from Florida would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Minnesota would vote "yea."

The Senator from Rhode Island [Mr. GREEN] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Rhode Island would vote "yea," and the Senator from Wyoming would vote "nay."

The Senator from Michigan [Mr. MCNAMARA] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting the Senator from Michigan would vote "yea," and the Senator from Montana would vote "nay."

The Senator from Oregon [Mr. MORSE] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Oregon would vote "yea," and the Senator from Wyoming would vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business as members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from Vermont [Mr. AIKEN] is paired with the Senator from Kansas [Mr. CARLSON]. If present and voting, the Senator from Vermont would vote "yea" and the Senator from Kansas would vote "nay."

On this vote, the Senator from Vermont [Mr. PROUTY] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Vermont would vote "yea," and the Senator from Indiana would vote "nay."

The result was announced—21 yeas, 54 nays, as follows:

YEAS—21

Carroll	Hennings	Neuberger
Case, N J.	Jackson	Pastore
Clark	Javits	Proxmire
Dodd	Kefauver	Smith
Douglas	Langer	Symington
Ervin	Lausche	Williams, Del.
Hart	Magnuson	Young Ohio

NAYS—54

Allott	Engle	Martin
Anderson	Frear	Monroney
Bartlett	Fulbright	Morton
Beall	Goldwater	Mundt
Bennett	Gore	Randolph
Bible	Hartke	Robertson
Bridges	Hayden	Russell
Bush	Hickenlooper	Saltonstall
Butler	Hill	Schoeppel
Byrd, Va.	Hruska	Scott
Byrd, W. Va.	Johnson, Tex.	Smathers
Cannon	Johnston, S.C.	Sparkman
Cooper	Jordan	Stennis
Cotton	Kerr	Talmadge
Curtis	Kuchel	Thurmond
Dirksen	Long	Williams, N J.
Eastland	McClellan	Yarborough
Ellender	Mansfield	Young, N. Dak.

NOT VOTING—23

Aiken	Gruening	Morse
Capehart	Holland	Moss
Carlson	Humphrey	Murray
Case, S. Dak.	Keating	Muskie
Chavez	Kennedy	O'Mahoney
Church	McCarthy	Prouty
Dworshak	McGee	Wiley
Green	McNamara	

So the amendment of Mr. DOUGLAS was rejected.

Mr. LONG. Mr. President, I call up the amendments I have at the desk, and ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

The amendment will be stated.

Mr. LONG. Mr. President, rather than having the clerk read the amendment, I believe it would be best to have the copies I have prepared distributed to Senators, together with a release I have prepared explaining the amendment. I believe that would save the time of the Senate.

I do not think it would enlighten the Senate to hear the amendment read, and I ask unanimous consent that it may simply be printed in the RECORD at this point along with my statement explaining it.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? The Chair hears none, and it is so ordered.

(Mr. LONG'S amendment and statement are as follows:)

At the end of the bill add the following new section:

"SEC. . PUBLIC ASSISTANCE PROVISIONS OF THE SOCIAL SECURITY ACT.

"(a) OLD AGE ASSISTANCE.—Subsection (a) of section 3 of the Social Security Act is amended—

"(1) by striking out 'October 1, 1958' and inserting in lieu thereof 'October 1, 1959';

"(2) by striking out '$65' and inserting in lieu thereof '$75'; and

"(3) by striking out '$35' and inserting in lieu thereof '$38'.

"(b) AID TO DEPENDENT CHILDREN.—Subsection (a) of section 403 of the Social Security Act is amended—

"(1) by striking out 'October 1, 1958' and inserting in lieu thereof 'October 1, 1959';

"(2) by striking out "fourteen-seventeenths' and inserting in lieu thereof 'five-sixths', and by striking out '$17' and inserting in lieu thereof '$18';

"(3) by striking out '$30' and inserting in lieu thereof '$33'; and

"(4) by striking out '$18' and inserting in lieu thereof '$20.'

"(c) Aid to the Blind.—Subsection (a) of section 1003 of the Social Security Act is amended—

"(1) by striking out 'October 1, 1958' and inserting in lieu thereof 'October 1, 1959';

"(2) by striking out '$65' and inserting in lieu thereof '$75'; and

"(3) by striking out '$35' and inserting in lieu thereof '$38'.

"(d) Aid to the Permanently and Totally Disabled.—Subsection (a) of section 1403 of the Social Security Act is amended—

"(1) by striking out 'October 1, 1958' and inserting in lieu thereof 'October 1, 1959';

"(2) by striking out '$65' and inserting in lieu thereof '$75'; and

"(3) by striking out '$35' and inserting in lieu thereof '$38'.

"(e) Effective Date.—The amendments made by the preceding subsections of this section shall be effective—

"(1) in the case of money payments, under a State plan approved under title I, IV, X, or XIV of the Social Security Act, for months after September 1959; and

"(2) in the case of assistance in the form of medical or any other type of remedial care, under such a plan, with respect to expenditures made after September 1959.

"(f) Federal Percentage.—

"(1) Section 1101(a)(8)(A) of the Social Security Act is amended by striking out '65 per centum' and inserting in lieu thereof '70 per centum'.

"(2) The amendment made by paragraph (1) shall be effective with respect to the calendar quarter commencing October 1, 1959 and all subsequent calendar quarters."

At the end of the bill add the following new section:

"Sec. . Payments to Certain States for Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled.

"(a) Section 3(a)(1)(A), section 1003(a)(1)(A), and section 1403(a)(1)(A) of the Social Security Act are amended by inserting immediately after "$30" in each such section the following: "(or, in the case of any State in which the per capita income is less than 60 per centum of the average per capita income of the United States, five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $36)".

"(b) Section 1101(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"'(9) The term "per capita income", as used in sections 3(a)(1)(A), 1003(a)(1)(A), and 1403(a)(1)(A), means the average per capita income of each State or of the United States, as the case may be, for the three most recent calendar years for which satisfactory data are available from the Department of Commerce.'

"(c) The amendments made by the preceding subsectons of this section shall be effective with respect to the calendar quarter commencing October 1, 1959, and all subsequent calendar quarters."

The Long amendment is identical to the public welfare sections of the social security bill as the House of Representatives sent them to the U.S. Senate last year, with only one addition. The House-passed bill was the culmination of many months of study by the House Committee on Ways and Means and the House of Representatives itself.

In the Senate Finance Committee the benefits for old age assistance, aid to the blind, aid to the disabled, and aid to dependent children were reduced. The reason for these reductions was that the Senate committee was confronted with the threat of a presidential veto if the cost of the public welfare sections exceeded $200 million.

On the floor of the Senate, Senator Smathers offered two amendments to further reduce the benefits to the needy. He explained that, while he favored everything in the House bill, he recognized that the measure would be vetoed unless the cost of the welfare sections was reduced even more.

The Long amendment is a proposal to send back to the House the same provisions which the House sent to the Senate last year. It is a proposal to confront the President with the same type pressure which he placed upon the Senate last year.

The needy aged, blind, disabled, and orphan children of every State of America would be benefited. There is only one change from the proposal which passed the House of Representatives—the top limit on matching for the needy aged, blind, and disabled would be raised to $75. Failure to make this change would penalize the following States: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Utah, Washington, Wisconsin, and Wyoming.

In other words, the majority of States are ahead of the Federal Government in their liberality to the needy aged, blind, and disabled. Raising the limit to $75 would bring the Federal Government into line with the majority of these States.

Senators will be interested to note that about 90 percent of the additional funds made available as a result of the 1958 amendment have been passed along by the States to the needy.

This amendment would mean considerable benefit to 5,800,000 needy persons in America—approximately 4 percent of the population. The cost would be approximately $142 million annually.

Here are the changes proposed in existing law: First, the present matching limit for needy aged, blind, and disabled is $65. This amendment would increase that limit to $75. The States, previously mentioned, would be benefited.

Second, for States with income below the national average, the Federal Government at present matches on a 65–35 basis all payments to needy aged, blind, and disabled persons. This amendment would step that matching up to a 70–30 basis. This would benefit approximately two-thirds of the States.

Third, for dependent children, the Federal Government at present puts up $14 for the first $3 of State contribution. This amendment would increase the Federal share to $15 for the first $3.

Fourth, the present law permits Federal matching for the children on a 65–35 basis for aid in excess of $17 up to a maximum of $30. This amendment would change the ratio to 70 percent Federal and 30 percent State as the extreme limit for States making the greatest effort relative to their per capita income. The change in ratio would benefit more than one-half of the States.

Fifth, the amendment would increase the top matching figure for aid to dependent children from $30 to $33. This would benefit the majority of States, particularly those with high per capita incomes.

This amendment is drafted to benefit every needy person in America. In some respects it benefits States with more than the average per capita income—in other cases, it benefits States with less than the average per capita income. With the exception of the first item, every other item in this amendment was passed by the House of Representatives in 1958 and recommended to the U.S. Senate by the Senate Committee on Finance.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. JOHNSON of Texas. I wonder if the Senator would agree to a limited time for debate, so that we could inform all Senators when the vote will occur?

Mr. LONG. Realizing that the hour is late, I should like to dispose of the amendment rather briefly, as expeditiously as possible. I would like to have a yea-and-nay vote on the amendment.

Mr. JOHNSON of Texas. Would the Senator agree to a time limitation of 30 minutes, to be equally divided?

Mr. LONG. Yes; that would be agreeable.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there be 30 minutes on the amendment, to be equally divided between the Senator from Louisiana and the chairman of the committee.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I can explain the amendment very briefly. The amendment would put into effect the provisions regarding public welfare, which the House of Representatives sent to the Senate last year, after a year's study, and which the Senate Finance Committee recommended to the Senate last year in the closing days of the Congress.

Mr. JOHNSON of Texas. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Louisiana may proceed.

Mr. LONG. The reason those provisions did not become law last year was that some of us were informed the President would veto the social security bill if the cost of the public welfare sections exceeded $200 million. Therefore, some of us very reluctantly on the floor found it necessary to accept amendments and even to support amendments which would reduce the aid to orphan children, would reduce the aid to the disabled, would reduce the aid to the aged, and would reduce the aid to the blind by approximately $3 per person a month. By agreeing to that, we were assured there was a reasonably good chance the President would sign the bill, and he did. Our position at the time was that the President had the pressure on us and could pocket veto the bill as the Congress was about to adjourn. We would have had no chance to try to override the veto under the conditions, although

the social security bill passed the Senate by an almost unanimous vote.

There were only a few votes against the bill, which included the provisions which I am now offering, in the House of Representatives.

My amendment would restore the formula proposed by the House, which was the formula recommended almost unanimously by the public administrators, to make it possible for a low-income State to receive matching funds up to as much as 70 percent Federal as against 30 percent State. That would benefit over 30 States. I can give Senators the exact figure and the specific States, if necessary.

In addition, the amendment would benefit States which make high contributions, by raising the Federal matching limit. There are about 25 such States. This is the only thing which was not in the bill which the Senate Finance Committee recommended last year. The amendment would raise the limit to $75 where the Federal Government matches funds for the needy aged, blind, and disabled. Mr. President, that is necessary because in the case of the aged, 25 States already exceed the $65, where the Federal matching now stops. Thirty-one States exceed the maximum the Federal Government will match, $65, for aid to the needy and the blind. A large number of States exceed the maximum Federal matching insofar as aid to dependent children is concerned.

The amendment would do exactly what the House proposed to do by an almost unanimous vote last year and what the Senate would have done by an almost unanimous vote last year, but since we were confronted with the probability of a Presidential veto, we felt it would be best to take a half a loaf rather than none. Therefore, we had to agree to certain amendments offered by the Senator from Florida [Mr. SMATHERS], which reduced substantially the desirable increase in public assistance which we would have liked to see given to the needy.

Mr. President, some Senators have been concerned about increasing funds for the needy lest in some instances the States would not pass the entire amount on to their needy citizens. I am pleased to report that, according to the best information I can get, since Congress acted on this subject last year over 90 percent of all the possible increase in funds has been passed on to the recipients. Also, insofar as any of the States did make any reduction whatever in the State contribution, the States also reduced the amount the Federal Government had to put up.

I believe Senators will be happy to know that the amendments we succeeded in putting into effect last year, at least to the extent of 90 percent, achieved exactly the results the Senate desired.

Mr. President, I have added one additional amendment to the proposal, because the formula the Senate committee worked out last year, hard as we tried to make it fair to every State, failed to benefit the State with the greatest right to claim additional benefit, which is the State of Mississippi. This amendment would make it possible for the State of Mississippi to benefit as much as the average State, and perhaps a little more, and would offset the fact that perhaps Mississippi was not treated as well and as fairly as Mississippi should have been treated when the social security bill, with the public welfare section, was prepared last year.

So far as I can determine, my amendment would benefit almost every person on public welfare by an average of about $3 a month per person. There are in excess of 4 million people involved. It would benefit the dependent children, the needy, the blind, the disabled, and the aged. It would benefit the high income States and the low income States. It would benefit all phases of the public welfare program, insofar as aid in terms of Federal matching for those categories of persons is concerned.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the distinguished Senator from Nebraska.

Mr. CURTIS. I should like to ask the Senator what is his estimate of the Federal annual cost if the amendment is agreed to?

Mr. LONG. The amendment would go into effect October 1 of this year, so there would be no effect at all in the current fiscal year. It would apply only to the last 9 months of the next fiscal year.

On this floor, because the McCarthy amendment was agreed to, we have added to the bill $335 million more than was in it as reported by the Senate Finance Committee.

The amendment I have proposed, for a full fiscal year, would cost about $150 million. However, since it would apply only to the last 9 months of the next fiscal year, and since experience indicates only about 90 percent of the available amount would be completely used, in the next fiscal year it would appear the cost would be approximately $100 million.

Mr. CURTIS. That is the additional cost?

Mr. LONG. Yes.

Mr. CURTIS. It would be $150 million the first year?

Mr. LONG. No. For a full year of operation it would cost about $150 million, but these provisions would not go into effect until October 1 of this year, so in fiscal year 1960 it would only apply for 9 months. Inasmuch as only about 90 percent of the additional funds could be expected to be used, in making the calculation it would come near to the figure of $100 million, or perhaps as high as $110 million in the succeeding fiscal year.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CARROLL. Will the Senator refresh the memory of the junior Senator from Colorado? As I recall—I do not know whether it was in connection with a similar bill—about a year ago or perhaps the year before that, the distinguished Senator from Louisiana offered a similar amendment.

Mr. LONG. It was not this amendment, but it was one to raise the ceiling, so that those on public welfare could receive some additional assistance.

Mr. CARROLL. Did the amendment of the Senator from Louisiana have to do with the old-age pension?

Mr. LONG. It certainly did.

Mr. CARROLL. Was that the year in which there was a tie vote in the Senate?

Mr. LONG. Yes; there was a tie vote.

Mr. CARROLL. How was that resolved?

Mr. LONG. The vote was 40 to 40, and the amendment failed to carry. The amendment was offered in connection with the unemployment insurance bill. When the amendment was offered it resulted in a tie vote, 40 to 40. It was not necessary for the Vice President to vote. I do not recall whether he was in the Chamber at the time, but even if he had been present, it would not have been necessary for him to vote, because the amendment failed for lack of a majority. It seems unfortunate that it was not adopted, so far as the Vice President was concerned, because California would have been the State most greatly benefited by the amendment. In any event, the amendment lost by virtue of a tie vote.

Mr. CARROLL. How does the present amendment of the Senator from Louisiana differ from the amendment on which we previously voted? As I understand, it had to do with the formula for the aged.

Mr. LONG. We must start from a different point of view.

The Federal Government would match State contributions for the aged, the blind, and the disabled, up to a figure of $75, whereas the cutoff point is $65 per person, on the average. That means that the Federal Government would put up an extra $5 in a State such as Colorado, which the Senator represents so ably in this body. It would put up an extra $5 in the State of California.

So far as the low-income States are concerned, most of which do not come up to the $65 figure, there would be a somewhat more liberal matching, and the formula would be in conformity with the formula which the House adopted by a vote of about 200 to 2, as I recall. I believe there were only two dissenting votes. It is in conformity with the formula reported by the Senate Finance Committee, but which those of us on the committee found it necessary to pare down, because we were confronted with the threat of a presidential pocket veto, when we would not be here to override it.

Mr. CARROLL. When did the bill pass the House?

Mr. LONG. I cannot tell the Senator exactly—in May or June of last year, I imagine.

Mr. CARROLL. May I put the question specifically and bluntly? If we desire to help the aged, unless we take action now, can we have any hope for the future?

Mr. LONG. My opinion is that if we want to do something for the needy, the

aged, and the orphan children within the next year, we had better vote for this amendment.

If we want to postpone it a year or so, that is something else. Some people say we ought to wait until an election year to bring up this proposal. I believe that this type of legislation should be above politics. If we want to help those people between now and a year from next October, this is the time to do it.

The President will sign this bill, because we are giving him about $3½ billion of revenue. That being the case, I am sure he will sign it.

Mr. CARROLL. Is not this type of legislation supposed to be initiated in the Ways and Means Committee of the House?

Mr. LONG. Not necessarily. We have the right to amend any revenue bill which comes before us. Incidentally, this provision could perhaps even be originated in the Senate. This type of amendment has frequently been offered on the floor of the Senate. It has been my experience that we have a better chance of having it adopted on the floor of the Senate than in the Senate Committee on Finance. I serve on that committee, but my impression is that we can do better on the floor with a yea-and-nay vote than we do in the committee, all things considered.

Mr. CARROLL. Let us assume that this body adopts the amendment offered by the distinguished Senator from Louisiana. Even though the House might not accept it at this time in conference, would not it represent an expression of how we feel?

Mr. LONG. I appreciate the Senator's observation. Our action would urge the House Ways and Means Committee to get busy, even if they did not agree to it. But I feel positive that they would accept it. This happens to be 90 percent of what they sent us last year. It was passed by the House by an overwhelming vote with only a few dissenters.

There are six points in this amendment. Four of them were sent to us by the House by an almost unanimous vote. The House Ways and Means Committee must want this type of legislation, because that is what the House committee took to the House and succeeded in putting through.

Mr. CARROLL. Is the Senator saying that if the House passed it by such a great majority, it was really rejected by our own body?

Mr. LONG. The Senate Finance Committee recommended most of what I am proposing—practically all of it. The Senate committee recommended it and brought it to the Senate last year; but when it reached the floor we were confronted with the rumor—and I believe that it was a well-founded rumor—that if we went as far as the Finance Committee felt we should go, and as far as the House felt we should go, even though we passed a social security bill by a unanimous vote, nevertheless the President would wait until after the Congress adjourned and went home, and subject the bill to a pocket veto. That would have been the end of the bill.

So, reluctantly and against our better judgment, the majority of the Senate Committee on Finance felt that it was our duty to come to the floor of the Senate and, against our own desires, pare down what the House thought should be done for orphan children, the aged, the blind, and the disabled, and what we thought should be done, to the point where the President might be willing to sign the bill.

The question may be asked, "Why put the amendment in this bill?" It is my judgment that if this amendment should go to the President as a separate piece of legislation he would probably veto it. Perhaps we could find the votes to override a veto. I do not know.

We were told last year, "If you want this bill signed, and want it to become law, rather than make an empty gesture, you had better take these provisions for the aged people, orphans, and so forth, out of the bill." The best we could do was more or less surrender, and spread the less adequate benefits out so that every State would receive some coverage.

Mr. CURTIS. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield 5 minutes to the Senator from Nebraska.

Mr. CURTIS. Mr. President, we have before us for passage—we hope tonight—a bill to continue certain excise taxes and corporation tax rates. It is very important that that bill become law as soon as possible. The corporate rates could be enacted retroactively without any damage, but it is necessary if we are to avoid chaos in the business world, that the excise taxes continue without any break during that period.

The pending amendment is not a tax amendment. It deals with the public assistance provisions of the Social Security Act. This amendment, as written, was not offered in the committee, although something along that line, indicating an increase in public assistance payments, was brought up, and the committee turned it down by a vote of 10 to 4 or 10 to 5.

We must bear in mind that the old people of the country, the blind, and the orphans suffer more than anyone else by reason of inflation and the increased cost of living. What we do here toward sound fiscal policy is as important to them as legislation pertaining directly to their own benefit.

The pending amendment, if enacted, would result in an additional cost of $150 million—$150 million more deficit financing, $150 million more national debt.

It is interesting to note that perhaps $20 million or $25 million of that amount would reach all the States in the Union rather uniformly, but the remainder of it, about $120 million or $125 million of the additional cost, would reach the States in a selective manner, and many of the States would not benefit from it. Many of the States would be punished by reason of having to pay an additional amount.

We are dealing with a program with respect to which it is established that a part of the burden belongs to the States. For example, consider the old-age assistance. At present the Federal Government pays four-fifths of the first $30; and with respect to the amount above $30, it is matched on a variable formula based upon the per capita income of the States. The Federal share runs from 50 to 65 percent. The amendment offered by the distinguished Senator from Louisiana would change that variable formula from 50 to 70 percent. This would cost an additional $32 million. It would benefit 19 States, and 19 States alone. Not only would they gain in the formula; but many of those States have placed a greater portion of their aged upon the rolls.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CURTIS. I will yield briefly.

Mr. LONG. I know the Senator wants to be accurate. He said I would change the ratio from 50 to 70. In the context in which he is speaking it would change it from 65 to 70.

Mr. CURTIS. Yes; but the variable formula will be made at 50 and will run to 70.

Mr. LONG. It now begins at 50 and runs to 65.

Mr. CURTIS. Yes. When that formula is applied, it is applied very unevenly as to the States. I do not blame the Senator from Louisiana for offering the amendment because in his State of every 1,000 people who are over 65, 577 are on old age assistance. In my State, the number is 104; in Kansas, it is 134. In Virginia 59 people of every 1,000 who are over 65 are on old age assistance.

So by formula and by maximum payments and by election and determination of who is needy, this money is spent in an uneven manner.

One other thing which the amendment would do is to raise the average maximum of payment in which the Federal Government would participate. At the present time the $65 would be raised to $75. This would cost $90 million. I believe it would benefit directly 25 States. In other words, half the States would gain no benefit from the amendment.

This is a complicated and expensive proposal. Without a doubt it would involve some needy persons who are entitled to consideration. But I contend that they are entitled to a hearing. They are entitled to have the formula gone into. The States are entitled to a hearing, and the Federal Treasury is entitled to a hearing. None of that has happened.

I wish to read a paragraph from the budget message of the President for the fiscal year ending June 30, 1960. It is taken from page M–70:

> Under the authority of recent legislation, an advisory council is being appointed by the Secretary of Health, Education, and Welfare to study the whole structure and financing of our public assistance programs. I have asked the Secretary to present to this council, at the earliest possible time, the issue of what constitutes an appropriate Federal share in these programs. I have also requested him to develop recommendations, after consulting the council, which can be presented to the Congress to increase State and local participation in the cost of the public assistance programs beginning in 1961.

In this connection, I believe we must keep in mind the fact that the Federal share of such expenditures has increased to more than 57 percent on an overall basis and runs as high as 80 percent in many cases. I believe that this trend is inconsistent with our American system of Government. If it continues, the control of these programs will shift from our State and local governments to the Federal Government. We must keep the financing and control of these programs as close as we possibly can to the people who pay the necessary taxes and see them in daily operation.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. CURTIS. I urge the rejection of the amendment.

Mr. ALLOTT. Mr. President, will the Senator from Virginia yield me 4 minutes?

Mr. BYRD of Virginia. I yield 4 minutes to the Senator from Colorado.

Mr. ALLOTT. I would particularly like the attention of the Senator from Louisiana. I rise because my silence on this occasion might mean that I agree and acquiesce in some of the statements which he has made. I am certain he has been grossly misinformed. In the release which he has supplied, he states, in the last paragraph on page 1:

> The needy aged, blind, disabled, and orphaned children of every State in America would be benefited.

That is certainly not true with respect to Colorado. The aged in Colorado would not be benefited by 1 cent by reason of the amendment which the Senator from Louisiana has offered. The amount paid to our old-age pensioners is fixed by constitutional amendment. Already in Colorado we have had numerous arguments with the Department of Health, Education, and Welfare that the payments which they made to Colorado plus the payments which Colorado made exceeded the actual criteria of need which was contained in the original law.

So I am certain the Senator would not want to mislead the Senate with respect to the State of Colorado, because as to the aged in Colorado, the statement simply would not be true.

Mr. LONG. The Senator knows very well that if Colorado wants to adjust its affairs to pass along this extra $5 to the people of Colorado, it can do so. A constitutional amendment might be required. They have amended the constitution before to help the old people. They can do it again. They are not going to help them if they follow the Senator's advice. But Colorado can find a way to help its old people receive this amount if it really wants to do it.

Mr. ALLOTT. The Senator need not worry about the aged people in Colorado. We have shown more concern for them than almost any other State in the Union. We have taxed ourselves vigorously to do it, and we intend to keep on doing so. I am happy that I have had a part—and a strong part—in doing that.

If the Senator from Louisiana, is so mistaken about Colorado, certainly he may be just as badly mistaken about some other States.

I am completely aware of the fact that the Senator from Louisiana has tried many times on the floor of the Senate to make States which were making a desperate effort to support their less fortunate elderly people contribute to the States which were unwilling to bear their full share. I have seen this happen before. I do not agree with it. I think that when those States make a real attempt to take care of their aged persons, they should be entitled to share the benefits of the program equally. But I say to the Senator that in Colorado, at least—and I am certain it is true of California and some other States—that we have done our part to the best of our ability. It does not seem fair to me to call upon us, who have taxed ourselves vigorously to support these programs, to help support the aged, those in need of public assistance, in States which are unwilling to tax themselves equally for such support.

I yield back the remainder of my time.

Mr. LONG. Mr. President, would the leadership yield me 5 minutes on the bill? I should like to make a closing statement on my amendment.

Mr. BYRD of Virginia. I yield the Senator 5 minutes on the bill.

Mr. LONG. Mr. President, Congress passed last year a social security bill which did vast good for the retired, the aged, and the needy. I believe it helped practically every needy person on public welfare rolls. It declined to go along with the President's recommendations. The Senate declined to do so by a unanimous vote. If we had followed the President's recommendations, we would have done nothing, practically nothing for the aged, needy, and blind. In effect, the President would have had us tell the States: "You do more; because we are going to do less."

More than half the States in the Union are doing more for their aged than the Federal program er visions. Even if this amendment is adopted, there will still be about 19 States which will still be doing more for their needy, aged, blind, and disabled persons than the Federal program contemplates.

This is simply a matter of getting the Federal Government to move in stride with the States and to keep up with the States in their efforts to provide adequately for the needs of the aged. This is the type of thing which was advocated by the welfare services and welfare departments of almost every State in the United States. It is the type of thing which would help both the high-payment States and the low-payment States. It seeks to reach the problem from both ends. That is what was recommended to us.

Some Senators may say that their States have small caseloads; and they can do so if they want to.

All they have to do is to make the old people crawl to get that money and they can keep people off the rolls. Make old people swear publicly that their children refuse to help them, for example. Most old folks are very proud. They would rather go hungry than say that their children turned them down. They can be made to sign a lien on their little homesteads. They are so proud they will not take money under such conditions.

If States want to follow that kind of policy, they can have a very low caseload. But the State which I have the honor to represent, in part, is making an effort which will compare with that of Colorado or California and a number of other States which have made a really serious effort to provide for their needy and aged. But they are not the only ones. Most of the States in the Nation are making a very serious effort and are doing much more than the Federal contribution and the Federal program contemplates.

This is simply a matter of doing the type of thing which the welfare administrators have recommended to us; that which the House recommended to us; and that which our own Committee on Finance recommended to us last year.

At this time we are not confronted with a Presidential veto; last year we were. Justice delayed is not always justice denied. I hope the amendment will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. DIRKSEN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested; and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG], which, by unanimous consent, are being considered en bloc.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ALLOTT. Mr. President, I am not sure whether the clerk heard me vote. Am I recorded?

The PRESIDING OFFICER. The Senator from Colorado is recorded.

Mr. ALLOTT. How is my vote recorded?

The PRESIDING OFFICER. The Senator from Colorado is recorded as voting in the affirmative.

Mr. ALLOTT. In the affirmative, Mr. President? Is it a fact that I am recorded as having voted in the affirmative?

The PRESIDING OFFICER. The Chair was in error; the Senator from Colorado is recorded as voting in the negative.

Mr. ALLOTT. I thank the Chair.

Mr. CURTIS. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator from Nebraska is recorded as having voted in the negative.

Mr. SYMINGTON. Mr. President, how am I recorded?

The PRESIDING OFFICER. The vote has not yet been recapitulated; and until it has been recapitulated, it is not in

order for Senators to inquire how their votes have been recorded.

Mr. WILLIAMS of Delaware. Mr. President, how am I recorded?

The PRESIDING OFFICER. After the vote has been recapitulated, it will be in order for Senators to inquire how their votes have been recorded.

The clerk will proceed to recapitulate the vote.

The vote was recapitulated.

Mr. CASE of New Jersey. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator from New Jersey is recorded as having voted in the negative.

Mr. CASE of New Jersey. I thank the Chair.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE] and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business, as members of the U.S. delegation to Parliamentary Conference, in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. McNAMARA] are absent on official business, attending the ceremonies at the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illiness.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Alaska would vote "yea," and the Senator from Indiana would vote "nay."

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. McNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business, as members of the U.S. delegation to parliamentary conferences, in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the ceremonies at the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] and the Senator from New Hampshire [Mr. BRIDGES] are detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Alaska would vote "yea."

The result was announced—yeas 42, nays 36, as follows:

YEAS—42

Bartlett	Hill	Pastore
Bible	Jackson	Proxmire
Byrd, W. Va.	Johnson, Tex.	Randolph
Carroll	Johnston, S.C.	Russell
Cooper	Kefauver	Scott
Cotton	Kennedy	Smathers
Dodd	Kerr	Smith
Eastland	Langer	Sparkman
Ellender	Long	Stennis
Engle	McClellan	Symington
Frear	Magnuson	Talmadge
Gore	Mansfield	Yarborough
Hart	Monroney	Young, N. Dak.
Hartke	Neuberger	Young, Ohio

NAYS—36

Allott	Douglas	Lausche
Anderson	Ervin	McCarthy
Beall	Fulbright	Martin
Bennett	Goldwater	Morton
Bush	Hayden	Moss
Butler	Hennings	Mundt
Byrd, Va.	Hickenlooper	Robertson
Cannon	Hruska	Saltonstall
Case, N.J.	Javits	Schoeppel
Clark	Jordan	Thurmond
Curtis	Keating	Williams, N.J.
Dirksen	Kuchel	Williams, Del.

NOT VOTING—20

Aiken	Dworshak	Morse
Bridges	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	

So Mr. LONG's amendments were agreed to.

Mr. LONG. Mr. President, I move that the vote by which my amendments were agreed to be reconsidered.

Mr. JOHNSON of Texas. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider the vote by which the amendments were agreed to.

The motion to lay on the table was agreed to.

Mr. GORE. Mr. President, I ask for order in the Chamber.

The PRESIDING OFFICER. The Senate will be in order.

Mr. GORE. Mr. President, I ask for order.

The PRESIDING OFFICER. The Senate will be in order so the Senator from Tennessee can address the Senate.

Mr. GORE. If my colleagues will accord me their attention, I will undertake to be brief.

I desire to address the Senate upon a matter of vital importance to every Senator, regardless of the side of the aisle upon which his desk happens to be.

Mr. President, I call up my amendment, identified as "6-24-59-B," and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. It is proposed, at the end of the bill, to add a new section, as follows:

SEC. Section 209(c)(1) of Public Law 627, Eighty-fourth Congress, is amended by striking from subparagraph (F) the word 'and'; by striking from subparagraph (G) the period and inserting in lieu thereof a semicolon; and by adding additional subparagraphs as follows:

"(H) 100 percent of the tax received after June 30, 1959, under section 4061 (tax on trucks, buses, automobiles, parts and accessories, etc.); and

"(I) 50 percent of the tax received after June 30, 1959, under section 4091 (lubricating oils, etc.)."

Mr. GORE. Mr. President, I shall suggest a modification of my amendment in a moment.

Mr. President, in 1956 the Congress of the United States, after a recommendation by President Eisenhower, enacted a bold, imaginative, large highway program, which we call the National System of Interstate and Defense Highways. It was supported by Republicans and Democrats alike.

I had the privilege of serving as chairman of the subcommittee which considered that legislation. I undertook, as I know my counterpart across the aisle will attest, to deal with this matter in a strictly nonpartisan way. I shall attempt to do so tonight.

On yesterday the President of the United States released a report which dramatically brings to the attention of the U.S. Senate and the country a crisis in the highway program. Let me read one sentence of the President's statement:

We are on the verge of a stalemate in the orderly development of our vital interstate road network.

Mr. President, I had prepared a speech. I have it here at the desk. But it is my view now that I can read a few sentences from the report released by the President, which will save the time of the Senate and bring home the crisis in the highway program more effectively than would my own words:

It is becoming increasingly urgent that we reach a sound and early solution to the problem of continuing the interstate highway program on schedule and without interruption.

Mr. President, an apportionment to the States for the interstate program is due to be made on July 1. Unless the Congress acts, the President tells us in this report, not one single dollar will be apportioned to any State in the Union for the Interstate System this year, and only one-fifth of the amount authorized to be apportioned next year will be apportioned. So we face a 2-year stoppage.

Let me read the words of this report:

It is now past the middle of June, and as matters stand there will be no apportionment for fiscal 1961 and only a small one not exceeding one-fifth of the authorized amount, for fiscal 1962.

As a result, during the next 3 months, 10 States will be unable to award further Federal-aid interstate contracts. These are: California, Connecticut, Florida, Illinois, Michigan, New Hampshire, New York, Ohio, Oregon, and Vermont.

By about the end of the year—

Listen to this, Mr. President—

By about the end of this year the interstate program will have reached a dead end,

as far as any new work is concerned, in 16 more States. These are: Iowa, Kentucky, Louisiana, Maine, Massachusetts, Missouri, New Mexico, North Dakota, Rhode Island, South Carolina, Tennessee, Utah, Washington, West Virginia, Wyoming, and the District of Columbia.

I read further:

Projecting a little further, our records show that 11 more States will have run out of interstate funds for new work by July 1960. These are: Alabama, Georgia, Indiana, Kansas, Maryland, Mississippi, Nevada, New Jersey, Pennsylvania, South Dakota, and Wisconsin.

In brief, all new interstate work will have been cut off in 36 States and the District of Columbia in about a year—

Notice, this says all new interstate work—

unless additional financing is provided very soon. The problem is even graver than these facts would indicate. Actually a 2-year interruption or sharp curtailment in apportionments would have the practical result of interrupting the advancement of the interstate program by about 3 years.

Mr. President, 34,000 persons were killed in wrecks on our inadequate highways last year. More than 1 million additional persons were crippled and maimed.

During World War II and the Korean war we postponed improvement of our highways. Despite the highway program, they have been growing worse instead of better. It is vital to the national defense, it is vital to the economy of our country, that the work be continued. One out of every seven persons employed in America earns his living from some phase of highway transportation. It is vital to our economy.

I know the State highway department in my State is geared to the scheduled program. The roadbuilding industry is geared to it.

What is to happen to our highway program? What is to happen to employment in our States? What is to happen to the organizations geared to a continuing program if there is to be a 3-year stoppage?

What does my amendment propose? It proposes to earmark an additional portion of the highway user taxes for the highway trust fund. I want to be perfectly candid with the Senate. As I see it, we have three choices: One, to let this program stop. Two, to earmark additional revenue from highway user taxes to the fund. Or, three, pass a bill increasing the gas tax by 1½ cents, as the President has recommended.

Senators can take their choice. This is the crisis we face. As for me, I have made my choice, which I am prepared to recommend to the Senate.

There is more than $1½ billion in annual revenue from highway user taxes which is not earmarked or dedicated to the highway trust fund.

Frankly, I doubted the advisability—at the time we created it—of creating a trust fund and earmarking funds. This is an unwieldy fiscal device. It hinders rather than helps the program, but we have created it. We have it.

What revenues from the highway user taxes are earmarked for the trust fund? Among others, one-half of the excise taxes on trucks and buses are earmarked, but none of the excise taxes on automobiles are earmarked.

It is said widely over the country that the highway users should pay for the highways. Are not automobiles the greatest users of the highways? Surely some portion of the excise tax on automobiles should be dedicated to the construction of these highways, if we are to follow a program of earmarking highway user taxes.

When I left the Committee on Finance yesterday afternoon and this report released by the President came to my attention, I immediately began to draft an amendment. Incidentally, I tried to obtain copies of this report for all Senators. I am sorry I was unable to obtain them in time.

The first insertion in the CONGRESSIONAL RECORD this morning was by the distinguished minority leader [Mr. DIRKSEN] who had this report printed in the RECORD. Senators will be reading it not only in the RECORD but also in their home papers.

If Senators will examine appendix 2, which I will pass around, they will see the amounts authorized to be apportioned this year to each State for the interstate program. Then in the next column Senators will see the amount which will be apportioned unless we act, which is zero for every State.

This report, released by the President, was inserted in the CONGRESSIONAL RECORD this morning. It contains a telegram from every State highway department.

I shall not go further in that regard, Mr. President.

Mr. President, the amendment which I drafted would dedicate all the revenues from the excise taxes on automobiles to the highway trust fund. Last night I thought that would be necessary, but today we have been able to confer with officials of the Bureau of Roads, who in turn have been in touch with the Treasury Department. We now find that one-half of the revenue from automobile excise tax, plus an additional 50 percent of the revenue from the truck and bus excise tax, plus the revenue from parts and accessories and lubricating oil excise taxes, will be sufficient.

Therefore, Mr. President, I send to the desk a modification of my amendment and ask to have it stated. The modification will provide that instead of 100 percent of the revenue from the automobile excise tax there be earmarked 50 percent of the revenue from this tax.

Mr. President, I ask unanimous consent that the amendment may be stated as modified.

The PRESIDING OFFICER. The amendment, as modified, will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section as follows:

SEC. 6. Section 209(c)(1) of Public Law 627, Eighty-fourth Congress, is amended by striking from subparagraph (F) the word 'and'; by striking from subparagraph (G) the period and inserting in lieu thereof a semicolon; and by adding additional subparagraphs as follows:

"(H) 100 percent of the tax received after June 30, 1959, under section 4061(a)(1) (tax on trucks, buses);

"(I) 50 percent of the tax received after June 30, 1959, under section 4091 (lubricating oils, etc.);

"(J) 50 percent of the tax received after June 30, 1959, under section 4061(a)(2) (tax on automobiles); and

"(K) 100 percent of the tax received after June 30, 1959, under section 4061(b) (parts, accessories, etc.)."

Mr. GORE. Mr. President, I should like to state the amounts involved. One-half of the revenue from the automobile excise tax will amount to $650 million in fiscal 1960. The additional 50 percent from the truck and bus excise tax will amount to $114 million. The tax on parts and accessories, as contained in the amendment, will amount to $170 million. Fifty percent of the tax on lubricating oils, which is the amount of lubricating oil tax revenue estimated to be attributable to highway users, amounts to $30 million. This will total $964 million. This is a large amount, but we are building a vast system of highways.

I should like to take 1 more minute to say that there are three steps in the highway construction program. First, the Secretary of the Treasury must make a finding that there will be available in the trust fund sufficient money for an apportionment before an apportionment can be made. Second, after the Secretary's finding an apportionment is made. Then, after the apportionment is made, our States can obligate the funds. The States can let their contracts. Then a year later, or 2 years later, when the work is underway and the project are being completed, the appropriations are made.

These three steps take a period of approximately 4 years. That is why, unless we make arrangements now, this program, as the President's report states, will come to a dead end.

I plead with the Senate not to let this program, so vital to the country, so vital to our national economy, so necessary to stop the carnage on our highways, and so vital to national defense, come to a dead end.

Mr. SMATHERS. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield.

Mr. SMATHERS. The $964 million, as I understand the Senator's amendment, would be taken from the receipts ordinarily going into the general funds in the Treasury; is that correct?

Mr. GORE. That is correct.

Mr. SMATHERS. Would that mean there would be $964 million less to be spent on such programs as defense programs, health programs, and the other programs for which we have voted previously during this session of Congress?

Mr. GORE. I have no wish to evade that question at all. The Senate has a choice. We shall either stop this program, or we shall dedicate additional funds to the trust fund, or we shall levy additional taxes. There is, perhaps, another alternative, which is to abolish the trust fund and pay for the program from the general fund.

As for me, I think there are few programs more essential than the highway program. After all, we have made moral commitments to our State governments. This is a 13-year program. Our States have made their plans, yet the program is about to come to a dead end. Who is going to be blamed for that if it occurs? Congress will be blamed for it.

Mr. CARROLL and Mr. YOUNG of North Dakota addressed the Chair.

Mr. GORE. If Senators will permit, I should like to finish my colloquy with the Senator from Florida.

Mr. SMATHERS. As I understand the Senator takes the position that the road program should assume, and justifiably assume, priority over any of the other programs for which the $964 million might have been committed by the administration.

Mr. GORE. I have two thoughts in that regard. I do not think it would be fair to levy an additional burden on the people who make their living from our highways, until we use for highway purposes the revenues from the highway user taxes we already have. Let me repeat, there is more than $1½ billion of highway user tax revenue which is not being used for highways. My amendment would provide that $964 million of the more than $1½ billion should be used for highway construction.

I have another thought, if I may be permitted to so state. It seems to me we have already increased revenues. The Senator and I participated in the passage of a bill to deal more realistically with the taxation of life insurance companies. We levied upon that profitable segment of our society a tax of approximately a half billion dollars. There are other ways whereby revenue can be raised, and there are possible reductions in appropriations which can be made more equitably and with less hurt to our national economy than would be caused by completely stopping the interstate highway program.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. CARROLL. If I correctly understand the facts and figures I have before me, there is a 3-cent Federal tax per gallon on motor fuel, which tax goes into the trust fund today. I am talking about the Federal highway trust fund. One billion five hundred and ninety-seven million dollars annually, in round figures, is going into the trust fund from motor fuel taxes. The automobile manufacturer's excise tax, that is, 10 percent on the manufacturer's price of automobiles, trucks, and buses——

Mr. GORE. Not from automobiles.

Mr. CARROLL. That is correct. I meant from trucks, buses, and trailers. This amount going into the trust fund is $110 million. The amount going to the fund from tires and tubes is $273 million. In any event, there is now going into the trust fund more than $2 billion, annually, but there is now going into the general fund almost $1½ billion from highway users. As I understand the amendment of the distinguished Senator from Tenessee, as applied to the State of Colorado, for example—and we are not in as serious a situation as some of the other States—unless we do something today about the emergency which the distinguished Senator has so clearly pointed out, if Colorado does not receive an apportionment by July 1st, my State cannot contract for interstate highway work for fiscal year 1961; and if we cannot contract for 1961 all funds will be shut off for that period. I think the Senator has stated the situation succinctly. We are facing a limited number of alternatives. Are we going to adopt an increase of 1½ cents in the gasoline tax? That is what the President wants. But, according to the reports in today's press, the chairman of the House Ways and Means Committee thinks there are other ways of meeting the situation. If I correctly understand the amendment of the distinguished Senator from Tennessee, he wants to take 50 percent of the automobile excise tax, which would amount to $650 million.

Mr. GORE. Which is just half of the revenue from this tax.

Mr. CARROLL. The remaining 50 percent of the manufacturer's excise tax on trucks, would add to the fund $114 million; parts and accessories, $170 million; lubricating oil, $30 million, and so forth. So we arrive at a total additional amount which would be added to the trust fund in 1960 of $964 million.

Let us assume that we take this half a loaf now. Let us see where we are going in the future. Would such action impair the trust fund? Would we have to meet the problem at another time? How far would this carry us into the future?

Mr. GORE. Unless we take action now, the situation will become worse. If we take action now, I think my proposal will be adequate.

Mr. CARROLL. I thank the Senator.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. GORE. I should like to yield the floor. I yield 5 minutes to the Senator from Oklahoma. I promised the Senate that I would be brief, but I will yield.

Mr. MONRONEY. This matter of using the automobile excise taxes which have been coming into general revenues, and placing them in the highway trust fund is not necessarily a new or unusual procedure so far as the Federal Government is concerned.

Mr. GORE. The Senator is referring to the automobile excise taxes, is he not?

Mr. MONRONEY. Yes.

Mr. GORE. The Senator is correct.

Mr. MONRONEY. I wonder if the Senator has read the Hayden-Cartwright Act of June 18, 1934, which has been the law ever since. I refer particularly to section 12 of that act.

Mr. GORE. I am aware of it.

Mr. MONRONEY. I think the Senate should realize that this has been a restriction since 1934, which we have imposed upon the States, requiring that the highway user tax be spent on highways. This act has been enforced against the States to compel the use of State highway user tax revenue on the highways. Let me read section 12:

SEC. 12. Since it is unfair and unjust to tax motor vehicle transportation unless the proceeds of such taxation are applied to the construction, improvement, or maintenance of highways, after June 30, 1935, Federal aid for highway construction shall be extended only to those States that use at least the amounts now provided by law for such purposes in each State from State motor vehicle registration fees, licenses, gasoline taxes, and other special taxes on motor-vehicle owners and operators of all kinds for the construction, improvement, and maintenance of highways and administrative expenses in connection therewith, including the retirement of bonds for the payment of which such revenues have been pledged, and for no other purposes, under such regulations as the Secretary of Agriculture—

Now the Bureau of Public Roads—

shall promulgate from time to time: *Provided*, That in no case shall the provisions of this section operate to deprive any State of more than one-third of the amount to which that State would be entitled under any apportionment hereafter made, for the fiscal year for which the apportionment is made.

Mr. GORE. I believe that is known as the Hayden-Cartwright Act.

Mr. MONRONEY. That is correct. It was enacted in 1934, and became effective in 1935.

Mr. GORE. I thank the Senator for pointing it out.

Mr. HART. Mr. President, will the Senator yield for a very brief question?

Mr. GORE. I yield.

Mr. HART. I voice a concern which I think those directly involved in automotive production will express when they hear that the Senate is seriously approaching a further earmarking. I am asking these questions in the hope that my interpretation of the oral explanation is correct.

The protest, of course, is based upon the fact that if we earmark this excise, we defer and delay still further any reasonable anticipation that an excise tax which was imposed because of an emergency condition will be removed. We lock up the situation.

Is it not true that the Senator from Tennessee is proposing to earmark 50 percent of the automobile excise taxes, and not the full amount? I understand that to be the case.

Mr. GORE. Let me explain the situation.

The Senator realizes, as I do, that the pending bill would extend for another year the automobile excise tax at a rate of 10 percent. The permanent law, so to speak, provides an excise tax of 7 percent. The table which I have prepared, which was prepared in cooperation with the Bureau of Roads, at my request—I wish to make that clear, because the Bureau did not urge me to prepare it, but it has cooperated at my request—contemplates a reduction in the excise tax on automobiles to 7 percent after this year; and the fund still comes out, at the end of 5 years, with a bare surplus of $73 million for this huge fund.

Mr. HART. Then it is correct that the Senator proposes to earmark only 50 percent of whatever the excise may be, and he anticipates the elimination of the 3 percent so-called Korean excise next year, at the expiration?

Mr. GORE. That is correct.

Mr. HART. If we were to eliminate the 3 percent Korean excise tonight, we would still find that the trust fund would be the beneficiary of 50 percent of the remaining excise.

Mr. GORE. The Senator is correct.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. RANDOLPH. I shall speak for only 1 minute.

Mr. GORE. I yield 1 minute to the Senator from West Virginia.

Mr. RANDOLPH. Senate bill 1826, a measure which proposes an approach to this problem, was introduced by myself. I was joined by the Senator from West Virginia [Mr. BYRD] and 14 other Members of this body. It is not my desire tonight to labor this point. I had a speech prepared, as did the Senator from Tennessee. Because I believe that there was an importance attached to this speech, I ask unanimous consent that my statement be printed in the RECORD at this point as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR RANDOLPH

Congress was correct in its 1956 statement that the early completion of the Interstate System is essential to the national interest. Every study made since 1956 has emphasized the needs on which that statement was based.

For example, in 1956 we proposed to embark on a program based on the estimated needs of 1975 traffic, and we estimated that by 1975 we must possess roads adequate to carry 1 trillion vehicle-miles of traffic. Just 2 months ago, the Secretary of Commerce submitted to Congress a new study on "The Federal Role in Highway Safety" (House Doc. 93) in which the 1975 traffic volume is estimated at 1.171 trillion vehicle-miles, or 17 percent more traffic than we had anticipated from the best estimate available 3 years ago.

The benefits are so diffused throughout our economy, that there is hardly any human activity that is not affected one way or another by the improvement of highways.

Years ago, we built roads to get the farmer out of the mud and I think that we have nearly achieved that objective. In so doing, the roadbuilders have given the farmer a degree of mobility that was undreamed of a few decades ago. There is no question but what this mobility, this bridging of the gap between the farmer and his market, and between him and his sources of farm supplies, has contributed to the great increase in agricultural productivity. The farmer produces more and lives better because roads have ended his isolation. The benefits have not been exhausted. We continue to need better roads in agricultural areas, and such roads must be capable of carrying farm products longer distances to markets in shorter times.

The significant benefits of mobility must also be granted to the urban dweller. There was a time, not so long ago, when factory workers crowded together in slums close to the places where they worked, or along the trolley lines. With the use of the automobile, the worker gained a wider choice of areas in which to live—he could reside anywhere within driving distance of his place of employment. We are working now to improve the mobility of the worker through the construction of freeways and expressways to carry him from one side of a large city to the other side in a matter of minutes. This mobility has many social, cultural, and economic advantages. Here is one in particular—during times of economic readjustment, when many a workingman is forced to join the ranks of the unemployed, increased flexibility of travel means that he can range farther in search of a job, and that he can take that new job without necessarily giving up his old home. Good roads increase the adjustability of the labor force, giving the worker a wider choice of jobs and giving the industrialist the benefit of a larger labor pool from which to draw.

The mobility of the working force is one of the reasons that we find new industries locating along the freeways. Another reason is that the freeways provide easy access to markets. Still another reason is that controlled access highways afford remarkable economies in the costs of transporting freight to and from the plant site. It has been estimated that more than $650 million worth of industrial, commercial, and residential development has been attracted to sites along the 538-mile New York Thruway, and there are similar reports from other freeways which afford controlled-access fast transportation to major markets and sources of supply.

Such industrial development is necessary to keep pace with the population growth, with the ever increasing demand for new consumer products, and with the requirements of the national defense. Highways are a key to progress—and this is one key that we cannot afford to keep in our pocket. If we do not acept the challenge of the future, our nation shall slide backwards.

I recommend the completion of the Interstate System because we need the finished product. Before leaving, however, let us consider a point that holds a personal concern for me because of the high level of unemployment in West Virginia. Highway construction is a splendid generator of employment, and in our State we need to have thousands of men at gainful work.

This point is well known; in fact, this is one of the reasons that our highway system is in such urgent need of extension and rebuilding. During World War II, when there was a vast shortage of manpower, we were forced to virtually halt all civilian road construction. Materials were short too, of course, but even if these had been available we would have found it difficult to recruit the manpower for even a limited roadbuilding program.

The Department of Labor has estimated that an increase of a billion dollars in the highway construction program results in an employment increase of 102 million man-hours on the site of the construction and 126 million man-hours off the site. This is a high amount of employment generated per dollar spent. The employment so generated is well distributed geographically. When we speak of spending a billion dollars, the "site of the construction" actually is many sites, located in many States. Nor is there any dominant geographic center for the manufacture of construction equipment and materials; the demand for these products will generate employment in many areas.

Today, we are in a period of surplus labor. In West Virginia approximately 10 percent of our potential work force is unemployed. The manpower is available to build the highways, and the human beings represented by the impersonal term "manpower" need the work. We are also in a period when the need for highways is intense, perhaps more acute than it has ever been. Now, when we need them and have the resources to build them, is the time for building highways.

Mr. RANDOLPH. I shall support the amendment offered by the Senator from Tennessee.

Mr. GORE. I thank the Senator. I have read his statement. The Senator's 14 years experience in the House of Representatives, during which he made valuable contributions to highway legislation, stands him in good stead. The proposal embodied in his bill is indeed a constructive approach to the problem.

Mr. ROBERTSON. Mr. President, will my colleague yield to me for 5 minutes?

Mr. BYRD of Virginia. Mr. President, I yield 5 minutes to the junior Senator from Virginia.

Mr. ROBERTSON. Mr. President, I rise in opposition to the pending amendment. Thanks to the wisdom and able leadership of the senior Senator from Virginia, Virginia's highways were built on a pay-as-you-go plan; and without undue boasting, let me say that the junior Senator from Virginia believes that they compare favorably with the highways of any other State of similar size and general resources.

The senior Senator from Virginia wrote the same plan into the highway bill. It was the Senator from Tennessee who set it aside, when he got the Senate to borrow 2 years against anticipated funds. Both Senators from Virginia voted against that proposal, because we anticipated that if we stepped up the program by 2 years, it would be dropped back 2 years or more.

We would borrow from the general Treasury, or be compelled to increase the gasoline tax. We are now faced with that very contingency, which we anticipated when we voted against stepping up the program. It was stepped up on the assumption that we were in the midst of a great depression, and that stepping it up would help to relieve unemployment. But it did not do it. Unemployment was over last April.

The Senator from Tennessee has made three strong, bitter speeches against high interest rates. He has condemned the Treasury Department for proposing that the rate be increased to 4½ percent, and yet all the economists tell us that the cause of high interest rates is deficit financing. The Senator from Tennessee wants to add another $1 billion to the deficit we already face—for what purpose? To save our hides from being destroyed by bombs? No; to enable us to travel between the States a little faster than we now can on the three- and four-lane highways such as we have in Virginia.

The Senator from Tennessee proposes to add $964 million to the deficit. He brought us a bill today providing that the debt limit be increased to $295 billion. The interest cost on the debt at present is twice what the entire expense of the Government was when the junior Senator from Virginia came to Congress in March 1933. The interest cost at present is more than $8 billion.

In the past year we have lost $2,200 million of gold; and no small part of that has left us because of an uneasiness about the stability of our currency.

When the Under Secretary of the Treasury informed me last week that he would have to transfer some $340 million of gold in the International Monetary Fund, I asked him about the drain on the gold. Here is the situation: It

takes $12 billion of gold to meet a 25 percent backing of our currency. It used to be 40 percent. For the first time in 20 years, we have less than $20 billion of gold left. It takes $12 billion to meet our 25 percent.

Foreign nations have $8 billion which they can demand. Thank goodness, they do not do it. There is about $6 billion they cannot demand. But they can turn it over to their governments. That will make a total of $14 billion which could be demanded against $19 billion of gold.

Is it any wonder that those who are looking to the future are saying, as insurance against the erosion of the dollar, "Pay us more interest if you want us to wait 10, 15, or 20 years to get our money back, because it may come back to us in 10-cent dollars."

I asked the Under Secretary of the Treasury what the answer was to this situation. He said, "There is but one answer. Stop deficit financing."

I tell Senators: There is the emergency. Yes, there will be an emergency for those who are looking for boulevards and divided highways. The situation is distressing, because these highways will not protect anyone from drunken drivers, and it is the drunken drivers who cause more accidents than any others. But the distressing thing is inflation. What will 1 percent of inflation do? Talk about not letting the interest rate go up one-quarter of 1 percent. The House said, "We are not going to do it." That means it will not be possible to float any more long-term bonds. Let anyone inquire of the bankers. He will find there is more demand for money than there is for goods and services. That pushes up prices.

I am talking now about inflation. What will 1 percent do to the consumers of the country? It will cost them $3 billion a year, because they are spending $300 billion, and 1 percent of that is $3 billion. And deficit financing is the way to impose it on them.

We have struggled and struggled at this session to keep appropriations down, except in the case of heart disease and cancer research, and we thought with respect to that item it was necessary to go above the budget estimate. Even though we have gone $365 million above the budget figure on that appropriation, we are still below the budget total.

While we hope to wind up within the budget, the Senator from Tennessee strikes a body blow at the budget. He puts inflation on the wings of the morning. Then he rises and makes another speech to the effect that we cannot stand for high interest rates; we will not let the Government pay 4½ percent.

I voted against accelerating the highway program. I am against this amendment because, however much I might want to see accelerated programs for the super-duper highways, such highways will be very dislocating to business all over the Nation. The complaints all over Virginia are terrific. Such highways break up motels and other businesses. Once a person starts on a trip to Florida, he will not even see the Blue Ridge Mountains. [Laughter.]

Mr. SMATHERS. Amen.

Mr. ROBERTSON. The seriousness of the situation which confronts us is that this is deficit borrowing. The Treasury simply cannot borrow on reasonable terms. I am told that there is but one answer, and I know it is right. We must balance the budget so that we will not have to borrow. I feel sure that the Senate will not adopt this amendment which will add a billion dollars to the deficit.

Mr. DIRKSEN. Mr. President, I yield myself 5 minutes on the bill.

I remember the dulcet pleas in 1956 for a great grid of concrete across the country: No offensive billboards; wide thoroughfares; contributions to safety; and, sweetest of all, pay-as-you-go. That is what we said. The Senate welkin fairly rang with this appeal. It was a wonderful program—pay-as-you-go. Forty thousand miles of roads.

Then in 1958 we talked about a speed-up of the program. It must take on acceleration.

First, we said we would raise the money in 13 years and build the system of highways in 16 years. But we should do better, because the touch of recession, the blight of recession, was on the land, and there must be more jobs; and while we were talking about a speedup, the man who knows most about it, Bertram Tallamy, was warning the Senate and the House that we were headed for trouble—for fiscal trouble—on the highway program.

We ignored it. We paid no attention to Tallamy. We went right ahead despite that warning from the man who knows best.

Suddenly we find ourselves on the escalator. The original estimate of the cost for the Federal share was $25 billion. What is the most recent estimate? The Federal share now is $34 billion. It is up $9 billion. That is Tallamy's estimate.

Did we pay any attention to it? Do Senators know what another body did? They said, "Oh, that is wonderful. We will simply add $300 million to the annual allocation for 1 year. We will add a thousand more miles to the program, to cost another billion dollars, but we will not supply the money." That is what was said. That is why we are in trouble.

Comes the Senator from Tennessee [Mr. GORE]. He has the answer. "Eureka. I know what to do. I will just blow a hole in the budget to the tune of $964 million."

That is the proposal which is before us. Take it out of automobiles, tubes, lubricating oils. Divert it from the general revenues and put it into the trust fund. But what about the hole? It is still there, and it will be there and will show up like the big hole it is in the budget on the 30th day of June 1960.

Is that going to be the solution? The distinguished majority leader remembers so well old Dr. Eaton, of New Jersey, when we were in the House. I remember one day when he told a story about the teacher who assigned a problem to one of the children in the school.

He said, "Johnny, suppose a cat fell in a well a hundred feet deep, and for every foot that it climbed up, it fell back 2 feet. How long would it take for the cat to get out of the well?"

After 30 minutes, Johnny raised his hand and said, "Teacher, if I can have another slate and a few more slate pencils, and if you will give me another 30 minutes, I am quite sure I can land that cat in hell." [Laughter.]

Mr. President, the highway deficit is going to climb up $964 million this year, but a year from now it will probably be $2 billion behind the eight ball. Then what? Will the distinguished Senator from Tennessee come forth then and blow a $2 billion hole in the budget?

I will tell the Senate what he is going to do tonight. He is going to blow a hole in our tax bill.

We talk so much about vetoes. If ever I saw an invitation to a veto, it is tonight. If I were sitting in the Presidential chair, I would not have to say it twice or think about it twice. I would know what I would do when I read the headlines and learned that the Senate had approved the blowing of a nuclear hole in the budget, because $964 million is certainly nuclear in my book. Senators can take their choice. That is all I have to say.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield 3 minutes to the Senator from California.

Mr. KUCHEL. I remember the 84th Congress. I remember the recommendation of President Eisenhower and the committee of specialists which he appointed. I remember the manner in which the Senate Committee on Public Works, certainly on a nonpartisan basis, considered and approved the beginning of the Interstate Highway System of 41,000 miles of high speed, limited access roads; a system having the overtones of the necessities of America's defense.

Finally, in 1956, Congress passed the Interstate Highway law, under which the Federal Government would pay 90 percent of the cost of the multibillion dollar highway program, which as suggested by the distinguished junior Senator from Illinois [Mr. DIRKSEN] now involves some $34 billion of Federal money.

Ample credit was due both the Republican Party and the Democratic Party when that legislation was enacted, and I think tonight there is adequate responsibility which ought to be assumed if the Republican and the Democratic Members of the Senate are to render the sound and courageous decision which this great American problem requires.

The Senator from Tennessee [Mr. GORE] has suggested that the Congress has three alternatives. I agree.

First of all, we can walk away from this problem; we can can say, "Let the interstate highway program die." We can walk away from the problem, and can let one segment of the Interstate Highway System exist in one State, and one segment exist in another State, and one segment in still another State, but, seeing such a patchwork, we can refuse to do anything to remedy the situation, we can simply decline to face up to the hard facts. What a shame that would be.

Or we can do what the distinguished minority leader [Mr. DIRKSEN] has referred to, we can accept the present ill-conceived amendment, and see enacted into law a "Rob Peter" proposal, taking moneys from the general fund and diverting them to the special highway fund, and thus let the general fund be forced deeper and deeper into debt, with all the ugly responsibility of borrowing more money to pay the bill.

There is a third alternative; and my friend, the minority leader, has suggested it. It should be, and will be, a bipartisan alternative and a bipartisan means of solving this problem. That alternative will be before us in a few minutes, outlined by the junior Senator from Oregon, if we assume that the proposal now before us is defeated—as I hope will be the case. In that event, we shall have an opportunity to stand up and be counted, on the question of supporting the President's honest recommendation for a temporary increase in the gasoline tax for a limited period of time.

The honest thing to do is to approve the recommendation of the President, and go forward with speedy construction of the Interstate System.

Mr. JOHNSTON of South Carolina. Mr. President, I wish to ask a question. I wonder what the Senate is going to do when it is asked to decide how many billions of dollars will be sent overseas—in view of the condition the country is in today, and in view of the pressing domestic needs which are facing us.

Mr. DIRKSEN. Mr. President, in all candor and fairness, I think I should say to the distinguished Senator from Tennessee that I would propose that his amendment be laid on the table; but I would not propose that until he has had an opportunity to say whatever he wishes to say on this subject. However, I think I should notify the Senator from Tennessee that I think that is the best way to come to grips with this matter.

Mr. GORE. The Senator from Illinois would not attempt to prevent other Senators from speaking on this subject, would he?

Mr. DIRKSEN. No.

Let me also state that I have an amendment in the nature of a substitute which I wish to submit.

Mr. NEUBERGER. Mr. President, I, too, have an amendment in the nature of a substitute which I wish to submit.

Mr. GORE. Mr. President, under the agreement, 10 minutes remain under my control. At this time, I yield to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. NEUBERGER. Mr. President, I am not sure what the parliamentary situation is. I have an amendment in the nature of a substitute which I wish to offer; but I do not wish to do so if some other Senator has a right to the floor before I offer my amendment.

My amendment is at the desk. If it is in order for me to call up the amendment at this time, I now call up my amendment in the nature of a substitute.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to insert at the end of the bill the following:

Sec. 7. Temporary increase in tax on gasoline and other motor fuels.

(a) Section 4081(a)(1) of the Internal Revenue Code of 1954 (relating to tax on gasoline) is amended by striking out "a tax of 3 cents a gallon." and inserting in lieu thereof the following: "a tax of—

"(1) 3 cents a gallon, in the case of gasoline so sold before July 1, 1959, or on or after July 1, 1961, or

"(2) 4½ cents a gallon, in the case of gasoline so sold on or after July 1, 1959, and before July 1, 1961."

(b)(1) Section 4041(a) of the Internal Revenue Code of 1954 (relating to tax on diesel fuel) is amended—

(A) by inserting after the first sentence thereof the following new sentence: "In the case of any such liquid so sold or used on or after July 1, 1959, and before July 1, 1961, the tax shall be 4½ cents a gallon, in lieu of 3 cents a gallon.";

(b) by insterting after "3 cents a gallon" in the third sentence of such section (as amended by paragraph (1)) ", or 4½ cents a gallon, whichever is applicable"; and

(C) by inserting after "1 cent a gallon" in the fourth sentence "or 2½ cents a gallon, whichever is applicable,".

(2) Section 4041(b) of such Code (relating to tax on special motor fuels) is amended—

(A) by inserting after the first sentence thereof the following new sentence: "In the case of a liquid taxable under this subsection so sold or used on or after July 1, 1959, and before July 1, 1961, the tax shall be 4½ cents a gallon, in lieu of 3 cents a gallon.";

(B) by inserting after "3 cents a gallon" in the third sentence of such section (as amended by paragraph (1)) ", or 4½ cents a gallon, whichever is applicable"; and

(C) by inserting after "1 cent a gallon" in the fourth sentence "or 2½ cents a gallon, whichever is applicable,".

(3) Section 4041(c)(2) of such Code (relating to rate reduction in 1972) is amended by striking out "second and third sentences" and inserting in lieu thereof "third and fourth sentences".

(c)(1) Section 4226(a) of the Internal Revenue Code of 1954 (relating to floor stocks taxes) is amended by adding at the end thereof the following new paragraph:

"(5) 1959 TAX ON GASOLINE.—On gasoline subject to tax under section 4081 which, on July 1, 1959, is held by a dealer for sale, there is hereby imposed a floor stocks tax at the rate of 1½ cents a gallon. The tax imposed by this paragraph shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline."

(2) Section 4226(d) of such Code (relating to due date of floor stocks taxes) is amended to read as follows:

"(d) DUE DATE OF TAXES.—The taxes imposed by subsection (a) (other than by paragraph (5) of such subsection) shall be paid at such time after September 30, 1956, as may be prescribed by the Secretary or his delegate. The tax imposed by paragraph (5) of subsection (a) shall be paid at such time after September 30, 1959, as may be prescribed by the Secretary or his delegate."

(d) Section 6412 of the Internal Revenue Code of 1954 (relating to floor stocks refunds) is amended by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) 1961 FLOOR STOCKS REFUNDS ON GASOLINE.—Where before July 1, 1961, gasoline subject to the tax imposed by section 4081 has been sold by the producer or importer and on such date is held by a dealer and is intended for sale, there shall be credited or refunded (without interest) to the producer or importer an amount equal to the difference between the tax paid by such producer or importer on his sale of the gasoline and the amount of tax made applicable to such gasoline on and after July 1, 1961, if claim for such credit or refund is filed with the Secretary or his delegate on or before November 10, 1961, based upon a request submitted to the producer or importer before October 1, 1961, by the dealer who held the gasoline in respect of which the credit or refund is claimed, and, on or before November 10, 1961, reimbursement has been made to such dealer by such producer or importer for the tax reduction on such gasoline or written consent has been obtained from such dealer to allowance of such credit or refund. No credit or refund shall be allowable under this paragraph with respect to gasoline in retail stocks held at the place or intended to be sold at retail, nor with respect to gasoline held for sale by a producer or importer of gasoline."

(e) Section 6416(b)(2) of the Internal Revenue Code of 1954 (relating to special cases in which tax payments considered overpayments) is amended—

(1) by inserting after "3 cents" in subparagraphs (H), (I), and (J) "or 4½ cents"; and

(2) by inserting after "1 cent" in subparagraphs (H), (I), and (J) "or 2½ cents, whichever is applicable,".

(f) Section 6421 of the Internal Revenue Code of 1954 (relating to gasoline used for certain nonhighway purposes or by local transit systems) is amended—

(1) by inserting after "1 cent" in subsections (a) and (b)(1) "or 2½ cents, whichever is applicable"; and

(2) by redesignating subsection (i) as (j), and by inserting after subsection (h) the following new subsection:

"(i) GASOLINE PURCHASED AFTER JUNE 30, 1959, AND BEFORE JULY 1, 1961.—In the case of gasoline purchased after June 30, 1959, and before July 1, 1961, the applicable amount under subsections (a) and (b)(1) shall be 2½ cents for each gallon of gasoline."

(g) Section 209(f) of the Highway Revenue Act of 1956 (relating to expenditures from trust fund) is amended by adding at the end thereof the following new paragraph:

"(5) 1961 FLOOR STOCKS REFUNDS.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to 100 percent of the refunds made under section 6412(e) of the Internal Revenue Code of 1954 in respect of gasoline subject to tax under section 4081 of such Code."

Mr. JOHNSON of Texas. Mr. President, how much time does the Senator from Oregon think he will need to present his amendment in the nature of a substitute?

Mr. NEUBERGER. I think I can explain it in 10 minutes.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that 15 minutes be allowed for debate on the amendment in the nature of a substitute to be submitted by the Senator from Oregon, with the time to be divided equally between the chairman of the committee and the proponent of the amendment.

Mr. NEUBERGER. That arrangement would allow me 7½ minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, before the time available on the amendment in the nature of a substitute

begins to run, let me inquire whether there are other amendments which Senators may expect to call up.

Mr. HART. I have an amendment which I expect to call up, and which I wish to discuss very briefly.

Mr. JOHNSON of Texas. How long does the Senator from Michigan think he will need to discuss his amendment?

Mr. HART. Actually, the debate on it has already occurred. So about one minute will be sufficient at this time.

Mr. JOHNSON of Texas. Fine.

Then, Mr. President, if 15 minutes are used on the amendment in the nature of a substitute, which the Senator from Oregon has called up, and if one minute is used for the amendment to which the Senator from Michigan has referred, I hope it will be possible for the Senate to complete its action on the bill tonight; and then we shall be able to go over until Monday.

Therefore, Mr. President, I ask that the Senate remain in session, even though the hour is late, in view of the likelihood that we shall be able to complete action on the bill tonight.

The House of Representatives will be in session tomorrow; and I hope the House will then agree to a conference on this bill.

So, Mr. President, in the event the Senate is able to complete its action on the bill tonight, we shall be able to go over, after this session, until Monday.

Mr. DIRKSEN. Mr. President, will the majority leader yield?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. I do not know whether I obtained a mistaken impression today, that there is a possibility that we shall go over from tonight until Monday.

Mr. JOHNSON of Texas. That is correct; if we are able to complete action on the bill, we shall do that.

Mr. DIRKSEN. Very well. In that event, I am confident that all Members will be glad to remain tonight until our action on the bill is completed.

Mr. NEUBERGER. Mr. President, on the question of agreeing to my substitute, I ask for the yeas and nays.

Mr. ALLOTT. First, Mr. President, may we have an opportunity to understand what is proposed by means of the substitute?

Mr. NEUBERGER. My substitute amendment calls for increasing the motor fuels tax from 3 cents a gallon to 4½ cents a gallon until July 1, 1961.

Mr. President, on the question of agreeing to my amendment in the nature of a substitute, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. NEUBERGER. Mr. President, on this question, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 4 minutes.

Mr. NEUBERGER. Mr. President, I have prepared a statement in explanation of the reasons for offering the amendment in the nature of a substitute. I submit that statement, together with memoranda, selected editorials, and communications, and ask that all of them be printed at this point in the RECORD.

There being no objection, the statement, memoranda, letters, and editorials were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR NEUBERGER

My amendment would impose for a period of 2 years an additional levy of 1½ cents on the sale of gasoline, diesel fuel, and special motor fuels, the proceeds to be channeled into the highway trust fund for expenditure in connection with the Federal share of costs of the highway program initiated by Congress in 1956.

The situation which we face with respect to the highway program is, very simply, this:

Expenditures from the highway trust fund are currently exceeding revenues. If there is a continuation of apportionments of existing authorizations, it is expected that this discrepancy will continue through fiscal year 1962, at which time there will be a deficit in the fund of approximately $2 billion. An expenditure-revenue balance is anticipated in fiscal year 1963.

In 1958, Congress suspended, for fiscal years 1959 and 1960, the Byrd amendment limiting apportionment to the States to funds available in the fund, and increased authorizations for fiscal years 1959 through 1961. But no additional revenues were provided.

Now the Secretary of Commerce reports that he will be unable to apportion any interstate funds for fiscal year 1961 and only $500 million for fiscal year 1962.

Normally these apportionments take place a year in advance of the authorization year, that is, the fiscal year 1961 apportionment would be made next month.

I attach to this statement a memorandum, prepared by the staff of the Senate Public Works Committee, discussing the details of this financial situation.

If corrective action is not taken by Congress this year the interstate program cannot continue on schedule. Many State programs will grind to a halt.

Yesterday the Bureau of Public Roads reported that 10 States will be compelled to stop letting new contracts for interstate highway projects this summer if Congress does not come up with a solution immediately. My State is 1 of the 10. Oregon's funds for interstate projects will be exhausted by September or October, and the State highway commission announced last week that the scheduled opening on July 1 of bids on 16 projects may be postponed.

I also attach to this statement at this point a story from the New York Times of June 25, 1959, reporting on the situation faced by the States.

The Bureau of Public Roads predicts a drop in contract awards of 40 percent this fall. It is estimated that failure to make authorized apportionments this summer and next would result in unemployment amounting to a loss of 641,250 man-years of labor and delay the interstate program as much as 3 years.

Industrial expansion and community planning keyed to Interstate Highway System construction would be disrupted.

The preservation of 4,000 lives which safety engineers estimate will be saved annually as a direct result of safety features on the Interstate System will be postponed.

In 1958 Congress indicated its desire to maintain as closely as possible the target dates established in the original Highway Act. To fail to do so now would be a disservice to the Nation.

Several methods of dealing with the present emergency and maintaining the originally contemplated schedule are available. They include:

1. Allocation of certain excise taxes to the trust fund.

2. Drawing on the general fund.

3. Borrowing of necesasry funds through special bonds or reimbursable advances.

4. Increasing the tax on motor fuels and earmarking receipts for the Highway Trust Fund.

If the first solution were employed, there would be a loss of revenue to the general fund which would have to be filled by other taxes or deficit financing unless some Government programs were curtailed.

Financing the trust fund deficit through the general fund would mean an increase in the expense of the program because of interests costs unless taxes were increased. Similar additional expense would result from issuance of special bonds or reimbursable advances backed by future trust fund receipts.

For these reasons, a temporary increase in the motor fuel tax would seem advisable. It has been suggested that consideration of a long-range solution to the problem of financing the highway program launched in 1956 be delayed until 1961 when Congress will have available a new estimate of costs of the Interstate System and the highway cost allocations study reviewing the distribution of taxes among highway users and the benefits which accrue to other beneficiaries.

I believe that such a review would be a highly beneficial thing. For this reason, I have proposed in my amendment that the 1½-cent increase in the motor fuel tax expire automatically at the end of 2 years. This would provide Congress with an opportunity to study further financing of the program in terms of adequacy and equity.

But in the interim, I think we should solve the short-range problem by imposition of a temporary increase in the motor fuels tax.

I also attach to this statement letters which I have received from the Oregon State highway engineer, together with editorials from several prominent newspapers, in my State and elsewhere, supporting this position.

FEDERAL-AID HIGHWAY ACTS: COST OF PROGRAMS AND STATUS OF TRUST FUND

The Federal-Aid Highway Act of 1956 authorized additional funds for fiscal year 1957 for the regular Federal-aid systems and continued the program on those systems through 1958 and 1959.

The amounts for these years are as follows: $125 million additional for fiscal year 1957; $850 million for fiscal year 1958, $875 million for fiscal year 1959.

Matching for these categories is on a 50–50 basis, adjusted for sliding scale for public land States.

The 1956 Federal-Aid Highway Act authorized funds for the Interstate System in the amount of $24,825 million, which, added to the $175 million authorized by the 1954 act, would make a total of $25 billion. Matching for the Interstate System is on a 90–10 basis, with adjustments for the public-land States. On the basis of the matching ratio established, a total of about $27½ billion would be available for the Interstate System.

When the 1956 Highway Act was being considered, testimony given indicated that it would cost about $23 billion to complete some 37,600 miles of a 40,000-mile authorized system. The witness, Gen. Lucius D. Clay, further stated that to provide arterial connections the cost would increase by about $4 billion, making the total cost of the system about $27 billion.

The 1956 act authorized $101 million for forest highways and development roads and

trails, national park roads, trails and parkways and Indian reservation roads and bridges for fiscal years 1958 and 1959. The act also authorized an additional $2 million for fiscal year 1957 and a like sum for fiscal years 1958 and 1959 for public lands highways.

Title II of the Federal-Aid Highway Act of 1956, which is designated as the "Highway Revenue Act of 1956" was designed to raise revenue from new and existing highway-user taxes to provide for Federal highway expenditures and to place such revenues in a special highway trust fund. For the 16-year period beginning July 1, 1956, and ending June 30, 1972, it is estimated that receipts to be paid into the trust fund would amount to $38,915,000,000.

Section 209(g) of title II which is the so-called Byrd amendment, provides that the Secretary of the Treasury, after consulting with the Secretary of Commerce, shall periodically estimate the amounts which will be available in the trust fund to meet the required expenditures from the fund. If the funds remaining in the trust fund, after all other required expenditures from the trust fund have been made, is insufficient to meet the expenditures for the Interstate System resulting from authorized apportionments, the Secretary of Commerce shall reduce the apportionments to an extent sufficient to come within funds available.

The Federal-Aid Highway Act of 1958 provided authorizations as follows:

1. Increased authorization by $400 million for fiscal year 1959 for the A-B-C roads. These funds would be matched on a two-thirds-one-third basis, and includes $115 million for advances to States to assist them in matching the Federal funds up to two-thirds of the States share, these funds advanced to be repaid by deductions from the State's apportionment for fiscal year 1961 and 1962.

2. Authorized $900 million for the A-B-C system for fiscal year 1960.

3. Authorized $925 million for the A-B-C system for fiscal year 1961.

4. Authorized $11 million additional funds for fiscal year 1959 for forest highways, forest development roads and trails, and public lands highways.

5. Authorized $112 million for fiscal years 1960 and 1961 for forest highways, forest development roads and trails, roads and trails in national parks, parkways, Indian reservation roads and bridges and public land highways.

6. The authorizations for the interstate program was increased from $24,825 million to $25,625 million, or a total increase of $800 million. The increased authorization provided $200 million for fiscal year 1959 and $300 million for each of the fiscal years 1960 and 1961.

7. The Federal-Aid Highway Act of 1958 authorizes the apportionment of all the Federal-aid funds authorized for the fiscal years 1959 and 1960, without regard to the provisions of section 209(g) of the Highway Revenue Act of 1956, the so-called Byrd amendment, which limits apportionment of such funds to amounts available in the highway trust fund.

In January of 1958 the Secretary of Commerce transmitted to Congress a report which included estimated costs of completing 38,548 miles of the Interstate System. This report also provided information on apportionment factors to be used in apportioning funds among the various States. The estimated cost of completing the 38,548 miles of the Interstate System is $37,622, million, of which $33,952 million would be Federal and $3,670 million would be State costs. It is further estimated that the cost to complete the authorized 41,000 miles of the Interstate System would be about $40 billion. On the basis of $40 billion the Federal cost would be $36.1 billion and the States' cost would be $3.9 billion.

The following tabulation indicates the condition of the highway trust fund on the basis of contract authority enacted in the Highway Act of 1958:

[In millions]

Fiscal year	Expenditures		Receipts		Year-end balance
	Annual	Cumulative	Annual	Cumulative	
1957	$966	$966	$1,482	$1,482	$516
1958	1,602	2,568	2,134	3,616	1,049
1959 [1]	2,553	5,121	2,143	5,759	639
1960 [1]	3,102	8,223	2,222	7,981	−241
1961 [1]	3,109	11,332	2,291	10,272	−1,059
1962 [1]	3,484	14,816	2,377	12,649	−2,166

[1] Estimated.

The President in his budget message recommended that to maintain the trust fund on a self-supporting basis there should be a temporary increase of 1½ cents in highway fuel taxes, to become effective July 1, 1959, and to remain in effect through the fiscal year 1964. On the basis of the President's proposal the following condition of the trust fund is estimated:

[In millions]

Fiscal year	Expenditures	Receipts	Year-end balance
1960	$3,136	$2,912	$415
1961	3,180	3,175	410
1962	3,558	3,296	148

In connection with problems of authorizations and financing of the highway program an analysis shows that on the basis of present legislation the apportionments made to and including those of August 1, 1958, a total apportionment of $12,678 million has been made for the ABC and interstate programs. This includes apportionments made prior to June 6, 1960. An analysis shows that an apportionment of $868 million could be made in July of 1959 for fiscal year 1961 for the ABC systems which assumes an apportionment of $925 million minus the repayable advances to States which were authorized by the 1958 Highway Act. The analysis shows that no apportionment could be made for the Interstate System in July of 1959. An apportionment of $892 million could be made for the ABC program in July 1960 for fiscal year 1962, which assumes a total apportionment of $950 million minus the balance of the repayable advances to States authorized by the 1958 Highway Act. An apportionment of only $500 million would be possible in July of 1960 for fiscal year 1962 for the Interstate System. If an apportionment of $975 million were made in July of 1961 for fiscal year 1963 to the ABC program it would be possible to apportion $1,700 million for the interstate program.

The estimated revenues to the trust fund, on the basis of present legislation, through fiscal year 1972 would amount to $38,915 million while the total apportionments would amount to $40,267 million of which $16,633 million would be for the ABC program, $23,449 million for the interstate program and $185 million for other items, such as flood relief, advances, and bridge, and dam funds. The total estimated apportionments required through fiscal year 1972 for the Interstate System amount to about $36 billion, thus there would be a shortage in trust funds of about $12½ billion to carry on the interstate program.

A number of suggestions have been made to meet the problem of providing funds to continue the highway programs, some of which are as follows:

1. The President in his budget message recommended a temporary increase of 1½ cents in the tax on motor fuels, through 1964. In addition, the President has suggested that funds for forest highways and public-land roads be financed from the trust fund.

2. Utilize trust fund revenues for the Interstate System and draw on general fund for ABC and other roads. Or in effect, draw on general fund for expenditures which cannot be met from trust fund.

3. Allocate certain excise taxes to trust fund.

4. Suspend the Byrd amendment during a period from 1961 to 1963 and finance the anticipated deficit in 1960–63 by an interim borrowing plan. Suspend termination date of trust fund and the increased tax levies in the 1956 act in order to have a future income assured with which to pay off deficit financing.

5. Review tax base after Bureau of Public Roads' economic study is submitted in 1961 and revise tax base to provide income necessary to obtain additional funds required. Authorize continuation of supplemental financing after 1963 by borrowing in amounts sufficient to meet financial needs of program.

If it is assumed that the total Federal cost of the Interstate System is $36 billion and would be completed by 1972; that the ABC program is increased to $1 billion annually by fiscal year 1962, which would amount to $16,722 million from 1956 through 1972; and other costs which include flood relief, advances, bridges, and dams, which would amount to about $567 million from 1956 through 1972; there would result a total demand on the trust fund of about $53.2 billion. When this is compared with an estimated revenue to the trust fund of $38.915 billion for the period 1957 through 1972, there results a deficit of $14.285 billion. It therefore becomes obvious that the highway program must be extended or readjusted, unless authorizations are made to complete the program and necessary funds provided.

STATE OF OREGON,
STATE HIGHWAY DEPARTMENT,
Salem, November 26, 1958.

Hon. RICHARD L. NEUBERGER,
U.S. Senator, Portland, Oreg.

DEAR SENATOR NEUBERGER: I appreciate very much your letter of November 25 to which you attached a summary of your speech to the Association of Oregon Counties.

I am glad to assure you, Senator, that I am heartily in sympathy with the thoughts expressed by you that the enlarged highway program throughout the Nation should be carried forward expeditiously and that it should be self-financed and not result in deficit spending. It is my firm belief that the great benefits that will accrue to the traveling public by reason of highway improvements will far more than offset the slightly additional cost by reason of such additional taxes as may be necessary.

In the State of Oregon, particularly, do we need increased revenues to an extent that will permit us to match available Federal aid. As you quoted in your speech, the best estimates that we can make today indicate that Oregon will be approximately $20 million short in matching funds for the 5-year period 1959 to 1964, inclusive. Inasmuch as Oregon receives $4 in Federal funds for its highway program for each dollar of match money required, the State can ill afford not to provide matching moneys. I believe that the fairest and most equitable manner of raising this additional revenue is by an increase of 1 cent per gallon in tax on motor fuel. This cost, which would result in approximately $7 per year to the average motorist, who drives 10,000 miles, is less than 3 cents a day, and savings in operation alone

in driving over modern highways would more than offset this increase without even considering the reduction in driving hazards, driving strain, and physical comfort.

At the national level, I also feel that additional funds should be provided, so that the program can be kept within its original 13-year period. There has been some thought in my mind that perhaps a portion of these additional funds could be obtained by the allocation of excise taxes on the purchase of new automobiles to the highway trust fund rather than to the general fund, as is now the case. After all, the payment of the excise tax on automobiles is a tax against the road user and, at this time, when the need for highway funds is critical, it would not appear that any funds contributed by the road user should be diverted to other purposes. However, some increase in the Federal gas tax undoubtedly will be necessary, and I am in favor of such increase as is necessary to maintain the schedule of highway construction contemplated, which is so essential to the Nation today.

I am very appreciative of your aid and guidance in highway matters, and I am sure that the people of Oregon realize that you have been at all times a stanch supporter of the crusade for better and, particularly, safer highways, not only in Oregon but throughout the Nation.

With best personal wishes.

Very truly yours,

W. C. WILLIAMS,
State Highway Engineer.

[From the New York Times, June 25, 1959]

PRESIDENT PLEADS FOR GAS TAX RISE—ROAD FINANCING IS CRITICAL, HE WARNS CONGRESS—10 STATES FACING TROUBLE

(By Richard E. Mooney)

WASHINGTON, June 24.—The administration tried to prod Congress into action today on the President's 5-month-old request for an increase in the Federal tax on gasoline.

The White House issued a report that said 10 States would have to stop issuing new contracts for interstate highway projects this summer if Congress did not break the pending financial jam. Fifteen will have to stop by the year's end, it said, and 11 by mid-1960.

The problem is an impending deficit in the Federal fund that finances the 41,000-mile program. The fund, with money from taxes on gasoline and other highway-use items, pays 90 percent of construction costs. The highway law says Federal aid may not be apportioned to States if the fund does not have the money to pay the bills when presented.

WORKING ON ALTERNATIVE

A gasoline tax increase is the administration's proposed solution for breaking the jam. Congressional leaders have made it clear that that proposal will not pass.

The House of Representatives has started working on an alternative that the President today termed "unacceptable to me." It would suspend the requirement that the highway fund stay in pay-as-you-go condition.

In a statement accompanying the report, the President warned that Congress' failure to act had put the country "on the verge of a stalemate in the orderly development of our vital interstate road network." He called it "a critical situation." He is asking a 1½-cent increase.

PROGRAM WOULD GO ON

Even if there is no new legislation this year—through congressional inaction or Presidential veto—the highway program would continue on the strength of contracts already issued. However the Government would not be able to make the normal mid-year apportionment of new contracting authority—$2,500 million in this case. A State would have to stop contracting when it ran out of the authority it had received in previous apportionments.

Presuming that legislation is passed, which seems probable, the apportionment may be a month or two late. The White House report was based on a presumption of no new legislation.

Bertram D. Tallamy, administrator of the program, polled State highway administrators early this month on what would happen to their programs if there were no apportionment this year.

New York and Connecticut were among 10 that said they would have to stop issuing contracts this summer. California said it was holding several large projects, totaling more than $50 million, pending a decision on apportionment.

Vermont said "any stoppage of program will require several years to rebuild our highway department organization." The others were Florida, Illinois, Michigan, New Hampshire, Ohio, and Oregon.

The 15 whose contracting would stop by year end are: Iowa, Kentucky, Louisiana, Maine, Massachusetts, Missouri, New Mexico, North Dakota, Rhode Island, South Carolina, Tennessee, Utah, Washington, West Virginia, and Wyoming, and the District of Columbia.

Wyoming noted that the Interstate System was two-thirds of its roadbuilding program, which in turn constitutes 28 percent of the State's economy.

The 11 that would stop contract letting in the first half of 1960 are: New Jersey, Alabama, Georgia, Indiana, Kansas, Maryland, Mississippi, Nevada, Pennsylvania, South Dakota, and Wisconsin.

[From the Oregonian (of Portland, Oreg.), May 18, 1959]

FEDERAL HIGHWAY DILEMMA

President Eisenhower's recommendation to Congress that it increase temporarily the Federal gasoline tax from 3 cents to 4½ cents a gallon emphasizes a difficult choice the Federal lawmakers must make soon.

Congress can let things slide and take the blame for a sharply curtailed Interstate Highway System building program in fiscal 1961 and 1962. In some States, the much needed and highly publicized modernization of the Nation's highways might come to a complete halt.

Congress can go into deficit financing for highways. This would be contrary to its policy of pay-as-you-go, adopted with much fanfare in 1956 in preference to the President's long-term bonding proposal. It would be contrary, too, to the balanced-budget policy which Mr. Eisenhower has pretty well convinced the Nation is necessary to avoid inflation.

Congress can divert about a billion dollars a year in manufacturers' excise taxes on automobiles to the highway trust fund. But this also would involve deficit financing, as the President pointed out in his message, for the billion gained for highways would be lost to the general fund and would have to be made up there in some manner.

Lastly, Congress can increase the Federal tax on motor fuels, as recommended by Mr. Eisenhower in January and again this week. This the lawmakers are reluctant to do, for auto owners already pay high State and Federal gas taxes—in Oregon almost a third of the cost of a gallon of gas represents taxes. To boost the Federal tax by 50 percent might be political dynamite.

The highway construction dilemma results from Congress' original thought that the big roadbuilding program should be paid for as it unfolds, and its reaching for the panic button last year when the recession seemed to call for a lot more jobs in public works. The Byrd amendment to the Highway Act provides that no more money can be spent than is in the highway trust fund. Last year, Congress suspended the Byrd amendment for fiscal years 1959 and 1960 and also upped the ceiling on expenditures for 1960 and 1961 from $2.2 billion to $2.5 billion. In other words, Congress spent the paycheck before it came in.

The result is that the trust fund is so near broke that the Bureau of Public Roads says it cannot make any allocations this summer for 1961 and that, under present circumstances, the fund will provide only $500 million for fiscal 1962. About a year must elapse between the time allocations are made and the States begin spending highway money. Thus, money for fiscal 1961, which begins July 1, 1960, must be made within the next few weeks.

If no money is forthcoming from the Federal Government for the Interstate System for fiscal 1961, Oregon alone figures to lose $43 million. This would build a lot of freeway mileage and provide jobs for many Oregonians.

No one likes to pay more taxes. But increasing the Federal gas tax appears to be the only way out in this instance. One wonders if Congress will be as politically courageous as the President was in recommending the step. It should be, for pay-as-you-go was its own idea.

[From the East Oregonian, Jan. 5, 1959]

HIGHER FEDERAL GAS TAX?

Increase the Federal tax on gasoline, the President says he'll ask the new Congress. But whether Congress complies with the request could be something else again. After all, the tax was raised only 2½ years ago, to 3 from 2 cents a gallon.

The Federal gas tax was first levied in 1932, during the dire depression of that time, at 1 cent a gallon. It rose to 1½ cents in 1933, went back to 1 cent in 1934, stayed there for 6 years, and was hiked to 1½ cents again in 1940, to 2 cents in 1951.

The increase to 3 cents in 1956 accompanied the new program for an elaborate Interstate Highway System. And the take from the whole gasoline tax, also from all other Federal taxes involved in highway use, was earmarked for a special highway trust fund.

Now, however, it is found that the program will cost more than originally anticipated—like everything else these days. So proceeds from the gas tax increase, if Congress votes it, won't swell Treasury revenues, but will simply help to keep the Treasury deficit down.

One cent a gallon more in the Federal tax is estimated to produce about $500 million a year. It would make the Federal tax about two-thirds of the average (weighted) State tax, now close to 6 cents. This is the tax in 18 States, while 14 charge more, and 16 charge less than 6 cents.

In an ideal tax structure the gasoline tax would probably be levied only by the States but what is ideal when it comes to taxation? The Federal tax is defended on the ground that it provides the funds spent by the Federal Government toward highway construction. On that basis it can be defended with strength.

[From the Oregon Daily Journal]

ROAD PROGRAM MUST BE SAVED

President Eisenhower's first formal prestation to Congress of his proposal for a giant Federal interstate highway program in 1955 called for the creation of a special agency through which the costs would be bonded. The financing would be outside the Federal Treasury and not considered a part of the national debt.

This met with a cold shoulder in Congress and was termed in some circles "phony financing." Congress did not act at all that year, but in 1956 it authorized the huge program, to be financed on a pay-as-we-go basis with increases in gasoline, fuel oil, and tire taxes.

These revenues went into a highway trust fund, and an amendment tacked on to the Highway Construction Act specified that the Government could spend no more money than it had in the trust fund. It soon became apparent, however, that costs were going to be far higher than anticipated. Revenues from the new taxes were not sufficient to keep the program going. Last year Congress met the emergency on a temporary basis by suspending the limiting amendment and money was drawn from the general fund, thus adding to the national debt.

Now the situation is more critical than before. The trust fund is so low that the Federal Bureau of Public Roads cannot make promises for funds in fiscal 1961 which would permit the States to go ahead with construction plans this summer. There is grave danger the whole program will bog down unless drastic steps are taken.

President Eisenhower has proposed an increase of 1½ cents a gallon on the Federal gasoline tax to keep the trust fund from going dry and the highway construction program from chugging to a halt. It has met little response in Congress. Senator RICHARD L. NEUBERGER, Democrat, of Oregon, has appeared to be almost a lone voice in its favor, urging that we meet our financial responsibilities here, as well as in some other areas. Many national organizations have opposed the increase.

Last January, the Journal itself took a rather dim view of this proposal, at the same time supporting an increase of 1 cent a gallon in the State gasoline tax. (The latter failed in the legislature.) But the Journal has swung around to the view that drastic action is necessary. Oregon has a big stake in the Federal program. We are right in the middle of huge projects which depend on Federal funds. It is unthinkable that the program be permitted to founder. It is also unthinkable that we let its cost be added to the national debt.

Much can be said against permitting the Federal Government to move further into a field of taxation which used to be considered the province of the States. But if we are to insist on this view, we cannot, as Senator NEUBERGER has pointed out, expect the Federal Government to contribute 90 percent of the cost of this program.

If pay-as-you-go was a virtue, as congressional Democratic leadership insisted in 1956, it is still a virtue. As much as we regret seeing a Federal gasoline tax hike, even a temporary one, it is a better alternative than permitting the construction program to falter or increasing the national debt.

[From the Denver Post]

THE HIGHWAY PROGRAM IS IN TROUBLE

The program begun in 1956 to build 41,000 miles of interstate highways throughout the country is in grave financial trouble.

As planned this superroad program was to be completed by 1972, at a cost of some $27.5 billion, of which 90 percent was to be provided by the Federal Government.

But now the costs are estimated at $40 billion, and the special highway trust fund set up by the Government faces a deficit for the next fiscal year of $241 million. It will be worse than that in future years unless something constructive is done in this Congress.

The costs have soared for several reasons, including growing traffic requiring higher standards, an increase in construction costs over the past few years of some 12 percent, and too-conservative cost estimates by the planners in the first place.

An additional problem has been an amendment to the original interstate highway legislation that required the Federal fund to spend each year only as much as it takes in that year. No spending against future earnings was allowed.

Last year, as an antirecession stimulant, Congress set aside this pay-as-you-go provision to provide greater spending in fiscal 1959. This must be made up now, which is one reason for the impending fiscal 1960 deficit.

Several solutions have been proposed:

President Eisenhower wants to increase the Federal gasoline tax, the prime source of interstate highway revenue, by another 1½ cents a gallon until 1964.

The American Petroleum Institute wants to transfer into the interstate highway fund other highway-user tax revenues, such as the excise tax on passenger cars and half that on trucks, that now go to the General Treasury.

The program could be stretched out beyond its 1972 deadline.

The deficit could be met by other transfers from the general funds of the Treasury. The transfers would be paid back later from interstate highway fund revenue.

The highway trust fund could borrow private money by issuing short-term bonds to meet the temporary deficit, although this would compete with regular Government efforts to raise money.

The pay-as-you-go amendment could be thrown out altogether, allowing the trust fund to make up in later years for overspending now.

The current highway trust fund gets all of the Federal gas tax, but this is not all allocated to the superhighways. A good portion must go for the so-called ABC roads, that is other primary and secondary and urban roads not on the interstate system.

Thus even if the pay-as-you-go principle were forgotten, the $40 billion that the existing trust fund will eventually raise would still not pay for both the superhighways and the ABC system.

Colorado has a great stake in the future of this interstate highway program, as does the rest of the Rocky Mountain empire. The proposed connecting highway between Denver and Cove Fort, Utah, is a case in point.

It seems to us that an increase in the gasoline tax as proposed by the President is the most equitable answer.

A gas tax increase would preserve the pay-as-you-go principle. Throwing out this principle, or evading it for a time by borrowing private funds or allowing temporary overspending, merely puts off a bill we will have to pay anyway.

Transfers into the highway fund from the general Treasury are defended by some on the grounds that highway users shouldn't bear the whole load directly through gas taxes.

However the same highway users in their role as general taxpayers would have to help make up the withdrawals from the Treasury in some other way, for if the budget is to be kept anywhere near balance, increased highway spending from the general fund means either reduction of other spending or increased general taxation.

The President's proposal has not been favored, either by Congressmen who want to avoid political ill will, or by State Governors who want to keep the gasoline tax primarily a State, not a Federal, source of income, or by gasoline producers who understandably do not want to add to the price of their already heavily taxed product.

The one thing that is abundantly clear, whatever the solution to the temporary deficit problem, is that 1972 is none too soon a target date to finish the highways, given the mushrooming of population and traffic.

[From the New York Times, May 3, 1959]

HIGHWAY BUILDING

One unpleasant thought to contemplate as the vacation season is about to begin is still another increase in the gasoline tax, Yet such an increase in the Federal tax is much the best way out of the impasse that now threatens the huge Federal-aid highway program.

Unless Congress takes some action the program will rather quickly come to a halt. In the present condition of the highway trust fund no apportionment of funds can be made to the States in July for the fiscal year 1961. This would mean a drastic slowdown in contract letting.

Three solutions have been proposed. One is to divert additional highway-related excise taxes to the trust fund from the general fund. This, of course, would require either tax increases elsewhere—out of the question now—or Treasury borrowing to make up the loss. Further deficit finance now is the wrong prescription, given the state of the economy and of the money market.

The second solution is to have the highway trust fund borrow money, from either the public or from the general fund of the Treasury, with repayment to be made late in the next decade, when receipts in the trust fund will again exceed expenses. Once again the real effect of this plan would be deficit financing now, when deficit financing is the wrong medicine.

The third method is the one backed by the President, preserving the principle of paying for the roads as they are built. It is the noninflationary way to solve the problem. It has the merit of letting people know that if they want Government services they must pay for them. Congress is said to have rejected this solution out of hand. But it is never too late to do the right thing.

[From the Washington Daily News, June 25, 1959]

THE HIGHWAYS GO BROKE

Last year's frantic rush to make political capital out of the recession finally has caught up with the great Interstate Highway System.

As a fake recession busting scheme which provided no jobs, Congress ordered sweeping additions to the road program without making any arrangements to pay for them.

Now the fund is running out of money. The ponderous machinery set up to build the roads is grinding to a halt involving vast waste. And there apparently is complete stalemate in Government as to what, if anything, can be done about it.

Here are some of the results, as outlined by B. D. Tallamy, able administrator of the program:

Within 3 months 10 States (Note: Including California, Connecticut, Illinois, New York, Ohio) must stop awarding contracts. By the end of the year, 16 more must stop. (Note: Including Kentucky, New Mexico, Tennessee.) In a year or less, contracts must be cut off, all told, in 36 States and the District of Columbia. (Note: Including Alabama, Indiana, Mississippi, New Jersey, Pennsylvania.)

This will halt momentum laboriously built up by the States, which have enlarged their highway departments, provided for matching funds, held public hearings on proposed routes, made commitments to property owners on rights of way, moved families, commercial and industrial establishments in anticipation of early construction.

Thousands of miles of new highway will be partly completed, yet cannot be finished.

Two principal remedies are suggested:

In Congress, borrow from the Treasury. This would run up the deficit, cause more inflation. President Eisenhower certainly would veto any such scheme.

By the President, increase the Federal gasoline tax, now 3 cents, to 4.5 cents. Con-

gressional leadership is determined not to raise gas taxes.

Certainly Congress should shift from its ill-considered speedup in the highway program to a stretchout which would put it back on a pay-as-you-go basis under present taxes.

But even such a change won't help in the present emergency or for many months to come when contracts already let will take all the cash in sight.

Further Federal deficits are unthinkable and stopping the program involves waste estimated all the way from $1 billion to $2 billion. It seems to us Congress and the President must get together on a compromise plan to salvage what they can out of this awkward mess.

Perhaps the money can be diverted from less urgent programs. Gas taxes already are outrageously high but even higher taxes, temporarily, would be preferable to more waste and borrowing which otherwise may be inevitable.

Mr. NEUBERGER. Mr. President, may we have order? I shall not proceed until there is order. I have yielded myself only 4 minutes.

The PRESIDING OFFICER. The Senate will be in order.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the time required to obtain order not be charged to the time the Senator from Oregon has yielded to himself.

Mr. NEUBERGER. I thank the majority leader.

The PRESIDING OFFICER. The Senate will be in order.

Mr. NEUBERGER. I thank the Chair.

Mr. President, I have great respect for the position in the field of highway construction and highway financing of the distinguished Senator from Tennessee [Mr. GORE]. I believe that if it were not for his pioneering leadership, there would be no interstate highway program in the 48 States, today. In that connection, I refer to the 48 States, because the highway system has not yet been extended to the State of Alaska.

I think the Senator from Tennessee deserves great credit for what he has done; and I believe that some of the criticism which has been voiced tonight totally fails to give proper consideration to his pioneering leadership in this field.

But, Mr. President, in view of the probability of a deficit of $13 billion in the Federal budget this year, I do not see how we can vote to take the needed funds out of the general fund and put them into the trust fund.

In my opinion that would merely be using the grocery money to pay the doctor's bill. In that event, what would we use for groceries, after the grocery budget had been used for the medical budget?

We know that the demands which we face in other fields are increasing.

The Senator from Alabama [Mr. HILL] has in the last few days brought before the Senate a great bill which deals with the field of medical research.

We face increasing demands in the field of defense and natural resources and Federal aid to schools—demands which are not yet being met.

So I do not see how we can take nearly $1 billion out of the budget and put it into the highway trust fund, without leaving an enormously large hole in the budget. If we were to do that, we would merely be robbing Peter to pay Paul.

I believe it makes sense to increase the Federal motor fuels tax sufficiently to pay for these roads as we go. In all the States there is a motor-fuels tax, and it is dedicated to highway construction. It seems to me that in this particular situation the President has been correct in his recommendation. There are many occasions when I do not agree with the President. But when he is right, it seems to me I would be foolish to let partisanship blind me to the fact that he is right.

Therefore, I have offered my amendment in the nature of a substitute. If the Government is to live up to its commitments both at home and abroad, the Government will need more revenue, not less; every Member of the Senate knows that. Every Member of the Senate knows that as Russia emerges further and further from peasantry and as Red China become a stronger and stronger nation and develops more fully, we shall not be able to meet the rivalry of those two nations unless we have additional revenue.

Furthermore, Mr. President, I believe we would be making a great mistake if we were to postpone to the future the problem of paying for the needs we face today—with the result that the burden would have to be met by future generations. Future generations will be faced with problems of their own; they will have to cope with the problems caused by a constantly increasing population and all that that will mean.

So I believe we must pay for these highways now. But we shall not do so if we take $964 million out of the budget and allocate it to the Interstate Highway System—in other words, if we use the grocery money to pay the doctor's bill.

Mr. JAVITS. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield 1 minute to the Senator from New York.

Mr. JAVITS. I should like to identify myself with the argument the Senator from Oregon is making. He is known as a liberal; and I hope that I am, too, along with many others in this body. It is the path of liberalism to be hardheaded about paying for what one would like to have.

I am delighted with the Senator's substitute, and I shall vote for it. That will be the only honest thing to do.

Mr. NEUBERGER. I thank the Senator from New York for his kind observations.

Mr. KUCHEL. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. KUCHEL. I wish to congratulate my colleague, the Senator from Oregon. Like the able senior Senator from New York [Mr. JAVITS], I join the Senator from Oregon in asking for bipartisan support for this amendment. I hope it will be adopted. I think it is in the path of wisdom for the future of America that we approve, tonight, again, this pay-as-you-go highway program.

Mr. NEUBERGER. Mr. President, I always value the support of the Senator from California; and I thank him.

Mr. SCOTT. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. SCOTT. Mr. President, I shall be brief. I merely wish to congratulate the Senator from Oregon for his substitute amendment. I shall be very happy to associate myself with his point of view.

Mr. NEUBERGER. I thank the Senator from Pennsylvania for his assistance and his cooperation.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield to the able Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I think the Senator from Oregon has offered the only really sensible solution for this problem. If we want the roads to be built, we must pay for them. Certainly let us not ruin any chance to have a balanced budget in the years to come.

I shall support the Senator's amendment.

Mr. NEUBERGER. I thank the Senator from Delaware.

Mr. President, in March, I first introduced a bill to accomplish what this substitute amendment proposes. I thought the proposal was right then; I think it is right now.

I think this amendment is a solution of the problem we face in keeping the interstate highway program—the Gore program, if you please, Mr. President—on schedule.

Mr. GORE. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. If any of the time available to me remains, I am happy to yield to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Oregon has 3 minutes remaining under his control.

Mr. NEUBERGER. I yield 1 minute to the Senator from Tennessee.

Mr. GORE. Mr. President, I should like to ask a question of the Senator from Oregon.

Mr. NEUBERGER. I yield for a question.

Mr. GORE. First, I thank the Senator from Oregon for his generous references to the work I have devoted to this program.

The able junior Senator from Oregon is entitled to congratulations. He has presented an issue to the Senate.

In answer to the Senator from Florida, I named three choices available to the Senate. The Senate now will vote on two of them. The first vote will come on the question of increasing the gasoline tax.

So far as I am concerned, I do not believe it is fair to lay a heavier burden on the users of our highways until we utilize the taxes they have already paid for the purpose of building highways.

I thank the able Senator for his generous remarks, and congratulate him for helping to bring this important issue into sharp focus.

Mr. NEUBERGER. I thank the Senator from Tennessee. I want to point out this proposal is effective for only 2 years. Then the whole question will be

reviewed by the Highway Administrator, Mr. Tallamy, or his successor, and by the Congress.

The point I want to emphasize, in conclusion, is this: If we do not adopt the program of increasing the gasoline tax by 1½ cents, there will be no alternative but to let the interstate program lapse or take $964 million out of the general fund and leave that enormous gap in the fund. It seems to me my proposal is the solution.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. YOUNG of North Dakota. How much money would the Senator's amendment provide for the program this year?

Mr. NEUBERGER. Approximately $800 million additional.

Mr. YOUNG of North Dakota. The program would be geared to that amount?

Mr. NEUBERGER. Yes, approximately. There would be about $800 million additional revenue.

Mr. ERVIN. Mr. President, will the Senator yield for a question?

Mr. NEUBERGER. Yes.

Mr. ERVIN. I should like to ask the Senator if there is not another alternative. There will probably be a carryover or an unexpended balance of foreign aid funds for last year totaling in the neighborhood of $9 billion. There is in the budget an item of $6 billion for additional foreign aid, making a total unexpended balance of $15 billion. Why can we not take some of that money, which belongs to Americans, and use it for Americans?

Mr. NEUBERGER. All I can say in answer to that question is that the last two Presidents of the United States and the last three Secretaries of State have all advocated foreign aid, and I am not sufficiently versed in foreign affairs to pit myself against them in the 2 minutes remaining to me tonight.

SEVERAL SENATORS. Vote! Vote!

Mr. BYRD of Virginia. Mr. President, I yield back the time remaining to me.

Mr. DIRKSEN. Mr. President, I yield back all the time remaining to me except 1 minute, and I use that minute for a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state his parliamentary inquiry.

Mr. DIRKSEN. As I understand, the first vote will come on the Neuberger substitute. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DIRKSEN. As I understand further, the Neuberger substitute is a complete substitute for the Gore amendment. Is that correct?

The PRESIDING OFFICER. The statement is also correct.

Mr. DIRKSEN. A further inquiry. Depending on what would happen to the Neuberger substitute, if it should prevail, would it not be appropriate for the Senate to rescind action on the Gore amendment? Of course, I realize that is a little anticipatory.

The PRESIDING OFFICER. That would simplify the situation by saving a rollcall.

Mr. DIRKSEN. I yield back the time remaining to me.

The PRESIDING OFFICER. All time on the substitute amendment offered by the Senator from Oregon [Mr. NEUBERGER] has been yielded back. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE] and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation on parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On the vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Alaska would vote "nay," and the Senator from Indiana would vote "yea."

I further announce that if present and voing, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business as members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Indiana would vote "yea," and the Senator from Alaska would vote "nay."

The result was announced—yeas 33, nays 46, as follows:

YEAS—33

Allott	Cotton	Martin
Beall	Dirksen	Morton
Bennett	Hayden	Neuberger
Bridges	Hickenlooper	Saltonstall
Bush	Hill	Scott
Butler	Javits	Smathers
Byrd, Va.	Keating	Smith
Carroll	Kennedy	Stennis
Case, N.J.	Kuchel	Symington
Clark	Langer	Williams, N.J.
Cooper	Lausche	Williams, Del.

NAYS—46

Anderson	Hart	Moss
Bartlett	Hartke	Mundt
Bible	Hennings	Pastore
Byrd, W. Va.	Hruska	Proxmire
Cannon	Jackson	Randolph
Curtis	Johnson, Tex.	Robertson
Dodd	Johnston, S.C.	Russell
Douglas	Jordan	Schoeppel
Eastland	Kefauver	Sparkman
Ellender	Kerr	Talmadge
Engle	Long	Thurmond
Ervin	McCarthy	Yarborough
Frear	McClellan	Young, N. Dak.
Fulbright	Magnuson	Young, Ohio
Goldwater	Mansfield	
Gore	Monroney	

NOT VOTING—19

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	
Dworshak	Morse	

So Mr. NEUBERGER's amendment in the nature of a substitute for Mr. GORE's amendment was rejected.

Mr. BARTLETT. Mr. President, I wish to make a very brief statement in connection with my vote on the substitute amendment offered by the junior Senator from Oregon [Mr. NEUBERGER] to the tax bill.

If everything else had been equal, I would have voted for that amendment, because I believe that insofar as possible we should pay as we go.

But, Mr. President, in this case everything is not equal, insofar as Alaska is concerned, because Alaskans are now paying the 3-cent-a-gallon Federal tax on gasoline and are paying the rubber taxes, without receiving any benefits whatsoever from the interstate highway program; and this amendment would merely have meant that Alaskans would pay another 1½ cents a gallon tax, without receiving any benefits whatsoever.

Sometimes it is said that Alaska is receiving special benefits as a State. But in two very important areas—namely, roads and airports—there is demonstrable discrimination; and nowhere have I seen that special favors are being granted to Alaska.

I would have been especially glad to vote for this amendment, because my good friend, the Senator from Oregon [Mr. NEUBERGER], is responsible for including Alaska under the terms of a special provision in the Federal Aid to Highways Act of 1956.

Mr. GORE. Mr. President, the Senate has now disposed of one of the three choices. Two remain. We must let the program, as the President has said, come to a dead end; or we must permit the revenues from the highway user taxes to be applied on a pay-as-you-go basis to the construction of highways.

Mr. President, I shall not reply to the personal references which have been made. I wish to point out that the original highway program, as recommended to the Congress of the United States by the President, was to be financed entirely with deficit financing and was to be built in 10 years.

Our present crisis arises because the Congress, in creating the trust fund, did not dedicate to it sufficient revenues to do the job. That is where the fault lies. It is not the result of the program having been accelerated.

Indeed, we would have this problem if we had not had a recession and had not accelerated the program. I repeat that the Congress erred in not dedicating sufficient revenues to the trust fund to keep it solvent and to keep the highway program on schedule.

Something was said about making a hole in the budget. Let me remind the Senate that by an amendment agreed to this day the Senate has restored revenues in excess of $300 million. More similar action can be taken. Reductions in appropriations can be made as the appropriations are processed through this body.

Shall the highway program suffer complete stoppage, or shall we make reductions on other things less essential to the national economy and the national defense?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. DOUGLAS. Are the alternatives as sharp as the Senator from Tennessee makes them appear? For example, will there not be a continuing flow of income from the Federal gasoline taxes which will permit the highway program to go on, though at diminished speed?

Mr. GORE. Earlier, I made a statement, which I do not desire to repeat in full, that the highway construction program involves three steps. I hand to the Senator the report of the President of the United States which shows that the State of Illinois is entitled under the highway program to an apportionment next month—next week—of $126.9 million, but it will get zero unless the Congress acts. That will be the fate of every State.

Mr. President, I ask for a yea-and-nay vote.

The yeas and nays were ordered.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Tennessee [Mr. GORE] as modified. Do Senators yield back their time?

Mr. GORE. Mr. President, I yield back the time remaining to me.

Mr. BYRD of Virginia. I yield back my remaining time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. GORE] as modified. On the question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE], and the Senator from Montana [Mr. MURRAY], are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation on parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On the vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Alaska would vote "yea," and the Senator from Indiana would vote "nay."

The Senator from Idaho [Mr. CHURCH] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from Florida would vote "nay."

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business as members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Alaska [Mr. GRUENING].

If present and voting, the Senator from Indiana would vote "nay," and the Senator from Alaska would vote "yea."

The result was announced—yeas 32, nays 47, as follows:

YEAS—32

Anderson	Hart	Magnuson
Bartlett	Hartke	Mansfield
Byrd, W. Va.	Hayden	Monroney
Cannon	Hennings	Moss
Carroll	Jackson	Randolph
Clark	Johnston, S.C.	Sparkman
Dodd	Jordan	Symington
Eastland	Kefauver	Williams, N.J.
Engle	Kerr	Yarborough
Ervin	Long	Young, Ohio
Gore	McCarthy	

NAYS—47

Allott	Fulbright	Neuberger
Beall	Goldwater	Pastore
Bennett	Hickenlooper	Proxmire
Bible	Hill	Robertson
Bridges	Hruska	Russell
Bush	Javits	Saltonstall
Butler	Johnson, Tex.	Schoeppel
Byrd, Va.	Keating	Scott
Case, N.J.	Kennedy	Smathers
Cooper	Kuchel	Smith
Cotton	Langer	Stennis
Curtis	Lausche	Talmadge
Dirksen	McClellan	Thurmond
Douglas	Martin	Williams, Del.
Ellender	Morton	Young, N. Dak.
Frear	Mundt	

NOT VOTING—19

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	
Dworshak	Morse	

So Mr. GORE's amendment, as modified, was rejected.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the Gore amendment, as modified, was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Michigan will be stated.

The LEGISLATIVE CLERK. On page 2, it is proposed to strike out line 15 and insert the following:

"(1) section 4061(b) (relating to automobile parts and accessories);".

On page 3, it is proposed to strike out lines 16 through 23.

Mr. HART. Mr. President, the effect of this amendment would be to remove the 3-percent excise tax on automobiles which was imposed at the time of the Korean war. It would not affect the basic 7-percent excise applicable on cars.

How much is involved? About $390 million. I announced my intention, on behalf of myself and the senior Senator from Michigan [Mr. MCNAMARA], to offer this amendment at the time we agreed to remove in its entirety the excise tax on passenger tickets. I offer it now for the same reasons as those which motivated the Senate in agreeing to the removal of the excise on passenger transportation.

I believe that the debate at that time covers the reasons for my amendment. We are not asking for the removal of the entire excise tax on automobiles. We are asking only that the 3-percent Korean excise tax be removed.

I shall not ask for a yea-and-nay vote. I hope that Senators who feel as I do are in strong voice.

The PRESIDING OFFICER. Does the Senator from Virginia desire to use any time?

Mr. BYRD of Virginia. Mr. President, I must oppose the amendment. I hope it will be defeated.

The PRESIDING OFFICER. Do both Senators yield back their time?

Mr. BYRD of Virginia. Mr. President, I yield back the remainder of my time.

Mr. HART. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. HART]. [Putting the question.]

Mr. HART. Mr. President, I ask for a division.

On a division the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment, and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time, on condition that the minority leader does likewise.

Mr. DIRKSEN. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on final passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Wyoming [Mr. McGEE] and the Senator from Montana [Mr. MURRAY] are absent on official business.

The Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. MORSE], and the Senator from Maine [Mr. MUSKIE] are absent on official business as members of the U.S. delegation on parliamentary conferences in Canada.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], and the Senator from Michigan [Mr. MCNAMARA] are absent on official business attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Rhode Island [Mr. GREEN], the Senator from Alaska [Mr. GRUENING], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. McGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Maine [Mr. MUSKIE], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], and the Senator from Kansas [Mr. CARLSON] are absent on official business as members of the U.S. delegation to conferences in Canada.

The Senator from South Dakota [Mr. CASE] and the Senator from Vermont [Mr. PROUTY] are absent on official business of the Committee on Public Works, attending the opening ceremonies of the St. Lawrence Seaway.

The Senator from Idaho [Mr. DWORSHAK] is absent on official business.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

If present and voting, the Senator from Vermont [Mr. AIKEN], the Senator from Indiana [Mr. CAPEHART], the Senator from Kansas [Mr. CARLSON], the Senator from South Dakota [Mr. CASE], and the Senator from Vermont [Mr. PROUTY] would each vote "yea."

The result was announced—yeas 79, nays 0, as follows:

YEAS—79

Allott	Goldwater	Monroney
Anderson	Gore	Morton
Bartlett	Hart	Moss
Beall	Hartke	Mundt
Bennett	Hayden	Neuberger
Bible	Hennings	Pastore
Bridges	Hickenlooper	Proxmire
Bush	Hill	Randolph
Butler	Hruska	Robertson
Byrd, Va.	Jackson	Russell
Byrd, W. Va.	Javits	Saltonstall
Cannon	Johnson, Tex.	Schoeppel
Carroll	Johnston, S.C.	Scott
Case, N.J.	Jordan	Smathers
Clark	Keating	Smith
Cooper	Kefauver	Sparkman
Cotton	Kennedy	Stennis
Curtis	Kerr	Symington
Dirksen	Kuchel	Talmadge
Dodd	Langer	Thurmond
Douglas	Lausche	Williams, N.J.
Eastland	Long	Williams, Del.
Ellender	McCarthy	Yarborough
Engle	McClellan	Young, N. Dak.
Ervin	Magnuson	Young, Ohio
Frear	Mansfield	
Fulbright	Martin	

NAYS—0

NOT VOTING—19

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	
Dworshak	Morse	

So the bill (H.R. 7523) was passed.

The title was amended so as to read: "An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes."

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

Mr. BYRD of Virginia. Mr. President, I move that the Senate insist upon its amendments and request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. WILLIAMS of Delaware, Mr. BENNETT, and Mr. BUTLER, conferees on the part of Senate.

Mr. BYRD of Virginia. Mr. President, I also ask that the bill be printed, showing the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR VICE PRESIDENT OR PRESIDENT PRO TEMPORE TO SIGN ENROLLED BILLS AND RESOLUTIONS DURING THE ADJOURNMENT OF THE SENATE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Vice President or the President pro tempore be authorized to sign, during the adjournment following today's session, enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled, and that the Secretary be authorized to receive messages from the House.

The PRESIDING OFFICER. Without objection, it is so ordered.

VETO MESSAGES FROM THE PRESIDENT

Mr. JOHNSON of Texas. Mr. President, the President of the United States has transmitted to the Senate today two veto messages—one on S. 1901, the so-called tobacco bill, and the other on S. 1968, the wheat bill.

I ask unanimous consent that the messages be considered to have been read, and that, with the accompanying bills, they be ordered to lie on the table and be printed as documents.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT OF AGRICULTURAL ACT OF 1949, TO STABILIZE AND PROTECT THE LEVEL OF SUPPORT FOR TOBACCO—VETO MESSAGE (S. DOC. NO. 32)

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, ordered to lie on the table, and to be printed:

To the Senate:

I return herewith without my approval S. 1901, "an act to amend section 101(c) of the Agricultural Act of 1949 and the act of July 28, 1945, to stabilize and protect the level of support for tobacco." This bill fails by a wide margin to do what should be done if the best long-term interest of the Nation's tobacco farmers is to be safeguarded.

The bill's merits are few. For the first time in many years tobacco prices would be supported at less than 90 percent of parity—in the first year, for example, at 88 percent for Flue-cured tobacco and at 87 percent for burley. Supporting tobacco prices as provided in S. 1901, rather than at 90 percent of parity under a continuation of present law, would result in a saving to the U.S. Government in the first year of $14 million.

The bill's demerits, however, are fundamental and far reaching. The bill takes a long step backward by resurrect-

ing 90 percent of "old parity" as one basis for determining the support level for tobacco. The Congress itself discarded the "old parity" formula years ago. Because the bill actually can result in the support level being set at 90 percent of "old parity," the American tobacco farmer in such circumstances could very easily be misled into believing he would receive 90 percent of parity, as parity is computed for all other commodities.

But more importantly, I cannot approve a bill that holds out hope to the tobacco farmer that it will help him solve his problems, when such is not the case. U.S. growers of many types of tobacco are heavily dependent upon exports. Yet we have been fast losing our fair share of foreign markets. The deterioration in our tobacco sales abroad can be directly attributed to the high level of price supports that are required by existing law. And while prices have been supported at these high levels, and would continue to be under this bill, the law has required severe cuts in tobacco acreage in the United States at a time when acreage and production abroad have been expanding. The best that can be said about S. 1901 is that it might slow down the rate at which we are losing our fair share of foreign markets. It would not prevent further losses. It certainly will not regain any lost markets, because the level of price supports it requires would still be too high.

I believe the bill's demerits far outweigh its merits, and accordingly I am returning it without my approval.

The Congress has a pressing responsibility to enact realistic legislation designed to meet the problems of tobacco farmers—legislation such as that recommended in my special message of January 29, 1959.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 25, 1959.*

STRENGTHENING OF WHEAT MARKETING QUOTA AND PRICE-SUPPORT PROGRAM—VETO MESSAGE (S. DOC. NO. 33)

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, ordered to lie on the table, and to be printed:

To the Senate:

I am returning herewith, without my approval, S. 1968, a bill "to amend the Agricultural Act of 1949, as amended, the Agricultural Adjustment Act of 1938, as amended, and Public Law 74, 77th Congress, as amended."

This bill seeks to enact temporary wheat legislation. It would require wheat producers to reduce their acreage by 25 percent and at the same time would provide for increases in price supports on wheat to 90 percent of parity.

On May 15 when I approved the joint resolution for extending the date for announcing the 1960 wheat acreage allotments and marketing quotas I said:

It is my hope that these additional 2 weeks will be used by the Congress to enact realistic and constructive—not stopgap—wheat legislation.

The proposed legislation embodied in H.R. 7246 is stopgap. It is not realistic. It is not constructive. It goes backward instead of forward. It is not in the interest of the wheat farmers of America.

The bill disregards the facts of modern agriculture. The history of acreage control programs—particularly in the case of wheat—reveals that they just do not control production. Under acreage controls in the 1954–58 period, acreage was reduced by over 25 percent but at the same time yield per acre was increased by about 30 percent. The same situation would be likely to happen in 1960 and 1961. The poorest acres would be retired from production and all the modern technology would be poured onto the remainder.

Hence the bill would probably increase, and in any event would not substantially decrease, the cost of the present excessively expensive wheat program now running at approximately $700 million a year.

In my January 29, 1959, special message on agriculture, I recommended that price supports be related to a percentage of the average market price during the immediately preceding years. In this message I also stated that if in spite of the tremendous increases in yields per acre the Congress still preferred to relate price support to existing standards then the Secretary should have discretion in establishing support levels in accordance with guidelines now in the law.

Contrary to the recommendations I made, this bill prescribes for a sick patient another dose of what caused his illness. The proposed return to the discredited high, rigid price supports would hasten the complete collapse of the entire wheat program.

While the hour is late I feel that this Congress still has the opportunity to adopt realistic wheat legislation beneficial to all segments of our economy.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 25, 1959.*

FLAG RAISING CEREMONIES AT JUNEAU, ALASKA, JULY 4, 1959

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 423, Senate Resolution 135.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 135) authorizing the appointment of a special committee to attend the flag raising ceremonies at Juneau, Alaska, on July 4, 1959.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to, as follows:

Resolved, That the Vice President is authorized to appoint seven Members of the Senate as a special committee to represent the United States Senate at the ceremonies to be held at Juneau, Alaska, on July 4, 1959, where the United States flag bearing forty-nine stars will first officially be flown in commemoration of the admission of Alaska into the Union as a State, and to designate the chairman of said special committee.

Resolved further, That the expenses of the committee, including staff members designated by the chairman to assist the committee, which shall not exceed $15,000, shall be paid from the contingent fund of the Senate, upon vouchers approved by the chairman.

REPORTING BY SENATE OF DETAILED INFORMATION ON ITS PAYROLLS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 422, Senate Resolution 139.

The PRESIDING OFFICER. The resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A resolution (S. Res. 139) to provide for the reporting by the Senate of detailed information on its payrolls.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr JOHNSON of Texas. Mr. President, I yield to the Senator from Missouri to make a brief explanation of the resolution.

Mr. HENNINGS. Mr. President, this resolution was called to the attention of the Committee on Rules and Administration some several weeks past. It relates to what many of us have heard and read about, and about which inquiries have been made of us concerning the staffs of the respective Senators and themselves.

In considering the matter, the Committee on Rules and Administration tried to reach what we thought was a proper conclusion. We did so after two meetings. We spent the greater part of the time in discussing what we thought would best meet the responsibility of the Senate to the people of the United States in a full and free disclosure of our own financial transactions, our payrolls, and all other information, about which some of us feel strongly.

Mr. JOHNSON of Texas. Was this a unanimous report?

Mr. HENNINGS. The resolution was reported to the Senate unanimously by a full attendance of the Committee on Rules and Administration, either in person or by proxy, on Wednesday of this week.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. ELLENDER. Does the resolution contain language which would require the names of the employees to appear under the name of each Senator; that is, to identify them together with their respective salaries?

Mr. HENNINGS. Yes.

Mr. ELLENDER. I do not read the resolution in that way. The meaning is not clear. The resolution should provide that under the name of each Senator

there should appear the names of all his employees with their respective salaries.

Mr. HENNINGS. The name of the Senator, the list of employees, and the list of the salaries of employees following the employees' names.

Because of the lateness of the hour, I shall not go into a more detailed explanation of the resolution. Unless there are further questions, I ask unanimous consent to have printed at this point in the RECORD a portion of the report and a further explanation of the resolution.

There being no objection, the excerpt from the report and the explanation of the resolution were ordered to be printed in the RECORD, as follows:

Under the present practice, the Secretary of the Senate makes an annual report, pursuant to sections 60, 61, and 63 of the Revised Statutes of the United States, which sets forth an itemization of all receipts and expenditures of the Senate in chronological order by appropriation and fiscal year of availability. General expense items, as listed, indicate the dates of payment, the dates of obligation, the payees, the items of expenditures, the total amounts paid, the obligating activities, and the authorities under which the obligations were incurred. The Secretary's reports are customarily printed in the month of January and contain a complete record of all vouchers processed by the Senate during the preceding fiscal year. These reports are available within 7 months of the close of the fiscal year involved and are made available as Senate documents.

In the interest of making a more specific and timely disclosure of the names, titles, and salaries received by all individuals employed by the Senate, however, it is the opinion of the Committee on Rules and Administration that the annual report of the Secretary of the Senate should be somewhat expanded to include a specific breakdown of payroll information. It is the further opinion of the committee that the Secretary of the Senate should also compile and make available such information to the public on a quarterly basis not later than 60 days following the close of each quarterly period, beginning with the quarter commencing on July 1, 1959. Section (2) of the committee's original resolution (S. Res. 139) would accomplish the first objective, and section (b) thereof would provide for the quarterly reports.

The committee reached its conclusions after a thorough examination of the issues involved and after careful appraisal of possible methods which could be employed to meet the recognized public interest in the expenditure of Senate funds. The committee sincerely believes that in recommending its proposal it is cooperating to the fullest extent in making a complete and scrupulous accounting of all the Senate's expenditures.

STATEMENT BY SENATOR HENNINGS

The resolution will require that the Secretary of the Senate make available to the public, in a printed form, the names, titles, and amounts paid as compensation to each person employed by the Senate during each quarter of the fiscal year within 60 days following the close of each such quarterly period. All employees receiving their compensation from funds disbursed by the Secretary of the Senate will, therefore, be included in the quarterly compilation. This includes employeees of the Vice President, Senators, all committees and subcommittees, joint committees, and all other individuals whose compensation is paid by the Secretary of the Senate.

In addition, the compensation paid to each individual employee of the Vice President, Senators, and committees will be included in the annual report of the Secretary of the Senate so that this report will provide the same information regarding these employees as is already provided for all other employees.

The PRESIDING OFFICER. The question is on agreeing to the resolution. [Putting the question.]

Mr. SALTONSTALL. Mr. President, does the language of the resolution as reported mean that each Senator's employees shall be named? The resolution states "paid to each person employed by the Senate."

What does that mean? I should like an explanation of the language.

Mr. ELLENDER. I tried to have that clarified a moment ago. The language reads:

The name, title, and specific amount paid to each person employed by the Senate during the period covered by each such report.

Mr. HENNINGS. What does the Senator from Louisiana say is wrong about that?

Mr. ELLENDER. It is not wrong; the language is couched in good English. The point I am making is that the resolution does not provide that following the Senator's name there should be a listing of all the employees of that Senator and their respective salaries.

Mr. HENNINGS. I did not understand that the Senator from Louisiana was present at the meeting of the Committee on Rules and Administration.

Mr. ELLENDER. No, I was not. I am reading from the resolution which was reported by the committee.

Mr. HENNINGS. How can the Senator know the intent when he was not present at the meeting of the committee?

The resolution would require that the Secretary of the Senate make available to the public, in a printed form, the names, titles, and amounts paid as compensation to each person employed by the Senate during each quarter of the fiscal year, and within 60 days following the close of each quarterly period.

I want all Senators to feel free to ask questions, and I shall do the best I can to enlighten the Senate about the resolution.

The resolution includes disclosure of the compensation paid to employees of the Vice President, of Senators, of Senate committees, of subcommittees, and of joint committees, and the compensation of other individuals whose compensation is paid by the Secretary of the Senate.

The report is available. I shall read from the report:

The Secretary's reports are customarily printed in the month of January.

I hold in my hand a volume of a report of the Secretary of the Senate.

The Secretary's reports are customarily printed in the month of January and contain a complete record of all vouchers processed by the Senate during the preceding fiscal year. These reports are available within 7 months of the close of the fiscal year involved and are made available as Senate documents.

In the interest of making a more specific and timely disclosure of the names, titles, and salaries received by all individuals employed by the Senate, however, it is the opinion of the Committee on Rules and Administration that the Annual Report of the Secretary of the Senate should be somewhat expanded to include a specific breakdown of payroll information. It is the further opinion of the committee that the Secretary of the Senate should also compile and make available such information to the public on a quarterly basis not later than 60 days following the close of each quarterly period, beginning with the quarter commencing on July 1, 1959.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. HENNINGS. I am glad to yield.

Mr. HAYDEN. At present, the report of the Secretary of the Senate contains the names and salaries of every employee of the Senate, but that report appears only once a year. When we look at the report, we can find, however, the salaries are compiled quarterly by the financial clerk of the Senate. Therefore, we decided to take the quarterly statements and have them printed four times a year in a separate pamphlet which will be available in the Office of the Secretary of the Senate.

But the information which will be contained in the pamphlets to be printed four times a year will be exactly what will appear yearly in the Secretary's reports; there will be no difference. In each instance, the report will contain the names of all persons employed by the Senate.

Mr. HENNINGS. I may make the further observation that the distinguished President pro tempore, the Senator from Arizona [Mr. HAYDEN], suggested at one of our meetings that until 1948 what is being proposed in the resolution had been done for a number of years consecutively.

Mr. HAYDEN. That is correct.

Mr. HENNINGS. Perhaps many Senators were not aware of the fact that their payrolls, containing the names of employees and the amounts paid the staff employees, were available at all times. It was not a matter which had come to our attention.

The PRESIDING OFFICER. The question is on agreeing to the resolution. [Putting the question.]

Mr. LONG. Mr. President, do I understand that the resolution was reported to the Senate only tonight?

Mr. JOHNSON of Texas. It was reported several days ago.

Mr. MANSFIELD. It was reported on Wednesday.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 139) was agreed to, as follows:

Resolved, (a) That the Secretary of the Senate shall set forth in his statement of receipts and expenditures of the Senate for the fiscal year July 1, 1959–June 30, 1960, and in each subsequent report (required under sections 60, 61, and 63 of the Revised Statutes of the United States), the name, title, and specific amount paid to each person employed by the Senate during the period covered by each such report.

(b) Commencing with the period July 1, 1959–September 30, 1959, and for each quarterly period thereafter, the Secretary of the Senate shall compile and make available to the public on a quarterly basis the information specified in subsection (a) above. Such quarterly reports shall be made not later than sixty days following the close of each quarterly period.

Mr. DIRKSEN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. JOHNSON of Texas. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INCREASED LIMITATION ON THE FEDERAL DEBT

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement by me with respect to the debt limit.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR BYRD OF VIRGINIA

I regret the apparent necessity for the legislation to increase the debt limitation.

It raises the limitation on the Federal debt to $295 billion temporarily until June 30, 1960, and after that date the permanent debt limitation will be $285 billion.

Personally I support the bill for only two reasons:

1. I am convinced from the showing made by the fiscal authorities of the Government that a $295 billion limitation is essential in the coming year for proper and responsible management of the tremendous Federal debt we are carrying; and

2. Because the Secretary of the Treasury has testified before the Senate Finance Committee that he will do all in his power to avoid the necessity of asking for continuation of the $10 billion temporary limit beyond its expiration date on June 30, 1960.

This is the third request for tremendous increases in the statutory debt limit within 18 months. In this period we have increased the Federal debt limit by $20 billion—from $275 billion to $295 billion.

Federal debt set its all time record May 11. It exceeded the World War II peak by $7 billion.

Best experts concede that deficit financing in present circumstances is a heavy factor in continuing inflation.

We have reached the point of serious reluctance to invest in the bonds of the U.S. Government.

The fiscal situation deteriorated faster in the past 18 months than in any comparable peacetime period to my knowledge.

In 6 months we moved from estimates of virtually balanced budgets in fiscal years 1958–59 to combined deficits of $15 billion.

In the process we have been forced to raise the statutory debt limit three times.

At the present rate Federal agencies will spend more than $400 billion in 5 years.

Contrary to general understanding, recent great increases in Federal spending have not been for defense or foreign aid.

The tremendous increases have been for domestic-civilian programs.

Between 1954 and 1959 expenditures outside of defense, atomic energy, and foreign aid categories increased from $19.1 billion to $34 billion estimated in the current year. This is an increase of $14.9 billion, or 78 percent.

There is terrific pressure in the current session of Congress for enactment of more nonessential spending programs.

Almost invariably these new spending programs involve multiyear or permanent commitments for heavy spending in the future.

Much of the domestic-civilian spending is for subsidies—and by subsidies I mean nearly all kinds of loans, grants and payments out of the Federal Treasury to special beneficiaries.

Many of these subsidy programs are bottomless pits for Federal spending and contribute to sky-high inflation.

The Federal Government of the United States cannot now pay its bills except by increasing debt and inflation. Revenue at present tax rates does not meet our commitments.

Interest on the Federal debt is taking approximately one-tenth of all taxes collected.

Chronic inflation has reduced the purchasing power of our money 52 per cent. The American dollar is now worth 48 cents by the 1939 index.

Inflation destroys fixed incomes, provident investment, prudent business, sound financing, national security and democratic government.

More than 20 years of destructive inflation in this country to date have led to continual demands for increased Federal subsidization.

The Federal Government is now subsidizing business, industry, private finance, agriculture, transportation, power, health, education, States, localities, individuals, etc.

By the process of cheapening our money and centralizing power in the Federal Government, we have descended to a level of state socialism which is obvious, if not admitted.

The Federal position alone is bad enough, but it is epidemic. It has spread to State and local governments. It has permeated our whole economy. It has dangerously changed our attitudes—public and private.

Total public expenditures in this country—Federal, State, and local—this year will reach nearly $150 billion.

Federal, State, and local governments this year will take $130 billion or more out of the pockets of American taxpayers in revenue receipts from all sources.

In their annual budgets Federal, State, and local governments this year will run deficits totaling $15 to $20 billion.

Public debt—Federal, State, and local—this year will approach $350 billion.

Private debt now runs at more than $500 billion.

In short, we have nearly a trillion dollars of debt on our backs. That figure is beyond ordinary comprehension.

When individuals become insolvent they take bankruptcy and dispose of their obligations.

When governments become insolvent, their money becomes worthless, and they go through a revolution wringer.

I concede, of course, the necessity for deficits in extreme national emergencies.

For the first 150 years of our history we met our emergencies when they arose. But when they were over we promptly restored sound financing, characterized by balanced budgets, and began paying off the debt.

Under this practice, combined with our wealth and natural resources, this Nation grew great in the short span of a century and a half.

But in our time we have not only continued exploitation of our resources; we have abandoned our traditional policy of fiscal soundness.

We have sapped our strength and undermined our form of government with continual deficit spending, rising debt, and spiraling inflation.

There can be no doubt that we have allowed ourselves to become weak in the fundamental requirement for fiscal soundness.

Development of our great resources through free enterprise democracy is the source of this Nation's strength.

With atomic energy, rocketry, etc., we are entering a new era. Our population is increasing. We have unduly exploited our resources, but they are still tremendous. Our productive know-how and capacity are yet unsurpassed.

These are elements on which free enterprise democracy should thrive soundly, and proceed constructively for the good of all mankind.

Our free enterprise democracy is the greatest system the world has ever evolved. But there is one controlling requirement, and this must never be overlooked. The system is based on solvent government and sound money.

With fiscal soundness I would have no fear for the future—economically or militarily. Without it there will be neither solid economic progress nor security with military preparedness.

We have allowed ourselves to grow weak in the requirement for solvent government and sound money. Assurance of fiscal soundness in the future does not now exist.

Deficit financing has been the rule—not the exception—for more than a quarter of a century.

The Secretary of the Treasury in testifying on this bill has set the objective of bringing the debt down to or under the $285 billion permanent limitation. This is essential.

To do this will require balanced budgets with surplus. If he is to achieve the objective, he will require firm action by the executive branch and constructive help by Congress in reduction of expenditures with elimination of all of those which are not absolutely essential.

Mr. THURMOND. Mr. President, the Senate today passed the bill raising the permanent debt limit from $285 billion to $288 billion, and the temporary debt limit from $288 billion to $295 billion. Since there was no yea-and-nay vote on the bill, I wish to be recorded as being opposed to the passage of the bill.

CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 284, H.R. 5674, the military construction bill. I announce that this bill will be made the unfinished business and that it is expected to have the Senate take it up on Monday.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Armed Services with an amendment.

SOVIET RUSSIA POSES A NEW INDUSTRIAL THREAT—ADDRESS BY DR. RAYMOND EWELL, VICE CHANCELLOR, UNIVERSITY OF BUFFALO, BEFORE BUFFALO BUSINESS BREAKFAST CLUB ON FEBRUARY 18, 1959

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a speech by Vice Chancellor Ewell, of the University of Buffalo, on the new industrial threat being made by the Soviet Union against the United States and on Mr. Ewell's recommendations for countering this threat.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

SOVIET RUSSIA POSES A NEW INDUSTRIAL THREAT—RUSSIA'S PROGRESS, THE EXTENT OF ITS THREAT, AND WHAT WE MUST DO ABOUT IT

(Dr. Raymond Ewell, vice chancellor of the University of Buffalo, spoke before the Buffalo Business Breakfast Club in Hotel Lafayettte on February 18 on the results of his thinking following his recent visit to Russia. His special field of activity at the University is research.)

Most Americans who read newspapers and magazines are now aware (1) that we are engaged in a great struggle with the Soviet Union, (2) that the Soviet Union is growing in industrial and military power, and (3) that our position vis-a-vis the Soviet Union is steadily declining.

However, the vast majority of Americans, at least 99.9 percent, still do not fully realize—

1. That the United States is in by far the greatest peril of its history.

2. That the Communist leaders of Russia really are planning to dominate the whole world, including the United States.

3. That the struggle in which we are now engaged is the climatic struggle of history, which will decide the history of the world for the next few hundred years.

4. That we are up against a completely new social and political force in the world which did not exist 42 years ago,

5. That the Communist threat will probably be the dominant factor in shaping all our lives during the next decade,

6. That this struggle will come to a climax probably in 10 to 15 years,

7. That we are in real danger of losing this struggle,

8. That we have only a few more years of grace before we must gird our loins and begin to fight in earnest.

These are strong statements. But the fact is it is impossible to realize these things unless a person has actually been to Russia. No matter how well-informed a person may be, how many lectures he hears, how many books he reads, it is impossible to understand the Russian situation unless he has actually been to Russia within the past few years. The only way to understand the Russian picture is to go to Russia and feel the throbbing power of that country, see their schools and factories, and above all observe the dynamic character of the Russian people.

The industrial growth of the Soviet Union during the 30 years since they started their first 5-Year Plan in 1928 has been the greatest industrial development of any country in a like period of time. They have advanced from sixth place in industrial output among the countries of the world in 1928 to third place in 1937 and to second place in 1945. From 1928 to 1958, their overall industrial output increased by 28 times. For example, steel production increased from 4.7 million tons in 1928 to 60 million tons in 1958, electric power from 5 billion to 233 billion kilowatts-hours, coal from 39 million to 546 million tons, cement from 11 million to 195 million barrels, tractors from 1,300 to 220,000.

Today, the largest steel mills and the largest electric powerplants in the world are in the Soviet Union. The Soviet Union is now outproducing the United States in coal, machine tools, railway equipment, timber, iron ore, aluminum ore, nickel, tin, manganese, wool, milk, butter, and sugar. In 3 or 4 years they will be outproducing us in meat, cement, fertilizers, and some other basic products. Their new 7-year plan, which started January 1959 and runs through 1965 calls for 80 percent increase in overall industrial production, for example increasing steel production to 95 million tons, electric power to 500 billion kilowatt-hours, and cement to 440 million barrels.

These are tremendous accomplishments. However, this development would pose no particular threat to the United States if it were not for the fact that this enormous power is in the control of a highly organized ruling class, namely the Communist Party, which is dedicated to the idea of world domination. This is a religious motivation and to be realistic we must look upon communism as a militant religion with all the powerful driving forces which have always been associated with militant religions in history. If it were Switzerland or India or Brazil which was developing this great industrial potential, we would have little cause to be concerned—in fact, we would applaud it as a useful contribution to the world's productive capacity. But when this great power is in the hands of a militant clique bent on unlimited expansion and world domination, every free nation in the world, including the United States, is in peril. As long as the religious fervor of the Communist leaders continues, we will be in great danger, probably increasing from year to year. We cannot count on this religious fervor subsiding for at least a generation and the climax of this struggle seems likely to come before then—probably within 15 years.

Despite the great industrial development in the Soviet Union, its industrial capacity today is still only about 50 percent of the United States. However, its industry has been growing at 10 percent to 15 percent per year since 1945 and appears likely to grow at 7 percent to 9 percent per year during the next 7 years. By comparison, our industrial capacity has been growing at only about 3 percent per year and appears likely to continue at about this same rate. In 1950, the total industrial capacity of the Soviet Union was 25 to 30 percent of that of the United States. In 1958, it had increased to about 50 percent, in 1965 it seems likely to approach 75 percent. In my opinion, this will be a critical point. The Soviets will probably be on a par with the United States in the capacity to carry on a struggle—either a military struggle or an economic struggle—when they have reached about 75 percent of our industrial capacity. The basic reason for this is that Russia is a nonluxury civilization. The 20 to 25 percent of our industrial output which we now put into luxuries is one of our weaknesses in this struggle. The Russians have few luxuries and aren't likely to have many even by 1965. Therefore, they are able to carry on a struggle with less total industrial capacity than we are.

The industrial development of the Soviet Union represents a danger to the United States for three principal reasons:

1. The Soviet Union's industrial development is the basis of their military power.

2. The Soviet Union appears certain to enter the field of international trade as a strong competitor.

3. Greater international trade by the Soviets will inevitably lead to increasing political and cultural ties with many countries, which in turn may lead to political control.

We can expect the Soviets to challenge us with increasing frequency and increasing severity as their industrial power increases. They know that their industrial power at present is not enough to challenge the United States in earnest. They are now playing a cat and mouse game in the Middle East, Formosa, Berlin, etc. These are purely probing operations to see how far we will go. But during the next decade as their industrial power with respect to the United States steadily increases, their challenges will become more and more severe, more and more in earnest. We will need the very highest quality of leadership to deal with these challenges which seem sure to come. The way things appear to be developing now I would expect the real danger to come in the period from 1965 to 1970, for that appears to be the time when their industrial capacity will approach 75 percent of ours. Despite all the talk about missiles, atomic bombs, and nuclear submarines, the real danger lies in the growth of their industrial power.

We have only a few more years of grace, only a few more years of taking life easy, only a few more years of business as usual. Then we will have to gird our loins, jettison many of our luxuries, and get ready to combat the Russian menace in earnest. Our opponent has been on a war basis for 30 years, and we will have to get on a war basis, too, if we want to survive.

The Soviet potential in the field of international trade intensifies this picture. The Soviets have only become active in international trade during the past year or two, except within the Communist group of countries. Heretofore they have not had any surplus of goods they were willing to divert to international trade. Now they have some, and they will have more during the next few years. This may develop very rapidly. For example, in 1958 the Soviet Union exported cars and trucks to 38 different countries. They told me in Russia that they expect to export large quantities of all types of manufactured goods during the next 5 to 10 years—automobiles, trucks, railway equipment, machine tools, electrical, radio and television equipment, typewriters, watches, cameras, chemicals, textiles, etc. The Soviets are in a good position to do this for they can produce goods more cheaply than we can and they are perfectly capable of meeting any quality standards which may be needed. They have a large, intelligent labor force, the best natural resources in the world, modern industrial plants and technology, plenty of well-trained engineers, and most important of all, a low wage scale. They can probably produce nearly any product at a much lower cost than the United States or any country of Western Europe. At the very least, this development could seriously cut into our present international trade. And we must realize that the Soviet Union is likely to be by far the toughest competitor we have ever come up against in international trade.

In addition to their strong position costwise, the Soviets will have the advantage of a political motivation in their international trade program. They can be expected to enter into international trade with the intention of making a profit whenever possible. This should be quite possible with their low cost position. And they can be expected to do this vigorously and aggressively. However, if they can't make a profit, they will enter into international trade deals anyway for political reasons. In other words, international trade is an instrument of national policy with the Soviets, whereas American industry is just not geared to doing business on a nonprofit basis for political reasons.

It would be my guess that the long-range strategy of the Soviets is to expand their international trade steadily with one country after another, offering as good terms as they have to to get the business. Then will come Soviet businessmen, advisers and technicians by the thousands, as I observed them in India. Closer economic ties lead to closer cultural and political ties. Through this process Russia hopes to wean one country after another to their side, or at least convince them they should be neutral. By this process they might in 10 to 15 years get most of Asia and Africa on their side. In South America, too, the Russians are actively making business deals and the neutralization of South America is not beyond the realm of possibility. If these developments were to materialize, Europe would be effectively neu-

tralized, leaving the United States and Canada back to back as the last stronghold of freedom.

What can be done to counteract this grim picture? First and foremost, we need to develop a national purpose, to decide what we stand for in the world and get out and sell this aggressively to the rest of the world. Second, we need to develop a positive, dynamic, long-range foreign policy to replace the passive, defensive, day-to-day foreign policy we have had since 1945. This will probably mean a greatly expanded foreign aid program, even if it hurts. Third, we should accelerate our military preparedness, even if it hurts. Fourth, for the longer pull we need to invest more money in education and scientific research, again even if it hurts.

This is the most desperate situation which this country has ever faced, but with realistic thinking, hard work, pulling in the belt, and a resurgence of the pioneer spirit which built this Nation, we can survive with honor and freedom.

NOMINATION OF HON. BROOKS HAYS TO BE MEMBER OF BOARD OF DIRECTORS, TENNESSEE VALLEY AUTHORITY

Mr. FULBRIGHT. Mr. President, the Senate unanimously approved the nomination of Brooks Hays the day before yesterday as a member of the Board of Directors of the Tennessee Valley Authority. I take this opportunity to express my appreciation to the Senate for this vote of confidence in Mr. Hays.

I think he is admirably qualified for service on the TVA Board. I have come to know him well through the years of our friendship—we have known each other since our school days at the University of Arkansas—and I have great confidence in his ability. He has long been interested in the field of conservation and flood control, and worked diligently while a Member of the House of Representatives to enact legislation on these matters of such vital importance to our country. He will bring to this position a wealth of experience, an intelligence of the job to be done, and the ability to do it.

As my colleagues of the Senate know, Brooks Hays has made many contributions to his State and to his country. I am glad he has been given this opportunity for further service.

ADDRESS BY HON. WALTER S. ROBERTSON AT SWEET BRIAR COLLEGE, VIRGINIA

Mr. BYRD of Virginia. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a remarkably fine speech made by the Honorable Walter S. Robertson, Assistant Secretary of State for Far Eastern Affairs, at Sweet Briar College on June 1, 1959.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

COMMENCEMENT ADDRESS BY THE HONORABLE WALTER S. ROBERTSON, ASSISTANT SECRETARY OF STATE FOR FAR EASTERN AFFAIRS, AT SWEET BRIAR COLLEGE, VIRGINIA, JUNE 1, 1959

President Pannell, members of the faculty, graduates of the class of 1959, distinguished guest, ladies, and gentlemen, I was very flattered to receive the invitation to be your commencement speaker today. Sweet Briar is a name to lure all Virginia males whether he be a romantic from a nearby college, an oldster fostering nostalgic memories of his youth and this campus, a fond father of a Sweet Briar product, or just the ordinary run-of-the-mine Virginian who even though he be devoid of Sweet Briar romance, memories or parenthood takes great pride and gratification in the stream of beauty, charm and culture which flows from these walls to the social and intellectual enrichment of his State.

In this mood it may appear somewhat inappropriate for me now to address you on a subject deeply concerned with the hard realities of a world which seems completely removed from this lovely, peaceful scene. I do so only because there is no escaping the necessity of facing up to the world as it is if the values which make such scenes as this possible are to be preserved.

You of the class of 1959 have doubtless sought to appraise what kind of an adult world you are entering today as graduates. It is, then, perhaps appropriate to recall what Charles Dickens, in what is perhaps his most frequently quoted passage, said of a period almost 200 years ago: "It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness * * *, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us." It was, he concluded, a period very like the one in which he was then living 100 years later.

In the face of Dickens' assertion that all ages are alike in combining the best good and the worst evil, the brightest promises and the direst threats, and that each age thinks itself unique in such a paradox, one hesitates to claim this character especially for one's own. Yet Dickens himself, as much as anyone, would surely be overawed by the extremity of the alternatives that confront us in the middle of the 20th century. Scientific discovery and invention are continually opening up new possibilities and they are doing so at a rate of progress that is constantly accelerating. Each year we see ever greater possibilities more clearly before us.

On the one hand, we can perceive ahead of us an age of plenty in which poverty and disease will finally have been conquered: we shall have come to control our environment, our horizons shall have been extended deep into the heart of matter and far out into space. On the other hand, we can perceive as an equally plausible possibility the destruction of civilization—conceivably life itself—by atomic devastation and the poisoning of the atmosphere or, if that is avoided, possibly the triumph of a barbarism of the spirit welling up in modern totalitarian form that could overwhelm our civilization as Rome was overwhelmed by a more innocent barbarism, ushering in a new Dark Ages.

The unhappy paradox of this happy day is that you are graduating into a world in crisis. All of the freedoms, opportunities and blessings which we are likely to take for granted are at stake in a grim global struggle for the survival of a free civilization.

America cannot escape its role in this struggle even if it would.

One of the things that we Americans discovered when we were rudely awakened on December 7, 1941, from our dream of isolationism was that global peace and our own national security are indivisible. Reluctantly we came to accept the fact that aggression anywhere is a threat, however disguised or apparently remote to our own freedom. We learned that events in one part of the world affect every other part. We learned that no matter how remote the fire may be, we must help to put it out, lest it consume us all. We learned another uncomfortable lesson, too—that American wealth and productive capacity has given us power and with that power has come world leadership, unsought and unwanted.

Whether, as Dickens put it, we are "all going direct to Heaven" or are "all going direct the other way" is likely to be decided primarily by the way the United States exercises the leadership that has inescapably come to rest upon it.

Rather than a generalized discussion of problems the world over, I should like to concentrate my remarks today on the Far East which has been my area of specialization for 10 out of the last 16 years. Specifically I would like to talk about our China policy which is an integral part of our policy toward Asia and indeed the world at large.

The Far East is a strategic and critical area in the free world struggle against the forces of international communism. It is a vast area: 13 countries, 900 millions of people, approximately one-third of the world's population. It includes: Japan, Korea, China, the Philippines, Vietnam, Laos, Cambodia, Burma, Thailand, Indonesia, Malaya, Australia, New Zealand; eleven Asian countries and two Anglo-Saxon countries in an Asian setting.

The 11 Asian countries comprise a region of great diversity, divided by sharp differences in tradition, religion, culture, and circumstances. The economies range from the great industrial, mercantile complex of Japan to the primitive economies of southeast Asia. Eight out of eleven of these countries have achieved their independence since 1945.

Taken as a whole, the area is one of great potential wealth in both human and natural resources, but, with few exceptions, now suffering from mass poverty and ignorance, economic and political instability, shortage of investment capital, shortage of technicians of all kinds, shortage of educational facilities, deep resentment of Western colonialism, deep suspicion of the white man and fear of a new exploitation. It is an area seething with a new spirit of nationalism, social unrest and rising aspirations for a place in the sun and a better life for its poverty-stricken millions. And interrelated with and overriding all of its problems are the aggressions, infiltrations, and subversions of the International Communists.

The governments of all of these free countries have a gnawing fear of the growing power and threat of Red China. And because Red China is a major threat to their new found independence, and therefore a major threat to the security of the free world, it is essential that China policy be coldly realistic and one that best serves free world security interests and objectives.

I need not remind you that United States-China policy has been a subject of bitter controversy. It has disrupted friendships, has lent itself to name-calling, to the questioning of motives, and in some tragic instances to the questioning of loyalty itself. But strange as it may seem, United States-China policy has probably enjoyed a larger measure of bipartisan support in the United States than any other major policy of our Government.

Since 1950, the difference in basic China policy between former President Truman and President Eisenhower is the difference between Tweedle-dum and Tweedle-dee.

In early 1950, following the Communist takeover of the mainland in December 1949 and about the time of British recognition, President Truman vetoed the recommendation made to him that we recognize Red China. The Republican attack on the Democrats in the 1952 election campaign was not on basic China policy as it then was, but rather on what was alleged to have been the vacillations and blunders which had helped to create the Frankenstein monster of Red

China and enhance its menace to the free world. In 1956, an election year, a Democratic-sponsored resolution, reaffirming support of the Republic of China and opposing the seating of Red China in the United Nations, passed the House by a vote of 391 to 0, and of 86 to 0 in the Senate. Not a single Congressman or Senator of either party was willing to vote against this resolution. This is a phenomenon unprecedented in American political history. When the parties later assembled for their national conventions they adopted almost identical planks in support of this policy. In the recent Taiwan crisis, Mr. Truman was among the first to come out in strong support of President Eisenhower's position. To repeat, the differences of opinion about China policy do not represent differences between political parties but rather differences between individuals, irrespective of party lines.

Herbert Feis called his book on the subject "The China Tangle." It is a good name. The controversy is indeed a tangle, a tangle of truths, untruths, and half-truths. It is entangled by Communist propaganda and distortions. The Communists will always see to it that this is so. It is entangled by the unwitting acceptance by many highly respected and intelligent Americans of the subtle propaganda and misinformation to which they are subjected. It is entangled by our early failures to recognize the origin, nature, direction, and control of the Communist revolution in China. It is entangled by the corruption and ineptness which existed in certain elements of the Kuomingtang, but which was exploited so as to make it appear that all Chinese Government leaders were corrupt and inept. And finally, it is entangled by honest differences of opinion among the objective and well informed; differences of opinion which, thank God, have always existed and always will exist concerning public questions in the kind of free society we are struggling to preserve in the world today.

But despite this controversy and however complex it might be in implementation, our policy is simple to state. On the one hand, our policy is to face up to the realities of Chinese Communist objectives, opposing the further spread of Chinese Communist influence and power. On the other hand, as a principal means to this end, our policy is to keep alive, support and strengthen, a non-Communist Chinese Government, firmly oriented to the free world, as a foil and a challenge to the fanatical, aggressive, hostile, and threatening international Communist regime of Peiping, an implacable enemy dedicated to the destruction of all the foundations upon which a free society rests.

It is often charged that our policy is tied to the political fortunes of one man: Chiang Kai-shek. This is a reductio ad absurdum. Chiang is in fact a time-tested friend and ally. He has never broken his word to us or an agreement with us. Following Pearl Harbor in 1941, all of the Western Powers were soon swept from the Western Pacific. We were swept about as far as we could be swept this side of the South Pole—Melbourne, Australia. When the Japanese had Chiang bottled up in Chungking, having occupied all of his ports of entry and large sections of his country, and with no ally within the range of help, they made him a princely offer to sell out to them. He refused, fighting on against overwhelming odds. This refusal saved thousands of allied lives. Had he sold out, there would have been released from 1½ to 2 million additional Japanese troops to oppose our island-hopping advance up from the south.

He refused to sell out to the Russians. After the Russians had occupied Manchuria—that great prize which they received for a 5-day nominal participation in the Pacific war, and, incidentally, the most strategic base in all of Asia for carrying out their objectives of communizing Asia—they invited Chiang to come into their economic orbit, saying that they would settle his Communist problem for him. He rejected this offer, and they retaliated by refusing to allow the United States to transport troops of the Nationalist Government into Manchuria to take over territory in accordance with solemn agreements to which the Soviets were party. Instead, the Soviets turned over vast areas and Japanese arms and equipment to the Chinese Communists. This, despite the fact that the Soviets had just signed a treaty with the Republic of China, on August 14, 1945, the day the Japanese surrendered, acknowledging the Republic of China's sovereignty over Manchuria and pledging all moral, material, and military suport to that government. And finally, Chiang has repeatedly refused to sell out to Peiping, which constantly plies him with lavish offers.

Be all this as it may, if Chiang should die tonight, the validity of our policy would in no way be affected. Today, as in the past, there are only two choices available to us: the anti-Communist Republic of China, our friend, or the international Communist regime of Peiping, a deadly enemy dedicated to our destruction.

Our opposition to the Red regime is not, as you are often told, based upon the disapproval of an ideology or an economic system, much as we abhor both. We recognize many totalitarian regimes with varying economic systems, and we have not refused to sit down with them in the world forum of the United Nations. Nor is our policy, as sometimes charged, based upon an emotional reaction to the Korean war. Our policy is a coldly realistic one, based upon three major considerations, all directly related to the overall collective security of the free world.

The first of these considerations is the security interest of the United States. It is often forgotten or ignored that the recognition of Red China would, as a practical matter, mean the liquidation of the Republic of China with all that would mean to our strategic, psychological, and moral position in our opposition to Communist expansion in the Far East. Taiwan is a vital link in our island chain of defenses in the Pacific, all now covered by bilateral defense treaties. The Chinese military forces on Taiwan of some 600,000 are an important factor in the military balance of power in the Pacific, and a continuing deterrent to the renewal of Communist aggression in Korea or elsewhere in Asia. If Taiwan should be given over to the Communists, Japan, the Philippines, and all of southwest Asia would be seriously threatened.

The second basic consideration is our interest in helping other Asian nations maintain their national independence. Our bilateral and multilateral defense treaties, as well as our mutual security programs, are all designed to this end. If the United States were to abandon its commitments to the Republic of China in order to appease the threatening Red Chinese, no country in Asia could feel that it could longer rely upon the protection of the United States against the Communist threat. These comparatively weak nations would have no alternative but to come to terms—the best they could get—with the Peiping colossus. U.S. recognition of Communist China would automatically result in widespread recognition of that regime by Asian countries, and the permeating presence of Red Chinese diplomatic and other establishments throughout the area. Not only could we then expect a rapid expansion of communism throughout Asia but the moral position of the United States upon which we must rely for much of our strength throughout the world would suffer irreparable damage.

The third major consideration is the long-range interests and future orientation of the Chinese people themselves. The anti-Communist Government of the Republic of China is a symbol of Chinese opposition to communism—the only rallying point in the world for non-Communist Chinese—the only Chinese alternate focus of loyalty for millions of Chinese on the mainland, on Taiwan, and throughout southeast Asia. If the Republic of China should be liquidated, it would extinguish a beacon of hope for millions of mainland Chinese, Taiwan's 10 million would be delivered to the slavery of the mainland, and 12 million overseas Chinese would automatically become increasingly dangerous cells of infiltration and subversion in the countries where they reside.

Let no one say that representation is being denied to 600 million mainland Chinese. The fanatical Marxists of Peiping come no closer to representing the will and aspirations of the Chinese people than the puppet regime of Budapest comes to representing the will and aspirations of the Hungarian people or William Z. Foster comes to representing the will and aspirations of the American people.

The Peiping regime was imposed by force with the volition of only an infinitesimal fraction of the Chinese people. Today, after 9 years, less than 2 percent belong to the party. It has kept itself in power by bloody purges and the liquidation of some 18 million of mainland Chinese in 9 years. No regime representative of its people would have to resort to wholesale murder in order to keep itself in power.

Furthermore, the Red regime has given indisputable evidence that it is part and parcel of the apparatus of the international Communist conspiracy to communize the world.

Back in the 1940's, when the Chinese Communists were being reported by some observers as not being real Communists but rather the leaders of a democratic revolution for agrarian reform, Mao Tse-tung was writing of himself: "I am a Marxist dedicated to communizing China and the world under the leadership of Moscow." All of his subsequent actions have borne out his dedication to that goal. He has faithfully followed every zig and zag of Moscow tactics. When there were rumblings of revolt in eastern Europe, Mao sent Chou En-lai to rally the wavering satellites into unity "under the leadership of Moscow." Despite the price it had to pay in Asian opinion, Peiping proclaimed vigorous approval of Moscow's bloody suppression of the Hungarian revolt. It publicly applauded the execution of Nagy. Mao's bitter denunciation of Tito was not because Tito was not a Communist but rather because he dared to challenge the leadership of Moscow. Most recently, at the 21st Congress of the Soviet Union in Moscow, Chou En-lai addressed the Communists in these words: "The most sacred international duty of Communists in all countries at any time is to strengthen the unity of the countries in the socialist camp headed by the Soviet Union."

In our view, the security interests of ourselves, of Asia, and of the free world as a whole, demand that we take no action which would create international prestige for this regime, which would increase its capacity for advancing its objectives, or which would betray the hopes of those having the will and the courage to resist it.

There is now a concerted campaign being carried on in this country to bring about the recognition of Red China by the United States and the admission of that regime to the United Nations. The campaign is well-organized, well-financed and quietly but very subtly directed. It is concentrating upon church, academic, and business circles knowing full well that these groups are primary factors in the moulding of public

opinion. You will hear much about these questions in the coming months. And so this morning I am going to give you the other side of the story to which you will be subjected. This will be my only chance to do so.

Take first the question of recognition. Since the days of Jefferson, diplomatic recognition of a government by the United States has involved two major tests. The first test is whether the act of recognition would be in the interests of the United States. In our view the diplomatic recognition of Red China would not be in our country's national interests for reasons I have already mentioned. The other test for diplomatic recognition involves not only de facto control of territory but also the ability and willingness to live up to international obligations. What is the record of Peiping by this standard?

Gaining control of the mainland in December 1949, it promptly repudiated the international obligations of China. It confiscated without compensation properties of other nationals valued in the hundreds of millions of dollars, something over 1 billion for the United Kingdom alone. It demanded and received as blackmail money hundreds of thousands of dollars additional before it would issue exit visas for the personnel operating these properties. It threw foreign citizens into jail without trial, including many of our own, and subjected many of them to inhuman tortures. It has flagrantly violated the Korean and Indochina armistice agreements. It has failed to live up to its commitment to us, reached after long negotiation and publicly announced in Geneva on September 10, 1955, to release expeditiously all American citizens imprisoned in China. Five are still being held as political hostages.

If any of you are inclined to say that if we can tolerate the broken agreements of the Soviets, we should be able to overlook the long record of broken agreements by the Red Chinese, I would remind you that Soviet perfidy in breaking international agreements followed rather than preceded recognition by the United States.

The Bolsheviks seized power in 1917. Nevertheless we continued for 16 years to recognize the Kerensky government in exile. By 1933 it seemed that the Communist regime in Moscow might indeed be considered a peaceful member of society. It had committed no action of armed aggression for more than a decade. It had accepted the independence of Estonia, Latvia, Lithuania, and Poland (all later betrayed). It pledged itself to cease its subversive activities in the United States, to respect American rights in Russia, and to settle Russia's public and private debts to the United States.

We need not question that action of recognition under the circumstances which prevailed at the time. However, who can now doubt that recognition would not have been accorded even in 1933 had there been clear warning that Soviet promises given in that connection were totally unreliable and that aggressive war would soon become an instrumentality of Soviet policy. In the case of Communist China, we have been clearly and unmistakably forewarned.

Now how does Communist China qualify for membership in the United Nations?

You will remember when the United Nations was organized in 1945, it was exhaustively debated whether membership should be based upon universality or whether there should be qualifications for membership. It was decided that as the primary purpose of the organization then being formed was to preserve the peace of the world, universality was not the test. The charter finally adopted provides that nations seeking membership must be peace loving and willing to assume and live up to the obligations of the charter. The charter further provides for the expulsion of members who violate it. The only exceptions to this provision are the five permanent members of the Security Council—England, France, China, Russia, and the United States—which can veto their own expulsion.

Is Red China a peace-loving nation?

Let us again look at the record. In February 1950, approximately 2 months after establishing its regime on the mainland, it issued a call to all peoples of southeast Asia to overthrow their governments, denouncing their leaders as puppets of the imperialists. Before the year was out, it invaded Tibet even though the Peiping regime had just promised the Government of India that it "would settle the Tibetan question by peaceful means." Nine years later it is now still engaged in the ruthless and bloody liquidation of the rebellious Tibetans. Also, before the year 1950 was out, it invaded Korea. For the Korean aggression, it was denounced by United Nations resolution as an aggressor against the peace of the world. That resolution is still outstanding and Red China is still defying the United Nations, charging that the United Nations are the aggressors in Korea and therefore without moral authority or competence to supervise free elections for the unification of the country. Today Red China is still threatening war in the Taiwan Strait, stubbornly refusing throughout 89 meetings in Geneva and Warsaw to renounce war as an instrument of national policy. Its philosophy was recently expressed by the Peiping Defense Minister in this language:

"Ours is a policy of fight-fight, stop-stop, half-fight, half-stop. This is no trick but a normal thing."

By no stretch of interpretation of the United Nations Charter could Red China qualify under that charter as a peace-loving nation. Those advocating membership for Peiping are not demanding that Red China change its ways and conform its policies to United Nations standards, but rather are insisting that the United Nations modify its standards to accommodate the lawlessness of Peiping. Those who are opposed to such denigration of the United Nations Charter are charged with being unrealistic and denying the existence of 600 million Chinese.

You might think from much of what you read in the press that the United States occupies an isolated position in its refusal to recognize Red China. I would remind you that of the free countries of the world, 45 recognize the Republic of China, 22 recognize Peiping. Many of the 22 recognized Peiping before it had demonstrated its lawlessness. Of the 13 countries of the Far East, only 3 recognize Red China. Instead of being isolated, we stand with the overwhelming majority of the countries of the free world in this position. It is essential that this majority continue to stand together. Other countries, particularly those most exposed to the immediate menace of Communist power, have been following the lead of the majority. Many of them are watching anxiously to see what we are going to do. If the United States should break ranks and withdraw its opposition to the reckless course of this aggressor these countries would have no alternative but to get on the bandwagon so as not to be left out on a limb of opposition, deserted by our support.

Our view of the China situation is the same as that we hold with respect to the other three divided countries of the world where the Communists now exercise de facto control over large areas of territory. We consider it to be in our national interest and in the interest of the free world to recognize the Republic of Korea, not the puppet Communist regime of North Korea; to recognize the Republic of Vietnam, not the Communist puppet Vietminh regime of Ho Chi Minh; to recognize the Republic of Germany, not the puppet Communist regime of East Germany.

In closing I should like to mention an ancient Chinese proverb and then one final word to you. The proverb is in the form of question and answer. "What is the cure for muddy water?" the question goes; "Time" is the answer. In the long rollcall of history, Nazism and Fascism will be episodes only, dark incidents if you will. So, too, will communism be, although the most evil and pervasive of the three. Man will not permanently endure the cruel enslavement imposed by the ruthless regimes of international communism. But his liberation will be immeasurably delayed by frustrated appeasement of the forces which enslave him. An awful responsibility rests upon us—upon our patience, upon our steadfastness, upon our courage, and above all, upon our strength. How we counter the menace now posed to our freedom will determine the climate of the world for as far into the future as we can see.

That great American, John Foster Dulles, in the last few weeks of his catastrophic illness received over 32,000 letters from people all over the world—a dramatic universal recognition that he epitomized those qualities of mind and heart so desperately needed in these critical times. One letter consisted of only 12 words. I wish to leave them with you:

"Fear knocked upon the door,
Faith answered—and no one was there."

EXTENSION OF FAIR LABOR STANDARDS ACT TO CHILD LABOR ON FARMS

Mr. DODD. Mr. President, earlier this week I joined the distinguished senior Senator from Michigan [Mr. McNAMARA] and other Senators in cosponsoring legislation which would extend the protection of the Fair Labor Standards Act to child labor on our Nation's farms. Today I wish to speak very briefly about the need for this legislation.

Hundreds of thousands of children under the age of 13 are toiling on commercial farms without any protection as to hours, wages, or conditions of work. Additional thousands between the ages of 14 and 16 work on farms without any of the protections given by Federal law to children in this age bracket who are employed in other work.

Our goal is to see to it that agricultural child labor is carried on under regulations issued by the Secretary of Labor, regulations which guarantee the same humane standards of employment required in other branches of our economy.

Our goal is to make sure that child labor on farms is confined to periods that will not interfere with the child's schooling, that maximum hours and minimum wages are enforced, and that child labor takes place under conditions that will not endanger health and general well-being.

The McNamara bill is a step in the direction of achieving these goals and the step toward the larger goals of eliminating all the related abuses in the field of migratory farm labor.

The exploitation of children in any area of our economy is a national disgrace. There is no justification for winking our eye at this disgrace through continuing the present exemption of agriculture under the Fair Labor Standards Act.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, on Monday, we expect to have the Senate take up the military construction bill. However, appropriation bills and conference reports will always have the right-of-way. It may be that we shall then be able to take up conference reports on the tax bill or on the agricultural appropriation bill or on some of the other appropriation bills. If the committees of conference reach agreements over the weekend, we shall call up the conference reports on Monday; and I should like to have all Members be on notice that that may be done, and that there may be some yea-and-nay votes.

Mr. President——

The PRESIDING OFFICER. The Senator from Texas.

AUTHORIZATION TO FILE CONFERENCE REPORTS DURING ADJOURNMENT OF THE SENATE

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that authority be granted to file conference reports during the adjournment of the Senate.

The PRESIDING OFFICER. Without objection, consent is granted.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

CERTAIN CONSTRUCTION AT MILITARY INSTALLATIONS—REPORT OF A COMMITTEE

Mr. STENNIS. Mr. President, from the Committee on Armed Services, I report an original bill to authorize certain construction at military installations, and for other purposes, and I submit a report (No. 434) thereon.

The PRESIDING OFFICER. The report will be received and printed, and the bill will be placed on the calendar.

The bill (S. 2280) to authorize certain construction at military installations, and for other purposes, was received, read twice by its title, and placed on the calendar.

ECONOMIC REGULATION OF ALASKA RAILROAD—REPORT OF A COMMITTEE

Mr. BARTLETT. Mr. President, from the Committee on Interstate and Foreign Commerce, I report favorably, with amendments, the bill (S. 1508) to provide for economic regulation of the Alaska Railroad under the Interstate Commerce Act, and for other purposes, and I submit a report (No. 435) thereon. I ask unanimous consent that the report be printed, with minority views.

The PRESIDING OFFICER. The report will be received and printed, as requested by the Senator from Alaska, and the bill will be placed on the calendar.

ADDITIONAL BILLS INTRODUCED

The following additional bills were introduced, or reported, read the first time, and, by unanimous consent, the second time, and referred or placed on the calendar, as indicated:

By Mr. KENNEDY:

S. 2279. A bill for the relief of Constantinos Boumis; to the Committee on the Judiciary.

By Mr. STENNIS:

S. 2280. A bill to authorize certain construction at military installations, and for other purposes; placed on the calendar.

(See the remarks of Mr. STENNIS when he reported the above bill, which appear under the heading "Report of a Committee".)

By Mr. SALTONSTALL:

S. 2281. A bill to prescribe limitations on the power of the States to impose income taxes on business entities engaged in interstate commerce; to the Committee on Finance.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

CONCURRENT RESOLUTIONS

PRINTING OF ADDITIONAL COPIES OF HEARINGS ON "FALLOUT FROM NUCLEAR WEAPONS TESTING"

Mr. ANDERSON submitted the following concurrent resolution (S. Con. Res. 53); which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Atomic Energy be authorized to have printed for its use fifteen thousand additional copies of the public hearings on "Fallout From Nuclear Weapons Testing," held by the Special Subcommittee on Radiation during the Eighty-sixth Congress, First Session.

Mr. KENNEDY (for himself and Mr. SALTONSTALL) submitted a concurrent resolution (S. Con. Res. 54) honoring Arthur Fiedler on the 30th anniversary of his association as conductor with the Boston Pops Orchestra, which was referred to the Committee on Labor and Public Welfare.

(See the above concurrent resolution printed in full when submitted by Mr. KENNEDY, which appears under a separate heading.)

LIMITATION ON POWER OF STATES TO IMPOSE INCOME TAXES ON CERTAIN BUSINES ENTITIES

Mr. SALTONSTALL. Mr. President, I introduce, for appropriate reference, a bill which I hope will preserve the rights of our States to reasonable tax revenue from businesses operating within their borders, but at the same time will protect the Nation's business enterprises and their commerce from undue burdens of multiple taxation, and uneconomic accounting and legal costs.

Mr. President, in the cases of Northwestern States Portland Cement Company against State of Minnesota, and T. V. Williams against Stockham Valves & Fittings, Inc., the Supreme Court held on February 24, 1959, that "net income from the interstate operations of a foreign corporation may be subjected to State taxation provided the levy is not discriminatory and is properly apportioned to local activities within the taxing State forming sufficient nexus to support the same." The Court's decision left some doubt as to what it would regard as a "sufficient nexus" to expose an out-of-State corporation to State taxation of its income.

Thirty-five States now impose direct net income taxes on corporations. In his dissenting opinion Justice Felix Frankfurter pointed out that this decision will "stimulate every State of the Union, which has not already done so, to devise a formula of apportionment to tax the income of enterprises carrying on exclusively interstate commerce." The Supreme Court's decision is also likely to stimulate States to apply their taxing power to as many business firms as possilbe, regardless of how tenuous their physical presence in the State may be.

Businessmen are understandably alarmed by the prospect of tax problems which this decision may prove to have created. Overlapping and varied State formulae may result in the taxation of more than 100 percent of a corporation's net income. Frequently, the cost of segregating sales by States, and preparing many State tax returns may far exceed the amounts of tax to be paid.

Our Founding Fathers created the United States of America as a free-trade territory, and through the Commerce Clause of the Constitution they tried to outlaw those impediments to commerce which had long plagued the Old World. They gave Congress the power to regulate interstate commerce, and we have done so frequently in many fields. However, we have never exercised that great power in relation to the scope of State taxation. As Justice Frankfurter wrote in his dissenting opinion, "the problem calls for solution by devising a congressional policy."

Mr. President, the time for a firm statement of that congressional policy is now at hand. The Senate's Select Committee on Small Business has held hearings and received much information and advice. A report of its work, with recommendations, will be filed with the Senate today.

All who have studied the problem—business organizations and trade associations, tax scholars from our universities, the staff of our Small Business Committee and your committee—all are convinced that Congress has the power to act—without the need fcr a constitutional amendment. I think this is plainly so.

How shall we act? This is the only question that remains for us to decide.

I believe that much informed opinion has now crystallized upon the proposal contained in my bill. I believe this is a practical bill. It would be fair to the States because it would preserve for them most of the revenue they are now receiving from interstate commerce.

And it would be fair to business by insulating concerns from State taxation unless they have offices or warehouses, that is, a substantial physical presence,

in the taxing State. Most large businesses are already paying such taxes and have expressed no objection to their continuation. However, Congress should draw a firm, clear line to define the limits of the State's taxing power. Thus small business concerns may be protected from the burdens, costs, and difficulties of irrational and duplicative multiple taxation of their income that is otherwise likely to follow in the wake of the Supreme Court's decision.

Mr. President, I ask unanimous consent that my bill, together with a brief explanation, be printed in the RECORD following these remarks, and that the bill may be held at the desk until the close of business Monday, June 29, so that other Senators who wish to do so may join with me in sponsoring this legislation.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and explanation will be printed in the RECORD, and the bill will lie on the desk, as requested by the Senator from Massachusetts.

The bill (S. 2281) to prescribe limitations on the power of the States to impose income taxes on business entities engaged in interstate commerce, introduced by Mr. SALTONSTALL, was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) no State or political subdivision thereof shall impose an income tax on income derived from a trade or business by a person engaged in interstate commerce unless such person is carrying on such trade or business in such State.

(b) For purposes of subsection (a), a person is not carrying on a trade or business in a State solely by reason of one or more sales of tangible personal property in the State (whether title to such property passes in or outside of the State), if such person does not have or maintain an office, warehouse, or other place of business in the State, and does not have an officer, agent, or representative in the State who has an office or other place of business in the State. For purposes of the preceding sentence, the terms "agent" and "representative" do not include an independent broker or contractor who is engaged independently in soliciting orders in the State for more than one seller, and who holds himself out as such.

Sec. 2. No State or political subdivision thereof shall, on or after the date of the enactment of this act, assess or collect any income tax, or make any levy with respect thereto, which was imposed by such State or political subdivision thereof on the income of any person before the date of the enactment of this act, if the imposition of such tax, on or after the date of the enactment of this act, is prohibited by the first section of this act.

Sec. 3. For purposes of this act, the term "income tax" means any tax imposed on, or measured by, net income.

The explanation presented by Mr. SALTONSTALL is as follows:

EXPLANATION OF BILL TO PRESCRIBE LIMITATIONS ON THE POWER OF THE STATES TO IMPOSE INCOME TAXES ON BUSINESS ENTITIES ENGAGED IN INTERSTATE COMMERCE

Section 1 of the bill would prohibit a State, or political subdivision thereof, from imposing any income tax on an out-of-State business firm unless such firm maintains an office, warehouse, or other place of business within the State. Any firm doing business in a State only through an independent broker or contractor would not be subject to taxation nor would firms doing only a mail order business or merely sending traveling salesmen or shipping merchandise into the State.

Section 2 would make the bill's limitation on the taxing power of States and their political subdivisions operate retroactively as well as for the future by barring any State from assessing or collecting any tax prohibited by the bill after its enactment.

Section 3 defines income tax as any tax imposed on or measured by net income.

THIRTIETH ANNIVERSARY OF ARTHUR FIEDLER AS CONDUCTOR OF BOSTON POPS CONCERTS

Mr. KENNEDY. Mr. President, on behalf of my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL], and myself, I submit a concurrent resolution honoring Mr. Arthur Fiedler on the 30th anniversary of his association as conductor with the Boston Pops Orchestra. Saturday evening, the Boston community and the musical world will pay honor to Mr. Fiedler on this special anniversary. Mr. Fiedler has not only been a great musical leader, but also a fine musical educator. The Boston Pops has been a great popularizer of musical works and has also been an important innovator and performer of first works. Moreover, Mr. Fiedler has generously and wisely guided the musical careers of many younger performers and composers. Throughout these 30 years he has maintained the highest standards of musicianship by drawing on the personnel of the Boston Symphony and other leading musicians. Mr. Fiedler and his orchestra have not been in Boston's possession alone, but they have traveled widely in this and in foreign countries as well. Mr. Fiedler enjoys renown throughout the world, both from his live performances and from his many recordings. Everywhere in the world the Boston Pops Orchestra ranks as one of America's most inspiring cultural exports. It is only proper that we honor this American institution whose influence and traditions are international.

Mr. Fiedler's 30-year tenure with the Boston Pops is, to our knowledge, the longest current association of conductor and orchestra anywhere in the world. We hope that the Congress will pay this tribute to Mr. Fiedler by means of this resolution.

I ask unanimous consent that an article appearing in the New York Times of May 24, 1959, entitled "Fine Spirits," written by Howard Taubman be printed in the RECORD.

The PRESIDING OFFICER. The concurrent resolution will be received and appropriately referred, and, without objection, the concurrent resolution and article will be printed in the RECORD.

The concurrent resolution (S. Con. Res. 54) was referred to the Committee on Labor and Public Welfare, and under the rule, ordered to be printed in the RECORD, as follows:

Whereas Arthur Fiedler has been conductor of the Boston Pops Concerts for thirty years, one of the longest tenures in musical history; and

Whereas Arthur Fiedler's personality, flair, and sound musicianship have made these concerts known throughout the world; and

Whereas Arthur Fiedler has made an enormous world public aware of the charm and satisfactions of good popular music played by a symphony orchestra; and

Whereas in these thirty years Arthur Fiedler has led over two thousand concerts in this country and abroad heard by audiences of many millions; and

Whereas Arthur Fiedler has spread the pleasure of music to millions more by means of radio, television, and sound recordings; and

Whereas Arthur Fiedler and the Boston Pops Orchestra in these thirty years have come to occupy a unique position in the musical history of Boston, the United States of America, and the world: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States of America hereby heartily congratulates Arthur Fiedler on his thirtieth anniversary as conductor of the Boston Pops Concerts and expresses the gratitude of the Nation for his contribution to our cultural life and musical heritage.

The article presented by Mr. KENNEDY is as follows:

[From the New York Times, May 24, 1959]

WINES AND FLOWERS ADD TO GAY AIR AT "POPS"

(By Howard Taubman)

When it comes to the practice of combining a symphony orchestra and informality, New York has a lot to learn from the proper Bostonians. They have turned their Pops into an institution, just as they have given this short word national currency as a term for popular concerts.

It is necessary to visit Symphony Hall in Boston to see and hear the Pops in action if one wishes to discover the secrets of their success. A specially organized Boston Pops Tour Orchestra has traveled across the country, and recordings by the Boston Pops have sold widely. The tours and the disks have made the music familiar. But to get the flavor of the audience, go to Symphony Hall in May and June.

The very hall has altered its appearance from its formal winter decor. The walls are painted a light, gay green instead of the dark sober red that prevails during the regular season; to provide for this change in dress a big painting job is done twice a year. Spring blooms and green leaves grace the front of the stage. And on the main floor of the auditorium the normal seats in their serried ranks have been removed and replaced by tables and chairs.

YOUNG AUDIENCES

The Pops gathering is markedly different from that of the regular season. It is younger, less reserved and much less social, if far more sociable. Its attitude seems to be that music is for relaxation rather than uplift and that the Pops are just as diverting a place to spend an evening as a movie house.

Attendance at the Pops is like going to a party. Ticket prices are modest. You share a table with your friends. If you can afford it, you also share a bottle of wine. A selection of imported and domestic brands is available. Champagne goes big. More of it is sold at Symphony Hall in the Pops season than any other place in Boston. There is a connection, after all, between wine and

song. As for the third member of the famous trio, the women, bless them, they are, of course, indispensable and they are on hand to adorn the occasion.

The Pops make provision for purses that cannot afford champagne. You can have beer, a special Pops Punch and soft drinks as well as coffee and tea. If you are hungry, you can order sandwiches and a variety of desserts. Good companions and a satisfied appetite make for a sense of well-being, as the wine cellars and beer gardens of the Old World discovered a long time ago, and cheerful music does its share to enhance the mood.

The programs at the Boston Pops are designed to reflect the spirit of the occasion. Works of somber hue and subtle construction rarely are included. The great symphonies, concertos and tone poems, which carry the burden of the winter season, play a small role here. Dance suites, waltzes, marches, sentimental tunes, rousing occasional pieces and even tunes from Broadway, Hollywood and Tin Pan Alley are in favor.

VARIED PROGRAM

On a recent Saturday night the program began with the Wedding March from Rimsky-Korsakoff's "Coq d'Or." Offenbach's "La Belle Hélène" Overture, the Bach-Gounod "Ave Maria" and Khatchaturian's "Gayne" Suite rounded out the first group. Handel's F major Organ Concerto, opus 4, No. 5; Rimsky-Korsakoff's "Capriccio Espagnol," and a group of songs by a glee club from a women's college in Boston made up the second section. The final one embraced selections from "My Fair Lady," the film tune, "Love Is a Many-Splendored Thing," and Sousa's "The Stars and Stripes Forever."

In the "Ave Maria" the audience was hushed by the religious sentiment of the tune and the sensitive violin solo by Alfred Krips, the Pops concertmaster. In the Handel concerto, there was also a reasonable silence. One learned later that the waitresses have instructions not to take orders or serve during numbers with a claim to close attention.

For the rest the strict politesse of the winter concert season, whether in Boston or New York, was not observed. People sipped, munched, or smoked during the performances. Most of them were quiet, though a few insisted on chatting in whispers. At one table there was a group, one noticed, that behaved as if the music were a challenge to its vocal cords. The louder the fortes of the orchestras the shriller became the voices of these persons. The moment the music stopped they, too, subsided into tranquillity.

This group, however, was exceptional. One would guess that it was fairly new to the Pops and to music of any kind. The audience as whole relished the program and the performances.

The standards of execution were uncommonly high. Arthur Fiedler, who is conductor of the Boston Pops for the 30th consecutive year, is a solidly trained musician with a flair for this kind of performance. With about 90 members of the Boston Symphony Orchestra as the Pops ensemble, he has at his command any color or effect he desires.

He likes to keep things lively. His tempos are brisk, and his crescendos pack a formidable wallop. He can make allowance for subtlety of phrasing and breadth of expression, as he did in the slow movements of the Handel concerto. But he sees to it that the interest of his audience does not lag. He does not look down his nose at Broadway melodies. And if the Boston Symphony tone devoted to a superficial tune seems to a serious concertgoer like a majestic mountain straining at a gnat, that is not how the Pops customers feel.

MUSICAL CONTRIBUTION

The Pops make a musical contribution beyond giving the instrumentalists 2 months of additional employment. They play to packed houses. They reach an audience, largely youthful, that does not patronize winter concerts. They accustom these listeners to the glorious sound of a symphony orchestra in the flesh. They entertain and perhaps edify.

This is the 74th season of the Pops in Boston. When Symphony Hall, opened in 1900, was built, it was planned to accommodate these spring programs. The wisdom of this decision has long since been justified. The idea of the Pops has traveled across the land.

In New York these [illegible] have made efforts to capture the spirit of the Boston Pops, but they have failed. The Philharmonic itself must take the lead, and its new hall at Lincoln Center has been designed to make possible a Pops series. The seats on the main floor will be removable, and presumably a catering service will be available. Let the Philharmonic supply the wine and the song, and the men of our city will see to it that the women are on hand to complete a gracious trio.

ADJOURNMENT TO MONDAY

Mr. JOHNSON of Texas. Mr. President, I thank the Senate for its long day of deliberations and for the successful results obtained.

I now move that the Senate stand in adjournment until Monday, at noon.

The motion was agreed to; and (at 1 o'clock and 4 minutes a.m. on Friday, June 26, 1959), the Senate adjourned until Monday, June 29, 1959, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate June 25, 1959:

CALIFORNIA DEBRIS COMMISSION

Col. Howard A. Morris, Corps of Engineers, to be a member and secretary of the California Debris Commission, under the provisions of section 1 of the act of Congress approved March 1, 1893 (27 Stat. 507) (33 U.S.C. 661), vice Col. Albert E. McCollam, Corps of Engineers, reassigned.

EXTENSIONS OF REMARKS

June Is Dairy Month in New York State

EXTENSION OF REMARKS
OF
HON. KENNETH B. KEATING
OF NEW YORK
IN THE SENATE OF THE UNITED STATES
Thursday, June 25, 1959

Mr. KEATING. Mr. President, June is Dairy Month in New York State, and I have prepared a statement regarding the celebration in our State, which I ask unanimous consent to have printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JUNE IS DAIRY MONTH IN NEW YORK STATE

The month of June is being celebrated as Dairy Month in the State of New York. It is appropriate that this potent and essential force in the economy of the Empire State should be so honored, particularly because it is often overshadowed in the public mind by our commercial and industrial attributes.

New York has for many years been a leading State in the production of dairy products. It currently ranks second in the entire Nation.

I am pleased on this occasion to pay tribute to the dairy industry which has contributed so much to the health and diets of people throughout the world. Indeed, the story of milk is probably as old as the story of man. In its production, its nutritional value, its importance to the economy, may be read the progress of the human race.

Each year research uncovers more facts which reemphasize the importance of milk and the numerous products of milk as vital foods for infants, children, and adults. At the present time no entirely satisfactory substitute has been found for milk, the one item solely designed by nature to serve as a food. Milk has been called one of nature's "wholes" by noted authorities on nutrition. Milk contains some of all the known essential food nutriments. Some of these are present in greater amount than others but all are present in significant amounts. It can thus be called nature's most perfect food.

While in the minds of many people the production of other industries tends to obscure the production of dairy products, agriculture is still the oldest and most widespread of them all. The cash receipts from the farm sales of dairy products in the Empire State in 1958 amounted to nearly $434 million and accounted for slightly more than 50 percent of the total cash receipts from all farm marketings in the State.

As of January 1, 1959, the number of milk cows in the State 2 years old and over totaled 1,409,000. The care of these dairy cows and the farm production of feed for the dairy herds provide jobs and income for thousands of rural residents on some 100,000 farms in New York. During 1954, the latest year for which official data are available, more than 28,000 persons were employed on dairy farms in the State of New York. Wages paid to these farmworkers totaled more than $35 million in 1954.

The distribution of milk and its products in the State requires the operation of hundreds of pasteurization and bottling plants as well as over a thousand plants to produce butter, cheese, ice cream, dried milk, condensed and evaporated milk and a number of other products. It has been estimated that about 3,000 licensed milk dealers serve consumers throughout the State.

Out of every dollar the average consumer spends for food for home use in this country about 17 cents goes for dairy products. Dairy products in one form or another are used in nearly every meal we eat every day.

We have been blessed in the United States with abundant supplies of milk and the products of milk for as long as we can remember, thanks to the dairy farmers of New York and the entire Nation. Let us hope that the dairy industry of the State of New York and of the country as a whole will remain strong and that we will always be assured of an adequate supply of good wholesome milk and its products.

HOUSE OF REPRESENTATIVES

FRIDAY, JUNE 26, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Romans 12: 9: *Abhor that which is evil; cleave to that which is good.*

O Thou who hast spoken unto us through Thy Holy Word, we beseech Thee to build within us those resources of strength and hope which will lift us out of the lowlands of doubt and defeat into the highlands of faith and victory.

Grant that none of the hardships and handicaps of life may cause us to be fainthearted, but may we accept them without complaint and have the courage and patience to carry on faithfully and bravely.

We humbly confess that frequently we are content to stand on the sidelines and be neutral, as far as the moral values are concerned, and ready to agree with almost anything, just to be agreeable.

Make us proud and unashamed of our commitments as spiritually minded men and women, and may we declare ourselves to be for whatsoever things are true and just, without question or compromise.

Hear us in Christ's name. Amen.

The Journal of Wednesday, June 24, 1959, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Ratchford, one of his secretaries, who also informed the House that on June 25, 1959, the President approved and signed bills of the House of the following titles:

H.R. 1758. An act for the relief of Gerald M. Cooley;

H.R. 2011. An act for the relief of Leonora Holmes Mola;

H.R. 2100. An act for the relief of John F. Carmody;

H.R. 2286. An act for the relief of Joseph E. Gallant;

H.R. 3825. An act for the relief of Dr. Gordon D. Hoople, Dr. David W. Brewer, and the estate of the late Dr. Irl H. Blaisdell;

H.R. 4245. An act relating to the taxation of the income of life insurance companies;

H.R. 6914. An act to donate to the Confederated Tribes of the Warm Springs Reservation, Oreg., approximately 48.89 acres of Federal land; and

H.R. 7120. An act to amend certain laws of the United States in light of the admission of the State of Alaska into the Union, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.; and

H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6769. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HILL, Mr. CHAVEZ, Mr. RUSSELL, Mr. MAGNUSON, Mr. STENNIS, Mr. PASTORE, Mr. MONRONEY, Mr. BIBLE, Mr. BYRD of West Virginia, Mr. KUCHEL, Mrs. SMITH, Mr. HRUSKA, and Mr. ALLOTT to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7176. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. ALLOTT, Mr. SALTONSTALL, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7523. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. LONG, Mr. WILLIAMS of Delaware, Mr. BENNETT, and Mr. BUTLER to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7086) entitled "An act to extend the Renegotiation Act of 1951, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. FREAR, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

PROVIDING A 1-YEAR EXTENSION OF EXISTING CORPORATE NORMAL-TAX RATE AND OF CERTAIN EXCISE-TAX RATES

Mr. MILLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

Mr. McGOVERN. Mr. Speaker, reserving the right to object, I had intended to offer a motion today that the House conferees be instructed to accept the Senate amendments to H.R. 7523 which included an amendment repealing the 10-percent passenger transportation tax. I think this tax should have been repealed a long time ago. It was added as a wartime measure for the purpose of discouraging travel. Certainly, that reason no longer exists for justification of the tax. But in view of the present parliamentary situation, I have agreed not to offer the motion at this time. I take this time to express my earnest hope that the House conferees will agree to that particular provision added by the Senate to the bill.

In my judgment the passenger transportation tax is unsound economically and an unfair handicap both to the traveling American public and our transportation industry. I hope that it will be repealed.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MILLS, FORAND, KING of California, SIMPSON of Pennsylvania, and MASON.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the conferees may have until midnight Saturday night next to file a conference report on the bill H.R. 7523, and that rule XXVIII relating to printing in the RECORD in this instance be waived.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6769) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. FOGARTY, DENTON, CANNON, LAIRD, and TABER.

SUPPLEMENTAL APPROPRIATION BILL, 1960

Mr. THOMAS, from the Committee on Appropriations, reported the bill (H.R. 7978) making supplemental appropriations for the fiscal year 1960 (Rept. No. 579), which was read a first and second time and, together with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. OSTERTAG reserved all points of order on the bill.

VETERANS OF THE FRENCH RESISTANCE GROUP

Mr. SIKES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SIKES. Mr. Speaker, it is with particular pleasure that I announce to the House that among our guests at the Capitol today there is a group of 45 brave and dedicated men and women who are veterans of the resistance group which served so valiantly in France during the dark days of World War II. These loyal patriots are here as guests of the Veterans of the Office of Strategic Services of the United States. It will be recalled by my colleagues in the House that this group worked very closely with representatives of our own Nation in achieving the victory that finally was gained for the allied cause. Their service to France and to the Allies was monumental and was at great risk to themselves.

It is always with pride that I recall the fact that France is our oldest ally, and that the bonds which cement our friendship are forged in mutual trust and understanding. Our guests today are representative of the finest traditions of that great nation. By their bravery and devotion during World War II, these members of the resistance group helped to keep alive the flame of love for liberty and democracy which in France has always characterized that great and freedom-loving democracy.

I submit for printing in the CONGRESSIONAL RECORD a list of those who are here as representatives of all who served in the French resistance movement:

Gilbert Grandval, Paris, sécretaire général à la Marine Marchande; Jean Baldensberger, Raymond Basset, Mlle. Anne-Marie Bauer, Mme. de la Begassiere, Paris; Albert Marcel Blot, Meudon; Edmond Bricout, Gouy; Gilbert Bugeac, Limoges; Rene Cailleaud, Michel Calsacy, Paris; Noel Abbe Carlotti, Indre; Marcel Chaumien, Mme. Denise Colin, Jean Joseph Coppier, Paris; Mlle. Madeleine Desanges, Grasse; Marcel Descours, Lyon; Pierre Deshayes, Lille; Mme. Laure Diebold, Lyon; Robert Dupuis, Charleville; Maxime Leon Fischer, Pierre Fourcaud, Paris; Charles Franc, Malaville; Henri Guillermin, Vanves; Maurice Hechmann, Toul; Pierre Henneguier, Montmorency; Andre Jarrot, Paris; Jean Lardan, Lyon; Jean Lapeyre-Mensignac, Nontron; Albert Le Lay, Bayonne; Roger Paul Lebas, Paris; Roger Lebon, Boulogne; Mme. Elizabethe de Lipkowski, Roger Marie Lucien Louis, Paris; Mme. Jacqueline de Marcilly, Versailles; Andre Charles Mawoix, Foch-Jarville; Joseph Monjaret, Chatou; Louis Mouchon, Paris; Rene Obadia, Rouen; Hubert Paul Perin, Paris; Roger Perrin, Marseille; Lucien Picard, Seurre; Rene Jean Pouzet, Nouvélle Cite; Jean Francois Prasion, Corbigny; Jean Pierre Rosselli, Paris; Paul Schmidt, Versailles; Joel Le Tac, Mme. Yves Le Tac, Jean de Roquefort, Philippe M. de Vomecourt, Andre de Wavrin, Paris.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to the distinguished majority leader.

Mr. McCORMACK. The Speaker and I have had the honor and the pleasure through the courtesy of the gentleman from Florida [Mr. SIKES] and our friend, the gentleman from Iowa [Mr. HOEVEN], of meeting the distinguished ladies and gentlemen, and I want to join my friend in the remarks that he has made and express the pleasure that both the Speaker and I had in meeting these distinguished and courageous ladies and gentlemen.

Throughout the ages we have heard the clarion call of men and women everywhere who want to be free, and that has been "Where law ceases, tyranny starts." Another clarion call which we in America are more familiar with is "Give me liberty or give me death." Those phrases or slogans represent the hopes and aspirations of men and women of all generations of yesterday who believed in freedom, the inherent rights possessed by the individual, who believed in a "Government of laws under God." These ladies and gentlemen, in the most trying period in the world's history, have evidenced the strength of the spirit of the individual who wants to be free under their own laws, and that they would rather die than be denied freedom. It is that spirit that we need in the world of today, the spirit of men and women everywhere, not only in the United States but throughout the entire world, who want to possess liberty under their own laws, in accordance with their own cultures. These ladies and gentlemen are living evidences and symbols, through hard experience under the most cruel conditions imaginable, of the determination of the human being for liberty and for independence. And, as long as that spirit exists, we need never fear the forces of totalitarianism, vicious or otherwise.

Mr. SIKES. Mr. Speaker, I am sure the House and the Nation are grateful for the comments of the distinguished gentleman from Massachusetts.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. I would like to express the feeling of great and high respect which I am sure we all hold for these people for whom liberty has meant so much to them that they were willing to undergo the sacrifices that they have made. I think to all of us the word "liberty" or "liberte" has been identified with France. It was one of the rallying cries and symbols of that great Republic. These people certainly personify the greatest determination that liberty is not just a word but is something to suffer and, if need be, to die for. We are all honored for their presence in the Capitol today.

Mr. HOEVEN. Mr. Speaker, will the gentleman yield?

Mr. SIKES. I shall be happy to yield.

Mr. HOEVEN. Mr. Speaker, it was my privilege this morning to greet our distinguished guests in behalf of the minority leader who is necessarily absent today.

I do not know how freedom-loving people can adequately express their appreciation to this splendid group of freedom fighters and the many thousands of others they represent. It is my understanding that this group of 45 represents 100,000 of these valiant heroes of France. They suffered untold hardships and suffered many adversities, but uppermost in their minds was their love for freedom, not only freedom for their beloved country, France, but freedom for all the freedom-loving nations of the world. And so it is a real privilege to have them here, to wish them Godspeed and to assure them that their friends here in America deeply appreciate their valliant efforts and the fine contribution they have made to world peace.

Mr. SIKES. May I thank the distinguished acting minority leader for his comments.

TRADE AGREEMENTS PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (S. DOC. NO. 31)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Ways and Means:

To the Congress of the United States:

I hereby transmit the third annual report on the operation of the trade agreements program. This report is submitted to the Congress pursuant to section 350 (e) (1) of the Tariff Act of 1930, as amended.

Through the trade agreements program the United States plays a sound role in fostering the healthy and mutually beneficial international trade so necessary to the economic well-being of the free world and the promotion of higher standards of living in all nations, including the United States.

Although total world trade declined somewhat from 1957, several developments in 1958 hold great promise for the future. The treaty establishing the European Economics Community entered into effect. The currencies of most Western European countries were made convertible for nonresidents, a move which should facilitate early and substantial progress in the further elimination of quantitative trade restrictions. And at home the 4-year extension of the trade agreements legislation enabled the United States to begin preparations for reciprocal tariff negotiations among the countries participating in the General Agreements on Tariffs and Trade.

In the coming months and years there will be many complex problems connected with the emergence of the Euro-

pean Common Market and with possible developments toward regional economic integration in other areas of the world as well. In addition we shall continue to face the problems of the less developed countries and the Communist attempts at economic penetration throughout the free world. Such problems emphasize anew the compelling need for wise policies in the field of trade. For U.S. leadership in these matters the trade agreements program will remain an indispensable instrument.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 25, 1959.*

ADJOURNMENT UNTIL MONDAY NEXT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY NEXT WEEK

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that Calendar Wednesday of next week be dispensed with.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TWENTY-FIFTH ANNIVERSARY OF FEDERAL CREDIT UNION

Mr. PATMAN. Mr. Speaker, I offer a resolution and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

HOUSE RESOLUTION 308

Whereas June 26, 1959, marks the 25th anniversary of the enactment of the Federal Credit Union Act; and

Whereas the year 1959 marks the 50th anniversary of the passage of the first State law to permit the chartering of credit unions in the United States; and

Whereas more than 19,000 credit unions in the United States are now providing such illustrious service to our citizens: Now, therefore, be it

Resolved, That the House of Representatives extends its greetings and felicitations to the 10,000,000 credit-union members and volunteer officers on the occasion of the celebration of these historic anniversaries which commemorate these years of fine service.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ARTHUR FIEDLER—30TH ANNIVERSARY AS CONDUCTOR OF BOSTON POPS CONCERTS

Mr. CURTIS of Massachusetts. Mr. Speaker, I offer a concurrent resolution, and ask unanimous consent for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

HOUSE CONCURRENT RESOLUTION 232

Concurrent resolution honoring Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts

Whereas Arthur Fiedler has been conductor of the Boston Pops Concerts for 30 years, one of the longest tenures in musical history; and

Whereas Arthur Fiedler's personality, flair, and sound musicianship have made these concerts known throughout the world; and

Whereas Arthur Fiedler has made an enormous world public aware of the charm and satisfaction of good popular music played by a symphony orchestra; and

Whereas in these 30 years Arthur Fiedler has led over 2,000 concerts in this country and abroad heard by audiences of many millions; and

Whereas Arthur Fiedler has spread the pleasure of music to millions more by means of radio, television, and sound recordings; and

Whereas Arthur Fiedler and the Boston Pops Orchestra in these 30 years have come to occupy a unique position in the musical history of Boston, the United States of America, and the world: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States of America, hereby heartily congratulates Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts and expresses the gratitude of the Nation for his contribution to our cultural life and musical heritage.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, and, of course, I shall not object—I am glad to cooperate and join with my distinguished friend from Massachusetts in this resolution. Mr. Fiedler is not only highly esteemed but deeply respected by millions of music lovers throughout the world.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CURTIS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. CURTIS of Massachusetts. Mr. Speaker, I introduce a concurrent resolution honoring Mr. Arthur Fiedler on the 30th anniversary of his association as conductor with the Boston Pops Orchestra. Tomorrow evening, the Boston community and the musical world will pay honor to Mr. Fiedler on this special anniversary. Mr. Fiedler has not only been a great musical leader, but also a fine musical educator. The Boston Pops has been a great popularizer of musical works and has also been an important innovator and performer of first works. Moreover, Mr. Fiedler has generously and wisely guided the musical careers of many younger performers and composers. Throughout these 30 years he has maintained the highest standards of musicianship by drawing on the personnel of the Boston Symphony and other leading musicians. Mr. Fiedler and his orchestra have not been in Boston's possession alone, but they have traveled widely in this and in foreign countries as well. Mr. Fiedler enjoys renown throughout the world, both from his live performances and from his many recordings. Everywhere in the world the Boston Pops Orchestra ranks as one of America's most inspiring cultural exports. It is only proper that we honor this American institution whose influence and traditions are international.

Mr. Fiedler's 30-year tenure with the Boston Pops is, to our knowledge, the longest current association of conductor and orchestra anywhere in the world. I hope that the Congress will pay this tribute to Mr. Fiedler by means of this resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERSONAL RESOLUTIONS

The SPEAKER. The Chair wants to make this statement. Members are coming up more often, wanting to congratulate some person or some town or some school, or something of that kind, and to ask unanimous consent to pass a resolution to that effect. If the House should start the policy or continue the policy of congratulating everybody in the United States who has done a good deed or lived a good life, we are going to fill the CONGRESSIONAL RECORD with matters of that kind. I trust that hereafter gentlemen will clear the matter with the Speaker first before they ask to be recognized for this purpose. The gentleman from Massachusetts did state to the Speaker that he had cleared his matter with everybody. I trust that this may be a notice so that we may not put into the RECORD a resolution every time somebody has done a grand deed or led a great life.

Mr. CURTIS of Massachusetts. I thank the Speaker.

GIFTS TO CHARITY

Mr. WOLF. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WOLF. Mr. Speaker, I am introducing a bill today which will clear away the legal "cobwebs" and administrative inequities connected with gifts to charity. This bill, which, in fact, is little more than a technical amendment, will encourage citizens to make more generous gifts by will to hospitals, schools, churches, and other charities which benefit the entire community.

Often people desire to make a gift to charity on condition that the charity match the gift by public subscription or otherwise. This happens quite frequently in middle size cities and towns.

The problem generally arises in the following manner. A citizen may desire to provide a new wing for the local hospital in his will. He knows that the total cost is more than he can give. He

feels, however, that if he makes a gift of a part of the total cost, the community can raise a like amount. The gift and the community subscription together will enable the hospital to have the improvement.

But as the law is presently written, this citizen's gift would still be fully taxed. Because of an oversight in the drafting of the code such a gift with a condition attached would not result in a charitable deduction.

The purpose of my bill is to make sure such worthy gifts to charity receive the same kind of treatment as other charitable gifts.

Because of the present restriction by oversight placed on such gifts, philanthropy for public projects which are of benefit to all of us has been discouraged.

There is no doubt that my bill will encourage gifts to charities that might otherwise not be made. This bill, in fact, guarantees greater revenues to charities. For every dollar of gift, the hospital, school, church, or like charity stands to gain a like amount from other sources. Unless we enable people of means to bequeath gifts to certain small charities which are in the public interest, it could very well become necessary for the Federal Government to commit part of our tax revenues from the whole Nation to the aid of certain charities which benefit the whole community. None of us can close our eyes to the need of these institutions.

Because I believe that such institutions as colleges and hospitals should be afforded every opportunity for growth, I am offering this bill. In my district alone, the Second Congressional District of Iowa, there are many outstanding colleges and hospitals which could be aided by this measure. And, such aid could be multiplied many times across the United States to colleges and hospitals which are in need of more funds.

In closing let me state that this bill is in the great tradition of community self-help; a tradition which should be encouraged and perpetuated by our laws. It is unfortunate that the problem of the matching charitable bequest has been overlooked. It is fortunate, however, that the correction of this previous oversight is only technical in nature and further implements the Nation's tax philosophy as it is applicable to charitable bequests.

CREDIT UNION DAY

Mr. WAMPLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. WAMPLER. Mr. Speaker, this year, 1959, marks the 25th anniversary of the enactment of the Federal Credit Union Act of 1934. It is also the golden anniversary of the beginning of the credit union movement in the United States.

In 1909, 50 years ago, through the dedicated efforts of a Boston merchant, Edward A. Filene, the State of Massachusetts enacted the first legislation in support of credit unions. During the 25 years between 1909 and 1934 we have witnessed a growing enthusiasm for these self-help organizations. Thirty-eight States and the District of Columbia had already adopted legislation similar to the Massachusetts law, when Congress finally succeeded in providing a legal base for the operation of federally chartered credit unions.

That these financial institutions have grown at an astoundingly rapid rate since 1934 is not really surprising, for few organizations have done more to promote the economic well-being of the workingman and the members of his family. The basic principle upon which the first cooperative credit group was founded in Germany in 1848—self-help, through the pooling of resources—gave promise of success, for it is a very human trait to want to be independent.

What greater satisfaction can a man achieve than to have his character, alone, accepted as security for a loan? What deeper satisfaction can he know than that which comes from ownership and a sense of belonging? What greater source of contentment than the knowledge that thrifty use of one's resources provides a higher standard of living and a better way of life?

Credit unions have helped millions of families toward the fulfillment of these basic satisfactions. In my State of Indiana, more than 200,000 families enjoy the fruits of credit union membership. At this point, Mr. Speaker, I would like to specifically recognize and commend the Indiana Credit Union League for the excellent job it is doing within the credit union movement.

Often, the person most in need of credit has no collateral to pledge as security. For a credit union member, the most important pledges of security for a loan are integrity and honesty. This has served to boost the self-confidence of many a man who has been beset with the problems of paying off old debts or meeting current medical or dental bills, not covered in his budget. Instead of scrimping and pennypinching, through credit union loans he is able to make his money work for him, with the greatest possible results at the least cost.

All members are owners. The shares deposited by the credit union members are the funds used for loans. A credit union is operated for its members, and by its members. Each member has an equal voice in the management of the institution's affairs. All earnings, after payment of expenses and allowances for reserves, are returned to the members. The benefits from savings are double for credit union members—annual dividends are returned at a 3- to 4-percent rate on shareholdings; and the cost of money at 1 percent can save anywhere from 2 to 6 percent in interest payments.

The importance of these financial institutions is recognized by employers and employees alike. Most business establishments encourage the organization of credit unions by their employees, and provide space and time for their operation. They do so because intelligent management has found that business derives major benefits when fewer workers have money problems. By the same token, the entire national economy benefits from the successful operation of these cooperatives. The wise use of all of our financial resources—large and small—is necessary to our continued economic growth, and no one will dispute the fact that the wholesome philosophy of cooperative effort is basic to our American way of life.

PRICES OF AGRICULTURAL PRODUCTS

Mr. DORN of South Carolina. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN of South Carolina. Mr. Speaker, our Committee on Agriculture recently issued a report showing that retail food prices have increased 20 percent in the past decade while prices received by farmers have fallen 8 percent.

This spread means that consumers today are paying more for American-produced food while American farmers are getting lower prices. Also, it means that the increase has gone to the food processors who, like the farmers, have met with mounting costs.

This situation, however, is in contrast to the relationship between American cotton and cotton textile products. Department of Agriculture studies show that the spread between the farm value of cotton and the retail cost of cotton products has remained fairly stable since 1947.

In other words, consumers of cotton textiles have seen the retail prices for such products decline in the past 10 years while the farm value of cotton in these products increased. And both the cotton farmer and the textile manufacturer have been saddled with higher processing costs.

The farmer's share in the retail price of cotton textiles varies among products, depending upon the amount of labor required in relation to the amount of cotton used. For example, dress shirts, work shirts and sheets are typical items for which the farmer's share differs because the value added by manufacture and distribution differs in relation to the quantity of cotton required in the different products. The USDA reports that for each of these three products the farm value of cotton increased in relation to the retail prices since 1939.

In 1939 the farmer's share of the retail price of cotton sheets amounted to 23 percent. The 1947–49 average was 30 percent. And the 1955–57 average was 35 percent.

These facts are significant to cotton growers as they show clearly that the cotton industry has fared well in an inflationary period that has caught some other farm commodities in a squeeze between higher processing costs and consumer resistance to higher prices.

As the cotton farmer's share has increased, the textile manufacturer's share has decreased, and this situation should attract our special attention.

An unrealistic Government cotton program, featuring uneconomic price supports coupled with restrictions on cotton acreage, has removed cotton from the list of the Nation's growth industries. Despite all of the growth factors that mark the general economy, per capita consumption of cotton in this country is about the same as it was 20 years ago.

To further complicate the situation facing this Nation's cotton economy, the Government on August 1 will increase the subsidy on American cotton exports from 6 to 8 cents a pound. In effect, the advantages enjoyed by offshore cotton textile manufacturers are to be increased still further at the expense of the American taxpayers on one hand and the American textile industry on the other. The Government expects to dispose of about 3 million bales of surplus stocks of cotton with little or no control over the amount which will return to these shores in the form of textile products, and displace that cotton which might have been manufactured domestically. To protect the U.S. cotton farmer, the law limits raw cotton imports to 29,000 bales of the up-land type each year. Inasmuch as the equivalent of 137,000 bales entered this country in the form of textile products in the 1957–58 crop year, it would appear that the surplus disposal program is being defeated in some measure.

In view of all of the circumstances confronted by our textile industry, it is my opinion that our textile industry has made a distinct contribution in the fight against inflation in contrast to the processors of many other farm commodities. Truly, this is a remarkable performance.

THE CONGRESSIONAL RECORD

Mr. TEAGUE of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. TEAGUE of California. Mr. Speaker, I take this time to call the attention of the Members of the House to the bill I introduced last week which is very apropos the admonition just given the Members of the House by the Speaker. The gentleman from Missouri [Mr. JONES] and I have each introduced measures which would limit and restrict the type of material and the number of insertions which go into the CONGRESSIONAL RECORD. It would seem to me that this is a matter of great importance if we are going to have the RECORD be the important document it was intended to be.

SPECIAL NONQUOTA IMMIGRANT VISAS FOR FOREIGN-BORN ORPHANS

Mr. HIESTAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HIESTAND. Mr. Speaker, since the passage of Public Law 316 of the 85th Congress, more than 3,000 foreign-born orphans have found homes in the United States.

Section 4 of Public Law 316 granted special nonquota immigrant visas to eligible orphans born in foreign countries. Immediately, thousands of childless couples—and many parents with children of their own—opened their homes to babies and toddlers.

Of the more than 3,000 youngsters admitted, at least one-half have been brought to this country by proxy adoptions. And mark this: Less than one-fifth of 1 percent has been unsuccessful.

The special provision of the law should be extended. It is due to expire at midnight next Tuesday. Bickerings of small merit—"lint picking," if you will—have stalled action on this legislation which has support of the administration as well as practically every other Member of Congress.

There is still time to act. Let us hope that we are privileged to approve extension of this important law before it expires on June 30. Otherwise, thousands of American homes may go without children; and thousands of unfortunate orphans may go without homes.

There is a need. The heart of the Congress is big. Let us attend to this problem.

FEDERAL EMPLOYEES LEGAL HOLIDAY BILL

Mr. JOHANSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a letter.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. JOHANSEN. Mr. Speaker, I take this time to call the attention of the House to the following letter which I addressed to the general membership on the 26th of this month:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 26, 1959.

DEAR COLLEAGUE: I respectfully direct your attention to the fact that an effort will be made to bring H.R. 5752, the Federal employees legal holiday bill, to the floor of the House next Monday, June 29.

It is my earnest hope, as a member of the Committee on Post Office and Civil Service, that the rule on the bill will be defeated and, failing that, that this bill will be voted down.

My objections to the proposed legislation are summed up in the minority views, found on page 11 of the enclosed committee report.

There is now additional reason why I believe the rule should be defeated. Since this report was printed, the President has issued an Executive order giving most Federal employees a 3-day holiday over the July 4 weekend. This action was recommended to the President by the chairman and ranking minority member of the committee when it appeared doubtful whether Congress would act on the bill in time to grant the Friday holiday.

So far as the July 4 Saturday holiday is concerned, the Executive order removes any occasion for this legislation. Hereafter in the next 4 years only one legal public holiday falls on a Saturday—Veterans' Day (November 11), 1961. Action designating the preceding Friday as a holiday in the case of this or subsequent Saturday holidays can, and in my judgment should, be deferred until the year in which they occur, when the matter can be handled either by act of Congress or Executive order. I am advised that the chairman and ranking minority member of the Post Office and Civil Service Committee strongly hold this view.

Of course, the proposed bill, H.R. 5752, goes far beyond designating as a legal holiday the Friday before any legal public holidays falling on Saturday. As my minority views point out, this bill will also apply to every Federal employee in any instance in which any legal public holiday falls on that employee's "regular weekly nonwork day." I strongly oppose this provision.

Such legislation is not only extravagant and unreasonable so far as Federal employees are concerned, but would set a pattern for further exorbitant holiday demands not only in Government but also in private employment.

I hope you will see your way clear to oppose the rule and the bill.

Sincerely yours,

AUGUST E. JOHANSEN,
Member of Congress.

The letter calls attention to the effort that will be made on Monday next to bring to the floor of the House the bill H.R. 5752, the Federal employees legal holiday bill. In this letter and in the minority views which I am sending out accompanying the letter I set forth the reasons for my hope that this rule will be defeated, or if it is not defeated that the bill will be turned down.

I can report, Mr. Speaker, that because of the Executive order issued by the President with respect to the Fourth of July holiday this year it is the feeling of the chairman and of the ranking minority member of the Committee on Post Office and Civil Service, of which I am a member, that the rule should be defeated.

LABOR REFORM LEGISLATION

Mr. BERRY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. BERRY. Mr. Speaker, the shame of America does not lie in the corruption of labor leaders, but in the fact that the Congress of the United States has failed to adopt corrective legislation.

I strongly urge the Democrat leadership to stop fiddling around and get a labor reform bill before the House.

I was hopeful that labor reform legislation could be placed on the statute books before July 4 to prove the freedoms we talk about in our Independence Day speeches.

Twice this Congress has been confronted with the test of whether or not it would remove the chains of oppression and corruption from the shoulders of rank and file union members. The first test was flunked miserably last year when the 85th Congress went home with the sorry story that it could not take

action because of parliamentary procedures.

Are the American people once again going to be forced to swallow their own mandate to Congress for effective reform measures by inaction in the House? The Senate has passed legislation through adoption of the Kennedy-Ervin bill. Although the bill needs strengthening, it is a step in the right direction, and gives the House something from which to work. But this approval is fast becoming ancient history as the House stands by waiting for its leadership to bring out a labor reform bill. The public has clamored for reform legislation, newspapers and commentators have demanded curbs, and worst of all, the people who are really hurt, the labor union members, beg for relief from their leaders who have thrown democracy out the window. But the cry is not heeded, and as each day passes, the record of inaction by the House becomes more shameful.

THE CREDIT UNION MOVEMENT

Mrs. GREEN of Oregon. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentlewoman from Oregon?

There was no objection.

Mrs. GREEN of Oregon. Mr. Speaker, the State of Oregon has 188 credit unions, and the majority of these are chartered under the Federal Credit Union Act. These 188 credit unions have 93,000 members whose combined savings totaled $36,806,088, and whose combined loans totaled $36,777,005, at the end of 1958. The most common dividend rate paid last year on savings was 4 percent. There is nothing particularly unusual about these figures, except that they indicate the thriving good health of the credit union movement in the State of Oregon. Moreover, they show that the principles of brotherhood can be carried into the field of finance with conspicuous success. Future historians writing the history of the credit union movement in the United States may well consider this to be its outstanding characteristic.

This philosophy is summed up in the motto for International Credit Union Day on October 15 this year, "We help each other; join us."

It is exemplified also, I believe, in the outstanding work credit union people in this country have done for the citizens of less privileged lands overseas.

Through the world extension program of their international association, credit unions have fostered, encouraged, and materially aided in the development of credit unions in such countries as Mexico, Central America, the West Indies, Peru, Chile, the Fiji Islands, and Australia and the Philippines. In addition, credit union training courses for native leaders in such remote areas as Vietnam, Indonesia, and Thailand have been carried out in cooperation with our Government agencies, the United Nations, and private organizations.

As the only worldwide association of credit unions, the Credit Union National Association, or CUNA, is not merely a coordinating agency. Through it is channeled the deeply felt responsibility of the credit union movement to share the credit union idea with people in other countries, so that they too may enjoy the benefits of this self-help plan.

How does the credit union idea spread? In some countries the movement is started by persons who have read about it or observed credit unions operating elsewhere, which is how the credit union idea started in the United States, incidentally. In most cases, however, either initially or early in the process, CUNA is asked to help. This request may come from a group of private citizens, from an employer, or from an office of the foreign government. During the last few years, CUNA has given information and assistance to more than 80 different countries.

CUNA also maintains a staff of four men who travel throughout the world giving on-the-spot assistance to new groups. Two of these specialists are based at the international headquarters of CUNA in Madison, Wis., the third is in the West Indies, and the fourth covers all of Latin America from his headquarters in Costa Rica.

This technical assistance program is financed entirely by credit unions, partly by dues they pay CUNA, and partly by small free-will donations. No government funds and no grants from foundations support this effort.

How successful has this international growth of credit unions been? In Africa credit unions are already in operation in Ghana, Nigeria, and Sierra Leone. Those that already exist can be expected to act as examples for the rest of the continent. Tanganyika, Kenya, the Belgian Congo, and Uganda have shown great interest in credit unions. Two African leaders are studying credit-union operations and procedures with CUNA this summer.

During 1958 the credit union movement in Australia expanded remarkably in the three states of New South Wales, Victoria, and Queensland. A central league of credit unions, affiliated with CUNA, is already operating in New South Wales.

In the Fiji Islands, the solid growth of some 233 credit unions has prepared the way for credit unions in other areas of the Pacific. Western Samoa has 10 credit unions now, and a few have begun to try their wings in New Zealand. A credit-union school for the South Pacific is now beginning in Fiji. The Fiji league is also a member of CUNA.

To keep pace with the new independent political federation of the West Indies, the credit unions there have formed a confederation. It contains more than 400 independent credit unions.

Mexico has 240 credit unions, with 23,000 members. The movement there has been successful in developing a group of dedicated volunteer workers, and a central organization of credit unions in the various States is operating.

Thirty-three leaders from all Central American countries, Mexico and Colombia attended a 2-week credit union school in Costa Rica last summer; a conference for the West Indies was held in Barbados this spring, and in the fall a South American training session will be held in Chile, cosponsored by CUNA, various government and international agencies.

Peru has seen the growth of 60 credit unions with 10,000 members during the last 2 years. The Philippines have 300 credit unions, but need help in coordinating their efforts in an effective central organization for training and education.

In line with CUNA's policy of encouraging self-help, a basic principle of the entire credit union movement, native leaders are trained under CUNA sponsorship and then they return to their own countries to develop local credit unions. Wherever possible the trainee studies with credit unions in countries with conditions similar to his own, and in most cases, he also receives intensive training at CUNA headquarters and has a tour of duty with affiliated credit union leagues. Leaders from other countries under sponsorship of other agencies are also given credit union training.

This is an ambitious program and one which will take a long time to bear fruit. And yet, a service so well worth the effort, could not long remain untried.

Those men of vision who voted for the Federal Credit Union Act in 1934, which became law 25 years ago today, should be gratified to see their judgment confirmed in this worldwide movement for self-help and economic democracy.

TWENTY-FIFTH ANNIVERSARY OF THE FEDERAL CREDIT UNION

The SPEAKER. Under the previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 2 hours.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein extraneous matter; and I also ask unanimous consent that all Members of the House today may extend their remarks in the proceedings of the House and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, this is a signal occasion. It was on this very day, June 26, 25 years ago, that the Federal Credit Union Act was passed by the Congress of the United States. This year credit unions of the United States are also celebrating their 50th anniversary in this country.

Federal credit unions are cooperative associations organized to promote thrift among their members and to provide a source of credit for small loans.

Annual financial and statistical reports from more than 9,000 Federal credit unions in operation at the end of 1958 have just been summarized, and they show that total assets stood at $2,034,866,000 on December 31, 1958, an increase of 14 percent during the year. Members' savings amounted to $1,812,017,000, also up 14 percent, and averaged $348 per member. Federal credit unions made 3,779,000 loans, totaling $2,022 million, during the past year, and by the end of 1958

they had more than $1,379 million in loans outstanding to their members.

Membership in Federal credit unions exceeded 5,200,000 at the end of 1958. A large majority of these members are employed in private industry. Less than one-sixth of the Federal credit unions serve employees of Federal, State, or local government agencies.

Federal credit unions make up about one-half the total number of credit unions in the United States and its possessions. The rest are chartered under the various State laws, although six States—Alaska, Delaware, Hawaii, Nevada, South Dakota, and Wyoming—had not enacted a credit union law by the end of 1958.

The Federal law covers all 50 States, the Panama Canal Zone, and the Virgin Islands. Credit unions in Puerto Rico may be organized under the Federal act or under the local credit union law; there are no provisions for chartering credit unions in Guam.

The Bureau of Federal Credit Unions in the Social Security Administration, Department of Health, Education, and Welfare, is responsible for conducting periodic examinations of credit unions chartered under provisions of the Federal Credit Union Act of 1934. The Bureau also acts upon applications for charters from new groups and exercises general supervision over all Federal credit unions.

This is a wonderful record of accomplishment.

Men who have done great public service have sought different kinds of monuments to their works. My good friend, the late Senator Morris Sheppard of Texas, wished the Federal Credit Union Act to be a monument to his service in the Senate, and it has proved to be a growing monument indeed. I know of no law ever passed by Congress which has proved more successful. It is most gratifying to me to have been able to help in the passage of the act and to have helped in the passage of a number of other bills over the years which have improved it.

I recall when the bill was being considered in the 73d Congress. I was the only Member to appear before the committee and testify in its support. I recall also some very exciting events just prior to its becoming law. Despite all efforts to obtain early passage of the bill in the 73d Congress, the bill was not put over until the 2d session, which was the Congress of 1933 and 1934, and one, of course, involved in a great deal of momentous legislation. The credit union bill finally passed the Senate on May 10, and it was on Saturday, June 16, 1934, the day Congress was expected to adjourn, that the House took the bill, amended it, and passed it. I called for a vote, and the RECORD shows that the House voted for the bill 180 for it and only 2 against it. Fortunately, Congress recessed over until Monday, June 18, before adjourning. Otherwise, we would not have had a Federal Credit Union Act in the 73d Congress.

More than that, the postponement of the adjournment until Monday did not give us much time. The bill had not been engrossed and I recall working into the late hours of Saturday and Sunday to make sure that the bill was in order to go before Congress Monday before adjournment. When the Federal Credit Union Act passed there were 2,200 credit unions in the country operating under State law. These had shown wonderful progress since their establishment in Massachusetts in 1909. But they had hardly begun to meet the problems faced by people of ordinary means in most parts of the country. Ordinary working people were being victimized by loan sharks in unconscionable ways. We learned of such a shocking instance of a railroad employee who borrowed $30 from a loan shark and thereafter paid $1,080 in interest charges and was then sued for the initial $30.

The loans which credit unions make to their members are essentially character loans and their record in this field of personal finance is a most enviable one. Over the past 25 years loans which have not been repaid come to less than one-half of 1 percent of the several billion dollars of loans which have been repaid.

I would like to point out, as I am always proud to point out, that the first credit union to be organized under the Federal Credit Union Act is located in my home town of Texarkana, Tex. This is the Morris Sheppard Credit Union, and I am happy to report that it is doing a fine service worthy of the illustrious name it bears.

I am very much impressed with the dedicated service that so many people in the United States are performing today in this movement, without any compensation, and even to the point of giving up their vacation time and spending their own money. It is a service that in my estimation is next to the church, and that is pretty high service in my book. I want to do everything I can to encourage this high service that they render.

Volunteer in nature, credit unions are nonprofit corporations as well. The money saved by the members is lent to the members at the very low cost of 1 percent per month on the unpaid balance. For instance, a loan of $100 repaid in 12 monthly installments would cost just $6.50. This is the only income the credit union has, and this is what is used to pay the operating expenses. At the end of the year, any surplus not required for reserves is returned to the members mainly as dividends on their savings. Credit union members, of course, pay the usual income tax on their dividends.

Recently, credit unions in the United States and Canada have been also paying an interest refund to borrowers. At the end of last year, 14 percent of U.S. credit unions reported they paid refunds averaging 10 percent of total interest collected back to those members who had borrowed during the year. Let me point out that this, like all actions of the credit unions, is a reflection of the philosophy of these democratic organizations. Members are evidently more interested in the welfare of those who need low-cost loans, than they are in receiving a high rate of return on their savings.

Credit unions are private, voluntary associations, which serve only their members, and do not accept savings from the general public, nor do they lend to the public. Therefore, they are not insured under any Government plans. However, members do have a number of safeguards.

In the first place, all credit unions are chartered by the Government as I stated earlier. Secondly, the Government supervises credit unions, and regularly examines their books. In the case of Federal credit unions, this is done by the Bureau of Federal Credit Unions, a division of the Department of Health, Education, and Welfare. This Bureau is entirely supported by the supervisory fees charged to each credit union, and not a cent of general tax revenue is used by the Bureau. The third safeguard is the supervisory, or auditing committee, which makes periodic passbook audits and examines the credit union's books. In addition, larger credit unions are increasingly hiring certified public accountants to make audits of their books.

Lastly, all credit union officials are bonded. Surety bonding coverage of 100 percent of the true assets of a credit union up to $2 million is available through the Credit Union National Association, and each year more and more credit unions are availing themselves of this additional protection for their members.

Here in Washington, D.C., we have credit unions in the Federal Reserve System, we have credit unions in the U.S. Treasury, we have credit unions in the Bureau of Engraving and Printing. We have credit unions in all the different Government agencies, and even in the House and Senate. We have about 170 credit unions, I believe, here in this small area of the District of Columbia. I feel that they are in the public interest and that they should be encouraged in every way possible.

Excessive rates of interest are burdensome to the economy, and in many areas the money lender charging extortionate rates is still a threat to our citizenry.

For instance: Last year, the attorney general of a Western State brought an injunction suit against a nationally known organization, to enjoin them from charging 72 percent interest to people who were purchasing automobiles and appliances. That is a rate of interest that is absolutely unconscionable, and that is going on all over the country. I don't know of any organization that is doing more to save the people from such unconscionable charges than the credit unions.

There are many important and unique features of credit unions. First, these thrift groups serve primarily working people: the wage earners who are the solid-rock foundation of our Nation. These people band together with others like themselves in order to promote their mutual economic welfare. They do this by pooling their savings and making low-cost loans to each other; in this way the combined financial strength can be thrown squarely behind any member in his time of need.

The second thing we can learn about credit unions is that these groups perform a very real thrift function for their members, teaching them to save and making it so easy for them to save that many are surprised and encouraged by the way their savings mount up. Many

members, when making their first loan are persuaded to put a little something in their savings account each time they make a payment on that loan. I am told this is part of the basic credit union policy and that the amount saved is not regarded as anywhere near as important as the habit of thrift which is taught to the member. Everybody can save something, if only 25 cents a week.

The credit union idea is now over a century old; old in terms of years, perhaps, but the underlying philosophy of mutual self-help among a group of people with common interests and aspirations is as young and vital today as it was in 1849 when the mayor of a farming village in southern Germany started the first credit union among a group of poverty-stricken farmers. This man, Friedrich Wilhelm Raiffeisen, henceforth devoted his life to spreading the credit union throughout the length and breadth of Germany, and by the time of his death he had started 423 credit unions.

Boston Merchant Edward A. Filene and Massachusetts Bank Commissioner Pierre Jay combined their efforts in an attempt to persuade the Massachusetts Legislature to pass the first credit-union law in the United States. Their efforts were successful, and it is to the eternal credit of that great State that they were the first to fashion the legislative framework of a statewide credit-union movement.

In 1912 President William Howard Taft wrote to the Governors of all the States, saying, in part:

> A very good law has been enacted by the State of Massachusetts, allowing the incorporation of credit unions, which should furnish an example to the other States. Their establishment is generally a matter of State legislation and encouragement; their organization and management wonderfully simple, as the European experience shows; and their success is practically inevitable when the environment is congenial and where proper laws are passed for their conduct.

Laws similar to the one in Massachusetts were passed in many States during the next few years.

In 1921 Edward A. Filene and Attorney Roy F. Bergengren formed the Credit Union National Extension Bureau, which, financed by Mr. Filene, would carry on the work of organizing credit unions throughout the Nation until the Credit Union National Association was formed to take its place in 1934. These were busy, productive years. Bergengren traveled to every nook and cranny of this great country, carrying his message of hope, speaking anywhere there were men to listen, and leaving in his wake new credit unions and optimistic people who, for perhaps the first time, held in their own hands the reins controlling their economic destinies.

Concerning the legislative program, Bergengren himself wrote:

> The question has been asked as to why we did not start with a Federal law. Our feeling was that there was a certain amount of preliminary education necessary in every State, and that one way to initiate the educational work was by organizing State campaigns requiring, as would be inevitable, the formation of local committees, the enrollment of individual support, and the discovery of State leadership if the campaigns were to be successful. It worked out fairly well.

This then was the background which led to the passage of the Federal Credit Union Act on June 26, 1934, about which I spoke earlier. The 50-year history of the credit-union movement in this country is one of the most illustrious chapters in the country's history. The early years of this movement are mainly the history of an untiring crusade by people who had the vision to foresee what credit unions could do to make the lives of people a little easier and a little happier, and who had also the determination to make this vision a reality.

The later years—we might say the last 25 years—have been years of growth and steady service which have established both the need and the practicality of credit unions beyond the question of the last doubt. Today there are more than 19,000 credit unions—both Federal and State—with 10 million members in this country alone.

Credit unions are nothing if not individual enterprise. They differ from most other individual enterprises only in that their motivating spirit is service and help to others rather than individual profit and private advantage. I believe that credit unions bring democracy to capitalism, which seems to me a quite obvious conclusion to draw. The fact that credit unions have stood the test of time and have gained the active approval of 10 million American families answers their critics, and supplies their definition. In a word, they are good.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I am glad to yield to the distinguished gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. Mr. Speaker, I think it is most appropriate that we pause to recognize the passage of the Federal Credit Union Act, 25 years ago today. In the 25 years this law has been in existence millions of people in every State of the Union, in Puerto Rico, the Virgin Islands, and the Canal Zone have made an enviable record of saving money systematically, providing credit for themselves at low cost and managing their own business.

Coming from the State of Wisconsin which was among the earlier States to have a credit union law, I am particularly pleased at this action today. In Wisconsin our credit union law was passed in 1913. As a member of the State Senate of the State of Wisconsin I had the privilege of sponsoring legislation in that body to advance and improve our State credit union act. I know that the people of Wisconsin have gained many social and economic benefits from their credit unions. I am certainly happy that the Congress saw fit back in 1934 to enact legislation making it possible for people everywhere in the United States to have the opportunity to organize and operate their own credit unions.

I think it should be pointed out that Federal credit unions do not compete with State chartered credit unions nor vice versa. The development of Federal credit unions has in many instances stimulated the organization and growth and services of State chartered credit unions. State and Federal supervisory authorities cooperate with each other in improving the usefulness and effectiveness of credit unions. I am sure millions of people who now enjoy the benefits of credit unions, both State and Federal, could not have done so if the Federal Credit Union Act had not come into being. In fact, six States still have no credit union law.

I am particularly proud of the fact that the administration of this law has required no Federal appropriations since 1953. It is a self-sustaining operation. I think it is a tribute to the credit union members that they urged Congress to raise the fees for supervision so that they could pay their own way. This certainly is a fine example of teamwork between the people and their Government. The present Director of the Bureau of Federal Credit Unions is Mr. J. Deane Gannon, who formerly supervised the Wisconsin chartered credit union. We, of course, are proud of his coming to Washington, and we are proud of the job he is doing today in the Federal picture. Mr. Gannon told me that more than 5 million members of the Federal credit unions are adding more than one-half billion dollars a year to their savings and that during this quarter of a century members of more than 9,300 Federal credit unions have made 35 million small loans for profitable and productive purposes. These loans amount to more than $13 billion and average about $400 each. It certainly is a tribute to the skill and integrity of the credit-union members that only $1.80 has been charged off on each $1,000 of loans that have been made because members either failed or were unable to repay their loans. This certainly is a remarkable record.

Mr. Speaker, I take this occasion to commend the Congress of 25 years ago for their foresight in enacting this law, and I would commend other Congresses too for amending that law to assure its effectiveness and usefulness. I commend the people who are participating in these credit unions for their ability in doing things for themselves, and I commend them for this very fine exemplification of American free enterprise.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to our colleague, the gentleman from Indiana.

Mr. MADDEN. Mr. Speaker, I want to commend the gentleman from Texas for setting aside this time to commemorate the 25th anniversary of the enactment of the Federal credit union legislation by the Congress of the United States. This date also commemorates the 50th anniversary of the credit union movement in this country. The gentleman from Texas 25 years ago saw at that early date during the depression the necessity of passing a law to help in the formation of an organization that would free millions of families and millions of people in this country from the chains of the loansharks and the short-time moneylenders who had been gouging the people for generations. He certainly was one of the pioneers in a great movement.

The credit unions, Mr. Speaker, have accomplished a great deal to help millions of families throughout America to tide themselves over periods of temporary financial distress.

Credit unions represent democracy functioning at its best. They, in a number of cases, prove to be social as well as civic organizations. Millions of families over the years have successfully weathered financial storms which might have led to chaos and misery.

They are a source of financial aid which have served to lift many who were in financial reverses back to economic stability and security.

They also built character and a sense of real confidence and independence among the thousands throughout the country who have taken advantage of the opportunity to borrow money at a low rate of interest, not only possibly to pay debts but also to improve the economy of themselves and their families.

Mr. Speaker, I represent a great congressional district called the Calumet industrial area of northwest Indiana. There are numerous credit unions in the mills and factories of my area as well as in city, county, and Federal Government institutions. There are 457 credit unions in Indiana with assets in excess of $110 million and a membership of more than 250,000. Approximately one-eighth of the entire population of Indiana belong to some kind of credit union in the State.

Again I commend the gentleman from Texas [Mr. PATMAN] for bringing this anniversary to the attention of the Congress, and I join with him as well as the thousands of the credit unions and their membership over this Nation in celebration of this occasion.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Speaker, I join with the gentleman from Texas in commemoration of the 25th anniversary of congressional action on Federal credit union legislation. We in Wisconsin are indeed proud of the many successful Wisconsin credit unions. These credit unions in our State have grown up since the State legislature enacted legislation in 1913.

It was my privilege several years ago to attend dedication ceremonies in Madison, Wis., for the National Association of Credit Unions building. This building was placed in Wisconsin for many reasons but among them was our early leadership in the field of the credit union legislation. The National Director of the Bureau of Federal Credit Unions is a Wisconsin citizen, J. Deane Gannon, and we in Wisconsin are indeed proud to join in this celebration of the 25th anniversary of Federal legislation. I commend the gentleman from Texas for calling it to the attention of the Congress.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Indiana [Mr. DENTON].

Mr. DENTON. Mr. Speaker, I want to join the gentleman from Texas and my other colleagues in extending felicitations to credit unions on their 50th anniversary and on this the 25th anniversary of the passing of the Federal Credit Union Act.

I want to call attention also to the fact that Mr. Greenwood, a former Member of Congress from Indiana, from 1920 to 1938, was very active in this field and did much to aid passage of this act.

Mr. Speaker, today, June 26, is Credit Union Day, and at this time, I would like to pay tribute to the credit unions here in the United States.

The credit union idea is not a new one. An American, Edward A. Filene, learned about credit unions during a trip to India in 1907, and was so impressed that he spent about a million dollars getting credit unions started in the United States. The Massachusetts Legislature was the first to legalize credit unions, and passed a law for that purpose in 1909. Since that time, the credit union movement has grown rapidly. There are now about 24,000 credit unions in the Western Hemisphere—about 19,000 of which are in the United States alone, and the number is growing each year.

A credit union is defined as a group of people who agree to save their money together and to make loans to each other at low interest. Usually a credit union is organized by members of a particular group: for instance, people working for the same employer; people who belong to the same fraternal order, church, or labor union; or people who live in the same closely knit community. Membership is open to all in the group, regardless of race, creed, or color, and credit unions are democratic because the members elect their own officers and set policies at annual meetings.

There are many advantages to joining a credit union. Some of them are:

First. Members are encouraged to save regularly. At this time, credit union members have accumulated over $4 billion in their credit union accounts. From this accumulated capital, loans are made to members at low interest and earnings remaining after expenses are paid and reserves set aside are returned to the members in the form of dividends.

Second. Interest rates on credit loans are very low, and are never more than 1 percent per month on the unpaid balance, without any other charges. These low rates save members money, thus giving them more money for other things. Because of such low rates, members saved over $175 million in interest in 1957 alone.

Third. Credit unions are financially sound because they operate under law, the books are examined regularly, and reserves are set aside each year to cover any uncollectible loans.

Fourth. Credit unions have a remarkable record for repayment of loans: less than one-fifth of 1 percent are not repaid. The feeling of loyalty to the credit union, which is owned and operated by the members, accounts for this; and

Fifth. Credit unions build leadership and give people an opportunity to learn democratic management of their affairs. This typically American characteristic of credit unions is perhaps the main reason for their popularity in the United States.

For these reasons, and many more, it is appropriate to pay tribute today to the work of credit unions in the United States. I know that my colleagues join me in the hope that the credit union movement will continue to grow and benefit an increasing number of people.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Colorado [Mr. CHENOWETH].

Mr. CHENOWETH. Mr. Speaker, I wish to join the gentleman from Texas in paying tribute to the Federal credit union movement on this, the 25th anniversary of the passage of the Federal Credit Union Act. I have been very much impressed with the credit union movement as I have observed it in operation in Colorado, and some of my most pleasant associations have been with the officers and members of the credit unions in my district. It certainly gives me great pleasure to extend my very best wishes to the credit unions of Colorado, and the entire Nation, on this happy occasion.

I feel that the credit union movement has filled a very distinct purpose and place in our economy, and I have been, as I say, very much impressed with the success achieved during the past 25 years. I am sure that the achievements during the next quarter of a century will be even more remarkable.

Mr. Speaker, the State of Colorado has 204 credit unions at this time. They serve some 150,000 citizens of our State. They are organized under almost every type of common bond conceivable, and serve a large cross-section of our people.

We have credit unions in Colorado which serve teachers, factory workers, church groups, farmers, labor union members, housewives, policemen, and members of fraternal organizations. Most of them are relatively small, serving less than 250 people, and very few of them have full time paid employees.

The officers of credit unions serve without pay. Many times the office is no more than an extra drawer in the treasurer's desk. Under the law the treasurer is the only officer who may receive compensation. I have been impressed with the fact that there are no frills to credit unions, or heavy overhead expenses. They represent people who have grouped themselves together to save their money, and to lend to each other at the lowest possible interest rate.

I salute the credit union movement, and particularly the credit unions in Colorado. I wish them continued success in the years ahead, and I am sure they will continue to render a most valuable service to their members.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from California [Mr. GEORGE P. MILLER].

Mr. GEORGE P. MILLER. Mr. Speaker, I want to join the gentleman from Texas in paying tribute to the credit unions. I also want to express my appreciation to the gentleman from Texas for having sponsoring the credit union movement in Congress. He said a moment ago that the credit unions represent democracy; they are actually

democracy in action. Here is where men bind themselves together, each lending that which he can spare so that others may benefit and make a better way of life for themselves and their families.

The credit unions of this country have demonstrated the honesty and sincerity of the American people, particularly the working people, the little people of the country, because the loans are primarily character-type loans. The fact that an infinitesimal percentage of the loans is not paid back indicates that the people working in cooperation and in the cooperative spirit, recognizing their responsibility are good people, and the members of the credit union constitute the backbone of this country.

Mr. PATMAN. Mr. Speaker, I yield to the gentleman from Maine [Mr. OLIVER].

Mr. OLIVER. Mr. Speaker, it is a real pleasure for me to stand on this floor and commend the credit union movement of the United States on the 25th anniversary of the Federal Credit Union Act.

It is interesting to note that in the State of Maine we have some 50,000 people who are now members of the State and Federal credit unions and that they have been working out their own destiny so to speak, as far as credit facilities are concerned, and doing very well at it, too.

About 20 years ago I became interested in getting credit unions in my State, particularly along the coast where the fishermen did not have many credit facilities available to them. The equipment these men use in their work is expensive and each purchase represents, for the fisherman involved, a carefully considered outlay of capital. I am happy to say that several fine credit unions now exist which are of material assistance to these men, and represent greater financial security for them and for their families.

When I heard that the Federal Credit Union Act might be revised, I made it my business to contact as many Maine credit unions as possible, including every single credit union in my district, to get their views on the matter. I would like to point out here that every reply which I have received has been enthusiastically in favor of this legislation. It seems to me that the overwhelming support for this measure evidenced by those who are familiar with credit union needs is the most effective testimony for its passage.

We in the State of Maine pride ourselves on our tradition of rock-ribbed Yankee individualism, and the credit unions of the State, serving fishermen, farmers, and factory workers, are prime examples of this quality.

The citizens of Maine have long respected the man who took care of himself, and they have a similar respect for these financial institutions with which a group of people with the same interests band together to take care of their own finances. Thrift, too, is a traditional Yankee quality, and the $17 million in assets of the Maine credit unions is eloquent testimony to the ability of the Maine credit union members to put aside something for a rainy day. In all, credit unions are a prime example of the finest qualities of our State's citizens.

The passage of the Federal Credit Union Act in 1934 was a wonderful piece of work which has materially aided the development of credit unions throughout the United States and its Territories. These groups have become a part of the American economy, because they answered a definite need of the American people. Today, they continue to serve and to grow, and the Congress of the United States has a duty to modernize credit union law in order to bring it into line with the rapidly changing economic picture of our times, and the equally rapid development of the needs of 10 million U.S. credit union members.

Credit unions are the essence of democratic capitalism at its finest; they are the epitome of the free enterprise system for every average wage earner in this land. Credit unions are established by a limited group of people in order that they may obtain for themselves alone certain well-defined objectives. They own the credit union. They elect, on a one-member-one-vote basis certain people from among their own group to control its affairs, and to act as their agents in the day-to-day conduct of its business. These officers are volunteers, serving without pay in the majority of cases, and many of them make great personal sacrifices in point of their spare time and vacations in order to serve the needs of the group. Few groups in the country can match the selfless devotion of the credit union volunteers.

I know that the credit-union movement has also done fine work in other countries, supplying encouragement and training leaders for credit unions in other countries. As a result, credit unions similar to our own are now operating in Latin America, on the islands of the West Indies, in South America and even far away in the South Pacific. The development of these financial thrift societies in remote areas is due to a great degree to the feeling of credit union members in this country that they have a responsibility to help others as they themselves have been helped, and so they have contributed generously to this effort, without any expectation of financial return.

Their activities in these countries cannot fail to reflect credit on our country and its citizens. As these credit unions grow and benefit their members as our own credit unions have benefited our members, they may yet prove to be one of the most popular exports of the United States to the citizens of the world.

So, Mr. Speaker, it is with great personal pleasure and satisfaction that I join with other Members of this body to help record today's session of the House as a symbol of the respect which the credit union movement in America has generated for itself over the 25 years of operation under the Federal Credit Act of 1934.

Mr. Speaker, I wish to take advantage of this opportunity to express to the gentleman from Texas [Mr. PATMAN] my appreciation for arranging this opportunity to speak here this afternoon in behalf of this credit union movement under the Federal Credit Union Act of 1934.

Mr. BREEDING. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Kansas.

Mr. BREEDING. Mr. Speaker, I want to congratuate the distinguished Member from Texas on his work for the credit unions and to join with him and other Members of the House in paying tribute to the credit union movement in the country on this its anniversary.

The State of Kansas enjoys many credit union organizations and we are mighty proud of them.

Mr. Speaker, although credit unions are not as numerous in the State of Kansas as they are in some of the more industrial and more highly populated States of the Union, they are nevertheless performing a very vital and worthwhile service for our citizens.

As you may know, the great majority of credit unions are organized among groups whose common bonds are employment in the same office, plant, or agency. However, many other groups also have credit unions, such as professional and fraternal associations, members of a particular church or parish, members of another cooperative, and in some cases, small communities within a well-defined geographical area.

Most of these last are organized in rural areas where thrift and credit facilities are not readily available.

The role played by these rural credit unions in the economy of our farm communities is tremendously significant. In 1957 there were 40 rural credit unions in the State of Kansas, and approximately 525 in the United States. I understand this figure has grown rapidly. During the first 8 months of 1958 at least 30 new rural credit unions were chartered in the State of Kansas alone. Most rural credit unions are sponsored by farm organizations, rural churches, and other rural groups.

Farm bureau cooperative associations, the Grange, and the Farmers Union, have all promoted and sponsored rural credit unions. Those credit unions organized in farm areas are an important source of credit for the financing of feed supplies, and equipment purchases of their members. Because of the seasonal and irregular nature of farm income, families who earn their income from the soil require constant and readily available credit facilities. Farmers today have the family credit needs of city folks, plus their farm credit needs. By their very nature, credit unions are ideally suited to serve these needs.

Colleagues, the farmers of the State of Kansas are a hardy race. They work hard and long to grow the wheat that goes into our daily bread. Sometimes, however, the gamble with nature does not pay off, and the farmer comes out on the short end.

Just a few short years ago, we Kansans were smack in the middle of the worst drought in our history. Starting in 1952, and lasting through 1956, it made those 5 continuous years the worst for our farmers since the Dust Bowl years of the thirties. The tenacity with which these men and women clung to their land is a tribute, I believe, to the stock from which they come; but they themselves would be the first to admit the impor-

tance to them during this time of struggle of their credit unions.

Let me give you some actual examples.

In 1952, the first of the drought years, a Kansas farmer named Lawrence Bergstrom joined the McPherson Federal Credit Union in McPherson, Kans. Bergstrom bought a $5 share. In April of 1954 he borrowed $300 and repaid it in October. In November he borrowed another $250; repaid it in June of 1955. In April 1958 he borrowed $1,500, and paid it off at $150 a month until he was down to $900; and then in August he refinanced it back to $1,500. The credit union's security on that $1,500 is 10 Holstein cows, 1 yearling, and 4 two-year-olds.

Without the availability of financing like this, where a man can borrow from his neighbors at a low rate of interest, farming would be a very dangerous gamble, indeed, for some.

The June 1959 issue of "News for Farmer Cooperatives," published by the U.S. Department of Agriculture, Farmer Cooperative Service, contained an article entitled "Kansas Credit Unions Develop Different Loan Methods." I would like to quote from that article now:

Rural credit unions and farmer cooperatives in Kansas have developed several useful patterns or techniques for handling member accounts. Of course, farmers with credit-union share accounts may either withdraw from or borrow against the accounts to finance purchases from their cooperative or for other farm operations.

Farmers with savings accounts and farmers who borrow from their rural credit unions have the advantage of special life insurance coverage provided by the credit union without extra cost. In case of death or disability, the credit union's loan-protection insurance pays off the outstanding loan and the share insurance increases or doubles the member's share balance in the credit union.

This service enables the credit union to be more adaptable and of greater use to the farmer and to the farmer cooperatives in handling the farmer's accounts. Much of the risk of borrowing money is eliminated, too.

Once the farmer's loan is approved and the check is issued, he may follow one of the several patterns.

First, he may elect to redeposit his check in the credit union and withdraw from his account as necessary throughout the year for purchases at the cooperative or elsewhere. When this pattern is followed, the farmer receives loan-protection insurance on his loan balance outstanding and share-insurance coverage on his unused share account. He also receives dividends as earned on the unused portion of his credit-union account.

Secondly, he may deposit the check with the cooperative, putting himself on a fully prepaid basis for the year. When this pattern is followed, the farmer may receive discounts for cash trading, interest on the co-op deposit, and loan-protection insurance.

Thirdly, the farmer may redeposit with the credit union and then reborrow against his share account for purchasing certificates of indebtedness, where offered by the cooperative. These certificates of indebetedness are also interest bearing.

In these and other ways Kansas rural credit unions are helping their farmer members solve their problems of finance.

Mr. WIER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Minnesota.

Mr. WIER. Mr. Speaker, this occasion gives all of us an opportunity to express our congratulations to the credit unions of America and in particular for this occasion today, made possible by arrangements and long years of effort by our colleague the gentleman from the State of Texas [Mr. PATMAN].

I think I can safely say that, per capita, Minnesota has as many credit unions as any one of the 50 States, and we are very proud of the remarkably fine job they have done.

In addition to providing personal credit, credit unions foster habits of thrift among their members and render valuable assistance in counseling on personal financial problems.

In connection with the credit union movement, Minnesota should note with particular pride that one of the early pioneers of the credit union development nationwide, was a citizen of the State of Minnesota. Thomas W. Doig was a young clerk in the Minneapolis post office in 1923 when he heard about the early work being done by the Credit Union National Extension Bureau under the direction of Edward A. Filene and Roy F. Bergengren. He organized the Minneapolis Postal Employee's Credit Union, and was its treasurer. I believe this was the first credit union in Minnesota.

Mr. Doig had the vision and imagination to see in these first struggling isolated groups the seeds of the great social movement credit unionism was to become. The organization of new credit unions, and the extension of their unique services to an ever increasing number of people became the guiding motivation of his life. He was a man of rare ability and would have gone far in Government of public life, but decided to devote his life to this service.

Between 1925 and 1929, he worked as a volunteer organizer of credit unions, helping to organize the Minnesota Credit Union League in 1927. In 1930, he joined Mr. Bergengren and Mr. Filene as a staff member of the extension bureau to organize credit unions throughout the Middle West. In 1934, Doig was one of those who helped draft the constitution of the Credit Union National Association. Mr. Doig personally organized 1,000 credit unions during his 30 years of service to the credit union ideal.

In 1945, Doig succeeded Bergengren as managing director of CUNA, a position he was to hold until ill health forced his retirement 10 years later, just a few short months before his death.

After 26 years in credit union work, this outstanding pioneer of credit unions, said, "It is the business of the credit union not only to accumulate savings and to make loans, but to insert a little of humanity, a little of Christianity, and a little of brotherly love into that effort. This last is probably the most important function of the credit union."

Two years before his death, Doig was awarded an honorary degree of doctor of law from St. Francis Xavier University at Antigonish, Nova Scotia. The citation read, in part:

Noted for his steadfast dedication, his untiring energy, his top executive ability, Thomas W. Doig ranks high among those responsible for the rapid growth of credit unionism in North America. In honoring Mr. Doig, the university recognizes 8 million members of credit unions in Canada, the United States, and other countries who have brought about a miracle of modern finance.

Minnesota can always feel proud to have produced such a noble man who did so much to develop this people's movement of credit unions to the important place it now holds in our American economy.

Mr. WIER. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota [Mr. BLATNIK] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. BLATNIK. Mr. Speaker, as my distinguished colleague from Minnesota, the Honorable ROY WIER, has already mentioned, we in the State of Minnesota have particular reason to be proud of the credit union movement and the dedicated men and women who gave years of their lives in order that more than 10 million people in the United States today might have credit union benefits.

Now in Minnesota we have 457 of these mutual self-help thrift societies, and they have given us good reason to be proud of them. They have a fine record in our State, a reputation earned by the worthwhile work they do for their members, and, indeed, for the whole community.

More important, the influence of these credit unions extends far beyond the limited boundaries of their own membership. Wherever a town has one or two flourishing credit unions serving a significant proportion of the population, that community will be more prosperous and economically more stable because of it. Credit union members are informed about the use of money, they are thrifty.

The record of service painstakingly built up by millions of the rank and file of our citizens can be nothing else than a source of great pride and satisfaction on this 25th anniversary.

Mr. PATMAN. I would like to state here I knew Mr. Thomas W. Doig mighty well. He was with Mr. Bergengren when the Federal Credit Union Act was passed here in the Congress, and he did some very effective work. I am glad to know he is from the section of the country represented by the gentleman from Minnesota [Mr. WIER].

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, I remember well 25 years ago when the bill establishing the Federal Credit Union was pending in the Congress of the United States. I was a strong supporter of that bill and I voted for it with great pleasure. I feel that subsequent events have confirmed the fact it was an important step forward in strengthening the economic system of our country and of greater importance in strengthening the family life of our

country by enabling through voluntary action millions of Americans to obtain loans at reasonable rates rather than having to go to the loan sharks, as the gentleman from Indiana [Mr. MADDEN] mentioned a few moments ago.

We all know the history of usury. It is ancient. It is recorded in the Bible, and we know that type of person who preys upon human beings in their economic weaknesses and in exacting large interest rates. We all realize the terrible situation that follows in the exaction they make from those they get within their grasp.

The credit union system has been of inestimable value and importance, not only to the Nation but to the several States of the Nation, in meeting a situation which was developed as a result of the most abject kind of materialism, the desire of certain people to get money through the charging of usurious rates of interest. It is a happy coincidence with me that I am still a Member of the House on this occasion of the silver jubilee anniversary of the passage of the Federal law.

With my other colleagues, I congratulate my great friend the gentleman from Texas [Mr. PATMAN] who to me has been a source of inspiration throughout the years in the spirit he reflects, the depth of his thinking and the courage that he has so constantly displayed in fighting for what he considered to be right, in fighting for those things he thinks is for the best interest of our country and our people.

Reference has been made to the late Edward A. Filene, of Boston, who was my very dear and close friend.

I can picture him now. He was one of the great men of all times. He represented the spirit of goodness, and that is what we stand for; what we represent or symbolize; what is in our minds; the spirit that we are possessed of and which we convey to others with whom we are associated. Edward A. Filene was one of the greatest men who ever lived. He was years ahead of his time, always looking into the future; a man who was the head of a great department store in Boston, who paid his employees higher wages than the adjoining stores; who received and incurred the enmity of other great department stores and companies, because he endeavored to treat his employees right and fair and give them a living wage. Edward A. Filene was not only interested in this movement, but in all progressive movements that concerned human beings and which benefited the human being.

So, on this 25th anniversary of the establishment of this system, with my other colleagues, I am so glad to pay tribute to the gentleman from Texas [Mr. PATMAN], who so richly deserves commendation, and I am also pleased to refer to that very close friend of mine, a great American and, more than that, a good man, a great man, who has passed on to the Great Beyond, the late Edward A. Filene.

Mr. PATMAN. I thank the gentleman very much.

Mr. O'HARA of Illinois. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I am glad to yield to the distinguished gentleman from Illinois.

Mr. O'HARA of Illinois. Mr. Speaker, I am happy to be here today on an anniversary occasion that marks a half century of progress. No greater contribution to the economic functioning of democracy has been greater than that of the credit unions.

Until the advent of the credit unions, the worker in the hour of his need, because of illness in his family or other cause, had no place to turn except to the moneychangers. And the moneychangers literally took his hide. The doors of the banks were closed to him for lack of security. Unlike the farmer, who borrowed on the security of his acres, or the businessman, who borrowed on the security of his assets, or the individual man of wealth, who borrowed on the security of gilt-edge stocks, the worker had no collateral except his employment and his character. He was the forgotten man in our banking setup.

I think back to the years immediately following the turn of the century when the loan sharks howled over the homes of workers, by misfortune thrown into their grasp, and the interest frequently was 10 percent or more a week. I do not know how many homes were wrecked, how many workers were driven to despair and, in some cases, to suicide, but the figures of the period will show that very few whom misfortune threw into the hands of the loan sharks ever escaped the bondage of a cruel and heartless greed. The money earned by hard labor just could not stretch to meet the demand for food and dwelling and education of children if so large a part was drained in paying interest at 10 percent and more a week.

State laws came in part to curb the evil by making the legal interest rate on a small loan, made on the security alone of employment and character, higher than the interest rate on secured loans, but restricting it to something like 10 percent a month. As a result of State legislation of this character and reforms in practices undertaken by more responsible persons who entered the small-loan industry, there was an improvement.

But the fact remained that loans on employment and character were not bankable. Some of the small-loan companies, rapidly expanding under new State laws legalizing interest rates of 10 percent or so a month, got their working capital from the very banks that would not accept from the workers their unsecured loans, but accepted them when offered as security for loans to the small-loan companies. Thus, we had the situation of the largest and most conservative banks in the country making loans running into the millions at around 4 percent a year and accepting as security for these loans the unsecured loans of workers on which the workers were paying at least 10 percent a month interest. The question naturally arose, Why should the character note of a worker be unacceptable when offered to the bank by the worker himself and be solicited by the bank as a choice loan offering when presented en masse by a small-loan company?

Finally the banks themselves saw the light. Today in my own city of Chicago even the First National Bank has its small-loan department processing loans secured only by character and employment. In some very large banks the small-loan department now is handling a larger volume of business than the commercial department.

There are still some very bad small loan companies that are guilty of a practice in exacting usury that would have shamed the old loan sharks, if to them any kind of shame had been possible. But there are other companies that abide strictly by the law, do not have insurance hookups and mysterious service charges, and protect the borrower from unjustified garnishment and threatened loss of employment when through illness or other misfortune they cannot meet a payment. These are the companies that will survive.

Mr. Speaker, I think it is proper that I should have sketched briefly, as I have attempted to do, this background that the significance of the anniversary we are observing today should be made clear. For the change that has come the credit unions in a very large measure are responsible. To the credit unions all our hats are off.

The credit unions have proved how much the workers can get for themselves, in justice and in the true functioning of democracy, when they put their means and their efforts into cooperative ventures. When a little while ago I heard the great statesman, the gentleman from Texas [Mr. PATMAN], one of the really great statesmen of our country, say that of the millions of loans made by the Federal credit unions defaults had occurred in less than one-half of 1 percent I realized the magnitude of the contribution of credit unions to our country on all the fronts—economic, banking, social, political.

The credit unions based their faith on the honesty of the American workers. At a time when the banks demanded the security of lands, stocks, assets of material value, the credit unions took the position that of all the values in the world none is greater than a man's word. Largely because of the faith and the experiences of the credit unions the largest banks in the country today recognize the soundness of loans secured only by character and employment.

I join with my colleagues in heartiest congratulations to the credit unions, to the Federal credit union, whose 25th anniversary we celebrate today, may I say that in the enviable record it has made in its 25 years it has most richly rewarded and justified the distinguished gentleman from Texas [Mr. PATMAN] for his herculean efforts in its behalf from the time of its inception down through the years.

I venture to say that when the history of these decades in the Congress of the United States is written no name will stand out brighter than that of the gentleman from Texas [Mr. PATMAN] whose service as one of the fathers of the Federal credit union is but one of the countless services he has rendered in the

cause of the small man, the average American in business, in farming, and in other pursuits. The gentleman is internationally recognized as one of the outstanding authorities of our country on banking and on money, and I am deeply indebted to him for the inspiration and guidance he gave me in the years when I served, much junior to but in association with the distinguished gentleman from Texas, on the Banking and Currency Committee.

Mr. PATMAN. I thank the gentleman from Illinois for his very complimentary remarks, particularly those concerning the credit unions. Naturally I appreciate those concerning myself.

Mr. BURDICK. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from North Dakota.

Mr. BURDICK. Mr. Speaker, I wish to compliment our distinguished colleague from Texas, the Honorable WRIGHT PATMAN, for his remarks made upon the 25th anniversary of the creation of credit union legislation. On behalf of the thousands of credit union members in North Dakota, I am pleased to join in and associate myself with his remarks. I might also state that I am a cosponsor with Mr. PATMAN, and other colleagues in this House, of the legislation now pending to amend the Federal Credit Union Act which became law 25 years ago.

One great milestone has been passed. Those last 25 years have been marked by the growth of a savings and service institution which has operated to the benefit of thousands of our citizens across the length and breadth of this land. The unconscionable money lender was effectively challenged and, in many places, stopped.

It is well that we celebrate this anniversary and look back upon the accomplishments of the past, but there is much to be done. The necessity for credit unions still exists. Let us enact the necessary legislation to aid in this program. More credit and more service to more people, at reasonable rates, helps to build a healthier and stronger economy.

Mr. PATMAN. I thank the gentleman.

Mr. KASTENMEIER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Wisconsin.

Mr. KASTENMEIER. Mr. Speaker, I am proud today to join my distinguished colleague, the gentleman from Texas [Mr. PATMAN], in commemorating the 25th anniversary of the signing of the original Credit Union Act. The present recognition and status of the credit union movement is in large measure attributable to his career-long efforts in behalf of this great organization.

I represent the Second Congressional District of Wisconsin, and in the heart of the most populous county within my district lies the international headquarters of the organization which has fostered the growth of credit unions throughout the world, the Credit Union National Association, better known by its initials, CUNA.

Last fall I took advantage of CUNA's invitation to visit Filene House and meet with the people who work for this organization, whose activities extend to every State in the Union, every Province in Canada, and to many countries overseas as well. In a sense, therefore, I feel a particular interest in every credit union anywhere in the world.

I also take particular pride in the credit unions within the State of Wisconsin. We have more than 700 credit unions whose 300,000 members have savings totaling more than $157 million. I am told Wisconsin ranks eighth among the States in the number of credit unions presently in operation.

Our Wisconsin farms occupy an important place in the State's economy and many of our farmers belong to credit unions in their community through their agricultural associations. I am happy to learn that contemplated changes in the Federal Credit Union Act include a provision which would increase the maturity limit on credit union loans. With this change, rural credit unions could more adequately meet the credit needs of farm families to help them purchase farm equipment and supplies. Federal credit unions would be able to participate more actively in extending loans for home improvement and modernization, and many other benefits would also be derived.

The Credit Union National Association, headquartered in Madison, Wis., is an international, nonprofit association of more than 25,000 credit unions throughout the world. CUNA is owned by the credit union leagues organized in each State, Province of Canada, Central America, and similarly well defined political areas abroad. The leagues, of course, are owned and controlled by the credit unions and their individual members.

CUNA carries out the planned program and policies of the credit union movement, as established by the volunteer directors of the association elected by the leagues. To do this job, CUNA employs a staff of professional and technical workers in such fields as education, advertising, law, public relations, insurance, management, economics, and organization.

The majority of CUNA's services are directed toward credit union leagues, which in turn use these services in their own areas to help the member credit unions.

CUNA is also responsible for the conduct of credit union affairs at national and international levels. Its international duties include giving information and assistance to people in any part of the world in the formation and development of credit unions. CUNA also works closely with agencies of the United Nations and similar international groups.

CUNA is entirely supported by the dues of its members and uses no public funds of any kind. Some of the things these dues are used for include the organization of new credit unions; the education of credit union officers, almost all of whom are unpaid volunteers; research into problems of consumer economics and the collection and evaluation of statistics on the credit unions.

In its task of aiding the worldwide credit union movement, CUNA is joined by two affiliates, which are also headquarters in Filene House in Madison. CUNA Mutual Insurance Society provides loan protection and life savings insurance exclusively to credit unions. Loan protection is insurance which automatically pays off the loan if an insured credit union borrower dies or becomes permanently disabled; life savings insurance can double the savings of an insured member up to a limit of $2,000 in most areas in case of his death. Both these policies are purchased by the credit unions for the benefit of their members at no extra cost to them.

Of course the major share of CUNA Mutual Insurance covers credit union members in the United States and Canada, the society's policy is to extend its operations side by side with the credit union movement anywhere in the world. For example, CUNA Mutual now insures credit unions in both Peru and the Fiji Islands, which are affiliated with CUNA. During 1958 CUNA Mutual passed the $4 billion mark in insurance in force and paid a total of $21 million in claims.

The other CUNA affiliate is CUNA Supply Cooperative which provides printed materials for credit unions. Such things as standard accounting forms, ledgers, credit union passbooks, posters, brochures, and other promotional materials leave CUNA Supply's plant every day on their way to credit unions all around the world.

The activities of Credit Union National Association are known to hundreds of thousands of persons throughout the world, but more intimately to the many members at the local level it has been our credit union that has helped so many individuals in their moments of financial distress. It is no wonder that the credit union movement continues to expand. On the occasion of the 25th anniversary of the signing of the Credit Union Act, this fine organization whose internationally recognized headquarters, Filene House, is located in my own district stands proudly for a job well done.

I am certain that the leaders of CUNA, at both the international and local levels, will continue to serve their members as they have so well in the past.

Mr. WOLF. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WOLF. Mr. Speaker, I too rise to congratulate the distinguished gentleman from Texas [Mr. PATMAN]. I am always happy to listen to his thoughts and ideas. He has made an enviable record as the protector of the people's rights.

He has consistently fought for the less fortunate citizens.

I am happy to join my distinguished colleague and to state my support of the credit union movement on this, its 25th anniversary.

The people of my district in Iowa have long actively participated in credit union work. We have thousands of people in many communities enjoying the benefits of these very helpful institutions.

Credit unions, where character is equated on the balance sheet as an asset.

Credit unions, where human needs and compassion are also equated.

Credit unions, where need is the criteria, not success.

Mr. Speaker, in view of the rapid changes in our economy both nationally and in my State, Iowa, I am asking that this Congress support necessary changes in the Federal credit union law.

The credit unions, as you know, have contributed a great deal to the high standard of living our American families enjoy.

As a result of this institution's steady growth, more and more families in weak economic positions have been able to enjoy some of the comforts and necessities once enjoyed by only the rich in our society.

People in all walks of life—in churches, schools, manufacturing, and in many other occupations have had their needs and desires met through credit union loans and savings.

This is especially true of geographic areas in the heartland of America, like Iowa, where credit unions have been grassroots movements, dedicated to the highest ideals of a mobile and democratic society.

Credit unions have come of age and this should be recognized by Federal law.

At present, most credit unions in my State are chartered under State law rather than under Federal law because the credit unions feel that the State law is more in keeping with the realities of today's economy, and more conducive to the continued health growth of the State's credit union movement.

The modernization of Federal credit union legislation can do much to facilitate the efficient operation of the individual credit unions which meet the provident and productive purposes of low and middle income families and individuals.

The self-help quality of these institutions is a refreshing and welcome part of our economic and social scene and they are to be encouraged through legislation which will help them to continue their success and to grow as more and more consumer goods become available to our people.

In the revision of the Federal law on this subject no expenditures of Federal funds is necessary.

These nonprofit corporations are entirely self-supporting, and, in fact, the fees they pay the Federal Government for the supervisory services of the Federal Bureau of Credit Unions are the sole support of that agency.

In conclusion again I wish to take this opportunity to congratulate our federally chartered credit unions on their 25th anniversary.

Mr. HECHLER. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HECHLER. Mr. Speaker, this is an historic occasion, the silver anniversary of the signing of the Federal Credit Union Act of 1934. Nine years ago I was in Madison, Wis., with that great champion of the credit unions, Harry S. Truman, when he dedicated Filene House to the memory of the great Boston philanthropist, Edward A. Filene, who did so much for the formation and establishment of credit unions. We have over 36,000 credit union members in my own State of West Virginia. There are over 10 million credit union members throughout this country. This is a movement which has helped to strengthen America financially, economically, and socially.

Mr. Speaker, it is a great honor for me to join in this salute to the credit union movement today, and also to pay tribute to the gentleman from Texas [Mr. PATMAN] who has always battled for the small businessman and for the average person in this country.

Mr. Speaker, this country has been built and sustained by a people devoted to independence and self-reliance. I think that our credit unions, both those chartered under State and Federal law, are wonderful examples of these principles. These credit unions and their 10 million members work for their common good because they feel a responsibility to manage their own financial affairs in their own way, and that responsibility cannot be satisfied in any other manner.

When a worker in a factory, or a schoolteacher, or a farmer buys a share in his credit union, he knows he is saving in a financial institution that is owned by himself and by people like him; he knows that he and his friends have an equal influence on how that credit union will be managed; and he knows that if the time should come when he needs help he will get it from his credit union.

The people who make up that 10 million figure are as representative a cross section of the American people as you will find anywhere. They include Catholics, Protestants, and Jews; unskilled laborers and highly trained scientists; schoolteachers and cross-country truckdrivers; Hollywood movie actors, members of fraternal groups, bank employees, secretaries, and U.S. Congressmen. I do not think there is an occupation in this country that is not served by at least one credit union.

Nevertheless, the number of credit-union members in this country is still a small percentage of our population. We know that credit unions are private corporations where only members can save and borrow, and that they do not conduct their affairs with the general public.

However, the influence of a credit union extends far beyond the limitations of its membership. It touches the merchant who finds that his credit union customers can make their income go farther, by budgeting their large purchases with the help of a credit union loan. It touches the town banker, who knows that the credit union encourages saving in hundreds of small accounts; money that might well not be saved at all, were it not for the credit union. The credit unions serve as a stabilizing factor for the whole community when, as has happened in many places, a large source of income such as a factory is suddenly withdrawn due to a strike or disaster.

The motto of the credit union movement is, "Not for profit, not for charity, but for service." It means exactly and precisely what it says. Credit union people are not interested in making a profit on their investment; they want to make sure that when one of their members is in financial need, the answer will be available. Because service to their members is their primary motivation, they have made and continue to make many loans for extremely good purposes that another lender guided by a need for profit and the principles of safe business practices could not afford to make at all. Therefore, credit unions are unique.

Finally, U.S. citizens now have a total of $3.9 billion in their credit union savings accounts. They know that someone must save before someone can borrow, since credit unions don't "create" money as some other lenders do. Therefore, credit unions provide a noninflationary source of credit for their 10 million members.

Mr. Speaker, credit unions occupy a unique and unassailable position in our lives, and I am most proud to salute them on this anniversary.

Mr. PATMAN. I thank my colleague.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. AVERY. Mr. Speaker, I want to associate myself with the gentleman from Texas, the chairman of the Small Business Committee and ranking majority member of the House Committee on Banking and Currency, and with the other Members of the House on both sides of the aisle in paying tribute today to the credit unions of America on this their 25th anniversary.

The history of credit unions in America is similar to the history of almost every other permanent institution. There was a recognized need for additional and specialized credit to certain groups of persons with a common interest, and because that need was recognized, credit union authorization legislation was adopted by the Congress of the United States and then, in turn, received such enabling legislation as was necessary by most of the 48 States. They have performed an invaluable function in providing credit to a group of persons who could not otherwise receive credit at a rate at which they were able to pay. Those of us who serve on the Committee on Small Business as well as other Members of the House who are sincerely interested in the problems of the small businessman and the problems of the average workingman are all concerned about the problem that they have traditionally had with the small loan companies—the small loan sharks, so to speak. Despite the legislation that has been passed both by the Congress, and more particularly by the States to eliminate loan sharks, the credit union movement itself has done more to dissipate the imposition of the loan shark on the workingman than anything else that has happened.

Mr. Speaker, again I congratulate those who have dedicated their services without pay to the credit-union movement in America.

I think the credit union slogan is most appropriate, "Building for the future while serving you today." I am particularly proud of those who are working in the credit union movement in northeast Kansas.

In particular is Ray A. Webb, Topeka, Kans., who is a director of the Kansas Union League. Mr. Webb is not only interested in improving the work of the union but also he is interested in the worthwhile project of practical training for foreign students who are interested in credit union work, the World Extension Department of Credit Unions National Association for trainees who come from all parts of the world to Filene House at Madison, Wis. I personally know of Mr. Webb's interest in this particular endeavor. In fact, he has discussed the matter with me on several occasions.

The Kansas League participates by having student trainees after they have completed their training at Filene House come to Kansas and work in the credit union offices in order that they may obtain practical training. Not only are they assisting these foreign students in gaining an education which will allow them to pursue a gainful occupation, but also they are contributing to future international understanding for America.

Also, I want to pay credit to Mr. Ivy Bond, of Mission, Kans., who is working as Mr. Webb is working to promote the credit union movement and its subsidiary activities such as the training of foreign students. Mr. Webb and Mr. Bond and many others in Kansas are doing a very good job.

Mr. FLYNN. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. FLYNN. Mr. Speaker, may I congratulate the distinguished gentleman from Texas and my other colleagues in the House, on the other side of the aisle in this tribute to credit union movement on its 25th anniversary.

There are 733 credit unions in the State of Wisconsin, with more than 330,000 members and total assets exceeding $173 million.

Wisconsin had one of the first and most progressive credit union laws in the country and in fact many of its provisions were later included in the Federal act.

These financial self-help groups encourage their members to save their money regularly, placing the emphasis on the habit of thrift rather than on the amount saved. These funds are then loaned out to the members at very low interest rates.

The interest received on the loans is the only source of income a credit union has; there are no Government subsidies of any kind. After the few operating expenses of the credit union are paid, and the required operating reserves set aside, the remaining income is distributed to members as the interest on their savings, or refunds to borrowers of part of the interest paid. Incidentally, credit union members pay income tax on these earnings just as they would on the return from any other investments.

Most credit union officers are volunteers who donate their time to this service. If the credit union is of sufficient size to afford it, they may employ a paid treasurer to manage the day-to-day affairs of the credit union. Many of these groups are operated by treasurers who keep the credit union records in one drawer of their desk, and whose operating hours are any time a member with a problem drops by for help. Credit union treasurers get used to the sound of the phone in the middle of the night, because they know an emergency can arise anywhere or at any time for one of the members.

The credit unions of Wisconsin have built up an enviable reputation among the people of this State; their operations are very definitely in the public interest, and they deserve to be encouraged by us to the limit of our ability.

The credit union movement has earned for itself a real and beneficial place in the American way of life.

Mr. LIBONATI. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. LIBONATI. Mr. Speaker, I rise in humble admiration to thank my distinguished colleague, the gentleman from Texas [Mr. PATMAN], for his tireless efforts to pass the Federal Credit Union Act 25 years ago. This anniversary accentuates the importance of his progressive thinking many years ago. He is accepted universally as a distinguished authority in the banking and financial field.

Only through his perseverance was Congress persuaded to act favorably on this legislation. It was a necessary step because of the financial problems of the people in the middle of the depression.

It seems natural that such a movement would be sponsored by the labor organizations, yet certainly it is true that small men with small incomes must band themselves together to give themselves financial security. The success of the program is universally evident.

The gentleman from Texas has persistently asked this Congress to rectify, by legislation, the needed requirements in the handling of public moneys by the financial institutions. As he has emphatically said, the handling of public moneys by private institutions has not been for the public benefit. I am proud to see my distinguished colleague stand before this House today on the 25th anniversary of the dedication of himself to a principle that is now the law of the land; and we bow to him again for his many attributes as a public leader in the Congress who condemns all dishonest practices and false devices used by financial institutions that seek the use of public moneys for their own selfish purposes. This is a great day in your life and I congratulate you again, Sir, for you honesty of purpose in fostering remedial legislation in this field.

Mr. PATMAN. I thank the gentleman.

Mr. Speaker, I have a number of statements from Members who could not be here. Under consent heretofore obtained I shall insert them in the proceedings today.

(The statements referred to follow:)

CREDIT UNIONS CONSTITUTE GREAT HUMANITARIAN GROUP

Mr. ANDERSON of Montana. Mr. Speaker, certainly today, the 25th anniversary of the signing into law of the Federal Credit Union Act, is a most propitious one. The credit union movement in the United States is a fine example of those traits of the American character in which we as a people and a nation take pride. The struggles of the early credit union pioneers, and the indomitable spirit with which they surmounted the difficulties inherent in any great social movement may be likened to the struggles and similar spirit of an earlier band of pioneers who also conquered a frontier, and insured for themselves and their children a better way of life.

But anniversaries are not only a time for looking back. They are also a good time for looking to the future, and planning the campaigns which will win tomorrow's victories. That is what I would like to do here today.

Certainly these private thrift groups, credit unions, are on the threshold of a bright new era, and I think we can look forward to their becoming more and more important in the financial lives of Americans. In the State of Montana, we have 140 credit unions, with 34,784 members and combined assets totalling more than $10 million. I look forward to the continued growth of these credit unions, which will mean increased service for their members, increased purchasing power for them, and increased financial security. This cannot help but have a beneficial effect on the broad fabric of the economy of my home State.

I believe we can look to the continued growth of the credit union movement as it enters these years of its maturity, primarily for three reasons: First, and foremost, credit unions fill a real need in their community. These thrift groups are unique in the way they serve their members with convenient, low-cost credit, and at the same time encourage these same members to save a little of what they earn, each payday, and thereby teach them that thrift can be a habit.

Gentlemen, we are all aware, I am sure, of the importance credit has come to have in our modern lives. Almost without our noticing it, the concept of buying on time, of borrowing in order to spread a large expense over a period of time, and of using personal credit to take advantage of a fleeting opportunity have become firmly imbedded in the American way of life.

Credit unions are geared to this modern way of thinking. Because they are volunteer organizations, they are immediately responsive to the needs of their members, for the very good reason that the members themselves are in complete control. At their annual meeting, these members elect from their own number the officers, directors, and committeemen who will act for them for the coming year. I would like to point out here that it is an inflexible rule of the credit union movement that each member has only one vote in the group's affairs, no matter how large his personal savings may be.

There is another side to the credit union movement, and that is the humanitarian aspect. The hundreds of thousands of credit union officers in this

country who give uncounted hours of their time to their credit unions are not motivated by thought of personal gain. By law, their work is unpaid, except in the satisfaction that comes from helping their fellows in a very real and positive way. All of us I think, enjoy giving a friend assistance when he needs it, and these men who are engaged in this work are to be envied. They have found an especially effective way of earning for themselves this kind of satisfaction.

Roy F. Bergengren, one of the first Americans to devote his life to building the credit union movement, said that, "the real job of the credit union is to prove, in modest measure, the practicality of the brotherhood of man." Credit unions do not make a profit, nor do they extend charity. They exist for one reason, and one reason only; to serve their members. They are groups of human beings, citizens of my State and yours, who have banded themselves together to find that strength that comes from each member of a group contributing to the welfare of all. They can trace their spirit back to the first settlers of this once primitive land who quickly learned there is strength and security in unity.

Today, perhaps the problems have changed, perhaps the dark woods at the edge of the clearing no longer holds a threat. But the American family faces another danger—the danger of financial insecurity, and I am reassured to find that the inherent American instinct to join together and solve such problems by their own efforts and means is still with us.

Credit unions are democratic. They are one of the highest expressions of the American principle of free enterprise, and they are helping millions of people solve their family economic problems with dignity and self-reliance. When you combine the world's reliance on money and credit systems with man's inborn desire to be useful to his fellow man, the result is 13 million people energetically cooperating with each other to do all they can to help their friends and neighbors help themselves. I cannot think of a more wholesome formula than that.

Where does this credit union movement stand today? What are the problems they face, and how will they meet the challenge of the future? Where, in short, are the 19,000 U.S. credit unions going to go from here?

Certainly they can be congratulated for having laid the solid foundations of a national credit union movement. In the United States there are more than 10½ million people who are active credit union members.

In the past few years, there has been a growing feeling within the movement that credit union service does not need to stop with lending and the encouragement of good thrift habits. For years, credit union members have been taking advantage, on an informal basis, of the information and knowledge about money matters which the average credit union treasurer learns in the course of his duties.

Quite often, the credit union treasurer is the man who works a machine next to yours, or who works at the desk next to yours, and you are naturally going to ask his advice when you have a money problem, whether or not you need to borrow money. Credit unions encourage this. They consider it a service the member has a right to expect.

Recently they have begun to explore on a nationwide basis the possibility of instituting a family financial counseling program as a regular part of credit union services. Although still in the formative stages, conferences have been held between the credit union leadership and other consumer organizations which have an interest in how the average American family manages its financial resources. I am told that it is contemplated that someday each credit union will have on tap a trained counselor who will be available to the members to help them with their budgeting problems, all without any charge or obligation. The idea is, I think, an ambitious one, but most intriguing. Certainly with the ability they have already demonstrated, it is one possible of accomplishment.

Another project under consideration is the development of credit unions among some of the financially less fortunate groups within the American economy. Already pilot studies among some of the Indian tribes in the Southwest are being carried on with the cooperation of the Bureau of Indian Affairs, and leaders in Government and various church groups have indicated their support of similar programs for migrant workers and immigrant groups in Chicago and New York.

This too, is an interesting idea, since the very essence of the credit union is mutual self-help. I want to emphasize that this is not just another relief proposal. Credit unions for low-income groups hold out a promise of assistance that comes from within the group; a promise of relief from poverty and at the same time the special dignity and self-satisfaction that comes from solving your own problems.

Solving your own problems is fine American principle, honored by years of tradition, and one which is just as firmly established in the philosophy of the credit union movement. Let me give you an illustration.

In the early 1930's, a lineman for a power company went to his credit union and borrowed $250 with two of his friends acting as cosigners. A few weeks later this man was killed in a tragic accident on the job. His cosigners paid off the loan, but the credit union hated to see this burden fall on these two members. This incident was one of many that dramatized the need for insurance to protect credit unions, their members, and families from loss when a borrower died or became totally disabled.

The credit union movement, still in its infancy at that time, was faced with this problem. To solve it the credit unions formed the CUNA Mutual Insurance Society, an affiliate of the Credit Union National Association, known by its initials as CUNA, which had been organized a year before in 1934.

CUNA Mutual writes primarily two types of insurance, exclusively for credit unions affiliated with CUNA. First of all, loan protection insurance is insurance which pays off the insured borrower's loan in case of his death or total and permanent disability. In other words, if you had $900 balance on a credit union loan when you died, or if you were totally disabled, the loan balance would be marked "paid in full" by the credit union's loan protection insurance. The member does not pay any extra charge for this insurance; the credit union pays the premiums.

The other type of insurance supplied by CUNA Mutual is life savings insurance which, in most cases, matches the members' savings in the credit union with life insurance. I say in most cases because the maximum amount of savings that can be covered by this insurance is $2,000 in some States, $1,000 in others.

For example, if a member died and he has insured savings of $1,500 in the credit union, his family would not have just $1,500 but $3,000. Almost all credit union members are eligible for life savings insurance, but the policy does include certain age and physical requirements.

The benefits these two insurance plans have provided for credit union members are almost legendary. In many instances, the families of credit union members have been amazed at the turn of events that have experienced. Expecting to find themselves hopelessly in debt, they have often found themselves free of debt and with a sizable windfall in unexpected insurance.

However the best part I have left for the last. This insurance protection is provided by the credit union at no extra cost to the borrower; in other words it is included as a normal credit union service.

In a similar way, the credit union movement quickly found with growth that there was a great need for uniform record, accounting and educational materials, at lowest cost. To answer this need, the credit union leaders of those days again set themselves the task of helping themselves, and in 1936 the CUNA Supply Cooperative was started. Today, CUNA Supply continues to grow with the credit union movement; at the end of last year its assets totaled $451,079. Total sales during the year amounted to $867,711. CUNA Supply Cooperative now sends printed materials and supplies to credit unions all over the world.

Each credit union is a separate, independent nonprofit corporation. It operates under State or Federal charter with Government supervision. Fifty-seven percent of all U.S. credit unions are federally chartered. Each credit union is owned and operated entirely by its members. All earnings after expenses and necessary reserves are returned to members as dividends on shares, and interest refunds to borrowers.

When a credit union is started it usually joins the credit union league in its area. These leagues are voluntary associations of credit unions, which are supported by dues paid by their member credit unions. The leagues are governed by boards of directors elected

by member credit unions, giving credit union democratic control of their league.

Again, we see here the principle of banding together to do what the individual cannot do. These leagues perform a variety of important functions. They help groups start new credit unions, give on-the-spot assistance and guidance to credit union officials field services, conduct conferences and schools to discuss the day-to-day problems of interest to credit unions, train new credit union officials, carry on an information program, and publications to assist credit union officials to keep up to date on new developments, maintain supply depots to keep materials locally available, and do constant research into various credit union operational problems.

In addition to joining a league, many credit unions in smaller areas, such as a city, or perhaps a county, have banded together in credit union chapters. Their purpose is to stimulate education and exchange of ideas on credit union matters at the local level.

In turn, the leagues themselves have banded together to form CUNA, the Credit Union National Association. Dating from 1934, CUNA is the parent organization of the international credit union movement. It is a nonprofit organization supported by dues of members, which works for the elimination of usury in the personal finance field, through credit unions. Its job is to carry out the planned program and policies of the organized credit unions, using a professional staff in such fields as education, advertising, law, public relations, insurance, management, economics, and organization.

For the last few minutes, gentlemen, I have tried to present in a very brief fashion the outlines of what I believe to be one of the most significant and worthwhile social developments in the United States today. In view of what the credit union movement has done and continues to do for my fellow Americans, I can do no more than wish them every success in the years to come.

Mr. ROOSEVELT. Mr. Speaker, in joining with my distinguished colleague, Congressman PATMAN, in giving recognition to the credit union movement in this country, I frankly take pride in the fact that the Federal Credit Union Act was enacted 25 years ago during a Democratic administration with which I have some familiarity.

The history of the credit union movement in California is a most creditable one. My State has more than 1,600 credit unions with over a million members. These people have built the State credit union movement to the point where at the end of last year their total savings were a little over $447 million. At the same time, outstanding loans totaled more than $380 million. In other words, more than 85 percent of the money saved by credit union members was put back to work helping credit union people.

I like to think of this, not in terms of dollars or percents, but rather in terms of the concrete things this money is used for. That $380 million loaned in 1958 undoubtedly helped a great number of individuals or families to make improvements on their homes, probably helped a good many weddings or permitted the purchase of a new car; or perhaps was used for vacations or as downpayment on many a young couple's dream home.

A credit union can make a big difference for a working man and his family. Not only are they provided with a convenient place to save their money and with a source of credit when they need it, but they also know they can rely on the credit union, which they own and operate, for advice and help when the problems begin to pile up.

I have been told, for example, of a credit union member who had recently come West to take a job in an aircraft factory, only to find himself seriously ill in a hospital. At this critical point in his life, his family had not been able to join him. His confinement was not made any easier by the thoughts of no friends or relatives nearby and the curtailment of income while the bills kept piling up.

However, he had joined the plant credit union as a matter of course and although he did not know it, by that act alone he had made over 1,500 friends who were ready to stand by him. The treasurer of that credit union visited him at the hospital, listened to his story, and within a few hours, the treasurer had arranged for a loan, had him endorse the check, deposited it in a local bank, and returned to the hospital with the bankbook and pad of blank checks so he could keep up with his bills, even though he could not leave his bed.

This probably is not a particularly dramatic story nor is it a particularly unusual one for credit union people. But it is service such as this that has insured for the credit union movement a secure niche in the hearts of millions of Americans.

THE IMPORTANCE OF CREDIT UNIONS

Mr. IRWIN. Mr. Speaker, befitting our recognition today of the 25th anniversary of the passage of the Federal Credit Union Act, I am proud to report on the enviable record and contributions of the 407 credit unions in my home State of Connecticut.

These nonprofit, self-supporting organizations have provided much-needed services for some quarter of a million members in Connecticut. They have offered unique opportunities for self-help for low and middle-income individuals in all walks of life.

The benefits of credit unions are twofold. First, they provide a readily accessible source of consumer credit for worthy purposes which often are not recognized by larger financial institutions. Moreover, these loans are limited to a maximum interest rate of 1 percent per month on the unpaid balance of the loan.

At the same time, the credit union movement has fostered and encouraged thrift and savings on the part of its members.

Through a system of regulated savings, Connecticut members have put aside some $98.5 million. Many of these savings accounts are so small individually as to be uneconomical for larger, more formal financial institutions.

Yet through the credit union intermediary, this money is put to work, helping people who need a loan at modest cost, and earning regular dividends for those who saved it.

These basic services have provided financial security and assurance for the millions of credit union members throughout the Nation.

The importance of these thrift organizations as a healthy influence upon the economy should not be overlooked, for they have acted as an anti-inflationary force. Last year, for example, loans outstanding increased 18.7 percent, while savings in the credit unions increased by a rate of 27 percent.

Because the credit unions have been able to respond through the years to the financial needs of millions of provident individuals, they have compiled a remarkable record of growth, both in membership and assets.

I am confident that credit unions will continue to contribute to the welfare of American citizens, and maintain their status as unique instruments for human welfare.

Mr. GUBSER. Mr. Speaker, it is a pleasure to join with other Members of Congress in honoring the credit unions of the United States. In my opinion, these unions have fulfilled a very definite need and are a classic example of American self-help and initiative.

Credit unions have been well accepted in my own State of California and have taken their place in the economic lives of their members. The number of credit unions in California have increased in the past 5 years from 1,063 to 1,640, a 54 percent increase in the 5-year period. Over 2,200,000 members and their families are enjoying the benefits of credit union services. Members have accumulated total savings of $449,733,000 and total assets of $509,952,000. Outstanding loans to 692,300 of their members total $420,892,000. They have created required reserves of $18,320,000. It is significant that the average savings per member is $385, and the average borrower owes his credit union $608.

Of the many services credit unions afford their members, one receiving increasing favor is that of interest refunds. This is the practice of returning, at year's end, a portion of the loan interest paid by a member during the preceding year, as experience allows.

Credit unions have established a very fine record in the field of consumer credit as evidenced by their low loss ratio. At the recent hearings before Subcommittee No. 3 of the House Committee on Banking and Currency, Mr. J. Deane Gannon, Director of the Bureau of Federal Credit Unions, said, "We are very proud of the fact that Federal credit unions have lost only 17 cents on every $100 loaned."

Mr. Speaker, I strongly support a Federal Credit Union Act. H.R. 5777 will modernize legislation which makes Federal credit unions possible. These unions have proven their stability and without a doubt are here to stay. Since times and conditions have changed, it is only proper that the legislation should be brought

up to date in keeping with the progress made by these fine institutions. I sincerely urge my colleagues to support H.R. 5777.

Mr. DERWINSKI. Mr. Speaker, throughout the United States this year, we are celebrating the silver anniversary of the enactment of the Federal Credit Union Act of 1934.

The credit union movement in the United States really began to pick up momentum following the passage of a Massachusetts law in 1909—50 years ago. Edward A. Filene, merchant and philanthropist, spent millions of dollars and many hours of his time heralding the accomplishments of credit unions operating abroad, and urging that they become a part of the American economy. Mr. Filene is credited with the passage of the Massachusetts law and with the spread of interest and enthusiasm to many other States. Cooperative ventures were not new to this country when Mr. Filene began his campaign for the recognition of credit unions as a type of financial institution which could meet the credit needs of a mutual segment of the American population, but few people were acquainted with the credit cooperatives.

Since 1934, credit unions have displayed an enviable penchant for growth. There are two major reasons for the growing importance of these institutions to the American economy. First, they are organized under the fundamental belief that in a republic the rights and privileges of all of the people are of primary concern. Second, they do not seek to compete with other established financial institutions, instead they fulfill a distinct service not otherwise rendered.

How do credit unions reflect the fundamentals of a democratic way of life? The answer to this lies within the organizational structure of credit unions. These groups may be organized by any group with a community of interests. They are organized, not for profit but for service to members. Each member has one vote in the running of the association, whether he is a large shareholder or a small one. Shareholder-members, and only these members, can borrow funds. Last, but not least, the self-help nature of these credit agencies has its roots in the traditions upon which this country was founded.

There may be those who would debate my statement that credit unions do not compete with other financial agencies. But the facts speak for themselves. Most loans granted by credit unions would not be honored by any other financial institution. They would either be considered too insignificant or the borrower would be lacking in the kind of security demanded. Every individual has a right, and a need, to borrow, for the same reasons as a business or government. Credit is basic both to the economy and to every individual.

Most of the loans granted by the credit unions are actually much too small for other lending agencies to profitably process. The size of the loan needed for family emergencies or purchases of consumer durables is by no means insignificant to the credit union member seeking needed funds. This, then, is a service rendered by the credit unions which would otherwise only be available at a higher interest rate. Their lower interest rate saves members money and gives them more money to use for other things. Larger lenders would not grant many of the applications for loans which are honored by credit unions because their rigid security requirements could not be met by these borrowers. A credit union member borrower's character is the only security demanded. Does this not prove that credit unions are not displacing other lending groups, but are rather filling a need which otherwise might not be met?

I hasten to point out that this faith of the credit unions in the personal integrity and honesty of the average man has been completely justified. The losses suffered by these small lending institutions have been no greater than those experienced by other established lending agencies. According to the Bureau of Federal Credit Unions, losses since the organization of Federal credit unions have amounted to only fourteen one-hundredths of 1 percent.

As previously noted, credit unions are run by business amateurs, that is, fellow members; but their record of good management can be challenged in but few instances. They have grown into prominence in the field of consumer financing, even though their loans still account for but 17 percent of all personal loans. Credit union assets now equal almost $4 billion.

World membership is equally significant and rapidly enlarging as more and more of the peoples of the world avail themselves of this self-help device. My own State of Illinois boasts a membership of 878,000 in 1,636 credit unions, State and federally chartered. Any Illinois worker will be glad to tell how much membership in his credit union has meant to him in personal security, in wise allocation of his financial resources, in the higher standard of living for himself and for his family.

In this period of history which has witnessed a staggering increase in programs which run the full gamut of welfare activity, it is, indeed, rewarding to watch the steady growth of these self-help organizations and the influential part they are continuing to play in teaching people to help each other in a practical manner.

May I call to the attention of the Members of the House that previous to my service in Congress, I have served as president of a savings and loan association and from personal business association with numerous credit unions in my home community I can testify as to their inherent soundness and service to their members.

Mr. HARGIS. Mr. Speaker, there are 290 credit unions in my home State of Kansas, many of them serving farmers and small rural communities. In these areas, they have proved their worth to no less a degree than have their big city brothers.

I am particularly interested in the fact that credit unions encourage savings. This they must do, for if nobody saved, there would be no money to borrow. The simple act of saving a little on a regular basis can be a habit-forming process, building habits of thrift which will work for the member for the rest of his life. Many credit unions, I am told, urge borrowers to save even while repaying on a loan, in order that this habit of thrift may become automatic.

The money which is saved in this manner works again for the members, since most of it is loaned for provident and productive purposes. In the year 1958, 80.4 percent of credit union savings was put to productive use through loans.

Most of these organizations also provide special credit union life insurance, available through the movement's own CUNA Mutual Insurance Co., which pays an amount equal to a member's savings upon his death. In most areas this can amount to an additional $2,000, although in a few places the top payment possible is $1,000. This protection is provided by the credit union without cost to the members, and has been a big factor in encouraging the members to save regularly.

Mr. MEYER. Mr. Speaker, I am glad to have this opportunity to join my colleagues in observing the 25th anniversary of the passage of the Federal Credit Union Act.

The credit union movement, which this year in celebrating a number of important anniversaries, is an outstanding example of democracy. Money saved and borrowed in the credit union is furnished by members and controlled by members on a truly democratic basis.

In the 25 years since the passage of the Federal Credit Union Act, the number of credit unions in the United States has increased ninefold. Membership has increased accordingly, and in my own State of Vermont credit union membership is now in excess of 13,000. These financial institutions have assets of almost $4 billion. This growth in number and in value is indicative of the significant role played by these institutions. Numerous individuals and families have been helped by these cooperative ventures in saving and consumer finance.

Small loans at low rates of interest have meant financial support in time of need to many members. The provident and productive purposes for which these loans are granted have been purposes which contribute to the economic well-being of a substantial segment of our population.

The Federal Credit Union Act is a measure which contributes to the general well-being of our American families, and at the same time serves as a stimulant to the Nation's economy. Many of the loans made by credit unions are the sort which commercial lenders are not interested in—small amounts for a short length of time, for example—but they can be a big help to a member who finds himself desperate for funds. Loans are made on the basis of character and reputation, and the fine record of repayment indicates the high regard the members have for these groups which they own and run themselves.

I believe that legislation to modernize the Federal Credit Union Act, bringing it up to date with the rapid changes which have been occurring in our economy is important. Congress should do whatever it can to insure the perpetuation of these groups, and the successful operation of these financial institutions depends upon adequate statutory provisions. Their contribution to the wise use of individual resources, and their consideration of individual dignity are true exemplifications of the principles upon which this country was founded.

Mr. KARTH. Mr. Speaker, on the occasion of the 25th anniversary of the signing of the Federal Credit Union Act by President Franklin Delano Roosevelt, I am pleased to salute the Federal credit union movement throughout the United States.

Conceived and born in the dark days of the great depression when the country's banking system lay in a virtual shamble and any credit was almost impossible to obtain, Federal credit unions supplied a crucial need for consumer credit which in turn helped put recovery steam back in the engines of our national economy.

It is now 25 years later and the bold idea on paper has flourished proving that the men who dreamed of providing the means to help people buy the things that they need, and that our economy is abundantly able to produce, were hardheaded realists.

The success of the Federal credit union system is heartwarming and yet disquieting because it gives us pause. The occasion recalls that great New Deal period of upheaval and yet of progress when many audacious plans and programs for the Nation's social and economic betterment were started and vigorously carried forward by an administration dedicated to the democratic ideal.

The growth of Federal credit unions since 1934 has been great. I am told that in the United States there are over 10 million members in more than 18,500 credit unions, and that their assets total greater than $4 billion. In Minnesota the 220,000 members have 461 credit unions and $100 million in assets.

These are most impressive statistics.

Even more important though is the fact that through Federal credit unions people are given the chance to help themselves efficiently, economically, and with dignity. This is in keeping with the finest democratic tradition.

I would be remiss if I did not give special commendation to the many thousands of members and officers who voluntarily devote time and energy to the affairs of their credit unions. Without their unstinting efforts the movement would exist as a glorious but futile idea.

Federal credit unions exist and thrive because they have an invigorating philosophy and they serve a vital function in our economy.

I am confident that the Federal credit unions of this country will flourish as long as this Republic lives.

Mr. BRADEMAS. Mr. Speaker, I should like to take this opportunity to pay tribute to the credit unions of America on the occasion of the 25th anniversary of this great movement.

As a member of a credit union myself, I have some personal understanding and appreciation of the splendid contributions made by these organizations to the lives of many Americans.

What is a credit union? A credit union is a group of people who agree to save their money together and to make loans to each other at low interest. It is organized by members of a particular group: for instance, people working for the same employer: people who belong to the same fraternal order, church or labor union, or people who live in the same closely knit community. Membership is open to all in the group, regardless of race, color or creed. Credit unions are democratic: the members elect their own officers and committeemen and set policies for the credit union at the annual meeting.

Mr. Speaker, in the State of Indiana, we have 451 credit unions serving more than 240,000 citizens. They have used their credit unions to save nearly $100 million.

When they need help of a financial nature, they know they can turn to their credit union, current loans outstanding are over $67 million.

In my State, credit union loans are used by farmers, to finance new machinery, by teachers, to finance additional training in their profession, by our younger citizens, to finance a growing family; and by our elder citizens, for trips to see their grandchildren. These are not unusual needs but taken together they represent the satisfaction of a lot of needs for a lot of people.

Indiana credit unions have also proved themselves to be excellent places to save, and most people who belong to them save regularly, even if only a few dollars every payday. Even if they are repaying a loan, members are encouraged to continue to add something to their savings account.

For many, the credit union becomes the pivot about which their family finances revolve. Even for those who are familiar with budgeting, the credit union still has much to offer. For instance, a credit union loan, repaid over 12 months, can often be the answer to the large, one time only, bill for car repairs, insurance premiums, or taxes.

Mr. Speaker, credit unions are excellent examples of the way in which Americans will find solutions to their own problems in their own way. They are in keeping with the finest traditions of American independence and self-reliance.

Mr. McDOWELL. Mr. Speaker, the State of Delaware has 28 credit unions, all operating under Federal charter, and therefore, we are doubly interested in this anniversary of the Federal Credit Union Act. Without it, some 11,000 people in my State that now enjoy credit union service, would not have it. These people have amassed savings of more than $3 million, and they lent this money to each other and at the end of the year they had $2.8 million outstanding in provident and productive loans to each other, at low interest. I call that a worthwhile achievement.

I believe there are only a few States in the Union where only Federal credit unions operate, and representing such a State, I wish to go on record as being aware of the importance of this grassroots self-help movement.

Mr. MONAGAN. Mr. Speaker, I am happy to join with my colleagues in the celebration of the 25th anniversary of the establishment of credit unions in the United States. The credit union movement has since its inception performed a very useful function in making reasonably cheap credit available to the average citizen who might otherwise be forced to go without.

Over the years innumerable individuals and families have been able to survive periods of domestic difficulty only through the help of a company or organization credit union.

The appreciation of the credit union movement has broadened because understanding of its role in the economy has increased.

I can make no better wish on this silver anniversary of the establishment of the credit union than to hope that it will continue, in the years ahead, to make its valuable and substantial contribution to the welfare and efficiency of the American economy.

Mr. CLEM MILLER. Mr. Speaker, I would like to add my voice to those today expressing appreciation of the anniversary of the Credit Union Act.

More than a million people in the State of California are credit union members.

Their savings total more than $447 million; their outstanding loans in excess of $382 million. The most common dividend rate on savings is 4.5 percent, and a growing number are making interest refunds to borrowers as well.

Credit unions are able to provide the type of service reflected by these figures because of their unique common bond organization. Credit unions can only be organized around a cohesive group, which insures that most, if not all, of the members will be known by reputation to each other. This has several advantages.

First, it means that a prospective borrower need have no reluctance to apply. He knows that the credit committee which will decide on his application is made up of men like himself, who have the same problems, and who are bound to be familiar with his worth as an individual. They are not strangers; they are his friends and fellow workers.

Second, the common bond permits the credit union to place its reliance on the security provided by good reputation of the borrowers. There is no need for expensive investigations to determine his trustworthiness; this information is already known.

Finally, the common bond adds to the sense of responsibility placed on the borrower. He knows that the money entrusted to him was saved in small amounts by the men he works with day in and day out. He knows how difficult saving can be for them, and he naturally feels a greater obligation to repay his

loan on time so that others may use the money.

Mr. PELLY. Mr. Speaker, I would not want the 25th anniversary of the passage of the Federal Credit Union Act to be recognized in the House of Representatives without personally participating in this rather simple but extremely important anniversary observance.

What I have to say, Mr. Speaker, comes from my personal experience and I may say, too, from my heart. This is because, shortly after the act was passed, as a businesman I was approached to find out if the concern with which I was associated would allow their employees to meet for the purpose of considering organization of a company credit union. In this connection I may say that I believe that the decision I made approving such an employee program was one of the most rewarding and meritorious acts of my business life.

Mr. Speaker, 25 years ago the country, as will be recalled, was in the depths of the worst depression it has ever experienced. It is not necessary to recall the problems that came into the lives of all our people during that time. Suffice to say that in the business firm with which I was connected, employees received the barest minimum of wages, and in all fairness let me add that the company itself had difficulty in paying those low wages and was losing great sums of money so that its stockholders got no dividends.

It was in the depression, prior to the passage of the Federal Credit Union Act, that I came face to face with tragedy after tragedy in the personal lives of the employees who worked under me. These people were desperately trying to live on their meager salaries. Many had obligations incurred in previous, more prosperous times; some were delinquent in payments on their homes; some needed money to meet hospital and medical expenses. Creditors from all sides were pressing people and garnisheeing their wages.

My experience was in retail business where each sales person had a cash fund and a cash register. There was a rule, of course, that no employee could borrow from their fund. But time and again audits disclosed that this rule was being broken and in turn certain employees developed a habit of not fully recording amounts of sale to cover up losses or thefts, which in turn resulted in apprehension, loss of jobs, and individual tragedies.

After the establishment of a credit union in the company and the development of a systematic savings program, together with establishing a source of funds when needed, I found that employees no longer had what was generally called "sticky fingers." The company in turn found that the minds of their salespeople, instead of being on personal problems, could be devoted to selling, and the long and short of this was that both the company and employees benefited. Without going into statistics or details, Mr. Speaker, I simply want to say that the credit-union movement is something which has increased employee morale and brought happiness and security into the personal lives of the individuals who are members of credit unions.

I have followed the development of credit unions in my State through the Washington Credit Union League and it is of great interest to me that a number of these credit unions now not only pay dividends on deposits, but even refund portions of interest to the members who borrow money. In 1957 there were some 10 credit unions in my State which refunded interest in this way, while in 1958, 55 credit unions made refunds of this kind to their members.

The statistical report for the year ending December 31, 1958, on credit unions in my State amazes me. It hardly seems possible that these unions could have experienced such a growth in a mere 25 years, so that now 214,000 members own assets exceeding $89 million. Loans outstanding are in excess of $65 million and reserves set aside are more than $5,700,000.

I predict that the next 25 years will see a continuing growth and in particular an expanding contribution to the happiness, prosperity, and security of our income groups and workers in America. I join with all my heart in congratulating those connected with the original passage of the act. I congratulate those who are carrying on in this useful field. Let us hope, incidentally, that legislation to perfect and implement the act will always be forthcoming and in the meanwhile on this auspicious occasion let me finally conclude by saying that no tribute or words will ever fully assess or do full justice to the record of what credit unions have done for the American people.

Mr. HALPERN. Mr. Speaker, I also wish to add a few words of commendation and congratulations to the Federal credit unions on their 25th anniversary. Approximately 850 of the 1,000 credit unions in New York are federally chartered, providing an outstanding service to many thousands in New York who, but for the enactment of this Federal legislation a quarter of a century ago, would be denied the benefits of this service.

New York State ranks among the top States in the number of federally chartered credit unions, so that we have had an ample showcase for the performance of these groups. They have been established in industry, for occupational groups, for members of fraternal orders, for church groups, and others.

They have indeed merited the accolades which have been their just due. Their record of service is well known and nearly 450,000 members in New York have saved some $140 million in the federally chartered unions.

Most of this money comes from people who do not save elsewhere and represents the accumulation of the continuing saving of small amounts by working people. The aggregate is a stirring reminder of the educational value in teaching thrift.

We should not forget that credit unions deposit their cash in banks, and that these small savings, added together, give the banks welcome sums which they can invest with a minimum of bookkeeping expenses, as compared to the cost of processing the many thousands of small accounts they represent, even if these people were to bring their savings to the banks.

Federal credit unions have performed an invaluable service in encouraging American families to save and in providing additional capital for investment. Experience has more than borne out the wisdom of the passage of the Federal act in 1934. It is a great privilege to pay tribute to this flourishing movement on its 25th anniversary.

Mr. PRICE. Mr. Speaker, I rise to pay tribute to the credit union movement on the 25th anniversary of the Federal Credit Union Act. It seems to me that credit unions, tested in experience and proved in value, are a major example of the kind of voluntary self-help that our democratic society has a genius for discovering, or perhaps in creating, with the stimulus of a socially conscious Government.

Enlightened men of some means, social philosophers if you please, invented the idea of credit unions—or at least perfected them—something around 100 years ago in Germany. Men of means were appalled at the difficulty the working people had in earning enough for their daily needs and getting money for emergency purposes.

These enlightened men founded societies, and eventually the idea grew that workers could join in credit unions, furnish their own capital, and lend money to those among them who needed it for sound purposes. It was a cooperative idea.

There were earlier approaches toward this idea. Indeed, one writer has discovered an example of a cooperative credit society in Connecticut in 1732. The system has now grown and expanded, wherever praise should go for its origin, until it is a significant part of America.

The Federal Credit Union Act, like so many of the laws establishing socially useful institutions familiar in our lives today, was signed by President Franklin D. Roosevelt in 1934.

There are now something over 9,300 cooperative credit unions authorized and operating under Federal law, and J. Deane Gannon, director of the Bureau of Federal Credit Unions, says that 5.5 million people are now shareholder-members of Federal credit unions.

This means that the families of these 5.5 million Americans have a great measure of protection against the emergencies that arise in the lives of everyone. They can borrow money for provident and wise purposes, or for suddenly necessary purposes, from a group of shareholders with whom they have joined in creating through share-purchases a common pool of liquid capital.

They can borrow money from the pool of funds they have helped create, and borrow it at reasonable interest rates, which is the key to the whole thing. They have scored a success in solving their money problems through the device of cooperative self-help among workers.

I think that the credit union system will grow as people understand its potentialities. There is no menace, here, to commercial forms of banking and loans, any more than there was a threat

to insurance companies in the creation of the social security system. The encouragement of thrift and wise money handling spreads its benefits everywhere.

I salute the Federal Credit Union system and its accomplishments.

Mr. CUNNINGHAM. Mr. Speaker, it gives me a great deal of pleasure to join many of my colleagues in calling attention to the 25th anniversary of the signing of the Credit Union Act.

In Nebraska we have over 150 credit unions in operation, serving over 70,000 members. I know personally of the excellent service that these credit unions are performing for their members, both through encouraging thrift and through making available low-cost loans to enable members to enjoy the better things of life.

I am advised by officials of the Nebraska Credit Union League that they estimate members of credit unions in the State of Nebraska were saved approximately $1.25 million in interest paid to their credit unions during 1955, as compared with what would normally be paid on such loans made through other institutions. The joining together for the common good and the purpose of assisting other members is a typical American tradition. The growth of credit unions in my State and in the Nation reflects the enthusiasm the credit union member has for his credit union and the obvious advantages of belonging to a credit union.

Mr. YOUNGER. Mr. Speaker, it is a real pleasure to participate in the 25th anniversary of the signing of the Federal Credit Union Act. I know of no law on the books which has done more to teach the savings habit to the employees of manufacturing plants and businesses than the Federal Credit Union Act, as well as the Credit Union Acts which have been passed in the various States.

For instance, in our own State of California, we have now 1,640 credit unions chartered under the Federal Credit Union Act, with over 2,200,000 members enjoying the benefits of Federal Credit Unions countrywide. Members in California have accumulated savings in these credit unions which now total $271,900,000—which is a 16 percent increase over 1957. Much of these savings probably would not have been accumulated except for the activities of the Federal Credit Union within the institution where the member works.

These savings are loaned out to their own members to cover emergencies, and in many cases afford an employee or a member available financing which, in all probability, would not have been available to him had not the credit union movement been started. The average savings per member is $385, and the average borrower has an unpaid balance with his credit union of $608.

The credit unions have prevented many bankruptcies and have been a means of maintaining family ties in many families where they were about to break up over many bills with various establishments, and the credit union has permitted them to consolidate these obligations into one obligation which was within their budget.

I know that the credit union movement will go forward with increased velocity due to the impetus of the fine work that has been done in the last 25 years.

Mrs. CHURCH. Mr. Speaker, June 26, 1959 marks the 25th anniversary of the signing of the Federal Credit Union Act in 1934, which provided for the chartering and supervision of Federal credit unions.

These self-help associations, organized to promote thrift and to make loans at low interest rates among their members, have made outstanding progress since 1934. In that year there were 2,450 credit unions in this country; today there are over 19,166 credit unions with a membership of 10,721,595 and total assets of over $4.4 billion. This is truly a noteworthy record.

Germany is the birthplace of credit unions as we know them today, and such cooperative credit societies in Europe and Asia have existed for more than a century. The U.S. credit-union movement started in 1909 when the State of Massachusetts passed the first State credit union law. Since that year most of the States, as well as the District of Columbia and Territories, have passed similar laws.

It is interesting to recall that at the hearings held in Massachusetts to consider proposed legislation to recognize and define the field of credit unions, one of the witnesses, Mr. Edward A. Filene, millionaire Boston merchant, testified as to the soundness of the idea of credit unions and the service which these associations rendered the people with modest incomes they were being organized to serve. His enthusiasm played a major role in getting the law passed, and his subsequent interest and work for the growth of credit unions in this country were in large part responsible for the development of the movement.

My own interest in the credit union movement is, in fact, intimate and long-standing. It was Ralph Church, my husband, who, when a young man and during the early part of his 16 years of service in the Illinois Legislature, introduced and carried to successful passage the act providing for State-chartered credit unions.

We are proud that Illinois today leads the 48 States in the number of credit unions established, both State chartered and federally chartered. As of December 31, 1958, there were a total of 1,636 credit unions in the State, with a membership of 877,980 and total assets worth over $387,500,000. In 1958, credit unions in Illinois granted more than 875,000 needed loans in excess of $259 million; and an added benefit, in the form of patronage rebates of a percentage of the interest paid on loans, was granted by 193 credit unions in this State. This method of alleviating the financial burden of persons of modest income is being adopted by more and more credit unions.

The credit union program has proven its capacity to promote regular thrift habits for all wage earners and small farmers; to grant convenient, low-cost credit; to promote the wise use of money; and to control and manage money in a democratic way. It has proven its capacity to operate on any economic level, and regardless of race, creed, or color.

We hail this credit-union anniversary, marking a full quarter century of achievement, and look forward to even greater expansion and service in the years ahead.

Mr. BURKE of Massachusetts, Mr. Speaker, on this 25th anniversary of the enactment of the Federal Credit Union Act, it is fitting to point out the part played by the Commonwealth of Massachusetts in the development of the credit union movement in our country. The first credit union law was enacted in Massachusetts in the year 1909, and the President shortly thereafter recommended to the Governors of other States that they, too, consider the adoption of similar credit union legislation.

Massachusetts contributed two great leaders to the credit union movement, Edward A. Filene, a Boston merchant and philanthropist, who became interested in these mutual thrift societies while traveling in India, and Roy F. Bergengren, a Boston attorney who headed the Credit Union National Extension Bureau from 1921 to 1934. Mr. Bergengren traveled throughout the country searching out leaders and creating interest in the credit union movement and later became managing director of the Credit Union National Association.

Recently the Credit Union National Association held their annual meeting in Boston, Mass., to celebrate the 25th anniversary of the enactment of the Federal Credit Union Act and the 50th anniversary of the Massachusetts credit union law. At this time an impressive monument to Edward A. Filene was dedicated on the historic Boston Common. It is also noteworthy that during these meetings another Bostonian, Mr. Julius Stone, was elected to the presidency of the Credit Union National Association.

The Commonwealth of Massachusetts takes pride in the great part which it played in the birth and development of the credit union movement in the United States. The service to our citizens provided by these organizations today is a tribute to the vision and efforts of these credit union pioneers from the Commonwealth of Massachusetts.

Mr. ADDONIZIO. Mr. Speaker, a proper way to celebrate this silver anniversary of the enactment of the Federal Credit Union Act is to make those changes which experience and the development of the Nation's economy have made evident. Bills to bring that law up to date are before this House. Action to that end is currently under way.

The soundness of credit unions has been firmly established. This is no fly-by-night social innovation, but rather a carefully thought out financial system which has stood the test of time and proved its worth through two World Wars, a terrible depression, and has throughout this time kept pace with our rapidly developing economy. Credit unions perform their duties most competently, and I am proud of New Jersey's 497 credit unions with their 254,000 members and $76 million in assets. These figures are, I think, a fine tribute to the thrift and industry of the people

of the State I have the honor to represent.

The New Jersey credit unions and the other credit unions throughout the country are a valuable social institution. Tangible and intangible values derive from their operations, not only to their millions of members but to society as a whole. Credit unions inculcate a spirit of thrift and self-reliance, and have enabled families of modest means to weather financial problems that could otherwise have resulted in dire misery and chaos. Credit unions represent democracy at its best.

In our complex modern society, it is important that we encourage the program of mutual self-help and neighborly concern embodied in this system.

As an illustration of the fine work these groups do, let me tell you a story which came to my attention recently. It concerns a teacher who is still an active member of the Monmouth County Teachers Federal Credit Union in the State of New Jersey. He had a good job, a fine wife, and was working toward his master's degree. In fact, he had only eight more academic credits to earn. Because the school in which he taught was some distance from his home, a car was a necessity. To finance its purchase he borrowed the money from his credit union.

He had only had the car a short time when one morning he awoke and made the shocking discovery that overnight, while he had slept, he had become blind in both eyes.

Now his wife would have to drive him everywhere he went, but the car was still unpaid for, and he faced the loss of his earning capacity.

Gentlemen, his credit union answered that problem. Through the life and disability insurance supplied by the credit union, without any extra charge to the member, the balance due on his loan was paid in full, and he was given unencumbered title to the car.

I am happy to say that the Commission for the Blind made it possible for him to complete his studies at the university, and that he has since earned his master's degree and is ready to begin supporting his family again.

This is just one of the many reasons credit union members in my State, and in yours, borrow from their credit unions. Borrowing purposes include the consolidation of old bills, taxes, medical expenses, funerals, home repairs, farm equipment, vacations, automobiles, education, weddings, and for family emergencies.

In addition, credit unions carry on a constant year-round educational campaign to get members to save regularly. Many people who had never saved before in their lives, because they didn't realize it was possible for them, have developed the thrift habit of putting aside a little each payday. Today, U.S. credit union members have accumulated more than $4 billion in their credit union savings accounts.

These considerations coupled with the realization that credit unions cannot create funds, in that members lend their savings to each other, makes these groups a growing anti-inflationary factor in our economy. The latest figure for total credit union savings in U.S. credit unions is $3,927,668,745; nearly $4 billion. In 1954, the same figure stood at a little over $2 billion, which is quite a record of growth for 5 short years; 5 years during which prices have been continually rising.

Certainly the fine men and women who devote their lives to serving their fellow men through the medium of the credit union have real reason for pride. I know that the vast majority of them are unpaid volunteers, working on their own time, and making themselves available at any hour of the day or night to answer the emergency call for funds. When a credit union member comes to his treasurer the first question asked is "How can I help you?" To me this is the phrase that sums up the credit union idea.

Mr. COHELAN. Mr. Speaker, on the 25th anniversary of the passage of the Federal Credit Union Act, I am pleased to join other Members of Congress in paying tribute to our colleagues whose work resulted in that legislation and to the credit-union movement itself.

In this we call attention to the fact that the uncomplicated democratic institution which is a credit union has lived up to its original promise, has thrived, and in doing so has clearly demonstrated that it will play a more and more important role in years ahead.

In the State of California, as elsewhere, credit unions are a healthy and widely accepted institution, which simply means that more and more thousands of citizens have joined with fellow workers and friends to pool their savings and make loans at low interest rates. In California in the past 5 years the number of individual credit unions has increased by 54 percent. I am advised by the California Credit Union League that today members of credit unions in our State have accumulated total savings of $499 million and total assets of $510 million and have loans outstanding in the amount of $420 million.

Having shared in the organizing of one such credit union in California and having served on its board, I know the credit union also as a down-to-earth workshop in the principles of democracy, as well as an entirely workable self-help agency for thrift and saving.

In the years ahead we will see continuing growth of the credit-union movement, and we can be confident that this is healthy growth.

Mr. PATMAN. Mr. Speaker, hearings have been conducted recently on amendments desired by the Federal Credit Unions. It contains the legislative history of credit unions, including the testimony of many witnesses. The hearings were conducted by a subcommittee of the Committee on Banking and Currency and contains 159 pages. A request to your Member of the House of Representatives will enable you to secure a free copy.

BRIBERY OR EXTORTION

The SPEAKER pro tempore (Mr. METCALF). Under previous order of the House, the gentleman from Michigan [Mr. HOFFMAN] is recognized for 10 minutes.

Mr. HOFFMAN of Michigan. Mr. Speaker, a story by Edward T. Folliard in this morning's paper states that in 9 years the Pittsburgh Sun Telegraph paid former convict Theodore (Teddy) Cozza, president of Teamsters Local 211, of Pittsburgh, $100,000 to avoid strikes.

This calls to mind the payment by, I think it was, the New York Times, of a substantial sum to secure delivery of, I think, a Sunday magazine.

The situation is nothing new. For many years, the racketeers and the extortionists have been shaking down first one individual, then another, first one business enterprise, then another, one at a time, until the practice has become so widespread, so brazen, that it is accepted as a customary union activity, which, of course, it is not.

Several years ago, the United States Supreme Court upheld a similar shakedown practice of the Teamsters, although, in the dissenting opinion, one Justice characterized it, as I recall, being nothing more nor less than legalized highway robbery. Then the Congress passed the Hobbs amendment, which did some good. George McKinnon, a former member of the Committee on Education and Labor, sent several Teamsters to jail from Minneapolis.

The McClellan committee has called to public notice hundreds of similar shakedowns.

Supposedly wealthy corporations, like the New York Times, industrial and merchandising concerns—which supposedly have plenty of money—have paid for protection again and again.

These activities have been called to the attention of the public, of the Congress, of the press, year after year. Yet, because of political pressure, the Congress has sat idly by.

Occasionally, the press has had a temporary urge to start a crusade to end these evils. But, for one reason or another, has, with a few exceptions, usually given up.

The Chicago Tribune is a notable exception and, while Colonel McCormick was alive, the heat was incessantly on. Today, it is one of the few big dailies which continues the crusade against the crooked racketeers, not only in Chicago, but throughout the Nation.

Through the McClellan hearings, which, if compared with previous hearings on the same subject, might be designated as a Barnum and Bailey circus as compared to a one-wagon road show—though the issue is in no way comparable to a show—the people have had called to their attention the nationwide power of the crooks who are forcing tribute, not only from workers but from every consumer who makes a purchase in this country.

Mr. Speaker, I was just notified by a reporter that the McClellan committee just heard testimony to the effect that

the Detroit Times had on its payroll a representative of the Teamsters Union—that is in Mr. Hoffas home town—who is also on the payroll of the union.

Over the ticker just came this:

Senate rackets investigators were told today the Detroit Times has been paying—"to avoid any trouble"—a fulltime drivers' salary to a Teamsters official who does little work.

Charles R. Obermeyer, business manager of the newspaper, said the money has been paid for about 5 years to Joseph Prebenda, secretary-treasurer of Teamsters Local 372.

Asked whether he considered this proper, Obermeyer replied: "Absolutely not." He said the practice has been discontinued "as of last Wednesday."

"It was in the nature of a shakedown, was it not?" Chairman JOHN L. MCCLELLAN asked him. "I don't know whether you would construe it that way," he replied.

"Could you construe it any other way?" MCCLELLAN inquired. "I don't think so," he answered.

The press has had considerable to say about conflict of interest and about the shortcomings of Congressmen, which are altogether too many, as most of us will admit and which we are trying, each and every one of us, to correct where there is fault.

My suggestion if that is permissible would be that the press before it gets too harsh and indulges in too much criticism of Members of Congress, of the Congress and the executive department, clean up its own house, which brings me again to that old Biblical admonition that "no man can serve two masters. Ye cannot serve God and mammon."

Whether this Congress enacts legislation which will give, and the people get, relief through the enactment and enforcement of legislation which will minimize, if it does not end, this nationwide extortion depends to a very great extent upon the press. If the press of the Nation, which is fully aware of the facts, has the courage and the will to turn the light on what is happening, Congress will be forced—I repeat—forced to enact legislation which will bring relief, and to follow through with a demand that it be enforced.

The press has the knowledge, it has the skilled writers, it has the power. Will it meet the challenge? Apparently, Congress will not.

Heretofore, when a free press has been the issue, the press has not failed us.

Has it the moral courage? Or will it as a whole continue to ignore the issue?

Have enough of its representatives been "burned" by the demands of the extortionists so it will now act effectively?

Or are there enough courageous, patriotic publishers, editors willing to fight the organized extortionists, to force the Congress to do its duty?

THAILAND

Mr. MOELLER. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. POWELL] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. POWELL. Mr. Speaker, today, I wish to salute the people of Thailand—the land of the free—His Majesty King Phumiphon, and His Excellency Visutr Arthayuki on this 27th anniversary of their National Day.

Situated in the heart of southeast Asia and long known as Siam, this country has been free and independent in the past while her neighbors on every side were forced under foreign domination. The Thais insist that independence for them has been historically guaranteed by wise and foresighted leadership.

Though Thailand, unlike many of her neighbors, has no Independence Day celebration for she has never experienced domination from outside, June 24 is celebrated as a national holiday for it marks the day of changeover from an absolute monarchy in 1932 to the present constitutional monarchy system. Under this form of government great strides have been made politically, socially, and economically toward preparing Thailand to take her rightful place in the rapidly changing world.

The Thai people boast that they are communism's most formidable foe in Asia and remind us that Thailand was the first nation which sent troops, naval, and air forces into Korea in response to an appeal from the United Nations for support there in 1950. In her determined resistance to communism's advance in Asia, Thailand earnestly hopes to obtain and maintain continuing assistance from the non-Communist world, especially from the United States with whom she has had a close and friendly relationship for over 100 years. A relationship which began in 1833 when the two countries signed the first treaty of amity and commerce which has consistently advanced mutual trade relations of the two countries. Since then the ties of friendship have grown consistently stronger.

Thailand has actively cooperated with the United Nations, SEATO and the United States in pursuing the ideals of the United Nations toward the advancement of small nations in their attainment of the ideals of peace and freedom and justice together with the economic and social well-being of mankind. The Thais are convinced "we can help each other in this struggle for peace with justice and that the United States can help Thailand to develop her much needed economic equilibrium, and Thailand can help the United States in strengthening the defense of freedom in southeast Asia."

TO THE CITY OF NORWICH ON ITS 300TH ANNIVERSARY

Mr. MOELLER. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. BOWLES] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOWLES. Mr. Speaker, the city of Norwich, Connecticut, is celebrating the 300th anniversary of its founding.

Since the first migration of 35 hardy souls from the nearby settlement of Saybrook in 1659, Norwich has grown to a thriving community of 40,000. The city is today a center of culture, religion, and trade for eastern Connecticut.

From its very beginnings, Norwich has enjoyed the priceless advantage of an alert and informed citizenry whose firm dedication to constant progress has made "the Rose of New England" the vital center of Connecticut life it is today.

This determination is seen today in the city's excellent schools, beautiful churches and homes, its preeminence as a center of trade and banking, and in its forwardlooking and constructive outlook for the future.

From this climate of achievement and progress have come many of our country's most prominent and effective citizens, to serve our Nation in all walks of life.

My distinguished colleague, the esteemed junior Senator from Connecticut, Senator THOMAS J. DODD, is a native of Norwich. Among the many other leaders Norwich has given to public life are such outstanding contributors in the fields of education, science, religion, commerce, and journalism as Dr. Robert L. Johnson, president of Temple University; Dr. Edwin H. Land, inventor of the Polaroid camera; Maj. Gen. Terence P. Finnegan, Chief of Air Force Chaplains and Chairman of the Armed Forces Chaplains Board; Mr. John Burke, president of B. Altman & Co.; and Mr. Robert D. Byrnes, dean of the Connecticut press corps in Washington and the respected Washington correspondent of the Hartford Courant.

The justly proud citizens of Norwich have arranged a full week of testimonial events with which to celebrate this completion of the city's third century of progress. Beginning on July 5, pageants, parades, lectures, and concerts, will serve to commemorate the city's rich past and its plans, hopes, and dreams of future growth.

In honor of this occasion, and to call to the attention of my colleagues the background of this memorable anniversary, I have asked the Library of Congress to assist me in the preparation of a tribute to the city of Norwich.

I am deeply indebted to the Legislative Reference Service for researching original Connecticut materials for use in the following historical survey.

NORWICH, THE NARRAGANSETTS, AND SACHEM'S PLAIN

The region around the site where Norwich now stands was the scene of countless Indian battles before the planting of the first white settlement.

After the Pequot Tribe had been vanquished by Capt. John Mason in 1637, the English, the Narragansetts, and the Mohegans signed a treaty of peace in 1638. Jealousy between Uncas, the Mohegan sachem, and Miantonomo, the chief of the Narragansetts, resulted in continued hostilities and to the ultimate defeat of Miantonomo. He was put to death by his conqueror, with the consent of the Court of Commissioners of the United Colonies of New England. The Narragansett chief was buried, probably sometime in

September 1643, on the plain which ever since has been called Sachem's Plain.

In 1650, the General Court judged "the thinge very disorderly" for Jonathan Brewster to have "set up a trading house at Mohigan, nevertheless, they are content he should proceed therein for the present."

"ROSE OF NEW ENGLAND"

The history of the founding of Norwich, "the Rose of New England," began just 300 years ago. In May 1659 a group of inhabitants of Saybrook applied to the General Court at Hartford for permission to make a settlement at Norwich, or, as it was then called, Mohegan.

The court considered the petition and "consented to" the desire of "ye petitioners respecting Mohegin, provided yt within ye space of three yeares they doe effect a plantation in ye place propounded."

The settlers apparently lost no time in arranging for the migration. In June 1659 the three Mohegan sachems, Onkos—or Uncas—Owaneco, and Attawanhood conveyed to the prospective settlers a tract of land beginning "at the brooke falling into the head of Trading Cove," and extending thence east, west, and north, on both sides of the river over a territory 9 miles square.

The original deed of the land has not been found. A copy recorded at Hartford in 1663 probably varied slightly from the original because the phrase "towne and inhabitants of Norwich" seems to imply that a settlement had already been made.

TOWNE OF NORWICH

The recorded copy reads as follows:

Know all men that Onkos, Owaneco, Attawanhood, Sachems of Mohegan have bargined, sold, and passed over, and doe by these presents sell and pass over unto the towne and inhabitants of Norwich nine miles square of land lying and being at Moheagan and the parts thereunto ejoyneing, with all ponds, rivers, woods, quarries, mines, with all royalties, privileges, and appurtenances thereto belonging, to them and the said inhabitants of Norwich, theire heirs and successors forever—the said lands are to be bounded as followeth (viz.), to the southward on the west side of the Great River, ye line is to begin at the brooke falling into the head of Trading Cove, and soe to run west norwest seven miles—from thence the line to run nor north east nine miles, and on the east side the afres'd river to the southward the line to joyne with New London bounds as it is now laid out and soe to run east two miles from the foresd river, and soe from thence the line is to run nor noreast nine miles and from thence to run nor norwest nine miles to meet with the western line. * * * In consideration whereof the sd Onkos, Owaneco, and Attawanhood doe acknowledge to have received of the parties aforesd the full and juste sum of seventy pounds and doe promise and engage ourselves, heirs and successors, to warrant the sd bargin and sale to the aforesd parties, their heirs and successors, to warrant the sd bargin and sale to the aforesd parties, their heirs and successors, and them to defend from all claimes and molestations from any whatsoever.—In witness whereof we have hereunto set to our hands this 6th of June, Anno 1659.

UNKOS (his marke).
OWANECO (marke).
ATTAWANHOOD (marke).

Witness hereunto:

JOHN MASON.
THOMAS TRACY.

In 1660 the court provided that "Vncas and other Indians and successors shalbe supplied wth sufficient planting ground at all times." The bounds were reviewed in October 1685 by an authorized committee, accompanied by the two sachems and some of the chief men of the Mohegans. The deed of 1659 was confirmed and a new deed, signed on October 5, 1685, by "Owaneca, son and heire unto Vnchas deceased," and "Josiah, son and heire unto Owaneco," was acknowledged before James Fitch, assistant.

The town plot was laid out in a winding valley which followed the course of the Yantic, and was sheltered for most of the way by abrupt, wooded hills. A broad highway, on each side of which the house lots were arranged, was opened through this vale.

NORWICH SERVES AS A HAVEN

The number of founders of Norwich is usually given as 35, which figure is based on a manuscript list made in 1767 by the Reverend Dr. Lord.

The reason for their migration from Saybrook is not known with certainty. Some may believe the tradition recorded in President Stile's diary, that the original settlers determined to leave Saybrook because of the great numbers of crows and blackbirds that infested the fields in May and June. Others are inclined to believe that the founders were influenced in their decision to migrate from their level coastal region to the land of wooded hills, sheltered valleys, and rushing streams, by Maj. John Mason, who had visited the Mohegan country on one of his numerous expeditions.

EARLY NORWICH CALLED MOHEGAN

The name Norwich was probably selected for the new town before its actual settlement, but it did not come at once into common use. For the first 2 or 3 years the town was generally known as Mohegan.

The first reference to it as Norwich is in March 1661, when "the constable of Seabrook" is required to levy a certain sum "upon ye estates of such at Norridge as are defective in their rates." The settlement seems to have been enrolled as a legal township under the government of Connecticut, in May 1662. The act is not included in the records of the general court, but during the session of October 1661, the following order was issued:

This court orders ye secretary to write a letter to Norridge, to send up a comittee [sic] in May next invested with full [power] to issue ye affair respecting settling that plantation under this government [sic].

NAMED FOR NORWICH, ENGLAND

The name was undoubtedly selected in honor of Norwich, in England. A natural supposition is that prominent persons in the new settlement came from old Norwich, but no such connection has been traced except through the Huntington brothers, and even in their case the link is uncertain.

NORWICH A PLENTIFUL OUTPOST FOR SETTLERS AND INDIANS

At the outset the founders, who had built homes previously at Saybrook, furnished themselves with simple but respectable houses and household equipment. There is no record that the planters experienced any scarcity of food. Indian corn, prepared in various ways, was perhaps the principal item of their diet. Other staple foods were beans, turnips, pumpkins, fish, and wild game.

The Mohegans were eager to exchange their services for the food, clothing, and other comforts that they received from the English. Many of them erected wigwams in the vicinity of Norwich. Because of their habits of indolence, lying and pilfering, the Indians were troublesome neighbors.

The conversion of the Indians to Christianity was a cherished object of the Reverend Mr. Fitch. He continually tried to find opportunities for sowing the seed, and his earnest faith and charity made him hopeful of the harvest. But Christianity was never very popular with the chiefs. Uncas fluctuated in his attitude, but in spite of his respect for Mr. Fitch and his gratitude for the benefits heaped upon him, he could not be induced to accept without reservation the Christian doctrine. Among the poorer Indian families Mr. Fitch found willing ears and there the gospel seemed to bring peace and comfort.

KING PHILIP'S WAR

King Philip's War began in June 1675, and lasted 15 months. Norwich, being a frontier town, was kept in a state of excitement and apprehension. Uncas and the Mohegans were induced by Mr. Fitch to ally themselves with the English colonists. In November the Commissioners declared war against the Narragansetts. Preparations for war included the raising of a thousand men. The quota of Connecticut was 315, and that of Norwich was 18.

The winter of 1675–1676 was a period of fear and gloom. Bands of hostile Indians roamed the forests, killing and carrying off captives. Norwich was garrisoned by 20 or 30 soldiers, a blockhouse was built, and private houses were fortified. The town was the rendezvous and point of departure for numerous expeditions against the Indians. When Philip was killed at Mount Hope by a party of English and friendly Indians, there was little more fighting to be done.

Efforts, promoted by Mr. Fitch, to settle the Indians who had surrendered in communities near the town where they could be supervised and would be subject to the civilizing influence of the colonists, did not prove particularly successful.

TRAPPING A NECESSITY

The lands upon the Yantic, in the early days of the settlement, were infested with wolves, foxes, blackbirds, crows, and rattlesnakes. Hunting and trapping were necessary occupations rather than sports. Wolf hunts were not uncommon until after 1700. The rocks and glens of Norwich were known as the haunts of rattlesnakes and Waweekus Hill was famous for these reptiles, which are said to have grown to the size of a man's wrist. There is a popular tale that a violin player once went to the hill with his instrument and enticed a large rattlesnake, fascinated by his music, to follow him into the town street.

It was found necessary to offer bounties for the destruction of birds and snakes. A half-penny or sometimes a penny was paid for each blackbird or crow killed, the head to be produced as evidence. Two pence was the usual bounty for a rattlesnake. Although the bounties were small, so many birds and snakes were killed each year that the total amount paid became a considerable item in the town budget. Twenty snakes and one hundred birds were at one time brought in by a single claimant. The bounty for killing a wolf, which was 10s. 6d. appears to have been claimed only once after 1700.

BEGINNINGS OF INDUSTRY

At the time of the settlement of Norwich maize was the common grain and a mill was indispensable.

A town act of December 11, 1660, renewed a contract made at Saybrook between John Elderkin on the one hand, and the town of Mohegan on the other. It provided for the erection of a mill, either by the home lot of John Pease or at No-Man's Acre. The mill was to be completed before November 1, 1661, under penalty of forfeiting $20. The toll was to be one-sixteenth, and a tract of land was pledged as compensation for the erection of the mill.

Elderkin's mill was erected first at No-Man's Acre, and was later moved to a location below the falls. New grants and privileges were bestowed upon the proprietor, to encourage him to continue to operate the mill. A tract of 40 acres upon the cove was given to the mill, "to lye to it with the landing place, for the use of the town," to be improved by John Elderkin, the miller. This grant covered the Indian burying ground and included a provision that the Indians were to have access to the spot and the right of sepulchure. The greater part of what is now Washington Street was included in this tract.

In order to encourage the establishment of a blacksmith shop the town made the following offer:

March 11, 1699: Granted to Joseph Backus so much land upon the hill by Thomas Post's house, as may be needful for him to set a shop and coalhouse upon, provided he improves it for the above use.

Feeling a need for another blacksmith in July 1704, the town offered a similar subsidy to the son of Captain Edmonds of Providence. That offer was not accepted but Jonathan Pierce was subsequently engaged as a smith, and land was given to him both in 1705 and 1712.

A sawmill was deemed a desirable addition to the new settlement, but it does not seem to have been easily obtained. In 1680, a grant of 200 acres was tendered to Captain Fitch to encourage him to erect a sawmill, and the offer was repeated in 1689.

When no mill had been built by 1691, the town proposed to establish one. The proposal was not carried out, and it does not appear that a sawmill was in operation within the town limits until about 1700. Some work may have been done for the early settlers at Winthrop's sawmill on the river above New London, from which place the transportation by water was easy. But most of the timbers and planks that went into the first habitations were shaped by hand.

In 1690 a committee was appointed to select a suitable location for a fulling mill. In 1704 Eleazer Burnham made application for "liberty to set up a fulling mill upon the stream that runs into Shetucket River by the Chemical Spring." A tract of 30 acres was granted to encourage the undertaking and more land was promised if the enterprise succeeded. The project, however, was a failure, partly because workmen in the trade were scarce.

VARIETY OF EARLY INDUSTRY

Industry did not attain real importance in Norwich until the middle of the 18th century. The making of linseed oil was commenced at Bean Hill in 1748 by Hezekiah Huntington. In 1778 Elijah and Simon Lathrop advertised in the New London Gazette that they had established an oil mill at Norwich Falls and would exchange a gallon of oil for a bushel of well cleaned flax seed.

In 1766 a cutlery business made its appearance and various implements of husbandry which had formerly been imported were produced locally. In the same year a pottery for the manufacture of stoneware was established at Bean Hill.

At about the same time the business of weaving stockings was begun by Christopher Leffingwell. For many years it was a small concern, limited to two or three looms, but in 1701, Leffingwell had nine looms in operation, producing annually from 1,200 to 1,500 pair of hose.

He also engaged in the manufacture of paper. His paper mill on the Yantic, near No-Man's Acre, erected in 1766, was the first in Connecticut. Leffingwell was also the first to enter the field of chocolate manufacturing. His chocolate mill was in operation in 1770. Another was established in 1779 by Simon Lathrop.

In 1772 a Bean Hill blacksmith, Edmund Darrow, made from barrel hooping the first cut nails in America. Richard Collier, a brazier from Boston, made warming pans about the same time, and Noah Hidden manufactured combs in 1773.

The manufacture of clocks and watches was begun in 1773 by Thomas Harland. His watches were pronounced equal to the best imported from England In 1790 he had 10 or 12 workmen in his employ, and it was said that he made annually 200 watches and 40 clocks.

In 1790 Dr. Joshua Lathrow established a cotton factory in Norwich. He began with five jennys, one carding machine, and six looms. This machinery was later increased and a great variety of goods was produced, probably to the amount of 2,000 yards per year, while the project was continued. But the business was not profitable and after a trial of 8 or 10 years, it was discontinued.

During the Revolution cannon were manufactured by Elijah Backus, who welded together pieces of iron to make a fieldpiece that is reported to have stood up under the weak charges used at that time.

WAR SPURS MUNITIONS MAKING

The Civil War, while it had an unfavorable effect on some of the industrial interests of Norwich, gave impetus to the manufacture of firearms. Several attempts had previously been made to establish arms factories in Norwich.

In 1842 Ethan Allen and Charles Thurber had set up a pistol shop at the Falls. They made revolvers, weighing about 1½ pounds, firing six balls in less than 6 seconds. In 1853 Smith & Wesson erected a rifle and pistol factory on Central Wharf and in the following year secured a patent for a volcanic repeating pistol. Finding themselves restricted in space for their operations they later moved to New Haven, where a company was formed to continue the business on a larger scale. The pistols of the Bacon Manufacturing Co. were the only firearms being made in Norwich when the war began.

In January 1862, James D. Mowry contracted with the Government to furnish 30,000 Springfield rifles. The Norwich Arms Co., stimulated by the war, grew in size, filling successive contracts and furnishing large supplies of musketry. Other industries profited also, and the tanneries had more orders for leather for knapsacks, boots, belts, whiplashes, cartridge boxes, and drumheads than they could fill.

Today Norwich has a variety of manufacturing industries, including the production of cotton and woolen textiles, clothing, tinsel, thermos bottles, paper boxes, shoes, cordage, belting, brass fittings and machinery.

EARLY ROAD USED BY WASHINGTON

The first road from Norwich to New London, passing through the Mohegan fields, was laid out by order of the legislature, under the survey and direction of Joshua Raymond, about 1670. Raymond was remunerated for his work with a tract of land sufficient for a large farm along the route.

For more than a century the road was little better than an Indian trail. Its numerous fords, hills, and windings made it inconvenient and hazardous, and travel was chiefly by horseback or oxcart. In 1776, on his journey from Boston to New York, Washington undoubtedly traveled over the Mohegan Road from Norwich to New London.

Several prominent individuals formed an association in 1789 to make an improvement in the road. The legislature authorized them to hold a lottery, the proceeds of which were to be expended in repairing the part of the road that ran through Indian land. The lottery was drawn in June 1791, and the following May a company was incorporated to make the road a turnpike and erect a tollgate.

As a result of these efforts the distance from the courthouse on Norwich Green to the courthouse in New London was reduced to 14 miles and travel was made reasonably safe. The toll, first collected in June 1792, was 9 pence for four-wheeled carriages and 1 penny for a man and horse. This turnpike is said to have been the second to be established in America.

ROAD BECOMES VITAL LINK FOR COMMERCE

The road soon became an important thoroughfare and a heavy traffic in cattle and produce passed over it to New

London, to be shipped abroad. Repairs seem to have been needed at an early date, and we find that the commissioners had to advance $400 from their own funds in addition to the toll collections. An act of 1805 allowed them to almost double the tolls until they were repaid.

The road subject to toll was extended from Trading Cove Bridge to Norwich Landing in 1806, and to the courthouse in Norwich in 1812. About 1817, Dr. Timothy Dwight wrote:

> Few persons formerly attempted to go from one of those places (New London and Norwich) to the other and return the same day * * * the journey is now easily performed in little more than 2 hours.

After 1837 it appears that all net proceeds had to be spent on repairs, chiefly on that part of the road passing through the Indian reservation.

The New London, Willimantic, & Palmer Railroad was opened parallel to the Mohegan Road in 1849 with the result that toll collections decreased sharply. The toll gate was abolished in July 1852, by act of the general assembly. About 1900 the Montville Street Railway opened its line between New London and Norwich, following in large part the old Mohegan Road.

The turnpike was never owned by a corporation but was managed by commissioners in the interest of the road itself. In this respect it stands alone among early American roads as the only one operated throughout its existence according to the principles set forth by Charles II in 1663.

The Mohegan was not, however, the only road in early Norwich. The Norwich and Providence post road was made a turnpike in 1794. The Norwich and Woodstock Road, extending from Norwich to the Massachusetts line, was made a turnpike in 1801 and discontinued in 1846, the company having paid no dividends in 6 years. The turnpike from Norwich through Salem to Essex on the Connecticut River, commonly called the Essex Turnpike was established in 1827 and is said to have been relinquished about 1860.

The Shetucket Turnpike Co. was incorporated in 1829 to maintain a road through Preston, Griswold, Voluntown, and Sterling, to the Rhode Island boundary. This company continued in operation for more than 30 years, paying yearly a small dividend averaging 1½ percent on its capital of $11,000. In 1861 the franchise was surrendered to the towns of Preston, Griswold, and Voluntown, in return for a payment of $1,375.

RAPID RAILROAD DEVELOPMENT

With the coming of the railroad, the turnpike was superseded and destroyed. The Norwich & Worcester Railroad Co. was formed in 1832, the legislatures of Connecticut and Massachusetts each granting a charter for that portion of the road which lay within their respective States. The two companies were united in 1836, the combined capital amounting to $1,700,000.

Ground was broken at Greenville, November 18, 1835, and the line was completed and trains ran the entire distance of 58$^{9}/_{10}$ miles in March, 1840. Numerous cuts and a tunnel were necessary to build a water-level route. The section of the road from Norwich to Jewett City in Preston was the most laborious and expensive to construct. The course was winding and encumbered with rocks. The tunnel alone cost nearly $30,000.

The company purchased in Norwich a small rocky promontory called the Point, located where the Shetucket contracts its course, turns, and glides into the Thames. This was leveled and a station was erected adjacent to the steamboat landing.

During the severe flood of 1841, a bar was formed in the channel of the Thames by an accumulation of sand brought down by the Shetucket. This obstruction, together with the inconvenience arising from ice in the winter season, induced the company to extend the line 7 miles to Allen's Point, near Gale's Ferry, in 1843. By an addition to the charter authority was given to extend the road to the sound but this project was never accomplished, and the part of the line from Norwich port to Allyn's Point was later dropped from the regular line of travel.

BEGINNINGS OF CENTRAL VERMONT RAILROAD

The junction of the Norwich & Worcester Railroad with the New London, Willimantic & Palmer Railroad—now the Central Vermont Railroad—was effected in 1853. In 1969 the Norwich & Worcester Railroad was leased by the Boston, Hartford & Erie. During the heyday of textiles in New England it had the reputation of having the greatest traffic density of any single-track railroad in the world. The line is now the Worcester branch of the New York, New Haven & Hartford Railroad. It is largely a freight road with diesel-powered unit passenger cars connecting with Shore Line New Haven trains.

STRONG NORWICH PATRIOTISM

Norwich showed a vigorous desire to resist oppression from the very beginning of the events leading to the American Revolution. A circular from the Boston Committee of Correspondence, dated May 17, 1774, calling for resistance to the oppressive laws of the mother country, met a cordial response.

A town meeting was convened by the selectmen, June 6, "to take into consideration the melancholy situation of our civil, constitutional liberties, rights, and privileges which are threatened with destruction by the enemies of His Majesty's happy reign and government over the American Colonies."

The town meeting which assembled as a result of this call, presided over by Jabez Huntington, voted that "we will to the utmost of our abilities assert and defend the liberties of British America," and appointed a standing committee of correspondence.

About this time subscriptions were taken in several towns in Connecticut for the poor in Boston. Norwich sent a donation of 291 sheep, followed by a second gift of cash, grain, and a flock of 100 sheep. Samuel Adams, in a letter to the committee, observed:

> The part which the town of Norwich takes in this struggle for American liberty is truly noble.

When news of the Battle of Lexington reached Norwich, volunteers departed almost daily for the army at Cambridge. In May 1775 a company of 100 men from Norwich left for the scene of action in charge of Lt. Joshua Huntington. They were assigned to Colonel Putnam's regiment. Early in June a second company, raised and drilled in Norwich, marched to Boston and was annexed to the regiment commanded by Colonel Parsons. Many of these early volunteers served throughout the war.

TORIES NOT TOLERATED

Tories were not welcome in Norwich. Col. Eleazer Fitch, whose home was in Lebanon, but who had connections in Norwich, and whose four daughters were wives of Norwich citizens, went into exile, settling at St. Johns, New Brunswick.

From 1775 on many Tory prisoners were confined in Norwich. This procedure caused the town some expense, as in the case of the noted Tory, Dr. Church, who was imprisoned in Norwich from November 1775 until he was sent to Watertown, Mass., by order of Congress in May 1776. His jailer was paid £30, and an enclosure surrounded with pickets, where he was allowed to walk once a week with the sheriff, cost £19.

The great number of Tories arrested during the earlier years of the war suggests one of the trials that beset the patriot cause. They were seldom imprisoned for long but were generally released on giving bond to appear when called for, or upon taking oath not to bear arms against the colony. Some, like Thomas Leffingwell and Benjamin Butler, remained loyal to the king during the whole contest. They were exposed to insults and imprisoned, and their goods were confiscated.

DEFENSE PREPARATIONS

In the summer of 1775 a battery or redoubt was built below the landing on Waterman's Point. Benjamin Huntington and Ephraim Bill directed the work, but most of the labor was performed by Captain Lyon's company of militia, which had been sent to Norwich as a result of the fear of an invasion from vessels prowling in Long Island Sound. On the completion of the work, four 6-pounders were brought from New London and a regular guard and watch kept.

For additional defense, two wrought iron fieldpieces and several other pieces or ordnance were mounted, manned, and placed in charge of Capt. Joseph DeWitt. Those who remained at home, as well as those who went into active service, were often called on to perform military duty.

NORWICH A VITAL DEPOT DURING REVOLUTION

Early in 1776 Captain McCall and Lieutenant DeWitt organized a fine company of veteran guards for home service. The guards were often called for short tours of duty near the coast, at New London, Lyme, or Stonington.

Norwich was a depot for military supplies. On July 24, 1775, Congress sent to Norwich 2,000 barrels of flour which were needed for the Army near Boston. Molasses, rum, clothing, salt, and other supplies were stored in the town during the war.

Governor Trumbull wrote to Washingington, on August 7, 1777, that—

A large quantity of powder belonging to the States being deposited at Norwich, contiguous to New London, on the appearance of a fleet of the enemy's ships off the harbor of New London, it was judged prudent to remove 100 barrels of powder to Lebanon, 100 to Coventry, and 100 to Windham, 100 still remaining at Norwich.

CIVIL WAR

When the Civil War broke out, William A. Buckingham, a citizen of Norwich, was Governor of Connecticut. The Governor's call for volunteers to fill the quota of Connecticut was issued April 16, 1861. The required 3 regiments included 12 commissioned officers and 135 enlisted men from Norwich. Volunteers from Norwich were enrolled in almost all of the regiments raised later.

EARLY CONCERN WITH EDUCATION

The town of Norwich, almost from the beginning, took an interest in education. The early laws of the colony provided that every town containing 30 families should maintain a school to teach reading and writing. These regulations were not always observed because of a lack of teachers and because the energies of the founders were directed toward producing the necessities of life. The first mention of a schoolmaster in Norwich was in 1677, when John Birchard was engaged to keep school 9 months of the year for £25, provision pay. The next item relating to schools is the following:

March 31, 1679: It is agreed and voted by the town that Mr. Danill Mason shall be improved as a school-master for the towne for nine months in the yeare ensuing and to allow him twenty-five pounds to be payed partly by the children, * * * and each child that is entered for the full time to pay nine shillings and other children that come occasionally to allow three pence the week; the rest to be payed by the Towne.

FIRST SCHOOLHOUSE

A schoolhouse, for which an appropriation had been made in 1680, was finally erected in 1683. In 1697 Richard Bushnell was appointed to keep the school for 2 months that year, to be paid in land, and the following year David Hartshorn was engaged for the same length of time. Following this term it is probable that the town school was discontinued, for in 1700 the following item appears in the records of the county grand jury: "Norwich presented for want of a school to instruct children."

It appears that this deficiency was remedied, because the following year £6 was added to the rate for school purposes. By 1743 schools were maintained by what was called a county rate of 40 shillings on each thousand pounds, and all deficiencies were made up by the parents or guardians. Schools were distributed over the town and the term varied from one school to another. If any school was kept by a woman the time was doubled, since the pay of a schoolmistress was only half that of a schoolmaster.

SCHOOLS CONTINUE GROWTH THROUGH REVOLUTION

The schools in Norwich were not neglected during the Revolutionary War. An institution above the elementary level was maintained on the town plot through that period. It attracted students from outside Norwich and at one time attained considerable popularity. The common or free schools of the earlier periods were mostly on a primary level and tax money was not devoted to grammar schools.

When the land belonging to Connecticut in the State of Ohio, called the Western Reserve, was sold, the proceeds were set apart by the legislature in a school fund, the interest to be distributed among the districts of the State in proportion to the number of children. In Norwich the first school meeting under this act was held in October 1796.

Numerous schools of a special or a more advanced nature were established as private ventures.

In 1782 an association to maintain an academy was formed in the western part of the town. The old meetinghouse of the Separatists was purchased and repaired for the use of the institution. Samuel Austin was the first principal and the course of study included Latin, Greek, navigation, and higher mathematics. The school was continued with varying degrees of prosperity for 30 years or more.

Dr. Daniel Lathrop, who died in 1782, left a legacy of £500 to the town for the support of a free grammar school upon certain conditions. A school supported by this fund was opened in 1787 and continued for about 50 years. In 1843 the Lathrop donation was relinquished.

A proprietary school was established at the Landing in 1797 by 27 heads of families. It was assembled and organized by the Rev. Walter King; the first regular teacher was David L. Dodge.

Another school that left its mark on Norwich was the Chelsea Grammar School. It was organized in 1806, but not incorporated until 1821, when it was authorized to hold real estate to the value of $20,000. This institution continued in operation, with some interruptions, for about 40 years, enabling its patrons to secure a classical education for their children without sending them from home.

In the education of girls, Norwich seems to have taken more than a usual interest. Numerous private schools were established for their benefit. In 1799 a school for young ladies was opened in the house of Major Whiting, upon the Little Plain, by Mrs. Brooks. It was devoted especially to such feminine accomplishments as tambour, embroidery, painting in water colors, instrumental music, and the French language. In 1812, Misses L. Huntley—afterward L. H. Sigourney—and Nancy Maria Hyde opened in Chelsea a select school for young ladies.

BEGINNINGS OF N.F.A.

No account of education in Norwich would be complete without mention of the Norwich Free Academy. In its endowment, 3 individuals gave over $10,000 each and the whole amount, about $100,000, was subscribed by 40 persons. The project was initiated by the Reverend John P. Gulliver, and to his exertions it owes a great measure of its success. The academy was incorporated in 1854, and was dedicated and opened in 1856.

The Slater Memorial Building, a gift of William W. Slater to the academy, was dedicated in 1886. It contains the Slater Memorial Museum and the Peck Library. A normal department was added in 1889, and a school of art in 1890. Through the years it has exercised a powerful influence upon the life of Norwich. Today the academy serves as the public high school for Norwich. Additional educational facilities include 14 public schools, 4 parochial schools, and a State regional technical school. The total school enrollment is 6,535, and the teaching staff numbers 226.

RELIGION TIRELESSLY CHAMPIONED IN NORWICH

Religion has always occupied an important place in the life of Norwich. The Reverend James, one of the founders, labored tirelessly in the care of his little flock and in his efforts to Christianize the Indians.

The first meetinghouse was located near the southeast corner of the green. In 1673 the town engaged John Elderkin to build a second church for £428, which proved to be less than the cost. Because of the disturbed condition of the country at this period, the site selected for the new building was the summit of a hill, towering over the green.

Perched like a citadel on its rocky height, it presented a formidable and secure aspect. In 1708 Capt. René Grignon, a Huguenot exile, presented a bell to the church. A third church was built on the rocks in 1713. The fourth church, begun in 1753, stood at the corner of the green.

ROGERENE INCIDENT

The peaceful harmony of religious life was destroyed in 1725 by the Rogerene episode.

The Rogerenes, followers of John Rogers, were a small religious sect that originated in the vicinity of New London before the year 1700. The special objects of the Rogerenes were to destroy priestcraft and the idolatory of Sunday. Their history does not belong to Norwich except for certain events that took place on July 26 and 27, 1725.

On July 26 a party of eight Rogerenes were arrested in Norwich and committed to prison for traveling on the Sabbath. They were tried the next day. Some of this sect had previously been arrested in other towns and fined 5 shillings for breaking the Sabbath, and they continued to travel in defiance of the law, boasting that they could buy the idolators' Sabbaths for 5 shillings apiece. But on arriving in Norwich, they found that the price had risen, for they were sentenced to pay a fine of 20 shillings or be whipped 10 or 15 lashes each. Not being able to pay the fine, they were obliged to submit to the latter punishment.

THE "NEW LIGHT" AND THE SEPARATISTS

About 1740, the tranquillity of religious life was again threatened by the New Light excitement. The adherents to this

movement punctuated their worship by outcries, bodily writhings, harangues, and self-confident boasting of their own piety, which offended the less excited part of the community. It does not appear that any arrests were made or fines imposed in Norwich for lay preaching or attendance at Separatist meetings unless the meetings were disorderly and the language used was slanderous.

The Separatists soon began to gather into churches. At Bean Hill they erected a plain but respectable house of worship. The church was organized with 30 male members, and Jedidiah Hide was ordained their minister on October 30, 1747. It appears that they organized five congregations within the 9-miles square. Their most flourishing period was from 1750 to 1754.

As the Separatist churches were not recognized by the legislature, their members were still taxed to support their former ministers. Refusal to pay the tax resulted in instances of prosecution and imprisonment, notably in the cases of Elizabeth Backus and Ezekial Barrett. After the introduction of universalism into the Separatist church, a considerable number of the members returned to their old home in the Congregational church and were cordially received.

EARLY INTOLERANCE REPLACED WITH GOOD WILL

Lest it be felt that Norwich was harsh in its treatment of those who deviated from the norm in religious observance, it should be remembered that in almost no place, in the 17th and 18th centuries, was religious toleration considered a virtue.

It is in this area, perhaps more than in any other, with the exception of the development of material wealth, that Norwich has shown its greatest progress. Today Norwich has 39 churches, and the members of the 15 denominations represented dwell together in harmony and good will. In August 1953, the Roman Catholic Diocese of Norwich, comprising the four eastern counties of the State, was established under the archdiocese of Hartford, and Norwich became the center of religious life for the 145,000 Catholics of eastern Connecticut.

EARLY JOURNALISM

In 1773 the first newspaper was established in Norwich. It was called the Norwich Packett and was published by Alexander Robertson, James Robertson, and John Trumbull. The press was first set up "at the foot of the Green, near the Court House," but in July 1775 was moved to a new building "near the Meeting House," which was known, for 50 years or more, as Trumbull's printing office. Green and Spooner, who set up another printing press at about the same time, issued pamphlets and books but published no paper. After the Robertsons left Norwich, the Packet was published by Trumbull alone until his decease in 1802. After Trumbull assumed the sole proprietorship the paper was entitled Norwich Packet and Country Journal.

BEGINNINGS OF THE BULLETIN-RECORD

In 1790, when Ebenezer Bushnell first published his Weekly Register, the parent paper of the Norwich Bulletin came into existence. Bushnell was joined in 1793 by his brother-in-law, Thomas Hubbard, who bought him out and in 1796 changed the name of the paper to the Chelsea Courier. When Hubbard's son took over in 1805, the name was changed to Norwich Courier. The Reverend Dorson E. Sykes, who became editor in 1842, ran the paper as a daily and then as a triweekly until 1858. George B. Smith then ran the paper for several months, and on December 15, 1858 it was taken over by J. Homer Bliss, William D. Manning, James N. Perry, and Isaac Bromley.

On that date the Norwich Morning Bulletin came into being. With its unbroken line since 1790, the Norwich Bulletin is one of the oldest papers in the United States still being published. In 1930 the Norwich Sunday Record began publication. The Norwich Bulletin now has a daily circulation of over 24,000, and the Sunday Record has a circulation of over 20,000.

EARLY LEADERS IN EDUCATION, LITERATURE, AND POLITICS

Among the prominent people who were born in Norwich or resided there were the following: Jabez and Jedediah Huntington, both generals in the American Revolution; Samuel Huntington, signer of the Declaration of Independence, Governor of Connecticut; Timothy Dwight, president of Yale University; Daniel Coit Gilman, president of the University of California and the first president of Johns Hopkins University; Ebenezer Fitch, president of Williams College; Donald Grant Mitchell, author, who wrote under the pseudonym of Ik Marvel; Bela Lyon Pratt, sculptor; Lydia Huntley Sigourney, author; William Alfred Buckingham, Governor of Connecticut during the Civil War; and Frances Manwaring Caulkins, editor.

Norwich has had its share of distinguished visitors; but like Ebenezer Gay of Suffield, who wrote in his diary under June 30, 1775, "Took two pills. General Washington and General Lee passed through here today," the citizens of Norwich have not been unduly impressed.

Norwich, too, was visited by General Washington on at least two occasions. His third and fifth visits to Connecticut included stops at Norwich. On Monday, April 8, 1776, he was there and spent the night at the home of either Jabez Huntington or Jedediah Huntington. From Norwich, he took the old road from the green to the head of Trading Cove and so on through Montville to New London.

On March 5, 1781, Washington again passed through Norwich, probably spending the night, on his way from army headquarters at New Windsor, N.Y., to Newport, R.I.

GENERAL LAFAYETTE VISITS THE TOWN

On one of his trips to Norwich Lafayette called at the home of Jedediah Huntington. At another period he passed through with a detachment of 2,000 men and encamped for 1 night upon the plain.

Nearly 50 years afterward, on August 21, 1824, the venerable Lafayette again passed through Norwich. Some of the old people, who remembered him, embraced him and wept; the general wept also. Rochambeau, Steuben, Pulaski, and other distinguished foreigners also visited Norwich.

It is said that John Adams and his wife spent the night at the Jesse Brown tavern on Wednesday, August 1, 1797. In 1833 President Jackson, Vice President Van Buren, the Secretaries of State, War, and Navy visited Norwich. They came over the turnpike from Hartford, accompanied by an escort of cavalry sent to meet them.

After President Jackson had laid the cornerstone of a monument to Uncas, the party went by steamer to New London. On March 9, 1860, Abraham Lincoln visited Norwich on his campaign tour for the reelection of Governor Buckingham. On July 5, 1909, President Taft arrived by special train via Putnam, to make an address on the occasion of the 250th anniversary of the town.

"THE ROSE OF NEW ENGLAND" COMMEMORATES FRIEND AND FOE

Norwich has not been unmindful of the traditions of its past. On Sachem Street in the old Indian cemetery a granite obelisk was raised in 1842 to Uncas, the Mohegan chief whose friendship and assistance were so valuable in the early days of the town. In 1841 a monument was erected to the Mohegan chief's ancient enemy, Miantonomo, on Sachem's Plain.

In 1873 the town erected a soldier's monument on Chelsea Parade to commemorate the valor of those who served in the Civil War. A boulder was dedicated in 1927 to commemorate the battle in 1643 between the Mohegan and Narragansett Indians. The Founders monument stands near Bean Hill green. On the shaft are the names of 38 of the first founders of Norwich.

Other tablets and memorials, placed there by the Faith Trumbull Chapter of the Daughters of the American Revolution, mark spots where events in Norwich history were enacted, and the homes of eminent residents. Observances in 1859 and 1909 on the occasion of anniversaries of the founding of the town, constituted conscious acts of recall of its history and traditions.

Industries, churches, schools, the hospital, and other institutions and facilities contributing to the health and welfare of the people of Norwich, are living memorials to the achievements of generations of inhabitants.

Mr. Speaker, Norwich can justly be proud of its historic past, covering three centuries. Continuing to strive in emulation of those who have built so well, its citizens can face the future with hope and confidence.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. BOWLES (at the request of Mr. MOELLER), for 30 minutes, on Monday next, June 29, 1959, and to revise and extend his remarks.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. BROOKS of Louisiana in two instances and to include extraneous matter.

Mr. PATMAN in three instances and include extraneous matter.

(At the request of Mr. AVERY, and to include extraneous matter, the following:)

Mr. GUBSER in two instances.

Mr. CELLER (at the request of Mr. MOELLER) and to include extraneous matter, which is estimated by the Public Printer to cost $303.75.

The following Members (at the request of Mr. MOELLER) and to include extraneous matter:

Mr. COHELAN.

Mr. DOWNING.

Mr. FOGARTY.

Mr. ROOSEVELT.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy, River, Ky.; and

H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any time.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 32. An act for the relief of Uwe-Thorsten Scobel;

S. 33. An act for the relief of Bertha Glickmann;

S. 46. An act for the relief of Ben Chassin;

S. 57. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes;

S. 110. An act for the relief of Yaeko Inouye;

S. 178. An act for the relief of Wong Bick Quon (Maria Wong);

S. 199. An act for the relief of Stanislawa Siedlecka (Rejman);

S. 201. An act for the relief of Chiyoko Korematsu and Aiko Korematsu;

S. 245. An act for the relief of Umeko Parker;

S. 313. An act for the relief of Collingwood Bruce Brown, Jr.;

S. 317. An act for the relief of Tatsuo Kochi;

S. 319. An act for the relief of Theodore Burtzoz;

S. 320. An act for the relief of Sofija Laica;

S. 322. An act for the relief of Dr. Stasys Sereika;

S. 327. An act for the relief of Cwy Pinkusiewicz;

S. 328. An act for the relief of Ellen B. Mueller;

S. 330. An act for the relief of Erminio Neglia;

S. 460. An act for the relief of Gorjana Grdjic;

S. 461. An act for the relief of Androula Neofitos Stephanon (Androula Kyriacou Stephanou);

S. 524. An act for the relief of Giovanni Malara;

S. 604. An act for the relief of Christos Kartsonis;

S. 611. An act for the relief of Harry H. Nakamura;

S. 624. An act for the relief of Girolamo Naselli;

S. 626. An act for the relief of Maria Wolfram;

S. 755. An act for the relief of Siglinde Ginzinger Maxwell;

S. 848. An act for the relief of Petar Trbojevic;

S. 855. An act for the relief of Saeko Higa and Masako Higa;

S. 896. An act for the relief of Anthony Elio Monacelli;

S. 940. An act for the relief of Hlias Anthony Lousedes;

S. 1037. An act for the relief of Jessie Isobel Foster;

S. 1042. An act for the relief of Stephanos Tsoukalas;

S. 1128. An act for the relief of Jurij Antin Nimylowycz;

S. 1192. An act for the relief of Angela Maria Staia Labellarte; and

S. 1887. An act for the relief of Alice V. Tenly.

ADJOURNMENT

Mr. MOELLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 33 minutes p.m.), under its previous order, the House adjourned until Monday, June 29, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1137. A communication from the President of the United States, transmitting proposed appropriations for the fiscal year 1960, in the amount of $3,929,995,000, for mutual security programs, including a Department of State appropriation (H. Doc. No. 188); to the Committee on Appropriations and ordered to be printed.

1138. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated May 27, 1959, submitting a report, together with accompanying papers and illustration, on a survey of Bakers Haulover Inlet, Fla., authorized by the River and Harbor Act approved March 2, 1945 (H. Doc. No. 189); to the Committee on Public Works and ordered to be printed with one illustration.

1139. A letter from the Comptroller General of the United States, transmitting a report on the followup review of requirements determinations and control of excess aeronautical spare parts at the Oklahoma City Air Materiel Area (OCAMA), Department of the Air Force; to the Committee on Government Operations.

1140. A letter from the Acting Secretary of the Treasury, transmitting a copy of a report of the Bureau of the Mint covering restoration of balances withdrawn from appropriation and fund accounts under the control of the Treasury Department, pursuant to the act of July 25, 1956 (70 Stat. 648), 84th Congress; to the Committee on Government Operations.

1141. A letter from the Administrator, General Services Administration, transmitting the report of the Archivist of the United States on records proposed for disposal under the law; to the Committee on House Administration.

1142. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to amend the law relating to the distribution of the funds of the Creek Tribe"; to the Committee on Interior and Insular Affairs.

1143. A letter from the Chairman, Pacific Marine Fisheries Commission, transmitting the 11th Annual Report of the Pacific Marine Fisheries Commission for the year 1958, pursuant to Public Law 232, 80th Congress; to the Committee on Merchant Marine and Fisheries.

1144. A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation entitled "A bill to provide for the relief of certain members and former members of the Department of the Navy for the expenses of temporary storage of household effects"; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule VIII, pursuant to the order of the House of June 24, 1959, the following House joint resolution was reported on June 25, 1959:

Mr. CANNON: Committee on Appropriations. House Joint Resolution 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes; without amendment (Rept. No. 578). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted June 26, 1959*]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. THOMAS: Committee on Appropriations. H.R. 7978. A bill making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes; without amendment (Rept. No. 579). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. S. 726. An act to amend section 11 of the Clayton Act to provide for the more expeditious enforcement of cease and desist orders issued thereunder, and for other purposes; with amendment (Rept. No. 580). Referred to the Committee of the Whole House on the State of the Union.

Mr. LANE: Committee on the Judiciary. H.R. 7577. A bill to amend title 28, entitled "Judiciary and Judicial Procedure," of the United States Code to provide for the defense of suits against Federal employees arising out of their operation of motor vehicles in the scope of their employment, and for other purposes; with amendment (Rept. No. 581). Referred to the Committee of the Whole House on the State of the Union.

Mr. MOORE: Committee on the Judiciary. H.R. 5896. A bill to provide for the entry of certain relatives of U.S. citizens and lawfully resident aliens; with amendment (Rept. No. 582). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 6816. A bill to amend section 57a of the Bankruptcy Act (11 U.S.C. 93(a)) and section 152, title 18, United States Code; without amendment (Rept. No. 583). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 7233. A bill to amend section 632 of the Bankruptcy Act (11 U.S.C. 1032) by inserting the word "first" before "meeting" and by adding a new section 644 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XIII proceedings (wage earners'

plans); with amendment (Rept. No. 584). Referred to the House Calendar.

Mr. FORRESTER: Committee on the Judiciary. H.R. 6556. A bill to amend subdivision c of section 39 of the Bankruptcy Act (11 U.S.C. 67c) so as to clarify time for review of orders of referees; without amendment (Rept. No. 585). Referred to the House Calendar.

Mr. DAWSON: Committee on Government Operations. House Resolution 295. Resolution to disapprove Reorganization Plan No. 1 of 1959; without amendment (Rept. No. 586). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee of conference. H.R. 7523. A bill to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates (Rept. No. 587). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, pursuant to the order of the House of June 24, 1959, the following House joint resolution was introduced on June 25, 1959:

By Mr. CANNON:

H.J. Res. 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes.

[*Introduced and referred June 26, 1959*]

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THOMAS:

H.R. 7978. A bill making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes.

By Mr. ALBERT:

H.R. 7979. A bill to waive section 142, of title 28, United States Code, with respect to the U.S. District Court for the Eastern District of Oklahoma holding court at Durant, Okla.; to the Committee on the Judiciary.

By Mr. BARRETT:

H.R. 7980. A bill to provide for the disposition of the Philadelphia Army Base, Philadelphia, Pa.; to the Committee on Armed Services.

By Mr. BROOKS of Louisiana:

H.R. 7981. A bill to amend the National Science Foundation Act of 1950, as amended, to provide for an immediate study of the need for, the proper composition of, and the most efficient means of obtaining a continuous up-to-date national record of scientific and technical personnel throughout the United States; to the Committee on Science and Astronautics.

H.R. 7982. A bill to amend Public Law 85-880, and for other purposes; to the Committee on Science and Astronautics.

By Mr. COOLEY:

H.R. 7983. A bill to amend the Agricultural Trade Development and Assistance Act of 1954, as amended, by extending the authorities of titles I and II, strengthening the program of disposals through barter, and for other purposes; to the Committee on Agriculture.

By Mr. CURTIS of Missouri:

H.R. 7984. A bill to amend title X of the Social Security Act to provide that, without an increase of Federal participating funds, a State plan for aid to the blind may utilize a more liberal needs test than that presently specified in such title; to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 7985. A bill to amend the Communications Act of 1934 with respect to facilities for candidates for public office; to the Committee on Interstate and Foreign Commerce.

By Mr. HUDDLESTON:

H.R. 7986. A bill relating to the tax on certain transportation of coal to the Tennessee Valley Authority; to the Committee on Ways and Means.

By Mr. KING of Utah:

H.R. 7987. A bill to authorize the issuance of prospecting permits for phosphate in lands belonging to the United States; to the Committee on Interior and Insular Affairs.

By Mr. McDOWELL:

H.R. 7988. A bill to provide for a preliminary examination and survey of Broad Creek River from the Nanticoke River to Laurel, Del., for navigation; to the Committee on Public Works.

H.R. 7989. A bill to provide for the adoption in the Nation's Capital of the practice common to many other cities in the United States with regard to cultural activities by depositing in a special fund one mill out of each dollar of tax revenue of the government of the District of Columbia to be used for such programs, to advance the National Cultural Center and its educational and recreational programs, to provide financial assistance to the nonprofit art programs of the District of Columbia, and for other purposes, by amending the act of April 29, 1942; to the Committee on the District of Columbia.

By Mr. STEED:

H.R. 7990. A bill to provide for the conveyance of certain land of the United States to the Citizen Band of Potawatomi Indians of Oklahoma; to the Committee on Interior and Insular Affairs.

By Mr. WOLF:

H.R. 7991. A bill to amend the Internal Revenue Code of 1954 to provide that a charitable bequest or other transfer shall be allowed as a deduction for estate tax purposes even though it is conditional, if the condition is met within the time prescribed for filing the return; to the Committee on Ways and Means.

By Mr. FRAZIER:

H.R. 7992. A bill to authorize the erection of a plaque in honor of the late Honorable Sam D. McReynolds on or near the site of the Chickamauga Dam; to the Committee on Public Works.

By Mr. HALPERN:

H.R. 7993. A bill to repeal the excise tax on communications; to the Committee on Ways and Means.

H.R. 7994. A bill to amend the National Defense Education Act of 1958 to provide that payments made under title III of that act may not be used to acquire equipment manufactured in the Union of Soviet Socialist Republics; to the Committee on Education and Labor.

By Mr. SHELLEY:

H.R. 7995. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. FLOOD:

H.J. Res. 440. Joint resolution to provide for a commission to make available information as to the basic differences between the theories and practices of the American way of life and the theories and practices of atheistic communism; to the Committee on Education and Labor.

By Mr. VINSON:

H. J. Res. 441. Joint resolution relating to the disposition of coconut oil from the national stockpile under the Strategic and Critical Materials Stockpiling Act; to the Committee on Armed Services.

By Mr. ADDONIZIO:

H. Con. Res. 233. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. HOLIFIELD:

H. Con. Res. 234. Concurrent resolution authorizing the printing of additional copies of the hearing entitled "Organization and Management of Missile Programs"; to the Committee on House Administration.

By Mr. LIBONATI:

H. Con. Res. 235. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. O'HARA of Illinois:

H. Con. Res. 236. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. MONTOYA:

H. Con. Res. 237. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. MONAGAN: Resolution from the office of the secretary of state, State of Connecticut, requesting that the Senate and House of Representatives of the United States amend the provisions of Public Law 85-316 to include cases which fall within the fourth preference quota, in order to provide for entry of the many thousands, petitions for whom have piled up in a backlog in prior years; and that in order not to create another problem of separated families, those applicants who are married and have families be permitted to bring them; to the Committee on the Judiciary.

By Mr. MORRIS of Oklahoma: Resolution petitioning the Congress of the United States to repeal the Federal excise tax levied on telephone and telegraph services; to the Committee on Ways and Means.

By the SPEAKER: Memorial of the Legislature of the State of Alabama, memorializing the President and the Congress of the United States relative to requesting that hearings be scheduled on bills that would equalize the pay of military retirees; to the Committee on Armed Services.

Also, memorial of the Legislature of the State of Illinois, memorializing the President and the Congress of the United States relative to requesting the repeal of the Federal excise tax now imposed on telegraph service; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BENNETT of Florida:

H.R. 7996. A bill to exempt from taxation certain property of the National Woman's Party, Inc., in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BOW:

H.R. 7997. A bill for the relief of Theofilos Skouras; to the Committee on the Judiciary.

By Mr. GRAY:

H.R. 7998. A bill for the relief of Wells Auto Sales; to the Committee on the Judiciary.

By Mr. KING of Utah:

H.R. 7999. A bill for the relief of George Kazuso Tohinaka; to the Committee on the Judiciary.

By Mr. POWELL:

H.R. 8000. A bill for the relief of Lee Pak Too; to the Committee on the Judiciary.

By Mr. PUCINSKI:

H.R. 8001. A bill for the relief of Zofia Ankerstein; to the Committee on the Judiciary.

H.R. 8002. A bill for the relief of Halina Maria Sobczak; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

The Federal Reserve System Is Spending Millions of Dollars of Taxpayers' Money Without Restraint and Without Audit

EXTENSION OF REMARKS
OF
HON. WRIGHT PATMAN
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. PATMAN. Mr. Speaker, the Federal Reserve System has probably handled larger amounts of public funds and larger amounts of Government bonds and other securities than any other Federal agency. It handles tens of billions of dollars of public funds annually. Yet, it is one of the few Federal agencies which has never been audited by the General Accounting Office.

In fact, the Federal Reserve banks have never been audited except by employees of the Federal Reserve System itself. And in many cases the employees making the key audits are people who work in the very bank and very department of the bank which is being audited. In any case, the auditors are selected by the same officials who are being audited, and they make their audits in accordance with instructions issued by the Board itself. I raised serious questions about this matter several years ago, and since that time the Federal Reserve Board has, on occasion, called in a private auditing firm to review its audit procedures and to do some spot checking of its audits. But its audits are still strictly internal audits, which is a contradiction of terms. The first requirement of an audit in any true sense of the term is that it be made by outside, disinterested people.

Another most peculiar aspect of this lack of audit control over the Federal Reserve System is that the greatest transfers of funds it makes are to and from the Comptroller of the Currency. Normal financial controls, both in Government and in private business, rest very heavily on this proposition: independent audits of different agencies or firms between which financial transactions take place provide the crucial and independent check of one agency's records against the other's. Yet the fact is, or so I was informed by the General Accounting Office last year, the Office of the Comptroller of the Currency happens to be one of the other Federal agencies which is not audited.

In the latter part of 1957, I succeeded in prevailing upon Chairman Martin of the Federal Reserve Board to send copies of the System's recent audit reports up to the House Committee on Banking and Currency for my inspection. That he did, but only in part. Chairman Martin submitted parts of the audit reports for 1956 and for several earlier years. Chairman Martin refused, however, to allow me to inspect certain crucial parts of the audit reports. These are the portions of the reports dealing with the conduct of the officers and directors of the banks, their financial interests and, if any, their speculations in the bond and securities markets. Nevertheless, those portions of the audit reports dealing with the more routine operations of the banks and with the conduct of the lower echelon personnel revealed some almost unbelievably shocking things. As a consequence, I testified before the House Committee on Banking and Currency in February of 1958, calling the committee's attention to the freehanded manner in which personnel of the Federal Reserve System is spending Government funds, as well as to quite a variety of deficiencies and mismanagements of the Government's money.

Following my testimony, on April 29, 1958, Chairman Martin wrote a long letter to the chairman of the House Committee on Banking and Currency attempting to excuse, and in some cases attempting to explain, the factual matters I had pointed to. The most frequent explanation, and one which appeared time after time in Chairman Martin's letter, was to the effect that the matters I had pointed out had already come to the attention of the Board of Governors and had been corrected or were being corrected. At that time audits covering the System's operations in 1957 had not been made.

Now, however, I have obtained copies of the audit reports—or at least parts of the audit reports—covering the year 1957. Those parts of the audit reports pertaining to the conduct of the officers and directors of the banks, their financial speculations, and so on, were again refused. I have, however, reviewed those parts of the audit reports which are comparable to those I reviewed for earlier years.

The most notable improvement I have noted in the audit reports made since I called attention to the free-handed, extravagant, and fantastic ways in which the Federal Reserve officials and employees throw away the taxpayers' money is that the new audit reports for almost all banks now carry statements such as the following:

> All expenditures since our last examination were reviewed to determine their propriety and compliance with the rules and regulations of the Reserve bank and of the Board of Governors. Our review did not disclose any item of a nature warranting mention herein.

Despite these general comments that everything is according to the Board's regulations, and nothing was found worthy of comment, there are hundreds and perhaps thousands of items revealed in the detailed tables which seem to me entirely worthy of comment and worthy of public concern about how its money is being spent. I have extracted and quoted just a small percentage of such items from the 1957 reports. These are only illustrations. For the most part I have tried not to cite examples of the same kind of thing for two or more banks. The illustrations show beyond any question, however, that the deficiencies in the managements of the Federal Reserve banks and the freehanded kinds of spending of public money which Chairman Martin reported had already been corrected or were being corrected, were still not corrected in the year 1957.

Unrestrained and careless spending of funds by the Federal Reserve System is exactly comparable to the situation that would arise if the local postmasters spent freely from the funds the local post offices take in from the sale of stamps. These are Government funds. They come out of the taxpayers' pocket. Every million dollars wasted or spent for improper purposes is a million dollars out of the taxpayers' pockets.

Congress has provided a highly unusual way for supplying money to the Federal Reserve System. Congress does not make annual appropriations as it does for other Federal agencies. Rather, Congress has simply given the Federal Reserve System a separate and private door into the Government's money vaults, by which the Board of Governors can haul out money any time it wants money and in any amount it wants. This is the way it works.

Whenever the Federal Reserve Board wants money, it simply telephones the Bureau of Engraving and Printing and orders a batch of currency printed. Then it sends an armored truck over and hauls the currency away. This currency, called Federal Reserve notes, are obligations of the U.S. Government. That is said plainly on their face. Furthermore, these Federal Reserve notes are signed by the Secretary of the Treasury and by the Treasurer of the United States, not by the Board of Governors of the Federal Reserve System. These notes cost the Federal Reserve System nothing. The System goes through the motions of paying the printing costs, but before the year is out these costs are taken out of money that would otherwise be returned to the Federal Treasury, so the Federal Reserve notes cost the Federal Reserve System nothing.

The Federal Reserve System then goes out into the market and buys interest-bearing Government bonds and other interest-bearing Government obligations, pays for these bonds with Federal Reserve notes, puts the bonds in its vaults, and thereafter collects interest payments on the obligations from the Federal Treasury. It uses all this interest money it cares to use for expenses, puts aside 10 percent more in a surplus fund, and it then pays what is left over back into the Treasury. Yet these interest payments are so great that it turns back to the Treasury much more than it spends. It chooses to call these amounts it turns

back to the Treasury interest payments for the use of the Federal Reserve notes. So it is quite clear that every dollar the Federal Reserve spends frivolously such as to build marble temples to provide rent-free quarters to bankers' associations and to clearinghouse associations, is a dollar taken out of the taxpayers' pockets.

At the present time the Federal Reserve is holding $25.6 billion of interest-bearing obligations of the United States. It has issued $26.9 billion of non-interest-bearing Federal Reserve notes which have gone to pay for these interest-bearing obligations, plus other things. Furthermore, this enormous hoard of Government securities—$25.6 billion—is about five times as much as the Federal Reserve System needs to give it an interest income in an amount to which it has become accustomed. Both the Board of Governors and the American Bankers Association have agreed that this $25.6 billion of Government securities is at least $15 billion in excess of the amount for which it has any conceivable need. Furthermore, the Federal Reserve Board is recommending legislation sponsored by the American Bankers Association, S. 1120, which would transfer ownership of about $15 billion of these Government-owned securities to the private banks on a cost-free basis. In plain words, the Board is recommending the biggest giveaway of all time, and the only excuse which it has given for this fantastic proposal is that transferring Government assets over to the private banks will help the banks earn more profits.

Instead of approving legislation to give away about $15 billion of Government obligations, which the Government itself owns and does not need to own, Congress should require that these obligations be canceled immediately so as to reduce the Federal debt by this amount. Canceling $15 billion of these obligations would make it completely unnecessary to increase the Federal debt ceiling by $12 billion, as the administration has asked Congress to do.

In considering the attached excerpts from the audit reports of the Federal Reserve banks for the year 1957, one point should be noted. Congress has not put restrictions on the expenditures of the Federal Reserve System, but with one exception: The law does require that no new branch bank building be built without specific approval of Congress, if the building is to cost more than $250,000, exclusive of vaults, permanent equipment, furnishings, and fixtures.

No instance has come to my attention where there has been a violation of the strict letter of the law, which is loosely worded, but the attached excerpts from the audit reports will reveal that some fabulous expenditures have been made for overhauling already existing buildings and for purchasing new capital items such as furniture, cafeteria and clubroom equipment, and so on, and that such expenditures have been charged to current expenses.

One other item should be noted. One of the members of the Board of Governors, Governor Robertson, in testifying before the Senate Committee on Banking and Currency late in 1956, made the following statement:

> We have reached the point now where we think, in view of all the talk that goes on about auditing in the Federal Reserve System, that Congress should take upon itself to make mandatory the use of a firm of certified public accountants to audit the Federal Reserve Board, and that we should be required to submit these audits to the committees of the Congress and that the auditors should be obliged to come before the committees of Congress and explain any defects, and that we, the Board, ought to be obliged to submit reports with respect to every criticized item in that report.
>
> And we also should be compelled by legislation to submit to those committees the reports of examination of the Federal Reserve banks themselves.

So far, Congress has not acted upon Governor Robertson's recommendation.

Referring back to my testimony before the House Committee on Banking and Currency in February of 1958, I will now summarize some of the main deficiencies I pointed out at that time, then add excerpts from the 1957 audit reports so that the reader may determine whether or not the deficiencies previously pointed out have actually been corrected.

I commented upon numerous unusual expenses incurred by the Federal Reserve banks, which were noted by the examiners in the previous reports. These included expenditures for all kinds of employees' recreational activities, entertainment, cruises, entertainers, expenses for wives of officers at meetings of State bankers associations, and all kinds of entertainment tickets, such as basketball, ice follies, and football. The Board's memorandum stated that these expenditures were "in connection with business meetings with direct interest or benefit to the Reserve banks. They were considered by the individual bank to be reasonable and appropriate for the occasion. In each case, however, after the matter was made an object of comment in the examination report the bank reviewed its policy and subsequently discontinued incurring expenses of the type questioned."

The most glaring example of a continuation of an expenditure commented upon in previous reports by the examiners was with respect to Christmas remembrances given by the Chicago bank. In the 1956 report, the examiners questioned a charge of $1,909 on December 23, 1955, covering expenses of Christmas remembrances to persons other than the bank's own employees who rendered valuable service to the bank during 1955. In the 1957 report, the examiners called attention to the propriety and compliance with the rules and regulations of the Reserve bank and the Board of Governors. Again in December 1956, Christmas remembrances involving an expenditure of $1,842.40 were commented upon as follows:

> The Reserve bank believes that this type of expense should be considered a necessary business expense on the ground that gratuities of the kind mentioned are customarily made by banks and other business houses in the local financial community, and that having the good will of the persons who are the recipients of the Christmas remembrances is of material assistance in the conduct of the bank's operations. Although it feels that the elimination of these gratuities would be unwise, the bank intends to keep their total as low as possible by careful screening of the lists of proposed donees; the list of gifts for the 1957 holiday season has been reduced to a total not in excess of $800.

In spite of the examiners disapproval, the bank intends to continue this practice of giving Christmas remembrances to the financial community It is inconceivable that the Federal Reserve banks would have to resort to disbursing gifts to spread good will in the financial community, particularly in view of the many free services which the Federal Reserve banks provide for the private banks. There is no indication of the policies of the Board and the Federal Reserve banks with respect to receiving gifts from bankers. I feel very strongly that the Board of Governors should take immediate steps to eliminate any taint of influence by either the giving or the receiving of gifts at the Federal Reserve banks.

In the Kansas City report, it was noted that the bank had purchased $800 of theater tickets for resale to employees.

BANK PREMISES

There are continuing heavy outlays for new building projects, modernization, alterations, improvements in bank premises, and purchases of land and buildings. There are instances where the banks acquire properties for possible future uses. As soon as one project is completed, new projects are contemplated or undertaken. This would provide a simple expedient for circumventing the limitation on expenditures for branch buildings. Another method of reduction of costs of projects is to remove certain expenditures, i.e., kitchen equipment of $43,000, from construction accounts into current expenses. In addition, there are large fees to architects for projects which have not been approved.

In the Dallas district, for example, the Dallas Reserve Bank "has developed plans for comprehensive building and modernization program" at an estimated cost of $7,400,329. In addition to the extensive program at the Dallas bank, the El Paso branch has a project for a new building at a cost of $1,200,000; at Houston, $2,276,000 will be expended for new construction; and at the San Antonio bank a new building will be erected at a cost of $2,055,727. By the end of 1957, the Dallas bank and branch had land, buildings—including vault—and fixed machinery and equipment costing the Government $8.5 million and other real estate costing $687,729, and these costs do not include any expenditures for furniture, and other construction or equipment costs which are arbitrarily charged off to current expenses. When one considers these fixed costs together with the 1957 current expenditures of $6.8 million against the 1957 earnings of $791,239 on loans and discounts—the only activities of the bank functioned in the Dallas district—these extravagant outlays loom preposterous. Examples:

Chicago—head office—1957:

The Reserve bank has under way a comprehensive expansion and modernization

program, the principal part of which is the construction of an addition to the present building. Remodeling work will be done in the existing building to bring it into harmony with the new addition.

As explained in our 1956 report of examination, the work of construction will proceed in stages with the objective of first erecting a seven-story unit (to be an integral part of the main section of the building) to provide space for the U.S. Fidelity & Guaranty Co. in compliance with the purchase contract covering its building, one of those acquired in assembling the site. To enable the work to proceed, the bank negotiated the termination of leases with four tenants, making settlements totaling $98,050. * * *

Estimated costs in connection with the new construction on two contracts were $14 million for the general contract, and $16 million for the steel contract.

The proposed addition will have five floors above ground and three basement levels, and will contain 140,731 square feet of usable floor space. Most recent estimates place the total cost of the project at $7,400,329.

Final detailed plans and specifications were submitted to the Board of Governors on July 25, 1957, after the Reserve bank's board of directors had approved the program "with the reservation that (it) would review the project after plans and estimated costs are approved and before bids on the project are requested." On November 20, 1957, the Board of Governors approved the program calling for the expenditure of approximately $7,400,000 and informed the Reserve bank that it is prepared to authorize at the appropriate time the call for bids. At a meeting held on December 12, 1957, the directors gave further consideration to the project and the timing of it in relation to the economic situation and voted to review the matter again before the end of the first quarter of 1958.

Architects' fees paid to date in connection with the proposed addition to and alteration of the present head office building total $183,210.95, and have been charged to "Suspense account—general."

As shown in the tabulation of changes in the net book value of the bank premises, presented at the beginning of these comments on bank premises, $43,276.62 was transferred from the construction account to current expenses. The construction account was closed on June 5, 1957, by distribution of the balance of $2,010,382.66 among the following accounts:

Land	$46,071.48
Building (including vaults)	1,394,737.76
Fixed machinery and equipment	569,573.42
Total	2,010,382.66

Kansas City, 1957:

The remainder of the building, running from the 10th through the 18th floors and contained 84,531 square feet of usable space, is leased to outside tenants for monthly rentals totaling approximately $23,700.

Atlanta, 1957:

A program for construction of an addition to and the remodeling of the branch building at Birmingham which will provide 47,780 square feet of usable space, as compared with 13,500 square feet in the existing building, is expected to cost $2,900,000.

EXPENDITURES FOR BRANCH BANK BUILDINGS

No Federal Reserve bank has the authority to contract for the erection of a branch building in excess of $250,000 without the approval of the Board of Governors. However, prior to such approval large expenditures have been made for architectural fees and other matters, such as the purchase of land and buildings. For instance, El Paso "real estate acquired for banking house purposes" cost $191,317.

New York—Buffalo branch—1957:

Construction account—accumulated expenditures in connection with construction of new building (in addition to $1,185,381.71 previously expended), $2,462,570.55.

Dallas, 1957:

Bank premises: The components of the bank premises at the head office and the three branches are set forth in the schedule section of this report. Their combined net book value aggregated $6,243,175.88, changes in the interval between examinations being shown in the following tabulation:

Balance, Aug. 31, 1956		$3,424,501.90
Add:		
El Paso branch:		
Land: Cost of site of new branch building transferred from "Other real estate"	250,000.00	
Construction account: Expenditures during period in connection with construction of new branch building	1,018,021.95	
Houston branch:		
Construction account:		
Fees paid to landscape architect, transferred from "Land"	800.00	
Expenditures during period in connection with construction of new branch building (in addition to $135,742.32 previously expended)	1,482,860.37	
Total		6,176,184.22

Dallas—San Antonio branch—1957:

Total expenditures on the building program aggregated $2,055,727.57, recapitulated as follows:

Charges accumulated in "Construction account"		$2,053,659.28
Direct charges:		
Land	35.00	
Building	760.23	
Fixed machinery and equipment	1,273.06	
Total		2,055,727.57

The Board of Governors had authorized a total expenditure of $2,085,000 for this construction.

Atlanta—Nashville branch—1957:

Architects' and engineers' fees and sundry expenses in connection with proposed new building, $126,750.83.

USE OF BANK PREMISES BY TENANTS OTHER THAN THE FEDERAL RESERVE, SOME ON A RENT-FREE BASIS

The banks lease space in the bank buildings to private organizations, such as the American Bankers Association, American Institute of Banking, and clearinghouse associations, while at the same time leasing space outside the buildings for bank operations. Furthermore, clearinghouse associations are provided rent-free space in some of the buildings sometimes in lieu of the banks' paying dues and assessments to the associations while at the same time the banks charge Government agencies for space.

At the Pittsburgh branch, the Pittsburgh Clearing House Association, which had been occupying space in a building leased by the branch, was removed to the new bank building. The Pittsburgh branch had gone one step farther than others banks, which were providing the clearinghouse associations rent-free space within their own quarters, to go outside the bank to rent space for such private organizations.

When members of the Board of Governors appeared before the House Small Business Committee in April of last year, Governor Shephardson objected to providing space in Federal Reserve bank buildings to small business capital banks. He said, "If they were in the same building, the public's reaction is that it is part of the same organization, and I think it would be unfortunate." Apparently, the Board of Governors protests the identification of a Government agency dedicated to small business financing with the Federal Reserve System—not the private banks' associations.

Examples:

Cleveland—Pittsburgh branch—1957:

On September 30 the check collection department and the Pittsburgh Clearing House Association were removed from Gulf Building where they were occupying rented quarters to space on the fourth floor of the new addition.

Philadelphia, 1957:

One thousand four hundred square feet furnished rent-free to the Philadelphia Clearing House Association.

St. Louis, 1957:

HEAD OFFICE BUILDINGS

Space in the annex building not used or earmarked for Reserve bank occupancy totals 52,287 square feet and is leased to outside tenants as follows: 49,366 square feet to the U.S. Army Corps of Engineers at $10,284.58 per month; 2,216 square feet to the District Chief National Bank Examiner at $461.67 per month; and 705 square feet to the St. Louis Clearing House Association on a rent-free basis.

San Francisco, 1957:

The building is used entirely for Reserve bank operations, with the exception of 1,450 square feet on the first floor made available to the San Francisco Clearing House Association on a rent-free basis (in lieu of the payment by the Reserve bank of association dues and assessments).

Minneapolis, 1957:

An area containing approximately 4,000 square feet, on the third floor, will be occupied by the American Institute of Banking for its offices and classrooms. * * *

The Twin City Clearing House Association uses a small area of approximately 380 square feet, on the ground floor, rent free, for the exchange of clearinghouse items.

CHARGEOFF OF CONSTRUCTION COSTS TO CURRENT EXPENSES

The Board takes the position that the chargeoff of construction costs to current expenses refers to repairs and alterations. The basic principle followed in such charges, the Board states, is "to capitalize those which add to the intrinsic value of the property and to charge to expenses the cost of repairs and alterations which keep the properties in repair and make for efficient utilization of space and operations." Although the detail of the actual installations is not set forth in the audit reports, there appear to be substantial

additions to facilities, such as vaults, security courts, furniture, equipment, and other fixed installations which would not normally be considered for business purposes properly chargeable to current expenses.

As examples of such chargeoffs to current expenses, at the Little Rock branch the renovation of the bank's quarters at a cost approximately $145,000 was charged to current expense. This project involved extensive remodeling of the interior of the bank's building. The major features of this project were the installation of the cafeteria on the second floor; a new directors' room; modernization of the main bank lobby, and alterations in the basement and mezzanine to make more space available for operations. In addition, the cafeteria was fully equipped and the office furniture throughout the building was replaced. At the Cincinnati bank expenditures in connection with the construction of the security court of $20,146.89 were charged off to current expenses.

Charging expenditures for capital assets, such as furniture, office equipment, additions to present buildings to current expense rather than capital assets subject to normal depreciation deprives the U.S. Treasury of current payments in the amount of 90 percent of the expenditure less depreciation. In other words, such a practice amounts to withholding from the Treasury amounts of money which would be immediately due to it and to the extent that these funds are not available to the Treasury, the Treasury must borrow in the open market and pay interest on its borrowings.

Examples:

San Francisco (Los Angeles branch), 1957:

Expenditures in connection with the building program aggregated $4,471,475.03. As shown in the preceding tabulation, a portion of this total, in the amount of $108,789.13, was allocated to current expenses.

Minneapolis—Helena branch—1957:

This project, now virtually completed, including the following:

1. Enlargement of the book vault on the bank floor and the conversion of it into a teller's coin vault; also, the installation therein of tiered compartments.
2. Conversion of the basement storage vault into a reserve coin vault.
3. Purchase of skids, trucks, loaders, and a powered forklift truck for the bulk handling of coin with a minimum of manual labor.
4. Extension and remodeling of the bank floor security area, with provision of a coin shipping cage.
5. Extension of the electrical sound wave burglar alarm system to include the two coin vaults.
6. Installation of an inching device on the elevator to permit leveling at the bank and basement floors when bearing heavy loads of coin.
7. Replacement of the 72-hour vault door time lock movements with 120-hour movements (to provide for occasional 3-day weekends, the Helena branch now being on a 5-day workweek).

Expenditures on this project (except for a sum of less than $1,000 pertaining to work still to be completed) totaled $39,005.22. These expenditures have been charged to current expenses.

PARKING AREAS FOR EMPLOYEES' AUTOMOBILES

The Board contends that "parking areas provided for bank employees are similar to those provided for employees of Government departments." The bank has acquired considerable properties which it uses for employees' parking spaces. In one instance the bank has leased bank space to a gasoline station operator for $1 for each half year for consideration of employees' parking at a return of $4 a month. The Chicago bank leases property at a monthly rental of $250 for parking spaces for night force employees' automobiles. In addition, it incurs a monthly rental of $35 for parking space for the automobile of the bank nurse assigned to employee visitation.

Throughout the System there appeared to be heavy expenditures either for the procurement of parking lots or for the building of garages for automobiles both for bank-owned automobiles as well as automobiles belonging to employees. At the St. Louis bank, expenditures totaling $307,166.41 have been made for land, buildings, fixed machinery and equipment in connection with a garage which in 1957 had a book value of $250,161.61.

Example:

Richmond, 1957:

Other real estate: Parcel of land in Richmond—cost of $146,549.91, acquired in 1951, is leased to a parking lot and filling station operator at nominal rental of $1 per half-year in consideration of his agreement to park employees' automobiles for a fee of $4 a month.

EXPENDITURES FOR EMPLOYEES' RECREATIONAL FACILITIES AND ACTIVITIES

The Federal Reserve Board states:

Except for "buildings and land" category, all of the above (personnel activities, including training, recreation, loan funds, and employee insurance; membership dues; charitable activities; meetings and entertainment) reflect operating policies and decisions at the individual Reserve banks. The Board has taken the position that the responsibility for determining whether expenditures of this nature are necessary expenses within the meaning of section 7 of the Federal Reserve Act rests primarily with the officers and directors of the individual banks.

As examples of recreational activities, theater tickets in the amount of $800 were purchased for which the bank had not received payment. The Cincinnati branch deposited with the Cincinnati board of parks $55 for use of picnic grounds.

The banks are continuing to make heavy outlays to enlarge and build quarters for employees' lounges, cafeterias, assembly halls, officers' dining rooms, and other recreational facilities.

If the Board of Governors is not willing to take the responsibility of surveillance over expenditures of the individual Federal Reserve banks, certainly Congress should step in to protect the public's money from improper and wasteful handouts.

Example:

Chicago, 1957:

Deferred Charges: Undistributed charges—expenses in connection with employee welfare activities—	
Golf tournament	$2,613.99
Ladies' party	974.06

PAYMENT BY BANKS OF OFFICERS' AND EMPLOYEES' DUES AND OTHER SERVICES, INCLUDING PURCHASE OF GOVERNMENT SECURITIES

There are several items carried on the accounts as due from officers and employees representing expenditures by banks for personal goods and services. For example, at the Boston bank, these include: Dues to bank officers associations, loans outstanding to employees, dining room service, advances to employees for expenses as officer of the American Institute of Banking; and trading post. The trading post item is $2,002. At the Cleveland bank, loans due from bank employees amounted to $4,215.05 and supplies purchased for officers and employees outstanding amounted to $298.13.

At the Minneapolis bank, included in the transactions of securities functioned for member and nonmember banks were two purchases for an officer of the bank. The examiners recommended that the Reserve bank reexamine its policy with respect to handling of such transactions for members of the staff. More than that, I strongly believe that all officers of Federal Reserve banks should be prohibited from trading on inside information by speculating in U.S. Government securities. After all, the Federal Reserve by its purchase and sale of Government securities makes the market.

Examples:

Cleveland—Cincinnati branch—1957:

Registration fee—Central State School of Banking, University of Wisconsin, $20.

San Francisco—Salt Lake City branch—1957:

Deferred charges: Advanced registration fee—meeting of Washington Bankers Association, $40.

Boston, 1957:

Bank officers association dues	$446
Loans outstanding to employees	315
Dining room charges	278
Advance to employee for expenses as officer of AIB	200
Trading post	2,002

EMPLOYEE LOAN FUNDS

Employee loan funds appeared in the accounts of most of the banks. In some instances the amounts outstanding are sizable. The audit reports do not reveal the terms of the loans nor the conditions prescribed

The Kansas City report disclosed that loans had been given without requirement of a written loan application, and that applications for loans of over $500 are acted upon by the discount committee. In addition, if the loan was made after the previous examination, it cannot be determined at the next examination if the loan was approved by an authorized officer. It also could not be determined by the examiners whether loans made for under $500 were for "qualified purposes."

Examples:

New York, 1957:

Officer and employees:	
Loans outstanding:	
Loans for educational purposes	$832.00
Other loans to employees	11,278.32
Transportation charges for officers and employees on assignment with mission to Vietnam	6,188.89

Philadelphia, 1957:

Officers and employees—loans outstanding, $12,367.50.

Dallas, 1957:

Officers and employees—dining room charges	$2,475.12
Loans to employees	6,909.05

Kansas City, 1957:

EMPLOYEES' LOAN FUND

Loans aggregating $6,033.50 were outstanding to 35 employees at the head office; 7 loans totaling $827.50 were outstanding at the Denver and Oklahoma City branches.

Written applications for loans are not required. The applications are made orally by the employees to an officer; at the head office, to one of the three top officers; and at each branch, to the vice president in charge.

Applications for loans of $500 or more are acted upon by the discount committee, and the purpose of the loan and the committee's approval or disapproval are recorded in the minutes.

Loans under $500 are approved or disapproved by one of the above-mentioned officers and, if approved, the approval is evidenced by the initials of the officer on the promissory notes tendered by the employees. Hence, when a loan is repaid and the relevant note is returned to the borrower, the evidence of the approval no longer is held; and if the loan was made after the last examination, it cannot be determined at the next whether the loan was approved by an authorized officer. Also, there is no record from which to determine whether the loans in amounts under $500 were for qualified purposes.

EXPENDITURE FOR DINNER PARTIES

The examiners questioned the appropriateness, propriety and compliance with the rules and regulations of the Reserve banks and the Board of Governors of dinner parties for officers of banks costing hundreds of dollars. At the New York bank, one dinner party cost $501.61 and another, $710.98. At the Minneapolis bank, a dinner party cost $321.03 and another, $313.91. Although my previous report to the committee had specifically called attention to costly dinner parties for officers of which their own examiners questioned the propriety, the Board failed to explain these charges. In the 1955 audit report of the Minneapolis bank, the examiners had commented on the impropriety of similar expenditures for officers' dinner parties. Apparently, neither the auditors' reports nor the rules and regulations of the Board of Governors and the Reserve banks can stop the squandering of public funds for personal use. This continuing disregard of the auditors' comments certainly illustrates the insufficiency of internal audits to control improper expenditures.

INCREASES IN SALARY EXPENSES THROUGHOUT THE SYSTEM

In 1957 the total of salaries paid to officers were $5.9 million and to employees $77.5 million, an increase of $5.1 million over the previous year.

LEAVES OF ABSENCE

Leaves of absense for medical reasons had not been formalized and therefore had been granted without any established policy of the bank.

Although the Reserve Bank of Cleveland had followed the practice of granting sick leave with pay, it was not until 1957 that the bank's practice was formalized and put into a written statement of policy.

UNCLASSIFIED STATUS OF EMPLOYEES AND SALARY VARIANCES FROM ESTABLISHED RANGES

The banks carry on their rolls a number of employees who are in an unclassified status. At the Birmingham branch there were 42 such unclassified positions. The examiners found that frequently the employees were being paid at salaries below the minimums established for the position, and in some instances, above the salaries established for the positions. At the Chicago bank 55 employees at the head office were receiving salaries above the maximums for their respective job grades.

UNIVERSITY FELLOWSHIP PROGRAM

The Chicago bank instituted a university fellowship program for university graduate students for which the overall cost is approximately $80,000.

PAYMENTS TO RETIREMENT SYSTEM

The banks make large contributions to the retirement system. For instance, a lump sum payment of $1.1 million was paid by the Chicago bank on September 1, 1957, and in 1956 the Cleveland bank made a lump sum payment to liquidate the accrued liability for the retirement plan in the amount of $752,928.

HOSPITALIZATION PAYMENTS BY BANKS

The Reserve banks pay a portion of the fees for the employees under the group hospitalization plan. At the Cleveland bank, for instance, the sum in 1956 amounted to $4,384.39.

PERSONNEL TURNOVER

Personnel turnover in some of the banks has caused problems of recruitment, operations, and controls.

At the Baltimore branch, personnel turnover in 1956 was approximately 37 percent of the bank as a whole, and in the transit department, the turnover was approximately 60 percent. The separations were attributed as follows: Over one-third as a result of the employees having obtained employment elsewhere; about 15 percent because of unsatisfactory work performance or conduct, and approximately 10 percent because of dissatisfaction; and the remainder for various normal personal reasons. As a concomitant to the scarcity of applicants for positions their average quality has been below the bank's standard. In the transit department where there was high turnover, there were numerous times when substantial holdings of unprocessed checks existed. This condition prevailed throughout the last quarter of 1957.

PAYMENT OF DUES AND ASSESSMENTS TO VARIOUS PRIVATE-INTEREST ORGANIZATIONS

There are examples of increases in "Fees, other" in the expenses of the banks. As to the specific associations to which the bank pays fees, the only indication in the reports of those organizations which receive the fees is under "Deferred charges—unamortized portion of expenses paid in advance—assessments and dues."

The Board memorandum states:

The most recent revision of the matter begun in the latter part of 1956, resulted in discontinuance of certain memberships carried at bank expense.

There is no record of any discontinuances of such memberships in the reports. On the contrary, it was noted that "Fees, other" increased in several of the banks.

For example, in 1956 the New York bank fees doubled to a total of $25,251, and at the Cleveland bank "Fees, other" in 1956 increased by $14,197.75.

The banks continue to pay dues to the American Bankers Association, American Institute of Banking, clearinghouse associations, chambers of commerce, et cetera.

Examples:

Chicago, 1957:

Deferred charges:	
Unamortized portion of expenses paid in advance—Assessments and dues:	
American Institute of Banking	$5,264.56
Chicago Clearing House Association	4,459.30

Dallas, 1957:

Deferred charges:	
American Institute of Banking	$1,166.65
American Bankers Association	705.01

Richmond, 1957:

Unamortized portion of expenses paid in advance, assessments and dues:	
American Bankers Association	$408.31
Richmond Clearing House Association	320.76
Robert Morris Associates	180.81
American Management Association	175.00
Richmond Chamber of Commerce	158.27
Advanced registration fees:	
The Graduate School of Banking at Rutgers University	1,040
Meetings of bankers' associations	210

New York, 1957:

Unamortized portion of expenses paid in advance — assessments and dues:	
New York Clearing House Association	$4,375
New York State Bankers Association	2,475
New Jersey State Bankers Association	600

CAFETERIA SUBSIDIES

The banks continue to subsidize cafeteria expenses at various percentages, presumably subject to a 50-percent overall limitation, but they install and equip expensive dining rooms for officers and cafeterias for employees which are not figured into the limitation for subsidization. However, the amounts of such subsidies were higher than previous years. In the case of one bank where there is no cafeteria, the subsidy is 100 percent for the operation of a coffee bar. In the New York bank in 1956 the subsidy amounted to $230,159.07 or 46.2 percent of the disbursements and in the Buffalo branch, $10,811.10 or 49.2 percent of the disbursements. At the Dallas bank, kitchen equipment in the amount of $43,276 was installed and charged to current expenses.

Examples:

Minneapolis, 1957:

A spacious cafeteria has been installed on the 12th floor, suitable for the accommodation of all employees. It is excellently lighted and attractively appointed and decorated. Connected with it is a well-designed and fully equipped kitchen. Employees' lounges and an officers' dining room are also located on this floor.

Boston, 1957:

Cafeteria

	Receipts	Disbursements	Absorbed by bank	
			Amount	Percent
Year 1956	$78,696.00	$145,832.07	$76,136.07	49.2
Jan. 1 to May 31, 1957	35,242.69	65,125.05	29,882.36	45.9

ATTEMPTS TO UNIONIZE EMPLOYEES

The Federal Reserve Bank of Portland resisted attempts to unionize the employees of the bank on the grounds that the Board of Governors approves any compensation for officers or employees of the Federal Reserve Banks, as well as such matters as retirement and death benefits of employees, insurance, hospital and medical benefits, benefits upon termination of employment, and other related expenditures which are approved by the Board in accordance with System policies. On the other hand, the Board in setting forth the reasons why the Federal Reserve banks have a free hand in expenditures for personnel activities said:

The fact that employees of the Federal Reserve banks are not Government employees is particularly important when considering personnel program.

PAYMENT OF RESERVE BANK OF NEW YORK FOR TWO-THIRDS OF OPERATING EXPENSES OF NASSAU CLEARING HOUSE ASSOCIATION

The Reserve Bank of New York pays two-thirds of the total operating expenses of the county clearing bureau of the Nassau Clearing House Association. In 1956 the bank's contribution amounted to $116,248. The bank justifies this expenditure as follows:

The bureau expedites the collection of items in the area it serves and at the same time it relieves the Reserve bank of the portion of its check-handling burden. Were it not for the bureau's operations, the Reserve bank might have had to process on its own premises substantially all such items, except "intrabank items."

SUBSTANTIAL INCREASES IN EXPENSES FOR THE FEDERAL RESERVE BANKS AND BRANCHES THROUGHOUT THE SYSTEM

While the overall increase in expenses for the year 1956 over 1955 amounted to approximately 10 percent throughout the System, the range of increases was substantially greater for individual banks and branches. For instance, at the Los Angeles branch the increase in net expenses was 30 percent in 1956 over 1955, and 18 percent above 1956 in the first 3 months of 1957. The net expenses of the Little Rock branch for the year 1956 increased 38 percent over 1955, and for the first 6 months of 1957 net expenses were 13 percent above the corresponding period of the previous year.

Examples:

Dallas—San Antonio branch—1957:

Net expenses of the branch for the year 1956 amounted to $914,977.83, an increase of $234,600.37 (34 percent) over 1955. For the first 9 months of 1957, net expenses were $187,765.60 (34 percent) more than the amount for the corresponding period of the previous year.

St. Louis—Little Rock branch—1957:

Net expenses of the branch for the year 1956 amounted to $699,644.48, an increase of $193,728.55 (38 percent) over 1955. For the first 6 months of 1957, net expenses were $36,231.21 (13 percent) more than the amount for the corresponding period of the previous year.

Richmond, 1957:

Net expenses for 1956 amounted to $1,468,231, an increase of $404,500 (38 percent) over 1955.

CONTINUATION OF PURCHASE OF INSURANCE AND INCREASES IN INSURANCE COVERAGE

The Board claims that "the Federal Reserve banks have discontinued purchasing substantial amounts of insurance." In 1957 the banks' insurance expenditures rose to $1.2 million—$56,526 above 1956. Although the Federal Reserve banks have surpluses of $809 million—which by their own admission is large enough to cover any contingency—they have used the discontinuation of insurance for registered mail losses as justification for setting up a $10 million reserve for mail losses. By this expedient, the Federal Reserve System is able to hold back these reserves from payment to the Treasury.

The Board takes the position that to insure itself would require legal knowledge on personal injury and other insurance matters. However, the banks do have the privilege of obtaining outside legal assistance, which they frequently employ.

The banks pay approximately $750,000 annually for hospital and medical service insurance. There is nothing in the law which allows these extra benefits and no other branch of the Government pays such benefits.

In addition, the banks carry insurance for nonbank functions including medical malpractice, bodily injury and blanket athletic accident expense, including medical payments and death benefits.

Examples:

New York, 1957:

Insured losses recovered and other settlements since date of last examination [1]

Head office:	*Amount*
Bankers' blanket bond: Shortage in coin division of cash department	$200.00
Personal effects floater:	
Replacement of a damaged piece of luggage	41.50
Loss of a pair of earrings	2.08
Automobile: Property damage	350.00
Buffalo branch: Fire and lightning: Storm damage to awnings on branch building	175.00

[1] Exclusive of workmen's compensation claims.

St. Louis, 1957:

Head office coverage: Comprehensive general liability: Medical malpractice—bodily injury, $250,000–$1,000,000.

Blanket athletic accident expense:

Medical payments, each person	$500
Death benefit, each person	500

Richmond, 1957:

Medical expense blanket accident policy—bodily injury resulting from the playing or practicing of nonprofessional baseball or softball or train travel in connection therewith (limitation of $50 for dental injury), amount of coverage $500.

Minneapolis—Helena branch—1957:

Bankers' blanket bond

Special Federal Reserve bank policy—standard coverage	$500
Additional coverage:	
Burglary, robbery, etc., on premises, in excess of $500,000	1,000,000
Loss arising in connection with U.S. Government securities held as fiscal agent of the Treasury Department	500,000
Cash letters in transit	10,000
Loss or damage:	
Plate glass	1,000
Cameras and photographic equipment	1,000
Legal liability arising from:	
Loss of securities lodged or deposited for safekeeping	500,000
Stop payment orders	100,000
False arrest, false imprisonment, etc	100,000
Expenses incurred by directors and officers in defending suits	5,000

OUTSIDE LEGAL FEES

Although the Board of Governors take the position that to insure themselves the banks would have to have specialized legal assistance, the banks already have authorization for paying for outside legal assistance. For instance, the Federal Reserve Bank of Kansas City in 1956 paid $2,914.87 for legal fees.

The Federal Reserve Bank of Chicago retained outside counsel for general real estate tax litigation on a contingent fee basis equal to 15 percent of the amount of any recovery. It was stated "in keeping with the bank's established practice and in order to preserve its rights in respect of such errors and excesses which may have occurred in the 1956 tax levy, the real property tax for that year was paid under protest as to excessive and illegal tax rate."

VIOLATIONS OF BYLAWS OF RESERVE BANKS AND BRANCHES

The audit reports reveal violations of bylaws of Reserve banks and branches. At one bank where the practices were not in conformity with the bylaws, it was indicated that corrective action would be taken by amending the bylaws. The bylaws of the Reserve Bank of Kansas City provide that the board of directors shall appoint a secretary who will keep the minutes of all of the meetings of the board and of committees thereof. However, for some years a secretary was not appointed, and in lieu of having a permanent secretary the board of directors at each meeting designated a secretary pro tempore. The auditors recommended an officially designated secretary should be appointed by the board of directors, and he should be responsible for the maintenance of the minutes on a current basis. Minutes of the meetings of the board of directors held in December 1956 and in January and February 1957 were not recorded in the minutes book. Also minutes of the meetings since September 22, 1955, were not signed by the chairman or acting chairman.

The bylaws of the Federal Reserve Bank of Chicago and the Detroit branch make provisions for discount committees. Both have duly appointed discount committees but they do not hold meetings. Inasmuch as such discount committees as provided in the bylaws are given power to authorize, ratify, and approve discounts, loans, commitments and advances, these functions of discounting, and so forth, have not been carried on in conformance with the Reserve bank's bylaws.

Examples:

Chicago, 1957:

DISCOUNT COMMITTEE

Article II, section 3, of the Reserve bank's bylaws, provides that a discount committee may be appointed; that, subject to the control of the board of directors or the executive committee, the discount committee shall have power "to authorize, ratify, and approve discounts, loans, commitments and advances"; and that it "shall make a report of all such discounts, loans, commitments, and advances at the next succeeding meeting of the executive committee."

The bylaws of the Detroit branch are more specific on the subject of a discount committee. Article III, section 1, states "A committee to be known as the discount committee shall be appointed by the Detroit board. * * * The committee shall choose one of its members as a chairman, and the secretary of the board shall keep the minutes of all meetings, such minutes to be read at the next following regular meeting of the board of directors." The powers of the discount committee at the branch are the same as delegated to the committee at the head office, subject to the overriding authority of the head office and branch boards of directors.

Both the head office and Detroit branch have duly appointed discount committees, but they do not hold meetings nor keep minutes. We were advised that the situation would be studied with a view of bringing the bank's practices and the bylaws into agreement. It was indicated that the means of accomplishing this end probably will be a revision of the bylaws.

Kansas City, 1957:

MAINTENANCE OF MINUTES

In our review of the minutes of meetings of the board of directors and of the various committees, the following were noted:

Minutes of the meetings of the board of directors held in December 1956, and in January and February 1957, were not recorded in the minutes book. Also, minutes of the meetings since September 22, 1955, were not signed by the chairman (or acting chairman).

Minutes of meetings of the executive committee had not been recorded in the minutes book since the meeting of October 25, 1956.

Minutes of meetings of the discount committee had not been recorded in the minutes book since the meeting of November 13, 1956. Also, minutes of the meetings since July 11, 1956, and minutes of meetings held from March 16 to April 27, from May 9 to 18, and from June 8 to 18, 1956, were not signed by the secretary pro tempore.

Minutes of the nine meetings held by the building committee in 1956, and of four meetings held in 1957, were not prepared until after the commencement of our current examination.

The bylaws of the Reserve bank provide that the board of directors shall appoint a secretary, and specify that the secretary shall keep the minutes of all meetings of the board and of all committees thereof. However, for some years a secretary has not been appointed, and in lieu of having a permanent secretary the board of directors at each meeting has designated a secretary pro tempore.

It appears, therefore, that an officially designated secretary should be appointed by the board of directors, and that he be responsible for the maintenance of the minutes on a current basis.

AUDIT DEPARTMENT'S FAILURE TO ABIDE BY RECOMMENDATIONS OF CONFERENCE OF GENERAL AUDITORS

The banks failed to adopt practices, particularly with respect to frequency of audits, as recommended by the Conference of General Auditors. At the Minneapolis bank, it was a longstanding practice to reconcile member bank reserve accounts, nonmember bank clearing accounts, and relating deferred availability accounts only three times in each calendar year, although a minimum frequency of 11 of such reconciliations is recommended by the Conference of General Auditors.

Example:

Minneapolis, 1957:

It has been a long-standing practice, approved by the audit committee of the board of directors, to reconcile member bank reserve accounts, nonmember bank clearing accounts, and related deferred availability accounts only three times in each calendar year. A minimum frequency of 11 such reconciliations annually is recommended by the Conference of General Auditors.

A special investigation was undertaken by the audit department during the period between February 21 and May 3, 1956, as the result of frequent small shortgages in incoming coin shipments from a local member bank. From investigation, which was conducted in colloboration with the auditor of the bank concerned, it was determined that the shortages occurred after the coin had left the member bank and before it was delivered to the Reserve bank, and that no employee of the Reserve bank was involved.

FAULTY ACCOUNTABILITY FOR UNISSUED U.S. GOVERNMENT SECURITIES

The reports revealed errors in the accountability to the Treasury Department by the Federal Reserve banks and branches for unissued U.S. Government securities.

An instance of incorrect accountability was an item of $773,000 more than the total shown by the control records of the Atlanta bank because of the failure of the Jacksonville branch through a procedural error to include in its accountability certain holdings of matured Treasury bills.

In the Chicago bank its accountability to the Treasury Department for unissued U.S. Government securities at the head office and the Detroit branch totaled $14,308,288,035. The correct amount as determined by the verification of the auditors was $14,311,170,660. The difference of $2,882,625 consisted of $2,752,000 in savings bonds that were shipped directly to an issuing agent by the Treasury Department and not entered into the records of the head office and $132,625 representing savings bonds stubs that should have been included in the accountability figures of the Detroit branch as unclassified sales. Five differences in the accounts of the issuing agents at the head office remained unadjusted at the close of the examination.

Examples:

Chicago, 1957:

Reconciliation

Add:	
Head office: Accountability for savings bonds shipped by Treasury Department direct to issuing agent—not reported	$2,752,000
Detroit branch: Savings bond stubs forming part of total accountability for unissued U.S. Government securities—not reported	132,625

Atlanta, 1957:

The accountability of the Reserve bank to the Treasury Department for unissued U.S. Government securities at the head office and branches totaled $3,255,157,150. This amount is $773,000 more than the total shown by the control records of the bank because of the failure of the Jacksonville branch, through a procedural error, to include in its accountability certain holdings of matured Treasury bills.

UNNECESSARILY LARGE STOCKS OF SAVINGS BONDS

At the Minneapolis bank it was reported that the inventories of savings bonds in the hands of issuing agents were unusually high. Many had stocks in excess of 9 months and 55 agents held more than a 1-year supply. It was recommended by the auditors that a regular program for analysis of consignments accounts be instituted.

MEMBER BANK EXAMINATIONS DO NOT CONFORM WITH POLICIES

The Reserve banks make exceptions to their policies with respect to member bank examinations in; first, not examining every bank each year; second, not having joint examinations with State examiners; third, not examining branches simultaneously with the head office of a bank; and in some cases, not examining the branches at all, but only reviewing the findings of the State examiners; fourth, not examining trust departments simultaneously with commercial departments; and, fifth, not meeting their own standards of completeness of examinations.

The Board of Governors' memorandum states that a large majority of the banks not examined in a specific calendar year were examined during the latter part of the previous year, and as a general rule, during the early months of the following year. However, the trust department of the X bank was not examined during 1956 and the examination of this department did not take place until June 21, 1957, indicating at least 18 months between examinations. The reason given for this time lapse in examination was the lack of sufficient manpower.

Although it is the stated policy of the Federal Reserve banks to examine the trust departments concurrently with the commercial departments of member banks, the Richmond bank in 1956 made an exception to its policy at the request of member bank itself and examined these departments at different times. Without any further explanation, it seems unjustified to schedule bank examinations which are made for the purpose of enforcing Government regulations at the convenience of the banks to be examined.

Examples:

New York, 1957:

All domestic branches are examined simultaneously with the main offices. In the examination of the larger branch banking organizations, the Reserve bank usually assigns examiners or senior assistant examiners to the more important branches and reviews the findings of the State examiners with respect to the other branches. With these exceptions, the Reserve bank is represented at all offices of the bank under examination.

Chicago, 1957:

One bank, * * *, was not examined in 1956 because it is too large for the Reserve bank to examine independently and the State authority was unable to join in its examination because of a shortage of manpower.

Present indications are that three State member banks in Indiana will not be examined by the Reserve bank in 1957. Three banks in the problem category have been examined twice in the current year.

Examinations of commercial departments are generally conducted jointly with the respective State supervisory authorities of the five States in the district. In 1956, however, the Reserve bank made independent examinations of 19 banks—16 in Illinois, 1 in Indiana, and 2 in Wisconsin—because the State authorities were handicapped by a shortage of personnel and were unable to join in the examinations.

The one holding company affiliate in the district is examined trienially, the most recent examination being in 1955. Four of the six companies coming under the Bank Holding Company Act of 1956 were investigated by the Reserve bank in the current year. The preliminary reports received from the two uninvestigated companies contained sufficient information, obviating any necessity for an on-the-spot investigation. Annual reports submitted by all holding companies are analyzed and summary reviews are forwarded to the Board of Governors.

LACK OF DEPARTMENTAL CONTROLS

In the operations of the Federal Reserve banks there are frequent examples of lack of adequate controls in the handling of currencies, securities, checks, and so forth, and of exceptions to the internal audits.

For instance, at the Federal Reserve bank in New York the receiving teller in the cash department did not make an immediate strapcount of currency in the denominations of $20 or less with respect to over-the-counter deposits. Such a strapcount is deferred until the currency is later given to a currency counter for processing with various time elapsing up to as long as several weeks. In the interests of more effective internal control, the auditors recommended that all currency received should be strapcounted before it is released to the receiving teller's custody and that this verification should be accomplished by one person with another person as witness and that it should be done promptly after receipt.

There were only two audits of the check collection department in Chicago instead of three as recommended by the conference of auditors.

In a test review of the authorization on which the Reserve bank acted in making releases from custody, it was noted that in two instances securities held for the account of member banks were released on the authorization bearing the signature of only one officer, although the member banks had instructed that release be made on the authorization signed by two officers.

At the Helena branch the auditors found that the handling of cash did not provide for the necessary security. They recommended that shipments of money should be handled by two employees; that there be duplicate reports of differences on incoming shipments; that officers participate in all opening and closing of the vaults and that shields be placed over all combinations of vaults.

The auditors observed an unwarranted delay of at least one day in the receipt by the New Orleans branch of remittances from a member bank for cash letters sent to it. The amounts involved are sizable. For example, the member banks remittances of January 3 and 4, 1957, covered cash letters of $564,233.76 and $283,378.01, respectively.

New York, 1957:

The above figures are the balances as shown on the Reserve bank's books. The amount stated for transit items are $1,432,452.23 less than the correct totals, the due-from-Buffalo-branch account having been understated on the head office books as the result of a duplication of entries.

New York, 1957:

INTERNAL CONTROLS

In the interest of more effective internal controls in the collection department, it was recommended that a plan of rotation be instituted whereby key personnel in this function (collection department), without advance notice, will be temporarily replaced at least once each year for a continuous period of adequate duration by other employees engaged in unrelated activities; also, that there be another such period of temporary replacement in each instance in which the employee is not absent for vacation for a continuous period of at least 2 weeks.

Chicago, 1957:

Petty cash funds, $10,000.

San Francisco—Salt Lake City branch—1957:

TRANSIT DEPARTMENT

In our review of the difference account, it was noted that many of the differences were the result of the failure of the transit department to balance the aggregate total of outgoing cash letters and clearinghouse items against the aggregate credits for the cash items involved. A substantial number of the differences were of large amounts, and in many cases the appropriate adjustments were not made until the errors were reported by the drawee banks.

Past due items: At the Chicago and New York banks a review of the procedures revealed that in numerous instances commercial items (notes, drafts, etc.) had been left outstanding with collecting agents in accordance with the endorsers request or approval for extended periods and in some cases for several months after their due date. The examiners recommended the adoption of a policy under which all past due items would be recalled after a reasonable time and returned to the endorsers. It was also suggested that periodic reports be submitted by the department to the officer in charge concerning all items outstanding after a reasonable time after their due date.

DELAYS IN RETURNING UNPAID CHECKS

The Federal Reserve banks have become involved in suits where the Federal Reserve bank's prior endorser refused to accept return of checks to the drawee bank on the ground that the return had been unduly delayed. In one suit a check for $2,875.52 was involved and the district court ruled in favor of the plaintiff.

Example:

Boston, 1957:

ACCOUNTS OF MEMBER BANKS

As shown in the schedule section of this report, there was one unadjusted exception of old dating, in the amount of $12,006.93, on the reconcilement returned by the * * * Bank, * * *, Massachusetts. This pertains to a charge by the Reserve bank on November 29, 1956, for three checks received from the * * * Bank for collection and returned to it by the Reserve bank upon refusal of the drawee bank to pay the checks, which had been drawn against uncollected funds. The charge was not accepted by the member bank on the grounds that there had been an undue delay by the Reserve bank in presenting the checks to the drawee bank for payment. It appears that the outcome of this matter is contingent upon the settlement the * * * Bank may be able to effect with its depositor.

FAULTY ACCOUNTABILITY FOR COLLATERAL AND CUSTODIES

There are instances throughout the System of faulty accountability for collateral and custodies. As examples, the following items required reconciliation at the Atlanta bank and its branches:

First. Jacksonville branch: Fiscal agency securities forming a part of the total accountability not reported, $773,000.

Second. New Orleans branch: Securities held by other agency in own district as collateral for discounts and advances not reported, $15,000.

Third. Head office: Duplication in reporting certain collateral for Treasury tax and loan accounts, $300,000.

Fourth. Jacksonville branch: Overstatement of collateral for Treasury tax and loan accounts—withdrawal functioned by the head office on December 21, 1956, but corresponding entry not made in branch's records, $250,000.

Fifth. New Orleans branch: Overstatement of new silver certificates held as special currency reserve for U.S. Treasury, $8,860,000.

With respect to the last item, on October 15, 1956, the New Orleans branch commenced a series of weekly withdrawals of new silver certificates of $1 denominations from the special currency reserve held for the Treasury of the United States. This program was at the request of and under a specific authorization of the Treasury. Such withdrawals were to constitute issuances to the Reserve bank for current use in lieu of regular weekly shipments of currency from Washington. The withdrawals made by the branch to the date of examination totaled $8,860,000, but the relevant custody control account was not correspondingly adjusted and showed at examination date a holding of $21,200,000 instead of $12,340,000. This error could hardly be considered "exceedingly small."

Collateral deficiencies were allowed to extend over the maximum 10-day period through inadvertence, due to delay by

the Minneapolis bank in discovering these deficiencies.

In the Cleveland district, 19 banks at the time of the audit had deficiencies in collateral to secure Treasury tax and loan accounts in the amount of $1,294,245.57.

Two member banks in the Jacksonville branch had deficiencies in collateral which existed considerably longer than the 10-day period allowed by the Treasury Department regulations. Both cases involved collateral held by New York correspondents of the depositary banks subject to the order of the branch. The auditors felt that the time lapse for collecting the deficiency could have been shortened through more diligent follow-up by the fiscal agency department.

Another example of deficiencies in reserves and in collateral held to secure Treasury tax and loan accounts was the account of the X bank, which had a deposit balance of $77.8 million with a deficiency of $3.2 million in reserves.

"MYSTERIOUS DISAPPEARANCE" OF CASH AND SECURITIES

Audit reports show what are described as "mysterious disappearances" of cash, securities, and so forth. This is a term which the banks use to describe all shortages, the origin of which their investigations do not reveal. For instance, at the Jacksonville branch there was a disappearance of $100 from a strap of $20 bills included in a shipment sent to the Birmingham branch and thence to the X bank; "mysterious" disappearance of $240 from a shipment of unfit currency to the U.S Treasury; disappearance of $200 in coins included in shipment forwarded by registered mail by the Jacksonville bank to a member bank; "mysterious" disappearance of two coupons from bonds held as Treasury tax and loan collateral for a member bank at the head office.

An investigation of the mysterious disappearance at Charlotte branch of $100,000 in U.S. Treasury certificates revealed only that it was thought by all parties to the transaction that the certificates had not been removed from the envelope after delivery and that it was destroyed with trash burned up by the member bank.

Investigations between February 21 and May 3 of frequent shortages in incoming coin shipments from local banks to the Minneapolis bank determined that shortages were incurred after coins left member banks and before delivery to the Reserve bank. There was no satisfactory explanation made of the losses nor any indication that the situation had been resolved for future protection.

At the Boston bank because of assorters' failure to inspect the totalizer meter on the currency sorting machine after processing the contents of each strap it was impossible to determine in which strap and in which deposit of 15 a shortage of $500 occurred. This shortage was reported as a mysterious disappearance. A thousand-dollar shortage in a deposit, reported by receiving teller, also was classified as mysterious. The investigation was unable to pin down the exact place of disappearance and it was suggested that the deposit "may have been tampered with" while in transit and possibly while in possession of the X Service.

Richmond, 1957:

We reviewed the circumstances regarding the mysterious disappearance of a $100,000 U.S. Treasury 2¾ percent certificate of indebtedness, series B–1957, tax anticipation series, dated August 15, 1956, due March 22, 1957. The certificate has been allotted on a direct subscription to the ———, ———, S.C., which requested that it be delivered to the ——— Co., ———, N.C., for safekeeping. According to the records of the branch, the certificate was one of seven lots of like securities, in the aggregate amount of $885,000, to which were attached receipts Nos. 36 to 42, inclusive, prepared by the branch on August 15, 1956. The ——— Co., Inc., delivered the package to the ——— Co. of ——— on August 16, 1956, and obtained a signed receipt for the total amount, but the consignee bank admits it did not open the package and verify the contents at the time of delivery. When the package was later opened, it reportedly contained only six lots of securities, totaling $785,000 to which were attached receipts Nos. 36 to 41. These receipts were duly signed on August 16, 1956, and mailed to the Charlotte branch. A clerk at the branch then or later noted that receipt No. 42, covering the missing certificate, had not been received but an inquiry was not addressed to the ——— Co. This failure to promptly alert the consignee bank placed a measure of responsibility on the branch because the consignee bank was not enabled to make a search through its waste paper (which is burned after 3 days) nor to institute other investigative measures that might have been effective if started promptly.

The Reserve bank has made inquiries of Treasury Department officials concerning replacement of the certificate. The Treasury is reluctant to take such action prior to the maturity of the certificate on March 22, 1957. The ——— Co. has stated that it would join with the Reserve bank, together with their respective insurers, in an agreement of indemnity if the Treasury Department will issue a replacement certificate.

Boston, 1957:

Two special investigations were made by the auditing department in the interval between examinations, one in November 1956 and the other in March 1957; both were in connection with shortages in incoming deposits of cash, reported by the currency and coin department.

The first of these investigations involved a shortage of $500. Because of the assorter's faiure to inspect the totalizer meter on the currency sorting machine after processing the contents of each strap, it was impossible to determine in which strap and in which deposit, of 15 different deposits, the shortage occurred. All of the member banks concerned were contacted in an effort to ascertain whether any of them had an offsetting overage, and each gave a negative report. Following this, the shortage was classified as a mysterious disappearance, a claim was filed with the Reserve bank's insurers, and the latter reimbursed the bank for the full amount of the loss.

The other investigation pertained to a shortage of $1,000, reported by a receiving teller. The investigation disclosed that the deposit in which the shortage was found may have been tampered with while in transit to the Reserve bank, and possibly while it was in the possession of the armored car service that transported the deposit to the post office, for the depositing member bank. The latter's insurer reimbursed it for the full amount of the shortage.

VIOLATIONS OF THE BANKING LAWS

There are several examples in the reports where employees have violated the banking laws. In one bank the manager of the ——— section had been using bank personnel and equipment for carrying on an outside business for several months.

A coin assorter at another bank was convicted of embezzlement of coins from incoming shipments.

BANK LIQUIDATION RESULTING FROM DEFLATION

One State member bank was liquidated by the bank commissioner of Texas because of insolvency resulting from defalcation. As a condition of membership in the Federal Reserve System a bank is subject to examinations by the Federal Reserve. These examinations are for the protection of the public. The discovery of defalcation in the State bank apparently did not originate with the Federal Reserve examiners but rather with the bank commissioner of Texas.

INCREASES IN DISCOUNTS AND ADVANCES AND INAPPROPRIATE USE OF FEDERAL RESERVE CREDIT

The 1957 audit reports indicate that there has been extensive increased use of discounts and advances and continued use of Federal Reserve bank credit by certain member banks. In some cases, this borrowing, in effect, amounts to a continuous credit rather than for the purpose of temporary accommodations to the banks. The follow-up by the Federal Reserve banks to eliminate the continuous borrowing appears to be a haphazard approach to the banks which results in promises by them to improve the holdings in their portfolios which create their illiquidity and result in the need for such borrowing. For example, one bank promised that it would make no further additions to its holdings of Government bonds while showing considerable reluctance to dispose of present holdings at a loss.

Two banks in the Dallas district continued consistent borrowing in 1956–57 although this situation had been reported at the previous examination. One of these banks had borrowed in 43 computation periods out of 48. Although discussions had taken place with these banks, it was reported that "no discernible changes in their borrowing patterns" had taken place. Extensive use of discount facilities was attributed to heavy loan demands, declining or stationary deposits, and a reluctance to dispose of investments, particularly holdings of Government securities, at a loss.

In the Cleveland district one bank ascribed its continuance of borrowing to strong demands for loans combined with its holdings of long-term Government and municipal bonds on which it was reluctant to take a loss. It was reported that the bank is making an effort to adjust its assets' position, having sold a sizable amount of mortgage loans in May and confining its additional lending to established customers.

The auditors noted that a national bank in the Memphis branch area had borrowed almost continuously during the last half of 1956 and in February of 1957.

It appeared that this bank was borrowing for purposes other than those considered appropriate uses for Federal Reserve credit.

The Federal Reserve Act clearly requires that the Federal Reserve banks shall give consideration to "whether undue use is being made of bank credit for the speculative carrying of or trading in securities, real estate or commodities," and shall use this information "in determining whether to grant or refuse advances, rediscounts or other credit accommodations." Whenever, in the judgment of the Board of Governors, any member bank is making undue use of bank credit, the bank may suspend such banks from the use of credit facilities of the Federal Reserve System. The audit reports show numerous instances where the banks consider that Federal Reserve credit is being inappropriately used and yet there is no evidence that the Board of Governors has discontinued granting such credit. As the examples show, some of the banks have been speculating in Government bonds and then have gone to the Federal Reserve banks to get loans.

Examples:

Cleveland—Pittsburgh branch—1957:

The ——— bank has been a consistent borrower since midyear. From June 21 to September 29, or a total of 101 consecutive days in 15 reserve computation periods, it was indebted to the branch in amounts ranging from $5 million to a high of $100 million. The average daily borrowing for this bank was $17 million. This bank and the three country banks had been frequent borrowers in 1956, also.

Philadelphia, 1957:

The Reserve bank has been following the practice of contacting country banks in regard to their borrowing programs after they have been borrowing continuously for 90 days. Recently, this policy was revised and now provides that the member bank will be contacted when it has borrowed continuously for 60 days. The Philadelphia banks generally borrow on 1-day notes. On occasion, the Reserve bank has held group meetings with representatives of these banks at which the subject of continuous borrowing was discussed, with emphasis directed to consecutive reserve computation periods rather than consecutive days.

Several of the banks have adjusted their asset position in order to enable them to operate on their own resources during periods not subject to seasonal or emergency stresses. However, the Reserve bank recognizes that the necessary adjustments by some banks must be gradual.

Chicago—Detroit branch—1957:

There were three banks which made consistent use of the Reserve banks discount facilities during the current year. The branch has had discussions with these banks concerning their borrowing programs. They each indicated an intention of reducing the frequency of their borrowings from the Reserve bank, but up to date of examination there had been no appreciable change in their borrowing patterns.

Chicago, 1957:

It is the Reserve bank's policy to keep the member banks that use its discount window informed as to the appropriate purposes of Federal Reserve credit. In the course of our review of member bank borrowing during the period between examinations, we noted that the Reserve banks held discussions or exchanged correspondence with a number of banks whose borrowing patterns tended to become continuous. In most instances, the banks took themselves out of the category of steady borrowers. However, to date of examination, there had not been any appreciable change in the borrowing patterns of the banks listed in the following tabulation.

The steady borrowings of ———, Chicago, is a continuation of the pattern it followed during 1955 and 1956. In 1955, it borrowed in 48 weekly computation periods, and in 1956, in 49 such periods. Its average daily borrowings amounted to $31 million in 1955, $53 million in 1956, and $59 million in the current year. An analysis by the Reserve bank indicates that the reason for the ———'s prolonged borrowing is the continued expansion of its loans without a compensating increase in deposits or reduction in its security investments.

Dallas, 1957:

The consistent borrowing by both the ——— and ——— bank is a continuation of the situation that existed at our last examination. The Reserve bank has had periodic discussions with each of these banks concerning the nature of their borrowings but to date there has been no discernible change in their borrowing patterns.

Dallas—Houston branch—1957:

In our review of member bank borrowing from the branch, it was noted that in the current year the ——— bank, Houston, Tex., was indebted in 38 of the 48 reserve computation periods for a total of 168 days. It was stated that this bank's borrowings from the Reserve bank was attributed to its reluctance to sell Government securities at a loss.

Richmond, 1957:

One bank had borrowed for 295 consecutive days and during 121 days the borrowing was greater than the bank's combined capital and surplus. The Reserve bank advised that as a result of a change in the member bank's management, the bank's investment policy would be reaffirmed and a more satisfactory loan program instituted.

Richmond, 1957:

Out of 24 computation periods, one bank borrowed in 18, for 256 days, another bank borrowed for 17 periods for 232 days.

Each of the banks experienced heavy loan demands in the latter part of the year, and adverse trend in deposits which the state treasurer of North Carolina began investing State funds in Treasury bills rather than depositing them in interest-bearing accounts with the bank.

LACK OF SECURITY IN CURRENCY VERIFICATION AND DESTRUCTION

The auditors' comments on currency verification and destruction follow very much the patterns of the previous reports. The reports comment on the lack of dual control in handling the currency; incomplete inspection of bundles; inadequate destruction equipment; failures in destroying currencies; lack of determination that the standard of fitness before destruction conforms to that prescribed by the Treasury Department; combining of cash and destruction functions in same area; violations of Treasury regulations; and inadequate tests for accuracy and integrity of the currency verification. These comments apply throughout the System.

Although the subject had been commented upon in a previous audit report, the Los Angeles branch continued to have the verification process performed in the utility cage in the cash department. The auditors believed that this operation should be performed in a properly protected area physically located outside the cash department, in view of the provision in the Treasury Department regulations that:

The verification and destruction of unfit U.S. paper currency at each Federal Reserve bank and branch shall be a fiscal agency operation and shall be performed in a currency verification unit which should be separate and apart from other cash operations of such Federal Reserve banks and branches.

In the review of the operations at the Oklahoma City branch incident to the preparation of unfit U.S. paper currency for shipment to the head office, it was observed that the inspection of such currency for proper cancellation was made by one of the tellers engaged in the cancellation process. This practice does not conform to the provisions of paragraph 5f of the applicable Treasury Department regulations which directs that such examination "should be performed by an employee of the cash division who did not participate in the cancellation of the currency."

At the Philadelphia bank, the auditors found that procedures in the currency destruction process did not conform to the principles of dual control; that there was no verification of the contents of some bundles before destruction; that the hinges on the locks of the firebox and ashpit access doors could be opened without disturbing the locks; and that it was a common experience for the furnace-feeding mechanism to fail so that unburned bills were found in the mechanism.

The Federal Reserve banks destroy annually millions of dollars in U.S. currency. While the Treasury examiners make an annual visit to each of the Federal Reserve banks, in the interim between these visits the Federal Reserve banks are given a free hand in destroying U.S. Government money. The Boards' examiners comment year after year on the failings of the banks to verify this money before destruction and for their failure to conform to Treasury Department regulations in handling this money. It is frequently noted that the Federal Reserve banks destroy the currency without even determining whether the currency fitness was such that it should be destroyed. We have laws in this country which prevent a citizen from willfully putting a match to the coin of the realm but the Federal Reserve banks have been permitted to destroy money without even examining its condition.

Examples:

Philadelphia, 1957:

We reviewed the operations and observed the procedures followed, and have the following comments with respect to certain of the procedures and/or conditions which came to our attention.

1. Upon receipt of the canceled currency in the currency verification unit, only one strap and bundle count was made—this by all the personnel of the unit, each accounting for a portion of the total. The section head then recapitulated the individual totals and signed the receipt given to the cash department. In our opinion, this procedure does not conform to the principle of dual control. An effective dual control would require that the section head and the general

service clerk each make an independent strap and bundle count of the entire lot when received in the unit.

2. It was noted that in the handling of $1 bills, the unit did not employ the practice of "fanning" the bundles of currency not included in the percentage count. Hence, there was no verification of the contents of the bundles.

3. The firebox and ashpit access doors were each secured by one dual lock at the closure but no provision had been made to prevent the possibility of the doors being opened at the hinge end without disturbing the locks.

4. Upon inspection of the furnace feeding mechanism, 18 unburned bills were found in the trap and 20 bills in the belt feed mechanism. This is a common occurrence, in view of which the belt and trap are inspected weekly by the section head and the designated witness.

Dallas, 1957:

We reviewed the operations and observed the procedures followed, with particular reference to security features, and in connection therewith we noted the following matters:

1. The main door to the furnace was not adequately secured. It was recommended that steps be taken to secure the door in a more satisfactory manner.

2. While the currency was being placed in the incinerator and before the locks on the door were secured, access to the area around the incinerator was not sufficiently restricted. It was recommended that access to the incinerator room be adequately restricted, at least until all currency to be burned has been placed in the incinerator and the locks secured.

Dallas—San Antonio branch—1957:

We reviewed the operations and observed the procedures followed, and noted that in the testing of the accuracy and integrity of the currency verifiers, only packages containing known overages or shortages of amounts are used.

San Francisco—Los Angeles branch—1957:

In our review of the operations and procedures, we again noted, as at last examination, that the verification process was being performed in a utility cage in the cash department. This operation, we believe, should be performed in an appropriately protected area physically located outside the cash department, in view of the following provision in the Treasury Department regulations: "The verification and destruction of unfit U.S. paper currency at each Federal Reserve bank and branch shall be a fiscal agency operation and shall be performed in a currency verification unit which shall be separate and apart from other cash operations of such Federal Reserve banks and branches."

Kansas City, 1957:

1. Dual control of the currency was not being maintained at all times in the money department from the time of its cancellation to the time of its delivery to the currency redemption unit.

2. Upon receipt of the canceled currency in the currency redemption unit, a bundle count was made by the receivers but only one strap count was made—this by the three members of the unit participating in the operation at the time, each accounting for a portion of the total. In our opinion, this procedure does not conform to the principle of dual control. An effective dual control would require that each of the receivers make an independent strap count of the entire lot when received in the unit.

3. The portion of the $1 bills to be verified is selected by the chief of the unit but, contrary to instructions, the portion not to be verified is permitted to remain accessible to the verifiers, thus making it possible for them to make substitutions.

4. Some relaxation in the maintenance of dual control during the verification process also was noted. At times, the chief of unit removed the currency not to be verified from one location to another while the verifiers were occupied in the verification process and could not appropriately witness such transfers.

Kansas City—Oklahoma City branch—1957:

In our review of the operations incident to to the preparation of unfit U.S. paper currency for shipment to the head office, it was observed that the inspection of such currency, for proper cancellation, was made by one of the tellers engaged in the cancellation process. This practice does not conform to the provisions of paragraph 5(f) of the applicable Treasury Department regulations, which directs that such examination "shall be performed by an employee of the cash division who did not participate in the cancellation of the currency."

Atlanta, 1957:

1. It was noted that in the handling of $1 bills, the unit did not employ the practice of "fanning" the bundles of currency not included in the percentage count. Hence, there was no verification of the contents of the bundles or determination that the standard of fitness of the currency conformed to that prescribed by the Treasury Department.

2. The supervisor, who is one of the joint participants in preparing test errors for insertion in the packages of currency to be verified, and in supervising the incineration process, also was assisting in the actual verification of canceled currency at times of heavy volume. We believe that the security of this operation is weakened when the supervisor also participates in the verification process.

LOSSES AND DISCREPANCIES

There continued to be disappearances and shortages of money in the cash departments, the check departments, transit departments and the Government check departments. The banks usually account for these losses by subtracting the credits from the debits which are set out separately in the report before arriving at the net loss. In the 1957 report of the New York bank, however, the difference account shows only the net figures. This means that neither the Board of Governors nor the Congress can determine what the actual losses are and whether further safeguards should be instituted or investigations should be undertaken.

At the Salt Lake City branch the auditor noted that many of the differences were the result of the failures of the transit department to balance the aggregate total of outgoing cash letters and clearinghouse items against the aggregate credits for the cash items involved. A substantial number of the differences were of large amounts and in many cases appropriate adjustments were not made until the errors were reported by the drawee bank. For the year 1956 the transit department had losses of $3,444.57 and had gains of $1,996.82. Inasmuch as the Federal Reserve banks in their combined statement of condition, of head office and branches, report only the net figures of profit or loss, it is not a proper reflection of the total amount and number of errors which occur in the difference accounts.

At the Chicago bank in the collection department for the year 1956, there were losses of $20,856.04 and credits of $16,636.78; in the period from January 1, to October 25, 1957, in the check collection department there were losses of $28,758.58 and credits of $40,036.96. In its memorandum, the Board takes the position that in the light of the tremendous volume of checks and securities handled by the Reserve banks, losses and discrepancies have been exceedingly small and infrequent. The continuing amounts of losses in the check department in Chicago indicate, in the least, mismanagement of checks handled. The auditor's report comments that:

In the interest of more effective controls in the collection department, it was recommended that the supervisory employees be temporarily transferred on an unannounced basis to unrelated work outside the department at least once a year for a continuous period of adequate duration and that during such period they be replaced by other employees from outside the department.

Paul D. Abramson, Jr., Awarded CAP Scholarship

EXTENSION OF REMARKS
OF
HON. OVERTON BROOKS
OF LOUISIANA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. BROOKS of Louisiana. Mr. Speaker, I am proud to announce to the House of Representatives that one of my constituents, Paul D. Abramson, Jr., has won, in the face of heavy competition, a 4-year aeronautical engineering scholarship given by the Civil Air Patrol. Forty thousand young men of the CAP competed in the contest which resulted in this award. The funds to pay the $4,000 scholarship, which will be used to attend the Massachusetts Institute of Technology at Cambridge, Mass., this fall, come entirely from private non-Government sources.

The scholarship is named the Gen. Lucas V. Beau Scholarship, he having been a former national commander of the CAP.

I am particularly pleased to inform the House of this award as I know this young man and his family well. His father, Dr. Paul D. Abramson, was a personal friend of mine and a very prominent surgeon in Shreveport, La., until his unexpected death this past week.

Young Abramson has been an outstanding honor student at Byrd High School in Shreveport where he ranked 12th in his graduating class of 575. This, in itself, speaks very well of the ability and capabilities of this young man.

I have repeatedly recognized the urgent need for more and better scientific training of the young people of the Nation. I am happy to know that the top scientific award of the CAP this year has gone to one of my constituents.

I would like to point out that listed among young Abramson's hobbies are operating radio controlled airplanes and the study of electronics, photography and astronomy. You must admit these are not the usual hobbies of a young 17-year-old. He has also served as president of his high school science club.

While young Abramson was building his outstanding record in high school, he took time to participate in the CAP program. During his cadet career, this honor student won his certificate of proficiency with the CAP and was named a member of the National Honor Society. He is rated as excellent in every phase of cadet life by the commander of the Shreveport squadron of the Louisiana CAP wing to which he belongs.

He has in the past 2 years amassed such a splendid record that he ultimately was awarded this coveted CAP scientific scholarship which can only be used to further his training in aeronautical engineering.

In the space age into which we are now entering such scientific education will be in great demand and I strongly urge our young men to enter the various scientific fields.

The CAP is doing a grand job in encouraging such study by its cadets and the CAP offers a well-rounded basic program for its cadets. I urge all our young men to take part in the CAP program. I commend the CAP in its selection of young Abramson for the award of this scientific scholarship.

I congratulate Paul Abramson, Jr., on being awarded this scholarship and express my best wishes for his continued success at MIT during his studies there.

Central Valley Project

EXTENSION OF REMARKS
OF
HON. CHARLES S. GUBSER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. GUBSER. Mr. Speaker, there are now bills, one of which I introduced in March, pending before the House Committee on Interior and Insular Affairs, in support of the joint development of the Trinity River division of the Central Valley project in California.

Under the partnership proposal, recommended by the Secretary of the Interior, private capital would construct the power facilities at a cost of $60 million, pay $83 million in Federal taxes and increase the surplus available for water development in the Central Valley project by $175 million.

Proponents of all-Federal Trinity generators are now requesting the Senate Appropriations Committee for Federal moneys. The House has already refused to include an amount for this purpose. There is no reason why the legislative committee, which intends to hold hearings on the pending bills shortly, should be bypassed, for Congress itself, in the Trinity authorization legislation, directed the Secretary of the Interior to report back to Congress on proposals by non-Federal entities for the purchase of the Trinity falling water. It remains for Congress to consider and act upon his recommendations.

Last year extensive hearings were held on similar bills, but a vote was not permitted. This year the bills are even more favorable to the Government, as will soon be made evident during the course of the hearings before the House Interior and Insular Affairs Committee. The following article calls attention to the fact that every taxpayer in the Nation will foot the bill for all-Federal Trinity powerplants, while joint development with the Pacific Gas & Electric Co., means a lightened taxload on each citizen, for the company's offer adds $258 million to the Federal Government's assets, in Federal taxes and Central Valley project surplus funds, and, at the same time, save the Government the expenditure of $60 million in construction costs. The editor of the San Juan Mission News, a fine newspaper in my district, appreciates the need to stop the expenditure of Government money when private capital offers to do the job, as exemplified by the following editorial of March 13, 1959:

[From the San Juan Mission News, Mar. 13, 1959]

THAT TIME AGAIN

Along about this time every year the cost of running our Federal Government is brought home very strongly, because it's income-tax time.

Speaking for this writer only (although I imagine I echo the thoughts of many others), I don't begrudge paying income tax for necessary operations of Government. However, the way the Washington, D.C., spending merry-go-round is whirling, it makes one wonder where it will stop.

For example, a proposed new Federal prison's cost is set at $110 million. How many men will it hold? Six hundred. That sets the cost at about $183,333 per man—rather expensive housing.

Another example, a proposed expenditure of $100,000 to bring the as-yet unopened ultramodern $3 million Air Force hospital "up to standards." The "standards" include oxygen outlets in every room, a radio station for special music, a walkie-talkie system to permit a nurse to talk with any patient.

The editorial then points out how "an avid advocate of Government power and a strong knocker of private-enterprise power is contributing to the fiscal foolishness. He is continuing his argument on the Eisenhower administration's proposal to save tax dollars and earn income for the Government through taxes for private power companies" and is opposing "the Trinity River partnership long advocated by the Eisenhower administration. He is now attempting to push through an appropriation of $2½ million for Federal construction of the power facilities."

"Then, on top of that," the editor notes, he "declared that the budget can be balanced by cutting spending and increasing income."

"We might suggest," the editorial continues, "that one way to cut Federal spending would be to let private enterprise do the power job. Not only would this save money, but it would provide the Federal Government with income via taxes paid by the private companies."

Department of Justice and ASCAP Reach Agreement on Amended Decree

EXTENSION OF REMARKS
OF
HON. JAMES ROOSEVELT
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. ROOSEVELT. Mr. Speaker, last Friday, June 19, 1959, a proposed amended consent judgment was at long last presented to Judge Sylvester Ryan in the U.S. District Court for the Southern District of New York, in the Government's case against the American Society of Composers, Authors, and Publishers. I understand this proposal has not finally been accepted because, for the time being, the judge is holding it under advisement.

Early in 1958, subcommittee No. 5 of the House Small Business Committee received a multitude of complaints concerning the operations and policies of ASCAP. These complaints disclosed that a number of small business publishers and composers had been forced out of business and that others were facing a similar fate. As a result, public hearings were held during March and April 1958 at which time comprehensive and exhaustive data were developed respecting the policies and procedures applied by the society.

The witnesses that appeared before the subcommittee made it clear that changes in the operations of the society must be brought about if the smaller publishers and composers were to remain in business. This testimony seemed to establish that the larger publishers and composers had arranged to perpetuate themselves in power as controlling members of the board of directors; that the royalties collected by the society were distributed inequitably and in such manner as to thwart the growth or expansion of the smaller and newer members. ASCAP's grievance machinery was attacked by witnesses who testified that members complaining to the society were deprived of the privilege of access to the society's records. Generally speaking, the hearings demonstrated the urgency for action by the Department of Justice in connection with the entire situation.

The subcommittee, by House Report No. 1710, 85th Congress, concluded that remedies for the more important problems disclosed by its hearings may be available through appropriate action by the Department of Justice. The complete record of the testimony taken by the subcommittee, together with the subcommittee's recommendations, was promptly furnished to the Department of Justice. Almost immediately thereafter, the Department opened negotia-

tions with attorneys for ASCAP with the view in mind of determining whether agreement could be reached respecting the provisions of an amended consent decree which would remedy those evils brought to light by the subcommittee's hearings. Negotiations continued for over a year and have culminated in the proposed judgment that was presented to Judge Ryan last Friday.

As of this date, the text of the proposed agreement has not been made available to the subcommittee, but promptly upon receipt it will be carefully and thoroughly reviewed by the committee's staff.

The Honorable Robert A. Bicks, Acting Assistant Attorney General in charge of the Antitrust Division, has requested Judge Ryan to permit all interested parties, including especially the smaller publisher and composer members of the society, to have the opportunity of analyzing the terms of the agreement and of expressing their views to the court prior to its acceptance. I believe that Mr. Bicks is to be commended for this procedure which should insure that the provisions of the decree will provide the remedy intended. If the judge grants this request of Mr. Bicks, certainly the smaller publishers and composers should take advantage of the opportunity afforded and I urge them to do so.

I have always felt that consent decrees in antitrust matters should be placed in abeyance for a reasonable length of time prior to final acceptance by the court and heretofore have introduced legislation calling for such procedure. It seems to me that the public interest can be protected only when some such policy is applied.

Certainly it is gratifying to know that the Antitrust Division has taken decisive action in this case. It is hoped that this action will lead to the acceptance by the court of a decree that will provide a climate in which the smaller composers and publishers may compete effectively and be placed in a position that will permit them to receive the full benefits and fruits of their membership in the society.

Audit Reports of the Federal Reserve System—Extravagant and Improper Uses of Public Funds—Other Deficiencies in Federal Reserve Bank Management

EXTENSION OF REMARKS
OF
HON. WRIGHT PATMAN
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. PATMAN. Mr. Speaker, last Monday I made public a report—a fairly short report considering the nature and volume of the subject matter—based on my review of the audit reports of the Federal Reserve banks for the year 1957. I would like to insert that report in the RECORD herewith. I believe that the introductory remarks will make it explanatory

Previously I made a much longer and more thorough review of the operations of the Federal Reserve banks, giving a review of the audit reports for 1956 and several earlier years. That report is to be found in my testimony before the Committee on Banking and Currency of the House of Representatives, 85th Congress, 2d session, on S. 145 and H.R. 7026, hearings, part 2. My testimony begins at page 1535 of the hearings, and the specific review of the audit reports begins at page 1560.

The Passing of the Tactical Bombardment Aircraft From the Arsenal of Tactical Air Command

EXTENSION OF REMARKS
OF
HON. THOMAS N. DOWNING
OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. DOWNING. Mr. Speaker, under leave to extend my remarks in the CONGRESSIONAL RECORD, I would like to pay tribute and call attention to the fact that the 1st of July 1959 will see the passing of the tactical bombardment aircraft from the arsenal of Tactical Air Command. On this date, the 345th Bombardment Wing, Tactical, will join the roster of those units who have served their country well in peace and war, but whose moment of glory is over, at least for the time. The 345th Bombardment Wing, Tactical, then known as the 345th Bombardment Group, Medium, made an awesome name for itself as a killer of Japanese shipping and airfields in the south Pacific during World War II and won two Presidential Unit Citations as well as many battle stars. At the end of the war, along with many other units, it was inactivated only to be brought to life after the Korean war. The group's forerunner did not directly engage in that conflict but was engaged in training numbers of aircrews who did participate with distinction. The 345th was selected to receive the new Martin B–57 light jet bomber in place of their conventional Douglas B–26's. The B–27, basically a British design, was nominated to carry out the traditional role of the tactical bomber, to seek out and destroy enemy aircraft and their landing places, attack ground targets, isolate the battlefield with conventional bombs and with the newly introduced small yield atomic weapons. Built to carry an enormous load at high speed, and able to travel both "on the deck" and at altitudes unprecented in Air Force experience, the B–57 became a potent item in the TAC inventory. Col. Albert W. Satterwhite became commander of the 345th Bombardment Wing in October 1956. He found himself in the middle of the program of converting the unit to the B–57 from the reliable B–26. There were few written guidelines.

The aircraft was new, it had growing pains like all new machines. The training program had to be built from the ground up. On the ground were the maintenance personnel, eager but inexperienced, in the sky combat crews ready and willing but requiring the guidance that a commander must extend to make them into a fighting machine. That Colonel Satterwhite succeeded is evidenced by the fact that Tactical Air Command chose the 345th to become a part of the composite air strike force which was then becoming a reality at Langley Air Force Base. This force, envisioned by the tactical genius of Gen. O. P. Weyland, TAC commander, was to prove its mettle when two international crises were met and dealt with by the far-ranging men and planes of Tactical Air Command. Brig. Gen. Perry B. Griffith arrived to take command of the 836th Air Division, of which the 345th Bombardment Wing is a portion, and found himself amid events of international importance. The 345th Bombardment Wing and the 4505th Air Refueling Wing, also of the 836th Air Division, were in place on both sides of the world and prepared for combat. General Griffith was able to visit all echelons of his command at their oversea bases and to comment favorably on their readiness. Fortunately for world peace, both threats were dispelled but the 345th Bombardment Wing and Tactical Air Command could well look with pride on their part in reducing the danger. Soon, the 345th Bombardment Wing will be only a number in a long parade of history making units in the historical files of the Air Force, but that number will always have a special place in the hearts and minds of those men who kept it prepared and ready to uphold the place of their country in the eyes of the world.

Public Health Education

EXTENSION OF REMARKS
OF
HON. JEFFERY COHELAN
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. COHELAN. Mr. Speaker, the Seventh Congressional District of California which I represent is the home of the University of California School of Public Health, 1 of the 11 such schools providing public health training for specialists to staff agencies throughout the 48 States and in many other countries as well.

Extension of the Federal public health traineeship program as provided in H.R. 6325 authored by the gentleman from Alabama [Mr. ROBERTS] is all-important if the University of California School of Public Health is to continue to provide its share of the training of specialists so badly needed by public health agencies in their work on heart disease, cancer, mental illness, radiation and air pollution, and other programs.

Dr. Charles E. Smith, dean of our school, reports that most of the students planning to enroll for the 1959 and 1960 school years are depending on Federal stipends to make their attendance possible.

Since the Federal public health traineeship program was started with the passage of the Health Amendments Act of 1956, the number of graduate students at the University of California School of Public Health has gone from 84 in 1954 and 1955 to 165 in the term just ended—an increase of almost 100 percent. It is beyond debate that this Federal program has encouraged more public health personnel to obtain graduate training.

The support of this traineeship program on the Federal level is only equitable, because the University of California School of Public Health, like its ten other counterparts elsewhere in the United States, is not training just for local State needs, but for the Nation and the world. Of last year's 165 graduate students, 53 were from 28 other States and 22 were from 16 different foreign countries.

Mr. Speaker, in the larger view, H.R. 6325 takes care of only one phase of the problem of meeting the current needs and preparing for future public health programs. Traineeship grants are urgent, but, in truth, a much more comprehensive approach is necessary. Increased enrollment at our schools of public health means that facilities must be expanded, faculties enlarged, and research activities enriched.

The gentleman from Pennsylvania [Mr. RHODES] has introduced another bill, H.R. 6871, which would provide for the sustained, long-range investment in public health education which must soon be put into effect if we are to retrain the thousands of working public health specialists who do not have adequate knowledge of new methods and if we are to encourage new people into the field to fill the vacancies that now exist in almost every public health agency and will occur in even greater numbers in the next few years.

This bill, to which I have introduced a companion bill, H.R. 6872, was based on the recommendations of the 1959 national conference on public health training held here in Washington last July. It would not only extend the traineeship program, but also extend the grant-in-aid program created on a short-range basis by Public Law 85–544 to help meet the costs of expanding faculties and maintaining training programs. It would provide matching fund grants for construction of facilities, separate grants for training of public health nurses, our largest single professional component in health departments, and matching fund grants to States to help them meet public health training requirements.

Today our concern is with H.R. 6325, which I wholeheartedly support, not with the more comprehensive legislation I have mentioned. I do believe, however, that while we are looking at the field of public health we should take time to recognize the scope of the problems we face and to realize that before too long we must initiate a long-range program equal in scale to those problems.

Federal Construction of the Trinity River Powerplants

EXTENSION OF REMARKS
OF
HON. CHARLES S. GUBSER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. GUBSER. Mr. Speaker, in recent months we have observed a significant change in the tune played by the California public power advocates of Federal construction of the Trinity River powerplants. Nearly a year and a half ago, the House Interior Subcommittee on Irrigation and Reclamation held 8 days of hearings, totaling over 400 pages, on the joint development proposal to construct the Trinity power facilities.

But the committee was not permitted to vote on the bills providing for joint development, although 6 months passed between the time of the extensive hearings and adjournment. I believe it is safe to state that the issue is about where it was 1½ years ago because the votes were lacking at that time to kill the bills in committee. This conclusion is supported by a statement issued on August 22, 1958, by a majority of the House Interior Committee members, urging "that the Secretary of the Interior not request funds, and the Appropriation Committees not approve funds for the Trinity project power facilities until such time as the Congress has had ample opportunity to carefully consider and act on this legislation."

An editorial of June 23, 1959, entitled "Months Delay Last Year—In a Hurry Now," from the Oroville Mercury, of California, emphasizes that partnership opponents are now "in a hurry for action on Trinity power," and that they say, "Congress should appropriate $2.5 million now to begin Federal work on the power features." The article further relates, "Now, without a vote ever having been taken, and with the weeks of the hearings wasted," the Federal construction supporters want "to nullify the whole thing and have Congress do what would cost the country $60 million unnecessarily in capital investment. That is bad enough; but when one considers that the city of Sacramento would get the power if the Government developed it, and would get it at half price, while farmers in the Central Valley made up the difference between the Sacramento price and the cost of production—$80 million—it will be seen that there is something very shady in the whole matter." The article concludes with the observation that "the House Appropriations Committee, no doubt having in mind the 'dilatory tactics' employed last year, recently turned down the request for Trinity power funds."

The Petaluma Argus Courier recently stated editorially, "This is one area of Government spending where an economy-minded President can do a little cutting of that spending," and that "it is foolish to spend taxpayers' money on such projects when private industry can do the job and do it at an actual profit for the Government. Under the partnership plan, the taxpayers would be the beneficiaries by many millions of dollars in costs saved and taxes and fees paid by the utility."

On June 23, 1959, Dave Minch's column in the Red Bluff (Calif.) Daily News related that he had talked to many residents of the area near Trinity and was "of the opinion that by far the majority" in this locality "are not in favor of Government development of any project where private capital is available. Several things have caused this change over the last few years. One is that people do not have faith in the efficiency of public development of such projects; another possibly is that quite a percentage of people in this area own stock in the Pacific Gas & Electric Co. and believe the Government is interfering in a project that could be developed much more reasonably by private capital. These are, of course, in addition to the enormous amount of taxes that would be lost if the Government did the developing." According to the company's 1958 annual report, which is available to anyone for the asking, Pacific Gas & Electric is owned by 226,180 individual and institutional investors, over 65 percent of whom have California addresses; therefore, it is quite likely, as Mr. Minch mentions, that a number of the company's nearly 150,000 California stockholders reside in the small communities of the Trinity area, such as Red Bluff. Here are some of the "little people" who are part owners of Pacific Gas & Electric and are naturally desirous of their local company's participating in the projects in their localities. This is true public ownership.

Head of Harvard Economics Department Says S. 1120 Would Be a "Great Misfortune for the Treasury"

EXTENSION OF REMARKS
OF
HON. WRIGHT PATMAN
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Friday, June 26, 1959

Mr. PATMAN. Mr. Speaker, yesterday I received a telegram from Dr. Seymour E. Harris, chairman of the Department of Economics, Harvard University. Dr. Harris makes the point that the reductions in reserve requirements contemplated by this bill would either result (a) in a serious inflation or, (b) in the transfer of billions of dollars of Government securities now owned by the Federal Reserve over to the private banks. I think we can be certain that the Fed will not allow it to result in inflation.

This kind of transfer is, of course, what we can call, without reservation, a giveaway. And the whole $15 billion involved in the giveaway is a net giveaway, none of which will come back in taxes. As far as I know, U.S. bonds and other interest-bearing obligations, which are worth instant cash, can be given away only to the banking system and only by the Federal Reserve System without the recipients of such gifts having to pay income taxes on the principal amount of the gift.

The American Bankers Association, in its first report proposing this legislation, argued that the transfer of these securities from the Federal Reserve over to the private banks would not be a complete loss to the Treasury, for this reason. The banks pay Federal income taxes. Therefore, if these securities are transferred to the banks, the banks will be paying back 52 percent of the annual interest payments on the securities in the form of income taxes. The American Bankers Association conveniently overlooked the point, however, that the banks have a unique position under the tax laws in that they do not pay taxes on the reserves which the Federal Reserve System gives them. What is proposed by this bill is that the Fed will give the banks the reserves with which to, quote, buy, unquote, the bonds; and it will simultaneously, quote, sell, unquote, the bonds.

Incidentally, the reason I use the words "quote" and "unquote" before and after the word "buy" and the word "sell" is that the Government Printing Office has some sort of rule which requires them to take the quotation marks off copy in most instances.

For example, on June 24 I inserted in the RECORD, at page 11821, a letter from Dr. Arthur P. Becker, chairman of the Department of Economics, the University of Wisconsin, at Milwaukee, who also roundly condemned this legislation, because he said that in order to prevent the bill from creating a monetary inflation, it would be necessary for the Fed to, quote, sell, unquote, $15 billion worth of U.S. obligations. Dr. Becker put the word "sell" in quotations for the reason that he meant to convey the idea that the word "sell" was being misused. More specifically he meant that while the transfer of bonds over to the private banks might be called a sale, it is no sale in the ordinary meaning of the term. In fact he added, and I quote: quote, these U.S. obligations will in reality be given free to the banks, unquote.

WHERE EXPLANATIONS OF THE BILL MAY BE FOUND

For those Members who might like to make a thorough review of this bill before it comes up on Tuesday, I might call attention to the analyses which I have submitted.

First, there is my testimony in the hearings before Subcommittee No. 2 of the House Committee on Banking and Currency on S. 1120.

Second, there are my dissenting views in the report of the House Committee on Banking and Currency to accompany S. 1120.

Third, there is a lengthy statement explaining the bill, explaining how bank reserves are created, explaining how the banks create money on these reserves, and so on, in the CONGRESSIONAL RECORD for June 2 at page 9617. This statement also includes extracts from the records of the testimony of Chairman Martin and former Chairman Eccles, and many other authorities on the question of who owns the Federal Reserve System, and on the question whether or not the Federal Reserve System has used the member banks' reserves to acquire its present holdings of almost $26 billion of interest-bearing obligations of the United States. I might add, in summary, that all of these authorities have made clear that the Federal Reserve System is owned by the Government of the United States, not by the private banks; that the private banks have no ownership or claim whatever to the Federal Reserve's holdings of Government securities. Furthermore, the Federal Reserve has not used the banks' reserves to acquire these securities. The fact is the reserves which the banks have to their credit on the books of the Federal Reserve System have been created by the Federal Reserve System itself and given to the banks.

Finally, in the CONGRESSIONAL RECORD of June 15, at page 10872, there is a statement giving information which would be difficult to find elsewhere. First of all, the statement explains the bill in simple question-and-answer form for those Members who are not initiated to the mysteries of the Federal Reserve System and the banking system. But more important, following these questions and answers there are excerpts from the legislative history of the bill beginning with the American Bankers Association first report proposing the legislation, continuing with the Federal Reserve report on the legislation, then taking up the report on the bill by the Senate Committee on Banking and Currency. And finally, setting out extracts from what would normally be called the debate on the bill in the Senate.

The telegram which I received from Dr. Seymour E. Harris is inserted below:

TELEGRAM FROM DR. SEYMOUR E. HARRIS, CHAIRMAN, DEPARTMENT OF ECONOMICS, HARVARD UNIVERSITY, RE S. 1120, THE BOND GIVEAWAY BILL

HON. WRIGHT PATMAN,
U.S. House of Representatives,
Washington, D.C.

The Congress, I understand, is to vote the vault-cash bill on Tuesday. This bill makes possible a reduction of reserve requirements of more than $11 billion. As reserve requirements are reduced, the Federal Reserve will have to sell Government securities to prevent the increase of reserves from bringing about a serious inflation. The net result would be that billions of dollars of Government securities (some estimates are as high as $15 billion) would be transferred from the Federal Reserve to the public and largely to the banks. In this manner the profits of banks would be greatly increased and the Government which falls heir to the surplus profits of the Federal Reserve would lose correspondingly as the Federal Reserve dumps securities.

I have serious doubts on this legislation which I share with Prof. Alvin Hansen, as revealed in his recent article. At the very least there should be no legislation without much further publicity and understanding of the issues. The issues are difficult and the pros and cons should be aired more. The Senate voted the bill with a minimum attendance of the Senate. It would be a great misfortune for the Treasury and especially for the banks if this were to be interpreted later as a handout and particularly, as Professor Hansen says, to the larger banks.

If the Federal Reserve will have to sell 5, 10, or 15 billions of short-term issues in order to offset the inflationary effects of reduced reserve requirements, interest rates on Government securities will rise and rise on short-term issues sufficiently to attract the purchases of these securities by the banks.

SEYMOUR E. HARRIS,
Harvard University.

Rivers and Harbors

EXTENSION OF REMARKS
OF

HON. OVERTON BROOKS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. BROOKS of Louisiana. Mr. Speaker, it has been my pleasure and honor to serves as president of the National Rivers and Harbors Congress. This nationwide organization, through the cooperation of citizens who are interested in the proper development of our water resources—and this includes many of our Members of Congress—has been instrumental in guiding needed public works. I wish to present, herewith, the report of the year's work as given to the 46th national convention of the National Rivers and Harbors Congress held in Washington, D.C., on May 15, 1959:

During the 5 years which I have been president of the National Rivers and Harbors Congress, we have gone through great periods of change. When I came into office 5 years ago, the postwar effect on the work of our great organization was apparent to everyone. Our membership was down and the income of the organization had practically ceased. Some of our bills, including salaries, were more than 6 months delinquent.

During this time I am happy to report to you today that with your great help, cooperation, and assistance, we have been able to bring our organization from one of poverty to one of affluence. The National Rivers and Harbors Congress today finds itself in better financial shape than at any time during its entire history. As of December 31, 1958, our budget stood at $38,790.44. It has been increasing year by year in a healthy way, and should continue to increase until it reaches its full-grown strength after 58 years of active effort and influence in the cause of water development throughout the United States.

During the course of this year I have been made chairman of a most important standing congressional committee of the House of Representatives, the Committee on Science and Astronautics. During the course of our deliberations, this committee has learned much that relates to weather reporting and possible weather control. All of this information which we are developing is of vital importance to the work of the National Rivers and Harbors Congress. Our

convention presents to you a fascinating panel discussion about satellites, communications, weather reporting, and weather control.

I cannot overemphasize the importance of this new development. If we can predict weather accurately weeks and months ahead, we can save this Nation and its people billions of dollars in the course of time. Dr. Reichelderfer, Chief of the Weather Bureau, has told our committee that we can save the Lower Mississippi Valley $500 million per year if this can be done, and he has told us further that he can save the Nation $2 billion a year if long-range weather forecasting can be accurately given to our people.

Our Army Engineers are alert to these possibilities. They realize that long range weather forecasting and some degree of weather control together with their own engineering operations may bring about an end to floods in this Nation. Long range weather forecasting will permit them to operate their reservoirs so as to retain or release water, depending on the forecast of the future weeks and months. They can retain water for irrigation and reclamation or they can release it depending on possible needs in the future. The effect of this fact on our industries and on our increasing population will be fabulous.

Pending these exciting developments, we as an organization must proceed with our earthy problems of building dams, reservoirs, levees, improving channels, providing water for reclamation and irrigation, and developing our harbors. With this in mind I headed a committee which this year presented to the Bureau of the Budget our estimates of the needs of our water development program. We asked the Bureau of the Budget to recommend $1 billion in the overall program, and I am glad to report that the Bureau of the Budget recommended this amount as needed to the Congress of the United States. I therefore advised the Bureau of the Budget that we as an organization would stand behind their recommended ceiling of $1 billion overall expenditures for this purpose.

I am sorry however that the Bureau of the Budget did not take our recommendations for beginning of new starts. The Budget Bureau did not recommend new starts. We as an organization think that we must fight to prevent the stopping of new starts. Unless we continue to fight for new projects to be begun and to be constructed, our program will eventually dry on the vine and become as obsolete and dead as the dinosaurs that inhabited this globe hundreds of thousands of years ago.

I like to go down to the riverside and get my feet in the mud and wade near the river bank. I like to think of the tremendous boon rivers and waters bring to our civilization and like to forget the savagery of the floods and the destruction of uncontrolled waters. I am somehow reminded of a refrain from an old song: "It's a treat to beat your feet on the Mississippi mud."

The country is rapidly filling up with population. Three million more people each year live amongst us and many of them are living in sunken, swamped, and poorly drained areas, which 10 years ago were not considered fit for human habitation. The pace of our growing population—and we will see 200 million people in this country by the year 1975—has caused us to do things which 10 years ago would have seemed foolhardy. We then pass onto the Army Engineers the increasingly acute problems of flood control and expect them to do the job which the experiences of the people have warned us should not be attempted. In spite of this fact, our Corps of Engineers does not let us down. From the days of George Washington on to the present hours the Army Engineers carry the banner of progress in water development, reaching out for victory after victory and writing across the skies of the future the great saga of accomplishment for our teaming millions of people to enjoy.

You will recall that when Russia fired her first sputnik, there was a stampede to cut off all public works programs and to get the money to develop satellites and missiles. At this critical time let the historic record remain that the National Rivers and Harbors Congress stood firm against any program that would stifle our internal development in order to buy rockets, satellites, and missiles for our defense. We thought then that both programs could be maintained and history has indicated that this is possible. We felt then, and we feel now, that there can be no sound defense which brings economic decay internally in order to meet the demands of armament.

In this connection you have seen a magnificent exhibit of the new St. Lawrence Seaway. This great navigation project has been the subject of interest for a lifetime and has had the support of the National Rivers and Harbors Congress from its founding.

Let me read from an editorial of the Washington Post of April 25, 1959. I feel this editorial gives a panoramic background and view of the significance of this project to many of our Great Lakes ports:

"HAIL THE SEAWAY

"Today the dream of well over a century will be realized when North America's great chain of inland lakes is opened to ocean commerce. The official date for the inaugural of the St. Lawrence Seaway is June 26, when Queen Elizabeth of Canada (and the United Kingdom) and President Eisenhower will participate in formal ceremonies. But today a Canadian icebreaker pushing westward from Montreal through new locks and canals will actually open the Seaway for oceangoing ships.

"Since 1954 Canadian and United States projects have been underway to complete deep-water channels and works (most of them on the Canadian side) around the rapids-filled section of the St. Lawrence River in the 180 miles from Montreal to Lake Ontario. By June 1 there will be a 27-foot channel all the way to the foot of the lakes, and by 1961 the same minimum depth will prevail all through the Great Lakes system. Heretofore traffic has been limited by antiquated locks and a 14-foot canal depth in some sections.

"The organizational phase of the St. Lawrence Seaway was not altogether happy. Canada, which had the most evident immediate interest (and which proposed to do most of the work), urged Congress for years to authorize a joint development program, but to no avail. Not until Canada signified its intention of going ahead with an all-Canadian project did Congress take action over the objection of certain pressure groups. Interest was heightened concurrently with the new importance to American industry of iron ore from the developing mines in Labrador.

"Let us hope that this initial reluctance has now been forgotten in the prospect of enormous joint benefits. If anything, the United States, as the more populous country with many large cities situated on the Great Lakes, stands to gain more at first than Canada from this new access to the ocean. Buffalo, Cleveland, Toledo, Detroit, Gary, Chicago, Milwaukee, and Duluth will now be ocean ports and are feverishly anticipating new commerce.

"But the benefits will be many-sided. The lake route can be a vast stimulus to Canada's further development. Toronto, Hamilton, Windsor, Sarnia, Sault Ste. Marie, Port Arthur, and Fort William will also be ocean ports capable of large expansion. Sizable cargo vessels carrying up to 9,000 tons from any part of the world will be able to call at Canadian and American ports. Downbound huge lake freighters will be able to carry as much as 25,000 tons of wheat."

This dedication is the fulfillment of a dream of a lifetime and marks a major landmark in our river and harbor program.

Another matter that has been a subject of concern to the National Rivers and Harbors Congress for many years is the Panama Canal. You can recall that in 1956 a special committee of our organization reported on the advisability of building a second sea-level canal. That able committee was headed by our own member, Hon. Henry H. Buckman, of Florida.

The other day came rumblings reaching Washington that the Republic of Panama wants to seize the Canal, despite a 1903 treaty granting the United States in perpetuity the right of using and controlling the Canal Zone. As we all know, Panama has been on the verge of a revolution and Latin America generally is threatened with major disturbances. The time for building the second canal through the Isthmus is near at hand.

This organization has revitalized our program of endorsing and supporting projects through the United States. We have weeded out the dead timber and put our work on a sound, efficient basis. The projects committee has made a major contribution over the years in this respect.

The National Rivers and Harbors Congress has set up new committees and undertaken new functions. We have the committee on industrial water use, pollution abatement, wildlife and recreation, the committee on irrigation and reclamation, a resolutions committee, and other committees of great importance to our program. They have functioned efficiently and deserve the praise of all of us.

I wish to announce the selection of several new vice presidents of our organization. Of course, we now have U.S. Senator SPESSARD L. HOLLAND, of Florida, and Representative JOE MARTIN, of Massachusetts, as vice presidents of our organization. Recently Representative JOHN A. BLATNIK, of Minnesota, and Representative ROBERT L. F. SIKES, of Florida, as well as U.S. Senator RALPH YARBOROUGH, of Texas, have been selected as vice presidents. They have done great work for our organization, and we look for even greater contributions in the future than in the past.

This marks the conclusion of my service as president of this organization. It has been 5 years of active service—service that I have appreciated and have enjoyed. I have had the pleasure of making friends with people from all parts of the United States, and I hope these friends remain with me during the remainder of my active life.

It is a privilege to be able to serve a great organization such as is the National Rivers and Harbors Congress and it gives one a feeling of worthwhileness of a nationwide development program. It gives your president a feeling of accomplishment, and when we join together on a program of an investment of a billion dollars in a year placed into the future of our Nation to make it a better and fairer land in which to live, we have a program that all of us can get behind and push with the zeal and enthusiasm of one engaged in a righteous cause.

Let me thank all of you—officials, delegates, and friends of the National Rivers and Harbors Congress—for your loyal and active support in the past. Let me beseech of you the same sympathetic understanding and enthusiastic support of the incoming president, whoever he may be, that this organization may continue down the road to even greater achievement and success in the future.

Health Care of the Aged

EXTENSION OF REMARKS
OF
HON. JOHN E. FOGARTY
OF RHODE ISLAND
IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks I include an address which I delivered at the first national conference luncheon of the Joint Council To Improve the Health Care of the Aged, Sheraton-Park Hotel, Washington, D.C., June 12, 1959:

ADDRESS OF HON. JOHN E. FOGARTY, U.S. REPRESENTATIVE, SECOND CONGRESSIONAL DISTRICT OF RHODE ISLAND, AT THE FIRST NATIONAL CONFERENCE LUNCHEON OF JOINT COUNCIL TO IMPROVE THE HEALTH CARE OF THE AGED, AT THE SHERATON-PARK HOTEL, WASHINGTON, D.C., ON FRIDAY, JUNE 12, 1959

In considering the general problem of caring for our older people, there is no question that one of the most important aspects of our concern is the health care of older persons.

Concurrent with our efforts to make them more comfortable and happier, we must extend and enlarge our health and medical efforts for preventing or treating effectively the diseases which so often characterize old age. To be able to do this, we must seek—through research—the basic reasons for these diseases so that they can be prevented, so that they can be detected early, and so that they may be cured.

In all of our concerns for the aging population—housing and income maintenance as well as health and medical care—we find ourselves sternly challenged by the demands of the present, in 1959, when there are more than 14 million persons in the United States over 65. We cannot consider the bad health of many of these people, their low income and sometimes almost desperate conditions under which they live, without realizing that we are compelled to take efficient and fast action.

They need more medical care, more short-term hospitalization, more long-term hospitalization, and more care in nursing homes and personal care homes. It is not clear at this time whether a comprehensive solution of the problem of health care can be achieved without the participation of the Federal Government.

Some fears have been expressed over the use of the Federal Government mechanism for this purpose. These fears include such questions as these:

Would the Government, in buying hospital care, be able to use the power of its money in various ways not necessarily to the best interest of hospital patients?

Would there be misuse of the Government's prepaid hospital benefits so that costs would get out of control with disastrous results to hospitals and the public?

Would it be an acceptance of health insurance for one group of the population, thus encouraging its extension to other needy groups, leading ultimately to hospital insurance for our entire population?

These are questions which must be considered.

On the other hand the use of the Federal Government mechanism to provide health care would offer great advantages—and I have particularly in mind the breadth and immediacy of coverage and of equity and adequacy of financing, that probably cannot be matched nationwide by any other system, public or private. This analysis does suggest that unless some better method for handling the health problems of the aged is developed, and developed promptly, the advantages of the Federal Government approach may appear to our fellow citizens to be overwhelming.

There is a tremendous problem in meeting the health needs of our older citizens, and the problem is rapidly growing. The one thing that becomes increasingly more evident is the urgent need for some responsible solution to this overall matter of health care for the aged. On that we are all agreed. The need is there and something should and must be done about it. We must find some way to meet the challenge.

If we are challenged by the problems of the present, however, we are staggered by the future potential problems of the aging population. Let us look ahead just 11 years, to 1970, when the number of persons over 65 will have increased to nearly 19 million—and then, if you will, to 1975 when there will be 21 million persons over 65 in the United States, an increase over the present of one-third.

Is it reasonable for us to assume that our problems also will be increased by one-half? Does this mean that we will have a one-half greater number of older persons in the very low income brackets? Does it mean that we will have a one-half greater number of older persons in inadequate housing? Does it mean that we will have a one-half greater number of older persons in bad health?

That is a key question. For it is obvious that if we can—through research—find ways for older people to remain healthier for a longer period, they then also will be more productive, more prosperous and certainly happier. Can you imagine, for example, what a wonderful thing it would be if our advances in medical science in the next 5 or 10 years were to be such as to change the idea that a man must be made to retire at an arbitrary age? Why not a new attitude which would let us work until we wanted to quit, be it age 65, 70, 75, or even 80, depending on his type of work.

Can you imagine a day when we no longer "accepted" the scourge of heart disease among our older people, when cancer and arthritis were defeated, when our population could look forward to a healthful, dignified, active old age?

We would then see our aging population not as a problem, or not as a series of problems, but as a magnificent asset. Our older people would become substantial contributors to our expanding economy, a benefit to the entire Nation.

Our research scientists already have told us that much better health for our older people is not only possible but probable, provided we press forward with increasingly larger programs of research on every level, from studies of persons who already are old and ill, to very fundamental studies of the aging process itself in man and in lower forms of animal life.

We have made a sizable beginning in our Federal and State agencies, in our universities and in private research institutions. As an example let us take the National Institutes of Health, which is a principal focal point for medical and biological research in aging. In 1955, expenditures at NIH for research in aging as such totaled less than $500,000. By January 31, 1958, the total had reached $2,600,000 for research related primarily to aging and about $2,600,000 for projects secondarily related to aging—a total of something over $5 million. Today, a year later, NIH expenditures in aging total nearly $10 million, involving all the different institutes and the newly established Division of General Medical Sciences which directs its attention principally toward basic research in medicine, medical care, biology, and research training.

In considering these figures, it is significant that more than 95 percent of this money is being spent in monetary grants to non-Federal research agencies—such as the medical schools and other private research institutions. The total number of outside or extramural research and training projects is approximately 400. Various groups in nearly every State in the Nation are applying this money in diligent efforts to help solve the medical and biological problems in aging. The overall program derives much of its strength from the great diversity of research institutions and scientific minds directed toward the problem.

In two instances, there are very large projects located in universities. In such setings, the programs are able to draw on many different types of scientific disciplines and personnel, all concentrated on different facets of the aging problem. Then, periodically, the different departments hold seminars in which their respective findings are discussed and correlated with other findings. It makes for improved communication between the different fields of medical and biological research and thus speeds the process of finding the answers we need.

I confess that I am impressed by the great variety of research projects pertaining to aging. We have scientists studying various edible leaves, for example, to help determine the part that vegetable oils play in arteriosclerosis. Other scientists are carrying out very basic studies on the changes in tissue that occur with age. Others are studying longevity in rats and monkeys and such small animals as the rotifer. They are studying the relationship between the various glands of the body and aging, the possible effects of radiation and genetics. They are studying the sociological problem as a cause, and as a result of aging. I could go on here for some time listing the scores of research areas.

But what I want to emphasize is what we do not know. Despite our great start on research in aging, it is as yet only a start. We have made great progress, but our scientists will tell you very quickly that the best of their work so far has been to determine that they know much less than they probably thought they did. As a result of their work they now have just begun to realize how big the task really is.

It may not come as a surprise to most of this group to realize that scientists are still debating, for example, just what aging is, and when, exactly, it starts. Some say it starts with conception. Others say it starts after maturity. Nor are they quite sure how it begins or why it may manifest in one individual in one respect and in quite a different manner in another individual. Recently I was told of the kind of mystery they are tackling. We have two men, and let us say they are both 60 years old. They are both in about the same level of health. Both have led about the same kind of life. They are very similar, in other words, and the same age. Yet one feels fine while the other feels very, very old. One still has vigor and vitality and a great interest in life. The other is tired and has only a passing interest in life. Why? Why the difference?

Let's take another type of problem. We have two similar men of the same age who are retiring. One of them immediately gets interested in things he's always wanted to do, like boating or photography or gardening, or maybe even going into business for himself. The other man, by contrast, is overcome with a feeling of being washed up. His productiveness is ended. He feels that he is of no further use and he actually gets sick. There are records of hundreds of such cases, of men who actually get sick after retirement when

actually they were quite well before retirement. But why are a few able to make the best of retirement and continue to lead productive, happy lives?

In their efforts to understand just what aging is, scientists are assuming for a number of sound reasons that aging, not unlike disease, involves alterations in the normal behavior of cells and tissues. The cells and tissues change and we must know what makes them change, when and to what extent. It is obvious, therefore, that we must increase our very basic investigations into cellular biology.

There are tremendous social and economic implications in this work. Simply stated, it can help determine whether we will ever be able to suspend or delay the biological process of aging. Most scientists now seem to be doubtful. But imagine, if you will, what it would mean to this Nation and to the world if ever we were able to delay the aging process.

Assuming we will not be able to do this, the basic biological research remains of critical importance in helping our older people to overcome those many afflictions which tend to limit their physical and mental capacities. It will help to cure their ailments or help them to live with their infirmities more comfortably and effectively.

To help point up the need for increased basic investigations into cellular biology I would like to quote Dr. Paul Weiss, of the Rockefeller Institute of Medical Research: "We do not know the physical basis of intracellular organization, the principles that sort biochemical processes and diverse molecular realms without * * * rigid mechanical frameworks. We do not know what causes orderly substance transport within cells. * * * We do not know how cells recognize each other, their foods, their enemies. * * * We still have no more than shrewd guesses about the mechanism of protoplasmic reproduction that we call growth * * * nor do we know what activates and checks and reawakens the powers for such growth in development, disease and aging."

But as vast as this is, it is certainly not the entire problem. Earlier I mentioned genetics. Scientists are giving more and more attention to the genetic influences in the manifestations of disease and in aging. It may well be that the genetic constitution of an individual is the primary determinant of his potential longevity. One scientist has observed that human beings finally may die from some "defect or weak spot that was present at birth." So that the gentic factor in aging—hardly explored at this point—is due great consideration.

But this isn't all either, of course. In studies of aging, as in our studies of disease, we must give great consideration to the level of sanitation in the living and working conditions; the organic and mineral content of the soil in which food crops are grown; the effects of weather, altitude and air pollution; and the differences in occupations, religions, and cultural habits.

So, in general, if we are really going to define and defeat the biological and medical problems in aging, we must seek to understand the most basic processes of the body and the effects of heredity, and then we must understand the effects of the environment in which the child is reared and then, as a man, works and lives.

If these are the challenges we have accepted, however, we are woefully lacking in one critical respect. And that is that at present nearly all—and I mean more than 95 percent—nearly all of our research in aging is concentrated within the continental limits of the United States. The Federal Government is supporting virtually no grants in foreign nations for research in aging. There is some exchange of information through research literature and visits by scientists—some—but this serves only to indicate more clearly the magnitude of the problem.

All of the research work I have been discussing can have its greatest meaning when it is projected onto an international level. Theories and findings about the genetic, biological, physiological, mental, and social aspects of aging, and about the methods of applied medicine for giving aged persons more dignified and healthier lives, will have firm bases only when they have been evaluated and tested under the many variables in different cultures.

As if we didn't already have enough mysteries in the matter of aging, we could find some more by looking overseas. Why, for example, do the Norwegians live longer than we do in the United States?

The answer to this kind of question, and to the hundreds of other questions plaguing our scientists, can come only when we have continued to press forward diligently in a broad program of research which includes expanded efforts in each of these three areas:

1. The basic sciences, such as the biological, wherein our scientists are studying age changes in matter and energy at the most basic levels, where the origins of the aging process probably begin.

2. The clinical sciences, wherein our scientists are continuing their battle against chronic diseases and seeking means to prevent the development of these diseases as the handmaidens of aging. It is also in the clinical sciences that we must improve our methods for caring for older people and for rehabilitating them. We can improve our procedures and certainly we can find ways of caring for our older people with more grace and dignity.

3. And the last of these three areas of research effort is the behavioral and social sciences. How many times have we heard our older citizens say, "Gosh the world has changed." Or "When I was a boy, things were different." The world is changing. And there's a question of whether it's changing too fast for our older people; and there's a question of their ability to adjust to a fast-changing world. What kind of real problems does this cause for the older person? And is this fast-changing world one of the things that makes younger men old? I feel that we must probe deeply into the significance of this. This Nation has made marvelous accomplishments in the use of its natural resources in minerals, lumber, oil and water power. We have not, however, previously made the most advantageous use of our people, who are our greatest resource, and we are not doing so today. In a sense, our older persons can represent a tremendous reservoir of trained, experienced, mature personnel that can help this Nation to even greater accomplishments. Research is again the answer, research into sociology and psychology to aid in the proper utilization of these people.

In the law which I sponsored for the White House Conference on Aging, in January 1961, there is a five-point declaration of policy. I would like to quote point 5, which calls for a "* * * stepping up of research designed to relieve old age of its burdens of sickness, mental breakdown, and social ostracism." This will be one of the most important focal points of the White House conference, one to which I shall endeavor to draw all possible Federal, State, and private attention.

The job before us is very clear. In this talk, I have given considerable attention to the work of the National Institutes of Health. But the task obviously is not one that the Federal Government can support by itself—though its support must be increased. The fine work being carried out by State and private institutions must continue to expand greatly, not only with strengthened Federal support, but also with development of State and community resources.

Even this will not be enough, however. For emphasis I want to repeat that all this research will have its greatest meaning and value when it is projected onto an international level. The entire world already is deeply concerned with the aging problem. Other nations have seen that as they make further progress against infectious diseases they are going to have more and more people living longer lives.

Some nations may already be ahead of us in reseach in aging. In Sweden, for example, they were carrying out farsighted programs to aid their older persons some years before aging attracted great interest in this country.

Nearly every civilized nation today is conducting research in aging, including Central and South America, Europe, Scandinavia, and the Far East.

Research in aging, like many other national programs, can become a two-way street when we seek a cooperative interchange of effort and information with other countries. It would be to our own benefit to learn more of what other nations are doing in aging work, and to carry out research on the effects, in the aging process, of different environments overseas. It certainly seems reasonable to believe that we thus could make faster and more certain progress in research.

Let us, in turn, make available to the other nations of the world our findings and our program in aging. Let us help them with funds for training scientists and for research projects and for research facilities.

I can think of no more noble contribution toward the benefit of all minkind—including our own population.

In specific reference again to the immediate challenge of this council, we have tremendous problems in this Nation, which must be met, now. The question I would like to leave with you is whether we are going to simply accept a multiplication of these problems in number and size in the future—10 or 20 years from now—or whether we are going to redouble our efforts in medical and biological research to help ease the magnitude of our future tasks and give our Nation, on the whole, a more healthful, more productive, more prosperous population? This, obviously and unavoidably, is what we must do. We must consider the present generation and meet its problems fully; but concurrently we must provide for the future generations of the Nation. Otherwise we will be failing in the real meaning of our responsibility.

A Catholic in Politics

EXTENSION OF REMARKS
OF
HON. EMANUEL CELLER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Friday, June 26, 1959

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the New Republic of June 8, 1959:

A CATHOLIC IN POLITICS—CONVERSATION WITH SENATOR EUGENE MCCARTHY

(Is there a Roman Catholic political line in this country? Would a Catholic majority deprive non-Catholics of their freedoms? The editor of the New Republic questions the junior Senator from Minnesota about the religious issue as it affects 1960.)

Mr. HARRISON. I wonder if we could start off by agreeing that the Catholic issue in America is not, in 1959, what it was in 1928. I don't mean merely that JACK KENNEDY is not Al Smith, but that use of the religious issue in politics is less fashionable or prevalent than it was 30 years ago.

Senator MCCARTHY. I agree that the questions being raised today regarding Senator KENNEDY's candidacy or the candidacy of other Catholics are somewhat different from those which were raised regarding Al Smith, and the manner in which they are being asked is clearly different. You may find an extremist now and then who goes back to the old allegation of the domination of the country by the Pope, but the doubts usually heard today are not of that order.

Mr. HARRISON. Of what order are they? No one suggests that KENNEDY represents rum or rebellion.

Senator MCCARTHY. No, we passed the rebellion stage long ago and the rum stage, too. Those who feel there is a Catholic issue in politics are, I think, concerned about whether America, or rather what's called Americanism, is threatened by firm and established religious doctrine. There is an assumption that the dogmatism of Catholicism is incompatible with the philosophy of democracy. Paul Blanshard speaks of the struggle between American democracy and the Catholic hierarchy.

Mr. HARRISON. And yet there have been a great many Presidents of the United States who have had dogmatic religious beliefs.

Senator MCCARTHY. Yes; of course, believing Protestants have their own doctrines which they hold to just as strongly as Catholics hold to their beliefs. But in the case of the Catholic, there seems to be a general and added concern over the doctrine of the infallibility of the Pope, and this, I believe, leads many people to the conclusion that a Catholic President would be bound in a special way to an outside authority. A great many non-Catholics think this doctrine extends much further than it actually does and applies in detail to decisions in the practical order in a very specific sort of way. Brooks Hays is a good friend of mine, you know. Brooks was president of the Southern Baptists, and I said to Brooks, "I don't know why you worry so much about the infallibility of the Pope." I said, "If he is infallible you've nothing to lose, and if he isn't, why, we're no worse off than the Baptists are under you."

There are a number of distinctions both historical and doctrinal which we ought to make if we're going to discuss this doctrine intelligently. It applies primarily to religious and moral teachings beyond those dictated by a natural law or obtainable by human reason—questions of revealed truth and of supernatural perfection. The doctrine also applies, however, to certain actions and decisions which are a part of the temporal and political order which involve interpretation and application of ethical conclusions. Yet Protestants, too, pass judgment on the temporal scene. In a recent issue of Look magazine, for example, Geoffrey Fisher, the Anglican Archbishop of Canterbury, was quoted as having said: "Everything which touches the life of the Nation is of concern to the Christian. It does not escape God's judgment by becoming in the party sense political. The difficulty is that when the issue has become in that sense political, people are less ready to hear what the Christian judgment may be, since for that, patience and a perceptive mind are required."

Mr. HARRISON. But isn't it true that non-Catholics are less likely to agree on what is a moral decision than are Catholics? Isn't one of the reasons for apprehension about Catholic political power the feeling that in this gray area where political choices are involved, Catholic politicians don't decide just as individuals? It may not often be admitted publicly, but there is, I'm sure, a widespread feeling that the Catholic Church, clergy and laymen, is ruled by a few at the top and that, therefore, no Catholic is really free in the sense that other Americans are free.

Senator MCCARTHY. The apprehension you refer to does exist. Whether there are adequate grounds to justify it or not is another question. Let's take divorce as a relatively clear case. Actually canon law does permit divorce or separation for certain reasons, but does not permit remarriage. Catholics who are judges in the courts of the United States preside in divorce cases and render decisions. It is reasonable to expect Catholics generallly to oppose easy divorce and to expect them to favor stricter laws regarding the conditions under which divorce might be granted and stricter laws to insure family stability. Here we have to distinguish between strict, rigid, religious sanctions applied within the church on her own members and the use of civil action to sustain the church position.

In the United States we have come to accept the fact of differences. Wherever you have diversity of religious beliefs and philosophical principles, some dissatisfaction is inevitable. Members of some religious groups think drinking is a sin and when their convictions are written into civil law, others are unhappy. Yet if the state permits the manufacture and sale of alcholic beverages, the prohibitionists are dissatisfied. Whenever moral issues—which are thought also to have a religious sanction—are raised, some crusading and antagonism are inevitable. The state's function here is to eliminate extreme forms of evil and those clearly destructive of civil order. It cannot—or ought not try to—force the conscience of a citizen or attempt to make every sin a crime. Catholics—politicians or citizens—in a democracy must take into account both what they believe in principle as well as the practical situation in which they are called upon to make decisions, and they have to consider, along with everyone else who has political responsibility, the consequence of the passage of legislation and the consequence of the failure to pass it.

In the case of divorce laws, the possible effects on children, on the separated spouses, or upon general social stability and order, among other things would have to be considered. A quotation from Pope Pius XII sustains this position: "Reality shows that error and sin are in the world in great measure. God reprobates them, but He permits them to exist. Hence the affirmation: Religious and moral error must always be impeded when it is possible, because toleration of them is in itself immoral, is not valid absolutely and unconditionally. * * * The duty of repressing moral and religious error cannot therefore be an ultimate norm of action. It must be subordinated to higher and more general norms, which in some circumstances permit, and even perhaps seem to indicate as the better policy toleration of error in order to promote a greater good." In this area, it is a matter of prudence—that is, as to how far if at all, the church authorities might expect the state to provide civil sanctions. But in any case, the individual Catholic legislator or officeholder is the one who must make the final prudent judgment. He may acknowledge that his church authorities are strongly opposed to such and such a practice, but the legislator himself has to make the practical judgment whether it is conducive to the common good or not for the state to make a law in a specific area.

Mr. HARRISON. A further argument advanced by people who fear a rise in Catholic political power and particularly fear a Catholic President is that although Roman Catholics may differ on the practical applications of moral beliefs today, and may not try to write all their own moral attitudes into law, that is only because they live in a society which is not yet predominantly Roman Catholic. But what would happen to the rights of non-Catholics were Catholics a majority in this country? Take, for example, a statement published in Civilita Catolica, the world organ of the Jesuits, in April 1948. I want to quote it in full because I think this is the kind of thing that inspires a good deal of Protestant suspicion of ultimate Catholic motives:

"The Roman Catholic Church, convinced through its divine prerogatives of being the only true church, must demand the right of freedom for herself alone, because such a right can only be possessed by truth, never by error. As to other religions, the church will never draw the sword but she will require that by legitimate means they shall not be allowed to propagate false doctrines. Consequently, in a state where the majority of the people are Catholic the church will require that legal existence shall be denied to error and if religious minorities actually exist they shall only have a de facto existence without opportunity to spread their beliefs. In some countries Catholics will be obliged to ask full religious freedom for all, resigned at being forced to cohabit where they alone should rightfully be allowed to live. But in doing this the church does not renounce her thesis, which remains the most imperative of her laws, but merely adapts herself to de facto conditions which must be taken into account as a practical matter."

Senator MCCARTHY. It is obvious from the statement you have read that there are some Catholics who hold that point of view. However this is not the viewpoint which is held by all Catholics. Let me offer another quotation by the Catholic bishops of the United States made in the same year to set against this quotation from the Jesuit publication: "We feel with deep conviction that for the sake of both good citizenship and religion there should be a reaffirmation of our original American tradition of free cooperation between government and religious bodies—cooperation involving no special privilege to any group and no restriction on the religious liberty of any citizen. We solemnly disclaim any intent or desire to alter this prudent and fair American policy of government in dealing with the delicate problems that have their source in the divided religious allegiance of our citizens. We call upon our Catholic people to seek in their faith an inspiration and a guide in making an informed contribution to good citizenship."

I cannot, of course, foretell what might happen if a majority of the citizens of the United States were to be Catholic. The Constitution would still be a strong defense of individual liberties. It is my opinion, however, that a majority of the Catholics in the United States today—a strong majority—would support the position of the bishops stated in 1948. Usually Spain is cited as an example of what might happen if this country were to become strongly Catholic. Actually, Spain is not controlled by a majority of the Catholics in Spain. Spain is a dictatorship. On the other hand, take France. I assume that if a census were taken, a majority of the people would declare themselves to be Catholic. Yet there is religious freedom in France. Ireland affords another encouraging example to those who fear the loss of religious freedom where Catholics are in a majority. In some of the South American countries, the situation is not comparable. I remind you also that there are still established churches in England and the Scandinavian countries. I suspect that Americans of all faiths would be uneasy in any country which had an established church, no matter what religious body had the privilege.

Your question, of course, relates more to moral actions and pressures which might well be exercised without any significant change in the constitutional structure or without the establishment of a church. It is a question which is open to much speculation. It seems to me well established in the United States that Government has a right to suppress certain moral teachings

and practices which are contrary to the common good. The clearest example, of course, was Government action to forbid and suppress the Mormon practice of polygamy as destructive of the moral stability of society. A more pertinent example is that of the prohibition movement in which much of both the opposition and the support was based upon a moral position which had religious sanction.

Mr. HARRISON. I take it then that you don't think that Catholics merely grant freedom to others when they are in a minority and thus in no position to do anything else.

Senator MCCARTHY. Such a position would, in my view, be indefensible. If such a policy were to be followed, it would not be a matter of Catholic doctrine. Let me give you a quotation on this point from Archbishop McNicholas, speaking as Chairman of the administrative board of the National Catholic Welfare Conference in 1948:

"We deny absolutely and without any qualification that the Catholic Bishops of the United States are seeking a union of church and State by any endeavors whatsoever, either proximate or remote. If tomorrow Catholics constituted a majority in our country, they would not seek a union of church and state. They would then, as now, uphold the Constitution and all its amendments, recognizing the moral obligation imposed on all Catholics to observe and defend the Constitution and its amendments."

Mr. HARRISON. Are your views and Archbishop McNicholas' on this subject shared by many other Catholics?

Senator MCCARTHY. Certainly, I would say, by most Catholics—at least in the United States—who have given any serious attention to this problem. I don't know how you could make an inquiry effectively on this subject, but it's my opinion that a poll on which the questions were properly worded would show that Catholics by a strong majority would be opposed to the use of political power to support Catholicism to the disadvantage of other religions.

Mr. HARRISON. Well, now, isn't it true that Catholic lay organizations have acted in ways which encourage us to think they want to deprive non-Catholics of their freedom of choice? Take the Legion of Decency, or campaigns to ban books offensive to the Catholic Church. Or what about regulations that prevent doctors in Catholic hospitals from performing certain types of operations? These are the things which create fear in the minds of the non-Catholic community that should the Catholics gain greater political power, the rights of others in terms of the books they read, the motion pictures they see, the kind of medical care they may receive, would be seriously limited.

Senator MCCARTHY. This is certainly a possibility. But in the cases you cite, the Catholic position is not one which is restricted to Catholics alone, nor is it one which is based solely upon faith and religious doctrine, but rather upon interpretation of the law of nature.

Let us take first the question you have raised regarding censorship. We do have censorship in this country at the Federal level through the postal regulations. Yet a majority of the citizens of the country are not Catholic and as far as I can determine the imposition of censorship under these laws is generally supported by the people of the country. Whereas the Legion of Decency does receive a great deal of public attention, there are many other organized groups such as the Protestant Motion Picture Council, the American Jewish Committee, and the American Association of University Women who publish lists involving a moral judgment on motion pictures. There are, of course, many city and State censorship boards which act just as forcefully and sometimes with less careful judgment than the Legion of Decency itself.

Mr. HARRISON. Let me press this point about how hospitable Catholics really are to the freest possible expression of differing ideas and tastes. We have heard of pressures that are put on the motion picture industry—whom they may hire or the subject matter of motion pictures. Such pressures seem to come largely from Catholic sources—in this instance, the Legion of Decency. The effect of the pressure is to curtail the American consumer's freedom of choice. Would you agree with that?

Senator MCCARTHY. One may well question some of the methods used by supporters of the Legion of Decency and question their judgment of specific motion pictures; undoubtedly local groups of Catholics sometimes used rather arrogant means of expressing disapproval, and the extent to which such sanctions may be applied is, I grant, a matter of dispute. I must note, however, Ingrid Bergman's latest picture was highly recommended in the Catholic press. The concern over Catholic influence in the field of censorship may in part be a consequence of the fact that the Catholic Church perhaps lends itself somewhat more easily to organization. When Catholics speak, they are likely to speak through an organization which either is strong or gives the appearance of strength; whereas in many other religious groups there is less organization and consequently a need to develop an organization for effective action.

Mr. HARRISON. What about the matter of birth control?

Senator MCCARTHY. The Catholic position in opposition to artificial birth control is well known, but again it is a position which is not exclusvely Catholic. Many Protestants as well as people of other religions, including Hindus and Moslems, are opposed to birth control. The birth control laws of Connecticut and Massachusetts, for example, which have been a matter of great controversy, were put on the statute books of those States not by Catholics, but by Protestants.

Mr. HARRISON. Let's return to Mr. KENNEDY, since it's his candidacy which has stirred up much of the recent discussion about Catholics in politics. I was interested in the Gallup poll early in May in which a cross-section of citizens were asked: "If your party nominated a generally well-qualified man for President and he happened to be a Catholic, would you vote for him?" Sixty-eight percent said they would, 24 percent said they wouldn't, and 8 percent said they didn't know. But the remarkable thing to me was that when the same question was put just to Catholics, the results were more anti-Catholic: 53 percent, in other words 15 percent less than the general population, said they would vote for a Catholic candidate; 35 percent said "No," and 12 percent didn't know. If this poll has any accuracy, it raises the question of just how much Catholics do stick together in politics.

Senator MCCARTHY. I am always reluctant to interpret polls. I assume that in the case of the Gallup poll to which you refer that many people were not answering the question on an abstract basis, but undoubtedly had in mind a specific candidate. This is one possible interpretation. It is generally conceded that from 60 to 70 percent of the Catholics in the country are Democrats, leaving approximately 30 to 35 percent who are Republicans. If all these Republicans were thinking of a possible Democratic Catholic candidate for President—a possibility which seems much more likely than that they would have a candidate on the Republican ticket—this would explain the 53 percent who said "No." Assuming that there might be some crossovers for personal or religious reasons, it is possible, too, that some Democrats who were polled were not favorable to any one of the numerous Catholic candidates who have been mentioned and registered their protest in the poll.

I haven't made a thorough study of the election returns in my State, but I did receive just recently an article which was based upon a study of the trends in one county in Minnesota which is described as the most Catholic county in the United States. In the election of last November, my vote there was 13,465 whereas the vote of my non-Catholic opponent was 10,903. In 1954 in the same county, Senator HUMPHREY, a non-Catholic, received 13,342 and his opponent, a non-Catholic, 10,924. Insofar as I know, there were no significant variations or other factors affecting the election of 1958 as distinguished from 1954.

Mr. HARRISON. In 1958 Governor Freeman, who is not a Catholic, was also on the ticket. How did his vote in that same county compare to yours?

Senator MCCARTHY. He ran a little behind me in 1958, but he ran about an equal distance behind Senator HUMPHREY in 1954 in the same county.

Mr. HARRISON. During last years' campaign were you attacked on the basis of your being a Catholic?

Senator MCCARTHY. I think the word "attack" is too strong. There were letters circulated and postcards in which the religious issue was specifically raised against me, although so far as I know they were very limited in number and I'd say even less intense or violent than attacks which were directed at me through the years in my own congressional district. There was no evidence of any kind of statewide planned attack. There was also open criticism of me in at least one Catholic paper in Minnesota during the campaign.

Mr. HARRISON. On what grounds?

Senator MCCARTHY. Not on religious grounds. The principle emphasis was placed upon my liberalism, my association with the Americans for Democratic Action and their approval of my voting record, and the support I received from organized labor.

Mr. HARRISON. Do you agree with Will Herberg's idea that "American Catholics still labor under the heavy weight of the bitter memory of nonacceptance in a society overwhelmingly and self-consciously Protestant"?

Senator MCCARTHY. I can only speak with any degree of certainty about my own State. In Minnesota we are in a fortunate position in that when immigrants arrived, there was no established class or population. Most of the immigrants came as farmers and independent land owners. This is true of the Irish, Scandinavians, the German immigrants and even the later immigrants from Central and Southeastern Europe. Each major group soon after it arrived established its colleges and schools along with churches. The feeling of being under-privileged is one which really has never been known in Minnesota and was not reflected in Minnesota politics. The first well-known Minnesota Catholic Archbishop, John Ireland, was an outspoken Republican.

Mr. HARRISON. Do you attach any significance to the rise in recent years of the influence of Roman Catholics in the Democratic Party? The chairman of the party has been a Roman Catholic since, I think, the days of Roosevelt.

Senator MCCARTHY. At least as far back as I remember.

Mr. HARRISON. There's Mike DiSalle, Lausche, and Mike Kirwan in Ohio; Pastore from Rhode Island; Governor Lawrence in Pennsylvania; Massachusetts with Kennedy, McCormack, and Furcolo; McNamara, and Phil Hart from Michigan; both Senators from Montana are Catholics; and there's Muskie in Maine. And Pat Brown in California.

Senator MCCARTHY. I think the increase in the number of Catholics who have been elected as Governors of the various states is significant. The number of Catholics in the Senate today, however, is about the same as it was back in 1936 and about the same as it

was in 1948 when the Democrats had relatively strong control of the House and of the Senate.

Remember that Catholics in the United States have always been Democrats in great number. Under the old political system, I am sure that it was argued that it was wise to elect a Catholic as chairman of the Democratic party so as to keep Catholics in the party and keep them happy. This kind of reasoning no longer seems necessary. Politicians have been at fault in that they have come to believe in the necessity of such things as balanced tickets and National distribution. The old pattern of the balanced ticket and having nationalities properly represented, and religions properly represented, geographical areas properly represented—all of this seems to have passed on. I hope that it has and the signs are very strong. You cite a number of elections in which Catholics were chosen. However in the State of Connecticut, which is strongly Catholic, Abe Ribicoff has been elected and reelected as Governor. Massachusetts and Rhode Island, both of which are strongly Catholic, and Connecticut, each have one Senator who is a Catholic and one who is not a Catholic.

Mr. HARRISON. You've been in practical politics some and you're a Catholic. Have you been pressured by the church to vote for this or that bill?

Senator MCCARTHY. I have never had any pressure put upon me by any member of the Catholic hierarchy to vote for any legislation that has come before the Congress in the 10 years during which I served in that body. Insofar as I can recall, I have never had even a legislative recommendation from any of the hierarchy in my own State. Of course, I have been familiar with the positions which have been taken by members of the Catholic hierarchy on a number of issues and also the position which has been expressed to Congress by such groups as the National Catholic Welfare Conference which through the years has given active support to such things as the mutual security program, a liberalization of immigration laws, improvement of the migratory farm labor legislation, and a number of other proposals.

Mr. HARRISON. You're speaking of national affairs. But what about the intervention of the hierarchy in local affairs? You may recall the fight in the State legislature of Connecticut in 1957 over a school bus bill by which the State would have provided certain assistance to Roman Catholic parochial schools. The bill finally was passed after a tie vote by the vote of the Speaker, who was not himself a Catholic. During the debate a pastorial letter from Archbishop Henry J. O'Brien, of Hartford, was read at all masses in the State on the Sunday before the vote, counselling Catholics, Catholic parents, that "since more than 62 percent of the children born in 1956 are Catholic, you should carefully observe the action taken, especially that of your local representative."

Senator MCCARTHY. A number of cases exist in which similar action has been taken on other issues by members of the Catholic clergy as well as by clergymen of other denominations. The same sort of question was raised in California when the attempt was made to take away the tax exemption given to church property. Both Catholics and Protestants spoke out strongly against the proposed amendment in the course of this last campaign. The question here is one of proper methods and of balance and restraint.

Mr. HARRISON. Any discriminating citizen would probably grant that Catholics should have the same right to influence people as anybody else. But we are led to the fear of some that should they become powerful enough, Catholics wouldn't tolerate open competition. Non-Catholics bring up the statement of Leo XIII in his Encyclical on the "Constitution of States," where he said: "It is not lawful for the State any more than for the individual either to disregard all religions or to hold in equal favor different kinds of religion." People aren't worried because Cardinal Spellman has influence, but of what might happen to dissenters should Catholics win control of the country.

Senator MCCARTHY. I refer again to the statement of the Catholic bishops and the statement of Archbishop McNicholas which I quoted earlier. I am sure you are familiar, too, with the statements of Father John Courtney Murray. I, myself, wrote in an article in Commonweal, in 1951, as follows: "The proposition that a Catholic majority could rightfully suppress Protestant or other religious minorities teaching nothing likely to subvert the temporal common good is untenable. In the same way the argument that a Protestant or other religious majority could rightfully proscribe or interfere with religious freedom of Catholics is also untenable." I have not been excommunicated.

Mr. HARRISON. You would describe yourself as a believing Catholic?

Senator MCCARTHY. Yes—and practicing.

Mr. HARRISON. What connection do you personally make between the doctrines and the moral principles put forward by the church and your day-to-day political decisions?

Senator MCCARTHY. It is hard to give a short answer. My thesis is that strictly speaking there is no such thing as a Catholic or Christian politics, or a Catholic or Christian political system, or a Catholic or Christian form of government, any more than you can properly speak of a Catholic physics or a Catholic geometry. It's a mistake to label a political party a Catholic party, as they do in some of the European countries, or a Christian Democratic Party as they've done in Germany.

Mr. HARRISON. Why?

Senator MCCARTHY. Because it gives to what is properly political action a kind of religious overtone which is improper. There is a danger in it both to proper political procedures and a danger in it too to religion and religious institutions. The line should be kept clear. It doesn't follow from this that there is no such thing as a Catholic or a Christian approach to certain issues. If a Christian genuinely accepts the teachings of his church with regard to his obligations to his fellow man, it seems to me that this would be reflected in his approach to a problem like immigration, or famine relief to India or Haiti. But this is not strictly speaking a Christian politics.

Mr. HARRISON. You use Christian and Catholic interchangeably.

Senator MCCARTHY. That's right, and in these areas the distinctions are rather hard to draw. I would include the humanists, too. I'm only saying that since the Christian does have certain beliefs those beliefs ought to be reflected in his approach to politics.

Mr. HARRISON. Apparently some Catholic editors felt that Senator KENNEDY's article in Look magazine didn't acknowledge sufficiently the influence religious convictions should have on political behavior. The most controversial part of that article, at least to the Catholic press, appears to have been his remark that, "Whatever one's religion and his private life, nothing can take precedence over his oath."

Senator MCCARTHY. Senator KENNEDY was both criticized and defended in the Catholic press. But before commenting, I would like to divide the statement and say first that there is no conflict between Catholicism and the oath of office which one is called upon to take as President of the United States, as a Member of the U.S. Congress, or for any other Government office. And, on the other hand, to say that one's religion does have bearing upon his political activities and upon his theory of politics. The United States has never demanded of its citizens absolute submission to political power. Dean Sayre, dean of the Episcopal Cathedral of Washington, summarized this admirably in a television program last June when he said that, "No Christian can grant to the State an absolute right over his conscience"; and went on to say that Catholics, as well as Protestants, owe "allegiance to the Lord which is over and above and beyond the allegiance that we owe to the State." In our own time, the Nazi war crimes which were committed in the name of the State were challenged and individuals were punished following the trials on the basis of the existence of a higher, although unwritten, law and responsibility.

Mr. HARRISON. We started by agreeing that a good deal of this current discussion has arisen again because of the prospect of a Catholic presidential candidate. And since the President is directly charged with responsibility for conducting our foreign affairs, it will certainly be asked whether a Catholic President wouldn't be heavily influenced by a Vatican foreign policy line.

Senator MCCARTHY. I don't see any danger of that happening, really, because for one thing, the international political policy of the Catholic Church is hard to determine and insofar as it can be determined, it seems to coincide largely with U.S. foreign policy. The possibility that because the Catholic Church is aggressively anti-Communist, U.S. policy might be forced into a fixed mold which would not allow for any flexibility or adjustment seems remote.

Mr. HARRISON. You say it would be very difficult to define the international "line" of the Roman Catholic Church. Yet isn't it true that the church in every country has been anti-Socialist and disposed to conservative, rightwing parties?

Senator MCCARTHY. There is some truth in what you say. It should be noted, however, that European socialism, at least in the beginning, was usually doctrinaire rather than practical or pragmatic, and as a general rule included anticlericalism if not anti-religion as accompanying that objective. In more recent years, however, this hard line has been softened. Catholic political parties and the Socialists have been working closely together for the recovery of Western Europe. In the United States, the programs which generally have been labeled as socialistic have been supported by Catholics in the Congress. The British Labor Party too, I believe, has strong Catholic support. There is certainly in Catholic teaching and writing a great body of thought supporting economic, social, and political change.

Mr. HARRISON. Do you think that in our lifetime a Catholic, assuming he is qualified, could be elected President?

Senator MCCARTHY. It depends on the personality of the candidate and on the issues. Catholicism itself would not be an insuperable obstacle in my opinion.

Mr. HARRISON. How do you explain the fact that Harry Truman, a Baptist, proposed to send a representative to the Vatican and JACK KENNEDY, a Catholic, says he thinks it's a bad idea?

Senator MCCARTHY. I will not undertake to explain Senator KENNEDY's position, but I have heard President Truman discuss his attitude a number of times. It was his opinion that the Vatican would provide an excellent listening post and that it would have been helpful to American policy to have an Ambassador there. It is possible that Mr. Truman overemphasized and overvalued the Vatican as a listening post. It is my opinion that the desire of the President in power on an issue of this kind should be given a great deal of weight. The question raised by Senator KENNEDY of the division which might result at home, however, is deserving of consideration also.

Mr. HARRISON. Aren't you considerably more willing to let people follow their own inclinations in terms of what they read, what they hear, what kind of medical care they are going to have, than are the majority

of your coreligionists? Isn't your brand of liberalism unusual for a Catholic?

Senator McCARTHY. I assume you're using "liberalism" as synonymous with a respect for civil liberties and civil rights, an enlightened internationalism, a willingness to experiment and to use the power of government to promote economic justice and security. Well, in this sense, I doubt whether my liberalism is unusual for a Catholic. I could name two or three Senators who are, on the record, just as liberal as I am if not more so. I think that voting records will show that certainly on the average, Catholics in both the Senate and the House are more liberal than the average of the Congress taken altogether.

Mr. HARRISON. Do you think we all ought to say in advance of the 1960 campaign that religious affiliation has no relevance and should be ruled out of the political debate?

Senator McCARTHY. No. I wouldn't say that it has no relevance or that it should be ruled out of political debate altogether. But in my opinion, only proper questions should be asked and the political debate on the issues should be kept within bounds. It is quite improper to ask a man who offers himself as a candidate for the Presidency or who is proposed by a major political party with the full knowledge that he will have to take the oath of office whether or not he will honestly fulfill that oath of office. To the extent that religious beliefs may influence political action, then inquiry into the stand of a candidate on those issues may have some justification. One might wish to question a Christian Scientist on the question of medical research; a Quaker on national defense policy, a Catholic on a possible national divorce law. But none should be prejudged. Unfortunately the wrong questions are too often asked or the right questions asked improperly or directed to the wrong persons.

Mr. HARRISON. Yet, no candidate for the Presidency has felt obligated in the past to discuss his relationship with the Baptist Church or the Episcopalian Church. This whole discussion seems to be exclusively relevant to Catholic candidates.

Senator McCARTHY. In fairness, the questions which might be asked of one denomination I think should be asked of members of all others since on no one of these issues could one be absolutely certain of the position taken by members of the other denominations that might be involved.

Mr. HARRISON. What about such charges as were circulated in California in 1958 against Pat Brown, that the election of a Catholic as governor would result in the abolition of the public school system. Isn't that an example of an out-of-bounds use of religious affiliation as a way of discrediting a candidate?

Senator McCARTHY. Yes; since it involved a prejudgment of Pat Brown and I am sure a misrepresentation of his position. It would, of course, be in order if a person were not informed to inquire as to what stand Pat Brown took on a current issue relating to the public school system. I am sure that on the basis of his record as attorney general that this record would be clear to most people.

Mr. HARRISON. What do you think is at the bottom of the continuing doubt and suspicion of Catholics in some liberal, egghead circles?

Senator McCARTHY. I think that basically this doubt and suspicion arises from the liberals' position that everyone should have an open mind and make his decisions issue by issue and that since, according to the liberal's judgment, Catholics are doctrinaire, they cannot approach each issue with a fully open mind. The fact is that in many cases the liberals are really doctrinaire in their way and issue by issue are inclined to be as doctrinaire as anyone else is. I think it would be helpful if the word liberal could somehow be copyrighted and used only under carefully circumscribed conditions. Perhaps its use as a noun should be outlawed so that henceforth no one would be simply a liberal, but would have to be a liberal something. In politics he would be a liberal Democrat or a liberal Republican or a liberal vegetarian. If religion were to be the substantive used to distinguish, he would be a liberal Catholic, a liberal Episcopalian, or a liberal Presbyterian or a liberal of some other denomination. This, it seems to me, would make things simpler for those who are called liberals as well as for the critics of liberals and liberalism.

SENATE

MONDAY, JUNE 29, 1959

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Father of all men, as our yearning spirits turn toward Thee, help us to know that our coming to Thee is but futile mockery unless that coming draws us closer to each other and nearer to Thy human family—our brothers and sisters—whoever and wherever they may be.

As we open our shuttered lives to Thee, Thy boundless love so freely given without measure and limit shames us with the sobering realization that no one of us has a right to live a self-centered life or confine our concern to some small chosen group when the tides of human need, so wide and poignant, break moaning at our feet.

In Thy clear light, as in a flaming vision, we see that nothing matters in the end but how any wisdom and strength with which we are entrusted is shared with those whose arms are stretched out to us in voiceless appeal.

Solemnize us with the certainty of judgment which awaits the response to that summons, whether it be poets singing deathless songs, artists giving to beauty form and color, seekers for knowledge driving shafts into new mines of truth, or statesmen with Christlike pity and sympathy directing the destinies of nations.

Above all else, save us from the supreme folly in a crucified world, in today's agony of humanity, of holding ourselves safe and aloof.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the previous session was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Ratchford, one of his secretaries, and he announced that the President had approved and signed the following act and joint resolution:

On June 29, 1959:

S. 1. An act to amend the Federal Airport Act in order to extend the time for making grants under the provisions of such act, and for other purposes; and

On June 25, 1959:

S.J. Res. 59. Joint resolution requesting the President to issue a proclamation designating 1959 for the observance of the 350th anniversary of the historic voyages of Hudson and Champlain.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

MESSAGE FROM THE HOUSE RECEIVED DURING ADJOURNMENT

Under authority of the order of the Senate of June 25, 1959, the following message from the House was received by the Secretary of the Senate:

On June 26, 1959:

That the House had disagreed to the amendments of the Senate to the bill (H.R. 6769) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1960, and for other purposes; that the House agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FOGARTY, Mr. DENTON, Mr. CANNON, Mr. LAIRD, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates; that the House had agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MILLS, Mr. FORAND, Mr. KING of California, Mr. SIMPSON of Pennsylvania, and Mr. MASON were appointed managers on the part of the House at the conference; and

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 32. An act for the relief of Uwe-Thorsten Scobel;

S. 33. An act for the relief of Bertha Glickmann;

S. 46. An act for the relief of Ben Chassin;

S. 57. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes;

S. 110. An act for the relief of Yaeko Inouye;

S. 178. An act for the relief of Wong Bick Quon (Maria Wong);

S. 199. An act for the relief of Stanislawa Siedlecka (Rejman);
S. 201. An act for the relief of Chiyoko Korematsu and Aiko Korematsu;
S. 245. An act for the relief of Umeko Parker;
S. 313. An act for the relief of Collingwood Bruce Brown, Jr.;
S. 317. An act for the relief of Tatsuo Kochi;
S. 319. An act for the relief of Theodore Burtzoz;
S. 320. An act for the relief of Sofija Laica;
S. 322. An act for the relief of Dr. Stasys Sereika;
S. 327. An act for the relief of Cwy Pinkusiewicz;
S. 328. An act for the relief of Ellen B. Mueller;
S. 330. An act for the relief of Erminio Negalia;
S. 460. An act for the relief of Gorjana Grdjic;
S. 461. An act for the relief of Androula Neofitos Stephanon (Androula Kyriacou Stephanou);
S. 524. An act for the relief of Giovanni Malara;
S. 604. An act for the relief of Christos Kartsonis;
S. 611. An act for the relief of Harry H. Nakamura;
S. 624. An act for the relief of Girolamo Naselli;
S. 626. An act for the relief of Maria Wolfram;
S. 755. An act for the relief of Siglinde Ginzinger Maxwell;
S. 848. An act for the relief of Petar Trbojevic;
S. 855. An act for the relief of Saeko Higa and Masako Higa;
S. 896. An act for the relief of Anthony Elio Monacelli;
S. 940. An act for the relief of Hlias Anthony Lousedes;
S. 1037. An act for the relief of Jessie Isobel Foster;
S. 1042. An act for the relief of Stephanos Tsoukalas;
S. 1128. An act for the relief of Jurij Antin Nimylowycz;
S. 1192. An act for the relief of Angela Maria Staia Labellarte;
S. 1887. An act for the relief of Alice V. Tenly;
H.R. 5515. An act to amend the 1956 Act authorizing the disposal of certain obsolete locks and dams on the Big Sandy River, Ky.-W. Va., for the purpose of increasing the authorization relating to dam No. 3 on the Big Sandy River, Ky.; and
H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any time.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on June 26, 1959, he presented to the President of the United States the following enrolled bills:

S. 32. An act for the relief of Uw-Thorsten Scobel;
S. 33. An act for the relief of Bertha Glickmann;
S. 46. An act for the relief of Ben Chassin;
S. 57. An act to extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes;
S. 110. An act for the relief of Yaeko Inouye;
S. 178. An act for the relief of Wong Bick Quon (Maria Wong);
S. 199. An act for the relief of Stanislawa Siedlecka (Rejman);
S. 201. An act for the relief of Chiyoko Korematsu and Aiko Korematsu;
S. 245. An act for the relief of Umeko Parker;
S. 313. An act for the relief of Collingwood Bruce Brown, Jr.;
S. 317. An act for the relief of Tatsuo Kochi;
S. 319. An act for the relief of Theodore Burtzoz;
S. 320. An act for the relief of Sofija Laica;
S. 322. An act for the relief of Dr. Stasys Sereika;
S. 327. An act for the relief of Cwy Pinkusiewicz;
S. 328. An act for the relief of Ellen B. Mueller;
S. 330. An act for the relief of Erminio Negalia;
S. 460. An act for the relief of Gorjana Grdjic;
S. 461. An act for the relief of Androula Neofitos Stephanon (Androula Kyriacou Stephanou);
S. 524. An act for the relief of Giovanni Malara;
S. 604. An act for the relief of Christos Kartsonis;
S. 611. An act for the relief of Harry H. Nakamura;
S. 624. An act for the relief of Girolamo Naselli;
S. 626. An act for the relief of Maria Wolfram;
S. 755. An act for the relief of Siglinde Ginzinger Maxwell;
S. 848. An act for the relief of Petar Trbojevic;
S. 855. An act for the relief of Saeke Higa and Masako Higa;
S. 896. An act for the relief of Anthony Elio Monacelli;
S. 940. An act for the relief of Hlias Anthony Lousedes;
S. 1037. An act for the relief of Jessie Isobel Foster;
S. 1042. An act for the relief of Stephanos Tsoukalas;
S. 1128. An act for the relief of Jurij Antin Nimylowycz;
S. 1192. An act for the relief of Angela Maria Staia Labellarte; and
S. 1887. An act for the relief of Alice V. Tenly.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE CABINET COMMITTEE REPORT

Mr. JOHNSON of Texas. Mr. President, it seems to me that the Cabinet committee report which was issued over the weekend falls short of what is needed at the present time. The report is much more an effort to justify steps already taken and recommendations already made than it is an effort to analyze our current situation.

All of us want to fight inflation and to insure growth. I doubt whether there is any considerable body of proinflation sentiment in the United States. Being against inflation is very much like being against sin. But we do not contribute to the fight against inflation merely by issuing reports which announce solemnly that a series of partisan recommendations have economic sanctity.

Nowhere does the report cover adequately one of the most serious aspects of inflation, that is, mounting costs of money. Few things have contributed so much to inflation as rising interest rates. The only thing the report says specifically about this question is that the sky should be the limit on interest rates.

Mr. DIRKSEN. Mr. President, I wish to make one comment on the statement made by the majority leader, that being against inflation is like being against sin.

Being against sin is a moral posture in order to provide a better moral world. But being against inflation springs from a strong appreciation that inflation is going to give one a jolt in the pocketbook; and that makes it at once very immediate, and one can understand the reactions of our people with respect to inflation.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

RESTORATION OF PIER FACILITY AT BALTIMORE, MD.

A letter from the Assistant Secretary of Defense, relating to his letter of January 26, 1959, reporting, for the information of the Senate, that it is now estimated that the restoration of a pier facility at Baltimore, Md., will be $112,000, an increase of $29,000; to the Committee on Armed Services.

FINAL REPORT ON RECONSTRUCTION FINANCE CORPORATION

A letter from the Secretary of the Treasury, transmitting pursuant to law, the final report on the Reconstruction Finance Corporation (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON LIQUIDATION OF RECONSTRUCTION FINANCE CORPORATION

A letter from the Administrator, Small Business Administration, Washington, D.C., transmitting, pursuant to law, a quarterly report of that Administration, relating to the liquidation of the Reconstruction Finance Corporation, covering the period ended March 31, 1959 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON ORGANIZATION AND ADMINISTRATION OF THE MILITARY ASSISTANCE PROGRAM

A communication from the President of the United States, transmitting, for the consideration of the Senate, a report on the organization and administration of the military assistance program, submitted to the President on June 3, 1959, by the President's Committee To Study the U.S. Military Assistance Program (with an accompanying report); to the Committee on Foreign Relations.

REPORT PRIOR TO RESTORATION OF BALANCES—BUREAU OF THE MINT

A letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, a report of the Bureau of the Mint covering restoration of balances withdrawn from appropriation and fund accounts under the control of the Treasury Department (with an accompanying report); to the Committee on Government Operations.

REPORT ON FOLLOWUP REVIEW OF REQUIREMENTS DETERMINATIONS AND CONTROL OF EXCESSES FOR AERONAUTICAL SPARE PARTS AT OKLAHOMA CITY AIR MATERIEL AREA

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on the followup review of requirements determinations and control of excesses for aeronautical spare parts at Oklahoma City Air Materiel Area, Department of the Air Force, dated June 1959 (with an accompanying report); to the Committee on Government Operations.

AMENDMENT OF LAW RELATING TO DISTRIBUTION OF FUNDS OF THE CREEK TRIBE

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to amend the law relating to the distribution of the funds of the Creek Tribe (with an accompanying paper); to the Committee on Interior and Insular Affairs.

TRANSFER TO NAVAJO TRIBE OF CERTAIN IRRIGATION PROJECT WORKS

A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the transfer to the Navajo Tribe of irrigation project works on the Navajo Reservation, and for other purposes (with an accompanying paper); to the Committee on Interior and Insular Affairs.

REPORT OF PACIFIC MARINE FISHERIES COMMISSION

A letter from the Chairman, Pacific Marine Fisheries Commission, Portland, Oreg., transmitting, pursuant to law, a report of that Commission, for the year 1958 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

RELIEF OF CERTAIN MEMBERS AND FORMER MEMBERS OF THE NAVY DEPARTMENT

A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to provide for the relief of certain members and formers members of the Department of the Navy for the expenses of temporary storage of household effects (with an accompanying paper); to the Committee on the Judiciary.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a report of the Archivist of the United States, enclosing a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution of the House of Representatives of the State of Oklahoma; to the Committee on Public Works:

"ENROLLED HOUSE RESOLUTION 561

"Resolution calling upon the Congress of the United States to institute appropriate action for the construction of the Markham Ferry Dam and Reservoir project on Grand River in Oklahoma

"Whereas the Oklahoma Legislature in 1935 created the Grand River Dam Authority for the development of Grand River in Oklahoma for the production of electric power and energy and other purposes, and authorized said agency to construct three power dams on said Grand River at Pensacola, Markham Ferry and Fort Gibson; and

"Whereas the Congress of the United States, under the Act of August 18, 1941, authorized the construction of said Pensacola, Markham Ferry and Fort Gibson dams by the Secretary of War under the supervision of the Chief of Engineers, as a part of the comprehensive plan for the development of the Arkansas River basin for flood control and other purposes; and

"Whereas the Grand River Dam Authority has constructed and has in operation the Pensacola Dam and Reservoir project, and the United States of America has constructed and is now operating the Fort Gibson Dam and Reservoir projects; and

"Whereas the Congress of the United States, under Public Law 476, 83d Congress, chapter 461, 2d session, enacted on July 6, 1954, authorized the construction of the Markham Ferry Dam by the Grand River Dam Authority, an agency of the State of Oklahoma, and provided that said project should be constructed in general conformity with the recommendations of the Chief of Engineers, as contained in House Document 107 of the 76th Congress, and House Document 758 of the 79th Congress; and

"Whereas said Markham Ferry Dam and Reservoir project is a multiple purpose project for flood control, aid of navigation, electric power and energy, recreation and other purposes; and

"Whereas the Grand River Dam Authority is a self-sustaining agency of the State of Oklahoma, without power of taxation and must operate without the aid of appropriations, and must construct and operate its projects solely from revenues received from the operation of such projects; and

"Whereas many of the benefits from the Markham Ferry project are for flood control, navigation and recreation, which are in the public interest and for public benefit but do not produce revenues, and that the only revenue producing feature of said project is the production of electric power and energy, which revenues will be insufficient to pay the costs of the public benefits together with the cost of the electric power facilities; and

"Whereas the Grand River Dam Authority has been unable to finance the construction of the Markham Ferry Dam and Reservoir project since said authorization of 1954, and it appears will be unable to finance said construction within the near future; and

"Whereas the Markham Ferry project is a vital cog in the overall development of Grand River and the Arkansas River basin and it is in the public interest that said project be constructed and placed in operation at the earliest possible time; and

"Whereas it is the opinion of the Oklahoma Legislature that it will be in the public interest for the Congress of the United States to authorize the construction of said project by the Secretary of the Army under the supervision of the Chief of Engineers and to appropriate the necessary funds for the construction of the same; and, that provision be made in such act, or acts, for the sale of the electric power and energy produced at the Markham Ferry and Fort Gibson projects on Grand River in Oklahoma to the Grand River Dam Authority, and that in fixing the rates to be paid for said electric power and energy that consideration be given to the benefits received by said projects from the Grand River Dam Authority's: Now, therefore, be it

"Resolved by the House of Representatives of the 27th Legislature of the State of Oklahoma:

"SECTION 1. That it is in the public interest that the Markham Ferry Dam and Reservoir project on Grand River be constructed and placed in operation for flood control, navigation, recreation, and the production of electric power and energy at the earliest possible time.

"SEC. 2. That the construction of the Markham Ferry Dam and Reservoir project for said purposes can only be accomplished by the action of the Congress of the United States.

"SEC. 3. That the Congress of the United States is, therefore, respectively petitioned to enact such legislation as will provide for the construction of the Markham Ferry project on Grand River in Oklahoma by the Secretary of the Army under the supervision of the Chief of Engineers in general conformity with the recommendations of the Chief of Engineers, as contained in House Document 107 of the 76th Congress and House Document 758 of the 79th Congress, as a part of the comprehensive plan for the development of the Arkansas River basin, and to further provide that the electric power and energy produced at the Markham Ferry Dam and Reservoir project, and the Fort Gibson Dam and Reservoir project, be sold and delivered to the Grand River Dam Authority, a public power agency of the State of Oklahoma; that the operation of said projects for power production be coordinated with the power operation of the Grand River Dam Authority's Pensacola project. The rates to be charged for electric power and energy delivered to the Grand River Dam Authority be fixed and determined by the Federal Power Commission, such rates to be fixed having regard to the recovery of the cost of producing such electric power and energy, including the amortization of the actual capital investment of the power producing facilities at such projects for the life of said power producing facilities, and allow Grand River Dam Authority credit for all power benefits at such project received from the Grand River Dam Authority's headwater improvements and storage in the Pensacola project, including all water power rights and franchise rights in Grand River at the Markham Ferry and Fort Gibson projects.

"SEC. 4. That a duly attested copy of this resolution be immediately transmitted to the Secretary of the Senate and the Clerk of the House of Representatives of the United States, and to each Member of Congress from the State of Oklahoma.

"Adopted by the house of representatives the 10th day of June 1959.

"CLINT G. LIVINGSTON,
"Speaker of the House of Representatives."

Two joint resolutions of the Legislature of the State of California; to the Committee on Interior and Insular Affairs:

"SENATE JOINT RESOLUTION 16

"Joint resolution relative to the construction of the Tehama-Colusa Canal of the Sacramento Valley canals project

"Whereas with soon-to-be-completed annexations, eight water districts will contain some 86,000 acres along the proposed route of the Tehama-Colusa Canal of the Sacramento Valley Canals projects; and

"Whereas the eight districts have recently and unanimously adopted resolutions reaffirming the districts' intent to execute water contracts with the U.S. Bureau of Reclamation as soon as money to start the Tehama-Colusa Canal has been appropriated; and

"Whereas the Tehama-Colusa Canal is not a new project but on the other hand is a continuation of the Sacramento Valley Canals project already begun with the construction of the Corning Canal; and

"Whereas a U.S. Bureau of Reclamation study indicates that irrigation of the now dry farmed land adjacent to the canal will increase the per acre value of crop production more than fivefold: Now, therefore, be it

"Resolved by the Senate and the Assembly of the State of California (jointly), That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to appropriate sufficient funds to construct the Tehama-Colusa Canal of the Sacramento Valley Canals project; and be it further

"Resolved, That the secretary of the senate is directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

"SENATE JOINT RESOLUTION 29

"Joint resolution relating to demonstration sea water conversion plants

"Whereas Congress has authorized demonstration sea water conversion plants at various locations in the United States and its possessions, one such location being designated as the west coast of the United States in Public Law 85-883 of September 2, 1958; and

"Whereas the city of San Diego and the county of San Diego have, over a period of the last 15 years, diligently pursued efforts to induce the Federal Government to enter into the sea water conversion program; and

"Whereas the city of San Diego has for the past several years made exemplary progress in this field by activating a sea water conversion commission, an adjunct of the city government, comprising 12 members of the San Diego community who are experts in the fields of physics, nuclear energy, chemistry and engineering; and

"Whereas the application of the city of San Diego to the Saline Water Division of the U.S. Department of the Interior recites in detail that the city of San Diego is ready, willing and able to provide adequate land area in close proximity to the ocean at more than one location within the San Diego area, and the city has fully met all of the requirements as stated in criteria of the Saline Water Division of the Department of the Interior as to the location of a demonstration sea water conversion plant; and

"Whereas the Governor of California has been called upon to assist the Department of the Interior in site examinations and feasibility studies of such locations, and through the State department of water resources such reports have been made to the Department of the Interior declaring the San Diego sites to be feasible; and

"Whereas the city of San Diego is supported in its application by nine cities in San Diego County as well as numerous chambers of commerce and civic organizations throughout the county, and the League of California Cities has memorialized the Department of the Interior to locate such demonstration sea water conversion plant in the southern California area on the grounds that it is the most arid area of the State; and

"Whereas the city of San Diego is willing and able to participate in the program by financing a portion of the construction costs: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Department of the Interior is respectfully requested to consider the city of San Diego's proposal for the location of a demonstration sea water conversion plant in the San Diego area under the terms and provisions of the Federal law; and be it further

"Resolved, That the secretary of the senate is directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, and to the Secretary of the Interior."

A joint resolution of the Legislature of the State of California; to the Committee on Interstate and Foreign Commerce:

"SENATE JOINT RESOLUTION 20

"Joint resolution relative to memorializing Congress to enact legislation prohibiting subliminal radio and television messages

"Whereas subliminal radio and television messages are perceptible only to the subconscious mind and the listener or viewer is consciously unaware of such messages except subliminally; and

"Whereas the policy of this State is opposed to radio and television transmissions of subliminal messages in that such practices are detrimental to the public good, safety, and general welfare of the citizens of this State: Now, therefore, be it

"Resolved by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes Congress to consider the feasibility of enacting legislation prohibiting radio and television transmissions of subliminal messages; and be it further

"Resolved, That the Secretary of the Senate is hereby directed to transmit copies of this resolution to the President of the United States, to the President of the Senate in the Congress of the United States, to the Speaker of the House of Representatives in the Congress of the United States, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of California; to the Committee on Labor and Public Welfare:

"SENATE JOINT RESOLUTION 19

"Joint resolution relative to a minimum wage law for agricultural workers

"Whereas agricultural workers of the Nation form a most important part of our national economy; and

"Whereas in recent years agricultural workers in many regions of the United States, including certain areas of California, are reported to have earned a disproportionate and extremely low annual wage as compared with other workers; and

"Whereas California farmers must compete in the sale of farm products with other States having not only a more favorable freight rate, but which in addition pay wages to their farm workers far less than those paid in California, thus putting California agriculture at a tremendous disadvantage in the national competitive market of farm products; and

"Whereas in these regions it is reported that the agricultural worker's income has failed to keep pace with the rising costs of living; and

"Whereas the health and welfare of our Nation depend to a great extent on the food that is produced by our farms, and without sufficient workers the farms cannot prosper and maintain for the people of this country the high standard of living to which they are accustomed; and

"Whereas the Federal Government has not enacted a minimum wage law that applies to the agricultural workers of the country: Now, therefore, be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact a minimum wage law for the agricultural workers of the Nation; and be it further

"Resolved, That the Secretary of the Senate is hereby directed to transmit suitably prepared copies of this resolution to the President and Vice President of the United States, the Secretary of Agriculture, the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

A joint resolution of the Legislature of the State of Illinois; to the Committee on Finance:

"SENATE JOINT RESOLUTION 18

"Whereas there is in existence an unfair and unnecessary Federal excise tax of 10 percent on all telegraph service; and

"Whereas this tax was imposed during World War II not as a revenue measure but essentially as a method of restricting the use of the telegraph because of the critical wartime shortage in the communications field and has continued since World War II although no shortage in available communications exists today: Therefore be it

"Resolved by the Senate of the 71st General Assembly of the State of Illinois (the house of representatives concurring therein), That the United States Congress is respectfully requested to repeal the Federal excise tax now imposed on telegraph service and that suitable copies of this resolution be sent to the Speaker of the United States House of Representatives, the President of the United States Senate, and each Member of Congress elected from the State of Illinois, by the Secretary of State.

"Adopted by the senate, April 28, 1959.

"JOHN WM. CHAPMAN,
"President of the Senate.
"EDWARD E. FERNANDES,
"Secretary of the Senate.

"Concurred in by the house of representtives, June 10, 1959.

"PAUL POWELL,
"Speaker of House of Representatives.
"CLARENCE BOYLE,
"Clerk of House of Representatives."

A resolution adopted by the national board of directors of the Controllers Institute of America, of New York, N.Y., favoring adherence to the policy of balanced budgets, and so forth; to the Committee on Finance.

A resolution adopted by the Snohomish Tribe of Indians of the State of Washington, relating to the closing of the Cushman Hospital, and that it be restored to its former status as a general hospital; to the Committee on Interior and Insular Affairs.

A resolution adopted by the Sarasota County (Fla.) Bar Association, relating to powers reserved to the States under the Constitution; to the Committee on the Judiciary.

A resolution adopted by the Reserve Officers Association of the United States, at Denver, Colo., endorsing the leadership of Director J. Edgar Hoover, the agents, policies, and the operations of the Federal Bureau of Investigation; to the Committee on the Judiciary.

A telegram, in the nature of a memorial, from the National Sunday School and Baptist Training Union Congress, of Memphis, Tenn., signed by O. Clay Maxwell, president; S. Y. Nixson, chairman, committee on resolutions; by Bessie S. Estell, secretary, remonstrating against the enactment of House bill 3, the so-called States rights bill; to the Committee on the Judiciary.

The petition of Marjorie A. Mullins, of Frenchtown, N.J., relative to the enactment of legislation to permit Mrs. Mullins and her husband, Dr. Roy L. Mullins, to sue the United States; to the Committee on the Judiciary.

The petition of Jorge J. L. De Leon, as president of the Homeowners' Association of the Philippines, Inc., of Manila, P.I., relating to an appropriation for the additional war payment in the Philippines; to the Committee on the Judiciary.

A letter in the nature of a petition, from the Joint Federal-State Action Committee, signed by Robert E. Smylie, chairman, and Robert B. Anderson, cochairman, transmitting recommendations of that committee, relating to migratory labor; to the Committee on Labor and Public Welfare.

A telegram, in the nature of a petition, from the Western Association of State Highway Officials, embodying a resolution adopted by that association, at Billings, Mont., favoring the enactment of legislation to provide funds for the continuance of the construction of the National Highway System; to the Committee on Public Works.

FEDERAL AID TO EDUCATION—RESOLUTIONS

Mr. ENGLE. Mr. President, I have recently received two resolutions from California that are representative of the many communications I have been receiving, urging enactment of the Murray-Metcalf bill authorizing Federal aid to alleviate the critical inadequacies in our elementary and secondary schools. One resolution was sent in by the board of trustees of the Laguna Salada Union School District and the other by the Planning Commission of the City of Pacifica. I ask unanimous consent to have these resolutions printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION 12

Resolution of the Planning Commission of the City of Pacifica endorsing the Murray-Metcalf bill, a bill which would authorize Federal assistance to local school districts

Whereas Pacifica is a bedroom community with approximately $3,000 assessed valuation behind each child; and

Whereas Pacifica already exceeds by 70 cents the maximum tax rate allowed by the State of California Legislature; and

Whereas unless additional aid is forthcoming our school program will be seriously curtailed; and

Whereas the proposed Murray-Metcalf bill would provide an additional $25 per student to our local school district: Now, therefore, be it

Resolved, That the Planning Commission of the City of Pacifica does, therefore, endorse the Murray-Metcalf bill, and urges its duly elected Representatives and Senators in Congress to assist in the successful passage of the Murray-Metcalf bill.

RESOLUTION 1959-6-9A

Resolution of the Board of Trustees of the Laguna Salada Union School District endorsing the Murray-Metcalf bill, a bill which would authorize Federal aid to the free public school systems administered by State governments

Whereas the leadership of the United States of America and the principles upon which our Government is established are being challenged on the world scene; and

Whereas an educated people is vital to the continuance of our Government and world leadership; and

Whereas the free public school system is the means by which the local, State, and National Governments prepare their future citizens to be informed and responsible and to guide the destiny and future of the country; and

Whereas in the present era of population movement education is a national as well as a local responsibility; and

Whereas schools are handicapped by dependence on local and State tax revenues, while 70 percent of all tax moneys are collected by the Federal Government from a varied and broad tax base; and

Whereas school population is rapidly increasing with many children coming from other States; and

Whereas education is losing many teachers, both before and after teacher training, due to low salaries, crowded facilities, and more attractive job opportunities; and

Whereas great inequities exist, not only between the States, but between districts within States, in ability to finance school construction and teachers' salaries; and

Whereas the proposed Murray-Metcalf bill provides for distribution of moneys in the amount of $25 per school-age child on a basis which would bolster the free public-school system throughout the United States and would, at the same time, more nearly provide equal educational opportunities offered in the free public schools of the Nation; and

Whereas that portion of funds provided in the Murray-Metcalf bill to the State of California would be administered under the laws of the State of California which recognize, in principle and practice, the financial inequities which exist among the districts within its borders; and

Whereas the Laguna Salada Union School District is primarily a residential community with approximately $3,000 assessed valuation behind each child; and

Whereas the Laguna Salada Union School District already exceeds by 70 percent the maximum tax rate allowed by the Legislature of the State of California; and

Whereas unless additional aid is forthcoming from both State and national levels, the program of this district, with 5,100 children enrolled in its schools, will be seriously curtailed: Now, therefore, be it

Resolved, That the board of trustees of the Laguna Salada Union School District of the County of San Mateo does endorse the Murray-Metcalf bill, and urges its elected Representatives and Senators in Congress to assist in the successful passage of the Murray-Metcalf bill.

RESOLUTION OF AMERICAN PUBLIC POWER ASSOCIATION

Mr. KEFAUVER. Mr. President, the American Public Power Association, meeting last month in Seattle, Wash., adopted a resolution having to do with the matter of private utility propaganda advertising. I ask unanimous consent that this resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION 9

Resolution on private utility progapanda

Whereas the privately owned power companies, through a national program, are continuing an expensive propaganga campaign against consumer-owned electric utilities through inaccurate and irresponsible advertising, and

Whereas these large budgets for advertising can better be used to develop electric loads and improve the American electric utility industry as a whole instead of driving a wedge between certain segments of that industry; and

Whereas the American Public Power Association strongly supports an expended program of accurate, truthful and ethical advertising as part of a business-managed utility industry, both privately and consumer owned; and

Whereas the Commissioner of Internal Revenue has ruled that the cost of such propaganda advertising is not deductible as a business expense for Federal income tax purposes, but the propaganda expense is still being charged to the ratepayers, including certain consumer-owned utilities which buy their bulk power supply from privately owned systems; and

Whereas certain State regulatory commissions have ruled, and the staff of the Federal Power Commission has recommended, that propaganda advertising should not be properly chargeable to consumers through utility rates; Now, therefore, be it

Resolved, That the American Public Power Association respectfully requests the appropriate Committees of the Congress to investigate the propaganda advertising of the private power companies to determine what legislation is needed to protect the ratepaying public from misrepresentation of facts regarding one of the Nation's essential industries and to determine if the Nation's taxpayers and ratepayers are being unjustly charged for propaganda advertising inimical to the public interest.

FEDERAL AID TO EDUCATION—LETTER

Mr. LAUSCHE. Mr. President, on June 15, I addressed this body pointing out that the Cincinnati Board of Education had declined to accept a sizable Federal grant of money under the National Defense Education Act of 1958.

Now comes to my attention the fact that the Jackson Local School District of Stark County, Ohio, has taken similar action.

Their course of action is significant because it recognizes:

First. That the obligation of maintaining, building and operating the schools belongs to local and State government;

Second. That the Federal Government is in such financial plight making it less and the local and State governments more capable of providing such funds;

Third. That if the school system is to be kept out of bureaucratic control and thought molding, then the local school boards should do their own financing inasmuch as final control will be with the governmental agency that has control of the purse strings;

Fourth. That the taxpayers of the Jackson Local School District will pay to the Federal Government immensely more for the financing of the program than they will get back by way of school aid.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Jackson Local School District.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JACKSON LOCAL SCHOOL DISTRICT,
Massillon, Ohio, June 19, 1959.

Hon. Senator FRANK J. LAUSCHE,
Senate Office Building,
Washington, D.C.:

The following resolution, which is self-explanatory, was passed by the Jackson Local School District Board of Education with one dissenting vote on June 10, 1959:

"*Resolved*, That we do not wish to avail ourselves of the offer of the National Defense Act, title 3, for the purchase of science, mathematics, and foreign language equipment, and teaching aids, as it is against the policy of our board of education to accept Federal aid."

W. S. ESSIG,
Clerk, Jackson Local School District.

AREA REDEVELOPMENT BILL—RESOLUTION

Mr. KENNEDY. Mr. President, I ask unanimous consent to have printed in

the RECORD a resolution which was recently adopted by the Berkshire Joint Board, Textile Workers Union of America, AFL–CIO, urging the early enactment of the area redevelopment bill.

Berkshire County in Massachusetts has a number of towns and cities which have experienced a high level of unemployment over a period of several years. It is in areas of this character that the area redevelopment bill would be specially helpful.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION ON AREA REDEVELOPMENT LEGISLATION

The problem of chronic unemployment will persist with us even if the level of national unemployment declines. There are more than 200 labor markets with substantial labor surpluses which means that more than 6 percent of the labor force are unemployed in these areas. In 121 major and smaller labor markets, unemployment in excess of 6 percent has lasted for more than 18 consecutive months. Continued unemployment has brought great human distress representing a drain on the resources of the individuals, their families, and the communities.

In most of these areas the long-term unemployment is due to the fact that the older industries have shrunken in size, or closed, or employment in the established plants has been reduced by automation and technological change. New industries and employment have not appeared in sufficient volume, if at all, to absorb the present employees and the new entrants into the labor force.

The Adams-North Adams area, as well as the Pittsfield, Mass., area, have been distressed for many months. The latest report on unemployment shows 14.4 percent unemployed in the Adams-North Adams area and 6.6 percent unemployed in the Pittsfield area. Our communities need the benefits which would be provided for under the area redevelopment bill now being considered by the House of Representatives.

The American people are committed to maintaining an economy which assures maximum employment, production and purchasing power. Only by assuring jobs for these people can we assure the realization of this goal.

We are now helping foreign distressed and underdeveloped areas through our foreign aid program; these same principles should be implemented in this country: Therefore be it

Resolved, That we, the Berkshire Joint Board, Textile Workers Union of America, AFL-CIO, urge upon the Congress of the United States that it pass the area redevelopment bill S. 722 (House version) and that the President of the United States sign this bill.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JOHNSTON of South Carolina, from the Committee on Post Office and Civil Service, with amendments:

S. 1495. A bill to consolidate and revise the laws relating to employment of aliens in the several States and the District of Columbia (Rept. No. 437); and

H.R. 6134. An act to amend the Federal Employees Pay Act of 1945 to eliminate the authority to charge to certain current appropriations or allotments the gross amount of the salary earnings of Federal employees for certain pay periods occurring in part in previous fiscal years (Rept. No. 436).

By Mr. RUSSELL, from the Committee on Armed Services, without amendment:

H.R. 3368. An act to extend the special enlistment programs provided by section 262 of the Armed Forces Reserve Act of 1952, as amended (Rept. No. 438).

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S. 196. A bill for the relief of Grover J. Cole (Rept. No. 442);

S. 1829. A bill for the relief of Herman Luchner (Rept. No. 443);

S. 2100. A bill for the relief of Milka Jurisich (Rept. No. 444);

H.R. 1547. An act for the relief of T. Sgt. Walter Casey (Rept. No. 445);

H.R. 2065. An act for the relief of Arthur J. Dettmers, Jr. (Rept. No. 446); and

H.R. 5914. An act for the relief of Dr. Radboud Louwrens Beukenkamp (Rept. No. 447).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

H.R. 322. An act for the relief of Monmouth County, N.J. (Rept. No. 448); and

H.R. 1605. An act for the relief of Harry F. Lindall (Rept. No. 449).

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

S. 368. A bill for the relief of William Reinke (Rept. No. 440); and

S. 1947. A bill relating to the authority of the Customs Court to appoint employees, and for other purposes (Rept. No. 441).

By Mr. KEFAUVER, from the Committee on the Judiciary, with amendments:

S. 716. A bill to authorize the Attorney General to compel the production of documentary evidence required in civil investigations for the enforcement of the antitrust laws, and for other purposes (Rept. No. 451).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 2148. A bill to amend title XI of the Merchant Marine Act, 1936, as amended, to provide for the deposit of funds in escrow with the Secretary of Commerce, to provide for the payment of insurance, in part, on the basis of such deposits, and for other purposes (Rept. No. 450).

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce, without amendment:

S. 1789. A bill to amend section 1(14)(a) of the Interstate Commerce Act to insure the adequacy of the national railroad freight-car supply, and for other purposes (Rept. No. 452).

CONSTRUCTION OF PUBLIC WORKS AT THE BURNS CREEK PROJECT, IDAHO—REPORT OF A COMMITTEE—MINORITY VIEWS

Mr. CHURCH. Mr. President, from the Committee on Interior and Insular Affairs, I report favorably, with amendments, the bill (S. 281) to authorize the Secretary of the Interior to construct, operate, and maintain a reregulating reservoir and other works at the Burns Creek site in the upper Snake River Valley, Idaho, and for other purposes; and I submit a report (No. 439) thereon, together with minority views. I ask that the report be printed, together with the minority views.

The PRESIDENT pro tempore. The report will be received and printed, as requested by the Senator from Idaho; and the bill will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL (for himself and Mr. KENNEDY):

S. 2282. A bill to amend the act of July 17, 1952; to the Committee on Finance.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

By Mr. MURRAY:

S. 2283. A bill to amend the Revised Organic Act of the Virgin Islands, as amended; to the Committee on Interior and Insular Affairs.

By Mr. ENGLE:

S. 2284. A bill to permit the free marketing of gold, and for other purposes; to the Committee on Banking and Currency.

S. 2285. A bill referring to the U.S. Court of Claims certain matters relative to the War Production Board Limitation Order L–208; to the Committee on the Judiciary.

By Mr. GOLDWATER:

S. 2286. A bill to authorize the leasing of land on the Colorado River Indian Reservation, Ariz. and Calif., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FULBRIGHT:

S. 2287. A bill to promote the foreign policy of the United States; to provide for the protection of U.S. citizens abroad; to provide standards for the issuance of passports by the Department of State; and for other purposes; to the Committee on Foreign Relations.

(See the remarks of Mr. FULBRIGHT when he introduced the above bill, which appear under a separate heading.)

By Mr. ERVIN:

S. 2288. A bill to amend section 17 of the War Claims Act of 1948 to authorize rehearing of certain claims; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 2289. A bill to provide increases in compensation for food service workers and laundry workers under the Veterans' Administration; to the Committee on Post Office and Civil Service.

S. 2290. A bill to incorporate the Paralyzed Veterans of America; to the Committee on the Judiciary.

By Mr. KEFAUVER (for himself and Mr. GORE):

S. 2291. A bill to authorize the erection of a plaque in honor of the late Honorable Sam D. McReynolds on or near the site of the Chickamauga Dam; to the Committee on Rules and Administration.

By Mr. KERR (for himself and Mr. MONRONEY):

S. 2292. A bill to waive section 142, title 28, United States Code, with respect to the U.S. District Court for the Eastern District of Oklahoma, holding court at Durant, Okla.; to the Committee on the Judiciary.

(See the remarks of Mr. KERR when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 2293. A bill to amend the District of Columbia Alcholic Beverage Control Act; and

S. 2294. A bill to amend the District of Columbia Alcoholic Beverage Control Act so as to prohibit the sale of beer by manufacturers to consumers and to prohibit the sale of beer and light wines by wholesalers to consumers; to the Committee on the District of Columbia.

By Mr. HARTKE:

S. 2295. A bill to establish in the Library of Congress an Intergovernmental Reference Service to serve as a national clearing house, research center, and consulting service in matters pertaining to State and local governments; to the Committee on Rules and Administration.

(See the remarks of Mr. HARTKE when he introduced the above bill, which appear under a separate heading.)

By Mr. HUMPHREY:

S. 2296. A bill for the relief of Gertrude Waltraut Malinowski;

S. 2297. A bill for the relief of Michael Kalligeros;

S. 2298. A bill for the relief of Veljko Vujovich; and

S. 2299. A bill for the relief of Alice Tyrrell (Alice Tyrrell Beacon); to the Committee on the Judiciary.

By Mr. MAGNUSON (by request):

S. 2300. A bill to amend the Shipping Act, 1916, to provide for licensing independent ocean freight forwarders, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HOLLAND:

S. 2301. A bill directing the Secretary of the Army to convey to the Ship Canal Authority of the State of Florida certain lands acquired by the United States with funds furnished by such Authority; to the Committee on Public Works.

By Mr. MAGNUSON:

S. 2302. A bill to amend the act of April 14, 1910, to provide that the Interstate Commerce Commission shall prescribe rules, standards, and instructions for the installation, inspection, maintenance, and repair of certain parts on railroad cars, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MONRONEY:

S. 2303. A bill to amend the Communications Act of 1934 to establish jurisdiction in the Federal Communications Commission over community antenna systems; to the Committee on Interstate and Foreign Commerce.

CONCURRENT RESOLUTIONS

TEMPORARY PLACING OF STATUE OF ESTHER MORRIS, OF WYOMING, IN ROTUNDA OF CAPITOL

Mr. McGEE (for himself and Mr. O'MAHONEY) submitted the following concurrent resolution (S. Con. Res. 55); which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the State of Wyoming is hereby authorized to place temporarily in the rotunda of the Capitol a statute of Esther Morris, of Wyoming, and to hold ceremonies in the rotunda on such occasion; and the Architect of the Capitol is hereby authorized to make the necessary arrangements therefor.

ACCEPTANCE OF STATUE OF ESTHER MORRIS, OF WYOMING, FOR PLACEMENT IN STATUARY HALL COLLECTION

Mr. McGEE (for himself and Mr. O'MAHONEY) submitted the following concurrent resolution (S. Con. Res. 56); which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the statue of Esther Morris, presented by the State of Wyoming, to be placed in the Statutary Hall collection, is accepted in the name of the United States, and that the thanks of the Congress be tendered such State for the contribution of the statue of one of its most eminent citizens; and be it further

Resolved, That a copy of these resolutions, suitably engrossed and duly authenticated, be transmitted to the Governor of Wyoming.

PRINTING AS A HOUSE DOCUMENT PROCEEDINGS INCIDENT TO ACCEPTANCE OF STATUE OF ESTHER MORRIS, PRESENTED BY STATE OF WYOMING

Mr. McGEE (for himself and Mr. O'MAHONEY), submitted the following concurrent resolution (S. Con. Res. 57); which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That the proceedings at the presentation, dedication, and acceptance of the statue of Esther Morris, to be presented by the State of Wyoming in the rotunda of the Capitol, together with appropriate illustrations and other pertinent matter, shall be printed as a House document. The copy for such House document shall be prepared under the supervision of the Joint Committee on Printing.

SEC. 2. There shall be printed three thousand additional copies of such House document, which shall be bound in such style as the Joint Committee on Printing shall direct, and of which one hundred copies shall be for the use of the Senate and one thousand six hundred copies shall be for the use of the Members of the Senate from the State of Wyoming, and five hundred copies shall be for the use of the House of Representatives and eight hundred copies shall be for the use of the Members of the House of Representatives from the State of Wyoming.

PROHIBITION OF WITHHOLDING OF FEDERAL EMPLOYEES' COMPENSATION FOR STATE INCOME TAX PURPOSES

Mr. SALTONSTALL. Mr. President, on behalf of myself, and my colleague, the junior Senator from Massachusetts [Mr. KENNEDY], I introduce, for appropriate reference, a bill to amend the act of July 17, 1952, so as to prohibit the United States from accepting compensation from any State or Territory for services rendered in withholding State or Territorial income taxes from the salaries of employees of the Federal Government.

The Commonwealth of Massachusetts on February 6 of this year enacted a new statute providing for withholding of income taxes on wages and salaries—chapter 17 of the acts of 1959. The Massachusetts withholding tax law authorizes employers, including the Federal Government, who comply with its provisions to retain, as compensation for services rendered in the withholding and payment of taxes, from amounts withheld by them, an amount not less than one-half of 1 percent nor more than 3 percent as the State tax commission shall by regulation prescribe. The commission has prescribed the amounts, varying with the total tax withheld from employees, which may be retained by employers as compensation.

Acting under the authority of the act of July 17, 1952—66 Stat. 765—the Secretary of the Treasury has entered into an agreement with the Commonwealth of Massachusetts providing for the withholding by Federal agencies of Massachusetts income tax from compensation paid to their employees who are subject to Massachusetts income tax and whose regular place of employment is in Massachusetts. The performance by such Federal agencies of this agreement will entitle them to retain from their tax withholding the compensation provided for in the Massachusetts withholding tax law. The purpose of the bill which I have introduced is to prevent these agencies from retaining such compensation.

The Federal Government through many agencies withholds State income taxes from its employees in many States and none of these States compensate the Federal Government for services rendered. Therefore, it does not seem equitable that Massachusetts should be alone in paying Uncle Sam for this tax withholding service. Furthermore, the Treasury Department feels strongly that no amount should be retained by the Federal Government from amounts withheld from its employees on account of State income taxes, since the Federal Government does not compensate the States or private employers for services which they render in withholding Federal income taxes from their employees.

I am advised by the Treasury Department that there is no specific authority in any statute whereby any Federal agency may waive the compensation provided for in the Massachusetts withholding tax law. Although there is similarly no specific statutory prohibition on any Federal agency's waiving such compensation, sound principles of public administration and analogous situations involving the disposition of property and claims of the Federal Government suggest that no Federal agency should waive such compensation unless specifically authorized to do so by the Congress.

The clearest way to assure that Federal agencies will not receive compensation for tax withholding services is to prohibit the acceptance by any Federal agency of such compensation from any State. Accordingly, the bill which I am introducing is worded to provide for prohibition on acceptance of compensation rather than authority for the waiver of compensation, thus avoiding the possibility that some agencies would waive and others not.

The act of July 17, 1952, provides that it shall not be construed as consenting to the application of any provision of State law which would be more burdensome upon the Federal Government than upon other employers. In order to avoid a possible interpretation that a prohibition on Federal agencies to accept compensation for tax withholding services would render any State's withholding tax law more burdensome in effect upon the Federal Government than upon other employers, the bill which I am introducing would further amend the act of July 17, 1952, to provide specifically that "the compensation of employers or employers other than the United States for such services shall not be regarded as subjecting the United States to a more burdensome requirement than is imposed upon other employers."

The last feature of my bill, Mr. President, is to provide that the amendments to the act of July 17, 1952, which it contains shall be retroactive in effect to April 1, 1959. This is the earliest date upon which withholding of Massachusetts income tax by Federal agencies is

contemplated in the agreement between the Secretary of the Treasury and the Commonwealth of Massachusetts.

Mr. President, there is considerable urgency about this matter, and I hope that the Senate and ultimately the Congress will act upon my bill promptly.

I ask unanimous consent that the text of the bill be printed in the RECORD at the close of my remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2282) to amend the act of July 17, 1952, introduced by Mr. SALTONSTALL (for himself and Mr. KENNEDY), was received, read twice by its title, referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act relating to withholding, for State income tax purposes, on the compensation of Federal employees", approved July 17, 1952, 66 Stat. 766, 5 U.S.C. 84c, is hereby amended to read as follows:

"SEC. 2. Nothing in this Act shall be deemed to consent to the application of any provision of law which has the effect of imposing more burdensome requirements upon the United States than it imposes upon other employers, or which has the effect of subjecting the United States or any of its officers or employees to any penalty or liability by reason of the provisions of this Act. However, no department or agency of the United States shall accept compensation from any State or Territory for services rendered in withholding State or Territorial income taxes from the salaries of employees of such departments or agencies and provision for the compensation of employers or employers other than the United States for such services shall not be regarded as subjecting the United States to a more burdensome requirement than is imposed upon other employers."

SEC. 2. This Act shall take effect as of April 1, 1959.

U.S. TRAVEL ACT

Mr. FULBRIGHT. Mr. President, I introduce a bill to promote the foreign policy of the United States; to provide for the protection of U.S. citizens abroad; to provide standards for the issuance of passports by the Department of State; and for other purposes. I ask that it be appropriately referred.

The PRESIDING OFFICER (Mr. YOUNG of Ohio in the chair). The bill will be received and appropriately referred.

The bill (S. 2287) to promote the foreign policy of the United States; to provide for the protection of U.S. citizens abroad; to provide standards for the issuance of passports by the Department of State; and for other purposes, introduced by Mr. FULBRIGHT, was received, read twice by its title, and referred to the Committee on Foreign Relations.

Mr. FULBRIGHT. Mr. President, I should like to make a brief explanation of the bill which I have just introduced. It is a revised and, I hope improved version of S. 2770 of the 85th Congress, which I first submitted on August 13, 1957. Following the Supreme Court decisions in the Kent and Dayton cases on June 16, 1958, the Committee on Foreign Relations held hearings on S. 2770 and three other passport bills, including one sponsored by the administration. Unfortunately, the Congress adjourned before the committee was able to complete any action.

The intervening months since the end of the last Congress have not diminished the need for a comprehensive revision of our passport laws. Although the executive branch has failed to introduce its own passport bill during this session, congressional interest has not waned. The Committee on Foreign Relations has decided to hold hearings beginning July 13, 1959, on the bills that have already been introduced in the 86th Congress.

Accordingly, I have resubmitted my own bill on passports with such changes as seemed wise in the light of the very valuable information presented in the committee's 1958 hearings and in the report filed last summer by the distinguished special committee to study passport procedures of the Association of the Bar of the City of New York.

This bill, I believe, takes a sensible middle-of-the-road approach to the passport problem. It does not give the Secretary of State complete unreviewable discretion to deny passports since, as both the Supreme Court and the executive branch have stated, the right to travel abroad is a constitutional right and must be protected from the possibility of arbitrary Government action. The bill recognizes, however, that this right must yield when its exercise would present a clear and imminent danger to the security of the United States.

The bill would permit the State Department to deny a passport when there are reasonable grounds to believe that the applicant, when abroad, would illegally transmit important Government secrets, would incite international hostilities or would conspire to overthrow our Government by force either from without or within. It would authorize the Department to ask all passport applicants about recent Communist affiliations or activities, thereby filling the legislative gap to which the Supreme Court pointed last year. But I emphasize that this proposed legislation would not permit the Department to deny a passport solely on the basis of detested associations or beliefs.

In addition to providing standards to govern travel on an individual basis, my bill carefully spells out rules of fair procedure by which those standards would be administered. It would make available to any rejected applicant a trial-type hearing within the Department of State, including full opportunity to cross-examine all witnesses against him. The right to travel is too precious to be denied on the basis of secret information given by faceless informers. I am confident that in enacting passport legislation Congress will respect one of the fundamental principles that distinguishes our democratic system from totalitarian rule, the right of every citizen to know what accusations have been made against him and to confront his accusers.

The third major contribution of the bill is that it provides explicit authority for the President to restrain all travel to defined areas when he certifies that such a general travel prohibition is required in the national interest. As is demonstrated by the case of newspaper correspondent William Worthy, which is on its way to the Supreme Court, it is not certain at present that the President has statutory authority to ban travel to particular countries. My bill would remove any doubt that the President has this power. But it recognizes that Congress has a responsibility for reviewing the wisdom with which the President seeks to exercise so vast a power over a long period. It therefore would require him to obtain congressional sanction for any travel ban of more than a year's duration.

Mr. President, I realize that the passport problem is a vexatious one. I do not pretend to have all the answers to it. I do believe, however, that the bill just introduced represents a substantial step in the right direction. I have tried to take account of the views of those who would remove nearly all restrictions on travel abroad, as well as the views of those who would give the Secretary of State unlimited discretion to hold Americans at home. This is a moderate bill, a bill designed to pass, a bill designed to protect the citizen's right to travel, as well as the Nation's security.

WAIVER OF SECTION 142, TITLE 28, UNITED STATES CODE, WITH RESPECT TO DISTRICT COURT FOR EASTERN DISTRICT OF OKLAHOMA

Mr. KERR. Mr. President, on behalf of myself, and my colleague, the junior Senator from Oklahoma [Mr. MONRONEY], I introduce for appropriate reference, a bill to waive section 142 title 28, United States Code, with respect to the U.S. District Court for the Eastern District of Oklahoma, holding court at Durant, Okla.

The purpose of the bill is to waive the provisions of section 142, title 28, United States Code, insofar as it pertains to the holding of court by the U.S. District Court for the Eastern District of Oklahoma, at Durant, Okla.

Section 142, title 28, United States Code, provides that "court shall be held only at places where Federal quarters and accommodations are available, or suitable quarters and accommodations are furnished without cost to the United States."

Section 116(b) of title 28 of the United States Code authorizes the U.S. District Court for the Eastern District of Oklahoma to hold court at Ada, Ardmore, Chickasha, Durant, Hugo, Muskogee, Okmulgee, Pauls Valley, Poteau, and McAlester. The holding of court at Durant was authorized by the act of June 25, 1948, chapter 646, 62 Stat. 887.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2292) to waive section 142, title 28, United States Code, with respect to the U.S. District Court for the Eastern

District of Oklahoma, holding court at Durant, Okla., introduced by Mr. KERR (for himself and Mr. MONRONEY), was received, read twice by its title, and referred to the Committee on the Judiciary.

INTERGOVERNMENTAL REFERENCE SERVICE, LIBRARY OF CONGRESS

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill to establish in the Library of Congress an Intergovernmental Reference Service to serve as a national clearinghouse, research center, and consulting service in matters pertaining to State and local governments.

The need for such a service is clear. This not an attempt to create a new Federal bureaucracy or to invade the powers and prestige of State and local governments.

On the contrary, State and local governments would be strengthened for this legislation would provide assistance and professional service which is sorely needed, but which States, municipalities, and counties, acting individually, could not provide.

Our State and local officials are now suffering from a very severe handicap—the handicap of inadequate information. I think this problem was sufficiently impressed upon many of us by recent joint hearings of the Senate Government Operations Committee and the House Intergovernmental Relations Subcommittee on a series of bills to establish a permanent national bipartisan Advisory Commission on Intergovernmental Relations.

Mr. President, I ask unanimous consent that the bill may lie on the table until the close of business, Monday, July 6, in order that other Senators may become cosponsors if they wish, and that a statement in explanation and the full text of the bill be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will lie on the table as requested, and the statement and bill will be printed in the RECORD.

The bill (S. 2295) to establish in the Library of Congress an Intergovernmental Reference Service to serve as a national clearinghouse, research center, and consulting service in matters pertaining to State and local governments, introduced by Mr. HARTKE, was received, read twice by its title, referred to the Committee on Rules and Administration, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

ESTABLISHMENT OF INTERGOVERNMENTAL REFERENCE SERVICE

SECTION. 1. The Librarian of Congress shall establish in the Library of Congress a separate department, to be known as the Intergovernmental Reference Service (hereinafter referred to as the Service), which shall serve as a national clearinghouse, research center, and consulting service on problems in the field of State and local governments, and in matters relating to law and administration at the State and local levels.

COLLECTION OF STATE AND LOCAL MATERIALS

SEC. 2. The Service shall collect, catalogue, maintain, and service a comprehensive collection of State and local materials. In carrying out this function the Librarian of Congress is authorized—

(1) to enter into contracts with public or private agencies or organizations for the purpose of accessioning such materials and to maintain a steady flow thereof into the Library; and

(2) To develop cooperative working relationships with the departments and agencies of the Government having special collections of State and local materials for the purpose of insuring the systematic transfer of those materials which are no longer required by such departments and agencies for regular use to the Library, but nothing herein shall prohibit or interfere with the collection by such departments or agencies of materials which are required in the exercise of their functions.

RESEARCH AND CONSULTING SERVICE

SEC. 3. It shall be the duty of the Service—

(1) Upon request, to advise and assist any Member of the Congress, congressional committee, or office, or any State legislative service agency, in the analysis and appraisal of problems, and the evaluation of developments and trends, in the field of American State and local governments;

(2) Upon request, to provide research and consulting service to Federal, State, and local officials if such requests relate to the State or local governmental needs of more than one State;

(3) Upon request, or upon its own initiative in anticipation of requests, problems, or needs, to gather, classify, analyze, and, by publication or otherwise, make available, in indexes, digests, compilations, bulletins, or reports, data bearing upon significant trends or developments in the State and local field, and to render such data serviceable to Federal, State, and local officials, without partisan bias in selection or presentation;

(4) To establish a State legislation service, to function annually during State legislative sessions, for the digesting of public bills, as introduced in the legislatures of the several States, and of the public acts as passed, and to make this information available to all legislative service agencies as expeditiously as possible; and

(5) to prepare summaries and digests of public hearings before committees of the Congress, on subjects of importance to State and local governments, of public hearings on significant legislative proposals in the legislatures of the several States, of bills and resolutions introduced on matters affecting State and local government in either House of Congress, and of measures enacted by the Congress which are of significance to State and local officials.

COOPERATIVE RELATIONSHIPS

SEC. 4. (a) In order to insure the maximum usefulness of the services and facilities of the Service, and to prevent overlapping and duplication of effort, the Service shall maintain close cooperative working relationships with established national associations or organizations of State and local governments and of the officials thereof.

(b) The Service shall, in cooperation with the Federal departments and agencies concerned, maintain current and complete information concerning Federal grant-in-aid programs, sums available for allocation or expenditure, formulas for allocation, requirements for eligibility, and other matters of interest to State and local governments desiring to participate in such programs.

ADMINISTRATION

SEC. 5. (a) A director and assistant director of the Service, and all other necessary personnel, shall be appointed by the Librarian of Congress without regard to the civil-service laws and without reference to political affiliations, solely on the ground of fitness to perform the duties of their office. The compensation of all employees shall be fixed in accordance with the provisions of the Classification Act of 1949, as amended: *Provided*, That the grade of senior specialists in each field enumerated in subsection (b) of this section shall not be less than the highest grade in the executive branch of the Government to which research analysts and consultants without supervisory responsibility are currently assigned. All employees of the Service shall be subject to the provisions of the civil-service retirement laws.

(b) The Librarian of Congress is further authorized to appoint in the Service senior specialists in the following broad fields: administrative organization and management; community organization and development; education, elementary and secondary; education, higher; industrial development; intergovernmental fiscal relations; judicial organization and administration; labor law and administration; law enforcement and corrections; legislative organization and procedure; metropolitan area and urban government problems; natural resources and conservation; planning, zoning and land use; public health; public law; public welfare; public works; rural local government; State and local finance; and transportation. Such specialists, together with such other members of the staff as may be necessary, shall be available for special work with the appropriate committees of the Congress for any of the purposes set out in section 3.

AUTHORIZATION OF APPROPRIATIONS

SEC. 6. There are hereby authorized to be appropriated such sums as may be necessary to carry out this Act.

The statement presented by Mr. HARTKE is as follows:

INTERGOVERNMENTAL REFERENCE SERVICE

The proposed Intergovernmental Reference Service in the Library of Congress, will provide a national clearinghouse, research center, and consulting service for Federal, State, and local officials on matters pertaining to Government, law, and administration at the State and local levels.

The need for this type of service has been clearly evident to me for some time. During my tenure as mayor of the city of Evansville, Ind., and in my contacts with mayors and other local government officials from many States, it was repeatedly impressed upon me that the average local official was operating under a very severe handicap—the handicap of inadequate information. No matter how sincere and conscientious he might be in his effort faithfully to perform his duties, a local official finds his efforts thwarted or his job made unnecessarily difficult, in instance after instance, by the lack of information essential to the making of policy decisions on an intelligent basis. Not only does he lack the information, but very often he does not know where to turn to obtain it. Many times, in fact, there is a question as to whether it is anywhere available.

These observations, based upon my personal experience in recent years, have been supplemented—and in a very impressive way—this past week during which joint hearings have been held by the Senate Committee on Government Operations and the House Subcommittee on Intergovernmental Relations on a series of bills (S. 2026, H.R. 6904, and H.R. 6905) to establish a permanent national bipartisan Advisory Commission on Intergovernmental Relations. As witness after witness has appeared to testify on these bills, emphasis has been placed upon the serious lack of essential information in this field, and the difficulty of obtaining information necessary for the making of decisions on any logical and defensible basis. It would be the purpose of the Intergovernmental Reference Service, as I am proposing,

to develop and supply exactly this type of information. At this point, I will discuss very briefly the several different types of service which would be provided or improved under the terms of this bill.

COLLECTION OF STATE AND LOCAL MATERIALS

In the first place, provision would be made for the first time for the comprehensive collection of State, municipal, and county reports, documents and materials. The Serials Division of the Library of Congress has extensive collections of State materials, but it labors under serious handicaps in collecting and processing new materials as issued. It is, therefore, difficult to keep this collection up to date.

But if there is difficulty in the State field, it is multiplied many times as one considers the municipalities and the counties. Here we are confronted by the startling fact that, nowhere in all this great land of ours, is there any place where there is found a reasonably comprehensive collection of such materials in the field of municipal and county government. Because of limitations of both space and personnel, the Library of Congress does not even pretend to collect municipal materials for more than a very small number of carefully selected cities—a list which does not even include all of the major ones. Materials from other cities are received, to be sure, and are retained temporarily, but no effort is made to retain them—as they should be retained—as a part of the permanent collections of the Library.

The Library is able to do even less with regard to the counties, for here there is not even a selected sample group of counties for which complete files are maintained. There are on hand in the county field only what chance has happened to provide, and there is no policy of retaining for the permanent collections of the Library even this small amount of county material.

I submit that this situation betrays an unbelievable indifference on our part to the collection and the preservation of important governmental records in this country. Such neglect seems to me to be little less than appalling. There should certainly be some place in the country to which one might go to find a complete or at least a comprehensive collection of these important materials, but no such place now exists. At present, this job is simply not being done. If we in the Congress do not concern ourselves with this matter, clearly it will not be done.

I am not unmindful of the fact that the development of this function by the Library of Congress will require more space to house the augmented collections and additional personnel, but I do wish to emphasize the fact that this is really an ideal time to consider the matter for the simple reason that the Congress now has under consideration the question of providing a third building for the Library, to meet its needs both for the housing of its constantly growing collections and for suitable work space for its staff. The needs which I am emphasizing here should certainly be taken into account in any building plans that may be considered for the Library.

RESEARCH AND CONSULTING SERVICE

While it is important that materials relating to State and local government be collected, it is also important that there be on hand a trained staff of professional people to work with the materials when they are collected, analyzing their contents, discerning trends and new developments, identifying problems, and possible sources of difficulty in the future.

In order to meet this need, I propose that there be established in the Library of Congress a research and consulting staff patterned in general after the Legislative Reference Service. Included in the plan is a group of senior specialists in the various fields of intergovernmental activity, a group which would be assisted by additional professional staff at lower grades, and by secretarial and clerical assistance, as might be required.

There would be little or no duplication between this service and the existing Legislative Reference Service. The latter primarily is concerned with national and international problems. It does relatively little work in the State and local field, and this little could easily be shifted to the new agency which would function exclusively in the fields of State and local government and of interlevel and interjurisdictional relations. All of the work of the existing service is done for Congress, as is required by law. In a Federal system of Government, such as ours, however, something more than this is needed. Not only does Congress need more and more assistance in dealing with Federal relations with State and local units, but State and local officials—as I have already pointed out—stand in dire need of exactly this kind of help. I propose that this organization should serve both executive and legislative officers at all three levels of government—National, State, and local.

I want to emphasize that this is not an attempt to build a new Federal bureaucracy, or to invade the powers and prestige of State and local governments. On the contrary, State and local governments would be strengthened. The purpose is for the Federal Government to provide assistance and professional service which is sorely needed but which States, municipalities, and counties acting individually could certainly not provide. And I would add one further point. This new service would not be authorized to make studies of the internal problems of any State or of the political subdivisions of any State. These would continue to be made in the future as they have always been made in the past, by local agencies, public or private, as the case might be.

On the basis of the testimony received at the hearings for a national commission on intergovernmental relations, it is apparent that a research staff would be required if such an agency were to function in any effective manner. This need could be very fully met by the new Intergovernmental Reference Service which I propose.

COOPERATIVE RELATIONSHIPS

When the present form of government was established, the pattern of American federalism was quite simple. In those days, it was possible to think in terms of assigning responsibility for specific governmental functions exclusively to one or another of the several units of levels of government. Conditions have so changed that this is no longer possible. Two, or frequently, all three levels are involved in the administration of every important governmental function.

As one writer has observed, the complexity of modern life intensifies the need in a Federal form of government for the fullest cooperation and coordination of activities between the levels of government. Population growth and scientific development portend for future years an increasingly complex society in which it will be essential that an appropriate agency or agencies be established to give continuing attention to intergovernmental relations.

It is as a means of helping to meet this need that I am presenting this bill. Every Member of this body attests his devotion, both to democratic institutions and to our Federal system of government. It is my conviction that we will not be able to preserve the one, or strengthen the other, unless we have strong and effective institutions of State and local government.

When so much of the effectiveness of present-day government is dependent upon up-to-date and authentic information and good staff work, and upon the maintenance of smooth working relationships among the various levels and units of government, I feel that this bill has much to commend it to the serious and careful consideration of the Members of this body.

AMENDMENT OF NATIONAL DEFENSE EDUCATION ACT OF 1958, RELATING TO REQUIREMENT OF CERTAIN AFFIDAVITS—AMENDMENT

Mr. GOLDWATER submitted an amendment, intended to be proposed by him, to the bill (S. 819) to amend the National Defense Education Act of 1958 in order to repeal certain provisions requiring affidavits of loyalty and allegiance, which was referred to the Committee on Labor and Public Welfare and ordered to be printed.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. HUMPHREY submitted amendments, intended to be proposed by him, to the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

SURPLUS PERSONAL PROPERTY FOR INDIAN TRIBES—ADDITIONAL COSPONSOR OF BILL

Under authority of the order of the Senate of June 24, 1959, the name of Mr. MANSFIELD was added as an additional cosponsor of the bill (S. 2244) to amend the Federal Property and Administrative Services Act of 1949, as amended, to promote the welfare of the Indian tribes by making available to them surplus personal property, introduced by Mr. GOLDWATER (for himself and other Senators) on June 24, 1959.

LIMITATION ON POWER OF STATES TO IMPOSE INCOME TAXES ON CERTAIN BUSINESS ENTITIES—ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of June 25, 1959, the names of Mr. SCOTT and Mr. PROUTY were added as additional cosponsors of the bill (S. 2281) to prescribe limitations on the power of the States to impose income taxes on business entities engaged in interstate commerce, introduced by Mr. SALTONSTALL on June 25, 1959.

POULTRY DIVERSION PROGRAM—ADDITIONAL COSPONSOR OF JOINT RESOLUTION

Under authority of the order of the Senate of June 24, 1959, the name of Senator MORSE was added as an additional cosponsor of the joint resolution (S.J. Res. 112) directing the Secretary of Agriculture to carry out a poultry diversion program, introduced by Mr. MCCARTHY (for himself, Mr. HUMPHREY, Mr. WILLIAMS of New Jersey, Mr. KENNEDY, and Mr. TALMADGE) on June 24, 1959.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. ENGLE:

Address delivered by Senator SYMINGTON at San Francisco, Calif., May 29, 1959.

By Mr. HART:

Exchange of correspondence between him and the Office of the Chief of Ordnance of the Department of the Army regarding application of labor surplus set-asides under defense contracts to the procurement of commercial trucks by the Department of Defense.

By Mr. MUNDT:

Article entitled "Trade Union Leaders To Meet To Confer on Political Education," published in the Huron Plainsman of June 19, 1959; article entitled "Labor Active on Plans for 1960," written by Doris Fleeson, and published in the Washington Evening Star of May 13, 1959; and newsletter from Senator MUNDT entitled "Eastern Labor Leaders Turn Scalp Hunters Loose in South Dakota."

NOTICE OF HEARING ON NOMINATION OF LANE DWINELL TO BE AN ASSISTANT SECRETARY OF STATE, BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, on behalf of the Committee on Foreign Relations, I desire to announce that the Senate today received the nomination of Lane Dwinell, of New Hampshire, to be an Assistant Secretary of State.

In accordance with the committee rule, the pending nomination may not be considered prior to the expiration of 6 days.

UNITED STATES-CANADIAN COMMON HERITAGE—NEED FOR COOPERATIVE AND FUTURE-DIRECTED APPROACH TO WATER PROBLEMS

Mr. WILEY. Mr. President, while flying from Washington to Montreal, and looking through the window of the *Columbine* at the flowing landscape below, it suddenly occurred to me how little we actually realize the blessings of the neighborly relations between our country and Canada. We always emphasize what Canadians have done for us and what we have done for them. This we measure in terms of markets, the supply of natural resources, the exchange of technical and cultural knowledge, and the availability of vacation spots, as well as the friendly reception on the other side of the border. While we list all these good deeds, we lose sight of the blessings derived from the lack of misdeeds—the blessings derived from the fact that we are willing to leave each other in peace. How many thousands of miles of barbed wire would be required along our common boundaries if our relations were not so friendly? How many divisions of heavily armed forces would, otherwise, have to be dug in and wait idly along the 3,500 miles of common frontier? Have we ever considered the possibility of having unfriendly naval vessels patrol the lakes? Just the other day it was my privilege to see British and American naval vessels there; but this time they were there to salute the Queen and the President. But have we ever considered the possibility of having unfriendly naval vessels patrol the lakes, and threaten and molest our citizens engaged in water sports?

Can we even imagine what it would be like to have unfriendly aircraft patrol the skies, ready to buzz our commercial planes if they made the slightest mistake and crossed the boundary line?

Is there any price that can be put on the peace of mind derived from the knowledge that to the north is a nation which, like ourselves, is devoted to the peaceful pursuit of economic and social progress? Can anyone estimate the tremendously large military budget which would have been required if we had had to militarize and defend our common border with Canada, in the way that most of the nations of the world, unfortunately, still have to do in the case of their borders?

There are three unifying elements in the makeup of our respective countries: the people, the waters and the economies. The first of these elements is so perfected that there is little that we can do to enhance the original creation. The second, being the waters, we have managed to change a great deal from the way they were found in the state of nature. And the latter, the economies, we are almost completely free to shape as we may desire. On this occasion, while coming together to discuss common problems and to celebrate common achievements, we must remember how fortunate we are that our people, and the people of Canada have grown up to be so akin in their spiritual and social aspirations; that the economies of the one have developed in similar directions to complement the other, and to better serve the people, rather than to support gigantic super-States; and that the bodies of water which separate the two countries have served to produce common interests, rather than dissension.

It is to the last of these common elements, water, that I should like to address myself. Water's importance to human existence and to the development of civilization has been recognized since ancient times. In the same way that the Bible records the first murder, in Cain's killing of Abel, it records the first trespass and robbery—when Abimelech's servants violently took away Abraham's well. Since then, there have been many private, national, and international controversies for which water and waterways have served as major causes.

Of the 3,500 miles of boundary between Canada and the United States, 2,000 miles are water. The strength of our friendship can be measured by the high degree of agreement, rather than conflict, on matters relating to this mutually shared natural resource. These days, we are celebrating the opening of the St. Lawrence Seaway, but this is not the first or the last cooperative accomplishment. Beginning with 1905, the Governments of Canada and the United States have formally recognized the need for close cooperation on water problems, and the International Joint Commission, which come into being in 1909, has served as a major coordinator in this field until this day. A total of 72 cases on the Commission docket, which have been successfully handled over the years, are the best testimony to the Commission's vigor.

The test of human friendship, I believe, is not in the absence of conflicts, but in the ability of friends to overcome and to settle disagreements. And this is also true of friendship between nations. There have been, at times, matters on which both nations did not see eye to eye, and this is to be expected. But it was in the willingness to listen to the other side, to study the problems, and, through cooperative enterprise, to reach an equitable solution that our true friendship manifested itself. There are still problems on which full agreement has not yet been reached—and among these are the questions of the Columbia River and the Chicago diversion.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. WILEY. Mr. President, I ask unanimous consent for 5 additional minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILEY. Naturally, I am reluctant on this festive occasion to enter into the waters of controversy. But I have this to say: The world around us is changing, and in this changed and closer-knit world we must recognize the existence of new laws. What was done and could have been done unilaterally yesterday may require bilateral action today. What was only equity and moral law yesterday may be established law today. What we may be hoping for today may be an accomplished fact tomorrow. In solving any problems that we may have, we must, therefore, look to all concerned and look into the future. In talking about the Chicago diversion we must remember that Illinois occupies only 50 miles of the lakefront, while three other States occupy a total of 500 miles. We must remember also that these other three States account for about two-thirds of the population living around the lake. Also to be remembered is the fact that whatever interest these States have in the waters of Lake Michigan must be balanced by the interests of our neighbors.

As early as 1909, in the Boundary Waters Treaty between Canada and the United States of America, it was recognized that no one nation may obstruct or divert boundary waters on its side of the line in such a way that it will affect the natural level or flow of boundary waters on the other side of the line without the prior approval of the Joint Commission. The treaty also provides that, although each Government is to retain exclusive jurisdiction over all nonboundary waters on its own side, any diversion of such waters which would result in damages on the other side of the line would entitle the injured parties to recovery. We need not concern ourselves now with whether the parties to

this treaty pursued their rights over these years diligently enough. Possibly, special local needs coupled with inertia and lack of information at times gave undue advantage to one side over the other.

We need not deal with the past now, and we certainly have the best interests of all concerned in mind when we say: This water was here before we came and will probably be here after we depart—let us not hasten to divide this great estate among the present claimants until we know how many beneficiaries and what needs there really are. I am certain that all the States around the lake will grow manyfold, and that tremendous developments will take place north of the border. We must foresee all this, we must plan for all of this, and we cannot afford to be caught short. And there is no better way to plan for future needs than through cooperative and joint action. To assist us, we have the Joint International Commission, this parliamentary conference, and our respective Departments of State and diplomatic missions.

I should like to stress that we must approach all these problems, not from the tired point of view of yesteryear, but with the clear eye of tomorrow. We must realize that in a world of close neighbors, close cooperation and coordination are essential. We must remember, further, that it is the part of statesmanship to recognize that at times we must give up immediate but short-term advantages in order to accomplish more distant but lasting benefits.

Mr. President, in our preoccupation with our adversaries we often fail to fully appreciate our friends. One of this country's best friends is Canada. Together with Canada we share a common heritage. As I have said, in the makeup of our respective countries three unifying elements have played an important role: the people, the waters, and the economies. There is a long history of close cooperation between the two countries. To further consolidate the United States-Canadian relations, a joint Parliamentary Conference was set up earlier this year in order to deal with problems of common interest.

I have just returned from this Parliamentary Conference, which was held at Ottawa and Montreal from June 25 to June 27. I believe that these conferences provide a most welcome opportunity for exchange of opinions and that they are a very important new step in the development of more effective cooperation between this country and Canada. The Interparliamentary Conference, this time, dealt with four common problems: First, joint defense arrangements; second, cooperation in defense production; third, production and trade and minerals; and fourth, boundary water problems. As a Member of the Senate delegation to the conference, I prepared a paper on some of the problems shared by the United States and Canada.

Mr. President, in our meeting yesterday, one of the most dramatic events that occurred was when Prime Minister Diefenbaker called attention to a historical fact which was new to me. When I came home last night I read in the magazine section of the Star the incident to which the Prime Minister referred. It related that after the Battle of Bunker Hill, after the fighting had started, certain Americans then got together and sent a letter to the King. But the King would not receive the letter. In the article, there is reference to the fact that the petition was written by John Dickinson, the "penman of the Revolution." It was signed by 49 Members of the Congress, including John Hancock.

The petition stated, among other things:

> Your Majesty will find your faithful servants on this continent ready and willing at all times * * * with their lives and fortunes to assert and maintain the rights and interests of your Majesty and of our mother country.

It was suggested in the petition that the King withdraw his troops, that he repeal some of the laws, and so forth.

The point I am making is that Mr. Diefenbaker made this statement. Afterward I went to him and said, "I had never heard of this incident."

The article to which I referred is headed, "You'd Still Be British If—" The word "if" refers to the fact that if the King had been reached and the way out suggested by these men had been taken, we might still be one with the mother country.

I ask unanimous consent that the article to which I have referred be printed in the RECORD following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YOU'D STILL BE BRITISH IF—

(By Christine Hotchkiss)

Everybody knows why we celebrate the 4th of July—because on that date in 1776 the Declaration of Independence was adopted. But did you know that the Declaration might never have been written if another document, drawn up and signed by many of the same men 1 year earlier, had ever reached its destination?

This little-known message, called "The Olive Branch Petition," was written in an effort to stop the trouble that had broken out in Lexington and Concord in April 1775, and threatened to turn into a full-scale revolutionary war. Had it been received and acted upon by King George III, the United States might have become a self-governing dominion within the British Empire. It was never received by the King, mainly because an arrogant minor court official in London gave the American emissary the runaround. Otherwise we might today be singing "God Save the Queen."

INDEPENDENCE WAS NOT THEIR GOAL

The story begins in July of 1775. The Battle of Bunker Hill had just been fought, yet Americans had not set as their goal complete independence from Britain. When he took command of the American Army in Cambridge, July 3, 1775, Washington still "abhorred the idea of independence." The businessmen of New York and Philadelphia were also against the continuation of hostilities. The Second Continental Congress, in session in Philadelphia, tried for reconciliation. The petition they framed asked George III to withdraw his troops, to repeal some of the laws the colonists found obnoxious, and to provide the colonies with political and economic home rule within the British Empire.

The petition was written by John Dickinson, of Philadelphia, "the penman of the Revolution." It was signed by 49 Members of the Congress. "Your Majesty will find your faithful subjects on this continent ready and willing at all times * * * with their lives and fortunes to assert and maintain the rights and interests of your Majesty and our mother country," they declared.

The petition was entrusted to a distinguished messenger, Richard Penn, grandson of William Penn, and a stanch loyalist. Further, Richard Penn was a man of notable charm and elegance of manners, who could be counted on—it was assumed—to make a good impression in court circles.

OFF ON THE WRONG FOOT

But the mission got off on the wrong foot. Penn arrived in London on August 14—to find the King in Scotland. Not even a threatening revolution could divert George III from the grouse-shooting season. Penn, taking up temporary residence in London, sought to have his petition forwarded.

It was at this point that the course of history was altered by an anonymous bureaucrat. All that is known about this man is that, according to the memoirs of a contemporary he "took a violent dislike to the dapper young American," and so decided on his own not to inform the King of Penn's presence in London. So he emerges as the first European ever to say, "Yankee, go home."

In August Congress dispatched a second copy of the petition. It never reached anyone at court. (Later it passed into private hands and in 1931 was sold to an American collector for $53,000. Today it's in the New York Public Library. The first copy is in the Public Record Office in London.)

August lengthened into September and while George III shot grouse in Scotland, events in the colonies moved beyond control.

Hearing of a British force gathering in Canada, Congress authorized an expedition to head it off—and an American invasion of Canada was on. And Washington's army of 14,000 men besieged the British force occupying Boston.

NO CHOICE BUT TO FIGHT

When, in November 1775, Penn succeeded in getting his petition into the hands of Lord Dartmouth, the King's Secretary for the Colonies, it was too late. John Adams, one of the petition's signers, hearing of the delay, exclaimed, "Our only recourse now is to the sword."

He was right. No more conciliatory messages were framed in the colonies. In January Americans were reading Tom Paine's "Common Sense"—which pointed straight to independence. By May Virginia was instructing its delegates to Congress to propose a Declaration of Independence. And in July, 27 of the 49 signers of the Olive Branch Petition were pledging their "lives, fortunes, and sacred honor" to the cause of American independence.

That, of course, is why we celebrate the Fourth of July. But if King George hadn't gone shooting and if the anonymous official who took a dislike to Richard Penn had had a little more sense, we'd probably be celebrating Queen Elizabeth's birthday instead.

AGRICULTURAL SURPLUSES: POVERTY IN THE MIDST OF PLENTY

Mr. MANSFIELD. Mr. President, I ask unanimous consent to proceed for an additional 3 minutes.

The PRESIDING OFFICER. Without objection——

Mr. LONG. Mr. President, is the Senator asking for more than 3 minutes?

Mr. MANSFIELD. Yes. I have been waiting patiently to make this statement.

Mr. LONG. Reserving the right to object, I think unless one is prepared to stay within the time limitation, he should wait until the end of the morning hour to make his statement. I have a statement to make. It seems to me that if we adopt a time limitation, we ought to stick to it.

Having made my mild protest, I withdraw my objection.

The PRESIDING OFFICER. Without objection, the request of the Senator from Montana is agreed to.

Mr. MANSFIELD. I thank the Senator.

Mr. President, food is neither a blessing nor a burden. Food is neutral. It is what we do with it that converts it into one or the other.

The vast stream of food and fiber which is flowing as surplus into the warehouses and storage bins of the Nation is no blessing to the countless millions who do not get enough to eat. And what are surpluses to the well-fed, if they are not a burden? These surpluses have cost $10 or $11 billion of public funds to acquire. They cost all of us another billion a year just for maintenance in storage.

As I said at the outset, Mr. President, food—food and fibers—are neutrals. It is what we do with them that counts. And what we are doing with agricultural surpluses now comes perilously close to proving that we are unwilling to face the responsibilities of intelligent self-government.

The administration plays politics with this problem of ever-mounting agricultural surpluses. And let us face it, we in the Congress have hurled our share of recriminations, some justified, some not, at the administration in retaliation.

The people of this Nation, I believe, are sick and tired of this entire business. They are sick and tired of an administration which, either because it is unwilling or unable to lead, seeks to frustrate every effort of the Congress to make a dent in the problem. They are sick and tired of a Congress which does not try harder to make a dent in this problem.

For the fact remains, while the recriminations are hurled back and forth, while everyone agrees that the situation is deplorable, we continue to pay out vast amounts of public funds which stimulate the production of surpluses. We continue to pay out vast sums of public funds to store the surpluses. We continue to pay out vast sums to get rid of the surpluses. Prices of food stay high and go higher. A new class of get-rich-quick surplus millionaires has appeared. And all the while, the small farmers go under by the tens of thousands each year. And all the while, the hungry do not get enough to eat. And all the while the surpluses pile higher.

If we go on this way, how much longer will it be before we discover that it is cheaper to burn wheat than to store it, to dump the rotting eggs into the sea, to put the mildewing corn into free cold storage in the Antarctic? Is that where we are headed, Mr. President? It is clear from recent debate on this problem that we are rapidly approaching some such point of ultimate futility.

Mr. President, I am not an expert on the technical intricacies of agricultural surpluses. There are men in this body who know far more about that problem than I. There are hundreds of experts on this problem in the Department of Agriculture.

I think I know a little, however, about human needs and I think I can recognize a callous indifference to those needs when I see it. I think that every Member of this body is aware that there is something wrong in the picture of ships in mothballs and warehouses all over the land bulging with food while millions of Americans do not have enough to eat, while countless millions abroad stand looking on, with hunger-filled eyes and distended bellies.

I know, Mr. President, there is legislation on the books which is designed to get the surpluses into the stomachs of the hungry. Some food, to be sure, has gone to the unemployed and their families. Some of it has gone to the aged who are trying to make ends meet on a social security pittance. Some of it has gone to citizens compelled to depend on public welfare. But does the Senate know, really, how little has been done in this respect? Does it know of the foot dragging and inertia which characterize the administration of this legislation that is supposed to get the surplus food to people in need?

In 1958, for the entire year, this Government put an average of $16 worth of food into the hands of each needy person in the country. That $16, Mr. President, buys about 100 pounds of food; the average man consumes about 1,500 pounds a year. In short, Mr. President, we are making available to our fellow Americans in need far less than 10 percent of their food requirements out of the overflowing surpluses in the warehouses. And in order for some of these needy people to get even that drop in the bucket, they have sometimes had to take cuts in welfare checks and to submit to all sorts of personal indignities.

I do not underestimate the administrative difficulties involved in channeling available surplus food to people in need in this country. But surely, Mr. President, the way the intent of the Congress in this respect has so far been carried out borders on a national disgrace. Surely we can do better than we are. Surely, the nub of the difficulty lies not so much in any technical inability to distribute the food as it does in the lack of will to do it. I regret to say it, Mr. President, but in my opinion, the problem is directly traceable to the callous indifference of this administration to human needs. This administration appears to be more interested in proving some obscure theoretical point about agriculture, and the Government's role in it, than it is in seeing to it that people who are hungry get a little more to eat. It appears more interested in sweeping this problem under the rug or passing it off to the States than in rolling up its sleeves and going to work on it.

Time and again this administration has emphasized its disapproval of any effort on the part of Congress to do something about getting more food to Americans who need it. Just recently it has made known its die-hard opposition to the attempt of the distinguished Senator from Vermont [Mr. AIKEN] and the distinguished Senator from Minnesota [Mr. HUMPHREY], and to the efforts of the distinguished Senator from Massachusetts [Mr. KENNEDY], and other able Members of this body to liberalize the distribution of surpluses and to put a touch of humanity into the process.

If this administration has dragged its feet on a more generous distribution of surpluses at home, it has certainly behaved in exactly the reverse fashion abroad. It has been more than eager to get rid of these surpluses to any nation which will take them. Acting largely on the strength of Public Law 480, it has given away, or sold on terms little short of gifts, about $8 billion of surplus. It has been so eager to unload abroad that it has antagonized other friendly exporting nations such as Canada, Australia, and Argentina in the process. In all fairness, however, I believe we must recognize that the many nations that have taken this surplus food have benefited enormously from the gifts and by the easy terms under which these surpluses have gone to them.

But there is a point of diminishing returns under Public Law 480, and we are approaching it very rapidly. Unless we propose to delude ourselves by claiming to "sell" surpluses abroad when there is no prospect of any real payment in return, and unless we propose to antagonize friendly food exporting nations beyond reconciliation, I do not see that we can do much more under Public Law 480 than we are now doing. Indeed, we may shortly find ourselves compelled to do less. I do think that some new approach is needed in this connection. I respectfully commend to the attention of the Senate the food-for-peace proposal which is advanced by the able Senator from Minnesota [Mr. HUMPHREY] in S. 1711 and cosponsored by many other Members. I trust that the Committee on Foreign Relations will give this bill prompt and favorable consideration.

Despite the present high-pressure forced-draft distribution of surpluses abroad by this administration, there is every indication that the Government surplus stockpiles, now in the neighborhood of $10 or $11 billion, will continue to grow, and to grow astronomically. There is every indication that the cost of storage will rise far above the billion dollars a year at which it now stands.

It is incumbent on the administration and on Congress to face this problem and to stay with it. It is clear that some new approach is essential. But until we make such an approach and until it begins to cut down on the annual accumulations of excess food and fiber, we have got to live with the surpluses that are already in our midst. It seems to me that we cannot let them rot. We cannot burn them. We cannot dump them into the sea.

In good conscience, we have to put this bounty into the hands of those in need. In doing so, moreover, let us recognize, in all humility, that we shall be helping ourselves—the entire Nation—no less than those who take the surpluses.

It is time, Mr. President, to ask this administration to stop trying to make Congress say "Uncle" and to force its own peculiar economic theories down the throats of the American people. It is time to ask this administration to recognize that a better use can be made of existing surpluses other than spending a billion dollars or more a year of public funds to keep them rotting in storage.

Since it is reluctant to accept legislation originating in the Congress which is designed to put these surpluses to better use, then it is time to ask this administration to lead itself on this problem. It is time to ask this administration to put to work the hundreds of experts in the Agriculture Department and in the Department of Health, Education, and Welfare not in order to prove that nothing more should be done with surpluses, but in order to work out ways in which more can be done. It is time to ask the administration to lay before the Congress a program which will see to it that every needy person in this country gets an equitable share of the food and fiber which comes out of the good earth of the United States, and is paid for out of public funds only to go into costly surplus storage in the warehouse at public expense. It is time to ask this administration, moreover, to come up with a program which sees to it that those in need in this country can get food without being subject to humiliation and degradation, that they can get it as a matter of common decency, that they can get it because they are entitled to it as self-respecting fellow Americans.

It is time too, Mr. President, to call upon this administration to interpret into action the noble words written by President Eisenhower in February 1959 in a letter to Secretary Benson. At that time he said:

> We in America must do more to assure that food abundance—our own and that of our friends abroad—is used as effectively as possible where it is most urgently needed.
>
> My earnest hope is that our people will put their hearts and minds into this effort. * * * I request that you as Secretary of Agriculture take the lead within our Government in organizing and energizing this effort.

That was in February, Mr. President. I must ask, where is the organizing? Where is the energizing?

We are getting short on dollars for helping others abroad, but we are not short on food. I should very much like to see set aside, Mr. President, a substantial portion of the surpluses now threatened with decay in the warehouses. I should like to see it offered by the President of the United States as a gesture of peace and understanding to the world. I should like to see it offered on behalf of the people of the United States on such terms and conditions as the nations—exporting and importing food nations alike—agree will benefit most directly those most in need.

If we are to come to grips with this problem, we are going to have to recognize at the outset that it will be with us for some time. To meet it we need to develop a long-range program built around the following points:

First. We must close the disgraceful loopholes in the present Federal agricultural program so as to curb the few who have twisted its decent purposes into a get-rich-quick device which milks the American people of millions of dollars and adds enormously to the accumulation of surpluses.

Second. We must channel surplus foods, in heavier measure, into a long-range domestic program for the benefit of schools, institutions, hospitals, for the benefit of the unemployed and old-age pensioners, indeed, for the benefit of all Americans who do not get enough to eat solely because they cannot afford it.

Third. We must, together with other food surplus nations, work out a worldwide program for the benefit of less fortunate peoples in other lands, using our own surpluses in great measure in place of foreign aid dollar grants.

It will not be easy to devise a sound program along these lines. But neither will it be easy to ignore much longer the problem of mounting surpluses, with the ever-increasing cost of subsidy and storage and the shameful waste that are entailed in this glut. We need the courage to face the problem honestly. We need the determination to act on the dictates of our consciences and our good sense. It is not too late to turn what is now an embarrassing nightmare into a blessing for ourselves and for all mankind.

So long as we must live with this problem, let us at least try to live with it in decency. Let us at least try to live with it in a fashion which helps those who need help, both here and abroad. Let us stop wringing our hands as the stockpiles mount ever higher. Let us move in a fashion which serves the interests, not of the few, but of the entire nation of mankind. Let this Republican administration shift from words to action toward these ends. If it does so this Democratic Congress, I have no doubt, will do whatever is needed to support its efforts.

Mr. President, I ask unanimous consent that various editorials relating to our mounting surpluses be incorporated at this point in my remarks. These editorials have been carried in the Great Falls, Mont., Tribune and the Lewiston, Mont., Daily News.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Great Falls (Mont.) Tribune, June 24, 1959]

NO EASY SOLUTION TO FARM SURPLUS PROBLEM

(By Lauren K. Soth, visiting Dean Stone professor, School of Journalism, Montana State University)

The wheat price support and acreage allotment program will be the same in 1960 as it is in 1959. The Eisenhower administration has been urging Congress to reduce price supports further (they have been lowered from 90 percent of parity to 75 in the last few years), but Congress did not act in time for 1960. So Agriculture Secretary Benson is forced to carry out the same program another year.

President Eisenhower views this as one step closer to disaster, and he calls the wheat program discredited.

No one is very happy with the wheat situation. The carryover prior to harvest of the new crop will be nearly 1.3 billion bushels. Storage facilities and costs are becoming a serious problem. Despite large exports, the surplus probably will be added to this year and again in 1960.

Yet the simple solution of lowering wheat price supports, advocated by Secretary Benson and the Farm Bureau, doesn't look very promising, either. The reduction of price guarantees in recent years surely has not curbed the output of wheat. In fact, the surplus has risen by about 1 billion bushels under Secretary Benson—even though exports have been increased by special sales efforts and donations.

Perhaps a drastic additional cut in prices might cause some farmers to quit raising wheat. But this would increase the surpluses of other crops and especially livestock. Hog and cattle numbers are building up to levels which will flood the meat markets and bring prices down. If wheat prices were sharply lowered, much of this grain would be fed, thus further enlarging livestock supplies.

The crisis in wheat cannot be viewed in isolation from the surplus problem for agriculture as a whole. Solving the wheat problem by getting rid of effective price supports would not only slash the incomes of wheat growers but it would have serious repercussions on all agriculture.

Secretary Benson has got himself into a possibly even worse mess in corn than in wheat. For the last 2 years he has offered farmers a guarantee on corn prices even if they did not cooperate in the acreage allotment program. Since allotments had been lowered so sharply, most farmers figured it was better to stay out of the program and take the corn loan at about 25 cents below the official rate for those who complied.

Then last fall corn farmers voted in a referendum to do away with corn allotments altogether. Secretary Benson had told them he would continue the noncompliance loan at about $1.10 a bushel. So now farmers have plowed up many new acres and planted them to corn. Even though wet weather has hampered planting, the chances are that another huge corn crop will be harvested—perhaps even breaking the record set last year.

If wheat growers were to abandon allotments, too, what a flood of grain we would have. They will vote on marketing quotas July 23. They appear likely once again to choose the quotas and the higher price supports rather than to have price guarantees drop to 50 percent of parity.

There is no simple, easy solution to our farm surplus problem. Doing away with price supports, or drastically reducing them, would bring severe hardship to agriculture as a whole. Farm income is dropping this year and probably will decline further next year, even with present programs.

With all their faults, the price support and government storage programs have shielded farmers from part of the effects of their own abundance. These programs have kept about 5 to 8 percent of total farm output off the commercial markets. Because of this diversion, net farm income has been about 25 percent higher than it otherwise would have been in recent years. This estimate is based on the relationship between farm production and prices in the postwar years.

One of the troubles perplexing agriculture is that the American people are so rich and

so well fed they will not spend much more money for food. A small increase in supplies brings prices crashing down. Yet agriculture, being a truly competitive industry made up of many small units, cannot control its output as so many of our large manufacturing industries can. Government acreage controls help a little, but are not very effective.

The various farm programs are far from perfect. Some alterations should be made. My own preference is for more land retirement subsidies, such as the soil bank, with somewhat lower price supports for a few major crops.

But it is much better to keep the present price supports, with all their weaknesses, than to abandon farmers to the blizzards of free markets altogether. Farmers surely ought to get some of the benefits of their own productivity in a civilized society which puts such a premium on efficiency.

[From the Great Falls (Mont.) Tribune, June 31, 1959]

WHEAT GLUT NIGHTMARE COULD BE A BLESSING

(By Hon. MIKE MANSFIELD, U.S. Senator, Montana)

Suppose we did not grow a grain of wheat anywhere in the United States for a whole year. Would we have to do without bread, cake, and the many other foodstuffs derived from this crop? Not at all. There is enough wheat in surplus at this very moment to meet all our domestic needs for not 1 but 2 years.

We Americans now own $9 billion worth of Government-held wheat, corn, rice, dairy products, cotton and other agricultural surpluses. Just the cost of carrying these surpluses runs us close to a billion dollars a year in tax money.

Nor is there an end in sight. We have given these products away. We have bartered them. We have sold them on the easiest of terms. Yet the stockpiles continue to grow.

The problem is not getting any better. It is getting worse. It will continue to get worse as long as we look on agricultural surpluses as a temporary phenomenon and try to meet it with makeshift remedies.

What makes the situation almost shameful is that in the midst of all the plenty, there is a vast unfilled need for food. Millions of people in this country do not have enough to eat. Abroad—in Asia, Africa, Latin America and elsewhere—there are hundreds of millions of human beings whose physical hunger from childhood on is little short of desperate.

If we are to come to grips with this problem we are going to have to recognize at the outset that it will be with us for some time. To meet it we need to develop a long-range program built around the following points:

1. We must close the disgraceful loopholes in the present Federal agricultural program so as to curb the few who have twisted its decent purposes into a get-rich-quick device which milks the American people of millions of dollars and adds enormously to the accumulation of surpluses.

2. We must channel surplus foods, in heavier measure, into a long-range domestic program for the benefit of schools, institutions, hospitals, for the benefit of the unemployed and old-age pensioners, indeed, for the benefit of all Americans who do not get enough to eat solely because they cannot afford it.

3. We must, together with other food surplus nations, work out a worldwide program for the benefit of less fortunate peoples in other lands, using our own surpluses in great measure in place of foreign aid dollar grants.

It will not be easy to devise a sound program along these lines. But neither will it be easy to ignore much longer the problem of mounting surpluses, with the ever-increasing cost of subsidy and storage and the shameful waste that are entailed in this glut. We need the courage to face the problem honestly. We need the determination to act on the dictates of our consciences and our good sense. It is not too late to turn what is now an embarrassing nightmare into a blessing for ourselves and for all mankind.

[From the Lewistown (Mont.) Daily News, June 2, 1959]

TOO SENSIBLE FOR ACCEPTANCE

Senator MIKE MANSFIELD as guest editor-for-a-day has written a very thoughtful and constructive editorial in the Great Falls Tribune suggesting a way out of the increasingly acute problem of our growing wheat surplus.

The Senator points out that there is no end in sight. He indicates that we have "given these products away. We have bartered them. We have sold them on the easiest of terms. Yet the stockpiles continue to grow. * * * The problem is getting worse."

Senator MANSFIELD believes that the wheat surplus problem will continue to grow worse as long as we regard agricultural surpluses as a temporary phenomenon and try to meet it with makeshift remedies.

The good Senator does not pose this problem without offering a way out of the woods. He has three specific and arresting proposals:

1. "We must close the disgraceful loopholes in the present Federal agricultural program so as to curb the few who have twisted its decent purpose into a get-rich-quick device which milks the American people of millions of dollars and adds enormously to the accumulation of surpluses."

2. "We must channel surplus foods, in heavier measure, into a long-range domestic program for the benefit of schools, institutions, and hospitals for the benefit of the unemployed and old-age pensioners, indeed, for the benefit of all Americans who do not get enough to eat solely because they cannot afford it."

3. "We must, together with other food surplus nations, work out a worldwide program for the benefit of less fortunate peoples in other lands, using our own surpluses in great measure in place of foreign aid dollar grants."

This program, which promises to save the overburdened taxpayer money all around, makes too much sense for us to hope that the spenders and bureaucrats in the Eisenhower administration will accept it.

INTERIM REPORT OF CABINET COMMITTEE ON PRICE STABILITY FOR ECONOMIC GROWTH

Mr. BUSH. Mr. President, this morning the President of the United States released a report of the Special Cabinet Committee on Price Stability for Economic Growth. I regard it as one of the most significant statements which has been made in recent years dealing with our economic problems on the homefront. The statement very definitely presents a challenge and an opportunity to the Congress of the United States.

The statement points out the choices we now face. It suggests that we face a serious risk of price increases which not only would be directly harmful to American families but also would seriously endanger the healthy prosperity now developing. If, on the other hand, inflationary forces are substantially checked, we can move forward into the greatest and soundest period of economic progress and prosperity in history, a period of sustained economic growth with reasonable price stability.

The statement goes on to discuss the evils and cruelties of inflation, and points out the recommendations made to the Congress with respect to dealing with this situation right now. There is a three-point program involving an amendment to the Employment Act, which would make price stability an explicit object of national policy; a call for a balancing of the budget without any shadow of doubt; and a call for firm controls over the quantity of money and credit. Incident to that, the report calls for the raising of the ceiling on interest rates which the Government may pay in connection with its financing.

Mr. President, I ask unanimous consent that this remarkable report be printed in the RECORD at this point in my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

CABINET COMMITTEE ON PRICE STABILITY FOR ECONOMIC GROWTH—INTERIM REPORT TO THE PRESIDENT

It is the unanimous opinion of the Cabinet Committee on Price Stability for Economic Growth that our economy is now at a critical juncture urgently requiring action to forestall inflation and insure sound and sustained economic growth and progress.

It is the purpose of this interim report to give an appraisal of the current state of the economy, to make recommendations for immediate action which we believe is essential if inflation is to be checked, and to indicate those areas to which the Committee is presently directing its studies for the purpose of developing long run, positive recommendations to increase efficiency and productivity and thereby assure maximum economic progress.

CURRENT STATE OF THE ECONOMY

The economy has recovered from the recent recession and is now breaking into new high ground. Though unemployment persists in some areas and industries, the evidence of recovery is unmistakable:

Overall output is the highest in history and rising vigorously.

Employment is rising sharply and unemployment is falling steadily.

Average weekly earnings, personal consumption expenditures, and private investment are at record levels and are continuing to rise.

THREAT OF INFLATION

For more than a year the average prices of the things families buy have been remarkably stable, but the Committee has reached the conclusion that our ability to maintain reasonable price stability will be seriously threatened unless affirmative action is taken now. Danger signs that cannot be ignored are:

Prices of industrial commodities and many other goods have been rising in wholesale markets and this is usually followed by rises at retail.

While the average level of consumer prices has been relatively stable, prices of many consumer goods and services have continued to go up in the past year.

The multimillion-dollar Federal deficit of the budget year just ending (fiscal 1959) is creating sizable inflationary pressures.

While prospects for holding the line on expenditures for the budget year just starting (fiscal 1960) appear much brighter than they were before such wide and strong public support developed in the fight against deficit spending, there still remain strong pressures for irresponsible spending. To yield to these pressures, either through appropriations for next year or through authorizations for later years, would create serious inflationary forces. The Committee has noted an alarming tendency in the Con-

gress to work toward only an illusory balance in the budget, by substituting for current appropriations commitments for later years which will make it exceedingly difficult to avoid future deficits.

There are strong tendencies toward increased spending by State, county, and local governments.

Wage settlements have been made recently which raised wages substantially; wage agreements negotiated in earlier years provide for increases in rates this year; and wage agreements to be negotiated this summer or autumn in many industries (steel, aluminum, other metals, construction, rubber, lumber, railroads, paper, longshoring, meatpacking, and metal containers are among them) could result in wage increases of such magnitude as to lead to price increases.

THE CHOICE BEFORE US

We are confronted, in summary, with overwhelming evidence that we have arrived at a time of decision as to the future course of our economy.

The Committee's conclusions can be stated in two sentences:

We face a serious risk of price increases which not only would be directly harmful to American families but would seriously endanger the healthy prosperity now developing.

If, on the other hand, inflationary forces are substantially checked, we can move forward into the greatest and soundest period of economic progress and prosperity in history—a period of sustained economic growth with reasonable price stability.

EFFECTS OF INFLATION

The Committee rejects three misconceptions that are sometimes heard:

That a small amount of inflation is no cause for concern;

That inflation will stimulate economic growth;

That a little inflation is inevitable, relax and enjoy it.

Moderate price rises in the period of vigorous economic expansion which is now well underway would not be cause for alarm if these price rises were simply offsetting declines in the recent recession. In the recent recession, however, there was no decline in the overall average of prices. The record shows, in fact, that for the past quarter of a century the price increases which characterize periods of rising prosperity have not been offset at other times. Thus, moderate increases even for short periods cumulate in the course of years to immoderate increases in the cost of living.

Increases in the cost of living inflict unjust hardships on the many families whose incomes or pensions are fixed in dollars or do not rise in proportion to prices; violate our standards of fair play by harming families whose incomes are average or below average more than families whose incomes are above average; and contradict promises implied when people put aside income in insurance, government bonds, retirement funds, and other forms of saving; for when the money is returned it fails to buy the goods and services that people were led to expect when they put the income aside.

Resistance to inflation is bound to cause temporary inconvenience to some and to limit the gains of others, but price stability will powerfully promote the welfare of all.

FALLACIES OF PRICE AND WAGE CONTROL

The Committee rejects Government control of prices and wages as a method of controlling inflation. Such controls would not only fail completely to achieve any good but would do more harm than any amount of inflation that we have ever experienced or are likely to experience in peacetime.

While reasonable stability of the average level of prices is desirable, variability of individual prices is essential, because that controls the efficiency and the progress of our dynamic economy. Differences in prices reflect the priorities attached by consumers to different products; they thereby guide productive efforts, which seek the best returns for their effort, into useful activities. Differences in prices show the scarcities of different raw materials, machines, and personal skills, and thereby induce managers, who seek to produce at least cost, to use methods and materials which are most abundant and to conserve those which are most scarce.

If prices are regulated they cannot reflect accurately the relative priorities of various goods and services, or the relative scarcities of various means of producing goods and services. The result will always be—as history shows clearly that it always has been—waste, inefficiency, and slowing down of progress.

Furthermore, price control inevitably leads to wage control. The two together inevitably lead to rationing goods and regulating jobs and working conditions. The resulting loss of freedom would ultimately prove even more disastrous than the loss in living standards.

RECOMMENDATIONS FOR IMMEDIATE ACTION

There is no panacea, no easy way, to control inflation. As a minimum course of action to meet the problems, the Committee recommends that the following steps be taken promptly:

(1) The Congress should make it clear that the Federal Government intends to use all appropriate means to protect the buying power of the dollar. Recognition by the Congress of reasonable price stability as an explicit goal of Federal economic policy was proposed in the state of the Union message last January and repeated in the economic report. The Congress should give the highest priority to this proposal. By speaking out clearly on this issue during this session, it can effectively support the administration and the public in the fight against inflation.

(2) Not only is it imperative that the budget be balanced in the fiscal year starting next month, but it is important that the national debt be reduced. Any effort to increase expenditures beyond the levels recommended in your budget should be vigorously resisted. Holding the line on expenditures, together with improved revenues from prosperous business conditions, would make possible some reduction of the debt. Not only must the line be held on the total of next year's appropriations, but it is important that the greatest restraint and selectivity be exercised in authorizing programs for later years. Excessive authorizations, by making deficits or higher taxes likely in the future, could create permanent inflationary forces.

(3) Without firm control of the quantity of money and credit, all other measures to check inflation will be futile. Sound monetary policy requires that the Federal Government avoid making its bonds, other than those of comparatively small denomination designed for family savings, the equivalent of money. Government bonds are the equivalent of money if they can always be changed into actual money at virtually face value, not only when they are due and payable, but any time before. This is the case if the Treasury is forced to issue only very short-term bonds, or if the Federal Reserve System stands ready to buy at a pegged price all Government bonds offered to it in advance of the date when they are due to be paid by the Treasury. There is only an imperceptible difference between the Government's issuing bonds that are equivalent to money and the Government's just cranking up the printing presses and rolling out greenbacks. The Government will be forced to continue issuing large additional amounts of short-term bonds that are the near equivalent of money until the Congress allows the Treasury sufficient flexibility to achieve a balance in our debt structure by inducing people of their own free will to invest their savings in long-term Government bonds. Thus, to avoid inflation, it is essential that the present limitation on the interest rate on long-term Government bonds be removed, as the administration has already recommended. The issue is whether we want price stability or whether we want, in a concealed way, to do the equivalent of printing money—something the American public would not stand for if done openly.

ACTIONS NEEDED TO PROMOTE ECONOMIC PROGRESS

The preceding three steps are direct defenses against the present danger of excessive price rises. The administration has already recommended all of them to the Congress. We emphasize them in this interim report because these actions are needed without further delay.

In the long run, however, the most effective antidote to inflation is increased efficiency and productivity of the economy. This is one of the reasons why a major part of our work is directed toward actions to promote sustained economic growth. Furthermore, such growth is necessary for maintaining our increasing standard of living and our national security.

Among the subjects on which we are working because of their importance to the efficiency and productivity of the economy are:

Tax reform: A certain amount of revenue raised in one way may interfere far more with efficiency and productivity than the same amount raised in another way. Some taxes make it profitable for people to devote energy and ingenuity to avoiding tax liabilities, rather than to devote their efforts to doing the most useful things they can in the most efficient ways. Tax reforms are needed to promote economic growth. The "time in the foreseeable future when needed tax reforms can be accomplished," to which you looked forward in your state of the Union message, can perhaps be realized soon; for, if the line can be held on the administration's budget, tax revenues should more than meet current expenditures. This will provide the margin needed to provide for reduction in the debt and absorb any temporary losses of revenue caused by shifting to rates which, by improving incentives, will enlarge the tax base. Studies are now underway with a view to proposing changes in our tax laws at the appropriate time.

Our competitive position in foreign markets: A significant part of our total employment depends on exports. If we price ourselves out of foreign markets we price ourselves out of jobs, and our prosperity and economic growth will be hampered. Several Government agencies are studying this problem, including the Departments of State, Commerce, and Labor, the Federal Reserve Board, and the Council of Economic Advisers. On the basis of these and other studies the Committee will issue a report with recommendations.

Government regulations affecting industry: Many Government regulations, formulated by regulatory agencies, by administrative agencies, or by legislation, were originally established under very different conditions to protect the public against exploitation that is now virtually eliminated by technological developments. Some of these regulations have costly side effects, by seriously reducing productivity or causing inefficiency. There is need for a thorough review looking toward elimination of regulations which retard economic growth. Several studies have been initiated to explore the modifications needed to encourage economic growth.

Farm price-support programs: Under existing obsolete laws, price supports on a few favored crops are inflationary through their enormous costs. They also contribute to

raising the prices that consumers must pay for food and for goods made from agricultural raw materials. Our export subsidies required by law handicap our own industries by making American-grown raw materials available more cheaply to foreign competitors than to American manufacturers. The expenditures of the programs go largely to comparatively few large producers, and to industries only remotely connected with farming. The Committee will conduct special studies leading to recommendations for changes designed to alleviate the major inflationary effects of existing programs.

Practices of labor and business: Excessive concentration of power in the hands of labor or business results in practices which are contrary to the public interest. Such practices reduce efficiency and productivity, and they create inflationary pressures. Remedies for these practices should be sought through eliminating the power to injure the public interest, rather than through public control or review of the decisions of businesses, of unions, or of collective bargaining. The Committee will examine and report on the extent to which concentrations of power in labor and business contribute to inflation or impede economic progress.

Public understanding: One of the functions assigned to this Committee in the state of the Union message is to "strive to build a better public understanding of the conditions necessary for maintaining growth and price stability." As part of our work on that assignment we shall from time to time issue reports on various facets of the broad problem of economic growth and price stability.

Respectfully submitted.

Cabinet Committee on Price Stability for Economic Growth: Richard M. Nixon (Chairman), Vice President; Robert B. Anderson, Secretary of the Treasury; Arthur E. Summerfield, Postmaster General; Ezra Taft Benson, Secretary of Agriculture; Lewis L. Strauss, Secretary of Commerce; James P. Mitchell, Secretary of Labor; Raymond J. Saulnier, Chairman, Council of Economic Advisers; W. Allen Wallis (Executive Vice Chairman), Special Assistant to the President.

THE STATUTORY DEBT LIMIT

Mr. YOUNG of Ohio. Mr. President, for the reason that there was not any yea-and-nay vote in the Senate on the legislative proposal increasing the debt ceiling of the United States, I take the floor, Mr. President, to assert had there been a rollcall vote, I would have voted against the passage of that bill.

The bill which was passed by voice vote, raised the permanent statutory debt limit of the Federal Government from $283 billion to $285 billion; and for the fiscal year 1960, allows an additional $10 billion temporary increase.

May I assert, I am speaking briefly on this matter today for the reason I would not want the CONGRESSIONAL RECORD to indicate that, as Senator from Ohio, I would vote for this bill had the roll been called. It appears to me that were the Eisenhower administration and the Congress to practice rigid economy in Government, and to exercise extreme prudence in spending public money, the President would not have found it necessary to ask us to increase the debt ceiling.

When General Eisenhower became President in 1953, our national debt was $265 billion. The annual interest charge on this was less than $6 billion. Government bonds were selling at par. This was the very good fiscal situation of our Government at the time Harry S. Truman was President of the United States and retired at the termination of his outstanding service as Chief Executive. After 6 years of the present administration, our national debt is now $285 billion. Our annual interest charge is $9 billion. Government bonds are selling below par.

THE MUTUAL SECURITY ACT

Mr. FULBRIGHT. Mr. President, my attention has been called to a most interesting letter which the senior Senator from Vermont [Mr. AIKEN] sent to the editor of the New York Times. The subject of the communication is an editorial which was published in the Times several weeks ago commenting on the report of the Committee on Foreign Relations on the Mutual Security Act. I believe the letter sets forth in a very forthright and honest way the views of the members of the committee in reporting the Mutual Security Act to the Senate.

I ask unanimous consent that the letter from the senior Senator from Vermont be printed at this point in the RECORD, as well as the original editorial in the Times of June 17, 1959.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

There being no objection, the letter and editorial were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 28, 1959]

TO LAUNCH MUTUAL AID—CHANGES IN BILL SAID TO REFLECT BIPARTISAN THINKING

To the EDITOR OF THE NEW YORK TIMES:

Accurate public information concerning our mutual security program has never been more important than at the present time. I was, therefore, gravely disturbed by your June 17 editorial entitled "Juggling Mutual Aid."

As a member of the President's own party and a minority member of the Senate Foreign Relations Committee I cannot accept your suggestion that there is nothing genuine about the committee's improvements in the President's mutual security bill and that the committee's action was motivated by domestic political considerations.

The significant changes embodied in the bill that has been reported to the Senate reflect bipartisan recognition of foreign policy realities.

It is incorrect to imply that, by earmarking for military assistance to NATO $223 million more than the administration requested, the committee bill would deprive Taiwan, South Korea, Vietnam, and Pakistan of necessary military funds. According to statistics submitted by the executive branch, the $500 million which the Foreign Relations Committee allocated for military aid to non-NATO countries is more than enough to meet the legitimate defense needs of those exposed countries.

NEEDS OF UNDERDEVELOPED AREAS

The true effect of this earmarking would be substantially to curtail existing military aid to underdeveloped countries that are not threatened by Communist invasion and that are in dire need of economic, and not military, assistance. Your editorial reflects no awareness that misplaced emphasis upon military contributions to Latin America, for example, has had unfortunate political and economic consequences within the recipient countries and has also led to deterioration of their relations with neighboring States.

Equally difficult to understand is your criticism of the committee's proposal to give the Development Loan Fund authority to borrow from the Treasury in each of the next 5 fiscal years. The sole basis stated for your apparent preference for requiring the Development Loan Fund to depend on annual appropriations is a fear of "opening a back door into the Treasury."

But, as your editorial concedes, there is nothing unsound about the technique of financing long-term lending or other self-liquidating Government activities through Treasury borrowing. In fact, far from being a novelty, this method has been used to launch an impressive list of domestic housing, farm and banking programs and also to finance the Export-Import Bank and our contributions to the World Bank, the International Monetary Fund and even the St. Lawrence Seaway.

LONG-TERM BORROWING

The long-accepted and widespread use of this financing technique provides ample evidence of its desirability. Unless a fixed amount of capital is committed to the Development Loan Fund on a long-term basis, neither its administrators nor the many underdeveloped countries in need of assistance will be able to plan and operate intelligently for the optimum use of the funds.

President Eisenhower pointed all of this out in 1957. In urging Congress to create the Development Loan Fund, he then recommended that the uncertainties of the appropriations process be eliminated through the use of Treasury borrowing. "This financing mechanism," he stated, "is well suited to the character of the fund." Without the assurance of continuity which such borrowing authority would provide, the President said that the Development Loan Fund, a vital instrument of American foreign policy, could not achieve its objective.

Two years of experience with a Development Loan Fund that has been hobbled by the annual appropriations battle have demonstrated the wisdom of the President's 1957 recommendations, with which the Senate Foreign Relations Committee is in agreement.

GEORGE D. AIKEN.

WASHINGTON, *June 24, 1959.*

[From the New York Times, June 17, 1959]

JUGGLING MUTAL AID

With a deadline for a congressional vote on the mutual security program close at hand the program itself is still being kicked around as a political football in the interplay of individual and party interests. Indeed, the differences between those who find the program too "timid" and would enlarge it and those who find it too costly and would slash it are still widening and its final shape remains uncertain.

Thus the Senate Foreign Relations Committee, acting with an eye on Geneva, has voted to increase the funds for the program from the $3,909 million requested by President Eisenhower to a theoretical total of $4,165 million. What is more, as a specific warning to the Soviets, it has voted, in line with the Draper committee's recommendations, to increase military assistance toward the modernization of NATO forces from the $877 million asked by the President to $1,100 million—Finally, to meet the Soviet economic challenge, it has voted to provide $1 billion a year for 5 years for the Development Loan Fund, or far above what the President requested, to promote the development of underdeveloped countries through long-term low-interest loans repayable in local currencies.

The spectacle of a congressional body raising foreign aid above the Presidential request is, to say the least, unusual. Under

the circumstances it could even be welcomed—if the increase were genuine. But there is nothing genuine about it. The additional funds for NATO are taken from the military aid earmarked for underdeveloped countries most exposed and least able to bear a cut, such as Taiwan, South Korea, Vietnam, and Pakistan, which are also bulwarks in our defense system. And the additional loan funds are to be provided not by appropriations, as President Eisenhower has requested, but by Treasury borrowing.

Taking these factors into consideration, the actual cash funds voted by the Senate committee amount to only $3,165 million, a cut of $744 million below the President's request, the cut being disguised by new borrowing authority. Furthermore, the committee's fund allocations would require a drastic revision of a program carefully constructed on the basis of actual need, with painful effects that would offset some of the good it is supposed to do.

Nevertheless the Senate version is very much to be preferred over the House bill, which cuts the total to $3,642,600,000, with demands for further cuts on notice. Even the Senate committee's loan fund provision, though opposed by the President as opening a back door into the Treasury, might be defended on the ground that repayable loans can be financed by loans instead of taxes, especially if such loans permit essential long-term projects. But taking everything into account it still seems to us that congressional action thus far has not improved but has rather impaired the program, and that the closer Congress comes to the original program the better it will be for all concerned.

TRIBUTE TO SENATOR BYRD OF VIRGINIA

Mr. DIRKSEN. Mr. President, on the 4th of March 1933, I came to the Nation's Capital as a freshman Representative in Congress. On that same day there came to the U.S. Senate a very distinguished Member of this body, the Honorable HARRY F. BYRD of Virginia. His service in the Senate now exceeds that of one whom I learned to know very well and with whom I served in conference committees, the Honorable Carter Glass, who was at that time a member of the Senate Committee on Appropriations.

The tenure of the senior Senator from Virginia [Mr. BYRD] now exceeds that of any other Member who served in this body from the State of Virginia. He has endeared himself to every Senate in which he has served and, indeed, he has endeared himself to the whole country. I think that the interest, the confidence, and the sense of trust on the part of the people everywhere—not only in Virginia but also in all States of the United States of America and its possessions—spring from the fact that he has evidenced iron character ever since he has been in public service, and before then.

There has been a great consistency about the Senator from Virginia in his pursuit of fiscal integrity and in resisting the erosion of the American dollar. That is a matter which is very much in the public eye today. But whether one goes to Virginia, or to the State of Illinois, whether one goes to Alaska, Minnesota, New York, or Florida, everywhere there is great confidence in the course which Senator BYRD has pursued. It is exemplified by his character. He has been honored by being made chairman of the Senate Committee on Finance, and also chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, on which I have the honor to serve.

So, in this month, as he begins to make a new record, having eclipsed an old one, I think it is only fitting and proper that we should salute the service and character of this great Virginian.

Mr. GOLDWATER. Mr. President, I wish to associate myelf with the remarks of the distinguished minority leader. I have treasured the friendship of HARRY BYRD ever since I first came to this body.

It is interesting to note, in the biographical sketch appearing in the Congresional Directory, the following description:

> Newspaper publisher, farmer, and apple grower.

I doubt if there is a single American who thinks of him in such simple terms. They look upon HARRY BYRD, and the other members of the illustrious Byrd family as outstanding American citizens. In particular, they regard HARRY BYRD as a great American, who has devoted his life not merely to being a newspaper publisher, a farmer, or an apple grower, but to being an American, and acting in the U.S. Senate in such a way as to protect all Americans.

His assiduous application to the problems of the national debt, and his early recognition that wrong practices on the part of Congress could destroy the dollar, are hallmarks of his legislative career. I believe that, as Senator BYRD observes this anniversary, Americans everywhere will say, "Thank God for HARRY BYRD."

Mr. WILEY. Mr. President, when I came to the Senate 20-odd years ago, HARRY BYRD was here. I had heard a great deal about him. I had read about him. Then I became acquainted with him.

One must say about him that he is one of the pleasantest and ablest Members of the Senate. There is nothing vicious or nasty about HARRY BYRD. If he says anything about a person, he says something good. His character is as sound as his apples, and his apples are the "best ever."

I remember the first time I was privileged to visit his home. It was a beautiful day, and it was a beautiful experience—one of the outstanding experiences of a new Senator—to visit his home and meet his wife and children, and see his apple orchards.

Throughout the country HARRY BYRD is recognized as one who stands with his feet on the ground, one who thinks in terms of preserving the American way. He feels that the American way is the best way. So his name is known throughout the land. If, perchance, this country continues to grow more and more conservative, as has been the tendency in the past 6 months, he would be a very good vote getter on the Democratic ticket.

I join my colleagues in the very fine things which have been said about Senator BYRD. May God bless you, Harry. We hope you will be with us for a great many more years.

Mr. BUSH. Mr. President, I congratulate the distinguished minority leader for commenting upon the event which we read about in the newspapers only yesterday.

Senator BYRD is one of the greatest men ever to serve in this body. Certainly, the people of Virginia should be very proud of him, and of the entire Byrd family.

So far as I am personally concerned, there has been no Member of this body during the time I have been a Member of it whom I have admired more than I admire the distinguished senior Senator from Virginia.

He has been a veritable Rock of Gibraltar, in defense of sound governmental fiscal policies. Time after time he has fearlessly stood up and defended his ideals in this field, which are sound ideals, when there were not very many willing to agree with him.

He has been an inspiration to me, as I am sure he has been to other Senators. I join our distinguished leader in complimenting him upon the new record of service which he has established in the Senate for Senators from Virginia.

Mr. KEFAUVER. Mr. President, I wish to join my colleagues in paying tribute to the lengthy and constructive service of the senior Senator from Virginia. Whether one agrees with Senator BYRD or not, we know that the people of the United States have added confidence in the integrity of the U.S. Senate by virtue of the service of Senator BYRD.

He is always sincere, thoughtful, pleasant, and considerate of all his colleagues. He is indeed a constructive influence on our legislative life.

Mr. HENNINGS. Mr. President, I, too, wish to thank the distinguished minority leader for inviting the attention of Senators and of all the people of the country to Senator's BYRD's notable service in the U.S. Senate. As a descendant of Virginians, I have always felt the special warmth of the friendship which Senator BYRD and I have enjoyed, and which I have cherished for some 25 years.

He is a man of generous spirit, a man who is unwavering and unyielding in support of the principles he believes to be right. He is a fine Christian gentleman, in the highest sense of that expression. There are many more things I should like to say in tribute to my old and dear friend, Senator HARRY BYRD. I join my colleagues with these few words today, telling him in this fashion, as many of us have told him privately, that we hope he endures as a public servant, and that his health and spirits will remain as they have been for many years. We hope he will always continue to be the same HARRY BYRD we have always known.

SUPPORT FOR COUNTRY LIFE COMMISSION

Mr. WILEY. Mr. President, recently I contacted agricultural agents in Wisconsin relative to my bill, S. 265, to establish a Country Life Commission.

As my colleagues will recall, the purpose of the Commission is to take a long-range look at the problems and challenges in agriculture and to design recommendations for resolving these problems and meeting the challenges of the future.

As you know, these agricultural agents, working in a cooperative extension service, are dealing directly with the serious problems we face in agriculture. In recognition of their fine work, I believe they are making a really constructive contribution to helping our farmers "weather" the economic storms and lay a foundation for an improved agriculture program.

Because of their first-hand knowledge of the problems confronting us, I am particularly delighted with the response shown in support of my proposed legislation, S. 265. To illustrate, I should like to cite brief quotations from some of the letters:

I believe the establishing of a Commission on Country Life, as this bill states, would be of great value.

Certainly, this is a fine bill, and desperately needed in agriculture.

Your proposal to evaluate the long-range trends in agriculture is very commendable in my estimation. We know that the rural American scene is changing very rapidly and therefore a constant study of the situation is needed. A Commission such as you propose in Senate bill 265 should be of considerable value in obtaining a broad appraisal of the present situation.

As a supplement to the views of the agriculture agents which I have already had the pleasure of bringing to my colleagues' attention in the Senate, I request unanimous consent to have additional letters printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

SUPERIOR, WIS., *June 16, 1959.*

The Honorable Senator ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILEY: This seems like a very appropriate time for a thorough study of country life as proposed in your bill S. 265. In this part of Wisconsin we are experiencing a very rapid decline in farm numbers. Other factors, such as vertical integration, technological changes, and increasing competition in agricultural production are likely to have some striking effects on our economy in the near future.

I believe that it is particularly important, at this time, that the attention of the Nation be directed to the serious problems faced by agriculture and rural people. I believe that Government has a responsibility to help rural people adjust to the changes which are taking place. The increasing stockpile of agricultural surpluses has, however, resulted in poor public relations for agriculture. I am concerned by the increased number of people who think that by reducing all assistance to agriculture, that the situation will right itself.

A Country Life Commission should effectively present the true situation. The reports of such a commission could not be ignored.

Sincerely,

RAYMOND E. POLZIN,
County Agent.

KENOSHA, WIS., *June 24, 1959.*

The Honorable Senator ALEXANDER WILEY,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR WILEY: Your proposal to evaluate the long-range trends in agriculture is very commendable in my estimation.

We know that the rural American scene is changing very rapidly and, therefore, constant study of the situation is needed. Study and good understanding are certainly basic.

A commission, such as you propose in Senate bill No. 265, should be of considerable value in obtaining a broad appraisal of the present situation. It would be helpful for future planning and action by the people and agencies active in rural America today.

We are pleased to hear that you are working on plans for this evaluation.

Sincerely,

PAUL G. JAEGER,
County Agricultural Agent.

GREEN LAKE, WIS., *June 24, 1959.*

U.S. Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D.C.

HONORABLE SENATOR WILEY: I was very pleased to read your proposed bill dealing with a Commission on Country Life. There is a definite need for a study of the rural life in our county.

Thank you for sending me a copy of the bill. As county agricultural agent, I am deeply interested in legislation affecting our rural people.

Sincerely yours,

WILLYS GJERMUNDSON,
County Agricultural Agent,
Green Lake County.

WHITEHALL, WIS., *June 23, 1959.*

Hon. SENATOR ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILEY: I have studied your request of June 9 and bill S. 265. Certainly this is a fine bill and desperately needed in agriculture.

Changes within our agricultural enterprises occur so fast that we in education in the field are not always prepared to meet the change. Very fine planning along these lines has been done by our director, H. L. Ahlgren and staff. These plans are included in the Scope report. We will receive instruction on this at Madison in October.

The agricultural situation in Trempealeau County I presume is very similar to other counties and other States. The farmer is in a race to get bigger and more efficient. This he has done by acquiring more land and purchasing more and larger equipment. The farm family works hard and long with this good equipment. The fruits of their effort are great in the terms of production. But, then they are faced with the dilemma of a low price for the products. The money received for the products doesn't go far when applied against the cost of large equipment.

The next planting season more acres are planted, more cows are added, or even another enterprise is added.

Yes, well prepared plans made by exhaustive studies are certainly needed. The Commission as outlined in bill S. 265, would do this and be very valuable to agriculture.

Sincerely,

PETER BIERI,
County Agent, Trempealeau County.

BLACK RIVER FALLS, WIS., *June 23, 1959.*

Senator ALEXANDER WILEY,
U.S. Senator,
Washington, D.C.

DEAR SENATOR WILEY: I am not acquainted with the information sources for legislation. Your judgment as to the value of a Commission on Country Life as proposed in bill S. 265 would be better than mine.

I do recognize many changes in country living. We, in agricultural extension, are making many adjustments to meet the needs of rural people. You are acquainted with farm and home development whose primary function is to help farm people make necessary changes to better adapt to present living condtions. Rural development is also being carried out to help entire communities adapt to necessary changes for their betterment. The entire extension force is being reoriented to meet the needs of present-day living as spelled out in the Scope report.

We see changes taking place locally as well. Through program planning with local people, our county programs are adapted each year to local needs. We find that more time is being spent with rural nonfarm and urban people as population shifts and needs demand.

If S. 265 will help to inform the legislative bodies of changes taking place and coordinate efforts being employed to meet the needs of these changes, it may well serve a useful purpose.

These have been my personal views and do not necessarily represent the extension service.

Sincerely,

EUGENE SAVAGE,
County Agent, Jackson County.

WEST BEND, WIS., *June 24, 1959.*

Hon. ALEXANDER WILEY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR WILEY: I am answering your letter of June 9 concerning the proposed Commission on Country Life. I believe that every county in Wisconsin is in the process of attempting to look ahead in terms of agriculture and programs that need to be instigated in agriculture.

This is true in extension work, and every other form of educational program available.

In Washington County we are concerned with zoning and, as with every area, we are concerned with juvenile delinquency problems and many others. We continuously look for answers to these many problems that seem to be forthcoming.

Perhaps such an organization as you have proposed might be the answer. At least, it would seem to me, this is a start where we might begin to look at a long-range program in rural and country living.

Sincerely,

MAURICE J. HOVLAND,
Washington County Agricultural Agent.

HURLEY, WIS., *June 24, 1959.*

Mr. ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

DEAR MR. WILEY: Received your letter and a copy of bill No. S. 265. I believe that the establishing of a Commission on Country Life, as this bill states, would be of great value.

It seems to me that much of the work that is going on in the country needs additional work in planning in order that all efforts may be uniform. This bill would tend to help a great deal.

Sincerely yours,

H. W. KINNEY,
Agricultural Agent, Iron County.

JUNE 23, 1959.

Re bill S. 265, the purpose of which is to organize a Commission on Country Life.

Hon. ALEXANDER WILEY,
U.S. Senator, Washington, D.C.

DEAR SENATOR WILEY: It would appear that there would be a real need for this type of Commission, and I would generally approve

of the duties and the specifications spelled out for hearings and obtaining information.

As I have evaluated this bill, I am certain that these reports will be available to the public. Undoubtedly they would go to the Members of Congress, but it would also be of some value if they could be furnished to people affected in the areas. Copies may be put in libraries where they would be available.

I trust that you will have some success in setting up this Commission.

Yours truly,

DAVID H. HOLT.

JUNE 24, 1959.

Hon. ALEXANDER WILEY,
U.S. Senator, Washington, D.C.

DEAR SENATOR WILEY: I have read bill S. 265 and would like to state that I think such a bill has merit.

The extension agents in Oconto County are attempting such a project in our county. We have what is known as an advisory committee which has as its primary purpose, coordinate the efforts of all agencies in the county and to identify the areas of county life that pose problems and areas which agriculture extension should work. These areas are projected into a longtime program. Our annual program is built around these problems; thus we minister to the wants and needs of the county.

Problems throughout the United States could likewise be pointed out, and eventually harmony could be reached between rural and urban segments of our Nation, harmony which is needed in many areas.

Therefore, I deem this bill of great importance.

I would be interested in receiving a report of this study upon its completion.

Sincerely,

HALLIE NEWLUN,
County Agent.

JUNE 26, 1959.

Senator ALEXANDER WILEY,
Senator from Wisconsin, U.S. Senate, Washington, D.C.

MY DEAR SENATOR: In a recent letter you asked me to comment on a bill of yours which would authorize the appointment of a Commission on Country Life.

I'm not too conversant, of course, with legislation of this kind. I am, however, familiar with the problem that I believe the bill is meant to attack.

In the last 25 years the changes in agriculture and in farming have been rapid and revolutionary. In some capacity or other I have served as an agricultural agent in Dane County since 1934. Despite my familiarity with the local situation many changes which have taken place have occurred so rapidly that I haven't been able to follow them nor in some instances keep up.

The population of our countryside has changed. Many urban workers now live in farming areas. It's difficult to estimate their impact upon the farming community of which they have become a part, upon it's tax base, upon it's schools, and upon it's social organization.

If I understand the import of your bill, it's intention is to create a nonpartisan commission which will analyze, define, and describe the rapid changes which have taken place in our rural countryside. Such an analysis should be of real value not only to the farm people who live on the land but to the rest of our consuming public who are dependent upon farm people for their food.

Sincerely,

J. W. CLARK,
Dane County Agricultural Agent.

RICHLAND CENTER, WIS. *June 26, 1959.*

Senator ALEXANDER WILEY,
Member of Congress,
Washington, D.C.

DEAR MR. WILEY: I received your letter with reference to S. 265.

It seems it has been many years since there has been much of a study on problems facing rural life in America. There have been a great many changes in the rural communities since any amount of study has been made.

I believe it would be very good if some kind of a study could be made. Through this study perhaps much information could be gained to help improve not only the rural communities but all communities as well.

Sincerely yours,

W. JOHN WILSON,
Richland County Agent.

JUNE 26, 1959.

Hon. ALEXANDER WILEY,
U.S. Senator, Washington, D.C.

DEAR SENATOR WILEY: In reply to your recent letter, in regard to bill S. 265, which sets up a Commission on Country Life, please be advised, that it is my opinion, that a study made of our rural life situation would be desirable. Agriculture and country life certainly is undergoing a tremendous change. Farms are getting larger and as a result fewer of them. This has resulted in a specialization in agriculture. My grandfather kept poultry, sheep, swine, dairy and beef cattle. Presently on that farm only dairy cattle remain. Other farmers will specialize in different types of livestock.

I have noted, too, that we have lost some of our neighborliness in the country, where people used to gather together to help each other, but now it is a situation of each one for himself. Then, too, we have a growing population in the country who are not farmers. How do they fit in this picture? It would appear to me, that these changes of plans for the future could be studied by the Commission on Country Life.

My kind regards and greetings to you from Calumet County.

Sincerely yours,

ORRIN W. MEYER,
Calumet County Agent.

JUNE 24, 1959.

Re S. 265.
Senator ALEXANDER WILEY,
U.S. Senate, Washington, D.C.

DEAR SENATOR WILEY: Personally, I believe this bill and the work and benefits of this Commission has a great deal of merit.

In my opinion we are at the point of seeing further changes in agriculture that we never dreamed possible a few years ago.

These past 10–15 years have brought forth about as many changes in the agricultural economy and way of life as were made from the time of Julius Caesar up to 1920.

The capital investment per farm is reaching staggering figures.

Specialization is becoming more commonplace. Vertical integration is here. In this area there is a terrific market for heifer (female) dairy calves. Will we have the present broiler-egg crisis in the dairy field in a few years?

Under section 1, point 5, I would like to see marketing of farm products considered. To me this is very important, not too much serious thought is presently given to this at the farm level and it certainly affects the urban as well as rural people.

Thank you for your confidence in asking my opinion. Good luck.

Sincerely,

EVERETT E. OLSON,
Iowa County Agent.

CHINESE PARTICIPATION IN OLYMPIC GAMES

Mr. HENNINGS. Mr. President, on May 28 of this year, the International Olympic Committee voted to withdraw its recognition of the Chinese National Olympic Committee as the organization which controls and supervises sports, athletic contests, and athletes on the Chinese mainland. It should be noted, as a point of information, that the Chinese National Olympic Committee was and is made up only of delegates from the island of Formosa and, as obvious as it must be to all that such delegates cannot possibly supervise or control China's mainland athletes, these delegates greeted the International Committee's action with complaints that Nationalist China had been betrayed and gave the world the distinct impression that Nationalist Chinese athletes had been forced out of the coming Olympic games despite their desire and willingness to participate. Several governments, many individuals, and organizations spoke out in protest on behalf of the Nationalist Chinese and, thus, the International Olympic Committee fell victim to the very thing it obviously sought to avoid—international cold war politics.

Many Americans believe Nationalist Chinese athletes have been forbidden to take part in the Olympic games and that Red Chinese athletes will take part. Many believe that this has come about as a result of the withdrawal decision on the part of the International Olympic Committee and that the decision was an act of political discrimination against the Nationalist Chinese. If I felt this were true, I would be the first to condemn the International Olympic Committee. Politics has no place in the Olympic games or in any sports competition and to deny athletes, Red Chinese or Nationalist Chinese, the right to compete because of political considerations or because of philosophical conflict is indefensible. Politics, obviously, is the root of the controversy, but I do not believe that politics was brought into the picture by the International Olympic Committee. Rather, I believe the Committee fell prey to a political game, and I am convinced that the losers in this game will be the Chinese athletes themselves.

There are two reasons for discussing this subject. First, the American people deserve to know just which group of Chinese athletes can take part in the Olympic games, and, second, because the Senate has pending before it an appropriation item to defray the cost of military aid to the Winter Olympic games to be held next year at Squaw Valley, Calif. As things now stand, just which Chinese athletes will take part in the summer Olympic games can be described only with a sentence which is a nightmare of punctuation and which reads as if it were taken from one of the more unintelligible passages of "Alice in Wonderland." Right now, Mr. President, neither Red Chinese athletes, as represented by an organization which controls sports on the Chinese mainland

and claims to, but does not, in fact, control sports on the Island of Formosa, nor the Nationalist Chinese athletes, as represented by an organization which controls sports on the Island of Formosa and claims to, but does not, in fact, control sports on the Chinese mainland, will take part in the summer Olympic games.

Such is the folly of applying political considerations to the conduct of the Olympic games. The entire question boils down to international bickering over which committee controls what, even though the entire world knows full well that the Red Chinese control nothing on the island of Formosa and the Nationalist Chinese control nothing on the mainland. It is a question of names, and I wonder just what Chinese athletes think of this bickering, obviously originated and sustained by some fat bureaucrats whose sole athletic efforts consist of revolving their swivel chairs.

As a former track and field athlete, I have never forgotten the almost spiritual joy of competition on the athletic field. I am also aware of the fact that such competition exists only between individuals and teams—not between nations. To me, as to all track and field athletes, this joy of competition seems to reach its ultimate in the Olympic games, with their traditional spirit of man against man and team against team, and in using the term "team," I am not referring to national teams. We all know that Olympic games are run off without any official tally of the points won by individuals or teams sponsored by specific nations. There are unofficial tallies, but the International Olympic Committee, which is in charge of the games, makes none. This is indicative of the fact that the International Olympic Committee properly recognizes sports organizations—not governments.

This furor over the international committee's withdrawal action by various governments, including our own in the person of the State Department, bodes ill for the nonpolitical spirit of the Olympic games. Recognition by the committee that Nationalist China does not control sports on the China mainland is not recognition of the Red Chinese government. It is, rather, the simple facing of obvious fact. Should the International Olympic Committee recognize sports organizations on the basis of political claims, I suppose the committee might have to recognize sports groups supported by the Bourbon government of France or by the Seminole Indian Nation of southern Florida, neither of which has ever conceded the fact that it no longer wields authority it once exercised.

There is, of course, a simple answer to this problem. If the Chinese National Olympic Committee would abandon its position that it supervises China's mainland athletes, Nationalist Chinese athletes could take part in the Olympics as representatives of Formosa. This was the course of action urged by the International Olympic Committee, according to Mr. Avery Brundage, its president. It should not be a difficult course, for it requires only a realistic approach to the question and, in fact, Nationalist Chinese athletes recently took part in the third Asian games as representatives of Formosa. The same shoe fits the other foot, Mr. President. Red Chinese athletes could take part in the Olympic games if the Red Chinese Olympic Committee would abandon its position that it supervises athletes on the Island of Formosa. I wonder if anyone has asked the Chinese athletes their views on the problem? I am sure their answers would surprise their governments.

Mr. President, whatever is the end result of this conflict it should not be allowed to influence anyone who might be called upon to consider the Defense appropriations bill pending in the Senate. Contained in that bill is $400,000 for the winter Olympic games at Squaw Valley, and I point out that Nationalist Chinese athletes will take part in the Squaw Valley games while Red Chinese athletes will not. An invitation to take part in the winter games was extended to Nationalist Chinese athletes prior to the date the International Olympic Committee withdrew its recognition of the Chinese National Olympic Committee. This invitation was accepted. No invitation was extended to Red Chinese athletes because the Red Chinese Olympic Committee is not a member of the International Olympic Committee, and I have been assured by the organizing committee for the winter Olympic games that the committee stands behind its invitation and will not apply, ex post facto, the withdrawal decision.

I ask that a telegram from the executive director of the Winter Games Committee which makes this point clear be printed at the conclusion of my remarks.

It is not my intention to involve myself in the affairs of the International Olympic Committee. I believe that all athletes qualified to do so should be allowed to take part in the Olympic games regardless of race, color, or belief, and regardless of the shifting sands of international diplomacy. Competition between athletes is a simple thing—an uplifting thing, which, perhaps, goes above and beyond the serious but often ridiculous appearing problems which result from the cold war.

It is my belief that our fine American athletes are not only capable of competing with the best competitors from every foreign power, but are capable of winning the games. I believe that we will emerge on top of the track and field events as we always have since the revival of the games in 1896 by Baron Pierre de Coubertin.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks a telegram I have received from Robert L. King, executive director, organizing committee, VIII Olympic Winter games, which makes this point clear.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HENNINGS. Mr. President, it is unthinkable to me that our Nation, the greatest power, and, indeed, the country which has produced the finest competitors since the beginning of this competition, should be denied the opportunity of competing, as has been suggested by some. In my judgment, there is no place superior to the field of sports for furthering and encouraging good will and mutual understanding among all nations of the world. Our fine young men and women are our best ambassadors of good will, and are better equipped, perhaps, than any other group to prove that the United States is not a decadent Nation. Let us not, then, allow the misunderstanding of circumstances that has caused so much discussion recently cast a shadow over American participation in the Olympic games. Our remaining aloof from all other nations who are sending their best athletes to this greatest of all assemblies of young men and women dedicated to the maintenance of good sportsmanship and high ideals would be a tragedy.

Whatever my beliefs, it is the International Olympic Committee, a committee composed of citizens from some 90 nations, which has the responsibility of recognizing athletes. I hope that our Government will allow the committee to fulfill this responsibility.

EXHIBIT 1

Recent action of International Olympic Committee does not make Red China member of that body. They cannot and will not participate in VIII Olympic winter games. The organizing committee invited Nationalist China and they accepted prior to I.O.C. action. The organizing committee will stand behind this invitation and accept entries of Nationalist China competitors at Squaw Valley. Therefore, this I.O.C. action has no actual effect whatsoever on our conduct of the Squaw Valley games.

ROBERT L. KING,
Executive Director, Organizing Committee, VIII Olympic Winter Games.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HENNINGS. I yield.

Mr. KEFAUVER. I know that the Senator from Missouri, himself a former star trackman from Cornell, has been interested for many years in the Olympic games. I am glad he has discussed the matter today, because it is well to get the facts clearly before us, so that there can be no question about the participation of U.S. athletes in the Olympic games and in making the Olympic meeting a great success. I think the Senator from Missouri has made a fine contribution in that direction.

Mr. HENNINGS. I thank the senior Senator from Tennessee for his contribution to the discussion. He himself took a very active part in sports—especially track, field events, and football—and has followed these matters with great interest since his school days. I would be the first to disclaim that I was a star in such participation; nevertheless, I thank the Senator from Tennessee for his compliment.

TAX RATE EXTENSION ACT OF 1959

Mr. LONG. Mr. President, I shall speak for only a few minutes now on several points which I have in mind, and shall discuss them at greater length later. My reason for doing so is that I believe some member of the Senate should place the House on notice that there is opposition to the conference report on H.R. 7523. I understand an ef-

fort will be made in the House to agree to the conference report forthwith without debate and then perhaps to have the House adjourn until Wednesday. Then if the Senate rejects the conference report, the House can say that the Senate is not being responsible, because certain excise taxes would be allowed to expire. I can understand the wisdom of that logic.

To make certain that the taxes do not expire, it would be my purpose—and I believe this is well known among certain Senators and Representatives—simply to call up on motion one of the House bills which was reported from the Committee on Ways and Means in the House and to add the excise tax provisions to it as an amendment, send the bill back to the House, and let the House agree to it, so that the taxes will not expire.

Everyone knows that a corporation income tax can be enacted retroactively without difficulty. Therefore, the better part of responsibility, from my point of view, is simply to have the Senate send to the House a resolution to enact what the House has passed.

There is something involved in this conference report which tends to downgrade the Senate, something which I believe no Senator can, in good conscience, afford to see done.

In the first place, the House Committee on Ways and Means reported a bill with the understanding that it would accept no amendment from House Members; the bill had to be passed exactly as it was reported from the committee of the House. No amendments were offered in committee; no amendments could be offered on the floor of the House. A closed rule was in effect all the way. Of course, the House had the privilege of acting in that manner. It does not have the privilege of hog-tying the Senate in a similar manner, and that is what the House has attempted to do in this instance.

In addition to saying that no amendments would be considered in the House, the House said that any Senate amendments would not be considered in the conference.

The Senate met at 9:30 last Thursday morning. Senators debated and argued their positions until 1:30 on Friday morning. Yet after all that effort, we now find that it was just so much fool's play. It was simply a pretense; it did not amount to anything, because the House would not consider anything which the Senate had done.

If Senators want to permit the House to impose a gag rule on the Senate, they have the privilege of doing so. But I say it is this type of precedent which rises to plague the Senate time and again. If we permit this kind of action to happen, we will live to regret it as long as the Senate exists.

Mr. President, this type of procedure was begun 50 years ago on appropriation bills. The Constitution provides that revenue bills must originate in the House of Representatives. So a Member of the House Committee on Appropriations drew the conclusion that the term "revenue bill" should be construed to mean "appropriation bill" as well. But that had not been the practice for the previous 100 years.

Some Member of the House simply said, in effect, "We will establish the precedent that whereas the term 'revenue bill' was intended to mean simply a bill to raise money, now any bill to spend money will be subjected to the same constitutional restriction."

The difficulty is that the Senate cannot get into court under such a practice. The Senate has not been able to initiate appropriation bills. Such bills must originate in the House and come to the Senate, because the House, in its great wisdom, has chosen not to consider any appropriation bills which originate in the Senate.

So the Senate has been stripped of such power and has to wait for the House to act first and then add its sponsorship to any resolution which might be sponsored in the House.

The House decided about 50 years ago to apply this rule to the Senate, and has imposed it on the Senate in such a way that we cannot get into court to prove that we are right. It would be necessary for the Senate to pass an appropriation bill which originated in the Senate before such a case could ever get into court to test the constitutionality of such an action.

Mr. President, as the only member of the conference committee from the Senate, who did not sign the conference report, I submit to the Senate that if we yield to that type of treatment, we shall be subjected to it time and again in the future.

Furthermore, it is particularly inappropriate that the Senate subject itself to such treatment at a time when the people of the country have elected a Democratic Congress, notwithstanding the fact that we have a Republican President.

Nowadays we are being told that President Eisenhower is running the Congress by his veto power—and perhaps he is—and that if we adopt or pass a measure as imaginative as what the people voted for last fall, the President is going to veto it; and that will be the end of it.

But we are in a position to make the President accept measures more in line with what the people voted for last fall, if we have the courage to amend the bills he has to sign, rather than only those he can veto with impunity.

I respect the President's veto power. It is a great constitutional power, and I am glad the President has it. But I also respect the Senate's powers.

This is the only public office I have ever held, that of a U.S. Senator. Senators are not elected to this body to recommend that the Senate be downgraded to the extent of having to follow the closed rule of the House of Representatives and to the extent that administration bills can be passed by the House and sent to the Senate, and then have the conferees on the part of the Senate told that in conference they must accede to the views of the House conferees.

The Senate can take up by motion the measure for the $50 gift, duty free, when by overseas servicemen. That is a revenue measure. The Senate can amend that measure by extending the excise tax for 30 days. Then the Senate can see whether the House conferees feel like talking to the Senate conferees. To agree to the present conference report will, in effect, permit the House to impose the closed rule on the Senate. To me, that is a violation of the Constitution, which provides that each House shall make its own rules. But, Mr. President, when the Senate agrees to treatment of this type, the Senate will have given up that power.

Furthermore, this development came in a situation in which a majority of the Senate conferees had not voted for the position taken by the majority of the Senate on a single major amendment to the bill. That is a violation of the rule and the precedents, in itself. The Senate is composed of two-thirds Democratic Senators and one-third Republican Senators. Yet the representation in the conference committee was on a 4 to 3 basis; there were four Democrats and three Republicans. The chairman of the committee had voted against every committee amendment and every floor amendment. As a practical matter, the conferees who oppose the amendments in the Senate were in a position to kill the amendments in the conference committee unless Senators who had voted against the Senate position were as unrelenting as the House conferees.

It is not in accordance with the rule that a member of the conference committee should have to vote against his conscience or his convictions. Under the rules and the precedents, it is envisaged that a majority of the Senate conferees will represent the majority view of the Senate in every significant respect.

I recall that after the Senate passed the displaced persons bill, Senator Pat McCarran, who was a great committee chairman, and who had fought against that bill every step of the way, sent to the desk, when the time for the appointment of conferees came, a list which included his name and that of Senator Jenner of Indiana and that of the Senator from Mississippi [Mr. EASTLAND], both of whom had fought with him every step of the way against that bill. But, much as the Senate admired the courage of Senator McCarran in fighting for his own views, the Senate insisted that a majority of the Senate conferees be selected from the group of Senators who favored the amendments, as against the committee chairman and other Senators who agreed with him in opposing the amendments. So it happened that a majority of the Senate conferees did represent the majority view of the Senate. But that was not true in this case.

Mr. President, I want to cooperate with the House of Representatives; I am willing to meet the House half way. If the House is not satisfied when it passes the administration's bill without adopting a single amendment to it, let the House pass the bill again with amendments; and later on let the House give its conferees the right to urge the conference committee to adopt that position, if that is what a majority of the House favors. But after the House finishes debating that measure, and sends it to the Senate, the Senate can

add the amendments which it believes should be added; and the conferees for the two Houses will confer in regard to them.

But I say the step now proposed would, if agreed to, constitute a tradition which would plague the Senate in the future.

As the junior member of the conference committee—although I am not a junior Member of this body, for I have served here longer than two-thirds of all the Members of the Senate—I say, on the basis of my experience here, that the time has come for the Senate to insist on what it believes should be done.

Mr. GRUENING. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from Alaska.

Mr. GRUENING. Although I am a new Member of the Senate, I wish to commend the junior Senator from Louisiana and to express my agreement with what he has said. I think the forthright speech he made was needed.

It is depressing and, I feel, regrettable, that a valuable amendment as passed by the Senate, after thorough consideration and debate, by a substantial majority can be completely nullified in conference. I think that in a way is a nullification of democratic principles and if presisted in will weaken the legislative process; and so I hope the vigorous statement the Senator from Louisiana has made of his views will result in action to do something about that matter, not only in this instance, but in the future.

Mr. LONG. Mr. President, I am a great believer in the seniority rule; and, as a junior Senator here, I have never yet asked for anything in the Senate that I did not deserve purely as a matter of seniority.

I have never asked to be placed ahead of any Senator unless I was senior to him as regards committee appointments, and so forth.

The rule and the precedents to which I have referred apply to the Senate above the seniority system. The rule provides that a majority of the conferees shall represent the prevailing view of the Senate, notwithstanding seniority. Certainly it is time that we abide by that rule. If we do not, I submit that the Democratic Party will have a hard time explaining to the public why it was that, after the Democrats obtained a two-thirds majority in the Senate, they could not do anything effective. The situation in the case of this conference report is a good explanation of what the trouble is.

I submit that we had better follow the Senate rule and precedents and make them mean what they are supposed to mean. If we do not, and if we do not have the courage to vote for what we believe in and insist on it, I say the Senate will continue to be downgraded, until eventually it will have no more stature in our Government than the House of Lords has in the United Kingdom.

The PRESIDING OFFICER. The time of the Senator from Louisiana under the rule, has expired.

Mr. McNAMARA. Mr. President, I should like to ask the distinguished Senator from Louisiana who is responsible for appointing the conferees.

Mr. LONG. The Senator from Michigan knows that the conferees are appointed under a motion for the appointment of conferees; and a part of the motion is that the Chair appoint the conferees on the part of the Senate. In that case the tradition is that the chairman of the committee—although nothing in the rule provides for this—sends to the desk a list of the conferees he proposes, and they are the ones who are appointed by the Chair; the Chair appoints the conferees on that basis.

I asked to be a member of the conference committee; I was very fearful of what would happen in the conference to the amendments adopted by the Senate; and, as at least one Senator who had sponsored an amendment which was intended to be of help to every needy person in the country, I was anxious that the amendment be agreed to in the conference.

The precedent requires that the conferees on the part of the Senate represent the ratio of Democratic Senators to Republican Senators, and also represent the majority or prevailing view in the Senate. In this instance, the conferees did not represent the latter.

The distinguished chairman of the committee announced—if I correctly understood the announcement; and I am sure that he will correct the RECORD if I am in error—that he had opposed the committee amendments; and he also opposed the floor amendments. Certainly he had a right to do that, and I would be the last to try to impose my views on that courageous statesman from Virginia. I respect his views, and he had a right to oppose those amendments.

But I submit that after that Senator opposed every amendment which had been adopted by his committee and opposed all the floor amendments, we then found that the conferees were appointed on the basis of the old seniority tradition, in violation of the rule and procedure in the Senate, and we then found ourselves locked up with a group of conferees who, after about 4 hours of conference, acceded to the position of the House and took that type of dictation from the House.

Mr. McNAMARA. Then I understand the Senator from Louisiana to say that the responsibility for appointing the conferees is a responsibility of the Presiding Officer. Is that correct?

Mr. LONG. No; under rule XXIV the Senate may elect its conferees if it sees fit to do so. I am reading from page 174 of the Senate Procedure manual.

Mr. McNAMARA. Otherwise the conferees are appointed by the Presiding Officer, are they?

Mr. LONG. A motion to appoint certain conferees is amendable by a proposal to substitute other conferees. I assume that if one Senator proposed the appointment of a certain panel of conferees, such a motion could be amended by a motion to appoint another panel of conferees.

Mr. McNAMARA. Yes. But I understand the responsibility is that of the Presiding Officer, in the first instance, in the absence of such action by the Senate.

Mr. LONG. A motion is made that the Presiding Officer appoint the conferees on the part of the Senate. The chairman of the committee makes the motion, and immediately sends to the desk a list of the conferees he proposes; and the Presiding Officer reads, or has the clerk read, from that list. So, as a practical matter, the chairman of the committee appoints the conferees.

Mr. McNAMARA. But, under the rule, the Presiding Officer appoints the conferees, does he not?

Mr. LONG. No.

Mr. McNAMARA. Then who is authorized to appoint the conferees?

Mr. LONG. Under the rule, the Senate elects the conferees.

Mr. McNAMARA. But that was not followed in this case.

Mr. LONG. The way the conferees are selected is that a Senator simply moves that the Presiding Officer appoint conferees. It is assumed he will appoint a panel of conferees recommended by the committee chairman.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. McNAMARA. I subscribe to the position taken by my colleague from Louisiana. I will support his position in every way I can.

A SELFLESS CRUSADE TO HELP REFUGEES

Mr. KEATING. Mr. President, an excellent editorial in the New York Times of June 29 points up many of the important factors which will go into World Refugee Year. As the Times accurately emphasizes, the great need now is to draw together and coordinate the many separate activities which since the end of World War II have been dedicated to helping some 50 million dispossessed and displaced people of the world.

It is my hope the Senate Judiciary Committee will soon report to the Senate a measure which will make possible realistic and effective American participation in World Refugee Year. As the Times indicates, no crusade has ever been more selfless than aid for the world's homeless. I am confident Congress and the American people will live up to the opportunity which is presented by World Refugee Year.

Mr. President, I ask unanimous consent to have the fine editorial from the New York Times printed in the RECORD, following my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A YEAR FOR THE REFUGEES

This week we are officially opening the World Refugee Year. Actually, work has been going on steadily for many months in preparation for many of the tasks that are to be taken up. This plan to coordinate many activities on behalf of the refugees is immense in its scope. Carrying it out will require dedication and imagination.

Some of the acute problems of resettlement have already been solved. Much valuable experience has been gained. But the work has only begun. After all, it must be remembered that since 1945 about 50 million persons, or almost the population of the United Kingdom, have been displaced and dispossessed. This is a mass migration, in a way that has no parallel in history. What is more, it has been forced migration in every major instance.

The size of the movement and its character make this a global problem. Obviously it cannot be solved on a piecemeal basis. That is why, long since, there have been several important intergovernmental refugee agencies, operating chiefly under the United Nations. They must, of necessity, deal primarily with the international aspects of the various cases. But, in addition, there have been direct operations by almost 40 governments acting, in each case, unilaterally.

Beyond that, there have been literally hundreds of voluntary and nongovernment agencies trying to do what they could. Foundations, churches, religious orders, trade unions, the Red Cross, the "service" clubs—almost every sort of organization, indeed—have made important contributions.

It stands to reason, however, that much of this work can be made more effective if it is somehow pulled together into one great program in which each agency, government, or individual can have a share. That is the primary purpose of having a World Refugee Year and an International Committee to correlate its activities.

Of equal importance is the fact that we need to have continuously dramatized for us the immensity and poignancy of the need. The refugee problem may be called political, it may be called economic, but it is much more than that. It is essentially a problem of human needs and human happiness. This must always be kept in mind.

No crusade on behalf of men, women, and children has ever been more selfless, in its origins and its motives, than that of aid for the refugees. The World Refugee Year is an opportunity to make it even more successful and to reap an even richer reward of human and moral satisfaction.

THE CREDIT UNIONS—BANK OF THE WORKINGMAN

Mr. HARTKE. Mr. President, in recent years, credit unions have experienced substantial growth, both in number and in strength. It is most rewarding to review the record of growth of these grassroots financial institutions on this, the 25th anniversary of the enactment of the Federal Credit Union Act. From a membership of but a little over 400,000 in 1934, these groups have expanded their services to include more than 10 million individuals in the United States and another 2 million or more in other countries throughout the world. Credit union assets in the United States alone have increased more than tenfold since 1934.

It is not difficult to understand why the credit union movement has been spreading throughout the world—not if you understand what they are trying to accomplish and the principles upon which they are founded. They are the epitome of democracy—organized by groups of people with a common bond of interest, who pool their savings and lend to each other at low cost. They are the bulwark against financial worry for millions of families, and they are the teachers of self-reliance, thrift, and the wise use of credit. Whether State or federally chartered, located in a plant, an office, or a church, credit unions are run by the members and for the members.

Membership participation in all the group's affairs is encouraged. Each member knows that his credit union is the place to seek help and advice on any financial problem, with the assurance that his problem will be approached with understanding, that his confidence will be kept, and his personal dignity respected.

The Indiana Credit Union League, representing credit unions organized throughout the State, is helping to serve the credit needs of one-quarter of a million people. My State of Indiana, and every other community in this country, benefits from the operation of these cooperative credit institutions. The economic benefits are obvious. The social benefits, while not as readily recognized, are implicit in the self-supporting, cooperative nature of credit unions everywhere.

THE ATLANTIC CONGRESS

Mr. KEFAUVER. Mr. President, one of the outstanding citizens of our Nation who attended the recent Atlantic Congress in London with me was Edward J. Meeman, editor of the Memphis, Tenn., Press-Scimitar. His understanding of international problems and his devotion over the years to the cause of freedom and the Atlantic Community are widely known.

In his newspaper, on June 16, Mr. Meeman published an article written by him on the subject of the Atlantic Congress and the implications and meanings behind it.

The insight of Mr. Meeman, demonstrated so clearly in this article, moves me to ask unanimous consent that his article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POMP AND CIRCUMSTANCE AND THE GREAT MEANING OF ATLANTIC CONGRESS

(By Edward J. Meeman)

As I walk again the quiet trails of Forest Farm I recall the historic and history-making scenes of the past 2 weeks in the Atlantic Congress in London in which I sat.

There was that scene in Westminster Hall, in the shadow of the Houses of Parliament, where Charles I was tried for his life, and lost, and Warren Hastings was tried for his, and won; and we were there as representatives of the NATO nations, on trial now for our lives—and shall we win or lose?

The solemn yeomen and trumpeters march in, in the brilliant red and gold uniforms of the time of the first Queen Elizabeth, to herald, in music written for the occasion by Sir William Walton, the arrival of the second Queen Elizabeth. She and Prince Philip take their seats in their thronelike chairs. On the dais behind them are the officials of the Congress, including one American, Senator KEFAUVER, who was given this recognition for the leadership he has shown in the NATO Parliamentary Conference.

It is not an empty ceremony. The Queen really says something. She sets the keynote of the Congress by alluding to "the Atlantic community." It is an important statement. So the 15 nations are really one body—a "community." And she abjures us:

"My hope is that when you disperse, the peoples of the Atlantic community will be a step nearer to a practical system of cooperation."

Did we realize her hope? Yes, though the step was not as great a one as it might have been.

The Queen's hope and ours lies not in what we actually did at the Congress, but what we, members of Congress and parliaments, and citizens, will do in the months to come.

As the Congress drew to a close, Senator KEFAUVER in a speech called for that action. He said:

"The North Atlantic Treaty Organization has been severely taxed at times because of internal dissension. I am reminded of a classic phrase in the Constitution of my Government. The first sentence of my Constitution declares that 'We, the people of the United States, in order to form a more perfect union * * *.'

"The philosophy of that phrase should give courage to all of us. For the architects of good government all have recognized the need to refine the product of authority. It is the same with the North Atlantic Treaty Organization. Since its formation it has been our task to work for a more perfect community of nations.

"That is why we have gathered here these past few days. We must take another several steps forward. This we must do regardless of any Soviet threat.

"This Congress of citizens has recognized that we have political and economic problems which must be solved.

"There are trade problems. There are nationalistic programs which should be extended to the benefit of all free world nations. There are new nations in awakening areas of the world which need our help as we need theirs. There are ideas and hopes and projects which, if developed, might well circle the earth beyond the speed of guided missiles."

He asked for carrying out of such proposals of the Congress as the "bringing about not later than the spring of 1960 a special conference composed of not more than a hundred leading representative citizens, directed to convene for as long as necessary to examine exhaustively, and to recommend as expeditiously as possible, the means by which greater cooperation and unity may best be developed within the Atlantic Community."

Delegate Elmo Roper, the public opinion analyst, who is president of the Atlantic Union Committee, in a press conference said that such citizens might well be candid enough to say that—

"The nation-state is not the ultimate form of political organization, that 'a foot at a time' is not the way to cross a chasm, that a single problem might be insoluble, but four problems might be solved together."

The delegates worked hard—many of the committees worked far into the night. But it was not all work. British hospitality saw to that. Here was one evening's program: Informal reception by the Earl and Countess of Bessborough, 6 to 8; dinner by Mr. and Mrs. O. D. Bratton, who were tourists in London, for the Memphians at the Congress, Mayor Orgill, Mr. and Mrs. Richard Wallace, Mr. and Mrs. Leo Burson, and myself, 8 to 10; formal reception by the Lord Mayor at the Guildhall, 10 p.m.; special performance of "My Fair Lady" for the delegates at the Drury Lane Theater at midnight.

And now more work—to bring NATO all the way to what Queen Elizabeth called "a practical system of cooperation." The present NATO military organization is little more than a posse on the frontier to fend off the Red robbers. The North Atlantic Community needs more than a posse. Since

all agree we are a community, it is time to have law and a government, democratically constituted, so that "government of the people, by the people and for the people, may not perish from the earth."

THE FRENCH CASE—ADDRESS BY M. HERVÉ ALPHAND, FRENCH AMBASSADOR TO UNITED STATES

Mr. KEFAUVER. Mr. Prsiedent, it was my very great pleasure to accompany M. Hervé Alphand, the Ambassador from France to the United States, and his charming wife, to my home State of Tennessee on June 11 and 12. While at Nashville, M. Alphand delivered an address before a dinner of the Tennessee Bar Association in which he presented the French case to many of our people in Tennessee.

France has long been a stanch ally of the United States and, like the United States, has always been a stirring symbol of democracy and freedom.

This deep friendship is returned by our people to the people of France. M. Alphand did a fine job of making clear the real meaning behind the difficulties his Nation has met in recent years, and I know our people in Tennessee who heard his speech went away with a better understanding.

I ask unanimous consent that M. Alphand's speech be printed in the RECORD at this point in my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS DELIVERED BY H. E. M. HERVÉ ALPHAND, FRENCH AMBASSADOR TO THE UNITED STATES, AT THE DINNER OF THE TENNESSEE BAR ASSOCIATION, NASHVILLE, JUNE 12, 1959

After having been on the brink of civil war, a year ago, France has undergone in the last few months an amazing metamorphosis, a renaissance which is already noticeable in the political, economic and financial fields and which, I am certain, will have considerable impact on the international situation.

I have lived too long in your country not to realize the feeling which the French case has aroused in the last years. The criticisms I have heard here were, I must say, always inspired by true friendship, by a very real fear that France might collapse, that our unity might be disrupted and also by the hope to see us, at last, play our proper role in the world.

Great concern was expressed about our instability, the constantly recurring overthrow of our cabinets, and an astonishing constitutional setup which actually entrusted an Assembly composed of 600 members, each with his own opinion, with the responsibilities of governing the country.

Americans were worrying over the strength of the Communist Party which controlled more than 25 percent of the votes and 150 of the seats in the National Assembly. It was feared that the influence of Moscow would, in this way, infiltrate more and more every phase of French life.

The utmost anxiety was felt also because of a financial situation which condemned us to inflation, to the deterioration of our currency, to the crushing of our industries under the yoke of an excessive protectionism, to a kind of economic isolationism which, little by little, undermined all phases of national life.

Finally, many believed that France, whose health seemed to hang in such precarious balance, only evidenced firmness, a firmness of an obsolete type, in pretending to impose upon the young peoples of Africa a colonial system dating back to the last century.

I must say that these accusations were often exaggerated and in part unjust. Behind the chronic instability of our politics, there was great stability in our national character. Governments often changed, but the policies of the country did not, while the civil service firmly remained in place whatever the political color of the Cabinet. The proportion of Communists in the Assembly was also misleading; the Communist ticket was voted by many who were simply dissatisfied and who wished only for a change, without knowing the first word of Marxist theories or of the orders issued from Moscow.

Despite the deterioration of the currency and the foreign exchange hemorrhage, French economy has grown in unheard of proportions in the course of the last 5 years. During that period, industrial production has increased by almost 50 percent, beating all records set by our European neighbors.

I would also add that it was not fair to say that France practiced a 19th century colonialism. We have long known that all this belongs to the past, but we also know that it is only thanks to our presence and our cooperation with these young and inexperienced peoples, that they can be protected against what I would call the 20th century colonialism, I mean international communism.

It remains, however, that from crisis to crisis, France was going downhill little by little, and that there were good reasons to fear last year's dramatic clash between the traditional forces of the extreme right and the extreme left, the outcome of which would have been the suppression of our freedoms. Though the movement initially started in Algeria, it can be said that the whole French people, conscious of the dreadful danger involved, took part in it. The referendum and the elections held a few weeks later demonstrated that this had not been the will of just a small sector of public opinion but the expression of the desire of the immense majority of the French people.

The last 12 months will undoubtedly count among the most fruitful and best filled of our long history. Constitutional order has been reestablished, and this without any bloody revolution, without recourse to dictatorial rule. From now on, according to the principles set down by one of the fathers of French democracy, and also of your own democracy, Montesquieu, the executive, legislative, and judiciary branches of the Government are separate and well balanced in France as they are in the United States. The Government governs, the Parliament votes the laws and exercises its control, but, when a deadlock arises between the executive and the legislative, the President of the Republic, the supreme arbiter, has the right to dissolve the National Assembly and to go before the people.

For the first time in a great Western democracy, the Communist Party collapsed in a manner no one could even have imagined. Because of a decrease in recorded Communist votes and also on account of the new electoral system, the Communist Party now holds only 10 seats in the present National Assembly, as against 150 in 1956. True, the recent municipal elections have shown a comeback in the Communist vote, but, when added up, the number of municipal councillors belonging to that party has been reduced and nothing will be changed in the present balance of political parties in France.

Financial and economic order has been restored through a program covering the budget, investments, the currency and foreign trade. The strict balance of the budget is now insured. Ordinary revenues cover ordinary expenditures. Only investments, as is good practice, are covered by loans, up to an amount of about 600 billion francs, $1¼ billion. In order to achieve this, taxes have been increased and the French taxpayer who, quite contrary to popular belief, was already one of the most, if not the most, heavily taxed in the world, has now to carry an even greater load than before. Furthermore, important expenditures have been cut down, especially the subsidies granted by the State to various producers.

Thanks to this policy of austerity, France will be able to discharge her tremendous obligations, in the civilian field as well as in the field of defense, in the homeland and in Africa, and this without having recourse to inflation. We will not cut down investments affecting our future in the field of housing, of construction of schools and hospitals, in the field of industrial equipment or in that of production of energy and communications. Far from it, we will in fact increase these investments by about 30 percent as compared to their 1958 level. I can therefore say that the danger of an aggravation of the present slight recession which might result from a decrease in State expenditures, added to an increased tax burden will be offset thanks to the Government's investment policy.

The franc has been set at its proper rate and, at the same time, we have rid ourselves of the extreme protectionism surrounding our frontiers. Ninety percent of our trade with our European neighbors has been freed from quota restrictions and 50 percent of our trade with the other countries, so that competition will once more be open to all. Thus, on the one hand, prices will be held down and on the other our producers will have to get used gradually to deal on a competitive market, which is the only basis for real progress. In the last 4 months, our balance of payments has shown a surplus in gold and in hard currencies of more than $1 billion.

This extraordinary will to reform has not been limited to our metropolitan boundaries. In Africa, a new community is gradually taking shape; each of its territories is free to determine its own status: integration with France, participation in the community, or total independence. I must add that all but one of these African territories have chosen participation in the French community.

In Algeria itself, despite extreme difficulties arising from the local situation, free elections on as broad a basis as possible have been held. The great majority of Algerians, Europeans, and Moslems alike, have, by their vote, shown their will to continue working in close cooperation with France.

The French Government has always offered a cease-fire to be followed by totally free elections which, alone, can determine the political future of Algeria. It is not our fault if the rebellion has until today rejected this proposal which is by far the most liberal offer any government can make.

Ladies and gentlemen, a new France is rising. Her internal metamorphosis will help her play a more important role in Europe and in the world, and it is on this subject that I would like to speak to you presently.

Long ago, General de Gaulle expressed the view that the world is driving toward an era of great entities. For many years now, one of the great objectives of French foreign policy has been precisely the creation in Europe of such a great entity. The time of West European states, small or medium, fighting one another and whose quarrels always ended in war, is a thing of the past; the era of Europe is beginning.

However, without a strong government, without stable institutions, without far-reaching economic reforms, France, no matter how great the good will or even the enthusiasm of many of her leaders, could never

have participated in the building of Europe, and consequently, there would never have been a Europe. This is one of the first results, in the field of international politics, of France's internal evolution.

On January 1 last, the European Economic Community or as it is often called the Common Market came into being; it will unite the efforts of 165 million citizens in an area which is already the world's No. 1 importer, and the world's No. 2 industrial power after the United States and before Soviet Russia, with considerable room for expansion.

In this Europe, the productive capacity of the six participating countries will not simply be added to one another, they will be multiplied by each other. Each country, each industry, under the impulse of competition, will concentrate its efforts, will reform and modernize its methods, achieve specialization, lower its production costs. This will result in a prodigious improvement in the standard of living and increase in the wealth of this vast market. A prosperous and stable Western Europe is the best answer the free world can provide to the dangers of Communist infiltration.

I have outlined all that a strong France can bring to the equilibrium of Europe. Now I would like to speak briefly of the effects of our rebirth upon that other great world problem of the 20th century, I mean the relationship between East and West, between the free and democratic world and the Soviet world.

The most serious aspect of these East-West relations is now before us with the Berlin crisis. It seems to me that on this matter the French and U.S. positions are very close at least as regards the basic issues involved.

Neither of us accepts relinquishing—under threat—any of our indisputable rights in Berlin, in particular our right to station troops in that city and to supply them. Should this right to free passage be violated, one way or another, the responsibility for such an act would not fall upon us but rather on those who would interfere with the exercise of our rights.

But, at the same time, both France and the United States, as long as no pressure is exerted upon them, do not refuse to negotiate on all problems of common interest to the free world and to the Soviet world. However, and this is a matter of approach, we believe it would be dangerous to rush to a summit conference, before having established at the Foreign Ministers level that serious hopes exist for an agreement on the most important points which divide our worlds, in this negotiation with Soviet Russia, we feel that every aspect of the German problem, and not only Berlin, should be dealt with in order to seek a modus vivendi; but, obviously, we will not sacrifice the basic issue, and this issue, for you as for us, is the very principle of liberty, the fundation of our common political philosophy, our "raison de vivre." We will not sacrifice the security of Europe for any false formula of disengagement, at least not until a general and controlled agreement on disarmament can be reached. Otherwise the creation of a narrow neutral zone in Europe would have as a likely consequence the pullback of U.S. forces to the American continent, more than 3,000 miles away, while the Soviet forces would retreat only a few hundred miles. Far from lessening international tension, such a measure would only increase the risks of war, of instability, and of insecurity on the European continent.

I repeat, therefore, that, on these basic issues, there is no difference between the positions of Paris and of Washington. As our Prime Minister, M. Michel Debré, said a few days ago, France remains deeply attached to the Atlantic Alliance. As long as the threat coming from the East remains what it is, we must continue to cooperate closely within the framework of NATO.

Even more, I will say that NATO ought to be a more complete and efficient alliance. A country like France ought to be fully associated to the responsibilities and the decisions to be taken by the West, especially with respect to atomic defense. Good relationships within our alliance require that there be between us a cooperation similar to the one which obtained for instance in 1917, when we were fighting together against German imperialism. Today as of old, the United States, England, and France must share without mental reservation the decisions as well as the means. If it were not so, how could we accept the stockpiling on our soil of weapons the control of which would belong to a third party, even when this third party is the best of friends.

Moreover, it is indispensable that our two countries continue to maintain a close liaison between them and to coordinate their action not only in Europe but also in other parts of the globe, where the United States and France, together with Great Britain, are sharing responsibilities. That is why we welcome with great hopes the establishment in Washington of permanent consultations on all world problems affecting war and peace.

I believe, ladies and gentlemen, that France's reforms, which enable my country to regain this eminent place in the community of nations, are the expression of the will of all Frenchmen; this will has been expressed by massive votes and, only a few days ago, despite the hardships and the sacrifices now facing the country, by the enthusiasm of the crowds who came to hail General de Gaulle all along the roads of the southwest of France.

Everyone knows that thanks to him, in 1940, France stayed in the fight against nazism. Everyone admires in him the man who has known how to hold himself above factions and parties in order to remain the supreme arbiter. Everyone is grateful to him for not having yielded to the easy temptation of imposing a dictatorial rule upon a disunited land and to have achieved this difficult reconciliation between authority and liberty. Everyone recognizes that this rebirth of France is taking place, according to our traditions, in a spirit of democracy and according to the will of the people.

Thus we will continue along a road not yet clear from obstacles, but with great hopes of attaining our aims. This renovated France will always remain, I am certain, as she has always been, the friend of the United States. And thus, helping each other, we will persevere in the way shown to us by Washington and Lafayette, by Clémenceau and Pershing, by Eisenhower and De Gaulle.

ORDER OF BUSINESS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to speak in excess of 3 minutes.

The PRESIDING OFFICER. Without objection——

Mr. JOHNSON of Texas. Mr. President, reserving the right to object, what was the Senator's request?

The PRESIDING OFFICER. The request of the Senator from West Virginia was that he be permitted to speak in excess of 3 minutes.

Mr. JOHNSON of Texas. I would certainly interpose no objection if the Senator would specify a reasonable time. I do not want to leave the request an open-end one in the morning hour, because the purpose of requesting a 3-minute limitation is to put some limitation on speeches in the morning hour. If the Senator asks consent to speak for 5 minutes, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD of West Virginia. Mr. President, I yield first to the Senator from Massachusetts.

Mr. SALTONSTALL. I appreciate the Senator's courtesy. I shall be very brief.

JOHN HAYS HAMMOND, JR.

Mr. SALTONSTALL. Mr. President, particularly known for his contribution to knowledge of radio control of distant mechanisms, John Hays Hammond is widely respected by scientists for his contributions in many fields. His efforts in the radio control field first received recognition when he established the basis for directional control of a high speed motorboat before we entered the First World War.

Later he applied his knowledge to radio controlled torpedoes and aircraft, as well as to the battleships used as targets in the early bombing tests.

These principles still apply today in the guiding of the missiles upon which we depend for so much of our defense today. Many have contributed to this field who have been recognized. Many more will, most unfortunately, remain unknown. Thus, when we have this opportunity, it is appropriate that we pay tribute to the work of John Hays Hammond, Jr., of Gloucester, Mass.

Mr. President——

The PRESIDING OFFICER. The Senator from Massachusetts.

JOHN FOSTER DULLES—ARTICLE FROM SATURDAY EVENING POST

Mr. SALTONSTALL. Mr. President, in the Saturday Evening Post of June 27, 1959, there appeared an excellent editorial about the late John Foster Dulles. I have always felt that Mr. Dulles was an excellent Secretary of State, and I was frequently troubled by much of the criticism which was made of him during his service in that post.

Especially unfair were the charges that Secretary Dulles sought to take the United States to the brink of war. The Post's editorial very succintly and, in my judgment, correctly puts the case that "any American policy short of surrender to the Reds may fairly be said to take us to the 'brink of war'."

Secretary Dulles recognized and was steadfast to the principle that America must stand firm in the face of Russia's every effort to extend her domination in the world. Any brinks of war at which America may have found herself, or may in the future find herself, result from the expansionist designs of the Soviet Union.

No one in the free world wishes to be on the brink of war. But I submit that it would be foolhardy for America and the free world to relax its posture of firmness in the face of Russian threats and expansionist efforts.

I ask unanimous consent to have printed in the RECORD following my remarks the editorial from the Saturday Evening Post to which I have referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post, June 27, 1959]

THE NATION OWES MORE THAN SOME REALIZE TO MR. DULLES' FIRMNESS

The tributes to John Foster Dulles make it hard to believe that it is only a couple of years since the late Secretary of State was under heavy attack. Senator WAYNE MORSE declared that Mr. Dulles' "usefulness in his position has long since passed." A year before that Adlai Stevenson urged President Eisenhower to "fire Dulles," whom Adlai accused of "saber-rattling, threats of atomic war and disregard of our allies." Liberal columnists regularly took off after Dulles, charging him with inflexibility, war-mongering and other diplomatic errors.

Neverthless, until cancer tragically intervened, Mr. Dulles steadily survived the calumnies of his critics. He survived, in our opinion, not because Mr. Eisenhower liked him and depended on his advice, but because most of the time Dulles was right. Politically and semantically his "brink-of-war" remark looked like the end. But, despite the yells of protest which greeted that unfortunate phrase, the fact is that any American policy short of surrender to the Reds may fairly be said to take us to the "brink of war." As the late Secretary said on a later occasion, "We have to go on living on the edge of an awful abyss from which we could so readily be rescued if only the Soviet Union did not insist upon retaining for itself the possibility of massive surprise attack."

The same sensitive souls who pretended to believe that Dulles created a "brink of war," when he had realistically recognized that there was one, were equally disturbed by his description of Goa, which is on the edge of India, but belongs to Portugal, as a "Portuguese province." How tactless to make such a remark when Nehru was claiming Goa for India. At a press conference Mr. Dulles was asked if the United States regarded Goa as a Portuguese province. His answer was, "As far as I know, all the world regards it as a Portuguese province. It has been Portuguese, I think, for about 400 years." That was the right answer.

Mr. Dulles weathered these storms and a more serious hurricane during the Red Chinese bombardment of Quemoy and Matsu. Many people thought our support of the Chinese Nationalists was another trip to the brink of war. Dire consequences were predicted. Mr. Dulles took the sensible view that, while nobody would advocate going to war for Matsu, the question was, "How do you prevent a retreat at the initial point of a thrust from gathering a momentum which will go on from there?" Had the advocates of bold and imaginative retreat from these threatened areas had their way, the country might have learned the answer to that question the hard way.

There have been times during the last 10 years when this country could plausibly have moved back from the firing line, made some sort of phony deal with the Communists to secure them in their ill-gotten gains and, by doing so, made Soviet world conquest a present reality. That this hasn't happened is due in no small degree to the character and analytical skill of John Foster Dulles. As one of his colleagues in the State Department put it, "Foster's critics want him to find some way for this country to give the Communists what they want, and because he won't do it they call him inflexible." Since Mr. Dulles' death, even his critics express admiration for his steadfastness, persisted in after lesser men, similarly afflicted, would have quit the field.

In at least one respect the late Secretary of State was more imaginative than his detractors. He was capable of imagining a relaxation of the Communist threat. "There is nothing inevitable about communism," he said in a speech last year, "except that it, too, is bound to change." He foresaw a day when the Communist leaders would see the futility of threats in international dealings, "would be more concerned with the welfare of their own people and less concerned with exploiting other people for expansionist purposes."

To some that prophecy may suggest a departure from Mr. Dulles' characteristic realism. However, a man who could so rightly discern the dangers to our survival and summon the will and courage to deal with them cannot be ignored when he envisions a promise of brighter days ahead.

Of few men can it be more truly said that he gave his life for his country.

SIBERIAN HYDROELECTRIC DEVELOPMENT

Mr. GRUENING. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. GRUENING. Mr. President, the world's largest hydroelectric dam, near Bratsk, Siberia, on the Angara River, nearing completion, was viewed recently by W. Averell Harriman, who has described this gigantic power project in a recent article copyrighted by the North American Newspaper Alliance.

While this administration is pursuing a policy of no new starts, especially in hydroelectric development, the Russians are going ahead on a tremendous scale. I am hopeful, however, that we may soon see in Alaska the start of a corresponding development on the mighty Yukon River which can be even bigger than the mammoth Russian dam. I hope that this Congress will make that start by granting the funds for the preliminary studies which the Senate Public Works Committee has authorized the Corps of Engineers to make to ascertain the potentialities of a great dam at the well-known canyon at Rampart. It will probably take 11 years to complete, whereas the Bratsk Dam, which is only one of Russia's many great hydroelectric projects, will be completed in 1961.

Mr. President, we have expended some $70 billion to date on the so-called mutual security program, the main purpose of which is to halt the advance of Soviet totalitarianism. We are being asked to appropriate $4 billion more for the coming fiscal year. I know of no way in which we can more successfully compete with the Soviets than to develop the hitherto dormant great hydroelectric resources of Alaska. They are the greatest undeveloped resources on the North American Continent. Less than one-fourth of 1 percent of Alaska's streams and lakes have been harnessed. Geographically, Alaska is to the North American Continent what Siberia is to Eurasia. I am hopeful that the appropriate committees of the two Houses of Congress will come to Alaska after adjournment and see for themselves what these power potentials are.

The scope of the Soviet effort to develop the natural resources in Siberia can be appreciated by the reflection that the Bratsk project at full capacity will produce about 4½ million kilowatts of firm power. The largest single power generating facility in the United States up to now is Grand Coulee Dam on the Columbia River, whose capacity is 1,947,000 kilowatts. The second largest in the Western Hemisphere, which has had a good deal of publicity in the past week because of the ceremonies attending the official opening of the St. Lawrence Seaway, is the St. Lawrence hydroelectric power project, whose capacity is 1,880,000 kilowatts. When the Niagara project of the New York State Power Authority is completed it will have, at 2,190,000 kilowatts, the largest generating plant in the United States. A companion Ontario Hydroelectric Commission plant at Niagara will be right behind it in capacity at 2,188,000 kilowatts. These two plants on the Niagara will then rate Nos. 1 and 2 in the hemisphere.

All of these would be dwarfed by the Rampart Dam which I propose for the Yukon. Its estimated capacity of 5 million kilowatts would represent power greater than that from any other two power producers in this hemisphere, and slightly larger even than that of the huge plant now being built at Bratsk, which, when completed, will be the largest in the world.

Mr. President, I feel that it is fully as important for the United States to keep pace with the rest of the world in providing the means of productive strength as it is in missiles and weapons of war as such. The studies which the Senate Public Works Committee has authorized the Corps of Engineers to make at the Rampart site should be commenced without delay, and that magnificent project pushed through to completion at the earliest possible date.

I ask unanimous consent that Mr. Harriman's article, as it appeared in the Washington Evening Star and the New York Times, be inserted at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HARRIMAN VIEWS BIG SIBERIA DAM—WATCHES WORLD'S LARGEST HYDROELECTRIC PROJECT ON THE ANGARA RIVER

(By W. Averell Harriman)

BRATSK, U.S.S.R.—For the first time an American has been permitted to see the world's largest hydroelectric development here in this area of Siberia, 200 miles north of the Trans-Siberian Railway, hitherto closed to foreigners.

As I watched from the director's tower, hundreds of 25-ton trucks dropped rocks and gravel into the 1,000-yard wide Angara River, closing the final gap in the stream where it surges between two high cliffs.

When completed, the Bratsk hydroelectric plant will produce more than twice as much power as the Grand Coulee, biggest in the United States. At capacity it will produce about 4,500,000 kilowatts of firm power at lower cost, the chief of construction, Ivan Aimushin, told me—more than any other plant in the Soviet Union.

Rising nearly 400 feet above the level of the river, the dam will form a reservoir 350 miles long, containing 145 million acre-feet of water compared with 29 million at Hoover Dam.

ONE HUNDRED THOUSAND TO BE MOVED

The 100,000 inhabitants of the area to be flooded are already being moved to new collective farms where, officials assured me, they will receive newly cleared land, acre for acre and house for house for their condemned land.

The powerplant, originally planned for 18 generators, has been enlarged to include 20 generators, each of 225,000 kilowatts. The Angara River, the only river draining out of Lake Baikal, which itself is fed by more than 400 rivers and streams, has a relatively constant flow that enables the generation of firm power throughout the year at such low cost.

After 4 years of work the river is officially declared harnessed. However, the dam still must be raised 300 feet and will not be finished until 1961. Then it will take 3 years more to build the giant reservoir up to the level needed for maximum power.

The electricity generated will be carried over long-distance transmission lines at 500,000 volts to the eastern Siberian grid so that it will contribute power to points as far away as Vladivostok, 2,500 miles to the east on the Pacific Ocean.

NEW INDUSTRIES PLANNED

According to the construction sheet, it will also supply power to new industries yet to be developed in the vicinity, including pulp and fiber products supplied by lumber from the Siberian forests, which stretch endlessly in all directions around this once primitive village of fur trappers and bear hunters.

Today, Bratsk, straddling the river, is a city of 51,000, of whom 26,000 are working on the dam or auxiliary operations. Along its dusty road, two-story wooden apartment houses have been built by the plant management, although some workers are busily building their own rough log houses on plots of land in the middle of the forest provided for them by the government.

The closing of the Angara has been a great event in Bratsk. Originally scheduled for July 1, it has been completed 10 days earlier. Thousands of workers gathered around the center of the dam where the final gap was filled to celebrate the occasion with speechmaking and festivities.

When I stepped from my car the crowd surged around me, cheering, clapping and calling out messages of friendship to the American people. Whenever I stepped from my car I found myself pushed and shoved by friendly workers eager to shake hands.

The closing of the river was not merely a local event. On the jet plane that brought me to Irkutsk from Moscow, 3,000 miles away, and on another Soviet plane that flew me into the Siberian wilderness, were a number of prominent Soviet writers, artists, and journalists coming to record the great event, which is undoubtedly one of the greatest feats Soviet engineers have accomplished.

TEACHERS' SALARY PROVISION OF MURRAY-METCALF BILL

Mr. GRUENING. Mr. President, as one of the cosponsors of S. 2—the so-called Murray-Metcalf bill—I received today a telegram from the board of directors of the National Education Association urging that the provisions of that bill dealing with Federal funds for teachers' salaries be retained.

That bill is now in committee and it is my earnest hope that the provisions with respect to teachers' salaries will be retained. All evidence indicates that to improve education in the United States, it will be necessary to improve both the quality and quantity of available teachers. We cannot achieve an increase in quality merely by voting more funds. However, it is likewise true that in order to attract and keep in the teaching profession the high caliber persons so greatly needed, higher salaries must be paid. Hence, one of the reasons for my cosponsorship of S. 2. Hence, my statement today that I hope the salary provisions will be retained in the bill.

Education and democracy are one and inseparable. We can make no better investment than in the training of our future citizens.

I ask unanimous consent that the telegram I received today from the board of directors of the National Education Association be printed at the conclusion of my remarks.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

St. Louis, Mo., *June 28, 1959.*

Hon. ERNEST GRUENING,
Senate Office Building,
Washington, D.C.

With regard to discussions now taking place in the Senate to compromise on S. 2, the Murray-Metcalf bill, by deletion of provisions for Federal funds for teachers' salaries, the board of directors of the National Education Association, now meeting in annual convention in St. Louis, wishes to state emphatically that the elimination of salary provision is contrary to action of NEA Representative Assembly. Such action would disappoint millions of citizens who want the Federal Government to share in support of public education through strengthening teachers' salaries and increasing school construction.

We sincerely appreciate your cosponsorship of S. 2 and urge you to do everything possible to have this bill reported with the teacher salary provision included.

Ruth A. Stout, president, William G. Carr, executive secretary; Alabama: A. Carson; Arkansas: R. B. Chitwood; California: Hazel A. Blanchard, John H. Palmer, Jennie M. Sessions, Elizabeth A. Yank; Colorado: Newell B. Walters; Connecticut: Elma C. Leblond; Delaware: Eleanor C. Wood; District of Columbia: Charl O. Williams, Helen E. Samuel; Florida: Braulio Alonzo; Georgia: Claude Purcell; Idaho: Ruth R. Chandler; Illinois: W. S. Albertson, E. H. Mellon; Indiana: Gertrude McComb, Audrey Shauer, H. L. Smith; Iowa: Pearl Crow; Kansas: F. L. Schlagle; Kentucky: Lyman V. Ginger, Willie C. Ray; Maine: Grover B. MacLaughlin; Maryland: Harry R. Poole; Massachusetts: Albert M. Johnson; Michigan: Lillian A. Comar, Francis W. Beedon; Minnesota: Evelyn Cowden; Missouri: Harold Lickey, Margaret C. Schowengerdt; Nevada: Kathleen Griffin; New Hampshire: Mabel McKelvey; New Jersey: Sampson G. Smith; New Mexico: W. B. O'Donnell; New York: James A. Cullen, Virgil N. Rogers; North Carolina: Walter G. Byers, Earl Funderburk; North Dakota: A. L. Hagen; Ohio: Margaret Boyd, Lucille Carroll; Oklahoma: Garland Godfrey, Inez Gingerich; Oregon: Antonio Crater; Pennsylvania: W. W. Eschelman, Audrey S. Graham, G. Baker Thompson, H. E. Gayman; Rhode Island: Marie R. Howard; South Carolina: A. C. Flora; South Dakota: Joy Hamrin; Tennessee: Robert G. Neil; Texas: Myrtle Hembree, Floyd W. Parsons; Utah: John C. Evans, Jr.; Vermont: Esther J. Urie; Virginia: Joe V. Van Pelt, Cornelia S. Adair; Washington: Joyce A. Bryan; West Virginia: Mary Sturm; Wisconsin: S. R. Slade; Wyoming: Velma Linford.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, will the Senator from West Virginia yield?

Mr. BYRD of West Virginia. I yield.

Mr. JOHNSON of Texas. May I have the attention of the minority leader?

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I am informed that the House has acted upon the conference report on the tax extension bill. When the report reaches the Senate, I am informed by the chairman of the Committee on Finance that he will move that the Senate proceed to the consideration of the report. I anticipate the report will be considered, and I trust it can be acted upon today. I shall ask the Senate to stay late, if necessary, in order to have the report acted upon.

I have notified the members of the committee who I think are interested. I hope the minority leader will notify any Members of the Senate on his side who are interested. I ask the attachés of the majority to notify any Senators who have expressed an interest.

I repeat, we expect to consider the conference report on the tax extension bill today, and we expect to remain here until a majority decision of the Senate has been given.

I would also expect to continue with consideration of the military construction bill, after we have acted on the conference report on the tax extension bill. We will also consider the mutual aid authorization bill, as reported by the Committee on Foreign Relations.

I expect it will be necessary for us to have evening sessions throughout the week. Of course, we will not be in session on Saturday. It is possible we could adjourn over from Thursday night, if we complete action on the conference report on the tax extension bill, and pass on the mutual-aid bill, the military construction bill, and the TVA bill. Those are the four bills we expect to give high priority, together with all conference reports on appropriation bills, or of any other nature. As Senators know, conference reports are of a privileged nature and can be considered as soon as they are submitted.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. SALTONSTALL. Can the majority leader give us any time when he expects the conference report on the tax bill to be here?

Mr. JOHNSON of Texas. Momentarily.

Mr. SALTONSTALL. Momentarily. I thank the Senator.

Mr. LONG. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. LONG. I hope that a motion has not been made to adjourn the House until Wednesday, as I heard the House would attempt to do, in order to put over this deal, so that the Senate would lose its right to amend legislation.

Mr. JOHNSON of Texas. I will say to the Senator——

Mr. LONG. If the House wants to adjourn and claims the Senate is irresponsible unless the Senate takes this type of a mandate from the House, I suppose, if the worst comes to the worst, those of us who oppose the conference report will have to accept the responsibility for the loss of $9 million of revenue daily for the Government.

Mr. JOHNSON of Texas. In response to the Senator's statement, I will say that I have no knowledge of the House action, and I have no comment on it. That is a matter for the House to determine. I would seriously doubt that the House would adjourn for that reason, since I know the leadership of that body as I do.

I know the House has acted and discharged its responsibility as it saw it. I expect the Senate to do likewise.

Later in the day, when the conference report is received, each Member will have an opportunity to take any action he may desire. All I want to do at this stage of the game is to say to the Senate that the chairman of the committee has informed me—as I informed the Senator earlier, before the session convened—that he would submit the report. When the chairman of the committee submits the report it will then be a matter for the majority of the Senate to decide, as to what action the Senate will take.

I have asked the minority leader and the attachés of the Senate to notify every Senator who has expressed an interest in the conference report. We will have a quorum call as soon as the report comes to the Senate and prior to the time the chairman of the Committee on Finance submits it. I want all Senators to be on notice. For that reason I called the Senator earlier this morning and informed him of this possibility.

Mr. LONG. Mr. President, will the Senator yield a moment longer?

Mr. JOHNSON of Texas. I yield.

Mr. LONG. The Senator knows it is my attitude that, rather than to submit to this kind of treatment from the House, the Senate should simply take up by motion the little bill which has to do with letting servicemen send their gifts, not exceeding $50 in value, without paying any tax or tariff on them. That bill would pass on the calendar without objection. We could simply amend that little bill to extend the excise taxes for 30 days and send it over to the House, with the understanding that if the Senate declines to agree to the conference report on the tax extension bill the House would have a bill with an amendment to which it could readly agree, when the bill was considered. That procedure would protect the solvency of the Government by providing that the excise taxes shall not expire. That would give us 30 days to talk about the matter. During that time perhaps we could work out some way by which the Senate and the House could agree upon these matters.

That course seems to me to be the better part of responsibility. It is an anchor to windward, to protect the administration and to protect the revenues of the Government. At the same time it would make it possible for us to go ahead and face the issue without having undue pressures brought to bear on us, as though we were being irresponsible by voting to uphold the dignity and position of the Senate as established by the Constitution of the United States.

Mr. JOHNSON of Texas. I do not know what the position of the chairman of the Committee on Finance would be as to that suggestion. The Senator from Louisiana has previously made the suggestion to me.

The Senator from Virginia informed me he expected to submit the conference report. I hope, after the Senator submits the conference report, the Members of the Senate can vote it up or down. I think it represents a majority opinion of the Senate.

I hope we can take action prior to the deadline tomorrow evening, but that is a matter within the control of each individual Senator. The Senator can discuss the matter with the chairman of the committee. The Senator is a very able and influential member of the committee. If Senators can agree to a procedure, I shall be glad to cooperate with them in an attempt to bring about action before the end of the fiscal year.

I want each Senator to know that the conference report has priority. It is a privileged matter. It has been acted upon by the House. It will be brought before the Senate, and then it will be up to the Senate to decide what action it wishes to take.

Mr. LONG. The Senator overlooks one fact. The conference report is subject to debate.

Mr. JOHNSON of Texas. Yes. The Senator from Texas has not overlooked that fact. As a matter of fact, that accounts for the statement just made, so that all Members may be here, prepared to exercise their rights if they care to.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CARLSON. As Members of the Senate—and I make this statement as one who had the privilege of serving in the House of Representatives and who for 8 years served on the House Committee on Ways and Means—I think we should realize that we must not only maintain comity between groups such as the Ways and Means Committee of the House and the Finance Committee of the Senate but also between the Senate and the House of Representatives. The House originates tax measures. I sincerely hope we will keep that in mind when we consider the question of extending excise taxes.

I trust the distinguished majority leader will not consider taking up by motion a minor bill in order to take care of the debt limitation.

Mr. JOHNSON of Texas. Mr. President, I have stated what I expect will happen; which is that the chairman of the Committee on Finance will submit the conference report. I am aware of the fact that each Member of the Senate has a right to discuss the report. It will be, in my opinion, the pending business of the Senate. I shall urge Senators to act upon it when they have completed their statements. If necessary I shall ask the Senate to stay late—even to go around the clock if necessary—until we act upon the report.

Mr. President, I thank my friend, the Senator from West Virginia, for his indulgence.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5676) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1960, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RABAUT, Mr. NATCHER, Mr. CANNON, Mr. RHODES of Arizona, and Mr. TABER were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7343) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ROONEY, Mr. PRESTON, Mr. CANNON, Mr. Bow, and Mr. TABER were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to the joint resolution (H.J. Res. 322) for the relief of certain aliens.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 232) honoring Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts, in which it requested the concurrence of the Senate.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 232) honoring Arthur Fiedler on his 30th anniversary as conductor of the Boston Pops Concerts, was referred to the Committee on Labor and Public Welfare, as follows:

Whereas Arthur Fiedler has been conductor of the Boston Pops Concerts for thirty years, one of the longest tenures in musical history; and

Whereas Arthur Fiedler's personality, flair, and sound musicianship have made these concerts known throughout the world; and

Whereas Arthur Fiedler has made an enormous world public aware of the charm

and satisfactions of good popular music played by a symphony orchestra; and

Whereas in these thirty years Arthur Fiedler has led over two thousand concerts in this country and abroad heard by audiences of many millions; and

Whereas Arthur Fiedler has spread the pleasure of music to millions more by means of radio, television, and sound recordings; and

Whereas Arthur Fiedler and the Boston Pops Orchestra in these thirty years have come to occupy a unique position in the musical history of Boston, the United States of America and the world: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States of America, hereby heartily congratulates Arthur Fiedler on his thirtieth anniversary as conductor of the Boston Pops Concerts and expresses the gratitude of the Nation for his contribution to our cultural life and musical heritage.

THE NEED FOR PASSAGE AND PRESIDENTIAL APPROVAL OF S. 722—AID TO DEPRESSED AREAS

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent that I may be permitted to speak 5 minutes in addition to the 3 minutes allotted.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? The Chair hears none, and it is so ordered.

Mr. BYRD of West Virginia. Mr. President, in recent weeks we have been hearing very encouraging reports on the progress of economic recovery in the country. Employment in May reached the highest figure in our history; unemployment is slowly declining and has fallen slightly below 5 percent of our total labor force for the first time in well over a year.

But, Mr. President, in many parts of the country, including the State of West Virginia, conditions have improved little. Serious unemployment continues in portions of West Virginia. During the first quarter of this year my State's unemployment compensation payments totaled $2 million more than during the last quarter of 1958.

A recent report from the West Virginia Department of Employment Security shows 14.4 percent of civilian labor force in the distressed areas unemployed. In the major areas, unemployment is 12.2 percent, and in some of the smaller areas it is as high as 27.6 percent of the labor force. There remains a deficit of 53,472 jobs—that means unemployment in excess of 6 percent—in the distressed labor markets. None of the 14 West Virginia labor market areas which had been classified as distressed have as yet been removed from that category. There is little chance that they will be unless there is a concerted effort and Federal assistance to redevelop West Virginia's economy.

In West Virginia, but not only in West Virginia, most of the unemployed are no longer eligible for unemployment compensation and their savings have been used up. Many families exist on "molly grub"—the name for the surplus commodities distributed by the Government. I have seen more hunger, hardship, and privation in many of our communities than existed during the great depression of the thirties.

Mr. President, this is not a temporary problem created by the recent depression and, therefore, subject to solution eventually by continuing economic recovery. The depressed areas in my State and other States where serious unemployment has existed for more than 6 years, are undergoing profound structural changes in their economies. In the coal regions of West Virginia, Pennsylvania, and Kentucky, two causes stand out, new technology—automation, if you will—and loss of markets. Today 85 percent of the coal mined in the Nation is cut by machine and 90 percent is loaded by machine. A single continuous miner machine operating with a crew of six does the work of 40 to 50 hand miners.

Coal in West Virginia has become increasingly expensive to mine and mechanization has been speeded up because of the competition of oil and gas. Today, West Virginia supplies the eastern seaboard with less than one-third of the prewar amount of coal shipped there. The pipelines from the Southwest and foreign residual oil has taken the bulk of the entire market.

In many places, technological changes have deepened the problem of unemployment. The shift from tanks and ordnance to aircraft and missiles in our defense has hurt Michigan, for example. The decentralization of automobile assembly and production and the merger among smaller automobile companies make it possible for automobile companies to reach prerecession production levels with considerably less than prerecession employment. Production of autos in 1958 was only 4 percent less than in 1956, but the number of workers was 20 percent less.

The Governor of West Virginia at the hearings held in my State expressed the problem very clearly:

> Automation or mechanization has been and will continue to be a significant force in our economy. We have a scientific Frankenstein yet to be harnessed. We cannot and would not stay mechanization, but we must learn and act to live with it and enjoy the fruits of men's ingenuity.

This situation is not confined to West Virginia. It is not a local problem. It is a national problem. It reaches into more than a thousand communities in 32 States. Thousands of families are affected and local resources are inadequate to do the basic job which must be done. We are in an era of change and in the long run this change will produce greater prosperity and better working conditions, but the transition works hardships which should and can be eased. Surely we need not sacrifice thousands of families for the sake of progress and a better life for the rest of us. Had we planned ahead, this could have been avoided, but we should learn from this experience and prepare not to let it continue or be repeated.

We are now headed toward another industrial revolution which is likely to displace thousands more workers. The peaceful use of atomic energy in the distant future may change the whole character of the American economy and create problems which will make those caused by the gradual spread of automation in recent years seem relatively trivial. Are we going to sit idly by and allow each surge forward in our economic progress to leave whole communities in poverty and despair? Aside from the humanitarian aspects of the matter, can we afford this recurring waste involved in idle manpower and obsolescent plants? The waste of human resources of this generation and of future generations remains an inexcusable blot upon our national conscience. This is a situation which we, the richest, most enlightened, and most humane nation in the world, cannot continue to tolerate.

Mr. President, these problems of depressed areas are not new. The Congress and the executive branch have discussed and considered remedies since 1954. The Joint Economic Committee in the 84th Congress called for Federal action to help chronically distressed communities. In 1956, the committee reiterated its conclusion that a Federal depressed-areas program is desirable and a bill introduced by the Senator from Illinois [Mr. DOUGLAS], S. 2663, was passed by the Senate, but was not acted upon by the House prior to adjournment of the 84th Congress. In the 85th Congress, the Senator from Illinois [Mr. DOUGLAS]—along with 39 cosponsors—introduced S. 3683. This bill passed both Houses of Congress, but did not become law by reason of a Presidential pocket veto. In their 1956 platforms both political parties called for Federal legislation to aid economically depressed areas.

The President in his "Economic Report for 1956" stated:

> The fate of distressed communities is a matter of national as well as local concern.

He also expressed the conclusion that other uncoordinated Federal programs were inadequate to meet the need:

> Although these programs have proved helpful, experience demonstrates that bolder measures are needed.

In the "Economic Report of the President" in January 1959, concern for depressed areas was repeated:

> Despite the forward economic strides of the Nation since the war, some communities have suffered substantial and persistent unemployment when measured against national experience. Federal assistance to these communities is required not only to mitigate the hardships of individuals and families but also to provide for the use of underutilized resources, to the enhancement of the national welfare.

To meet this problem, early in this session of Congress our distinguished colleague from Illinois [Mr. DOUGLAS] introduced the Area Redevelopment Act (S. 722) early this year. It passed the Senate but has not been acted upon by the House.

The Employment Act of 1946 places the responsibility upon the Federal Government for "creating and maintaining conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production and purchasing power." As the Report on the Area Redevelopment

Act of the Committee on Banking and Currency so ably pointed out, this continuing responsibility of the Federal Government "applies alike to general nationwide economic conditions, and to conditions in those unfortunate areas where unemployment and underemployment continue to exist, year after year, whatever may be happening elsewhere."

We have the responsibility and we have recognized the need, but nothing has as yet been done. The administration is concerned with balancing the budget, but the money authorized by S. 722 bears no significance to balancing the budget. Only $89 million of the total amount is not repayable as borrowed money. The revenue resulting from new industries and new jobs I feel sure will return far more than that in the long run. The President gives lip service to the necessity for such a measure, but will he sign into law a bill passed by Congress to deal with this urgent problem?

Mr. President, the Senate has at least made a small beginning in meeting its responsibility. We have passed S. 722, and I sincerely hope that the House will soon act favorably and send it to the White House. S. 722 has been thoroughly debated in this Chamber, but let me briefly discuss some of its aspects. First of all, it is not a spending bill, but provides for the investment of Federal funds in the future of some of our local communities. It would establish an Area Redevelopment Administration, under the direction of an Administrator appointed by the President, which would be concerned with the problems of areas which have been left behind in our economic growth. Three revolving loan funds of $100 million each would be created by borrowing from the Treasury. The Administrator would be authorized to make loans for: first, industrial areas; second, rural areas; and, third, public facilities in both industrial and rural areas where such facilities would encourage economic development. The Administrator would have to determine that the project was calculated to provide more than temporary relief of unemployment, and that financial assistance requested was not immediately available from private lenders or other Federal agencies. The loan assistance could not exceed 65 percent of the aggregate cost to the applicant, and the State or political subdivision thereof would be required to supply a minimum of 10 percent.

All loans would carry an interest rate of one-fourth of 1 percent a year above the rate of interest charged by the Treasury and would mature not later than 40 years after the date such loans were made.

It is obvious that certain redevelopment areas throughout the country would be unable to qualify for loans, thus excluding the possibility of their undertaking certain industrial projects. In those areas which cannot repay loans the bill provides authorization for appropriations up to $75 million for grants for public facilities. Provision is made for technical assistance to designated areas, and S. 722 authorizes an appropriation of $4.5 million for this purpose. A very important feature of the bill is the provision for vocational retraining, which would be furnished through State vocational educational agencies. A fund of $10 million is included for making subsistence payments to unemployed persons being retrained and not entitled to unemployment compensation.

Mr. President, these areas of poverty and privation affect not only the area itself, but the Nation as a whole. There has been much discussion recently of the continuing lag in our economic growth. Mr. Allen Dulles, Director of the Central Intelligence Agency, has pointed out that the economy of the Soviet Union is moving forward at a rate three times that of the United States and the gap between us can be closed sooner than we think. In this situation we need to use fully every resource we have—human and material. Idle hands and idle plants become a drag upon our economic growth. S. 722 provides a means of putting unemployed persons to work producing goods which otherwise would not be produced. Assistance to these areas will reduce relief costs, unemployment compensation costs, and all of those indirect costs attending these conditions—increased crime, health hazards, deterioration of education, and improper environment for children. These communities can be returned to economic health which will increase the tax revenues and permit them to move ahead with the rest of the Nation.

Important in the philosophy of S. 722, Mr. President, is the recognition that the people of these distressed areas are not seeking handouts. The bill is designed to help those areas which have sound economic potential to help themselves. The States and local communities have not been remiss in their own efforts. Some States have established development authorities of various kinds. In my own State of West Virginia, our State university has been doing some excellent research into our problems. The Governor and the legislature are considering expanding the highway program in an effort to create more jobs immediately. Many other efforts are being made at the local level. But the States are finding it increasingly difficult to meet their financial obligations. A casual glance at the economic messages of the Governors of several States indicates the severity of State fiscal problems. Federal assistance to these areas to strive more effectively for recovery would help to increase local revenues and make it possible for them to do an increasing amount of the job for themselves. The cost to the Nation of continuing unemployment is far greater than the funds provided in this bill—and certainly much more wasteful.

In 1958, unemployment cost $4 billion in unemployment compensation alone. During the past 6 years, the cost of the surplus food distribution program concentrated in high unempoyment and low income areas amounted to $1.2 billion. That is an average yearly rate of $200 million. The State of West Virginia in 1958 paid $50 million in unemployment compensation. This is almost $25 per capita for the total population. During the first quarter of 1959 unemployment compensation benefits amounted to $8.4 million. Other States have made similar payments. Think what might have been done, if with the help of the Federal Government, a part of this money could have been invested in public facilities and new or reconditioned plants to provide some new jobs.

The heaviest cost of unemployment is the waste of human resources and the injury to human dignity. People are entitled to the right to earn their living and this country cannot afford to lose the production of thousands of unemployed.

Mr. President, we have recognized the need but not the urgency. For 5 years we have talked about the problem while homes have been falling to pieces for want of repair, small businesses have been closing for want of customers, human beings have been eking out an existence close to starvation—and some have starved. Children have been physically and mentally retarded because of inadequate diets and malnutrition, men and women have lost all hope and many have turned to drink and to crime. These are families who once were hardworking, who were glad to meet their responsibilities to their children and their communities. These are people who do not want relief, but want the opportunity to work, to earn their living, to make their contribution to their fellow man by providing their share of labor to the national production. How can we—the Congress and the President—continue to ignore this erosion of human dignity? Is a balanced budget more important than that the children in these communities have a decent home, a fireside, food on the table, clothes, shoes, that they are able to attend school and prepare themselves to be responsible citizens of the greatest Nation in the world?

Our national security and our good business sense demand that we make this investment in human lives and in our economic future. Mr. President, I urge the Congress to pass S. 722 quickly and I ask that President Eisenhower sign it immediately so that thousands of our citizens may get on with the job.

Mr. President, I desire to address myself to another subject.

The PRESIDING OFFICER. The Senator from West Virginia.

BLACKWATER FALLS STATE PARK, W. VA.

Mr. BYRD of West Virginia. Mr. President, in yesterday's edition of the Washington Sunday Star there was printed an excellent tribute to one of West Virginia's finest resort spots, the Blackwater Falls State Park near Davis.

Mr. John W. Stepp of the Star's staff wrote about the park in glowing terms, describing it as a "scenic spectacle" of "breath-taking nature" whose wonders "transfix the senses." He also praised

the large vacation lodge and adjoining cabins operated by the West Virginia Conservation Commission at the park.

In his salute to Blackwater Falls State Park, Mr. Stepp has fully outlined the wonderful attractions of this mountain retreat—except, perhaps, for one additional feature. He also might have written that the park and its lodge are becoming a Mecca for thousands of skiing enthusiasts. Each winter, skiers from all over the eastern portion of America—and especially many from here in Washington—journey to Davis and Tucker County, W. Va., to ski on slopes adjoining or near the State Park. Hundreds of them stay at the large Blackwater Lodge, and enjoy the beauty of the Blackwater gorge during their sport trip.

Mr. President, I ask unanimous consent that the Washington Sunday Star's commendable tribute to West Virginia's Blackwater Falls State Park be printed in the body of the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A WEEKEND ESCAPE SPOT LIES WITHIN 200 MILES

(By John W. Stepp)

A touch of the grandeur of the Rockies lies within a 200-mile reach of metropolitan Washington urbanites who grasp for mountain grandeur at low cost.

The spot is Blackwater Falls State Park, near Davis, W. Va.

In this tableland country just beyond the 4,000-foot Allegheny Front, the falls and the gorge of Blackwater River provide the kind of scenic spectacle that relatively few realize exists closer than New England, the Great Smokies or the far-distant Rockies.

The breath-taking nature of the 2-mile-long, 525-foot-deep gorge alone is reward enough for many travelers. Waterfall lovers, an avid group, have a lot to appreciate standing before the main falls at the head of Blackwater's precipitous valley.

Further along, the river's muted roar over the jumbled rocks below and the sight of the streamerlike tributary Falls of Pendleton and Falls of Elakala transfix the senses.

SIGHTS AND SOUNDS

Blending with the sights and sounds of the waters of the Blackwater gorge is the wilderness of hemlock, maple, and rhododendron marching up the slopes and over the crests in every direction—beautiful at all times of the year in their varying ways.

West Virginia's Conservation Commission over the years has been giving increased attention to the attractions of its Blackwater country. The park now ranks as one of the State's most thoroughly developed.

A 55-room lodge—immaculate and of neo-rustic design—perches on one side of the Blackwater chasm. It is served by a picture-windowed dining room that specializes in seafood, of all things—and among other things.

On the outskirts of the lodge, 25 cabins hover like suburbs around a city. The cabins are citified in every respect, except television. Each has an all-electric kitchen, automatic oil heat, modern plumbing, modern furniture and knotty-pine paneling all over the place. Roughing it with your own cook-ins in this electrified fashion is permitted all year around.

OTHER ATTRACTIONS

For the further enjoyment of vacationers—whether 1-day, 1-week, or 1-year type—there are picnicking conveniences, scenic hiking trails, an artificial lake for swimming and ice skating in season, and natural fishing grounds for the trout-fly people. (Signs at the top of the gorge thoughtfully caution: "Don't Throw Rocks—Fishermen Below.")

Hard-surface roads serve the park itself. The highways from Washington to Blackwater are excellent, though two-lane and winding, as any mountain motorist should expect.

The best approach to this patricular spot of wilderness from the Nation's Capital is Virginia route 7 through Leesburg to Winchester; U.S. route 50 from Winchester to Gormania, W. Va.; West Virginia route 90 from Gormania to Thomas; then follow the signs to Davis and the falls country.

And en route: Traffic light, scenery splendid.

OUR CONTINENTAL AIR DEFENSE

Mr. MARTIN. Mr. President, the Department of Defense and the Senate's Committee on Armed Services are to be commended most highly for their constant efforts to give our Nation the military defense it needs—the most up-to-date and most effective military machine possible. They also are to be commended equally for their concurrent effort to prevent wasteful or unnecessary spending from creeping into the development and maintenance of that military organization.

The new overall program for the defense of our Nation against enemy air attack, which has been proposed by the Department of Defense and approved by the Senate committee, is designed to give us the greatest military defense capabilities possible under present circumstances and with the least possible spending.

For their cooperation and diligence in developing this program, the Department and the committee merit our praises and our thanks. At the same time, we owe thanks to the committee for adhering to the policy, as set forth in its new report on the military construction authorization bill, that the best defense is a strong, effective offense. With that declaration, none can disagree.

On June 5, Mr. President, I spoke here in the Senate to urge that the Armed Services Committee's original recommendations of May 19, on the Nation's air defense program, not be accepted. Those original recommendations would have cut back sharply the funds available for continued installation of the Nike-Hercules ballistic missile, developed by the Army, but would have allowed the full amount requested for development and installation of the Air Force's Bomarc ballistic missile.

I pointed out then that it would be most unwise, and could even be disastrous to our national defense. To abandon a proven weapon such as the Nike-Hercules at a time when the Bomarc still is being developed and improved before becoming ready for use. The Nike-Hercules has a range of only about 80 miles and always was intended as a close-in defense weapon to be installed near major cities and used only against enemy aircraft which might escape our longer range, outer perimeter defense facilities. The Bomarc ultimately is expected to have a range of some 400 miles and will be a mainstay of our outer perimeter defenses. The two weapons are not mutually exclusive; rather, they are complementary, certainly until the Bomarc or some other weapon is developed and proven to the point that we can reasonably expect it to prevent enemy aircraft or missiles from breaking through our perimeter defenses to attack us.

It has now become clear that the purpose of the Senate committee in submitting that original report recommending sharp curtailment of the Nike program was to persuade the Defense Department to speed its establishment of a new and well-rounded air defense policy. The Department responded with alacrity, and the committee's new report on the military construction authorization bill now approves the new policy and adopts its recommendations. In essence, it calls for continued installation of Nike-Hercules missiles in a limited number of key spots, a greater effort to speed development of the Bomarc and its installation so it will be ready in event of attack, and an intensification of the research and development on the Nike-Zeus, the next generation missile in the Army's Nike system which will be a true antimissile missile.

When the day comes that the Soviet Union actually has available for use a force of operational intercontinental ballistic missiles, ICBM's, we must be prepared with weapons capable of shooting down those ICBM's before they reach their targets—antimissile missiles. The Nike-Zeus will be such an antimissile missile. We do not know when the Communist world will have ICBM's available. But whenever this comes about, we must be prepared not only with our own ICBM's for counter-attack, but initially with our antimissile missiles to prevent the Soviet ICBM's from wreaking havoc on our cities and defense installations. Because of this urgent necessity, the Defense Department and the Senate Committee on Armed Services are to be commended for deciding to make an additional $137 million available for engineering development work on the Nike-Zeus antimissile missile.

If we can thus speed the day when we have actual antimissile missiles available for use against attacking weapons, of course it will mean a shortening of the time when the Nike-Hercules, the Bomarc and other short-range intermediate defense weapons of similar category will be so badly needed. The Department and the Committee, as part of the overall air defense program, are restricting Nike-Hercules and Bomarc development and installation to an extent which they say will result in savings of $1,400 million. They are convinced this savings can be effected and still give the Nation adequate defenses. Assuming this to be so, all American taxpayers owe them a vote of thanks.

When I spoke on June 5, I was particularly concerned because the committee had recommended such a sharp cutback in the Nike-Hercules program as to

virtually kill it. Not only had the committee cut the President's budget recommendation of $22,413,000 for extension and improvement of the Nike-Hercules system to a mere $5,081,000; it also proposed to rescind authorization enacted earlier for the construction of 50 Nike-Hercules batteries at 25 locations within the United States and 8 batteries in Hawaii. Now, the Defense Department has agreed that the new money which the committee trimmed from the original budget request can be foregone safely; But the committee has accepted the Department's plea that the previously enacted authorization for the new Nike-Hercules battery sites be allowed to stand in full force. Comparable realinement of plans for the Bomarc weapon also will contribute to the ultimate $1,400 million savings.

Maintaining an adequate national defense today is a far different proposition from what it ever has been before. In this day of electronics and remote control instruments of all kinds, an adequate national defense must include not only defense and retaliatory weapons for possible current use; it must also include scientific research and development work in an infinite variety of fields to create defense and retaliatory weapons for the future. That is the big reason why in an alleged time of peace, we must spend roughly $40 billion a year on our Defense Establishment. If we try to cut too many corners in this defense spending, we will some day find our potential enemy has developed and has ready for use weapons of a more up-to-date, more effective, and more devastating character than we have. If that time should ever occur, we can expect attack from the Communist world and our entire national existence would be endangered.

But this necessity for continued big-scale spending intensifies the need for the most zealous care on the part of all to guard against any waste on nonessentials in the defense programs we are carrying out. If we can save $1,400 million over the next few years in our air defense program and still have adequate air defenses, we surely must save that $1,400 million. The Defense Department and the Senate Armed Services Committee say we can do so. To them should go our praise and thanks for making it possible.

STATEMENT BY ROSS MALONE BEFORE FINANCE COMMITTEE ON VOLUNTARY PENSION PLAN

Mr. ANDERSON. Mr. President, I have a copy of a statement which was made before the Senate Committee on Finance a few days ago. This is an important statement because it is made by the president of the American Bar Association on the establishment of a voluntary pension plan which is of great interest to the lawyers of the Nation.

We, in New Mexico, are very proud of the fact that Ross Malone is president of the American Bar Association, and that fact increases my interest in what the president of that fine group has to say.

I ask unanimous consent that the statement of Mr. Malone be printed in the RECORD at this point since this question is destined soon to be before the Members of the Senate.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

LEGISLATION TO ENCOURAGE THE ESTABLISHMENT OF VOLUNTARY PENSION PLANS BY SELF-EMPLOYED INDIVIDUALS

(Statement of Ross L. Malone, president, American Bar Association, before the Finance Committee of the U.S. Senate, 86th Cong., 1st sess., June 17, 1959)

My name is Ross L. Malone. I practice law at Roswell, N. Mex., as a member of the firm of Atwood & Malone. I have been engaged in the practice of law in Roswell for more than 26 years. I am president of the American Bar Association which is composed of approximately 95,000 members, and am appearing on behalf of the association in support of legislation to encourage the establishment of voluntary pension plans by self-employed individuals. In so doing, I speak not only as the representative of the legal profession in this country, but also in the interest of all self-employed—farmers, merchants, professional persons; all who are not employees of some other persons or of a corporation.

H.R. 10 by Representative EUGENE J. KEOGH and cosponsored by Representative RICHARD M. SIMPSON, has been overwhelmingly passed by the House of Representatives. Three similar bills have been introduced in the Senate—S. 841, by Senator MORTON; S. 944, by Senator KEFAUVER; and S. 1979, by Senator SMATHERS.

With a view to saving the committee's time, we have not encourage local and State bar associations to present witnesses. However, we have received numerous telegrams during the past 48 hours from bar associations requesting that they be included in this statement as officially endorsing the principle of the legislation before this committee to permit self-employed persons to defer taxes on a limited amount of income which is put into restricted retirement funds. I should like to have permission to include these telegrams in the record. The associations included can only be considered a partial list of those which have gone on record in support of this legislation.

In 1942 our tax laws were changed to offer substantial tax benefit to corporations and their employees in the establishment of pension plans, supplementing social security. The tax effects of these plans are:

First, the contributions by the employer for the employee, although in the nature of additional compensation, are not taxable to the employee until the retirement benefits are received in later years.

Second, the employer gets a tax deduction for the contributions when made.

Third, the earnings from the retirement fund are tax exempt until distributed.

Fourth, the retirement benefits are distributed at a time when the employee would normally be in a lower tax bracket.

There has been a tremendous growth of such plans since 1942. Upward of 45,000 such plans, covering over 18 million employees, are now in existence. The annual contributions to these funds aggregate some $4 billion annually, and their total reserves are in excess of $35 billion.

The result of the legislation enacted in 1942 was to discriminate in favor of employed persons and against all self-employed persons and the opportunity afforded to them to provide for their old age and resultant loss of earning power through a pension plan.

As a result of this discrimination, in 1945 a movement began to obtain legislation authorizing restricted retirement programs for those not eligible for or covered by employee pension plans. In 1950, the American Bar Association appointed a committee to study the problem. This committee undertook a study of means whereby the discrimination which resulted from the 1942 act could be corrected. This study resulted in the drafting of proposed legislation which was introduced in 1951 by Congressmen KEOGH and REED, of New York. The original draft was prepared under the supervision of Mr. Leslie M. Rapp, who presently serves as chairman on the advisory committee to the American Bar Association's special committee on retirement benefits. Mr. Rapp is present today and is available to answer any questions.

Since its original introduction, this legislation has had strong bipartisan support in Congress and widespread support throughout the country.

When Representative REED became chairman of the Ways and Means Committee, Representative THOMAS A. JENKINS cosponsored the bill with Mr. KEOGH. The Jenkins-Keogh bill was overwhelmingly passed by the House of Representatives on July 29, 1958, but was not acted upon by the Senate prior to adjournment. Upon convening of the 86th Congress, legislation substantially identical in form to that passed by the House of Representatives was introduced under the sponsorship of Congressman KEOGH and Congressman SIMPSON of Pennsylvania. The House of Representatives, on March 16, 1959, passed H.R. 10 by an overwhelming vote.

This is the first occasion that persons affected by the proposed legislation have had an opportunity to appear before the Senate Finance Committee in support of the proposed legislation. It is my understanding that the more technical aspects of this legislation and its possible impact upon tax revenues will be discussed by Dr. Roger Murray and other witnesses so I will confine my remarks to matters which will not duplicate their testimony.

It should not be necessary to go into detail as to the inequity in the present tax law relative to private pension plans which presently give preferential tax treatment only to pension plans set up by employers for the benefit of their employees. That self-employed persons, who, of course, cannot qualify as employees, are discriminated against is freely admitted by the Treasury Department. This inequity not only has existed for many years, but in each passing year the disparity in tax treatment increases in magnitude as more and more employed pension plans are approved by the Treasury for this favorable tax treatment. The legislation before you today seeks to correct in some measure this clear inequality in our tax structure by giving the self-employed similar tax deferment on a portion of their income set aside for their retirement.

In addition to correcting the obvious inequity in the tax laws which now exists, the proposed legislation should be enacted for the following reasons:

First, this legislation is in the national interest in that it encourages thrift and self-reliance by encouraging the self-employed to provide for their own retirement and not to look to the Federal, State, or local governments for assistance in their old age.

Second, there is a definite trend away from the professions into corporate employment, due in a large part to the retirement advantages and other so-called fringe benefits made available by corporations and Government. This is evidenced by the fact that there are now more than three times the number of salaried lawyers in private employment in the United States than there were 10 years ago. This Nation was built by the self-employed individual who was willing to go it alone. He is disappearing far too rapidly. Certainly our tax laws should not be such as to discourage self-reliance, individual initiative and thrift, and to drive young men and women into corporate employment, yet that is the effect of the pres-

ent tax situation resulting from the 1942 act. Without some tax deferral for retirement savings adequate saving for old age by the self-employed is virtually impossible because of the high income tax rates now in effect. The practicing lawyer, for example, has a peak earning period of 20 years, generally between 45 and 65 years of age. He has reached that stage by going through a period of starvation. He must in those years put aside enough to take care of his old age. He has no depreciation or depletion deductions. The result is that, after he pays his taxes and the high cost of living, the opportunity to provide for his old age is virtually nonexistent. According to the most recent studies available from the United States Department of Commerce, the net income of one-half of the lawyers of the United States was less than $7,382 annually, before taxes. This is based on income figures for 1954. This study also shows that the net income of one-third of all practicing lawyers was less than $5,485—a figure which compares unfavorably with going wages in industry today for skilled workers.

Third, fairness demands that tax equalization should come before any general tax reduction. The Treasury Department, in opposing present action on the bill, has taken the position that consideration should be deferred until general tax reduction is possible. Others who have opposed the bill have even gone so far as to contend that if there were a general tax reduction the need for the proposed legislation would largely disappear. This latter argument completely disregards the fact that a general tax reduction would not remove, but would only perpetuate, the present discrimination against the self-employed and the pensionless employed in the matter of tax relief for private pensions.

As Congressman SIMPSON well said in the House of Representatives on March 16 of this year:

"There is not only an inequity or tax discrimination contained in the present law, but we find from statistical evidence that in each passing year in which H.R. 10 remains unpassed the disparity in tax treatment increases in magnitude. We hear it said that the revenue loss precludes our giving tax justice to the self-employed, but as I have already pointed out, every year thousands of new qualified pension plans are approved by the Treasury without consideration being given to the revenue loss entailed. The discrimination against the self-employed increases each year that the existing tax treatment continues.

"Why is it that we are concerned with revenue loss only when the tax saving would benefit the self-employed?"

Fourth, it is contended that this measure would lead to demands for a tax deduction for contributions made by employees under the Social Security Act and the Railroad Retirement Act. While there is nothing to stop such a demand being made, the real question is whether it would be a meritorious one. Since neither social security nor railroad retirement benefits are taxable to the recipients, there could be no justification for also giving a tax reduction for their contributions. It must be remembered that the proposed legislation does not call for complete tax exemption, but only for tax deferment on the portion of the income set aside for retirement. Thus the benefits under the bill, unlike social security payments, would be includible in gross income when received.

The fifth point pertains to coverage. Some criticism has been made of H.R. 10 because it is limited to the self-employed and does nothing for the pensionless employed.

The fact is that in the original bill, as introduced in 1951, all groups would have been eligible to obtain its benefits. In the case of those covered under employee pension plans, the deduction would have been limited to the amount that the permissible deduction under the bill was in excess of the employer's contribution in behalf of the employee. However, it was objected that it would be administratively impossible to determine the contribution made by an employer in behalf of any particular employee. Accordingly, in the 1952 redraft of the bill this provision was eliminated, leaving the measure applicable only to the pensionless employed and the self-employed, as in the case of the British counterpart of the proposed legislation.

Later, in connection with the 1955 hearings before the House Ways and Means Committee, the Treasury Department, while conceding that both the pensionless employed and the self-employed were being discriminated against under existing law, said that on balance it might be better to limit the benefits of any new provision to the self-employed since employees, at least potentially, may benefit from qualified pension plans set up by their employers. "Tax relief," the Department said: "seems most clearly indicated for self-employed individuals who do not have even potential tax benefits under existing law in providing themselves with retirement income."

As a result of this suggestion by the Treasury Department the bill was modified in 1955 to confine it to the self-employed, which reduced the potential revenue loss to a fraction of what it would be if the pensionless employed were also covered. Of course, the fact is that every year more and more qualified employee plans are being set up under existing law, so that the number of employed persons not covered by pension plans is constantly diminishing.

Sixth, there has been some criticism of the bill because it does not extend to contributions made by employees under private and governmental pension plans. Actually, the effect of the bill is only to give self-employed persons a tax benefit comparable to that enjoyed by the employee with respect to the employer's contributions for the benefit of the employee. It thus eliminates discrimination by putting the self-employed person on the same basis as one who is employed by another person.

Finally, I would like to point out that the tax treatment for self-employed persons provided by this proposed legislation was enacted in England in 1956 and in Canada and New Zealand in 1957. Undoubtedly all of the arguments which have been made in opposition to this bill by the Treasury Department could have been made (and perhaps were) with much greater force and validity in England where the tax burden is even greater and the national economic condition is far more critical than ours. Nonetheless, recognizing the fairness and justice of the elimination of this inequity the Parliament of England enacted the legislation. Its impact upon revenues in both England and Canada has been only a fraction of the amount which was estimated at the time of enactment. I am confident that the Senate has no intention of denying to the self-employed people of the United States the same fair treatment that they have received in these other English-speaking countries.

On behalf of the American Bar Association and its 95,000 members, as well as the tens of thousands of lawyers who have expressed themselves in support of this legislation through the action of State and local bar associations, I urge enactment of H.R. 10 or legislation which is its substantial equivalent to eliminate an inequity which has existed for more than 17 years and which has increased in magnitude in each passing year.

I deeply appreciate the opportunity which has been afforded me to express the views of the American Bar Association upon this important legislation, as well as the courtesies which have been extended to me by the committee in connection with the time of my appearance.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

ORDER DISPENSING WITH CALL OF THE CALENDAR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the call of the calendar be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Virginia [Mr. BYRD] be recognized following a quorum call.

The PRESIDING OFFICER. Is there objection?

Mr. BUSH. Mr. President, reserving the right to object, I had prepared an address to be delivered this afternoon. I should like very much to have the indulgence of the Senate for about 35 minutes. I had put my name on the list at the desk to be recognized after the morning hour.

I realize the exigencies of the situation.

Mr. JOHNSON of Texas. The Senator may be recognized at any time he can obtain recognition by the Chair. I had hoped to have placed before the Senate the conference report on the Tax Rate Extension Act of 1959. It will be subject to unlimited debate.

Mr. BUSH. I would not interfere with that plan. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX RATE EXTENSION ACT OF 1959—CONFERENCE REPORT

Mr. BYRD of Virginia. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. (Mr. HART in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 29, 1959, p. 12101, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

Mr. LONG. Mr. President, I do not object to the present consideration of

the report: I do object to agreement to the report.

The PRESIDING OFFICER. The question is on the present consideration of the report.

There being no objection, the Senate proceeded to consider the report.

Mr. BYRD of Virginia. Mr. President, the House passed H.R. 7321 providing for an extension of the existing rates of the Korean war taxes which expire on June 30, 1959. If the bill is not enacted, the Federal Government will lose $3,100 million. Two billion, two hundred million dollars of this would be in corporate income taxes, $924 million in excise taxes consisting of various alcohol taxes, cigarette taxes, and automobile and parts and accessory taxes.

The Senate added to the House bill four amendments.

Amendment No. 1, offered by the Senator from Florida [Mr. SMATHERS] to repeal the tax on transportation of persons, would be effective as of August 1, 1959. This would have resulted in a loss in revenue of $250 million. The House conferees objected to this amendment and we were forced to yield with an amendment which reduced the tax on transportation of persons to 5 percent beginning with the fiscal year July 1, 1960. It applies only to amounts paid for transportation after June 30, 1960, and would, therefore, not affect the 1960 budget.

Amendment No. 2 provides for a repeal of the tax on all communications effective July 1, 1960. The House conferees refused to accept this amendment in its present form, but we were able to work out a compromise so that it would apply generally to bills rendered for general telephone service after June 30, 1960. This amendment would apply to local telephone service, but would not cover telegrams and long distance calls.

Amendment No. 3 repeals the 4-percent credit against income tax for dividends received by individuals. This amendment was offered by the Senator from Minnesota [Mr. MCCARTHY]. The House conferees refused to accept this amendment. It was pointed out that this whole matter will be considered in legislation dealing with a review of the entire tax structure to be undertaken by the Ways and Means Committee next year.

Amendments Nos. 4 and 5. The amendments offered by the Senator from Louisiana [Mr. LONG] related to public assistance under the Social Security Act, and payments to certain States for old age assistance, aid to the blind, and aid to the permanent and totally disabled. The House conferees refused to accept these amendments because they related to social security legislation and because the Committee on Ways and Means were going to consider legislation of this type next year.

The Senate conferees were forced to accept the compromises outlined above in view of the short time remaining before June 30, 1959. Unless the bill is signed by the President before midnight Tuesday, there will be a permanent loss of revenue in excise taxes which cannot be recovered, and there will be serious inconvenience to the dealers and the public in delaying action on the excise taxes. I feel that the compromise was the only solution without further delay and danger to the collection of the revenue.

Mr. President, the Senate conferees did all they could to carry out the will of the Senate as expressed by the Senate amendments. The House conferees were adamant. One member of the conference refused to sign the report for the reason, he said, that tax measures should originate in the House, and not in the Senate. As we all know, a revenue bill, under the Constitution, cannot originate in the Senate, but must originate in the House.

I think that the Senate Members of the conference will agree that we did all we could to urge the adoption of the Senate amendments. We were told, however, that the House conferees would not, under any conditions, accept the amendments the Senate made, except two modified amendments which we were successful in having the House conferees accept.

The conferees held two sessions and had a number of votes. If action had been delayed by the conferees until today, it is doubtful whether the proposed legislation could have been passed and sent to the President for his signature by midnight tomorrow, because the House had to act first, as it has done today. The report would then have to come to the Senate, and the Senate would have to act. A long debate would ensue here, which would have taken a day, and the result would have been that the deferral of action until tomorrow might have resulted in the expiration of the excise taxes.

After they have expired, excise taxes cannot be collected, as every sensible person knows. The expiration of excise taxes could result in great confusion.

The collection of corporation income taxes could be handled on a retroactive basis, but not the collection of excise taxes. For that reason, the Senate conferees were compelled, even though they did the best they could, to yield to the House conferees. We were very fortunate, I think, to preserve the essential parts of two of the Senate amendments.

Mr. LONG. Mr. President, as the only conferee who did not sign the report, I find it necessary to oppose the conference report. I believe that for the Senate to adopt this report would set a precedent which would plague the Senate for many years to come.

The conference between the Senate and the House opened in a situation in which the House Members informed the Senate conferees that they had imposed upon themselves a closed rule; that they would not permit any amendments to be considered in their committee; that they had reported the bill to the House floor under a closed rule, under which no Member of the House could offer an amendment; and they further agreed that if the Senate had the effrontery to add any amendments to the bill, such amendments would not be considered in the conference.

I respect the right of the House Members to deny themselves the right to offer amendments. I recognize the right of the leadership in the House, under their rules and precedents, to be organized so as to foreclose the younger or junior Members of the House from any effective participation in the enactment of bills when the senior Members of the House do not want such participation to occur. They can do that, if they desire, under their rules; that is their privilege.

But the House has no right to do that to the Senate. The House Members of the conference informed the Senate Members that they would not consider any of the Senate amendments; that that they had agreed that they would not add any amendments to the bill; and that they would not accept the Senate amendments under any circumstances.

Before we had met with the House conferees 40 minutes—as a matter of fact, before the House conferees had even been appointed by the House—a motion was made by one Senator to recede and to adopt the position of the House, and that the House would formalize the action later by the appointment of its conferees. That motion failed, although subsequently what happened had the same effect.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. Will the Senator from Louisiana inform the Senate who were the conferees on the part of the Senate?

Mr. LONG. The Senator from Virginia [Mr. BYRD], the Senator from Oklahoma [Mr. KERR], the Senator from Delaware [Mr. FREAR], and myself, on the Democratic side; and on the Republican side, the Senator from Delaware [Mr. WILLIAMS], the Senator from Utah [Mr. BENNETT], and the Senator from Maryland [Mr. BUTLER]. That made a total of 7 conferees on the part of the Senate.

Mr. CLARK. Will the Senator inform us what is the ratio of Republicans to Democrats on the committee?

Mr. LONG. Eleven to six.

Mr. CLARK. But the conferees were appointed on a ratio of four to three, were they?

Mr. LONG. Yes; four to three.

Mr. CLARK. I thank the Senator from Louisiana.

Mr. LONG. Under those conditions, the conferees proceeded to confer for a while. Then the conference was adjourned until the afternoon. Thereafter, the conference met at about 2 p.m., and conferred for about 2 hours. During that time the House conferees had been formalized, and they were then officially representing the House.

After the House conferees were adamant for a considerable period of time on their position, an effort was made to reach some sort of compromise. Of course I tried to urge the House conferees that the welfare amendment was virtually the same as a provision they had reported to the House and which the House passed, but upon which they had been forced to recede from, under the threat of a presidential veto.

The House conferees would not consider, even in a spirit of compromise, any

of the amendments the Senate had adopted. Finally, I suppose in a spirit of stretching the matter as far as they could, they were willing to agree to an arrangement that the reduction in the telephone tax would go into effect, in the case of domestic service, on June 30 of next year, unless some action to the contrary were taken prior to that time; and they also agreed that half of the reduction in the transportation tax would go into effect on June 30 of next year, unless some action to the contrary were taken prior thereto. No doubt they accepted that arrangement on the basis that it really did not mean anything, because if the House did not want to go along with those reductions, it could extend the taxes against, just as the excise tax on liquor and similar excise taxes are extended periodically.

Insofar as the transportation tax phase of the matter is concerned, the transportation industry did not want what it got. The transportation industry took the position, "Either be for us or be against us. Don't indulge in a meaningless gesture." That was understood by the conference committee. The transportation industry was not interested in being placed on the same basis as the liquor industry, by having the tax extended on a year-to-year basis. But the result of the conference, insofar as the transportation tax amendment was concerned, was that the conference report gave it zero.

There is some chance that next year the House might be willing to go along with a reduction of the tax on telephone service. But the conference report means that nothing will happen in that respect unless during next year the Congress decided that no further action should be taken on it. No doubt the House conferees thought—inasmuch as they regarded the conference provision as zero—that they would be willing to give us that big cipher. So that is all we got, after all the hard work which had been done on the floor of the Senate in connection with the adoption of that amendment.

That seems to me to be a great tragedy. The Senate worked hard to adopt that amendment, here on the floor.

I know I would not have worked so hard for my amendment if I had known that the House conferees would not agree to consider any Senate amendment, regardless of the action taken by the Senate.

Similarly, the Senator from Pennsylvania [Mr. CLARK] and the other Senators who worked so hard in having the Senate vote to reduce the tax deductions for yachts, and so forth, did not know, at the time when they were making that long, hard fight, that that amendment would not even be considered by the House conferees. The House conferees were completely unwilling to consider any of the Senate amendments.

Mr. President, about 50 years ago the Senate permitted the House to take similar arbitrary action in imposing its will on the Senate. In that case, the members of the House Appropriations Committee decided that they would interpret the word "appropriations" to be synonymous with the word "revenue." The Constitution provides that all revenue measures shall originate in the House. So some Members of the House of Representatives interpreted that position to mean that all appropriation bills would have to originate in the House. That provision of the Constitution had not been so interpreted for the previous 50 years. But those House Members decided to place that interpretation on it; and they informed the Senate that they would not consider any appropriation bill which originated in the Senate. The Senate made the mistake of bowing to that decision.

I suppose Senators at that time might have thought that they might have a chance to have that issue heard before an impartial tribunal in connection with a contested case. But, unfortunately, once that happened to the Senate, the Senate was powerless, from that time forward, to get a contest on that point into the courts, because it is necessary to pass such a bill before there can be a determination as to whether it was passed in a constitutional manner. Under those circumstances the Senate stripped itself of the power to originate appropriation bills.

In this case we see the effort to tell the Senate that these amendments will not be considered by the House, and that the House will operate under a closed rule, and will, in effect, impose its closed rule upon the Senate. If Senators want to vote for that, they have a right to do so. But in my judgment, Mr. President, if they so vote, they will be voting to set a precedent which it will be very difficult to overcome.

I have serious doubts that this would have happened if the conferees had been appointed in accordance with the Senate rule and the precedents. For example, I read now from page 116 of the Senate Manual. When this rule was adopted by the Senate, I assume that the Senate intended to be bound by the rule. The third paragraph of rule 17 of "Cleaves' Manual of the Law and Practice in Regard to Conferences and Conference Reports" reads as follows:

> They are usually three in number, but on important measures the number is sometimes increased. In the selection of the managers the two large political parties are usually represented, and, also, care is taken that there shall be a representation of the two opinions which almost always exist on subjects of importance.

Then we find—and I stress this, Mr. President:

> Of course the majority party and the prevailing opinion have the majority of the managers.

After the Senate labored from 9:30 on Thursday morning until 1:30 on Friday morning, it finally agreed to two amendments, here on the floor. One of those amendments was submitted by the Senator from Minnesota [Mr. MCCARTHY]. His amendment was a very significant one. It provided for taking away certain tax advantages in the case of those who hold corporation stock. The Senate previously had voted for a similar amendment, as a result of which the House version of the bill was watered down, and only about half as much advantage was given to corporate stockholders as the House version of the bill would have given them. In this instance, the Senate voted by a substantial majority to take away the advantage which remained to corporate stockholders, bondholders, and others.

Mr. DOUGLAS. The vote was 47 to 31.

Mr. LONG. Yes; and in the Senate that is a very one-sided vote.

It is significant to note that although that amendment was agreed to by a vote of 47 to 31, in the conference committee the chairman of the committee, the Senator from Virginia [Mr. BYRD], and the three Republican conferees on the part of the Senate—the Senator from Maryland [Mr. BUTLER], the Senator from Delaware [Mr. WILLIAMS] and the Senator from Utah [Mr. BENNETT] all voted against the amendment. The three Democratic conferees on the part of the Senate—the Senator from Oklahoma [Mr. KERR], the Senator from Delaware [Mr. FREAR] and the Senator from Louisiana [Mr. LONG] voted for the amendment. But on that important and significant amendment, the Senate conferees were divided 4 to 3 against the position which had been taken by the Senate.

The Senate had adopted another significant amendment; it was in the nature of a rider which was offered by me. In the conference committee, the chairman of the Senate committee had voted against the amendment, and the Senator from Delaware [Mr. WILLIAMS], the Senator from Utah [Mr. BENNETT], and the Senator from Maryland [Mr. BUTLER] also voted against the amendment, although the Senator from Oklahoma [Mr. KERR], the Senator from Delaware [Mr. FREAR], and the Senator from Louisiana [Mr. LONG] voted for it. So on the second major amendment, the Senate conferees also voted 4 to 3 against the position which had been taken by the Senate—and which had been taken by the Senate on a yea-and-nay vote.

The Senate conferees were somewhat more favorably disposed toward the transportation amendment, as indicated by a yea-and-nay vote on that question, because four of the conferees on the part of the Senate favored the position which had been taken by the Senate and three of the Senate conferees opposed it.

Mr. President, I hope I am privileged to say what I am about to say, because to me it is very significant and relates to an important issue: I was surprised to see that at least one of the Senate conferees felt privileged, the moment he entered the conference, to maintain his previous position against the amendments which had been adopted by the Senate, and to continue to maintain that position until that position prevailed.

I thought a Senate conferee was supposed to fight for the position which had been taken by the Senate, even though he, himself, had not taken that position. But in the conference, I saw that at least one Senator did not feel so bound, but, to the contrary, felt privileged to say, "These amendments would result in taxing stockholders and giving the

money to needy people, and that is an outrage." That argument and similar arguments were made in the conference committee. Such an amendment may be an outrage, but it is the amendment which the Senate adopted.

Mr. President, I honestly believe that if the Senate conferees from the very beginning had represented the position taken by the majority of the Senate, and if the conferees on the part of the House had known that the Senate conferees would not yield, but would be just as adamant as the House conferees, this conference report would not be before us now.

It is all right with me to agree to a bad conference report. It has been done before. We shall do it again, I am sure. That is not what bothers me. What upsets me is to see the Senate stripping itself of its power and stripping itself of its right to be a coequal branch of the Congress. We have not passed any rules to bind the House. Why does the Honse pass rules to bind the Senate?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. DOUGLAS. Is not the position of the House in violation of the Constitution of the United States?

Mr. LONG. If the Senator will read the provision to which he makes reference, I think it will be obvious that it is in violation of the Constitution.

Mr. DOUGLAS. If I may read the first paragraph of section 7 of article I of the Constitution, it reads as follows:

All bills for raising revenue shall orginate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills—

Which means that on revenue bills the Senate, by the provision of the Constitution itself, is privileged to adopt amendments. And when the Representatives of the House say they will not consider Senate amendments, they are virtually saying, "We will not obey the Constitution of the United States." Is that correct?

Mr. LONG. The House is flying right into the face of that provision. It is violating the spirit, if not the letter, of the Constitution, when it does that. But that is not what the Senator from Louisiana thought the Senator from Illinois was getting to. I thought he was getting to the constitutional provision which provides that each House shall adopt its own rules.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from New Mexico.

Mr. ANDERSON. Does the Senator from Louisiana not think it significant that there were yea-and-nay votes on this provision, and that the Senate conferees did not stand by the Senate's votes? If there had been a voice vote and the Senator in charge of the bill had agreed to carry the amendment to conference, that is one thing; but if the Senate has yea-and-nay votes, the conferees should stand by those votes. If the conferees could not reach an agreement, they could ask for further instructions. That has happened many, many times.

Mr. LONG. The Senator is correct. I do not think the House has a right to adopt a rule, whether it is right or wrong in its stand. It has no right to impose that rule on the Senate. The Senate has the right to make its own rules and to follow those rules. If the House Members permitted themselves to be tied by a gag rule, if they permitted themselves not to have the right to offer amendments to this bill, either in the House Ways and Means Committee, or on the floor of the House of Representatives, they had the power to do it under their rules.

I submit, and I will continue to argue so long as I have the privilege of standing on the floor of the Senate and debating this issue, that they have no right to impose a rule on the Senate. If Senators agree to such an imposition, either they sharply disagree with me or they are not made of that stern stuff with which I believe Members of this body are composed.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. DOUGLAS. I congratulate the Senator from Louisiana for the very worthwhile and determined speech he is making on this subject.

The other section of the Constitution to which the Senator has called attention is the second paragraph of section 5 of article I, which states:

Each House may determine the rules of its proceedings—

Which means we have the right to determine our rules, and not be bound by the House rules.

Mr. LONG. The Senator is correct.

Mr. President, I have never in my service in this body declined to respect the right of the House to determine its rules. Then why cannot the House respect the Senate's right to determine its own rules?

Representative FORAND, in effect, made this statement to the press, and I think I am privileged to quote him, since he made it publicly:

We agreed we would not offer any amendments over on our side. That was our understanding. I would like to have offered some amendments, but since we agreed we would not offer any amendments on our side, we agreed we would not accept any Senate amendments. Even though I recognize that what the conference committee accepted and nothing are about the same, I refuse to agree to the conference report, because to do so would be in violation of the letter of our agreement.

They agreed that the Senate would not be permitted to act by obtaining consideration of amendments to the bill. They had agreed the House would not consider any amendments.

Mr. President, my suggestion to the House of Representatives would be that there could be a 30-day extension of the excise taxes which would otherwise expire. Having done that, the Senate conferees could talk to the House conferees further. The Senate should insist on its right to amend the bill or have the amendments considered.

Having made it clear that we want to preserve that right, we can state to the House that if it wants to reconsider its position, it can do so. It could offer all the amendments Members of the House wanted to offer, and send the bill, with its amendments, to the Senate. Those amendments would then be considered and they would be voted on, and the Senate would add to the bill the amendments it wanted to add. Then a conference could be had, in good grace, and those amendments which were agreed to could be accepted, and those amendments which could not be agreed to could be rejected.

The Senate has not always taken the attitude that conferees must be appointed purely on the basis of seniority, expecting the conferees to go to conference fighting for the position that the consciences of a majority of the conferees dictated them to vote against.

I am sure some Senators will recall an incident in this regard. I know the Senator from Illinois was present, as were other Senators, when the then chairman of the Judiciary Committee, Pat McCarran, fought against the displaced persons bill. It was one of the most determined and courageous fights I have had the privilege to witness in my observation of the Senate, either as a Member of it or as a boy sitting in the galleries.

After the fight, which lasted from 12 o'clock noon to about midnight, in which Senator McCarran lost battle after battle, he was not discouraged after losing all those battles, when the bill was passed by a majority vote.

At that time, the chairman of the committee sent forward his proposed conferees, under the traditions of the Senate, whereby a motion is made that the Chair appoint the conferees on the part of the Senate. The tradition is that the Chair will appoint the conferees from a list prepared by the chairman of the committee. So the chairman sent his list to the desk, including in his recommendation of appointees five Senators, three of whom were Senators McCarran, Eastland, and Jenner.

Everybody knew that Senators EASTLAND and Jenner had supported the position taken by the chairman of the committee and that they would have stood by him until the sun ceased to rise, and that he could count of them to stand by their convictions no matter what the consequences. They were men of great courage, who had every intention of standing by the chairman. There was no prospect of their retreating.

An uproar arose in the Senate. We all recognized that the result of the efforts of a month's fight over the displaced persons bill would be lost if there were to be appointed the conferees suggested by the courageous chairman, and that those conferees would go along with the chairman. They were courageous and unyielding men. If those three Senators had been allowed to become conferees, we felt that there was little prospect of reaching an agreement. Under those conditions the Senate insisted on the rule, to which reference has been made, that the majority of the conferees had to be made up of members who favored the bill. That matter was negotiated and was worked out in such a way that the distinguished chairman of the committee continued to be the chairman of the Senate conferees, but the

majority of the conferees were made up of Senators who had voted for the position taken by the majority of the Senate.

We were confronted by certain efforts, and I think they played some part in the conference report now before the Senate. The House told us, and told us repeatedly, that if the Senate did not take this bill exactly the way it was given to us by the House, if we insisted on adding anything to the bill as a result of the Senate's work, the House was going to let the excise tax expire and have the Senate assume responsibility for that.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. PASTORE. It is at that point that the junior Senator from Rhode Island suggests that the argument is becoming a little confusing. I am one of those who voted for both amendments. I heard the distinguished Senator from Louisiana argue very logically his point, but now I should like to know from him what produced in conference the action which resulted. Was it because we did not send to the conference the proper conferees, or was it because the conferees on the part of the House were so adamant, on the ground that they had made a previous agreement, that they would not budge one iota? Did that action take place because the Senate sent the wrong conferees, or was it because the House did not want to budge from its position? Frankly, we would have to take one position or the other.

Mr. LONG. I am glad the Senator has made that point, so that we may face it exactly. I think we lost for 2 reasons. The House felt it could safely be adamant and that the Senate was going to surrender. After 4 hours, the Senate did surrender. Other persons can draw their own conclusions, but I felt the House believed it was in the most entrenched position, and it did not have to worry. All they had to do was stand their ground, and they knew the Senate would surrender, and in the end they could have what they wanted.

The Members of the Senate who voted for the Senate position, or certainly a majority of them, made a serious effort to persuade the House to agree to the Senate's position. I am confident, though, that anyone who looked at the RECORD and saw that a majority of the Senate conferees were against the Senate amendments anyway would know that if they wanted to be adamant about the matter, the Senate would surrender, either sooner or later.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. LONG. Let us consider the fact that the excise taxes will expire. That is a serious matter. But there is more than one answer to the problem.

We have a bill on the calendar which was reported to the Senate from the committee without objection. It would only take us about 30 seconds to consider the bill, which is H.R. 7567, to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad.

Measures of this type have repeatedly passed this body without objection. All we have to do is consider the bill, add as an amendment a 30-day extension of excise taxes, and continue to negotiate with the House in an effort to maintain the Senate's position.

I would much rather follow that course. If we want to protect the tax revenues of the Government, I would much rather do it in that way than simply to surrender completely the Senate's position, after the Senate worked very hard and worked very long and worked very diligently on the matter. The Senate expressed the point of view which the Senate has repeatedly expressed to the House. The House has become so adamant that it will not even consider the very amendments which the House sent us last year, and that is really becoming pretty adamant with the Senate.

It is my feeling that the House knew we would give in. The House Members knew, because of the constitution of the conferees, that we would give in.

Mr. McCARTHY. Mr. President, will the Senator yield on that point?

Mr. LONG. I yield.

Mr. McCARTHY. By looking at the list of conferees the House Members could have determined a majority of the Senate conferees were against the Senate position even before the negotiation started, could they not?

Mr. LONG. Yes.

Mr. McCARTHY. Whereas the Senate voted almost 2 to 1 on these matters, the conferees were not of the same disposition.

Mr. LONG. In the conference, at least one Senator, I will say—I hope I am not violating any confidence on this matter, and I think the Senator had a right to do it—went right to work, from the very beginning, arguing against the Senate position, and never said a kind word about a single Senate amendment. With that kind of help from the Senate side, the House Members knew very well it would not be long before the Senate would agree to their position.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MONRONEY. The Senator mentioned 2 or 3 times that in the early stages of the conference the Members of the House stated that the House Members were bound not to suggest amendments. Is that correct?

Mr. LONG. That is correct.

Mr. MONRONEY. In other words, they were trying to expand a rule which those of us who have served in the House for many years know is a rule of convenience for the Members of the House.

Mr. LONG. Yes.

Mr. MONRONEY. The rule is a convenience, in that the closed rule, as it applies only in the House, operates as a part of the machinery for getting legislation enacted in a body composed of 435 Representatives. It would be very difficult to have a yea-and-nay vote on every item relating to a tax-increase bill or a tax-reduction bill, with so many Members. The closed rule relieves the House of a certain amount of responsibility which the Senate has, and which it exercised the other night in passing upon almost every single item by a yea-and-nay vote.

This is a House rule which has historically and traditionally been used for the convenience of the Members of the House, and an attempt is now being made to expand it and use it as a device to deny to the Senate the right to express its preference or displeasure as to amendments by yea-and-nay votes. If we permit this to happen we will be seeing more and more of the Senate domain taken over and encompassed by the House closed rule, such as the House has historically used. Is that correct?

Mr. LONG. That is exactly correct.

Mr. MONRONEY. Yet the Constitution clearly states that each House shall be the sole judge of its own rules. The House rules must stop at the north door of the House of Representatives. The Senate rules must stop at the south door of the Senate. Therefore, one House cannot in any way impose its rules upon the other body.

Mr. McCARTHY. Mr. President, will the Senator yield to me for a question?

Mr. LONG. Mr. President, I especially appreciate the statement just made by the author of the Reorganization Act, which act sets forth many of the rules which bind both the Senate and the House. The Senator has given long years of study to these problems, and he served for many years in the House of Representatives before he came to the U.S. Senate.

He has exactly stated the principal problem we have. It is a question of the right of the House to impose its rules on the Senate. If the Senate bows down to this demand, Mr. President, we will see more of the same kind of treatment.

We have been told many, many times by the House, "We won't consider this" or "We won't consider that." Now it is proposed that we cannot even add amendments to bills which must be passed.

I should like to refer to another matter which I think is very important, Mr. President. The people of this Nation made a very serious decision last November. It was a dangerous decision. The people voted to entrust the overwhelming control of the Congress to the party which does not control the executive branch of the Government. That calls for the utmost of responsibility on both sides, and it requires the people to take a considerable risk. But the people did it. When the people did that, in my judgment, they expected more than inertia. They did not expect us to simply sit here and vote for the Eisenhower program. I think the people wanted us to make suggestion; to have Congress amend bills, under its powers of amendment; and make changes in the way certain matters are pursued, so that they can be pursued more effectively.

We now hear a great deal about the so-called veto-proof bills. We have a housing bill, and the Senate knows what it wants in the way of a housing bill. We have a bill dealing with unemployment, and the Senate knows what it

wants in this regard. We have a highway bill, and the Senate knows what it wants in this regard. However, we are told, when we consider these bills, that in order to make the bills veto proof, we must pare them down and get them down to the point where they have about one-quarter of the significance we intended.

As a result, the bills are 80 percent Eisenhower bills—or, let us say, 90 percent Eisenhower bills and 10 percent Democratic amendments. By working them out in that way, so long as we pass such bills, the President will not veto them. Otherwise, he can veto them with impunity. If he vetoes them nothing at all will happen, and he can continue to operate the Government without any trouble. All he would veto would be a bill which was not essential to him.

We are told we have to make our bills so-called veto proof bills, which means simply that we must take out 90 percent of what we think the people voted for last November. That gives the people an eyedropper full of democracy when we thought they voted for a full tablespoon of democracy.

That is the problem we are now facing. Are we going to permit the administration to force us to take an administration bill, and to put us under a closed House rule? There was a closed rule in the committee, so that not even a single member of the House committee could offer an amendment. Then there was a closed rule in the House, so that no House Member could offer an amendment. When we are asked to pass an Eisenhower bill, not subject to amendment, and to permit the House to impose its rule on the Senate, so that we will have a closed rule in the Senate, then, the veto power has become a great power indeed.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. LONG. I will yield in a moment.

I have in my hand a cartoon which shows our great President. I admire him and I respect him. He is a great President, and he should be admired and respected. I hope that he will respect us.

I have this cartoon, which shows the President walking down the hall. It is a cartoon in Time magazine. The President is pictured, almost, as a cowman from Texas. He has a big pistol on his hip, marked "veto." There is a dark shadow peeping out from behind the door, the sign over which says "Congress."

Congress is afraid of that big pistol. We cannot act. We cannot do anything because the President might pull that big pistol.

If we are going to place our amendments on bills the President wants to veto to begin with, I must say that six-shooter will become a 16-inch naval rifle with a 25-mile range. If we give him the power to place a closed rule on all his bills in the House, and the House imposes a closed rule on the Senate, that is just the way he wants it. We will have to take that or nothing.

I suppose our friends might be willing to let us amend bills the President is going to veto anyway. I guess they would give us that courtesy.

That is the procedure to which we are subjected. Mr. President, I tell my friends on the Republican side of the aisle they should be careful, and give a thought to the situation 2 years from now. They may be facing the same kind of treatment. If we have a willful man in the White House, he may ask the House to cooperate with him, as the House is doing on this occasion. They may give him a closed rule in the House, and no Republican will be able to offer an amendment to a bill. Then the bill will come to the Senate and a closed rule will be imposed on the Senate by the House. Then the administration will have what it has been looking for, which is the power to submit legislation on a basis of, "Take it exactly the way it is written or vote against it exactly the way it is written, for that is the end of it."

Mr. President, I cannot vouch for the accuracy of these articles, but I would like to refer to them. The first article is in Time magazine, of the latest edition, which is June 29, 1959. The statement is made:

> In defense of his program, the President has learned to use the veto—and threats of veto—effectively.

I will guarantee Senators that if the President can keep this kind of bill from being amended, he can use that veto power or veto threat effectively.

Mr. President, I ask unanimous consent to have the article from Time magazine, which I think enlightens this matter, printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Time magazine, June 29, 1959]

DEMOCRATS—THE BIG SPLIT

The first clear sign of a change in Democratic leadership signals came during a Senate-House conference meeting on the airport improvement bill. For 3 months, Oklahoma Democrat MIKE MONRONEY, knowledgeable specialist in the jet age, had held out doggedly for the Senate's fat, $465 million airport-construction bill as opposed to the House's $297 million version. Then, one day last fortnight, influential Senator MONRONEY breezed into a committee session and recommended that the committee forget both bills, simply extend for 2 years the current airport aid of $63 million a year—only $6 million more than the President had asked. Last week the extension quietly passed both Houses.

Just who talked to MIKE MONRONEY is his secret, but it is an open secret on Capitol Hill that the fellow Texans, House Speaker SAM RAYBURN and Senate Majority Leader LYNDON JOHNSON, have made a deliberate new policy decision: the congressional leadership sees no profit in fighting President Eisenhower's legislative program, will go along pretty much with what the President wants for the rest of the session. And the decision, in turn, has signaled the widest and bitterest split in the Democratic Party in years.

RIGHT TURN

It is not the familiar old civil-rights split between North and South (which has been pretty well bridged this session), but a growing, widening fault line between the Johnson-Rayburn moderates and the liberals, who read last November's 283–153 House victory and 64–34 Senate victory as a mandate for massive Federal spending programs. The Democratic National Committee, chaired by fiery Paul Butler, has all but broken off relations with congressional leaders. Last week the do-little, talk-much Democratic Advisory Council (among the members: Adlai Stevenson, Harry Truman, Soapy Williams) fired another salvo at Johnson & Co.: "[The voters] expect and are entitled to have in this Congress more tangible results of the mandate they gave the Democratic majority last November than they have received to date."

Even some of JOHNSON'S steadiest fellow Senators are uneasy: word leaked out last week that Massachusetts' JACK KENNEDY had joined Minnesota's HUBERT HUMPHREY, Pennsylvania's JOE CLARK, Michigan's PAT MCNAMARA, and Illinois' PAUL DOUGLAS in a quiet move last month to draw up their own legislative program—a move that JOHNSON nipped by incorporating some of their suggestions into the official party program.

BUDGET ON MAIN STREET

The man really responsible for the Democratic split is none other than the lame-duck (by XXII amendment) President of the United States, whom JOHNSON had written off last January in his own state of the Union message to fellow Democrats. With the help of a booming economy, Dwight Eisenhower has managed to sell his balanced budget on Main Street. (Says New Hampshire Republican NORRIS COTTON: "A lot of fellows used to tell me how alarmed people were back home about the budget, but I never believed it. My voters never cared about these big problems down in Washington. But this year, for the first time, I find the people on Main Street are really concerned about spending.") In defense of his program, the President has learned to use the veto—and threats of veto—effectively. Strongly supported by Republicans in House and Senate, and also by the new chairman of the Republican National Committee, Kentucky's THRUSTON MORTON, the President holds the initiative. Since the Gallup polls have shown the Republican Party in general to be slipping badly (Time, June 8), the Democratic liberals want to build a record by challenging Ike; RAYBURN and JOHNSON want to ride with him.

Last week, in the propwash of the airport aid bill, Congress was riding with him. Items:

The Senate went along with the House, approved the administration's request to raise the interest limit on privately financed mortgages for veterans' homes from 4¾ to 5¼ percent.

Senate and House conferees shaved more than $1 billion and 4 years off the Senate version of the omnibus housing bill, agreed on a 2-year, $1,375,400,000 appropriation in the hope that it would escape the veto.

The House voted to raise the temporary limit on the national debt to $295 billion—precisely what Ike had requested.

The House rejected a compromise farm bill for higher wheat supports and restricted acreage, thus headed off a move to make the farm subsidy mess even worse.

Committed to the new conservatism and convinced that it is what the public wants, LYNDON JOHNSON thinks he can foresee the next step. The country, he implies, wants a moderate President to go with the moderate legislative program next year. A Democratic moderate. Obviously, somebody like LYNDON JOHNSON.

Mr. LONG. Mr. President, I also have before me an article from Newsweek magazine, of this week, which is entitled "Congress: The Won't-Do-Its?"

The first paragraph of the article says:

> GOP leaders, who have been blasting the Democratic 86th Congress as a "Won't Do Congress," got ammunition this week from President Eisenhower.

He is the man who wants us to do certain things about the road program. We are not supposed to put a bill on his desk unless it is one he wants to sign. The Senator from Tennessee [Mr. GORE] tried to give the President a Democratic answer to his message, but we do not have to worry about that. We do not send anything to the President which he will be compelled to sign or else face the consequences. He wants to impose the consequences on us. He says we are fiscally irresponsible unless we pass the bills the way he wants them.

If we are to be accused of being a "won't do" Congress, the easiest way to justify the charge is to see to it that, so far as our amendments are concerned, we put them on bills which are going to be vetoed, so that that will be the end of them. They will not have to be reconsidered. They will not have to come back here. All the President will need will be one-third of the votes in the House or Senate, and the veto can be sustained.

That is one way to be described as a "won't do" Congress, a Congress whose Members do a great deal of talking about what they are for, but who, after they are elected, make a great many gestures without actually achieving anything. If that is the record Senators wish to make, they can do so.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the article from Newsweek to which I have referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGRESS: THE WON'T-DO-ITS?

GOP leaders, who have been blasting the Democratic 86th Congress as a "Won't Do Congress," got ammunition this week from President Eisenhower.

In a blunt public message, the President charged that Congress's failure to increase the Federal gasolinee tax has threatened the Nation's $25 billion, 41,000-mile highway construction program with complete breakdown. Mr. Eisenhower asked Congress, in January, to raise the Federal gas tax from 3 cents to 4½ cents; but the bill has been moldering in committee.

As a result, the White House said, the Federal Government cannot meet its July promises to the States for new highway contracts. Since many States sign big highway contracts in July, some highway construction may be interrupted for at least a year. And the 13-year program, passed by Congress in 1956, was scheduled to hit its peak next year, with the employment of 630,000 workers.

Would the President send a message to Congress about the delay? "We won't have to," said White House press secretary James C. Hagerty. "I think every State and every motorist in the country will send up a special message."

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Government-by-Veto Hassle," written by Drew Pearson and published in the Washington Post of June 28, 1959. I often disagree with Drew Pearson, but he is highlighting the same point to which I have been referring.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

GOVERNMENT-BY-VETO HASSLE

(By Drew Pearson)

How deep the spilt is within the Democratic and liberal forces over housing and other reforms was shown during the secret Senate-House conference on the housing bill. At times it was touch and go whether spokesmen of the two Chambers would resolve their differences.

"I will have no part of this government-by-veto," exploded Senator PAUL DOUGLAS, Democrat of Illinois. "We are not here to please the President and escape his veto, but to draft a housing program that will best serve the public interest.

"I may as well tell you now that I will not sign any report by this conference that tears the housing bill to pieces. In that event it will be my intention to file a minority report."

"Senator, neither is it our intention to bring out a bill primarily designed to coincide with the President's views," countered Representative WRIGHT PATMAN, Democrat of Texas. "However, I think you will agree that it is better to bring out something he will sign, rather than have all the work we have put into this bill wiped out by a veto."

"Our first duty is to the people we represent, not the President," disputed DOUGLAS, supported by Senator JOE CLARK, Democrat of Pennsylvania. "Since this conference began there has been a disposition not to report a bill that will best solve our housing needs, but rather to meet the President halfway. I cannot go along with that line of thinking."

Representatives ALBERT RAINS, Democrat of Alabama, and PATMAN replied that the amended bill limited the duration of the housing program, not the funds immediately needed for slum redevelopment, public housing, etc.

"Without some modification, we are risking a veto, in which case we won't have a housing law this session," argued RAINS. "Is that what you want? This bill is not perfect, but it is a good bill."

Mr. LONG. Mr. President, in the New York Times "News of the Week" section, for June 28, 1959, there is an article entitled "Democratic Maneuvers." The article analyzes the problem the way I have been describing it. I ask unanimous consent to have the article printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEMOCRATIC MANEUVERS

PRESIDENT EISENHOWER: "There is, you might say, a delaying [tactic on the part of the Congressional Democrats] out of which they think some (political) benefit will accrue."

DEMOCRATIC ADVISORY COMMITTEE: "The people * * * are entitled to have in this Congress more tangible results of the mandate they gave a Democratic majority last November than they have received * * *. [The Democrats should not] water down proposed legislation to the limits of what the President might accept * * *."

SENATE MAJORITY LEADER LYNDON JOHNSON: "If we have a choice between political issues and achievement, we will choose achievement. We are not going to indulge in a lot of political byplay."

These three statements summarize the conflicting pressures now operating on the Democrats in Congress. Although they won a big victory in last fall's elections, they are not strong enough to put over legislation the administration opposes. When they have tried, the President has vetoed or threatened to veto their programs. When they have modified these programs to avoid a veto, organizations such as the Democratic Advisory Committee, which is made up largely of party leaders outside Congress—have criticized them.

Last week, as Congress approached the final weeks of the current session, it was sharply at odds with the President on a wide variety of programs. This was the situation on the main issues:

Housing: The President had proposed a $1,760 million program of urban renewal, which would extend over 6 years, and other housing measures. The Senate and the House each approved much broader and costlier programs. A conference committee drafted a compromise bill providing $1,370 million for 2 years, plus a public housing program which the administration estimates would cost $875 million in Federal subsidies over a 40-year period. Last week both Houses approved the compromise bill. But administration housing and budget experts said they would recommend that the President veto it as too costly. The votes on the bill in both Houses fell short of the two-thirds majority required to override a veto. Therefore the President may be able to force Congress to pass a substitute more in line with his own recommendations.

VETO ON FARMS

Farms: The President is strongly opposed to the farm price support program as it now operates. He wants to reduce supports and ultimately to restore free enterprise to farms. Over the President's strong opposition, both Houses approved a bill for higher wheat price supports and more restricted acreage allotments. They also passed a bill to keep price supports on tobacco at the 1958 level for 4 or 5 years. Last week the President vetoed both bills. The Democrats conceded they had no chance of overriding the veto.

Highways: In January and again in May the President urged Congress to increase the 3-cents-a-gallon Federal gasoline tax to 4½ cents in order to ensure continuation of the interstate highway program, which the tax finances. Democratic leaders proposed instead to drop the current pay-as-you-go-method of highway financing and pay for the roads out of general revenues. Last week the President flatly rejected this proposal and reiterated his demand for the gas tax hike. Unless the money is forthcoming, he said, 10 States—including New York, Connecticut, and California—will run out of funds for highway construction this summer. The day after his message, the Senate rejected a proposal to raise the gas tax. And House Speaker SAM RAYBURN said: "We're not going to put on the 1½ cent tax, period, no paragraph."

Other taxes: The House has passed a bill calling for a 1-year extension of corporate and excise taxes, without change, as requested by the President. The Senate last week adopted an amendment abolishing the 10 percent Federal tax on travel. A Senate-House conference later agreed on a 5 percent travel tax as of 1960. This would cost the Treasury an estimated $125 million a year.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SMATHERS. I am curious to find out what happened to the travel tax amendment which the Senate went on record as favoring, by a vote of 52 to 26. It provided for the removal of

the 10 percent excise tax on the transportation of persons. Can the able Senator from Louisiana tell us what transpired in conference resulting in a compromise proposal which in effect affords no relief to the transportation industry?

Mr. LONG. The Senator from Florida offered that amendment. He had two-thirds of the membership of the Senate on his side. I hope I may be privileged to tell him what happened. I hope there is no rule which would prevent us from knowing what happened in conference.

The amendment was rejected. The Senator knows that what the conferees did was to put the travel tax in the same category with the liquor tax. They said, "We will fix a periodic expiration date, and when the period expires, the tax will be subject to renewal, like all the other excise taxes." The Senator knows that the transportation industry did not want that.

Mr. SMATHERS. That is correct.

Mr. LONG. The industry said, "Either vote it up or down, but do not come forward with a gesture and say that you are for us, when we do not think you did anything but becloud the issue." The industry said, "Give us some relief or turn us down, but do not tell us you are our friend, when we do not think you did anything. All you did was to change us from the present category to the category of the whisky tax payers."

Mr. SMATHERS. I agree entirely with the statement made by the junior Senator from Louisiana.

When the amendment with respect to removal of the travel tax was before the Finance Committee, it was suggested by the Senator from New Hampshire [Mr. COTTON] that the travel tax be removed on a date certain. In the full committee at that time I stated that the transportation industry would derive no benefit from a partial removal of the tax. The primary purpose of the repeal was to strengthen our national transportation system. If the tax were reduced by 5 percent, as was suggested in the committee, the carriers would still have all the administrative cost of collecting the tax. The purpose of repeal was twofold: First, to grant a measure of relief by removing an economic obstacle on the transportation industry and second, to relieve the taxpayers so as to encourage the use of transportation facilities. The measure was of such a nature that only complete repeal could achieve its primary purpose. The overriding public interest, namely, to strengthen our national transportation system, was the fact which takes this tax outside the realm of other excise taxes and places its repeal on a priority basis.

The tax was imposed originally to discourage people from using the facilities of the railroads. The members of the industry stated on numerous occasions that only full repeal could grant relief since the burden would be the same whether the tax was 1 percent or 10 percent. Reduction of the tax would not relieve the industry of administrative costs of collecting the tax.

When I read in the newspaper that the conferees had yielded to a position in favor of a provision which the Senator from Florida expressly stated would not achieve the primary purpose of repeal, I could not believe that anything constructive was accomplished. True, there is a measure of relief to the taxpayers but this was secondary to the overriding public interest in developing a strong transportation system, vital to our country in time of emergency and of equal importance to our economy in time of peace.

So far as I am concerned, I hope the Senate will refuse to accept this conference report. If the conferees should go back to conference, I believe the transportation industry would much prefer that they eliminate the compromise at which they arrived—I do not know how—and either vote, as the Senate voted, to remove the 10 percent travel tax effective as of August 1, 1959, or leave it as it is.

This is a legislative body of equal importance to the House. I think the conferees should go back and tell the House conferees, "The Senate is not going to bow down or knuckle under every time the House raises its big fist."

I congratulate the Senator from Louisiana on his statement.

Mr. McCARTHY. Mr. President——

Mr. LONG. I shall be glad to yield to the Senator from Minnesota. First let me refer to what the Senator from Florida has said.

The conferees were not under any misapprehension with respect to the amendment referred to. They knew that the transportation industry wanted the tax to be either on or off. They were not willing to settle for anything in between. The industry said, "We do not want any gestures. Either help us or vote against us, but do not tell us that you are our friends, and then convert that tax from a continuing tax into a tax which is scheduled to expire, and which must be constantly renewed. Either you are for us or you are against us. If you are against us, we will come along later and try again."

Mr. KERR. Mr. President, will the Senator yield?

Mr. LONG. I promised to yield to the Senator from Minnesota.

The conferees understood the situation. They did the best they could. The transportation industry would rather have nothing than what it got. However, in the spirit of compromise, the House conferees no doubt thought it might be a gesture toward the Senate to give the transportation industry something that was less desirable than what the industry was asking for.

I now to yield to the Senator from Minnesota.

Mr. McCARTHY. Mr. President, I wonder if the Senator can, without a breach of confidence or security, tell us what discussion took place with regard to the repeal of the dividend credit.

Mr. LONG. The House conferees stated that that question should not be considered, and that if it were to be considered, something should be considered to take its place. It was the point of view of one Senator that the least the House conferees should do would be to let the House vote on the proposal. The way it got into the law was this: House bill 8300 was brought before the Senate after being passed in the House under a closed rule. We had to take it all or vote against it all. There was something in it to give a little relief to the aged, and there was some relief with respect to medical bills. Members were put in a position where they could not vote against that provision without voting against the entire bill. Even a motion to recommit would indicate that we were unwilling to permit the tax reduction for the rank and file to go into effect.

Mr. McCARTHY. I ask the question because in the statement of the chairman of the House Ways and Means Committee before the House on June 8, 1959, he stated positively that the House would not accept any reductions in taxes which the Senate might approve. He said nothing about any increases.

Mr. LONG. It was proposed in the committee that the Senator's amendment should be tied to either the Smathers amendment or the Long amendment as a self-liquidating proposal. The administration would lose a few dollars, but we do not think the House would vote to retain the dividend credit if there were a yea-and-nay vote on the question. We think it would vote the way the Senate voted. The question was asked, "Why not let the House have an opportunity to vote the way it feels on the question of the dividend credit?"

An effort was made to tie the Senator's amendment to the Smather amendment. Under such an arrangement, the Government would lose no revenue. The stockholders would pay a little more, and the passengers on railroads and buses would pay a little less. That proposal was rejected.

Then it was proposed to add the amendment to the Long amendment, to raise a little more from corporate stockholders, and dispense some of that to the needy and the aged. That was rejected.

Mr. McCARTHY. On the point of fiscal responsibility, it is charged that we shall be irresponsible if we do not pass on this question immediately, so that the excise tax will not be lost for even a day. The Senator knows that the amount of excise tax which would be lost each day would be between $2½ and $3 million. So if the excise tax question were postponed for 2 or 3 days, assuming that the House does not pass the resolution which the Senator says it can pass within an hour, what we are proposing to do is to lose between $2½ aid $3 million in return for $335 million in the next fiscal year, under the amendment which I offered. Would that not be a reasonable trade?

Mr. LONG. Yes. If there were a day's delay, there would be a loss of $9 million.

Mr. McCARTHY. The loss would be between $2½ and $3 million.

Mr. LONG. I thought that it would be $9 million.

Mr. McCARTHY. It would come to about $3 million.

Mr. LONG. $9 million would be the cost of permitting these taxes to be lost for a day.

Mr. McCARTHY. Even so, that is a small price to pay in exchange for $335 million.

Mr. LONG. The Senator's amendment would bring in about the amount to which he has referred.

All these proposals were considered. The junior Senator from Louisiana even proposed to the House conferees that the extension of excise taxes amendments be attached to other bills. He said, "You will not even consider the position of the Senate, but you are worried about the taxes expiring. Let us take one of the bills passed by the House, and hang the excise tax extension on it. It could be attached to the kind of bill which usually passes by unanimous consent. We can send it back to the House and have it agreed to; then we will continue to negotiate on the remainder." They were not even willing to talk about that.

That is one way in which the problem could have been handled, if we do not want the excise taxes to expire.

Mr. CARROLL. Was the so-called McCarthy amendment considered by itself without its being tied in with other amendments in the package bill?

Mr. LONG. It was rejected by the House conferees. With this type of procedure, we did not have the privilege of having an amendment rejected on its merits. It is rejected not being considered. The House conferees said, "No, we will not consider any of these amendments."

Mr. CARROLL. There was, then, no really full consideration of the Senate amendments? There was simply a rejection of their consideration?

Mr. LONG. That is how I interpreted the action of the House conferees.

Mr. CARROLL. Mr. President, will the Senator further yield for questions in the nature of parliamentary questions?

Mr. LONG. The Senator from Oklahoma [Mr. KERR] has been wanting to ask me questions. If the Senator from Colorado will permit me to do so, I should like to yield to the Senator from Oklahoma. I do not wish to show him a discourtesy by keeping him on his feet without answering his questions.

Mr. KERR. I simply want to ask, For whose benefit was the Smathers amendment, which was adopted on the floor of the Senate, and for which the senior Senator from Oklahoma voted, as did the junior Senator from Louisiana—for whose benefit was it adopted? The benefit of the taxpayers or the benefit of the tax collectors?

Mr. LONG. The question of the Senator from Oklahoma would ordinarily answer itself. I do not know why Senators voted for the amendment, but I assume that if we were urging the adoption of the amendment, as I was, and as one who voted for it, I should say I voted for it because it was for the benefit of the taxpayers. I assume that that was the position taken by most Senators.

Mr. KERR. That was the assumption of the Senators from Oklahoma. Therefore, I was quite surprised when I heard the Senator from Florida [Mr. SMATHERS] say that what had taken place with respect to his amendment did not suit him; and that what had taken place concerning his amendment for the benefit of the transportation companies did not suit them, because the transportation companies are not the taxpayers.

So far as the Senator from Oklahoma is concerned, while he has as high a regard for the junior Senator from Florida as he does for any other Member of the Senate, the Senator from Oklahoma voted for the amendment because of what it would do for the taxpayers, and not what it would do for either the Senator from Florida or the transportation companies.

The Senator from Oklahoma says, in all sincerity, that he believes that is what guided the distinguished junior Senator from Louisiana. Therefore, the Senator from Oklahoma believes that to say to the Senate that we should reject this conference report because the transportation companies would rather have all or nothing, when they do not pay one cent of the transportation tax, is putting the matter to this body in a form and in a way which, in my judgment, does not do justice to the great hearts and brains of the Senator from Louisiana and the Senator from Florida.

Mr. LONG. There are a number of taxes which could be reduced. Some gesture was made toward reducing the tax on communications, for example. I do not know whether the companies had anything to do with it, but I know they worked hard and long at importuning us to reduce the taxes on telephones. I do not know if I was recorded as voting for them because the action occurred when I was not in the committee room.

But there are many factors which must be considered in such cases. We must consider the impact on a particular industry. So far as I am concerned, one of the main considerations in the transportation tax was that the railroad companies are in bad financial condition. Their plight is becoming worse all the time. Unless they can be afforded a little relief, their financial condition may become very much worse.

I voted some time ago for an amendment offered by the Senator from Oklahoma [Mr. KERR] with respect to reducing the tax on theater admissions. It was my understanding that the reduction was not made for the benefit of the public generally; but that the small theaters would have to go out of business unless they got a "break" somehow. So they hoped that Congress would reduce the tax on admissions to afford the small theaters such a "break." I do not think that action was so much a benefit to the public as it was in preventing small theaters from going out of business.

Mr. SMATHERS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. SMATHERS. Mr. President, the Senator from Oklahoma says he has great respect for me. I can say very sincerely that there is no man for whom I have greater respect than I have for the senior Senator from Oklahoma. But the first thing we must remember is that there has not been a reduction of one nickel in the transportation tax. The amendment in the conference report now before the Senate does not remove any tax from anyone. The report merely says that a year from today there may be a reduction of 5 percent, if the Senate will vote for it.

Mr. KERR. The Senator from Florida does not want to make an inaccurate statement, I know.

Mr. SMATHERS. The Senate voted the other night to repeal the entire 10-percent tax on transportation effective as of August 1 of this year.

Mr. KERR. Does not the Senator from Florida know that the conferees voted to repeal half of the transportation tax on June 30, 1960, without any further act of Congress?

Mr. SMATHERS. As I read the report, no tax will be removed until June 30, 1960.

Mr. KERR. That is correct.

Mr. SMATHERS. Whereas the Senate voted the other night to remove the entire 10-percent tax as of August 1, 1959. So what the conferees did was to hold out to us a kind of lollypop and say, "Instead of giving you the whole bag of candy now, we will give you a lollypop next year," and require us to take action on the report now, or at least encourage us to take action on it otherwise we will not get anything.

Mr. KERR. We will not have to take further action next year.

Mr. SMATHERS. The partial reduction in the tax has been postponed for another year.

Mr. KERR. The repeal has been postponed for a year. It will not be necessary to take further action to make the 5 percent reduction effective next year. I believe the Senator from Florida understands that.

Mr. SMATHERS. The other thing——

Mr. LONG. Mr. President, I have the floor. I should like the Chair to protect me in my rights. I do not want to be taken off my feet. However, I will yield to the Senator from Florida.

Mr. SMATHERS. I think everyone would like to see the travel tax removed, because we know that unless it is removed it will fall into the same category as the cosmetic tax and some other taxes, which are luxury taxes. Many of them have been in effect for 20 years, probably will not be removed in the foreseeable future.

So it was felt that it would be advantageous to keep those taxes as they are now, as separate taxes. However, the tax on transportation was made effective to deter people from using transportation facilities during wartime. It is felt that there is more interest and enthusiasm for removing this tax now than to say, "Wait a minute. We will not remove the entire tax, but we will provide a 5 percent reduction a year from now."

It seems to me that that is simply pushing the matter into a dark closet, where it is likely to remain. For that reason, it was preferred to have the transportation tax stand on its own feet. The matter was discussed in committee. It was not a secret in committee. The Senator from New Hampshire brought it

up. The matter was debated in committee. It was decided not to seek only a partial reduction in the tax, but to try to remove it all at once now, or, at least, to remove it all next year, not merely 5 percent next year. This is the only way the primary purpose of repeal, namely, to strengthen our national transportation system, could be achieved.

Mr. LONG. The basis upon which the House accepted this little amendment, which I regard as being nothing more than a drop of eyewash, was that it would not go into effect for a year, and that before then there would be another big excise tax bill before us, such as the one which is before us now. It was felt that the House could reconsider the whole matter, and if the amendment proposed by the Senator from Florida were found to be undesirable, an amendment could be attached to the bill next year to extend the tax again.

The House agreed to the amendment on the basis and the explanation of the chairman. Mr. FORAND said that the House should never accept any of our amendments. The agreement was that the Senate was to have no right to legislate on the bill. But the explanation given to Mr. FORAND was that this amendment was exactly nothing except a few words. That is why the House conferees took the amendment, and that is how they proposed to explain it to the other members of the Committee on Ways and Means. They said that it would not violate their agreement that they would not consider any Senate amendments, because the language of this amendment as agreed to in conference, meant exactly nothing.

Mr. MAGNUSON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. MAGNUSON. I hope there is no misconception of why Senators voted for the amendment. It was simply that they thought it was an inequitable tax. It was not a tax for the benefit of transportation companies. Its removal would benefit people who must travel. It is an unequal tax. The farther one travels, the more tax he has levied on him. I think that is the only reason why 50 Senators voted for the removal of the tax this year and last year, and every time we have discussed it.

If this tax is removed, it will not affect the price of a ticket. The transportation rate will be the same. The tax does not go to the railroads. The railroads simply collect the tax and turn it over to the Government.

Mr. LONG. The Senator from Washington is entirely correct about that, but it is fair to state that if the 10 percent transportation tax is removed, the railroads, buslines, and airlines can do business 10 percent cheaper, and because they will be doing business at a lower rate, they will do more business. By doing more business, they will stand a chance of getting out of the red.

Mr. MAGNUSON. More people will travel if the tax is removed. That was what the Senator from Florida and I had in the back of our minds. We felt that the removal of this tax would stimulate transportation. As it stood, the transportation tax has been like a hammer over their heads.

Mr. LONG. So far as the transportation industry was concerned, they said it was not a good tax. They said, "If you want to take it off, take it all off. But do not change the category and make it a continuing tax, like the tax on whisky and the tax on other luxuries which theoretically expire every year." That would be meaningless. We might be in worse condition then than we are now.

The way things stand now, about once every Congress, we pass a bill to repeal the transportation tax then it fails in the House.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CARROLL. Would not the Senator agree with me that by the removal of the transportation tax, revenue to the Treasury will be lost. And by the amendment offered by the Senator from Louisiana, revenue would be lost. Those amendments were in a sense revenue losers. But that was not true of the amendment offered by the Senator from Minnesota [Mr. MCCARTHY]. The effect of his amendment would not be to cost the Treasury revenue, but to provide, as I understood his argument, $375 million in revenue not now being collected.

I am trying to ascertain if the Senator from Louisiana can give us information, without violating the confidence of the committee on conference, whether there was any vigorous presentation of the McCarthy amendment; whether any strong argument was offered for this amendment on the part of the conferees.

Mr. LONG. First, the amendment was submitted. It was pursued by the Senate conferees, and they fought for it. The House conferees were adamant in opposition, as they were in regard to all the Senate amendments. The House conferees took the view that if the amendment were to be considered at all, it should be considered at a future time, and that perhaps some additional relief for corporation or corporation stockholders should be proposed as a substitute for the dividend credit; in other words, if those holding corporate stock were to pay more taxes, perhaps they should be given some additional consideration which they are not now receiving.

But at least two Senate conferees voted for the McCarthy amendment right up to the bitter end. So an effort was made by the Senate conferees to sustain that amendment.

Mr. CARROLL. Mr. President, will the Senator from Louisiana yield further to me?

The PRESIDING OFFICER (Mr. Moss in the chair). Does the Senator from Louisiana yield to the Senator from Colorado?

Mr. LONG. I yield.

Mr. CARROLL. I have been very much impressed by the arguments of the Senator from Louisiana about the closed rule and the effect of the imposition of the closed rule on the Senate.

At this time I should like to propound a parliamentary inquiry, if the Senator from Louisiana will yield for that purpose.

Mr. LONG. I yield.

Mr. CARROLL. Mr President, I now propose a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Colorado will state it.

Mr. CARROLL. If the Senate rejects the conference report, will it be in order to move that the Senate request a further conference, and that the conferees on the part of the Senate be given instructions in regard to a specific amendment? If that were to be done, how binding would that instruction be on the Senate conferees?

The PRESIDING OFFICER. If the Senate were to reject the conference report, it would then be in order to request a further conference and to appoint new conferees on the part of the Senate.

Mr. CARROLL. Would it also be in order for the Senate to give to its conferees written instructions in regard to a specific amendment? If so, how binding would that written instruction be?

The PRESIDING OFFICER. The Senate might instruct its conferees just before they were appointed.

Mr. CARROLL. Mr. President, will the Senator from Louisiana yield further to me?

Mr. LONG. I yield.

Mr. CARROLL. In view of the explanation by the Senator from Oklahoma and the exchange between the able Senator from Florida and the able Senator from Louisiana, it seems to me that perhaps we have gone as far as we can go on the question of taxes, at this point, for a deadline confronts us. I think the other body can initiate a joint resolution to extend that date for 5, 10, or 30 days, if it so chooses.

As I said the other day, I am sure that the House is not so financially irresponsible that it would be willing to have the Nation lose $9 million a day; and I assume that the Senate will maintain a similar position; and I assume that the Executive is not so financially irresponsible that he would not sign such a measure.

The other body is in session. I think a real issue is involved in this situation—aside from the amendments on transportation and telephone excise taxes and the proposal to increase public assistance payments made by the Senator from Louisiana.

As a former member of the House Ways and Means Committee, I can understand that the House likes to initiate measures providing for the aged and public assistance for dependent children and the blind and all the fine elements contained in the amendment of the Senator from Louisiana. The Ways and Means Committee likes to initiate such measures, which do come under the closed rule. The Ways and Means Committee also likes to initiate and to handle transportation taxes.

But the issue presented the other day by the McCarthy amendment is far different. It would not result in removing relief from someone and giving it to someone else. It would give the Treasury, in this time of fiscal crisis, access

to an additional $335 million—which is an entirely different issue.

I agree with the Senator from Louisiana that if we permit the closed rule procedure in the House to operate on the Senate, we shall be giving away more than I think has ever before been given away by the Senate in connection with this issue.

The Senate has a right to legislate in this field. As I consider the conferees on the part of the House—the able Representative from Arkansas WILBUR MILLS; the able Representative from California, CECIL KING; the able Representative from Pennsylvania, RICHARD SIMPSON; and the able Representative from Illinois, NOAH MASON—I think they can understand not only our position, but also our purpose.

So I hope we narrow the issue by rejecting this conference report and then making a proper parliamentary move to carry the issue of the McCarthy amendment solely on the basis of the facts. I believe that is the way we shall be able to localize the issue and to bring proper focus upon the issue of the powers of the other body and the powers of the Senate.

I make that suggestion to the Senator from Louisiana; and I hope the Senator from Minnesota will be prepared to take those steps, if they are satisfactory to him.

Mr. LONG. If the Senate should reject the conference report, I hope the Senate would have the right to give instructions to its conferees on the two major floor amendments, as well as on the committee amendments.

So far as I am concerned, I should be glad to yield, so that the Senator from Minnesota could be appointed a conferee in my place. If new conferees are to be named, I hope they will represent the majority view of the Senate, because in that case I think we would come nearer to getting what the Senate voted for.

Or we could make a double-barreled approach; we could add our amendment to the other revenue bill to which I have referred—the one which would allow servicemen to bring in up to $50 gifts duty free; and we could also take the course which has been suggested in regard to a further conference. In the case of the former, I do not think any Member should object to that course, because that is a revenue bill.

Certainly Senators should not say the Senate must bow to the position taken by the House, because, so they say, if the Senate does not do so, the Government will lose some revenue.

So I believe both courses can properly be followed—namely, request a further conference, and also add such an amendment to another revenue measure.

Mr. McCARTHY. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. McCARTHY. I wish to make a comment on the continuing resolution. At this very time there is prepared for introduction in the House a joint resolution to continue certain appropriations into the next fiscal year; and that measure will be acted upon by both the House and the Senate in the course of an hour or two, if necessary.

So there is no reason why a similar joint resolution could not be introduced in order to take care of the situation in the period of a few days between the expiration of the present excise tax measure and the enactment of the next one.

Mr. LONG. I agree. Those who argue that we have no recourse but to agree to the conference report certainly are not correct, because a number of other courses are open to us.

A little while ago I made an argument about the strength of the Army. As in the case of the well-known song, I said that if we wished long enough and strong enough, what we wished for would come to pass.

So it is obvious that we can accomplish these things if we are determined to accomplish them. But if we are faint of heart, we can find a thousand excuses for not accomplishing what we want.

Mr. CARROLL. Do I correctly understand from the Senator from Minnesota that such a joint resolution has been introduced in the other body?

Mr. McCARTHY. I do not know whether it has been introduced; but I know it is prepared for introduction. If there is a delay in the enactment of the regular appropriation bills, that joint resolution will be introduced, and it will come to the Senate in a matter of minutes; and the whole thing will be handled in half an hour. I refer to the joint resolution in regard to continuing certain appropriations.

Mr. CARROLL. But I have in mind the tax bill.

Mr. McCARTHY. I do not know that such a joint resolution is pending; but I think one is in the process of being prepared.

Mr. CARROLL. It would not be difficult to introduce such a measure, would it?

Mr. McCARTHY. Oh, no; it would be quite simple.

Mr. CARROLL. Let me say to the Senator from Louisiana that I do not mean to imply that the amendments adopted by the Senate, after they were successfully submitted by the Senator from Louisiana, and the Senator from Florida, should be rejected. On the other hand, obviously the Senate is not going to get everything it wants. But I think the McCarthy amendment presents an entirely different situation than the other amendments which were adopted by the Senate; in the latter case, I refer to those which would reduce Federal revenue.

I agree that new conferees should be appointed. But in the bargaining process, I think the Senate conferees should keep clearly in mind the issue. The McCarthy amendment will increase revenue; the other amendments will reduce revenue.

The House conferees are reasonable men; and I am sure a fair conclusion could be reached.

Mr. CARLSON. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. CARLSON. I appreciate the courtesy of the Senator from Louisiana in yielding to me.

I have followed with great interest the debate this afternoon. It has been rather spirited, and also quite critical of the House of Representatives and of some Members of the House.

I think it well for us to remember—although I do not make a point of order—that on page 264 of the manual of Senate Procedure we find the following:

> There is no standing rule of the Senate relating to comments upon proceedings of the House of Representatives, although such a provision is contained in Jefferson's Manual.

Now I read one of the following paragraphs:

> Under the precedents, however, it has been held not in order in debate for a Senator to make reference to action by the House of Representatives, to read an extract from the proceedings of the House relating to a matter under discussion, to read from a speech made by a Member of the House during that particular Congress on the pending subject, or to make reference to the proceedings in the House on the matter under consideration for the purpose of influencing the action of the Senate.

Then, on the other page, 265, I read:

> It has been held out of order for a Senator to make reference to Members of the House, to refer to a Member of the House by name, to criticize the action of the Speaker or to refer in debate to a Member of the House in opprobrious terms or to impute to him unworthy motives.

I thought that language should be read into the RECORD of the debate, because, as this RECORD is read, several statements critical of the other body will appear in the debate. There will be mention of the names of Members of the other body. I think we ought to keep within the rules of the Senate, regardless of what our feelings are about this matter, because we need to have comity between the Senate and the House if we are to have legislation.

Mr. LONG. I very much appreciate the advice and admonition of my fine and able colleague from Kansas. He has always conducted himself with the utmost kindness to all of us, and that includes the Senator from Louisiana.

When I came to the Senate I attempted to familiarize myself with the rules of the Senate. I suppose I have had Senators take their seats more times than has any Member of this body, because I was familiar with the rule XIX of the Senate, that a Senator cannot speak in disparagement of another Senator, which means that a Senator cannot even impute that another Senator is wrong, even if he prefaces his remark with the statement, "I know his intention is good," but then states that what he wants to do is wrong or bad. That cannot be done, under a strict interpretation of rule XIX.

I have tried to stay within that rule. If I thought I had been treated discourteously, I have said, instead of saying I thought I had been treated discourteously, I could say that I thought I had been treated less courteously than I had been previously. By making that statement, I stayed within the rule.

That would mean that all Senators had treated me courteously, but this courtesy did not quite catch up with the extent of the courtesy of the others. I have always tried not to breach the rule.

I did not believe that there was a rule that I could not criticize someone in the House. If a Senator wanted to make the point, I think he might say that the junior Senator from Louisiana had imputed to the House something which should not be imputed.

Frankly, I do not blame the House for following this action. I wish the Senate would use more of its powers to advance what we believe in. I think the House has a right to do the best it can to strengthen the power of that body. The Senate also has the right to resist it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CARLSON. I am sure the Senator realizes I did not make a point of order. I did not want to make one. I thought the RECORD ought to contain the provision which is in the Senate's own manual regarding the rules respecting debate, as between the House and the Senate. I read the provision for the RECORD more than anything else. I make no point of order. I think we have probably violated the rule of the Senate, but it is up to another Senator to make the point.

Mr. LONG. I am satisfied that I did not violate explicitly any rule of the Senate. I may have violated only the implication of a precedent.

Based on research into the question, it is my judgment that rule XIX, which provides that one Senator cannot speak derogatively of another Senator, was adopted in order that this body might legislate. Back in the old days, if a Senator said something derogatory about another Senator or about his State, it usually ended in a fist fight, and that was the end of action in the Senate for the time being. To enable the Senate to legislate a Senator was forbidden to criticize a Senator. A Senator could speak critically of the President or the member of his Cabinet or the most honorable person in the land. Rule XIX was adopted in order to make it possible for this body to legislate and in order to keep down fisticuffs, by providing that a Senator might not say something derogatory about a Senator or his State. Otherwise such an occasion might result in fisticuffs and impede the work of this body.

Mr. SYMINGTON. Mr. President, will the Senator from Louisiana yield so that I may ask a question of the able Senator from Kansas?

Mr. LONG. I yield.

Mr. SYMINGTON. Does the Senator from Kansas think it is in order for the Senate to know what happened in the conference? Is it advisable for the Senate to know what happened in the conference; or is it not?

Mr. CARLSON. In answer to the inquiry of the Senator from Missouri, I refer only to the rule, which appears on page 264 of the "Senate Procedure Manual." It reads:

Under the precedents, however, it has been held not in order in debate for a Senator to make reference to action by the House of Representatives.

I cannot go any further.

Mr. SYMINGTON. Am I correct in interpreting what the Senator has said that he believes there is no way the Senate can ascertain what happened as a result of a conference?

Mr. CARLSON. I may say this is not my personal feeling. I have sat through the whole debate. I think it has been well handled. It has been spirited at times. I think probably we have violated the rule. In so saying, I am not criticizing. I make no point of order.

Mr. SYMINGTON. I thank the Senator. I am not being critical. I have also listened to this debate in the Senate. I thank the Senator from Louisiana for giving me more information on the conference. In my opinion, the Senate has a right to know what happened and something about why there was this rejection of Senate amendments. We have heard a lot about the right to know. I think the right to know should extend to the Senate.

Mr. CARLSON. I was not a member of the conference; so this is new to me.

Mr. KERR. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. KERR. If the Senator will remain in the Chamber, the Senator from Oklahoma will be glad to enlighten the Senator and tell the story in its entirety.

Mr. SYMINGTON. I am sure that, as always, the Senator from Oklahoma will be enlightening. What I wanted to ask was whether it is right for the Senate to know. I raised the question because the Senator from Kansas made the point to the Senator from Louisiana.

Mr. LONG. The references which the Senator from Kansas made to pages 264 and 265 refer to the "Manual of Senate Procedure." That language does not appear in the Senate rules. What the Senator has referred to was derived from "Jefferson's Manual." I shall be as polite as I can to the other Members of Congress, provided I can tell the truth to the Senate. To try to restrict me further than that in my opinion keeps me from doing what I think is my duty under my oath as a Senator.

If Senators will look at rule XIX, they will see the rule relates to referring offensively to another Senator and to another State.

Mr. President, I ask unanimous consent that rule XIX may be printed in the RECORD at this point.

There being no objection, the rule was ordered to be printed in the RECORD, as follows:

RULE XIX

Debate

1. When a Senator desires to speak, he shall rise and address the Presiding Officer, and shall not proceed until he is recognized, and the Presiding Officer shall recognize the Senator who shall first address him. No Senator shall interrupt another Senator in debate without his consent, and to obtain such consent he shall first address the Presiding Officer, and no Senator shall speak more than twice upon any one question in debate on the same day without leave of the Senate, which shall be determined without debate.

[Jefferson's Manual, secs. XVII, XXXIX.

2. No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

[Jefferson's Manual, sec. XVII.

3. No Senator in debate shall refer offensively to any State of the Union.

4. If any Senator, in speaking or otherwise, transgress the rules of the Senate, the Presiding Officer shall, or any Senator may, call him to order; and when a Senator shall be called to order he shall sit down, and not proceed without leave of the Senate, which, if granted, shall be upon motion that he be allowed to proceed in order, which motion shall be determined without debate.

[Jefferson's Manual, sec. XVII.

5. If a Senator be called to order for words spoken in debate, upon the demand of the Senator or of any other Senator, the exceptionable words shall be taken down in writing, and read at the table for the information of the Senate.

[Jefferson's Manual, sec. XVII.

6. Whenever confusion arises in the Chamber or the galleries, or demonstrations of approval or disapproval are indulged in by the occupants of the galleries, it shall be the duty of the Chair to enforce order on his own initiative and without any point of order being made by a Senator.

Mr. LONG. Mr. President, I do not think I have violated the Senate rules. I would be willing to debate that question with any Senator, or even to have it considered by the Committee on Rules and Administration, but it is my duty to explain my view as I see it. I have not previously had the privilege of conferring as a conferee from the Senate Committee on Finance, and may never again, but it did seem to me that what is happening here, if the Senate should vote for the conference report, is the type of thing which should be prevented.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CARLSON. When I asked the Senator to yield to me, I asked him to yield so that I could read from page 264 of the "Manual on Senate Procedure":

There is no standing rule of the Senate relating to comments upon proceedings of the House of Representatives, although such a provision is contained in "Jefferson's Manual."

I stated specifically that there was no such rule, but there are many precedents, based on years of legislation, bearing on this point. That is how some of these precedents have been established.

Mr. LONG. I have no doubt about it. I think it will be found that, with relation to the violation of rule XIX, if a Senator can get the majority of Senators to support him, he can compel another Senator to take his seat for almost any reason. I learned that.

Mr. President, I yield the floor.

Mr. KERR. Mr. President, I have been entertained, enlightened, challenged, and otherwise affected by the debate this afternoon.

I think there are certain elements of the matter in question which are worthy of some discussion and some consideration, and I should like to devote a little time to them.

I must say that my interest was first provoked by some statements made by

the distinguished Senator from Louisiana about the attitude of the Senate conferees. The Senator from Oklahoma has now been in the Senate for something over 10 years. He was a Member of this body for many years before he got to be a member of a conference committee. I must say that participation in such a capacity has not in any way measured up to the idea the Senator from Oklahoma had about it before he became a conferee.

I did not appoint the conferees who represented the Senate with reference to this bill. I believe it is a fact that the number of Senate conferees was increased from what otherwise it would have been in order that the Senator from Louisiana might be included as one of the conferees. I believe that was done as a sincere courtesy to the Senator from Louisiana.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. KERR. I yield.

Mr. LONG. I want the Senator to know I do appreciate the courtesy of being on the conference committee. A number of times in the past I have expressed a willingness to have my seniority passed over so that some other Senator could be on a conference committee, when other Senators expressed a considerable interest in some measure which passed the Senate.

Mr. KERR. Mr. President, I did not appoint the conferees. I had no power to appoint the conferees. I had no desire to appoint the conferees. I merely remind the Senate that more than the usual number of Senate conferees were appointed with reference to this bill, in order that the privilege of serving as a conferee might be given to the Senator from Louisiana.

The Senator has given a dramatic portrayal of his interpretation of what happened at the conference. The Senator has spent his time, as I understood him, describing it. The Senator from Louisiana and I came to the Senate at about the same time. We have been together in nearly every fight either one of us has had on this floor. It is my belief that will continue to be the case in the future. I regret that I find myself in disagreement with the Senator now as to what the action of this body should be with reference to this conference report. It may be that I am as vigorous in what I believe should be done as the Senator is with regard to what he thinks should be done.

I shall, if I know what I am doing, refrain from making any statement whatever which will be other than both courteous and respectful to the Senator and to his position. I am convinced that some statements the Senator made with reference to the Senate conferees would not be subject to that interpretation.

I believe it was the Senator's statement, and I know it was his implication, that the Senate conferees, without undue effort to represent the position of the Senate or without due regard for the position of the Senate, either participated in a farce, encouraged one, or permitted one.

I thought the Senator from Rhode Island asked the Senator a very pointed question. After the Senator addressed himself considerably to the lack of effort on the part of the Senate conferees to sustain the position of the Senate, the Senator then at length discussed the vigorous, the adamant, and the undying determination on the part of the House conferees to accept no Senate amendments. The Senator from Rhode Island asked the Senator which of the two facts was responsible for the failure of the Senate conferees to secure an agreement from the House conferees to more of the amendments passed by the Senate.

In my judgment every one of the Senate conferees did what he thought was his responsibility and what was within his power to persuade the House to accept the position of the Senate and the amendments of the Senate, and to secure approval of as much of the action taken by the Senate as was possible under the circumstances.

We were dealing with a group of honorable, but determined men. I do not believe there is a more honorable or patriotic Member of Congress than the chairman of the House Committee on Ways and Means, the distinguished Representative from Arkansas, Mr. MILLS. On the conference committee with Mr. MILLS were the Representative from California, Mr. KING; the Representative from Rhode Island, Mr. FORAND; the Representative from Pennsylvania, Mr. SIMPSON, and the Representative from Illinois, Mr. MASON.

There have been references to ultimatums or what were described in such a way as to be interpreted to be ultimatums by Members of the House to Members of the Senate. I must say that the first notice I had of those ultimatums was on the floor of the Senate this afternoon. I heard of no ultimatums from the House Members or from the Ways and Means Committee either to the Senate or to the Finance Committee of the Senate while the bill was being considered by the Finance Committee or by the Senate.

I did hear statements made in the conference to the effect that many members of the House Committee on Ways and Means had amendments which they wanted to attach to the bill. I did hear statements to the effect that the members of the Ways and Means Committee either officially or unofficially agreed to pass the bill without amendment.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KERR. I yield to the Senator from Florida.

Mr. HOLLAND. Was there any discussion at that time as to whether the House committee held hearings on any of the amendments which were inserted in the bill by the Senate?

Mr. KERR. There were some discussions with reference to hearings. We were advised a number of times in the conference that the House Committee on Ways and Means either now is in the process of hearings or is preparing to have hearings with reference to a comprehensive rewriting of many features of the tax laws. We were told that those hearings would go forward during the fall and would be reflected in action contemplated to be taken by the Committee on Ways and Means in the Congress next spring.

Mr. HOLLAND. Mr. President, will the Senator yield further?

Mr. KERR. I yield further.

Mr. HOLLAND. My question was addressed to the point that I had understood the distinguished Senator to say the conferees for the House advised the conferees for the Senate that the Members of the House Ways and Means Committee had determined, one way or another, they would consider nothing but the excise taxes, which were about to expire.

Mr. KERR. And the corporate taxes.

Mr. HOLLAND. And the corporate taxes. I was wondering if, as an accompaniment of that decision, they likewise decided not to conduct hearing on matters except those embraced in those particular categories.

Mr. KERR. There was no statement I heard addressed to that particular fact.

Mr. HOLLAND. I thank my distinguished friend.

Mr. KERR. I did hear members of the committee say something to the effect, "If I were going to permit, or to favor, or to help bring about an amendment to the bill with reference to an excise tax, it would be with reference to this excise tax" or "that excise tax" or "another excise tax." It was apparent that the House committee had felt the action with reference to the proposed legislation should be limited to matters which were in the bill, and they had denied other members of the committee the right to put amendments on the bill or to have them considered. Any statements they made with reference to the amendment of the bill referred to members of the committee or to amendment of the bill by Members of the House, rather than to Members of the Senate.

I make that statement because I believe it is of some significance. As I listened to the argument on the conference report, had I not known what the facts were I would have at least gotten the impression that the Members of the House had been addressing their statements with regard to what could or could not be done to the Senate. I must say that I saw no evidence of any kind of such attitude, nor did I hear any statement of such a position.

I will say that the House Members were determined. They were no more determined than the Senate Members of the conference. The Senate conferees, however, were in the position that the Senate had passed every provision the House had passed and there was not a provision in the bill which had been passed by the House with reference in which the Senate had not concurred.

So it was not a matter of saying to the House conferees, "You had certain provisions in the bill when it passed the House which we deleted. We have put certain provisions in the bill which it did not contain when it came to us. Now let us see how we can get together with reference to the actions taken by the respective Houses."

We were in the position of having agreed to every part of the bill which the House had passed. So the conference was not about things which the House had passed but which were not agreed to by the Senate, or provisions which the Senate had added, and which were not agreed to by the House, with respect to which differences could be resolved.

The conference related only to provisions which the Senate had added, and which had not been concurred in by the House.

The Senator from Oklahoma offered an amendment to the bill. It was cosponsored by the Senator from New Mexico [Mr. ANDERSON] and the Senator from Delaware [Mr. FREAR]. It was an amendment to fix a termination date with respect to communications taxes, and it was a provision about which the Senator from Oklahoma and the other sponsors of the amendment had very strong feelings.

Frankly, we did not seek to have included in the bill the termination date of June 30, 1959. We did not seek to terminate the tax in 1959—not because we did not think it should be terminated now. I believe that if there is an excise tax affecting everyone, homeowners, big, little, old, and young, it is the tax on the family telephone. If there is a burdensome excise tax in our tax laws, that is it. But we did not seek to terminate that tax in 1959, for these reasons:

We know that there is a deficit in the current fiscal year of some $12 billion or $13 billion. We have been assured by the administration that if the Congress follows the recommendations of the administration with reference to taxation and expenditures we shall have a balanced budget in 1960.

We know further that we have been advised by representatives of the administration—and I must say that I agree with their statements—that if our economy continues to expand, the current tax rate structure will produce revenues which will give us a surplus in the fiscal year 1961.

Therefore, in anticipation of the time when that blessed condition becomes a reality, and assuming that it may well do so, we sponsored an amendment with reference to the elimination of what we think is an onerous and burdensome excise tax, simultaneously with the arrival of that wholesome condition.

The amendment to which I refer was adopted by the Finance Committee by a vote of 15 to 2. It was adopted by this body unanimously. Yet in the conference, in order to obtain an agreement we saw a little more than half of the tax which that amendment would repeal given up, and we agreed to it, not because we favored such a course, but because we were convinced that we could not get an agreement from the House with respect to the entire amendment.

Of all the amendments the Senate added to the bill on the floor, the one I favored most was the amendment of the Senator from Louisiana [Mr. LONG], for assistance to the aged. As a conferee, to the extent that negotiations assume the proportions of battling—and I am not averse to that—the Senator from Oklahoma made every effort of which he was capable to obtain agreement from the House conferees to accept all—and then a part—of the provisions of the Long amendment. The Senator from Louisiana was present when every Member of the Senate conferees, including the great Senator from Virginia [Mr. BYRD], made every effort of which they were capable to save at least half of the provisions of the Long amendment. I do not need to remind Senators that the Senator from Virginia did not vote for the amendment on the floor, but he made every effort of which he was capable, including a personal appeal to the chairman of the House Ways and Means Committee to participate in a conference report that would save at least half of the additional benefits provided under the Long amendment.

I thought the Senator from Colorado [Mr. CARROLL] made a wholesome and unique suggestion a while ago. I was surprised that it did not meet the enthusiastic approval of the Senator from Louisiana [Mr. LONG], the Senator from Florida [Mr. SMATHERS], and other Senators. He spoke of the fact that the Senate conferees had not lived up to their obligation with reference to amendments by the Senate. They had surrendered. He said, "Here is a happy solution. Give up everything but the McCarthy amendment."

I am surprised that the Senator from Florida did not embrace him with open arms and say "Praise God for a statesman." I am surprised that the Senator from Louisiana did not say, "There is a man with a happy solution. I will embrace it and him."

He would have had as much chance of having that proposal approved by the Senate as the Senate conferees had of getting the House conferees to agree to the Senate amendments.

I was interested in what my great friend from Washington [Mr. MAGNUSON] had to say. There is a man with a vigorous viewpoint. He said that the transportation tax was not proposed to be repealed for anyone in particular, but because it was inequitable. Inequitable to whom? To those who collected it or those who paid it? I could not take that statement seriously from a man whom I regard as one of the ablest Members of this body. I agreed with his speech on the floor the other day. I think it was one of the best I have heard. He said, "This tax produces inequities to those who live at the greatest distance, and whose tax is the largest." But I must say that it is no greater burden to a transportation company to collect 10 percent on a $150 ticket than to collect 10 per cent on a $15 ticket; and I do not believe he seriously thinks so.

I believe the Senate adopted that amendment for the benefit of the taxpayers; and I was amazed when I heard the Senator from Florida [Mr. SMATHERS] say that the transportation companies are not satisfied with it, and that if we cannot give them what they ask for, we should give them nothing. Then my good friend from Louisiana made quite a contribution on that question. He said that the Senate passed a wholesome amendment to repeal that tax, and the conferees wound up by giving the Senate a "lollypop."

Mr. LONG. An "eye drop."

Mr. KERR. An "eye drop." It was the Senator from Florida who identified it as a "lollypop."

I did a little problem in arithmetic. Both Senators agreed that the entire amendment was an act of statesmanship and a measure of substantial relief. One of them said that half of it is an "eye drop", and the other said that it was a "lollypop."

If they are both correct, then the whole would be the sum total of an eye drop and a lollypop.

I do not believe Senators thought they were doing that when they took their action.

Then both Senators said that if we adopt a conference report, we are providing something which may or may not be. If that is true, then the draftsmen or the staff of the conference committee is not living up to its fine standard of excellence, because they were instructed to provide language which would definitely repeal one-half of the existing tax on human transportation effective June 30, 1960.

I submit that if that is a "maybe," then the repeal of it on June 30, 1959, would also be a "maybe," because both would be final in the absence of action by Congress to the contrary in the future.

I am amazed at the Senators who think that the action of terminating the tax now would be binding on future Congresses, but that the action of terminating half of the tax in a year from now would not be binding on anyone. I do not believe the Senators were serious about that contention.

I believe it was the Senator from Florida [Mr. SMATHERS]—if I am mistaken, I want him to say so; it might have been the Senator from Louisiana [Mr. LONG]; both Senators had a delightful and amazing unanimity in their action—who said that he did not want the tax to be half repealed as of a year from now, and the other half to be continued. He said he did not want it to be included with the cosmetic tax and some other similar taxes. He wanted the transportation tax to stand on its own feet.

If that is true, I wonder why the repeal of the transportation tax was offered as an amendment to this bill. If Senators were serious in wanting the transportation tax to stand on its own feet, and to be entirely separate and apart from either the bill or the entire code of tax laws, they would have to devise a means that I know not of, because it would have to be a part of one or both of those instruments.

But they could not be very serious about wanting the repeal of the transportation tax to stand on its own feet, and then wanting to reject a conference report because the conference report, while it handles the repeal, does so differently from the amendment which the Senate adopted.

I was quite impressed—almost carried away—by the remarks of the Senator from Louisiana [Mr. LONG] about the Presidential pistol. There have been times on the floor of the Senate when I thought a man ought to be allowed to have a permit to carry a pistol, because I do not believe that if a man wanted to do what the Senator from Louisiana was talking about, rule XIX or "Jefferson's Manual," or either one of them, would be an effective defense.

A Presidential pistol? The President is not going to point a pistol at me, even if the Senate has to knock him down with a senatorial pistol, so that he cannot even pick up his own pistol. We will put an amendment he does not like on a bill which he cannot veto. That is simply mild persuasion. That would have the effect of a senatorial pistol. I am not above using a senatorial pistol.

There are many things I am strong enough for so that if I had any way of including them in a piece of legislation which I knew would not be vetoed, I would do so. But as I did, I would not deny the President the right to use his pistol, which is the veto, and I do not believe the Senator from Louisiana would, either.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. KERR. I yield.

Mr. LONG. The Senator knows that this practice happens repeatedly.

Mr. KERR. Which one, now? Which pistol?

Mr. LONG. What I am about to say has happened repeatedly. The Senate has repeatedly before it appropriation bills containing provisions the President did not want or did not recommend. We felt, all things considered, that he would accept our amendments. That has happened many times with many bills. As a matter of fact, when the late Senator George was chairman of the Committee on Finance, he would wait until he received an administration bill, in order to see what amendments he thought should be put on the bill. There were some significant ones. There were many amendments to which we were told on the floor of the Senate the administration was opposed. They would be added to the bill, and the bill would be passed and the President would sign it.

The Senator knows how we can be faced with a Presidential pistol. Last year, with regard to a particular amendment, the Senator was doing a marvelous job in handling the social security bill. Someone asked us to converse on the side and said, "What you are trying to do will be vetoed. We will not be in session when the bill goes to the President, so nothing will happen. If you will keep the amount in the bill down to about one-half in the matter of welfare benefits——

Mr. KERR. It was two-thirds.

Mr. LONG. I happen to think we cut it two-thirds.

Mr. KERR. No; we kept two-thirds.

Mr. LONG. We took out $110 million of $300 million. So we took a major reduction. It put the junior Senator from Louisiana in an embarrassing position to try to find a way to reduce what we were trying to do for the aged and the orphans, to strengthen our hope that the President would sign it.

I am not opposed to the President having a veto pistol to use on us, but now we have a weapon which is to our advantage, which is to take a bill which the administration wants and to hang an amendment or two onto it. We have a right to hope that the President, all things considered, will sign it; just as, all things considered, we had to decide that we could not sustain our position on the social security bill last year because we would not be in session to override a veto.

Mr. KERR. I find no fault with that procedure. I think I have even attempted to inspire and provoke it. In doing so, I recognize that the President has a little pistol, too. I will not be greatly exercised about a pistol located at 1600 Pennsylvania Avenue, however, knowing it was there when we started, as long as we are not suggesting rules which would disarm us.

But the Senate alone does not have that pistol. The pistol, for it to be effective and usable, so far as the amendment to the bill which the President wants is concerned, has to be agreed to by both Houses.

If Senators have a means of persuading, coercing, intimidating, or otherwise influencing the House conferees, I want them to give me the benefit of that secret, not that I would use it, but because, as an educated Senator, one having experience, I would not like to think I was coming to the end of my second term, and there was a matter of such great significance and such great value about which I did not know while other Senators with whom I have worked these many years, and for whom I have such esteem and affection, did know about it but would not share the knowledge with me.

The Senator from Louisiana spoke about how adamant the House Members of the conference were. They were so adamant that one of them would not sign the conference report because the conferees accepted so much of what the Senate had passed. There might be a difference between that and the attitude of the Senate conferee who was so adamant that he would not sign the report because he thought we got so little. But that is just how narrow the balance was drawn.

The fact is that we had met for an hour. The first vote the conferees took on the last action the Senate took—and that was after we had been in conference most of the morning and most of the afternoon—was an adverse vote of 3 to 2. There were three Members of the House conferees who said they would not sign the report as it is now before this body. It was nearly an hour later before one additional House conferee agreed to sign the report; and when it became apparent that the report would be accepted by a vote of 3 to 2 by the House conferees, another one said, "I am just as much against it as I ever was; but if they are going to cram it down our throats, I will sign it, but not because I like it."

So the business of being adamant was not a matter limited to one side. The business of being vigorous was not limited to one side.

I suggested that the conference suspend and meet again on Saturday. It was found that many Members on both sides would not be here on Saturday. I suggested that we recess until Monday. I was then advised that if we recessed until Monday, it would be possible that in view of the fact that a point of order could be made that a conference report has to be before the body for 24 hours—I am not like the Senator from Louisiana and the Senator from Kansas; there are many rules about which I do not know—if we recessed until Monday, we might not be able to get the report agreed to by both Houses by Tuesday night and signed by the President before midnight Tuesday.

I do not think the stars will fall away, that space satellites will cease to find their way around the earth or the sun, or wherever they may be, if the Senate does not approve the conference report. I do not know of anything sacred about it. But I will say to Senators that the Senate conferees are not entitled to have the Senate reject the report because of a lack of confidence on the part of the Senate in the integrity or the purpose or the vigor of the conferees in representing the Senate's position.

I deeply regret that the matter has been presented to the Senate as though the Senate conferees let the Senate down without making all the effort they knew how to make to cause the position of the Senate to prevail. The Senate conferees are not entitled to a vote against this report on that basis. If Senators do not like the report, let them reject it. But I resent any Senator saying that the Senator from Oklahoma or any other Member of the Senate conferees did not honorably, honestly, and vigorously represent the views of the Senate in the conference.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KERR. I yield.

Mr. HOLLAND. I thank the Senator from Oklahoma for yielding.

Since the colloquy I had a half hour ago with the Senator from Oklahoma, I have contacted the Committee on Ways and Means of the House of Representatives with reference to the hearings, and have had an opportunity to discover whether any of the amendments which were adopted by the Senate were considered by the Ways and Means Committee. I find that the facts are as follows—and I communicate them now to the Senator from Oklahoma, because I believe they have a distinct bearing on the conference and on its results: The only hearing the Ways and Means Committee had on this matter was on June 3, less than a month ago, when it invited the Secretary of the Treasury, Mr. Anderson, and the Director of the Bureau of the Budget to appear before it. The Secretary of the Treasury could not appear; and in his stead came Under Secretary Scribner, together with the Director of the Bureau of the Budget, Mr. Stans. The hearing was not

printed. It was not public. It was held solely to advise the committee as to the status of the taxes—both excise taxes and corporate taxes—which were due to expire. The staff of the committee has advised me that no hearing whatever has been held on any other aspect of the field we are discussing, as covered by the conference report.

Mr. KERR. I thank the Senator from Florida.

Mr. President, I have but little more to say.

I wish to say to the distinguished Senator from Minnesota [Mr. McCARTHY] that I appreciate his concern about how the Senate conferees handled his amendment.

I wish to say to the distinguished Senator from Colorado [Mr. CARROLL], who asked whether any one of the Senate conferees attempted to sustain the position taken by the Senate on the amendment submitted by the Senator from Minnesota, that to my surprise the distinguished Senator from Delaware [Mr. WILLIAMS] devoted himself beyond what I thought was any concept of what he would be called upon to do under his responsibility, and sought to obtain acceptance of the amendment of the Senator from Minnesota. If I am not mistaken—and if I am, other members of the conference committee are present, and I want them to stand and correct me—the Senator from Delaware, ably seconded by his colleague on the Democratic side, made as much of an effort in behalf of the amendment of the Senator from Minnesota [Mr. McCARTHY] as was made in behalf of any amendment to which the Senate had agreed to.

Mr. McCARTHY. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. McCARTHY. What the Senator from Oklahoma has said with reference to the Senator from Delaware does not surprise me, since the Senator from Delaware has a good memory and a fine conscience; and undoubtedly when he argued so strongly for my amendment, he remembered what he did in 1954. The argument he made in 1954 was made at a time when the Federal debt was $270 billion and at a time when we could not afford to lose any revenue. Similarly, today, in the face of the present Federal debt of almost $300 billion, the Government cannot afford to lose any revenue.

It seems to me that it was highly consistent for the Senator from Delaware to argue that the Government could not afford to lose this great amount of revenue, in the face of the $13 billion deficit contemplated for this year and in the face of the recent increase in the national debt.

So it does not surprise me at all that the Senator from Delaware, with his good memory and his fine conscience, should have taken that stand in the conference committee. I hope he will do the same today, when the Senate rejects this conference report, requests a further conference, and gives the Senate conferees instruction in regard to this amendment.

Mr. KERR. Mr. President, I wish to say that I am not the keeper of any other man's conscience. If the Senator from Delaware was conscience stricken. I was not aware of it. It looked to me as if he was in the position of advocating the action taken by the Senate and was seeking to have it accepted by the House. And that was true of the Senate conferees with reference to every amendment the Senate had adopted, which had not been adopted by the House, and which amendments were before the conference committee.

Mr. LONG. Mr. President, at this point will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. LONG. Does the Senator from Oklahoma take the same position with reference to the Senate conferee who moved that the Senate recede from its position, and accept in toto the House version of the bill, without a single one of the amendments adopted by the Senate, before the House conferees had even been officially appointed?

Mr. KERR. I did not understand the Senator's question.

Mr. LONG. I asked whether the Senator from Oklahoma would take the same view with regard to the Senate conferee who moved that the Senate recede from the Senate amendments and concur in the House version of the bill, even before the House conferees had been officially appointed? Would the Senator from Oklahoma say that Member was equally trying to maintain the Senate's position?

Mr. KERR. I must say to the Senator from Louisiana that he has propounded a question which I do not understand.

I thought I made my position clear. If I made a misstatement of what happened in the conference committee, I ask the Senator to say so.

Mr. LONG. Certainly I will not differ with the Senator's statement about the position the Senator from Delaware took in regard to the McCarthy amendment.

But I believe the Senator from Oklahoma knows that a motion was made by one of the Senate conferees that the Senate recede from its amendments, and concur in the House version of the bill, even before the House conferees had been officially appointed.

Mr. KERR. I did not hear that motion.

Mr. LONG. I am pleased to say that the Senator from Oklahoma did not vote for it; but I thought he knew the motion was made.

Mr. CARROLL. Mr. President, will the Senator from Oklahoma yield to me?

Mr. KERR. I yield.

Mr. CARROLL. I wish to say to the able Senator from Oklahoma that when I addressed some questions to the distinguished Senator from Louisiana, I had no thought at all of criticizing any of the Senate conferees. I had no knowledge of what had happened in the conference. I was very much impressed by the statement made by the distinguished Senator from Oklahoma; and today's CONGRESSIONAL RECORD shows that I said the following:

> In view of the explanation by the Senator from Oklahoma and the exchange between the able Senator from Florida and the able Senator from Louisiana, it seems to me that perhaps we have gone as far as we can go on the question of taxes.

Mr. KERR. That is all I said: That the Senator from Colorado then made the delightful suggestion—and I was amazed at the lack of response it received, either from the Senator from Florida or from the Senator from Louisiana—that the Senate reject the conference report, appoint new conferees, and instruct them to stand fast with reference to sustaining the McCarthy amendment.

Mr. CARROLL. Mr. President, will the Senator from Oklahoma yield further?

Mr. KERR. Was not that the suggestion which was made by the Senator from Colorado?

Mr. CARROLL. Not by me, I think. I was trying to following the line of argument made by the Senator from Louisiana, and merely suggested that that could be done if there were dissatisfaction with the action of the conferees. But I was referring to the statement made by the conferees on the part of the House, in regard to having the House recede.

I know what a great fighter the Senator from Oklahoma is. He got the House conferees to partially recede from the House position on the transportation tax. I agreed that that bridge had been crossed. But I had not then had the advantage of the explanation offered by the Senator from Oklahoma, and I had not fully satisfied myself in regard to the McCarthy amendment.

My question was based, not on the integrity of the conferees, but on the right of the Senate to pass upon a legislative matter which we believe to be of very grave importance and significance, both from a political and an economic and a financial point of view. There was no attempt to challenge the integrity of the conferees.

I am frank to say that I myself had no thought of moving for the appointment of new conferees. I am frank to say that if the Senate now rejects the conference report, and once again puts the Senator from Oklahoma back into this fight, nothing would please me more, because there is no greater fighter or leader in this body; and if anyone can do what we want to have done, he can, even with the same group of people.

I believe the conference report should be rejected, and that the Senate should request a further conference with the House, solely on the issue of the McCarthy tax loophole-plugging amendment, without any more package deals.

That is why I have tried to be very gentle and courteous in referring to my friends in the other body—including Representative MILLS. I have mentioned them by name as courteously as I know how to do, because I have great respect for them. I believe we should try to get them to understand how deeply the Senate feels in regard to this one particular issue—the McCarthy amendment.

That is all I sought to do. I never sought to impugn the integrity or the

ability or the leadership of the distinguished Senator from Oklahoma.

I hope the Senate will reject the conference report, only insofar as the McCarthy amendment is concerned, not otherwise. I do not think the Senate should do so on the basis of casting a reflection on any of the fine conferees on the part of the Senate. I want to keep the record clear in that respect.

Mr. KERR. I thank the Senator from Colorado for his kind remarks. I would be equally kind to him.

I must say, however, that probably he is as well acquainted with the House conferees as is any other Member of this body. I believe it was formerly his privilege to serve with them in the House of Representatives. He knows the quality of their determination, once it becomes fixed; and I am sure he has seen them when they were in a mood to maintain or stand by a position.

I wish to say to him that they reached a new high in their vigor in sustaining a position they had taken, insofar as my experience with them is concerned. I have not had many conferences with them; but among all my conferences with that fine committee, that one afforded, as we proceeded and as we reached the end of the conference, the least opportunity to make more progress than we did.

Mr. CARROLL. Mr. President, will the Senator yield further?

Mr. KERR. Yes.

Mr. CARROLL. I make this one distinction, that the other proposals would reduce revenues. They were commingled. The telephone transportation tax repeal was provided for. I voted for the amendment of the Senator from Louisiana. However, I sought to make this distinction, that we should try once more to present the amendment, hanging by itself, being considered separately from any issue which might raise the hackles of the other body. I am sure that the Members of the House, had they an opportunity to put this provision into law, would do so, because this is the first time in 6 months that Congress has had an opportunity to close the tax loophole. That is the issue. The statement is made that we are a "do-nothing" Congress. We are trying to do something. If the amendment could be presented to the other body, and if there were an opportunity to present it to its Members, they might be disposed to act favorably.

Mr. KERR. I glory in the vigor and enthusiasm of the Senator from Colorado. I can see him now making that presentation to the House. Usually, when the Senator from Oklahoma gets through exhorting his fellow Members in the Senate, he has exhausted just about the physical reserves he has, and would not look forward to the responsibility, even though it might be an opportunity, of making a similar effort with the Members of the House.

Mr. McCARTHY. Mr. President, I should like to join my colleague, the Senator from Colorado, in his testimony of the high regard he has for the Senator from Oklahoma. I am sure that he and I, together with many Members of the Senate, could think of no one they would rather have represent them in a conference or in any controversy in which they might be involved.

The Senator from Oklahoma knows I have made no effort to criticize the activities of the conference committee. I am satisfied the position of the Senate was well represented in the conference.

I want to make one or two points, however. As I recall the remarks of the Senator from Oklahoma, following the earlier statement by the Senator from Colorado, he raised what he said was a grave question as to whether, if we had had the McCarthy amendment out in the open, it would have been supported by the Senate or the House of Representatives.

Mr. KERR. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. KERR. The Senator from Oklahoma did not make that statement.

Mr. McCARTHY. I thought the Senator made that statement in his earlier remarks.

Mr. KERR. No; and nothing remotely akin to it.

Mr. McCARTHY. From the time I began to present the amendment, first to the Finance Committee, and then to the Senate, I had no intention of presenting it as any kind of package deal. It was not drafted with the idea that an amendment to repeal the transportation tax might be offered. It was not offered with any consideration of the fact that a move might be made to repeal the communications tax; it was not offered as a means of raising revenues to compensate for what might be losses as a result of the acceptance of any other amendment; but it was offered on the basis of the record made in the past on this particular proposition. As I pointed out in the debate in the Senate preceding the adoption of my amendment, in 1954 the Senate voted on this question and, by a vote of 71 to 13, indicated that it did not wish to have this special dividend credit granted.

I pointed out to the Senate it is a little difficult for me to understand why the House conferees were so concerned about this particular amendment, because I look back to the minority views in 1954 on the revision of the Internal Revenue Code. In that year the minority views were filed, and they gave principal attention to opposition to this particular proposal. Among the men who signed the minority views were the three Democratic members of the Ways and Means Committee who participated in the conference.

So it is difficult for me to understand how they would be so offended that the Senate should send to them for their consideration an amendment which provided for the repeal of the dividend credit, which they so strongly opposed when that measure was before the Congress in 1954.

I have looked back at the remarks which were made by the distinguished member of the Ways and Means Committee of the House. I served under him and with him for 4 years. I have a high regard for him, in much the same way as has any Member of Congress who has served with him, for his integrity and ability. I would say the action which the Senate took in regard to repealing the dividend credit provision in no way contradicts the statement he made when the House was considering an extension of the corporate and excise taxes.

Let me read one sentence from his remarks. He said:

> There was, as I say, interest in the committee for giving consideration to a great number of these taxes, but the committee restrained itself on the specific assurance that if we would report this as a straight extension, the administration would oppose moves to add any amendments that would reduce revenues.

The whole emphasis was on amendments which would reduce revenues. There was no emphasis given to any amendment which might increase revenues. So, in effect, the Senate action to provide for an increase in revenues was in no way—I will not say in violation, but was in no way in contradiction of the statement or warning which the chairman of the Ways and Means Committee had made when he presented the extension of the corporate or excise tax measure to the House.

There is no need to apologize or explain what we have tried to do. The amendment which I have offered concerned only the repeal of the dividend credit provision of the present law, and would raise additional revenues of $335 million for the Federal Treasury, beginning in 1960.

I point out again, as I did in the debate the other day, that the Senate, in the appropriation for the Department of Health, Education, and Welfare, increased those appropriations above the budget by approximately $350 million. If we want to be fiscally responsible, if we want to provide the revenue to meet the programs which we approve and for which we appropriate, this is the time, it seems to me, to stand up and be counted.

I am quite ready to have my amendment stand alone. As the Senator from Oklahoma knows, in committee and on the floor of the Senate I voted against the Long amendment. I supported the effort to provide some $300 million for desirable projects last year when I was a Member of the House of Representatives. But I also believed the House Ways and Means Committee could make a point against the Senate's adopting an amendment of this kind, which is, in a sense, not germane to the particular measure before the Senate, and which involves some complicated adjustments, as the Senator from Louisiana will admit. I think my amendment is the stronger.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. LONG. May I point out it was not the view of the chairman of the House committee that a point of order would lie against the amendment offered by the junior Senator from Louisiana. It was his view the point of order would not lie, and his decision to resist the amendment was on a different basis.

Mr. McCARTHY. I agree with the Senator from Louisiana that a point of

order could not have been made against it.

I think the justifiable arguments against his amendment are two; first, that this is an area in which, by more or less common practice, we have let the House take the initial action; and, secondly, there is the complexity of the amendment, which requires modifications of State law in respect to the subject affected by the amendment.

Mr. LONG. I am not quarreling with the Senator about his position.

Mr. McCARTHY. No; we are not quarreling.

Mr. LONG. All I am saying is that there have been at least four occasions in the past 12 years when increases in public welfare proposals have been added as Senate floor amendments to House-passed bills and sent to the House and agreed to by the House. So this type of thing has been done before. When the Senator states the procedure tends to be that the House takes the initial action, I point out that in the last couple of years such action has not been taken by the Senate and we did secure an opportunity to get the House to agree with the Senate on it only because we failed on a tie vote to have the Senate floor amendment adopted.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. MONRONEY. I am impressed when the Senator from Minnesota says it is a revenue-raising measure and that it provides for additional revenues of $300 million, which are vitally needed for our defense program and for other emergencies and for such measures as the national health program, for which the Senate has appropriated above the President's budget request.

Would it not be in line with the normal comity existing between the two bodies for us practically to agree in our action today, using the means the Senator suggests, to accept most of the things the conferees have agreed to? We may not approve of them, but we know the process of give and take is necessary in trying to reach an adequate understanding of the divergent views of the two Houses. Should we not go back to the House with instructions to the Senate conferees that the $335 million contained in the Senator's amendment, reenacting a tax with which we are all familiar, should be placed in the revenue-raising bill?

I think that would demonstrate the most logical process of the recognition of the need for revenue, and avoid an undue increase of the public debt or straining at the interest-rate ceiling and many other things.

I was greatly impressed by the Senator's argument the other night. I feel that the least we can do, as a responsible legislative body, having agreed to the amendment by a substantial majority on a yea-and-nay vote, is to send the amendment back for further consideration, agreeing in the process to accept practically everything else the conference has done. We should ask for another meeting and another effort to reenact the tax, as to which I am sure the Members of the other body would not mind having a yea-and-nay vote in the House, in conformity with the Senator's position on this matter.

Mr. McCARTHY. I think the Senator from Oklahoma [Mr. MONRONEY] has made an important point. In the conversations I have had with Members of the House since the controversy arose I have found many who would like to vote on this specific proposition on the floor of the House. Many who have taken a stand in the past feel the same as does the Senator from Oklahoma.

Mr. President, I have one or two more comments I should like to make on the question of the conference. I think we must agree that the Senate conferees did obtain concessions from the House conferees on the question of the transportation taxes and also on the question of the communications taxes. The explanation which was given by the Senator from Oklahoma [Mr. KERR] I think was quite pertinent. The Senator pointed out that we anticipate rising income in the year ahead. The provision regarding expiration dates, which will be in the law if we accept the conference report, does have some significance.

There is an additional argument which has some validity, namely, as more and more taxes become due on an annual basis the Congress is put in the position of reviewing these taxes. In effect, Congress is required to review the taxes every year. This is an additional consideration which I think has some real justification and real significance.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. LONG. Mr. President, each one can draw his own conclusions, but there is a serious question whether the Senate is getting anything substantial, or, indeed, anything at all.

Mr. McCARTHY. I would say it is not substantial. It is a verbal commitment.

Mr. LONG. This is not how the House looked upon it. The House accepted the report as being consistent with its philosophy of agreeing to no amendments of the Senate, because in effect this was nothing, since the two amendments will not go into effect until June 30 next year. There are going to be under consideration bills to extend excise taxes, and excise taxes along with the other taxes, will have to be considered prior to June 30 of next year. If this action turned out to be a mistake, it could be easily undone when such matters are considered prior to June 30 of next year.

The conferees of the House do not regard what they agreed to as a tax reduction. The Senator can regard it as a tax reduction if he wishes.

Mr. McCARTHY. I do not.

Mr. LONG. It is a mere hope. It is much like the reduction in taxes on perfumes. It looks as if it might be a reduction. It looks as if there might be a reduction of the tax on whisky because it is scheduled to expire again. It might seem so. The transportation industry thought very little of the provision.

Let me make another point. The Senator from Oklahoma tried to distinguish between the point of view of the transportation industry and of the transportation client. That is a question completely moot. The industry wants the tax reduction just as much as the person who travels on a railroad wants it. The industry has to do the lobbying for such bills, and knows much more about the parliamentary procedures than does the ordinary fellow who buys a bus ticket. The industry says that this provision will not help the industry at all. They want to see the same reduction the person who rides the airplane or the railroad wants.

This action is not going to give any such person a tax reduction, and will not get him any closer to securing it than he would be if there were not anything about it in the report. This provision would not bring about any tax reduction at all. This is in the same category with the whisky tax, which is perennially extended. So far as the people are concerned, they, too, would probably prefer either some direct, dependable relief or would prefer that we vote against them.

Mr. McCARTHY. I would agree with the Senator that there is no substantial relief in the provision. There is slightly more hope of relief than what there was before the Senate acted.

Mr. LONG. This simply provides that on June 30, a year from now, we will hold out a hope. The House could take it away. If it were felt desirable not to reduce revenues, it would be consistent with the House point of view on that matter.

Mr. McCARTHY. I thank the Senator from Louisiana.

Mr. President, I should like to move the discussion outside the limits of the conference for a few minutes and discuss some of the general arguments with regard to the subject of the amendment.

There has been some talk about a Presidential veto. I think perhaps there has been enough discussion about that, but it is a fact that we have been subjected to it in the Senate of the United States. Within the last 10 days two farm bills have been vetoed. We cannot say the threat is idle. The veto has been exercised effectively against us in the field of agriculture. We are living under the threat of a veto with regard to the housing bill, as every Senator knows. This is not a threat we can brush off.

That, however, is not the only device being used against us. I should like to talk about one or two other pressures which are being put upon us. One of these is the so-called expiration date.

As Senators well know, early in the present session of Congress, shortly before the Easter recess, we took up for consideration the extension of the unemployment compensation program. We proposed an amendment which was accepted by the Senate, and which went to conference on the day before the Easter recess was supposed to begin. What was the argument then made? The argument was that the Senate amendment, adopted by a vote of 52 to 32, could not be considered because it could not be

acted on by the House, in view of the fact that the Easter recess was due to start. In effect, it was said that in order to let the Members of Congress go away for a recess at Easter the $20 million or $30 million of relief to the unemployed had to be brushed aside. That was the threat. That was at the time of the Easter recess.

Now what is the threat? The threat is that if we do not act on the excise tax and corporate profits tax bill these taxes will expire at midnight on June 30. Will they expire? The corporate taxes will not necessarily expire, for they are income taxes. Under the Constitution we can make those taxes retroactive. There is no problem in that regard. That takes care of some $6 million of the $9 million we are supposed to lose every day, which leaves for our consideration only the $3 million a day of excise taxes.

In the discussions in the Senate that point was made clear. If there is a will on the part of the leadership of the House and of the Senate we can pass a resolution to extend the excise taxes temporarily, for 10 or 20 or 30 days. The clearest evidence that we can do this is the fact that we have standing by now a similar resolution to extend appropriations into the next fiscal year. This is no real problem.

If we were to lose $3 million a day, because of putting this decision off for 2 or 3 days, the most we would lose would be $10 million. The prospect is that as a result we might gain $335 million by the adoption of the provision which would repeal the dividend credit exemption.

I say that there is no need to run the risk of losing a single dollar in excise taxes if the Senate and the House will set their minds to avoiding it. There is no problem whatsoever.

The expiration date has become a new weapon. It was used on us with regard to the unemployment bill. It has been used on us today with regard to the question of the excise taxes and the corporate profits taxes. It was used the other night with regard to the extension of the debt ceiling. Most of us knew we were going to have to act to increase the debt ceiling, but it seems to me there was no good reason why the matter should not have come up 2 or 3 weeks earlier, so that we could have had some discussion and some debate on the proposition. Some of us might well have wanted to quote some of the things which were said by the Republicans when Democratic Presidents in the past asked the Congress to raise the debt ceiling.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield to the Senator from Pennsylvania.

Mr. CLARK. The Senator will recall that only last Thursday, when the Senate was in the middle of the debate on the tax extension bill, we were asked unexpectedly to set aside everything else and pass without delay the bill to raise the debt limit.

I had an amendment pending at the time, cosponsored by half a dozen other Senators which would have provided that sums owed to the United States be set off against the sums owed by the United States in considering the debt limit, and which would have resulted, in my opinion, in the first step toward a capital budget.

A gun was held at my head, not by the majority leader and not by any Member of this body, but because I was told the Secretary of the Treasury was going to make an announcement a few hours later about a refunding issue, and that many, many dollars would be lost if we debated for as much as 2 or 3 hours the question of the increase in the debt limit.

Mr. President, I want to make it very clear indeed that I am not by implication or in any other way criticizing any Member of this body for forcing me into that position, but I am criticizing an administration which would gear an announcement of a refinancing issue to a requirement that the Senate should vote in a few minutes on a matter of such great importance to the country at large.

Mr. McCARTHY. I will say to the Senator from Pennsylvania that I think the major burden of responsibility rests on the administration, but there is also a measure of responsibility resting on the House of Representatives, which must act first on these matters. The House of Representatives should insist that the administration present its requests to the House early enough so that the House can act upon them and send them to the Senate promptly enough to assure that we could have reasonable debate.

Mr. CLARK. I agree completely with my friend.

Mr. McCARTHY. To have situations occur such as the one which the Senator just described I think borders on the inexcusable. In the midst of that debate the word came that the Secretary of the Treasury was in the midst of an important refinancing operation and that it was important for us to act immediately so that some $2 billion of the public debt would not be held illegally by the citizens of this country. That was the argument which was made to us.

I should like to discuss briefly the argument which has been made, that if we do not act on this proposal now we can expect some action by the Ways and Means Committee very soon, and that there may be some hearings.

I point out that the same argument was made to us in the conference on unemployment compensation. The argument was made that the House Ways and Means Committee was going to hold some hearings in this field, and the indication was that there would be some action. There has been no action. Nothing has been reported by that committee.

Here we are again, being told that the House Ways and Means Committee is going to hold hearings on the question of inequities in the income tax, and on the question of broadening the base. We are told that there is to be a general review.

I point out that statements of this kind have been made throughout the years. For example, when this particular provision for the exclusion of dividends from income for tax purposes was passed, the minority views stated that this was inexcusable, that this was a provision which should be stricken as soon as possible. This minority was a Democratic minority. As I pointed out earlier, among those who signed the minority views there were three Democrats who were in the conference on this particular bill.

In 1956 the chairman of the Ways and Means Committee made a speech in which he emphasized the need to eliminate loopholes and to broaden the base.

Again, in February 1957, in an interview entitled "Outlook for Taxes," the chairman said that we must broaden the base. This, he said, was preliminary to revising the graduated scale, particularly taking off the high rates, which do not mean anything anyway.

In 1959 we have another statement, in which it is said that it is the intention of the Congress to broaden the base and to eliminate inequities. I say that this is the time to broaden the base, and this is a time, not to eliminate a loophole, but to act on this issue, because what is involved here is not something that happened by accident; this provision was put into the code by design, but it provides a special privilege for one type of income over other types of income. There is no better time than now for the Senate to act on this issue, and to permit the House itself—if we can get by the House conferees—to act on the issue.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. McNAMARA. Is it not a fact that the excise taxes, which were largely war-born, are in the general category of consumer taxes?

Mr. McCARTHY. For the most part they are consumer taxes, and regressive taxes.

Mr. McNAMARA. Is there not plenty of evidence now that wartime taxes should be dropped? If the basic concept of raising revenue by the Federal Government is a graduated plan of income taxes, should we not proceed in that direction, so that those least able to pay will be given some consideration, which was the intention of Congress in enacting the revenue laws?

Mr. McCARTHY. If my amendment is adopted, the graduated income tax scale, which recognizes the principle of ability to pay, will be further improved.

I point out to the Senator that the reports following the incorporation of this provision in the code show that 75 percent of all recorded dividends were contained in only 2.2 percent of all the income tax reports filed. This provision affords special relief in the high income brackets.

Mr. McNAMARA. It seems to me that the basis of the argument is the question whether we shall continue consumer taxes to such an extent as seemed justified during the war. They were no more equitable then than they are now; but during the emergency the people generally accepted them. At the State level, and at almost every other level of government, the question is not whether we need revenue or not, but the question of who is going to pay.

Mr. McCARTHY. The Senator is quite correct. As he has indicated, in wartime, when we anticipated an end to hostilities and the removal of the consumer taxes, the people of the country did not complain about having to pay more than their fair share.

The situation in which we find ourselves now is that of a cold war, the end of which no one can forecast. There is a vital obligation on Congress to try to establish the principle of ability to pay, a principle of equity and justice.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CLARK. Will the Senator be kind enough to state again his estimate as to the amount of money his amendment would raise, if enacted into law?

Mr. McCARTHY. I point out to the distinguished Senator from Pennsylvania that, as he knows, my amendment would not touch the $50 deduction, but it provides for repeal of the 4 percent dividend credit. It is estimated that it would raise $335 million in a full year.

Mr. CLARK. Is not the Senator clear in his own mind that the U.S. Treasury could use that $335 million for any one of a number of purposes, such as balancing the 1960 budget, making it possible to provide further needed public services to the people of the Nation, or making a payment in reduction of our national debt?

Mr. McCARTHY. The Senator is correct.

Mr. CLARK. Does not the Senator agree with me that the amendment which he has sponsored, and which was adopted by the Senate by an overwhelming vote on last Thursday, is equitable and fair, and does injustice to no one?

Mr. McCARTHY. The Senator is quite correct.

Mr. CLARK. I should like to add on my own behalf, and on behalf of every other Member of the Senate with whom I have had the opportunity to talk today, that there is not a Member of the Senate who casts the slightest slur or doubt on the integrity of any member of the conference committee. Anyone who may be telling Senators to the contrary is mistaken.

I honor and revere the distinguished senior Senator from Virginia [Mr. BYRD] as much as does any other Member of this body. I know that he did his best in conference to get the views of the Senate to prevail. I know that all the other Senate members of the conference committee did the same. We violated the precedents of the Senate, going back to the rules stated in "Jefferson's Manual," when we appointed a majority of conferees who had disagreed with the prevailing view of the Senate. I intend to speak on this point in considerable detail after this vote has been recorded.

I do not believe any Member of this body ought to be influenced in any manner by the thought that rejection of the conference report might be construed as a slur on the conferees. Those who oppose the conference report have the highest regard for the integrity and dedication to the views of the Senate and to the national interest of every Senator who served on the conference committee.

So let the conference report be voted up or down, on the basis of whether or not the Senate desires to insist on its amendments. Let no Member of this body indulge the view that any Member of this body would ever, under any circumstances, attack, impugn, or cast the slightest shadow of doubt on the integrity of a single member of a conference committee.

Mr. McCARTHY. I thoroughly agree with the Senator.

I should like to make one or two remarks about the chairman of the Committee on Finance.

I have served under five different committee chairmen in the course of my service in the House and Senate. I would not say that the chairman of the Committee on Finance is any more fair than the other committee chairmen under whom I have served. They were all fair. But he has been more considerate, more understanding, more attentive and helpful to me, as a new member, than any of the other committee chairmen under whom I have served. I appreciate the honor of serving on the Finance Committee in the Senate; and, in addition, the privilege of serving under the chairmanship of the distinguished Senator from Virginia [Mr. BYRD].

In conclusion, the repudiation of the conference report—which, I hope, would be followed by instructions to new conferees to the effect that they should support and urge the adoption of my amendment in conference, would in no way reflect upon any member of the conference. It would in no way reflect upon the House of Representatives, and it would do no injustice to the House of Representatives, the House Ways and Means Committee, or the chairman of that committee.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. BYRD of Virginia. I thank the Senator very sincerely for what he said about the chairman of the Finance Committee.

I regard the Senator from Minnesota as one of the ablest, most experienced, and best members of the committee. I invite attention to the fact that three out of seven of the conferees on the part of the Senate voted in favor of the McCarthy amendment, and three out of seven of the conferees voted in favor of the Long amendment.

Mr. McCARTHY. The Senator is quite correct. If we did not have a few Republicans here we would get along fine. [Laughter.]

Mr. President, support of my amendment would make for greater fiscal responsibility on the part of Congress, and particularly on the part of the Senate. In addition, I think it would protect the integrity of the Senate, especially in view of some of the statements and criticisms which have arisen, not in the Senate, but outside the Senate.

Finally, I think my amendment properly answers the basic question as to whether or not special treatment should be given to the man whose income comes from investment in corporate securities, as against the man whose income comes from salaries, wages, interest, or rent. This is the basic question; and my amendment would afford a proper answer to that question.

I grant that investment capital is needed in our economy, just as labor is needed. The question is not as to which is the more important; but it is my opinion that income which is gained by way of wages, salaries, interest, and rent should not be taxed more heavily than income which comes from investment in corporate securities. This is the basic and fundamental question of equity and justice which is involved in my amendment. I hope we can clarify the procedure so that the Senate will have an opportunity to give specific instructions to new conferees on this question; that we can carry the amendment to conference; and that the House conferees will take it back to the House of Representatives.

Mr. HUMPHREY. Mr. President, first I commend my distinguished colleague [Mr. McCARTHY] for a brilliant presentation, not only today, but on last Thursday, with reference to his amendment, and indeed with reference to the entire tax bill. The review of the Revenue Code of 1954, as presented by the junior Senator from Minnesota, outlines the nature of the action of the 83d Congress in that year.

The Revenue Act of 1954 was not what it was billed to be—merely a recodification. It was, indeed, a revision of the revenue laws, with many additions, changes, and adjustments. I shall not spend the time today to recite some of those adjustments. I participated quite actively in the debate on the Revenue Act of 1954. I felt that many of the amendments which were adopted were wrong. As I recall, in the final analysis I voted against the tax bill because I thought it was an unjust and inequitable bill.

On Thursday of the past week certain Members of the Senate were unable to be present. I was appointed a member of an interparliamentary body to attend an important conference with our Canadian friends in Ottawa and Montreal. The present Presiding Officer of the Senate, the Senator from Maine [Mr. MUSKIE], also was a member of that group, as were other Senators on both sides of the aisle. This was one of the important activities of this body. In the light of some of the strained relationships between our two countries, it seems to me that it would have been embarrassing, and might even have been recognized as a lack of courtesy, not to have accepted the invitation of the Interparliamentary Conference, which conference, by the way, is the result of joint resolutions on the part of both the Canadian Parliament and the U.S. Congress.

I have examined the list of Senators who were absent last Thursday, and I find that of the 20 Senators not present, 10 of them had announced support of the McCarthy amendment. So the vote would have been 57 to 41, under the

most extreme circumstances of opposition, because 10 having been announced for the amendment, the result would be predicated on the fact that the other 10 were not for it, even though no announcement was made.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CLARK. I am interested in the point which the Senator from Minnesota has been making. I compiled the vote plus those announced for or against the amendment. There were 55 Democrats and 3 Republicans who either voted for or were paired for or were announced in support of the McCarthy amendment. That is a total of 58.

There were 7 Democrats and 24 Republicans against the McCarthy amendment, or a total of 31. The position of the remaining Republicans, so far as I can tell, was not announced.

Mr. HUMPHREY. I thank the Senator from Pennsylvania for his correction of the voting record.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CASE of South Dakota. I also was among those who attended the ceremonies in Canada. For that reason, I was absent from the Senate. But I would not want my absence to be construed as meaning that I would have voted against the McCarthy amendment. The way the distinguished senior Senator from Minnesota made his observation, it would have seemed that Senators who had not announced their position would have been recorded as being opposed to the amendment. I do not believe that necessarily follows. I had no announced position. I seldom make an announcement of my position with reference to a matter before it comes to the floor of the Senate. But had I been present, I would have voted for the McCarthy amendment.

Mr. HUMPHREY. I am grateful to the Senator from South Dakota for his statement. I did not feel that it would have been appropriate on my part to announce if a Senator were for or against a proposal if it were not in the printed RECORD.

I am extremely pleased that there is now an additional vote for the McCarthy amendment. This now brings the total to 59. If any other Senator wishes to make a declaration of intention during the day in support of or in opposition to the McCarthy amendment, it will further clarify the RECORD.

Mr. President, I opposed the dividend credit provision in 1954, both at the 4 percent and the 10 percent rate. The $100 exemption and the 10 percent credit provisions were in the bill as it came from the other body. This amendment was rejected by 71 votes, as the Senator from Minnesota [Mr. MCCARTHY] has pointed out. The 4 percent dividend credit and the $50 exemption provisions were the result of the committee of conference. It was the result of a compromise in the conference committee.

It is to this particular provision—I have forgotten the section of the law—which the amendment of the Senator from Minnesota [Mr. MCCARTHY] was offered, as he has explained so very well today.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. SCOTT. Some of us, from time to time, have received letters from people, some of them widows, who are dependent for their existence entirely upon the proceeds of dividends. They receive, perhaps, $100 or $150 a month. Their entire income is derived from dividends. Since there are many more widows than there are dependent widowers in the country, I am wondering if the McCarthy amendment does anything to take care of persons having very small incomes, and who are totally dependent upon dividends they receive as a result of small inheritances.

Mr. HUMPHREY. The McCarthy amendment is an equitable amendment. It treats income as income. It provides, as the Senator well knows, for the maintenance of the $50 exemption on dividends. It taxes at regular personal income tax rates the amount above $50.

Mr. MCCARTHY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MCCARTHY. My amendment treats widows who receive $100 a month in interest the same as it treats widows who receive $100 a month from dividends.

Mr. HUMPHREY. I appreciate the very pertinent observation of my colleague. He would treat income received by widows from dividends in the same way as he would treat income received by widows from rents, for example, upon properties.

Some persons receive equities. They have worked all their lives and have saved during better days, or perhaps more difficult days. Such equities are taxable.

The argument with respect to widows and orphans is hardly one which I can accept, at this particular moment, as being particularly pertinent to this debate, unless Senators are willing also to accept the Long amendment, which provides a little more assistance to those who are really needy and who do not have income. But I doubt that the junior Senator from Pennsylvania is willing to do that.

Mr. SCOTT. I suggest to the Senator from Minnesota that he read my voting record. He will find some indication to the contrary.

I am reminded of the statement made by someone whose name I have forgotten at the moment, that the law in its infinite majesty forbids neither the rich nor the poor to sleep under bridges.

Mr. HUMPHREY. That was Anatole France.

Mr. SCOTT. Anatole France; yes.

Mr. HUMPHREY. It is a very good line, but it is hardly relevant to this particular line. Nevertheless, it is good to have this literary genius brought into play in a rather mundane argument about taxes.

Mr. SCOTT. Literary genius applies more to the Senator from Minnesota, who supplied the name of the author of the quotation.

Mr. HUMPHREY. I was speaking of Anatole France, not of contemporaries.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPRHEY. I yield.

Mr. LONG. Mr. President, without prejudicing the right of the Senator from Minnesota to the floor, and inasmuch as I think there should be a yea-and-nay vote on the Senator's amendment, and I think we are going to have a vote on the conference report, I ask unanimous consent that the yeas and nays be ordered on the conference report.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I for one want to join in the remarks of my colleagues relating to the good work of the Senate conferees. I do not believe that any Member of this body would want to have indicated in the record that the Senate conferees did not do a good job, as they usually do, to the best of their ability, under the circumstances in which they conferred.

Some of us have been members of other conference committees. It is not an easy task; it is a very difficult one. In the field of taxation and revenue raising, where the other body feels it has a particular function and priority, the task is exceedingly difficult.

I, for one, would not want my remarks to be interpreted as anything else but a statement of appreciation to the members of the Committee on Finance.

Having disposed of our respect and admiration for our colleagues, which I am sure is genuine and will always be so, let me talk about the substance of what has been done.

First, to maintain in the conference report, or, better put, to maintain in the tax law a special dividend credit when we have the votes, at least in this body, to remove it, is again to embrace special privilege taxation.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. The dividend credit provision is a big tax loophole. It should never have been placed in the law in the first place. The Senate never wanted it there, in the beginning. We ought, at least, to be able to take it out of the law.

I yield to the Senator from Louisiana.

Mr. LONG. The Senator knows that it is a somewhat well recognized procedure in this body, where one House has voted on a measure, as the Senate has voted on the dividend credit amendment, and the other House has never voted on it on its merits—it is well established procedure in conference, from time to time, for those who cannot agree to say, "All right. We will go back to our House and take a vote on it. You go back to your House and let your Members vote on it. Then let us come back and see if you are equally fortified."

In the Senate, we have voted on this amendment. But the House voted on the bill under a closed rule. I seriously doubt that the House, if given a chance, would vote against the amendment.

So I suggest that we say to the House conferees: "Let us see if your Members are with you. If they are not, you can come back prepared to yield, because we

are satisfied the Senate is determined on this amendment.

It seems to me that that is one way to enthrone individual Representatives in the House of Representatives. At least, it will give them an opportunity to express themselves on the question of the dividend credit.

Unless I am greatly mistaken, if the House is allowed to vote on the dividend credit amendment on its merits, the House will vote it down just as heavily as the Senate did.

Mr. HUMPHREY. The Senator from Louisiana has again been very helpful in regard to the entire procedure of what happens when a conference report is brought back to the respective bodies. He has pointed out quite accurately that the House has not voted separately on the issue of the dividend credit. The Senate has voted overwhelmingly against it. The Senate can only reassert the view it has previously expressed, by rejecting the conference report, with instructions.

Then the other body can do exactly what the Senate did the other day in the case of the wheat bill. What happened in that case? I served on the conference committee on that bill. In the conference, we reached an agreement. The House accepted certain of the Senate amendments. The bill as passed by the House was modified; the bill as passed by the Senate was modified. When the conference report came to the House, the House rejected it. Then the Senate had the choice of either accepting the bill as passed by the House or calling for a further conference. The Senate voted to accept the bill as passed by the House.

Furthermore, Mr. President, the rejection of conference reports is not a new procedure. On August 13, 1954, the Senate rejected the conference report on the Atomic Energy Act of 1954. How well I remember that. The Senate debated the Atomic Energy Act for days. Thirteen amendments were offered to that measure. The House of Representatives debated that act for days. Ultimately there was a conference. We of the Senate conferees who were opposed to certain amendments which had been adopted in the conference, returned to the Senate, and said so, here on the floor; and, with the help of our current majority leader, the distinguished Senator from Texas [Mr. JOHNSON] and other distinguished Senators, the conference report was rejected by a vote of 48 to 41; and the Senate requested a further conference, and issued to its conferees instructions as to what was to be done by them in regard to that measure. That action was similar to what we are requesting in this instance.

I have asked members of the secretariat of the Senate to compile for me information about other conference reports which have been rejected. As I recall, the conference report on the Small Business Administration Act was rejected by the Senate; and the Senate requested a further conference, as I recall, in order to make certain adjustments, so that both bodies would act in harmony in regard to that measure.

Mr. MONRONEY. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER (Mr. MUSKIE in the chair). Does the Senator from Minnesota yield to the Senator from Oklahoma?

Mr. HUMPHREY. I yield.

Mr. MONRONEY. Word has gone out, through conversations I have heard on the floor, that to reject the conference report and to request a further conference would literally be a repudiation or a loss of face for the distinguished, honored, and grealy respected members of the Finance Committee who served as the Senate conferees.

The distinguished Senator from Minnesota has often served on conference committees, as I have. Certainly the Senate conferees are, in the conference, representatives of the Senate. If the Senate disagrees with their report or disagrees with a part of their report, that is not in any way a repudiation of them or an act which causes them to lose face or a rebuke to them, is it?

Mr. HUMPHREY. Indeed it is not.

I hold in my hand a preliminary survey of some of the conference reports which have been rejected. For example, in the 84th Congress, the report on the second supplemental appropriation bill was rejected. Mr. President, where is there a more esteemed Member of the Senate than the chairman of the Appropriations Committee, the distinguished senior Senator from Arizona [Mr. HAYDEN]? Yet the conference report on the second supplemental appropriation bill, when some of the Senate's most distinguished and able Members had served on the conference committee, was rejected.

In the 83d Congress, certain conference reports were rejected. For instance, the conference report on the bill relating to the disposal of rubber plants was rejected.

Also in the 83d Congress the conference report on the supplemental appropriations bill was rejected. Also in that Congress, the conference report on the independent offices appropriations bill was rejected. In addition, the conference report on the bill relating to economic controls was rejected.

Of course it is unusual when a conference report is rejected; but such rejections have occurred.

In this instance, what greater obligation is there upon any Member of the Senate than that of accepting responsibility in the case of tax legislation?

What we are seeking to do here, as the distinguished junior Senator from Minnesota [Mr. MCCARTHY] has pointed out, is not to reduce the revenue, not to tie the hands of the President, not to limit the ability of the Congress to raise the revenues necessary for the general welfare and the common defense, but, rather, to give the Government an additional $335 million with which to pay for programs which already have been authorized by Congress, and for which appropriations have been requested, and to remove from the tax law one of the inequities which this body never wanted to have in the tax law.

I appeal to my colleagues, without regard to their partisan affiliations, to remember that twice the Senate has rejected the dividend credit as a type of special tax privilege in the tax law.

Mr. MONRONEY. In speaking of the alleged repudiation—and certainly I do not believe that rejection of this conference report would constitute repudiation; it would merely constitute an assertion of a difference of opinion as between the parent body and its representatives—I should like to call the attention of the distinguished Senator to the fact that two-thirds of the Members of the Senate have either voted for the repeal of the dividend credit or have had their position announced as being in favor of its repeal. Fifty-nine Members, including 55 Democrats and, now, 4 Republican Members, have either voted for it or have been announced as favoring it. Only 31 have voted against it—including only 7 Members of the majority party. So almost two-thirds of the Members of the Senate have favored the repeal of the dividend credit.

I understand, of course, that in the Finance Committee there was a tie vote on this amendment, when it was taken up. Certainly there would be no great repudiation of the distinguished conferees by asking, in accordance with the expressed view of an overwhelming majority of the Senate, for nearly two-thirds of the Members of the Senate voted for the repeal of this specific tax provision, after there had been adequate debate—that there be another chance for our conferees to take this item to conference, following the yea-and-nay vote here in the Senate. Then let us see how the House of Representatives really feels about this matter, and let the House go on record regarding it.

I know that many of the Members of the House would love to go on record to show how they stand on the question of providing an amount of income sufficient to help the Nation move toward financial stability and solvency.

Mr. HUMPHREY. Let me say to the Senator from Oklahoma that to accept the conference report which eliminates the amendment of the distinguished junior Senator from Minnesota [Mr. MCCARTHY] would be a repudiation of the majority of this body, in view of the vote cast by the Senate on this particular issue.

Mr. MCCARTHY. Mr. President, will my colleague yield to me?

Mr. HUMPHREY. I yield.

Mr. MCCARTHY. In support of what the Senator from Oklahoma [Mr. MONRONEY] has said, let me say that such action would give the House of Representatives an opportunity to vote on this question—an opportunity which the House has not had since 1954. There have been three elections since then; but in all that time the House of Representatives has never had an opportunity to vote on the question of repealing the dividend credit.

Mr. PASTORE. Mr. President, will the Senator from Minnesota yield to me?

Mr. HUMPHREY. Of course I yield.

Mr. PASTORE. I have been very much impressed by the argument which has been advanced by the distinguished Senator from Minnesota; and I agree with everything he has said.

Of course, I am one of those who, like himself, voted for this amendment. But I question whether here we are arguing on the merits of the amendment for which we voted and in which we believe, or whether we are considering the practical situation which will develop if the Senate rejects the conference report and if the measure is sent to a further conference.

The senior Senator from Minnesota has said—and I have been very happy to hear him say it—that the action of the Senate in regard to this matter should, indeed, constitute a vote of confidence in the Senate conferees. I was very much impressed by what the distinguished senior Senator from Oklahoma [Mr. KERR], said this afternoon. He said the conferees on the part of the Senate tried hard; and I am inclined to believe that they did try hard. As a matter of fact, the Senator from Oklahoma went so far as to say that a very valiant argument was advanced by the Senator from Delaware [Mr. WILLIAMS.]

After listening to the Senator from Oklahoma, I was led to believe that if the conference report were rejected, and if the Senate requested a further conference, the Senate would accomplish very little.

Is it not a fact that if the Senate rejects this conference report, that will merely mean another conference by the same conferees, and that the excise taxes will expire tomorrow night?

As I understand the situation, the question before us is not on the merits of the amendment. It is true that two-thirds of the Senate voted in favor of the amendment. But if the conference report is rejected, will that mean that the Senate will repudiate its own action on the amendments which were adopted by the Senate? I do not understand the matter in that way, at all.

Mr. HUMPHREY. What I was attempting to say was that acceptance of the conference report would represent at least a rejection of the earlier action taken by the Senate, because if the conference report is agreed to, the bill without the Senate amendments will become the law.

Both results cannot be obtained. On the one hand, we know it is necessary to make compromises in connection with all legislative processes. But we also must recognize that when the Senate has had at least two yea-and-nay votes on the question of agreeing to the amendment which would eliminate the dividend credit, and when in both cases the Senate has voted against giving such special tax consideration, if the Senate now agreed to the conference report—with the result that the dividend credit would be retained in the law—surely such action by the Senate could not be interpreted as constituting anything but a repudiation of the action previously taken by a majority of the Members of this body.

Mr. PASTORE. I follow the logic of the distinguished Senator's argument; but I strongly disagree with him.

Mr. HUMPHREY. I do not believe it is a powerful argument. I did not intend it to be. I made it only as a rejoinder to the argument that the conferees should be supported. It is not a question of supporting the conferees. They are our agents; and agents are to do the work of their principals, and in this case the principals are the Members of the United States Senate.

What I think is important in this particular matter is whether, if we reject the conference report, the argument which is made that we shall thereby jeopardize the revenue structure of the country is a valid argument. The argument is made that there is no time. There is time to pass a joint resolution, if we want to use the time. There is still time to do it tomorrow.

Mr. PASTORE. On that point, the other side would be just as right in being adamant as we would be to be adamant in our position.

Mr. HUMPHREY. That is right.

Mr. PASTORE. Does the Senator take the position that if we reject the conference report it will compel the House to pass a joint resolution?

Mr. HUMPHREY. Not at all. It would only compel the House to reexamine. It could compel the House, or would afford the House—rather than compel—the opportunity for the individual Members of the House to vote on something, namely, the dividend credit.

Mr. PASTORE. Realizing our responsibilities—and I cannot emphasize this too strongly—and the argument the distinguished Senator from Minnesota [Mr. MCCARTHY] has made on the merits of his amendment, and I voted for it——

Mr. HUMPHREY. I know.

Mr. PASTORE. As a matter of fact, we heard the very cogent argument made by the Senator from Oklahoma [Mr. KERR]. He had to abandon his own amendment in conference. A stronger position for his views cannot be made. After all, we must consider the fact that the Senate had a right to add amendments to the bill. I thought it was good strategy. But what the Senate added were riders. Therefore, when we get to the last moment, when we get to 12 midnight on June 30, I think any conferees who had a sense of responsibility and were fighting for riders to the bill would have to retreat. I mean if one side or the other has to give, I think responsibility dictates that those who are fighting for riders, much as they may believe in them, will have to give in, unless they expect the excise taxes to lapse.

Mr. HUMPHREY. If there were no other means left; but may I point out that resolutions have been passed extending appropriations for the departments. Believe me, the Government could have been stopped in its tracks, because it is a violation of the law to spend money which has not been appropriated. We have extended appropriations for 15 or 30 days. We can do it again.

Mr. PASTORE. Whether or not the House will do it will depend on action of the House.

Mr. HUMPHREY. Can we not try?

Mr. PASTORE. I think we ought to hear from the conferees and get their judgment this afternoon as to the likelihood of getting successful action if this bill is sent back to conference. I would be guided very much by the opinions of the distinguished Senator from Virginia [Mr. BYRD], the distinguished Senator from Delaware [Mr. FREAR], the distinguished Senator from Oklahoma [Mr. KERR], and the distinguished Senator from Louisiana [Mr. LONG]. If they were of the opinion that the House would go along with the Senate, it would be my inclination to follow their advice. But if they were of the opinion that the House, from their experience in conference, was determined to leave the bill exactly as it is, then I am sure I would abide by that decision.

Mr. HUMPHREY. I know of the very deep sincerity of both the Senator from Rhode Island and the argument he makes. I may say the senior Senator from Minnesota does not want to see this country without a tax program any more than does the Senator from Rhode Island. I am sure he knows that, but in this instance, it is not as if it were 11:55 p.m., June 30. It is still June 29.

Mr. PASTORE. It is 5:15 p.m., June 29.

Mr. HUMPHREY. Yes, it is still June 29. What is more, the other body has a way of acting rather quickly. What is more, there is an opportunity for a resolution to be adopted extending the excise taxes. What is more, there is a deep feeling on the part of a number of Senators that the particular provision to which we have been directing our attention, namely, dividend credit, is inequitable and ought to be removed from the law. This amendment is not a rider. The rider was the dividend credit provision which was put in the tax bill in the first place. That was the rider. We are trying to clarify the internal revenue law and to purge it of this inequity.

Mr. BYRD or Virginia. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. BYRD of Virginia. The Senator from Rhode Island asked if the conferees thought the rejection of the conference report would change the attitude of the House conferees. It is my firm conviction that it would not, and I concur in the very fine speech on that point made by the Senator from Oklahoma [Mr. KERR], in which he told of our efforts to have the Senate amendments prevail. We had vote after vote. We did all we could. I voted against all amendments because, as chairman of the Finance Committee, I did not think this was the appropriate bill in which to place such amendments, when taxes, mounting to $3 billion, had a date of expiration.

This bill came to the Senate on June 9. It came to the Senate Finance Committee on June 10. It was then necessary to send it to the Treasury Department and to have hearings, at the request of Senators. The committee reported it to the Senate on June 24. That was expeditious action.

I voted, as the Senator from Minnesota voted, in 1954 against the 4 percent dividend credit; but I want to be very frank. The chairman of the Ways and Means Committee told the majority leader of the Senate that under no

conditions would the House pass a resolution of extension. And that it positively would not agree to the amendments. One member of the conference refused to sign the conference report simply because the Senate had adopted amendments. So I do not think there is going to be any change so far as the attitude of the House is concerned.

The $2 billion of taxes in the corporate tax part of the bill can be made retroactive; there is no question about that; but there are $1 billion of taxes involved that cannot be made retroactive; namely, the tax on liquor, cigarettes, the 3-percent tax on automobiles, and other taxes. We are told by the Treasury that if these taxes become inoperative for 1 week, it will create complete confusion in the tax system, as well as the loss of $3 million a day. It will cause great confusion.

That is my opinion. I would like to have the other conferees state their opinions.

Mr. HUMPHREY. May I first respond to the senior Senator from Virginia. I have not any doubt that the House conferees were most adamant. I have negotiated with House conferees. I find they have a capacity of being very willful men. I say that most respectfully.

I will say there is an unusual tendency in this body to concede. I sometimes hope this process of concession does not become international, because if it did, conditions would be very difficult. I must say there is not a Member of the Senate who is trying to jeopardize the excise taxes upon the items listed by the distinguished Senator from Virginia—the automobile, liquor, tobacco, and other taxes. Some amendments were offered. They were voted down. That is not the argument. The argument is whether or not this conference report, particularly as it relates to the dividend credit provision, should be accepted.

There is an easy way to answer this question. There are two bodies in the Congress of the United States, the Senate and the House. I see no reason why the individual Members of the other body should not have an opportunity to vote on a particular proposal. If we lose, then we lose, but at least then it will be a fair run with the membership of the respective bodies, rather than to have to accept merely the views of the House conferees. I have never heard of negotiations where the principles were not ultimately concerned, whether they be in international diplomacy, labor-management relations, or any other type of relations.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. Let us keep in mind that the House of Representatives is telling the Senate either to bow down and take this bill strictly on its terms or else the Senate will be responsible for the excise taxes expiring. I say to the Senate that this is a two-way street. It takes two to get the result, both the Senate and the House. If the House wants to be so adamant that it will not consider the Senate's position, it must bear its share of responsibility for any undesirable results attending such action. But I observe that if the House wants to work with the Senate, we can go the extra mile, but not the extra 10 miles, to preserve our responsibilities.

I am not trying to relieve our great majority leader of his responsibilities, because he performs them well, far better than I could ever do.

Mr. JOHNSON of Texas. I thank the Senator.

Mr. LONG. I would make a suggestion, however. We have on the calendar order No. 427, H.R. 7567, to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad. That bill relates to a revenue matter. The bill passed the Senate Committee on Finance in 30 seconds. We were talking about something else and interrupted our conversation for a moment to report the bill. That is how much consideration the bill required, since similar bills have been passed a number of times. Some Senators have said, "Why not make this a permanent law, instead of extending the privilege to servicemen every 2 years?"

It would be a very simple matter to hang the excise tax extension provisions on such a bill, as an amendment, and send the bill to the House, so that the House could send it to the President. I have such an amendment prepared. I see no reason why we could not extend excise taxes for 30 days, and then negotiate with the House to see what we can do about the other matters.

Mr. President, I am not here to criticize Senators. I hope people will not try to lift my language out of context to make it sound critical. But the Senate conferees have come to us and recommended to us that nothing can be done. Those Senators voted against these amendments—at least, the majority of them did. They did make a fight for them; yes. I will say that some Senators did. Some, of course, did not. I would certainly say that the distinguished chairman of the committee did, though he not only voted against the amendments on the floor and also voted against the amendments in the committee, he supported those amendments in conference.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. LONG. The Senator did the best he could, being an honorable man and a sincere man.

Mr. BYRD of Virginia. Mr. President, I was opposed to having any amendments to the bill. I had a right to be opposed to them. I knew we had a short time to enact the bill into law. I anticipated there would occur what has now occurred.

I should like to ask the Senator why he did not propose his amendments to some other bill.

Mr. LONG. I would be willing to offer them with respect to some other bill.

Mr. BYRD of Virginia. The Senator has that privilege.

Mr. LONG. Yes.

Mr. BYRD of Virginia. The Senator says I did not actively and energetically support these amendments in the committee.

Mr. LONG. I thought I said the Senator did.

Mr. BYRD of Virginia. The Senator said I voted against the amendments.

Mr. LONG. Yes.

Mr. BYRD of Virginia. I should like to say why I voted against them.

Mr. LONG. I should like to know what we are quarreling about. I said the Senator did support this position. The Senator urged it vigorously and effectively.

Mr. BYRD of Virginia. The Senator said I voted against the amendments, and indicated that I was not as active as I should have been. I advocated the Senator's amendment, but I did not vote for the amendment. I advocated all the amendments. I though that was my duty, as chairman of the committee.

Mr. LONG. Mr. President, I prefaced my statement by saying I hoped that Senators would not read into the words that which was not there. That is what I started out by saying.

I do not like to have the inference drawn that I said something uncomplimentary about the Senator, when I said that the Senator did the best he could. I said that some members of the conference committee who voted against the amendments fought for the Senate position. I particularly want to say the chairman of the committee did. To read into those words an inference the Senator did not do his duty is something I did not mean to say.

All I say is that the Senate rules provide a majority of the conferees should actually be in support of the position taken by the majority of the Senate. That is the provision in the Senate rules. Sometimes we violate it, by tradition, but that happens to be the provision in the rules of the Senate.

Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am glad to yield to the Senator from Virginia.

Mr. BYRD of Virginia. It has always been customary to follow this practice. I have been on the Senate Finance Committee for 26 years. I have served with three of the most able and greatest men who ever served in the Senate; Pat Harrison, Walter George, and Eugene Millikin. It has always been customary to appoint conference committee members by seniority. It is nearly always customary to have three conferees of the majority party and two conferees of the minority party. I have followed that custom.

This time the Senator from Louisiana had an amendment, and the Senator was in line for seniority. It was my pleasure to recommend the Senator's appointment as one of the conferees, which in this instance made seven conferees. It so happens that three of the conferees voted for the McCarthy amendment and three voted for the Long amendment, and it so happens that two of those three signed the conference report. The Senator from Louisiana did not sign the report. Since the other two Senators signed the conference report and voted for the amendments, it seems to indicate they thought everything which could be done was done to induce the House to accept the amendments.

Mr. FREAR and Mr. WILLIAMS of Delaware addressed the Chair.

Mr. LONG. That conclusion could be drawn.

Mr. HUMPHREY. Mr. President, first I will yield to the junior Senator from Delaware. Later I will yield again to the Senator from Louisiana.

Mr. FREAR. Mr. President, I believe it unlikely that the House would change its position if we were to re-refer the bill to the conference. I will say to the Senator from Minnesota, if the Senate does not accept the conference report and if the junior Senator from Delaware were appointed a conferee the second time, he would do his best to uphold the position of the majority of the Senate, which he did at the first conference.

The junior Senator from Delaware recognizes what the distinguished chairman of the committee has said; that normally the conferees are appointed by seniority. However, should a decision be made that other conferees should be appointed, if this bill goes to conference again, regardless of whether the junior Senator from Delaware were a conferee or not his position would remain the same.

Mr. McCARTHY rose.

Mr. HUMPHREY. I thank the Senator from Delaware.

Mr. President, I will yield now to my colleague, the junior Senator from Minnesota.

Mr. McCARTHY. Mr. President, I should like to point out the question is not one of failure on the part of the conferees on the part of the Senate. The conferees conceded nothing to the House, because what resulted from the conference was all in addition to what was provided in the House bill. The question is whether we feel we did not get what was important in the action taken by the conference.

By reemphasizing our position by the vote which we anticipate, I think the same conferees, who are quite satisfactory to me, can go back with their hands strengthened.

Mr. President, since we have reached the point of prophecy and character witnessing, as one who most recently served on the Committee on Ways and Means of the House of Representatives, I believe more recently than any other Member of this body, I am compelled to observe that I might have something to say about character and might make a few prophecies.

I submit, Mr. President, from my knowledge of the other body, the House will not let develop the terrible situation which has been described, whereby the excise taxes will fall into chaos. I am quite persuaded that within the period of 24 hours still remaining to them the House will respond and, if necessary, a resolution continuing the excise taxes beyond midnight of June 30 will be passed by both Houses in good time. I am sure the House can pass such a resolution in time for the Senate to act.

Mr. HUMPHREY. I wish to thank my colleague for what I consider to be possibly the most pertinent remark made—at least, the most contemporary remark made and perhaps the most pertinent observation as to what might be done in this great unknown area of the legislative process between these two bodies.

I should like to add that we should not indulge ourselves as to whether a conference committee did a good job or a poor job. It think it is well accepted that our conferees did the best job they could do under the circumstances. That is not the issue at all.

The issue is whether the principals in this argument—namely, the Members of the Senate—wish to redirect the conference committee to do the job all over again. This is not unusual. We do not need to have any false pride about the matter. As Members of the Senate, we serve on conference committees. It is a dubious honor, I will say. It becomes a very heavy burden at times.

What we attempt to do is to give instructions and guidance to our conferees. We must remember, these are conferees not of seniority but conferees of the Senate. On that basis they are entitled to receive our instructions. They are entitled to receive our directions. They are entitled to receive our support or our criticism, whatever might be justified.

In this instance I have no complaint at all about our conferees. I have said that again and again. I feel that the Senate can do today what it has done before. We have rejected conference reports on other important bills, and we have rejected them with resounding votes. We have instructed our conferees to go back to conference and return with a different kind of bill. And we have said if they could not come back in agreement, to admit to the Senate that they were unable to obtain agreement.

The Senator from Minnesota [Mr. McCARTHY] has pointed out what I think will be the reaction in the other body. The Senator from Louisiana pointed out with meticulous detail what can result from the rejection of a conference report and what procedures can be followed in a subsequent conference, or in the House of Representatives.

This is not a situation where we are locked up in a dark room with no place to go and no place to look. There is a ray of light. A joint resolution can be passed. There can be a resolution of the difficulties with regard to what we are seeking.

All we ask is that the majority of the Senate be given some opportunity again to reassert its right as a group of U.S. Senators acting on a tax bill. I hope Senators will believe me when I say there is no greater responsibility in this body than the fiscal responsibility. We are asked again and again to be responsible. Responsibility is now being fulfilled. Responsibility is being fulfilled in terms of removing from the tax laws what a majority of this body knows is an inequitable provision, an unjust and unfair provision. Responsibility is being fulfilled by adding to the revenues of the U.S. Treasury. Responsibility is being fulfilled in many ways.

The President surely will not veto a bill which provides him with $335 million more with which to pay some of the costs it has been said are mounting. I think this is a very responsible action.

I will add, I think there is a little bit of irresponsibility in maintaining a revenue structure which depletes the resources of the Nation.

Mr. LONG. The point I wish to make is that we could take a noncontroversial bill, one approved by the House Ways and Means Committee, passed by the House and approved by the Senate committee, the type of bill which has been passed repeatedly by the Senate, attach it to an amendment to extend the excise taxes for 30 days, and we would have time to discuss the subject and see what could be done.

Second—and I hope I can make this point without anyone taking offense—the rules of the Senate do not contemplate that members of a conference committee should be required to support a point of view to which they cannot in good conscience subscribe. The rules contemplate that members of the conference committee should represent the majority view of the Senate, both so far as the divisions between the major parties are concerned, and also so far as concerns the prevailing view on the questions at issue between the Senate and the House. That is the rule. I suggest that we follow the rule of the Senate, rather than to say that the tradition is to allow Democrats to outnumber Republicans by one, even though the Democrats may have a majority of two-thirds in the Senate. It seems to me that if the Democrats have a majority of two-thirds, six Democrats should be appointed, and three Republicans, rather than five Democrats and four Republicans. It seems to me that a 2-to-1 ratio should be maintained. The ratio in committee is 2 to 1. That seems logical to me.

I think we should follow the rules rather than some tradition contrary to the rules.

I believe we should also respect something else which is in the rule. The rule provides that the majority of the conferees should also reflect the majority view of the Senate. I appreciate the fact that a Senator who has voted against every Senate amendment may go to conference and fight in conference for the position of the Senate, in order to demonstrate that his vote in the Senate does not control his action in the conference. Perhaps the fact that he had voted against the Senate amendments in the Senate would be a good reason for fighting harder in the conference than might otherwise be the case. On the other hand, the rule happens to be that the majority of the conferees should represent the point of view of the Senate.

Mr. HUMPHREY. Mr. President, at this point I wish to place in the RECORD a partial list of conference reports rejected between 1949 and 1957.

On July 9, 1953, the Senate rejected the conference report on House bill 5728, the rubber facilities disposal bill. Of the entire list of conference reports rejected, the House has rejected only three. The Senate rejected nine. So our score is 3 to 1 on rejecting conference reports.

On August 13, 1954, the Senate rejected the conference report on House bill 9757, the Atomic Energy Act amendment. The Senator from New Mexico [Mr. ANDERSON] will remember that case very well. He played an important role in getting a much better atomic energy bill as the result of leadership in rejecting a conference report. Rejection of a conference report paid off, in terms of a better public policy.

On October 16, 1951, the House rejected the conference report on House bill 4473, the Revenue Act of 1951. Did the House worry about the excise taxes? Did the House worry about the pandemonium and confusion which it was alleged would take place? No.

On July 5, 1952, the Senate rejected the conference report on House bill 7268, the civil functions appropriation bill. On July 5, 1952, the Senate also rejected the conference report on House bill 8370, the Supplemental Appropriation Act of 1952.

On May 26, 1949, the Senate rejected the conference report on Senate bill 900, the Commodity Credit Corporation Act amendment.

On January 20, 1949, the Senate rejected the conference report on Senate bill 1008, the basing point, Antitrust Act.

There are others in the list. I ask unanimous consent that the entire list be printed in the RECORD at this point as a part of my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Conference reports rejected, 1949–59

Date	Title	Body rejecting
July 9, 1953	H.R. 5728—Rubber facilities disposal, facilities.	Senate.
Aug. 1, 1953	H.R. 6200—Supplemental appropriation bill.	Do.
Aug. 13, 1954	H.R. 9757—Atomic Energy Act Amendment.	Do.
Oct. 16, 1951	H.R. 4473—Revenue Act of 1951.	House.
July 5, 1952	H.R. 8370—Supplemental appropriations.	Senate.
Do	H.R. 7268—Civil functions appropriation bill.	Do.
May 26, 1949	S. 900—Commodity Credit Corporation Act Amendment.	Do.
Mar. 21, 1950	H.J. Res. 398—Cotton and peanut allotments.	Do.
Jan. 20, 1949	S. 1008—Basing point, antitrust laws.	Do.
May 15, 1957	H.R. 4813—District of Columbia Auditorium Commission.	House.
Aug. 20, 1957	H.R. 1937—District of Columbia Stadium.	Do.
June 18, 1959	S. 1968—Wheat quotas	Do.

Mr. HUMPHREY. I merely wish to point out what we are attempting to do is not without precedent. There is relevancy and germaneness in what we are attempting to do, with respect to what happened in 1951, in a war, in connection with a revenue act to provide financial resources for the prosecution of the war. The House rejected the conference report. As we all know, after rejection there were additional conferences. Amendments and adjustments were made, and the revenue bill was finally enacted into law.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. CLARK. I should like to buttress something just said by the distinguished junior Senator from Louisiana, and then make a suggestion which I hope will be considered helpful in the event the conference report is rejected.

Since before the time of Jefferson the principle has been acknowledged that the majority of conferees should represent the prevailing view of the body on the bill to be considered. Cleaves' Manual, which appears as a part of our Senate Manual, states, in section 17:

> In the selection of the managers * * * of course the majority party and the prevailing opinion have the majority of the managers.

I have before me a memorandum which I shall not bore the Senate by reading at the moment, but precedent after precedent down through the years shows that when seniority stood in the way of the prevailing view of the Senate being represented by a majority of conferees, seniority gave way. That has happened time after time.

No more in the distant past than about 3 weeks ago the Senate followed the prevailing view in connection with conferees appointed to deal with the housing bill. Had seniority prevailed, the conferees appointed by the Senate would not have represented the majority view of the Senate in connection with most of the questions in disagreement with the other body. So the distinguished junior Senator from Virginia [Mr. ROBERTSON], chairman of the Committee on Banking and Currency, wisely, in my judgment, did not serve on that committee. He did not appoint my good friend from Delaware [Mr. FREAR], who is present in the Chamber, and who is senior; but he did leave to the Housing Subcommittee, consisting of nine Members, six Democrats and three Republicans, the duty of carrying the views of the Senate to the other body. I regret that that was not done in this case.

My suggestion is that if we should be in a position in which the conferees were sent back, the precedents started in Jefferson's time should be used again, and the precedent established in the 86th Congress in connection with the housing bill should be followed. That would mean sending nine conferees, consisting of six Democrats and three Republicans, back to the conference. That could easily be done by adding members of the Finance Committee who voted in support of the two amendments in conflict, namely, the junior Senator from Tennessee [Mr. GORE] and the junior Senator from Georgia [Mr. TALMADGE].

Mr. HUMPHREY. I thank the Senator from Pennsylvania for his observations and helpful comments.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. I appreciate the good qualities of the Senators who represented the Senate in the conference, and I know that they were determined to follow the Senate's point of view. But I remind the Senator that—as other Senators, I am sure, will remember—there have been several occasions when the prevailing point of view was represented, even though majority Members were selected.

In 1949, as the Senator from Minnesota will well remember, there was quite an argument over an agricultural bill.

Mr. HUMPHREY. I recall it.

Mr. ANDERSON. Certain Democrats believed in what was called the Brannan plan. The junior Senator from New Mexico took vigorous exception to the proposals which were made, and finally presented a substitute bill, which was anathema to most Democratic Members. It was passed by the Senate. A bill was finally passed by the House, which was a 1-year extension of the Agricultural Act. When it came time to select the conferees, the leadership went as far down the committee as it could go, and selected the junior Senator from New Mexico as a conferee on the agricultural bill. It was my vote, coupled with the vote of the Senator from Vermont [Mr. AIKEN], which made it possible to get through an agricultural bill which we think had some benefits, even though it was not what the majority might have desired.

When the able Senator from Vermont was chairman of the Committee on Agriculture and Forestry in 1953, a new bill was passed, and the question of conferees came up.

The Senator from Vermont went down the list on the Democratic side until he reached the name of the Senator from New Mexico. There was an evenly divided conference—4 to 4 or 5 to 5, because that type of conference represented the majority sentiment of the Senate.

I am sorry that, with reference to the amendment offered by the Senator from Minnesota [Mr. MCCARTHY], we could not have had a stronger numerical superiority, although I am willing to concede that the Senate conferees tried their best. I believe that if the House were confronted with some sort of evidence which indicated that the Senate was not pleased with the House proposal, we might see some change in sentiment. It is not unusual for the majority sentiment to prevail on conference committees. I know that from experience with the Agricultural Act of 1949.

Mr. HUMPHREY. I thank the Senator.

Inasmuch as our good friend, the Senator from Vermont [Mr. AIKEN] was brought into this discussion, perhaps he would like to say a word.

Mr. AIKEN. Mr. President, the Senator from Vermont was listening to the discussion, but he did not come into the Chamber with any idea of contributing to the comment.

Mr. HUMPHREY. It was all good.

Mr. AIKEN. I could not help but hear the remarks of the Senator from New Mexico. What he says is true. As chairman of the Committee on Agriculture and Forestry, I did go down the list to make sure that the majority of the conferees represented the majority sentiment of the Senate, as required by the rules. At that time, the Senator from Vermont discovered that it was

impossible to obtain the majority of the conferees from the committee which handled the bill originally. I thought it was perfectly legal, desirable, and necessary to go outside the committee which handled the bill in order to get a majority of conferees who would favor the majority sentiment of the Senate.

Mr. HUMPHREY. I thank the Senator from Vermont for his observations.

Mr. AIKEN. I learned it at that time. It has stuck with me ever since.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LONG. The Senator may very well recall what I believe to be the most outstanding precedent concerning the argument which he is making at this moment, as to what has been illustrated about the position of the conference. The Senator may recall the vote in the Senate on the displaced persons bill, when the late Senator Pat McCarran was chairman of the Committee on the Judiciary. Senator McCarran fought that bill, so long as he had the breath to fight it. He opposed it at every step of the way. He kept it in committee for at least 2 or 3 months after it ordinarily would have been reported.

When the bill came to the floor, and he was not present, Senators such as the senior Senator from Mississippi [Mr. EASTLAND] and the former Senator from Indiana, Mr. Jenner, engaged in a most determined fight against the bill until Senator McCarran could return from a European inspection trip back to the Senate to lead the fight himself.

When that fight came to the Senate floor, it was one of the most bitterly fought contests I have ever seen in this body. When that never-say-die team lost its fight, it set up its confereees so that a majority of the conferees consisted of Senators who opposed the bill. It included the late Senator McCarran, the Senator from Mississippi [Mr. EASTLAND] and, on the Republican side, former Senator Jenner, who had himself supported the point of view of Senator McCarran and the Senator from Mississippi. They had been against the bill, and they constituted the majority of the conferees on the part of the Senate.

I believe it was the late Senator Kilgore, of West Virginia, who jumped to his feet and said, "Wait. This will not do. We are entitled, having won the fight for certain major amendments, to have the matters of difference between the House and the Senate considered by a majority of the conferees who are of our view."

The Senate, as soon as the point was raised and discussed briefly, agreed that that was according to the rules and precedents of the Senate, and was the only way to settle the question.

It is not uncommon for the Senate to be represented by conferees, the majority of whom do not support the Senate's position on an amendment. On the other hand, if any member of the majority objects to them, it seems to me that we have the right to have conferees whose views are in accordance with the position taken repeatedly by the Senate in prior votes when these matters have come before us. That is what the Senate rules provide.

If the Senator from Minnesota is successful in having another civil rights bill passed he had better not appoint a majority of the conferees from the South, if he expects to have the bill become law.

Mr. HUMPHREY. I hope the Senator will not expect me to do that.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. McCARTHY. I call attention to a headline in the Washington Post and Times Herald of this morning, reading, "Inflation Peril Called Critical—Nixon Committee Report Urges Fast Congress Action."

Then the committee proceeds to attack us on the ground of irresponsible spending. Does the Senator know whether the administration has taken any stand on this tax matter?

Mr. HUMPHREY. To my knowledge, the administration has not taken any stand on this particular matter. But in case it is in recess, we would be happy to help the administration by not only extending the taxes which need to be extended, but by plugging a loophole which was put into the tax laws in 1954, and thereby offering to the Government of the United States, which needs revenue, an additional $335 million or $350 million which would come from the McCarthy amendment.

I do not want to engage in an argument as to the nature of the conferees. This is an argument which must be taken up somewhat on its own. I think that the argument has been well made in the Senate that what we are primarily concerned with is the exercise, again, of the will of the majority of this body relating to a certain amendment to the tax bill. The only argument here is whether, after the Senate has twice shown its displeasure with what are called dividend credit exemptions, we shall again be brushed aside or pushed aside and have the majority will denied us.

The purpose, therefore, of the argument to reject the conference report is not to be insulting to the committee of conference; not to show a lack of confidence in any Senator. It is not to show that the Senators who were members of the conference did not do a good job. The purpose is simply that the Senate would like to see its will, as manifested in two votes, one in 1954 and one in 1959, relating to dividend credits, become law.

What is that will? That there shall be no special exemption, with the exception of a $50 exemption which is offered for the recipient of small dividends.

I have no other arguments to make except that I am confident that if the Senate will reject the conference report and then will instruct its conferees to seek agreement with the other body on the basis of maintaining the McCarthy amendment, our action will be interpreted as responsible; our action will be interpreted as being statesmanlike; our action will be interpreted as being fair by any fairminded person.

I cannot imagine that the President of the United States or anyone else in a responsible position could say anything else but that, because what we are attempting to do is to help the fiscal responsibility by responsible action on the part of the Senate.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. The junior Senator from Minnesota inquired of the senior Senator as to whether the administration, which is now insisting upon fiscal responsibility, had been of any assistance in the matter of the amendments which, collectively, would have raised $2 billion, and would, therefore, have enabled other tax deductions and also the improvement of welfare benefits.

Mr. HUMPHREY. I did not understand that that was the purport of the Senator's question.

Mr. DOUGLAS. I believe the yea-and-nay vote on Thursday showed that only two Republicans voted for the McCarthy amendment, only three Republicans voted for the Clark amendment, and only four Republicans voted for the amendment I offered to reduce the oil depletion allowance.

So the record is pretty clear that the administration has been opposed to this loophole plugging amendment.

They now promise they will study the matter, after having been concerned with it for considerably more than 6 years, and say that in the sweet by and by they may act upon it. But the administration spokesmen are the ones who have refused to deal with this issue in any constructive fashion, in the way which some of us were attempting to deal with it last Thursday.

Mr. HUMPHREY. I was under the impression that the question asked by my colleague from Minnesota was related to the news item. I read the article in the morning Post with respect to the Nixon committee and its study of economic problems. I saw no reference to this particular measure. But it is quite clear that the administration did support the dividend credit provision of the 1954 act.

Mr. DOUGLAS. The Republicans in the Senate, with two honorable exceptions, opposed it.

Mr. HUMPHREY. I am speaking of 1954. When the recodification of the Revenue Act was presented to us, the administration supported the tax loophole bills. The administration has resisted the efforts of some of us in the Senate to plug those tax loopholes and the tax loophole laws. It simply means that the requirements of the Federal Treasury, of x number of dollars, have not been met by equitable taxation, without special privileges going to select groups, and without the burden falling equally upon American citizens on the basis of ability to pay.

Whenever a special concession is given to any special group, it means that the other citizenry are required to take on additional burdens. It is exactly as if six persons were required, under what we call Dutch treat to pay their own bills at a luncheon, but one man walks out and

says, "I have to make a telephone call." That is Mr. Dividend Credit.

Mr. DOUGLAS. Another man is, I think, Mr. Oil Depletion Allowance.

Mr. HUMPHREY. In this instance, I am going to speak only of Mr. Dividend Credit. When Mr. Dividend Credit walks out, six slips are still there, but five persons have to pay for the sixth. That is what it amounts to.

Mr. DOUGLAS. Another one says, "I have an oil-depletion allowance," and that leaves four.

Another one says, "I won't declare all the income I have," and then there are three.

Then someone says, "I will charge off my yacht," and then there are two.

Soon there are not 99 bottles hanging on the wall, and we will end by having a minority of the people paying all the taxes.

Mr. HUMPHREY. We will end with a tax law filled with inequities, filled with loopholes, and filled with a growing number of them.

What is being attempted here—and this will be my final comment—is to close one of the little loopholes. It is an attempt which has been made in the Senate twice before, and successfully, up to the conference committee. Then the report comes back from the conference with the dividend credit loophole fastened into the law.

Now we have an opportunity again to remove that inequitable provision from the law and, at the same time, to provide additional revenues for a Government which is at present incurring a tremendous deficit, which will amount to between $12 billion and $13 billion in fiscal 1959.

Mr. McCARTHY. What the Senator is saying demonstrates the truth of the saying that the Democrats spend more than they collect, and the Republicans collect less than they spend.

Mr. HUMPHREY. The Senator from Minnesota has added a final note to what is a most meritorious argument. Everyone is indebted to the distinguished Senator from Minnesota [Mr. McCARTHY] for the brilliance of his argument; not only for its logic, but for the justice of the argument. For the life of me, I cannot imagine a Democratic majority of two-thirds in this body running away from an opportunity to show that it believes in just taxation.

This is a symbolic issue. With a two-thirds majority in this body, if we are unable to plug at least one loophole, then let the Democratic Party quit talking about equitable taxation and loopholes.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HUMPHREY. I was about to yield the floor.

Mr. CASE of South Dakota. Before the Senator yields the floor, I should like to ask him a question.

In what practical situation will the Senate find itself if the Senate should adopt the suggestion which would tie the extension of the excise tax to another bill and to send the other bill to the House? My information is that the House is about to adjourn. If we want to amend another bill and send it to the House, this being a revenue matter, the bill would have to be referred to the Union Calendar for consideration by the Committee of the Whole House on the State of the Union. Simply as a practical matter, I do not believe we could get a bill over to the other House in time to have it referred tonight. It could not be taken from the Speaker's table except by unanimous consent. The whole machinery of the House would run contrary to the acceptance of such an amendment.

Mr. HUMPHREY. The suggestion to which the Senator from South Dakota refers was made by a member of the Committee on Finance, the Senator from Louisiana [Mr. LONG]. He has had several years' experience on that committee. He seems to believe that that procedure would not result in the difficulties which are feared by the Senator from South Dakota.

I am simply saying that the Senate should reject the conference report, should request a further conference, and should instruct its conferees to return with a report which will include the amendment to remove the dividend credit provision of the Revenue Act of 1954. That is my suggestion. However, it is not original with me.

Mr. CASE of South Dakota. But if that suggestion were adopted, the House would have to be in session, in order to authorize a further conference; and the conference committee would have to meet after the House met for that purpose; and such action would have to take place after the House meets tomorrow; and thereafter the conferees would have to meet.

Mr. HUMPHREY. I imagine that is correct. If the situation is as dire as it is pleaded and if the pandemonium which has been described would result, I cannot believe that the Members of the House would be less responsive to their duties than would the Members of the Senate. I have no doubt that if the tax laws were to expire on June 30, the Members of the House, who are dedicated, able, fine public servants, would fulfill their responsibilities.

Mr. CASE of South Dakota. Does the Senator from Minnesota think the House would appoint conferees other than the ones already named by it in connection with this measure?

Mr. HUMPHREY. I am not suggesting what the House should do. I am satisfied with the conferees who have been appointed by the Senate. But I say that when the Senate is displeased with the result of a conference, the Senate should do as it has done before—namely, reject the conference report, request a further conference, and give its conferees instructions to return with the sort of conference report the Senate wishes to have. That has been done before. It is a tried and tested procedure.

Mr. CASE of South Dakota. I hold in my hands "Cannon's Procedure of the House of Representatives," from which I read, on page 104, the following:

> Bills raising revenue or providing a charge in money or other property against the Government, or releasing liability to the Government, must be considered in the Committee of the Whole House on the State of the Union and therefore are referred to the Union Calendar.

Further on, in the citations under that general paragraph, it is pointed out that that applies to amendments as well as to bills.

So a Senate amendment to a House bill, when returned to the House, would be subject, under that rule, to reference to the appropriate committee. "Cannon's Rules of Procedure" further states that in the disposition of business on the Speaker's table, House bills with Senate amendments which require consideration in the Committee of the Whole may not be called up for consideration, but are referred directly to a standing committee, and, on being reported therefrom, go to the calendar, and come up in the usual order, which would mean consideration by the Committee of the Whole.

Of course, there would be an alternative—namely, by the adoption of a special rule. But, again, that would require considerable time.

That would mean that if the Senate were to adopt the suggestion made by the distinguished Senator from Louisiana, the bill would not be available to be taken from the Speaker's table for immediate consideration, except by unanimous consent; and it would be referred to the Committee on Ways and Means; and that committee would have to meet; and, after it met, it would refer the measure back to the House, where it would be considered by the Committee of the Whole House on the State of the Union.

It seems to me that would defeat the possibility of any extension of the excise-tax rates before midnight tomorrow night.

Mr. HUMPHREY. I recognize some of the difficulties to which the Senator from South Dakota has referred. But I also note that whenever either one of the two bodies of Congress wishes to do something, it gets it done. I also note that when either of the two bodies does not wish to do something, it finds many ways to delay. It is entirely a matter of will, purpose, and direction.

What I have recommended is not quite as complicated and complex as that which has just now been referred to by the Senator from South Dakota.

I recommend that the conference report be rejected; that the Senate request a further conference; that the Senate conferees, as the agents of the Senate, be instructed to hold a further conference with the House conferees; and that the Senate conferees be given by the Senate a mandate that in such further conference its conferees insist on inclusion in the report of the amendment proposed by the junior Senator from Minnesota [Mr. McCARTHY].

That is not too complicated; and that should be done.

I see no reason for the Senate to capitulate; I see no reason why we should not fulfill our responsibilities—simply because some members of the other body are not of our mind.

The purpose of conference committees is to arrive at compromises. The Senate adopted several tax amendments.

Some of them may not be included in the conference report. But I hope that at least one of them, namely, the one which removes an inequity from the tax structure, the one which eliminates a loophole; and it is an amendment which the Senate has adopted on two occasions; it is the amendment to repeal the dividend credit, an inequitable provision of the tax law which has no place in the tax law—will be included in the conference report.

Mr. MORSE. Mr. President, I wish to speak for a few minutes on the pending motion.

I have sat in the Chamber most of the afternoon and have listened to the pros and cons of the pending motion, because I was not here last Thursday, for reasons which I shall soon state.

I have become convinced, Mr. President, that the argument this afternoon warrants my vote in support of the motion to reject the conference report.

Mr. President, I propose to discuss this matter from a completely nonpartisan and impersonal point of view.

Every member of this body knows, I am sure, the consistent position I have taken for 15 years in this body in defense of procedural rights and in support of the proposition that government by law is dependent upon fair procedures for carrying out the functions of government.

The difficulty arises time and again when we waive sound procedures, when we steamroller sound procedures, when we fail to adopt sound procedures or when we fail to follow the procedural safeguards already on the statute books—safeguards which give protection to the legislative rights of the Senate or the House of Representatives.

So this afternoon I have listened to the case made in support of the motion to reject the conference report, as the case has been made by able debaters and fine statesmen, such as the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Louisiana [Mr. LONG], the Senator from Illinois [Mr. DOUGLAS], the Senator from Pennsylvania [Mr. CLARK], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. ANDERSON], and other Senators who have been urging the Senate to take a very careful look at the procedural plight in which it finds itself this afternoon.

I wish to discuss this matter strictly from the standpoint of the importance of our protecting certain procedural rights in the Senate. In view of the history of the controversy in which we find ourselves, it bodes ill for the Senate if we permit the adoption of what I fear may be some very bad procedural precedents.

Mr. President, no one should be surprised that we are where we are tonight. Last Wednesday night some of us forewarned it. It was the Senator from Colorado [Mr. CARROLL] who formally, here on the floor of the Senate, as a recent Member of the House of Representatives, suggested to our leadership that the Senate proceed to give immediate consideration to the passage of a joint resolution on the part of both Houses of Congress to extend the excise taxes—I think his suggestion was for 2 weeks—until adequate consideration could be given to the substantive and the procedural problems which were raised last Wednesday in an 11th-hour attempt to get this tax measure through the Senate.

Mr. President, I missed eight yea-and-nay votes on Thursday. My record is one that shows that I am very careful to avoid missing yea-and-nay votes. I take very seriously my duty to be at my desk in this Chamber when yea-and-nay votes are taken; and it is only under extraordinary circumstances that I am absent from this desk when such votes are taken.

Last Wednesday the leadership of this body was warned of a position in which some 20 of us would be on Thursday if arrangements could not be made to postpone until the first of this week the votes on the tax extension measure. That was one of the motivating reasons why the Senator from Colorado proposed a joint resolution for an extension. There were some 20 of us who were acting, on Thursday, Friday, and Saturday, under legislation of the Congress of the United States when we were absent from the floor of the Senate and of the House.

Mr. President, I speak very impersonally about what involves a matter of internal procedure of which I hope the leadership of the Senate will take cognizance. This water is over the dam. I hope we will not have a repetition of it in the future. I hope we can expect greater protection from the leadership than, in my opinion, we got from the leadership when we were carrying out a legislative mandate of this body in attending the Interparliamentary Conference in Canada. Some of us, as members of the Subcommittee on American-Canadian Relationships of the Committee on Foreign Relations, and those in a similar position on the Public Works Committee, had been working on the agenda for the Interparliamentary Conference which took place in Montreal and Ottawa on Thursday, Friday, and Saturday of last week. We had been working on the agenda for some 6 months, under the very able leadership of the Senator from Vermont [Mr. AIKEN], chairman of the Senate Subcommittee on American-Canadian Relationships of the Committee on Foreign Relations. We had made very definite commitments about that agenda, and that agenda, I may say to the Senate, involved international problems of vital concern to the Senate and to the Nation.

In my opinion, it was of signal importance that the members of the Foreign Relations Committee and Public Works Committee, and other Senators, such as the present Presiding Officer of the Senate, the Senator from Maine [Mr. MUSKIE], carry out their duties under the resolution of the Congress setting up this Interparliamentary Conference.

One can be in only one place at a time, and the leadership of the Senate knew that. I am not criticizing anyone because this particular matter did not get before the Senate earlier than it did; but I am saying that when it came up as it did, then it was incumbent upon the leadership of the Senate and, respectfully, I say, of the House, to have a conference among themselves, pointing out that there would be some 20 Members or more from the Senate, and a similar number from the House of Representatives, who would be in Canada on official Government business, unable, therefore, to be present to participate in the debate and make their contributions to the debate and to the various rollcalls, in this instance some eight of them.

Mr. President, a simple resolution of extension would have accomplished that purpose. There is nothing new about that procedure. There are ample precedents. We always seem to be able to suspend major business of the Senate to accommodate partisan events, whether it be for a few days off, for Lincoln's birthday, or Jefferson's birthday, or other events during the year. But here we had a major international conference, and apparently no attempt was made on the part of the leadership of the two Houses to get a resolution of extension passed, which I think would have gone through as a matter of form, once the Members of the two Houses were apprised what the situation was. That was suggested Wednesday. I have reason to believe we would not be in this procedural hassle tonight if that common sense parliamentary approach had been made to this matter.

I do not know why it was not. I do not know why the adamant attitude. I refuse to go along with the cloakroom suggestion that perhaps it was the best way, in the minds of some, to accomplish a purpose to which some of us were opposed.

Mr. President, I hope that in the future some consideration will be given to what I think are at least the rights of parliamentary courtesy owed to such a large bloc in the Senate, which was not given to us by the leadership of the Senate last Wednesday, when the suggestion was made that we ought to try at least to make a proposal to get a resolution of extension. Let me say that the Senator from Texas [Mr. JOHNSON], the majority leader of the Senate, with whom I disagree on occasions, but whose leadership I have supported most of the time, and will continue to, and Speaker RAYBURN, the leader of the House, for whom I have an equal admiration, could have avoided this situation. They could have avoided it had they jointly taken the position last Wednesday that, because of the Interparliamentary Conference, they were joining on behalf of both parties, in an extending resolution; that the bill would be taken up on Monday, and an attempt would be made to pass it on Tuesday, but, if not, that it would go over for a few days. Under those circumstances the adoption of the resolution would have been almost a matter of form.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. McCARTHY. I am sure the Senator is familiar with the fact that the House Appropriations Committee

acted this morning on a standby basis by reporting the very kind of joint resolution the Senator is talking about.

Mr. MORSE. The kind of action I am talking about is common practice in both Houses.

Mr. McCARTHY. Does the Senator know of any cases in the long history of the Senate in which a resolution of this nature has been refused?

Mr. MORSE. There may have been such a case, but I know of none. I only know that here in this body it is of utmost importance, when such a large number of Senators are called away from the Chamber on official business of the Government, that this kind of accommodation be granted. We asked for it. The suggestion was made.

Mr. President, each one of us can live with his own record and do his best to explain his absences; but I think it ought to be said here for the RECORD that by not passing the resolution, whether the leadership was aware of it or not, it is going to prove embarrassing to many Members of this body to explain how in 1 day they missed eight yea-and-nay votes.

Not only that, Mr. President, but I am greatly disappointed over the lack of accommodation made for those absent on Government business in regard to pairs on these votes. I have never refused a pair in 15 years in the Senate of the United States when someone asked me for the accommodation of a pair. There was a time when the practices of parliamentary courtesy in this body were such that pairs were almost a matter of automatic granting, in order to accommodate Members away either on Government business or because of illness.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. Would the Senator agree that there was no overriding matter of national emergency which made it necessary to have Senators such as the Senator from Oregon miss eight yea-and-nay votes?

Mr. MORSE. In my judgment, there was no reason from the standpoint of overriding national emergency to justify putting more than 20 Members of the Senate in a position where we missed eight yea-and-nay votes last Thursday; no reason at all.

Mr. President, this is what causes friction and a lack of accommodation, and causes some of us, when we get that kind of parliamentary treatment, to make very clear to the leadership that it can be played both ways.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. MORSE. And that we can exercise, and will exercise, our parliamentary rights to protect our parliamentary rights.

Mr. CLARK. Will the Senator yield further?

Mr. MORSE. Yes.

Mr. CLARK. Would the Senator care to comment on the consideration which the amendment of the distinguished Senator from Oregon and the Senator from Pennsylvania, with respect to changing the debt limit, received on Thursday?

Mr. MORSE. Mr. President, I am going to take up the amendments, because I am going to make my record tonight for future reference. I know I had better make it, since I can read what the reactionary press will say about my missing eight yea-and-nay votes in the Senate of the United States last Thursday.

What makes me sad is that it was very unnecessary. If the leadership of my own party had followed the parliamentary course of action suggested on Wednesday, for a resolution of extension, it would not have been necessary.

The amendment I want to speak about is the Clark-Morse amendment in regard to the debt ceiling, in which we sought to set up a capital budget approach to the debt ceiling problem, so that the American people would have the facts as to what their debt really is instead of laboring under the illusion, which they now have, that the debt is much greater than it really is. We must take a look at the assets of the country. The budget, however, is set up so that it does not show, separated from administrative costs, the capital investments which should be offset against the administrative costs and incidentally, against the debt.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CLARK. The statement was made on the floor on Thursday that it had not been known any amendment had been offered by the Senator from Pennsylvania, the Senator from Oregon, and their colleagues. I did not question the statement at the time, but there is no doubt about the fact that such an amendment was offered in behalf of the Senator from Oregon, the Senator from Pennsylvania, and several other Senators, and referred to the Committee on Finance, is there?

Mr. MORSE. There is no question about the fact that the amendment had been submitted. There is no question about the fact that the Senator from Pennsylvania [Mr. CLARK] and the senior Senator from Oregon spoke at quite some length on the floor of the Senate the day we offered the amendment. It was the pending amendment, Mr. President. It was a very important amendment.

This is further evidence as to what happens when such parliamentary procedure is followed as was followed with respect to handling this piece of legislation before the Senate, with the knowledge that some 20 Senators were absent on official and important Government business, and with the knowledge they were not even being taken care of in regard to pairs in respect to their voting record in the Senate of the United States.

Mr. President, before I make the argument I wish to make about the procedural problem which confronts us with regard to the handling of a conference report, I want the RECORD to show I was a strong supporter of the McCarthy amendment to repeal the credit against income tax for certain dividends received by individuals. I was announced for the amendment. I should have been paired for the amendment, Mr. President, but I was not. I have taken this position time and time again in the Senate. The RECORD will show that in 1954 I opposed the so-called dividend exemption, and I felt that dividends ought to be treated as income along with other income.

Then there was the Clark amendment to deny deductions in excess of $1,000 annually for entertainment expenses, gifts, dues, or initiation fees, and travel to places outside the United States, Canada, and Mexico to attend conventions or for advertising expenses. On this, Mr. President, a pair was arranged with the Senator from New York [Mr. JAVITS]. Had I been here, I would have voted "yea." I want to say to the Senator from New York [Mr. JAVITS] that I appreciate very much his courtesy in allowing me to be paired with him in respect to that vote.

Then there was the Douglas amendment, to reduce the depletion allowance on oil and gas wells on a graduated scale from 27½ percent to 15 percent, with a Yarborough amendment respecting the tariff on certain oil imports in the nature of a substitute, to which a Randolph amendment respecting the tax on residual oil was offered. On this I had a so-called dead pair with the Senator from Wyoming [Mr. O'MAHONEY]. Had I been present, I would have voted for the Douglas amendment. Not only would I have voted for it, but I would have debated it at some length.

That is another point I want to make. Each one of us who had a record to make, or who wanted to make a record on these amendments, should have been protected in regard to his right to be in a parliamentary position to make the record. I happen to think that the oil and gas amendment is one of the most important confronting this body. I think it represents one of the great loopholes in our tax structure. I think it is an inexcusable loophole which operates in a discriminatory fashion to the benefit of certain very special interests who are not carrying their fair load of taxes in support of the Government.

I refer to the oil industry. It is about time, Mr. President, that we brought the oil interests into line with legislation which would require them to carry their fair burden of tax payments to the Federal Government.

I think it is most unfortunate that in the Senate we should follow a procedure which would permit the amendment to be brought up when more than 20 Members of this body were absent on official Government business and when all that was needed, in my judgment, was to have the leadership of the two Houses join in a request for an extension for a few days, so that we could have the full membership present, could have a full debate, and could all be given an equal opportunity to vote and keep the parliamentary record straight.

Then there was the Long amendment, to increase Federal matching funds for public assistance for needy aged, blind, disabled, and dependent children. I was announced as being for the amendment. I was for the amendment when the Sen-

ator from Louisiana brought it up in past years. I shall continue to support this kind of assistance for the aged, the blind, the disabled, and dependent children.

Mr. President, I think the whole Senate ought to have had an opportunity to participate in the debate and the active vote on the amendment. We were confronted with the fact that 20 Senators were away on official business, and performing very important business, I will say. I do not intend even to give a preview of what happened at Montreal and Ottawa, because a full report on it will be made later by the distinguished Senator from Vermont [Mr. AIKEN].

I only wish to say tonight that this entire body, both sides of the aisle, every Member of the Senate, all of us, are very much indebted to the Senator from Vermont for the great leadership he extended to our delegation in Canada over the past weekend. Incidentally, the House Members also are indebted for the fine work Mrs. EDNA KELLY did on behalf of the House. This was an international conference, coming to actual grips with some of the great problems which exist between Canada and the United States. I am willing to prophesy tonight that in the years to come what we did in Canada this last weekend will accrue to the great benefit of the peoples of both nations. It was a very significant conference.

The leadership of the Senate knew of the conference. I respectfully say, Mr. President, I think we were entitled to more parliamentary protection than we received as a result of the parliamentary course of action followed in the Senate with respect to the handling of the tax extension measure.

Then there was an amendment to increase the Federal gasoline tax by 1½ cents per gallon until July 1, 1961. I have spoken against that amendment on other occasions. Had I been present I would have spoken against the amendment and I would have voted against it. I received no pair on it. I was simply announced as being against the amendment.

The there was the Gore amendment to divert to the Federal highway construction fund stated percentages of taxes received from trucks, buses, autos, oils, auto parts, et cetera. I was announced as for the amendment. I had no pair on it. I would have liked to be present to discuss it and I would have liked to be present to vote on it.

Then there were two committee amendments. The first was to repeal the tax on transportation of persons. A later motion made by the Senator from Ohio [Mr. LAUSCHE] to reconsider the vote whereby this amendment was agreed to was tabled by a vote of 52 yeas to 26 nays on motion of the Senator from Florida [Mr. SMATHERS]. The other amendment was to repeal the excise tax on communications as of June 30, 1960. The motion to reconsider was tabled.

I would have voted for the Smathers amendment, Mr. President. I was only announced for it. No pair was arranged.

Then there was the eighth and final vote, on passage of the bill. Of course I would have voted for that if I had been present. I was announced as being for its passage.

I have made these remarks about the praliamentary situation, Mr. President, because I am a little concerned about what I think is a growing trend toward the development of this type of parliamentary difficulty in the Senate of the United States. I hope that some of us, because we dare to stand up and protest the way this matter was handled from a parliamentary standpoint, will serve a good purpose for the future. This might cause at least a little more hesitation than existed on the previous occasion on the part of the leadership, and perhaps the leadership will take at least a little time to see if we cannot work out a better arrangement to accommodate such a large body of Senators who necessarily had to be away on Senate business. I regret that very much.

I am not one, Mr. President, who will discuss these matters in the cloakrooms and not talk about them on the floor of the Senate. There has been much adverse comment in the cloakrooms on the course of action taken, about the way this whole matter was handled parliamentarily on the floor of the Senate. There have been some very critical comments. I happen to believe that if I am willing to criticize parliamentary procedure in the cloakrooms I ought to be willing to come to the floor of the Senate and make my criticisms openly.

I think this matter was wretchedly handled. I think many of us were done uncalled-for injustice so far as our records are concerned in this body. I hope in the future the leadership on both sides of the aisle will exercise a greater effort to try to avoid this kind of unpleasant situation which developed over this matter.

Mr. President, I now turn to my views on the motion before the Senate today. I think it is true that there is a growing trend, as evidenced in this case, for various House committees to take the position that the Senator from Louisiana [Mr. LONG] has pointed out is pretty much the position of the House committee in this instance. These House committees have begun to tell the Senate, "Take it or leave it." I think we should start leaving it.

The great strength of the Congress as a legislative body is to be found in its appreciation of comity, its appreciation of the importance of cooperation between the two parliamentary bodies, and of our displaying at all times a demonstrable respect for the prerogatives and the legislative rights of each body.

It would be most unfortunate if there should develop a relationship between the House and the Senate in which various House committees were to take the position that because of a certain parliamentary advantage they may have from the standpoint of a timetable they can say to the Senate, "If you do not like it, that is too bad; but take it or leave it."

If this were the first time this question had arisen, I would not be greatly concerned about it. But it is not the first precedent. Here, again, I think there is a great responsibility resting upon the shoulders of the Democratic and Republican leadership of both Houses to nip any such tendency in the bud before this source of friction ever flowers.

It is too bad that this measure came over under a House rule that permitted of no amendments. It came over under a House rule which denied to individual Members of the House specific votes on the tax issues which we are raising. I do not question the right of the House, under its rules, to do that if it wishes to do so; but I believe that if the leadership were to call the attention of Members of the House to the impression it creates on the Senate side, and call their attention to the fact that, in effect, the action of the House has the result of running rather roughshod over the Senate, the practice would not grow. I refuse to believe, on the basis of my personal relationships with individual Members of the House, that they would want such a pattern of friction to develop.

When this situation arose it created an obligation on the part of the leadership in both parties in both Houses to see what could be done about arriving at a procedural approach which would not create the type of discussion we have had on the floor of the Senate this afternoon. I believe that discussion has been well within the rules of the Senate. I think the Senator from Louisiana [Mr. LONG] has stayed within the rules of the Senate at all times in his comment on the facts in connection with what happened on the House side procedurally. When we point out the facts as to what happened on the House side, we are bound to arouse a rather critical attitude on the part of certain Members of the Senate.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LONG. I should like to point out to the Senator that it is very difficult, under the rules, to explain what happened without someone insisting that his honor has been impugned. We merely state the facts and say, "Here are the rules. The rules were not followed, and this was the result because they were not followed."

I am not saying that the conferees did not do their best under the circumstances. All I am saying is that certain things happened, and the Senate should know about them.

The Senator has not had the experience of serving on the Finance Committee. The junior Senator from Louisiana has served on that committee for some time. Frankly, it is very difficult to make one's case completely when it is said that a certain thing happened in the Senate Finance Committee, because there is a tacit understanding on that committee that a member will not repeat what some other member has said, and that he will not tell how another member of the committee voted. A member of the committee is privileged to state how he voted, but he is not privileged to state how some other member of the committee voted.

I hope I can say this without being in violation of the rules of the Senate. It is something of a problem, now and then, to make a case and spell out the fact

that the majority of the conferees voted against certain amendments. As one who voted for them all, it seems to me that if the others had been as determined to win as was the one who offered the welfare amendment, we might have been able to prevail.

From my point of view, I should have liked to try harder. But in that type of conference, when the majority are going to vote down an individual Senator, there is no particular point in prolonging the agony. If one can see that the other Senate conferees are going to vote "no" and accede to the House's position, he might as well say, "I see what you are going to do. There is no point in prolonging the procedure. Everything I could say has been said."

I appreciate the Senator's saying what he has said about the rules. I have tried conscientiously to stay completely within the rules. However, I feel that the Senate rules were made to provide that a majority of conferees would have to represent the majority view of the Senate. That is good both from the standpoint of logic and the standpoint of propriety.

Suppose I had voted against the Senator's amendment, and later had the deciding vote in conference as to whether or not to insist upon the Senator's amendment. If I do not vote to continue to insist on the Senator's amendment, I am subject to the charge that I gave in too easily when I should have continued to fight.

Why should I subject myself to that type of criticism or allegation? Why not remain off the conference committee and allow some Senator who voted for the Senator's amendment to be appointed? Then there would be no one to suggest that I had not done my very best to uphold the Senator's amendment, even though I was personally firmly opposed to it. It seems to me that the rules have in them both the factor of propriety and the factor of diligence. One need not be accused of trading out or selling out if he continues to fight. It makes one's position more understandable if he voted for the amendment to being with, if he finally must yield.

Mr. MORSE. I am satisfied that the Senator from Louisiana was completely within the rules at all times this afternoon. I think it was not only his right, but in the light of his views on this subject, it was his clear duty to make the record as to what happened procedurally on the House side, and the rules under which the House conferees came to the conference.

I believe that one reason why we should reject the conference report is that it would have a very salutary effect on the House side. We seem to speak of the House in the debate this afternoon as though it were all of one mind. I happen to know that it is not. I am not in a position to say how many House Members share the point of view that the House conferees were following a course of action which Members of the House thought they should not follow, but many Members of the House had communicated with several of us who are in opposition to the conference report. They take exactly the same position we take. I think it is very desirable to get this bill back to the floor of the House, so that there can be discussion of it on the floor of the House. Rejection of the conference report would result at least in an opportunity for some consideration on the House side.

The Senate is not a House of Lords. It is a coequal legislative body with the House. I take the position that we have a clear duty to protect our prerogatives too; and when we find that the House, though it may be staying within its rules, is nevertheless following a course of action which, in effect, treats us not as a coequal body, but as a body, on the bargaining end, which is given the choice of "take it or leave it," then it is desirable, it seems to me, to reject a conference report such as this in order at least to provide opportunity for further discussion of the matter.

I come now to my next point. I have already pointed out that rejection of the conference report would not mean that these taxes would be lost after midnight Tuesday. As I have said, the Senator from Colorado [Mr. CARROLL] offered the way out last Wednesday, and has done so again today; namely, a resolution of extension.

I wish to offer our best point. We had it in the form of a statement this afternoon from the junior Senator from Minnesota [Mr. MCCARTHY], until recently a member of the House Ways and Means Committee, prior to his election to the Senate. Senators heard his testimony on the floor of the Senate this afternoon. I paraphrase him, but I am sure accurately. He said, in effect, that, based upon his experience as a recent member of the Ways and Means Committee of the House, if we were to follow the course of action suggested last Wednesday and again today by the Senator from Colorado [Mr. CARROLL] the House would not allow these taxes to lapse.

It would take such a course of action to see to it that the money is not lost to the Treasury of the United States. I accept that testimony as the most authoritative statement made by anyone on either side of the debate in the Senate this afternoon.

Now let me proceed for a brief consideration of the awful alternative. Let us assume the worst. Let us assume that the House does not take action by midnight tomorrow. The amount which will be lost seems to have varied in the debate. I do not know what the exact figure is. The figure has varied from $3 million to $9 million as the amount which will be lost if these taxes lapse. Because I think orderly procedure is so important; because I think it is so important that we not extend this trend which has been developing with the House, particularly in the last two sessions of Congress, it would be worthwhile, from a procedural standpoint, for the Senate to stand firm. It would bring substantial future benefits to the American people, if, once and for all, we fought this matter out now, even though we were to lose those taxes for a few days. They would not actually be lost to America. The money which otherwise would go into the Treasury from those taxes would still be in the economic structure of the country. Theoretically, at least, that money would be earning more income for new taxes at a later date.

The assumption seems to be that we would be burning up that $3 million or $9 million as though we had taken a match and lighted it to paper money of that valuation. That does not happen to be true. That money would not be lost. It would not be paid into the Treasury of the United States, but what would be protected is the matter of procedure about which I have been speaking. That is most important to our better legislative relationships with the House.

In order to stop the take-it-or-leave-it trend under discussion, I would be perfectly willing to sacrifice to the Treasury of the United States a few million dollars. I think it would be worth it. I do not intend to be scared into accepting the conference report on the basis of the argument that if we do not accept it, Uncle Sam will lose some money out of the Treasury. The country will not lose the money out of its economic structure. But what we will do is to get behind us, I think, once and for all, this very bad trend which I see developing in the relationships between the Senate and the House, in which the Senate is fast coming to be treated, by at least some of the committees of the House, as though we were a House of Lords, rather than a coequal legislative body with the House of Representatives.

I think the rejection of this conference report would be to the long-time procedural benefit of both Houses of Congress. Therefore, I shall vote to reject the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. WILLIAMS of Delaware. Mr. President, earlier it was pointed out that the history of the Senate shows the rejection of many conference reports. However, I call attention to the fact that in none of those rejections was the Senate operating under a time limit such as is the case with respect to the report which is now before us.

The contention also has been made that the conferees should represent the majority sentiment of the Senate. I call the attention of the Senator from Louisiana [Mr. LONG] to the fact that four amendments were attached to the bill as it left the Senate. Two of the amendments were supported by a majority of the conferees. For instance, as to the amendment of the Senator from Florida [Mr. SMATHERS], four of the seven Senate conferees supported the amendment of the Senator from Florida.

The Senator from Oklahoma [Mr. KERR] offered an amendment in the Senate committee which was approved by six of the seven Senate conferees. Yet the Senator from Oklahoma lost one-half of his amendment in the conference, just as a portion of the amendment of the Senator from Florida was lost in the conference.

We cannot afford to reject this conference report tonight. To do so would result in the loss of millions.

Someone pointed out that the revenue involved amounts to about $9 million per day.

However, I point out that this amount is only the average. Should we let these taxes lapse for only a day, every liquor store would sell practically all its inventory, as well as empty the shelves of all cigarettes; every car dealer would sell out his inventories before you could reinstate this tax. The loss in revenue may well exceed a hundred million dollars even if there is a lapse of only a couple days.

When we went to conference, the situation was that there was nothing in the bill which had been passed by the House and which had not been accepted by the Senate. All the additions were Senate amendments. We were asking the House to yield in every instance.

The bill, as passed by the House, carried not only an extension of corporate income tax rates, but also an extension of excise taxes on alcoholic beverages, beer, cigarettes, and automobiles and automobile parts.

All of this was approved by your committee and retained in the Senate votes.

These two items alone represented nearly $3 billion in revenue.

I emphasize again that the bill as finally approved provided for a continuation of excise taxes on alcoholic beverages, champagne, beer, cigarettes and a 3-percent tax on automobiles, all of which will expire as of midnight tomorrow if they are not extended.

As one member of the conference, I know that all the Senate conferees tried to support the position of the Senate, whether they supported the amendments on the floor or not, but we were in a very poor bargaining position.

I opposed the amendments on the floor of the Senate, as did the Senator from Virginia, because I felt it was not wise to attach them to the bill. But when we went to conference, the Senate having adopted the amendments, I joined the Senate conferees in urging the adoption of the Senate amendments.

Numerous motions were made in the conference in an attempt to reach an agreement. For instance, one of the motions was that the Senate yield on the Smathers amendment but insist on the Long and McCarthy amendments.

Another motion was made to insist on the Smathers and McCarthy amendments and to yield on the Long amendment.

Practically every conceivable motion was made, but each was lost in the conference. I think the Senator from Louisiana [Mr. LONG] will concede that practically every combination of motions were made in an attempt to try to reach some area of agreement with the House conferees, but we were not able to get a majority of the conferees to agree to any of them. In many instances, we were unable to get a majority of the Senate conferees to agree.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LONG. The Senator knows very well, does he not, that the House took the attitude in the very beginning that the House had not offered amendments to the bill, so the House conferees would not accept any Senate amendments.

Mr. WILLIAMS of Delaware. That is true. But, by the same token, the Senate conferees took the position that we would insist on all our amendments. When the final agreement in conference had been reached, the House had accepted two of the Senate amendments.

One of the Senate conferees would not sign the report because his amendment was left out. On the other hand, one of the House conferees refused to sign it because he felt the House should not have accepted any of the amendments.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CARROLL. Assuming that the conference report shall be rejected, and the Senate conferees try again to reach agreement with the House conferees, will the Senator from Delaware take a strong position on the McCarthy amendment? If the Republican conferees joined with the Democrats, does not the Senator believe something could be accomplished in conference to carry the manifest intention of this body to the other House?

Mr. WILLIAMS of Delaware. I do not. The suggestion has been made that we could avoid this situation by passing H.R. 7567, which is now on the Senate Calendar with a simple extension attached. It is a minor bill which has come to the Senate from the House Committee on Ways and Means. If it is desired to extend the excise taxes, why not pass this conference report, then bring up H.R. 7567, which is already on the Senate Calendar, and adopt these same amendments as a part of that bill. Then we will have plenty of time in which to work out an agreement with the House.

Why reject this conference report, which embraces legislation that will expire at midnight tomorrow to attach an amendment of the Senate which, even if it were adopted, would not become effective until January 1960.

The McCarthy amendment will not become effective until January 1960. If it is proposed to legislate for 1960, why not do it on a bill with respect to which we will have time to negotiate with the House.

The suggestion has been made that the conference should have accepted all the Senate amendments in the name of fiscal responsibility. That is ridiculous. Had the Senate been successful in having the House accept all of its amendments as they passed the Senate, the loss in revenue would have been $188 million for the next fiscal year. It would have been $250 million in the next calendar year.

The Smathers amendment, in the 1960 fiscal year, would have caused a loss of $188 million, for a full year, the loss would be $250 million.

There would have been a loss of $100 million on the Long amendment during the next fiscal year.

That is a total of $298 million loss for the 1960 fiscal year.

But there would have been only $100 million picked up by the McCarthy amendment for the fiscal year 1960. This is because the McCarthy amendment does not become effective until January 1, 1960.

Had we been successful in having all of the Senate amendments accepted by the House there would have been a loss of $188 million.

Certainly the administration has objected to such a loss in revenue. It is interesting and somewhat amusing to hear some of those advocating the rejection of this conference report and to do so on the assumption that they are trying to balance the budget. The House took the firm position that it would not go along with that loss and the Senate conferees agreed.

Therefore, Mr. President, considering all the factors involved, I believe we have arrived at the best possible report we can obtain. The question before us tonight is whether we want these taxes to continue or whether we want them to lapse.

For the Senate to reject this report it would, in my opinion, be the height of fiscal irresponsibility.

The PRESIDING OFFICER (Mr. BARTLETT in the chair). The question is on agreeing to the conference report.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. JORDAN] and the Senator from Montana [Mr. MURRAY] are absent on official business.

I further announce that the Senator from Tennessee [Mr. GORE] is absent on official business attending the Nuclear Test Suspension Conference in Geneva, Switzerland.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

On this vote the Senator from North Carolina [Mr. JORDAN] is paired with the Senator from Montana [Mr. MURRAY]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Montana would vote "nay."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. HICKENLOOPER] is absent on official business of the Joint Committee on Atomic Energy.

I also announce that the Senator from North Dakota [Mr. YOUNG] is detained on official business.

The result was announced—yeas 57, nays 35, as follows:

YEAS—57

Aiken	Dworshak	Langer
Allott	Eastland	McClellan
Beall	Ervin	Martin
Bennett	Frear	Morton
Bible	Fulbright	Mundt
Bridges	Goldwater	Pastore
Bush	Green	Prouty
Butler	Hartke	Robertson
Byrd, Va.	Hayden	Russell
Capehart	Hill	Saltonstall
Carlson	Holland	Schoeppel
Case, N.J.	Hruska	Scott
Case, S. Dak.	Javits	Smith
Chavez	Johnson, Tex.	Sparkman
Cooper	Johnston, S.C.	Stennis
Cotton	Keating	Talmadge
Curtis	Kefauver	Thurmond
Dirksen	Kerr	Wiley
Dodd	Kuchel	Williams, Del.

NAYS—35

Anderson	Hennings	Morse
Bartlett	Humphrey	Moss
Byrd, W. Va.	Jackson	Muskie
Cannon	Kennedy	Neuberger
Carroll	Lausche	Proxmire
Church	Long	Randolph
Clark	McCarthy	Smathers
Douglas	McGee	Symington
Ellender	McNamara	Williams, N.J.
Engle	Magnuson	Yarborough
Gruening	Mansfield	Young, Ohio
Hart	Monroney	

NOT VOTING—6

Gore	Jordan	O'Mahoney
Hickenlooper	Murray	Young, N. Dak.

So the report was agreed to.

Mr. BYRD of Virginia. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from Virginia to reconsider.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendment of the Senate numbered 1, to the bill (H.R. 7176) making appropriations for the Executive Office of the President and sundry General Government agencies for the fiscal year ending June 30, 1960, and for other purposes, and concurred therein with an amendment, in which it requested the concurrence of the Senate, and that the House disagreed to the amendment of the Senate numbered 2, to the bill.

The message also announced that the House had agreed to the amendments of the Senate numbered 1 through 44, and 46 through 51, to the bill (H.R. 7453) making appropriations for the legislative branch for the fiscal year ending June 30, 1960, and for other purposes, and that the House agreed to the amendment of the Senate numbered 45, to the bill, and concurred therein with an amendment, in which it requested the concurrence of the Senate.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, the Senator from Washington [Mr. MAGNUSON] has a noncontroversial item on an appropriation bill which I should like to have agreed to, so that the bill can go to the White House tonight, if the Senate will permit.

Mr. President, I yield to the Senator from Washington for the purpose of having the Senate consider a message from the House of Representatives regarding the General Government matters appropriation bill for 1960.

GENERAL GOVERNMENT MATTERS APPROPRIATIONS, 1960

Mr. MAGNUSON. Mr. President, I ask that the Chair lay before the Senate the message from the House of Representatives on H.R. 7176, the General Government matters appropriation bill for 1960.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 7176, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, U.S.,
June 29, 1959.

Resolved, That the House agrees to the amendment of the Senate numbered 1 to the bill (H.R. 7176) entitled "An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes," and concur therein with an amendment, as follows: In lieu of the sum of $250,000 named in said amendment, insert "$125,000."

That the House disagree to the amendment of the Senate numbered 2.

Mr. MAGNUSON. Mr. President, I move that the Senate agree to the amendment of the House to the Senate amendment No. 1.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

Mr. MAGNUSON. Mr. President, I move that the Senate recede from amendment No. 2.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing a comparison between the estimates and the action taken on the items in the bill.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of estimates with action taken on general Government matters appropriation bill, 1960

Agency and item	Appropriations, 1959 [1]	Estimates, 1960	House bill	Senate bill	Floor action in lieu of conference
EXECUTIVE OFFICE OF THE PRESIDENT					
Compensation of the President	$150,000	$150,000	$150,000	$150,000	$150,00
The White House Office	2,222,000	2,221,000	2,221,000	2,221,000	2,221,000
Special projects	1,329,970	1,500,000	1,500,000	1,500,000	1,500,000
Executive Mansion and Grounds	449,400	475,000	475,000	475,000	475,000
Bureau of the Budget	4,550,600	4,665,000	4,665,000	4,665,000	4,665,000
Council of Economic Advisers	393,000	395,000	395,000	395,000	395,000
National Security Council	759,400	792,000	792,000	792,000	792,000
President's Advisory Committee on Government Organization	57,500	57,500	57,500	57,500	57,500
Total, Executive Office of the President	9,911,870	10,255,500	10,255,500	10,255,500	10,255,500
FUNDS APPROPRIATED TO THE PRESIDENT					
Emergency fund for the President, national defense	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Expenses of management improvement		250,000		250,000	125,000
Total, funds appropriated to the President	1,000,000	1,250,000	1,000,000	1,250,000	1,125,000
AMERICAN BATTLE MONUMENTS COMMISSION					
Salaries and expenses	1,268,000	1,295,000	1,295,000	1,295,000	1,295,000
Construction of memorials and cemeteries	[2]	[2]	[2]	[2]	[2]
Total, American Battle Monuments Commission	1,268,000	1,295,000	1,295,000	1,295,000	1,295,000
FOREIGN CLAIMS SETTLEMENT COMMISSION					
Salaries and expenses	[3] 610,500	[4] 408,000	[4] 408,000	[4] 408,000	[4] 408,000
SUBVERSIVE ACTIVITIES CONTROL BOARD					
Salaries and expenses	375,000	400,000	380,000	360,000	380,000
Grand total	13,165,370	13,608,500	13,338,500	13,568,500	13,463,500

[1] Including amounts in H.R. 5916 (2d supplemental, 1959).
[2] Language only.
[3] Plus $91,800 from war claims fund.
[4] Plus $50,000 from war claims fund.

AMENDMENT OF FEDERAL AVIATION ACT OF 1958, TO FACILITATE FINANCING OF CERTAIN AIRCRAFT

Mr. MAGNUSON. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to S. 1368, relating to sections 503 and 504 of the Federal Aviation Act of 1958.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1368) to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of new jet and turboprop aircraft, which were, to strike out all after the enacting clause and insert:

That paragraph (2) of section 503(a) of the Federal Aviation Act of 1958 is amended to read as follows:

"(2) Any lease, and any mortgage, equipment trust, contract of conditional sale, or other instrument executed for security purposes, which lease or other instrument affects the title to, or any interest in, any specifically identified aircraft engine or engines of seven hundred and fifty or more rated takeoff horsepower for each such engine or the equivalent of such horsepower, or any specifically identified aircraft propeller capable of absorbing seven hundred and fifty or more rated takeoff shaft horsepower, and also any assignment or amendment thereof or supplement thereto;".

SEC. 2. Section 504 of the Federal Aviation Act of 1958 is amended to read as follows:

"LIMITATION OF SECURITY OWNERS LIABILITY

"SEC. 504. No person having a security interest in, or security title to, any civil aircraft, aircraft engine, or propeller under a contract of conditional sale, equipment trust, chattel or corporate mortgage, or other instrument of similar nature, and no lessor of any such aircraft, aircraft engine, or propeller under a bona fide lease of thirty days or more, shall be liable by reason of such interest or title, or by reason of his interest as lessor or owner of the aircraft, aircraft engine, or propeller so leased, for any injury to or death of persons, or damage to or loss of property, on the surface of the earth (whether on land or water) caused by such aircraft, aircraft engine, or propeller, or by the ascent, descent, or flight of such aircraft, aircraft engine, or propeller or by the dropping or falling of an object therefrom, unless such aircraft, aircraft engine, or propeller is in the actual possession or control of such person at the time of such injury, death, damage, or loss."

SEC. 3. The proviso contained in section 503(d) of the Federal Aviation Act of 1958 is amended to read as follows: "*Provided*, That an instrument recorded under section 503(a)(2) shall not be affected as to the engine or engines, or propeller or propellers, specifically identified therein, by any instrument theretofore or thereafter recorded pursuant to section 503(a)(3)."

SEC. 4. Paragraph (1) of section 503(f) of the Federal Aviation Act of 1958 is amended to read as follows:

"(1) the identifying description of the aircraft, aircraft engine, or propeller, or in the case of an instrument referred to in section 503(a)(3), the location or locations specified therein; and" and to amend the title so as to read: "An act to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of certain aircraft engines and propellers."

Mr. MAGNUSON. Mr. President, the changes in the bill are only of a technical and clarifying nature. I have cleared the matter with all Senators who are interested. There are no substantive changes.

I move that the Senate concur in the amendments of the House of Representatives.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Washington.

The motion was agreed to.

LEGISLATIVE PROGRAM AND ORDER FOR ADJOURNMENT UNTIL TOMORROW AT 10 A.M.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. JOHNSON of Texas. Mr. President, do I not have the floor? When did I lose my right to the floor? I yielded to the Senator from Washington, and I should like to yield now to the Senator from Mississippi for a brief announcement. Then I will yield the floor so that the Senator from Connecticut may obtain it.

Mr. BUSH. Mr. President, that is agreeable to me. I should like to be recognized after the announcement.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Mississippi.

Mr. STENNIS. I will ask the Senator from Texas a question, for the information of the Senate. Does the Senator from Mississippi correctly understand that the military construction bill will not be considered tonight, but will be considered immediately after morning business tomorrow?

Mr. JOHNSON of Texas. That is correct.

Mr. STENNIS. The Senator from Texas expects the Senate to convene at 10 o'clock tomorrow?

Mr. JOHNSON of Texas. That is correct.

Mr. President, I ask unanimous consent that when the Senate concludes its deliberations today it stand in adjournment until 10 o'clock a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONGRESS MUST DECIDE BETWEEN INFLATION OR A SOUND DOLLAR FOR ECONOMIC GROWTH

Mr. BUSH. Mr. President, the Cabinet Committee on Price Stability for Economic Growth has issued an interim report which deserves the most serious attention of all Members of this Congress and of all the people of the United States.

We have, indeed, arrived at a time of decision as to the future course of the economy, as the Committee has concluded.

Upon actions taken by this Congress will depend whether American families suffer from a new round of inflation, or whether sustained economic growth with reasonable price stability will advance the Nation into its greatest and soundest period of economic progress and prosperity.

In brief, the Committee recommended that the Congress take these actions without further delay:

First. Recognize reasonable price stability as an explicit goal of Federal economic policy.

Second. Balance the budget for the fiscal year which begins on Wednesday of this week, holding the line against all but essential expenditures, and thus permit a start on reduction of the national debt.

Third. Permit the Treasury to manage the debt in a noninflationary way.

Mr. President, my remarks today will touch upon all three of the Cabinet Committee's recommendations, although I shall speak at greater length on the problems involved in noninflationary-debt management.

First, I should like to discuss the need for amendments to the Employment Act of 1946 to include reasonable price stability among explicit goals of Federal economic policy, as has been recommended by President Eisenhower.

I have introduced in this Congress, as I did in the last Congress, a bill to accomplish this purpose. The Senate Committee on Banking and Currency, to which this and other bills dealing with the subject, have been referred, has not scheduled hearings. Instead, it has deferred any action until completion of the studies on inflation and related problems being conducted by the Joint Economic Committee.

Mr. President, I believe the time has now come when evidence of dangerous inflationary forces in the economy is so clear that legislative action must be taken. The Joint Economic Committee is a study committee only, lacking jurisdiction over legislation and without power to report bills to the floor. Accordingly, I hope that full hearings on my bill, S. 64, will soon be scheduled by the Committee on Banking and Currency with a view to reporting it for floor action before this session is adjourned. I intend to make this request to the able chairman of the committee, the distinguished junior Senator from Virginia [Mr. ROBERTSON] at the first opportunity.

Mr. President, the Cabinet Committee's report draws battle lines between inflationists and believers in a sound dollar for sustainable economic growth for progress and prosperity.

On one side are ranged the advocates of a sound dollar who are convinced that sound fiscal and monetary policies must be followed to protect the savings of the millions of American men and women who have a vested interest in the preservation of the value of their currency. Their savings have been accumulated in pension plans, in Government savings bonds, in social security accounts, in life insurance policies, in bank savings deposits, in trust funds and in other forms of prudent investments by which people seek to provide for their old age and for the education of their children.

On the other side are found those who, while professing their devotion to the interests of these people, have advocated policies which could only result in further deterioration of the value of the dollar and destruction of the future security of the men and women who rely on present savings for their maintenance in old age.

The conflict over the President's recommendations for a balanced budget has been a part of that battle.

I think it can be fairly stated that many of our colleagues on the other side of the aisle have beat a hasty and disorderly retreat from the battle of the budget. I am glad they have done so.

The people will recall how, last year and in the early part of the present session, some of our Democratic friends demanded bold, new, imaginative programs, all involving massive Government spending in excess of income, to cure the recession.

We must all be thankful that few of the massive spending programs advocated by the inflationists were enacted. The severe depression which they direfully predicted would result if their economic nostrums were not swallowed has not materialized.

Instead, a free economy—in which inflationists do not appear to believe—has accomplished an amazing recovery. Industrial production, consumer incomes and spendings, the earnings of factory workers—all have surged to new highs.

Instead of wallowing in the depths of depression, we are riding on the crest of

a tremendous recovery. We face the economic problems arising on the threshold of a boom instead of those created by recession.

Mr. President, there are pockets of persistent unemployment scattered throughout the Nation at this time of general prosperity and expanding economic growth.

No one, whether he be Democrat or Republican, underestimates the hardships and suffering endured by individuals, able and willing to work, who are unable to find gainful employment at the present time.

But, on close analysis, one finds that these situations arise from special situations requiring special measures for a cure. In some areas, as in coal mining towns, the natural resource has been exhausted or competing products have won the preference of the consumer. In others, as in a few areas in my own State of Connecticut, industries have found themselves in an adverse position because of competition from foreign and domestic sources.

These special problems, under present conditions, cannot be solved by the shotgun approach of deficit financing. This approach would only complicate the task of finding the specific solutions, adapted to special circumstances, needed for each community which now has an abnormal unemployment situation. And many of the solutions, in my judgment, must come primarily from initiative at the local level.

In speaking of inflationists, I refer to members of the radical wing of the Democratic Party, who take their advice on economic matters from, or otherwise agree with, the ADA and the Democratic Advisory Council. I specifically exclude from the term those among our colleagues on the other side of the aisle who often repudiate the advice which comes from such suspect sources.

And, Mr. President, I would like to express my sympathy for the distinguished majority leader, the able senior Senator from Texas [Mr. JOHNSON] for the barrage of criticism which has been heaped upon him by the ADA and the Democratic Advisory Committee. I assure him that I am not reaching for his jugular when I say that he has been a moderating influence on the radical wing of his party, even though he votes with them more often than I think he should.

The able majority leader has sought to reduce the extravagance of some of the spending demanded by his radical colleagues. He has met with some success, although not as much as most of us on this side of the aisle would have wished. Apparently seeking to travel in the middle of the road within his divided party, he has been hit from both the right and the left—though most often from the left.

What do I mean by inflationists?

I use the term to describe those who, in time of general properity and rising business activity, on the very threshold of a boom, advocate massive Government spending in excess of income.

I use the term to describe those who have fought against balancing the budget.

I use the term to describe those who insist upon the Government financing the debt by methods which only barely fall short of switching on the presses at the Bureau of Engraving and Printing and trucking away the greenbacks.

Mr. President, some of the leaders of the inflationists in the Senate have recognized the weakness of their position in demanding massive spending without offsetting increases in Government revenues. To bolster their position, they have advanced various proposals for raising revenues, including the closing of so-called loopholes in the tax laws.

If this were done, so it is claimed, there would be enough money to pay for all their spending plans and leave some over to cut the debt, or to distribute tax reductions among selected groups in the population.

Last week, when we debated the tax extension bill, some of these proposals were offered as amendments on the floor.

With the principle behind some of these amendments, I was in agreement. For instance, I believe with the senior Senator from Pennsylvania [Mr. CLARK] that abuses in deductions from income tax for expense account spending should be corrected. And I believe that the whole question of depletion allowances, not only for the oil industry but for other extractive industries, should be reexamined.

Without doubt, there is need for tax reform and the plugging up of loopholes which result in unjustifiable avoidance of taxes. But meaningful tax reform cannot be accomplished by hastily drawn amendments, singling out isolated sections of the Internal Revenue Code, which have not had the benefit of careful and painstaking study by the Ways and Means Committee of the other body, under the chairmanship of an able Democrat, the Honorable WILBUR MILLS, and by the Finance Committee of the Senate, headed by the distinguished senior Senator from Virginia, HARRY BYRD.

No, Mr. President, few among us are so naive as to believe that the Senate, by itself, can accomplish sweeping changes in the tax code. The other body is jealous of its prerogatives in these matters. We know that meaningful tax reform, when it comes—and I believe it must come—can only come as a result of long study and hearings by both the Ways and Means and Finance Committees—hearings at which independent experts and all persons affected by proposed changes in the law will be given an opportunity to voice their views.

Moreover, Mr. President, the time for tax reform will come when the budget has been balanced and a surplus achieved. As the Cabinet Committee has reported:

> If the line can be held on the administration budget, tax revenues should more than meet current expenditures.
>
> This will provide the margin needed to provide for reduction in the debt and absorb any temporary loss of revenues which, by improving incentives, will enlarge the tax base.

I welcome the Committee's announcement that it is conducting studies from which should flow positive recommendations for tax reform.

Mr. President, I now turn my attention to the administration's request for a removal of the ceilings on interest rates on Government bonds, and some of the proposals which have been advanced by inflationists and radicals to hold down interest rates in defiance of market forces.

It should be made clear that the administration does not desire an increase in interest rates as an end in itself. Indeed, the administration would prefer lower interest rates because of the heavy burden of financing a public debt of $285 billion—a burden which costs the taxpayers in interest about $8 billion a year.

The administration has requested the removal of interest rate ceilings because, in managing the debt, the Treasury is forced to meet competition for funds in the market at a time of general prosperity and expanding economic growth.

Interest rates typically rise in times of general prosperity, and fall in periods of recession. The higher interest rates which the Treasury now must pay, if it is to meet competition for long-term loans, are a byproduct of the prosperity the American people are now enjoying. Created by market forces, they serve as a restraint on a boom, which might otherwise get out of hand and develop excesses leading to a later bust. They induce people to save instead of spending for consumption, and thus accumulate the investment funds needed for economic growth.

The alternative to paying higher interest rates, under present circumstances, is inflation, which would be much more costly to the Government—and to the people generally—than the increased cost of the higher interest rates which the Treasury must pay if it is to issue long-term bonds.

Mr. President, to emphasize the point that under present circumstances the alternative to removal of interest rate ceilings is inflation, I quote a brief paragraph from the Cabinet Committee's report:

> Without firm control of the quantity of money and credit, all other measures to check inflation will be futile. Sound monetary policy requires that the Federal Government avoid making its bonds, other than those of comparatively small denomination designed for family savings, the equivalent of money. Government bonds are the equivalent of money if they can always be changed into actual money at virtually face value, not only when they are due and payable but any time before. This is the case if the Treasury is forced to issue only very short-term bonds, or if the Federal Reserve System stands ready to buy at a pegged price all Government bonds offered to it in advance of the date when they are due to be paid by the Treasury. There is only an imperceptible difference between the Government's issuing bonds that are equivalent to money, and the Government's just cranking up the printing presses and rolling out greenbacks. The Government will be forced to continue issuing large additional amounts of short-term bonds that are the near-equivalent of money until the Congress allows the Treasury sufficient flexibility to achieve a balance in our debt structure by inducing people of their own free will to invest their savings in long-term Government bonds. Thus, to avoid infla-

tion it is essential that the present limitation on the interest rate on long-term Government bonds be removed, as the administration has already recommended. The issue is whether we want price stability or whether we want, in a concealed way, to do the equivalent of printing money—something the American public would not stand for if done openly.

The fact is that even if the administration did wish to increase interest rates it is powerless to do so. Neither the President nor the Treasury can control the rise or fall of interest rates. Such influence upon interest rates as exists—and it must be exercised with restraint—lies in the hands of the Federal Reserve Board, which is a creature of Congress.

Mr. President, I have often made that point on the Senate floor, especially at times when the administration has been wrongly accused of having a tight money policy. The fact is that the administration's policy has been a policy of a sound dollar for sustainable economic growth, and in pursuit of that policy it has kept its hands off the Federal Reserve Board, which is an independent agency subject only to the will of Congress.

During the hearings by the House Ways and Means Committee, the head of the Federal Reserve System, William McChesney Martin, was asked this question by my able colleague on the Joint Economic Committee, Congressman THOMAS CURTIS, of Missouri:

Now, in your capacity as Chairman of the Board of Governors of the Federal Reserve Board, you are not a part of the administration, is that true?

Mr. Martin replied:

That is correct.

Then he went on to explain the status of his agency in these words:

We are a creature of the Congress, and the Congress has given us, has bestowed upon us, through the Federal Reserve Act, a trust indenture by which we handle the money supply which comes from the power of Congress to coin money and regulate the value thereof, and within the framework of that trust indenture we can exercise the independence of our judgment until such time as the Congress takes that trust indenture away from us.

Could anything be more clear than that statement by the able Chairman of the Federal Reserve Board, first appointed to that post by President Truman and reappointed by President Eisenhower?

If Congress does not wish the Federal Reserve Board to exercise its independent judgment about management of the money supply in the interests of all the people, it can strip the Board of its powers.

Mr. President, I have repeatedly challenged our colleagues on the other side of the aisle, who have been critical of tight money, to submit amendments to the Federal Reserve Act, to modify that trust indenture under which the Federal Reserve Board exercises the powers delegated to it by Congress.

So far as I am aware, none of them has responded directly to that challenge.

The able senior Senator from Michigan [Mr. MCNAMARA] has, indeed, on Monday of last week, introduced a resolution for the purpose, he said, of keeping interest rates down.

And what would his resolution provide? After a string of "whereases" complaining of the burden of financing the debt and rising interest rates, the resolving clause states:

That the Federal Reserve System, while pursuing its primary mission of administering a sound monetary policy, should be guided in its action by a balanced interpretation of the policy objectives of the Employment Act of 1946 (including maximum price stability); and that, to the maximum extent consistent with the requirements of a sound monetary policy, it should at all times utilize the monetary means and tools that will best assist the Treasury Department in the economical and efficient management of the public debt.

I submit, Mr. President, that nothing could be more ridiculous than a congressional resolution directing the Federal Reserve Board to do what it already is doing.

The Board is now "pursuing its primary mission of administering a sound monetary policy."

It is "guided in its action by a balanced interpretation of the policy objectives of the Employment Act of 1946—including maximum price stability."

And "to the maximum extent consistent with the requirements of a sound monetary policy" it is now utilizing "the monetary means and tools that will best assist the Treasury Department in the economical and efficient management of the public debt."

From the language of his resolution, it is hard to tell what the distinguished Senator really wants. But, in introducing it, he said it would "require the Federal Reserve to enter the Government security market, if necessary, to help hold down the interest rate."

By this, does he mean that Congress should force the Federal Reserve Banks to "peg" prices of Treasury bonds at some fixed price, presumably par? This would require the banks to purchase all Government securities offered in the market, thus providing a floor under which bond prices could not fall, and a ceiling above which interest rates could not rise.

If this is what the able Senator means, he should realize that such action would result in inflation of the most dangerous kind—inflation arising from the unbridled creation of bank reserves. This is equivalent to simply printing the money. This is indeed monetizing the debt.

To ask the Federal Reserve System to do this, and at the same time, in the words of the Senator's resolution, administer a "sound monetary policy" and achieve "maximum possible price stability" is the height of absurd contradictions.

This ridiculous proposal illustrates the dilemma in which the inflationists have trapped themselves. They want the people to think they are against inflation and at the same time they demand easy money when, under present circumstances, the two are incompatible.

Mr. President, the Secretary of the Treasury, Robert Anderson, a native of the great State of Texas, so ably represented by my friend, the majority leader, and now, I am happy to say, a neighbor of mine in my own State of Connecticut, has clearly pointed out the dangers involved in forcing the Federal Reserve to "peg" the market in Government bonds.

In a statement presented to the Ways and Means Committee, Mr. Anderson said:

The unfortunate experience with this technique between the end of World War II and 1951 should convince serious observers of the dangers involved; the Federal Reserve System could indeed be transformed into an "engine of inflation" rather than a responsible central bank attempting to promote sustainable economic growth. Once market yields on Governments rose to the predetermined levels, the system would be able to operate in only one direction: as a creator of bank reserves, through purchases of the securities, in whatever amounts market holders might desire. Flexible administration of credit policies would be impossible.

The dangers of this course of action, especially during a period of high and rising business activity, are obvious. Nor is it at all certain that, in the long run, the Federal Reserve banks could be successful in keeping interest rates from rising. As inflationary pressures mounted, borrowers of funds would be strongly encouraged to borrow heavily as soon as possible, in order to repay the debts in eroded dollars. Lenders would be encouraged to cut back on lending, realizing that the dollars they received in payment would be worth less in real terms. Consequently, the pressures on interest rates to increase would magnify—borrowers would be willing to pay higher rates, lenders would be willing to lend only at higher rates. In order to stem the tide, the Federal Reserve banks would have to buy more and more Governments from market holders, and thus create even more bank reserves and provide a basis for further inflationary credit expansion. The spiral could ultimately come to a halt only as a result of a crisis and subsequent readjustment.

Some observers point to experience in this country in 1947 and 1948, when the Federal Reserve was indeed pegging prices of Government securities at predetermined levels, as an illustration of an instance in which the consequences were not too bad. But it should be recalled that the Federal Government experienced a total cash surplus of almost $14 billion in calendar years 1947 and 1948. The lesson of that experience is that an inflationary monetary policy can be offset in part by large cash surpluses in Federal fiscal operations; but, if the cash surpluses had not existed, inflationary pressures would have been much more severe than they were. A disastrous spiral might well have occurred. Nowadays, advocates of System pegging of Governments most often do so because of a desire to facilitate easy Federal financing of deficits. The combination of a large Federal deficit and unbridled creation of bank reserves, in a period of high and rising business activity, could only result in the severest type of inflationary pressures, ultimate reaction and recession, and disruption of the process of economic growth.

Mr. President, I ask unanimous consent that an editorial from the Wall Street Journal of June 23, headlined "The Old Shell Game" which discusses the Senator's proposal, may be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE OLD SHELL GAME

If a U.S. Senator proposed that the Bureau of Engraving and Printing simply run off dollar bills to provide the Government with whatever billions it wanted, we suspect he would be given short shrift by his fellows and the populace.

But when Senator MCNAMARA proposes that the Congress order the Federal Reserve System to buy Government securities in whatever amounts are necessary "to hold down interest rates," his plan will be gravely debated and there will be some who consider it a fine idea.

The difference in the reaction is perhaps not difficult to understand. The dishonesty of speeding up the printing press is apparent to everyone; so are its dire practical consequences. There are men still living who can remember, and more who have heard from their fathers, specific examples of this kind of inflation and the ruin it has spread over countries. Moreover, the cause and effect relationship between the ruin and the printing press can be understood by any high school student.

But Senator MCNAMARA seems to be proposing something quite different. It sounds as though he is saying, "Look, the Federal Reserve has all this money hoarded away over there in the vaults and only the hardheartedness of its managers keeps it away from the good people. If they were just made to use it to buy Government bonds, the Government could finance this deficit easily, interest rates would be held down and folks could borrow money cheaply and easily. Then everything would be wonderful."

Both Secretary Anderson, the man who runs the Treasury, and Mr. Martin, the man who runs the Federal Reserve, have offered lucid statements of what has happened to the Treasury's debt program and what will happen if we try to take the seemingly easy way out. But these complexities are not easily understood by high school students. Nor have the American people yet had a bitter enough experience to see that the Federal Reserve can be as efficient an engine of inflation as the old-fashioned printing press.

Even so, we imagine the public generally can see that modern inflation is much like the old shell game, with its trickery concealed by the patter of the spieler. And somehow it does not seem too much to expect that Senators of the United States would refrain from playing this kind of game for the favors of the crowd.

Mr. BUSH. Mr. President, on the same day that the senior Senator from Michigan introduced his resolution, two of our other colleagues, the distinguished junior Senator from Wisconsin [Mr. PROXMIRE] and the distinguished senior Senator from Pennsylvania [Mr. CLARK] engaged in a colloquy on the floor. The burden of their remarks was that the Federal Reserve System should increase the money supply.

The two able Senators, toward whom I have the most friendly feelings though we often differ on matters of political philosophy, advanced a more sophisticated argument than was involved in the proposal of the senior Senator from Michigan.

The main point they sought to make was that the inflationary impact of bond purchases by the Federal Reserve System and consequent increases in the supply of money could be offset by raising bank reserve requirements.

This is an extremely technical matter, Mr. President, and again I turn to the statement of the Secretary of the Treasury for my own instruction and the instruction of my colleagues. Of proposals similar to that advanced by the two able Senators, Secretary Anderson wrote:

Recognizing the objection that large-scale purchases of Government securities by the Federal Reserve banks would be highly inflationary, advocates of this course of action sometimes maintain that the inflationary growth in the money supply could be avoided simply by raising member bank reserve requirements. In other words, the new reserves created by the Federal Reserve purchases would be immobilized immediately by increasing the percentages of idle funds that member banks must hold in relation to deposits.

There is an important practical objection to this proposal. The purchase of, say, $5 billion of new Government securities by the Federal Reserve banks would result in the creation of $5 billion in new bank reserves, but these reserves would flow into the banking system, and be disseminated among individual banks, in accordance with market forces. No one could predict the ultimate distribution of the new reserves in advance. Some banks would receive a large portion, some a smaller portion; the ultimate distribution would depend primarily upon the location of the individuals and institutions who received the Government payments financed by the deficit borrowing.

An increase in member bank reserve requirements, however, affects all banks in a given classification (central reserve city, reserve city, and country) equally in terms of percentage points of reserve requirements. Consequently, a blanket increase in reserve requirements of the magnitude required to neutralize the reserve-creating impact of large-scale Federal Reserve purchases of Governments might well lead to severe dislocations and disturbances in credit markets. Some banks would have ample reserves, others would find themselves severely pinched. It can be argued that market forces would tend to correct these imbalances, and they would—over time. But in the short run, forces might well be set in motion leading to abrupt swings in interest rates and availability of credit; credit droughts in one part of the country and surpluses in another; and so on. And, in any event, the credit market, while highly efficient, by no means operates with complete perfection in transferring funds from areas of plenty to areas of shortage.

To this important practical objection against selling Government securities to the Reserve banks and then offsetting the inflationary impact by raising member bank reserve requirements can be added a more basic objection, if it is assumed that one purpose of the action would be to prevent interest rates from rising. As I noted earlier, purchases of $5 billion of Federal securities by the Reserve banks would result in an equivalent increase in the money supply as the recipients of the checks deposited the proceeds in their commercial banks. In the first instance, then, there would be an important inflationary impact, resulting from the spending of the funds by the Government and the expansion in the money supply.

A large increase in reserve requirements could indeed nullify the growth in the money supply, but only by severely restricting the lending and investing activities of commercial banks. This, in turn, would exert pressures on individuals, business firms, and State and local governments, and tend to force interest rates for such borrowers to higher levels. The inflationary impact of the increase in money supply resulting from Treasury borrowing from the Reserve banks can be offset only if credit contraction occurs in other segments of the economy; the $5 billion increase in deposits held by recipients of the Treasury checks must be offset by a $5 billion decline in funds of other individuals and institutions. This can be achieved, in free credit markets, only through credit restriction, which implies additional pressure on interest rates. Thus, during a period of prosperity and a growing demand for credit, the choice is either between a somewhat higher level of interest rates, or stimulation of inflationary pressures through monetary expansion. There are no other choices.

Mr. President, I believe that Secretary Anderson has answered convincingly the main argument advanced by my two able friends, the junior Senator from Wisconsin and the senior Senator from Pennsylvania. In short, their proposal would have an immediate inflationary effect, and an offsetting increase in bank reserves would increase interest rates for many borrowers instead of lowering them.

Secretary Anderson's statement submitted to the Ways and Means Committee of the other body is an important contribution to public knowledge about interest rates. I have had time to quote only a few of the paragraphs it contains, but I believe it should be read in full by all Members of the Senate.

Mr. President, I ask unanimous consent that the full text of the Secretary's statement to which I have referred, entitled "Interest Rates in a Free Market Economy" may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, the statement may be printed in the RECORD, as requested.

Mr. BUSH. Mr. President, there are many statements in the remarks of the two able Senators which are inaccurate, to say the least.

For example, the junior Senator from Wisconsin said that "the Federal Reserve Board is today following the tightest money policy this Nation has had in 29 years."

I would observe, first, Mr. President, that the Federal Reserve is following a flexible monetary policy. In times of recession the Board acts to ease the money supply, as it did to stimulate the economy last year and in the early part of the present year. In times of prosperity and rising business activity, it restrains the rate of increase in the money supply to dampen the inflationary forces in the economy to prevent them from running wild.

But the Board has no policy of tight money for its own sake.

As Chairman Martin testified before the Ways and Means Committee, the Federal Reserve System "does not like high rates of interest."

I have testified on many occasions—

Mr. Martin said—

that we would like to see as low interest rates as it is possible to have without producing inflationary pressures. Interest is just a governor on the flywheel of the economy which, if you prevent its working, leads to distortions and maladjustments in the economy from which we all suffer.

We are anxious, always, that interest levels be as low as consistent with sustained high

levels of economic activity, with a steady rise in our national well-being, and with reasonable stability for value for the dollar. We cannot, moreover, put interest rates where we would, whatever our likes.

Next, Mr. President, I should like to observe that the able Senator's charge that the Federal Reserve System has not increased the money supply to keep pace with the growth in the economy is not in accord with the facts.

Convincing evidence on this point was submitted by Chairman Martin to the Ways and Means Committee.

For some months—

He testified—

we have been having rapid expansion of bank credit and money, based largely on borrowed reserve funds. The seasonably adjusted money supply—demand deposits at banks plus currency in circulation—has increased by more than $2 billion in the last 4 months, an annual rate of growth of about 5 percent. In the face of developing high-level prosperity and the potential threat of inflationary boom, the Federal Reserve should not be in a position of encouraging an undue expansion of bank credit and money.

Mr. President, I shall not detain the Senate further by discussing all the erroneous statements made by my two able friends. But I should like to take exception to their charge, first made by the distinguished senior Senator from Illinois [Mr. DOUGLAS] that administration scare talk has been feeding the fires of inflation.

A short but sufficient answer is contained in an editorial in the New York Times of June 24 from which I quote the following paragraph:

We venture to suggest that if the country has been frightened about inflation it has not been because the President has called attention to the actions of Senator DOUGLAS and his spending-minded colleagues in Congress. We would like to suggest that if the country has been frightencd it is because of the actions themselves—the continuous attacks on the monetary authorities for refusing to pursue the policy of unlimited easy money, the deficit of $13 billion for the fiscal year soon coming to an end, the insistence by this group on trying to keep alive the long discredited theory that inflation can come into being only in the presence of the full employment of the country's labor force and productive facilities and the naive attempt to justify a program of perpetual pump priming by invoking the equally discredited "quantity theory" of money.

Mr. President, I ask unanimous consent that the full text of the editorial from which I have quoted may be printed at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THAT IMPOSSIBLE INFLATION

In the month April 15–May 15 the consumer price index of the Bureau of Labor Statistics broke out of the narrow range of 123.6–123.9 to which it had been confined since May of last year.

Now there is no basis in these figures for the conclusion that we are off on a new inflation spree. But the situation focuses attention on the statement made by Senator PAUL DOUGLAS 2 weeks ago in criticizing the President's proposal to raise the ceiling on interest rates on the Government's long-term debt. "A great deal of the present difficulty," declared Mr. DOUGLAS, "stems from the scare talk about 'monetary' inflation, which does not now exist and a refusal to do anything about the 'administered' price inflation, which does exist. The administration has been shouting 'inflation, inflation,' so long and so hard that a great many people in this country have been unnecessarily frightened concerning the value of the dollar and the stability of the Government."

We venture to suggest that if the country has been frightened about inflation it has not been because the President has called attention to the actions of Senator DOUGLAS and his spending-minded colleagues in Congress. We would like to suggest that if the country has been frightened it is because of the actions themselves—the continuous attacks on the monetary authorities for refusing to pursue the policy of unlimited easy money, the deficit of $13 billion for the fiscal year soon coming to an end, the insistence by this group on trying to keep active and long-discredited theory that inflation can come into being only in the presence of the full employment of the country's labor force and productive facilities and the naive attempt to justify a program of perpetual pump priming by invoking the equally discredited "quantity theory" of money.

Both the Senator from Illinois and the Joint Congressional Committee of which he is chairman completely missed the boat in their report on the President's economic report made public in March. They are not likely to recover their lost prestige by their present extraordinary position that (1) inflation is a practical impossibility, and that (2) if we do have inflation the responsibility will not be that of the spenders in Congress, who, in a period of full-fledged recovery, have dedicated themselves to a policy of continuous cheap money and Government spending, but on the President, who was inconsiderate enough to call public attention to the inflationary nature of the program.

Mr. BUSH. Mr. President, I entertain the most friendly feelings for the able and witty senior Senator from Illinois, with whom I have the pleasure of serving on the Joint Economic Committee. He is an expert in the field of political economy. I have often quoted from a speech he made on the Senate floor in 1951, sometimes, I suspect, to his discomfiture. I have regretted the shift leftward in his thinking which appears to have taken place since that time, and have suspected, perhaps unjustly, that there is now more politics than economics in his present approach to these problems. I hope for his reformation.

Finally, Mr. President, I urge that this Congress, so heavily controlled by our friends on the other side of the aisle, begin to face up to its responsibilities and meet squarely the problems which, in large part, it and past Congresses have created.

We are approaching the end of the session. Many of the President's recommendations for restoration of fiscal responsibility in the Government of the United States have not been acted upon. Indeed, some of them have not even been given the courtesy of a committee hearing.

The time is fast running out. We face the necessity of reaching hard decisions—decisions which must be made either for inflation or for a sound dollar and sustained economic growth in the interests of all the people.

I hope that responsible men, on both sides of the aisle, will insist on the right decisions.

EXHIBIT 1

INTEREST RATES IN A FREE MARKET ECONOMY

(Supplemental statement on public-debt management by Secretary of the Treasury Robert B. Anderson before the House Ways and Means Committee)

As I observed in the main portion of my statement before this committee, popular discussion of interest rates is often clouded by misunderstanding of their nature in a free market economy. The purpose of this supplementary statement is to discuss in some detail the nature of interest rates, particularly the factors that cause them to rise or fall; the reasons for the increase in rates since last summer; and several alternative courses of action that might be effective in inducing a lower level of interest rates.

DEMAND AND SUPPLY IN CREDIT MARKETS

Speaking broadly, the interest rate is nothing more nor less than a price, namely, the price of borrowed money. As a price, the rate reacts to the same sort of influences as other prices in a free market economy—influences that operate through the demand for and supply of funds available in credit markets. Just as an increase in the demand for goods or services tends to increase the prices of these items, so does an increase in the demand for funds tend to increase interest rates. And an increase in the supply of funds available in credit markets has the same basic effect as an increase in the supply of any goods or service in any market—price tends to fall. This is true under our present market arrangements; it will remain true so long as credit markets remain free and borrowers and lenders are permitted to manage their affairs with a minimum of interference and regulation.

From the side of demand, the principal impact on interest rates reflects the actions of four groups of borrowers: individuals, corporations, State and local governmental units, and the Federal Government. As is shown in the chart, total indebtedness of these borrowers has almost doubled since 1946.

Individuals borrowing to finance purchases of a variety of goods and services and to construct or purchase homes, increased their gross indebtedness from $60½ billion to $240 billion between 1946 and 1958. The gross debt of business corporations, which seek credit to finance working capital needs and for longer run purposes in expanding and modernizing plant and equipment, rose from $110½ billion to $298 billion. State and local governmental units, confronted with growing needs for schools, highways, and streets, and a variety of other facilities, have borrowed heavily in the postwar period; their gross debt expanded from $16 billion in 1946 to $59 billion in 1958. The Federal Government, the fourth major borrower in credit markets, seeks funds to meet seasonal needs and to finance a deficit. The public debt increased from $259½ billion in 1946 to $283 billion in December 1958. As of the end of June, the debt is expected to total $285 billion.

The postwar pressure on interest rates arising from the demand for credit is apparent. Concomitant with the large expansion in demand, however, has been a growth in the supply of funds available in credit markets. These funds come ultimately from two sources: savings or money creation. It makes little difference to the borrower whether the ultimate source is one or the other; dollars flowing out of money creation are fully as spendable as those made available from savings. The ultimate source may be of crucial importance from the standpoint of achieving price stability and sustainable economic growth, however, simply because dollars generated through money creation represent an increase in the total pool of dollars available for spending and, if not matched by a more or less equal increase in the output of goods

and services, tend to force prices up. It is no accident that consumer and wholesale prices have more than doubled during the past 20 years, in view of the fact that a fourfold increase in the active money supply was only partly matched by an approximate doubling of real production of goods and services.

There is no need to go in detail into the various forms of saving—by individuals, business firms, and governmental units—or to differentiate sharply between funds flowing from current saving and those that represent savings of earlier years that subsequently are made available to borrowers. The really important point relates to the distinction between funds obtained from existing pools of dollars and those generated by money creation.

How does money creation take place? Largely through the lending and investing activities of the more than 13,000 commercial banks in this country. Suppose that John Doe wants funds for use in his business, or to improve his home, or to meet medical or other expenses. And suppose that he applies for a loan from a commercial bank to obtain the funds. If the loan is granted, John Doe simply signs his promissory note and acquires a credit to his deposit account in the bank. This transaction represents no transfer of existing dollars; quite the contrary, John Doe has an extra $100, $1,000, or $10,000, depending on the amount of the loan, but no other individual or institution has any less money. Money creation has, indeed, taken place. Moreover, not only John Doe but thousands of business firms, many States and local governmental units, and the Federal Government also borrow, directly or indirectly, from commercial banks. Each bank credit extension of this type which is not offset by a reduction in other bank loans or investments results in an equivalent amount of new money creation.

Do commercial banks have unlimited ability to create money in this fashion? Not by any means. People borrow money primarily in order to spend, and the banker who makes such loans knows that within a relatively short period of time the newly created deposit will probably be withdrawn from his bank. This will probably take the form of a transfer to another bank, perhaps in the same city, perhaps somewhere else in the Nation. But, the important point is that the banker must be able to meet a drain of cash out of his bank; and his ability to do so depends on his cash reserve position. In other words, he cannot afford to make large extensions of credit unless he has extra cash on hand (or on deposit with his Federal Reserve Bank) to meet the resulting drains, or unless he is in a position to obtain additional cash as the drains take place.

This is where the Federal Reserve System comes into the picture. Through various devices (e.g., discount policy, open market operations, and control over member banks' reserve requirements), Federal Reserve authorities can influence the cost and availability of bank cash reserves. In so doing, the willingness and ability of commercial banks to make new loans and investments—and thus add to the flow of funds available in credit markets—is very much affected.

The resiliency of bank credit expansion and contraction can serve as an important balancing wheel in credit markets—or, it can operate as a serious destablizing factor in our attempts to achieve a stable price structure and relatively full and efficient use of our economic resources. The critical question is, of course, the rate at which bank deposits come into or go out of existence. During a period of high and rising business activity, when credit demands are especially strong, and when men, machines, and materials are being used at high capacity, an excessive amount of money creation tends to add to inflationary pressures. Spending in the economy as a whole may expand rapidly but, with resources in relatively full uses, the volume of goods and services that can be produced can only be increased slowly. Inflation is then the result. And judging by past experience, an inflationary upsurge is likely to be followed by readjustment and recession, so that our end objective of achieving maximum economic growth is actually impeded.

Since recession is a serious deterrent to sustained economic growth, bank credit expansion may be desirable when economic activity is lagging. Under these conditions, the men, machines, and materials necessary to support increases in production are available. Greater spending by consumers and business firms is to be desired.

Consequently, sustained and rewarding economic growth—which requires reasonable price stability and relatively full and efficient use of our economic resources—can be attained only if the aggregate flow of credit is consistent with the ability of the economy to absorb that flow, when translated into spending, at a given time. And, the Federal Reserve System, in fulfilling its statutory obligations, is constrained to employ its monetary powers flexibly. In a free market economy, an inevitable result of the interaction of demand and supply forces in credit markets—including the impact of Federal Reserve actions—is fluctuations in interest rates.

Stated simply, flexible credit policies, attuned to the business situation as it unfolds over time, can be effective only if interest rates are free to respond to the forces of demand and supply in credit markets. But it must be emphasized that the major forces affecting those rates stem from actions of free and independent lenders of funds. The law of supply and demand is a powerful and inescapable economic force; attempts to thwart it in the past have inevitably led to greater difficulties later on.

At times interest rates seem to decline faster than might be expected in view of basic trends in credit demands, savings, and the availability of bank credit. At other times they seem to rise faster than might seem warranted in view of these forces. For example, the sharp decline in rates in late 1957 and early 1958 seemed to outrun basic forces of demand and supply, and the same can be said of the sharp increase in rates in the summer of 1958.

The explanation of such sharp shifts can be found primarily in the impact of expectations on credit markets. In late 1957 it became clear that recessionary forces were gathering strength. The Federal Reserve System, consistent with its responsibility to conduct its operations flexibly, shifted from the restrictive policy of the preceding 2½ years toward a policy of monetary ease. In view of the shift in the business situation, which implied a slackening demand for funds in credit markets, and in view of the reversal of Federal Reserve policy, which implied an increase in availability of bank credit, market participants reasoned that the uptrend in interest rates that had prevailed since 1954 would be reversed, and that the outlook for some time to come was for declining rates.

Declining interest rates are synonymous with rising prices for outstanding Government and other types of bonds. Consequently, individuals and institutions with funds to invest tended to step up purchases of such instruments, the supply of funds available in credit markets expanded sharply; and individuals and institutions with bonds for sale became more reluctant to part with them, the demand for funds subsided, relatively speaking. The result, sharp declines in interest rates (or increases in bond prices), stimulated largely by expectations of lagging business and easy money.

The decline in business activity came to an end much sooner than many observers anticipated. In June 1958 the strengthening business picture gave rise to rumors that Federal Reserve policy might be in the process of shifting away from the aggressively expansive policies of preceding months. Many investors in debt instruments, including Government bonds, became anxious to dispose of the securities before interest rates rose and bond prices declined; potential buyers became less anxious to buy. The result, sharp increases in interest rates, stimulated largely by expectations.

Thus, one type of expectation is related primarily to the swings in business activity and the impact of flexible monetary policies. But at times other types of expectations exert important influences. During the past year, the increase in interest rates has been stimulated partly by a growing—but, in my judgment, mistaken—conviction that inflation is inevitable. Many investors have been reluctant to purchase debt instruments, which carry a fixed interest return and principal payment, as opposed to equities. This reluctance to purchase bonds, and the preference for equities, has contributed to relatively low bond prices (high interest rates) and high stock prices.

It is important to emphasize, however, that effects of expectations are likely to be short-lived, unless later ratified by the expected events. The sharp decline in interest rates in late 1957 and early 1958 could not have been sustained had it not been for the fact that recession did occur, credit demands did subside, and monetary policy did assume a posture of aggressive ease. Again, the sharp rise of last summer was later ratified, in part, by the vigorous expansion of business activity, with the accompanying demands for credit, and the impact of a $13 billion Federal deficit on credit markets. Finally, the impact of inflationary expectations on the level of interest rates can be minimized only when it becomes clear to participants in free credit markets that the integrity of the dollar will be preserved.

In summary, interest rates in a free market economy are influenced by a number of factors which can best be understood in terms of the forces working through demand and supply in credit markets. Of primary importance on the demand side are borrowings by individuals, businesses, State and local governmental units, and the Federal Government. The supply of funds available in credit markets is mainly a reflection of the availability of financial savings, coupled with net changes in commercial bank credit. Federal Reserve policy, by influencing reserve positions of commercial banks, affects the rate of flow of bank funds into credit markets.

Before examining the reasons for the rise in interest rates in this country since last summer, it might be worthwhile to discuss briefly two popularly held views concerning the nature of interest rates that, in my judgment, are mistaken.

One often hears the statement that increases in interest rates are necessarily inflationary, in that interest is a cost of doing business and sellers of goods tend to pass on rate increases in the form of higher prices. The people who hold this view overlook the fact that rising interest rates are indicative of pressures in credit markets growing out of strong demands for funds relative to the supply. Inasmuch as individuals and institutions borrow money primarily to facilitate spending, rising interest rates reflect an inability of all potential borrowers to obtain as much credit as they would like to have. In other words, spending is impeded, and the rise in interest rates is one measure of the degree of restriction on spending. And, under normal circumstances, anything that tends to dampen spending when business activity is high and rising tends to diminish—not to augment—inflationary pressures.

Moreover, available figures indicate clearly that interest, as a cost of doing business,

is a decidedly minor expense. In 1957, for example, net interest costs of all manufacturing corporations were only four-tenths of 1 percent of gross sales. Thus, if the cost of an article selling for $100, only 40 cents represented interest cost. Admittedly, interest expenses of wholesalers and retailers, who also must finance some of their operations by borrowing, would add slightly to total interest cost included in items bought by final consumers. Still, however, the contribution of interest expense to total cost would be small.

It has been suggested that public utility rates are influenced significantly by interest costs, since such firms rely heavily on bonded indebtedness. In this case, however, net interest expense is estimated to be less than 4½ percent of gross revenues.

The evidence seems clear that an increase in interest rates exerts only a small direct effect on prices of goods and services, and that this impact is far outweighed by the restrictions on total spending stemming from limited availability of funds in credit markets.

There is also a misconception concerning the identity of the recipients of interest payments on the Federal debt. Some observers appear to believe that large financial institutions are not only the major recipients of such payments, but that their share has increased as interest rates have advanced in the postwar years.

The accompanying table, which presents estimates of the distribution of interest payments on the public debt in 1946 and 1958, indicates clearly that such is not the case. In 1946, the major financial institutions—commercial banks, mutual savings banks, and insurance companies—received an estimated $2.1 billion in interest on holdings of Government securities, or about 45 percent of the total of such payments. By 1958, the share of these institutions had declined to $2 billion, representing only 26 percent of total payments.

Estimated distribution of the interest on the public debt, fiscal years 1946 and 1958

[In billions of dollars]

	Budget expenditures	
	1946	1958
Investor classes:		
Individuals:		
Savings bonds	0.7	1.5
Other securities	.5	.4
Subtotal	1.2	1.9
Commercial banks	1.4	1.5
Mutual savings banks	.2	.2
Insurance companies	.5	.3
Nonfinancial corporations	.2	.6
State and local governments	.2	.4
Miscellaneous investors	.2	.4
Federal Reserve banks	.1	.8
Government investment accounts	.7	1.5
Total	4.7	7.6

Moreover, a significant portion of the interest income of banks has been passed on to customers in the form of higher rates on time and savings deposits. For example, in 1946 member bank interest payments to depositors were only 20 percent of interest income on their holdings of Treasury securities. Reflecting the sharp increase in rates paid on time and savings deposits in the past few years, member banks in 1958 paid almost 90 percent of their interest income on Governments to depositors.

Other important trends brought out by the table include an $800 million increase in interest payments on savings bonds, held mostly by individuals; a $700 million expansion in payments to Federal Reserve banks, which returned 90 percent of their net earnings to the Treasury; and an $800 million increase in payments to Government investment accounts, which are operated almost wholly for the benefit of individuals.

These figures indicate, therefore, that a substantial portion of payments on the debt accrue directly or indirectly to the benefit of individuals, many of whom are of relatively modest means. Moreover, the increase in interest payments since 1946 reflects increased payments primarily to individuals, Federal Reserve banks, and Government investment accounts, rather than to private financial institutions.

THE RISE IN INTEREST RATES SINCE LAST SUMMER

Trends in interest rates over a period of several years, or of several months, can be understood only in terms of the major demand-and-supply forces at work. Accordingly, it might be worthwhile to examine closely the increase in rates that has occurred during the current fiscal year in order to gain an understanding of the factors underlying the advance.

Interest rates on Treasury and other securities have risen considerably from the lows reached during the recession of 1957–58. Yields on long-term Treasury bonds, which averaged 3.12 percent in April 1958, had risen to an average of 4.08 percent in May 1959. Average issuing rates on 3-month Treasury bills, which fell below 1 percent in the spring and summer of 1958, have recently risen above 3 percent. Similarly, rates on commercial paper, bankers' acceptances, prime bank loans, corporate and municipal bonds, and other debt instruments have advanced substantially during the past year.

What factors lie behind this rise in rates? First, let's look at the demand for credit.

The growth of consumer credit in the current fiscal year has been less than in most recent years. Thus, pressure on interest rates from this source has been moderate, except for the past few months, in which demand for consumer credit has risen substantially. Individuals have, indeed, been active borrowers of funds, primarily in the form of mortgage credit. Total real-estate mortgages, consisting largely of individuals' borrowings, are expected to increase $18 billion this fiscal year, a greater rise than in any of the past 5 fiscal years. This increase can be viewed as having contributed to demand pressures in credit markets.

Total corporate bonds and notes, State and local government securities, and bank loans have increased less than in any fiscal year since 1954. Thus, these credit demands have not exerted significant pressures on financial markets.

The demand for credit on the part of the Federal Government, to finance a record peacetime deficit of approximately $13 billion, has been much greater than in any of the preceding 5 fiscal years. The publicly held Federal debt will increase by almost $9 billion in this fiscal year, as contrasted with increases of $3.1 to $3.3 billion in fiscal years 1954, 1955, and 1958, and declines of $4.7 and $3.5 billion, respectively, in 1956 and 1957. (The difference between the $13 billion deficit and the $9 billion increase in Federal debt in this fiscal year results primarily from a reduction in the Treasury's cash balance.)

These figures demonstrate clearly that the more important demand pressures on interest rates during the past year have stemmed from the increase in mortgage debt and the record peacetime Federal deficit. However, the rise in mortgage debt, although substantial, is not much greater than in fiscal years 1955 and 1956. Thus, it appears that a major factor contributing to the sharply rising demand for credit in fiscal 1959 has been the record peacetime Federal deficit. The addition of almost $9 billion in Federal securities to what might be viewed as more or less normal aggregate credit demands could only exert strong pressure on interest rates.

As I noted earlier, however, trends in interest rates are also influenced by forces working through the supply of funds available in credit markets. While data on savings are difficult to interpret in terms of impact on credit markets, there appears to be no evidence that a shift in the availability of savings has contributed to the rise in rates during the past year.

As to the timing of the events in the summer of 1958, it is important to note that member bank reserve positions and short-term money market rates reflected a continuation of monetary ease until August—a full 2 months following the reversal of market rates on intermediate and longer term Government bonds. Thus, the market appears to have led monetary policy and, as stated earlier, the market shift resulted primarily from radical changes in expectations. The shift in expectations resulted, in turn, from (1) a growing comprehension that the recession had ended and that vigorous recovery was under way, with its consequent impact on demand for credit; (2) a belief that Federal Reserve credit policies, in view of the shift in the business situation, would soon move toward restraint in keeping with the requirements of flexible administration of such policies; (3) a realization that in fiscal year 1959 the Federal Government would be confronted with a deficit of $10 to $15 billion, with its strong impact on demand for credit; and (4) a growing—even if unfounded—conviction on the part of investors that further inflation would probably occur, stemming from the rigidity of prices during the recession, the impact of business recovery, and the inflationary ramifications of a record peacetime deficit during a period of rising business activity. In addition, market pressures were increased significantly by liquidation of heavy speculative holdings of Government and other securities, built up earlier in the year and in June, sometimes on relatively thin margins.

It should be emphasized again, however, that the increases in rates arising from expectations could not have been sustained had not the expectations later been ratified. And most of them were indeed ratified. Business activity has expanded vigorously; a $13 billion deficit was confirmed by official sources; and Federal Reserve credit policy did shift away from the strongly expansive policies of early 1958. The expectation of continuing inflation has not been confirmed; whether or not it will be depends in no small measure on the degree of fiscal and monetary discipline that is maintained during this period of high and rising business activity.

Furthermore, the available evidence points only to a mild degree of credit restraint since last summer. For one thing, the strong upward trend in production, employment, and income with, as yet, absence of strong inflationary pressures, indicates that credit has been sufficiently available to meet the needs of the economy. Moreover, monetary growth since last summer, as measured by the annual rate of expansion in the seasonally adjusted money supply, has been at least equal to and perhaps slightly greater than what is usually thought of as a normal rate.

All things considered, it seems to me clear that the major factor contributing to the rise in interest rates during the past year has been the $13 billion Federal deficit. It has exerted a twofold impact: first, by stimulating expectations in the summer of 1958 of strong credit demands and of a further erosion in the value of the dollar; and, second, by adding almost $9 billion in Federal securities to the demand side of credit markets.

CONSEQUENCES OF VARIOUS PROPOSALS TO INDUCE LOWER INTEREST RATES

Are there any courses of action open to Congress, the executive branch, or the Federal Reserve System, which might be successful in inducing lower interest rates? It must

be emphasized that any such actions, to be effective without leading to later difficulties, must operate through the basic forces of demand and supply. As I stated earlier, the law of supply and demand is a powerful economic force. Any attempt to hold interest rates to artificially low levels would be doomed to ultimate failure unless appropriate steps were taken to adjust demand and supply forces consistent with the selected level of rates. And even then, later difficulties may well arise. The situation is parallel to attempts to maintain price ceilings on goods and services during national emergencies; prices can be prevented from rising, if inflationary pressures are strong, only through resort to rationing, allocation of materials and labor, and so on. Similarly, interest rates can be kept from responding to the forces of demand and supply only through direct intervention in credit markets and a consequent abridgement of economic freedom. It is, therefore, assumed that any courses of action to be considered would involve influencing demand and supply.

With this stipulation accepted, six proposals might be mentioned. Several of these proposals, however, would so harm the Nation that responsible people would be unwilling even to consider them. They are presented solely for the purpose of bringing forward issues which apparently are often misunderstood.

(1) One approach would be for the Government, through various means, to promote recessionary pressures in the economy. Interest rates commonly decline during recessions, partly because of a slackening demand for funds on the part of individuals and businesses, partly because of a relative increase in availability of financial savings, and partly because of greater availability of bank credit in connection with a flexible shift of monetary policy toward credit ease.

This first alternative is, of course, absurd; no responsible government would attempt to induce recession—with its accompanying loss of production and rise in unemployment—simply to produce lower rates of interest. But the introduction of this alternative highlights the fact that high and rising interest rates are a sign of expanding business. For a responsible government, the choice between high levels of business activity and employment as opposed to low interest rates is actually no choice at all. Stated differently, high interest rates are not an end in themselves; rather they are the usual accompaniment of the active credit demands that characterize expansion in production, employment, and income.

(2) It has been suggested that interest rates could be reduced if the Federal Reserve banks were directed by Congress to purchase all new issues of Government securities; this would tend to reduce pressures on interest rates, since the Federal Reserve banks would, in effect, create the funds necessary for the purchase of the securities. The actual process would involve credit to the Treasury's deposit balance in Federal Reserve banks in return for the newly issued Government securities.

There are at least two serious objections to this course of action. In the first place, the prohibition of direct sales of securities by the Treasury to the central bank, except under unusual and very limited circumstances, has been an important characteristic of our financial mechanism ever since the establishment of the Federal Reserve System in 1913. As one adjunct to their primary function of influencing the flow of money and credit, the Federal Reserve banks were envisaged, by the framers of the Act, as fiscal agents for the Government—to hold Treasury working balances; to clear Treasury checks; to issue, redeem and pay interest on Government securities; and so on—not as a source of credit to finance the Government's needs. Experience in a number of foreign countries has demonstrated the dangers of easy access to central bank credit on the part of the branch of Government that has the responsibility for financing the Government's requirements. Fiscal discipline is especially difficult to preserve if the exchequer has, in effect, a "blank check" on the money—creating authority.

A second major objection to sale of new Treasury issues directly to the Federal Reserve banks arises from the fact that the transaction would provide the basis for a highly inflationary expansion of the money supply. The recipients of Treasury checks drawn on the newly created deposits at the Reserve banks would deposit most of the proceeds in Federal Reserve member banks, and the member banks in turn would send the checks to their district Reserve banks for payment. Payment would be effected in the usual way, by crediting—or increasing—the reserve balances of the banks on the books of the Reserve banks. Bank reserves would be increased by the amount of the credits; this would provide a basis for additional lending and investing by the banking system by an amount equal to about six times the increase in reserve balances. Growth in the money supply would, therefore, be strongly stimulated. Interest rate pressures would have been restrained only at the cost of highly inflationary increases in bank credit and the money supply. Moreover, as I pointed out in the main portion of my statement, strong inflationary pressures tend to promote even higher levels of interest rates.

Recognizing the objection that large-scale purchases of Government securities by the Federal Reserve banks would be highly inflationary, advocates of this course of action sometimes maintain that the inflationary growth in the money supply could be avoided simply by raising member bank reserve requirements. In other words, he new reserves created by the Federal Reserve purchases would be immobilized immediately by increasing the percentages of idle funds that member banks must hold in relation to deposits.

There is an important practical objection to this proposal. The purchase of, say, $5 billion of new Government securities by the Federal Reserve banks would result in the creation of $5 billion in new bank reserves, but these reserves would flow into the banking system, and be disseminated among individual banks, in accordance with market forces. No one could predict the ultimate distribution of the new reserves in advance. Some banks would receive a large portion, some a smaller portion; the ultimate distribution would depend primarily upon the location of the individuals and institutions who received the Government payments financed by the deficit borrowing.

An increase in member bank reserve requirements, however, affects all banks in a given classification (central Reserve city, Reserve city, and country) equally in terms of percentage points of reserve requirements. Consequently, a blanket increase in reserve requirements of the magnitude required to neutralize the reserve-creating impact of large-scale Federal Reserve purchases of Governments might well lead to severe dislocations and disturbances in credit markets. Some banks would have ample reserves; others would find themselves severely pinched. It can be argued that market forces would tend to correct these imbalances, and they would—over time. But, in the short run, forces might well be set in motion leading to abrupt swings in interest rates and availability of credit; credit droughts in one part of the country and surpluses in another; and so on. And, in any event, the credit market, while highly efficient, by no means operates with complete perfection in transferring funds from areas of plenty to areas of shortage.

To this important practical objection against selling Government securities to the Reserve banks and then offsetting the inflationary impact by raising member bank reserve requirements can be added a more basic objection if it is assumed that one purpose of the action would be to prevent interest rates from rising. As I noted earlier, purchases of $5 billion of Federal securities by the Reserve banks would result in an equivalent increase in the money supply as the recipients of the checks deposited the proceeds in their commercial banks. In the first instance, then, there would be an important inflationary impact, resulting from the spending of the funds by the Government and the expansion in the money supply.

A large increase in reserve requirements could indeed nullify the growth in the money supply, but only by severely restricting the lending and investing activities of commercial banks. This, in turn, would exert pressure on individuals, business firms, and State and local governments, and tend to force interest rates for such borrowers to higher levels. The inflationary impact of the increase in money supply resulting from Treasury borrowing from the Reserve banks can be offset only if credit contraction occurs in other segments of the economy; the $5 billion increase in deposits held by recipients of the Treasury checks must be offset by a $5 billion decline in funds of other individuals and institutions. This can be achieved, in free credit markets, only through credit restriction, which implies additional pressure on interest rates. Thus, during a period of prosperity and a growing demand for credit, the choice is either between a somewhat higher level of interest rates, or stimulation of inflationary pressures through monetary expansion. There are no other choices.

The recommendation that Federal Reserve banks buy all or substantial portions of new issues of Treasury securities involves one other aspect that deserves discussion. Specifically, it has been recommended that the Federal Reserve banks be required to purchase only that portion of a new issue that investors other than commercial banks would not purchase; thus, the Reserve banks, in effect, would replace commercial banks as buyers of Governments. This recommendation is based partly upon the assumption that commercial banks do not perform a necessary service in buying Government obligations. Their ability to create money, it is maintained, permits them to buy these securities; but in fact the authority over money creation is constitutionally vested in Congress. Thus, it is argued that the Government should perform this function, through the Federal Reserve banks, without burdening taxpayers with interest charges.

This argument deserves several comments. In the first place, as noted earlier, purchases of Government securities directly by Federal Reserve banks would be highly inflationary. Secondly, whether or not the commercial banks perform a necessary service in creating money, there is little doubt that they perform an important economic function. Demand deposits in commercial banks have assumed a monetary function simply because people prefer to hold funds and make payments in that form, rather than in the form of currency. Moreover, money is essential to efficient performance of a highly industrialized market economy and, if the commercial banks did not perform the money-creating function, some other institution or agency would have to do so.

Furthermore, commercial banks do indeed perform a useful service in purchasing and holding Government securities. The business of commercial banking, in essence, is that of holding relatively illiquid assets—principally loans and investments—against

liabilities that are largely redeemable on demand. This involves a risk and, in assuming that risk, stockholders of commercial banks are entitled to a return for a service performed. The fact that an asset is a Government security rather than a commercial loan is not germane; marketable Government securities, while devoid of risk relating to interest and principal payments, do possess risk as to the price at which they can be sold in the market. Because of the nature of their liabilities, banks must be prepared—and at times may be compelled—to liquidate assets in order to meet deposit drains. They are therefore providing an economic service by holding illiquid assets which the public does not desire to hold at the time, and in return furnishing the public with the liquidity—or money—that it desires.

There are at least two important reasons why the money-creating function should not be assigned wholly to the Federal Reserve banks. In the first place, under our institutional arrangements the money-creating function is closely allied with that of granting credit to a wide variety of borrowers. It is a cardinal principle of our type of government that private institutions should dominate credit-granting activities; otherwise, the ability to obtain credit might rest less on credit worthiness and more on noneconomic factors.

Secondly, lodgment of the money-creating authority wholly in the Federal Reserve banks, along with expanded authority for the Reserve banks to lend directly to the Government, would permit the Government to finance its residual needs through the Reserve banks and thus bypass the market. This would violate the basic principles set forth earlier, namely, that direct entry of the Government to the central bank for purposes of meeting fiscal requirements should be severely limited.

In many respects, the question of transferring in whole or in part the money-creating function from the commercial banks to the Federal Reserve banks is actually a question of whether the banking system should be nationalized. When it is said that "the commercial banks do not perform a necessary service in purchasing Government securities," it should be realized that there are many other services that the Government could perform for itself. It could, for example, organize its own construction crews to build the interstate highways, rather than encouraging the States to undertake this work through private contractors; it could establish its own transportation network for carrying mail and other Government property; it could set up manufacturing establishments to produce missiles, airplanes, warships, and a variety of items now purchased from private industry—it could, in short, perform many of the economic functions now performed by the private sector of the economy. The crucial question is, of course, whether it could perform those functions as efficiently as private enterprise and—of prime importance—whether the act of doing so would not ultimately destroy economic and political freedom in our Nation.

(3) A third suggestion for inducing lower interest rates would involve a congressional directive forcing the Federal Reserve banks to peg prices of Government securities at some predetermined level, presumably par. Then, if market holders decided to sell Government securities, purchases by the Federal Reserve banks would provide a floor under which bonds prices could not fall (interest rates on Governments could not rise).

The unfortunate experience with this technique between the end of World War II and 1951 should convince serious observers of the dangers involved; the Federal Reserve System could indeed be transformed into an "engine of inflation" rather than a responsible central bank attempting to promote sustainable economic growth. Once market yields on Governments rose to the predetermined levels, the System would be able to operate in only one direction: as a creator of bank reserves, through purchases of the securities, in whatever amounts market holders might desire. Flexible administration of credit policies would be impossible.

The dangers of this course of action, especially during a period of high and rising business activity, are obvious. Nor is it at all certain that, in the long run, the Federal Reserve banks could be successful in keeping interest rates from rising. As inflationary pressures mounted, borrowers of funds would be strongly encouraged to borrow heavily as soon as possible, in order to repay the debts in eroded dollars. Lenders would be encouraged to cut back on lending, realizing that the dollars they received in payment would be worth less in real terms. Consequently, the pressure on interest rates to increase would magnify—borrowers would be willing to pay higher rates, lenders would be willing to lend only at higher rates. In order to stem the tide, the Federal Reserve banks would have to buy more and more Governments from market holders, and thus create even more bank reserves and provide a basis for further inflationary credit expansion. The spiral could ultimately come to a halt only as a result of a crisis and subsequent readjustment.

Some observers point to experience in this country in 1947 and 1948, when the Federal Reserve was indeed pegging prices of Government securities at predetermined levels, as an illustration of an instance in which the consequences were not too bad. But it should be recalled that the Federal Government experienced a total cash surplus of almost $14 billion in calendar years 1947 and 1948. The lesson of that experience is that an inflationary monetary policy can be offset in part by large cash surpluses in Federal fiscal operations; but, if the cash surpluses had not existed, inflationary pressures would have been much more severe than they were. A disastrous spiral might well have occurred. Nowadays, advocates of system pegging of Governments most often do so because of a desire to facilitate easy Federal financing of deficits. The combination of a large Federal deficit and unbridled creation of bank reserves, in a period of high and rising business activity, could only result in the severest type of inflationary pressures, ultimate reaction and recession, and disruption of the process of economic growth.

(4) A fourth alternative that should perhaps be mentioned in passing relates to the apparent preference of some investors to purchase equities rather than debt instruments. To the extent this preference prevails, stock yields tend to be low and bond yields tend to be high. It might be, therefore, that some action which would contribute to a severe break in the stock market would in turn contribute to a shift from stocks to bonds; interest rates would tend to decline.

To suggest that a break in the stock market be induced either through Federal regulation or otherwise would, of course, be irresponsible. Moreover, to the extent that preference for equities over bonds reflects a fear of inflation, the answer to the problem is to remove the bases of the fear of inflation. As stated earlier, this would require, in part, a clear demonstration of the determination of the Government to maintain fiscal and monetary discipline. Conviction on the part of investors that the value of the dollar will be protected would do more than any other single thing to increase the attractiveness of debt instruments and thereby reduce pressures on interest rates.

(5) Inasmuch as Treasury securities occupy an important position in credit markets, interest rates could perhaps be reduced if significant progress were made in retiring part of the public debt. In this respect, there have been several proposals over the past few months to set aside a specified portion of Government revenues each fiscal year; these funds would be earmarked for debt retirement.

During a period of prosperity, retirement of some portion of our huge public debt is certainly desirable; if we cannot achieve some debt reduction when incomes are high and rising, there is serious question as to whether we shall ever be able to do so. Consequently, all proposals to establish a fixed annual percentage of debt retirement should be given serious consideration.

Many of the proposals, however, fail to drive to the heart of the problem, in that no provision is made for assuring that Government revenues would actually exceed expenditures by an amount large enough to permit the selected percentage of debt retirement. The use of, say, $2.8 billion of tax revenues to effect a 1-percent reduction in the debt would, in the absence of a surplus in the budget, achieve nothing; additional borrowing would be necessary to supplant the tax revenues used for debt retirement. In essence, therefore, the securities retired would be replaced in the market by an equivalent amount of new securities; interest rate pressures would not be reduced. Moreover, total public debt would actually grow, instead of decline, if the revenue-tax relationship continued to reflect an overall deficit. Again, I should like to repeat that these plans are laudable in purpose; but undue attention to them tends to obscure the hard, basic fact that meaningful debt retirement can be effected only by means of an overall surplus of budget receipts over expenditures.

(6) There is a sixth and final alternative for reducing pressures on interest rates, although it must be admitted that success in pursuing this sixth course of action would not necessarily result in lower rates. This is because the basic trends in demand and supply in free credit markets reflect the actions of millions of individuals and institutions, and these actions might work toward higher rates even though some of the more significant pressures were reduced.

The sixth alternative can be summarized quite simply, as follows:

(a) Convert the Federal Government from a net borrower to a supplier of funds in credit markets by achieving a surplus in the budget during periods of high and rising business activity. A net surplus permits the Treasury to retire debt, on balance; consequently, Government actions would result in a net supply of funds available for private borrowers, not a subtraction as is the case when the Federal Government borrows to finance a deficit.

(b) Convince investors that the value of the dollar will be protected, thus removing the pressures for higher interest rates stemming from a conviction that further inflation is likely to occur. This can be done only by means of attention to all of the factors and practices that stimulate inflationary pressures. But it should be reemphasized that the most important single action would be a clear demonstration of the Government's determination to maintain fiscal and monetary discipline. During periods of high and rising business activity, fiscal and monetary discipline requires a surplus in the budget, for debt retirement, and freedom for Federal Reserve authorities to pursue flexible monetary policies.

(c) Provide the Treasury with sufficient flexibility for sound management of the public debt, so that a better balance in debt structure can be achieved—including larger amounts of longer term securities outstanding—and so that bond markets will not

become unsettled over such things as an impinging interest-rate ceiling. The Government securities market is understandably sensitive to the existence of an artificial interest-rate ceiling; this is one reason why the President has proposed the 4¼ percent limit be removed completely, rather than merely raised. An increase in the limit would only act as a signal to investors that the new ceiling is the new normal level as defined by Government action.

As I emphasized in the main portion of my statement, the interest burden on the public debt—now close to $8 billion—is of deep concern to me. But the alternative to sound fiscal and monetary policies—further shrinkage in the purchasing power of the dollar—concerns me even more. In the long run, no one benefits from inflation; by stimulating the excesses that develop in a period of business expansion, and thus sowing the seeds of readjustment and recession, inflation actually hinders the attainment of a high rate of economic growth. Moreover, inflation strikes hardest at those groups in our society least able to protect themselves. The man of modest means, not the rich man or the large business institution, is the primary victim of a shrinking dollar.

The overriding advantage of this sixth and final approach to reducing pressures on interest rates stems from the fact that the actions it requires would not only be directly beneficial in terms of economic growth, but would also transmit effects through market forces of demand and supply rather than by means of Government decree or regulation. And I would like to repeat that, in proceeding in this way, the Federal Government would be promoting "maximum employment, production, and purchasing power," as required in the Employment Act of 1946, in a manner consistent with those crucially important but often overlooked words in the act which stipulate that such actions be carried out "in a manner calculated to foster and promote free competitive enterprise and the general welfare."

Mr. McNAMARA. Mr. President, the distinguished Senator from Connecticut has just honored me by discussing at some length the concurrent resolution which I introduced on June 22.

He also has inserted in the RECORD an editorial from the Wall Street Journal, which is critical of the resolution.

I am glad the Senator put this editorial in the RECORD, since I would have done it myself if he had not beat me to it.

I am very flattered by the attention given my resolution by the Senator from Connecticut and the Wall Street Journal.

Since one can be known by his enemies as well as his friends—their criticism of the resolution lends it importance it might not otherwise have achieved.

The distinguished Senator says that the Federal Reserve Board already is guided by a balanced interpretation of the policy objectives of the Employment Act of 1946.

If this is true, the Federal Reserve is being very secretive about this guidance since any effects certainly have not been visible in recent years.

The Senator also takes some unwarranted liberty with my resolution by suggesting that my intent was for the Federal Reserve to "peg" the market.

He then discusses at some length how terrible this approach would be.

Thus, he has effectively demolished his own strawman—since my resolution could, in no way, be construed as advocating "pegging" of the market.

I do not suggest that the Federal Reserve should "peg" the market. What I am suggesting is that the Federal Reserve influence the market to maintain orderly conditions.

There is a vast difference between "pegging" and "maintaining orderly conditions," by using its power to influence the market, as the Senator from Connecticut, the Wall Street Journal and the Federal Reserve well know.

It was this influence that helped keep the market stable between 1951 and 1953—and could again today if the bankers' philosophy of this administration were abandoned.

I also would like to comment briefly on the report of the so-called Cabinet Committee on Price Stability for Economic Growth.

The creation of this Committee by the President is like playing solitaire with a stacked deck. He could not lose.

The President apparently told his Cabinet Committee to go out and prove that all the things he had been saying were 100 percent correct—and darned if the Committee did not come back and tell him he had been right all along.

I am sure the American people recognize this Committee for what it is—and will demand a little more impartiality before reaching a conclusion in this important area.

THE RURAL ELECTRIFICATION PROGRAM—OPPOSITION TO H.R. 3, THE SMITH BILL

Mr. BYRD of Virginia. Mr. President, Mr. Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association, has issued a letter stating that the members of the REA are opposed to the Smith bill, H.R. 3, which has recently passed the House.

I ask unanimous consent to insert in the body of the RECORD a statement by Mr. Earl J. Shiflet, executive secretary of the Virginia Association of Electric Cooperatives, in which it is made clear that the 100,000 members of the Virginia Association of Electric Cooperatives desire to disassociate themselves from any implication with respect to the opposition to H.R. 3, known as the Smith bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JUNE 25, 1959.

To Whom It May Concern:

In view of a report carried in the Richmond Times-Dispatch June 25, 1959, reporting that members of the Rural Electric Cooperative Association were opposed to the Smith bill (H.R. 3) and for fear that the people of the State of Virginia will construe this to mean that the consumer members of the rural electric cooperatives in Virginia took action opposing the bill, I must disassociate the more than 100,000 Virginia members of the Virginia Association of Electric Cooperatives from such implication.

1. At no time has the Virginia Association of Electric Cooperatives officially discussed the Smith bill.

2. At no time has any representative of the rural electric cooperatives of Virginia taken action concerning the bill as a representative of the electric cooperatives at national or regional meetings of the National Rural Electric Cooperative Association.

3. No such action has been taken because we had not interpreted the bill to have any effect on the rural electric cooperatives.

However, today I received a telegram from Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association, author of the letter referred to above, in which he stated the statement carried in the Richmond Times-Dispatch that "CELLER cited a letter from Clyde T. Ellis, general manager of the National Rural Electric Cooperative Association, who claimed its 4 million members opposed the measure. Several rural members disputed this," was untrue. What he did say, quoting Ellis' telegram:

"I did write five Members of the House in the hope of getting an amendment to exclude matters affecting the rural electrification program from H.R. 3 and such an amendment was offered on the floor. I did not say that our member systems or the members of NRECA opposed H.R. 3. But rather that NRECA, the service organization of the rural electric systems of the United States which represents some 4 million members consumers, has a vital and direct interest in this legislation."

EARL J. SHIFLET,
Executive Secretary, Virginia Association of Electric Cooperatives.

BUDGETARY ACTIONS IN CONGRESS

Mr. BYRD of Virginia. Mr. President, subject to further amendment to bills not finally enacted, I am advised that congressional action on spending bills to date would authorize Federal expenditures exceeding administration requests by $608 million.

This situation is shown in a routine review, by Tax Foundation, Inc., anticipating the end of the fiscal year tomorrow.

The review covers all spending authorizations, appropriations and other, on which any action was taken between the beginning of the current session of Congress and today. The action covered by the review involves authorizations for expenditures in fiscal years 1959, 1960, 1961, and future years.

In terms of appropriation bills alone, in their present status, the review shows a reduction of $298 million under administration requests, but in terms of backdoor spending authorizations outside of the appropriation process, the review shows an increase of $906 million over administration requests. The net increase would be $608 million, subject to further action on pending bills.

The Tax Foundation is an independent research organization which I regard as the best in the field of government at all levels.

As a matter of routine, the Tax Foundation for years has been keeping a running box score on bills authorizing expenditures during their passage through the legislative procedure. This is the second release by the foundation, showing current status of such bills during the present session. The previous review was published at the time of the Easter recess.

I ask unanimous consent to have the Tax Foundation report follow immediately after my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

TAX FOUNDATION REVIEW OF BUDGETARY ACTIONS IN CONGRESS AS OF JUNE 29, 1959

As the fiscal year 1959 draws to a close (on June 30) a review of the budgetary actions during the current session of Congress may be appropriate.

Congressional procedures for authorizing expenditures make such a progress report involved, and perhaps misleading, unless the most careful attention is directed to the necessary explanations which accompany it.

The attached tabulation, prepared by the Tax Foundation, covers only actions to date which, if finally enacted, permit obligations to be incurred without further procedures. The tabulation thus omits all authorizations for which another round of actions would be required. For example, appropriations authorized in the final omnibus housing bill and in the depressed areas bill passed by the Senate (in addition to direct spending authority in the tabulation) and such separate measures as those authorizing appropriations for Federal aid to education and veterans' pensions are not included.

The tabulation does reveal, however, certain information of interest.

Session totals: New obligational authority (requiring no other action in advance of incurrence of obligations) in appropriation and other bills in amounts at latest stages of action is $608 million in excess of budget requests. The session totals affect fiscal years 1959, 1960, and 1961. Actions on appropriation bills, including fiscal 1959 supplementals and the annual fiscal 1960 measures, have resulted in a decrease of $298 million, but on bills providing "backdoor" access to the Treasury without going through the appropriation process there has been an increase of $906 million over administration recommendations. Final actions by Congress on the urban renewal program in the omnibus housing bill and on the airport grant bill, both applying to fiscal 1960 and 1961, provide contract authority $306 million above administration proposals for the comparable period of years. Authority "to expend from debt receipts," meaning power to draw directly from the Treasury without appropriation, is $600 million above the budget. Included is Senate action on the depressed areas bill as well as housing and international agency programs. The excess over the budget in "backdoor" financing comprising contract authority and so-called debt transactions, would be much greater except for reductions in the housing and airport bills.

Fiscal 1959: For fiscal 1959 ending June 30, as approved by Congress in this session, new obligational authority, including $500 million in housing programs totals about $7.9 billion. This is about $800 million less than anticipated in the 1960 budget document submitted in January. Decreases in supplemental appropriations for fiscal 1959 have been more than offset by increases in other forms of spending authority. The $800 million decrease is accounted for in part by curtailment of programs by the administration itself, but to a much greater extent by delays which have shifted action to fiscal 1960. The original 1959 budget, submitted in January 1958, proposed new obligational authority of $72.4 billion; while the amount provided in last year's session, plus the supplemental amounts in the current session, total about $81.6 billion, an increase of $9.2 billion over the initial request. The $81.6 billion will be reduced by $500 million if the omnibus housing bill and the veterans' housing loans bill, which are before the President for his action, do not become law by June 30.

Fiscal 1960: Appropriations for fiscal 1960 remaining to be reported from the House Appropriations Committee, including those relating to foreign aid, atomic energy, military construction, and miscellaneous items, will total more than $9 billion. Defense appropriations have not as yet been acted upon in the Senate, where increases may be made. There are other uncertainties with respect to action on the fiscal 1960 budget. As matters now stand, increases in new obligational authority from "backdoor" financing, allocable to fiscal 1960, would a little more than wipe out reductions in the fiscal 1960 appropriation bills. Final disposition of housing legislation may affect the totals of fiscal 1960 as well as fiscal 1959.

Increases in future costs: Whether or not fiscal 1960 expenditures are held within the limits of the budget program, existing legislation and provisions of pending fiscal measures imply an increase in future Government costs. Examples: The omnibus housing bill provides no funds for public housing, but under its authorization for additional units future costs might range anywhere from $875 million to $3.7 billion. Unbudgeted new starts of water resource projects in the public works appropriation bill, as passed by the House, would lead to larger amounts in later years. A future increase in costs of ship subsidies is implied in provisions of the Department of Commerce appropriation bill as passed by the Senate. Larger appropriations for the agricultural conservation program in next year's Department of Agriculture appropriation bill than favored by the administration are made necessary by an advance authorization in this year's measure. Failure of Congress to approve long-range recommendations of the administration in a number of important areas makes probable a steady increase in future years in costs of programs in which the Federal Government has made continuing commitments.

New obligational authority in appropriation and other bills

[In millions]

Type of new obligational authority, by bill or program, and fiscal year	Latest budget estimates	Passed by House	Passed by Senate	Final action by Congress	Latest action versus estimates
Appropriation bills:					
For fiscal 1959: 2d supplemental	$2,901	$2,657	$2,844	$2,765	−$136
For fiscal 1960:					
Department of Defense	39,248	38,848			−400
Independent Offices	6,584	6,458	6,559		−25
Department of Agriculture, including REA and Farmers Home Administration loans	4,469	4,360	4,397		−72
Total postal appropriations	(3,899)	(3,847)	(3,877)	(3,859)	
Deduct postal receipts	(3,727)	(3,377)	(3,377)	(3,377)	
Postal deficit	172	470	500	482	+310
Treasury-Tax Court	789	781	786	784	−5
Labor-Health, Education, and Welfare	3,692	3,850	4,057		+365
Public works	1,177	1,177			
Department of Commerce, etc	732	675	715		−17
State, Justice, judiciary, USIA	677	647	646		−31
Interior Department, etc	488	468	479	473	−15
Legislative	134	100	129		−5
District of Columbia, Federal funds	70	61	64		−6
General government	14	13	14		
Supplemental	889	[1] 633			−256
Annual indefinite appropriations	79	79	81	9	[2]+8
Deduct appropriations to liquidate contract authority	269	227	286	89	[2]−13
Net total in appropriation bills	61,846	61,050	20,985	4,424	−298
"Backdoor" financing:					
Contract authority:					
Urban renewal (1960 and 1961)	[3] 600	(4)	2,100	900	+300
Airport grants (1960 and 1961)	[3] 120	297	465	126	+6
Total, contract authority	720	297	2,565	1,026	+306
Authority to expend debt receipts:					
Housing programs (1959)	200	[4] 300	575	500	+300
Aid to depressed areas (1959)	[5] (50)		300		+300
International Monetary Fund (1959)	1,375	1,375	1,375	1,375	
International Bank (1959)	3,175	3,175	3,175	3,175	
Total, authority to expend debt receipts	4,750	4,850	5,425	5,050	+600
Total "backdoor" financing	5,470	5,147	7,990	6,076	+906
Total, new obligational authority	67,316	66,197	28,975	10,500	+608

[1] Reported by House Appropriations Committee.
[2] Based on latest totals in several bills.
[3] For years comparable to final totals.
[4] Housing bill passed by House authorized appropriations.
[5] Appropriation authorization.

ADDRESS BY SENATOR THURMOND AT DEDICATION OF CONFEDERATE MUSEUM, FRONT ROYAL, VA.

Mr. BYRD of Virginia. Mr. President, on June 28, 1959, a notable speech was made by Senator STROM THURMOND, of South Carolina, at the dedication of the Warren Rifles Confederate Memorial Museum at Front Royal, Va.

This museum was founded and financed through the efforts of the chairman of the committee, Miss L. Virginia Hale, with the cooperation of the United Daughters of the Confederacy and many others interested in the preservation of the memories of the War Between the States.

It happens that Front Royal was the scene of many historic events in this conflict, especially some relating to Stonewall Jackson, Turner Ashby, John Mosby, and Belle Boyd.

Senator THURMOND was introduced by Virginia's Representative from the Seventh District, the Honorable BURR P. HARRISON.

Senator THURMOND, as Governor of South Carolina, and as U.S. Senator, has been one of the ablest and most effective defenders of the rights of the States and the fundamental institutions of our constitutional democracy.

I feel it was an honor to have Senator THURMOND come to Virginia to make the outstanding address he delivered. This eloquent address deserves the careful consideration of all who believe in the preservation of sound principles.

Mr. President, I ask unanimous consent to have printed in the body of the RECORD the address made by Senator THURMOND.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF SENATOR STROM THURMOND AT DEDICATION OF CONFEDERATE MUSEUM AT FRONT ROYAL, VA., JUNE 28, 1959

The United Daughters of the Confederacy has bestowed a great honor on me by inviting me to participate in these ceremonies. There are several reasons I feel so honored.

The occasion was first mentioned to me by Senator HARRY BYRD. Any invitation from Senator BYRD is an honor. Your senior Senator is an inspiration to all who believe in constitutional government, and in the field of fiscal policies, he is indeed an institution. The people of the entire Nation owe a debt of gratitude to Virginia for his services, as indeed they do for those of your able junior Senator WILLIS ROBERTSON and your Congressman, BURR HARRISON. I value most highly the friendship of these outstanding public servants.

The spirit of the people of Front Royal, past and present, make it an honor for me to be associated with them. From its meager beginning as 50 acres and a dream in 1788, Front Royal has become a historic symbol of victorious courage to the people of the South, and, in fact, to all Americans who still cherish the principles of constitutional government. This town suffered the discomfort of occupation by Federal troops for almost the entirety of the late War for Southern Independence. It is, however, for the victory of Confederate arms on May 23, 1862, which led to the capture of Winchester by Stonewall Jackson in his valley campaign, that the town until recently was best remembered.

It is indeed fitting, in view of recent events, that one of the most singly courageous acts of the war took place during the engagement at Front Royal. It was here that the 18-year-old "Cleopatra of the Confederacy," Belle Boyd, residing in the occupied town, braved the fire of both sides, and dashed through the Union lines and into the Confederate ranks to deliver information on the enemy's strength to General Jackson. It was an act of extreme courage and conviction, equal in every respect to the occasion.

Just 3 years less than a century later, Front Royal was again embattled, and its citizens again rose to the occasion. The courage and determination shown here in 1959 was not inspired by flags, uniforms, or the sound of battle; rather, it was courage and determination, born of deep conviction for a just cause. Just as the exemplary act of young Belle Boyd in 1862 contributed to the success of Jackson's valley campaign, and to the southern cause, your actions in 1959 have contributed to the same principles and traditions.

Not only did you preserve the right of self-control of the education of your children, but your actions also contributed immeasurably to the morale of your fellow southerners, not only in Virginia, but far beyond the borders of this Commonwealth, throughout the entire South. Your example removed any doubt as to whether Virginians still retained the spirit and love of principle demonstrated so inspiringly in the 1860's. The courageous and solid unity of action by the people of Warren County exemplify what is surely the real spirit, the true spirit, of the overwhelming majority of Virginians. That spirit will ultimately prevail in this Commonwealth and the entire South.

Truly, my fellow citizens, by your calm determination, your courage, and your sacrifice, you have made Front Royal the very symbol of the South's determination to preserve and maintain States rights.

States rights. Just what do we mean, anyway, by this term "States rights"? Is it just a meaningless name that we southerners love to prattle about? Is it simply an outworn political tradition? No. States rights is an enduring and valid principle, an ancient and a universal principle—it is the fundamental human right of local self-government.

Local self-government, States rights, home rule, self-determination—call it what you will—they are one and the same. Applied to almost any other land except the South, the United States has always recognized and suported the principle of local self-government.

In fact, the United States was founded on, and grew out of, the right of local self-government, of home rule—that was what the Revolutionary War achieved for the former Colonies. Yet, when the South asserted this identical right in the 1860's, the right was denied by the United States. That the Southern States had every right to secede from the Union cannot be doubted. As sovereign States, they had voluntarily acceded to the constitutional compact, and as sovereign States, they had the right to withdraw from it.

Today, here at Front Royal, in dedicating this Confederate Memorial Museum, named for the Warren Rifles, we honor the memory of those courageous and immortal men in gray who fought for the southern cause. No words that I could speak would be adequate to express the love, the appreciation, and the gratitude, which we, the southerners of today, feel for those men, who sacrificed their lives and their all for their beloved homeland.

I would like to say this much, however; I think we make a great mistake when we speak of the cause for which they fought as the "lost cause." It is far from being a lost cause—a fight for principle is never lost.

True, the South suffered military defeat in the war, and failed in its bid for national independence, despite the heroic, almost superhuman, efforts of these men in gray. Yet the fight they waged, by its very heroism, by their own glory and their sheer nobility, made the South's sense of separate identity, its unity, its solidarity, stronger than ever.

Moreover, the cause which they upheld is still a living cause today, albeit in modified form. Local self-government in the sense of complete national independence may be no longer an issue; but local self-government in the form of States rights definitely is an issue; and those who battle for States rights today are waging a fight for governmental principles which are founded on the bedrock of the Constitution.

This issue of States rights versus Federal usurpation of power is the most important domestic problem facing this country today. Actually, the encroachment of the Federal Government on the rights of the several States has been going on for a long period of time; but over the past two decades, and especially since 1954, when the Supreme Court embarked on its new sociological tangent, Federal usurpation has increased to an almost unbelievable extent.

I shall not even attempt here to enumerate the specific usurpations of the Federal Government. To do so would require a great deal of time indeed, and, in any event, I think that most of us have become generally familiar—I might say painfully familiar—with what has been happening in this respect over the past few years. Suffice it to say, all three branches of the Federal Government have been guilty of usurpation of power. This is important to remember, because some people have gained the impression that the Supreme Court alone is responsible for the entire situation. That is not the case. Although it is the Court which has led the attack since 1954, all three branches must share the blame—the Court, the Congress, and the Executive.

We are indeed, my fellow citizens, at a late hour to defend our liberties. Already, as I have tried to emphasize and reemphasize, the essential foundations have been perilously weakened. Although there is much more awareness of the danger now than ever before, still the people—outside of those of us here in the south—have not yet been sufficiently aroused from their apathy to take effective political action to halt the trend toward Federal totalitarianism.

This trend must be stopped, and stopped now. If we do not take effective and immediate action to stop it, we will, much sooner than we think, arrive at the condition which a Virginia editor so graphically pictured, in these words (and I quote):

"The United States will cease to be a union of individual States, and will become instead a consolidated Nation. Virtually all government will center in Washington. The responsibilities of State and local administrations will dwindle to the merest sweeping of streets, the clipping of public parks. Immense, unapproachable, unreachable, the monolithic structure of Federal Government will dominate men's lives and control their destinies."

Already we are far advanced toward this condition of subjugation to an all-powerful central government. Yet still there are many people, especially in the Northern States, who seem unconcerned when we warn them of the consequences of Federal usurpation of the rights of the States. It must be that many people in the North do not have a clear grasp of the meaning of States rights. As a result of the propaganda efforts of the liberal, anti-South press in the metropolitan centers of the North, perhaps the northern people have really come to think of the terms "States rights" and "local self-government" as being nothing more than expressions of southern race exploiters. If, then, they cannot appreciate the principle for which we fight, when it is called by those terms—"States rights"

or "local self-government"—surely they will know what we mean if we use, instead, the phrase "government by consent of the governed." This is a phrase that embraces, and is the embodiment of the philosophy of States rights; it is a phrase familiar to both North and South, a phrase deeply rooted in early American history. It is also, or at least it was in the past, a cherished American principle.

My friends, if we want to see just how far we have already gone down the road to serfdom, to totalitarianism, we need only to consider how much of the government here in Virginia is "by consent of the governed."

Virginians took the lead in 1776 to secure the benefits of this principle of "government by consent of the governed." They felt strongly enough about this principle to pledge in its behalf their lives, their fortunes, and their sacred honor. Yet, today, in 1959, Virginians do not enjoy "government by consent of the governed," in the most vital and the most purely domestic concerns of the people of Virginia.

The people of Virginia are quite capable of running the educational system of Virginia, as well as the other domestic affairs of this Commonwealth. The people of Virginia elect a Governor and other State officials. The people of Virginia, on a local basis, elect a State senate and a house of delegates. Time and time again the people of Virginia, as is the case with the people of the other Southern States, have made it abundantly clear just exactly how they feel about the relations of the races with respect to public education. They have made plain their desire to maintain racial separateness. Their Governors have spoken. Their legislatures have spoken. The people themselves have spoken.

The voice of the people, of their Governors, and of their legislatures go unheeded. The control—not the authority, mind you, but the control—of the public educational system in Virginia has been assumed—yes, usurped—by Federal judges, officials who are neither elected nor appointed by Virginians. Neither are they answerable to the people of Virginia. Yet these men, answerable only to what has been aptly called the "supreme school board," in Washington, are the de facto directors of the ultimate decisions with respect to Virginia's public education system. It was their direction and order that the white and colored races should be mixed in Virginia public schools, against the will of the majority of both races in Virginia.

This is hardly "government by consent of the governed." It is, in fact, government in direct opposition to the will of the governed.

Have the people of Virginia, or of any other Southern State, or of any State, surrendered the right to govern their own schools? The very thought of such an idea is absurd.

It is true that through the means of the Constitution, Virginia, along with South Carolina and the other States, delegated—and we should ever bear in mind that the word used in the Constitution is "delegated," not surrendered, and this is an important distinction—delegated certain powers to the new Federal Government. But these powers which were delegated to the Federal Government were very carefully spelled out. Nowhere among this list of enumerated powers can be found any mention of education. In fact, the word "education" is not even to be found anywhere in the Constitution. This is one of the fields of jurisdiction which the States definitely retained and reserved unto themselves.

There is no validity in the assertion that the Supreme Court derived jurisdiction to interfere in the public education systems of the States from what has been loosely called the 14th amendment. In the first place, it is obvious that it was not the intention of either the people or the Congress that the so-called 14th amendment should prevent separation of the races in the schools. The same Congress which submitted the so-called 14th amendment to the States set up segregated schools in the District of Columbia. No amount of rationalization by the nine usurpers can change that intention, which was recognized and respected by courts for almost a century.

More important, however, and more fundamental, this so-called amendment is not now, and never has been, legally a part of the Constitution. Not only were the mandatory provisions for the proposing and ratification of amendments not complied with, but the entire 14th amendment operation, from its conception to its purported adoption, was carried out under conditions of military occupation, duress and fraud, following the military aggression against the South. It is indeed ironic that this so-called 14th amendment should purport to guarantee, among other things, "due process of law"—because, if in the history of the United States there has ever been one development that was characterized, from start to finish, by a total absence of "due process of law," that development is the creation and the purported adoption of the 14th amendment.

To say, as some have tried to say, that, nevertheless, we have "acquiesced" in the 14th amendment, is an absurdity. No one, whether he be a Governor, a lawyer, a judge, or a plain citizen—not even a sovereign State itself—can "accept" as part of the Constitution, something that is not in fact a part of the Constitution. The desire or willingness to "acquiesce" or "accept" has nothing to do with it—it either is or is not a part of the Constitution, depending upon whether certain requirements were or were not fulfilled. No proposed amendment can become legally a part of the Constitution unless it is brought into being in strict conformity with the procedures laid down in the amending clause—and that does not mean by military aggression, fraud and duress.

Thus we find the Supreme Court's 1954 desegregation decision to be not only a false interpretation, based on sociological theory instead of on law, but a false interpretation of something that never has been legally a part of the Constitution in the first place.

Contrary to repeated assertions, the desegregation decisions are not "the law of the land." Far from it, the decisions are built on a foundation of fraud, deceit and military aggression. I tell you, this decision is no more the law of the land than the Nazi decrees in occupied France were the law of that land, or than Communist decrees backed by the guns of the Russian Army are the law of the land in Hungary today.

As practical men, we must of course acknowledge the existence of the means for forcing compliance with the Court orders and decrees. We are well aware that there have been times, such as occurred in Arkansas, when even the most consecrated must yield to physical might. We are equally well aware that force may be applied on other occasions in the future, and that there shall be no alternative to yielding. Let us be ever conscious, however, that any such yielding is to force, and not to authority of law. We shall never surrender our beliefs and convictions. We shall never accept the theory, as the anti-South arguments would have it, that the Constitution is what a particular court says that it is. The Constitution can be altered only through the method of amendment prescribed in the Constitution. Never shall we, nor should we, acknowledge that the Court can emasculate the Constitution by judicial fiat.

The struggle in which we are engaged, and in which you have acquitted yourselves so nobly, is not a struggle merely for the separation of the races in the schools. This is but one application of the principle for which we fight. Essentially, our struggle is for the triumph of a government of laws as opposed to a government of men. We must ever bear this in mind, lest we become so enmeshed in a particular battle that we lose sight of the total war.

We should also bear in mind always that the South is not fighting for itself alone. The South's cause is the Nation's cause. It was on the principle of States rights that the Federal system of the U.S. Government was founded. States rights is a principle of vital concern, not only to the Southern States, but to all States; for States rights, or local self-government, is the indispensable element of our checks-and-balances system, the very cornerstone of liberty.

"Liberty," said Lord Acton, "is not a means to a higher political end. It is itself the highest political end." It is the ultimate issue at stake in the present constitutional struggle. Regardless of the efforts to becloud the picture by injection of extraneous issues, the fact remains that it is human liberty which is at stake.

It may well be that our people in the South will suffer additional setbacks and reversals in their efforts to preserve their rights, as for instance when they are confronted with stark and naked force. Let us not be discouraged on such occasions, should they occur.

The South has suffered from the application of force at the hands of the enemy before, notably in the 1860's. Indeed, the South was overwhelmed with force, and held in subjugation through force. Actions of the South were thereby suppressed, but the spirit flowing from love of liberty never wavered. Even at the lowest ebb of Reconstruction days, the determination for the South to rise again burned in the heart of all true southerners.

Today the South has risen again. Our perseverance for the cause of liberty, our very spirit of independence, is reaping the rewards of economic progress. I suspect sometimes that the degree of passion exhibited toward the South on the race issue may, in itself, be a reliable barometer of the South's economic progress. At the time of the war for southern independence, and subsequently, during Reconstruction, slavery was played up emotionally as the cause of the war, although in fact, the basic causes of the war were of an economic nature, stemming from a political sabotage of southern liberty. Similarly, now that the competition of our economic resurgence is being felt in other parts of the country, the tempo of the attack, almost dormant during our reconstruction-inspired depression of years duration, has risen to almost fever pitch.

The people of Warren County have set the example of courage and ingenuity for the people of the South to follow. The people of the South will follow your example. The pattern of action may vary from place to place, since different circumstances necessitate flexibility. The means employed to resist the attack may vary, and probably will. Some will undoubtedly adopt a course approaching open defiance of the Court, through the doctrine of interposition; others will adopt a course involving legal circumvention; still others will follow your example in changing from public to private schools. Each occasion must be met by what appears to the local people, or to the people of the particular State, as the means of resistance which is most appropriate. The important thing is for all southerners to remain firm and unyielding to the encroachment on their rights. So long as we remain united in our consecration to principle, firm in our determination to resist the attack on our liberty, and courageous in implementing our

chosen courses of resistance, we need have no fear of defeat.

It is, therefore, my hope, that the Confederate museum which you have struggled to build, and have used so appropriately, will stand not merely as a material monument to those who sacrificed for the cause of southern independence. It is my fervent prayer that it shall stand also as a reminder that the spirit of the 1860's is still alive in the South, and that all who see it, or hear of it, shall be conscious that the fight we wage is for individual liberty, the most precious possession of man. I am confident that the reaction of the overwhelming majority of southerners will be that tryranny shall not prevail in this land. Liberty, freedom and constitutional government must, and shall, be victorious.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following additional routine business was transacted:

ADDITIONAL REPORTS OF A COMMITTEE

The following additional reports of a committee were submitted:

AMENDMENT OF NATIONAL DEFENSE EDUCATION ACT OF 1958—REPORT OF A COMMITTEE

Mr. KENNEDY. Mr. President, from the Committee on Labor and Public Welfare, I report favorably, without amendment, the bill (S. 819) to amend the National Defense Education Act of 1958 in order to repeal certain provisions requiring affidavits of loyalty and allegiance, and I submit a report (No. 454) thereon.

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar.

Mr. KENNEDY. Mr. President, I am gratified by the action of the Senate Committee on Labor and Public Welfare in reporting out my bill to eliminate from the National Defense Education Act the section which would require any scholar, scientist, teacher, or other student who applies for a loan or grant under that act to sign an oath and to execute an affidavit declaring that he does not believe in, belong to, or support any organization which believes in or teaches the overthrow of the U.S. Government by force or by any illegal method.

This section of the act received very little attention last year, when the act was passed. It was inserted by the committee, without discussion, because the National Science Foundation Act contained a similar provision. There was no real discussion of this provision on the Senate floor.

No thought was given to the question of how the section would be enforced, who would investigate the veracity of the affidavits, who would determine whether the students who did not belong to any subversive organization might have some proscribed belief, what constituted the belief of an organization, and under what circumstances a method of overthrowing the Government was illegal.

Nor was there any discussion of what danger to the Nation was being avoided by this requirement—or why Congress was singling out recipients of Federal loans for educational purposes and not those who received old-age benefits, crop loans, or other unrelated payments. No one can quarrel with the principle that all Americans should be loyal citizens and should be willing to swear allegiance. But this is quite different from a doctrine which singles out students, who seek only to borrow money to complete their education—in our interest as well as theirs—as a group which must sign a rather vague affidavit as to their beliefs as well as their acts.

The hearings which my cosponsor, Senator JOSEPH S. CLARK, of Pennsylvania, and I have conducted on our bill make it abundantly clear that this provision hinders the objectives of the National Defense Education Act—seriously handicaps our colleges and universities—and unnecessarily slanders the students who apply for loans so that they can complete their education.

Such an affidavit is superfluous at best and discriminatory and subversive of the purposes of the act at worse. The act announces in the very first section that there is a need for cultivating and protecting our resources of human skills and brains. It points out:

> The present emergency demands that additional and adequate educational opportunities be made available. The defense of this Nation depends upon the mastery of modern technology developed from complex scientific principles. We must increase our efforts to identify and educate more of the talent of our Nation. This requires programs that will give assurances that no student of ability will be denied an opportunity for higher education because of financial need.

Yet the affidavit requirements of the act have caused at least nine of our colleges to refuse all participation under it. Many others are reluctant to participate. Representatives of virtually all our colleges have testified that the section is offensive and should be repealed.

More than just the right of the Government to demand an oath of allegiance as a condition to a loan is involved. If we are to be faithful to our basic principles of freedom of thought, if we are to encourage the restless minds in our universities to go beyond the frontiers of knowledge, if we are to remove the inhibitions that might foreclose inquiry, we must resist any attempt to force our students into a preconceived mold.

It is not enough to say that we will undoubtedly have enough college students to fill our colleges regardless of the ultimate fate of this provision. We need to develop the best talent in the Nation; and, in the words of the act, "no student of ability should be denied the opportunity for higher education because of financial need." Unlike the Soviets, we cannot take steps to keep our bright minds in scientific careers, but we can take steps to keep them out. That is the great danger.

The loyalty oath is a direct descendant of the religious test of the Middle Ages. These oaths were so repugnant to our Founding Fathers that our Constitution has a specific provision prohibiting them.

Those who framed the Constitution knew, as men of good will have always known, that no one can be forced to be devout by being forced to swear that they do not believe in the locally unpopular religion. Similarly, I am sure that no member of the Communist Party will hesitate to sign the oath and affidavit. This provision will not keep any Communist out of the program. It will, however, keep out those who resent such a requirement, those who fear unnecessarily the interpretation by some official of an unexpressed view, those who are conscientiously opposed to test oaths and those who consider the disclaimer affidavit a bridle upon freedom of thought.

Moreover, the imposition of this condition to a loan of funds for educational purposes is an insupportable invasion of educational autonomy, which has grave implications for the integrity of our educational system.

Finally, and entirely apart from these policy considerations, this requirement is technically defective for the following reasons:

First. It raises serious constitutional questions in seeming to approve the concept that "belief" as opposed to overt action may be a basis for sanctions.

Second. It imposes an impossible burden upon our educational institutions who interpret the section, for each school may have a different concept for what is necessary to prove a belief in an organization which believes in the overthrow of the U.S. Government by unconstitutional methods.

Third. As the Secretary of the Department of Health, Education, and Welfare pointed out in his testimony, the inclusion of the oath and affidavit requirement in the National Defense Education Act will make it necessary for educators and students to go through a meaningless, unenforcible procedure that adds greatly to the cost of administering the program without making any real contribution to national security.

Mr. President, the oath and affidavit requirements of the National Defense Education Act are repugnant to our history, our traditions, our law, and our basic philosophy. It has interfered with our efforts to improve our educational opportunities without benefiting us in any way. Rather, it represents a serious new danger to the freedom of thought and inquiry that we as a nation are committed to support. It represents a futile and unnecessary gesture to the memory of an earlier age.

I urge, Mr. President, that this bill be scheduled for early action, so that no more time is permitted to elapse before all students and universities can feel free to accept the benefits of the National Defense Education Act.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD extracts from statements by various educational leaders, indicating the need for and urgency of the proposed legislation.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

EXTRACTS FROM STATEMENTS CALLING FOR ENACTMENT OF KENNEDY-CLARK BILL

Rev. Michael P. Walsh, S.J., president, Boston College, Chestnut Hill, Mass., and member of the Commission on Legislation of the Association of American Colleges, representing 775 colleges and universities:

"The commission's own considered judgment is that disclaimer affidavit required is counter to the spirit of the act as expressed in title I and would, in fact, militate against 'discovery and development of new principles, new techniques, and new knowledge,' creating apprehension and timorousness on college and university campuses. It feels that the real security of our country lies in the maintenance of freedom in spirit as well as in fact, and that democracy depends upon faith in the individual, trust in one another, the presumption of nonguilt until proved otherwise, and belief in debate to reveal error * * *.

"Insistence upon the disclaimer affidavit represents a lack of confidence in the youth of this country and in their future as well as in the educational process itself. It says to those upon whose education our very survival as a Nation depends that we do not trust them and are not even sure that their education will contribute to our security.

"Such a policy of distrust of students by their Government is not calculated to engender their respect, esteem, and affection, qualities that students have always demonstrated for our Nation, and with the greatest sacrifice.

"The patriotism, loyalty, and integrity of the students in our colleges and universities are a matter of public knowledge, and their positive allegiance a matter of public pride and confidence. But the requirement of a notarized disclaimer of disloyalty will never disturb or exclude the intentionally disloyal person. Tests, oaths, and affidavits can be readily taken and given only to be broken, because the disloyal will perjure themselves for their plans.

"Thus it is the opinion of our commission and of our association that the affidavit is unnecessary and inappropriate from the standpoint of public policy and ineffectual for the purposes sought to be achieved by the National Defense Education Act as a whole."

Hon. Arthur S. Flemming, Secretary, Department of Health, Education, and Welfare:

"Requiring persons who receive funds under this act to sign an affidavit and an oath of allegiance will not uncover or deter any persons who themselves believe in, or who belong to organizations that believe in, or teach, the overthrow of the Government by force or violence. Such persons have no scruples about signing such an affidavit and taking such an oath.

"The inclusion of this requirement in the National Defense Education Act singles out educators and students for special treatment without making a contribution to national security."

Louis Benezet, president, Colorado College, Colorado Springs, Colo., in a telegram:

"My views * * * are strongly in favor of repealing those provisions [of National Defense Education Act] singling out and impugning by implication American higher education."

Nathan M. Pusey, president, Harvard University, Cambridge, Mass.:

"Senator JOHN F. KENNEDY,

Chairman, Subcommittee on Education, Committee on Labor and Public Welfare, U.S. Senate Office Building, Washington, D.C.

"MR. CHAIRMAN: I greatly appreciate the opportunity you and your committee have given me to make a statement on the Kennedy-Clark bill to amend the National Defense Education Act of 1958 by eliminating the affidavit and oath requirements now contained in section 1001, subsection (f).

"Without raising the question of the constitutionality of this aspect of the act, about which there has been some doubt expressed, I should like to draw your attention to the central reason that makes the requirement so unpalatable to the administrations, faculties, and student bodies of our colleges.

"This requirement appears to them a direct personal affront. It also seems to them that, in adding it, the legislators have shown a lamentable lack of faith in American youth. The Congress has singled out college people alone as a special group and then said to them by implication, 'We are not sure you are fine loyal Americans. As a matter of fact, we rather think you are not.' Such an implication is utterly unfair to those same young people on whom the future of the country so largely depends, and who in event of war would, of course, as fliers, soldiers, sailors, and marines, have to carry more than a full share of the responsibility for our national safety. To make this requirement of our young people—and of no others in our country—demanding affidavits that they are good loyal Americans before they may borrow money from the Government or enjoy the Government's fellowships seems both rude and unworthy of the Congress.

"Please notice I am not speaking about normally required affirmations of loyalty. I am convinced that not one of the young people in our colleges would object, unless for religious reasons, to affirming his allegiance to his flag and to his country. This is something any citizen is glad to do, voluntarily and proudly, when he takes public office or enters the military service. Patriotism, love of country, is a privilege. Our history has shown this time and time again. But, similarly, history has given us numerous examples of the uselessness of oaths to the intentionally disloyal, has illustrated that oaths can even be used as convenient means of concealing the ulterior motives of those who would defy the law. To use oaths as a test of loyalty or of religious belief has been historically repugnant to Americans because the purpose of such tests can so often be distorted into a restriction of constitutional liberties.

"While there have been demands from some quarters that Harvard assume a public posture of refusing Government funds available under the act in question, our university has not done so. The Harvard administration applauds the high motives which prompted Congress to pass the National Defense Educational Act. It believes that educational institutions should be grateful for this evidence of increasing congressional concern for higher education, and for the possibility of a greatly enlarged program in years to come.

"Harvard has accepted its relatively small apportionment of loan fund money and has been pleased to have it. Harvard students have complied with the law. But their compliance, and that of students elsewhere, has been obtained at the expense of their own self-respect and of their opinion of the fair-mindedness and wisdom of the Congress. They quite rightly conclude that the affidavit and oath requirements are vague in intent, useless in effect, inappropriate in context, and insulting by implication to the very group the Congress seeks to encourage.

"I respectfully urge your committee to recommend the elimination of this odious section of the law."

W. R. Davies, president, Wisconsin State College, Eau Claire, Wis.:

"We at the Wisconsin State College at Eau Claire appreciate very much the sizable amount of money allocated by the Federal Government to this college for the loaning of money to students to enable them to complete their preparation for teaching. I am sure that it will prove to be a real aid to students of low income families, but with high potential as teachers.

"One provision of the Federal loan fund should, in my humble opinion, be changed at once.

"The unnecessary and distasteful loyalty oath should immediately be eliminated. If there are any Communists around they would be the first to sign such an affidavit. President Gould of Carleton certainly summed it up when he said, 'We loan $6 billion to farmers and never ask them to sign any such statement.' I have complete confidence in our students, and do not believe we should be suspicious of them.

"We trust that you will give this matter your attention and support an amendment to the act deleting the loyalty oath."

A. Whitney Griswold, president, Yale University, New Haven, Conn.:

"It seems to me that there are four main reasons why those of us who participate in the educational process, whether as students or teachers, dislike such measures; and that if these reasons could be more generally understood it might help matters. The first reason is that we recall many instances in the long history of the education process in which it has been distorted and disrupted by forces operating under the shelter of test oaths. This knowledge has imbued us with an instinctive dislike of such oaths that is not unnatural in the circumstances and should be understandable to persons familiar with history. Moreover, our instinctive dislike is fortified by reasoned objections such as that of the Supreme Court in ex parte Garland in 1867 when the Court declared 'All enactments of this kind partake of the nature of bills of pains and penalties, and are subject to the constitutional inhibitions against the passage of bills, of attainder, under which general designation they are included.' In our eyes such measures are at best odious symbols, at worst a potential threat to our profession.

"In the second place, as you yourself have pointed out, it is hard to understand why anyone should believe such oaths to be efficacious as public safeguards. Far from deterring real transgressors, they offer them a convenient cloak for their intentions and transgressions. In this respect they are worse than futile. They tend to alienate the good will of the loyal citizens without gaining a corresponding advantage in protecting the public against the actions or intentions of the disloyal. They give the public a false sense of security which, if it became too literal and too strong, might lead to our undoing.

"Thirdly, it is our conviction that belief cannot be coerced or compelled. On this principle the Russian novelist, Boris Pasternak, whose treatment by his own government with respect to the Nobel Prize has been the object of indignant protest in the United States, has recently spoken eloquently in his novel, 'Dr. Zhivago':

" 'I think if the beast who sleeps in man could be held down by threats—any kind of threat, whether of jail or of retribution after death—then the highest emblem of humanity would be the lion tamer in the circus with his whip, not the prophet who sacrificed himself. But don't you see, this is just the point—what has for centuries raised man above the beast is not the cudgel but an inward music: the irresistible power of unarmed truth, the powerful attraction of its example.'

"Thus we feel—and we think the overwhelming majority of those who have ever had any experience in teaching students of any age will agree with us—that belief in the rightness of our cause which assumes the positive form of loyalty to the United States,

its Constitution and its laws, can only be won by the powerful attraction of unarmed truth implicit in the educational process. It cannot be induced or assured by oaths exacted in advance as conditions to participation in this process.

"Finally, oaths and affidavits of this sort are especially distasteful when they are required of young people who are just entering upon the most important phase of their educational experience. They seem to represent a lack of confidence in those young people and in their future as well as in the educational process itself. Since they were first embodied in early colonial laws and later made explicit in the teachings and writings of Adams and Jefferson, the right of all Americans to be educated up to the limit of their native ability according to the principle of equal opportunity, and the necessity of providing for such education, have been fundamental articles of our national democratic faith. To attach such conditions to this faith as now appear, particularly in the negative affidavit under section 1001(f)(1), seems like a loss of faith in the faith itself. It seems to say to these young people upon whose education our very survival as a Nation depends that we do not trust them and are not even sure that their education will contribute to our security.

"In the normal course of events it would be natural to expect that, as the National Defense Education Act becomes operative, it will undergo revision and improvement through the process of amendment. I hope very much that in this process the requirement of the affidavit and oath may receive further consideration, and I again commend you for calling this matter to the attention of the public."

STUDY OF DESIRABILITY FOR CHANGES IN NATIONAL LABOR-MANAGEMENT RELATIONS ACT—REPORT OF A COMMITTEE

Mr. KENNEDY. Mr. President, from the Committee on Labor and Public Welfare, I report an original resolution providing for a study of the National Labor Relations Act and the Labor-Management Relations Act with a view to making any desirable changes. I ask unanimous consent for the present consideration of the resolution.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The legislative clerk read the resolution, as follows:

Resolved, That Senate Resolution 66, Eighty-sixth Congress, agreed to February 6, 1959, providing for a study of the National Labor Relations Act and the Labor-Management Relations Act with a view to making any desirable changes, is amended (1) by striking out the date "July 1, 1959" in section 2 and inserting in lieu thereof the date "December 31, 1959", and (2) by strking out the date "June 1, 1959" in section 3 and inserting in lieu thereof the date "November 30, 1959".

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. JAVITS. I assume the minority has consented.

Mr. KENNEDY. Yes.

There being no objection, the resolution (S. Res. 141) was considered and agreed to.

ADDITIONAL BILL AND JOINT RESOLUTION INTRODUCED

The following additional bill and joint resolution were introduced, read twice by their titles, and referred as indicated:

By Mr. WILLIAMS of New Jersey (for himself, Mr. CLARK, Mr. COOPER, Mr. DODD, Mr. DOUGLAS, Mr. GREEN, Mr. GRUENING, Mr. HARTKE, Mr. HUMPHREY, Mr. JAVITS, Mr. KEATING, Mr. MAGNUSON, Mr. MCCARTHY, Mr. MCGEE, Mr. MCNAMARA, Mr. MORSE, Mr. MURRAY, and Mr. YOUNG of Ohio):

S. 2304. A bill to amend the National Defense Education Act of 1958 in order to promote an adequate supply of qualified individuals to serve the Federal Government in foreign countries as employees of the Department of State and the United States Information Agency; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. WILLIAMS of New Jersey when he introduced the above bill, which appear under a separate heading.)

By Mr. SPARKMAN (for himself, Mr. HUMPHREY, Mr. SMATHERS, Mr. MORSE, Mr. BIBLE, Mr. RANDOLPH, Mr. ENGLE, Mr. BARTLETT, Mr. WILLIAMS of New Jersey, Mr. MOSS, Mr. SALTONSTALL, Mr. SCHOEPPEL, Mr. JAVITS, Mr. COOPER, Mr. SCOTT, and Mr. PROUTY):

S.J. Res. 113. Joint resolution to bring about greater uniformity in State taxation of business income derived from interstate commerce; to establish a Commission on Taxation of Interstate Commerce; and for other purposes; to the Committee on Finance.

(See the remarks of Mr. SPARKMAN when he introduced the above joint resolution, which appear under a separate heading.)

RESOLUTION

Mr. KENNEDY, from the Committee on Labor and Public Welfare, reported an original resolution (S. Res. 141) providing for a study of the National Labor Relations Act and the Labor-Management Relations Act with a view to making any desirable changes, which was considered and agreed to.

(See the above resolution printed in full where it appears under the heading "Additional Reports of Committees.")

AMENDMENT OF NATIONAL DEFENSE EDUCATION ACT OF 1958

Mr. WILLIAMS of New Jersey. Mr. President, on behalf of the Senator from Pennsylvania [Mr. CLARK], the Senator from Kentucky [Mr. COOPER], the Senator from Connecticut [Mr. DODD], the Senator from Illinois [Mr. DOUGLAS], the Senator from Rhode Island [Mr. GREEN], the Senator from Alaska [Mr. GRUENING], the Senator from Indiana [Mr. HARTKE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from New York [Mr. JAVITS], the Senator from New York [Mr. KEATING], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. MCCARTHY], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Ohio [Mr. YOUNG], and myself, I introduce, for appropriate reference, a bill to amend the National Defense Education Act of 1958, in order to permit an adequate supply of qualified individuals to serve the Federal Government in foreign countries as employees of the Department of State and the U.S. Information Agency.

I ask unanimous consent that the bill be printed in the RECORD at this point, together with my comments in connection with it.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 2304) to amend the National Defense Education Act of 1958 in order to promote an adequate supply of qualified individuals to serve the Federal Government in foreign countries as employees of the Department of State and the U.S. Information Agency, introduced by Mr. WILLIAMS of New Jersey (for himself and other Senators), was received, read twice by is title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 204(4) of the National Defense Education Act of 1958 is amended by inserting before the semicolon at the end thereof a comma and the following: "and (C) students with a superior academic background who express a desire to serve the Federal Government in a foreign country as an employee of either the Department of State (including the International Cooperation Administration) or the United States Information Agency".

SEC. 2. Section 205(b)(3) of the National Defense Education Act of 1958 is amended by inserting before the semicolon at the end thereof a comma and the following: "or for full-time service for the Federal Government in a foreign country as an employee of either the Department of State (including the International Cooperation Administration) or the United States Information Agency, at the rate of 10 per centum of the amount of such loan plus interest thereon, which was unpaid on the first day of such service, for each full year of such service".

The statement presented by Mr. WILLIAMS of New Jersey is as follows:

STATEMENT BY SENATOR WILLIAMS OF NEW JERSEY

The National Defense Education Act of 1958, adopted by the Congress last September, provided for the granting of student loans for higher education. The Congress, realizing the importance of high caliber secondary and elementary schoolteachers, gave special consideration to those who expect to make teaching a career. The act further provided that a loan recipient who teaches in a secondary or elementary school can absolve himself from up to 50 percent of the loan plus interest at the rate of 10 percent per annum for each full year of teaching. The purpose of the act was to make sure that this Nation's teaching staff will be of the high quality we need, and further, that a person need not forsake a teaching career because of the necessity to repay all the loan.

The purpose of my amendment to this act is twofold: One, it provides that in the selection of students for loans, special consideration shall be given to a student with a superior academic record who expresses a desire to serve his country as its representative in a foreign country, and, two, it adopts

the same provisions as regards loan repayments for those students who enter the Department of State or the U.S. Information Agency as is now enjoyed by those who elect to teach in a secondary or elementary school. This bill will relieve a person of 10 percent of his total debt, once he has received a loan, for each year that he serves his country as a member of the State Department, the ICA, or the USIA and will enable him to so work off upward of 50 percent of his loan plus interest as teachers are now able to do.

The Senate is well aware of America's position as the leader of a coalition of free nations and of the importance of having this Nation well represented by able men in our foreign services. As it has increased in world power the country has assumed new responsibilities and obligations, namely in the programs for economic and technical assistance and information dissemination. These programs are vital to our security and national defense and there is no denying their permanence. We cannot suffer the illusion of isolationist futures. We have to begin to think of the technical assistance and information programs as long-term ventures and to plan for them as such. Proper and adequate training is the basis of progress in all types of endeavor. My amendment would give special consideration in the selection for student loans to those who expect to join the foreign services after graduation from college. This bill will assure us of an adequate supply of qualified individuals to serve the Government in the several branches of our Foreign Service; and will encourage many of our best young minds to aim for a career in the State Department, the ICA or the USIA.

Turning to the second part of my proposal, you will recall that the act stipulated that a man may receive up to $1,000 yearly toward his tuition but his total grants may not exceed $5,000. Let us suppose that a student interested in the Foreign Service takes full advantage of the program and accumulates a debt of $5,000. The salary of personnel serving in foreign countries, although adequate, is not lucrative. A man or woman with a debt of $5,000 might find it difficult to accept such a position with the Government even though his training has prepared him for this very field. This bill would let a student, who is accepted to work in the foreign services, take advantage of the same opportunity offered to teachers, namely that 10 percent of his total debt would be deducted for each full year of service until 50 percent of the debt is retired.

This would act also as an incentive to all those who hold scholarships to make a career in the foreign services and would bring to the Service men and women skilled in science, engineering, and modern foreign languages.

We know that our Foreign Service desperately need young men with just these qualifications to work and administer the various programs our foreign relations encompass today. America, being the world power that it is today, must have the very best representatives attainable to be able to compete with a nation which believes in fighting its battles on the diplomatic front just as effectively as it does on the military.

We have to be able to compete with its ability to send scores of technicians speaking native dialects to any part of the globe. These technicians are making enormous gains in convincing the underdeveloped areas of the world to accept communism, unfortunately however, we have no such ability, in fact, a sadly large part of our Foreign Service personnel, much less of our technicians, cannot speak fluent native dialects. Under the provisions of the National Defense Education Act we are giving special consideration to those students who possess a superior capacity in science, engineering, and modern foreign languages. It only makes good sense to try and encourage young people with these skills to enter the Foreign Service where they can be so useful and are so urgently needed.

Unless America's status as a world power deteriorates our Foreign Service will continue to increase in importance. We must plan to make it increase in effectiveness at the same time. The quality of our Foreign Service cannot be bettered by any crash program but only by long-range planning. By encouraging young people to enter the Foreign Service, just as today they are encouraged to enter teaching and industry, we can succeed in securing increasingly effective and able representation abroad. I feel that this bill is an important step forward in this direction for by granting student loans to those who are interested in the Service and by easing loan repayments for those who actually do enter them we will be drawing the finest of our youth to work in this field.

As we look to the future we see the United States playing an ever-increasing role in foreign affairs. With the capacity for total nuclear destruction possessed by both the United States and Russia we can expect to have to fight more of our battles on the diplomatic front than on the military. This is a healthy development only so long as we are assured of Foreign Service of the high caliber we need to conduct such a diplomatic war. This bill is an effort to insure ourselves so that in the future we will indeed have such Foreign Service.

REPORT ENTITLED "STATE TAXATION ON INTERSTATE COMMERCE"—REPORT OF A COMMITTEE (S. REPT. NO. 453)—INTRODUCTION OF JOINT RESOLUTION

Mr. SPARKMAN. Mr. President, on behalf of the Senate Small Business Committee, I submit a report entitled "State Taxation on Interstate Commerce." Accompanying the report and spelling out its recommendations in legislative terms is a joint resolution, sponsored by 16 members of the committee. I introduce the joint resolution, and ask for its appropriate reference.

This report is based on hearings held by the committee on the problems facing small businessmen in trying to comply with multistate taxation of income derived from interstate commerce. This situation was brought into focus in late February of this year when the Supreme Court upheld the right of the States to tax out-of-State businesses on that portion of their income which could be attributed to business activities within the taxing State even though the activity was "exclusively interstate commerce."

Since this problem is one which has an immediate and serious impact on thousands of small business firms, the Senate Small Business Committee respectfully urges prompt consideration of its proposals by the legislative committee.

Joining me as cosponsors of the joint resolution are Senators HUBERT H. HUMPHREY, GEORGE SMATHERS, WAYNE MORSE, ALAN BIBLE, JENNINGS RANDOLPH, CLAIR ENGLE, E. L. BARTLETT, HARRISON A. WILLIAMS, JR., FRANK E. MOSS, LEVERETT SALTONSTALL, ANDREW F. SCHOEPPEL, JACOB K. JAVITS, JOHN SHERMAN COOPER, HUGH SCOTT, and WINSTON L. PROUTY.

The PRESIDING OFFICER. The report will be received and printed; and the joint resolution, introduced by the Senator from Alabama, will be received and appropriately referred.

The joint resolution (S.J. Res. 113) to bring about greater uniformity in State taxation of business income derived from interstate commerce; to establish a Commission on Taxation of Interstate Commerce; and for other purposes, introduced by Mr. SPARKMAN (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENT

Mr. JAVITS. Mr. President, I send to the desk for printing under the rule an amendment to Senate bill 1451, the Mutual Security Act dealing with a continuation of the studies of the place of private enterprise in the foreign policy of the United States, which I authored in connection with the 1958 bill. I ask that the explanation of the amendment, from the report of the House Committee on Foreign Affairs on H.R. 7500, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

Page 47 of House Report 440, Report of the Committee on Foreign Affairs on H.R. 7500, describes this amendment as follows:

"SECTION 205 (L) (3), AMENDING SECTION 413 (C): PRIVATE ENTERPRISE

"In 1958 a new provision was added to the act calling for a study under the direction of the President of the ways and means in which the role of private enterprise could be more effectively utilized and protected in carrying out the mutual security program so as to promote our foreign policy, to stabilize and to expand the U.S. economy, and to prevent adverse effects on our economy with special reference to areas of substantial labor surplus.

"Two reports have been submitted pursuant to that section; one dealing with the role of private enterprise, and the other dealing with the effect of the mutual security program on U.S. domestic economy. This provision, however, was effective for 1 year only. Section 204(1)(3) makes the requirement for reports continuing; that is, such reports shall be issued each year. Furthermore, the amendment requires that the reports give special consideration, in their study of possible adverse effects on the U.S. economy, to the net position of the United States in its international trade balances. This is to help insure that our overall foreign trade does not become so unbalanced as to affect adversely our domestic enterprise. The studies should also include the question of the net flow of gold from the United States. Considerable concern has been expressed in some quarters that the gold reserves of the United States are declining, and the reports should devote themselves to this problem."

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—EXPLANATION OF AMENDMENT

Mr. JAVITS. Mr. President, I anticipate proposing an amendment to the mutual security bill which will shortly be before the Senate, to expand the investment guarantee program to include

insurrection and civil disorder. In that connection, I have had the amendment printed. I ask unanimous consent that there be made a part of my remarks a detailed explanation of the amendment, which comes from the report of the House Committee on Foreign Affairs.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

SECTION 205(L)(1) AND (2), AMENDING SECTION 413(B)(4): INVESTMENT GUARANTEE PROGRAM

Section 205(1) amends section 413(b)(4) which relates to the investment guarantee program, in two respects. Paragraph (1) adds to the enumerated risks that may be insured against under the program the risks from revolution, insurrection, or civil strife arising in connection with war, revolution, or insurrection. Paragraph (2) increases from $500 million to $1 billion the ceiling on the face value of guarantees which may be issued.

The investment guarantee program is a form of Government insurance against nonbusiness risks to which new private investment in foreign countries is subject. Section 413 of the Mutual Security Act authorizes the issuance of guarantees in the amount of $500 million against the risks of (1) inconvertibility of local currency earnings from investments; (2) loss of all or part of an investment resulting from expropriation or confiscation, and (3) loss resulting from direct damage to or destruction of physical plant, equipment, and facilities caused by war.

The program is instituted in a country only after an agreement with that country. The agreement provides, among other matters, that the United States will issue no guarantee to any project unless it is approved by the foreign government. Provision is made for the settlement of any claims against the foreign government by negotiation and, failing that, by arbitration. Forty-two countries in every part of the world are now participating in this program. Negotiations with 30 other countries are in various stages.

The law limits issuing authority of guarantees to $500 million. At the present time about $340 million in guarantees are outstanding, leaving an available issuing authority of about $160 million. As a result of committee urging last year, the program has been widely publicized. Applications now exceed $1 billion. About 60 percent of these are for projects in underdeveloped countries. These cover a wide variety of investments, including many small enterprises. It is this favorable response that has led the executive branch to request an increase in issuing authority to $1 billion. This additional authority does not require any additional obligational authority; in other words, it does not require any new money.

Reserves to cover possible losses may be derived from three sources: receipts from premiums collected, funds realized from the sale of currencies or other assets acquired pursuant to the subrogation rights of the United States, and the note issuing authority provided in the law. Note issuing authority amounts to $199.1 million. A fee of one-half of 1 percent per annum is presently charged for each type of coverage. Through March 1959 receipts from fees were $3.8 million. Thus the reserve sources amount to $202.9 million. Until July 1956 the face value of each guarantee had to be backed 100 percent As a result of no claims having been paid, there are no recoveries under the subrogation rights. Since that date the law has permitted a fractional reserve, which currently is 25 percent of the face value. The total reserves obligated at the present time are $123.5 million. Deducting this latter from the total reserve sources of $202.9 million leaves $79.4 million remaining for obligation. On the basis of a 25 percent reserve, contracts may be issued up to $317.6 million. At the present volume of issuance of guarantees there are sufficient reserve sources for another year, possibly longer.

In testimony before the committee, the Chief of the Investment Guaranty Division of ICA, Charles B. Warden, made this statement in support of the more extended coverage provided in this amendment.

"Despite the very considerable effort we have put in on the present war risk guarantee, it has failed to catch on with the American investment community. It has been criticized as being too limited—that it will not be effective unless there is active war between nations, since it has the specific defect of not covering the more common occurrences of revolution and insurrection. In a number of the countries which are relatively new and need investment, the governments have had difficulties in achieving stability and continuity.

"Although these political differences have been adjusted with a minimum of violence, still the hazards to prudent investment remain. It is our belief that the war risk guarantee, to make any appreciable contribution to the stimulation of private investment, should be broadened to include 'revolution, insurrection, and civil disturbances arising therefrom'" (hearings, pp. 894–895).

Independent studies made on the subject of more extended coverage support the argument of Mr. Warden. A report of the Committee on World Economic Practices made at the request of the President and headed by Harold Boeschenstein, contains this statement:

"The present ICA program of investment guarantees against specific risks should be expanded to cover the risk of loss attributable to revolution, insurrection, and other civil disorders. Such guarantees should also be made available for modification, expansion, or improvement of existing investments as well as new investments. The State Department should continue to press for treaty agreements with countries which have not yet joined the guarantee program, and to this end should consider reducing some of the requirements and conditions currently being imposed which are found objectionable by the foreign countries."

Another study prepared under the direction of Ralph I. Straus for the Secretary of State titled "Expanding Private Investment for Free World Economic Growth" includes this recommendation:

"We recommend that the investment guarantee provision of the Mutual Security Act be amended to include coverage of losses arising from revolution, insurrection, or civil strife associated with war, revolution, or insurrection."

In keeping with the congressional mandate to use the program to the maximum practicable extent, guarantee protection is extended to overseas investments made by contracting organizations.

The investment guarantee program is unique in that it has never had to pay a loss and has no claims pending. It is a program that encourages private business to assume some of the large task of economic development. It does not insure against normal business risks. It simply insures against nonbusiness risks.

While the committee is unanimous in its agreement that the investment guarantee program has been an important and highly necessary part of our overall effort, and should be continued with such expansion as is practical and prudent, some members of the committee have raised the question whether insurance against losses occasioned by civil strife in connection with war, revolution, or insurrection did not open the possibility of (1) involvement in the domestic affairs of another nation, and (2) losses due to the vastly broadened coverage, and inadequately provided for in premiums, that would wipe out the present reserve and endanger the enviable financial position established up to date.

Mr. Warden in his testimony before the committee said:

"In talking this over with the investors, the war risk guarantee as it is now set is not the kind of guarantee which is going to be effective in moving private investment into the dangerous areas.

"It does not include the more common occurrences of revolution and insurrection and these are the more common risks today. They are the risks that occur far more frequently—almost once a month in the latter part of the year—and an international war under which our present guarantee would become effective, is very rare" (p. 910 of hearings).

The committee, realizing that this is in a new field of insurance wherein there is no past experience to furnish the basis of costs demanded for the maintenance of financial soundness, will expect the administration of the program to fix such rates, and to readjust them from time to time as experience and prudence may dictate. It is in the public interest that the rates should be as low as conditions permit, as the purpose is to induce private American investment to carry an ever-increasing share of our mutual security undertaking. On the other hand, the entire program could collapse, or at least be seriously endangered, if the cost of risk insurance were calculated solely by a desire to attract new investments and not consistent with the general principles of the insurance industry. Before premiums are set discussions should be held with experts in the insurance business.

It is the committee's understanding that determination as to what constitutes a civil strife incident to an insurrection is to be made on the basis of the contractual relationship of insurer to insured. In this connection the committee endorses the statement of August 19, 1949, made by the then Under Secretary of State James E. Webb, for the State Department that it "would violate our international commitments if we intervened in the affairs of another nation in order to protect guaranteed investments, and we have no intention whatever of doing so."

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE IN HAWAII—AMENDMENT

Mr. JOHNSON of Texas. Mr. President, on behalf of myself, the junior Senator from Montana [Mr. MANSFIELD], and the senior Senator from Wisconsin [Mr. WILEY], I submit today a revised version of the bill to create in Hawaii a Center for Cultural and Technical Interchange Between East and West.

The revisions are based upon consideration that has been given to Senate bill 2135, which I introduced on June 9, on behalf of myself and Senators MANSFIELD and WILEY, who are members of the Senate Foreign Relations Committee. Discussion thus far has indicated that this would be a more effective manner in which to proceed.

What I am offering today is an amendment in the nature of a substitute to the June 9 bill. It would direct the Secretary of State to report to Congress by January 3, 1960, with a program to carry out the purposes of the act.

I ask that the revision be referred to the Foreign Relations Committee and printed in the RECORD.

The PRESIDING OFFICER. The amendment will be received, printed, and appropriately referred; and, without objection, the amendment will be printed in the RECORD.

The amendment was referred to the Committee on Foreign Relations, as follows:

Strike out all after the enacting clause and insert the following:

"STATEMENT OF PURPOSE

"SECTION 1. The purpose of this Act is to promote better relations and understanding between the United States and the nations of Asia and the Pacific (hereinafter referred to as "the East") through cooperative study and research, by establishing in Hawaii a specialized educational institution to be known as the Center for Cultural and Technical Interchange Between East and West, where scholars and students, in various fields from the nations of the East and the Western World may meet, study, exchange ideas and views, and conduct other activities primarily in support of the objectives of the United States Information and Educational Exchange Act of 1948, as amended, and title III of the Mutual Security Act of 1948, as amended, and title III of the Mutual Security Act and other Acts promoting the international educational, cultural, and related activities of the United States.

"ESTABLISHMENT OF CENTER

"SEC. 2. In order to carry out the purposes of this Act the Secretary of State (hereinafter referred to as Secretary), after consultation with appropriate public and private authorities, shall on or before January 3, 1960, prepare and submit to the Congress a plan and program which shall provide for—

"(1) the establishment and operation in Hawaii of an educational institution to be known as the Center for Cultural and Technical Interchange Between East and West through arrangements to be made with public, educational, or other nonprofit institutions;

"(2) grants, fellowships, and other payments to outstanding scholars and authorities from the nations of the East and the Western World as may be necessary to attract such scholars and authorities to the Center;

"(3) grants, scholarships, and other payments to qualified candidates from the nations of the East and West as may be necessary to enable such students to engage in study at the Center; and

"(4) making the facilities of the Center available for study to other qualified persons on a reasonable basis.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 3. There are authorized to be appropriated, to remain available until expended, such amounts as may be necessary to carry out the provisions of this Act."

CONSTRUCTION AT CERTAIN MILITARY INSTALLATIONS—AMENDMENTS

Mr. ELLENDER (for himself and Mr. LONG) submitted amendments, intended to be proposed by them, jointly, to the bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes, which were ordered to lie on the table and to be printed.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. KENNEDY. Mr. President, in accordance with the order previously entered, I move the Senate adjourn until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 49 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Tuesday, June 30, 1959, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate June 29, 1959:

DEPARTMENT OF STATE

Lane Dwinell, of New Hampshire, to be an Assistant Secretary of State, vice Walter K. Scott, resigned.

DEPARTMENT OF LABOR

Ewan Clague, of Pennsylvania, to be Commissioner of Labor Statistics, U.S. Department of Labor, for a term of 4 years. (Reappointment.)

BUREAU OF THE MINT

William H. Brett, of Ohio, to be Director of the Mint for a term of 5 years. (Reappointment.)

FEDERAL TRADE COMMISSION

Sigurd Anderson, of South Dakota, to be a Federal Trade Commissioner for the term of 7 years from September 26, 1959. (Reappointment.)

PUBLIC UTILITIES COMMISSION OF THE DISTRICT OF COLUMBIA

Harold A. Kertz, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for the term of 3 years expiring June 30, 1962. (Reappointment.)

IN THE ARMY

The following-named officer under tne provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Maj. Gen. Robert Wesley Colglazier, Jr., O223635, Army of the United States (brigadier general, U.S. Army Reserve) in the rank of lieutenant general.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 29, 1959

The House met at 12 o'clock noon.

Rev. Robert L. McCachran, First Presbyterian Church, Van Wert, Ohio, offered the following prayer:

O God, who hast made of one blood all the nations of the world, and who by Thy word and spirit dost marvelously work out the reconciliation of mankind, so that all may be brothers, cleanse Thou our hearts and forgive the selfishness that ignores the ties which Thou hast established.

Give to these Thy servants, who represent the people from every city, village, and farm in every corner of these United States, the will to work together as a team for the welfare of all our people, regardless of race, or class, or creed.

Give them enlightened vision to see the sacrifices that must be made continually by all of us if we are to do that which is righteous in Thy sight.

May these men and women so live and work in these sacred Halls of Congress that the sacrifices that have already been made for our liberty and freedom shall not have been made in vain.

In all issues, small or large, that come before these Representatives here today, wilt Thou reveal to them Thy wisdom and Thy guiding love. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Friday, June 26, 1959, was read and approved.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. NATCHER. Mr. Speaker, on behalf of the gentleman from Michigan [Mr. RABAUT] I ask unanimous consent to take from the Speaker's table the bill (H.R. 5676) making appropriations for the District of Columbia for the fiscal year 1960, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Messrs. RABAUT, NATCHER, CANNON, RHODES of Arizona, and TABER.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. ROONEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7343) making appropriations for the Departments of State and Justice, the judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from New York? The Chair hears none, and appoints the following conferees: Messrs. ROONEY, PRESTON, CANNON, BOW, and TABER.

EXECUTIVE OFFICE OF THE PRESIDENT AND SUNDRY GENERAL GOVERNMENT AGENCIES APPROPRIATION BILL, 1960

Mr. ANDREWS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7176) making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes, with Senate amendments thereto, and consider the Senate amendments.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The Clerk will report the first Senate amendment.

The Clerk read as follows:

Page 5, line 11, insert:

"EXPENSES OF MANAGEMENT IMPROVEMENT

"For expenses necessary to assist the President in improving the management of executive agencies and in obtaining greater

economy and efficiency through the establishment of more efficient business methods in Government operations, including services as authorized by section 15 of the act of August 2, 1946 (5 U.S.C. 55a), at rates for individuals not to exceed $75 per diem, by allocation to any agency or office in the executive branch for the conduct, under the general direction of the Bureau of the Budget, of examinations and appraisals of, and the development and installation of improvements in, the organization and operations of such agency or of other agencies in the executive branch, $250,000, to remain available until expended, and to be available without regard to the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended."

Mr. ANDREWS. Mr. Speaker, I move that the House concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. ANDREWS moves that the House concur in the amendment of the Senate numbered 1, with an amendment as follows: In lieu of the sum of $250,000 named in said amendment, insert "$125,000."

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Page 8, line 23, strike out "$380,000" and insert "$360,000."

Mr. ANDREWS. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ANDREWS moves that the House disagree to Senate amendment No. 2.

The motion was agreed to.

A motion to reconsider was laid on the table.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs may have permission to sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

VAULT CASH BILL

Mr. JOHNSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. JOHNSON of Colorado. Mr. Speaker, on behalf of the gentleman from Wisconsin [Mr. REUSS], the gentleman from Indiana [Mr. BARR], and myself, I wish to call to the attention of the Members of the House that we will have on the floor tomorrow the vault cash bill, from the Committee on Banking and Currency. There will be some discussion of it and its relationship to the question of the interest rate problem in the special orders that will follow this afternoon.

MEMORIAL FOR JAMES MADISON

Mr. KASTENMEIER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. KASTENMEIER. Mr. Speaker, I take this time to call to the attention of the Members of the House of Representatives a significant article and editorial which appeared in the Sunday, June 28, 1959, issue of the Washington Post and Times Herald.

The article points out that James Madison, the fourth President of the United States and the man known in history as the Father of our Constitution and author of the Bill of Rights, is the only American of the highest rank in history who is not honored with a memorial.

I am in full agreement with the Washington Post editorial which suggests that Congress memorialize this great American, and I wish to announce at this time that it is my intention to introduce in the near future legislation to authorize construction of a suitable memorial for our fourth President, James Madison.

I am inserting both the editorial and the article in today's RECORD. Any comments from those of you who read this material will be much appreciated.

HAWAII VOTES FOR STATEHOOD

Mr. BURNS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

Mr. BURNS of Hawaii. Mr. Speaker, on Saturday last, June 28, 1959, the sovereign people of Hawaii went to the polls to vote on three propositions submitted to them by the sovereign people of the United States, via their elected Representatives and Senators in the 86th Congress. The Members of this House and the Members of the other body of the Congress will be greatly pleased and gratified to learn that the people spoke in clear and unmistakeable terms.

With more than 85 percent of the registered voters casting their ballots 94.4 percent, or a ratio of some 17 to 1 voted "yes" on each of the propositions. Thus did the people of Hawaii give the lie to the Bamboo and Iron Curtain propagandists who accused the United States of forcing Hawaii's people into the Union of States; thus did the people of Hawaii declare that they were fully aware of their responsibilities and prepared to meet them by a government of their own, fashioned by their own; and thus did the people of Hawaii seize the opportunity to demonstrate their belief in themselves and their ability to shape their own destiny in a climate allowing the maximum development of the magnificent and extraordinary talents they possess.

The propositions and the votes thereon were:

First. Shall Hawaii immediately be admitted into the Union as a State? Yes, 133,525; no, 7,921.

Second. The boundaries of the State of Hawaii shall be as prescribed in Public Law 86–3. Yes, 132,217; no, 7,560.

Third. All provisions of the act of Congress—Public Law 86–3—reserving rights or powers to the United States, as well as those prescribing terms or conditions of the grants of lands or other propery therein made to the State of Hawaii, are consented to fully by the State and its people. Yes, 132,263; no, 7,522.

The practically unanimous action of the 86th Congress in voting to admit Hawaii as a State was met by a practically unanimous vote of the people in accepting the opportunity so long sought.

RELIEF OF CERTAIN ALIENS

Mr. WALTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (H.J. Res. 322) a joint resolution for the relief of certain aliens, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the joint resolution.

The Clerk read the Senate amendments, as follows:

Page 1, line 8, strike out "require" and insert "required."

Page 4, line 5, strike out "Moises Garza Barriga,".

Page 4, line 6, strike out ", and Francisco Gomez-Olvera."

Page 4, line 14, after "fee" insert "and head tax."

Page 4, strike out all after line 14 over to and including line 2 on page 5.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GROSS. Mr. Speaker, reserving the right to object, will the gentleman state what this is, in a few words?

Mr. WALTER. Mr. Speaker, the Senate deleted the name of one of the aliens on the joint resolution for suspension of deportation, because there was an administrative remedy available.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in.

A motion to reconsider was laid on the table.

LEGISLATION TO PLACE UNIONS UNDER ANTITRUST LAWS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker and Members of the House, permit me to congratulate my friends, the gentleman from Texas and the gentleman from California, who just referred to bills designed to limit the monopolistic power of unions. They are two of the most optimistic young men I have ever had the pleasure to meet. For years, we have had this situation confronting us. The Supreme Court has held, I will say to my friend, the gentleman from Texas, that, where the union and the employer join together in that kind of a deal to limit production or sales, they are under the present law. I do not know how many bills will have to be introduced before we will act. I just came from the McClellan committee hearing over on the other side of the Capitol. Those hearings apparently are all useless, Mr. Speaker, not in the sense that they are not producing the facts, but they do not seem to have any effect on our problem or on the House. In my opinion, which may not be worth very much, it seems the racketeers would have to steal the ceiling of this room before this House would do anything about it—before the House will curb the extortionists. This committee has produced the facts—when will we act?

WATERSHED PROTECTION AND FLOOD PREVENTION

The SPEAKER laid before the House the following communication, which was read and referred to the Committee on Appropriations:

HOUSE OF REPRESENTATIVES,
CONGRESS OF THE UNITED STATES,
COMMITTEE ON PUBLIC WORKS,
Washington, D.C., June 26, 1959.

Hon. SAM RAYBURN,
The Speaker,
House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Public Works has approved the work plans transmitted to you which were referred to this committee. The work plans involved are:

State	Watershed	Executive communication No.	Committee approval
Georgia	Tobesofkee Creek	1026	June 23, 1959
Illinois	Big Blue Creek	1026	Do.
Do	Shoal Creek	1026	Do.

Sincerely yours,
CHARLES A. BUCKLEY,
Member of Congress,
Chairman, Committee on Public Works.

LEGISLATIVE BRANCH APPROPRIATION BILL, 1960

Mr. KIRWAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7453) making appropriations for the legislative branch for the fiscal year ending June 30, 1960, and for other purposes, with amendments of the Senate thereto, and consider the same.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

SUMMARY OF H.R. 7453—LEGISLATIVE BRANCH APPROPRIATIONS, 1960

Mr. KIRWAN. Mr. Speaker, with one or two exceptions, the Senate amendments do nothing more than add the appropriations and provisions customarily carried in the Senate sections of the bill, as the Senate determines. As you know, when the bill is first before the House, it does not carry the Senate provisions. That matter is left for the Senate.

The Senate added $28,518,030 to the House bill. Of this, $28,456,840, or all but $61,190, is for Senate items. The sum of $51,300 was added to a House item as requested. The only other change in money is $9,890 added to the Library appropriation for the position of specialist for a Near East law section.

The Senate struck out language in the House bill making some adjustments with respect to five positions under the Architect's organization, including one key position assigned exclusively to duties for the House. They added language, however, adjusting upward a comparable position assigned exclusively to duties on the Senate side. We do not agree with the deletion of the provision in the House bill.

A summary of the bill follows:

Budget estimates considered by House, $105,460,005.

House bill, $100,279,350.

House reduction, $5,180,655.

Budget estimates considered by Senate, $133,648,180.

Senate bill, $128,797,380.

Senate reduction, $4,850,800.

Mr. Speaker, inasmuch as the amendments of the Senate numbered 1 through 44 and Senate amendments Nos. 46 and 49 pertain solely to the other body, I believe they should be considered en bloc.

Mr. HORAN. Mr. Speaker, inasmuch as these amendments apply to the other body I ask unanimous consent that amendments Nos. 1 to 44 and 46 through 49 be considered as read and printed in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

(The Senate amendments referred to follow:)

Page 1, after line 6, insert:

"SENATE"

Page 1, after line 6, insert:

"*Salaries of Senators, mileage of the President of the Senate and of Senators, expense allowance of the majority and minority leaders of the Senate, and salary and expense allowance of the Vice President*"

Page 1, after line 6, insert:

"Compensation of Senators

"For compensation of Senators, $2,425,255."

Page 1, after line 6, insert:

"Mileage of President of the Senate and of Senators

"For mileage of the President of the Senate and of Senators, $58,370."

Page 1, after line 6, insert:

"Expense Allowance of Majority and Minority Leaders

"For expense allowance of the majority leader and the minority leader of the Senate, $2,000 each; in all, $4,000."

Page 1, after line 6, insert:

"Compensation of the Vice President of the United States

"For the compensation of the Vice President of the United States, $37,695."

Page 1, after line 6, insert:

"Expense Allowance of the Vice President

"For expense allowance of the Vice President, $10,000."

Page 1, after line 6, insert:

"*Salaries, officers and employees*

"For compensation of officers, employees, clerks to Senators, and other" as authorized by law, including agency contributions as authorized, which shall be paid from this appropriation without regard to the below limitations, as follows:".

Page 1, after line 6, insert:

"Office of the Vice President

"For clerical assistance to the Vice President, at rates of compensation to be fixed by him in basic multiples of $5 per month, $112,140."

Page 1, after line 6, insert:

"Chaplain

"Chaplain of the Senate, $5,500."

Page 1, after line 6, insert:

"Office of the Secretary

"For Office of the Secretary, $639,140: *Provided*, That effective July 1, 1959, two additional messengers may be employed at not to exceed $2,040 basic per annum each."

Page 1, after line 6, insert:

"Committee Employees

"For professional and clerical assistance to standing committees, and the Select Committee on Small Business, $2,372,960."

Page 1, after line 6, insert:

"Conference Committees"

Page 1, after line 6, insert:

"For clerical assistance to the Conference of the Majority, at rates of compensation to be fixed by the chairman of said committee, $44,020."

Page 1, after line 6, insert:

"For clerical assistance to the Conference of the Minority, at rates of compensation to be fixed by the chairman of said committee, $44,020."

Page 1, after line 6, insert:

"Administrative and Clerical Assistants to Senators

"For administrative and clerical assistants and messenger service for Senators, $11,052,450."

Page 1, after line 6, insert:

"Office of Sergeant at Arms and Doorkeeper

"For office of Sergeant at Arms and Doorkeeper, $2,304,995: *Provided*, That effective July 1, 1959, three additional laborers at $1,740 basic per annum each, two additional inserting machine operators at $1,980 basic per annum each, and two additional offset press operators at $2,700 basic per annum each may be employed; and the basic annum compensation and titles of the following positions shall be: administrative officer, $4,140 in lieu of $3,780; automatic typing technician at $3,480 in lieu of foreman, repairmen at $2,820; four offset press operators at $2,700 each in lieu of two offset press operators at $2,580 each and two offset press operators at $2,160 each; repairman $3,120, repairman $2,880, and two repairmen at $2,640 in lieu of two repairmen at $2,520

each, file clerk at $1,980, and warehouseman at $1,800."

Page 1, after line 6, insert:

"Office of the Secretaries for the Majority and the Minority

"For the offices of the secretary for the majority and the secretary for the minority, $112,185: *Provided,* That effective July 1, 1959, the basic per annum compensation of the assistant secretary for the majority and the assistant secretary for the minority may be fixed by the respective secretaries at not to exceed $7,560 each."

Page 1, after line 6, insert:

"Offices of the Majority and the Minority Whips

"For two clerical assistants, one for the majority whip and one for the minority whip, at not to exceed $5,580 basic per annum each, $22,050."

Page 1, after line 6, insert:

"Office of the Legislative Counsel of the Senate

"For salaries and expenses of the Office of the Legislative Counsel of the Senate, $206,125."

Page 1, after line 6, insert:

"Contingent expenses of the Senate"

Page 1, after line 6, insert:

"Legislative Reorganization

"For salaries and expenses, legislative reorganization, $117,150."

Page 1, after line 6, insert:

"Senate Policy Committees

"For salaries and expenses of the Majority Policy Committee and the Minority Policy Committee, $123,830 for each such committee; in all, $247,660."

Page 1, after line 6, insert:

"Joint Economic Committee

"For salaries and expenses of the Joint Economic Committee, $156,950."

Page 1, after line 6, insert:

"Joint Committee on Atomic Energy

"For salaries and expenses of the Joint Committee on Atomic Energy, $250,145."

Page 1, after line 6, insert:

"Joint Committee on Printing

"For salaries and expenses of the Joint Committee on Printing, $104,715; for expenses of compiling, preparing and indexing the Congressional Directory, $1,600; in all, $106,315."

Page 1, after line 6, insert:

"Committee on Rules and Administration

"For reimbursement to General Services Administration for space furnished the United States Senate, $10,000."

Page 1, after line 6, insert:

"Vice President's Automobile

"For the purchase, exchange, driving, maintenance, and operation of an automobile for the Vice President, $8,160."

Page 1, after line 6, insert:

"Automobile for the President pro tempore

"For purchase, exchange, driving, maintenance, and operation of an automobile for the President pro tempore of the Senate, $7,660."

Page 1, after line 6, insert:

"Automobiles for majority and minority leaders

"For purchase, exchange, driving, maintenance, and operation of two automobiles, one for the majority leader of the Senate, and one for the minority leader of the Senate, $15,320."

Page 1, after line 6, insert:

"Reporting Senate proceedings

"For reporting the debates and proceedings of the Senate, payable in equal monthly installments, $209,195."

Page 1, after line 6, insert:

"Furniture

"For services and materials in cleaning and repairing furniture, and for the purchase of furniture, $31,190: *Provided,* That the furniture purchased is not available from other agencies of the Government."

Page 1, after line 6, insert:

"Inquiries and investigations

"For expenses of inquiries and investigations ordered by the Senate or conducted pursuant to section 134(a) of Public Law 601, Seventy-ninth Congress, including $380,000 for the Committee on Appropriations, to be available also for the purposes mentioned in Senate Resolution Numbered 193, agreed to October 14, 1943, $3,550,000."

Page 1, after line 6, insert:

"Folding documents

"For the employment of personnel for folding speeches and pamphlets at a gross rate of not exceeding $1.77 per hour per person, $31,900."

Page 1, after line 6, insert:

"Senate restaurants

"For repairs, improvements, equipment and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Buildings, including personal and other services, to be expended under the supervision of the Committee on Rules and Administration, United States Senate, $85,000."

Page 1, after line 6, insert:

"Mail transportation

"For maintaining, exchanging, and equipping motor vehicles for carrying the mails and for official use of the offices of the Secretary and Sergeant at Arms, $16,560."

Page 1, after line 6, insert:

"Miscellaneous items

"For miscellaneous items, exclusive of labor, $1,856,210."

Page 1, after line 6, insert:

"Postage stamps

"For Offices of the Secretaries of the Majority and Minority; $140; for airmail and special-delivery stamps for Office of the Secretary, $160; Office of the Sergeant at Arms, $125; and for Senators and the President of the Senate, as authorized by law, $45,450; in all, $45,875."

Page 1, after line 6, insert:

"Stationery (revolving fund)

"For stationery for Senators and the President of the Senate, $181,800; and for stationery for committees and officers of the Senate, $13,200; in all, $195,000 to remain available until expended."

Page 1, after line 6, insert:

"Communications

"For an amount for communications which may be expended interchangeably for payment, in accordance with such limitations and restrictions as may be prescribed by the Committee on Rules and Administration, of charges on official telegrams and long-distance telephone calls made by or on behalf of Senators or the President of the Senate, such telephone calls to be in addition to those authorized by the provisions of the Legislative Branch Appropriation Act, 1947 (60 Stat. 392; 2 U.S.C 46c, 46d, 46e), as amended, and the First Deficiency Appropriation Act, 1949 (63 Stat. 77; 2 U.S.C. 46d–1), $15,150."

Page 1, after line 6, insert:

"Administrative provisions

Page 1, after line 6, insert:

"Effective July 1, 1959, the table contained in section 4(f) of the Federal Employee's Salary Increase Act of 1955 (Public Law 94, Eighty-fourth Congress, approved June 28, 1955) is amended by striking out the last line therein and inserting in lieu thereof the following:

"13,000,000 but less than 15,000,000	28,740
15,000,000 but less than 17,000,000	31,740
17,000,000 or more	34,740"

Page 1, after line 6, insert:

"The third paragraph under the heading "Administrative Provisions" in the appropriations for the Senate in the Legislative Branch Appropriation Act, 1959 (2 U.S.C. 43b), is amended by striking out 'from Washington, District of Columbia, to their resident cities in their home States, and return, for not to exceed two such round trips' and inserting in lieu thereof the following: 'between Washington, District of Columbia, and any point in their home States, for not to exceed two round trips'."

Page 11, after line 10 insert:

"Joint Committee on Reduction of Nonessential Federal Expenditures

"For an amount to enable the Joint Committee on Reduction of Nonessential Federal Expenditures to carry out the duties imposed upon it by section 601 of the Revenue Act of 1941 (55 Stat. 726), to remain available during the existence of the committee, $24,795, to be disbursed by the Secretary of the Senate."

Page 14, after line 20, insert:

"Subway Transportation, Capitol and Senate Office Buildings

"For maintenance, repairs, and rebuilding of the subway transportation system connecting the Senate Office Buildings with the Capitol, including personal and other services, $6,000."

Page 14, after line 20, insert:

"Senate Office Buildings

"For maintenance, miscellaneous items and supplies, including furniture, furnishings, and equipment, and for labor and material incident thereto, and repairs thereof; for purchase of waterproof wearing apparel and for personal and other services; including eight female attendants in charge of ladies retiring rooms at $1,800 each, for the care and operation of the Senate Office Buildings; uniforms or allowances therefor as authorized by the Act of September 1, 1954, as amended (5 U.S.C. 2131); to be expended under the control and supervision of the Architect of the Capitol; in all, $1,819,700."

Page 14, after line 20, insert:

"Extension of Additional Senate Office Building Site

"For an additional amount to enable the Architect of the Capitol, under the direction of the Senate Office Building Commission, to carry out the provisions of Public Law 85–591, Eighty-fifth Congress, relating to the acquisition of property in square 725 in the District of Columbia, including necessary incidental expenses, $200,000, to remain available until expended."

Page 14, after line 20, insert:

"Remodeling, Senate Office Building

"Notwithstanding the provisions of the proviso contained under this heading in the Supplemental Appropriation Act, 1958 (71 Stat. 329), not to exceed $100,000 of the funds therein appropriated may be expended for the performance of work on a contract basis."

The SPEAKER. The question is on the Senate amendments.

The Senate amendments were concurred in.

The Clerk will report the first Senate amendment.

The Clerk read as follows:

Senate amendment No. 45: Page 21, line 11, strike out:

"Hereafter, the Architect of the Capitol is authorized, without regard to the Classification Act of 1949, as amended, to fix the compensation of three positions under the appropriation 'Salaries, Office of the Architect of the Capitol', of one position under the appropriation 'Capitol Buildings', and of one position under the appropriation 'House Office Buildings' at a basic rate of $8,000 per annum each: *Provided,* That this provision shall not be applicable to the positions of Architect, Assistant Architect, or Second Assistant Architect of the Capitol."

And insert in lieu thereof the following:

"Hereafter, the Architect of the Capitol is authorized, without regard to the Classification Act of 1949, as amended, to fix the compensation of one position under the appropriation 'Senate Office Buildings', at a basic rate of $7,020 per annum."

Mr. KIRWAN. Mr. Speaker, I move that the House concur in the amendment with an amendment.

The Clerk read as follows:

Mr. KIRWAN moves that the House concur in the amendment of the Senate numbered 45 with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment, insert the following:

"Hereafter, the Architect of the Capitol is authorized, without regard to the Classification Act of 1949, as amended, to fix the compensation of three positions under the appropriation "Salaries, Office of the Architect of the Capitol", of one position under the appropriation "Capitol Buildings", and of one position under the appropriation "House Office Buildings" at a basic rate of $8,000 per annum each: *Provided,* That this provision shall not be applicable to the positions of Architect, Assistant Architect, or Second Assistant Architect of the Capitol.

"Hereafter, the Architect of the Capitol is authorized, without regard to the Classification Act of 1949, as amended, to fix the compensation of one position under the appropriation "Senate Office Buildings", at a basic rate of $7,020 per annum."

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 50: Page 25, line 2, strike out "$1,400,000" and insert "$1,451,300."

Mr. KIRWAN. Mr. Speaker, I move that the House concur in the amendment of the Senate numbered 50.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 51: Page 27, line 24, strike out "$7,150,000" and insert "$7,159,890."

Mr. KIRWAN. Mr. Speaker, I move that the House concur in the amendment of the Senate numbered 51.

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1960

Mr. WHITTEN submitted a conference report and statement on the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes.

(The conference report appears on p. 12296 of the RECORD of June 30, 1959.)

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent for the present consideration of the conference report on the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

Mr. JUDD. Mr. Speaker, reserving the right to object, is this an attempt to bring up a conference report which report has not yet been published?

Mr. WHITTEN. That is correct. This is a matter over which there is no controversy whatever among the conferees.

Mr. JUDD. It seems to me the membership ought to have an opportunity to read the report.

Mr. WHITTEN. May I say to the gentleman that tomorrow is the last day of the fiscal year. Time is of the essence, and the conference report is in complete agreement.

Mr. JUDD. I still believe it ought to be put over. I hope the gentleman will not insist.

Mr. WHITTEN. I feel compelled to insist. The gentleman is within his rights to object.

Mr. JUDD. Then I object, Mr. Speaker.

The SPEAKER. Objection is heard.

TAX RATE EXTENSION ACT OF 1959

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 587)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) to provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, and 5.

Amendment Numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 4. REDUCTION OF TAX ON TRANSPORTATION OF PERSONS, EFFECTIVE JULY 1, 1960.

"Section 4261 of the Internal Revenue Code of 1954 (relating to tax on transportation of persons) is amended by striking out 'to 10 percent of the amount so paid.' each place it appears therein and inserting in lieu thereof the following:

" 'to—

" '(1) 10 percent of the amount so paid before July 1, 1960; or

" '(2) 5 percent of the amount so paid on or after July 1, 1960.' "

And the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 5. TERMINATION OF TAX ON GENERAL TELEPHONE SERVICE, EFFECTIVE JULY 1, 1960.

"Section 4251 of the Internal Revenue Code of 1954 (relating to tax on communications) is amended—

"(1) by inserting '(a) IN GENERAL.—' at the beginning of the text of such section; and

"(2) by adding at the end thereof the following new subsection:

" '(b) TERMINATION OF TAX ON GENERAL TELEPHONE SERVICE.—

" '(1) IN GENERAL.—Effective as provided in paragraph (2), the tax imposed by this section on amounts paid for general telephone service shall cease to apply.

" '(2) EFFECTIVE DATE.—

" '(A) Subject to the provisions of subparagraph (B), paragraph (1) shall apply with respect to amounts paid on or after July 1, 1960, for services rendered on or after such date.

" '(B) Paragraph (1) shall not apply with respect to amounts paid pursuant to bills rendered before July 1, 1960. In the case of amounts paid pursuant to bills rendered on or after such date for services for which no previous bill was rendered, paragraph (1) shall apply except with respect to such services as were rendered more than 2 months before such date. Paragraph (1) shall not apply with respect to amounts paid for services rendered more than 2 months before such date.' "

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

W. D. MILLS,
CECIL R. KING,
RICHARD M. SIMPSON,
N. M. MASON,
Managers on the Part of the House.
HARRY F. BYRD,
ROBERT S. KERR,
J. ALLEN FREAR, Jr.,
JOHN J. WILLIAMS,
WALLACE F. BENNETT,
JOHN BUTLER,
By J. J. W.
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) to provide a one-year extension of the existing corporate

normal-tax rate and of certain excise-tax rates, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill, as passed the House, provides a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates. Under the Senate amendments, the provisions of the House bill would be retained, but certain changes would be made in the Internal Revenue Code of 1954 and in the public assistance provisions of the Social Security Act.

Amendment No. 1: This amendment would repeal the taxes on the transportation of persons imposed by section 4261 of the Internal Revenue Code of 1954.

Section 4261(a) of such Code imposes a tax on the amount paid within the United States for taxable transportation (as defined in section 4262 of such Code) of any person by rail, motor vehicle, water, or air. The tax is equal to 10 percent of the amount so paid.

Section 4261(b) of such Code imposes a tax on amounts paid without the United States for taxable transportation (as defined in section 4262 of such Code) of any person by rail, motor vehicle, water, or air, but only if such transportation begins and ends in the United States. This tax is equal to 10 percent of the amount so paid.

Section 4261(c) of such Code imposes a tax on amounts paid for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by subsection (a) or (b) of section 4261. This tax is equivalent to 10 percent of the amount so paid.

Under Senate amendment No. 1, the repeal of these taxes would apply with respect to amounts paid, on or after the first day of the first month which begins more than 10 days after the date of the enactment of the bill, for transportation which begins on or after such first day.

The House recedes with an amendment. Under the conference agreement the rate of tax under subsections (a), (b), and (c) of section 4261 of the Internal Revenue Code of 1954 is reduced from 10 percent to 5 percent, effective with respect to amounts paid on or after July 1, 1960.

Amendment No. 2: This amendment would repeal the tax on amounts paid for enumerated communication services imposed by section 4251 of the Internal Revenue Code of 1954. The tax is equal to the percent of the amount so paid, for the enumerated service, which is specified in the following table:

Taxable service	*Rate of tax (percent)*
General telephone service	10
Toll telephone service	10
Telegraph service	10
Teletypewriter exchange service	10
Wire mileage service	10
Wire and equipment service	8

Under Senate amendment No. 2, the repeal of this tax would apply with respect to amounts paid on or after July 1, 1960, for communication services rendered on or after such date.

The House recedes with an amendment. Under the conference agreement, the tax on general telephone service is terminated, effective, in general, with respect to bills rendered on or after July 1, 1960.

Amendment No. 3: This amendment would repeal the credit against tax provided by section 34 of the Internal Revenue Code of 1954 for dividends received by individuals. The amount of the credit is (subject to certain specified limitations) 4 percent of the dividends which are received by individuals from domestic corporations and are included in gross income. Under the amendment, the repeal would be effective with respect to taxable years beginning after December 31, 1959.

The Senate recedes.

Amendment No. 4: This amendment added to the bill a new section 7, increasing the maximum amount of the State expenditures in which the Federal Government would share under the public assistance provisions of the Social Security Act (titles I, IV, X, and XIV, relating to old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled, respectively). Under the new section 7, the maximum amount of State expenditures in which the Federal Government would share under the basic formula in titles I, X, and XIV (at the rate of four-fifths of the first $30 and the "Federal percentage" of the remainder) would be increased from $65 to $75 per recipient, with a corresponding increase in the formula for Puerto Rico, the Virgin Islands, and Guam (which is on a 50–50 matching basis) from $35 to $38. The maximum amount of State expenditures in which the Federal Government would share under the basic formula in title IV (which is presently at the rate of fourteen-seventeenths of the first $17 and the "Federal percentage" of the remainder) would be increased from $30 to $33 per recipient (and the rate of Federal participation increased to five-sixths of the first $18 and the "Federal percentage" of the remainder), with a corresponding increase in the formula for Puerto Rico, the Virgin Islands, and Guam (which is on a 50–50 matching basis) from $18 to $20 per recipient. In addition, the ceiling on the "Federal percentage" (applicable to States other than Hawaii) would be increased from 65 to 70 per centum. The amendments made by the new section 7 would generally become effective October 1, 1959.

The Senate recedes.

Amendment No. 5: This amendment added to the bill a new section 8, increasing the rate of Federal participation in the expenditures made by certain States under titles I, X, and XIV of the Social Security Act (relating to old-age assistance, aid to the blind, and aid to the permanently and totally disabled, respectively). Under the new section 8, this rate would be increased from four-fifths of the first $30 per recipient (and the "Federal percentage" of the remainder) to five-sixths of the first $36 per recipient (and the "Federal percentage" of the remainder) in any State where the per capita income is less than 60 percent of the average per capita income of the United States. The amendments made by the new section 8 would become effective with the quarter commencing October 1, 1959.

W. D. MILLS,
CECIL R. KING,
RICHARD M. SIMPSON,
N. M. MASON,
Managers on the Part of the House.

Mr. MILLS. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it will be recalled that earlier this month the House passed and sent to the Senate the bill (H.R. 7523) providing for a simple 1-year extension of the existing corporate normal tax rate and certain excise tax rates that would be reduced after June 30, 1959.

The House took this action for the reason it felt that this amount of revenue, some $2 billion, would be necessary in the fiscal year 1960 if we are to have any prospect of a balance in the budget in fiscal 1960. It will be recalled that the full year effect was $3.138 billion.

When the bill was being considered by the other body certain amendments were added to the bill. The net effect of those amendments would have been to reduce by $205 million the effectiveness of this bill in playing its part in maintaining a balance in the budget for 1960. In other words, the bill that passed the Senate would have resulted in net effect in $205 million less revenue when the expenditures of $117 million for increased public assistance payments and the loss of $188 million in transportation of persons tax is offset against the gain of $100 million from the repeal of the dividend credit provision for fiscal 1960. The conferees were faced with the same facts that the House was faced with earlier in the month.

It was then called to the attention of the House that we anticipate on our best guess about $77.7 billion of revenue for fiscal 1960.

The President's January budget calls for an expenditure of $77 billion. There are three matters, though, which are still not definite that could possibly require additional spending from the general funds by the Government that was not provided for in the January budget.

To the $77 billion must be added $500 million additional interest required to be paid on the public debt. Also there will have to be added $350 million of added postal deficit not contained in the budget if the Congress is not to increase the 4-cent postage stamp to 5 cents.

When this extension of taxes was before the House I pointed out there was a $241 million deficit in the highway trust fund that would have to come from the general fund if we paid our bills in the way of the interstate highway construction program and do not increase taxes. That figure, however, has risen from $241 million, we are now told, to $536 million. So to the $77 billion January estimate must be added, if nothing is done with respect to the highway trust fund, $536 million; if nothing is done about the increase in postage rates, $350 million, and $500 million additional payment in interest on the public debt. Members may immediately add these figures together and see that the conference committee was faced with the prospect, with all of the revenue provided in the bill passed by the House and passing the Congress and becoming law, of a deficit in the fiscal year 1960 without the addition of any new programs to that which is in the budget.

We felt under the circumstances that we could not justify an immediate termination in the passenger transportation tax of 10 percent that would reduce revenues in fiscal 1960 by $188 million. We felt also that we could not incur the additional expenditures which were involved in the provisions calling for increased Federal expenditures for public assistance because these provisons had no relationship to the continuation of taxes and had not been considered by the committees involved in our usual manner. All together, I repeat, there would have been $205 million additional added to these figures just in fiscal year 1960. For that reason the conference committee agreed to eliminate the amendments from the bill as it passed the other body, except for two, and to accept these two amendments in modified form.

Let me explain to you these two additions to the bill agreed to in conference.

The first such amendment would have repealed the tax on the transportation of persons, effective as of August 1, 1959. The conferees recommend that the tax on the transportation of persons be reduced from the existing 10-percent rate to 5 percent, effective July 1, 1960. The recommendation of the conferees with respect to the tax on the transportation of persons would result in no revenue loss for the coming fiscal year and the proposed rate reduction could be reexamined next year, along with the other scheduled rate reductions.

The other amendment added by the other body would repeal the tax on communications, effective July 1, 1960. The conferees recommend that this proposed repeal be limited to the tax on general telephone service. Under the recommendation of the conferees, the tax now imposed on general telephone service would be repealed as of July 1, 1960, while the tax on toll telephone service and other taxable communication services would be retained. The recommendation of the conferees with respect to this amendment would result in no revenue loss during the coming fiscal year.

The conferees agreed to recommend against the enactment of the other amendments at this time.

The other body proposed to repeal the credit against income tax for dividends received by individuals, allowed by section 34 of the Internal Revenue Code. The conferees recommend no action be taken at this time with respect to the dividends received credit for individuals. The Committee on Ways and Means has scheduled public hearings in the form of panel discussions to begin on November 2, 1959, with a view to the consideration of opportunities for constructive reform of the Federal income tax system. The dividends received credit will be among the items considered in this study. It is contemplated that considerable study will be given to the treatment of dividends generally and the effect of taxing corporate income at the shareholder level. In my opinion no action should be taken in this area without study by the tax-writing committee as to its relationship to the whole field of corporation-stockholder transactions.

Two amendments added by the other body would increase the amount of Federal participation in State expenditures under the public assistance provisions of the Social Security Act. Since these amendments have no relationship to the continuation of existing tax rates, the conferees agreed to eliminate these amendments.

So, you see that the conference report so far as its effect on revenues in fiscal 1960 is identical with the bill that passed the House. For that reason I feel that the House should accept the conference report, because we have brought back to you almost exactly what you passed some days ago and the revenue will be preserved in fiscal 1960.

Our colleague, the gentleman from Rhode Island [Mr. FORAND] did not sign the conference report because he felt that the House conferees should have insisted on the House-passed bill without change. His position is consistent with that which he expressed all along, namely, that since he and other House Members refrained from offering amendments in which they are interested in order that the extension bill might be considered in an orderly manner, we should insist that the conference report be confined to the subject of the extension of the Korean taxes. I fully appreciate and respect his position.

Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SIMPSON.]

Mr. SIMPSON of Pennsylvania. Mr. Speaker, I join with the able chairman of the Committee on Ways and Means, my distinguished colleague from Arkansas, in urging the membership of the House to approve the conference agreement before us today on H.R. 7523.

This legislation as it passed the House provided for the continuation for an additional year through June 30, 1960, of the 30 percent normal tax rate applicable to corporate incomes—making the combined normal and surtax rate 52 percent—and the existing excise tax rates on distilled spirits, beer, wine, cigarettes, passenger automobiles, and auto parts and accessories. The House-passed version of this legislation would have prevented revenue losses to the Treasury scheduled under existing law to take place on July 1, 1959, of $2 billion in fiscal year 1960 or a full year revenue loss of $3.1 billion.

In recognition of the urgent fiscal needs of the Federal Government, the membership of the Committee on Ways and Means and the membership of the House of Representatives refrained from offering what might otherwise be considered meritorious amendments to this must legislation. There are many tax rate adjustments and substantive changes in our tax laws that we would all like to support to ease the tax burden imposed on our citizens but the House faced its responsibility and recognized that the bill H.R. 7523 was not the legislative vehicle to use for this purpose. The June 30 termination dates contained in existing law that would be extended by this bill must be extended by midnight tomorrow if we are to avoid the expiration of these tax rates and the consequent loss of up to several hundred million dollars to the Federal Treasury.

When H.R. 7523 was returned to the House on Friday, June 26, 1959, there were five amendments to the bill on subjects which the Congress had not considered recently in public hearings and which would have had an adverse impact on the Federal budget or which would have taken from our citizens a fully warranted tax saving that the Congress had previously granted to them.

These five changes that were approved in the other body on which the Congress has had no recent hearings might be enumerated as follows:

First. The 10-percent Federal excise tax on transportation of persons would have been repealed effective August 1, 1959.

Second. The communications taxes applicable to telephone, telegraph, and other wire services would have been terminated effective July 1, 1960.

Third. The dividend received credit for individuals which gives to 12½ million shareowners in American industry partial relief from the double taxation on dividends and which stimulates equity investment would have been repealed.

Fourth. The maximum amount of State expenditures in which the Federal Government would share under certain public assistance provisions of the Social Security Act would have been increased.

Fifth. The Federal share of public assistance would have been changed in certain States by increasing the Federal matching under a variable annuity formula.

Mr. Speaker, regardless of whatever merit any of these provisions might have, I respectfully suggest that such merit is offset by the inclusion of amendments of this character in a tax rate extension bill in the absence of timely public hearings and without the most careful committee consideration.

The House conferees were successful in having deleted from the bill the last three of the five amendments that I enumerated. The first two enumerated amendments were modified so that they will have no budgetary effect in fiscal year 1960 and so that their scope will be not as broad as originally provided in the amendments that came to the House. Under the conference agreement the Federal excise tax applicable to transportation of persons is scheduled to be reduced from 10 percent to 5 percent effective with respect to amounts paid on or after July 1, 1960. The proposed repeal of all communications taxes effective July 1, 1960, has been modified so that the repeal will be applicable only to local telephone service.

Mr. Speaker, as a consequence of this conference agreement we find two new categories of excises that are scheduled to be either reduced or repealed in part on July 1, 1960. I refer to the transportation tax and to the communications tax. To the billion-dollar package in excise tax reduction to which a termination date is presently applicable we have with this conference agreement added another one-half billion dollars. I submit, Mr. Speaker, that the increasing size of the revenue loss that will in the future be entailed in permitting these termination dates to take effect will serve to make such an occurrence that much more remote.

The mere enactment of a termination date will not of itself reduce anybody's taxes. By a succession of tax rate extension bills we have seen the fallacy of the thinking that a termination date makes tax reduction closer at hand. If we are to have tax reduction, it is not a termination date that we must strive for but instead we must strive for and achieve less Government spending.

If during the course of the past 5 years we had not permitted the expenditure side of the Federal budget to increase above the $69 billion level we maintained as recently as fiscal year 1955, both tax reduction and debt reduction would today be possible. Unfortunately we have not been consistent in our attitudes toward spending and taxation; we have actually spent more so that today we are unable to tax less.

Mr. Speaker, a conference committee meeting is usually a time for equitable compromise with respect to the differing versions of legislation passing the House and the other body. I submit, however, that compromise was not at stake in the conference meeting on this legislation for a number of reasons. First, we had the act of total forbearance on the part of the membership of the House in offering any amendments to this urgent legislation because of the recognized need of the Federal Government for the revenue involved. Secondly, we knew that many amendments in which we might be interested should receive careful committee consideration in public hearing and in executive session before they could be offered to any bill. Thirdly, it was recognized by the House conferees that the imminence of the June 30, 1959, rate reduction date in existing law for the taxes affected by H.R. 7523 precluded the careful study in conference of the amendments that had been approved in the bill. For those reasons the House conferees endeavored to bring back to the House a conference agreement that was as close as possible to the House-passed version of this legislation.

Mr. Speaker, I would like to commend the work done by my fellow conferees on this bill. I would particularly mention for specific commendation our distinguished colleague from Rhode Island [Mr. FORAND] who withheld his signature from the conference agreement. Mr. FORAND was of the sincere conviction that because this bill had gone through the House as a rate extension bill without amendments being offered by the membership of the House, it should have been returned to the House in the same form. I am sure that it is fair to state that his record demonstrates that he has as much interest in tax reduction as does anyone but when tax reduction or tax adjustments become possible, he wants the membership of the House to be able to work its will as to the manner in which those reductions or those adjustments are accomplished.

Unless the bill extending these Korean taxes is enacted they will lapse effective the first day of the next fiscal year, July 1. We might keep in mind that if we fail to pass the extender provisions of this legislation, the loss to our Treasury will be in the nature of $8 million or $9 million each day and the budget will be thrown out of balance to that extent, to put it mildly, if we fail to act.

So, your conferees did refuse to accept the amendments which were offered by the other body. The conference agreement deletes three of the amendments and modifies two of them.

The excise tax rates included in this extender bill are scheduled to be terminated in 1 year. They were originally passed for the most part as temporary tax rates. They have been terminating, so far as the law is concerned, each year and were it not for the fact that each year we have found it necessary to extend them, those tax rates would no longer be in existence.

Mr. Speaker, I hope very much that Congress will see fit to agree to this conference report. There are many of us who were disappointed; many of us would have liked our particular pets with respect to taxes reduced or taxes eliminated included in some bill. There were gentlemen on our committee who felt quite sincerely that it was unfair for us in this body to send a tax measure over to the other body and then have the other body insert amendments in the bill when we, on this side, have refrained from offering any amendments to that particular legislation.

Mr. Speaker, I urge my colleagues in the House to join in approving the conference agreement on H.R. 7523.

Mr. MILLS. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Speaker, I want to thank the chairman of our committee and commend him and the other members of the conference committee for the good job they did.

I am constrained to take this time as I did the last time as a matter of protest to try to drive home certain points. I shall vote against this conference report.

Mr. Speaker, I am constrained to take this position for the same reasons that I explained last year when we had a similar situation, where the other body saw fit to put into the tax extension bill a repeal of the excise tax on freight. It just so happens that I think that the tax on freight is one of the poorest excise taxes that we have, just as I happen to feel that the tax on communications is a poor tax. But the point is this. This bill that we have in the House and had in the Committee on Ways and Means has to do with the Korean excise taxes and the temporary upping of the corporate tax. These amendments that the other body sought to put on this tax bill are not germane to that bill.

The Constitution provides that the House is the only place where a tax measure can originate. Some day, just as I said last year, sometime, we in the House, if we are going to protect this very basic prerogative, which I think was very wisely put in the Constitution, are just going to have to sit and refuse to agree even if it takes until the snow flies in December to establish this point that tax measures must originate in the House of Representatives. It is for that reason that I shall vote against this conference report and against any conference report where the other body seeks to originate tax legislation which is not germane to the legislation that the House sends over. Just one final comment to emphasize the seriousness of this. Who should decide which of all the tax inequities should be corrected? I think the gentleman from Pennsylvania has done an adequate job in pointing out one of the things that the gentleman from Rhode Island [Mr. FORAND] is particularly interested in, a particular excise tax, which he feels and I do too, is not only a bad tax but actually does not produce revenue.

If we cut the rate in half and bring it down beyond the point of diminishing return, we would gain revenue and so improve the economic situation. I am talking about the tax on musicians. That is essentially what it amounts to. Unfortunately, it has an unfortunate name—it is a nondescriptive name. It is known as the cabaret tax, and a lot of people think they are voting for cabarets if they were to ameliorate this particular situation. Actually, when you get right down to it, it is a tax on musicians. But there are many other taxes in our tax code that are unfair. The Committee on Ways and Means has gone into many of them. When the time comes when we can get a tax revision, we ought to consider them in relation to each other. I do not know any reason why we single out communications and transportation as we did last year with reference to freight and say that these areas need relief more than some of the other areas. I would like to put the shoe on the foot where it belongs by pointing this up. The gentlemen who are involved in that process are responsible to all these other groups that feel they have iniquitous taxes. They are responsible to them for saying, "We think these are the ones which should be corrected and not the other areas of inequity."

Mr. MILLS. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. MILLS. Mr. Speaker, I understand the gentleman's feeling, that the House itself ought not to be put in the position of having to accept amendments added to tax bills in the other body, when they do not deal with the specific subject matter of a bill that has been sent to the other body.

Mr. CURTIS of Missouri. That is correct.

Mr. MILLS. I share the gentleman's thought in that respect, but I am sure the gentleman from Missouri recognizes that the other body does not operate under the rules of germaneness that we follow here in the House. I think the gentleman will admit that what we bring back in the way of a compromise is a pretty close approximation of what the House passed as compared to what the conferees on the part of the House were faced with in the way of amendments added in the other body.

Mr. CURTIS of Missouri. I agree with the chairman. That is the reason I started my statement by commending the House conferees. I think under the circumstances, they did a good job. I tried to point out that I was doing this more in the nature of a protest to register a point of view. I did it last year because I thought it was important to have that registered, and I am registering it again at this time. But, I cer-

tainly do agree with the chairman that a very adequate job was done by the conferees.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. CURTIS of Missouri. I yield.

Mr. HOFFMAN of Michigan. Does the gentleman think he can get anywhere with the other body just by protesting? Do they care anything about a protest in the House of Representatives?

Mr. CURTIS of Missouri. I do not know, but I will still continue that process, and I hope eventually it will do some good.

Mr. MILLS. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. CHAMBERLAIN] to make a statement.

Mr. CHAMBERLAIN. Mr. Speaker, since this conference report proposes to reduce the transportation tax and eliminate the telephone tax, I wish I could lend it my wholehearted support. To do so, however, would be to imply my approval of the rest of the bill, and that I will never be able to do as long as it contains the discriminatory 10 percent tax on automobiles.

I quite agree that the existing temporary wartime tax on travel and telephones is unjust and excessive. I would like to see them reduced. Yet in reducing them, we only aggravate what I have always held is wrong with our excise tax system—we are only adding a few more patches to our crazy quilt excise tax pattern.

If we improve the tax situation on travel and telephones, it only throws into sharper contrast the inequity of the automobile tax. Each year we pick an item here, an item there, according to no discernible logic or system of reduction or repeal. On each, a good and persuasive argument is presented to which I can take no exception, but at the same time each of these arguments only strengthens my own position that our excise tax schedule is so riddled with inequities and inanities that the only solution is to scrap the whole thing and take a new start. We have reached the point where we are patching the patches. The one part of the tax fabric which has received no attention is the automobile tax. Again, I urge our distinguished Ways and Means Committee to give this matter their prompt and thorough consideration.

It is a fine thing to alleviate the consumer's tax burden on his transportation tickets and his telephone. The wartime reasons for those tax rates, like reasons for auto excise tax rates, have long since ceased to exist. There is no logical reason why that same consumer should continue to pay a 10-percent manufacturers excise tax on the cost of his automobile, other than for the revenue itself. As I have repeatedly said before, if we need the revenues to finance the Federal Government it is time to abandon the technique of a temporary tax and consider the enactment of permanent legislation which would deal fairly and equitably with all segments of our industrial economy.

Every argument advanced for these tax reductions can be advanced for cutting the auto tax, which would be reduced, I remind you, to 7 percent this Wednesday were it not for this extension bill. In addition, there is one more potent consideration: reducing the auto tax would be not only a break for the consumers but also a break for thousands of jobless autoworkers in the automotive centers which are still our sore spots of unemployment.

I have long protested and still protest passage of the tax extension bill because of this glaring inequity concerning the automobile, not because I favor the reduction of tax rates on liquor, tobacco, and corporate income. Once more I find myself in a similar position on this conference report. If given a chance to record my vote, I would vote "nay," not because I am opposed to reducing transportation and telephone taxes, but because I am still adamantly opposed to further extension of the oppressive, punitive taxation of automobiles, which does just what the tax was originally designed to do, that is, to retard auto sales and auto production and consequently discourages job opportunities for the automobile workers of America.

Mr. MILLS. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. VANIK] for the purpose of making a statement.

Mr. VANIK. Mr. Speaker, I want to take this opportunity to express my opposition to the provisions of the conference committee report which provide for the reduction in the transportation tax.

There is considerable justification in the reduction of this tax for surface travel—but there is absolutely no equitable reason why this tax should be reduced for air travel in view of the almost $20 billion of Federal funds which have been spent to build airport facilities throughout the country.

At the present time we are spending over a half billion dollars a year to expand airport facilities, operate airways control, and provide operative subsidies. In view of these expenditures from the Federal Treasury for the benefit of the airline industry and the users of the system, is it fair to reduce or remove a 10-percent tax on air travel which does not even produce enough revenue to pay the interest on that portion of Federal indebtedness chargeable to expansion of the air transport system? Is it fair to spread the cost of this Federal expenditure among all of the taxpayers without regard to the special benefits to the users? The tax on air travel is not a war tax—it should be considered as a users tax, taxing those who use the airways in proportion to their use.

The air transport tax should be continued until such time as it has made a substantial contribution toward the accrued Federal investment in airport construction, aviation controls, and operating subsidies.

I would be more enthusiastic about reducing the telephone tax if I felt that there would be any extended saving to the consumer. My fear is that the telephone companies would quite rapidly raise their rates to present levels, including the excise tax. The result would be higher telephone profits, reduced Federal income, and a higher tax burden on the consumer who would be faced with higher taxes in other areas to make up for the tax loss.

Our experience tells us that a reduction in excise taxes seldom results in reduced consumer prices. Last year the reduction in freight rates failed to reduce a single consumer price.

I also oppose the continuance of the dividend exclusion. In these days of distress in Federal financing we should make every effort to preserve and continue a tax system which will make debt reduction an early possibility.

Mr. MILLS. Mr. Speaker, I yield 1 minute to the gentleman from Utah [Mr. KING] for the purpose of making a statement.

Mr. KING of Utah. Mr. Speaker, I commend my colleague from Missouri [Mr. CURTIS] on his astute observation on the constitutional implication of the Senate amendments to H.R. 7523. I, too, have some strong objections to the conference report on this bill. As I understand it, the committee on conference, meeting on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, agreed to recommend to their respective Houses that the Senate recede from its amendments 3, 4, and 5, and that the House recede from its disagreement to the amendments of the Senate numbered 1 and 2, and agree to the same, with amendments.

In effect, then, the House is asked to approve Senate-proposed amendments to the House's original tax bill, which amendments provide for the reduction of the transportation tax provided for in section 4261 of the Internal Revenue Code of 1954, from 10 percent to 5 percent, on or after July 1, 1960, and the repeal of certain enumerated communication services taxes imposed by section 4251 of the Internal Revenue Code of 1954, which repeal shall take effect, with certain qualifications, after July 1, 1960. The original tax bill of the House dealt with the 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates.

My objections to the conference report are three in number.

First, I object, in general, to the piecemeal overhauling of our tax system. That there are inequities which need correction, I do not doubt. That there are taxes which eventually need reducing and repealing, I likewise do not doubt. The transportation tax, in particular, is one which eventually should be stricken from the books. As a matter of principle, however, I do not feel that such radical revisions of our tax structure, involving the loss of many hundreds of millions of dollars of revenue to the United States, should be accomplished so casually and with so little consideration given to the total impact it will have upon our entire tax picture.

As a general rule, I do not favor frequent and multitudinous changes in our tax law. Through my experience as a practicing attorney, I know the mental torture one goes through in trying to keep abreast of the many current tax changes.

Mistakes become costly to clients. Because of its almost unbelievable complexity, tax law should be changed cautiously and carefully. Frequent changes destroy predictability, and predictability in the law is one of the greatest stabilizing forces in our society.

I object to the manner in which this proposal comes to us. To my knowledge there have been no hearings on it. No one can tell me with authoritativeness what the impact of this law will be on our present tax structure. No one has suggested to me how we shall make up these forfeited revenues, in the event that it should be found necessary to do so in order to prevent the budget from being thrown out of balance. I see no reason why such an important measure cannot be handled in the same manner as is handled every other tax measure, and because it has not, I feel inclined to object.

Second, I feel that this is hardly the time to start talking about reduced taxes. During the fiscal year just drawing to a close, we have incurred a deficit in excess of $12 billion. It is true that our next fiscal year promises us a balanced budget, or even, we hope, a modest surplus. But even the most sanguine are cautious about predicting any great surpluses for 1960.

I feel strongly that under the present circumstances, with a national debt well in excess of $280 billion and with an annual interest cost well in excess of $8 billion, it ill behooves us to start talking about choking off our revenues. I feel that now is the time "to hold that line." I would be very disturbed if I felt that every time we enjoyed prosperous times we automatically cut taxes. I do not enjoy paying taxes any more than anyone else, but I cannot allow my desire to cut taxes to deaden my feeling of urgency for reducing our national debt.

My feeling is that we should let the present tax structure remain more or less as it now is, after adjusting some of its glaring inequities and plugging up some of its loopholes, for another year or two or more. We should give ourselves a chance to clearly demonstrate that we can hold the line on general tax cuts and keep the budget in balance and make some substantial payments on our national debt. Then will be the time to embark upon a rather major tax overhaul.

Third, I feel that this procedure violates at least the spirit, and very likely the letter, of section 7, article I, of the Constitution of the United States, which provides:

> All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills.

The Senate, I realize, does not follow the rules of germaneness in quite the same way as does the House, and for that reason, I presume, the Senate concludes that its present amendments to the House bill are no different from amendments which it might propose to its own bills, even though such amendments would not be permissible in the House. Nevertheless, if the words of the Constitution mean anything at all, they mean that all tax measures should originate in the House, and that the Senate's power to amend should be limited to amendments relating directly to the original bill. If the Senate is free to bring in any tax-reform measure which it may desire, and to tie it onto a House bill by amendment, then the aforesaid section 7 serves no purpose whatsoever.

I believe that section 7 was placed in the Constitution for a very wise purpose, and I do not look with favor upon any effort of the other body to defeat its obvious intent by indirection.

For these reasons, Mr. Speaker, I find myself compelled to vote against the conference report.

Mr. MILLS. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. HOFFMAN] for the purpose of making a statement.

Mr. HOFFMAN of Michigan. Mr. Speaker, I just want to ask the gentleman what he thought would happen if the House just once insisted upon its version of a bill.

Mr. MILLS. If the gentleman will yield to me, I think our position would be more appreciated by the gentleman if he could know what goes on in conference involving members of the Committee on Ways and Means when these matters arise.

I think the gentleman will admit that on the whole conference groups on the part of the House on these amendments have done a pretty good job over the years.

Mr. HOFFMAN of Michigan. Oh, I will admit that.

Mr. MILLS. In this instance we have brought back a pretty close approximation of what the House passed.

Mr. HOFFMAN of Michigan. If the gentleman will yield further, I remember one time where a Member of the other body said when he came into conference: "It is going to be this or nothing." He was told it was nothing. He changed his mind.

Mr. MILLS. They do not tell us that.

Mr. Speaker, I yield to the gentleman from Iowa [Mr. GROSS] to extend his remarks.

Mr. GROSS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection

Mr. GROSS. Mr. Speaker, I cannot support the conference report on this tax bill. While I realize that tax revenues are necessary for the operation of this Government there can be no justification for the continuing of war-levied transportation and communication taxes at their present rates.

These taxes were levied as war emergencies. That is the way they were sold to Congress and the American people. These taxes could now be eliminated if Congress would take action to eliminate waste and unnecessary spending.

It should be made plain that it is impossible for a Member of the House to properly approach this problem during the consideration of a conference report where there is but 1 hour of debate and that time is under the control of the chairman of the committee.

Mr. MILLS. Mr. Speaker, I yield to the gentleman from Texas [Mr. ALGER] to submit a request.

Mr. ALGER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection

Mr. ALGER. Mr. Speaker, the changes made in the conference between House and Senate conferees of the House version of the Korean corporate and excise tax extensions bill forces me to oppose this conference compromise. I supported the House version because it is obvious that the Treasury needs the income produced by these specific taxes, if we are to strive for the balanced budget, which is so necessary. However, the changes made by the other body are unacceptable to me, first for constitutional reasons, and second because of the income denied the Federal Government, the reason for supporting the tax extension bill in the first place.

To take the second reason first. The other body has seen fit to cut taxes in those fields wherein recently concerted pressure has been put on the Congress, including transportation, communications, and stock dividends and has used this Korean tax extension bill as the expedient vehicle with which to accomplish this. Surely, most Members of Congress want the taxes cut, and that includes the taxes in these fields. But let us face it. We cannot cut taxes capriciously or for popular appeal. We have got to look at the overall tax situation. We have got to reduce Federal spending to make tax cuts possible. Then there is the matter of debt reduction in deference to our children and grandchildren to whom we have been charging the deficits for so long.

I am one of those Members that believes that tax cuts can be made responsibly only within the framework of a balanced budget; otherwise, we take the risky and irresponsible course of cheapening our currency, a course that would hurt the people far more than a tax cut would help. Surely, a Member of Congress' consistency of position demands that tax-cut votes must be matched by votes for economy in Federal spending. Yet some champion all or most of the Federal spending programs while simultaneously championing the tax cuts. This is like "have your cake and eat it, too." Such irresponsibility makes the job doubly difficult for the rest of us, genuinely trying to curtail spending as a prerequisite for tax cuts. These specific tax cuts tacked onto the Korean tax extension strike me as being of this irresponsible nature.

My own voting record, consistently for economy in Federal spending, would permit me to vote for any and all tax cuts, so I could feel gratified in these

transportation and communications tax cuts added to this bill, even as I could oppose the entire bill categorically. But how can we equitably grant some tax relief and not others in this hasty, ill-conceived way? In a larger sense, the greater danger is the cheapening of the dollar's purchasing power. I cannot approve these tax cuts within this bill when the budget is not, nor appears in the future to be, balanced.

Let us look at the facts. As of June 14 of this year, House action has turned a balanced budget for 1960 into, at least, a $1 billion deficit, without considering any increased spending beyond the budget that we may do before adjournment. Here is the record:

ACTION ON PRESIDENT'S BUDGET AS OF JUNE 14, 1959

The President's budget for 1960 proposes a $70 million surplus. To date House action turns this into a $1,058 million deficit. Senate action to date would create a deficit of $921 million.

	Effect on President's budgets (1959 and subsequent years)
HOUSE OF REPRESENTATIVES	
The President proposes that Congress enact motor fuel and aviation gas taxes and increase postal rates, all of which would provide $676 million. Congress has taken no action and the Democratic leadership indicates none is planned.	Denies $676 million in needed revenues.
The House has passed a voluntary pension plan for self-employed persons which would reduce receipts by $365 million.	Reduces Government's revenues by $365 million.
On the other hand, the House has taken the following spending action:	
Passed veterans housing loan act for $300 million. Senate-passed housing bill includes $150 million for this purpose. (Status: Senate bill in House Rules Committee.)	Three hundred million dollars more than President's budget.
Passed $297 million aid-to-airports bill. (Status: In conference committee.)	Ninety-seven million dollars more than President's budget.
Extended temporary unemployment compensation for remainder of this fiscal year, adding $75 million to 1959 expenditures. (Status: Law.)	Seventy-five million dollars more than President's budget.
Passed Housing Act. (Status: In conference.)	Four billion one hundred and forty million dollars more than President's budget.
Passed Federal Water Pollution Control Act. (Status: Senate Public Works Committee.)	Eight hundred and forty million dollars more than President's budget.
Appropriation actions have reduced new obligational authority by $673 million.	Six hundred and seventy-three million dollars less than requested.
SENATE	
Failure to act on President's proposed postal rate increase and certain tax increases.	Denies $676 million in needed revenues.
Passed housing act. (Status: In conference.)	One billion nine hundred and twenty-five million dollars more than President's budget.
Passed aid-to-airports bill. (Status: In conference.)	Two hundred and sixty-five million dollars more than President's budget.
Area Redevelopment Act. (Status: House Banking and Currency Committee.)	Three hundred and thirty-seven million dollars more than President's budget.
Extended temporary unemployment compensation for remainder of this fiscal year, adding $75 million to 1959 expenditures. (Status: Law.)	Seventy-five million dollars more than President's budget.
Passed grants to States for education TV. (Status: House Interstate and Foreign Commerce Committee.)	Fifty million dollars more than President's budget.
Passed extension of school milk program for fiscal years 1960 and 1961. (Status: House Agriculture Committee.)	Ten million dollars more than President's budget.
International medical research—$50 million annually. (Status: House Interstate and Foreign Commerce Committee.)	Fifty million dollars more than President's budget.
Appropriation action has reduced new obligational authority by $233 million.	Two hundred and thirty-three million dollars less than requested.
SUMMARY	
After 5 months of this session of Congress the House of Representatives has taken actions that increased the President's requests by $5,820 million.	Plus $5,820 million.
All Senate action to date has increased the President's requests by $3,155 million.	Plus $3,155 million.

And that's not all. How about fiscal 1961, the year that some of these tax cuts take effect. Is it statesmanlike for us to be offering future tax cuts without the accompanying necessary reduction of Federal spending that will make such tax cuts possible (still assuming that we do not want to weaken the purchasing power of the dollar through deficit financing and inflation. To the contrary, Congress is pursuing an opposite course in spending. Present programs, part of the 1960 budget, have built-in increases in expenditures. Here are a few of the increases in spending that we can expect in 1961, because of our present action.

NINETEEN HUNDRED AND SIXTY-ONE BUDGET EXPENDITURE OUTLOOK

Possible changes in civilian programs from 1960 budget.

Built-in:	(*Billions*)
Increases:	
Interest (reflecting present market trends)	$0.7
CCC and conservation reserve	.3
Mutual security (mostly DLF)	.3
Construction	.2
Space program (NASA)	.2
Aviation program (FAA)	.2
Urban renewal and public housing (existing legislation)	.2
Veterans' pensions	.1
Defense education	.1
Other	.2
Total	2.5
Decreases:	
Veterans' readjustment benefits	.1
Other	.1
Total	.2
Total	2.3
Inaction on revenue proposals:	
Highway fuel tax	.8
Postal rates	.4
Total	1.2
Total	3.5

With expenditures going up, not down, how can we responsibly vote for tax cuts now to take effect later? By the way, where now are those who said that we ought to reduce the debt? These Members didn't say tax cut first. They said let's reduce the debt.

This brings me to the first objection, which probably I should have treated alone, as sufficient reason not to consider further this House-Senate compromise, but rejecting it for a better compromise, more nearly along the lines of the House version. The constitutional question was brought up earlier by the gentleman from Missouri [Mr. CURTIS]. Selective tax cuts, not specifically a part of the Korean corporate and excise taxes, added by Members of the other body are not germane to this bill, since tax matters must originate in the House according to the Constitution. Further, and rooted in the same good sense, when it comes time for us to grant long overdue tax relief to the heavy laden people of this Nation, it should be done with House study and approval, not in this haphazard way. Comprehensive hearings are already set up for November by the Ways and Means Committee. Meanwhile, the committee has other tax matters pending that deserve equal or prior consideration to these tax cuts tossed in by Members of the other body.

Finally, Mr. Speaker, while some count on our growing, prosperous economy producing ever-increasing revenue to the Federal Treasury, such revenue expectations are not a part of this bill, nor the arduous studies that the Committee on Ways and Means must make to so ascertain.

For these reasons, while I approve the temporary extension again of the Korean corporate and excise taxes, I cannot agree to this conference compromise. It looks to me like nothing but political expediency or demagogery, unworthy of the support of the Members of the House. We should reject it and demand a straight extension of the taxes, while we go about the business sensibly of cutting spending, reducing the debt, and lowering taxes equitably.

Mr. MILLS. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. JARMAN] to submit a request.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection

Mr. JARMAN. Mr. Speaker, on Thursday of last week the upper chamber amended H.R. 7523 to include the entire abrogation of the excise taxes on communications and transportation of persons. At this time I want to go on record as being in favor of the Senate amendments.

The greater majority of the excise taxes on communication services dates back to the Revenue Acts of 1941, 1942, and 1944. The purposes of the taxes enacted by these measures were twofold: First, to discourage the use of communication facilities needed for wartime purposes, and second, to raise additional revenue for defense needs.

Therefore, Mr. Speaker, as a matter of Federal tax policy, communication services have been treated in the same category as furs, jewelry, perfume, tobacco, and liquor. However, the telephone is not a luxury but a necessity. It has joined the ranks of the other three essential household utilities—water, gas, and electricity. To my mind, such a necessary public utility service should not be taxed as a luxurious commodity.

In like manner, Mr. Speaker, we find the excise tax on transportation of persons. This, too, was originally imposed because we were at war and its primary purpose was to curtail the traveling of the civilian population. This tax has remained in effect until today and, in my judgment, it can be safely argued that it still serves to discourage travel. Hence, Mr. Speaker, the excise tax on transportation of persons renders an economic obstacle. It hinders a transportation industry which must develop and grow if we are to have strength in an emergency and prosperity in time of peace.

In all fairness and equity, Mr. Speaker, I believe that it would be in the public interest if the Congress removed these onerous taxes. It is regrettable that the Conference Committee did not accept the Senate-passed amendments. My vote will be in opposition to the conference report.

Mr. MILLS. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. FULTON] to submit a request.

Mr. FULTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD immediately following the vote on this conference report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. COLMER. Mr. Speaker, will the gentleman yield half a minute for a question?

Mr. MILLS. I yield to the gentleman for that purpose.

Mr. COLMER. Mr. Speaker, after all this discussion, really what has happened is that you have the House bill; you have taken out these Senate amendments and have promised that in a year from now there will be certain reductions. The fact remains that a year from now if the fiscal situation is the same as at present the House could then repeal this promise, could it not?

Mr. MILLS. That is true. I always find myself in the position of never arguing with my friend's judgment and conclusions about these matters. He puts it precisely, when he states that the House would have an opportunity next year to pass judgment on these matters again.

Mr. MILLS. Mr. Speaker, I yield to the gentlewoman from Oregon [Mrs. GREEN].

Mrs. GREEN of Oregon. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentlewoman from Oregon?

There was no objection

Mrs. GREEN of Oregon. Mr. Speaker, the report of the conferees on the excise tax bill leaves me with mixed emotions. On the one hand, I want to extend to the distinguished chairman of the Ways and Means Committee and to his colleagues among the conferees my deep appreciation for their agreement to language which has the effect—at least tentatively—of reducing the 10 percent transportation tax on passenger travel at the end of this coming fiscal year. On the other hand, I wish to express my disappointment that the language adopted by the other body was not accepted.

The excise tax on passenger traffic, I believe, has not been justified as a revenue measure since the end of the Korean war, if it was justified then. Its effect is patently discriminatory against my part of the Nation. Its contribution to the national coffers is questionable, since so much of the passenger traffic taxed thereby is business travel, and since such travel expenses have been estimated as causing a $70–$75 million annual drop in income tax receipts.

I would like to place before the House a letter which was signed by 25 Members of the House from the Western States, addressed to the distinguished and able chairman of the Ways and Means Committee, relative to the excise tax bill. This letter, I believe, sets forth our thinking on the transportation tax, and our reasons for believing in the justice of what will be our continuing campaign for the outright repeal of this tax.

JUNE 26, 1959.

Hon. WILBUR MILLS,
Chairman, House Ways and Means Committee, New House Office Building, Washington, D.C.

DEAR MR. MILLS: It has come to the attention of the undersigned that the Senate Finance Committee has reported H.R. 7523 to the Senate, with a provision calling for the repeal of the remaining 10 percent excise tax on transportation of persons. This tax, a holdover from wartime conditions, was originally designed to discourage unnecessary utilization of the Nation's transportation facilities, then strained to the breaking point by the demands of war. Under present conditions, this justification for the tax has vanished.

Another basic objection to the continuation of this tax lies in its discriminatory effect against the people of our Western States. Living as we do at great distances from the present major eastern centers of population and industry, our western constituents are obliged to pay out more for the purchase of transportation services. The excise tax, being calculated as a percentage of this outlay, is, therefore, considerably higher for our constituents. In the foreseeable future, when the West contains the major centers of population and industry—a prediction the fulfillment of which is as inevitable as sunrise—the injustice of the transportation tax will be compounded rather than eased. The location and identity of the section and the people discriminated against is irrelevant. The fact of tax discrimination is one which we feel should be eliminated now.

The 85th Congress reduced the transportation excise tax as it applied to property. We urge you, when the Senate returns H.R. 7523 for conference, to concur with this Senate language and repeal this outmoded tax.

Sincerely,

Alaska: RALPH RIVERS; Arizona: STEWART UDALL; California: JOHN E. MOSS, JEFFERY COHELAN, CLYDE DOYLE, D. S. SAUND, CHET HOLIFIELD, HARLAN HAGEN, HARRY SHEPPARD, JOHN MCFALL, CLEM MILLER, JAMES ROOSEVELT, B. F. SISK, GEORGE MILLER, HAROLD JOHNSON, JOHN F. SHELLEY; Colorado: BYRON ROGERS; Idaho: GRACIE PFOST; Montana: LEROY ANDERSON; Nevada: WALTER S. BARING; New Mexico: JOSEPH M. MONTOYA; Oregon: EDITH GREEN, CHARLES O. PORTER, AL ULLMAN; Washington: DON MAGNUSON.

Mr. MILLS. Mr. Speaker, I yield 2 minutes to the gentleman from South Dakota [Mr. MCGOVERN].

Mr. MCGOVERN. Mr. Speaker, I think there are several things that ought to be said about the action of the conferees on the bill H.R. 7523 to provide for extension of the wartime excise taxes.

In the first place, their action in reducing the transportation tax, effective next year, is encouraging. As many members of this House realize better than I, because of their longer service here, this tax has provoked repeated efforts by literally scores of the Members of this House to bring consideration of it to the floor where we could have a vote of the entire membership on the issue of repeal. The tax has been on the books for 15 years, far beyond the period for which it was intended. It was intended to bring in revenue for the war effort, and was recognized as an extraordinary and fundamentally undesirable tax, justified only by the extreme ur-

gency of war. There was never any thought of imposing on one specific group of our people—namely those who do any traveling at all by common carrier—a selective, heavy tax on a necessity of life.

Its imposition, in fact, resulted in part from the need to restrict civilian travel on the trains, buses and airplanes during the war. As stated in the report of the House Ways and Means Committee at the time the tax was raised to 15 percent—the Revenue Act of 1943—it was the committee's judgment that those who insisted on traveling should be made to pay extra for that privilege, and that is practically the language of the committee verbatim.

Despite this long history, and despite the most solemn assurances year after year that repeal would be given due consideration, that issue has never yet been allowed to come to the House floor. I wish to remind my colleagues that the opportunity was available to bring it to the floor last Friday. I deferred to the specific requests of the committee and the leadership not bring it to the floor at that time, and it is my understanding that these distinguished gentlemen will act with appropriate consideration and serious intent in permitting full evaluation of this issue next year.

It is essential that the Democratic Party take a stand on this issue. We are either devoted to appropriate taxation, based on ability to pay, and not discriminating arbitrarily and unfairly among individual groups of our citizens, or we are not, and no amount of talk about revenue deficits can offset that fact. As a matter of fact, if the House had agreed to the Senate amendment to eliminate the 4 percent dividend credit, the additional revenue to the Government would have far more than offset the possible loss from outright repeal of the transportation tax.

The tax structure should be premised on fairness, and where it is unfair it should be changed and the Congress should set about dealing with each and every inequity as fast as they can be recognized and the issue focused. In my opinion there is no item in our entire tax structure more unfair than this tax. I take it that this is the position of the Senate Commerce Committee which overwhelmingly voted last year for repeal of this tax, and also of the two regulatory agencies concerned—the ICC and the CAB each of which has strongly advocated repeal. And, of course, it is easy to see why they did, because with the increased business to be expected from an elimination of the tax, the subsidy costs to the Government for supporting the local service airlines should go down and the entire transportation industry in general should be strengthened.

Now just a word about the prospects we are facing next year. It is said that the present transportation tax brings into the Treasury $225 million per year, but because much common carrier travel is on business expense accounts, if these amounts which corporations thus deduct from their profits were included therein and consequently subject to corporate income taxes, it would probably bring in somewhere between $50–$75 million to the Treasury. Thus, the net loss would probably not exceed $150 million and this is without even considering the savings in subsidy due to the increased traffic of the local service lines and increased corporate income taxes resulting from travelers having more money to spend in other areas.

Obviously with the tax to be reduced to 5 percent next year, these figures will be cut in half, and the loss to the Treasury from complete repeal at that time would have to be computed at $75 million, or less. Many think that there would be no loss at all.

While I do not mean to minimize this sum, it is not, in view of the enormous figures with which the Government deals, such as to justify the continuation of this extremely unfair tax, and I have the faith to believe that we will have the cooperation of our able leadership and the strong support of the majority of the Members of this House when this issue is voted on next year.

GENERAL LEAVE TO EXTEND

Mr. MILLS. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may extend their own remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. BARING. Mr. Speaker, why would a large group of Western States congressmen urge the House conferees to accept the Senate amendment eliminating the transportation tax? It is because this 10 percent tax works a particular hardship on our citizens in the western part of the country. In order to get back to our Nation's capital or to any place on the east coast, they travel by common carriers. The fare in itself is expensive, yet we add an extra 10 percent burden to it through this travel tax. It is discriminatory against our western citizens in conducting their business affairs. In addition it discourages travel to western resort and recreation areas and this is a very important activity in the economy of the West.

I think it is particularly unfortunate that the conferees did not agree to remove the travel tax. I hope the membership of the House will have an opportunity to vote on the repeal of this tax in the near future.

Mr. WOLF. Mr. Speaker, I am greatly disappointed that the conference committee did not accept the Senate amendment to H.R. 7523, to repeal the 10 percent travel tax on passengers. This is a matter on which a large number of members of the House have strong feelings, and I believe repeal of the tax would be supported by a majority of this body.

Leaving this tax on the books when it has outlived its primary purpose, that of discouraging travel, seems wrong to me. This is particularly true since the tax is of questionable value as far as producing revenue goes. It has been called a self-defeating tax. Since it discourages travel, its effect is to cut down on the earnings of the railroads, the buses and the airlines, and thus decrease the income taxes which those companies pay. Secondly, it has been responsibly estimated that somewhere between 40 percent and 60 percent of all travel is for business purposes. This means that, on the basis of a travel tax yield of $225,000,000 per year, between 90 million and 135 million dollars a year in travel tax is written off as a business expense. At the corporate income tax rate of 52 percent, this would mean an income tax loss to the Federal Government of between 50 to 75 million dollars a year.

I believe that the increased income taxes which the transportation companies and other related commercial activities, such as the hotels, resort establishments, travel agents, and others, would pay if the travel tax were repealed, and the increased corporate and business income taxes which would result from removing this tax as an income tax deduction, would substantially, or even completely, offset the loss of revenue to the Treasury Department from the 10 percent tax.

Both the ICC and the CAB, the agencies set up by the Congress to regulate transportation, have said that repeal of the tax would vitally strengthen our forms of commercial transportation. Since this can be done at little or no revenue loss, we should make repeal of this tax our first order of business.

FAVORS TERMINATING 10-PERCENT FEDERAL EXCISE TELEPHONE TAX

Mr. BOLAND. Mr. Speaker, I rise in support of the conference report on H.R. 7523, the Tax Rate Extension Act of 1959, and particularly that provision which will terminate the 10-percent excise tax on general telephone service after June 30, 1960.

TAX WAS IMPOSED DURING WARTIME AS A TEMPORARY MEASURE

This 10-percent excise on telephone service was intended to be a temporary wartime emergency tax to discourage new telephones and to raise necessary money for the war effort.

TELEPHONES ARE NO LONGER A LUXURY, BUT A NECESSITY

Mr. Speaker, the telephone is not a luxury, but is a practical necessity in every household today. I know of no telephone user who is not in favor of terminating this 10-percent excise tax. I think that my colleagues in the House will agree with me that we have received more mail from constituents advocating repeal of the telephone tax than excise taxes on any other item.

The excise tax on general telephone use was never intended to be permanent. I certainly hope that the House will vote to end this tax next year by accepting this conference report.

Mr. MONAGAN. Mr. Speaker, will the gentleman yield for a question?

Mr. MILLS. I yield to the gentleman from Connecticut.

Mr. MONAGAN. Do I understand that you estimate that the reduction of the telephone tax will cost about $350 million?

Mr. MILLS. The figures for repeal of the tax on general telephone service or so-called local telephone service it is around $430 million in a full year. $250

million is involved in the transportation tax on persons for a full year.

Mr. MONAGAN. In view of the gentleman's statement about the requirements of the budget, can he state the reasoning of the committee in suggesting these tax reductions at the present time?

Mr. MILLS. The conference committee is not suggesting a reduction at the present time in any tax. What the committee did was to agree to a compromise in conference that places a termination date of June 30, 1960, on, in effect, local telephone and cuts the 10 percent transportation-of-persons tax of 5 percent on the same date so that the Committee on Ways and Means can look then to the situation and determine whether or not those taxes will be permitted to expire on that date or be continued.

The SPEAKER. The time of the gentleman from Connecticut has expired.

Mr. MILLS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

CALL OF THE HOUSE

Mr. MASON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 103]

Allen	Forrester	Pilcher
Anfuso	Fountain	Porter
Ashley	Garmatz	Powell
Barden	Gavin	Quigley
Barrett	George	Rabaut
Bass, N.H.	Hall	Rains
Baumhart	Halleck	Riley
Blatnik	Healey	Rivers, S.C.
Blitch	Hess	Rogers, Colo.
Brademas	Hoffman, Ill.	Roosevelt
Bray	Holifield	Rostenkowski
Brewster	Holland	St. George
Brown, Mo.	Jackson	Santangelo
Buckley	Jennings	Scherer
Cahill	Johnson, Calif.	Short
Canfield	Jones, Mo.	Slier
Celler	Kasem	Smith, Iowa
Chelf	Kilburn	Smith, Kans.
Clark	Kluczynski	Smith, Miss.
Collier	Lafore	Spence
Cooley	Landrum	Steed
Davis, Tenn.	Loser	Taylor
Dent	McDowell	Teague, Tex.
Diggs	Miller, N.Y.	Teller
Dixon	Minshall	Toll
Dollinger	Mitchell	Tuck
Dorn, N.Y.	Moore	Van Zandt
Evins	Morgan	Watts
Fallon	Multer	Wharton
Farbstein	Nix	Willis
Fisher	Norrell	Zelenko
Fogarty	Philbin	

The SPEAKER. On this rollcall, 335 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TAX RATE EXTENSION ACT OF 1959

The SPEAKER. Without objection, the previous question is considered as ordered.

There was no objection.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. WOLF. Mr. Speaker, I object on the ground that a quorum was not present on that vote.

The SPEAKER. The gentleman is somewhat late. The Chair would not hold that the gentleman's point comes too late, if the gentleman insists on it, but the Chair had already declared the result of the vote and the motion to reconsider the vote was laid on the table.

Mr. WOLF. Mr. Speaker, I would like to state clearly why I suggested the absence of a quorum when the voice vote on Conference Report No. 587 was taken.

As a rule, I am sure that the conference method is an effective means to compromise legislation which will effectively reflect the will of both Houses of Congress. On the other hand, the conference system can be used by the conferees as a method of frustrating the will of the legislative bodies they are authorized to represent. Many times amendments that were fought for and finally agreed to in one of the legislative bodies is thrown over by a conference group after a few minutes of cursory discussion by conferees who represent a point of view different from that of the legislative body it is supposed to represent. When this occurs, the body where the amendment was passed and the body that did not have a chance to debate the amendment both suffer. Such a situation, if not held in check, can result in the conferees becoming the dictators over the groups of which legally they are the mere agents.

In this particular piece of tax legislation, an amendment of great importance, passed by the Senate, but not debated in the House, was tossed out in conference. This amendment was sponsored by Senator McCARTHY, of Minnesota, who was formerly a Member of this House and an outstanding member of the House Ways and Means Committee.

His amendment would have provided for the repeal of section 34 of the Internal Revenue Code. This section allows credit against tax and exclusion from gross income for dividends received by individuals. It has been estimated that the simple removal of this privilege would produce approximately $335 million in additional revenue for the American people. The theory of section 34, a section which had strong support from Secretary George Humphrey, the then Secretary of the Treasury, is to give preferential treatment to those who receive their incomes from dividends instead of salary and wages.

As Senator McCARTHY has stated on page 8801, May 21, 1959, of the CONGRESSIONAL RECORD:

> The act of 1954 provided a $50 deduction for dividend income in addition to the regular deductions which were given to all taxpayers, and it provided for a straight deduction from income taxes of an amount equal to 4 percent of the dividend income up to 4 percent of the individual's taxable income.

There is a very basic question involved in this amendment. It is this: Why should a person who earns his money through wages or salaries be taxed more than the person who draws his income from dividends? Why should the person who, in fact, works for his livelihood, be penalized for not being able to be in a position to draw his earnings from dividends? I am sure that this body, if given a chance to consider this question would have agreed with the McCarthy amendment. There is no reason why a person who receives his earnings in dividends should receive preferential income tax treatment from the American people over the wage earner or salary earner.

I am not arguing that a man who invests is not entitled to his income. But I am sure that this House would agree that there should not be any discrimination against the wage earner or salary earner in favor of the dividend earner.

Mr. Speaker, it is my opinion that the American people suffered when the Congress did not take advantage of the McCarthy amendment to plug a loophole in the tax law which was clearly discriminatory. I sincerely hope that in such important matters better arrangements can be made so that the whole Congress will be the judge rather than the conferees of the type of legislation it ultimately wishes to pass.

Mr. FULTON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. FULTON. Mr. Speaker, I have opposed several of the provisions of this conference report which contain the continuation of the principles of wartime excise taxes which are burdening our U.S. economy as well as our individual businesses and taxpayers.

We, in Congress, should encourage the expansion of our U.S. economy, business, and employment by prompt action eliminating Federal wartime excise taxes wherever possible.

I also disagree with amendment 3 on page 4 of the conference report which is as follows:

> Amendment No. 3: This amendment would repeal the credit against tax provided by section 34 of the Internal Revenue Code of 1954 for dividends received by individuals. The amount of the credit is (subject to certain specified limitations) 4 percent of the dividends which are received by individuals from domestic corporations and are included in gross income. Under the amendment, the repeal would be effective with respect to taxable years beginning after December 31, 1959.

I am in favor of amendment 4 and amendment 5 which are as follows:

> Amendment No. 4: This amendment added to the bill a new section 7, increasing the maximum amount of State expenditures in which the Federal Government would share under the public assistance provisions of the Social Security Act (titles I, IV, X, and XIV, relating to old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled, respectively). Under the new section 7, the maximum amount of State expenditures in

which the Federal Government would share under the basic formula in titles I, X, and XIV (at the rate of four-fifths of the first $30 and the "Federal percentage" of the remainder) would be increased from $65 to $75 per recipient, with a corresponding increase in the formula for Puerto Rico, the Virgin Islands, and Guam (which is on a 50–50 matching basis) from $35 to $38. The maximum amount of State expenditures in which the Federal Government would share under the basic formula in title IV (which is presently at the rate of fourteen-seventeenths of the first $17 and the "Federal percentage" of the remainder) would be increased from $30 to $33 per recipient (and the rate of Federal participation increased to five-sixths of the first $18 and the "Federal percentage" of the remainder), with a corresponding increase in the formula for Puerto Rico, the Virgin Islands, and Guam (which is on a 50–50 matching basis) from $18 to $20 per recipient. In addition, the ceiling on the "Federal percentage" (applicable to States other than Hawaii) would be increased from 65 to 70 percent. The amendments made by the new section 7 would generally become effective October 1, 1959.

Amendment No. 5: This amendment added to the bill a new section 8, increasing the rate of Federal participation in the expenditures made by certain States under titles I, X, and XIV of the Social Security Act (relating to old-age assistance, aid to the blind, and aid to the permanently and totally disabled, respectively). Under the new section 8, this rate would be increased from four-fifths of the first $30 per recipient (and the "Federal percentage" of the remainder) to five-sixths of the first $36 per recipient (and the "Federal percentage" of the remainder) in any State where the per capita income is less than 60 percent of the average per capita income of the United States. The amendments made by the new section 8 would become effective with the quarter commencing October 1, 1959.

EXTENDING THE RENEGOTIATION ACT OF 1951

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the conferees on the part of the House on the bill (H.R. 7086) to extend the Renegotiation Act of 1951, and for other purposes, may have until midnight tonight to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

SUBCOMMITTEE ON POSTAL OPERATIONS OF THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mrs. GRANAHAN. Mr. Speaker, I ask unanimous consent that the Subcommittee on Postal Operations of the Committee on Post Office and Civil Service be permitted to hold hearings in the city of Philadelphia, on July 10 and 13, while the House is in session.

The SPEAKER. Is there objection to the request of the gentlewoman from Pennsylvania?

There was no objection.

SUPPLEMENTAL APPROPRIATION BILL, 1960

Mr. THOMAS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7978) making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 1½ hours, one-half of the time to be controlled by the gentleman from Iowa [Mr. JENSEN] and one-half by myself.

Mr. JENSEN. Mr. Speaker, that is agreeable to this side.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Texas [Mr. THOMAS].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7978) with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. THOMAS. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, I do not think there is anything in this bill that will give any trouble. If I may summarize the high points, and I will try to do so as quickly as I can, there are about 15 agencies involved. In round figures, there are about $888 million as submitted by the Budget. Frankly, two agencies have 92 or 93 percent of the money and the remaining 12 or 13 agencies have less than 10 percent of the full amount. The two agencies that have the lion's share of the money in this bill are the new Space Agency and the Office of Civil and Defense Mobilization for critical materials.

May I suggest to my colleagues that in their spare time, if they have any, they turn to the hearings and read our hearings on stockpiling. I think they will find some valuable information. I know the committee went into it fairly accurately and in a great amount of detail, and I hope you will read that information. It is something the House should pay more attention to in the future than it has in the last year or two. In other words, the problem is now becoming a considerable one, and I respectfully submit it deserves the attention of the House now and in the future.

In round figures, there is about $8,200 million tied up in critical materials, and that is a lot of money.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Iowa.

Mr. GROSS. Of that amount, about $4,238 million is considered to be excess to our stockpile needs. Is that not about correct?

Mr. THOMAS. Yes.

Mr. GROSS. How much is there in the bill for the purchase of the so-called strategic minerals?

Mr. THOMAS. The budget estimate was $287 million, and this was not related to what they needed, but was based on cancellations of losses. We boiled it down to $100 million. We think we will get the job done for that figure.

Another agency about which I wish to talk is our Space Agency, but before I get into that I want to mention a distinguished Government servant, the Administrator of the General Services Administration, Mr. Floete, from Iowa. He is just simply grand. He is a hard worker, humble, honest, sincere, and just as intelligent as they come. He is one of the finest administrators in the Government service.

Do you know what he has done? We have some contracts totaling in excess of $1 billion where the Government is legally bound to carry them out. They will not be fulfilled until the end of the year 1965, in all probability. Mr. Floete has renegotiated some of those contracts. As the gentleman from Iowa has pointed out, these are for materials surplus to the stockpile needs. How much do you think he has saved in this renegotiation? He has saved us $297 million. That is a fine record, is it not?

Then in the Space Agency we have two other distinguished Americans: Dr. T. Keith Glennan, well and favorably known to the Members of the House who served on this committee. He was a member of the Atomic Energy Commission for at least one term; Dr. Glennan appeared before us when he served in that capacity; he is an able citizen; and his coworker, Dr. Hugh L. Dryden, in my judgment, is one of the finest, not only gentleman and scientist, but one of the best business scientists in this Government.

Let me give you some unsolicited advice: Let us not rush that Agency too much. You know, Rome was not built in a day. We have lived on this good earth for many years and the moon and stars are still up in the heavens above and will be for a long time. Let us not force them into mistakes by making them act too quickly. Let us give them 2, 3, 4, 5, 10, 15 years; whatever time it takes. I have confidence that they will come up with a tremendous program.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to my distinguished colleague from Louisiana.

Mr. BROOKS of Louisiana. Will the gentleman explain to the House the basis on which the cuts were made in that agency?

Mr. THOMAS. Surely, the gentleman from Louisiana, as you all know, is the very able and learned chairman of the legislative committee. You had two bills dealing with it recently, a supplemental of $45 million and a regular bill for 1960 of $485 million. You have an increase in jobs of 1,027 requested this year over last year, which gives a total of 10,000 employees. That is a lot of employees. We cut the increase over last year only 15 percent. In other words, out of 10,000 jobs we reduced it 150. In April, when we heard the testimony, they had 444 unfilled jobs.

Now, the big money for research and development is made up, as the chairman knows, of hundreds of projects in fresh and virgin fields that no one can tell within 5 to 15 percent what they are

going to cost. We reduced the $333,070,000 requested by $33,070,000 and provided a flat $300 million.

They are going to do a good job, and in my judgment they have more money than they can wisely spend.

Mr. JENSEN. Mr. Chairman, I yield myself such time as I may use.

Mr. Chairman, I shall only take a few minutes on this bill at the present time because I am not a member of the Independent Offices Subcommittee of the Committee on Appropriations. Most of the items in this bill and the funds requested in it, as our good chairman, the gentleman from Texas [Mr. THOMAS], has just told you, represent about 90 percent of the total amount in the bill for two agencies.

I shall at the proper time yield to the gentleman from Ohio [Mr. BOW], who is a minority member of the Independent Offices Subcommittee of the Committee on Appropriations, who will explain the bill at some length. I was very pleased, of course, to hear the chairman of the committee, Mr. THOMAS, praise my fellow Iowan, Mr. Floete, Administrator of the General Services Administration. I concur wholeheartedly in all the compliments which the gentleman from Texas [Mr. THOMAS] paid Mr. Floete, that fine public servant. He deserves it. He is a conservative at heart, and would not spend one penny of the American people's tax dollar that was not completely justified if he knew it was not justified.

He is the kind of public servant we need today in every department of Government. This Congress has been on a spending spree that could soon destroy our free and private enterprise system, our priceless American heritage, through the bankruptcy route. So I praise Mr. Floete, as did our chairman.

We have many wonderful public servants in the Government, dedicated people who could go out in private industry and receive possibly twice the salaries they receive from the Federal Government. To them I bow, and say, "Thank God we have such people in America who are willing to sacrifice in order that we may have sound fiscal policies under their administration."

I want to mention for just a moment the amount in this bill for the Space Agency. I am wondering if we are not going overboard in appropriating money for that Agency. I am wondering if we have not got our heads in the clouds. In this bill you will find a request for funds to pay almost 900 additional employees for that Agency over and above what they have at the present time. I am wondering where they are going to get qualified people to participate in this great program. Every Tom, Dick, and Harry is not qualified to take part in a program of such a scientific nature. Of course, it is true they need stenographers and they need errand boys and they need folks that are not schooled in the arts and sciences of space, and may I say that I would not go along with the amount which is requested in this bill for the Space Agency did I not have so much faith and confidence in the Administrator of the Space Agency and the other agencies involved.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. As I understand the gentleman, he is not opposed to the objective, but he feels we should do more research as to where we came from and where we are going before we set up this overall program.

Mr. JENSEN. Yes, to some degree. But, there is a very large sum of money in this bill for research. And, of course, we have no past record on which to base our action relative to space and all that it entails. So, we are appropriating in the dark, so to speak. I, of course, want to see the United States of America, my beloved country, go forward and keep pace with other nations in this great task of defending ourselves against every sort of destructive instrument that might be applied against us, but yet I cannot help but have the feeling that we are not completely justified under our fiscal conditions today to appropriate such huge sums for this experiment.

Mr. Chairman, I understand there will be amendments offered to different sections of the bill increasing the amounts, but I hope such amendments will not be adopted by this House. I would rather, much rather, see amendments offered to reduce this bill in certain places than I would approve any amendment to increase any item in this bill which was well considered by the committee. Let us not go overboard. Let us not spend recklessly.

Mr. THOMAS. Mr. Chairman, I yield 3 minutes to the gentleman from Georgia [Mr. PRESTON].

Mr. PRESTON. Mr. Chairman, I am interested in one particular item in this bill which I would like to call to the attention of the distinguished chairman of the subcommittee, the gentleman from Texas [Mr. THOMAS]. Last year, by direction of our distinguished chairman of the full Committee on Appropriations, the gentleman from Missouri [Mr. CANNON], various subcommittees took out of the bills all items relating to ODM and Civil Defense. We felt we should consolidate them and have them in one lump sum to see what was being done outside of the regular civil defense. That was done, and this year, for fiscal 1960, the consolidated amount came out as $12 million. The subcommittee disallowed all of this $12 million. One million seven hundred thousand dollars is for the Business and Defense Services Administration, part of the Department of Commerce, which does very vital work teaching in defense mobilization. So, I am quite disturbed about the fact that this agency is being severely handicapped as a result of the committee's decision not to allow any of the $12 million.

I would like to inquire of the chairman as to his attitude toward this amount. I hate to offer an amendment to this bill, because the tendency is that once amendments are offered and accepted, others are accepted, and we do not want to increase any appropriation bill if we can help it.

Mr. THOMAS. May I say to our genial friend from Georgia he certainly is well versed in most of these matters, because he has worked as chairman of the Commerce Committee for many years. To be frank about it, there are about 25 agencies or bureaus wrapped up in this package, and they have been in and out for the last 4 years.

One of the 25 that does deserve consideration under the circumstances is the BDSA. That is miscast and should not be in here, because it does business planning work. The rest of them pick up the pieces after it is all over with. I will say to my friend that when we go to conference on this we are going to put some money in there and it will be whatever amount the gentleman thinks is right; and I assume that is $1,700,000.

Mr. PRESTON. $1,700,000 is the amount; and with that statement of the gentleman from Texas [Mr. THOMAS] that this matter will be taken care of in conference, I certainly shall not offer an amendment.

Mr. THOMAS. I do not think there will be any trouble with it.

Mr. PRESTON. I thank the gentleman.

Mr. JENSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BOW].

Mr. BOW. Mr. Chairman, I would like to discuss several items in this bill that probably will be further discussed when we read the bill under the 5-minute rule; and I understand some amendments will be offered.

I am going to discuss the two funds for the Chantilly Airport and then I would like to discuss briefly the matter which the distinguished gentleman from Georgia [Mr. PRESTON] has just discussed; that is the Department of Commerce and the BDSA appropriation.

May I first address myself to the Chantilly Airport. It will be recalled that Chantilly is the new international airport for the District of Columbia to be located at Chantilly, in Virginia. Two items will be considered in this bill today. One is the access road to the airport and the other is the question of sewage disposal. First let me address myself to the access road.

May I say first that we have now appropriated somewhere around $90 million for this airport. First we understood it was going to cost about $60 million. Now we are talking about $90 million. Testimony will further show that before we finish the Chantilly Airport we will have appropriated about $140 million. And that is a lot of money.

It is going to create in this part of Virginia a new industry, a large payroll, and will be of great value to the area.

Testimony before us has it that this $140 million will be amortized and the taxpayers will be paid back over a period of 40 years. I am sorry that I probably will not be here 40 years from now to find out whether that is true or not. But I think I will have to live many more years than 40 to see all of this money paid back. I do not think it is going to happen. Nevertheless, we must go easy on these appropriations and know what we are doing.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from West Virginia.

Mr. BAILEY. I just wanted to know if the committee has given any consideration to what they were doing to the tax base of the area, when they are taking so much of it for the airport and for the highways leading to it. There will not be any assessable property there.

Mr. BOW. I think that is quite right, but we did consider it and I think the record shows that it was considered. I will say to the gentleman from West Virginia with whom I agree on practically every matter that comes up, except the one that he is talking about now—and I think that has to do with the schools in the area—that that was considered. But if the gentleman will permit, I should like to go forward with the items I have in mind to discuss now.

Mr. BAILEY. I thank the gentleman for a partial answer.

Mr. BOW. If the gentleman will read the record I am sure he will get a full answer, and if we have more time, I shall try to answer him completely, because I think it is important. We are spending a great deal of money, of the taxpayers' money, now, for the schools of that area. Now we are putting in this airport and that is going to bring in a great deal of new money.

Mr. Chairman, let me proceed to the question of the access road. In the regular bill before the Department of Commerce Committee, a year ago, we had a provision that this access road should be located in an area determined after public hearings were held. We are putting about $14 million in this bill for this road, which is to be a road to the airport. There were hearings held and we determined the location, and the right-of-way is now being acquired. It will be a four-lane highway, later an eight-lane highway. The property that is being taken is for the eight lanes. For the present it will be a four-lane highway.

We have in the record, on page 23, a letter from the Secretary of Commerce, Mr. Strauss, pointing out that the hearings had been held and saying that a particular plan had been adopted and indicating where this road is to go. We would expect that this road would go in the area which was designated and that no change would be made from that which is under route B and the one upon which hearings were held. If there should be any deviation from that route, I am sure it would be the feeling of the committee and of the Congress that before the deviation of the route is made that further hearings should be held and that the people who are affected should have a right to be heard. But, if they will go forward on the route now accepted and under the plan as set forth on page 23, I see no reason for any further hearings.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield

Mr BROYHILL. I am mighty happy to hear the gentleman make the statement that if the access road should be located in an area other than an area on which hearings have been held, that he, in effect, would support possibly an amendment that would require further public hearings. The gentleman is correct in referring to the letter from Mr. Strauss. Hearings were held on four particular areas. However, there is an access road which they now propose to construct outside of the area on which public hearings were held. The people in the area recognize that that access road must be constructed, but they do feel they should at least have their day in court to be heard before the plans for construction are finalized. I am also happy to hear the gentleman admit that this airport is for the District of Columbia and not for the people of Virginia. We did not ask for the airport. In fact, for a number of years, we opposed it.

Mr. BOW. Mr. Chairman, I cannot yield further to my colleague. We have debated this subject before. The airport is to be located there and the roads are going to be built, and I do not favor an amendment. I think we made ourselves crystal clear as to where we expect this road to be built, the area where the hearings have been held. If they do change that or deviate from that, then further hearings should be held.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield.

Mr. GROSS. What is the gentleman from Virginia [Mr. BROYHILL] saying, that Virginians are not going to use this airport?

Mr. BOW. Well, the gentleman from Virginia [Mr. BROYHILL] will take care of that. I cannot yield any further for a discussion of that subject between you two delightful gentlemen. You will have to take that up under the 5-minute rule.

Now, Mr. Chairman, on this question of the sewage disposal plant, I say to you, my colleagues, this is an important question. We have had this question before the House on the purification of streams and so forth. I just want to call this to your attention. When we first planned the Chantilly Airport, when it was first before the committee, it was determined that an adequate sewage disposal plant could be located at the site for $750,000. Funds were appropriated on the basis that they would go ahead at $750,000. I have in my hands the International Airport interim report on sewage and sewage treatment by the engineers who have made the surveys there. They say that they have made a preliminary design for such a plant which would exceed all the requirements of agencies or authorities having jurisdiction. The plant would assure an effluent at all times which would be purer than the normal quality of water in the Potomac River above all waterworks intakes.

That is the $750,000 sewage deal. The affluent would go into the Occaquan Creek from there and on about 9 miles into the Potomac above the intake.

In this bill, we had from the Budget Bureau an amount of $6,200,000, as I recall it, to build the line from Chantilly Airport across Key Bridge into the disposal plant of the District of Columbia, so that the sewage would come all that distance. We were told $6,200,000 was the amount, or at least that is what was in the budget. When I studied this report to determine upon what basis this claim was made of the $6,200,000 I was surprised. In checking further the recommendation, as offered by these engineers, it was not $6,200,000, but the recommendation was $22,065,000. So if we go through with this plan, we do not increase it from $750,000. Rather the increase is to $22,065,000 under the recommendation of the engineers that have been employed. If we go forward with this new plan, which has been recommended, which the engineers say will cost $22,065,000, the evidence before the committee is that it will last about 5 years. After that time an entire new metropolitan area to which the sewage disposal from Chantilly can be hooked into will be much more substantial. If you increase this above the $750,000 figure, the amount that is appropriated for, it will eventually lead to a $22,065,000 expenditure, and it is a matter of 5 years only, then it will become inadequate.

Let me point out also that after you spend this $22,065,000 you will have to pay $150,000 a year rental to the District of Columbia to take care of the sewage. Then in the natural course of events the District will be back here to have us enlarge their sewage disposal plant to take care of the added burden and, of course, you know where they will come to get the money. So I urge the House on this matter before they exceed the $750,000 which will provide an adequate sewage treatment plant, the effluent of which goes about 17 miles before it enters the Potomac and is purer than the water in the river above the water intake.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. BOW. I yield to the gentleman from Virginia.

Mr. BROYHILL. The gentleman speaks of the effluent being purer than the water above the intake. It is still the effluent from the treatment plant. Does the gentleman support the plan to put treated or untreated sewage into the river above the water intake?

Mr. BOW. No, not untreated sewage, certainly not. I support the $750,000. No matter if we built the more expensive plant something different would have to be worked out 5 years hence. It is at best a piecemeal plan. These engineers point out that this water is as pure as drinking water and purer than the water that is found in the Potomac above the intake.

If we are going to spend $22,065,000 we may as well admit it is to provide a sewage outlet for these little villages in Virginia to let them hook on for another free ride. I say to you that when we can do all that is necessary for $750,000 of Federal funds, it would be wrong for the Members of this House to appropriate $22,065,000 simply because somebody objects to pure water flowing into the Potomac River.

Mr. BROYHILL. The amount I intend to request is $2,450,000 additional to prohibit a Federal agency from dumping sewage into the Potomac River above the water intake.

Mr. BOW. That statement is misleading. It is not raw sewage such as some

of the cities of Virginia are now pouring into the Potomac River south of the intake; it is not the same as the raw sewage that the District of Columbia is pouring into the Potomac River below the water intake. Clean up your own house. I will be glad to vote for funds to clean up the Potomac River. Let us not ask this installation to spend $22,065,000 to pour pure water into an area where raw sewage is now being dumped by Virginia and the District of Columbia.

Mr. BROYHILL. The Director of Public Health of the District of Columbia, Dr. Finucane, says:

The treatment plant produces an effluent which is still treated sewage and nothing more, certainly not water fit to drink.

Mr. BOW. I urge support of the $750,000 plan.

COMMERCE MOBILIZATION ACTIVITIES IN OCDM BUDGET FOR FISCAL YEAR 1960

GENERAL

The House committee action in deleting from the OCDM budget for fiscal year 1960 all funds for allocation to various Federal agencies and departments is indeed perplexing. The House subcommittee handling the Commerce bill requested the various Federal agencies to budget for mobilization and defense activities under one item. Accordingly, the various agencies removed from their 1960 budgets those items which they had previously been conducting and financing on the basis that the Office of Civil and Defense Mobilization would present a consolidated budget for these activities.

Now we find that another subcommittee of the House deleted these funds, stating that it does not believe that these delegated responsibilities are so dissimilar from the regular functions of the agencies that they require supplemental appropriations to the Office of Civil and Defense Mobilization.

I must point out to the House that very important continuing defense and mobilization programs now being conducted in the various Federal agencies as contrasted from civil defense activities must be discontinued for lack of financing in fiscal year 1960. This is a most disastrous consequence of the contradictory actions of the two House subcommittees.

As an illustration, within the Department of Commerce there are four bureaus which now conduct essential defense and mobilization activities. These are the Business and Defense Services Administration, the Weather Bureau, the Defense Air Transport Administration, and a small amount of executive direction in the Office of the Secretary. Let me describe the consequences of the subcommittee action on each of these programs.

BUSINESS AND DEFENSE SERVICES ADMINISTRATION

Included in the $12 million of the OCDM budget is $1,775,000 for the Business and Defense Services Administration. In the budget request of the Business and Defense Services Administration made to the Subcommittee on Department of Commerce and Related Agencies it was indicated that the sum of $1,700,000 was spent during 1959 on activities directly related to defense mobilization and delegated by the Office of Civil and Defense Mobilization. It was further stated that in submitting the budget request for fiscal 1960 for the industries and commodities item for that agency, the sum of $1,700,000 was subtracted from the Commerce budget request and included in the OCDM budget.

This raises the following questions: First, the Business and Defense Services Administration has important responsibilities in the defense mobilization field as distinguished from civil defense activities. This agency exercises the President's title I authorities under the Defense Production Act of 1950, as amended. Under this authority the agency administers the defense materials system which helps insure the prompt delivery of Department of Defense and Atomic Energy Commission products and materials on schedule. This, of course, includes production and construction in connection with the ballistic missiles and satellite programs. In addition, the agency has important responsibilities in connection with the Strategic and Critical Materials Stockpiling Act of 1946, the Internal Revenue Code of 1954, the Trade Agreements Extension Act of 1958, as well as the National Security Act of 1947. These responsibilities would not appear to come under the heading of civil defense activities as is stated in the committee report.

Second, the funds for this agency in the amount of $1,700,000 would not appear to be supplemental money in terms of the total executive branch budget. This amount was subtracted from the agency's regular request and appears as a request in the supplemental budget for the Office of Civil and Defense Mobilization. This amount is balanced out by the subtraction made from the regular Commerce budget. Incidentally, this budget transfer was made in connection with the 1960 request at the direction of the House Committee on Appropriations in its report accompanying the Department of Commerce appropriations bill for fiscal year 1959.

The elimination of the $1,700,000 of the $12 million request in this bill in effect reduces the industries and commodities item of the Business and Defense Services Administration by almost 50 percent. Under these circumstances, it is clear that these important defense responsibilities, which the Congress authorized cannot be carried on in fiscal year 1960 by the Business and Defense Services Administration. Who is to carry them on? Or are we proposing that the President's powers contained in the Defense Production Act to compel performance on defense programs not be exercised at all?

These are questions which trouble me very greatly. I am familiar with these activities as a result of my service on the Department of Commerce and Related Agencies Subcommittee and I should like reassurance that the activities will not be dropped.

WEATHER BUREAU

Included are funds which will permit the Weather Bureau, as a delegated function from OCDM, to continue providing the Nation with forecasts of areas which would be subject to fallout of radioactive debris. The $297,000 will permit continuation of this very vital program which has for the past 4 years been carried on by the Weather Bureau with funds supplied by the OCDM.

The Weather Bureau has developed a very effective program to keep appropriate defense units throughout the Nation constantly advised of the areas on the ground where radioactive particles from a thermonuclear explosion would be deposited. These radioactive fallout forecasts are prepared and disseminated to over 500 local civil defense points throughout the Nation at 6-hourly intervals throughout the day and night, 7 days each week so that the defense of this Nation can be in a state of readiness at all times in making split-second decisions relative to warning, evacuation, dispersal, and sheltering, should an emergency situation develop.

Evacuation of populated areas following an attack on this country must be planned with a knowledge of wind and weather patterns. If this program is not continued, where will the Civil Defense Director turn to find out whether the safest route is north or south? He cannot wait until after the attack to contact the Weather Bureau. OCDM planning provides him with this information regularly ahead of time so he is always prepared. As a nation we cannot afford to take chances with the lives of millions of our citizens.

I have been informed by the Weather Bureau that they will be unable to continue to support this vital function from their normal appropriations and they must therefore rely on the same method of financing which has been carried on over the past 4 years.

DEFENSE AIR TRANSPORTATION ADMINISTRATION

Included in the amount disallowed for the Commerce Department is $106,000 for the continuing program of the Defense Air Transportation Administration. This agency was established in 1951 and is responsible for developing and administering preparedness measures relating to air transportation for current defense activities as well as readiness for future mobilization of the airline industry, both domestically and internationally.

The Defense Air Transportation Administration is responsible for the allocation of civil aircraft for use of the military in time of war or national emergency. These aircraft are known as the Civil Reserve Air Fleet or CRAF. The agency takes the airlift requirements given it by the Joint Chiefs of Staffs and from the total number of usable commercial civil aircraft allocates the needed equipment. These are four-engine aircraft that have been specially modified in accordance with procedures worked out by the agency and the Air Force. The Civil Reserve Air Fleet is part of the airlift capability relied on by our Armed Forces in the event of war, and in the event of police actions short of war. This is a particularly critical time in the allocation requirement to the military sup-

port because of the advent of jet aircraft in the airline inventories.

The Civil Reserve Air Fleet program calls for a series of contracts between the airlines whose aircraft have been allocated and the Department of Defense and which include arrangements to supply crews, parts, and operational personnel and facilities. The Defense Air Transportation also administers an aviation war risk insurance program pursuant to title 13 of the Federal Aviation Act, which is of immediate concern in the Berlin situation in view of the dependence of Berlin upon air transportation.

EXECUTIVE DIRECTION OFFICE OF THE SECRETARY OF COMMERCE

As in all other phases of departmental management responsibility for overall coordination of departmentwide Civil Defense and Government continuity planning is conducted with a small staff. The budget request provides for two positions the annual salaries of which are approximately $15,000 and includes $5,000 for the expense of training activities conducted at national and regional levels.

CONCLUSION

This covers only some of the consequences of the House Appropriations Committee action with respect to the OCDM funds for allocation to the Department of Commerce. I understand that similar conditions and consequences will result in other Federal agencies supported by OCDM fund allocations. I cannot help but bring this very serious matter to the attention of this House.

Mr. THOMAS. Mr. Chairman, I yield to the distinguished Chairman of the Committee on Science and Astronautics, the gentleman from Louisiana [Mr. BROOKS], 5 minutes.

Mr. BROOKS of Louisiana. Mr. Chairman, I find it one of the most painful procedures of my legislative life to have to take the floor today to differ with my good friend and colleague, the gentleman from Texas, with reference to the appropriations regarding the Space Agency in this bill. The gentleman from Texas [Mr. THOMAS] and I came to Congress together; we have been friends both in and out of Congress, and he is a grand gentleman, most conscientious and faithful in the performance of his duties.

I think, however, it would be unfair for me, the chairman of the so-called Space Committee, that is, the Committee on Science and Astronautics, to let the opportunity pass by without calling your attention to the serious consequences of reduction in the amount of money authorized in this bill for this program.

Mr. Chairman, I am disappointed in the action of the Appropriations Committee in reducing the authorization for the National Aeronautics and Space Administration in the amount of $45,500,000.

At the outset let me say that I fully appreciate the efforts of the committee to attempt to make savings and reduce the national budget. In nearly every instance, I have supported and will continue to support these efforts. But, in this instance, I believe the committee has gone too far.

We are not in the business of exploring space merely to satisfy our curiosity of the unknown. Quite on the contrary, scientific data to be gained can be translated into benefits to man's peaceful existence on his own planet. There are specific applications which are already obvious: expanded world communications through the use of satellite relays, intercontinental television, advances in meterological sciences and possible weather control, navigation and mapping.

But, in my estimation these are not the most important applications we must consider. Whether we like it or not, we are in a race with the Soviet Union for space and all of the world is waiting to judge how well the United States performs in this respect.

To be sure, we will continue to strive for understanding with the Soviets concerning the peaceful uses and control of outer space. But, if we are unsuccessful—and we have had little success up until now—then we must be prepared to proceed without Russia's cooperation.

The potential uses of outer space for military applications are frightening and all of them cannot be fully discussed here, but suffice it to say that if Russia should put a reconnaissance satellite into orbit, it would have the most serious repercussions in this country.

I might also point out that an agreement on disarmament may well hinge on placing a reconnaissance or detector satellite in orbit, for this will be the answer to an inspection system.

So, at this time, we must consider the national security and how this bill affects it. In reducing this appropriation by $45,500,000 I believe we are weakening the national defense by just that much.

When the survival of the Nation is concerned, it does not pay to be second best. We not only must be best, but we should be first as well. I think we can ill afford to take risks and take the calculated chance that by saving $45,500,000 we will not delay urgently needed programs which could go far in preserving our peaceful way of life.

I would not be taking issue with my good friends of the Appropriations Committee if I did not have personal knowledge of the National Aeronautics and Space Administration's budgetary requests. But, the House should remember that the Science and Astronautics Committee, of which I am chairman, has already conducted the authorization hearings on NASA's 1959 supplemental and fiscal 1960 budget. We went over both of these budgetary requests with a fine tooth comb. Our committee simply could not find any fat in these budgets and apparently the Congress agreed because the 1959 supplemental authorization bill and the 1960 authorization bill have both passed Congress and are Public Law today. These two bills authorized a total of $530,300,000.

Now these bills passed the Congress only a few short weeks ago. By approving the bills, the Congress was saying that NASA needed the total amount it had requested. What has happened in the short time since then that we can now say: "No, we were wrong. NASA does not need $530,300,000. It only needs $484,800,000." If we say that, then we are also saying that we made a mistake when we passed the authorization and gave them $45,500,000 too much.

Mr. Chairman, I submit that we did not make a mistake in giving NASA the total amount requested as their part of the President's budget and therefore it certainly follows that we did not give them $45,500,000 too much. For the security of the country, in order to not weaken the national defense, in order that we can keep up with Russia in the exploration and control of outer space, I think that the reduction made by the Appropriations Committee should be restored.

Mr. WIER. Mr. Chairman, will the gentleman yield?

Mr. BROOKS of Louisiana. I yield to the gentleman from Minnesota.

Mr. WIER. The gentleman is filling his responsibility as chairman of a committee.

Mr. BROOKS of Louisiana. I thank the gentleman.

Mr. WIER. From now on I expect this agency that the gentleman has will be demanding more, more and more money.

Mr. BROOKS of Louisiana. Oh, I am glad to yield to the gentleman, but I do not think he is correct in his observation, in two respects.

First, I am not head of the Space Agency. I am still a legislative officer.

Secondly, there is no assurance that there will be a demand for more and more money. But when the security of our Nation is involved—and it is involved, make no mistake about that fact—if I am tardy about speaking, I hope someone will get on the floor and call me to task for failing to do my duty for this country. I know we are working on such a thing as a reconnaissance program which will mean putting a satellite up to tell us what is going on in other countries of the globe. I know Russia is working on the same thing. I know that the security and the survival of our country is involved. I know if Russia gets a breakthrough before we get a breakthrough in science and astronautics, you will have your problems in your congressional districts and I will have mine down in my district also. The American people want this security program, and they are going to demand it.

Mr. BOW. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, I take this time to discuss with the committee the action on this supplemental appropriation bill as it effects funds for the Business and Defense Service Administration of the Department of Commerce.

The supplemental appropriations bill for fiscal year ending June 30, 1960, does not provide for any appropriation for the mobilization activities of the Business and Defense Services Administration of the Department of Commerce. This agency, although small in number, carries the responsibility for the operation of the defense materials system

which is deemed necessary for the proper progress of our defense production. This agency does the commodity and industry study work on which plans for industrial survival must be based. This small group—316 people—is the prime spot in Government where representatives of industry can obtain advice and information on the current and proposed operations of the industry in the event of a national emergency.

I recall that, last year, the Department of Commerce was instructed by the Appropriations Committee of this House to request money for defense and mobilization activities from within the ODM budget. This the Department has done and you will recall that the Commerce budget, which this House approved on the 28th day of May of this year, carried $6 million for the Business and Defense Services Administration, of which $1,819,000 was earmarked for the industries and commodities activities. You will further recall that it was stated that the funds for mobilization activities would be included in the OCDM budget. When they were so included in the OCDM portion of the supplemental bill under consideration, this $1,775,000—which is only $75,000 more than this agency is currently spending, and not a supplemental at all—has been deleted by the committee with the statement that his can be absorbed in the regular functions of the agency.

Last year, you will recall, this agency was granted a slight increase. This year we will force a drastic cut in the operations of the Business and Defense Services Administration—curtailing both the mobilization activities of the agency and the business service activities which the House approved in toto on May 28, as I have stated above. I view such an action with alarm. Any curtailment in the service which this agency is furnishing to Defense and the Atomic Energy Commission might have a drastic effect upon our production of critical military equipment. It is interesting to note that, at the same time as we are hearing testimony on the effect of nuclear war upon this country, we are, by eliminating an expenditure of $1,775,000, seriously curtailing the ability of this Government to minimize such a catastrophe.

I believe this action has been taken without a complete knowledge of all the facts. The mobilization activities of BDSA are not those which are normally ascribed to civil defense but rather their activities form the basis for industrial mobilization and national survival. The moneys requested for BDSA are not supplemental funds, but actually are funds necessary to maintain the agency at the current going rate. These are funds which were subtracted from the BDSA Commerce budget and transferred to this appropriation item at the request of the Appropriations Committee.

In view of the language which was carried in the 1960 Commerce appropriation bill and committee report, I wonder if the chairman of the committee, the gentleman from Texas [Mr. THOMAS], could shed some light on the reasons for this particular reduction.

Mr. THOMAS. May I say to the gentleman that there was no disposition on the part of the committee to upset the activities of that Department. In my humble judgment, that agency was miscast in putting it in a bill with some 14 other agencies. This is a business service agency, as its title indicates. The other agencies in here are doing civil defense work, looking toward picking up the pieces after a bombing raid. These other people render a mobilization service. Of course you know the history of it. It is an agency with some 800 people.

During the war it handled the allocation of all metals. It gave priorities and, of course, it was the nucleus of the price control agency and so forth. But, directly answering the question of the gentleman, it will be the policy of the committee—and I have an understanding with the distinguished gentleman from Iowa [Mr. JENSEN] and the other gentlemen and, as I told our colleagues, the gentleman from Georgia [Mr. PRESTON] and the gentleman from New York [Mr. ROONEY], awhile ago—to take care of it in conference. Will that be satisfactory to my colleague?

Mr. LAIRD. I appreciate that, and I thank the gentleman from Texas. This agency does the commodity and industry study work on which our survival could be based, and I thank the gentleman very much for his assurance.

Mr. MICHEL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MICHEL. Mr. Chairman, I find myself somewhat perplexed regarding the effect that the passage of this proposed bill would have on the defense mobilization activities presently being carried on in the Business and Defense Services Administration of the Department of Commerce.

On page 3 of the committee report, under the heading of the Office of Civil and Defense Mobilization, appears the following language:

> The request for an additional $12 million for salaries and expenses for allocation to various Federal agencies and departments for financing delegated responsibilities under the civil defense program has been disallowed. The committee does not believe that these responsibilities are so dissimilar from the regular functions of the agencies that they should require supplemental funds.

Included in this $12 million is the sum of $1,775,000 for the Business and Defense Services Administration. In the budget request of the Business and Defense Services Administration made to the Subcommittee on Department of Commerce and Related Agencies it was indicated that the sum of $1,700,000 was spent during 1959 on activities directly related to defense mobilization and delegated by the Office of Civil and Defense Mobilization. It was further stated that in submitting the budget request for fiscal 1960 for the industries and commodities item for that agency, the sum of $1,700,000 was subtracted from the Commerce budget request and included in the OCDM budget.

In the face of this situation it would be most helpful if I could be enlightened on several subjects. First, the Business and Defense Services Administration has important responsibilities in the defense mobilization field as distinguished from civil defense activities. This agency exercises the President's title I authorities under the Defense Production Act of 1950, as amended. Under this authority the agency administers the defense materials system which helps insure the prompt delivery of Department of Defense and Atomic Energy Commission products and materials on schedule. This, of course, includes production and construction in connection with the ballistic missiles and satellite programs. In addition, the agency has important responsibilities in connection with the Strategic and Critical Materials Stockpiling Act of 1946, the Internal Revenue Code of 1954, the Trade Agreements Extension Act of 1958, as well as the National Security Act of 1947. These responsibilities would not appear to come under the heading of civil defense activities as is stated in the committee report.

Second, the funds for this agency in the amount of $1,700,000 would not appear to be supplemental money in terms of the total executive branch budget. This amount was subtracted from the agency's regular request and appears as a request in the supplemental budget for the Office of Civil and Defense Mobilization. This amount is balanced out by the subtraction made from the regular Commerce budget. Incidentally, this budget transfer was made in connection with the 1960 request at the direction of the House Committee on Appropriations in its report accompanying the Department of Commerce appropriations bill for fiscal year 1959.

The elimination of the $1,700,000 of the $12 million request in this bill in effect reduces the industries and commodities item of the Business and Defense Services Administration by almost 50 percent. Under these circumstances, it is clear that these important defense responsibilities could not be carried on in fiscal year 1960 by the Business and Defense Services Administration. Who is to carry them on? Or are we proposing that the President's powers contained in the Defense Production Act to compel performance on defense programs not be exercised at all?

These are questions which trouble me very greatly. I am familiar with these activities as a result of my service on the Department of Commerce and Related Agencies Subcommittee and I should like reassurance that the activities will not be dropped.

Mr. Chairman, under unanimous consent I include at this point three letters in support of my position and that of BDSA:

> DEPARTMENT OF THE ARMY,
> *Washington, D.C. June 25, 1959.*
>
> Mr. HORACE B. MCCOY,
> *Administrator, Business and Defense Services Administration, Department of Commerce, Washington, D.C.*
>
> DEAR MAC: Bill Truppner has just told me of the situation that has arisen which might result in BDSA being unavailable for the administration of the defense materials system. I think I can speak with some au-

thority in regard to the importance of this system since, as you know, I was a part of the original CMP development, assisted in administering it, and subsequently in using it during the Korean War for the whole automotive industry when I was Director of the Motor Vehicle Division of NPA.

The fact that through BDSA, and in particular through the defense materials system, the Army is able to get priorities and directives which require the delivery of important scarce materials for the production of military hardware, is a very clear reason to me why this activity should be continued. We are using the defense materials system at present whenever it is necessary to relieve bottlenecks and will continue to do so if it is available, even during peacetime. In any kind of an emergency the ability to get our materials and to preserve our production schedules is vital. Even in peacetime, if there is a strike in an important industry where we procure materials for programs such as the missile program, the communications program, the various weapons programs, and the combat and tactical vehicle program, BDSA is the agency through which we can get immediate relief through priorities and directives to take advantage of existing stocks.

I cannot urge too strongly that this well-developed system which serves to guarantee our military production be preserved.

Sincerely,

COURTNEY JOHNSON,
Assistant Secretary of the Army, (Logistics).

CHRYSLER CORP.,
Detroit, Mich., February 12, 1958.

Mr. H. B. MCCOY,
Administrator, Business and Defense Services Administration, U.S. Department of Commerce, Washington, D.C.

My DEAR MR. MCCOY: Chrysler Missile Division, as you know, is the prime contractor for the Redstone missile system. In this capacity we are often faced with extremely short lead times for procuring long lead time items. Your organization has been helpful many times in assisting us in obtaining such items. In particular, you have recently assisted us in a manner for which I would like to express our specific appreciation.

The item concerned was a scientific instrument which is manufactured in England. The time of receipt of this instrument was so critical that every hour had to be counted in order to meet our production requirements. Your organization was not only instrumental in expediting delivery of the item from the manufacturer but also arranged to minimize the time required for customs inspection at the port of entry. As a result of your efforts the instrument arrived in our plant in time to permit completion of the end item on schedule.

This is but one of many cases in which your personnel have been most helpful. We wish to thank you for the assistance given us in this case as well as for the assistance on less spectacular, but equally important, cases.

Sincerely,

F. N. TUTTLE,
Priorities Administrator.

HEADQUARTERS,
DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, D.C., June 12, 1959.

Mr. WILLIAM J. ZEPP,
Priorities and Directives, Office of Industrial Mobilization, Business and Defense Services Administration, Department of Commerce, Washington, D.C.

DEAR MR. ZEPP: I wish to take this opportunity to express my appreciation to you and your staff for the splendid cooperation recently shown in connection with obtaining bottleneck items for Spencer-Safford Loadcraft, Inc., of Augusta, Kans. In my opinion it was largely your kind assistance and that of your staff which enabled the contractor to obtain the materials and components on or before the date required for completion of this very important contract.

The excellent work performed by Business and Defense Services Administration in expediting various components and items in support of ordnance procurement programs has often been brought to my attention. However, this is the first opportunity I have had to extend to you and your loyal organization my personal thanks.

Sincerely yours,

G. C. CARLSON,
Brigadier General U.S. Army, Assistant (For the Chief of Ordnance).

Mr. THOMAS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. IKARD].

Mr. IKARD. Mr. Chairman, I take this time to ask the distinguished chairman, if I may, a couple of questions. In the first place, I was greatly disappointed when it was made known that the committee had deleted an appropriation that was budgeted and requested by the President in the amount of some $2.7 million for a protoype regional defense center in my district, in Denton, Tex. This site was selected because Denton had been for 4 years the alternate national headquarters. This center would not be something that would be used only in the event of attack, but it would be an improvement of the present facilities which are a permanent headquarters, and there would be people from other Government agencies who would be there on a daily basis as a cadre to be pulled into service in the event of an emergency. I would like to dispel any doubt that this would be only a shelter to be used in the event of an emergency, which is not the case, but it is simply to replace a presently leased facility that has been used, and this would also have given added protection in the event of an emergency.

To know the quality of this organization and its present situation and the real need for additional communications and facilities, I would like to invite any Members of the House only to discuss their activities with those who are familiar with the disaster in Cameron, La., or any other cities and communities in the five-State area that they serve that have suffered as the result of a natural disaster. This is simply not, to repeat, a shelter that somebody thought of and wants to build. It is a prototype. It is one that must be built before any others are built in order to know whether it will function properly and whether the ideas and the designs that the people built in it will really work.

I do not like on the floor to talk about this, and many of us get tired of hearing cries of wolf and despair, but to me it was a little more than significant last week that we were told by one congressional committee that some 49 million Americans would be directly affected in the event of a nuclear attack. Then, on the very next day, we decided not to go into this program, which is the only feasible way of providing a communications center, a rallying point, where those of us that might be left in the event of such an emergency might organize the Government and continue its operations and effectively strike back.

In view of the great importance of this program and particularly of this prototype center, I would like to know if there is any possibility that there might be some further consideration given to this project which I consider to be a very worthy one.

Mr. THOMAS. May I say to my very dear friend from Texas, in the first place, the committee does not want the gentleman to think that there is anything in the slightest in this that might point toward him. This House has grown to love and admire and respect the gentleman and the high position he holds on the Committee on Ways and Means. I think everybody on both sides of this aisle will bow to your good character and your good, common horsesense and your sincerity to do a job.

Now, the committee has backed away from starting to build shelters beginning in 1950. The first budget was presented here in the order of $500 million to start shelters. In some varying degree every year there has been some little different angle presented to the committee.

As far as I am concerned, the item that was presented this year was the best of the lot. This is not to take care of the civilian population in that great area the gentleman represents between Dallas and Fort Worth, where you have a Strategic Air Command base and defense plants. But it is to take care of those 100 or 150 employees who are going to be manning those delicate civil defense operations there. They are delicate, because right there in that underground center you will control the communications for five States.

Mr. IKARD. That is right.

Mr. THOMAS. So far as I am concerned, we will consider this and the other seven offices. Yours was a regional office and it covers five States.

Mr. IKARD. I thank the gentleman. I would like to point out again the fact that he made, that this is, in effect, a communications center. It is not a vast shelter where everyone would gather. It is a point where the Government would rally. It would be a place from which we would actually carry on the day-to-day work of the Government, not only in the five States, but possibly even on a national basis.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. IKARD. I am glad to yield to the gentleman from Iowa.

Mr. JENSEN. Mr. Chairman, I am glad the gentleman has taken the floor to explain his position on this question. I want the gentleman to know that I was one of the members of the committee who favored appropriating money for the shelters; but I must say in all honesty that the gentleman from Texas [Mr. THOMAS] and I were outvoted to quite a degree. We tried our best to explain to the committee that these shelters were justified, as the gentleman has attempted to do. The committee did not see it that way.

Mr. IKARD. I thank the gentleman. I am aware of his support and I am grateful to him.

Mr. JENSEN. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. FORD].

Mr. FORD. Mr. Chairman, on April 20, 1959, the President submitted to the Congress a proposed supplemental appropriation for fiscal year 1959 for the National Aeronautics and Space Administration. The request for funds totaled $45 million. In the letter from the Director of the Bureau of the Budget to the President, dated April 15, 1959, there is this sentence which I would like to read:

> The amount of $20,750,000 is to further research and development for the early achievement of manned space flight.

In other words, out of this $45 million the President requested, $20,750,000 was for our manned space flight program better known as Project Mercury.

On June 16, 1959, the President again submitted a budget request for the National Aeronautics and Space Agency, this time for fiscal year 1960. He requested a total of $485,300,000. Included in that amount was $333,070,000 for research and development in general for the space program.

The subcommittee and the Committee on Appropriations took this action in reference to the Project Mercury and as I indicated before funds for Project Mercury are in the fiscal year 1959 request and in the funds for research and development for fiscal 1960.

On page 4 of the committee report you will find this sentence under the title "National Aeronautics and Space Administration":

> Research and development, 1959. * * * The entire item is—
>
> And that is $20,750,000—
>
> is for the design, engineering, and beginning construction of 12 satellite capsules. Funds for 1960 include an additional $70 million for the balance of such procurement, and for 25 ICBM boosters.

In other words, in the supplemental for fiscal 1959, on the research and development funds for the fiscal year 1960, for the space agency, there is a total of $20,750,000 for Project Mercury. The committee, as I understand the action, reduced the fiscal 1959 supplemental for Project Mercury by a flat 10 percent across the board. There was no effort to pinpoint where the reductions would be made. It was simply a percentage slash in the funds requested. In the fiscal 1960 research and development funds, including the $70 million for Project Mercury, again a 10 percent cut was made across the board without any effort to pinpoint where the reduction should be taken by the agency.

In this kind of an area, I think we have to admit there is a certain degree of uncertainty as to whether or not the funds are adequate or inadequate. But it is my strong feeling and very deep belief that when we are dealing in this problem of competition with the Soviet Union in space, we should err if we do err on the side of generosity.

Within the last several days, all of us, I believe, received this booklet from the Soviet Union. It is entitled "The U.S.S.R. Exhibition in New York, 1959." They sent me, and I suppose all Members of the House, two tickets to see the Soviet exhibition on science, technology, and culture. However, if you turn to page 3 of this very well prepared booklet, you will find this paragraph, which I think will bear reading. Under the heading "Progress in Science and Technology," I quote from this booklet:

> The focal point of the display is the outstanding contributions of Soviet science to the study of outer space and problems of space travel. The visitor's attention will be attracted by full scale models of the three Soviet sputniks, the world's first artificial earth satellites developed and launched in the Soviet Union, and the Soviet space rocket hurled into the cosmos to become the first artificial planet of the solar system constitute a whole epic in the advancement of mankind's scientific knowledge.

At this point it might be interesting to read a quotation from Soviet Premier Khrushchev shortly after Sputnik III went into orbit. I quote:

> They [the United States] will need very many satellites the size of oranges to catch up with the Soviet Union. We have outstripped the United States in science and technology.

Mr. Chairman, I do not happen to believe that we are behind the Soviet Union across the board in the science of space exploration. We may be behind in certain limited areas, but on balance we are ahead. Nevertheless, Members of this body have repeatedly made statements on the floor of the House which I think we should read, and we should certainly consider seriously if we are to take any action today. My good friend the gentleman from Texas [Mr. MAHON], the chairman of the Subcommittee on Defense Appropriations of the House Committee on Appropriations, said, on June 3, 1958, and I quote:

> We are thinking more about how to keep up with the Joneses than how to keep up with the Russians in space technology.

Then, Mr. Chairman, if you turn to the CONGRESSIONAL RECORD of July 16, 1958, you will find this quotation from the majority leader, the distinguished gentleman from Massachusetts [Mr. MCCORMACK]. I quote:

> It is not enough that the United States merely matches what the Soviet Union is doing. If we continue to follow in their scientific footsteps, their own program which has considerable momentum will lead ours for the indefinite future. We must leap frog their accomplishments. The problems of long lead times and the great stakes involved offer us no other logical choice.

Mr. Chairman, one of the foremost technicians today, a man who has a reputation in the field of space, is Dr. Wernher von Braun, Technical Director of the Army Ballistic Missiles Agency. On April 13, 1958, he said.

> If you give us scientists the support we need, we will give you the results you want.

I say to you that this Congress should not make these reductions in the budget request of the President of the United States for the National Astronautics and Space Agency. This is an area where we should be generous if we expect the success which is important for the United States of America in this race for supremacy in outer space.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Louisiana.

Mr. BROOKS of Louisiana. In connection with what the gentleman just said, practically every scientist who knew anything whatsoever about the satellite and missile programs emphasized the fact that we were lagging behind the Soviets in the development of the heavy booster program, the ICBM program to which reference was made in the report of this subcommittee on appropriations including the statement that we are lagging behind; and Dr. Von Braun said it would take us 5 years to overtake the Russians if we increased our effort on the average of 20 percent a year.

Mr. FORD. I hope today we will take action to increase the funds to the extent that the President recommended.

Mr. THOMAS. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusets [Mr. BOLAND].

Mr. BOLAND. Mr. Chairman, this is the first supplemental bill for 1960; it is the second supplemental that has hit the floor this session. It does represent on the committee's part a reduction of $256,362,572 below the budget estimate. The total budget estimate was $888,931,417. The amount which we recommended should be considered was $632,568,845.

I think it can be said after reading the record and this report and looking at all the facts, that this committee has been very fair in the sense that it has cut all agencies that came before it to justify these supplementals.

There are only three areas in which we find some disagreement. The first is the critical materials area which the distinguished gentleman from Ohio [Mr. KIRWAN], will discuss in a moment; the second is with reference to the Federal Aviation Agency, and specifically with reference to the Chantilly Washington International Airport, and the third, which was just discussed a moment ago by the distinguished gentleman from Michigan [Mr. FORD], one of the most able Members of this body with reference to defense and space expenditures; also the distinguished chairman of the Science and Astronautics Committee, the gentleman from Louisiana [Mr. BROOKS].

We did cut the National Aeronautics and Space Agency by some $45 million. The fact of the matter is that we appropriated for fiscal 1960 for the National Astronautics and Space Agency $145 million more than it requested in 1959.

The fact of the matter is also that we made provision in this expenditure of some $484 million, for them to go out and hire some 875 additional people to help run the Agency. The NASA came before us with a request to hire 1,027 people. They now carry on the payroll 8,961 people. They requested funds sufficient to hire approximately 10,000. We gave them funds sufficient to hire about

9,900—practically everything they asked for with reference to the hiring of personnel.

As was discussed a moment ago we did cut them somewhat in certain areas. In research and development, for instance, we cut them from $333,070,000 to $300 million. It was a 10-percent across-the-board cut.

Is there anyone in this body who thinks this was not a justified cut? You know, in the less than 1½ years that this Agency has been in existence we have now appropriated over $800 million to the National Space Agency. Is there anyone in this body who will say that the Congress is not just as much interested in the progress and security of this Nation as are the members of the Science and Astronautics Committee?

Is there anyone here who will assume that we are not willing to give them all the funds necessary in these critical areas? But can we not overdo it? All we hear from the spenders is research and development, research and development, research and development. I have just had the pleasure of listening to the testimony of Admiral Rickover, the father of the nuclear-propelled navy and one of our greatest physicists, one of our greatest scientists.

He, himself, just last Thursday indicated to our Subcommittee on Public Works—the gentleman from Iowa will bear me out—that this is one field in which we are wasting a tremendous amount of money—research and development. Every single agency in the Government is in the research and development business, as well as all of the top agencies—Department of Defense, Army, Navy, Air Force. They are all interested in a booster program. The gentleman from Michigan complains, and I think he complains with some justification, that we cut the fiscal 1959 budget from $45 million down to $20 million. This money was to go for 12 capsules for Project Mercury, for the manned space flight. There is not a member of the committee who wants to injure that particular program. All we want to do is to read some good common sense into it, and I think we do that in this instance. The fiscal 1960 budget provides for 21 boosters.

Who else is interested in boosters? The Army, Navy, Air Force are all engaged in some sort of booster program. So all we are doing here is to tell the National Aeronautics and Space Agency to cooperate and correlate its activities with the Department of Defense, with those agencies that are doing precisely the same work that the NASA is doing.

I say that we have done, in connection with this particular program, a good job. It is very difficult to budget absolutely perfectly for this kind of an agency. It is not yet a year old. We have given it practically all the funds it has requested. We have only cut it by 10 percent. I think we have shown some good judgment here. This is one place where you can save money and one place where it ought to be saved.

Mr. JENSEN. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I want to commend the gentleman from Massachusetts for the statement he has just made, and to say to him and to the Members of the House that this is one new agency of Government that is really blossoming out fast and big. The House will be well advised, the Congress will be well advised, to watch closely the duplications that are bound to be taking place because of the fast growth of this agency.

I want to ask a few questions concerning some of the provisions of this bill, including an appropriation of $2,500,000 for the State Department. I wonder if the chairman of the committee can tell me just what is proposed. Does this provide furniture and equipment for the new State Department building?

Mr. THOMAS. I may say to the gentleman that the Bureau of the Budget requested an appropriation of $5 million. It is for nice furniture, draperies, rugs, and for fixing up the quarters of some of the officials. The answer is "Yes."

Mr. GROSS. Do I understand now it is proposed to spend $212,000 to equip just two offices in the new State Department Building: the Office of the Secretary of State and the Office of the Under Secretary of State? Could that be possible?

Mr. THOMAS. May I ask the gentleman from Ohio, Mr. Bow, is that your understanding?

Mr. BOW. I may say to the gentleman he will find in the record where inquiry was made and we found there was $212,000 requested. Very shortly after that a letter was received from the budget officer of the State Department withdrawing the request for $431,000 which included this amount. They said they had checked up and found out they could use the old draperies, the old furniture, and they were going to do that. So they withdrew the request for $431,000.

Mr. GROSS. Did that include the $263,000 proposed to be spent on the State Department dining room?

Mr. BOW. No. I think they intend to go ahead with the international dining room. The gentleman asked about the two rooms and the reception room. That has been withdrawn.

Mr. GROSS. But they are going to spend $263,000 on a dining room?

Mr. BOW. I think that is included. That is the dining room and an international conference room.

Mr. GROSS. Are they going to use platinum on the floors and walls? What do they propose to use in that dining room; does the gentleman have any idea?

Mr. BOW. I have no idea. They want to spend $212,000, and I raised a question. The withdrawal of $431,000 was a good day's work, to get that out.

Mr. GROSS. I want to commend the committee for applying the brakes to the $212,000, and I hope it sticks. I would have liked to have heard that the committee also put the brakes on the $263,000 to decorate and furnish the dining room. I just do not know how anyone can spend $263,000 on a dining room. I understand they are also out to spend about $10,000 to equip the office of the Chief of Protocol. Is it possible that they are not going to use any furniture that they presently have? And, those $40 and $50 wastepaper baskets, are they just going to throw them out, or what are they going to do with them?

Mr. TEAGUE of California. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes. I wish somebody would throw some more light on it.

Mr. TEAGUE of California. I just discovered an item of over $4 million for a dining room in Colorado Springs.

Mr. GROSS. Dining rooms are really becoming expensive, I guess. I notice a $27,000 appropriation in this bill for missions to international organizations. Will the gentleman tell me what that might be for? One gentleman just suggested maybe that was for the World Health Organization meeting he attended recently in some foreign country.

Mr. THOMAS. Mr. Chairman, if I may interrupt, this is the money used by the gentlemen of this body and the other body to attend a meeting in Canada.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. THOMAS. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. KIRWAN].

Mr. KIRWAN. Mr. Chairman, we can hardly pick up a newspaper or a magazine without seeing an article dealing with the farmer and the surplus of wheat. Then they say it is the sort of thing that Congress cannot do much about. The President has not done much about it. But, there is one thing about that surplus wheat; we can eat it if we ever get into a crisis or have a depression in this country. Then they keep writing about the effect of bombs and missiles. Yes, they tell you about bombs and that we must have a big stockpile and surplus of this material, too. The Stockpile Act was created in 1951, and in the last 8 years it has cost us $8 billions. It was testified to before the committee that there is an $8 billion stockpile of minerals on hand now and that $4 billion of that is surplus, excess. They do not know what to do with it. Now you made it known to Mr. John America. This is the first time it has ever been put in the RECORD that this surplus has cost us $4 billion that was not needed. And, I again repeat, we do not know what to do with it. The only thing they will eventually do is to declare it surplus and then have a lot of men buying it and then resell it back to the Government. Now, last year, if they were not stopped, they would have had $600 million more added to the surplus. Now, what we should do is to stop, look around, and listen. Yes; we should have a certain amount of it on hand, but with this enormous amount of surplus, it is just wasteful. I wish every Member of Congress would read that report that for the first time gives these figures. In those hearings I accused them of buying dirt. And they do not deny it. But what was the cause of it? Congress lowered the value of the ore and they could go out with a scraper and scrape a couple of feet of dirt, as you would strip mining for coal, and sell it to the Government. They admit now that they are refining it

and trying to get a little tungsten out of the dirt.

I again serve warning about what happens when you get away from the system that the Founding Fathers set up, a system of checks and balances, and provide that you do not have to come back to the Congress of the United States and tell the Congress what became of the funds.

Mr. THOMAS. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. SISK].

Mr. SISK. Mr. Chairman, a little over a year ago we marched up the hill with a program to meet what we felt to be a real threat to our security. All of us remember very well what happened back in October of 1957, and the tremendous impact that it had. So last year we attempted to rectify, at least to some extent, that situation by the selection of a select committee to consider the problem of meeting the Communist threat to our security. I might say that we have marched up the hill and now possibly are marching back down, but the trouble is we have not reached the top of the hill.

The work of the select committee last year in setting up this new space agency and granting to it the authority to do some of the things that we feel so necessary in this particular field, I think certainly was a step in the right direction. For the first time this year we were faced with a request for funds for that agency. The gentleman from Massachusetts made some considerable point a moment ago of what apparently to him represented a big increase between those funds requested for 1960 as against the funds for the fiscal year 1959.

Of course, this agency has barely gotten out of the cradle. It was not even created until early in the fiscal year 1959. In fact, most of the top personnel have been in office only a few months.

Whether or not the amount of money which the Committee on Appropriations has set aside is sufficient I do not know and I do not know anyone else who does know for sure. Maybe they have put in enough, maybe not, but the thing to me that is important is this. Everyone of us was up in arms about the fact that apparently we had failed to do the things necessary to stay on a par with Russia when they launched sputnik and when they launched their other vehicles. We were up in arms; the whole country was alarmed. Today apparently we are gradually going back to sleep. And that is typical. America has ever operated to some extent in that way. Once the threat is upon us, we get very busy appropriating money to do all the things that are necessary. The minute the threat passes or we think it has passed we relax and pursue our various ways. Maybe that is the correct way to do things. But I think there is not a person in this House today who will not agree that if and when another war comes there is not going to be that time to prepare and we are going to have to fight with what we have on hand.

It seems to me that it comes with poor grace that upon the first request of this new agency, upon whose shoulders we have placed so much responsibility and upon who we have made so many demands in order to place us in a fair and equitable position in the world, that we start off at once cutting back on that program.

A great deal of the money that is included in their request I might say represents actually fixed costs, or obligations heretofore entered into. In fact, of the $354 million represented in the R. & D. funds for the supplemental and the 1960 funds, $310 million is already obligated and represents actually fixed obligations at the present time.

Mr. Chairman, the NASA is headed by a group of dedicated public servants who are doing an outstanding job meeting their obligations to this Nation. We should do no less than to give them our complete support and it is my firm conviction that they fully justified their needs for the money requested at the time they appeared before our committee. I hope this Congress will see fit to grant to them the full amount of the budget request.

Mr. JENSEN. Mr. Chairman, I yield the balance of the time to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, the problem we face here today is to determine what is an adequate budget for this Space Agency. I am sure every Member of the House is interested in having an adequate program and a full and well-balanced space and scientific research and development program. I am sure there is no one on this floor and no one within the National Aeronautics and Space Agency who can tell within $10 million how much that program is going to require. We Members of Congress can have a legitimate difference of opinion on this particular appropriation bill and on this particular cut.

I feel the members of the House Appropriations Subcommittee have decided the amount according to their own best lights what they think is most important. We, on the House Committee on Science and Astronautics, of which I am a member, should accept that statement of current position of the Appropriations Subcommittee under the leadership of the gentleman from Texas [Mr. THOMAS], the gentleman from Virginia [Mr. GARY], and the gentleman from Iowa [Mr. JENSEN], whose judgment I value highly.

I would like to ask the subcommittee chairman, my good friend, the gentleman from Texas [Mr. THOMAS], as well as the gentleman from Iowa [Mr. JENSEN], the ranking Republican, what the future position of the committee will be.

It is a serious question of how this proposed cut of approximately $45 million affects necessary research and development programs of the NASA agency for space and aeronautics. If there are necessary programs that are held back substantially or our authorizing committee feels should be expedited and should be emphasized, will the subcommittee cooperate, and be open to our coming back in the future to point out further recommendations and requirements? I am sure the answer will be "Yes," but I would like to ask you whether you will be open to further consideration of recommendations from us on the Science and Astronautics Committee from time to time.

Mr. THOMAS. The answer is "Absolutely yes." I want to commend the gentleman for his statement. The gentleman has expressed my own thoughts even better than I could in what he has just said. Of course, there is no disposition on the part of anybody on the floor of this House to hold back this Agency in any way. But we realize, as the gentleman has stated, in talking about fixed costs, there is no such thing as fixed costs here except the item of salaries. There is no such thing as fixed costs in research and development.

Mr. FULTON. I thank the gentleman.

Mr. JENSEN. Mr. Chairman, I must add at this point that I agree 100 percent with what the chairman of my committee has just said.

Mr. THOMAS. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. GEORGE P. MILLER].

Mr. GEORGE P. MILLER. Mr. Chairman, House Report No. 579, bill H.R. 7978, the supplemental appropriation for 1960, contains the statement:

> The request for an additional $12 million for salaries and expenses for allocation to various Federal agencies and departments for financing delegated responsibilities under the civil defense program has been disallowed. The committee does not believe that these responsibilities are so dissimilar from the regular functions of the agencies that they should require supplemental funds.

It is my understanding that included in the $12 million is the sum of $1,775,000 for the Business and Defense Services Administration. This sum is not a supplemental fund, it is not an increase for 1960 over 1959, it is not for civil defense activities, but represents the current activities the Business and Defense Administration is performing under its responsibilities in the defense mobilization field.

The $1,775,000 was subtracted from the agency's regular request and appears as a request in the supplemental budget for the Office of Civil and Defense Mobilization in line with the request and direction of the House Committee on Appropriations in its report accompanying the Department of Commerce appropriation bill for fiscal year 1959.

I am much concerned by the fact that the action of the Appropriations Committee will reduce the BDSA from its 1959 current activity rate by approximately 50 percent. The Business and Defense Services Administration has important responsibilities in the defense mobilization field as distinguished from civil defense activities. This agency exercises the President's title I authorities under the Defense Production Act of 1950 as amended. Under this authority the agency administers the Defense Materials System, which helps insure the prompt delivery of Department of Defense and Atomic Energy Commission products and materials on schedule. This, of course, includes production and construction in connection with the ballistic missiles and satellite programs. In

addition, the agency has important responsibilities in connection with the Strategic and Critical Materials Stockpiling Act, the National Security Act of 1947, the Trade Agreements Act of 1958, and in cooperation with all industries develops important mobilization programs that have for their objective the development of our industrial and economic strength to meet any national emergency.

Thus the elimination of $1,775,000 will terminate the Business and Defense Services Administration activities in these important mobilization areas and will greatly impair our national security.

Mr. THOMAS. Mr. Chairman, I ask that the Clerk read.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FEDERAL AVIATION AGENCY

Construction and development, additional Washington airport

For an additional amount for "Construction and development, additional Washington airport", $22,470,000, to remain available until expended, of which not to exceed $400,000 shall be available for an access road to the north from the airport provided the State of Virginia makes available the balance of funds necessary for the construction of said road.

Mr. GROSS. Mr. Chairman, I make a point of order against the language of the bill on page 3, line 6, beginning with the words "of which" and running through line 10, on the ground that this language is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Texas [Mr. THOMAS] desire to be heard on the point of order?

Mr. THOMAS. Mr. Chairman, I am compelled to concede the point of order.

The CHAIRMAN [Mr. KILDAY]. The gentleman from Texas concedes the point of order. The Chair sustains the point of order.

Mr. THOMAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMAS: On page 3, line 6, after the word "expended," insert "provided that not to exceed $400,000 of the foregoing appropriation may be used for an access road north from the airport."

Mr. GROSS. Mr. Chairman, I make a point of order against the amendment on the ground that it is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. THOMAS. Mr. Chairman, we think the amendment cures the objection raised by the distinguished gentleman from Iowa. We think this one is purely a straight limitation. It requires no outside effort on the part of anybody. The first objection by the gentleman from Iowa was clearly good.

Mr. GROSS. Mr. Chairman, I make the additional point of order that the language is not germane, that this appropriation is not authorized.

Mr. SMITH of Virginia. Mr. Chairman, may I be heard briefly on the point of order?

The CHAIRMAN. The Chair will hear the gentleman from Virginia briefly.

Mr. SMITH of Virginia. The authorization for these highways and roads is found in the original airport act authorizing construction of the airport. This is just one of the highways that is included in the general authorization for highways and necessary facilities to get to the airport.

The CHAIRMAN (Mr. KILDAY). The Chair is prepared to rule.

The gentleman from Texas offers an amendment to that portion of the bill beginning on page 3, line 6, to which the gentleman from Iowa [Mr. GROSS] has made a point of order on the grounds that the amendment is not germane and that it constitutes legislation on an appropriation bill.

The Chair is constrained to hold that inasmuch as the access roads were authorized by legislation creating the airport and that the amount of $400,000 is a limitation on the purposes for which funds may be used, that it is germane to the bill and is not legislation.

The Chair overrules the point of order.

The gentleman from Texas [Mr. THOMAS] is recognized in support of his amendment.

Mr. THOMAS. Mr. Chairman, I ask for a vote.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this bill, as I understand it, provides $22,470,000 for the Chantilly Airport in Virginia, of which $400,000 is to be spent on an access road. I do not know where this road starts or where it ends, but I seriously question whether it was ever the intent of Congress to build roads for the State of Virginia to this airport. Certainly I do know that I never voted any funds for this purpose.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr ROONEY. Does the gentleman realize that after spending this $140 million of the Federal taxpayers' funds to build this Chantilly, Virginia, Airport, that if we do not build these roads the State of Virginia would provide no funds to have access to and from the airport and that it would be a total loss?

Mr. GROSS. The State of Virginia ought to have some obligation with respect to this airport. The gentleman says it will cost $140 million. I understand it is supposed to cost $62,500,000 as of now; we have that much money in it. Less than 2 years hence, in 1961, it will have cost $90 million, and within 8 to 10 years thereafter we will be expected to put another $50 million into this airport, or a total of $140 million. How far are you going to go in taking money out of all the taxpayers' pockets to be put into a facility like this in Virginia, without Virginia making a substantial contribution?

I was very much interested in the hearings in this respect. As I understand, the land for this airport cost an average of $550 an acre for some 10,000 acres. Am I correct?

Mr. THOMAS. The gentleman is correct.

Mr. GROSS. 10,000 acres at $550 an acre.

Mr. THOMAS. That is correct.

Mr. GROSS. That is a fancy price for some land I have seen across the river in Virginia. How did they get a valuation of $550 an acre?

Mr. THOMAS. If the gentleman will yield briefly, and I have no quarrel with the gentleman, and if the gentleman will read our report he will find that we expressed the hope that in the future if there are any general community facilities over and above these essential roads to the use of the airport, that the State of Virginia will make a contribution. Somehow or other I feel they will.

Mr. GROSS. Can the gentleman give us any idea as to what will happen to tax assessments in Virginia when farmland of that kind sells to the Government for an average of $550 an acre?

Mr. THOMAS. They are going to have a business over there of anywhere from $30 to $50 million a year.

Mr. GROSS. That is the point I was going to make and the reason I say that Virginia ought to be making a real contribution to this huge airport. Not only that, but I was interested to read in the hearings that despite the fact this airport will cost $140 million, and although it is claimed the Federal Government will be repaid, nobody knows as of this date what the operators are going to charge the commercial airlines for landing and other fees.

Mr. THOMAS. May I say to the gentleman your committee will sit very closely to this problem. We are going to see that the compensation is adequate.

Mr. GROSS. What I am afraid of is you are going to lock the door after the proverbial horse is stolen.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New York.

Mr. ROONEY. I might say to the gentleman that I am not so much concerned with the expenditure of $400,000 for this access road as I am with having the commercial airlines pay a proper revenue toward the cost of this airport. I cannot see why an airplane with 100 passengers can land at the Washington National Airport and pay but $15, or 15 cents a head, for the passengers. That is the only revenue the Government gets from the airlines. You may say, "all right, they pay for the cost of ticket counters, hangars, and so forth"; however, the actual profit or remuneration that the Government gets is 15 cents a head for each passenger in one of these big airliners.

Mr. BOW. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I simply want to point out this is one item in the bill, the $400,000, where the State of Virginia does contribute to the highway. This is not the main access highway from Washington. It is one from the north to the airport off of Route 7. In the case of this one the State of Virginia is contributing. I favor this amendment.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, usually I go along with my good friend from Iowa because he is trying to save a little money, but perhaps he is excited and has not directed his

efforts in the right direction. This morning I went over to the other body and listened in on the McClellan committee. I do not know why we are fussing about this tax business here, complaining because taxes go up. The Appropriations Committee ought to send somebody over there to the McClellan committee and see how Hoffa does it. He gets millions upon millions of dollars out of the taxpayers, the consumers, practically everybody kicks in to Hoffa. No one, apparently, cares anything about that or complains. At least we do not remedy the evil. Why do we not turn this thing of getting money over to Hoffa and let him use the dollars collected? He collects millions of dollars but they do not pay taxes on it. They build airports. But Hoffa and his buddies had a wonderful camp up in Wisconsin 8 or 10 years ago. Union money went into it. Now they have a big deal down in Florida. Again union funds.

I cannot figure it out. I will ask the gentleman from Iowa [Mr. GROSS] why are you fussing about what the Government does with the taxpayers' money. Sure all well and good. When Hoffa collects he does not build airports for the public. He just builds hunting camps, fishing camps, engages in business deals, and so forth, wonderfully fine places, for himself and his assistants, many of them ex-convicts. Hoffa takes care of them and while so doing thumbs his nose at the committee.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Iowa.

Mr. GROSS. I am getting more than a little tired of spending millions of dollars constructing bridges across the Potomac River into Virginia and Maryland at the expense of the Nation's taxpayers.

Mr. HOFFMAN of Michigan. That does not do any harm. They do not rob anybody. Hoffa gets the little fellow as well as the big one and uses the money for his personal advantage.

Mr. GROSS. It is my taxpayers I am thinking about. These Virginians and Marylanders are on the backs of my taxpayers. Maybe they are not on the backs of the taxpayers of Michigan and perhaps it would not do them any good because all reports indicate Michigan is broke. I am trying to save Iowans from a similar fate.

Mr. HOFFMAN of Michigan. Now, I do not like the gentleman's unpleasant talk about Michigan. We have three great men up there. We have Hoffa, Reuther, and Williams. We have a bigger tax rate than many. We do not do much hollering. When we are completely broke, then we will come down here. But the gentleman has not told me why the House goes along with Hoffa and Reuther and Williams. I have not heard the House show any indication of a desire to end the practice so evil and so long followed by the crooks.

When will we give our people the legislation for which they ask and should be given?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. THOMAS].

The amendment was agreed to.

Mr. BROYHILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROYHILL: On page 3, line 5, strike out "$22,470,000" and insert "$25,920,000".

Mr. BROYHILL. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. THOMAS. Mr. Chairman, I ask unanimous consent that all debate on the paragraph and all amendments thereto close in 15 minutes after the gentleman has consumed his 10 minutes, the last 5 minutes to be reserved for the gentleman from Ohio, Mr. Bow.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BROYHILL. Mr. Chairman, this amendment will increase the appropriation for the construction of the international airport at Chantilly by $2,450,000. I fully realize the difficulty and the improbability of getting the House to disagree with the recommendations made made by the Committee on Appropriations. However, I feel that this is a very serious matter. A very serious misunderstanding has occurred here, and certainly a very serious problem affecting our Nation's Capital area.

The purpose of this $2,450,000 increase would be to restore the amount requested by the Federal Aviation Agency and the Bureau of the Budget for the construction of a sewage disposal line for the sewage there at this airport. And, incidentally, this airport is not a Virginia airport. That was pointed out by the gentleman from Ohio [Mr. Bow] earlier in his remarks. It is an airport for the Nation's Capital which the Congress saw fit to locate in Virginia. The record will show that there were a lot of misgivings about having it located there, and we opposed it for a number of years, but finally wound up on a compromise arrangement at Chantilly. $3,200,000 was requested to construct the line down to and across the Potomac River in the Chain Bridge area into the District of Columbia disposal system. The Federal Aviation Agency originally planned to construct a $750,000 sewage disposal facility at the airport site. That seemed at the beginning to be the most practical, the most economical, and that is what is provided for now in this appropriation bill. However, it was discovered that if the sewage were disposed of there at the airport site, it would dump the effluent into the Potomac River above the water supply intake for our Nation's Capital area. And, every agency of the Federal Government and of the District of Columbia stated that that would endanger the health of the people of the metropolitan area of Washingon, including the Members of Congress who are temporarily residing here in our area. So, we tried to work out this problem as economically as possible, and it was decided by the Federal agency and the Bureau of the Budget that the most economical and practical way of disposing of the problem was to construct a $3,200,000 line across the Potomac and dispose of the sewage at the Blue Plains plant below the water intake.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Texas.

Mr. THOMAS. I wonder if the very able and genial gentleman did not make a mistake in his arithmetic. You intended by your amendment to increase it by $2,450,000, which would bring it up to $24,920,000.

Mr. BROYHILL. Nine hundred and twenty thousand dollars?

Mr. THOMAS. Yes. If that is true, the $25,920,000 is more than you really wanted. However, we can check those figures later.

Mr. BROYHILL. My mathematics may be incorrect, but it should increase the appropriation by $2,450,000. I believe you will find that is what the amendment does. That is what it is intended to do. It may have been read incorrectly but I agree that $22,470,000 plus $2,450,000 is $24,920,000 and that is the way the amendment should read.

Now, we have been authorizing millions of dollars for cleaning up the streams of our Nation and to preserve and protect the water supply of the Nation, and we have provided the money here for cleaning it up here in the District of Columbia area. There is a bill pending before the Congress to authorize the expenditure of $75 million to help alleviate the disgraceful condition which now exists in our own beautiful Potomac River, and yet, in effect, we are directing the Federal agency to do what we would prohibit any private agency from doing, actually creating an additional hazard to the health of the people here in the area which we are trying now to alleviate.

There are several agencies, as I said before, of the Government that oppose this limited program, and they have all been alerted, and I have several statements from them here which I intend to submit for the RECORD to justify why this amount is needed. One is a letter from the Director of the Public Health Service of the District of Columbia, which I propose to read.

I would like to point out a few excerpts from this letter which pretty well explain why this particular amount is necessary. It refers in part to a report that was submitted to the Joint Committee on Metropolitan Area Problems which the Congress created last year to study the problem and coordinate the agencies in the metropolitan area of Washington.

I read here the entire letter, which very effectively points out the problem involved:

DEAR CONGRESSMAN BROYHILL: This is in reply to your request for an opinion on the health hazards which might be expected from the discharge of treated sewage originating from the Chantilly Airport and discharging to the Potomac River above the water intakes. On the subject of sewage discharges to the Potomac River above the water supply intakes, I refer to the report of Mr. Abel Wolman, sanitary engineer, entitled

"A Clean River in the Washington Metropolitan Area," October 1957, and to the staff report entitled "Water Supply and Sewage Disposal," December 1958, prepared by Mr. Gilbert V. Levin, sanitary engineer for the Joint Committee on Washington Metropolitan Problems, 85th Congress, 2d session. Mr. Wolman based his report in part on the assumption that no sewage treatment plants would be permitted to discharge sewage in the area immediately above water intakes because of the attendant health hazards. Mr. Levin's report states in part:

"The council made a special request that no sewage be discharged above the Washington water supply intake. The subsequent selection of the Chantilly site and the consideration of a plan by the Civil Aeronautics Administration to discharge the sewage effluent in the upstream vicinity of the water supply intake constitutes flagrant disregard of community interests. No discharge of treated or untreated sewage from the Chantilly Airport should be permitted at any point where it will result in the contamination of any public water supply in the metropolitan area."

The Engineer Commissioner of the District of Columbia has protested the proposal and the National Capital Regional Planning Council adopted a resolution condemning the Chantilly sewage disposal site. A sewage disposal plan has been adopted by the local authorities through voluntary agreement to prevent the discharge of untreated or treated sewage into the Potomac River between Washington and the Monocacy River. This new proposal by the Federal Government for a sewage treatment plant at Chantilly is in direct conflict with the water supply and sewage disposal interests of the Washington metropolitan area.

A sewage treatment plant produces an effluent which is still treated sewage and nothing more, certainly not water fit to drink. Discharge of such an effluent from a sewage treatment plant to a water course which serves as a source of water supply can only result in impairment of water quality. There is no practical way today for discharging sewage from treatment plants without causing some pollution. It is recognized that research programs are needed to discover new waste treatment methods for removing those impurities which cannot now be removed. Many chemical compounds which are of concern to public health now pass through the best known sewage treatment methods and are discharged virtually unchanged. Some of our newer detergents are an example of this.

In the present and in the future, Washington will draw water from the Potomac River at Little Falls. The location of sewage treatment plants immediately above a water intake is a violation of fundamental public health principles and involves unwarranted health hazards. Sewage treatment plants eventually become overloaded or break down. It is because of this that sewage treatment plants incorporate "bypasses" in their design. When such bypassing occurs, relatively fresh sewage is discharged into the stream and could easily be carried to the water supply intakes.

The effluent from sewage treatment plants contains large amounts of nitrogen and phosphorous compounds. These compounds fertilize the receiving water, causing large growths of algae which cause taste and odors in the water at water treatment plants. The successful removal of taste and odors is difficult and necessitates increased treatment, with resultant increased costs. It has been proven that disease organisms present in raw or partially treated sewage pass through water treatment plants because of breakdowns or improper operation, and can cause outbreaks of such diseases as typhoid and infectious hepatitis.

Large amounts of Federal, State, and District of Columbia moneys have ben spent to clean up the Potomac River in the Washington metropolitan area. Even though State and local authorities have no legal way to insure the proper location and operation of a federally owned and operated sewage treatment plant, they have been successful in obtaining sewage facilities on Federal installations which are consistent with their water pollution control plan.

The Atomic Energy Commission, when it located at Germantown, constructed a sewerline to Gaithersburg in order that sewage effluent would not be discharged to Seneca Creek, which is above existing and proposed water intakes. Now that the Cabin John trunk sewer has been completed, the sewage that once reached the Potomac River at Little Falls is now conveyed to the District's sewage-treatment plant. The completion of this trunk sewer has resulted in a marked improvement in the quality of the Potomac River at the Little Falls water intake. The District of Columbia has recently reached an agreement whereby sewage from the Pimmit Run sewage-treatment plant and the new Central Intelligence Agency facility at Langley, Va., will be conveyed to the District of Columbia sewage-treatment plant.

The construction of a sewage-treatment plant at Chantilly is contrary to the policy, plans, and measures which have been taken to protect the metropolitan area water supply. Even if it is argued that the pollution from this proposed plant will be relatively low, other small plants will be sure to follow. Such plants located in the same watershed area will cause a "buildup" of pollution to a significant figure. The discharge of sewage effluent to small streams in populated areas is contrary to accepted public health principles. Such sewage should be conveyed to acceptable locations and discharged to streams having large flows.

It is my sincere hope that all sewage originating in the area immediately upstream of our water intakes will be conveyed through interceptor sewers to sewage-treatment plants located below Washington.

If there is any further information which you desire, we shall be pleased to furnish it.

Sincerely yours,

DANIEL LEO FINUCANE, M.D.,
Director of Public Health.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Maryland.

Mr. FOLEY. Mr. Chairman, I rise in support of the gentleman's amendment and I should like to ask him this question. Do I understand that, by virtue of his amendment, the chances of accentuating the polluted condition of the Potomac so far as the water supply of Washington is concerned, will be reduced or eliminated? In other words, if the gentleman's amendment does not pass, the danger of pollution of the Potomac will be increased; in fact, not only the danger of it, but it will actually result in increasing the polluted condition of the Potomac as we have it at the present time.

Mr. BROYHILL. The gentleman is absolutely correct. The gentleman has put forth a great deal of effort to try to alleviate the disgraceful condition that now exists within our Metropolitan Washington area. The purpose of this amendment is to prohibit a further contribution to that condition by a Federal agency.

Mr. FOLEY. The gentleman knows that the gentleman from Maryland [Mr. LANKFORD] and he and I have bills pending before this body which will seek further the elimination of this condition of pollution of the Potomac River Basin. As I understand the gentleman, he is contending that if his amendment is not approved a Federal agency will itself be contributing to the polluted condition in the Potomac above the intake of the water supply of Washington; is that correct?

Mr. BROYHILL. That is correct. Some Members may be under the impression that we are providing a sewage system here for the people of Virginia. We are merely trying by this amendment to prohibit a Federal agency from dumping its sewage into the Potomac River above the source from which all of us receive our water supply.

Mr. FOLEY. Mr. Chairman, I want to commend the gentleman for his effort and urge the Members of the Committee to support his amendment.

Mr. BROYHILL. The gentleman from Ohio [Mr. Bow] stated that this sewage would be treated so purely that you could drink it. I say if that were true we would not have to have any water supply at all, we could continue to use the sewage over and over again. We would not need any water supply. As I have pointed out before in quoting from Dr. Finucane's letter you simply cannot treat sewage to the extent that it would not be a hazard to the health of our people if it were discharged above our water supply intake.

I urge the adoption of this amendment which in effect would then prohibit this Federal agency from further aggravating a problem concerning pollution of the Potomac which we are all trying to correct.

The CHAIRMAN. The Chair feels, in view of the colloquy that took place between the gentleman from Texas and the gentleman from Virginia when time was limited, that he should point out that the time was limited to 15 minutes, with 5 minutes reserved to the committee. At that time three Members were standing. That would provide 5 minutes for each Member. However, time was extended from 10 minutes to 15 minutes after the colloquy with the gentleman from Virginia [Mr. BROYHILL] with reference to another amendment. So the Chair is in the position of suggesting that three Members are entitled to recognition for 5 minutes each, which would consume the entire debate on this paragraph.

The Chair recognizes the gentleman from Ohio [Mr. VANIK].

Mr. BROYHILL. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. VANIK. I yield to the gentleman from Virginia.

Mr. BROYHILL. Mr. Chairman, when could I offer this other amendment?

The CHAIRMAN. To this paragraph?

Mr. BROYHILL. Yes.

The CHAIRMAN. After the disposition of the pending amendment. The Chair would point out that under the arrangement made, the gentleman might find himself in the position of not being permitted to debate the other amendment.

Mr. VANIK. Mr. Chairman, I want to say to the gentleman from Virginia

[Mr. BROYHILL] that I may have sufficient time so that the gentleman from Virginia may be able to offer his amendment.

I simply want to state that I oppose this amendment to increase the Federal contribution to the Chantilly Airport project. It is extremely difficult for me to reconcile this effort to spend more money for airports with the current effort that is going on to repeal the tax on transportation. I am among those Members of this Congress who feel that the tax on air transportation is a just tax, when we consider the fact that we have spent some 25 billions of Federal dollars to expand and build airports all over the country. When we consider the Federal contribution through subsidies, and when we consider the Federal contributions to the operation of the airways through the Federal aviation agencies, it seems to me that a 10-percent tax on air travel is a just and necessary tax which taxes the users of the system. In my district, of my 490,000 constituents, I doubt that 400,000 have had any occasion to travel on the airlines. Is it fair to tax all of the people of the community for the special facilities of air travel which only a portion of the population use? It seems to me that a 10-percent tax on air travel hardly pays the interest on the Federal contribution in the construction and the building and operating of these airport facilities throughout the country. I am inclined to agree with the gentleman from Iowa on this particular proposal. I feel that we should hold off any further contribution or expansion of our Federal grants until we can determine whether or not there is going to be a continued contribution by the users of the air system to this great cost of the system.

I now yield to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Chairman, may I withhold the use of this time until the pending amendment is disposed of?

The CHAIRMAN. The Chair was attempting to state the parliamentary situation a moment ago. The time was limited on this paragraph to 15 minutes. The gentleman from Ohio has consumed 2 minutes of that time. Therefore, there are 13 minutes remaining. The Chair now intends to recognize the gentleman from Ohio [Mr. Bow] for 5 minutes. The committee is still entitled to 5 minutes. Whatever time is not consumed will be available after the disposition of the pending amendment.

The Chair recognizes the gentleman from Ohio [Mr. Bow].

Mr. BOW. Mr. Chairman, I should like to point out in talking about this $750,000 sewage system at Chantilly, which has been authorized and appropirated for, and was agreed upon, and again I should like to read what the engineers have to say:

> The plant will assure an effluent at all times which will be purer than the normal quality of water in the Potomac River above all waterworks intakes.

Mr. Chairman, that is as to the quality of the water. I should also like to point out to my colleagues that from the point where the effluent, the point where the effluent from the Chantilly disposal plant, the $750,000 plant, until it reaches the water supply intake at Little Falls, would travel a distance of 32.7 miles. So from the point of the effluent going into a stream, the Occaquan and then down through that stream until it reaches the Potomac, it is 22 miles. Then from the point where it actually reaches the Potomac, pure water, until it reaches the point of the intake is another 10 miles. That is a total of 32.7 miles. I must point out again under these recommendations, which I have before me and which are the recommendations on which the FAA is proceeding, you are not here appropriating $2,400,000 to be used to complete a system into Washington where you are going to pay $150,000 a year rental later, but what you are actually doing, and let me read this to you so that there will be no misunderstanding:

> It is recommended that the plan identified as route H be adopted and that Federal funds, in the amount of $22,065,000 be made available for its construction.

That is not $2,400,000 but it is $22,065,000 before we get through.

It reads further:

> This plan will include permanent gravity sewers from Chain Bridge up Difficult Run and temporary construction—

And that is $22 million—

> and temporary construction from Broad Run to Difficult Run. The interceptor portion from Chain Bridge to the lower end of Difficult Run, representing over half of the total cost, would be in tunnel of capacity sufficient ultimately to carry all sewage from the entire drainage area of the Potomac, on the Virginia side.

That is what we are getting into, my friends. It is $22,065,000 and not $2,400,000. That is what it would take to carry it from the entire area. Then we will also be called upon someday to vote for the $75 million bill to clear up the raw sewage that the District of Columbia and Virginia are putting in the Potomac River. I am going to support that. I want the Potomac River to be one of the finest rivers in this Nation. I want a beautiful Potomac and this particular item here does not affect a beautiful Potomac. It is pure water that travels 22.7 miles before it enters the Potomac River.

Mr. GROSS. Would it not be cheaper just to take that area of Virginia into the District of Columbia?

Mr. BOW. I do not know, but when you figure this addition we had here a few minutes ago, a mistake of a million dollars in simple addition, I am wondering how much good the Federal aid to education we have sent over there has done when you can make a million-dollar mistake that easily.

Mr. THOMAS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. THOMAS. And I ask unanimous consent, Mr. Chairman, that the gentleman from Ohio may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMAS. Is not the situation simply this? Of course, nobody in the world, especially nobody on the committee, has any desire to pollute the river. As a matter of fact, the water that is in the river above the point of intake is much more contaminated than any effluent to be placed in the river.

Mr. BOW. The gentleman is right.

Mr. THOMAS. That is point No. 1.

Point No. 2 is this: If we were to spend literally a wagonload of money on this project in less than 5 years it would be virtually wasted and thrown out because you would have to tear up the whole system again.

Mr. BOW. The gentleman is correct, 5 years, approximately.

Mr. THOMAS. Therefore, the less money we spend on this project the better off the taxpayers will be.

Mr. BOW. That is correct.

Mr. THOMAS. Mr. Chairman, this amendment ought not to be adopted, for there is no sense in spending a lot of money that will be useless in 5 years' time.

Before relinquishing the time, let me compliment the gentleman from Virginia [Mr. BROYHILL] on his efforts and his tireless energy for the people of his district. He has done a wonderful job for them. The gentleman has taken a lot of punishment at times while he has been in Congress, but he has done so graciously and we respect him for it.

Mr. BOW. And in addition to the punishment he has taken let it also be noted that he has taken a lot of good across the river for his people in Virginia at the expense of the taxpayers of the Nation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. BROYHILL].

The amendment was rejected.

Mr. BROYHILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BROYHILL: On page 3, line 10, add the following: "*Provided*, That no part of any appropriation made in this Act shall be used for land acquisition for any access road to the public airport in the vicinity of the District of Columbia authorized by the Act of September 7, 1950, until after the Administrator of the Federal Aviation Agency shall have consulted with the Board of Supervisors of Fairfax County, Virginia, on the location of such road and shall have had public hearings at a convenient location, or have afforded the opportunity for such hearings, for the purpose of enabling persons through or contiguous to whose property such road will pass, to express any objections they may have to the proposed location of such road."

Mr. THOMAS. Mr. Chairman, I make a point of order against the amendment on the ground that it is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Virginia desire to be heard on the point of order?

Mr. BROYHILL. Yes, if the Chair please.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BROYHILL. Mr. Chairman, this amendment is similar to the limitation we had in the appropriation bill for this same project last year. It merely re-

quires that the community be consulted as provided in the authorization act. It likewise requires public hearings as the authorization act requires. We feel that to require public hearings in the area which has been designated as the access road site is consistent with the authorizing legislation.

The CHARMAIN (Mr. KILDAY). The Chair is prepared to rule.

The gentleman from Virginia offers an amendment which has been reported.

The gentleman from Texas [Mr. THOMAS] makes a point of order against the amendment on the ground that it is legislation on an appropriation bill.

The amendment seeks to enjoin upon the Administrator of the Federal Aviation Agency duties and obligations not now required by law. It is therefore legislation on an appropriation bill.

The Chair sustains the point of order.

The Clerk will read.

The Clerk read as follows:

RESEARCH AND DEVELOPMENT

For an additional amount for "Research and development", fiscal year 1959, $18,675,000, to remain available until expended.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. GROSS. Mr. Chairman, I make the point order against the language on page 4, lines 2, 3, and 4, on the ground that there is no authorization in basic law for this appropriation to be made.

In connection with that, I send a copy of Public Law 86–45 of the 86th Congress to the Chair. I make the point of order on the ground that there is no authorization in basic law for this appropriation to be made. The authorization for this appropriation did exist at one time, but it was repealed by the act of June 15, 1959, Public Law 86–45, section 4, which reads as follows:

SEC. 4. Notwithstanding the provisions of any other law, no appropriation may be made to the National Aeronautics and Space Administration unless previously authorized by legislation hereafter enacted by the Congress.

This law, Mr. Chairman, was approved on June 15, 1959. This language clearly indicates, Mr. Chairman, that appropriations can be made for items authorized by legislation which is hereafter enacted, meaning after June 15, 1959. Section 4 clearly states that appropriations can be made only for items authorized after June 15, 1959, hence all previous authorizations are voided.

Mr. THOMAS. Mr. Chairman, I hope my distinguished friend from Iowa will withdraw his point of order. We studied this very carefully. I do not know what my able colleague now acting as chairman of the committee will hold, but we are familiar with the gentleman's point. We will let it go at that. But if it should be sustained, it will upset the plans of this agency. You notice the language goes one step further. This is a 1959 appropriation. I am trying to say in so many words I agree exactly with what you said.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Iowa.

Mr. GROSS. I am simply trying to get the Appropriations Committee to follow the law, that is all.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Michigan.

Mr. FORD. Of course, I do not know how the Chairman is going to rule on this point either, but the gentleman from Texas and others know that the legislation to which the gentleman from Iowa refers is legislation which he and I and others sought to amend to prevent this question from even arising, as we felt that the basic law which was passed last year, sponsored by the House and Senate Select Committees on Space, gave continuing authorization for appropriations. The inclusion of an amendment to an appropriation bill last year and the passage of this law this year has brought about a very unfortunate situation. The net result of the enactment of that provision in a law last year and the enactment of this law to which the gentleman from Iowa refers, if the Chairman rules for the point of order, proves the point we tried to make, that that law and that amendment last year will have a serious adverse impact on a good sound space program and will handicap the United States of America.

Mr. THOMAS. I do not think the $20 million is going to bankrupt America. I will not go that far. But I do hope my friend will withdraw his point of order before the Chairman makes a ruling. This is for a very useful purpose.

The CHAIRMAN. Does the gentleman from Iowa insist on his point of order?

Mr. GROSS. Yes, Mr. Chairman; I insist on the point of order.

The CHAIRMAN (Mr. KILDAY). The gentleman from Iowa has made a point of order against that portion of the bill appearing in lines 2, 3, and 4, page 4, and has called the attention of the Chair to section 4 of Public Law 86–45. In view of the language cited, the Chair sustains the point of order.

The Clerk read as follows:

For contractual research, development, operations, technical services, repairs, alterations, and minor construction, and for supplies, materials, and equipment necessary for the conduct and support of aeronautical and space research and development activities of the National Aeronautics and Space Administration, including not to exceed $5,000 for representation allowances overseas and official entertainment expenses, to be expended upon the approval or authority of the Administrator; not to exceed $500 for newspapers and periodicals; and purchase of thirty-two passenger motor vehicles, of which nineteen shall be for replacement only; $300,000,000, to remain available until expended: *Provided*, That this appropriation shall also be available for other items of a capital nature only after such items in excess of $250,000 shall first receive the approval in writing of the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate: *Provided further*, That no part of this appropriation shall be available for payment of salaries of National Aeronautics and Space Administration personnel.

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. I make the point of order against the language on page 4, lines 16 to 22, inclusive, beginning with the word, *"Provided"* and ending with the word "Senate" on the ground that it is legislation on an appropriation bill and requires additional duties.

The CHAIRMAN. Does the gentleman from Texas [Mr. THOMAS] desire to be heard on the point of order?

Mr. THOMAS. Mr. Chairman, unquestionably the point of order is good. We were merely trying to straighten out some language in that Act, and I send an amendment to the Clerk's desk.

The CHAIRMAN. The gentleman from Texas concedes the point of order, and the Chair sustains the point of order.

Mr. THOMAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMAS: On page 4, line 16, after "expended" insert: *"Provided*, That no part of the foregoing appropriation shall be available for other items of a capital nature which exceed $250,000 until 14 days have elapsed after notification as required by law to the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order against the amendment on the ground that it changes existing law and requires additional duties on the part of the Space Agency.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. THOMAS. Mr. Chairman, I think my distinguished friend from New York is in error in this regard. It requires no additional duties.

Let me explain to the House what the situation is. What this original amendment did was correct what in our judgment was a serious defect in the authorizing legislation itself. The authorizing legislation says that the Administrator of this new agency can spend, in the nature of a capital investment, for research and development, any amount of money he wants to in excess of $250,000, not beneath it but above $250,000. By doing what? Upon notifying the Committee on Science and Astronautics that it is going to spend this money. Can you imagine that? What is notification? They could put a letter in the mail to the legislative committee saying "We are going to spend $15 million which has not been approved by the legislative committee and which has not been approved by the Committee on Appropriations" and they are loose to spend that money. They can bind the taxpayers to spend any money they want to without approval of the legislative committee and without approval of the Committee on Appropriations and without approval of

this House. You give them a blank check; that is what you are doing.

Now, my able friend from New York knew that, and we tried to cure that basic defect, and he offered a point of order, and it was good. But, my friend is not noted for signing blank checks, but that is exactly what you are doing. We are trying to cure it by saying that you have to notify the legislative committee, and you cannot bind the agency until you wait 14 days. That gives the good legislative committee 14 days to look around. It does not take away any authority. We are not assuming any authority in this committee. And, you Members of this good House, do not get any say-so, either, but it just gives the legislative committee 14 days. Now, what is wrong with that?

The CHAIRMAN. Does the gentleman from New York desire to be heard further on the point of order?

Mr. TABER. I do, Mr. Chairman. There never has been a provision in the statute requiring this sort of thing to be done. Any committee of this House that wants to know what an agency is doing along the line of letting contracts—and that includes the Space Agency—has the right to ask them, and they will receive information directly. Now, this amendment does require additional duties, and I do not see why we should require these people by statute to do something that is regularly and duly supplied by every agency of the Government, including the military. They do it to the Committee on Armed Services, of which the chairman is an honored member. They do it to the Appropriations Committee and they do it to any other committee of either the House or the Senate.

The CHAIRMAN (Mr. KILDAY). The Chair is prepared to rule.

The gentleman from Texas [Mr. THOMAS] has offered an amendment which has been reported. The gentleman from New York [Mr. TABER] has made a point of order that it is legislation on an appropriation bill.

The Chair calls attention to that portion of subsection (b) of Public Law 86–45 approved June 15, 1959, with reference to expenditures in excess of $250,000 and notice to the legislative committees. In addition thereto, the amendment contains a period of notice of 14 days. However, this does not impose a new duty, because it is a limitation upon the expenditure of the funds within a period of 14 days.

The Chair therefore overrules the point of order.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make the point of order against the language on page 4, beginning with the word "including" in line 10 and running through the word "Administrator" in line 13, on the ground that it is legislation on an appropriation bill.

The CHAIRMAN. The Chair would note that there is an amendment pending upon which the Chair has just overruled a point of order. The gentleman from Texas [Mr THOMAS] is recognized for 5 minutes in support of his amendment.

Mr. GROSS. Mr. Chairman, I was on my feet and have been on my feet constantly since this section was called up.

The CHAIRMAN. The Chair would like to have the gentleman from Iowa [Mr. GROSS] indicate the point to which he makes a point of order.

Mr. GROSS. The language on page 4 beginning with the word "including" in line 10 and running through the word "Administrator" in line 13.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. THOMAS] on the point of order.

Mr. THOMAS. I cannot recall that there was any legislation authorizing this entertainment fund for the Administrator. We reduced it drastically as it was sent up by the Bureau of the Budget. Perhaps it would serve a useful purpose. I think the gentleman's point of order is good and I concede it.

The CHAIRMAN. The gentleman from Texas concedes the point of order. The Chair sustains the point of order.

Mr. THOMAS. Mr. Chairman, may I be heard on my amendment?

The CHAIRMAN. The Chair recognizes the gentleman from Texas on his amendment.

Mr. THOMAS. Mr. Chairman, I shall not delay the House any longer. I hope this amendment is sustained and sustained by a good majority. You are not doing anything but the right thing, the correct thing, in approving this amendment. You are being asked to give this agency a blank check for the expenditure of any funds over $250,000. The projects have not been authorized by this Congress or by any committee of the Congress.

Talk about a back-door approach to the Treasury and about being embarrassed by having spent $4 billion or $5 billion more for critical materials than we need because of a back-door approach to the Treasury. The Congress had no notice and could not express itself on it. Now we are fixing to make that same mistake.

We are not implying any bad faith on anybody's part. But you cannot sign away your duties that our people send us here to perform. This Congress should keep control over the purse strings. My guess and my hope is, and I shall go all out and say that I am sure, that this Congress at all times will give this agency whatever funds it needs to do its job. But there is no need to give it a blank check like this. Think about it, for everything $250,000 and above, not below. Now with reference to this little amendment, all it does is this. It says that before you can go ahead and bind your taxpayers, this great committee must have at least 2 weeks' notice to think it over. That makes sense, gentlemen, and I urge you to vote for this amendment.

Mr. FORD. Mr. Chairman, I move to strike out the last word and rise in opposition to the amendment.

Mr. Chairman, this amendment will only add confusion. It will continue to delay the operation of the space program, which is important to this country in its overall contest with the Soviet Union.

May I review for just a moment the history of our National Aeronautics and Space Agency. Last year, after we had the launchings of the space vehicles by the Soviet Union, this Congress, on the recommendation of the President, enacted a National Aeronautics and Space Agency law. The chairman of the select committee on the side of the House was the distinguished majority leader, and the ranking Republican on that committee, was the gentleman from Massachusetts [Mr. MARTIN]. After great consideration and care, we passed a good law.

Subsequent to that, the majority leader in the other body decided that he or a committee headed by him had to have duplicating scrutiny and approval of space projects and programs. So through the process of amending an appropriation bill, it was necessary in 1959 for the Congress to have a special authorization of all space projects and programs. The net result of that amendment was to slow down the space agency in its efforts to do a good job. Subsequently, this year, the space committees of the House and the other body approved a bill which required annual authorizations for 5 years of every space project.

Now we have a third layer of approval. Believe me, if we want to run a race, we should not try to handicap the people who are trying to win it. We should not try to handicap those who are trying to execute a program as expeditiously as possible.

It seems to me that we have under existing law adequate safeguards. You have first the authorization process, which I do not think is necessary, on an annual basis through the space committees of the House and Senate. Then we go through the appropriation process where the space agency program is scrutinized not by one committee but by two committees. In other words you have four committees of the Congress under the existing process, going into the budget and the programs of these experts on space matters. Now this new amendment adds a third layer which says, "You cannot do anything despite the fact the Congress on two occasions gave you prior approval."

Believe me, this is the ultimate. This amendment hobbles the horse even worse in its effort to do a job and move ahead. Why we go through this torturous process is beyond my comprehension. If you want them to get ahead, so far as I am concerned, this is the ultimate in trying to slow down a program that needs assistance and which needs a little push. I hope and trust this amendment is defeated.

Mr. BROOKS of Louisiana. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had offered an amendment very similar to the amendment which the chairman of the Appropriations Subcommittee has offered on page 4. I have offered another amendment later on on page 5 of the bill. These amendments, which I offered, are patterned after amendments previously

adopted over a period of years by the Congress of the United States. The original reading of the bill was not correct because the wording of the proviso in the bill, as originally stated, was in violation of the opinion of the Attorney General of July 13, 1955, which has been cited before on the floor of the House of Representatives. So my amendment was offered as the Thomas amendment was offered and intended to comply with the opinion of the Attorney General of the United States. Previously, faulty wording of this sort of amendment has resulted in vetoes of measures. So we followed the exact wording adopted by the Congress in years gone by which requires that the Congress be informed of the programs of the agency. There has been no objection to that type of amendment. There should be no objection now. There should be no delay in any program by anyone because we require the Congress or the congressional committees to be simply informed as to what is going on in the agency and, where large sums of money are available to these agencies, I am sure the agency has no objection.

In this particular instance I want to say that NASA—that is, the National Aeronautics and Space Administration—expressly stated it had no objection to that type of amendment and that it would not slow down their program. So there is no reason for not adopting this amendment; and, certainly, if this amendment is adopted, it is not going to slow down any space program.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. BROOKS of Louisiana. I yield.

Mr. LAIRD. Would the chairman of the Committee on Science and Astronautics admit that the language which was placed in last year's appropriation bill, and because of the point of order which has been raised here which demanded a double authorization, has brought Project Mercury to a standstill.

Mr. BROOKS of Louisiana. I will answer the gentleman that there is no double authorization there; as a matter of fact, the history of the program is this——

Mr. LAIRD. The authorization was repealed.

Mr. BROOKS of Louisiana. Let me answer the gentleman. The history of the situation is this, that when the appropriation bill went to the Senate last year, the Senate added a proviso that the legislative committees must have prior authorization. When that bill came back to the House the Appropriations Committee accepted that authorization and followed the lead of the Senate Appropriations Committee in providing that there should be authorization by the Committee on Science and Astronautics until June 30, 1960.

Mr. LAIRD. I think the gentleman misstates the fact.

Mr. BROOKS of Louisiana. Let me finish. When this year's authorization bill went to the body at the other end of the Capitol they changed that provision and they said that in the future there should be prior authorization indefinitely. In my book it is good law and there should be an authorization before there is an appropriation, and every member of a legislative committee in this body will go along with the thought that the legislative committee should have the right to report enabling legistion before it becomes a matter for a normal appropriation.

Mr. LAIRD. The gentleman has not answered me with regard to Project Mercury. The fact of the matter is there are two authorizations, one canceling the other. That brings Project Mercury to a standstill.

Mr. BROOKS of Louisiana. I am answering the gentleman. Probably we will need legislation. Certainly, if enabling legislation is needed it will be forthcoming.

Mr. LAIRD. Which means we will have to go through the whole authorizing procedure again.

Mr. BROOKS of Louisiana. If that is necessary we will provide it.

Mr. THOMAS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph end in 30 seconds.

Mr. FORD. Mr. Chairman, I object.

Mr. THOMAS. Mr. Chairman, I move that all debate on this paragraph close in 5 minutes, the last 2 minutes to be reserved to the committee We are all familiar with this subject; it has been amply debated.

Mr. FORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FORD. I have an amendment to the dollar figure in this paragraph. If the gentleman's motion prevails would it preclude full debate on the dollar figure amendment?

The CHAIRMAN. If the gentleman's motion should prevail all debate on the paragraph would end in 5 minutes. As to whether or not the gentleman would be permitted to debate the dollar figure would depend on how much of the 5 minutes had been consumed before action on the pending amendment.

Mr. FORD. Mr. Chairman, I make a point of order against the gentleman's motion because of the inclusion of the 2-minute reservation for the committee.

The CHAIRMAN. The Chair sustains the point of order.

Mr. THOMAS. Mr. Chairman, I move that all debate on this paragraph close in 15 minutes, the last 5 minutes to be reserved to the committee.

Mr. FORD. Mr. Chairman, I make the point of order that in a motion limiting time that the gentleman from Texas cannot reserve the last 5 minutes for the committee.

The CHAIRMAN. The Chair sustains the point of order with reference to the reservation of 5 minutes to the committee.

The gentleman from Texas moves that all debate on this paragraph end in 15 minutes.

The question is on the motion.

The motion was rejected.

Mr. GEORGE P. MILLER. Mr. Chairman, I move to strike out the last word and rise in support of the amendment offered by the gentleman from Texas.

Mr. Chairman, someone has asked my good friend on the Appropriations Committee why there was necessity for his amendment.

This agency is spending a great deal of money. It is a new one. It is one that lends itself to the spending of money. But we must be doubly sure, because it is a new agency, that the money is being spent efficiently and necessarily. If this were an old standard department of Government, perhaps there would be no necessity for safeguarding legislation and the expenditure of money as we are trying to do. But let me point out to you that on this floor less than a half hour ago a speech was made highly critical of the National Science and Astronautics Agency. Statements were made that they were getting out of hand in their spending, that they were spending too much money, that this was a wasteful squandering of public funds.

The whole field of research and development is a nebulous one. We cannot say this much is good and this much is bad, but certainly the sincere people who are running the NASA do not object to justifying the expenses and the expenditures before a committee of this Congress. This is not a new practice. We have done it in the case of the armed services, an agency that spends money along wide guidelines. I can assure you that the Committee on Science and Astronautics is as devoted to its work as any committee in this House. They are conscious of the necessity for pressing the program.

There are things you cannot overcome. It is easy to make charges that the program is stalled. It is not stalled today because they have not gotten cooperation. All we are trying to do is to safeguard and protect funds that could be charged were spent recklessly and without proper consideration.

I think the amendment is a good one, and I commend it to the serious consideration of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. THOMAS].

The question was taken; and on a division (demanded by Mr. FORD) there were—ayes 41, noes 17.

So the amendment was agreed to.

Mr. FORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORD: On page 4, line 16, strike out "$300,000,000" and insert "$343,675,000".

Mr. FORD. Mr. Chairman, my amendment seeks to do two things. First, it seeks to increase the funds for fiscal year 1960 to the extent of $25 million for the Space Agency research and development program. The President recommended in this area $333,070,000. The committee cut it by $33,070,000. This amendment seeks to restore $25 million of that reduction.

The second portion of the amendment seeks to put back in the bill that portion which was stricken on a point of order made by the gentleman from Iowa [Mr. GROSS]. For that reason the total comes to $343,675,000.

Mr. Chairman, in the fiscal year 1959 budget the President for project Mercury requested $20,750,000. The committee cut that by $2,075,000. The committee said in its report:

The entire item is for the designing, engineering, and beginning of construction of 12 satellite capsules.

In other words, the committee reduced the funds for project Mercury by slightly over $2 million. Project Mercury is our only manned space project, and I think most Americans agree that we must have a manned space project, and that we should get along with the project as rapidly as possible.

The responsible people in the National Aeronautics and Space Administration say they need this much money to do the job. I believe they are competent, better than we, to make such a determination. For that reason I believe that the $18,675,000 should be approved. As a matter of fact, I think the additional $2 million should have been included.

Now, the other part of the amendment pertains to $25 million which the committee had stricken from the President's request. The gentleman from Arizona in the full committee last week offered an identical amendment seeking to restore this amount of money. It seems to me that again, this cut made by the subcommittee and the full committee will have an adverse impact on Project Mercury.

I am certain a year ago if this amendment had come to the floor of the House, there would not have been much difficulty in achieving success. The amendment would have been approved. I am fearful if we do not fully fund this program, the research and development for our Space Agency, we will not make headway; in fact, we will fall behind. The net result will be a situation similar to that which prevailed in October of 1957 after the launching of the Soviet sputnik.

I agree with those who say that you cannot be precise to the penny in a program of this magnitude, but I think if we are going to err, we should certainly be on the side of generosity. I know in the case of the military budget we had in the bill this year something over $3 billion for research and development. Every penny that was requested by the Army and the Navy and the Air Force and to establish the Advance Research Project Agency program was approved.

It seems to me incongruous, therefore, when we come to the civilian side of space exploration, when we are talking about the only projects that relate to man in space, that we should cut their funds. I consequently hope that this amendment, which restores the funds recommended by the committee itself for Project Mercury in fiscal 1959, and a part of the funds for research and development for fiscal year 1960, is approved.

Mr. BOLAND. Mr. Chairman, I offer a substitute.

The Clerk read as follows:

Amendment offered by Mr. BOLAND as a substitute for the amendment offered by Mr. FORD: On page 4, line 16, strike out "$300,000,000" and insert "$318,675,000".

Mr. BOLAND. Mr. Chairman, I hope the committee will accept this amendment as a substitute for the amendment offered by the gentleman from Michigan [Mr. FORD]. The figure of $318,675,000 that I offer at this point is offered to take care of the problem that was created on a point of order by the gentleman from Iowa [Mr. GROSS]. I put back into this bill the sum of $18,675,000 that was knocked out in that point of order. I think the gentleman from Michigan will agree with me that it is desirable that we put back in the $18,675,000, because failure to appropriate at this time would stop Project Mercury in its tracks.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Michigan.

Mr. FORD. I would certainly agree, if my amendment does not prevail, that the gentlemans' amendment should prevail. But, nevertheless, I feel that the larger sum, the extra $25 million, should be included so that the fund would be effective.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Louisiana.

Mr. BROOKS of Louisiana. Of course, if we had the original $330 million, we would not be in this situation. However, I think the gentleman is correct in his observation, and I support it.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield to the gentleman from Iowa.

Mr. GROSS. By this device now you are avoiding section 4 of the public law.

Mr. BOLAND. In a way we are getting around that, but I think it is something we ought to do.

Mr. GROSS. This is again the backdoor approach.

Mr. BOLAND. I think it is something we ought to do. This is a project under way, under obligations, as I have stated Project Mercury would be stopped dead in its tracks if this were not approved. And, I do not think we ought to do that.

With reference to the $25 million, I think the subcommittee has gone far enough. We have provided in less than 2 years more than $500 million for research and development. Is that not enough money to get along on? They came in with a supplemental request asking for $330 million, and we gave them $300 million. We recommended $300 million, because in all the testimony that was developed before our committee we concluded that this was all they could prudently use during the next fiscal year.

Remember that this is an agency which was created last year. Other agencies of the Government, the Department of Defense, the Army, the Navy, and the Air Force, are also engaged in similar kinds of program of research and development. Its biggest problem, as the gentleman from Michigan indicated in his speech during general debate, is the problem of boosting. We will never get a man into space unless we have the proper booster power. The Army, the Navy, and the Air Force are working precisely on the same projects on which this agency is working. If we have cut this item by $30 million, we have just put a little common sense, a little fiscal responsibility into this agency. I think we can do it. If we do not do it now, God help us in the future, because this is an agency that will be spending not $484 million that we appropriate in this 1960 budget, but that will be spending billions of dollars in the foreseeable future. This is one way to curb them; not to curb them in the sense that we want to destroy their program, but in the sense that we ought at least to put some common sense into the spending of this agency and to make them correlate their activity with the Department of Defense, the Army, the Navy, and the Air Force.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I am glad to yield to the gentleman from North Carolina.

Mr. JONAS. Mr. Chairman, I asked the gentleman to yield only for the purpose of making the observation that I think he was inadvertent in admitting that this is any sort of back-door approach. I do not think the gentleman intended to agree to that characterization as made by the gentleman from Iowa. It is not a back-door approach, it is a direct appropriation.

Mr. BOLAND. I only said that it is a back-door approach to the problem which the gentleman from Iowa presented us a moment ago by knocking out the $18,675,000.

Mr. JONAS. It is a way of getting around that.

Mr. BOLAND. I think we ought to put it in. I think this Committee would be wise in voting for the $318,675,000 as included in the amendment that I have offered as a substitute to the amendment which was offered by the gentleman from Michigan.

Mr. Chairman, reference has been made here, this afternoon, that this program is vital to the security of the Nation and that we are tampering with this security by the acceptance of the cuts that the committee has recommended. This of course is not true. I take it that the real threat to our security would lay in our failure to provide for an adequate national defense; in a failure to appropriate sufficient funds to the Department of Defense to program for an adequate defense and offense. This, it seems to me, is a lot more important than any money we appropriate to the National Aeronautics and Space Agency with reference to our security and any threat to it.

No one disputes the tremendous importance and significance of the National Aeronautics and Space Agency. The very fact that we are here today appropriating some $485 million surely attests to that. But let us not be panicked into throwing millions more into its programs. The $300 million for research and development for fiscal 1960 added to the $18,675,000 asked for as a supplemental for 1959 and combining this with $204 million previously appropriated for 1959 gives a grand total of more than

$500 million alone for research and development.

Surely, Mr. Chairman, this a powerful amount of money to be spent in this area. And this is particularly so when we consider that the Department of Defense is engaged in researching and developing in kindred fields. No one can deny that many sins have been committed in the name of research and development and it is one area where truckloads of money can be and have been wasted. No member of this Committee seeks to withhold any money or one dime from the quick and effective development of doing the things our Nation has to do if we are not to be outstripped in our efforts to explore the complexities of outer space. Of course it is important that we move ahead rapidly and with daring and imagination.

Mr. Chairman, your committee that considered this program would not, for an instant, hamper the desires of the Members of the Congress, the special House Committee on Science and Astronautics of the National Aeronautics and Space Agency from doing the job that has to be done. We believe that we have joined in this desire and have provided sufficient funds to do that job.

Mr. Chairman, I trust that the Committee will adopt my substitute of $318,675,000 instead of the amendment of the gentleman from Michigan calling for $343,675,000. My amendment takes care of Project Mercury and insures that it can continue at the pace established by the Space Agency.

Mr. THOMAS. Mr. Chairman, I move that all debate on this paragraph close in 15 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona [Mr. RHODES].

Mr. RHODES of Arizona. Mr. Chairman, I cannot help but harken back to the time not too many months ago when the first sputnik went into orbit. I cannot help but wonder if the House would have been as complacent about the denial of some $20 to $30 million for space exploration at that time as it now seems to be. Also, Mr. Chairman, I cannot help wonder if the people of the country could be as complacent about the denial of that money as we in the House now seem to be.

Mr. Chairman, actually while this is a new agency as far as the space part of it is concerned, as far as the personnel are concerned, the people who are doing the work, it is not a new agency. It is an agency which has been in existence for quite some time and I think it is time here and now that we point out that this National Astronautics and Space Administration is the successor to the well-thought-of agency known as the NACA. These are largely the same people. They have been given the additional job by this Congress and the administration of getting this country into outer space. Maybe some of you do not feel a sense of urgency about getting into outer space. Mr. Chairman, I do feel a sense of urgency. It is not that I know what is out there. If I did maybe I would not feel such a sense of urgency about it. It is not that I know what will happen if we do not get out there first. If I did, maybe I would not feel any sense of urgency about it. It is, Mr. Chairman, that we are dealing here now with a new concept of warfare, a new concept of life, the course of which nobody in this Chamber, nobody in this world, can predict accurately. Space could contain or foster the most deadly elements or situations with which we will ever deal. On the other hand, it could contain the most benign and favorable factors imaginable. But until we find out just exactly the character of this menace or benevolence which we face, we would be very poorly advised to do anything other than push ourselves into outer space with all the urgency at our command.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Arizona. I yield to the gentleman from New York.

Mr. TABER. The parliamentary situation is this. Unless the amendment offered by the gentleman from Michigan [Mr. FORD] is adopted, as it is, without any substitute, then by no parliamentary device could a vote be had upon that in the House. Therefore, it is absolutely necessary if we are to get anywhere that the amendment be adopted as it was offered.

Mr. RHODES of Arizona. The gentleman is absolutely correct. If this bill were to be passed, minus $18,600,000 which was taken from the bill by a point of order, it would result in a cut to this space administration of some $52 million out of a total budget request of $333,700,000 for research and development. To me, Mr. Chairman, that is too much to cut an agency which is in the business of building up these projects which are, in my opinion, very important projects. We talk about where we might be behind the Soviet Union. I will tell you where we probably are behind them in the type of boosters with great thrust needed to get people and hardware into outer space. We have heard talk about duplication between this agency and the Armed Forces. There need be no duplication. It is only necessary the Armed Forces have a booster big enough to put a payload into an intercontinental ballistic flight path, and to take that payload wherever it needs to be delivered in this world. The propulsion of any payload over and above that in weight or distance properly belongs in the jurisdiction of NASA and not in the Armed Services. There need be no conflict between the Armed Forces and NASA.

Mr. Chairman, I hope the Ford amendment will be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. OSTERTAG].

Mr. OSTERTAG. Mr. Chairman, permit me to devote my time to the clarification of the picture that seems to be confronting us at the moment. It seems that under the point of order previously raised the funds in this bill for research and development for the National Aeronautics and Space Administration, amounting to $18,675,000, have been eliminated. This item was included in the bill to cover fiscal 1959 expenditures. The substitute amendment offered by the gentleman from Massachusetts [Mr. BOLAND] would restore that amount, and that amount alone. The amendment offered by the gentleman from Michigan [Mr. FORD] would not only restore the $20,750,000 which was the original budget request for fiscal 1959, but this amendment would add $25 million to the fiscal 1960 money for research and development. Originally this appropriation bill for the National Aeronautics and Space Administration amounts to some $484,800,000. The budget request for this Agency, including funds for fiscal 1959, totaled $530 million, and this bill as reported reduces that amount by more than $45 million. I think it can be said that the whole issue of space exploration and involving space programs and projects can be boiled down into three areas of operation. First, the salaries and expenses that go with it. Second, the research and development which is the crux of the program, and I might add the big money and the key to the whole purpose. Third, the problem of construction and equipment. Under the amendment offered by the gentleman from Michigan [Mr. FORD], as I gather it, he would raise the $300 million as provided in the committee bill to $345 million, which includes a restoration of the $20 million requested in the fiscal 1959 supplemental plus an additional $25 million over and above the $300 million for fiscal year 1960, making a total amount for the research and development for fiscal year 1960 of $325 million. The fact remains that originally the budget amounts for the Space Agency for research and development alone amounted to $354,450,000. Mr. FORD's amendment amounts to a total both for fiscal 1959 and 1960 of $343,675,000. Therefore, his amendment, if adopted, would leave this bill $10,775,000 less than the original budget request. I think the importance of this far-reaching program has been well established here today, and that time is not only of the essence at the moment, but the funds necessary to carry out these experiments and these tests, particularly with regard to Project Mercury, are essential to the success of this mission. The National Aeronautics and Space Agency deals with outer space, which may involve far-reaching consequences, and it would seem to me to be pennywise and pound foolish for us to be niggardly in providing for this very important program. This program is so vital that a few million dollars may mean the difference between our competitive position and that of any other power in the world today.

I hope, Mr. Chairman, that the Ford amendment will prevail, although I favored the inclusion of 1959 fiscal moneys of $18,675,000 as offered by the gentleman from Massachusetts [Mr. BOLAND], but it seems essential that we include both; consequently I hope that the Ford amendment will be accepted.

Mr. THOMAS. Mr. Chairman, there is certainly no disposition on the part of anyone to slow down or hurt this Agency. All we ask our colleagues to do is just use a little of the common

sense that you use in applying your judgment to other agencies.

There is no hysteria here; and, frankly, I am not sure that there is so much need for a lot of wasteful haste either. Certainly, proceed in due order; but let us not be hysterical about it.

This country is depending upon the Army, the Navy, and the Air Force to defend us from a military point of view. One of the great headaches that our President had was defining the jurisdiction between the military and this Agency; and cut it anyway you will, certainly there is an unlimited amount of overlapping between the military and the civilian in this regard; and, by nature of the problem that duplication must exist for at least another 4 or 5 years. It is nobody's fault; it is there, but let us be frank and recognize it.

We cut this Agency's research and development fund only $33 million. We allowed $300 million. There are 50 or 60 different projects, and they are all brand new, dealing with subjects that no one knows too much about. If we knew all about them we would not have such a big research and development program. This money is being spent to learn something about it.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. Certainly I yield to my lovable friend from Iowa. I am just talking common sense.

Mr. JENSEN. I certainly want to agree with my chairman in the statement he has just made. Three hundred million dollars is in this bill.

Mr. THOMAS. And they admit they cannot tell within 10 or 12 percent what it is going to cost.

Mr. JENSEN. We are guessing at least that we are right in spending $300 million of the American people's money for this purpose.

Mr. THOMAS. And my colleague will remember that they said when we began to press them about this in order to get a little information, they said: "Why, this is a new agency and a new field of endeavor. The chances are we will have to reprogram." How much of this money will they reprogram? Thirty to forty percent, and then you quibble about a little 10 percent cut.

Mr. JENSEN. Mr. Chairman, does not my colleague think this committee has been liberal?

Mr. THOMAS. Why, of course.

Mr. JENSEN. Liberal when we ask this Congress to appropriate $300 million for this experiment?

Mr. THOMAS. Let me remind you that there is also a 5-percent transferability clause with another fund of about $50 million to give them that much more leeway.

Mr. Chairman, may I request a vote on this amendment? I hope that the Ford amendment is defeated and the Boland amendment is voted up. In so doing you will give them all the money they need, but you will save $25 million, and you will restore the $18 million that went out on a point of order. I think they need it; they can use it. It would not bankrupt them, of course, if they did not get it.

I ask that the Ford amendment be voted down and the Boland amendment be voted up.

I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. BOLAND] as a substitute for the amendment offered by the gentleman from Michigan [Mr. FORD].

The question was taken; and on a division (demanded by Mr. FORD), there were—ayes 69, noes 34.

So the substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. FORD], as amended by the substitute offered by the gentleman from Massachusetts [Mr. BOLAND].

The amendment as amended was agreed to.

The Clerk read as follows:

CONSTRUCTION AND EQUIPMENT

For an additional amount for "Construction and equipment," fiscal year 1959, $22,725,000, to remain available until expended.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state his point of order.

Mr. GROSS. Mr. Chairman, I make the point of order against the language on page 5, lines 2, 3, and 4, on the same grounds as I indicated in my point of order against the language on page 4, lines 2, 3, and 4, on the ground that there is no authorization in basic law for this appropriation to be made. Authorization for this appropriation did exist at one time, but it was repealed by the act of June 15, 1959, and I call the attention of the Chair to section 4 of that act which clearly indicates that appropriations can be made for items authorized by legislation which is hereafter enacted, meaning after June 15, 1959.

Section 4 clearly states that appropriations can only be made for items authorized after June 15, 1959. All previous authorizations are voided.

The CHAIRMAN. Does the gentleman from Texas desire to be heard?

Mr. THOMAS. Mr. Chairman, may I request our distinguished colleague from Iowa to not press his point of order? I am not even intimating about what our able and genial Chairman will rule.

We considered this in subcommittee and we decided not to make a point of order because we thought that perhaps the little reduction we gave them, modest and mild as it is, would be perhaps ample under the circumstances.

May I point out to my friend from Iowa the situation, and I am not intimating that I know what the Chairman will rule because I do not know and I do not profess to know. But should the Chairman uphold or sustain the point of order, then we would be precluded from adding it to the next money item down below, the $52 million. There is no backdoor approach here and let me explain that. The legislative committee in this field will keep this thing in its hand. That is perfectly all right. I am glad to see them do it. I am against blank checks. I want the committees of the Congress to keep their hands on the business of the Congress. A point of order would lie if we attempted to bring that money down and add it to this because the authorization is not sufficient to take care of these.

I submit this for the gentleman's consideration, and I hope he will think about it and not press his point of order. The only alternative would be to go to conference with the other body and perhaps it could be taken care of then. This committee is in favor of the new agency.

The CHAIRMAN. Does the gentleman from Iowa insist on his point of order?

Mr. GROSS. I insist on the point of order, Mr. Chairman.

The CHAIRMAN (Mr. KILDAY). The gentleman from Iowa makes a point of order against that portion of the bill appearing in lines 2, 3, and 4 on page 5. The Chair refers again to Public Law 86–45 and to section 4 thereof.

For reasons previously stated, the Chair sustains the point of order.

The Clerk read as follows:

For construction and equipment for the National Aeronautics and Space Administration and for the acquisition or condemnation of real property at Cleveland, Ohio, as authorized by law, $52,000,000, to remain available until expended: *Provided*, That this appropriation shall also be available for purposes as authorized by section 3 of Public Law 86–45, but only after such construction, expansion, or modification shall first receive the approval in writing of the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make the point of order against the language on page 5, line 9, beginning with the words "*Provided*, That this appropriation" down through line 15 on the ground that the language provides additional duties, in effect amends the rules of the House and Senate, and is clearly out of order in an appropriation bill.

The CHAIRMAN. Does the gentlegentleman from Texas desire to be heard on the point of order?

Mr. THOMAS. Briefly. I think the point of order is well taken. However, may I say that all the committee was attempting to do here was to prevent giving a blank check to the tune of $5 million. Think about that. Now, if my friend from Iowa wants to tie the hands of this Congress and go back and tell his fine constituents that you fixed it up with your point of order whereby you lost control of $5 million, that is your business. That is what you are doing, because without this amendment the legislative committee, the Committee on Appropriations, the Members of this House can do nothing about it. The law says "upon notification." You know what that means, upon notice the agency, without any authorization from this Congress, or from any committee of this Congress can go and spend up to $5 million on construction, not a penny of it having been authorized. Now, if you strike out this legislation, you turn them footloose and fancy free.

Mr. GROSS. Does the gentleman say that this will save the taxpayers $5 million?

Mr. THOMAS. I could not say that in good conscience. All I can say is that we make them notify the legislative committee and let them prove the need for it. And, without that amendment they never get a chance to prove it. All I am saying is that this language makes them say yes or no, and if they say "Yes," their judgment will be good enough for me. If they say "No," of course, that is something else. Of course, I should think it would save some money, does not the gentleman?

Mr. GROSS. I do not know. I am asking the gentleman. If the gentleman can demonstrate to me that he can save $5 million, I will withdraw the point of order so fast it will make his head swim.

Mr. THOMAS. It can save many times $5 million. This is $5 million at a crack.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to withdraw the point of order.

The CHAIRMAN. The point of order is withdrawn.

Mr. TABER. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. Mr. Chairman, I make the point of order that this is legislation on an appropriation bill and requires additional duties of the Committee on Science and Astronautics.

The CHAIRMAN. Does the gentleman from Texas desire to be heard furthere on the point of order?

Mr. THOMAS. I thank the chairman for the opportunity. I have had my say. If the gentleman from New York wants to go home and tell those fine folks that he is throwing the barn door wide open for the expenditure of $5 million——

Mr. TABER. I am throwing no barn door open, and the gentleman knows it, and he knows that the thing can be done better if it is done in the regular way.

The CHAIRMAN. The gentleman from New York makes the point of order against the language appearing on page 5, line 9, on the ground that it is legislation on an appropriation bill, and for the reasons stated in connection with an earlier provision in the bill in which the same point of order was conceded the Chair sustains the point of order.

Mr. THOMAS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. THOMAS: On page 5, line 9, after the word "expended" insert: *"Provided,* That no part of the foregoing appropriation shall be available for purposes authorized by section 3 of Public Law 86–46 until 14 days have elapsed after notification as required by law to the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate."

Mr. THOMAS. Mr. Chairman, this is known as the Thomas branchwater amendment. It provides that they cannot spend this money until they have notified the legislative committee 14 days in advance. The taxpayers have 14 days' protection under this amendment. I am sorry that that is as strong as we can make it.

I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. THOMAS].

The amendment was agreed to.

The Clerk read as follows:

GENERAL PROVISIONS

Not to exceed 5 per centum of any appropriation made available to the National Aeronautics and Space Administration by this Act may be transferred to any other such appropriation, but the "Salaries and expenses" appropriation shall not be thereby increased.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. Mr. Chairman, I make a point of order against the language on page 5, lines 17 to 21, inclusive, as being legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. THOMAS. Yes, Mr. Chairman. We think this is not legislation. It refers entirely to funds within this bill. It starts off as a limitation and applies only to funds in this bill.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. THOMAS. I yield to my friend from Iowa.

Mr. JENSEN. This is nothing more nor less than a limitation on an appropriation bill.

The CHAIRMAN (Mr. KILDAY). The Chair is prepared to rule. The gentleman from Iowa [Mr. GROSS] makes a point of order against that portion of the bill appearing on page 5, lines 17 through 21, that it constitutes legislation on an appropriation bill. It appears to the Chair that the transfer applies to funds only within this bill, that it is not legislation on an appropriation bill, and overrules the point of order.

The Clerk will read.

The Clerk read as follows:

OUTDOOR RECREATION RESOURCES REVIEW COMMISSION

Salaries and expenses

For expenses necessary to carry out the provisions of the Act of June 28, 1958, as amended (72 Stat. 238; 73 Stat. 14), including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), $850,000, to remain available until expended.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I would like to ask someone what is involved in this expenditure of $850,000 under Outdoor Recreation Resources Review Commission. Has the Commission been established for this purpose?

Mr. THOMAS. Yes, this implements the legislation. The Commission is composed of a good many of our colleagues in the House and in the other body and it is headed by Mr. Rockefeller. It is a worthwhile organization. We gave them a cut of $200,000.

Mr. GROSS. You gave them a pretty good piece of money, too. May I ask the gentleman, Does this involve a census of swimming pools and what have you? What do they do for this money?

Mr. THOMAS. The word "census" is a pretty good word. They are to go into the various States and formulate a program, so they say, of the needs of the States, and of the needs of the Federal Government over a period of 35 or 40 years. Census experts say that in 40 years we are going to have 350 million to 375 million people in this country and they are trying to figure out what will be the impact of that population on the recreational needs and facilities of this country. I think it is pretty good money.

Mr. GROSS. Does this open the door to a big Federal spending program in the future?

Mr. THOMAS. I do not think so. I will say to my colleague that I think this is a factual study, that it is needed information and that the information will be published and made available to the States, and to the various recreational departments of cities and counties and the National Park Service, and so forth. I think it is pretty good money.

Mr. GROSS. How much has been spent so far?

Mr. THOMAS. $150,000.

Mr. GROSS. And it now goes up to $850,000.

Mr. THOMAS. Yes, sir; and we hope we can get rid of it in another year.

Mr. GROSS. And this is confined to this country, is it?

Mr. THOMAS. Yes.

Mr. GROSS. This does not go overseas? This Commission does not go overseas to look for some places to spend money on recreation in foreign countries?

Mr. THOMAS. That is right.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from North Carolina.

Mr. JONAS. May I ask the chairman of the subcommittee if I am not correct, that those who object to this, and there are some who feel that this is an unwise expenditure of money, should have objected at the time the authorization bill was on the floor?

Mr. THOMAS. I believe the gentleman is correct.

Mr. JONAS. This is a Commission that was created by act of Congress and our hands are more or less tied.

Mr. THOMAS. The gentleman from Iowa is not crying out like a voice in the wilderness; but by and large I think this will produce some results, I will say to the to the gentleman.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. I would like to ask the gentleman from Iowa whether, in view of the record of progressive incursion by the Federal Government in every field of education and community facilities, and so forth, if he entertains any real hope that after all this data has been amassed, there will not be pressure brought to bear on this Congress to bring the Federal Government into that field along with all the others?

Mr. GROSS. I certainly share the gentleman's worry that that will be exactly the case. I hope it can be stopped before it gets that far.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. HOFFMAN of Michigan. We heard the gentleman from Texas who just had something to say about 370 million people being around somewhere. Yesterday's paper said that there was a million of them waiting to come in. Do you suppose we could fix the McCarran-Walter Act and get them to come in? Does the gentleman know anything about that?

Mr. GROSS. I am afraid I cannot help the gentleman on that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, because of the failure of the Congress to have enacted authorizing legislation promptly and in time for the consideration of this legislation, we are having some difficulties on the floor of the House today. The chairman of the House Committee on Space and Astronautics is here. Because I am deeply concerned about the program, that is the space program, proceeding as rapidly as possible without any impediments, without any slow down and without any road blocks, I ask him how soon legislation will come from his committee to remedy the problem that we find ourselves confronted with today. I think it is important.

How quickly can your committee bring in legislation to the floor of the House, how quickly can we get it to the other body, and how quickly can we get it down to the White House so that this program will not have any impediments or road blocks such as we are having today.

Mr. BROOKS of Louisiana. We will give full cooperation in trying to remedy these problems. May I respectfully suggest that some of the problems could have been cured had not these reductions been made. For instance, the $330 million for research and development, had that been allowed, we would not have had the necessity for the amendment we adopted.

Mr. FORD. If I may interrupt the gentleman, that does not have any relationship to the authorization law. The trouble that we are in today is because the authorization law that permits the appropriation is not on the statute books. This failure is slowing down the space program. What are we going to do and how quickly are we going to do it to remedy this situation?

Mr. BROOKS of Louisiana. I can assure the gentleman that we will move just as quickly as your committee would move under the same circumstances.

Mr. FORD. I know the gentleman will do that because he is concerned about the program. But, the fact is, because of this procedure, the necessity for an authorization bill, we are slowing down the United States effort to get the first manned vehicle into space. I hope that the committee in the House and in the other body will do something promptly about it.

Mr. RHODES of Arizona. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. RHODES of Arizona. Is it not true that we bring in the bill today, which many of us think is inadequate and we strain mightily and end up with about $22 million less than the bill we brought in because of the fact that points of order were made, and I might say properly so, against a very effective piece of authorizing legislation.

Mr. FORD. The gentleman from Arizona is absolutely right. The basic authorizing legislation was inadequate and that is why we are in this incongruous situation here today.

Mr. RHODES of Arizona. It seems to me, and I hate to be put in the position of doing this, but it seems to me that some members of the Committee on Appropriations who are very vehement about the language in the bill could very justly say, "I told you so," to this one.

Mr. FORD. We will let the record speak for itself.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. GROSS. What is defective about this section 4 of this bill?

Mr. FORD. The only thing defective about it is that when you do not get the authorization bill passed promptly, and when you do not get an adequate authorization, you run into roadblocks that slow down the U.S. effort to achieve the first manned vehicle in space, I happen to think it is an important thing for the United States to be first.

Mr. BROOKS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. BROOKS of Louisiana. I do not think the gentleman is taking the position here that he would want to do away with authorizing legislation. I do not think the gentleman would say there should not be any future authorization bills because he would be afraid that some authorization might be defective or inadequate or fail to represent the views of the Committee on Appropriations. I do not think that that is his view and it certainly is not my view. I think there is a technical reason why the two items were knocked out. We restored the one item. If there had been a more generous response in this bill, we would not have the serious problem we now have.

Mr. FORD. May I ask the gentleman this question. How did he vote on the amendment to increase the funds to $343 million instead of $318 million. My recollection is that he voted for the smaller figure.

Mr. BROOKS of Louisiana. I am in favor of the larger figure. I supported the committee on that to get them out of a difficulty.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. FORD. I yield

Mr. ROONEY. It is the fact, is it not, that the space committee will not be able to do very much about this once this session of the Congress adjourns sine die.

Mr. FORD. I do not fully understand that comment, but the gentleman from New York is always very astute and I suspect that he is probably right. But I urge emphatically that the authorizing committee start moving the necessary legislation along so that we can get this job done so that the agency can accomplish its vital mission.

Mr. JOHANSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, because of the great concern which has been expressed here this afternoon relative to the national security, and because of the emphasis in connection with these particular appropriations upon national security, I have taken this time to read an item which appeared on the news ticker about an hour ago:

> The Supreme Court today struck down as unauthorized the Government's industrial security program which covers some 3 million defense plant workers.

I might explain that this decision of the Court by an 8 to 1 vote with Mr. Justice Clark the sole dissenter relates to the so-called Greene case. It underscores and emphasizes the desperate need for the Congress to take action to provide adequate security against Communist infiltration among workers or officials of defense plants operating under contract with the Government of the United States.

It is my hope that this Congress before the end of the session will address itself to the correction of this situation and will provide an adequate authorization for protection on this vital front of the Nation's defense.

Mr. Chairman, I yield back the balance of my time.

The Clerk read as follows:

DEPARTMENT OF COMMERCE

Bureau of the Census

Salaries and expenses

The appropriation granted under this head for the fiscal year 1960 shall be available to finance, through advances or on a reimbursable basis, the procurement of materials, services, or costs of activities which relate to, or benefit, two or more appropriations to the Bureau of the Census.

Mr. HOLT. Mr. Chairman, I make the point of order that the following language, on page 7, lines 11 to 15, "The appropriation granted under this head for the fiscal year 1960 shall be available to finance, through advances or on a reimbursable basis, the procurement of materials, services, or costs of activities which relate to, or benefit, two or more appropriations to the Bureau of the Census" constitutes legislation on an appropriation bill and is subject to a point of order.

It refers to funds that are not in this bill but in another; and I noted in the report that the Comptroller General expresses the opinion that specific legislative authorization should be obtained. I maintain that the place to obtain it is not here but in the legislative committee.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. THOMAS. I might say that the committee had no deep feeling one way

or the other on this provision. It was inserted in the bill because the Bureau of the Budget said the Census Bureau must have this language in order to expend their own funds. We are merely trying to help the agency out. It does not call for 5 cents expenditure; it does not call for either an increase or a decrease in the appropriation. It is merely the way costs are applied within the agency.

The CHAIRMAN (Mr. KILDAY). The Chair is prepared to rule. The point of order is made that the following language, appearing on page 7, lines 11 to 15, "The appropriation granted under this head for the fiscal year 1960 shall be available to finance, through advances or on a reimbursable basis, the procurement of materials, services, or costs of activities which relate to, or benefit, two or more appropriations to the Bureau of the Census" constitutes legislation on an appropriation bill, and has no reference to the bill before the Committee.

The Chair sustains the point of order.

The Clerk will read.

The Clerk read as follows:

Bureau of Land Management

Management of Lands and Resources

For an additional amount for "Management of lands and resources", $425,000.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have tremendous respect for the subcommittees of the Committee on Appropriations. I have found that in every Democratic Congress of which I have been a Member in following the subcommittees of the Appropriations Committee I have ended up by practicing economy. They always cut pretty deeply into the budget.

But now I am very much concerned. I hear that it is proposed that we spend something like $250,000 for a dining room, and I notice in the hearings the virile examination of the gentleman from New York [Mr. ROONEY] that no such extravagance should be indulged in. I cannot go back to the people of the Second District of Illinois and explain to them that I am practicing economy when I am a party to spending $250,000 for a dining room. In the Second District of Illinois we can build many homes for $250,000, and I cannot explain to my constituents why one dining room, even for the elite of the diplomatic world, should cost more than the combined cost of the many living quarters of the families that many persons of equal importance and dignity occupy in my district. I do know that this never would have been called to our attention if it had not been for the alertness of the distinguished gentleman from New York, Mr. ROONEY, and I take this opportunity of asking him whether it is time that he approved of an expenditure of $250,000 for one dining room. I know that it is not true, but I wish the statement to that effect of the gentleman.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New York.

Mr. ROONEY. I take it that the distinguished gentleman from Illinois has noted that following the interrogation of the witnesses with regard to requested additional funds for the Department of State building, particularly insofar as the furnishings of the State dining room and the offices of the Secretary and Under Secretary, the committee saw fit to cut the requested amount in half, and instead of recommending the requested appropriation of $5 million, there is now before the House for approval, the amount of $2½ million. It is expected that something will happen in the future thinking of officials of the State Department as to the making of such demands upon the taxpayers.

The testimony to which the gentleman from Illinois refers was of such nature that one of the members of this subcommittee communicated with certain responsible officials in Government as a result of which there was an immediate, within 2 or 3 hours, proffered reduction of over $400,000 in the amount of the request. I believe the exact amount of the voluntary reduction was $431,000.

Mr. O'HARA or Illinois. I might say to the gentleman from New York I presume that is what has happened because I read with great interest how, with his usual skill in getting at the facts, he brought out that the contract had been let without any bids, had been let to somebody without any experience apparently in this area, and I presume as a result of his skillful and patriotic handling of the matter the committee cut that out.

Mr. ROONEY. I really think we have cut out all of the fat in this request.

Mr. O'HARA or Illinois. I can tell the gentleman I could not face a constituent of mine in the Second Congressional District of Illinois if I ever subscribed to the principle that the State Department had spent $250,000 for a dining room to impress people all around the world. But I wish to make it perfectly clear that the distinguished gentleman from New York, [Mr. ROONEY] was the very first to bring this to the attention of the House.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from from Iowa.

Mr. JENSEN. I do not think that is any worse than spending $900,000 for a cafeteria for Members of Congress and its employees. I did not hear the gentleman complain about that. I have not heard him complain.

Mr. O'HARA of Illinois. I take it that the gentleman is trying to becloud the issue by bringing in something else. Is the gentleman afraid to face the issue itself? Why does he seek to defend the expenditure of half a million dollars for one dining room?

Mr. JENSEN. Let us be practical.

Mr. O'HARA of Illinois. Let the gentleman come out and argue with our fists even on the issue at hand. I am willing to revert to fisticuffs, even at my age, on the issue that no dining room is worth $250,000 of the money of American taxpayers.

Mr. JENSEN. Let us not get into a fight. I have never touched a man with fists since I have been married.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New York [Mr. ROONEY], without whose penetrating examination the facts never would have been brought to public attention.

Mr. ROONEY. I should like to point out to my distinguished friend from Iowa that he is making a comparison between a formal dining room which will seat 126 people every once in a while and a cafeteria which feeds about 2,200 people a day.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. ROONEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to insist that the gentleman from Iowa speak until he is understood, and if he requires more time I shall be glad to yield to him.

Mr. JENSEN. I had my say. Has the gentleman any answer to my comment?

The Clerk read as follows:

DEPARTMENT OF STATE

Administration of foreign affairs

Extension and Remodeling, State Department Building

For expenses necessary for planning, and the extension and remodeling, under the supervision of the General Services Administration, of the State Department Building, Washington, D.C., and for expenses necessary for providing temporary office space, including payment of rent in the District of Columbia, alterations, and purchase and installation of air conditioning equipment, to remain available until expended, $2,500,000, to be transferred to the General Services Administration.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think this ought to be pursued a little further. We are getting a little interest stirred up on this subject.

I notice a small appropriation here for the Fine Arts Commission. I wonder if they by any chance could have had anything to do with the State Department's new building? What about this appropriation for the Fine Arts Commission?

Mr. ROONEY. There is no money in this bill for the Fine Arts Commission——

Mr. GROSS. Oh, yes; there is. There is $4,500.

Mr. ROONEY. For the Fine Arts Commission as such in connection with the new State Department building. That $4,500 is an entirely different item. As far as the State Department building is concerned, the State Department did ask the Fine Arts Commission to approve certain phases of the building under construction.

Mr. GROSS. Is the Commission interested in the draperies, the rugs, the murals, or what? What has the Fine Arts Commission got to do with it?

Mr. ROONEY. The Fine Arts Commission is very expert on interior decorations, draperies and rugs, and I understand, according to testimony of representatives of the State Department, that they are the last word.

Mr. GROSS. I wonder if the Fine Arts Commission had anything to do with that building across the way that belongs to the other body. Did the

Fine Arts Commission have anything to do with that?

Mr. ROONEY. I would not be familiar with that, I will say to my distinguished friend from Iowa.

Mr. GROSS. I wonder if they had anything to do with the tunnel which missed by 8 feet. Does the gentleman know?

Mr. ROONEY. I would not know. I nave enough trouble with my work in this body without trying to take care of the other body, too.

Mr. GROSS. I wonder if the doors are going to be high enough to clear the rugs in the new State Department building.

Mr. ROONEY. I believe the gentleman will find testimony with respect thereto in the printed committee hearings.

Mr. GROSS. I do not believe I quite caught up with that. But, I did notice that supervision costs in connection with the State Department building have gone up tremendously. The cost of the building may not be the $57 million once estimated. I believe the cost now adds up to $49 million plus this $2.5 million. So the costs have gone down, but supervision has gone up substantially for some reason.

Mr. ROONEY. I must say to my dear friend that the current cost, including the $2.5 million carried in this bill, is still a number of millions below the amount of the original estimate of the cost of the building.

Mr. GROSS. So they were really shooting at the moon when they started, were they not?

Mr. ROONEY. I would not say that. Not quite that far.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. I assume the Fine Arts Commission had nothing to do—or I certainly hope they had nothing to do—with the selection of representative American art to be displayed at the Moscow fair, which is to be the subject of investigation by a subcommittee of the House Committee on Un-American Activities.

Mr. GROSS. Or with that $190,000 worth of so-called art at the UNESCO building in Paris. I wrote over there several months ago asking for information as to who paid for that, and I cannot even get an acknowledgment of my letter.

Mr. JOHANSEN. I understand that the Fine Arts Commission had nothing to do with the selection of the art at Moscow.

Mr. GROSS. I do not know whether they had anything to do with it, or that monstrosity in the name of art at the UNESCO building at Paris, either.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. TEAGUE of Texas. Mr. Chairman, I was amazed and disillusioned when I read the supplemental appropriations bill for 1960, reported out by the Committee on Appropriations. There must be a misunderstanding of the job Congress—and the people—have entrusted to the National Aeronautics and Space Administration. It must have been a misunderstanding or else the Committee on Appropriations would have never reduced NASA's budget estimate by nearly 10 percent.

As the House knows, my colleagues on the Committee on Science and Astronautics and myself spent many hours with the NASA people before we approved our budget authorization measure that finally became Public Law 86–45. I had the privilege of being chairman of the Subcommittee on Research and Development. We had before us the hard working, talented scientists and engineers who face the gigantic task of space exploration every day. I want to state that we were astounded by the scope and breadth of NASA's program. We were amazed at the work and plans these officials laid before us. We were impressed, Members of Congress, by the urgent need of every one of these projects if this Nation of ours is to become the world's leader in space technology.

Our concern at the time was whether $485 million and a supplemental of $45 million for 1959 would be enough money to get going with these vitally and urgently needed projects. Since the committee acted, the NASA budget proposed has become much tighter than it was a few months ago. Dr. Glennan states there is absolutely no slack in it.

Congress created the National Aeronautics and Space Administration in the last session after lengthy hearings in the House and Senate. Congress appropriated $181 million last year. An additional $154 million was transferred to NASA from the Department of Defense. But that was before NASA's programs were fully planned, before many of the projects were started and before NASA's responsibilities were clearly defined in terms of a whole national effort in space.

Now the supplemental appropriations bill for 1960 wants to hamstring these programs and projects by cutting nearly 10 percent out of the estimates for their first full year appropriation.

What do these reductions mean? They reduce the budget for Project Mercury—the national program that will send an American into orbit around the earth. The people of this Nation want, if possible, the man who orbits the earth first to be an American. We all want him to come back to earth safely and tell us about his experiences. But he will not be first and assuring his safety will take longer if we allow these cuts to remain. As I said before, the NASA has mapped out a breathtaking and challenging program for the Committee on Science and Astronautics and the Congress. This program requires the necessary people, facilities, contractors, equipment, and universities to support it. Scientists to examine concepts, ideas, plans, to perform basic research, to look far into the unknown. Engineers, to put these ideas into some practical form so that man can fly to the moon. So that we can look beyond the near planets and the stars for greater challenges, for other worlds to conquer.

But remember, last year's budget considered NASA's needs while it was still planning for the future. This year many of these plans must be well on their way to becoming realities if this Nation is to be the world leader in space. But many of these plans, many of the projects already begun, will have to be delayed or canceled, or forgotten if the cuts in this supplemental bill are allowed to remain.

Thirty-three million dollars has been cut from NASA's research and development needs. We will not get to first base, let alone first to the moon if the reduction in our fundamental research needs for space exploration is allowed to stand.

Members of Congress, I know all of you feel about these things as strongly as I. I can only say it must be a mistake on the part of the Committee on Appropriations in making these cuts to the NASA budget. I know that these reductions will be restored by the Committee of the Whole House.

The Clerk concluded the reading of the bill.

Mr. THOMAS. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KILDAY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7978) making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. THOMAS. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AIRLINERS SHOULD STOP FLYING THROUGH THUNDERSTORMS

Mr. STRATTON. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. STRATTON. Mr. Speaker, two constituents of mine were lost in the recent crash of a TWA airliner outside of Milan, Italy, Mr. and Mrs. Michael A. Martino, Jr., of Schenectady; and their loss has left three little children under the age of five orphaned in my home city of Schenectady.

For the second time in little more than a month two American planes have crashed under similar circumstances. In both cases the pilots appeared to have been deliberately flying into thunderstorms. There has been much discussion on both cases as to whether aircraft were or were not immune from lightning. Whether aircraft are or are not subject to lightning, the fact is that they are extremely vulnerable to the kind of turbulence associated with thunderstorms.

Is it true then that in spite of all of the advertising we have read about radar vision, our airliners are still unable to detect thunderstorms lying ahead of them? Or have we, in order to keep up with flight schedules, deliberately accepted the calculated risk of flying through thunderstorms rather than around them?

Certainly the evidence at both Baltimore and Milan suggests the latter, a condition which investigation a couple of years ago also showed existed in the case of most modern transatlantic ocean liners.

Mr. Speaker, I have today requested that the FAA conduct a thorough reexamination of all flight procedures in connection with thunderstorms, and I have requested that until this reappraisal has been completed that instructions be issued to all airlines operated under their authority to avoid flying in or near thunderstorms even at the risk of delaying flight schedules. Because of the fact that the safety of American citizens at home and abroad is involved, I believe this matter also merits the attention of the House Committee on Interstate and Foreign Commerce. I believe that other Members may also wish to join me in this request.

A STRONG LABOR BILL NEEDED

Mr. WOLF. Mr. Speaker, I ask unanimous censent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WOLF. Mr. Speaker, the wishes of the majority of the people have been made eminently clear these past few months.

They want a strong labor bill passed by this Congress.

I hope the Education and Labor Committee will soon bring forth its labor bill so that the Members of Congress can express their wishes.

The people of this Nation, except certain of the racketeering labor and business leaders, are in favor of a bill which will guarantee freedom of speech and assembly in the union hall, protection of minority rights in a union, welfare fund and financial accounting disclosure, the elimination of the secondary boycott as it applies to "hot cargo" clauses in interstate commerce and other provisions which will make the union officer more accountable to the membership while affording protection to the public.

The American people are not interested in penalizing union members. They are interested in protecting union members. They do not want to see the union movement destroyed by a corrupt and dishonest few whose interests are not those of the men they are representing.

They do not want to see the labor movement destroyed by the bureaucrats, the gangsters and those in and out of unions who have encouraged violence in union activity for personal gain.

They are interested in returning to the rank-and-file member greater control over his union's activities. They want to see the labor movement continue as an important and responsible social and economic institution for the greater good of the whole society.

The people of the United States are watching our actions in Congress in this matter very closely. They are going to know who among this body are interested in union wrecking. They are going to know who in Congress want labor reform.

The people want union reform, not union destruction. Those who intend to destroy a labor reform bill for narrow political motives had better beware. For in their haste to do so will be the seeds of their own political destruction.

Mr. Speaker, I strongly urge that the leadership of both parties bring out a labor reform bill for discussion and ultimate passage this year.

ANTITRUST LEGISLATION APPLIED TO UNIONS

Mr. HIESTAND. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HIESTAND. Mr. Speaker, I am introducing a bill which, if enacted, would solve many of the problems attending unbridled union power as it exists and operates in this country. My proposal is in the nature of antitrust legislation, applied to labor unions. I have introduced similar legislation in the past three Congresses, and earlier this session, H.R. 378, which now languishes in a pigeonhole in the Judiciary Committee. I hope this bill, which takes a different approach than H.R. 378, will receive early consideration and be enacted at this session.

Antitrust laws have been on the statute books for many years. They were enacted, when the need arose, to prohibit combinations and conspiracies among industrial giants capable of exercising stifling control over trade and commerce. But this same monopolistic power remains in the hands of labor unions because of their immunity from antitrust regulation. This unusual immunity permits labor organizations to form mighty combines and to enter into conspiratorial agreements. Such agreements are no less monopolistic than would be similar agreements engineered by industry, since they affect production costs, wholesale and retail prices, output, supply, and demand.

So today we are living with an unusual situation in which industry is restrained from monopoly activities, but its counterpart, union labor, is free of any restraint. This inequality under the law actually renders labor unions and labor leaders above the law, and is a travesty on the American idea and tradition of equal justice under the law, I hold this above-the-law status largely responsible for the abuses, intimidation, threats of violence, and actual violence sustained by the American people at the hands of indiscriminate and unbridled union power, exercised by a few union bosses.

My proposal would put a stop to many of the abuses. It is being introduced by several of our colleagues also. Perhaps, with this additional support, the Judiciary Committee will see fit to give it a hearing.

THEY PAID THE PRICE OF LIBERTY

Mrs. ROGERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a magazine article.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I hold in my hand an article entitled "They Paid the Price of Liberty," by H. N. Ferguson. This is a very inspiring article which I am sure you will enjoy reading. It is as follows:

THEY PAID THE PRICE OF LIBERTY

(By H. N. Ferguson)

It had been an unusually fine day for that time of year: a comfortable 76 degrees in midafternoon; pleasant indeed for July.

But in the steepled, brick State House on Philadelphia's Chestnut Street, the atmosphere was anything but pleasant. The Continental Congress was in session. For long, tiring days the delegates had wrangled over a document they had tentatively titled, "A Declaration of Independence."

Now the oratory was drawing to an end, the final phase of the historic conference had been reached. Yet there was not a happy man there.

Each was faced with the most difficult decision of his life. For some it was an hour of heartbreak. For Thomas Heyward, of South Carolina, whose family was divided in loyalty between the king and the Colonies, it was a moment of deep sadness.

It was especially a time of decision for the Quakers and Moravians, who would not shed blood, yet loved their country as fervently as the others. So there were many painful dilemmas in the State House. The discussions droned on in the lemon-colored light of the candles.

What manner of men were these 56 patriots who were willing, by signing their names, to risk everything—including their lives? As

a consequence of their act, some were to suffer imprisonment, exile, slander, and broken health. Others were to sacrifice their fortunes, have their homes pillaged and burned. And yet, few Americans today can name even 10 of this valiant band who put together a document establishing the greatest Nation on earth.

As they painstakingly reworked each paragraph, every man in the room clearly understood the dangers, both personal and national, of signing.

There were wealthy men present, like Charles Carroll of Maryland, John Hancock of Massachusetts, and Robert Morris of Pennsylvania. With one stroke of the pen, they might well become paupers. Would they sign?

In a different way, Sam Huntington of Connecticut stood to lose even more. He had been a poor man, a barrelmaker, studying law at night. Now he was a justice of the supreme court and a member of the Governor's council—by appointment from George III of England. Would he sign?

The afternoon wore on and the delegates were still far from agreement—they argued about the contents of the paper, the timing, the phraseology, even the wisdom of the political step it proclaimed. And if they could have seen the future, one wonders how it might have affected their decision.

What if Francis Lewis of New York could have foreseen his home pillaged and burned, his wife captured and cast into a filthy prison for months? General Washington finally succeeded in securing her release because of her failing health, but she died 2 years later as a result of her confinement.

What if Richard Stockton of New Jersey could have foreseen he would die in poverty because the English would seize all his property? A judge of the State supreme court, he at first advocated reconciliation with the Crown, but later opposed England and joined the revolutionists.

Thomas Jefferson had written this declaration. "You are 10 times a better writer than I," John Adams had said, pressing the task on him. Jefferson sat now, under the dim lights, undergoing the torture of literary vivisection. The Congress was busy cutting and changing the declaration.

In spite of the bickering, there was really little doubt in the minds of the leaders that the instrument would finally be signed. For a "phrenzy of revenge" had swept the Colonies after Lexington and Concord, the Boston Massacre, and the new tax laws. As Adams said, "the real revolution occurred in the minds of the people" before this Congress convened.

The session was nearing its climax. With its conclusion, the delegates would scatter to await the workings of fortune. For some of them, tragic fates indeed lay ahead.

Some were the biggest financial backers of the Revolution and lost every cent they had. Carter Braxton of Virginia, richest of them all, died in debt, brokenhearted. His fortune had been in ships, and all were captured by the British.

The wife of John Hart, a New Jersey farmer, was dying when the Hessians reached his farm a few months after he signed the famous document. He was driven from her side, his property was ruined, and his 13 children scattered.

Hart managed to escape into the woods, where he lived as a fugitive for more than a year, oftentimes in a cave. He refused to leave the State on account of his wife, but by the time he was able to return home she was dead. Though almost 70, he joined Washington's army as a private.

As Lewis Morris was about to sign, he received word that the enemy was at the gates of his Long Island home, but that his property would be spared if he would withhold his vote for liberty. "There are plenty of homes, but only one country," he answered, and signed. Everything he possessed was taken from him, and his family was exiled.

Another signatory was Thomas Nelson, Jr., later Governor of Virginia. He mortgaged his estates and raised $2 million to help finance the fighting in his colony, but although he had given his entire fortune to his country, he was never reimbursed. He died penniless.

The candles in the State House were flickering out as a final reading of the declaration began:

"When in the course of human events * * *"

High in the steeple of the building, an old bellman had been patiently waiting since early morning to signal the ratification of the document. He had instructed a small boy to run to him with the news of the signing.

Suddenly the lad was streaking toward him. "Ring. Ring," he cried.

The old man pulled the rope and the great bell began pealing forth its crucial message. On it was inscribed: "Proclaim liberty throughout all the land unto all the inhabitants thereof."

PLACING UNIONS UNDER ANTITRUST LAWS

Mr. ALGER. Mr. Speaker, I would like to join with the gentleman from California [Mr. HIESTAND] and others in the cosponsoring of legislation, put in the hopper today, to place the unions under antitrust law, rather than leaving unions and their leaders above and beyond the law, as now is the situation. Union monopoly power manifests itself in two separate and distinct ways: First, restrictive trade practices such as price fixing, restrictions on use of new processes and technological improvements, exclusion of products for the market, and so forth; and, second, enforcement of wage demands through industrywide and pattern bargaining practices with no regard for the economic problems of individual business firms or the impact upon the industry or area affected. This bill deals directly with both of these aspects of union monopoly power.

At the present time in Texas, Texas antitrust laws are being put to use against a conspiracy or collusion between business and labor, a suit that stresses the weakness in national labor relation law. Since Federal law now dominates the labor scene, it is obvious that such Federal restraint is needed to prevent monopolistic practices. Undoubtedly, this bill introduced today would play a part in correcting such abuses. An editorial from the Dallas Morning News describes this Texas situation.

TEXAS SUIT POINTS FEDERAL NEED

State Attorney General Will Wilson regards as highly important the civil antitrust suit filed last week against the Southeast Texas Chapter of the National Electrical Contractors' Association which asks injunctions and heavy fines against this organization, local 716 of the Brotherhood of Electrical Workers and several individual electrical contracting firms. Singling out NECA as the principal offender, cancellation of its charter is sought. Says the attorney general:

"We are here probing the newest frontier in our economic system—collusive agreements between a trade association and a union in which the union is used by a small group of contractors to exclude, punish and break their competitors in exchange for easy raises in contract negotiation time."

The suit is largely based on testimony given by the union local's business agent in a formal court of inquiry. If the State can sustain the allegations, there can be no question that here is indeed a serious aspect of the new business warfare in which an unscrupulous union racketeer can be employed.

The point here is that in its own antitrust laws the State of Texas has an available, serviceable weapon. Says the attorney general: "The antitrust laws are the foundation of a free market and must be enforced to the best of our ability." However, State, like Federal, laws need strengthening.

The State suit stresses the weakness in the national labor relations law which fails to make the organized union subject to the same antitrust penalties as apply to business. This is the most effective remedy for labor racketeering. Perhaps in a similar case Uncle Sam might be able to link the racketeers into an antitrust suit, but it is open to question.

Sound union practice has no need to oppose such a statute. Only the guilty would suffer under adequate laws and penalties.

In organized labor as in business the least regulation may be the best regulation. But regulation we have points conclusively to a need for specific rules by which all must abide. Antitrust laws are as necessary for unions as for business.

At this point I would like to include the following explanation of the bill I am introducing:

EXPLANATION OF H.R. 8003, A BILL TO LIMIT AND PREVENT CERTAIN CONCERTED ACTIVITIES BY LABOR ORGANIZATIONS WHICH INTERFERE WITH OR OBSTRUCT OR IMPEDE THE FREE PRODUCTION OF GOODS FOR COMMERCE OR THE FREE FLOW THEREOF IN COMMERCE

At present, labor unions enjoy a general immunity from the Federal antitrust laws. Although the antitrust laws do not themselves specifically provide an exemption for unions, the Supreme Court in *United States* v. *Hutcheson* (312 U.S. 219 (1941)), read such an exemption into the law. In that case the Court concluded that "So long as a union acts in its self-interest and does not combine with nonlabor groups, the licit and the illicit are not to be distinguished by any judgment regarding the wisdom or unwisdom, the rightness or wrongness, the selfishness or unselfishness of the end of which the particular union activities are the means."

In other words, the Court said, if you are a labor union and you make up your mind that what you desire to do—although unlawful to everybody else—is in your own self-interest, it thereby becomes lawful. No matter how much damage this activity may inflict upon the economy, or society or individuals, it is lawful because you say it is in your interest.

A few years after the Hutcheson decision, the Supreme Court considered a situation in which a labor union conspired with a group of employers to control the prices and regulate the market for electric products in New York City. In its decision, the Court held that although a union may not conspire with employers to bring about a restraint of trade, it may, acting on its own, enforce the same restrictive practices and bring about the identical end result. In simple terms, the Court said, labor unions have a license to impose whatever economic restraints they wish, without regard to their effect upon the rest of society. (*Allen Bradley Co.* v. *Electrical Workers Local 3*, 325 U.S. 797 (1945)).

Because of this freedom from legal restraints, labor unions have, within the 18 years since the Hutcheson decision, gained such economic dominance that they threaten the survival of our free enterprise

economy. In many industries they have eliminated, for all practical purposes, any effective competition at either the production or marketing level. They can keep products out of the market at will, and can control prices and limit production.

It is unmistakably clear that unless some action is taken to limit this special economic license, our free enterprise economy is doomed and we will be rapidly forced into a socialistic system. H.R. 8003 is intended to impose some reasonable limitations upon this monopoly power by making certain types of union arrangements unlawful.

Union monopoly power manifests itself in two separate and distinct ways: (1) restrictive trade practices such as price fixing, restrictions on use of new processes and technological improvements, exclusion of products from the market, etc.; and (2) enforcement of wage demands through industrywide and pattern bargaining practices with no regard for the economic problems of individual business firms or the impact upon the industry or area affected. H.R. 8003 deals directly with both of these aspects of union monopoly power.

This bill deals with the first part of the problem by making it unlawful for a union to enter into any arrangement, either voluntary or coerced, with an individual employer or group of employers or with other unions, which would lead to product boycotts, price fixing or other types of restrictive trade practices. It should be noted in this connection that in virtually all instances in which a union brings about a restrictive trade practice the cooperation of the employer, either voluntary or coerced, is present. In a typical case, for example, the Milk Drivers Union presents to the various dairies in a community a union-sponsored pricelist and makes clear to each dairy that unless it adheres to the union pricelist it will find itself involved in various labor difficulties. In order to avoid the threatened labor trouble each dairy follows the union pricelist. The result is the same as would occur if a price-fixing agreement were entered into among the dairies themselves. But since the union induced the price fixing by arrangement with individual dairies rather than the dairies as a group, it is, under the present state of the law, not subject to antitrust prosecution. In another type of situation, the Carpenters Union imposes a restriction on use of prefabricated door and window frames and advises each building contractor that use of the banned products will result in his labor supply being withdrawn from the project. To avoid the threat of a strike each contractor discontinues use of the prohibited materials. As can be seen, the restrictive practice could not be imposed by the union if the individual employers refused to comply with the union demand. Their alternative, unfortunately, usually involves being put out of business by withdrawal of labor supply, strikes, slowdowns, etc.

Under the language of H.R. 8003 any attempt by a union to induce an employer or a group of employers to comply with a union demand which would result in restrictive trade practices would be unlawful, and an employer faced with such a demand could seek legal remedies to restrain the union from enforcing its demand. The consequent denial to unions of the right to fix prices or impose other artificial market limitations would not in any way interfere with normal and legitimate union functions or with their proper collective bargaining powers. They would merely be placed on an equal footing with all other groups in society as was the case during the fifty years prior to the Hutcheson decision.

The second part of the problem, that of union bargaining power is much more complex and difficult. A labor union is in a sense a monopoly per se. That is to say, the purpose of a labor union is to organize into one group all the workers in a particular trade, occupation, or enterprise in order to strengthen their bargaining position with their employer. Although the result may be a monopoly of the supply of labor this has been construed as a permissible type of monopoly under our economic system for over 100 years. In this light, great reluctance has been felt toward any governmental restraints on union organizational activity or upon use by unions of their traditional economic weapons such as strikes, picketing, and boycotts to enforce their demands for wages and other conditions of employment.

In actual practice, no serious problems were presented so long as organizational activity and collective bargaining functions were handled by the local unions. The problem only became acute when the national and international unions began to take these functions away from the local unions and, through a system of industrywide and pattern bargaining practices, impose upon entire industries uneconomical, and inflationary wage demands.

The basic problem, then, is how to reconcile the right of unions to develop and utilize their economic strength and at the same time provide proper safeguards for the public and the consumer. Various measures to limit industry-wide bargaining for unions have heretofore been rejected as unworkable.

Under H.R. 8003 individual local unions would remain free to engage in all proper organizational activities and also to use all of their traditional economic weapons to enforce whatever wage demands they may wish to make. Any resulting interference with shipment of goods in interstate trade or commerce would be completely permissible within the antitrust laws, and the principle established by the Supreme Court in *Apex Hosiery Co.* v. *Leader,* 310 U.S. 469 (1940), would not be disturbed. But any strike or other interference with interstate trade or commerce undertaken to enforce any concerted industry-wide or pattern demand arrived at through arrangement or combination with any other labor organization, whether it be another local or a parent or subsidiary union, would constitute an unlawful restraint of trade.

Thus, H.R. 8003 would effectively prevent domination or control of local union bargaining activities by the parent national or international union and would restore to the rank and file workers at the local union level the authority to make their own decision as to what their wage demands shall be and when to go out on strike and when to return to work. Cooperation between local unions and national unions in organizational efforts and other broad spheres of action would be permitted, provided that such activities do not involve any concerted action which results in a restraint of trade or commerce.

In this sense, a union would be in the same position as any business firm or any other group or individual under the law. It would be in no way hampered in carrying out its proper purposes and objectives. At the same time the public interest would be protected from unreasonable restraints of trade and commerce and the inevitable corruption of the free economy which will result if unrestrained union power continues to dominate our national life.

H.R. 8003, it should be noted, is not an amendment to the antitrust laws, nor does it attempt to place unions under the existing antitrust laws. It is a completely separate and independent legislative approach to the problem of union monopoly power. It is, like the antitrust laws, based upon the premise that competition is essential to a healthy and progressive economy and is designed to insure that the consuming public has access to adequate supplies of needed commodities at prices which are determined by the natural economic laws of supply and demand rather than by any artificial arrangement or combination. It has been amply demonstrated that when such a free market is maintained, consumer purchasing is stimulated and business activity is constantly increased. It follows, therefore, that any arrangement or combination which limits or restricts competition is undesirable. It makes no difference whether the particular arrangement or combination is put into effect by competing businesses or by labor organizations operating upon or with competing businesses. In either case the adverse effect upon competition is the same.

It should also be noted that H.R. 8003 does not provide the very severe legal penalties that are imposed under the antitrust laws. This bill does not provide for criminal prosecution nor does it specify the stringent penal damages that are provided in the antitrust laws. The principal means of enforcement under H.R. 8003 would be by injunctive relief.

THE PRESIDENT'S ANTI-INFLATION COMMITTEE REPORTS: THE SAME OLD ADVISERS GIVE THE SAME OLD ADVICE

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. REUSS] is recognized for 60 minutes.

Mr. REUSS. Mr. Speaker, the President has today sent to Congress the report of the Cabinet Committee on Price Stability for Economic Growth, of which Vice President NIXON is chairman, and has urged that Congress adopt its three recommendations for checking inflation.

The Cabinet Committee is made up of the Secretary of the Treasury, the Postmaster General, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Labor, and the Chairman of the Council of Economic Advisers, in addition to the Vice President and the Committee's executive vice chairman.

The people advising the President, therefore, are the same old advisers. It is thus not surprising that the advice they are giving to the President, the Congress, and the American people on how to cure inflation is the same old advice.

The report starts out with the observation that "Our economy is now at a critical juncture, urgently requiring action to forestall inflation."

FIGHTING A COUPLE OF STRAWMEN

The Committee next warms itself up by fighting a couple of strawmen. Strawman No. 1 is a fellow who says that inflation is a good thing, and we ought to have more of it. The Committee, with an admirable listing of the dangers of inflation, quickly dispose of him.

The Committee next rejects strawman No. 2, Government control of prices and wages.

I know of no Member of Congress who is plumping for either inflation, or for price and wage controls.

I would not begrudge the President and his advisers these noisy battles with strawmen if their only effect was to make them feel better. But when this kind of activity is endlessly repeated, it prevents the public from facing up to the real issues involved.

We deserve better than this from the President and his advisers.

THE THREE NIXON RECOMMENDATIONS

The Committee then makes its three recommendations for checking inflation: First, amend the Employment Act of 1946 to make reasonable price stability an explicit goal; second, balance the budget; and third, lift the 4¼ interest ceiling on U.S. bonds.

The first two recommendations, while valid as far as they go, are wholly insufficient to come to grips with the real inflationary threat. The third, on balance, actually presents an inflationary threat. Taken altogether, they reveal an administration barren of a single new idea to achieve the joint goal of economic growth and stability.

1. "MAKE 'REASONABLE PRICE STABILITY' A GOAL"

The proposal to amend the Employment Act of 1946 to include reasonable price stability as an explicit goal, while harmless, is essentially pipsqueak in nature. H.R. 6263—the Clark-Reuss bill—recently reported out by the House Committee on Government Operations, and now awaiting a rule, makes reasonable price stability an explicit goal, although it rightly points out that the act has contained such a goal ever since 1946. H.R. 6263 contains a number of other provisions which would not only pay lipservice to the concept of reasonable price stability, but try to do something about achieving it. Unfortunately, the administration opposes almost every one of these provisions designed to make the requirement of reasonable price stability a meaningful one.

H.R. 6263 has the following additional provisions:

First. It calls for "sustained growth" as a goal.

Second. It says that the Employment Act of 1946 means what it says when it asks for the setting of definite goals for employment, production and purchasing power. It is incredible that the administration should actually oppose a provision which would require it to set as a goal for a particular upcoming year a consumer's price index which does not rise by more than 1 percent. Yet that is precisely what the administration is doing.

Third. It urges the administration to avail itself of the provision of the Employment Act of 1946 for interim economic reports. Until the present administration, a midyear report was always issued by the Council of Economic Advisers, thus giving the Joint Economic Committee an opportunity to go over the situation at midyear. Since 1953, the midyear reports have ceased altogether. Yet today's Nixon report, issued at midyear, discerns a "critical juncture urgently requiring action." If the juncture is so "critical," and the requirement of action is so "urgent," why does not the President submit a midyear economic report to Congress, with figures rather than rhetoric to back it up, so that the Joint Economic Committee may sink its teeth into it?

Fourth. It requires that the President include in his Economic Report recommendations for appropriate monetary and credit policies, although of course the Federal Reserve, being independent, is free to disregard them if it wishes. Since 1953, the doctrine that the Federal Reserve Board should be "independent"—that is, free to stick to its monetary guns without being overruled—has been distorted into the doctrine that the Federal Reserve should be irresponsible—exempt even from a modest suggestion from the President as to wherein it shall walk. Just last week, Mr. Speaker, during the debate on the national debt ceiling, we heard Republican Members say that the administration should not be criticized for the monetary mess the Federal Reserve was making, because the Federal Reserve was "independent." What kind of government by abdication is this?

Fifth. It empowers the President to focus an informed public opinion upon price increases, and associated wage increases, in such concentrated industries as steel and automobiles, where powerful pace-setting firms have been able to administer prices upward without immediate regard for market demand. By giving the public the facts on such issues as the current steel wage-price matter, it could moderate the constant upward surge in these industries, without invoking compulsory wage or price controls. When we recall that steel and steel-using industries have caused seven-eighths of the 8 percent rise in the wholesale price index since 1953, it is apparent that we are here dealing with an important cause of inflation. An excellent editorial in this morning's Washington Post and Times Herald applies the proposal of H.R. 6263 to the current steel controversy:

BETTER THAN A STRIKE

The Steelworkers Union has taken a sensible course in heeding President Eisenhower's appeal for continued strike-free negotiations. This will mean that for at least 2 more weeks union and management representatives can continue to work for a settlement without the hardening of battle-lines inevitable in a full-dress strike situation. Additionally, Steelworkers president David J. MacDonald deserves credit for waiving an earlier demand that whatever contract gains are ultimately negotiated be applied to the original June 30 expiration date. The most important aspect of the delay is that it will create a psychological setting hospitable to a settlement without a shutdown.

However, the issues in dispute are still left unclear in the chorus of conflicting claims. It is interesting that Mr. McDonald asked the President to name an impartial factfinding board to bring out "the relevant economic facts." Mr. Eisenhower rejected this on the ground that the authority for such an action is limited by law to a national emergency, and that further bargaining on a voluntary basis would be the best way to resolve the dispute. Even so, one of the central problems of the present steel crisis is that the public finds it difficult to arrive at a fair judgment when independently established facts are not available.

Indeed, in his press conference 2 weeks ago, the President indicated his enthusiastic support for getting impartial facts on profits and wages before the public. Last Friday, Senator KEFAUVER seconded Mr. Eisenhower's off-the-cuff response and issued a "steel fact sheet" based on a data dredged up during hearings of the Senator's Antitrust Subcommittee. The figures that Mr. KEFAUVER has assembled do not wholly satisfy the need, but the Senator deserves praise for showing what can be done with available facts. The long-run answer seems to remain in the creation of a public fact-finding agency along the lines suggested by Senator CLARK and Representative REUSS. Until then, the public must continue to grope in partial darkness while union and management mimeograph machines grind out partisan facts to fit partisan claims.

2. BALANCE THE BUDGET

The President's second admonition is to balance the budget. Here one is tempted to say, "Look who's talking." Ever since the Democrats in Congress attained a majority in 1955, Democratic Congresses have appropriated less money than President Eisenhower has requested:

Budget cuts by Congress

[In millions]

Fiscal year	Budget request	Appropriations	Decrease by Congress
1956	$66,023	$63,947	$2,076
1957	73,299	73,041	258
1958	78,108	73,065	5,043
1959	81,737	81,120	617

In the fiscal year on which we are currently working, 1960, appropriations passed by the Congress thus far are considerably less than the amounts requested by the President. A balanced budget in fiscal 1960 is in prospect.

3. RAISE THE 4¼-PERCENT INTEREST CEILING

The President's third recommendation is the one currently before the House Committee on Ways and Means, to remove the 4¼-percent ceiling on U.S. bonds. The Ways and Means Committee has not yet delivered its verdict on the administration's request. But from what I hear, it looks as if the committee is about to pronounce what is known in the law as a Scotch verdict: "Not proved."

It is certainly true that, if it pursues its present policies of monetary and debt management, the administration would have great difficulty in issuing long-term bonds within the 4¼-percent interest ceiling. But the question has been raised: "What's all the hurry about"? There is no interest ceiling whatever on obligations of 5 years and under. The first more than 5-year Treasury bond to come due is a 6 year, 3 month maturity due November 15, 1960, of $3,806 million. Until next April 1, 1960, no refunding of more than 13 months is due. On April 1, 1960, there comes due a relatively small $198 million, of a 5-year issue; on May 15, 1960, a $2,406 million, of a 39-month issue; on October 1, 1960, $278 million, of a 5-year issue.

But it is argued that it would be nice to be able to refund some of the short-terms that are coming due with long-terms. We can certainly agree that the composition of the national debt is too heavily weighted now on the short side, and that maturities need to be lengthened. But the administration's one-track solution for the problem of debt management—hiking up the interest rates even more—would be of dubious help to debt management, and would be of affirmative harm to the economy as a whole.

RAISING THE CEILING MAY HURT DEBT MANAGEMENT

Raising the interest rate again on the national debt, although it might initially attract some new investors by a higher rate of interest, is likely to repel even more by causing further downward fluctuations in the market price of Government securities. Those who bought Government 6-years for 100 in June 1958, now find them selling at around 90.

As the Treasury steadily increases the interest rates on new securities, issue after issue, the Government bond market plunges downward more continuously and more deeply. Investors forego Government securities, and instead purchase other fixed income securities which are in many cases freer of risk. Or they go into the stock market. In this morning's New York Times is an advertisement for shares of a federally insured savings and loan association which headlines, "Highest Yield, 4½ Percent, Insured, Safe, Fluctuation-Free Investment." The Treasury, if it wants to know why it cannot sell its securities, might do well to read the advertisement.

AND WILL SURELY HURT THE TAXPAYER

The administration's ever-higher interest-rate solution for the national debt problem would continue to work affirmative harm elsewhere than in the field of debt management.

It would fasten a further grievous burden on the Federal taxpayer. Already the carrying charges on the national debt are the largest nondefense item in the budget. When the President submitted his 1960 budget last January, he included an item of $8.1 billion for servicing the national debt. Already, he has had to increase this to 8.6 billion. An increase of only one-half of 1 percent on the interest charge of the $285 billion national debt would add another $1.5 billion to the taxpayers' annual burden.

AND THE ECONOMY GENERALLY

More than that, ever-higher interest on the national debt harms both the goals which give the President's Committee its name—price stability and economic growth. Higher interest rates, whether caused by increasing the interest rate on the national debt, or by general monetary policy, are quickly communicated throughout the economy.

IT CAUSES INFLATION

Their inflationary impact is massive. The cost to the consumer of a new house or of an automobile, refrigerator, or other durables sold on the installment plan, can be increased by high interest charges not by merely 5 percent or 10 percent, but by amounts two or three times that.

State and local taxes, a very real burden on almost everyone, are increasing drastically because of the higher interest charges on local governmental borrowing.

Utility rates are being caught up in the interest inflation. For more than a generation, it has been considered that a 6-percent return after taxes on the rate base was a fair rate of return for a utility. Today, under the blast of the administration's high interest rate policy, the 6-percent formula is being discarded. I am informed that the Federal Power Commission has already granted 6¼-percent, and the California Utilities Commission 6.85 percent.

AND RETARDS GROWTH

As for growth, the acknowledged effect of high interest rates is to check production and growth. Particularly is this true in housing. In May 1959, the annual rate of starts on private homes dropped to 1,340,000 from 1,390,000 in April. The deadening impact of high interest charges seems to me the most plausible explanation of this decline in starts at a time when the real need for housing in America is greater than ever.

A CONSTRUCTIVE ALTERNATIVE NEEDED

But Congress cannot merely conclude that the President's recommendation for puncturing the interest ceiling would fail to help debt management, and would affirmatively hurt attainment of the goals of economic growth and price stability.

It is up to Congress to suggest a constructive alternative. I would like, Mr. Speaker, to restate what I consider to be such a constructive alternative, at the risk of repeating what has been said here before.

In a nutshell, that alternative is this.

First. Achieve an adequate growth rate for the economy—something around 4 or 5 percent a year, instead of the inadequate 2.5 percent which has been our unenviable record since 1953—of course, the rates are much lower if taken on a per capita basis.

Second. Achieve the other goal of national policy; reasonable price stability. The rise in our Consumer Price Idex since 1953 of 8 percent, in the face of two recessions, is inexcusable.

Third. Use means to achieve the goals of adequate growth and price stability that will help, rather than hurt, debt management.

Let us have a look at these.

AN ADEQUATE GROWTH RATE

An adequate growth rate—4 to 5 percent a year—is primarily necessary in order that we may have the wherewithal to provide for the common defense and the general welfare. But it will make debt management easier in two important ways:

(a) By raising the Treasury's revenues, and thus permitting repayment of part of the national debt. The fiscal year which ends tomorrow will show a Federal deficit of around $13 billion, because of a wholly unnecessary recession. Contrast this with 1947–48, when a growing and prosperous economy yielded enough revenue so that we were able to reduce the national debt by $17 billion. Balanced budgets do not, of themselves, solve all problems of debt management. Right now, we have the spectacle of an administration which in fiscal 1960 will attain a balanced budget, but which will have its hands full refunding around one-third of the outstanding national debt, brought on by its own high interest rate fetish. But for long-run management of the national debt, there is nothing like a budget surplus.

(b) By encouraging higher individual and corporate savings. As the economy expands, both individuals and corporations are able to save more. A higher volume of savings will benefit all fixed-income securities—U.S. issues as well as the bonds, mortgages, and other fixed-income investments which compete with governments.

To say that the more savings we have the merrier is not to say that the present supply of savings is grossly inadequate for the present demand for those savings. The American people, fortunately, are saving at a very high rate—vastly higher than in most countries in the world. The current demand for savings by investors—whether to build new factories, equipment, schools, hospitals, homes, or whatever—is by no means dangerously high. In fact, I wish it were a little higher.

Of course, we need more savings. But the present savings pattern is not the cause of the crisis in our debt management.

REASONABLE PRICE STABILITY

Likewise, achieving reasonable price stability is good, not only as an end in itself, but because the absence of inflation is necessary for satisfactory management of the national debt. Obviously, if you have a runaway inflation, investors are not going to want Government securities—or fixed-income securities of any source, for that matter.

But desirable though reasonable price stability is for the long-term management of the public debt, it is unfair to blame the present crisis in the national debt on inflation. In the first place, there is not any—the consumer's price index has been stable for more than a year. Secondly, investors, both directly and through the financial intermediaries, have more money invested in fixed-income securities than ever before. What investors are fleeing from is not fixed-income securities—the record belies that—but U.S. fixed-income securities—the kind that fluctuate down and down and down. The administration frequently attributes its troubles in marketing the national debt to the inflated stock market, which it claims is seducing away investors who otherwise would invest in Government securities. What is much closer to the truth, I believe, is that investors have determined that U.S. securities under current administration policies are not very good investments; they have thus gone into the stock market rather than let their money sit idle. In the game of idiot's delight that we play, it is actually true that a common stock, even at a yield of less than 3 percent, looks like a safer investment than Uncle Sam's downward-fluctuating governments.

THE GOAL'S REALIZATION HELPS DEBT MANAGEMENT

Sustained growth and price stability, therefore, are goals not only useful in themselves. Realizing the goal of economic growth tends to make easier the realization of the goal of price stability, and vice versa. And realizing both goals helps enormously in managing the national debt.

More than that, the way to reach these goals, if properly employed, can be of even more direct and immediate help to debt management.

ADEQUATE MONEY SUPPLY NEEDED

The way to both adequate growth and price stability is by supplying the economy with enough money to keep the wheels turning. Except for 8 months during the 1957–58 recession, the administration and the Federal Reserve have pursued a policy of choking off demand by restricting the money supply and by high interest rates. From 1954 to 1958, our money supply grew by only 6.5 percent, while the gross national product increased 27 percent. As the British economist Barbara Ward recently said:

> The technique of checking production in order to stop inflation—the most drastic cure conceivable in the face of Russia's rising production—does not cure at all. Inflation goes on. New thinking is thus in order.

What is needed, Mr. Speaker, is a money supply that is adequate for sustained growth, and not one bit more than is adequate.

THE REAL CAUSES OF OUR INFLATION

Most of the inflation that we have is due to administered prices—the administered price of such products of the concentrated industries as steel, automobiles, and oil, and the most administered price of all—the price of money—interest.

We need to pay some attention to these two primary causes of inflationary price rises. If we do, we can then use monetary policy for its proper anti-inflationary purpose—to complement fiscal policy in calling a halt to further expansion at a time when the economy has reached the national goals of maximum employment and maximum production.

AND MONEY SUPPLY MUST BE CREATED IN A WAY HELPFUL TO DEBT MANAGEMENT

But if the provision of a money supply adequate for an expanding economy is to be of substantial help to the national debt, it must be accomplished in the proper way. By and large, there are two ways by which the Federal Reserve System can create the added money and credit needed for an expanding economy—by lowering bank reserve requirements, or by purchasing U.S. securities, of varying maturities. In each case, the reserves on which bank credit is based are expanded by an equal amount.

If there were no national debt problem, it would not matter tremendously which method were used.

But there is a national debt problem, and it does matter tremendously. The proper method for creating needed monetary expansion is for the Federal Reserve to do so by purchasing U.S. securities.

This method has three big advantages over the method of lowering member bank reserve requirements. To the extent that the Federal Reserve rather than the banks hold a given portion of the national debt, the taxpayers get a break, because the Fed's income flows back to the Treasury. By adding the purchasing power of the Fed to the demand for the national debt, downward fluctuations in outstanding U.S. securities are materially eased. And, to the extent that a given portion of the debt is held by the Fed rather than by the banks, the dangers of attrition, occasioned by a security-holder demanding cash, are lessened.

Unfortunately, the administration and the Federal Reserve have followed a policy of increasing the money supply, where it is increased at all, in the wrong way—by reducing member bank reserve requirements rather than by purchasing U.S. securities. In recent years the Fed has added $4.3 billion to reserves by reducing requirements instead of by purchasing U.S. securities—and it threatens to continue. The sole reason given by the Federal Reserve for its policy is that it will serve to increase bank profits. Perhaps it will—although a number of patriotic bankers whom I know have called me in recent weeks to say that they wished the administration would concentrate less on increasing bankers' profits, and more on helping the taxpayer and achieving an economically managed national debt.

WHY DOES THE ADMINISTRATION OPPOSE SOUND MONETARY MANAGEMENT?

This question of method—decreasing reserve requirements, or purchasing U.S. securities—will come up when this House considers S. 1120—the so-called vault cash bill—within the next few days. I hope, Mr. Speaker, that we shall make some legislative history during the consideration of S. 1120 which will tell the administration in ringing tones that we want some attention paid by the Federal Reserve to the problem of debt management.

The Treasury-Federal Reserve Accord of 1951 properly announced that the Federal Reserve should not assume a continuing obligation to support the U.S. security market at par where to do so would bring about the creation of inflationary bank credit. The accord is certainly no warrant for the present policy whereby the Fed deliberately uses methods that are harmful to sound debt management, where other methods are available equally sound from the monetary standpoint that would help debt management. For the Fed to refuse to help in debt management, simply because it wants to increase bank profits, is being a little too independent. I wish this monetary masochism would stop.

As usual, the administration refuses to address itself to this problem of method. All proposals—orthodox or heretical, valid or crank, just or unjust—are denounced as "engines of inflation" by the administration's spokesmen. And the editorial writers of all but a few of the Nation's newspapers join in the know-nothing chorus.

If the administration will propose a program of adequate growth, reasonable price stability, and proper management of the debt, I will be happy to vote for the removal of the 4½ percent interest ceiling as an unnecessary check on administrative action. But unless and until it does, the ceiling remains one of the few checks left to the Congress to prevent the administration from making a bad job worse.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I am glad to yield to my colleague.

Mr. PATMAN. I know the gentleman recognizes that there is some point at which the Federal Reserve System could protect the Government bond market. I believe the gentleman would agree that there is some point as to the interest rates where the Federal Reserve should step in and say that they shall not go higher than that.

Mr. REUSS. I certainly do agree. However, of course, the Federal Reserve, as the gentleman knows, does not undertake to assume any such responsibility.

Mr. PATMAN. That is right. But at the same time, the Federal Reserve officials admit that they are the servants of the Congress and will carry out the will of the Congress. Do you not think the Congress should consider putting a provision in this bill that the Federal Reserve shall support the Government bond market at least at 4¼ percent and say that the Federal Reserve will take any bonds that are sold over a certain figure, at 4¼ percent, in other words, at some point they should protect the Government bond market.

Mr. REUSS. The gentleman's ideas and mine differ somewhat in method. I believe the Federal Reserve owes a duty to the country, consistently with the application of sound monetary policy, to do what it can to make the national debt more economically and efficiently manageable. That does not mean, in my opinion, that the Federal Reserve need commit itself to the support of the bond market at par, or to yield any particular interest rate. It does mean, and I am very clear on this, it does mean that the Federal Reserve should do what it can, consistently with the appropriate expansion of the money supply that even the Federal Reserve admits is going to be necessary in time to come, to see that that expansion of the monetary supply is achieved in such a way as to do a maximum amount of good for the management of the national debt.

While I am not in favor of any rigid pegging of the Government bond market, come hell or high water, or regardless of the exigencies of the monetary situation generally, I think it is a crying shame that the Federal Reserve has abdicated what should be part of its responsibility to see that the Federal securities market is not left hopelessly high and dry, which is exactly what it has done.

Mr. METCALF. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Montana.

Mr. METCALF. I wonder if the gentleman would elaborate on the statement he started to make about what would happen to the Federal bonds now outstanding if the Government increases its interest rate to, say, 5 percent?

Mr. REUSS. The effect on outstanding Federal bonds of an increase in a new issue to let us say 5 percent would be close to catastrophic. The smashing decline in the market prices of U.S. securities which has come about in recent months would be accelerated, because as the interest rate goes up the price of outstanding bonds goes down. If the present price of bonds is 90, there would

be a further drop and the price might go to perhaps 80.

Mr. METCALF. We hear a great deal from our Republican friends about the evils of inflation and how it costs more to send a boy or girl to college, speaking of the money people have invested in Government bonds. Would the gentleman care to comment on what the effect would be of the issuance of say a million dollars' worth of new bonds at the higher rate, what the impact upon the old long-term outstanding bonds would be. It would not help the holders of those bonds.

Mr. REUSS. That is true. However, the individual investor's series E type of bonds are protected against fluctuations on the downside. However, it is very true that financial intermediaries that buy Governments, such as savings and loan associations, pension funds, mutual savings funds, themselves invest in these U.S. securities which are subject to the smashing declines in capital values which the gentleman has just referred to.

Mr. METCALF. I would like to go one step further, if the gentleman will yield again, and ask what would be the effect upon commercial bonds, upon non-Federal bonds which have been issued during this other period and bear comparable interest rates?

Mr. REUSS. There would be a precisely similar effect. New issues of such bonds would necessarily have to bear a higher coupon, and existing issues would tend to reflect the same downward movement signaled for the capital market as a whole by the decline in outstanding market prices of Government securities.

Mr. COHELAN. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from California.

Mr. COHELAN. Did I understand the gentleman correctly to state that the Federal Reserve was committed to a policy of expansion of the quantity of the money supply?

Mr. REUSS. The Federal Reserve has, to my delight, in its recent testimony before the Banking and Currency Committee by Governor Balderston, said that it thinks that to meet the needs of an expanding economy the money supply should be increased at a rate of around 3 percent a year. Now, I would have been much happier had they said 4 or 5 percent a year, because in my opinion that is much closer to being the kind of monetary grease we need to make the wheels of our economy go round. At the same time, I am thankful for small favors because the unhappy fact is that the Federal Reserve has in past years been increasing our money supply, not at the rate of 3 percent a year, but at the wholly inadequate rate of around 1½ percent a year. So in giving this testimony before the House Committee on Banking and Currency, they were in a genteel sort of way admitting error. I hope that they will practice what they preach, and that they will expand at the rate of at least 3 percent a year.

Mr. COHELAN. I take it that the distinguished gentleman from Wisconsin is going to expand on this point. I personally would benefit from it greatly if he were to go into this subject of the quantity of money. I know many people I have talked to have a notion that there is a constant money supply. They do know how to relate that to growth of money supply in relation to our economy.

Mr. REUSS. Nothing could be more pernicious or more strangling from the standpoint of national growth, because a $500 billion economy needs a money supply and a credit supply which is vastly greater than that needed, say, for a $200 billion economy.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Ohio.

Mr. VANIK. I have been following the discussion here with great interest. I want to commend the gentleman from Wisconsin. I believe he is one person who has been making a very scholarly effort to bring forth an impartial observation on the monetary problems which face the country. I want to emphasize the word "impartial" because we are interested in the true facts. In the normal course of events is it true that interest rates are inclined to decline as a nation grows in wealth? For example, we have to provide funds for other countries of the world because the interest rates in those countries are prohibitive to easy expansion. Is it not true that if the wealth of the country increases in the same proportion the interest rates on the money that is needed for expansion should decrease if the nation is growing and is a prosperous country?

Mr. REUSS. That is a very true observation. In an underdeveloped country which has not had an opportunity to make adequate progress, of course the interest rates are extortionate, 20 or 30 percent in some cases. In a country that has had a marvelous development, like our own, it is a fine thing that the American people today are saving admirable amounts of their annual income, so that we do have real savings of the American people in sufficient amounts so that, properly channeled, they could handle the need of investors who want to build homes, highways, hospitals, and to expand business and build new plants and buy equipment.

Mr. VANIK. Would the gentleman concur in the statement that in the prosperity of a country and in the wealth of a country one of the real measures of progress and one of the most material gains in the country would be the reasonableness of its interest rates for all purposes? That is one of the measures?

Mr. REUSS. I have just said that in its early stages of economic development, a country is likely to have high interest rates. If you and I were debating this problem in the year 1801, we would probably not be criticizing the monetary authorities by pursuing a policy of high interest rates, because that would be a necessary concomitant of that early stage of our growth.

But today is 1959. It is my point here this afternoon that it is outrageous for the Federal Government deliberately to create high interest rate conditions, which cause the economy to stagnate at a time when the American people are making adequate savings. The people should be given great credit for that. They are not being extravagant.

Mr. VANIK. Now, is it not a fact we are placing ourselves at a disadvantage with Russia on interest rates when we are increasing interest rates all the time and when Russia is making loans of $100 million, and even more, to different countries of the world at what they consider to be a standard interest rate of 2 percent? Are we not placing ourselves at a disadvantage in dealing with Russia by trying to get the countries on our side instead of going over on the side of Russia, particularly in respect to high interest rates on our side?

Mr. REUSS. Yes; I think the gentleman has a point there.

Mr. COHELAN. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from California.

Mr. COHELAN. Turning to the gentleman's observation about housing starts and mortgage loans, I wonder if the gentleman would comment on what the state of the mortgage loan market is at the present time and what it will likely be in the event of an increase in interest rates generally?

Mr. REUSS. I think the same answer that I gave to a question by the gentleman from Montana [Mr. METCALF] applies to housing, too. I pointed out that all fixed income securities are affected by a high-interest-rate policy. Therefore, investments made in housing bonds or mortgages that are outstanding will tend to go down in market price. Housing particularly has something that other forms of investments do not have. So sensitive is it to the price of money—because you buy a house on a long-term mortgage that may go on for 20 to 30 years—that a slight marginal increase in the interest rate will actually cause thousands of prospective home-buyers not to buy or build a home that otherwise they would have bought or built.

In many cases, other than in the homebuilding industry, adding onto the cost of interest simply transfers income from one segment of the economy, the money borrowers, to another segment, the moneylenders. It does not hurt economic activity. But in housing, it is clear and demonstrable, that the higher the interest rates, the fewer young American mothers and fathers are able to buy the decent housing that they need and deserve. Therefore, in housing, the effect of high interest rates and tight money is particularly devastating.

Mr. COHELAN. Mr. Speaker, I wonder if the gentleman would agree with the observation that was made, I think in the Sunday New York Times, in which the author of the article proceeded to speculate on what the effect would be on the mortgage loan market if Congress fails to act on the President's request for a rise in interest rates, the idea being suggested in the article that this would free the mortgage loan market and loosen it up a little bit. Would the gentleman care to comment on that?

Mr. REUSS. It certainly would free it in the sense that the mortgage lenders

could and would charge a higher interest rate. But as I pointed out, the housing industry is one of the most sensitive to price that there is. It would be my opinion that thousands and thousands of American young people who want to buy a home or build a home would be prevented from doing it, and so in the end, the mortgage lenders might find that even though they got a higher return on each mortgage, because they charged a higher interest rate, nevertheless they had financed fewer mortgages and in the end it would be worse for them.

I am not going to say a word this afternoon that in any way is going to subtract from the profits of lending institutions or banks, mortgage houses, and savings and loan associations. I am all for them. I am all for their making a fair and reasonable profit, and more than that.

What I am concerned about, however, is that this country have an adequate monetary supply so that we have a decent rate of growth; that this country really fight inflation and really see that we have a stable dollar, instead of just talking about it; and finally, that the problem of debt management, which should not be a critical problem at all, be brought in hand, and reduced to its proper proportions, so that we can get on with the business of standing up to Russian rates of growth and expansion, and realizing some of the dreams of American welfare here at home.

The SPEAKER pro tempore (Mr. THORNBERRY). Under previous order of the House, the gentleman from Ohio [Mr. VANIK] is recognized for 10 minutes.

Mr. VANIK. Mr. Speaker, the present administration's bewildered dedication to a high interest policy is the primary inflationary force at large today. During the past year, prices have generally been refreshingly stabilized—except for the skyrocketing price of borrowing.

Just yesterday, the leading sales finance companies increased dealer interest rates from 4½ to 5 percent. These loans are to be used to finance inventories.

Ultimately these higher interest costs will be passed on to car purchasers in the form of higher prices.

It is logical to expect further and drastic increases in the cost of appliance and automobile credit. Price increases in the 1960 model automobile or refrigerator will be Eisenhower made—by administration support of the high interest doctrine. These added interest charges may increase a cost of the 1960 automobile between $60 to $100.

This discrimination in favor of the productivity of money and credit could very well parlay the Nation into another administration-made recession. Consumer resistance could dull sales, high interest costs could force the depletion of dealer inventories. The result would be fewer jobs in production and consequent cutbacks in industrial expansion.

To the prospective automobile purchaser, who needs a car, I urge "buy now"—the interest rate next autumn may make it impossible.

Mr. Speaker, in line with the splendid speech that has been given today by the gentleman from Wisconsin, I want to point out very, very briefly the effect of this high interest money policy upon an industry that is very close to my heart, the automobile producing industry of my community.

During the past year, as the gentleman from Wisconsin has pointed out, prices throughout the country generally speaking have been increasing. The retail sales finance companies are the ones that carry the paper on automobile purchases throughout the country on automobiles that are kept in inventory and kept in the showroom. These rates have gone up from 4½ to 5 percent. This has the effect of parlaying upward the cost of retail automobile credit or consumer automobile credit.

I have some figures here that point out that the average automobile purchased today is purchased for the sum of about $3,000. Generally an automobile is turned in with a value of $1,000. This involves a loan in the sum of $2,000, payable in 30 months. The rates on these automobile mortgages are going upward.

To get to a case in point, the 4 percent discount rate comes to an annual rate of 7.7 percent, so that on a $2,000 loan it would cost $200 to finance it for 30 months, or 6.6 percent of the retail cost of the automobile. At a 5 percent discount the interest rate is really 9.7 percent and the $2,000 loan on that kind of a purchase would involve $250 in interest, or 8.3 percent of the total car cost. At 6 percent discount the rate goes up correspondingly to $300, or 10 percent of the retail cost of the purchase.

When the interest costs go up in the wholesale price to the dealer, it is bound to result in an increase in the consumer credit interest rate to as high as 8 percent, or something close to 15 percent in the aggregate, which will mean that the interest on an automobile will get pretty close to one-third of the total retail price. I say we have to expect that as long as these interest rates are going to go up they are going to go up on the consumer purchases of automobiles, appliances, and everything else.

The price rises that will come on the 1960 models are, I can say very frankly, administration made. They result from obedience and responsibility to the high-interest doctrine. When the people of America find out that the new automobile is going to cost $100 more because of the high interest policy, my fear is that it could very well parlay this country into a high-interest recession, because the consumer resistance to the added $100 that will have to be spent to buy that new automobile or the $50 that will be added to the cost of a new refrigerator or anything else that is involved, could result in the building up of dealer inventories and in a cutback in sales and carry on to production cutbacks and result in a holdback in our industrial expansion. I say to the automobile purchaser who is considering buying a car, buy now, because it is going to cost $100 more if you wait until the 1960 model comes out. I feel this is a very dangerous trend in our country and can parlay our country into a disastrous recession.

Mr. ULLMAN. Mr. Speaker, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Oregon.

Mr. ULLMAN. Is it not also true that it will not only cost the purchaser of an automobile an additional interest rate, but the dealer when he floors the car will have to pay an additional rate, the trucker that hauls the automobile from the factory will have to use financing and will have to pay an additional rate, and that will all enter into the cost? The automobile company itself in financing the company will have to pay increased interest rates and all along the line you will find an increase in prices. In other words, it will be cumulative?

Mr. VANIK. The gentleman is 100 percent right. The only fuel that the inflationary spiral is getting today is in the disastrously rising cost of interest. I certainly think it is high time for this Congress to give serious thought to the enactment of a national usury law, because usury has destroyed great civilizations in the history of the world. I think there is very great danger in bringing irreparable damage to the American economy by permitting the cost of borrowing to disregard the limits of decency and decent living in this community.

INTEREST AS IT AFFECTS OUR ECONOMY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Colorado [Mr. JOHNSON] is recognized for 30 minutes.

Mr. JOHNSON of Colorado. Mr. Speaker, I have read with interest the interim report to the President of the Cabinet Committee on Price Stability for Economic Growth.

No one on this floor has been a more consistent antagonist of inflation than I have. I welcome the administration's restatement of its concern for preventing inflation. I regret, however, that its proposed cure does not treat the disease.

Its first proposal "to make price stability an explicit goal of Federal policy" is embodied in the first bill that I introduced into this Congress. But congressional approval of that statement will not of itself prevent inflation.

Secondly, I have voted for the necessary tax increases and I have voted for economy on appropriations. I would add, however, that I am one who believes it is not only easier, but better, to balance the budget at a high level of economic activity than at a low level of economic activity. I welcome the apparent admission by the administration that the rising level of economic activity may well indicate that next year's budget will in fact be more than balanced and that debt reduction may be possible. My difficulty with the Committee's report lies in its third recommendation, which contains this amazing sentence:

> Thus to avoid inflation it is essential that the present limitation on the interest rate on long-term Government bonds be removed.

Interest is the price we pay for money. To say that the way to avoid raising prices is to raise the price of money is to indulge in an economic non-

sequitur. This proposition is buttressed by the slippery charge that the issue is higher interest or "in a concealed way to do the equivalent of printing money—something the American public would not stand for if openly done."

Mr. Speaker, perhaps because I am the child of Republican parents, I have an elephantine memory. I can remember when the administration conducted what is called "Operation Candor." I suggest that today would be a good day to conduct another "Operation Candor" with respect to interest rate, money supply, the national debt, and inflation. For these issues are necessarily intertwined; you cannot deal with any one without being concerned as to its impact upon each of the others. I would like to take my time today, Mr. Speaker, to speak the whole truth to this House and to the American people. Let me focus my remarks first upon the question of interest rates.

It is commonly said that the forces of supply and demand control the interest rate in the market. In general, in free markets, it is argued that a higher price increases the supply and reduces the effective demand for the item in question and thus establishes a new equilibrium price. Every sophomore student of economics learns this formula. Let's take a look at the supply of money capital, and especially the supply of loanable funds, and see whether or not it responds to changes in the prices of money—in the interest rates.

First, the biggest single supply of money capital comes from the depreciation set aside by American corporations, which are currently running at rate of $41 billion. These allowances are programed; they are a function of the accounting system; they are independent of the interest rate; they can be slightly modified by changes in our income tax laws.

The second basic source of capital is from retained earnings. Corporation profits, mounting to new highs, may approach or pass $50 billion this year, of which taxes will take 52 percent. Dividends will run at the rate of around $12.5 billion, and that will leave about $12 billion of retained earnings. Inasmuch as the taxes are fixed by law and dividend policy tends to favor stable dividends, retained earnings fluctuate with the economic activity, not with the level of interest.

The third basic source of loanable funds is the repayment of debt. You might call this savings through consumption. Taking out of a new mortgage, purchase of a new car or other consumer credit contract requires the person who borrowed the money to save an equal amount through the retirement of that debt. The volume of the new mortgage debt taken out this past year exceeded the volume of repayment by at least $9.4 billion.

Mortgage retirement provided perhaps $11 billion of the some $20 billion of new mortgage debt extended during the past year. This sector provided a smaller sum than it required for the current year's operations. It used up other sources of savings last year. Other consumer credit rose only slightly during 1958. There was a turnover of $41 billion of the $45 billion of outstanding consumer credit repaid last year, but an equal amount was extended, so that most consumer credit was self-financed.

A fourth source of capital funds arises from the purchase of insurance. Some $3.8 billion arose out of increased insurance reserves. These are contract savings, which are independent of interest rate fluctuation. Indeed most of the present insurance policies were written under contracts carrying far lower interest calculations than the current market support.

A small amount of savings occurs through taxes paid to State and local governments, which are held in security investments by treasuries and trust funds. Last year this amounted to about $1.2 billion. These funds are completely independent of the interest rate, and respond solely to fluctuation in tax revenue and expenditure programs of the State and local governmental units.

There is only one other basic type of saving. In the last year there were some $7.8 billion deposited in time and savings accounts, and about $6.5 billion of savings shares were purchased. The reasons people make these deposits and investments are that they anticipate outlays for capital such as a new house; they wish funds for retirement; they anticipate larger consumption expenses such as a trip around the world, or marrying off a daughter. The habits of those persons who regularly save are determined by personal circumstances which are almost completely independent of the interest rate. The purpose of this argument, Mr. Speaker, is to point out that these basic sources of capital, money for investment are all functions of other forces than the level of interest rate. The level of economic activity will have far more to do with each of these. For example, the savings I have just referred to are far more dependent upon the level of personal income than they are upon the interest rate. Raise the level of income and far more will be saved. Shrink it, and far less will be saved, because consumption patterns do not change as rapidly as savings patterns when income changes.

I have not referred to the one other source of capital, namely, new money. New money takes three basic forms in our society: First, is the purchase of gold. At the moment there is net gold outflow and our money supply from that source is momentarily shrinking. Second, there is a modest increase in the money supply through the purchase of silver, and we receive warehouse receipts for that silver in the form of silver certificates which serve as our 1-, 5-, and 10-dollar bills. These are a trivial source of money.

The third and basic source of new money arises from an increase in bank credit. This may take the form of private debt expansion, expansion to meet the needs of State and local government, or expansion on account of Federal debt management. Regardless of the source, the increase in the aggregate volume of demand deposits arising out of an increase in bank loans and discounts serves to increase our money supply. Since 90 percent of our transactions are done by check, the volume of demand deposits is the significant measure of our money supply. We can increase the supply of funds just as rapidly with the bank loan officers' fountain pen as with the printing press. To single out the Federal debt as the villain of the piece, is to ignore the fact that increases in consumer credit, in business loans, in mortgage debt, or in State and local borrowing—to the extent that these debt increases are financed out of new money created by the banks rather than loans out of savings discussed heretofore—expand the money supply. We could be reducing the volume of Federal debt in the hands of the banks and at the same time have inflation if there were to be an increase in State, local, or private debt, greater than the reduction in Federal debt and the expansion of economic activity and economy warrants.

It should be noted, Mr. Speaker, at this point, that a growing population doing a larger volume of business, must necessarily have an increasing money supply. Inasmuch as gold and silver no longer provide a significant part of our money, this must take the form of expanding demand deposits through increases in bank credit. The important thing to watch is that the rate of increase be related to the needs of the community. It does not contribute to public understanding to treat bank purchases of the public debt as "printing money," when in the same report the other related factors are ignored. The capacity of the banks to increase the money supply is not a function of the interest rate. It is a function of the Federal Reserve Board's reserve requirements and open market operations.

We have shown here that the supply side of the equation is largely independent of the interest rate. What about the demand side? Here the situation is a little more complicated. On the business and industrial side, the large corporations are self-financed. The decisions which they make to invest their own depreciation reserves, and their own retained earnings are totally independent of the interest rate. But the small firm, which must borrow in the open market, is affected and to that extent the high interest favors monopoly and discourages competition.

With respect to utilities and major enterprises which must make heavy investments of capital out of borrowed funds, high interest rates tend to discourage long-term heavy construction and thereby discourage the expansion of the economy, which would fight inflation.

Mr. COHELAN. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Colorado. I am glad to yield to the gentleman from California.

Mr. COHELAN. Is it not true that at the present time most of the short-term bills, which are in very substantial volume, are held by commercial organizations?

Mr. JOHNSON of Colorado. This is an interesting footnote to the entire discussion. At the moment, these look so attractive to them that they are investing their money in them. However, as their commercial expansion programs develop, they may dump these bills on the market and the banks may have to pick them up.

Mr. COHELAN. Mr. Speaker, if the gentleman will yield further, is it not true also that the commercial banks are somewhat concerned about this invasion of business enterprise into the field of banking itself?

Mr. JOHNSON of Colorado. I would think so. This clearly is the case. The point that I was establishing, however, is that the business and industrial demand for funds is not a function primarily of the interest rate. It is a function of the level of economic activity. Given a high level of economic activity and high income, they will borrow the money as they need it.

With respect to the consumer, frankly, he rarely knows exactly what the interest rate is. He cares less about the interest rate than about all of the terms of credit. The Federal Reserve and the Treasury have been centering attention on one of the terms of credit. What are the terms of credit. They are downpayment, amortization period, eligibility to borrow, and the interest rate. And Operation Candor ought to start with a recognition that our money managers—the Board of Governors, the Comptroller of the Currency, and the FDIC—have an obligation to concern themselves with all of the terms of credit.

Much of our postwar inflation has been financed by consumer credit which has expanded too rapidly in certain periods in the last dozen years.

The only effective check on consumer credit is changing amortization periods and downpayment requirements, and not changing interest rates. Changing the interest rate is totally incompetent to deal with this problem, as experience demonstrates.

With reference to the demand for funds for State and local governments, these governments must meet the needs of their people for highways, hospitals, schools, water supply systems, et cetera. Those which are the most attractive public works, whose costs exceed the capacity of the unit of government to finance out of current taxes, must be paid for momentarily by borrowed funds. But the less politically attractive projects, such as sewage disposal plants, will be deferred. The others will be built anyway and the cost to the taxpayers to finance that government will go up by that amount. Therefore, high interest rather than discouraging borrowing will simply direct it to the politically more attractive proposals at a higher net cost to the taxpayer.

Everyone here knows that the Federal debt increase or decrease is not a function of the interest rate. It is a function of the aggregate appropriations that are ordered to be spent and the aggregate revenues to be obtained from the tax rates then in force at current levels of income. The deficit of the past year is not a function primarily of tax rates, it was a function of the cut in the level of economic activity, and the only alternative to raising the debt ceiling would be to refuse to pay the bills of the Federal Government. So we have increased the debt ceiling.

All of this is to say that the demand for funds is not appreciably influenced by interest rates. To assume that there is some mythical free market which is going to equate supply and demands for funds is to live in a world other than that which you and I inhabit.

I submit, therefore, that Operation Candor ought to be calling for the Federal Reserve and the Treasury, discussing openly and competently with the American people the various powers that the Federal Reserve has or ought to have. We should not be asked to increase the interest rate ceilings. Instead, we should be being asked by the Federal Reserve, as a part of S. 1120, the vault cash bill, tomorrow to raise the potential maximum reserve requirement. Take this simple statistic. The vault cash which we will then allow country banks to count equals 4 percent of their demand deposits. The present requirement is that they have 11 percent and the maximum potential reserve requirement is 14 percent. In order to keep the count of the vault cash from increasing the capacity of the banks to lend additional funds, we should raise the reserve requirements by the amount of the vault cash, or by 4 percent. That means that the Federal Reserve should have the power to impose a 15 percent requirement, upon demand deposits in country banks. But, that is illegal. Under the law today, they can now go only to 14 percent. Yet, when I asked the witness for the Board of Governors whether we should increase the maximum reserve requirement, he said, "No, we do not need additional power. We will ask for it when we need it." I would far rather give it to them now. Frankly, I would rather give it to them and have them not need it rather than need it and not have it. The Federal Reserve should be coming down and asking us to give them the power jointly with the Comptroller of the Currency and the Federal Deposit Insurance Corporation, to effect terms of consumer credit so that they can do an effective job of fighting inflation, by changing the amortization periods and the down payment requirements and the eligibility for loans. This is a far better way of rationally getting at this inflation question without raising interest rates. The Federal Reserve should be asking for an increase in its reserve requirements, not just because it wants to count the vault cash, but because they have an obligation to provide an orderly market for Government securities. If they are to provide an orderly market, they may have to buy bonds some day and when they buy bonds they increase the bank reserves. If that is not to be inflationary, they should have the power to raise the reserve requirements. They have in years past come down and obtained temporary special power to increase the reserve requirements. I suggest that if they are really concerned with fighting inflation, they should be asking us here now to raise the maximum reserve requirement that may be imposed.

I submit these things because you and I know we will be faced in the not too distant future with the possibility of being asked to vote to take the ceiling off on a long-term Government bonds interest rate. I submit that this is voting for inflation in the name of anti-inflation and I refuse to cooperate because I know, and I know that they know, that there are other and, in my opinion, better ways to fight inflation. I have suggested what some of these ways are. Let me suggest one more.

The President and the President's committee have rejected out of hand the use of wage and price controls. If the only kind of wage and price controls in contemplation are the full-blown wage and price controls we had in OPA days, then I concur. But I submit that there are steps short of that. A modest step would be to have standby wage and price control, and I am prepared to suggest that I would rather have the President have a shotgun in the closet and not need it, than to need it but not have it. If the President had the power to roll back an inflationary wage or price, then I suspect that when he talked to the leaders of the steel industry or the steel union they would listen more attentively; but when they know he has no power to act they can be somewhat indifferent to his request.

Mr. COHELAN. I wonder if my distinguished colleague from Colorado, who is also a professional economist, would care to speculate so as to help me understand this: Why, in the face of the detailed analyses involving somewhat complex, economic theoretical propositions—which are so difficult for the average person and indeed for many of us here in Congress to understand—why the Federal Reserve Board not following this policy which seems to me to be so obvious.

Mr. JOHNSON of Colorado. I suppose the best answer is to say that one should never presume to impute motives to others. I will therefore refrain from imputing any motive. On the record, I submit that their behavior falls aside from what I think is proper.

Mr. COHELAN. If the gentleman will yield further, I do not impugn the motive of anybody. I believe that the economists who are advising the administration are acting in good faith. It also seems to me that there is a fundamental difference in economic policy; and it seems to me that the issue should be defined around that. It is a fundamental difference in policy, to be sure, if the Federal Reserve is pursuing irrevocably the policy that apparently they are doing, with the kind of consequences that I have described, that we are asked to follow without anyone pointing out the alternatives that have been discussed today by the distinguished gentleman from Colorado and also the distinguished gentleman from Wisconsin.

Mr. JOHNSON of Colorado. I thank the gentleman. The public memory for

this complex area of economic analysis is perhaps short. I joined the staff of the Fiscal Division of the Bureau of the Budget in 1942 when we were putting together the economic stabilization program. Most of the devices that have been here described were a part of the economic stabilization policy and to a substantial extent they were followed successfully right down through the war years. We should not need to recite here all of that experience, but we certainly ought not to ignore it. Nor should we dismiss it out of hand with a contemptuous phrase as if we had no means to effectuate economic stabilization in these times. I think the time calls for a reexamination of the history through which I have lived and you have lived in order that we may profit by that experience.

Mr. METCALF. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield.

Mr. METCALF. Listening to the testimony of Governor Martin of the Federal Reserve Board, or a reading of the interrogation and his responses during the course of his testimony before the Ways and Means Committee in support of the administration program to increase the interest rate, will reveal, I think, that it is an irrevocable policy of the Board, or at least of the Chairman of the Board, to use these wrong-headed policies, and that position will continue in the future.

I think one of the alternatives is what the gentleman from Colorado has suggested, not to increase the debt limit as suggested by the administration.

I heard Secretary Anderson and was impressed by his testimony because he seemed to be an harassed man who was caught in between this persistency on the part of the Federal Reserve Board and the disinclination on the part of Congress to increase the interest rate. But I was also impressed with the fact that the Federal Reserve Board is not going to do what any of us believe to be the right thing, not going to put into effect the policies that the gentleman from Colorado has outlined. Now, where do we go from there?

Mr. JOHNSON of Colorado. First, let me say with respect to the raising of the interest rate on maximum Government bonds, this happens to be one of those cases where we have a veto. We can refuse to pass a bill which in our opinion is unnecessary, and I submit this one is unnecessary. That is the first step.

The second step is we can give some further instructions to the Federal Reserve. I was in the office of the gentleman from Wisconsin this afternoon and heard a spokesman from the Treasury state that the Federal Reserve was independent of the Executive agencies, therefore not subject to the will of the Executive, but was a creature of the Congress. I sit as a member of the Committee on Banking and Currency and I have yet to receive a policy report from the Federal Reserve indicating to me why they pursue the policies they do. They are not responsible to me as a member of the committee appointed by this House to superintend the activity. I submit, however, that the parliamentary answer lies in an amendment which will be proposed to S. 1120 by the gentleman from Wisconsin [Mr. REUSS] because it will clearly express the will of the Congress with respect to money management.

Mr. METCALF. If the gentleman from Colorado will yield again, I am interested in his comment, because as has been stated he is a professional economist and a long-time student of these matters. Supose the Federal Reserve does not yield, and I am convinced from watching Governor Martin it will not, and suppose the Congress does not give the administration the increase in interest rates that it requests, are there alternatives for Secretary Anderson to finance the national debt.

Mr. JOHNSON of Colorado. Yes. There is no ceiling upon short-term obligations. If the Treasury is forced to go to further short-term obligations, that is what it will have to do.

Mr. METCALF. Short-term obligations are obligations, as I understand it, of 5 years or under?

Mr. JOHNSON of Colorado. Yes. Is it not better to pay a high interest rate, if that be necessary—and I submit that it is unnecessary—but, if because of the policies of the Federal Reserve System it is necessary, is it not better to pay a high interest rate for a short time and know that the securities will be refinanced in the future at lower interest rates when this policy will be changed, as its weaknesses show up?

Mr. METCALF. We are told that these short-term securities are so inflationary that the effect upon our economy will be disastrous if we have to refinance some of our long-time securities in short-time debt.

Mr. JOHNSON of Colorado. This is precisely why I have been concerned and will offer an amendment to S. 1120 tomorrow to raise the maximum potential reserve requirements in order that the Federal Reserve will have no alibi. By raising reserve requirements they can prevent the inflation which might flow from this so-called near money, and every Government bond is near money.

Mr. METCALF. If the Federal Government is forced to finance some of this long-term debt by the issuance of short-time securities, the Federal Reserve still has a way to control the inflationary effect; is that correct?

Mr. JOHNSON of Colorado. That is correct, and to be doubly certain of that I suggest that the Congress act responsibly and expand the reserve requirement ceiling power in order that there be no question as to our intent that the Federal Reserve use this machinery to avoid inflation. I am just as anti-inflation as they are, and I believe we can do this without raising the cost to the taxpayer.

In the next to the last paragraph of the President's message of June 8, he says in effect, "Oh, by the way, the increase in interest rates in the past 5 months has caused my estimate of interest obligations next year to be wrong by $500 million, so please increase the appropriation by that amount."

If we approve this bill that the Ways and Means Committee is considering and raise the interest rate again, before the fiscal year 1959–60 is out, we will have the Treasury back before the Congress requesting another billion dollars of taxpayers' money to pay the interest on the debt, and for all of this interest money there is not one dime of increased service rendered to the American people. I say "No."

Mr. MOORHEAD. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. There is an alternative, I would suggest, to the long-term financing which is not as inflationary as the short term is. When we remove the ceiling on interest we could do so only on condition that the bonds be callable. They can be long-term bonds and yet can be called in a short period when we can bring the interest rate down. Such bonds are used frequently by corporations at a time when they have to finance themselves in times of high interest. They have been using callability in the public utility field. They are required by the SEC to do so. That is done to save the consumers of electricity from paying excessive interest charges to electric utilities. The same analogy applies, in my opinion, in saving money for the taxpayers of the United States.

Mr. JOHNSON of Colorado. If we had to raise interest rates, I would thoroughly agree with the gentleman's proposal.

INTEREST AS IT AFFECTS OUR ECONOMY

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Indiana [Mr. BARR] is recognized for 30 minutes.

Mr. METCALF. Mr. Speaker, will the gentleman yield?

Mr. BARR. I yield to the gentleman from Montana.

Mr. METCALF. This morning the Secretary of the Treasury said he would be opposed to the issuance of callable bonds because it would increase the cost to the taxpayer of one-fourth to one-half of 1 percent in interest rates. Now, can the gentleman from Colorado tell me something about the experience of the utility firms and other commercial bond houses and whether or not there has been such an increase in interest rates?

Mr. JOHNSON of Colorado. I suppose the real question facing the Congress and the Secretary is: Do we anticipate that the present high level of interest rates is here to stay? If so, and it is a question of the issuance of callable bonds, then it will result in higher interest to sell callable bonds than without such feature. On the other hand, if you assume that interest rates will surely come down again—and they will come down if we can make our concern to prevent inflation vivid and real and operational—then I submit even if it cost one-fourth or one-half of 1 percent more for 2 years, that is far less than having to pay some interest increase, but not as much, over a period of 20 years.

Mr. MOORHEAD. Mr. Speaker, will the gentleman yield?

Mr. BARR. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. In a recent speech the chairman of the Securities and Exchange Commission, Mr. Gadsby, reported on the experience of the SEC with respect to their requirement with utility issues, and he reported that data accumulated on corporate bond issues offered between 1945 and 1948 indicated that the presence or absence of the call privilege appeared to have no significant effect on the interest rate. In other words, here we have one branch of the administration saying that the call feature does not mean an increase in corporate issues and another branch of the administration saying that it will.

Mr. BARR. May I inquire as to the date of that statement?

Mr. MOORHEAD. It was in May of this year.

Mr. BARR. The market at the moment seems to be very sticky on callable bonds, and I am sure the Secretary's statement of this morning is correct, that it would add possibly a quarter to the interest rate.

Mr. MOORHEAD. An alternative to increasing the interest rates would be to have a sufficient premium to make the bonds attractive. Now, if interest rates remain high, then we would never redeem these bonds and the premium would never cost anything. If interest rates dropped off sufficiently, then we could save money by paying a premium and refunding with lower interest cost bonds.

Mr. JOHNSON of Colorado. I would simply like to conclude these observations that I have been making by noting that the Government Operations Committee has reported to the Committee on Rules the Clark-Reuss bill which does embody an even more modest proposal with respect to price and wage policy. It simply provides what you might call the power of compulsory investigation; that is, it gives the President the power to inquire into wage and price situations in order to report to the public. At a recent press conference the President seemed to feel favorable toward this, and, therefore, I trust that the Members of the House will encourage the Committee on Rules to bring the Clark-Reuss bill to the floor in order that we may underline in still another fashion our own genuine concern about adding anti-inflationary powers to the administration, so that our reasons for refusing inflationary requests of higher interest rates will not be an irresponsible but, rather, a most responsible decision.

Mr. BARR. Mr. Speaker, the problem which the United States currently faces is not unique to this Nation. I returned from Canada just yesterday. They are faced with exactly the same situation. I think you will find the economic trends all over the world point up the fact that the industrial world, the industrial nations all over the world, are faced with a real shortage of industrial development capital. This House, I imagine, will soon be considering the President's request to raise the interest rates. I should only like to state that I have had little experience in parliamentary affairs but I have been treasurer of five small corporations. Granting anyone the authority to move into the market at these ruinous rates I think should be carefully considered by this Congress before such permission is granted. The argument is often made that the debt should be shifted to another period of time. No one can question that point.

The only point I raise is, Should we shift our debt to a long-term basis when this Nation is faced with a capital shortage and high interest in a free market? I should merely like to state that it is my opinion that Congress should use caution and care in moving into this field.

It is not our job to be irresponsible. We must pay the financial obligations of the United States. We must maintain the confidence of the investing public in our securities. The only thing I would like to state is that any authority in my opinion should be limited and granted only after due consideration and much caution.

SUSTAINED ECONOMIC GROWTH: KEY TO A DYNAMIC AMERICA

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Connecticut [Mr. BOWLES] is recognized for 30 minutes.

Mr. BOWLES. Mr. Speaker, I have asked for the floor this afternoon to speak on what I believe to be the primary issue facing the American people and the 86th Congress.

I refer to the persistent failure of our national economy in recent years to live up to its vast capacity for sustained growth—with high employment and without inflation.

Directly or indirectly, this failure affects nearly every piece of legislation that comes before this House. It tempers our debates and decisions on such questions as wheat prices, housing, debt limits, highways, school construction, mutual security, minimum wages and scores of other issues.

I believe that this body carries a constitutional responsibility to consider this question with the utmost care, and to provide whatever legislative action may be required to release the energies of the American people and the American economy.

This responsibility has been made doubly clear by the publication this morning of a report by an administration committee under the chairmanship of Vice President NIXON. The so-called Cabinet Committee on Price Stability for Economic Growth. The Nixon committee report reflects a deplorable lack of faith in the dynamics of our private enterprise system. It voices the same shopworn economic cliches which have led us into two recessions in 5 years.

If allowed to go unchallenged, its ill-disguised doctrine of scarcity for the many and soaring returns for the few will continue to cost the American people dearly in terms of national security, prosperity, employment, and human dignity.

I. THREE THEORIES OF GROWTH

In our approach to the questions of economic growth, high employment, and inflation, most of us fall into one of three groups.

One group, which includes, Mr. Nixon, Mr. Benson, Mr. Strauss, Mr. Summerfield and other signers of the Cabinet Committee report believes that our principal economic danger is inflation, and that whatever we may do deliberately to encourage growth and high employment will increase that danger.

Adherents of this group are prepared, therefore, to accept the heavy penalties resulting from our present slow rate of growth—idle men, idle machines, and idle capital—in the belief that all this is part of the price we must pay for a sound dollar.

The second group believes that our greatest overall economic danger is our failure to produce at levels we are clearly capable of reaching. They believe that we can and must find a way to use our vast human and natural resources more fully, even if it means some continuing inflation.

There is also a third and growing group to which I and many other Members of this House belong. While recognizing the extreme seriousness of these dangers we believe that ways can be found to meet them both.

Mr. Speaker, our ability to expand our economy steadily without inflation is the No. 1 economic challenge now facing us. Its implications, however, go far beyond economics.

Our success in meeting this challenge will determine not only the nature of our own society in the years immediately ahead, but our very capacity for leadership itself in a world of revolutionary change.

If the solution were simple, we would have found it long ago. On this subject, as on others, honest men may disagree. My objective this afternoon is not to sharpen such differences but to suggest some practical common ground for action.

Operating a large business and meeting a payroll in the depths of the great depression taught me something of the problems of business.

Wartime service as Director of Economic Stabilization left me with an abiding fear of inflation and a concern for the soundness of the dollar.

Many years of experience in State and Federal Government have persuaded me of the complexities of politics and the limitations of bureaucratic action.

Experience and common sense have also persuaded me, however, of the urgent importance of raising the issues of economic growth to the forefront of national debate. If my remarks today do no more than stimulate further discussion of the complex and vital subject, they will have been worthwhile.

II. THE EXTENT OF THE SLOWDOWN

Let us first see if we can put the challenge presented by the Nixon report in clear perspective.

Since the Civil War, our national output of goods and services has doubled every generation. I do not mean in in-

flated market values. I mean in actual tons and yards of goods produced.

The rise, of course, has not come in a steady, soaring curve. It has been interrupted by a series of costly depressions when production has dropped sharply and when bankruptcies, foreclosures, and unemployment took their toll.

Since the Korean war, however, our economy has been sluggish even in periods of relative prosperity, recessions have become more frequent, and our traditional rate of expansion has tapered off alarmingly.

Since 1953 our annual growth has been well below our historic 3-percent rate, the rate of growth which created our present industrial power and laid the basis for our present high living standards. When we take into account our booming population, the post-Korea figures represent an annual per capita growth of less than 1 percent.

Much, but not all, of this lag can be accounted for by periodic dips in business activity. Half of our efforts since 1953 have been spent getting back to where we were a year or so before each recovery effort began.

We are now recovering from our third recession in 10 years. The first occurred in 1949, the second in 1953–54, the third in 1957–58.

Between October 1957 and April 1958 our durable-goods output dropped by 18 percent, production of primary metals by 33 percent, metal fabrication by 18 percent, automobile production by 35 percent, consumer durables by 30 percent.

The production lost in recent years has been lost for good, and the total is substantial. Had our growth since the Korean war continued at the previous post-World War II rate of 4 percent annually, we would have produced $170 billion worth of goods and services more than we actually did produce.

If we had achieved the 5-percent rate of increase which the Rockefeller report in 1958 asserted was both feasible and necessary, our added post-Korea production would have exceeded $400 billion.

Mr. Speaker, this is a colossal sum. It is nearly equal to a full year's national income. It is one and one-half times our national debt of $285 billion.

We are now finding our way back to where we were 20 months ago. As Mr. NIXON and his associates properly point out, this is welcome news. But we must not allow it to destroy our perspective.

Automobile production in 1959 will be considerably less than it was 4 years ago.

New housing starts will barely equal the number of old dwellings continually slipping into the slum category.

Despite the seasonal summer pickup, we still have 3.4 million persons actively seeking work, with many more ready to enter the labor market if jobs were more plentiful.

Although there are 25 million more Americans to feed, net farm income is still 12 percent lower than in 1952.

Despite the rise in the cost of living, poultry, hogs, corn and several other commodities are now selling for less at the farm than they were 15 years ago when I was Administrator of the OPA. The farmer's percentage share of the national income continues to slip steadily downward.

By all means, let us welcome the marked economic improvement which has taken place in the last 2 or 3 months. Let us pray that it continues.

But let us not lose sight of the production that has been lost, of our widespread differences over the causes and the cures, and of the heavy cost of our continued failure to employ our people, our machines and our capital to capacity.

III. THE HIGH COST OF THE SLOWDOWN

Mr. Speaker, before considering the causes of our failure to grow consistently, I shall briefly review some of the effects this failure has had in the conduct of our domestic affairs and our relations with the world.

Although I have no desire to belabor these points, I believe it is important that we face up squarely to the heavy price we are paying for our failure to find adequate answers to the question of sustained economic growth.

First. Our slow rate of economic growth endangers our national security and increasingly jeopardizes our capacity to deal effectively with world problems.

Khrushchev has bluntly challenged us to an economic contest. "The Soviet Union," he has said, "intends to outstrip the United States economically and to surpass the level of production in the United States means to exceed the highest indexes of capitalism."

Today our total annual output of goods and services remains more than twice that of the Soviet Union. But as Allen Dulles, the able director of our Central Intelligence Agency, points out, the much greater Soviet rate of growth is enabling them rapidly to close the gap.

Soviet machine tool production, a key to ultimate industrial productivity, is already more than double our own. Soviet universities are graduating twice as many qualified technicians and scientists. The new Soviet 7-year plan calls for a further accumulated increase of 80 percent by 1965.

Mr. Dulles warns: "If it is true that our industrial growth in this period will be only 2 percent a year, the United States will be virtually committing economic suicide."

Mr. Speaker, I do not believe that Mr. Dulles has overstated this challenge to the American people and their Government.

The underdeveloped nations of Asia, Africa and Latin America are profoundly and increasingly awed by Soviet industrial achievements, and therefore by Soviet methods.

Seven years ago, as Ambassador to India, in testimony before congressional committees, I suggested that the Kremlin would almost certainly divert an increasing fraction of its fast-growing output to politically motivated development projects in these three crucial continents.

Two years later such a program was in fact launched. I believe it is now only in its earliest stages. We must assume that it will be rapidly expanded and made vastly more effective.

If our slow rate of growth, punctuated by frequent recessions, is allowed to continue, we will be placed at an increasing disadvantage. Within a decade, the Soviet Union may unalterably replace the United States as the most appealing industrial model for the bulk of mankind.

It is no less than startling that today's Nixon committee report, signed by a group of the highest administration officials, ignores this challenge completely.

Now let me be blunt.

If this timid concept of America's potential prevails, Mr. Dulles' warning of "economic suicide" may indeed become a fact.

In that event historians will not blame the capitalistic system as such. West Germany, Mexico, Japan, and other non-Communist nations are showing rates of economic growth fully comparable to that of Soviet Russia.

If the United States fails to match Soviet progress in productivity and economic expansion, history will hold the executive and legislative branches of our Government clearly responsible for their failure to keep our own capitalistic system in efficient working order.

Second. Our slow rate of growth encourages creeping isolationism.

Unless we recapture and maintain our former economic dynamism, we will find it politically difficult to do what must be done to strengthen our position in world affairs. This is becoming increasingly apparent to the Members of the Congress.

As our economy lags, competition from foreign imports, real or fancied, inevitably becomes more worrisome, and the pressure is thereby increased for artificial barriers to bar or curb imports.

As we saw 2 weeks ago, political pressures also grow to slash our mutual security programs which are of such decisive importance to orderly political growth in the non-Communist world.

Some Members of this House, with a lingering nostalgia for isolationism, have never been persuaded of the need for foreign aid. They opposed it this year as they have opposed it in the past.

But in the recent debates on this legislation it was disturbing to see them joined by others who have always supported this effort.

While rejecting the economic policies which have led us into our present dilemma, these members feel politically stifled in the atmosphere of reaction and inaction which has been created by the practitioners of these policies.

Last January many in this House came here pledged to support long overdue programs to build the schools, houses, dams, and roads that our country needs so urgently.

They now find themselves fenced in by the same mistaken theories of scarcity economics which succeeding generations of Old Guardsmen have been peddling since Andrew Jackson challenged the entrenched power of the banks over our money supply 130 years ago.

In their frustration they now pose the obvious political question: If we cannot

afford to do what obviously needs to be done here in America, how can we explain to our constituents back home economic grants and loans to people overseas?

The sum total of these forces has produced a dangerous drift toward the very isolationism which plunged us into two World Wars in the last 40 years.

Third. Our present slow rate of growth, and the excessive unemployment which flows from it, increase the tensions and conflicts between groups within our country.

In periods of full employment, discrimination among our industrial workers diminishes. But when jobs are scarce it is the members of our minority groups who suffer most. This is because they are traditionally the last to be hired and the first to be fired.

Lagging growth also fosters tensions between labor and management.

When our economy grows slowly or not at all, each group comes to feel that it can gain only at the expense of the other.

Thus labor may press for increased wages without regard for prices and investment capital needs, while management strives to expand its profits at the expense of the workers and their wages.

In his press conference on June 3 President Eisenhower warned that it is "becoming a habit in this country to adopt certain theories that Marx advanced that there is inevitably a bitter and implacable warfare between the man that works and the man that hires him."

Mr. Eisenhower could properly have placed the blame for the growing class consciousness which troubles us all on the marked slowdown in our rate of economic expansion since 1953.

Fourth. A slow rate of economic expansion feeds on itself.

With a slow rate of growth, markets decline and the more concentrated industries are tempted, as I have pointed out above, to raise their prices in order to sustain high profits from limited volume. If sales then pick up, profits rise spectacularly and labor presses for its share in the form of higher wages.

This provides a rationalization for still higher prices and discourages potential buyers.

When jobs are scarce, labor itself often resorts to featherbedding and other devices to hold down production in order to spread the existing jobs. By further increasing costs, this also leads to higher prices and lagging sales.

As consumer spending fails to rise, pressures on Congress grow for artificial restraints on competition. Again the result is higher prices.

At the same time, the ever present fear of recession discourages industrial expansion and persuades many families to postpone the buying of new homes or the improvement and refurnishing of old ones.

Fifth. Our present slow rate of economic growth creates a lag in government revenues which makes it impossible for us to undertake a serious overhauling of our tax structure, to reduce our government debt, or to keep up with the demand for those things which we must rely on government to supply.

The degree and impact of our Federal taxes has a major influence on our rate of investment in the new factories and machines which are basic to a steadily expanding economy. Much of our present industrial plant is obsolescent. Our machine tool industry is operating in low gear.

It is ironic that many capitalistic nations, through more rapid rates of tax depreciation and other devices, offer greater incentives than we do to plant modernization and expansion.

Many of us would like to see taxes better adjusted to investment needs. We would also like to see a steady reduction in our national debt.

Yet the necessary tax reduction and reform are economically and politically impossible until our rate of growth increases and becomes constant.

At the same time, we are now faced with a severe financial crisis in our tax-starved States and communities which makes it increasingly difficult for them to handle their proper share of governmental functions.

If this tax squeeze continues, more and more governmental responsibilities will inevitably be pressed upon Washington. Unless we can achieve and maintain an adequate rate of growth, therefore, we will face a steady increase of the very centralization which most of us seek to avoid.

Finally, our present slow rate of growth discourages the urgently needed expansion of many programs which government—Federal, State and local—alone can finance.

Our shortages in schools and hospitals should be wiped out.

Effective steps must be taken to modernize our transportation system.

Yet as long as our economy lags, this badly needed construction will lag also.

Sixth. Our present slow rate of growth has led to an enormous waste of human resources and injury to human dignity through continued unemployment in many areas, continued fear of new recessions, and continued low income for millions of marginal workers.

Recent headlines about record industrial profits provide meager encouragement to workers who are still seeking jobs and to communities in many parts of America which the recovery has left behind.

The booming stock market remains a mockery to the 6½ million families still living on less than $2,000 a year.

After paying for nothing but bare necessities, how much purchasing power do such families have left to buy the goods already being produced? For such families, a higher rate of growth would mean both employment and consumption.

IV. THE REASONS FOR THE LAG

Why have we failed since the Korean War to live up to our economic potential?

Following World War II, we switched from a wartime to a peacetime economy with extraordinary smoothness. Except for a brief period of adjustment in 1949, employment was high. Profits were sufficient to provide for record capital expansion and the highest dividends in our history.

In January 1954, President Eisenhower could say in his economic report: "Perhaps never before in history have the American people come closer to realizing the ideal of high and expanding employment without price inflation, than in 1953." During that year there were fewer than 2 million unemployed.

In 4 of the 6 years that followed, we have been either slipping into a recession or fighting our way back to where we were when the recession began.

What has gone wrong?

The causes are many and complicated. Honest men may differ on both their nature and their cure.

Yet I will hazard the guess that historians will charge much of our failure to a strange lack of confidence in the dynamics of the private enterprise system to which we give such strong verbal support.

Our mistakes have not been in our failure to use the Federal Government's power over our economy. Our difficulties stem largely from the fact that we have used the power for the wrong purposes, for the wrong reasons, in the wrong ways.

Instead of using the agencies and power of our Government to encourage growth and high employment, we have used it to inhibit growth on the totally false assumption that sustained growth, high employment and price stability are incompatible.

In order to realize the significance of this miscalculation, it is essential that we have a clear understanding of the practical situation which confronts the business community.

V. THE BUSINESS RISK OF INADEQUATE SPENDING

Presumably every businessman is eager to operate at full capacity and to expand his operation as demand increases. As he plans the future of his business, however, he faces two critically important questions.

First, will his business be capable of turning out good products to sell at competitive prices and thus assure its survival in a competitive market?

In this competition the businessman cannot properly call on his Government for help. This primary individual risk is basic to a dynamic free economy.

At the same time, each businessman faces an even more formidable second risk which should be the proper concern of the Federal Government.

Will the market—in other words, the total national purchasing power—be available to keep the industry of which he is a part on a capacity or near-capacity basis?

When businessmen fear that the purchasing power may not be available to buy the full output of their industry, they begin to restrict their production, to curb their plans for expansion, to build up increasingly large reserves, and to set their prices high enough to make satisfactory profits even on limited volume.

Now where can we look for the essential purchasing power which must be generated if we are to create and sustain the conditions necessary for high employment and growth?

The purchasing power must be provided by three different spending groups

in amounts which will vary in size and balance from year to year.

First, there are the business spenders. Our corporations and merchants, large and small, spend many billions annually on industrial expansion, inventories, new equipment, and buildings.

Second, there are the family spenders. As consumers, we spend all or part of our wages, salaries, and dividends for food, clothing, travel, houses, automobiles, washing machines, haircuts, books, TV sets, radios, movies, and an endless variety of items which the imagination and productiveness of our economy provides.

Third, there are the government spenders—Federal, State, and local.

Each year, and in varying amounts, our governmental departments and agencies invest more billions in our Army, Navy and Air Force; in our schools, hospitals, roads, bridges, and irrigation projects; in police departments, fire departments and welfare services.

Each of these three groups of spenders may change the pattern as well as the amount of its expenditures from year to year. But if we are to have steady, healthy expansion, the total which these three groups spend each year must be sufficient to absorb all, or nearly all, the goods and services we are capable of producing.

The problem, therefore, is to maintain sufficient purchasing power among these three groups. This, alone, can insure total production and employment at high sustained levels which will increase steadily as our productive capacity increases. It is here, Mr. Speaker, that the Federal Government carries a heavy and direct responsibility.

Now many of us have deep-seated inhibitions and prejudices about the role of Government in economic affairs. Yet the fact remains that Government must play a substantial role in our complex modern society.

If we are unprepared to accept enough Government, we will surely end up with too much Government.

This may be paradoxical, but it is true. If we refuse to allow our Government to help us to solve essential problems, the unsolved problems will eventually overtake us.

In the ensuing crisis we will be obliged to use governmental controls far beyond those that would have been necessary had we taken adequate steps sooner.

Therefore, to leave urgent problem unsolved in today's explosive world it costly and dangerous. Eventually it may destroy the economic and social system which has carried the American people so far.

The Government's role in maintaining purchasing power is important for four reasons.

First, government expenditures, Federal, State and local, account for nearly one-fourth of our entire production. Equally important, these expenditures can be deliberately varied within reasonable limits from year to year, in line with the total needs of our national economy.

Second, Government has the power to control, again within limits, the amount of money and credit available for both businessmen and consumers.

Third, Government has the legal power to eliminate bottlenecks that stand in the way of competition.

Fourth, Government, by its decisiveness, by its show of confidence, or by its lack of these things, can establish a mood which profoundly affects the investing and purchasing decisions of millions of business firms and families.

Now, Mr. Speaker, we must frankly face the fact that in all four areas of public responsibility our recent performances have been inept and inadequate.

We have failed to devise monetary and credit policies which would encourage maximum industrial expansion, high employment, and maximum consumer purchasing within the limits of a stable price level.

We have failed to use present authority, or to create new authority, with which to cope with the relatively new phenomena of rising prices in semi-monopolistic industries, where there are both unused manpower and facilities for increased production.

We have failed to provide the necessary Federal financing for adequate slum clearance, urban renewal, school and hospital construction.

We have failed to create a national economic climate of confidence and dynamism in which businessmen and consumers can move ahead with assurance.

Most disturbing of all, we now find the inept and mistaken economic policies of the last few years reaffirmed by a cabinet committee composed of the administration's highest economic officials under the chairmanship of the Vice President of the United States.

VI. CAUSES OF LAGGING GROWTH

A year or so ago, Mr. Speaker, the administration accused members of the Democratic Party of being "disciples of gloom and doom," of trying to talk the country into a depression.

I submit, Mr. Speaker, that this administration has sinned grievously in the opposite direction.

Not only has it constantly peddled a doctrine of impending inflation, but it has attempted to meet whatever danger actively exists by methods which have sharply increased the danger itself.

The administration's misguided actions, and the panicky statements which have accompanied these actions, have helped to raise prices in key industries, encourage stock market speculation, and substantially increase the overall costs of Government, business, and the consuming public.

Businessmen and consumers, alike, have been frightened by public relations talk of "wild-eyed spenders fanning the flames of inflation." Indeed the public state of mind created by this irresponsible campaign is in part responsible for the present deplorable situation in the Federal bond market.

Why should we expect investors to buy long-term Government bonds in the uneasy speculative atmosphere which the administration has created?

It was inevitable that there would be a rush from bonds to stocks and real estate as a hedge against the rampant inflation which, we have been told again and again, is about to engulf us.

VII. THE EFFECTS OF HIGHER INTEREST

As much as any other single factor, the administration's deliberate policy of high interest rates, lies at the heart of this situation.

In the rampant, irresponsible, devil-take-the-hindmost 1920's, interest rates were high. But they were not as high as the administration has now pushed them.

In the middle of the 1930's, the Roosevelt administration lowered interest rates. From 1941 to 1951 the Treasury lowered them still further by supporting the bond market through purchases by the Federal Reserve Bank and by increasing the reserve requirements which the banks must hold against outstanding loans.

This latter point is important and I shall return to it later.

In the early 1950's, this dual policy was abandoned. The Treasury and the Federal Reserve System no longer assumed responsibility for keeping Government securities selling at par.

The forces of the "free market" were encouraged to take over, and this they promptly proceeded to do.

By mid-October 1957, the yield on long-term Government securities and the cost of shortest term borrowing had climbed to the highest levels in 24 years.

Now the Federal Reserve Board has again increased the discount rate and the President has asked the Congress to eliminate the 4¼ percent ceiling on the interest rate on long-term Treasury bonds, a ceiling that has been in effect since 1918.

Mr. Speaker, this is exhibit A in reverse economic reasoning. Our basic problem is how to get interest rates down, not how to get Treasury costs up.

As long as we have idle men and idle machines, our task is to make credit more readily available to businessmen, consumers, and prospective homeowners in order to encourage economic growth.

Interest, after all, is a cost. It is a cost of doing business. It is a cost to consumers who buy houses, cars, refrigerators, air conditioners, and other durables. It is a primary cost of government—Federal, State, and local.

Let us consider, for instance, what these deliberately high interest rates are now costing us all in taxes.

In our fiscal 1960 Federal budget more than $1 in every $10 goes for interest on the national debt. In the year 1945, when the debt was only 2 percent less than it is today, we paid nearly $4 billion less in interest, one-half the amount we have been called upon to appropriate for interest for fiscal 1960.

These soaring interest rates have also created grave difficulties for State and municipal governments faced with financing the costs of school construction, highways, and slum clearance.

In my own State of Connecticut, the interest cost alone on a million-dollar school has risen $200,000 in 5 years. This increase is largely paid from taxes on overburdened real estate.

High interest rates are equally costly to family heads as consumers and borrowers.

The extra interest we pay now on a 20-year, $10,000 home mortgage adds nearly $2,000 to the cost of a new home. The recent increase in the discount rate will add still more to the cost of loans for our cities and towns and for the purchase of homes.

The recent Administration proposal that we remove the legislative ceiling on long-term Treasury bond interest rates, a ceiling which has been in force for 41 years, would further compound our difficulties.

Every time wages increase without a corresponding increase in productivity, the administration expresses grave concern. On this they have a point.

Yet, since 1953, the administration itself has deliberately increased interest costs by $12 billion. This colossal sum is equal to the total volume of all agricultural products that will be grown in the United States in 1959.

Has this handout increased our industrial productivity? Has it helped us to build a more prosperous, more secure America? On the contrary, it has slowed down production and employment, raised taxes and industrial costs, and hamstrung the development of our schools, highways and cities.

In the meantime, where is the price inflation?

Although we all agree that most prices are too high, the cost of living indexes, as Mr. NIXON's Cabinet Committee admits, have been steady for well over a year. Indeed, according to the Department of Labor, we are now in the longest sustained point of price stability in 19 years.

What has gone up are the prices of common stocks and real estate. These have increased by tens and tens of billions of dollars.

If this continues, Mr. Speaker, these so-called values will eventually collapse, as they have collapsed in the past.

When this occurs, it will be the millions of small investors, many of whom were frightened into the market by irresponsible, fear talk about inflation, who will be hurt most grievously.

I have suggested that political opportunists in the administration and throughout the country carry a heavy responsibility for the situation which has been created. I would like to add my opinion, however, that the Treasury and the Federal Reserve Board, themselves, have acted in obvious good faith. While their mistake is of the utmost seriousness, it is an honest mistake based on the false assumption that our economy cannot grow at a sustained high rate without inflation.

The President's Economic Report to the Congress in January of this year made this point clear:

> The proper objective of national economic policy is to strive to limit fluctuations in the rate of overall economic growth to a relatively narrow range around a rising trend. * * *
>
> We must learn to conduct our economic affairs in ways that will harness the expansionary forces of our free economy for the increase of our national strength and well-being and must prevent these forces from finding expression in a depreciation in the value of our money.

This statement, coupled with the Nixon report, indicates that the administration has now abandoned whatever hope it may once have had of maintaining the 4-percent growth achieved after World War II.

In the meantime the Rockefeller report, prepared by a nonpartisan group headed by the present Governor of New York, confidently calls for a sustained annual growth rate of 5 percent.

VIII. WHAT CAN CONGRESS DO?

The reasons for our present plight are complicated. Although many Members across the aisle may disagree with my analysis, I am confident that they are as anxious as any of us to find sound and lasting solutions.

Certainly they will agree that it is not enough for us to chastise our own favorite political whipping boy, whether it be the labor bosses and the wild-eyed New Deal spenders, or the steel tycoons and the steely eyed bankers.

We of the 86th Congress were elected last November to cope with the very substantial problems which face our country, both domestic and international.

The failure of our economy to grow at a sustained high rate profoundly affects almost every question that comes before us. In good conscience we cannot shirk our responsibility in dealing with it.

What then can we do?

The first thing we should do is reject the administration's appeal for legislation to allow higher interest rates on Government bonds of more than 5-years maturity.

It is difficult to conceive of any proposal better calculated to continue and to intensify our present difficulties.

What we must do is to bring every proper pressure to bear on the administration to change its basic policy.

We should call on the Federal Reserve Board to restore public confidence in the financial ability of the American Government, its dollars and its obligations, by moving to support Government securities at or close to par. This means purchasing present securities as the Roosevelt and Truman administrations did successfully for a period of many years that included two wars.

Mr. NIXON and his associates allege that such a policy will generate credit beyond our needs and thereby create dangerous inflationary pressures. Of course it might if we did nothing to prevent it or counteract it.

What the NIXON report ignores is the power of the Federal Reserve Board to raise the reserve requirements which the member banks must hold. In this way the bank's power to create credit can be carefully controlled, expanded, or contracted. At the same time the newly purchased Government securities can be sterilized to whatever degree may be necessary.

If additional powers are needed, Congress should provide them.

Mr. Speaker, this is a highly complex subject. May I suggest to those Members who are still uncertain of their position that the least we can do is to postpone our decision until studies now underway can be completed?

The first Government issues of more than 13 months' maturity do not come due until next April. No long-term issues become due until November 1960.

The second thing we should do is reexamine the clearest statement of national economic policy ever put together by Congress. I refer to the Employment Act of 1946.

This legislation was written in a spirit of post-war cooperation and confidence. It was ushered through the Congress by a bipartisan team and supported by overwhelming majorities in both parties.

It was addressed explicitly to the general welfare. Its objectives were plainly stated:

> The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with the needs and obligations and other essential considerations of national policy—to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining—conditions under which there will be afforded useful employment opportunities, including self-employment for those able, willing and seeking to work and to promote maximum employment, production and purchasing power.

The Employment Act called upon the President to transmit to the Congress "an economic report setting forth the levels of employment, production, and purchasing power obtaining in the United States and such levels needed to carry out the policy declared."

In his Economic Report last January, the President referred to this responsibility. However, he has never followed the precedent established by the earlier Economic Reports which set national goals adjusted annually, and prescribed the means of reaching these goals.

Apparently, on this issue as on many others, the ball has been passed to Congress.

If we duck this responsibility by failing to clarify our national goals, we will continue to fall short of our opportunities.

It is essential, therefore, that we reach some kind of consensus in this House on the causes of our present slow growth. Once this consensus has been established, we can devise a course of action which will put us back again on the high road to sustained and increasing high production with stable prices.

One means of accomplishing this would be to expand the purpose and objectives of Senator LYNDON JOHNSON'S proposed Commission on Unemployment Problems. This is the purpose of S. 1631, which has been passed by the Senate and is now awaiting action by the House.

Another approach already begun is the special study being conducted by the Joint Economic Committee under the chairmanship of that distinguished economist, the senior Senator from Illinois [Mr. DOUGLAS].

This study was set up to deal with the very issues which we are now considering—maximum employment, economic growth and price stability.

The concurrent resolution authorizing this study requires a report by January

31, 1960. That report can be of the utmost significance to the Congress and to the American people. I am hopeful that it will contain not only an exhaustive analysis of our problems, but specific recommendations for congressional action in dealing with them.

Finally, we must all welcome the initiative taken by the Ways and Means Committee under the capable chairmanship of the gentleman from Arkansas [Mr. MILLS]

This projected study of the entire scope of our tax structure is a monumental undertaking which can be of the greatest historical significance.

Taken together, these three efforts already launched, can provide the necessary solid basis for action at the next session of Congress. Not only can they enable us to set up worthy national objectives, but they can prescribe the practical means of achieving them.

In this connection I offer the following comments.

First. I hope the studies and report of the Joint Economic Committee can include a documented, statistical picture of what our economy, public and private, would look like with maximum use of our men, machines, and capital.

Second. I hope this report will give us some specific estimates of our real potential in terms of the purchasing power needed to help assure industry of ever wider markets, of the kinds and amounts of capital needed for the continued modernization and expansion of our industrial plant, and of the size and variety of social services which could now be available to us in the richest Nation on earth.

Third. I hope that the report will indictate the overall expansionist effect that our economy at full capacity would have upon our Federal, State, and local revenues.

Fourth. I hope the Ways and Means Committee, in analyzing our present tax system and recommending improvements, will consider ways to provide an increased share of our tax revenues to State and local governments and whatever special tax incentives may be required for industrial expansion and growth.

This latter point is of the utmost importance.

Under communism, the Soviet Union is now investing on a proportionate basis about twice as much capital in industrial expansion as we capitalist Americans are.

This year our net investment in the means of production in constant dollars will be less than in 1948. If we are to increase productivity and compete successfully with other exporting nations, we must greatly increase our present levels of such investment.

Since at least $2 of gross national product each year are created for every dollar of capital investment, such an effort will stimulate our entire economy.

Fifth. Despite last week's setback in the Senate, I hope that serious attention will be paid to existing tax loopholes such as excessive business expense-account deductions. Some observers believe that we are losing in various ways as much as $4 billion a year.

Sixth. I hope that various proposals for dealing with the problem of "administered" prices in semimonopolistic industries will be considered. Both the problem and possible solutions for it have been developed by reputable and responsible economists like Dr. Gardner Means. These proposals should be taken seriously. Should present monopoly legislation be broadened? Would a special "excess margin" tax be practical and effective?

Seventh. In this connection I hope that the House will have an opportunity to consider H.R. 6263 the proposal of Congressman REUSS, for public fact-finding hearings on prospective price or wage increases of a magnitude which threatens our national economic stability.

The present steel wage negotiations, for instance, are confused by sharply contradictory statistics in regard to wages, productivity, prices, and profits.

H.R. 6263, which has been favorably reported from the House Committee on Government Operations, is designed to provide a clear picture of the facts in just such situations.

By requiring both management and labor, in the large corporate organizations, publicly to justify their increased price or wage demands in the context of our national welfare, we can create a better informed and more effective public opinion.

The Nixon report spends several paragraphs warning us against the danger of price and wage controls. If there ever was a political red herring, this is it.

As far as I know, no Member of Congress has suggested that possibility. If anyone did, I, as a former Price Administrator who knows something of the problems that are involved, would be the first to speak against it.

Eighth. Although our major agricultural problem lies in policies affecting production, the possibility of greatly increased food consumption should not be overlooked.

The Senate has passed a resolution sponsored by Senators HUMPHREY, KENNEDY, and others expressing "the sense of Congress that the American people must employ the plentiful resources of the farmer to enhance the standard of living throughout the free world."

Legislation designed to carry out this statement of purpose would not only help our farmers but would also clarify our position and our purposes throughout the world.

Our agricultural abundance can become a far more powerful instrument for aiding economic development and alleviating the hunger of tens of millions of people in less fortunate lands. It is both unwise, uneconomic and immoral to allow them to remain idle.

There is also urgent need for much of our "surplus" foods right here in America. An expanded school lunch program and a food stamp plan continue to offer two practical opportunities to convert our $8 billion of food now in storage into a live domestic asset.

Ninth. In the report of the Joint Economic Committee, I hope a particularly thorough analysis will be made of interest rates and their effects upon industrial and farm production, construction, purchasing power, unemployment, and Government revenues at all levels.

The Federal Reserve Board, in the opinion of many of us, has failed lamentably to carry out its responsibility under the Employment Act of 1946 "to promote maximum employment, production and purchasing power." The high interest rates on which it has insisted and which the Nixon report now endorses, have increased taxes, costs and prices, reduced demand discouraged expansion.

I hope the joint committee report will contain specific means to reverse this situation with recommendations for whatever congressional action may be required.

Tenth. Finally may I add a few comments on a closely related subject with which I believe Congress must sooner or later come to grips.

For years the Communists have been telling the world that above all else America fears the economic effects of disarmament.

If the flow of armament orders from the Pentagon should cease, the Kremlin asserts, American industries would go bankrupt and American workers would starve. The collapse of capitalism and the triumph of communism would then become inevitable.

I am concerned that many responsible Americans seem unwittingly to have accepted this Communist line. How else can we explain why so many of us recoil in dismay from an open discussion of the economic consequences of disarmament?

Karl Marx to the contrary, I believe that our fears are grossly overdone. Although I do not suggest that the transition would be an easy one, I believe it could be made much more smoothly than most of us assume.

In 1945 as a member of the War Production Board, I participated in planning our economic transition from war to peace.

Within 18 months we switched some 45 percent of American industry from wartime to peacetime production and absorbed nearly 10 million men from our armed services into our civilian economy.

To be sure we had the advantage then of a heavy backlog of war-accumulated demands for housing, schools, and consumer durables.

But today, the percentage of our economy devoted to defense production is only one-fifth of what it was in 1945. As for our backlog of unfilled needs, every mayor, city planner, educator, highway engineer, hospital superintendent, and sociologist knows that they are enormous.

Mr. Speaker, the practical conditions necessary for disarmament with a totally trustworthy inspection system at the moment seem beyond our reach. The Senate Disarmament Committee under the chairmanship of the distinguished senior Senator from Minnesota [Mr.

HUMPHREY] has conducted pioneering hearings on the economic implications of disarmament. I am convinced that further study of this subject would be reassuring to the American people and proof to the world that it is the Soviet Union and not the United States that stands in the way of a realistic reduction of cold war tensions.

Each of the proposals on which I have commented is the responsibility of one or more congressional committees. Yet they are all interrelated to our overall objective of sustained high national growth with stable prices.

If the endeavors of the Joint Economic Committee and the Ways and Means Committee, in particular, are successful in the next few months, we may, for the first time in history, be provided with an authoritative, trustworthy evaluation of our total national requirement in both ends and means.

IX. WHAT FULL PRODUCTION CAN DO

In closing let me consider the enormous stake we have as a Nation and as individuals in finding practical answers to the questions which I have posed.

What effect, for instance, would high employment and an accelerated rate of economic growth in the next fiscal year have upon Federal revenues and the Federal budget?

A 4 percent annual growth in fiscal 1960, with unemployment no more than 2 million would give us a gross national product of almost $500 billion. This is almost $30 billion more than the President's forecast anticipates.

If we were able to achieve it, our tax revenues based on present rates would increase to $6 billion over the present estimates.

In addition to this extra revenue, there would be a substantial reduction in current Government costs. With an expanding economy the cost of Government programs covering unemployment, veterans and welfare payments would go down. So would the cost of our $6 billion farm program.

If interest rates were reduced and tax loopholes closed, the savings would be further increased by very substantial amounts.

Moreover, Mr. Speaker, sustained expansion rate of 4 percent going on through the fiscal year 1961 would give us $18 to $20 billion more production over and beyond the increases that may be expected in fiscal 1960.

This would provide several billion dollars more in Federal tax income. With a drop in interest costs and Federal relief payments, we would then have ample revenues with which to meet our full responsibilities in construction, defense, education, medical research and welfare, while balancing the budget and cutting taxes all at the same time.

In the following years, if we provide the wise policy direction that will assure continued rapid expansion without inflation, we could move further to reduce taxes and to start a long postponed and effective reduction of the national debt.

Mr. Speaker, this is not daydreaming This is the hard, factual arithmetic of sustained economic growth.

X. THE PRESENT BUDGET

There are two groups, Mr. Speaker, who will vigorously oppose the steps I have suggested to promote expanded growth, employment, and revenue.

The first, as I have pointed out above, is made up of those who are sincerely convinced that when all is said and done we must choose between a slowed-down economy and lingering unemployment on the one hand, and rapid growth and rising prices on the other.

Because they feel that the first of these choices is the least dangerous, they oppose any plan for more rapid national development. I believe them to be wrong, but I respect their directness and honesty.

The second opposition group is made up of dyed-in-the-wool exponents of the status quo.

From the earliest days of Franklin Roosevelt's administration, they have opposed housing, slum clearance, social security, assistance to our farmers and federally constructed highways and schools on the grounds that these programs add up to a welfare state that eventually will sap our national energies and destroy our free enterprise system.

Now, it is a matter of record that in recent years many of those who take this latter position have been having poor luck at the polls. Inevitably this suggests to them the desirability of a flanking attack.

And where, Mr. Speaker, could they find a more respectable club with which to belabor the economic and social approach which they have opposed for the last 30 years than in the administration's doctrine that we must stand still in order to remain solvent?

These two groups, each in its own way and for its own reasons, will oppose any effort to do what is so clearly required of us if we are to assure the security of our Nation and the well-being of our people.

They will condemn every proposal for dams, schools, or housing as likely to unbalance the budget and bring on a disastrous inflation. They will oppose every effort to get at the cause of our dilemma as useless or ill timed. The Nixon report provides a preview of the debate that lies ahead.

Mr. Speaker, it would be folly to allow this timid view of America's future to intimidate a majority in this House into political impotence.

As we examine the facts, it is clear that we can still move ahead effectively in the present session of Congress.

For fiscal 1960 the administration has proposed an expenditure budget of $77 billion. It tells us that our revenues in the coming year will not exceed this amount.

Now most economists will protest vigorously against any economic approach that so sanctifies our Federal budget under every and all conditions. The national budget in no sense provides an accurate picture of our financial outgo and income.

Yet we can afford to accept the challenge on the administration's own grounds.

Of the dozen or more appropriation bills on which the House has acted, 11 have been cut, with the total reductions now near the billion dollar mark.

Although we cannot assume that the positive measures I have suggested can materially affect revenues in the coming fiscal year, the present pace to recovery is likely to provide revenues in excess of the administration estimates by as much as $2 billion.

This means that with our Federal budget in balance we can, in fact, proceed to do what we were elected to do.

We have already offered to provide our cities with a program of urban renewal.

We have already offered prospective homeowners encouragement to go ahead with their building plans.

Let us now carry forward in other essential fields.

Many districts, including my own, urgently need low-cost loans to encourage industrial expansion in chronically underemployed areas.

Our unemployment insurance program and minimum wage laws need to be brought up to date.

An education assistance program to our States and communities is essential to provide aid for classroom construction and teachers' salaries, as well as to ease the load to our harried real estate taxpayers.

Our huge food reserves should be put to more vigorous use both at home and overseas.

The total cost of such a program should be well within our Federal income for the fiscal year 1960. Its adoption is essential to our national security and welfare.

Mr. Speaker, I submit that the sustained expansion of our American economy at an accelerated rate without inflation is the No. 1 challenge on the agenda of this Congress.

I respectfully urge the majority of this House confidently to accept the challenge laid down today by Mr. NIXON and his associates.

PROPOSED AMENDMENTS TO THE BOND GIVEAWAY BILL, S. 1120, TO BE DEBATED TOMORROW

The SPEAKER pro tempore (Mr. THORNBERRY). Under previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

Mr. PATMAN. Mr. Speaker, tomorrow, Tuesday, the House is scheduled to debate and vote on the bond giveaway bill, S. 1120. This bill passed the Senate on May 13, so tomorrow the House will have the final say whether or not this bill is to be enacted. It is an extremely bad bill. It involves the biggest giveaway in all history.

I shall propose certain amendments to the bill tomorrow. So, I would like at this time to put those proposed amendments into the RECORD and explain how they will work and what their purpose is.

First, however, in order that the Members may fully understand the proposed amendments, let me summarize briefly what the legislation is about. The best

way to begin the explanation is, first, to point out three things which the legislation is not about.

S. 1120 IS NOT NEEDED TO PROVIDE FOR GROWTH IN THE MONEY SUPPLY

First, let us ask whether S. 1120 is needed to provide for any normal growth in the money supply years ahead? Is any legislation needed for this purpose? No, definitely not.

The Federal Reserve Board sent up to the House and Senate Committees on Banking and Currency an 88-page report on this legislation which examines the question of growth in the money supply, and examines practically every other question which could be related to the bill. The Federal Reserve report makes no claim and no suggestion that the legislation is needed to provide for an increase in the money supply.

Before that, the Economic Policy Commission of the American Bankers Association made a 166-page report to the Federal Reserve Board proposing this legislation, and the American Bankers Association made no claim that the legislation is needed to provide for growth in the money supply.

The reports of the committees of both the Senate and the House make no claim that the legislation is needed to provide for growth in the money supply.

Obviously, no such claim could be made for this reason. The Federal Reserve has authority under present law to take care of the maximum expected growth in the money supply over the next 54 years. The present law will permit an increase in the money supply at a rate of 3 percent a year, compounded annually, over the next 54 years. So the legislation has nothing to do with providing for a growth in the money supply.

S. 1120 IS NOT NEEDED TO HELP NEW YORK AND CHICAGO BANKS

Our next question is this: "Is the legislation needed to permit the Federal Reserve to reduce required reserves of the New York and Chicago banks down to the present level of reserves required for banks in the other large cities? No, definitely not. Some such suggestion has been made by some of the Members, but the facts are these: At present, required reserves against demand deposits of the New York and Chicago banks are 18 percent, and similar reserves of the banks in the other large cities are 16½ percent; under present law the Fed could reduce required reserves of the New York and Chicago banks, not just down to 16½ percent, but down to 13 percent. So, obviously, the legislation is not needed for this purpose.

S. 1120 IS NOT NEEDED TO HELP THE COUNTRY BANKS

Is the legislation needed in order to help the country banks? No, definitely not. The point which the sponsors of this legislation talk about most is the so-called vault-cash provision. If we listened to all the propaganda being turned out, we would believe that 99 percent of the purpose and effect of this legislation is to help the country banks. The bill would give the Federal Reserve authority to permit any and all banks to count part or all of their so-called vault cash as a partial or whole fulfillment of their reserve requirements. If all of the country banks' vault cash were canceled, this would amount to a reduction in their reserves of $1.2 billion. The fact is, however, the Federal Reserve can now reduce required reserves of the country banks by $1.5 billion against demand deposits, and by another billion against time deposits. So obviously the legislation is not needed to reduce required reserves of the country banks. And it is equally obvious to any student of this legislation that the vault-cash provision was put into the American Bankers Association plan, and into this bill, only to create confusion and create sentimental appeal on behalf of the country banks.

We can dismiss the whole vault-cash idea. This idea was once tried in practice and it proved unworkable, so much so that it was eliminated from the law in 1917. The idea is equally unworkable and unenforcible today. The Comptroller of the Currency has admitted that in order to police this vault-cash provision the Government would have to hire an additional 20,000 persons.

S. 1120 MEANS THE BANKS WILL USE MORE OF THE GOVERNMENT'S MONEY-CREATING POWER, THE FEDERAL RESERVE WILL USE LESS

What, then, is the purpose of this legislation? In technical language, this purpose is to "reduce required reserves" of all the banks, and to reduce these reserves by a huge amount. In plain language, this is a proposal to change the money-creating shares now enjoyed by the Federal Reserve and the private banks respectively. These shares are not only to be changed as to the future, but to be changed retroactively, so that the Federal Reserve System will have to transfer over to the private banks—without cost to the banks—many billions of dollars worth of Government securities which are now owned by the public.

Let us keep these points in mind. The power to create money, and the power to regulate the value of money, are powers reserved to Congress by the Constitution. But these powers are delegated. The power to create money is delegated in part to the Federal Reserve and in part to the private banks. The power to regulate the value—or to determine how much money will be in existence at any time—is delegated solely to the Federal Reserve. The Federal Reserve has the authority to decide, within wide limits specified in law, what part of a given increase in the money supply it will itself create, and what part it will allow the private banks to create. And the purpose and effect of this bill is to widen the Federal Reserve's legal authority so that it may change the money-creating shares in favor of the private banks to a much greater extent than the present law permits.

ABA'S PLAN WAS PARTLY PUT INTO EFFECT IN 1958

Let me illustrate. At the beginning of 1958, the money-creating ratio between the Fed and the private banks was 1 to 6. In other words, at the level of required reserves then specified in the Fed's regulations, the private banks could, by making loans and investments, expand bank deposits up to $6 for each dollar of their reserves. This 6 to 1 ratio also meant that for each additional dollar of bank reserves the Fed might create, as it can do by buying Government securities in the open market, the private banks could create $6 of new money, by making loans and investments amounting to $6 for each new dollar of reserves. This ratio also meant that for each $7 billion increase in the money supply which the Fed allowed to take place, the Fed would acquire $1 billion of Government securities and the private banks would acquire $6 billion of loans and investments, of which any part might also be Government securities.

But during the first half of 1958, the Fed issued new regulations which changed this ratio. It reduced required reserves to the point where the banks could create almost $7 on each dollar of reserves. This permitted the banks to create up to $10.5 billion of new money on the same amount of reserves. And the banks did in fact create $10.4 billion of new money in the process of acquiring $10.4 billion of Federal securities and increasing their holdings of Federal securities by this amount.

The alternate way in which the Federal Reserve might have provided for the creation of new money to absorb this $10.5 billion of Federal securities would have saved the taxpayers $1½ billion of principal, and save them in addition the annual interest charges on the $1½ billion of securities. In other words, if the Fed had itself bought $1½ billion of Federal securities in the open market, left required reserves of the banks as they were, this would have increased bank reserves by $1½ billion, on which the banks could have expanded loans and investments at the rate of $6 to $1, or to a total of $9 billion. In brief, the Fed would have had $1.5 billion of the $10.5 billion in Government securities, while the private banks would have had $9 billion, and the annual interest payments on the Fed's $1.5 billion would have gone back into the Treasury. If we assume an average interest rate of 4 percent on these securities, this would have meant $600 million a year going back into the Treasury instead of into bank profits. Now what does the S. 1120 provide?

THE AMERICAN BANKER ASSOCIATION'S ORIGINAL PROPOSAL

The economic policy commission of the American Bankers Association in its report to the Federal Reserve proposing this legislation set out its plan calling for these things:

First. Elimination of the separate classification, "central Reserve city" for the New York and Chicago banks.

Second. A uniform 10 percent reserve requirement against demand deposits for all classes of banks.

Third. Permitting the banks to count their "vault cash" as required reserves.

Fourth. Authority for the Board to allow any and all city banks, on an individual basis, to keep required reserves at the level set for country banks.

Fifth. Reducing reserves required to be held against time deposits to 2 percent.

At the time this report was submitted, required reserves against time deposits were 5 percent, as they are today, for all classes of banks. Required reserves against demand deposits are shown as they were then, and as they are now, as follows:

[Percent]

	1957	June 1959
Central Reserve city banks (New York and Chicago)	20	18
Reserve city banks (other large cities)	18	16½
Country banks	12	11

THE FED RECOMMENDED AMENDMENTS TO THE ABA'S PROPOSED BILL

In making its recommendations to Congress, the Federal Reserve Board made several important amendments to the ABA's legislative proposals. Vice Chairman Balderston testified before the House Committee on Banking and Currency:

The Board has given consideration to the careful and comprehensive study of the problem of reserve requirements and the proposals for changes made by the Economic Policy Commission of the American Bankers Association, and also to other plans for fundamental revisions in the reserve requirement structure. The Board has concluded, however, that far-reaching changes in the law are not necessary. In particular, the Board opposes, for reasons already stated, the abolition of the three reserve classes of banks. It would also not favor a mandate to reduce reserve requirements to any predetermined level by a given time. With the amendments proposed, along with other provisions of existing law, the Board would have adequate authority to make any changes in the structure and level of reserve requirements that are likely to be appropriate under present or foreseeable conditions.

In the main, the Board's amendments to the ABA's legislative proposal brought about *this change*. The ABA proposed to have Congress enact a law which would make it mandatory that the Federal Reserve put its proposed reserve requirements into effect, and by a specified date—June 1962. The Board's counterproposal was these changes are only permissive.

S. 1120 contains authority for the Federal Reserve to do everything the ABA asked for, but with one minor exception. The ABA asked that required reserves against time deposits be reduced to 2 percent. S. 1120 leaves the minimum unchanged at 3 percent.

As I read the bill, it gives the Federal Reserve the mechanical authority to adopt the ABA's plan. And as I read the legislative history, it contains only clear Congressional intent that this authority be used, with no commandments that it not be used. Excerpts from the legislative history appear in my remarks in the CONGRESSIONAL RECORD of June 15, beginning at page 10872.

Such an increase in the money-creating rate of the private banks must result in either of two things: One, almost doubling the money supply—a runaway inflation such as has never been approximated in our history. Or, two, in the Fed's reducing the amount of reserves it has created, by selling Government securities, so as to maintain the same money supply it would have maintained in any case. The reports of both the Federal Reserve Board and the American Bankers Association make it clear the result will be the latter, not a runaway inflation.

THE MECHANICS OF THE GIVEAWAY OF PUBLICLY OWNED GOVERNMENT SECURITIES

How, then, will this be done? The arithmetic is readily understandable to any man who works at an hourly rate of pay. If he receives an increase in his hourly pay rate, and works the same number of hours as before, he will receive more money at the end of the week. But if he receives an increase in his hourly rate, and works correspondingly fewer hours, the amount of wages he receives at the end of the week will be the same as before.

This same arithmetic explains the relationship between the amount of reserves which the Fed is holding, the level of required reserves set by the member banks, and the amount of money and credit in the banking system. Let me illustrate with some simple and arbitrary figures.

Let us assume that the amount of reserves which are posted to the credit of the banks on the books of the Federal Reserve is $100. Let us assume that required reserves of the member banks are 20 percent. Required reserves at 20 percent means that the banks can expand their deposits, by making loans and investments, up to $5 for each $1 of reserves. This would mean that the banks could have maximum deposits of $500 and maximum loans and investments amounting to $400.

Let us assume, now, that the Fed decides to reduce required reserves of the banks to 10 percent, and that it takes no other action to reduce the amount of reserves posted to the credit of the banks. This would mean that the banks could then expand their deposits up to $1,000, by making loans and investments amounting to another $500, bringing their total loans and investments up to $900. Such action could represent runaway inflation, which the Fed has said it will not allow to happen.

So, what could the Fed do to prevent an increase in the money supply in this situation? It could sell $50 of its holding of Government securities on the open market. This would reduce reserves by $50, leaving $50 in reserves. On this remaining $50 of reserves, the banks could then, at a 10 to 1 expansion rate, still have only $500 of deposits. But the difference in the two situations is that $50 of interest-bearing assets which were formerly in the vaults of the Federal Reserve, are now in the vaults of the private banks. Previously the private banks could have only $400 of loans and investments out of $500 of deposits. Now they can have $450 of loans and investments out of $500 of deposits. These three steps are shown in the following table.

We should compare particularly the example A with example C, because as the Fed has made clear, it is not going to permit this legislation to result in an increase in the money supply. Most of the money is, of course, in the form of bank deposits, and it is bank deposits that would be affected by this plan:

	Reserves	Banks' expansion rate on each $1 of reserves	Maximum bank deposits	Maximum bank loans and investments
Example A	$100	$5–$1	$500	$400
Example B	100	10– 1	1,000	900
Example C	50	10– 1	500	450

HOW THE FED EXPLAINS THE GIVEAWAY

By comparing what has happened to reserves and what has happened to bank loans and investments, as between example A and example C in the table above, we can understand precisely what the Fed means by the following statement in its report on this legislation:

To the extent necessary to avoid undue credit expansion, reserves released by any reduction in requirements could be absorbed by Federal Reserve sales of securities in the market. This would in effect shift earning assets from Federal Reserve banks to member banks. The present System portfolio is adequate to permit a substantial reduction and still leave enough to provide sufficient earnings to cover necessary expenses, as well as for current purposes of policy.[1]

This statement that reducing reserve requirements and making open market sales of the Fed's securities to absorb the reserves released "would in effect shift earning assets from Federal Reserve banks to member banks," explains the matter precisely. The effect will be to transfer Government securities from the Federal Reserve vaults into the vaults of the member banks, and without cost to the banks.

TRANSFERS OF FED'S SECURITIES COST THE BANKS NOTHING AND ARE TAX-FREE GIFTS

This statement brings out two other interesting points. First, the many nonmember State banks of the Federal Reserve System will not benefit from this legislation. The only benefits will go to the member banks. The member banks will be given additional reserves with which to buy securities while the Fed is simultaneously offering these securities for sale. Only the member banks will have additional money-creating powers with which to buy the securities. The effect is a 1-to-1 transfer, in that for each billion dollars of reserves the Fed makes available to the member banks, the Fed will sell $1 billion of its securities.

The second interesting point is this. The member banks will not pay income taxes on the free gift of these securities. The American Bankers Association's report argues that the loss of the interest payments to the Treasury will not be a complete loss, because the banks

[1] U.S. Congress, House, Subcommittee No. 2, Committee on Banking and Currency, hearings, "Member Bank Reserve Requirements," 86th Cong., 1st. sess. (1959), pp. 27–28.

pay Federal income taxes. Thus the ABA report says:

It is true that the Government would lose a small amount of revenue, since about 90 percent of the Reserve banks' annual earnings after dividends are now being voluntarily paid over to the Treasury. However, the Reserve banks were never intended to be a source of revenue to the Government, and policy regarding the level of required reserves should certainly not be determined on the basis of the effect on Federal Reserve payments to the Treasury * * * roughly half of the revenue loss would be made up by the increased income taxes paid by the new holders of the securities.

This overlooks the point, however, that the banks will not pay income taxes on the receipt of the principal amount of these securities, which will be about $15 billion. The banks have a unique position under the tax law. The Federal Government cannot give away $15 billion worth of securities to any other kind of business, or to any individual, without the recipients of these gifts paying Federal income taxes on the principal amount of the gift. There is this modification, of course. If the Fed gives the banks $80 of reserves with which to buy a $100 bond and sells the bond at $80, then when the bonds mature the banks will have a capital gain of $20. In other words, they would pay the capital gains tax on $20, but the initial gift of $80 would be tax free. So the Treasury would be better off if we amended this bill to require the Federal Reserve to divide up $15 billion of its securities and give them out to the 44 million American families, who already own the securities, because at least these families would pay income taxes on the $15 billion of principal as well as on the interest payments which they would receive thereafter.

ONLY ARGUMENT FOR REDUCING REQUIRED RESERVE IS TO INCREASE BANK PROFITS

Now what is the argument for this transfer of publicly owned Government securities from the Federal Reserve to the private banks? The fact is that one argument and one argument only has been made for the proposal. The argument is that it will increase bank profits. The report on this legislation by the Federal Reserve Board submitted to the Committees on Banking and Currency of both the Senate and the House in support of the bill which the Fed recommended—not the bill which has been reported—assumes a great many propositions. But in the conclusions which are set out on page 40 of the report—page 27 of the House hearings—one conclusion, and one conclusion only, is reached in support of the proposal. The conclusion is that it will increase bank profits. The report states:

A lower level of requirements would improve the earning position of banks and aid them in building up their capital positions.

In other words, the Fed is saying that by transferring its assets over to the banks and increasing bank profits, the banks will save more of their income. The same argument can be made for the 44 million families in the country. If their incomes are increased, they will save more.

We come now to the question of what amount of securities will be transferred from the Federal Reserve to the private banks under this legislation.

As I have pointed out, the bill contains all the authority which the American Bankers Association asked for in its original report initiating the legislation, with one minor exception, which is that required reserves against time deposits can be reduced only to 3 percent, and not 2 percent. This difference of 1 percentage point on time deposits amounts to somewhat less than $500 million of reserves.

HOW THE ABA COMPUTES A $15 BILLION GIVEAWAY

What, then, is the American Bankers Association's estimate of the effect of its plan? The plan is to be put into effect in what is called a smooth way, in gradual stages, to be completed by mid-1962. The American Bankers Association's estimate of the amount of securities that would be involved is in two components. First, it estimates that by mid-1962 the plan would reduce the amount of reserves already in existence at mid-1956 by $9.8 billion. The second component is the amount of additional securities which the Fed has acquired since mid-1956, is now acquiring, and would continue acquiring up to mid-1962, if reserve requirements were left at the levels prevailing in 1956 and 1957. In other words, the difference in the amount of reserve balances on the books of the Fed by mid-1962 will be $16.8 billion, as between the American Bankers Association's plan and what the reserves would have been if the Fed's regulations remained the same as in 1956 and 1957.

Speaking as of mid-1956, the American Bankers Association report states:

If the Commission's proposals were in effect at the present time * * * required reserve balances that member banks must maintain at the Federal Reserve banks would be $9.8 billion lower (53 percent lower) than their actual current level.[2]

Similarly, with reference to the additional securities which the American Bankers Association expected that the Fed would acquire between mid-1956 and mid-1962 with no change in reserve requirements, the American Bankers Association report states:

Reserve requirements and the growth of our economy: Looking ahead, it is clear that the needs of the public for currency and bank deposits will increase with the growth of the American economy. To meet these needs, it will be necessary to expand the reserve base of the banking system either by creating more reserves through open-market operations or by reducing reserve requirements.

* * * * *

To be more specific, if past relationships between production, currency and deposits are approximated in the future, then over the next 5 years demand deposits will increase by something like $20 billion, time deposits by about $12 billion, and currency in circulation by more than $3 billion. If such an expansion were to be met without reducing reserve requirements, it would be necessary to supply the banks with about $7 billion of additional reserve balances by means of open-market purchases of Government securities by the Reserve banks.

It would be far better to provide for this growth by lowering the reserve requirements of member banks over the coming years.[3]

We may, however, deduct $1½ billion from the American Bankers Association's estimate of $16.8 billion, because the Federal Reserve began to put the American Bankers Association's plan into effect last year. It reduced reserve requirements by $1½ billion in the first part of last year, although in this instance there was no transfer of securities to offset the $1½ billion. This $1½ billion counts against the long-run increase in the money supply, and against the additional securities which the Fed would have acquired if reserve requirements had been left at 1956 levels. Further, another one-half billion dollars might be subtracted by recognition of the fact that S. 1120 falls short of providing everything the American Bankers Association asks for with respect to this amount of reserves against time deposits. This leaves, according to the American Bankers Association's estimate, a total of $14.8 billion loss in the Federal Reserve's holdings of Government securities by mid-1962, assuming that the plan is fully in effect by mid-1962. Since the Committees on Banking and Currency of both the Senate and the House have imposed a mandatory elimination of the central Reserve city classification, and imposed a mandatory reduction in reserves of the New York and Chicago banks within 3 years—over the Federal Reserve's protest—we have some evidence that the legislative intent is that the plan will be in effect by that time.

Obviously we must assume that if the House passes the bill without amending it, the Federal Reserve will use the authority provided in the bill in the way which it has told Congress it expects to use this authority. This is particularly true since no new authority is needed to accomplish any of the minor and incidental effects which are claimed to be purposes of the bill.

THE FEDERAL RESERVE HAS CREATED BANK RESERVES, NOT TAKEN THE BANKS' MONEY

Now, what is the origin of the reserves which member banks have to their credit on the books of the Federal Reserve System? Do these reserves represent money which the banks have deposited with the Federal Reserve? Has the Federal Reserve used any of the banks' money to acquire its present holdings of almost $26 billion of Government securities? The answers to all questions are no. A report of the Federal Reserve banks of New York gives the origins of bank reserves as of 1952 as follows: In 1914 the member banks paid in in cash $1.5 billion in reserves. Gross additions to reserves between 1914 and 1952 came about mainly from two sources as follows: First, $24.7 billion purchases by the

[2] American Bankers Association, Economic Policy Commission, "A Plan for Member Bank Reserve Requirements," p. 26.

[3] Ibid, pp. 12 and 14.

Fed of Government securities from the open market; second, increase in the Treasury gold stock resulting, principally, from inflow of gold from abroad, amounting to $21.1 billion. Thus gross additions to reserves by 1952 were $47.2 billion. But the amount of currency in circulation had increased, and the point is that when the banks obtained currency from the Federal Reserve banks—either Federal Reserve notes or Treasury currency—such amounts of currency are deducted from bank reserves. Between 1914 and 1952 the amount of currency in circulation had increased by $27.4 billion, leaving net reserve balances of the member banks with the Federal Reserve at $19.8 billion. These figures are summarized below.

	Billions
Reserves in 1914	$1.5
Federal Reserve purchase of Government securities	24.6
Gold inflow from abroad	21.0
Total gross reserves	47.2
Less increase in currency in circulation	—27.4
Net reserves of member banks	19.8

What changes have taken place since 1952? The Federal Reserve report on this legislation gives the data as of November 1958. Total Federal Reserve credit had increased to $27.2 billion, of which $25.7 billion resulted from purchase of Government obligations. The remaining part of the Federal Reserve credit was in the form of loans to the member banks, "floats," and other incidental items.

Currency in circulation had increased to $31.7 billion, and member bank reserve balances stood at $18.5 billion.

THE FED HAS PAID FOR ITS $25.9 BILLION OF GOVERNMENT SECURITIES WITH FEDERAL RESERVE NOTES

In the last analysis the Federal Reserve System was able to make its large purchases of Government securities only because of the increasing demand for currency. The Federal Reserve in effect issued Federal Reserve notes, which are non-interest-bearing obligations of the United States, in exchange for interest-bearing obligations of the United States.

If you look at the Federal Reserve balance sheet, at page 601 of the Federal Reserve Bulletin for June, you will find that as of May 27, 1959 the Federal Reserve was holding $25.9 billion of interest-bearing obligations of the United States, which it had bought outright from the open market. On the liability side of its balance sheet, it shows as having outstanding $27.1 billion of Federal Reserve notes. So what has actually happened here, and Chairman Martin has stated this several times on the record, is that the Federal Reserve System has in reality bought itself $25.9 billion of interest-bearing obligations, by issuing $27.1 billion of non-interest-bearing obligations, and Federal Reserve notes which are in circulation. In other words, the Federal Reserve has acquired these interest-bearing securities by reason of the fact that the general public has been willing to accept in exchange noninterest-bearing obligations of the United States. The $25.9 billion of Government securities have been paid for with Government credit—with Government obligations. They do not belong to the private banks. The banks have no claim to them, and the American Bankers Association report makes no suggestion that the banks have any claim to them.

FIFTEEN BILLION DOLLARS OF FEDERAL DEBT SHOULD BE CANCELED

The first of the amendments which I shall offer to the bill will, therefore, require the Federal Reserve System to transfer $15 billion of these securities to the Treasury for immediate cancellation. This will reduce the national debt by $15 billion.

Now, I fully expect that Chairman "Uncle Billy" Martin will scream "bloody murder" at this suggestion. He has his heart set on transferring these securities to the banks. He has figured out a way to transfer these securities without cost to the private banks, which they do not own and have no claim to, and without unbalancing the Government's books. But I fully expect that when he encounters the proposal that $15 billion of these securities be transferred from one Government agency to another, he will proclaim that this cannot possibly be done without unbalancing the Government's books, bankrupting the Federal Reserve System, resorting to "greenback financing," setting off inflation and international consequences, and all that sort of demagogery.

Why the suggestion that $15 billion be transferred to the Treasury? This is what the American Bankers Association has said in its report proposing this legislation:

> It is clear from the figures that the System's holdings are far in excess of the amount needed for the Reserve banks to cover expenses and dividends. Even if these holdings were reduced by as much as $15 billion, the System would still have some net earnings after dividends.[4]

This was said, furthermore, with reference to the Fed's holdings of Government securities at mid-1956, when these amounted to only $23.7 billion—not the $26.9 billion as of today:

THE FED ADMITS IT DOES NOT NEED TO HOLD $25.6 BILLION OF GOVERNMENT SECURITIES

And this is what is said in the report which the Federal Reserve Board submitted to the Committees on Banking and Currency on this legislation:

> To the extent necessary to avoid undue credit expansion, reserves released by any reduction in requirements could be absorbed by Federal Reserve sales of securities in the market. This would in effect shift earning assets from Federal Reserve banks to member banks. The present System portfolio is adequate to permit a substantial reduction and still leave enough to provide sufficient earnings to cover necessary expenses, as well as for current purposes of policy.[5]

Certainly $10.9 billion of securities will leave the Fed with an amount much more than adequate for its needs. In 1958, the Fed's distribution of its income was as follows:

	Millions
Income	$742
Expenses	159
Surplus reserves	59
Paid back to Treasury as interest on Federal Reserve notes	524

So if we assumed that the Fed will receive an average interest rate of only 3 percent on its holdings of Government securities, this would give it an income on $10.9 billion of $327 million, which is more than twice the income it needs for expenses.

I expect to offer, therefore, an amendment to S. 1120 which will require the Federal Reserve to transfer immediately $15 billion of its holdings of U.S. Government securities to the Treasury for cancellation. If this amendment is not accepted, I will then offer an alternative amendment.

AMENDMENT NO. 1

The effect of the first amendment would be to transfer $15 billion of the Government securities being held by the Federal Reserve over to the Treasury for cancellation. In addition, this amendment offers one of the ways in which the bookkeeping can be taken care of. I have no doubt there are many ways that the books can be kept in balance. For example, the Treasury could issue the Federal Reserve a non-interest-bearing note to replace the $15 billion on the asset side of its balance sheet. My amendment, however, simply transfers $15 billion of the Federal Reserve's so-called liabilities for outstanding Federal Reserve notes over to the Treasury. In reality the Federal Reserve notes are already liabilities of the Treasury, as evidenced by the following:

First. These notes say so on the face of them, and they are signed by the Secretary of the Treasury and the Treasurer of the United States, not by the Federal Reserve Board.

Second. These notes are secured by the Treasury's gold, and like any other dollar credits, foreign central banks may obtain the Treasury's gold in exchange for them.

Third. When the Federal Reserve returns its unused income to the Treasury, it describes this payment, in language of its own choice, as "interest on Federal Reserve notes."

Fourth. All of the Federal Reserve notes outstanding are already carried on the books of the Treasury as "contingent liabilities" of the Treasury.

I will insert at this point a portion of the Daily Statement of the U.S. Treas-

[4] American Bankers Association, Economic Policy Commission, "Member Bank Reserve Requirements," page 29.

[5] U.S. Congress, House, Subcommittee No. 2, Committee on Banking and Currency, hearings, "Member Bank Reserve Requirements," 86th Cong., 1st sess. (1959) p. 28.

ury for April 30, 1959, wherein the full amount of $26 billion of Federal Reserve notes outstanding on that date are shown as contingent liabilities of the Treasury:

Statement of contingent liabilities, Apr. 30, 1959

[Compiled from latest reports received by Treasury]

On credit of the United States:				
U.S. Postal Savings System (Act June 25, 1910, as amended):				
Deposits	Date of deposit	On demand	Percent 2	$1,081,792,589.00
Interest		do		85,923,008.00
Canal Zone Postal Savings System (Act June 13, 1940):				
Deposits	Date of deposit	do	2	5,694,090.00
Interest		do		255,721.78
Total based on credit of the United States.				1,173,665,408.78
Other obligations: Federal Reserve notes (face amount) (Act Dec. 23, 1913, as amended).				26,044,789,951.00

So this makes the matter of keeping the books in balance very simple.

Subsection (c) of section 4 of this amendment would simply direct the Secretary of the Treasury to enter $15 billion on the Treasury books as a direct liability, and subtract the same amount from the Treasury's "contingent liabilities" for Federal Reserve notes.

The amendment will not require the Federal Reserve to call in $15 billion of the outstanding Federal Reserve notes and require the Secretary of the Treasury to issue a corresponding amount of currency of some other kind. These notes are not expected to be "redeemed." They will remain in circulation for the convenience of business and consumers in carrying on trade and commerce. Furthermore, the only thing that these Federal Reserve notes could be redeemed for, are other Federal Reserve notes.

Amendment No. 1 is as follows:

On page 8, immediately after line 17, insert the following:

"SEC. 4. (a) The Board of Governors of the Federal Reserve System shall direct each Federal Reserve agent to transfer to the Secretary of the Treasury an amount of interest-bearing obligations of the United States held by him as security for Federal Reserve notes such that the aggregate of the face amounts of the obligations so transferred shall equal $15,000,000,000. Such transfers shall be effected not later than 15 days after the date of enactment of this Act.

"(b) Each Federal Reserve bank, upon the execution of the transfers directed by subsection (a) of this section, shall be relieved of liability as to an amount of the Federal Reserve notes issued to it equal to the sum of the face amounts of the obligations held for the account of such bank and so transferred.

"(c) The Secretary of the Treasury shall transfer on the books of the Treasury, from contingent liability on Federal Reserve notes to direct currency liability, the amount of Federal Reserve notes as to which the several Federal Reserve banks are relieved of liability pursuant to subsection (b) of this section."

If amendment No. 1 is not accepted, I will then offer amendment No. 2.

AMENDMENT NO. 2

Amendment No. 2 would not require the transfer of any of the Fed's securities to the Treasury. It would, however, safeguard the public's interest by these provisions: First, it would prevent the Federal Reserve from reducing its holdings of Government securities to an amount less than $25 billion. This will make sure that there is no giveaway of these securities, at least not in a huge quantity. Further, this amendment would require the Federal Reserve in the future to maintain approximately the same division of the money-creating powers as between itself and the private banks as prevails at present.

On May 27 the Fed's holding of Government securities amounted to a sum equal to 25 percent of net demand deposits of the member banks. The effect of the amendment would be to make sure that as the Federal Reserve allows the private banks to create more deposits, it will also acquire more Government securities at approximately the same ratio as at present. Specifically, the amendment would make sure that on a yearly average basis the Federal Reserve holdings would not fall below 24 percent of demand deposits.

Amendment No. 2 is as follows:

Page 8, immediately following line 17, insert the following:

"SEC. 4. Section 12A of the Federal Reserve Act is amended by adding at the end thereof the following new subsection:

"'(d) The Committee shall direct the several Federal Reserve banks to hold such an amount of interest-bearing obligations of the United States that—

"'(1) the amount so held shall at no time be less than $25,000,000,000, and

"'(2) the average amount so held during any calendar year shall not be less than 24 percent of the average demand deposits in all member banks (excluding interbank deposits, cash items in process of collection, and United States Government deposits) during such year as determined by the Board of Governors of the Federal Reserve System.'"

Mr. Speaker, I now ask unanimous consent that in two instances, at this point in the RECORD, I may be allowed to revise and extend my remarks and to include extraneous matter, on two other subjects.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

TWO SENIOR SPECIALISTS OF RESEARCH INSTITUTIONS CONDEMN BOND GIVEAWAY BILL, S. 1120

Mr. PATMAN. Mr. Speaker, I have letters from the senior research specialists of two notable, nonprofit research institutions—the National Research Institution of Oakland, Calif., and the Brookings Institution of Washington, D.C.—both of whom oppose passage of S. 1120.

One of these letters is from Mr. Lester O. Wisler of the National Research Institution, addressed to the Committee on Banking and Currency of the House of Representatives for the attention of the Honorable BRENT SPENCE, chairman. Mr. Wisler, who is trustee of the National Research Institution and its senior research analyst, sent a copy to me asking that I call the letter to the attention of the whole committee.

Dr. John G. Gurley is a distinguished economist and educator. He is associate professor of economics at the University of Maryland, is the author of several books in the field, and is presently engaged in research in money and banking for the Brookings Institution. The two letters are as follows:

NATIONAL RESEARCH INSTITUTION,
Oakland, Calif., June 25, 1959.

COMMITTEE ON BANKING AND CURRENCY,
House of Representatives,
Washington, D.C.

(Attention of Hon. BRENT SPENCE, Member of Congress (Ky.), chairman.)

GENTLEMEN: Several hundred of your House Report No. 403 of the 86th Congress, 1st session, were mailed out of this office to citizens of all levels, including economists and research analysts concerned with banking and currency.

The bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act, with respect to the reserve required to be maintained by the member banks of the Federal Reserve System is preposterous; especially so in the proposed authorization to treat vault cash as reserves.

The dissenting views of Representative WRIGHT PATMAN are overwhelmingly pronounced as sound advice to be followed by all members of your committee to vote "No" on the passage of the bill (S. 1120).

Sincerely,

LESTER O. WISLER,
Research Analyst, since 1915.

(Copy for Hon. WRIGHT PATMAN, Member of Congress. Please see that this letter is read to the whole committee.)

THE BROOKINGS INSTITUTION,
WASHINGTON, *June 29, 1959.*

HON. WRIGHT PATMAN,
House of Representatives,
Washington, D.C.

DEAR MR. PATMAN: It is my understanding that S. 1120 (H.R. 5237), the vault and bank reserve bill, will come before the House for a vote tomorrow, and I am writing to urge that it be defeated.

This bill does not change the goals of monetary policy, and there is no indication that it would increase the ability of the Federal Reserve to achieve its present policy aims. Instead, the bill is designed to transfer earnings assets from the Federal Reserve banks to commercial banks and to redistribute earnings assets among the several classes of commercial banks. The major effect of the bill would be to increase net earnings of commercial banks at the expense of the Federal Reserve banks. The increase in banks' net earnings would raise their capital accounts, principally by increasing their ability to float new stock issues. A side effect of the bill would be to raise

interest rates on Federal Government securities relative to those on private securities.

I am opposed to passage of this bill for three reasons. First, the supporters of the bill have presented no evidence whatsoever that higher net earnings and capital accounts of commercial banks would increase the efficiency with which the Federal Reserve carries out its monetary policies. And yet this is the only justification for higher bank earnings. What is needed, before any decisive action is taken on this bill, is an examination of what the proper level of bank earnings and capital accounts should be. The proper level is that which maximizes the efficiency of monetary controls; but what this level is has not been determined.

Second, even if it is felt by Congress that bank earnings should be raised, there are alternative means to achieve this end, and Congress has not been given the opportunity to examine these alternatives. The alternatives include changes in service charges on demand deposits, changes in interest rates paid by commercial banks on time deposits, and the payment of interest by the Federal Reserve to commercial banks on their reserve balances. This last alternative especially should be given serious consideration, not only as a means of influencing bank earnings but also as a means of implementing monetary policy and of influencing banks' choice between vault cash and reserve balances at the Fed.

Third, the effect of the bill would be to raise interest rates on Federal Government securities relative to those on private securities. This would happen because commercial banks would quite likely purchase both private and Government securities as they expanded their earning assets, while the Federal Reserve would be selling only Government securities. Therefore, the supply of Government securities would exceed the demand for them, driving up interest rates on these securities. At the same time, the increase in demand by commercial banks for private securities would lower their interest rates. Congress has had no opportunity to examine the desirability of this outcome, which would undoubtedly have an effect on the allocation of resources in the economy.

Sincerely yours,

JOHN G. GURLEY,
Senior Staff.

BANK PROFITS HAVE JUMPED AGAIN — 135-PERCENT INCREASE IN THE PAST 10 YEARS

Mr. PATMAN. Mr. Speaker, the Federal Reserve Board has just released its report on profits of the member banks for 1958. Bank profits last year jumped another 25 percent over the previous year, 1957.

The member banks made profits of $116 million just from speculating—buying and selling securities—most of which are Government securities. In addition, the banks made $1,266 million in interest on Government securities.

Over the past 10 years bank profits have increased by 135 percent. Furthermore, profits, after taxes, gave the highest rate of return on stockholders' money in the banks of any year for the past 10 years, exceeding even the bonanza year of 1954. Profits after taxes, as a percent of captal accounts which included the banks' surplus in undivided profits, came to almost 10 percent.

Earlier this year, the Federal Reserve Board submitted to the Committees on Banking and Currency of the Senate and the House a report supporting the bond giveaway legislation, S. 1120, giving as its reason that the legislation would help the banks make more profits. This is a remarkable thing, it seems to me, when bank profits are at an all-time high and are still going up. The following table is a partial reproduction of a table which appears in the Federal Reserve Bulletin for June:

Earnings of member banks of the Federal Reserve System, 1948–58

[Dollar amounts in millions]

	Selected earnings			Total earnings	Net profits after taxes	Ratio of net profits to average total capital accounts (percent)
	Interest earnings on U.S. Government securities	Profits from buying and selling securities	Earnings on loans			
1948	$855	$55	$1,308	$2,838	$621	7.2
1949	859	64	1,427	2,986	286	7.6
1950	865	82	1,634	3,265	781	8.3
1951	832	52	2,003	3,669	756	7.6
1952	929	29	2,306	4,120	829	7.9
1953	1,011	35	2,632	4,590	865	7.8
1954	1,066	375	2,711	4,826	1,096	9.3
1955	1,118	51	3,083	5,343	985	7.9
1956	1,101	28	3,725	6,078	1,027	7.7
1957	1,168	57	4,208	6,771	1,169	8.3
1958	1,266	612	4,326	7,127	1,457	9.7
Percentage of increase 1947–58	+37	+1,013	7,231	+151	+135	+3.5

Source: Board of Governors of the Federal Reserve System, Federal Reserve Bulletin, June 1959.

Mr. WOLF. Mr. Speaker, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Iowa.

Mr. WOLF. Mr. Speaker, I merely want to state that I would like to be associated with the gentleman who took part in the excellent dissertation this afternoon and have the RECORD show that I support the positions presented here today.

RAISING THE INTEREST RATE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Wisconsin [Mr. FLYNN] is recognized for 10 minutes.

Mr. FLYNN. Mr. Speaker, in view of the fact that a bill of great importance to the entire country is to be debated here tomorrow, I would like to take just a moment to discuss a few of the issues.

I believe we have had a splendid discussion here by many Members of Congress this afternoon and I agree most heartily with the views of many of the Members. If we were to look at the U.S. News & World Report of June 15 of this year, we would find that the Chairman of the Federal Reserve Board states that as far as he is concerned, he just is not listening, his mind is closed. He is going to follow the same policies that the bank has been following, a hard money policy, a scarcity of money policy. And that is one which is having the effect of starving the economic life of the Nation.

As I see it, this has several facets. There is first the question of interest. There is second the question of inflation. There is third the question of the welfare of all of the people of the country. And what are we going to do about it?

To begin with, the supply of money in existence must have some relationship or ratio to the gross national product. When I first started in business I found that just a few dollars would run that business. But as the business grew I found that it took many thousands of dollars to run that business. In other words, as business increases, it takes more money to operate business with. That is true of this Nation.

When we are turning out a gross national product in excess of $600 billion, as we are at the present time, as compared with some $70 billion before World War II, it stands to reason that we must have a larger money supply with which to do business, at the present time, than we had then.

Yet this Congress has given up all control over the supply of money, and does not have the ability to create the money that our economic life needs in order to be healthy, in order to expand as a growing economy should expand.

How can this money be created? If the Federal Reserve Bank, which is an instrument of this Congress, fails to play the part that I feel the majority of the Members in this Congress want it to play—that is, to be the instrument through which this additional money is created, in order that we may have, in the lifestream of business, adequate money to do business on. It appears to me that this Congress has little control over the activities of the Federal Reserve Bank. The President, who appoints certain members to the Open Market Committee, with the approval of the Senate, might be the only one who has any control over the Federal Reserve Bank. We are faced with their insistence that they are an independent agency and not subject to the will of any administrative agency. But they are a creature of the Congress, but yet one that needs take no orders from Congress. They can appear before our congressional committees and refuse to bend to the will of these committees. Then what can be done? As I see it, there is very little that Congress can do. But I state that there is something that could be done if we got the cooperation of the Federal Reserve Board.

What could be done is that the Federal Reserve Board, through the simple op-

eration of buying Government bonds, can use these bonds, with the power that it has to increase the money supply. For every billion dollars of Government bonds it buys, it can create new money to the extent of some $4 or $5 billion. It can pump new blood into the lifestream of our economy.

I liken it to a situation where, if we had 180 million in this country and we had a famine and only enough food to feed 120 million people, then the strongest, the healthiest, the most able, are going to get the food and the other 60 million of necessity are going to die, because there will be no food to sustain life. If we have only enough money for a part of our economy, our entire economy cannot flourish. It is no different in this case. If your own body requires say 6 quarts of blood and you have but 4 quarts in it, it will not be healthy, it will not be strong and able to carry on.

The problem is pumping into the lifestream of our economy adequate money to permit our economy to flourish. The banks are failing to create the money that this economy needs to be healthy. They have created a scarcity in the money market. Through the creation of this scarcity, there is, as we find in other branches of business, the law of supply and demand and when you have scarcity, the price goes up. So the price of money has gone up to the point where they can get more from the individual borrower than they can get from Government bonds. They now ask us to take the ceiling off the interest rates on Government bonds so that they can get more from the Government than they can get from the individuals or the corporations. When you do that, they will then increase the rate to individuals and corporations and they will have a steady seesaw with the rate going up and up and up. Already many private banks are charging 7-percent interest, and if we take the ceiling off Government bonds so that banks can charge 5 percent or 6 percent on them, it will not be long before we see private interest rates at 9 percent or 10 percent. I am interested in this problem largely because of the little man, the small businessman, the small corporation, and the small farmer. I, as I know most Members of this body are, am a member of the boards of directors of several small companies. When, as in the June 15 issue of the U.S. News & World Report, the head of the Federal Reserve Bank says the Government must compete like anybody else with municipals and cities and States and corporations big and small in the money market, what does that mean? It means that the small man doing business and the small corporation and small farmer cannot compete with the big corporations and with the municipals and with the Federal Government. They cannot pay the high interest rate in a market where there is scarcity of a money market with ever-spiraling increases in the interest rate. What does that mean, Mr. Speaker? It means this. When the small businessman and corporation cannot borrow money because of the high interest rate that he must pay, or the points which he must pay is out of sight, that small business succumbs and goes bankrupt. There are more bankruptcies in this Nation today than there have ever been in the history of this country, and at a time when economic prosperity is reported to be at its peak. The stock market is going up and up, with ever-spiraling profits, and yet there are more bankruptcies than there has ever been in the history of this country. When you tighten the money market still further, it merely means that the small corporation will continue either to go out of business by selling out or quitting if he is able to or by going bankrupt in order to clean the slate of bills that he owes. That is the effect of the hard money policy. This will be the effect if we raise the interest ceiling on Government bonds. This will be what will happen to the small and little people. When that happens, Mr. Speaker, I say to you that we will have a depression which is so much worse than the depression of 1929 and a depression that will be brought on so quietly and quickly that we will go from a period of prosperity immediately into a period of depression, just as happened in 1929.

I am not too young to remember what a thriving economy we had until all of a sudden and without notice or warning, we went into a period of depression, where not only the little man lost but the big man lost with him. That depression was brought on through the same policies of the bankers and the Federal Reserve that they are trying to put into effect today. This is a repetition of 1929.

Mr. Speaker, I do not like to impugn the motives of anyone but there is greed in all of us. There is greed in the human system and we are all anxious to make as much as we can. The greed of the bankers to make as much as they can today and to get an interest rate as high as they can on the money that they have to lend, and to get the biggest return they can for themselves and their stockholders is the motivating force behind this bill. That greed, if it is not tempered by the will of the Congress, will lead this Nation in not too many months into a very, very serious depression.

The only inflation that exists today is the inflation in the money market. We have inflation, in that we are paying more interest, and this country next year will pay some $6 billion in additional interest because of an approximately 2 percent rise in the interest market. Each one of those dollars is an inflationary dollar, because this country gets not one penny in the form of services and/or commodities for the money that it pays. These are inflationary dollars. We cannot stop inflation by feeding inflation. When we agree to an increase in the interest rate, we are voting for the very thing that has brought about the inflationary situation that we have today in the money market.

PANAMA CANAL ZONE: TERRITORIAL SEA LIMITS

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Pennsylvania [Mr. FLOOD] is recognized for 15 minutes.

Mr. FLOOD. Mr. Speaker, the American Isthmus since the Suez Canal crisis of 1956 has been the scene of a series of acute situations. All of them in some degree have affected the relations between the Republic of Panama and the United States.

Among those crucial incidents the one which evoked the quickest and strongest reactions on the part of the United States and other great maritime nations was the enactment by the National Assembly of Panama of Law No. 58, approved December 18, 1958, by President Ernesto de la Guardia, Jr. This measure declared the extension of Panama's territorial waters from the internationally recognized 3-mile limit to a 12-mile limit, which extension included sea areas 9 miles wide at both ends of the Canal Zone and is in line with Soviet policy.

As pointed out at considerable length in my address to the House on February 25, 1959, this unilateral action by Panama was taken without regard to existing treaty provisions. One of its obvious purposes was the maritime encirclement of the Canal Zone, in effect, to make the Zone, including the Canal, another Berlin.

The United States was the first to protest. In a Department of State note delivered on January 9, 1959, to the Panamanian Government, the United States declared its nonrecognition of the Panamanian enactment. The note described the Panama action as regrettable in view of the forthcoming international conference to consider the extent of territorial waters; stated that there is no obligation on the part of states adhering to the 3-mile rule to recognize claims of other States for a greater width, expressed the hope that Panama would reconsider its action, and reserved all rights of the United States in the affected areas.

This protest also pointed out that the Panamanian act cannot affect the rights of the United States with respect to the Panama Canal under article XXIV of the 1903 Hay-Bunau-Varilla Treaty. Because of the importance of its provisions I quote the pertinent paragraph, which is clear and unambiguous:

> No change either in the Government or in the laws and treaties of the Republic of Panama shall, without the consent of the United States, affect any right of the United States under the present convention, or under any treaty stipulation between the two countries that now exist or may hereafter exist touching the subject matter of this convention.

Instead of complying with the request of the United States, the National Assembly of Panama on January 13, 1959, unanimously voted not to reconsider, thus leaving the conflict unresolved.

At this point, Mr. Speaker, it is well to emphasize what I have previously stated in this Chamber: That existing treaty provisions grant exclusive U.S. control over the maritime approaches to the Panama Canal from one high sea to the other as essential for free and open navigation and efficient operation; that the Canal Zone is constitutionally acquired domain of the United States; and that if there is to

be any change in the extent of the territorial seas at the isthmus it must apply to the Canal Zone as well as to the Republic of Panama.

The last Geneva Conference on the Law of the Sea adjourned on April 28, 1958, without resolving the question of width of territorial seas. Another international conference will meet in March 1960 and take up this problem. I am sure that I reflect the views of every Member of the Congress that the marine approaches to the Panama Canal are vital features that the U.S. delegation must ever bear in mind for safeguarding as essential for the efficient operation of the Panama Canal. There should never be any territorial interposition between this artery of world commerce and the high seas.

There are many angles to the marginal sea problem. The situation at Panama has served to produce considerable discussions of it with growing understanding. The latest significant contribution was an able address on June 8, 1959, on "The 12-Mile Limit: Its Disadvantages" by Capt. Luis V. Castro, U.S. Navy, district legal officer of the 15th Naval District, before the Canal Zone Post, Society of American Military Engineers.

Because the headquarters of the 15th Naval District are at Balboa, Canal Zone, Captain Castro has had the advantage of close observation of the isthmian problem. Though he does not specifically mention either the Panama Canal or Canal Zone, the general principles presented by him are pertinent and applicable to the Panama situation. To make Captain Castro's thesis easily available, especially to Government agencies, I quote the text as part of these remarks:

THE 12-MILE LIMIT: ITS DISADVANTAGES
(By Capt. Luis V. Castro, U.S. Navy, district legal officer, 15th Naval District, Balboa, C.Z.)

At the United Nations Law of the Sea Conference held in Geneva early in 1958 agreement was reached on a number of significant matters. Conventions were adopted on (a) the territorial sea and the contiguous zone, (b) the high seas, (c) fishing and conservation of the living resources of the high seas, and (d) the Continental Shelf.

However, two important and troublesome questions, (a) the breadth of the territorial sea and (b) fishery rights in a contiguous zone, were left unsettled.

The Geneva Conference on the Law of the Sea was convened on February 24, 1958, and finally adjourned on April 28, 1958.

In the eyes of the world, and particularly in the somewhat meager press coverage in the United States, the major problem facing the Conference appeared to be the determination of the legal limit of the territorial sea appertaining to a coastal state. The rest of the work was largely ignored in the press. It is true that the Conference was not able to resolve this inordinately difficult and controversial question. But this should not obscure the fact that, although several proposals as to the breadth of the territorial sea which would have been detrimental to the free world were advanced, none were adopted. Nor should it dim the success which the Conference achieved on other topics, some of which were equally involved and charged with political connotations.

President Eisenhower and the late Secretary of State Dulles, as well as the Chairman of the U.S. delegation, knew before we entered the Conference that it would be an exceptionally difficult one for many reasons.

The U.S.S.R. Colonial Empire was insisting, for military reasons, on a 12-mile or greater territorial sea, a breadth of which, of course, had not been recognized in international law. The attitude of some of the Arab League countries toward the problems of the law of the sea was colored by the problem of Israel's rights of passage through straits connecting international bodies of water in the Gulf of Aqaba. Some of the Arab States (Saudi Arabia and United Arab Republic) had announced unilaterally their assumption of a 12-mile territorial sea just after the Conference convened.

Several newly created states brought to the Conference a body of resentment toward those to whom they formerly were in a colonial position or at least a wish to exercise their sovereignty and make their own decisions with respect to the rights of older nations to fish off their coasts.

Chile, Ecuador, and Peru had claimed 200 miles of territorial sea, or of exclusive jurisdiction, vitally affecting our tuna fleets' operation in those waters, while Argentina had claimed sovereignty over the epicontinental sea (the water above the Continental Shelf), which would extend for hundreds of miles in many areas of the Atlantic coast. Mexico had claimed 9 miles, striking at our shrimp fleets' rights to operate in parts of the Gulf of Mexico. Canada claimed the right to regulate fishing for 12 miles off its coast, despite the claimed historical rights and practices of other nations fishing off the Canadian coast, and had sponsored a proposal which, while retaining the 3-mile territorial sea, would grant exclusive fishing rights for 12 miles to the coastal state.

This variety of conflicting claims and purposes insured a stormy passage at the conference table for the United States. Not only were we to meet the usual Soviet tactics of delay, deceit, and detour accompanying a bland disregard of facts, but also expression of pious altruism for the problems of the newly created states as against the sinister motives of the maritime powers. We were also to be faced, on some matters, with the opposition of nations such as some of our good friends in Latin America and Canada who were normally on our side in international negotiations.

What was at stake? The United States together with Great Britain, Japan, Holland, Belgium, Greece, France, West Germany, and other maritime nations, adopted as its first goal in the Conference the preservation of the traditional limit of the territorial sea at 3 miles except as modified by reasonably greater historical limits. It did so, not simply because that limit has long been recognized in international law, but for compelling military and commercial reasons.

The territorial sea is the belt of water running along the coast over which the coastal state exercises sovereignty, subject to certain limitations imposed by international law. Any extension of the width of the nation's territorial sea or of its internal waters cuts down the freedom of all other nations to sail on, fly over, or lay cables in, what was formerly the high seas. There is no right for aircraft to overfly another nation's territorial sea except under a treaty, with its consent, or pursuant to the Chicago Civil Aviation Convention of 1944 as to the contracting parties thereto.

Yes; strange as it may seem we are still anxious to keep a narrow belt for the territorial sea, and we realize how, without understanding our reason, you may feel that our attitude stems from a desire to hold on to the traditions of the past; or because we are capricious.

I assure you that none of the above motivate us.

Our adherence to a narrow territorial sea finds its origin in the security of the free world—our security and the security of every country in the world dedicated to the principles of democracy.

In March of next year we shall meet again to tackle our unresolved problem—the breadth of the territorial sea. We are hopeful that this time our position will be better understood. I hope that, from this short presentation, will come a better understanding of this problem by you and by those to whom you may relay the information. Let us start the presentation by considering the strategic situation which confronts us.

The United States believes that a narrow territorial sea is in the interest of all countries of the free world for numerous reasons. (Later on I will endeavor to dramatize these reasons.)

1. Encroachment on the high seas: Every extension of the territorial sea is an encroachment on the high seas. It reduces the area held in common and long used for the common benefit. Such encroachments conflict with the doctrine of "freedom of the seas" to which all nations have wisely subscribed.

2. Futility: Conventions adopted at the first Law of the Sea Conference provide that coastal states may exercise jurisdiction beyond the limits of the territorial sea over the resources of the Continental Shelf; for such purposes as customs, immigration and sanitation control; and for the prevention of smuggling. Likewise fishing interests are, or can be, protected by conventions or agreements without an extension of territorial seas.

3. Dangers in piloting: Extensions of national control over areas of the high seas would create situations harmful to navigation and trade. Numerous areas which under a 3-mile limit allow an absolute right of passage for commercial vessels will be altered in character. A broad territorial sea would, inter alia, increase hazards of navigation by increasing the difficulties of piloting for vessels which choose or are required to remain beyond territorial limits.

4. Financial burdens: Broad territorial sea would impose financial burdens on all nations in order to administer and patrol the enlarged areas over which their criminal, and other, laws would apply, and to establish and maintain the aids to navigation required by international custom. Significantly, only 20 percent of the world's lighthouses have a range of 12 miles.

5. Dispersibility: The non-Communist world is an oceanic grouping of states; it depends on the seas for its life. The navies of the free world play a critical role in its defense in time of war. In peacetime their ability to operate effectively helps to preserve peace. Yet to operate effectively they have important needs: Under modern conditions of war, they especially need large high seas areas to allow dispersion against possible atomic attack. In several critical marine bodies a wide territorial sea would severely restrict naval operations.

6. Right of "innocent passage": Aircraft, both military and civil, have no right of "innocent passage" comparable to that of ships. Territorial sea extensions threaten to restrict freedom of civil flight and to affect defensive military air operations. Further, in the case of warships the right of innocent passage is not clearly established except through certain straits. Of 38 major international straits through which, under a 3-mile territorial sea, aircraft and ships have an absolute right of passage, 35 would be affected by a 12-mile territorial sea.

7. Danger in case of war: An extended territorial sea would in many areas create an attractive corridor and wide, natural, deep safe havens for use by hostile submarines. Surface vessels, easily detected in violations of neutral waters, would be handicapped from taking effective countermeasures.

8. Breach of neutrality: Any extension of the breadth of the limits of territorial seas would increase correspondingly the risk that the neutrality of the seas of nonbelligerents would be violated in the event of a future war. Thus the likelihood that nonbelligerents would become involved in the conflict would be increased.

The following are arguments which have been put forward by those who advocate a wider territorial sea.

1. That a 12-mile territorial sea is legal under international law. This is not really an argument but a statement of fact assuming that an international conference determines upon a 12-mile territorial sea. If it is not so determined, all nations increasing their territorial sea to 12 miles are not doing a legal act under international law.

2. It is necessary to have a wide territorial sea in order for a country to obtain jurisdiction over fisheries near its shores.

Comment: It is the U.S. view that fishery jurisdiction can be separate from complete sovereignty over sea areas, just as are administrative arrangements regarding customs, sanitation and immigration; and that special rights in offshore waters may be recognized without changing their character as high seas. As regards conservation, the United States believes that the most effective approach is through special arrangements or agreements between the parties concerned, dealing exclusively with these problems. The special interests of the coastal state in the maintenance of the productivity of the living resources in areas of the high seas adjacent to its coasts, as well as the right of the coastal states to adopt unilateral measures of conservation under certain conditions of urgency, was recognized in the Convention on Conservation of Living Resources on the High Seas adopted at the last conference.

3. The determination of the breadth of the territorial sea is the prerogative of each independent nation.

Comments: The United States believes that the high seas are the common property of all and that no state can expropriate any of this common property by unilateral act. Further, the common interest and proximity of states makes uniformity as regards territorial seas necessary.

4. Some Arab countries have favored a 12-mile limit because of the supposed effects such a limit would have on traffic through the Gulf of Aqaba.

Comment: Even if a 12-mile limit were adopted, the right of free or innocent passage could not be affected.

5. Since almost 40 states now claim territorial seas of various widths greater than 3 miles, the 3-mile rule is no longer established international law.

Comment: The 3-mile limit has long had general acceptance as a rule of international law. In spite of recent defections more states will recognize the 3-mile limit to the territorial sea than any other single breadth. It is the view of the United States that the territorial limit cannot be changed except by general acceptance of a new limit through international agreement.

6. Some states reason that since the 3-mile rule was developed by the old colonial powers and is still favored by them, it must ipso facto be repudiated as contrary to the interests of newly independent nations.

Comment: The 3-mile limit rests on a foundation of logic and facts, which if given an opportunity to be heard, should prevail over emotional argument. Every opportunity should be taken to show that agreement on a narrow limit to the territorial seas is in the interests of all free world countries, large and small, old and new, coastal and land locked.

7. A few states argue that a territorial sea limit of more than 3 miles is written into their constitutions or laws and is therefore unalterable as far as they are concerned.

Comment: There are legal and constitutional problems in several countries. However, the United States does not accept that these are insurmountable. The United States, too, has laws which will require modification if agreement is on a territorial sea of more than 3 miles. In fact the very purpose of the second conference is to bring conflicting practices and laws into harmony.

At the Geneva Conference the United States put forward a compromise proposal which in essence would have provided for a 6-mile limit to the territorial sea plus an additional 6-mile fishing zone in which fishing rights of other states established in the outer zone through fishing in the area during the preceding 5 years would continue. This proposal received more votes than did any other put forward at the Conference, but failed to receive the required two-thirds of the votes cast. The United States thereupon announced that, as its compromise proposal had failed of adoption, it would continue to adhere to the 3-mile limit for the territorial sea as established by international law.

The United States is actively preparing for the Second Law of the Sea Conference anticipating that agreement will be achieved on the territorial seas and fisheries issues. The U.S. position will be flexible to the extent possible in relation to our overall interests. It is recognized that to be accepted by the required two-thirds majority at the Conference, a formula must be found which will attract more support than did the U.S. compromise proposal at Geneva. The United States looks forward to an atmosphere of accommodation and conciliation during the period of the very necessary preparations which must precede the Conference and will encourage and participate in a free exchange of views to the end that a formula acceptable to the required majority may be developed. The United States will approach the Conference in a spirit of good will and compromise. It is hoped that other countries will do likewise.

As I offered before, I will dramatize the arguments against the 12 miles now. This is mostly based on a presentation sponsored by the International Law Division, Office of the Judge Advocate General of the Navy, in Washington and offered by Capt. Rafael Benitez, a submarine officer. He conducted these presentations in the Spanish language.

The United States is today joined with over 60 nations in defensive pacts. This is the free world.[1] We are proud to be numbered among its members. We are aware of the importance of each one of the nations represented; we are also aware of the desire of each nation to contribute within its means to the preservation of the Christian principles to which we are dedicated. We have joined together, voluntarily, in equal dignity, for our mutual protection and for the preservation and perpetuation of our way of life.

Unfortunately we are widely scattered. Although spiritually joined together, countless miles separate us physically. In most instances only the sea provides the link between us. This is particularly true in time of war when we realize that 95 percent of all war material must be moved by sea. It is a sobering thought to learn from our studies that more than 60,000 miles of vital ocean routes must be protected to keep us joined one to the other.

To gain a better understanding of the importance of the sea to us, let us look at a small segment of it. This slide shows the South Atlantic. Each dot represents a ship. Every day more than 2,000 merchant ships travel the South Atlantic sealanes. Worldwide between 6,000 and 7,000 merchant ships are at sea daily.

Now place yourselves in the shoes of the Russian high command. What is the obvious way of crippling us; of dealing us a mortal blow? The answer—to separate us, i.e., to break us away from each other physically. That is the purpose of the Russian Navy.

Do we have the evidence to prove their design? Yes, the growth of the Russian Navy. Russia, as you well know, is a land power with internal lines of communication and supply. Why does she need a navy except to challenge our control of the sea? The Russian Navy is new, powerful, well balanced for its intended purpose. Further, it is growing rapidly. Today some 2,700 ships fly the Russian flag.

Foremost among its weapons is the submarine. The Russian submarine fleet is of the utmost concern to us in the free world. You may recall what Hitler did during World War II with 57 submarines. You do recall, I am sure, the destruction which even that small number of submarines accomplished.

Today Russia has over 450 submarines. These are modern, deadly weapons of destruction, and we believe that they are continuing to improve the capabilities of their undersea boats. You know what strides we have made in our submarine development. We cannot afford to believe that the Russians are far behind.

The submarine threat is a major one and we do not take it lightly. How do we plan to combat it? Obviously one way is to "close the gates"; i.e., to prevent the submarine from reaching the open sea. This is easier said than done. Let us see why. Let me review for you how a submarine operates.

Let us turn back the clock to the dark days of World War II. This is the coast of Norway. The green line represents a 3-mile territorial sea.

The submarine commander has been given the mission to proceed to a position in the open sea to attack shipping, and to disrupt the lines of communications. This is his primary mission. To gain the open sea, and while en route he will try to avoid detection. One means of doing this it to proceed close to the coast. Don't forget that he is submerged and that he will violate neutrality to remain undetected, i.e., he will hug the coast as much as possible. Supposing, however, that the territorial sea is extended to 12 miles. Note that he has 9 additional miles of protection. He gains this additional protection because the surface ship cannot go after him without violating neutrality, i.e., the submarine submerged is unseen; the surface ship is always in view and its violation immediately noted.

Isn't it apparent that the extension of the territorial sea favors the submarine, and haven't we admitted that the Russian submarine is one of our gravest threats? Is it any wonder that at the Law of the Sea Conference the Sino-Soviet Colonial Empire was so insistent in extending the territorial sea? The submarine is a grave threat, but it is only one of the threats which we all face.

Let us consider some of the other contingencies which the navies of the free world must guard against. Our navies must be ready to meet:

1. Constant crises and threats of war. Since the war there have been more than 20. For example, Jordan, Indochina, Lebanon, etc.

2. Localized or limited wars such as Korea.

3. All out or total war.

Gentlemen, the problem that faces us is of tremendous scope. The Government of the United States does not minimize its proportions. Today our Armed Forces are on the alert throughout the world. We are not scattered far and wide for aggressive purposes, but to assure the peace which men of good will throughout the world so earnestly seek.

We realize that this is a job not only for the Navy, but for the Army, the Air Force, and the Marines. But above all we realize

[1] The remainder of the speech refers to slides which were shown.

that to succeed in our mission we must have the assistance of free nations of the world. We ask positive assistance if it is within the means of friendly nations to give that assistance, but if not within their power, we then ask them not to take steps to decrease the effectiveness of the Navy.

An extension of the territorial sea reduces the mobility, and thus the effectiveness of our fleets. Let me show you why.

To meet war threats or to fight limited wars we have previously mentioned that naval and marine striking power is indispensable since a fleet can move quickly and surround the trouble spot.

In the recent past we have had four instances where the presence of our Mediterranean Fleet was a dominant factor in stabilizing the situation. You will recall Greece in 1946; Suez in 1956; Jordan in 1957; and Lebanon in 1958.

I hope that I have given you an insight into submarine operations and proven how an extension of the territorial sea favors Soviet Republic with her powerful submarine fleet. Let me now tell you something about our fast carrier striking forces and how the extension of the territorial sea affects its operations.

First, what is a carrier striking force? It is a naval force consisting of various types of ships with one or more aircraft carriers as a nucleus. It is a high speed, hard hitting, naval aggregation which can perform a variety of missions. For example: It can destroy naval installations, fortifications, shipping, and can render support to ground forces.

The fast carrier striking force was effectively used during World War II and was responsible for our naval success in the Pacific.

In World War II this force operated in a tight ring of about 8 miles diameter. Developments since World War II have changed its formation radically. To avoid destructive effects of an atomic attack the force now operates widely dispersed. Today there may be as many as 340 miles between ships. That is, the sea room needed by this force, under our present concept, approximates the width of the area of the State of New York. This is a lot of sea room. Let us now see what happened to it when we extended the width of the territorial sea.

This is the Mediterranean. The red line represents the 3-mile territorial belt; the green line the 12-mile limit. The separation between the two is minute on the slide, but bear in mind that the scale is very small.

What is the effect of the extension? Succinctly stated it is this: Increasing the territorial sea from 3 to 12 miles causes an area of 145,000 square miles; that is, an area almost one and a half times the size of Italy, to be removed from the regime of the high seas in the Mediterranean. This represents a loss of one-seventh the area of high seas in that sea.

Remember the sea room needed by our carrier task force and you will better understand our reluctance to an extension of the territorial belt to 12 miles; or better yet the desire of Russia to achieve that extension. We believe this slide is highly significant, but let us look at another—the Aegean Sea and its many islands.

This is the Aegean Sea with a 3-mile belt. The white areas indicate internal and territorial waters—the high seas are in blue. The area of the high sea is not extensive, but free navigation is possible.

But now let us extend the territorial sea to 12 miles. All that remains now is a few pockets of high seas entirely surrounded by territorial waters. How cogent were the words of the Greek delegate when he said at the Law of the Sea Conference—"an extension of the territorial sea of 12 miles would convert the Aegean Sea into a Grecian Lake."

At this point it is well to take up a point frequently raised. That is—why the concern if the area lost is under the control of friendly nations? Wouldn't our friends give us free passage?

Gentlemen, please bear in mind that we are talking about limited wars and threats to peace. Let us be realistic and admit that even our closest friends may not wish to become involved in such affairs. A wide territorial sea may force a nation to take sides in a limited struggle in which it feels it should not take part. A wide territorial sea may therefore be the vehicle by which a nation becomes involved contrary to its wishes.

Another factor worthy of remembering is that although innocent passage through the territorial sea exists for surface ships, it does not exist for aircraft. In other words, there is no right to overfly this area without specific consent.

We have been stressing the military aspects of the problem. But a naval force at sea is not always employed aggressively. Many times it brings relief to those suffering disaster. Let us shift to the other side of the world to illustrate this point.

This slide represents the routes that may be followed by a task force on an errand of mercy. Let us assume that a naval force operating in the vicinity of Guam is called to render assistance to Saigon heavily hit by a typhoon. The normal route is through the Aurigao Strait in the Philippines—7½ miles wide. A wide territorial sea would require exercise of the right of innocent passage. But, supposing the international situations were such that we did not wish to exercise that right? Look at the alternatives—the northern route, 400 miles longer; the southern route, 1,300 miles longer. Any seaman can verify the additional time and expenditures involved in such a lengthened trip, particularly if the weather is bad.

Are these situations uncommon? We think not. We proudly remember the assistance given by our Navy in recent times in Greece, Ceylon, and Mexico in times of national calamity.

Up to now we have been considering mere extension of the territorial sea, but there are other concepts with which we must become familiar if we are to fully understand the problems facing us at the next Law of the Sea Conference.

I am referring to the claims of Indonesia. Indonesia, a farflung archipelago, has advanced a theory which we cannot under any circumstances accept. That is the claim that the base line of her territorial sea is to be measured from a line drawn between outer points of the archipelago.

Let us look at what is involved. Here is Indonesia and the trade routes in its vicinity. Now let us show the effect of her claim. Note how she has drawn a ring around herself. It is difficult on a slide to show the magnitude of her claim, but let me state that an area roughly 2½ million square miles is contained within the red lines. Note also that all the sea within the area is internal water; that is, that the territorial sea would then be measured outward from this line. We feel this is the result of unilateral action—unilateral action which may be repeated by other nations unless some agreement is reached on this important subject of the breadth of the territorial sea.

What if other nations had similar ideas? Let us observe what could happen in our own hemisphere.

These are the Bahamas. What if England decided to follow the Indonesian concept? Note how such an action would affect the trade between the Americas. In doing so, please bear in mind that these are internal waters in which there is no right of innocent passage.

Let us assume that because of international tensions a nation does not desire to enter the internal waters of another country, or wishes to remain outside the territorial waters of another country. What are some of the consequences?

One is obviously an increase in the length of the shipping routes.

This slide shows a typical situation—the runs between Bombay and New York, and Bombay and Tokyo. Inability to use the normal route, according to our studies, represents a 40-percent increase in shipping cost in the first and a 65-percent increase in shipping cost in the second.

Increase in shipping costs is a commercial factor of the first magnitude. Here are the major trade routes of the world, any one of which may be disrupted, or made less attractive, due to the unilateral claims being made by certain countries.

Description of the maritime trade routes is not the only commercial aspect to be considered if we permit excessive extensions of the territorial sea.

The difficulties of navigation when navigating farther from the shore; the increased cost of maintaining additional aids to navigation; the cost of patrolling wider belts of territorial sea; the danger of incidents in such wider belts—all these are factors which must be considered when extending the territorial sea.

And now we come to one of the most important aspects of this presentation, and this was a point which was not well understood by some of the delegations at Geneva. That is what the security, and to a lesser extent the commercial considerations we have been discussing, can be divorced from ramifications of our problem such as—

1. The right of self-defense;
2. The Continental Shelf;
3. Fisheries;
4. Customs laws; and
5. Sanitation.

That is, we believe it possible for a nation to deal with any of the above problems and still maintain a narrow territorial sea. The acceptance of a narrow belt—a necessity from the standpoint of security as far as the free world is concerned—does not prevent a nation from taking local measures to insure that its right insofar as self-defense, the Continental Shelf, fisheries, customs, and sanitation are respected. A sincere desire to find the solution to these local problems while bearing in mind the overriding security problem that faces us is one of the goals of our Government. We do not minimize the magnitude of local problems; we recognize them and we have never questioned the right of individual nations to advance them. In return we request that our security problem be recognized and that all friendly nations believe in our sincerity when we tell them that we will be deeply concerned with that problem at the next Conference of the Law of the Sea.

Unfortunately the world has not known peace for quite a few years. We have hopes to some day recover it, but we doubt that the present world tensions will disappear in the immediate future. With the rapid daily growth in the development of new weapons, soon the day will come when no spot on earth will be safe from aggression. We hope that war will never come, but if it were to break out some day, we pray that it finds the free world united with our navies, our armies, and air forces ready to fight, and that we may not then have cause to regret past mistakes which favored the common enemy.

ARMY AVIATION ROLES AND OBJECTIVES

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Pennsylvania [Mr. FLOOD] is recognized for 15 minutes.

Mr. FLOOD. Mr. Speaker, 15 years ago in March 1942 off the coast of Africa

a small olive drab Army aircraft took off from the deck of a U.S. aircraft carrier to adjust Navy fire against fires opposing our landings. This little aircraft was shortly shot down by the same Navy. This is now remembered as the first combat flight of the famous World War II Cub later to become popularly known as the "grasshopper," the first flight of Army aviation in its modern concept. This historic flight was the first of the innumerable combat missions flown by our U.S. Army liaison pilots in World War II.

During World War II this small group of a few hundred young aviators were to be seen flying their little aircraft in North Africa, Italy, France, Germany, Austria, and the Pacific theaters, adjusting artillery fire, performing command liaison and other functions required by Army commanders. Their small unprepared airfields were to be seen adjacent to the front in all theaters. The great part these small aircraft played in World War II and in Korea is an outstanding example of the increased effectiveness afforded our forces through farsightedness and initiative. To those who introduced Army aviation we owe our gratitude.

Although World War II was the beginning of organic Army aviation the concept of Army aviation was formulated in 1941 during Tennessee maneuvers when the War Department invited light plane manufacturers to furnish aircraft and pilots to participate. As a result of these very favorable tests the Army recommended that the program be expanded in order to furnish aircraft to all artillery units. Near the end of World War II an agreement was reached with the U.S. Army Air Corps to furnish the aircraft required by the Army which were to be eventually assigned to the majority of our Army units.

The National Security Act of 1947 established the Air Force as a fully autonomous service and specifically made provision for aviation organic to the Army by the following wording:

> The U.S. Army should include land combat and service forces and such aviation as may be organic therein.

Until March 1957 the Army and Air Force relied upon memorandums of agreement to further define the functions performed by organic Army aviation.

On the 18th of March, 1957, the Secretary of Defense published a directive entitled "Clarification of Roles and Missions of the Department of Army and the Air Force Regarding Use of Aircraft." One of the most significant parts of this memorandum is the definition of the combat zone which states that the combat zone will extend 100 miles beyond the general line of contact and will be designated by the appropriate field commander. This line normally extends back of the line about 100 miles. Of more importance, this definition provides a basis for the developing of Army aircraft requirements to perform specific functions within this combat zone. Insofar as operation of the aircraft is concerned, there is no restriction and I quote:

> Army organic aircraft will be used by the responsible Army commander as he considers necessary for the discharge of his mission.

There are several restrictions contained in this directive. First, there was retained the 5,000 pound empty weight limitation on fixed wing aircraft and extended the limitation to include convertiplane VTOL-STOL aircraft. In addition, it places a 20,000 pound empty weight limitation on rotary wing aircraft. This has impaired the full development of aircraft of great versatility for the Army. The Army is also restricted from establishing a unilateral development facility and must depend on the Air Force and Navy for the development and engineer tests. Finally, this directive specifically prohibits the Army from providing aircraft to perform strategic and tactical airlift, tactical reconnaissance, interdiction of the battlefield, and close combat air support.

The Department of Defense has recognized the Army's requirement for aviation in modern warfare. The advent of the atomic age has emphasized the Army's need for greater mobility on the battlefield and an increased target acquisition capability. These requirements are and should be met by increased emphasis on the use of Army aviation. Unfortunately the roles and objectives of Army aviation are frequently misunderstood and misrepresented. Army aviation is in no sense competitive with the Air Force. Rather, it endeavors to provide Army units a mobility which is unobtainable with ground vehicles.

The broad mission of Army aviation granted by the DOD directive is to augment the capability of the Army to conduct effective combat operations. Contained within this broad directive are several specific missions. The first of these is observation, which is use of an aircraft as an aerial platform for the purpose of locating, verifying and evaluating targets, adjusting fire and obtaining information otherwise obstructed by ground obstacles. This mission includes aerial photography incident to these purposes. Much has been done and will be done in the way of providing a capability to perform this function against improved enemy countermeasures in future wars. Aircraft developments include electronic surveillance devices such as side-looking radar, TV, camera, and infrared equipment. To improve this observation capability, the Army has in the last 2 years developed jointly with the Navy the new AO–1 Mohawk which will be equipped with electronic sensory and photographic gear to furnish an additional Army surveillance capability.

The next function is airlift for troop movement in the combat zone. This function includes the movement of units to execute small scale air landed operations, the movement of reserves and the shifting and relocation of units and individuals within the combat zone as the situation may dictate. Battle tactics in the past have been largely conditioned by obstacles. This fact is not likely to change in future wars; therefore, if we are to fight the next war successfully we must have the capability to surmount these obstacles.

Air mobility for land reconnaissance is another historical mission of Army aviation and is defined as the utilization of aircraft to assist the Army land reconnaissance forces in performance of their normal combat mission. This Army aviation function was first performed by a test unit in maneuver exercises in 1955. These Army aviation reconnaissance units will perform such missions as securing open flanks, reconnaissance, seizure of critical areas, and pursuit.

The last two functions require only limited explanation. They are command liaison and combat zone casualty evacuation. For the function of command liaison, Army aircraft have been found to be the fastest and most economical means of transport for the commander in battle. New concepts of Army reorganization and battlefield disposition emphasizes the value of this means for the commander to cover great distances between widely dispersed units. The last of the functions is combat zone casualty evacuation. The wide publicity given this evacuation in Korea is indicative of its enormous success in the task of saving lives and needs no further explanation.

In World War II Army aviation consisted of only a few hundred aviators and mechanics and several hundred light fixed wing aircraft. The rapid growth of aviation in the period after World War II found us just before the Korean conflict with approximately 1,200 aircraft and 1,200 Army aviators. At this time there were only approximately 50 helicopters in the Army inventory. Again as a result of the outstanding successes of Army aviation in Korea the program evidenced another rapid growth that now finds us with over 5,000 aircraft organic to the Army, 2,500 of which are helicopters. The Army aviator strength has increased to approximately 5,900 officer and warrant officer aviators with substantial evidence that this increase will continue.

Aviation units are generally composite organizations, equipped with aircraft varying in number, size and capability. These Army aviation units are tailored to best support the combat forces of which they are an organic part. All these aircraft are flown, maintained and utilized by an Army crew who knows and understands the requirement of his unit. In this manner aviation has been fully integrated in the organization of the Army and retained under the control of Army commanders. Army aviation is a means by which the modern U.S. Army meets the increased requirement for battlefield mobility, battlefield surveillance and target acquisition. The Army aircraft is a modern machine used to meet the needs of the modern Army.

Since the first Army aviation combat flight off the coast of Africa, this still relatively small group of visionary young officers and men continue to strive to give the Army an increased mobility,

target acquisition and battlefield surveillance potential. They continue to seek ways and means to better accomplish their historical missions and through initiative and forward thinking they seek and furnish the Army the additional support required if we are to survive on the modern battlefield.

Much of the joy and glamour in Army aviation has been lost, but hazards have not. The simplicity of the old Army Cub has been replaced by the complexity of the modern aircraft required to compete on the battlefield. The Army aviator has become a skilled pilot and navigator. The Army mechanic has become a highly skilled specialist in order to maintain the complex modern aircraft.

This relatively small elite group continues to fight the unglamorous battle of the budget and shortage of the funds required to procure and develop new aircraft. They seek to devise more effective ways of employing these aircraft in support of the Army and continue to strive to throw off the fetters of misunderstanding and reluctance for full acceptance of Army aviation. The ability of Army Aviation to furnish combat commanders an increased target acquisition and battlefield mobility capability demands our unreserved and enthusiastic support.

TAX RELIEF FOR SMALL BUSINESS

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. MULTER. Mr. Speaker, I have today introduced a bill to amend the Internal Revenue Code to assist small and independent business.

It is well known that the small business community of our economy represents the broad base, the foundation, upon which our entire economy rests. A continuation of a strong small business economy today will assure a vigorous and successful economy in the future. Therefore, we must face up to the responsibility of providing the means by which small business concerns can grow and expand on a sound basis.

Members of the House Small Business Committee and many other Members of Congress have introduced bills with similar philosophy and principles. However, action, as yet, has not been taken by this Congress. To be effective and to accomplish the necessary action we desire, this tax relief must be granted.

The purposes of the bill are spelled out in section 1. Briefly, they are as follows:

To provide for growth, expansion, and modernization of small and independent business enterprises engaged in trade or commerce;

To permit individuals and partnerships filing income tax returns for small and independent businesses engaged in trade or commerce to revoke an election to be taxed as a corporation;

To provide a normal tax rate of 20 percent for taxable years after June 30, 1959, and to increase the surtax exemption;

To provide a growth, expansion and modernization exemption on net taxable earnings for small and independent businesses engaged in trade or commerce;

To liberalize the income tax treatment of losses incurred through loans to small and independent business enterprises engaged in trade or commerce;

To provide small and independent business an exemption for goodwill in the determination of the value of an estate;

To provide family-sized farmers and others engaged in agriculture pursuits an exemption for the improvement, modernization and renewal of buildings or equipment used in the production, care, and marketing of farm products; and

To provide family-sized farms, whether or not such farms are owned in fee or occupied by renters or tenants, an exemption for the improvement, modernization, and renewal of buildings or equipment used in the production, care, and marketing of the products of such farms.

Section 2 of the bill provides for exemptions by small business concerns for plant expansion, modernization, and improvement. It is designed to provide the greatest incentive for small business with relatively low taxable income.

Section 3 aims to increase the resistance of small firms to merge with their larger competitors and encourages them to adopt the corporate form of doing business and lessen their burden of obtaining working capital by reducing the normal corporate tax from the present 30 percent to 20 percent.

Section 4 exempts corporations earning up to $150,000 per year from the 22 percent corporate surtaxes applicable to companies now earning more than $25,000.

Section 5 grants an election to small business firms either individually-owned or partnerships to determine every 4 years whether they should be taxed as a small unincorporated business or as a corporation.

Section 6 provides an incentive to individuals to lend to small business concerns by providing a more liberal treatment for bad debts than is presently allowed.

Section 7 grants small business concerns accelerated depreciation on purchase of used equipment or property up to $50,000 per year. This section should be particularly helpful to small firms who are compelled to buy used machinery and do not have the funds available for new equipment.

Section 8 provides an exemption from estate taxes for the goodwill of a firm and provides the necessary incentive to the owners and the ability to continue in business after the death of one of the leading principals of the company.

The full text of my bill follows:

A BILL TO AMEND THE INTERNAL REVENUE CODE TO ASSIST SMALL AND INDEPENDENT BUSINESS, AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DECLARATION OF PURPOSE AND POLICY.

It is hereby declared to be the policy of the Congress, and the purpose of this Act—

to provide for growth, expansion, and modernization for small and independent business enterprises engaged in trade or commerce;

to permit individuals and partnerships filing income tax returns for small and independent businesses engaged in trade or commerce to revoke an election to be taxed as a corporation;

to provide a normal tax rate of 20 percent for taxable years after June 30, 1959, and to increase the surtax exemption;

to provide a growth, expansion, and modernization exemption on net taxable earnings for small and independent businesses engaged in trade or commerce;

to liberalize the income tax treatment of losses incurred through loans to small and independent business enterprises engaged in trade or commerce;

to provide small and independent business an exemption for goodwill in the determination of the value of an estate;

to provide family-sized farmers and others engaged in agricultural pursuits an exemption for the improvement, modernization, and renewal of buildings or equipment used in the production, care and marketing of farm products; and

to provide family-sized farms, whether or not such farms are owned in fee or occupied by renters or tenants, an exemption for the improvement, modernization, and renewal of buildings or equipment used in the production, care, and marketing of the products of such farms.

SEC. 2. DEDUCTION FOR EXPANSION OR MODERNIZATION OF SMALL BUSINESS ENTERPRISE.

(a) ALLOWANCE.—Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 180. EXPANSION OR MODERNIZATION OF SMALL BUSINESS FACILITIES.

"(a) DEDUCTIBLE EXPENDITURES.—If the taxable income of any person engaged in trade or business does not exceed $150,000 for the taxable year, such person may treat expenditures which are paid or incurred by him during the taxable year for the construction, reconstruction, erection, installation, improvement, or acquisition of any facility, land, building, machinery, or equipment, or any part thereof, used in the trade or business as expenses which are not chargeable to capital account to the extent that such expenditures do not exceed the limit determined under the following table:

"If the taxable income is:	The limit is:
Not over $10,000	50% of taxable income.
Over $10,000 but not over $25,000.	$5,000, plus 40% of excess of taxable income over $10,000.
Over $25,000 but not over $50,000.	$11,000, plus 30% of excess of taxable income over $25,000.
Over $50,000 but not over $100,000.	$18,500, plus 20% of excess over $50,000.
Over $100,000 but not over $150,000.	$28,500, plus 10% of excess over $100,000.

The expenditures so treated shall be allowed as a deduction.

"(b) LIMITATIONS.—

"(1) Subsection (a) shall not apply to any corporation which, directly or indirectly, controls, is controlled by, or is under common control with, any other corporation at any time during the taxable year, unless the combined taxable income of all such companies under common control does not exceed $150,000.

"(2) Subsection (a) shall not apply to any partnership which, directly or indirectly,

controls, is controlled by, or is under common control with, any other partnership at any time during the taxable year, unless the combined taxable income of all such partnerships under common control does not exceed $150,000.

"(3) Subsection (a) shall not apply to any amount paid or incurred which is allowable as a deduction without regard to this section, and shall apply only with respect to expenditures for construction, reconstruction, erection, installation, or improvement of any facility, land, building, machinery, or equipment, or part thereof, begun and completed, or acquired, during the period consisting of the taxable year and the preceding taxable year.

"(c) TAXABLE INCOME DEFINED.—For purposes of this section, the term 'taxable income' means taxable income computed without regard to this section."

(b) TECHNICAL AMENDMENT.—The table of sections for such part VI is amended by adding at the end thereof the following:

"Sec. 180. Expansion or modernization of small business facilities."

(c) ADJUSTMENTS TO BASIS OF PROPERTY.—Section 1016(a) of such Code (relating to adjustments to basis of property) is amended by inserting after paragraph (16) the following new paragraph:

"(17) for amounts allowed as deductions under section 180 (relating to expansion or modernization of small business facilities);".

(d) EFFECTICE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1958.

SEC. 3. REDUCTION IN CORPORATE NORMAL TAX.

Section 11(b)(2) of the Internal Revenue Code of 1954 (relating to corporate normal tax for taxable years beginning after June 30, 1959) is amended by striking out "25 percent of the taxable income" and inserting in lieu thereof "20 percent of the taxable income".

SEC. 4. INCREASE IN CORPORATE SURTAX EXEMPTION.

(a) INCREASE IN EXEMPTION.—Section 11(c) of the Internal Revenue Code of 1954 (relating to corporate surtax) is amended by striking out "$25,000" and inserting in lieu thereof "$150,000".

(b) TECHNICAL AMENDMENTS.—

(1) Section 12(7) of such Code (cross references relating to tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof $150,000".

(2) Section 1551 of such Code (relating to disallowance of surtax exemption, etc.) is amended by striking out "$25,000" and inserting in lieu thereof "$150,000", and by striking out "such exemption or credit" and inserting in lieu thereof "the exemption from surtax provided in section 11(c) or the securing of such credit".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years beginning after June 30, 1959. In the case of a taxable year beginning before July 1, 1959, and ending after June 30, 1959, the amendment made by subsection (a) of this section shall apply in the same manner as provided in section 21 of the Internal Revenue Code of 1954 with respect to changes in a rate of tax.

SEC. 5. ELECTION OF INDIVIDUALS AND PARTNERSHIPS TO BE TAXED AS CORPORATIONS.

Section 1361(a) of the Internal Revenue Code of 1954 (relating to irrevocability of elections of partnerships and and individuals to be taxed as domestic corporations) is amended by adding after paragraph (2) thereof the following: "Notwithstanding the preceding sentence, an election described in subsection (a) may be revoked, in accordance with regulations prescribed by the Secretary or his delegate, with respect to taxable years following the fourth or any subsequent taxable year to which such election applies."

SEC. 6. LOANS TO SMALL BUSINESS ENTERPRISES.

(a) ALLOWANCE OF LOSSES AND BAD DEBTS AS DEDUCTIONS FROM ORDINARY INCOME.—Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by inserting after section 166 the following new section:

"SEC. 166A. LOSSES OF INDIVIDUALS ON LOANS TO SMALL BUSINESS ENTERPRISES.

"(a) LOSSES ON DEBTS EVIDENCED BY SECURITIES.—If an individual sustains a loss from the sale or other disposition, or from the worthlessness, of a debt evidenced by a security of a corporation which is a small business enterprise, then for purposes of this subtitle such loss shall not be considered as a loss from the sale or exchange of a capital asset.

"(b) BAD DEBTS.—Section 166(d) (relating to nonbusiness debts) shall not apply in the case of an individual if the debt was created by reason of a loan by such individual to a small business enterprise. For purposes of section 166 (other than subsection (d)), a payment by an individual in discharge of part or all of his obligation as a guarantor, endorser, or indemnitor of an obligation of a small business enterprise created by reason of a loan to such enterprise by another individual shall be treated as a debt becoming worthless at the time of such payment.

"(c) NET OPERATING LOSS DEDUCTION.—For purposes of section 172(d)(4) (relating to limitation on nonbusiness deductions of taxpayers other than corporations for purposes of the net operating loss deduction) any deduction in respect of which subsection (a) or (b) of this section applies shall be treated as attributable to a trade or business of the taxpayer.

"(d) DEFINITIONS.—For purposes of this section—

"(1) The term 'debt evidenced by a security' means only a bond, debenture, note, or certificate, or other evidence of indebtedness, issued by a corporation with interest coupons or in registered form.

"(2) The term 'small business enterprise' means any trade or business carried on by an individual, partnership, or corporation, if the total assets held (at the time the security is acquired or the loan is made) by such individual, partnership, or corporation for trade or business purposes does not exceed $250,000; but such term does not include any corporation the stock of which is owned (directly or indirectly) by or for more than 10 individuals."

(b) TECHNICAL AMENDMENT.—The table of sections for such part VI is amended by inserting

"Sec. 166A. Losses of individuals on loans to small business enterprises."

immediately below

"Sec. 166. Bad debts.

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1958.

SEC. 7. DEPRECIATION OF USED PROPERTY.

(a) Section 167(c) of the Internal Revenue Code of 1954 (relating to limitations on use of certain methods and rates of depreciation) is amended—

(1) by striking out the period at the end of paragraph (2) and inserting in lieu thereof ", or"; and

(2) by adding at the end thereof the following:

"(3) acquired after December 31, 1958, if the original use of such property does not commence with the taxpayer, and the use of such property by the taxpayer commences after such date.

Paragraph (3) shall apply to property acquired in any taxable year only to the extent that the basis of such property (determined as of the close of the day of its acquisition), when added to the basis of all other property described in such paragraph (determined as of the close of the day of its acquisition) which is acquired by the taxpayer during the same taxable year, does not exceed $50,000."

(b) The amendments made by this section shall apply to taxable years beginning after December 31, 1958.

SEC. 8. EXEMPTION FOR GOODWILL IN DETERMINING GROSS ESTATE.

(a) ALLOWANCE OF EXEMPTION.—Part III of subchapter A of chapter 11 of the Internal Revenue Code of 1954 (relating to gross estate of citizens or residents of the United States) is amended by adding at the end thereof the following new section:

"SEC. 2045. GOODWILL.

"In determining the value of any interest of the decedent in any trade or business carried on by the decedent, by a partnership of which he was a partner, or by a corporation the stock of which was owned (directly or indirectly) by or for not more than 10 individuals (including the decedent), the goodwill of such trade or business shall be excluded. The amount excluded from the gross estate by reason of the preceding sentence shall not exceed $100,000."

(b) TECHNICAL AMENDMENT.—The table of sections for such part III is amended by adding at the end thereof the following:

"Sec. 2045. Goodwill."

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply only with respect to estates of decedents dying after the date of the enactment of this Act.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. FOUNTAIN (at the request of Mr. DURHAM), for today, on account of official business.

Mr. VAN ZANDT (at the request of Mr. HOSMER), through Thursday, on account of official business of the Joint Committee on Atomic Energy.

Mr. HOLIFIELD (at the request of Mr. HOSMER), through Thursday, on account of official business of the Joint Committee on Atomic Energy.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. PATMAN, for 20 minutes, today, to revise and extend his remarks and include extraneous matter.

Mr. BAILEY, for 1 hour, on Monday, next.

Mr. SCHENCK, for 1 hour, on July 1.

Mr. FLYNN, for 10 minutees, today.

Mr. FLOOD, in two instances, today, for 15 minutes each, on 2 topics, and to revise and extend his remarks and include extraneous matter in each.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in thhe CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. ALFORD and to include an address.

Mr. JUDD and to include extraneous matter.

Mr. ALGER.

(At the request of Mr. BROOMFIELD, and to include extraneous matter, the following):

Mr. CANFIELD.

Mr. REECE of Tennessee.

Mr. MICHEL, to revise and extend his remarks made in Committee and to include extraneous matter.

(At the request of Mr. ULLMAN, and to include extraneous matter, the following:)

Mr. GREEN of Pennsylvania.

Mr. FOGARTY in three instances.

Mr. HECHLER.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on June 26, 1959 present to the President, for his approval, bills of the House of the following titles:

H.R 5515. An act to amend the 1956 act authorizing the disposal of certain obsolete Federal locks and dams in order to increase a certain authorization in such act relating to dam No. 3 on the big Sandy River, Ky.; and

H.R. 7749. An act to increase the amount of obligations, issued under the Second Liberty Bond Act, which may be outstanding at any one time.

ADJOURNMENT

Mr. ULLMAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 6 o'clock and 50 minutes p.m.) the House adjourned until tomorrow, Tuesday, June 30, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1145. A letter from the Administrator, Small Business Administration, transmitting a report covering the progress made in liquidating the assets formerly held by the Reconstruction Finance Corporation for the quarterly period ending March 31, 1959, pursuant to the Reconstruction Finance Corporation Liquidation Act, as amended (67 Stat. 230) and Reorganization Plan No. 1 of 1957 (22 F.R. 4633); to the Committee on Banking and Currency.

No. 1146. A letter from the Secretary of the Treasury, transmitting the final report on the Reconstruction Finance Corporation, pursuant to Reorganization Plan No. 1 of 1957; to the Committee on Government Operations.

1147. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to authorize the transfer to the Navajo Tribe of irrigation project works on the Navajo Reservation, and for other purposes"; to the Committee on Interior and Insular Affairs.

1148. A letter from the Chairman, Federal Trade Commission, transmitting the Economic Report of the Federal Trade Commission entitled "Economic Inquiry Into Food Marketing—Interim Report"; to the Committee on Interstate and Foreign Commerce.

1149. A letter from the Chairman, U.S. Civil Service Commission, transmitting a "Special Report of the Board of Actuaries on the Valuation of the Civil Service Retirement System as of June 30, 1958," pursuant to section 16(g) of the Civil Service Retirement Act; to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHITTEN: Committee of conference. H.R. 7175. A bill making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 588). Ordered to be printed.

Mr. ROBERTS: Committee on Interstate and Foreign Commerce. S. 56. An act to amend the act of August 5, 1954 (68 Stat. 674), and for other purposes; without amendment (Rept. No. 589). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBERTS: Committee on Interstate and Foreign Commerce. H.R. 6325. A bill to extend certain traineeship provisions of the Health Amendments Act of 1956; without amendment (Rept. No. 590). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. H.R. 6608. A bill to provide for equal treatment of all State-owned hydroelectric power projects with respect to the taking over of such projects by the United States; without amendment (Rept. No. 591). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 2722. A bill to supplement the act of April 26, 1906 (34 Stat. 137), entitled "An act to provide for the final disposition of the affairs of the Five Civilized Tribes in the Indian Territory, and for other purposes," and for other purposes; with amendment (Rept. No. 592). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 7053. A bill to authorize a per capita distribution of funds arising from a judgment in favor of the Quapaw Tribe, and for other purposes; without amendment (Rept. No. 593). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 7339. A bill to authorize the use of funds arising from a judgment in favor of the Coeur d'Alene Tribe, and for other purposes; without amendment (Rept. No. 594). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 7156. A bill to authorize the use of funds arising from a judgment in favor of the Citizen Band of Potawatomi Indians of Oklahoma, and the Prairie Band of Potawatomi Indians of Kansas, and for other purposes; without amendment (Rept. No. 595). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 7157. A bill to make payments to Indians for destruction of fishing rights at Celilo Falls exempt from income tax; without amendment (Rept. No. 596). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAVIS of Georgia: Committee on Post Office and Civil Service. H.R. 6059. A bill to provide additional civilian positions for the Department of Defense for purposes of scientific research and development relating to the national defense, to improve the management of the activities of such department, and for other purposes; with amendment (Rept. No. 597). Referred to the Committee of the Whole House on the State of the Union.

Mr. CELLER: Committee on the Judiciary. House Joint Resolution 403. Joint resolution granting consent of Congress to a compact entered into between the State of New York and the State of New Jersey for the creation of the New York-New Jersey Transportation Agency; with amendment (Rept. No. 598). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALGER:

H.R. 8003. A bill to limit and prevent certain concerted activities by labor organizations which interfere with or obstruct or impede the free production of goods for commerce or the free flow thereof in commerce, and for other purposes; to the Committee on Education and Labor.

By Mr. BURDICK:

H.R. 8004. A bill for the relief of the Kensal School District, North Dakota; to the Committee on the Judiciary.

By Mr. FULTON:

H.R. 8005. A bill to amend the Internal Revenue Code to provide that amounts expended to acquire subsurface coal to protect the taxpayer's residence from damage by the removal of the coal shall be treated as casualty losses; to the Committee on Ways and Means.

By Mr. GUBSER:

H.R. 8006. A bill to relieve educational institutions maintaining Army Reserve Officers' Training Corps units from responsibility for Government property; to the Committee on Armed Services.

By Mr. HALPERN:

H.R. 8007. A bill to amend section 209 of the Highway Revenue Act of 1956 to provide for an apportionment of not less than $1,400 million annually for the National System of Interstate and Defense Highways; to the Committee on Ways and Means.

By Mr. HIESTAND:

H.R. 8008. A bill to limit and prevent certain concerted activities by labor organizations which interfere with or obstruct or impede the free production of goods for commerce or the free flow thereof in commerce, and for other other purposes; to the Committee on Education and Labor.

By Mr. McINTIRE:

H.R. 8009. A bill to amend section 1034 of the Internal Revenue Code of 1954 to provide that where a taxpayer or his spouse has attained the age of 65 no gain on the sale or exchange of the taxpayer's home will be taxed; to the Committee on Ways and Means.

By Mr. MASON:

H.R. 8010. A bill to repeal the cabaret tax; to the Committee on Ways and Means.

By Mr. MULTER:

H.R. 8011. A bill to amend the Internal Revenue Code to assist small and independent business, and for other purposes; to the Committee on Ways and Means.

By Mr. OLIVER:

H.R. 8012. A bill to amend the Internal Revenue Code of 1954 to reduce the rates of percentage depletion for oil and gas wells; to the Committee on Ways and Means.

By Mr. PELLY:

H.R. 8013. A bill to amend title III of the act of March 3, 1933, with respect to the acquisition by the United States of articles, materials, and supplies for public use; to the Committee on Public Works.

By Mr. POWELL:

H.R. 8014. A bill to provide for the issuance of a special postage stamp to commemo-

rate the 200th anniversary of the birth of the Right Reverend James Varick, the first bishop and founder of the African Methodist Episcopal Zion Church; to the Committee on Post Office and Civil Service.

By Mr. ROBERTS:

H.R. 8015. A bill to provide for the establishment of Fort Toulouse as a national historic site; to the Committee on Interior and Insular Affairs.

H.R. 8016. A bill to authorize appropriations for construction of facilities for the Gorgas Memorial Laboratory, to increase the authorization of appropriations for the support thereof, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BENNETT of Florida:

H.R. 8017. A bill directing the Secretary of the Army to convey to the Ship Canal Authority of the State of Florida certain lands acquired by the United States with funds furnished by such authority; to the Committee on Public Works.

H.R. 8018. A bill to establish a National Wilderness Preservation System for the permanent good of the whole people, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. CONTE:

H.R. 8019. A bill to prescribe limitations on the power of the States to impose income taxes on business entities engaged in interstate commerce; to the Committee on the Judiciary.

By Mr. FLOOD:

H.R. 8020. A bill to amend title II of the Social Security Act to provide a more liberal definition of "disability," to eliminate the requirement that an individual attain age 50 to be entitled to disability insurance benefits, and to provide that full benefits (when based upon attainment of retirement age) will be payable to both men and women at age 60; to the Committee on Ways and Means.

By Mr. IRWIN:

H.R. 8021. A bill to amend the act of April 14, 1910, to provide that the Interstate Commerce Commission shall prescribe rules, standards, and instructions for the installation, inspection, maintenance, and repair of certain parts on railroad cars, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. McDOWELL:

H.R. 8022. A bill to amend the Internal Revenue Code of 1954 so as to eliminate the special treatment of certain items for income-tax purposes and to provide that the savings resulting therefrom shall be used for the retirement of the public debt; to the Committee on Ways and Means.

By Mr. MACHROWICZ:

H.R. 8023. A bill to provide for the apportionment of all of the Federal-aid highway funds authorized for the fiscal years of 1961 and 1962; to the Committee on Ways and Means.

By Mr. SHELLEY:

H.R. 8024. A bill to amend the act of May 9, 1876, to permit certain streets in San Francisco, Calif., within the area known as the San Francisco Palace of Fine Arts, to be used for park and other purposes; to the Committee on Armed Services.

By Mr. FULTON:

H.J. Res. 442. Joint resolution proposing an amendment to the Constitution of the United States relative to disapproval and reduction of items in general appropriation bills; to the Committee on the Judiciary.

By Mr. HALPERN:

H.J. Res. 443. Joint resolution to establish a National Institute for International Health and Medical Research, to provide for international cooperation in health research, research training, and research planning, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DANIELS:

H. Con. Res. 238. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. GEORGE P. MILLER:

H. Con. Res. 239. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. PELLY:

H. Con. Res. 240. Concurrent resolution expressing the sense of the Congress with respect to a program for paying the national debt; to the Committee on Ways and Means.

By Mr. RODINO:

H. Con. Res. 241. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to the construction of the Tehama-Colusa Canal of the Sacramento Valley canals project; to the Committee on Appropriations.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to a minimum wage law for agricultural workers; to the Committee on Education and Labor.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States to enact legislation prohibiting subliminal radio and television messages; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of California, memorializing the President and the Congress of the United States relative to demonstration sea-water conversion plants; to the Committee on Interior and Insular Affairs.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the United States relative to authorizing the Secretary of the Navy to remove certain restrictions to land situated at Wailuku, Maui, T.H.; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. IRWIN:

H.R. 8025. A bill for the relief of Robert Freund, Jr.; to the Committee on the Judiciary.

By Mr. WALLHAUSER:

H.R. 8026. A bill for the relief of Miss Karolina Czopiak; to the Committee on the Judiciary.

By Mr. WALTER:

H.J. Res. 444. Joint resolution for the relief of certain aliens; to the Committee on the Judiciary.

H.J. Res. 445. Joint resolution to facilitate the admission into the United States of certain aliens; to the Committee on the Judiciary.

H.J. Res. 446. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

225. By the SPEAKER: Petition of the secretary, Snohomish Tribal Council, Lake Stevens, Wash., petitioning consideration of their resolution with reference to the proposed closing of the Cushman Hospital, and requesting that present restrictions be lifted and the hospital restored to its former status as a general hospital; to the Committee on Interstate and Foreign Commerce.

226. Also, petition of the clerk, Board of Supervisors of Orange County, Goshen, N.Y., favoring the enactment of Senate bill 1826 and House bill 5950, waiving the Byrd amendment to the Highway Act of 1956; to the Committee on Public Works.

EXTENSIONS OF REMARKS

An Author Looks at His Bill—The White House Conference on Aging Act

EXTENSION OF REMARKS

OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 29, 1959

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks I include an address which I delivered at the Third New England Conference on the Aging, University of Rhode Island, June 16, 1959:

AN AUTHOR LOOKS AT HIS BILL—THE WHITE HOUSE CONFERENCE ON AGING ACT

Ladies and gentlemen of New England, you all know that the older population of the country and particularly that of New England is growing rapidly. Life expectancy is being extended far beyond the expectations of the scientists of even a generation ago. I wish I could stand before you and say that the years we have added to life are satisfying years to all. Unfortunately, I cannot.

From my position in the Congress I have been able to support and expedite a good deal of legislation which has helped to improve the health, welfare, income, and housing of our older people. We have accomplished a great deal over the past 10, 15, 20 years. Yet, we have a long way to go.

In spite of our social security and pension programs, it is reported that fully half of our older people do not have enough income to live at a minimum level of health and decency. We are making great strides in medical research. Yet, three-fourths of our older people are suffering from one and often two or more long-term illnesses or disabling conditions and that many of them are in

desperate need of medical care. Poor health accounts for more than half of all retirement from work.

In the matter of housing, the circumstances are almost as tragic as those I have just mentioned. A few years ago our Rhode Island Commission on Aging made a survey of the situation of older people. One-third of them have no central heating in their homes. And more than one-fourth are living in homes that are either dilapidated or without elementary sanitary facilities.

My friends, I know that many of our older people are here today. They could speak much more eloquently than I of the conditions under which they are trying to get along.

I say to all of you that we must do better. We know that much of the deprivation and illness among our older people today is unnecessary. We know that thousands who are vegetating in mental hospitals, infirmaries, and nursing homes could be living in the community if medical care and rehabilitation were available to them. In Rhode Island, in Massachusetts, and in Connecticut there are public housing programs for older people who are setting models for the whole country.

We can provide a better life for older people. Our economy is growing even more rapidly than the older population. Automation is giving us more and more goods and services and higher incomes with less and less expenditure of effort. It is said that the standard of living for the whole population will be increased by a half during the next 10 or 15 years. We must learn how to share this increase with those who have retired; they are our neighbors, our friends, indeed, many of them are our relatives. They helped to produce this growing wealth; surely they are entitled to share in it.

Ladies and gentlemen, a year and a half ago, I decided that what we need is action. In many places around the country, States and communities have been taking hold of this matter and are improving the conditions of living for their older people. There are many examples of fine programs in our New England States. Most of what is being done is excellent. The trouble is that there is not enough of it; that it is moving too slowly. I am very much afraid that our efforts are not increasing as rapidly as the older population itself.

I believe that more people in our communities need to know about the problems of aging. More people need to become concerned. More need to be convinced that we must act and act now.

This is the reason, these are some of the circumstances, that led me to introduce a bill for a White House Conference on Aging. It seemed to me that if we could stimulate a nationwide, grassroots recognition of the problems and the need we might get the whole country moving.

Apparently there were others who thought so, too. I received a good many letters from all parts of the country and many other members of the Congress received letters urging that we pass the bill. And I am happy to say that we did pass it during the closing weeks of the session last summer.

Since its passage, the White House Conference on Aging Act has attracted much attention and favorable comment. It is widely regarded as a clear reflection of the conviction of the Congress of the pressing need for broad-scale, stepped-up action on behalf of our mounting population of middle-aged and older citizens.

Included in the act is a broad statement of the purposes of the White House conference. The act states that it is "the policy of the Congress that the Federal Government shall work jointly with the States and their citizens to develop recommendations and plans for action * * * which will serve the purposes of—

"(1) Assuring middle-aged and older persons equal opportunity with others to engage in gainful employment which they are capable of performing, gaining for our economy the benefits of their skills, experience, and productive capacities; and

"(2) Enabling retired persons to enjoy income sufficient for health and for participation in family and community life as self-respecting citizens; and

"(3) Providing housing suited to the needs of older persons and at prices they can afford to pay; and

"(4) Assisting middle-aged and older persons to make the preparation, develop skills and interests, and find social contacts which will make the gift of added years of life a period of reward and satisfaction and avoid unnecessary social costs of premature deterioration and disability; and

"(5) Stepping up research designed to relieve old age of its burdens of sickness, mental breakdown, and social ostracism."

These are the objectives of the White House Conference on Aging Act. I hope very much that we shall begin to achieve them while they can still be meaningful to the present generation of older citizens.

Now, let me tell you something about how this legislation is being put into effect, about how we expect to get results. The Department of Health, Education, and Welfare, and its predecessor the Federal Security Agency, has had a wealth of experience in this field of the aging population. Therefore, responsibility for organizing and conducting this Conference was assigned to the Secretary of Health, Education, and Welfare. He is being aided by a national advisory committee composed of recognized leaders in gerontology and in the fields of economics, education, health, housing, recreation, religion, and welfare, and distinguished citizens in public life. These individuals on the advisory committee have a vitally important role to play in relation to the Conference, and I understand that Mr. Fitch, staff director of the Conference, will be telling you more about the committee and its first meeting last week. You will be interested to know that the average age of the advisory committee members is close to 60, with a number being well into the eighties. I certainly hope that older people, with their wisdom and personal concern, will be closely involved in all the State and local activities in relation to the White House Conference. I think you may wish to know, too, that 11 of the members of this advisory committee represent our New England States.

My colleagues and I in the Congress were convinced that the aims and objectives of the White House Conference Act could not be achieved merely by having a big meeting in Washington in January 1961. States and communities have a most significant part in this total national effort, and the legislation provides for their participation.

The act authorized grants of from $5,000 to $15,000 per State to carry out their responsibilities, which include the conduct of one or more statewide conferences prior to 1961 and the development of facts and recommendations about their older people, which are to be reported to the Secretary of Health, Education, and Welfare. Funds not used for these purposes may be allocated to help pay for the expenses of the State's delegation to the White House Conference itself. These funds are available now and several States have already asked for their share.

It is obvious that States cannot hope to do an effective job of preparing for this conference without the maximum possible involvement of individuals and organizations, governmental and voluntary, at the local and State levels.

During my years in Congress I have had a part in the enactment of many pieces of legislation. Some of them have not always lived up to our expectations, and with others the results have been a long time becoming evident. This is assuredly not the case with Public Law 85–908, the White House Conference on Aging Act.

There has been an immediate response to this law, and this naturally served to reinforce my already strong conviction about its wisdom and timeliness. Organizations and individuals began at once to express their interest, and I understand that the Department of Health, Education, and Welfare was deluged with offers of help and with requests for information as to how groups and people could start mobilizing their own resources in relation to the conference.

Let me give you a few instances. The National Committee on the Aging of the National Social Welfare Assembly named a liaison committee to work with the Department of Health, Education, and Welfare in relation to the conference. The American Public Welfare Association is naming a similar committee. The National Tuberculosis Association promptly informed its State and local affiliates and urged them to participate to the fullest possible extent in the preparatory activities. The National Council of Churches has circularized all the local councils with information about the conference and has urged its 40 affiliated denominations to offer their total resources in helping to establish stronger State and local programs and to take part in the White House Conference planning. The Joint Council to Improve the Health Care of the Aged, whose first annual meeting I addressed last Friday, has as one of its major objectives the stimulation of greater interest in the White House Conference on Aging.

Response from the States was equally swift and gratifying. In a number of State legislatures the White House Conference Act, and the need for coordinated State action to implement its provisions, was the major argument used in favor of creation of an official commission or committee on aging. In others the act served to give new life to groups which were lacking purpose or needed stimulation. There are now 38 of these official State coordinating agencies on aging, and it is especially significant that some of them are now getting more adequate financial support than they ever did in the past. I am glad to know that all but one of the States in our New England region have a statewide coordinating council or committee. For reasons of both our own obvious need and for pride of leadership, I hope that we shall continue to find ourselves in the front rank. The prospect of Federal grants to the States for White House Conference purposes is serving—as was hoped—to prime the pump at the State level. But much more of this financial support provided by the States themselves will be required in order to fully carry out the State and local activities which I regard as so essential.

One of the State conferences on aging has already been held, and many others are now being planned. Efforts are underway in many States and localities to survey the needs of their older people and to assess the adequacy of present programs and resources. Demonstration projects of one sort or another are being set up so that they can be evaluated by the time of the 1961 conference. State and local leaders will get additional stimulation and concrete help next week through participation in the National Leadership Training Institute which the conference staff is conducting at Ann Arbor, Mich.

It is an encouraging feeling to be able to review the progress which has been made as the result of a piece of legislation in which I was so vitally interested. But this progress only scratches the surface. We still have a long way to go to achieve the objectives of the White House Conference on Aging Act. More special commissions and committees

need to be established in the States and localities; more organizations and agencies need to be involved; more civic leaders and plain everyday citizens need to be stirred up about aging; more money needs to be expended at all levels of Government and through voluntary sources.

I am confident, however, that the big movement has been started, triggered by the White House Conference on Aging Act, and the Nation is now rolling up its sleeves to tackle this challenge. Together—at the National, State, and local levels—we can rise to this challenge and assure a better way of life for our older people in whose behalf the act was passed.

DAV Services in Minnesota

EXTENSION OF REMARKS
OF
HON. WALTER H. JUDD
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
Monday, June 29, 1959

Mr. JUDD. Mr. Speaker, an exceptional record of vital rehabilitation services freely extended to thousands of Minnesota citizens has recently come to my attention. These splendid humanitarian services are not sufficiently appreciated by those who have benefited thereby directly, and indirectly.

Among the several congressionally chartered veteran organizations, which have State departments and local chapters in Minnesota, is the Disabled American Veterans. The DAV is the only such organization composed exclusively of those Americans who have been either wounded, gassed, injured, or disabled by reason of active service in the Armed Forces of the United States, or of some country allied with it, during time of war.

DAV SET-UP

Formed in 1920, under the leadership of Judge Robert S. Marx, DAV legislative activities have very substantially benefited every compensated disabled veteran. Its present national commander is another judge, David B. Williams, of Concord, Mass. Its national adjutant is John E. Feighner, of Cincinnati, Ohio. Its national legislative director is Elmer M. Freudenberger, its national director of claims, Cicero F. Hogan, and its national director of employment relations, John W. Burris—all located at its National Service Headquarters at 1701 18th Street NW., Washington, D.C.

Inasmuch as less than 10 percent of our country's war veterans are receiving monthly disability compensation payments for service-connected disabilities—some 2 million—the DAV can never aspire to become the largest of the several veteran organizations. Nevertheless, since shortly after its formation, in 1920, the DAV National Headquarters, located in Cincinnati, Ohio, has maintained the largest staff of any veteran organization of full-time trained national service officers, 138 of them, who are located in the 63 regional and 3 district offices of the U.S. Veterans' Administration, and its central office in Washington, D.C.

They there have ready access to the official claim records of those claimants who have given them their powers of attorney. All of them being war-handicapped veterans themselves, these service officers are sympathetic and alert as to the problems of other less well-informed claimants.

DAV SERVICES IN MINNESOTA

The DAV maintains two national service officers in Minnesota, James L. Monnahan and Hiram J. Fuller, at the VA Center, Building 17, Fort Snelling, St. Paul; Mr. Frank A. Howard, 116 South 13th Street, Minneapolis, full-time adjutant of the Minneapolis chapter, is also an accredited national service officer. Mr. Monnahan also serves as department adjutant. Mr. Stuart A. Lindman has been succeeded by Mr. John Russo of Hibbing, Minn., as the department commander. Mr. Monnahan, Mr. Howard, and Mr. Lindman are long-time friends of mine.

DAV national officers from Minnesota this year are Mr. Frank Barstow, national executive committeeman, box 430, Brainerd, and his alternate, Mr. John Kalland, 1789 Bush Avenue, St. Paul. Past national commanders from Minnesota, now living, are James L. Monnahan, John L. Golob, post office box 521, Hibbing and Millard W. Rice, now executive secretary of the DAV Service Foundation, while Mr. Golob is the chairman of its board of trustees and Mr. Monnahan is also a trustee. DAV voluntary services representatives at the two VA hospitals are Carl F. Mousky at Fort Snelling, with 1,014 beds for GM patients, and James L. Patterson, at St. Cloud, with 1,379 beds for NP patients.

During the last fiscal year the VA paid out $108,332,000 for its veteran program in Minnesota, including $32,237,484 disability compensation to its 41,133 service-disabled veterans. These Federal expenditures in Minnesota furnish substantial purchasing power in all communities. Only about 16 percent—6,444—are members of the 25 DAV chapters in Minnesota.

This 16-percent record seems small, in view of the very outstanding record of personalized service activities and accomplishments of the DAV national service officers in behalf of Minnesota veterans and dependents during the last 10 fiscal years, as revealed by the following statistics:

Claimants contacted — estimated	48,056
Claim folders reviewed	40,007
Appearances before rating boards	17,718
Compensation increases obtained	4,752
Service connections obtained	1,494
Non-service pensions	1,072
Death benefits obtained	627
Total monetary benefits obtained	$2,345,502.18

These above figures do not include the accomplishments of other national service officers on duty in the central office of the Veterans' Administration, handling appeals and reviews, or in its three district offices, handling death and insurance cases. Over the last 10 years, they reported 83,611 claims handled in such district offices, resulting in monetary benefits of $20,850,335.32, and in the central office they handled 58,282 reviews and appeals, resulting in monetary benefits of $5,337,389.05. Proportionate additional benefits were thereby obtained for Minnesota veterans, their dependents, and their survivors.

SERVICES BEYOND STATISTICS

These figures fail properly to paint the picture of the extent and value of the individualized advice, counsel, and assistance extended to all of the claimants who have contacted DAV national service officers in person, by telephone, and by letter.

Pertinent advice was furnished to all disabled veterans—only about 16 percent of whom were DAV members—their dependents, and others, in response to their varied claims for service connection, disability compensation, medical treatment, hospitalization, prosthetic appliances, vocational training, insurance, death compensation or pension, VA guarantee loans for homes, farms and businesses, and so forth. Helpful advice was also given as to counseling and placement into suitable useful employment—to utilize their remaining abilities—civil service examinations, appointments, retentions, retirement benefits, and multifarious other problems.

Every claim presents different problems. Too few Americans fully realize that governmental benefits are not automatically awarded to disabled veterans—not given on a silver platter. Frequently, because of lack of official records, death or disappearance of former buddies and associates, lapse of memory with the passage of time, lack of information and experience, proof of the legal service-connection of a disability becomes extremely difficult—too many times impossible.

A VA Claims and Rating Board can obviously not grant favorable action merely based on the opinions, impressions or conclusions of persons who submit notarized affidavits. Specific, detailed, pertinent facts are essential.

The VA, which acts as judge and jury, cannot properly prosecute claims against itself. As the defendant, in effect, the U.S. Veterans' Administration must award the benefits provided under the laws administered by it, only under certain conditions.

A DAV national service officer can and does advise a claimant precisely why his claim may previously have been denied and then specified what additional evidence is essential. The claimant must necessarily bear the burden of obtaining such fact-giving affidavit evidence. The experienced national service officer will, of course, advise him as to its possible improvement, before presenting same to the adjudication agency, in the light of all of the circumstances and facts, and of the pertinent laws, precedents, regulations and schedule of disability ratings. No DAV national service officer, I feel certain, ever uses his skill, except in behalf of worthy claimants, with justifiable claims.

The VA has denied more claims than it has allowed—partly because most claims are not properly prepared. It is very significant, as pointed out by the DAV acting national director of claims, Chester A. Cash, that a much higher percentage of those claims, which have been prepared and presented with the aid of a DAV national service officer, are eventually favorably acted upon, than is the case as to those claimants who have not given their powers of attorney to any such special advocate.

LOSSES BY REVIEWS

Another fact not generally known is that, under the overall reivew of claims inaugurated by the VA some 4 years ago, the disability compensation payments of about 37,200 veterans have been discontinued, and reduced as to about 27,300 others, amounting in the aggregate to more than $28 million per year. About 1.9 percent of such discontinuances and reductions have probably occurred as to disabled veterans in Minnesota, with a consequent loss of about $532,000 per year.

Most of the claimants suffering reduction or discontinuance were not represented by the DAV or by any other veteran organization. Judging by the past, such adjudications will occur as to an additional equal number or more during the next 3 years, before such review is completed. I urge every disabled veteran in Minnesota to give his power of attorney to the national service officer of the DAV, or of some other veteran organization, or of the American Red Cross, just as a protective measure against losing disability compensation because of inadequate handling of his claim.

The average claimant who receives helpful advice probably does not realize the background of training and experience of a competent expert national service officer.

COSTS OF DAV SERVICES

Measured by the DAV's overall costs of about $12,197,600 during a 10-year period, one would find that it has expended about $3.50 for each claim folder reviewed, or about $8.80 for each rating board appearance, or, again, about $22.70 for each favorable award obtained, or about $123 for each service connection obtained, or about $54 for each compensation increase obtained, and has obtained about $14.10 of direct monetary benefits for claimants for each dollar expended by the DAV for its national service officer setup. Moreover, such benefits will generally continue for many years.

METHODS OF PROVIDING SERVICES

Evidently, most claimants are not aware of the fact that the DAV receives no Government subsidy whatsoever. The DAV is enabled to maintain its nationwide staff of expert national service officers primarily because of income from membership dues collected by its local chapters and from the net income of its Idento-Tag—miniature automobile license tags—project, owned by the DAV and operated by its employees, most of whom are disabled veterans, their wives, or their widows, or other handicapped Americans—a rehabilitation project in thus furnishing them with useful employment. Incidentally, without checking as to whether they had previously sent in a donation, more than 1,400,000 owners of sets of lost keys have received them back from the DAV's Idento-Tag Department, 16,954 of whom, during the last 8 years, were Minnesota residents.

Every eligible veteran, by becoming a DAV member, and by explaining these factors to fellow citizens, can help the DAV to procure such much-needed public support as will enable it to maintain its invaluable nationwide service setup on a more adequate basis. So much more could be accomplished for distressed disabled veterans, if the DAV could be enabled, financially, to maintain an expert service officer in every one of the 173 VA hospitals.

MEMORIAL HONOR ROLL

During the last 10 years, the DAV has also relied on appropriations from its separately incorporated trustee, the DAV Service Foundation, aggregating $3,300,000 exclusively for salaries to its national service officers. Its reserves having been thus nearly exhausted, the DAV Service Foundation is therefore very much in need of the generous support of all serviced claimants, DAV members and other social-minded Americans—by direct donation, by designations in insurance policies, by bequests in wills, by assignments of stocks and bonds and by establishing special types of trust funds.

A special type of memorial trust fund originated about 3 years ago which concerned disabled veteran members of the DAV Chapter in Butte, Mont., which established the first Perpetual Rehabilitation Fund of $1,000 with the DAV Service Foundation to which it recently added another $100. Since then, every DAV unit in that State has established such a special memorial trust fund, ranging from $100 to $1,100, equivalent to about $5 per DAV member—an excellent objective for all other States. Benefactors from 32 States have, up to this time, become enrolled on the memorial honor roll.

Inasmuch as only the interest earning from special donations will be available for appropriation to the DAV for its use in maintaining its national service officer program in the State of residence of each such benefactor, this is an excellent objective also for Minnesota. Each such special benefactor is enrolled on a permanent memorial honor roll which, updated, is then included in the annual report of the DAV and of its incorporated trustee, the DAV Service Foundation, to the U.S. Congress.

Each claimant who has received any such free rehabilitation service can help to make it possible for the DAV to continue this excellent rehabilitation service for other distressed disabled veterans and their dependents in Minnesota by sending in donations to the DAV Service Foundation, 1701 18th Street NW., Washington 9, D.C. Every such "serviced" claimant who is eligible can and should also become a DAV member, preferably a life member, for which the total fee is $100—$50 to those born before January 1, 1902, or World War I veterans—payable in installments within 2 full fiscal year periods.

Every American can help to make our Government more representative by being a supporting member of at least one organization which reflects his interests and viewpoints—labor unions, trade associations, and various religious, fraternal, and civic associations. All of America's veterans ought to be members of one or more of the patriotic, service-giving veteran organizations. All of America's disabled defenders, who are receiving disability compensation, have greatly benefited by their own official voice—the DAV.

If eligible, I would certainly be proud to be a life member of the DAV.

Philadelphia's Robin Hood Dell

EXTENSION OF REMARKS
OF
HON. WILLIAM J. GREEN, JR.
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Monday, June 29, 1959

Mr. GREEN of Pennsylvania. Mr. Speaker, I call the attention of Congress, and, through this body, the attention of the Nation, to America's greatest cultural bargain—the Robin Hood Dell in Philadelphia, on the commencement of the 30th year of fine summer music in one of the world's loveliest settings. Our Dell can guarantee superb music played by one of the world's greatest orchestras, with celebrated conductors, instrumentalists and vocalists. It can guarantee a full house, some 400,000 music-lovers each year for the series of 21 concerts.

Our Dell can guarantee an exemplary quality of music in a sylvan setting in verdant Fairmount Park—and that the highest of cultural standards will be attained without the fear of deficit. For the Dell budget is assured before the series begins. Each of the concerts is free—simply for the cost of a 4-cent stamp.

This musical miracle is brought about by the Philadelphia plan of joint municipal-private sponsorship, the plan which has attracted international acclaim as an agency of cultural contribution. Indeed, the Philadelphia plan which enables Robin Hood Dell to maintain consistently superior standards, is a harbinger of the enlightened social planning that is sweeping our land. Under the plan, Philadelphia's City Council voluntarily assumed its responsibility to gratify the cultural hungers of its enlightened community.

To perpetuate the Robin Hood Dell, our city council annually supplies half the budget—$75,000. The balance is assumed by a group of some 800 music lovers who buy membership in the Friends of the Dell for $100 apiece. This amount—equivalent of less than $2.40 for two reserved seats for each of 21 concerts—is itself a bargain. But together—this merger of municipal and private investment in good citizenship

makes the Robin Hood Dell the greatest cultural bargain in the land. And, the plan is a pattern of patronage that might well be followed by cities the world over.

Therefore, on the commencement of the 30th year of this world-leading summer music series, I would like to extend to Robin Hood Dell, on behalf of the Congress of the United States of America, our greetings and gratitude and good wishes.

Endorsement of H.R. 5752

EXTENSION OF REMARKS
OF
HON. GORDON CANFIELD
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, June 29, 1959

Mr. CANFIELD. Mr. Speaker, I desire to add my endorsement of H.R. 5752, a bill which provides for Friday as a legal public holiday for Government employees when Federal holidays occur on Saturday.

Federal employees are supposedly entitled to eight paid holidays a year, although they are deprived of the benefits of such holidays should they fall on Saturday. H.R. 5752 will correct this situation.

It was pointed out in the hearings on this bill that the tendency in private industry is to increase the number of paid holidays and liberalize worker benefits. The least we can do for our Federal Employees is to insure that all of them receive equal treatment in terms of holiday observances.

Existing laws and regulations provide that holidays falling on Sunday be observed Monday. In the spirit of fairness I think this same principle should apply when holidays fall on Saturday or on a regular weekly nonworkday of an employee whose basic workweek is other than Monday through Friday. I urge adoption of the measure.

Procurement of Commercial Trucks by the Department of Defense

EXTENSION OF REMARKS
OF
HON. PHILIP A. HART
OF MICHIGAN
IN THE SENATE OF THE UNITED STATES
Monday, June 29, 1959

Mr. HART. Mr. President, the recent statement by the Department of the Army that it is now attempting to work out for the first time, a method by which contracts for the procurement of commercial trucks could be shared with bidders in areas of substantial labor surplus could mean a great deal for employment prospects in Michigan.

Information that I have assembled indicates that there are 46 commercial truck assembly plants in the United States. Fifteen of these plants are today in areas of substantial labor surplus, and the firms operating these plants would thus be eligible for preference on any commercial truck contracts designated for labor surplus set-asides. In Michigan there were seven truck assembly plants in 1958 at Flint, Pontiac, Lansing, Dearborn, and Detroit. Five of the seven points where truck assembly was undertaken in Michigan during 1958 are today in areas of more than 12 percent unemployment. These are plants at Flint, Pontiac, Detroit, and Dearborn.

It is my belief that it will be possible for the Army to work out a method for applying the principle of earmarking 50 percent of the procurement on commercial truck contracts for areas with high unemployment. Certainly this is the type of situation for which the Office of Defense Mobilization issued this Manpower Order No. 4 a number of years ago.

As the correspondence indicates, I have been working with the Department of the Army since last March to see if some attempt can be made to achieve a more meaningful application of the labor surplus set-aside program. I am encouraged by the latest advice from the Army that they are presently undertaking to accomplish this on the first fiscal 1960 major commercial truck procurement contract.

For the period of July 1, 1958, to March 31, 1959, the total value of defense contracts going to Michigan firms as a result of the labor surplus set-aside order was only $1,543,000. This despite a very sizable number of Michigan firms in areas above 12 percent unemployment.

The Army is to be commended for its interest in bringing more defense jobs to States with high unemployment such as Michigan. There may well be reasons why some States are receiving more missile contracts than Michigan, although I certainly do not concede this, but there certainly is every reason why Michigan should today benefit from Federal programs designed to bring defense contracts into areas of high unemployment, when the item being bought by the Department of Defense is commercial trucks.

I ask unanimous consent that an exchange of correspondence between my office and the Office of the Chief of Ordnance of the Department of the Army with reference to the application of labor surplus set-asides under defense contracts to the procurement of commercial trucks by the Department of Defense, be printed in the CONGRESSIONAL RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

HEADQUARTERS,
DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, D.C., April 15, 1959.

Hon. PHILIP A. HART,
U.S. Senate.

DEAR SENATOR HART: During my discussion with you, Senator MCNAMARA, and Congressman O'HARA on March 18, 1959, a question was raised as to whether or not any consideration had been given to a distressed labor set-aside on a recent procurement of commercial trucks from the Ford Motor Co. I wish to advise you that such consideration was given in this case but a set-aside was considered impractical.

As you probably know the set-aside system prescribes the matching of quotations between the set-aside and non-set-aside portions of a procurement. In procurements of commercial vehicles bids are evaluated by destination on the basis of prices quoted f.o.b. origin plus transportation to each destination. As a result each destination becomes a separate line item which, under the set-aside procedure, would have to undergo the splitting and matching process. In this case Ford Motor Co. had nine assembly plants to be considered and Chevrolet had three. Additionally, there were approximately 200 different destinations for the vehicles. I think you will appreciate the permutations and combinations possible with 12 points of origin and 200 destinations. A further complicating factor is that neither of these manufacturers continuously assemble all types of trucks at each of their plants.

Taking all these factors into consideration it was the determination of the procuring office that a set-aside was impracticable. It is to be noted, however, that although the assembly of these vehicles will not be performed in the Detroit area many of the components will be manufactured there and hence will provide some measure of relief to the distressed labor condition.

I hope this will answer your question. You may be sure that we concern ourselves constantly with the distressed labor situation and consideration is given to set-asides in every possible case.

Sincerely yours,

F. J. MCMORROW,
Brigadier General, U.S. Army, Assistant Chief of Ordnance.

U.S. SENATE,
Washington, D.C., May 14, 1959.

Brig. Gen. F. J. MCMORROW,
Assistant Chief of Ordnance, Office of the Chief of Ordnance, Department of the Army, Washington, D.C.

DEAR GENERAL MCMORROW: Your letter of April 15, concerning the difficulties surrounding the application of a labor surplus set-aside to the procurement of commercial trucks has given me more insight into the problems that you face in this regard. The comments, together with a nonexpert's reading of the many announcements my office has received concerning awards for cars and trucks from the Office of the Chief of Ordnance, indicate to me that it is unreasonable to expect the Department of Defense to apply any set-aside procedures to this type of procurements.

Perhaps it is only accurate to draw this conclusion in those instances where vehicles are to be delivered to several different locations as was the case in the procurement of commercial trucks from the Ford Motor Co. It may be that my general assumption is wrong, but it occurs to me that in the long run I will have a better understanding of the limitations of labor surplus area set-aside programs if I can delimit in my own mind the type of procurement activity to which such set-asides actually can be applied.

In addition to your comments on the above questions, I would appreciate your having assembled for me a set of announcements of contract awards for commercial trucks and cars that have been issued by the Office of the Chief of Ordnance during the past 12 months with an indication on each announcement of the firms, other than those awarded the contracts, which had made bids.

Thank you for your continued cooperation and assistance.

Sincerely,

PHILIP A. HART.

HEADQUARTERS,
DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF ORDNANCE,
Washington, D.C., June 12, 1959.

Hon. PHILIP A. HART,
U.S. Senate.

DEAR SENATOR HART: This is with further reference to your letter of May 14, 1959, to Gen. F. J. McMorrow, concerning the type of procurements to which labor surplus area set-asides can be applied.

Generally, all procurements over $25,000 where the total quantity desired is sufficient to permit dividing into two economical production lots (one for the non-set-aside portion and the other for the set-aside portion), are considered suitable for the partial set-aside procedure. However, other factors may be present which might make the set-aside procedure impractical in a specific procurement. Among these factors are rates of delivery, timing of deliveries, multiple destination points, and multiple points from which each of the contractors may ship. In most procurements, these factors present no special problem to the use of the set-aside procedure, or means can be found to overcome any difficulties which arise. In the recent case of the procurement of commercial trucks, the set-aside was impracticable because of the combination of multiple destination points and multiple contractors' points of origin. However, since our discussions with you we have been attempting to develop a method which would permit the use of set-asides in our procurement of commercial vehicles. If we are successful, we shall apply the method on a trial basis to the first large commercial vehicle procurement in fiscal year 1960.

Typical items for which the Ordnance Corps has made surplus labor area set-asides are ammunition metal components, rifles, repair parts for weapons, tactical vehicles, fire-control instruments, cleaning components and antifreeze.

Enclosed as requested is a list of commercial vehicle awards reported by the Ordnance Tank-Automotive Command to the Department of Commerce for synopsizing this fiscal year, together with the names of the unsuccessful bidders.

For the Chief of Ordnance:
Sincerely yours,

G. C. CARLSON,
Brigadier General, P.S. Army, Assistant.

Congress Considers Libraries and Education

EXTENSION OF REMARKS
OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 29, 1959

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks I include an address which I delivered at the American Library Association conference, Sheraton Park Hotel, Washington, D.C., on June 26, 1959.

KEYNOTE ADDRESS OF HON. JOHN E. FOGARTY, U.S. REPRESENTATIVE, SECOND CONGRESSIONAL DISTRICT OF RHODE ISLAND, AT AMERICAN LIBRARY ASSOCIATION CONFERENCE, SHERATON PARK, WASHINGTON, D.C., FRIDAY, JUNE 26, 1959

CONGRESS CONSIDERS LIBRARIES AND EDUCATION

I am grateful for this opportunity to meet with an organization that is doing so much on behalf of causes that I have long been proud to serve. I refer particularly to the broad fields of health and education. Few groups are more important than the American Library Association in meeting these national challenges.

These are times when every institution concerned with maintaining a free and informed citizenry is playing a critical part in our Nation's destiny. Public libraries, as a mainstay of our communications structure, are indispensable in this era of science and technology, of farflung interests abroad, of international tensions and complex domestic problems. These are times when every thinking person needs the information, the background that only reading can give, and the kind of stimulation and diversion that literature alone affords.

Let me say at the outset that the library's role in meeting the intellectual challenge of today is not, in my opinion, a passive one. It is a dynamic role that calls for action on the part of librarians, trustees, and the friends of libraries. It is a role that demands a strong organization, in which all members are highly sensitive to social needs, their own goals, and the roads that are open to those goals. The needs that face us—and I think again of our many interests in common—urge an attack with all our resources.

For many years I have been concerned with those needs, both as a Representative to Congress from the Second District of Rhode Island and as chairman of the subcommittee in the House of Representatives which is responsible for appropriations to the Department of Health, Education, and Welfare. Libraries share many of the Department's interests in the fields of health and education, particularly those of the Public Health Service in aging, juvenile delinquency, and blindness. Other common interests are the program of scientific translation and the National Library of Medicine, which became a part of the Service in 1956.

Since ancient times libraries have served the civilized community as storehouses of information. The importance of this function alone is attested by the fact that an ability to accumulate knowledge and transmit it down the generations is an essential difference between man and the lower animals. Increasingly, however, libraries have assumed additional functions—have taken a more active role in the community. The library today is not only a medium of communication; it is an integral part of our educational structure. One of its principal functions is to teach.

We think immediately of school libraries and their importance in general and professional education. But I have in mind a broader concept. The educational institution—the school or college—must not only teach: it must point the student down the road of knowledge. With school behind us, our education has only begun. Here, then, is perhaps the main role of the library—to help us gain the education we need on our way through life. In this, the school library is joined by the public and special libraries—those of industry, societies, government. Together, these facilitate our self-development, our intelligent participation in public affairs, and our pursuit of special interests.

The broader role of the library, in the eyes of a mere observer, calls for more intensive development of special resources for communication, such as films and recordings. The addition of musical and audio-visual dimensions to literature can provide a rounded approach to the library's educational mission. To be sure, there are many difficulties. But only through such expanded programs can libraries, it seems to me, realize their full potential for education and creative experience.

This is most obvious with respect to special groups I have mentioned. Recordings for the blind, for example—an extremely valuable service—certainly bring the library into the forefront of educational institutions. The same might be said of records and prints used in seminars on music and art for the elderly. Or the showing of films in conjunction with courses under way in local schools, as an aid to the guidance of youth. It is these active ventures into education that I, in my work for these groups, find most gratifying in the progressive library of today.

I should like to make a special point about the efforts of the ALA toward the control of juvenile delinquency. This is a problem that has come often to my attention as a legislator. We have worked out, I believe, some good measures, such as the collaborative activity proposed in the current appropriation bills for the Children's Bureau and the National Institute of Mental Health. This is an effort to provide coordination and leadership through two agencies with interest, experience, and resources in the fields of child welfare, child behavior, and child psychology. But legislation, however, sound, can never solve this problem alone. It is a problem for the total community: the school, the church, the family—all of our social institutions. The library is very important here, primarily as a preventive, for it can offer books and programs to help our young adults understand themselves and adjust to life.

Many of you have given real thought to the problem of juvenile delinquency, and some of you, I know, are very active in this field. Libraries can reach children early and maintain contact as they grow and develop. Good progress has been made in bringing libraries to low-income areas; and in some cities, librarians trained for service to young people work cooperatively with welfare agencies. Given adequate funds and staffs, libraries can offer individual help, particularly to those who cannot read well. I believe the services to young people should be extended and promoted through adult groups, collaborative projects with juvenile courts, and mass media such as radio and television. To learn the best role of libraries in this problem, studies might well be done in collaboration with research and welfare agencies.

A realistic view of the library as an educational institution must take into account the question of funds. Legislation for the support of educational and research programs should generally be interpreted to include libraries as educational and research facilities. In the current research construction program of the Public Health Service, for example, the National Advisory Council that recommends grants to the Surgeon General holds that libraries are definitely research facilities. Few projects to date have included library construction because the funds have been insufficient to meet the need for laboratories, but the Council at its October meeting will consider whether research library construction can be expanded.

One of the Nation's most pressing medical and social problems is blindness. There are about 350,000 blind persons in this country, and the number is increasing despite public and private efforts over many years. The Public Health Service's National Institute of Neurological Diseases and Blindness is attacking the problem from the medical standpoint. On the social side, I have introduced a bill to establish a temporary Presidential commission to study and report on problems related to blindness and the needs of the blind. A prime objective is to help create a national atmosphere more favorable to the blind person and his role in society. This will call for studies of existing conditions, including rehabilitation programs, the education of blind children, and social services and research. One consideration will be how to provide books and recordings, including problems of procurement and distribution.

I am confident that standards and legislation will be developed through which the best library services now available for the blind will be augmented and extended. It gives me great satisfaction to work toward that end.

Among the most important library services are those extended to the older citizen. The magnitude of the aging problem demands that major resources such as libraries, so valuable in guidance, recreation, and many special activities, be encouraged in every way possible to do more in this field. Since 1900, people over 50 have increased in our population from 13 percent to more than 22 percent. By 1970, nearly 25 percent of the American people will be over 50, and 10 percent will be over 65. Social institutions should prepare for the impact of this growth. In an effort to help libraries in this regard, I will urge that they be cited in current bills before Congress.

Probably the legislation most directly significant to the ALA is the Library Services Act. As you know, the Congress has never appropriated the full $7.5 million authorized for this Office of Education program. But much progress has been made under the act, such as the extension of library services to 11 million people in rural American areas. I understand that 50 States and Territories are now participating, and that the matching requirements have stimulated State and local governments to put 45 percent more money in libraries than they did before the program began.

Because this is one of the appropriations my subcommittee handles, I am proud of my own part in these achievements. The President's budget called for only $3 million last year. We in Congress raised this to $6 million—twice the budgeted amount. This year, the President's budget was $5 million. We in the House voted an additional million making it $6 million, the same amount as last year. The Senate on last Wednesday voted for $7.5 million. If a reasonable compromise is agreed to the tremendous task of providing library services for 25 million more rural people in this country who do not now have access to public library service will be able to proceed. Having followed the program closely in Rhode Island, I am determined to see similar benefits extended throughout the greater United States.

I should like now to discuss some broad problems in which libraries are involved—problems impeding social and scientific progress, particularly in the field of medical research. One of these is the problem confronting the scientist when he searches the literature before undertaking an experiment. Although he may work in a highly specialized area, the information he needs will be widely scattered. Annually throughout the world, about 180,000 research reports appear in some 5,000 journals, and an estimated 10,000 books are published on medical and scientific subjects. The libraries can do little, of course, to control this volume of publication, although I am sure they would like to. There is, however, a major library responsibility for documentation—the vast field of lending order to this mountain of words.

I do not presume to understand the problem in detail—the many good proposals for solving it, the new equipment available, the programs under way. I do know that researchers in all fields, including the biological, physical, and social sciences, depend largely on libraries for the storage and retrieval of information. Those who write it and those who print it share the responsibility, but cannot come to grips with the problem because they are independent workers. The one unified element—the library—well organized and influential, should take the lead.

If some major library organization, such as the ALA or Library of Congress, were to adopt a plan acceptable to scientists and editors, cooperation would be assured through the desire of authors to be included in the system. For instance, authors would submit abstracts through editors to a central point for indexing, storage, and electronic retrieval. But this is just a thought; many of you are way ahead of me. I only mean to stress that the library—not the individual author, editor or reader—is the place to begin. It is the logical point of vantage for instituting a system that would streamline the search for data, now a task of such proportions as to threaten the value of reports themselves—even to threaten the continuity of knowledge.

Another major need—one in which libraries could play a larger part—is the distribution of educational material on science and health. People are eager for literature on these subjects—current, factual, plain materials that answer their questions and expand their understanding. Federal, State and local health departments, voluntary health agencies, and many other groups publish pamphlets and other materials on all the major health problems. Unfortunately, public libraries are often excluded from the distribution lists through doubt that the materials would be promoted or displayed. And the libraries have been unable to afford stocks of giveaways, the best approach to meeting the need. I believe, however, that cooperative arrangements could be worked out in which public libraries would play a key role in health education.

In making these various suggestions, I have failed to specify how they might best be adopted. Who should set the ball rolling? Certainly, librarians and ALA officials can do much in their own right, and it is they who must follow through once the services are instituted. But their authority and influence are limited. I appeal to the trustees and friends of libraries. They should take the initiative more often, lending their names and efforts to increasing support for their public libraries. Without the active participation of trustees and friends the library can be little more than a storehouse. With their active aid, the library can be a dynamic agency working side by side with educational, research and welfare groups. It is largely through trustees and friends that an ancient and honorable institution—a latent force for social betterment—can realize its potential in the modern world.

To my mind, the most important ancillary function that a library can perform (a function so intangible that legislators can only talk about it) is to further the spirit of learning in this country. Basic to the improvement of domestic and foreign relations, to supremacy in science and technology, to the attainment of major national goals, must be a climate of public opinion more favorable to science, education, and scholarship in general. Our need for this is felt keenly when one talks to scientists and educators, to people abroad. We need a national shift toward deeper appreciation of all that the library represents in our culture—knowledge, art, and their advancement through communication.

Librarians, through the selection of reading matter, group activities, and individual guidance, can help immeasurably to further the understanding of science and of the need for research. They can help acquaint young people with names and events in science, shaping their image of the scientists and a research career. They can call attention to opportunities in the sciences—courses of study, scholarships, positions. And above all, they can capture and stimulate that interest in the humanities which affects so strongly our sense of values, and thus our attitude toward the learned professions and their contribution.

To summarize, I would urge librarians to continue developing their programs along educational lines. You have an important mission in helping young people—the misguided and the gifted—older people, and many special groups. Health education is a particularly appropriate field. I urge you, collectively and individually, to further the sciences through advances in documentation and efforts to improve the national climate for scientific endeavor. And I call especially upon the trustees and friends of libraries to work on behalf of their institutions in such matters as support and the expansion of library functions.

For my part, I will do all I can to help the libraries of the Nation extend their basic and special services to every citizen.

Present World Conditions

EXTENSION OF REMARKS
OF

HON. CLAIR ENGLE

OF CALIFORNIA

IN THE SENATE OF THE UNITED STATES

Monday, June 29, 1959

Mr. ENGLE. Mr. President, on his recent trip to California, our colleague, the Senator from Missouri [Mr. SYMINGTON] delivered an excellent address before the Commonwealth Club in San Francisco, one of the finest forums on the west coast. I believe that Members of Congress will find of interest these thoughtful remarks on the realities of the present world situation by the junior Senator from Missouri, and I ask unanimous consent to have the text of his address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR STUART SYMINGTON, BEFORE THE SAN FRANCISCO, CALIF., COMMONWEALTH CLUB, MAY 29, 1959

Back in the early twenties, in what has sometimes been termed the era of wonderful nonsense, a Frenchman named Dr. Emil Coué attracted a vast national following with a simple formula for uncomplicated living.

Americans flocked by the hundreds of thousands to the Coué Institute to hear the master intone the magic words: "Day by day in every way I am getting better and better."

The Coué system, as it was called, was perfectly suited to the times. It was the period of the convivial Harding and the silent Coolidge, a period when the sole object of national desire was summed up in Garbo's famous proclamation: "I want to be alone."

The art of ignoring the obvious was carried in those years to its highest perfection.

Painful truths were smothered in a thick meringue of self-confidence that was really self-doubt.

Then in October 1929 the bubble exploded.

The dream vanished.

The painful truths struck home. The era of wonderful nonsense dissolved into the bitterness of the morning after.

The Nation which had allowed itself to be hypnotized by the self-assurance of Emil Coué would have been far wiser to heed the warnings of another Frenchman, Emile Zola, who had written, "If you shut up truth and bury it under the ground, it will but grow and gather to itself such explosive power that the day it bursts through it will blow up everything in its way."

It is in the spirit of the second Frenchman, and not the first, that I would speak with you today.

For a long time I've had the unpleasant feeling that we are living through an echo of the 1920's. In certain respects, we have shown as a nation in the last few years the same disastrous disposition to hide from the facts, to delude ourselves with slogans and tidy formulas.

Nowhere has this tendency been so striking, and nowhere does it hold such explosive potential in Zola's sense, as in our seemingly inexhaustible capacity for underestimating the nature of the current problems incident to our position in the world today.

Seven weeks ago in New Orleans, Allen Dulles, the Chief of the Central Intelligence Agency, made an important address. It was a speech intended to alert the American people to the economic challenge of our possible enemies.

It was closely packed with disturbing information, gleaned from the best and presumably the latest intelligence reports.

It was a chilling report, which ought to have sobered a great number of people.

Tucked away in the text, however, was a warning not to take the claims of the Soviet 7-year plan at face value; and amazingly, press reports of the New Orleans speech featured this lone bit of reassurance and all but ignored the rest.

Readers who had before them both the news report and the complete speech must have had great difficulty in believing one was taken from the other.

Most of us simply do not want to believe that the Russian economic threat is as great as it appears to be—and we are ready to grasp at every little straw which offers us reassurance.

The biggest fool is the fool who fools himself.

Certainly we ought not to accept Soviet statistics at face value.

Certainly we ought to realize that Soviet economic progress begins from a lower absolute base.

Certainly we ought to stipulate that our economy is a good deal more mature than Russia's.

Certainly we ought to concede that in some of the areas where they are going all out to increase production we are producing more now than we can possibly use.

Certainly we ought to admit that the crucial question is not how much of an economic increase, but what kind.

Yet when all of these stipulations and concessions are made, I can derive no comfort from the valid comparisons which remain.

One carries in one's mind's eye the picture of the jovial ruthless Nikita Khrushchev warning the West in his blunt and confident fashion: "We declare war upon you in the peaceful field of trade. We declare war. We will win over the United States. The threat to the United States is not the ICBM, but in the field of a peaceful production. We are relentless in this and it will prove the superiority of our system."

The Soviet 7-year plan envisions an annual expansion in production of 8.6 percent, and concedes us an annual increase of only 2.2 percent.

"If this is true," Mr. Dulles told his audience in New Orleans, that is, if we are unable to increase production more than 2.2 percent a year, then—and let me emphasize—"the United States will be virtually committing economic suicide."

The Chinese Reds today, after a decade in power, are well ahead of where the U.S.S.R. stood at a comparable stage in its development.

This progress has been made possible partly through Soviet aid and partly through one of the most unbelievably inhuman slave labor programs in modern history.

The tragedy is, we are not now maintaining even the rate which Allen Dulles says is the equivalent of economic suicide.

From 1953 to 1958, U.S. production moved ahead and sideways and backward; and in the overall, achieved a forward progress of only 1.3 percent a year.

This is not just a two-sided competition. The economic transformation now underway on the Chinese mainland is, in its way, even more significant than the performance of the Soviets.

In the 6-year period from 1952 to 1957, the Chinese Communists increased their production of coal at an annual rate of 14 percent; their production of oil, 28 percent; electric power, 21 percent a year; iron, 25 percent a year; steel, 31 percent a year.

The Chinese rate of growth far exceeded that of the Soviet Union in the period of the first 5-year plan, 1928–32.

Soviet steel production in that first 5-year period went up 8 percent a year: The Chinese Communist rate, as I noted a moment ago, was 31 percent a year.

The Chinese have done this by methods that almost defy belief. They have been producing steel in backyard furnaces employing human muscle power in numbers estimated at anywhere from 20 to 50 million persons.

Peiping radio claimed last year that the Chinese Communists have already outstripped Great Britain in the production of pig iron and coal.

Our own intelligence confirms that Sino-Soviet steel production in the recession year of 1958 exceeded that of the United States.

Communist China is challenging Japan for the economic leadership of Asia. By 1965 it is clear the Sino-Soviet empire will be the largest economic power on the Eurasian land mass, exceeding the combined output of Western Europe and Japan.

Let me commend to your attention a study entitled "The Sino-Soviet Economic Offensive in the Less Developed Countries," published by the Department of State in May 1958.

The study is available in condensed form in a pamphlet entitled "The Communist Economic Threat," released this past March.

It shows that since 1954 the countries of the Sino-Soviet bloc have extended some $2.4 billions in credits and grants to 18 underdeveloped countries.

More than three-quarters of a billion has gone to furnish arms to the Governments of Egypt, Syria, Iraq, Yemen, Indonesia, and Afghanistan.

On the economic side, the Sino-Soviet bloc has devoted itself to penetrating with capital resources and technical personnel the least stable of the uncommitted nations of Asia and the Middle East.

The Soviet Union has loaned $132 million to India for construction of a giant steel mill at Bhilai in the central part of the country; and other credits for purchase of Soviet goods.

India has received $304 million in economic aid from the Sino-Soviet bloc during the past 4 years.

Soviet technicians are descending on India in wholesale lots. And many Indians are receiving special training in the U.S.S.R.

The object of these aid programs is somewhat more subtle than the arms deals. The steel mill at Bhilai, for example, is fully under the control of Soviet technicians and engineers. It is, therefore, a demonstration project of Soviet industrial prowess. This is propaganda of achievement, the most convincing kind.

Moreover, it is clear that the Communists hope to infect their temporary charges with Marxist dogma, and then leave them behind as a kind of Trojan horse.

The Russians are also out to crack the Western trade marts.

Between 1952 and 1956, the Soviet bloc increased its trade with Latin America by 609 percent.

The political usages of trade connections are too complex a matter for treatment here.

However, I would like to point out two techniques which the Soviets have used to great advantage.

In some cases, they have offered to buy goods—Egyptian cotton, for example—at prices well above the prevailing market.

The result is a diversion of trade leading eventually to the disappearance of the previously existing outlets. This leaves the trading nation at the mercy of the Communists—and experience teaches that it is not a very tender mercy.

The Soviet bloc has also utilized its vast and growing economic power to upset normal trade conditions by dumping commodities on the market, thus destroying the price structure.

This is a powerful weapon, and permits the most persuasive blackmail. We will see a good deal more of it in the years ahead.

The inescapable lesson, it seems to me, of all these statistics and facts is that we cannot afford to drift complacently along, consoling ourselves with ready slogans.

We must make a concerted effort to step up our own rate of growth to 4 or 5 percent annually.

And I believe this can be done without experiencing ruinous inflation.

The classic definition of inflation is too much money chasing too few goods.

So far, all our efforts at controlling inflation have been directed at limiting the supply of money.

I am not satisfied that budget balancing is the end-all and be-all of sound economic policy. In the face of the Sino-Soviet challenge, it may be a one-way ticket to disaster.

We must either face the facts, or face the music.

But we can't face the facts unless we know the facts. That is why it is so important for the people to have the truth. In this connection let me quote a remark made last month by the president of the American Society of Newspaper Editors, who said: "Our gravest danger is that we may learn to think we can reconcile freedom and secrecy—that we can have them both."

Yet, if I am certain of anything at all, I am sure that if we proceed as we are proceeding, toward more and more secrecy, we shall have less and less freedom—and one day we shall pass the line that distinguishes free and open government from secret and absolute government.

The strength of a nation depends upon the will of the people, and in our democratic form of government that will can function properly only when the people are informed.

That is why it is so important for the people to know the truth—then they will do whatever is necessary to remain strong and free.

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 29, 1959

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following newsletter of June 27, 1959:

WASHINGTON REPORT

(By Congressman BRUCE ALGER, Fifth District, Texas)

The Housing Act of 1959 came back from House-Senate conference, allegedly a compromise, represented as costing less than the

administration program. A Republican committee member called this a hoax, and the facts bore this out. The facts: The Senate passed a $3.6 billion bill, the House a $6.1 billion (the administration bill which most Republicans and some Democrats supported requested $1.9 billion). Out of this came the conference compromise of $5.2 billion, not the $1.4 billion cost represented by proponents of the compromise. Also objectionable were provisions for more public housing, urban renewal, and most objectionable to some of us, the deletion of the House amendment that kept Congress in constitutional supervision of the spending, permitting instead direct raids on the Treasury, bypassing Congress. Republicans joined by some Democrats could not defeat this sorry bill. It passed 241 to 177 (ALGER against). Lobbying pressures by the home builders' organization is no credit to them. The people should check who voted for and against this free-spending budget-busting bill. The Texans split. As is true so often, those who sponsor debt reduction bills voted for the spending. Let's hope the President vetoes the bill.

H.R. 3, the States rights bill, stipulates, "No act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect, or unless there is a direct and positive conflict between such act and a State law so that the two cannot be reconciled or consistently stand together." The bill is aimed at the Supreme Court's inclination to "preempt by implication" States rights in fields of traditional State or concurrent Federal-State jurisdiction. Liberals fought the bill fiercely and were joined by some who feared the language would create more problems than it solved. I am heartily for it. It passed 225 to 192. Only one Texan voted against it. Now, the question is, will it be killed in the Senate as it was last year 41 to 40? Let's hope not.

The Ways and Means Committee is currently tinkering with the value of the dollar, which obviously will affect every citizen. Unfortunately, the technical nature of the subject results in (1) basic misunderstanding; and (2) political expediency. At the moment, the political matter of who's to be blamed as responsible for increasing the interest rate overshadows the fact that demand for a commodity in a free economy raises its price; that interest rates, as the price for money's use, goes up in prosperous times (or deficit financing periods), a natural economic law, as gravity is a physical law. Failure to recognize or understand the facts and artificially to hold down interest rates by law will not only fail to solve the problem but will hurt the free economy and debase our currency.

The facts: (1) Money for investment is available from two sources: (a) Savings; and (b) money creation by the Federal Reserve, an independent Government agency. While it is true that the Federal Reserve does regulate the "money creation" supply of money, it is equally true that the Reserve Board of Governors is motivated by natural economic laws of supply and demand to prevent inflation and cheapening the dollar, no matter the pressure on them from business, labor, or politicians, each of whom is vitally concerned; (2) Government spending beyond income results in Government financing and refinancing problems (Federal debt of $285 billion plus), weakens bond values, adds pressure for interest rate increases and inflation (or cheapening) of our money. So the big Federal spenders are (a) creating the very problem they seek to blame on others, and (b) preventing the imposition of the necessary interest rate corrections they have necessitated. The 10 Republicans of Ways and Means are backing Bob Anderson's sensible requests.

Facts versus politics is the problem. Sincere belief as a matter of conviction, liberal or conservative, as to rightness, is one thing. There can be healthy difference of viewpoint and debate. Regrettably, misunderstanding the facts is frequent. This is human and excusable. What is wrong and inexcusable, as I see it, is to play politics regardless of facts just to gain expediently an alleged political advantage. Political parties should study issues and disagree. That's their function. But neither parties nor individuals should disregard the facts or even be lazy in digging out the truth. Members, by accepted practice, do not question each other's motives or integrity in Congress. This is left to the people.

"Every man has a right to his opinion, but no man has a right to be wrong in his facts." (Bernard Baruch.)

The AFL–CIO COPE (Committee on Political Education), yardstick for the six-State area including Texas, grades me wrong every time on 14 issues this Congress. I hope union members are interested in facts and what the union legislative program is costing them and will cost in taxes from their pay envelopes. I look forward to any debate on this subject.

National Welfare Demands Republican Party Must Be Given Full Control of the Machinery of Government

EXTENSION OF REMARKS
OF
HON. B. CARROLL REECE
OF TENNESSEE
IN THE HOUSE OF REPRESENTATIVES
Monday, June 29, 1959

Mr. REECE of Tennessee. Mr. Speaker, on June 8 at the Sheraton-Park Hotel in Washington, there was a magnificent turnout of Americans who attended a testimonial dinner in honor of the service to the Nation of Republican Members of Congress. It was the first dinner of kind ever held, and it was a great success.

One of the speakers at this dinner was the Honorable JOSEPH W. MARTIN, JR., of Massachusetts, one of the living great Americans, a former Republican Speaker of the House and former minority leader, and who has served five times as permanent chairman of the Republican National Convention. He reviewed the accomplishments of the 80th and 83d Congresses when the Republican Party was in control of Congress. These Congresses produced a real record of achievement for the American people. This record suggests what accomplishments could be expected from another Republican Congress.

Since the past is so easily forgotten, I include as part of my remarks the address of Mr. MARTIN, as a reminder to the Nation of the work of the 80th and 83d Republican Congresses:

REMARKS OF REPRESENTATIVE JOSEPH W. MARTIN, JR., OF MASSACHUSETTS, AT TESTIMONIAL DINNER HONORING REPUBLICAN MEMBERS OF CONGRESS, SHERATON-PARK HOTEL, JUNE 8, 1959

This splendid gathering, at the first testimonial dinner ever held to honor the Republican Members of Congress, makes certain of success in the 1960 election.

We firmly believe that we will, through the election of a Republican President, be continued in control of the future destinies of America.

With energy and aggressiveness we can in addition win control of the Congress.

Control of both the White House and Congress will give us the opportunity to demonstrate what we can accomplish by unity and cooperation in building a stronger and better Nation.

As we see our present and former Members of Congress gathered together here tonight, we realize what their services have been to America. I wish to join with every person present to thank my friends and colleagues of many years for a job well done.

I am most happy to participate at this occasion when Republican Congressmen and Senators of long service are being specially honored.

With the presentation of their long-term service pins, we recall how much we owe to them.

They served in the dark days when there was a real threat of a one-party government. They stood steadfast; fought back; paved the way for the day when our Grand Old Party again emerged triumphant.

The Republicans in Congress, in the past and today, are the torchbearers of liberty, to light the way for the Nation and for the entire world.

These legislators have always been in the forefront of the battle for individual rights, for free enterprise for free people.

They believe that a government is the servant of the people, not their master.

They are workers for the ideal of an honest, efficient and economical Federal Government, to provide protection and services that cannot well be handled on a State or local level. They seek to save, rather than seek to spend.

They believe that a strong America represents the world's best hope for peace.

They stand firm against appeasement of the Communists, against creeping socialism, reckless spending, inflation and crushing taxation, undue regulation and interference, against red ink and redtape in Government.

These legislators are fighting the good fight for you, this year, as they did last year, and the year before, 10 years ago and 20 years ago, and I am sure they will continue to do so in the future. This splendid gathering of interested Americans will give them inspiration and courage to fight a never ending battle for a free Government.

Many of the people here tonight served in the Republican 80th Congress in 1947 and 1948.

The 80th Congress balanced the budget for a huge surplus. This is the Congress which cut the Democratic administration's budget by $6 billion. It passed the bill to improve labor-management relations, over a Presidential veto.

Taxes were reduced by $4.8 billion per year for 47 million taxpayers, and 7 million Americans with low incomes were removed from the tax books, all this over Presidential vetos.

At the same time payments were increased for needy dependent children, the aged and the blind.

The next bright Republican years were 1953 and 1954 when President Eisenhower in the White House had the help of a Republican Congress in the Capitol.

This Republican 83d Congress had a real record of achievement, continuing the good work of the Republican 80th.

It cut down on Federal spending, reduced taxes, ended wage, price, rent, and materials controls to start the Nation on its greatest peacetime prosperity boom in history.

It expanded social security coverage to 10 million more citizens and increased benefits. It extended unemployment insurance coverage to 4 million more citizens.

It increased grants for research on cancer, heart disease, mental health and arthritis.

The Department of Health, Education, and Welfare was established.

A strong national defense was set up, as the fighting in Korea was ended.

Legislation by the 83d Congress sparked a big housing boom.

It adopted 12 reorganization plans for greater Government economy and efficiency and revived the Hoover Commission. It created the Small Business Administration.

That is the record many in this hall created and it should inspire us for the future.

Since that time, with Democrats in control of the 84th, 85th, and 86th Congresses, the Republican minority has been most effective in stopping bad legislation, but we have only been able to get a fraction of our Republican programs adopted.

When one party controls the White House and the other party controls the Congress, legislative accomplishment slows down to a snail's pace.

We must go forward again and give the Republican Party full control of the machinery of government. Of course, we understand that the task ahead is a difficult one. Our journey back to White House control was a long and arduous struggle but we did it. We can do it again if our hearts are in the task and if we struggle unselfishly to that end.

The Republican Congress will accomplish those things which need to be done for the benefit of the Nation as a whole.

It will cut Federal spending and balance the budget to provide for a surplus which can be used to start reducing the national debt and to reduce the crushing burden of taxation.

In my opinion, the only hope of any substantial tax cut in the future is the election of a Republican Congress. It is our hope for tax relief.

The Republican program of fiscal sanity with our friendly attitude toward free enterprise which has made America great is the Nation's best guarantee for future progress and prosperity—for continued sound economic growth, for full employment so that there is a job for everyone, for a curb to the inflation which robs the retired senior citizen, the widow and the orphan, the housewife buying her family's groceries.

The Republican Congress will back the Republican administration in its American foreign policy—stand firm to all the world against aggression and gangsterism, build further on our present sound national defense. Our policy is the strong policy that offers the world its best chance for peace.

The fine record of accomplishment by the Eisenhower administration with its strong appeal to the people, plus a hard-hitting campaign, will bring the election of another Republican President next year, along with a Republican Congress.

This gathering here tonight is just one phase of the campaign which is underway all over the country to elect a Republican House and Senate.

With the help of every Republican and every thoughtful American, we shall succeed. Won't you enlist in this worthy cause?

The Dangers of Socialized Medicine

EXTENSION OF REMARKS

OF

HON. DALE ALFORD

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 29, 1959

Mr. ALFORD. Mr. Speaker, under leave to extend my remarks I include an address which I had the honor and privilege of delivering at the Arkansas breakfast on the opening day of the annual meeting of the American Medical Association, Atlantic City, N.J., June 8, 1959. This invitation was extended by Dr. James Kolb, president of the Arkansas Medical Society, and Dr. R. B. Robins, past president of the American Academy of General Practice and member of the board of trustees of the American Medical Association. The address follows:

THE DANGERS OF SOCIALIZED MEDICINE

There is, perhaps, no subject about which there is more discussion than the various proposals for so-called health insurance.

Sometimes they are presented as a brand-new idea for achieving a utopian state. Actually, of course, we know that systems of so-called national health insurance date back to ancient history. In the United States these proposals began as early as 1912. The most recent proposal for compulsory health insurance is for the age group over 65 who are social security recipients. This is the Forand bill, with which I am sure you are all familiar.

You will notice that these proposals are never described as socialized medicine. Perhaps its proponents believe that if we do not call it socialized medicine, then, in fact it will not be socialized medicine. This reminds me very much of the ostrich burying his head beneath the sand when an unpleasant problem or a danger seems imminent. And if we accept any plan of socialized medicine to solve our problem, if we bury our head beneath such a political panacea, we may as well expect to keep our heads buried, for that is one part of our anatomy that will be of less and less use. We can just sit back and let the Government take care of us, and give us security; but we must be very careful to keep our heads covered, because if we should ever take a good look at our "security" we might begin to see the bindings and fetters. Incidentally, it might also be wise to include the cost of prefrontal lobotomies in the compulsory health insurance, as this might be the only remedy for those of us who would persist in the insanity of thinking in terms of individual rights and freedoms or questioning the merits of the new role of our Government as brother and keeper.

However, before we bury our heads, let us first look directly at our problem. I think we all agree that medical care should be available to everyone. We know that there are segments of our population who cannot afford adequate medical care. I think we agree that we must not, nor do we intend to, ignore the needs of those elderly and low income groups who cannot afford medical care. We should and we will find a solution to our problem.

Let us also define socialized medicine. A simple definition is that it is a Government-operated system of providing medical care. All legislation which has been introduced in our country for remedying our problem is, then, by this definition, socialized medicine. All such proposals call for some degree of Government control—some more and some less than others. You doctors have recognized this all along, and you have been diligent and articulate in calling a spade a spade.

Now, we do not have to conjecture about the nature of socialized medicine. We have at our fingertips very adequate documentation of the contents of the Pandora's box we would open if we should accept any degree of socialized medicine. We know that, historically, the beginning of socialized medicine is associated with despotism. As early as the Roman Empire, medical care was furnished by Greek slaves who were trained in the medical profession and sold to wealthy households. The poorer people depended on the services of quacks who roamed the country drumming up business. Doctors were not respected. They were even exploited by their own countrymen, for it was their own countrymen who trained them and then sold them to the Romans. It is noted by Jacob Burckhardt in his "The Age of Constantine the Great" that the whole system of Roman government resulted in an unexampled rise in taxation. The system rested on the principle of dispensing domestic wealth through political channels without regard to productivity. Eventually the number of those who received far exceeded the number of those who paid. Such a system thrived on high taxation. It collapsed when the sources of taxation dried up.

In more recent times we have the examples of Bismarck, Lenin, Stalin, Hitler, and Mussolini, among others, who used government provision of health care as a political power, incorporating socialized medicine as an integral part of their totalitarian, welfare states. And we should give the Devil his due: even Satan was smart enough to offer the Lord all worldly security in return for His soul. As modern dictators used it, the control of medical care by the government provided them with another economic means of enslaving a nation of people who had allowed themselves to become so dependent upon the machinery of government that, in turn, they became helpless and could not wrest themselves free of the "socialized" octopus that bound them. Socialized medicine in origin and in practice is associated with a way of life completely alien and repulsive of Americans. Most of us intuitively recoil at the term "socialized medicine," as well we should, unless we are willing to give our souls in return for security.

Let us consider also the dollar cost of such a free medical care system. Americans today are spending approximately $11 billion on medical and health needs, yet the estimates of a government-run program range anywhere from $16 to $23 billion. The total income tax in the United States yields about $39 billion a year, so that approximately one-half of this would cover the cost of a nationwide system of compulsory health insurance. The estimates of the cost of the Forand bill, which would cover only those who are eligible for old-age and survivors insurance benefits, indicate an increase of three-fourths of 1 percent in the social security tax, split 50–50 between employers and employees. This latter provision would cover all those people age 65 or over who were receiving social security benefits, regardless of their need for help with hospitalization and surgery costs.

It has been found that almost none of the compulsory health systems are self-supporting—that is, none are completely supported by payroll deductions or any single form of tax, but that there are hidden subsidies and, in many instances, notably in France, the system must be maintained in part by charity. In France, large firms take over much of the clerical work inherent in the free care system; local authorities and charitable organizations contribute to the cost of hospitalization, since the French system provides payment of 80 percent of medical costs. Another subsidy is the other 20 percent, which the consumer himself pays in addition to the taxes he has already paid.

Also, consider that the bureaucracy which accompanies compulsory health insurance absorbs a higher percentage of total outlay than do similar costs in commercial health insurance. More importantly, there is no

way to accurately estimate what the probable total cost of any degree of socialized medicine would be. The British estimated that their system would cost £107 million each year; however, in 1958 the cost of this system had soared to £705 million and it is estimated that it will cost £740 million in 1959. On the basis of others' experience, how can we remotely think it is practical to consider socialized medicine?

We have mentioned that some of the proposed legislation required governmental control to lesser degree than others. It has been pointed out by Melchior Palyi in his book, "Compulsory Medical Care and the Welfare State," that compulsory medical insurance "puts a mechanism of its own into motion." When the poor are taken care of on a charity basis, there is a means-test which provides an automatic check. When this check is gone, gone also are all pretensions that we are not socializing our system of medical care. We then have a situation much like the old adage, "people who get everything for next to nothing think next to nothing of everything they get."

We are, if we accept socialized medicine, condoning and even promoting a system which discourages any incentive to be provident, thrifty, and self-reliant. Now—even though some of the proposals for compulsory health insurance would not initially cover all segments of our population—it is the nature of such socialistic systems to grow. First it takes in new age groups or occupational classes and their dependents. All socialistic systems have this tendency. In our own country we have only to look at the similar growth of our social security program and the gradual increases in taxation necessary to keep it self-supporting. Unlike other security measures, however, compulsory health insurance, which is socialized medicine, provides gratuities in kind, i.e., "free" medical care service. To quote Mr. Palyi, "Distinct from any other field of social security legislation, governmentalized health care means direct intervention by the authorities into a large sector of business activities and private lives."

Then there is the increase in benefits and the growth of the bureaucracy which accompanies all such programs. In actuality, there are no degrees of socialized medicine. In most instances, the beginnings were small, gradually evolving into a nationwide system of socialized medicine. This method of socialistic evolution, common to all nations having socialized medicine, is much like creeping paralysis in that the significant factor is the presence of the disease, not the degree to which it has established itself, for each will cripple its victims in time. In Great Britain the program of socialized medicine actually began in 1912 when workers were partially covered by a national health insurance plan. The philosophy of governmentalization and cheapness being synonymous is contagious. As a result, "What's good for the goose is good for the gander," made the program spread to include all groups. At present, approximately 97 percent of the British are now included in the National Health Service.

Now, how have the doctor, the patient, and hospitals fared? What has been the result in other countries? They are all burdened by the redtape typical of bureaucratic operations. The doctor's time is so taken up with filling out forms for patients requesting everything from sick leave to wigs, from hearing aids to prescriptions, that his office has become little more than a clearinghouse for clerical work and referral to specialists. The doctor's job is not so secure, either. Doctors are subject to dismissal from medical service by tribunals appointed under the National Health Service Act. Only one of the three members of the tribunal is a medical man. They, therefore, become subservient to their patients who may make complaints to the tribunal about the quality of service or even the doctor's refusal to grant them a sick leave permit. It is, therefore, much easier for the doctor to give the patient what he wants, regardless of whether his state of health warrants it.

To make a net income of around $4,000 a year, a doctor in Britain under the National Health Service needs approximately 3,000 registered patients and superhuman strength to take care of that number—which is almost 2,000 too many. A private practice is almost a thing of the past. The doctor has so little time for private patients (and there are very few doctors who have any private practice left) that the cost to those very few is very high. There is no reward coming to a doctor for the quality of his work, as his remuneration is not based on his effort, skill, or inventiveness, but on the number of patients registered with him. According to a recent article in U.S. News & World Report, about 20,000 family doctors were threatening to pull out of the whole setup and go back to private practice unless the Government gave them a 24-percent increase in fees. At the present time they receive an annual fee of about $2.45 per patient, no matter how many visits are involved.

Another complaint is that the system is killing the general practitioner's interest in medical advances since he must send all unusual cases to specialists who are the only ones who have access to hospital facilities in their practice. The specialists are paid on a salary scale ranging from $5,040 to $8,680 a year. As one British doctor phrased it, "could any system of payment be more utterly absurd than the present one which rewards more work with less pay."

How does the patient come out in the conveyor-belt dispensing of medical care? After all, we are concerned literally with life and death. I would like to quote from an article written by a British general practitioner. "Of some 40 or 50 people seen during the course of a morning, there may be one or two suffering from some serious organic disease. Of the remainder, there will be some half dozen with injuries of various sorts, ranging from a Colles' fracture to a scratch so small that it can hardly be seen without a magnifying glass. There will be a dozen patients with coughs and colds and the rheumatic complaints so common in this part of the world. There will be at least 10 persons suffering from psychiatric disorders, usually of a minor degree. The remainder will be people who require a certificate—certificates for extra milk, certificates to have an eye test, certificates to draw money from a NHI office. 'I haven't quite got over my cold yet, doctor. I think I'll have another week off work. Can I have a certificate?' " The patients who are really sick must suffer through hours of waiting. The really sick ones who cannot be cured with a pill or a certificate will be referred to specialists at a hospital and go through another waiting period to see another doctor.

The result is that the doctor has about 3 minutes for each patient—now that may be fine for boiling an egg, but I want a little more time with my doctor. The few minutes a doctor has to give to each patient could not possibly create the very personal rapport that underlies an effective doctor-patient relationship. This relationship, it seems, is basic to both preventive and curative medicine, especially since we have come to realize more and more how complex sickness really is and the extent to which psychological factors contribute to illness. Is this actually medical care as we recognize it? What have we gained by substituting quantity for quality? We might accept this substitution for other commodities: we can buy cheaper brands of food and yet be properly fed. There is no such quality scale in medicine—we must have the best if it is to be enough.

The tendency of socialized medicine is to dehumanize the relationship between doctor and patient, and to leave the doctor far less than adequate time for the really sick person. Those who can afford a better kind of medical care and are willing to pay twice—once privately and once to NHS—find that no amount of money can buy the best medical care, for it has ceased to exist. They simply pay to get ahead in the waiting line.

It is also the case that a new group of submarginal patients is an outgrowth of free medical care—those who cannot get what they are entitled to in place of the former group who could not pay for medical care.

The condition of hospitals was a big selling point in Great Britain for socialized medicine. Yet, to quote a recent American Medical Association publication, "Presently, the Government is investing in hospital buildings and equipment barely one-fourth of the amount measured in dollars of constant purchasing power, that charitable and other institutions were spending in 1938—in the depression—while a growing population is becoming increasingly hospital-conscious." Only in Great Britain are women advised to request a bed in a maternity ward 12 months before their expected confinement, according to the same recent American Medical Association publication.

We are also informed by this pamphlet that hospitals are forced to economize on medicine, food, and X-ray films. And the simplest matter of acquiring an instrument which the hospital urgently needs goes to ridiculous lengths—first a detailed description of the instrument, then a statement as to whether it is to be a replacement or additional equipment must be submitted. This request must be referred through the cogs of five committees before a decision may be reached as to whether or not the request is to be granted. In summary, as regards hospital care, patient care, and the status of doctors, the system has little to offer except redtape, confusion, personal frustration, burgeoning taxes, and the substitution of quantity for quality in medical care service. After 10 years of socialized medicine in Britain, cases of whooping cough, smallpox, and measles are far more common than they are in the United States.

We in the United States have the best and highest quality of medical care in the world. We have the best doctors in the world. We have the highest wages in the world and we have developed, and are developing voluntary plans of health insurance which are designed to meet the needs of our people and to give them some choice as to the kind of health insurance which is best suited to their particular situation. At present some 121 million people out of a population of some 175 million are covered by some form of voluntary health insurance. Three out of eight people over age 65 have health insurance. And the proportion of people in the United States covered by voluntary health insurance is steadily increasing, according to the May 1959 publication of the Health Information Foundation.

Why, then, should we regress to any such archaic, demoralizing, and dangerous system as socialized medicine—a system which crushes individuality. Even though the wolf is sometimes presented to us in sheep's clothing, by being described as "national health insurance," or "compulsory health insurance," let us remember the words of John Stuart Mill who said, "Whatever crushes individuality is despotism, by whatever name it may be called."

Labor Plans Active Political Push for 1960

EXTENSION OF REMARKS
OF
HON. KARL E. MUNDT
OF SOUTH DAKOTA
IN THE SENATE OF THE UNITED STATES
Monday, June 29, 1959

Mr. MUNDT. Mr. President, in my opinion it is important to maintain the stability of American institutions so that both the political parties in America retain their integrity and independence. Neither political party should become the tools of either big business, organized labor, or any other pressure group.

From the column written by Doris Fleeson which appears in the Washington Evening Star for May 13 of this year entitled "Labor Active on Plans for 1960," it appears as though organized labor is attempting to take over the Democrat party and use that party as the vehicle to implement its own ends after the 1960 election.

The Margaret Thornburgh referred to in this column has been active in my State of South Dakota organizing and teaching Democrat precinct workers the techniques of big city machine politics. Since the regional director for the AFL–CIO in a recent address in Rapid City, S. Dak., stated that I should be retired from political life, I am not surprised that labor organizers are teaching Democrat precinct workers their techniques for winning elections.

In the belief that Doris Fleeson's analysis of labor's present political sophistication will be of interest to my colleagues, I ask unanimous consent that it may be printed in the CONGRESSIONAL RECORD, along with the report on this subject contained in my newsletter entitled, "Eastern Labor Leaders Turn 'Scalp Hunters' Loose in South Dakota." I also request permission to have included in this insertion the United Press International story appearing in the Huron Plainsman for June 19 entitled, "Trade Union Leaders To Meet To Confer on Political Education." Quite obviously, insofar as COPE is concerned, its campaign to control the country through political victories in 1960 is already underway.

There being no objection the articles and newsletter were ordered to be printed in the RECORD, as follows:

[From the Huron Plainsman, Friday, June 19, 1959]

TRADE UNION LEADERS TO MEET TO CONFER ON POLITICAL EDUCATION

President Albert J. Maag of the South Dakota State Federation of Labor, AFL–CIO announced today (Thursday) that trade union leaders throughout the State will attend a conference in Fargo, N. Dak., June 20 and 21 on political education procedures.

The conference will be sponsored by the Committee on Political Education (COPE), the political arm of the American Federation of Labor and Congress of Industrial Organizations.

Meeting with South Dakota delegates will be those from North Dakota. Those attending the conference will include State organization, and national union officers, local union officers, local union officials, and delegates from city central bodies; city, county, and congressional district COPEs, and women's activities departments.

Wives of delegates have been invited to participate in all sessions.

Officers from national COPE headquarters in Washington, D.C., headed by national director James L. McDevitt and deputy director Alexander Barkan, will attend the conference.

The conference is aimed at stimulating COPE's organizational activities. The conference program will include procedures and problems of COPE's activities in voting registration, education and campaign techniques.

Maag pointed out that the labor movement is confronted with a concerted, organized drive on the political front by businessmen and industrialists. He said that emphasized the necessity of trade unionists to become involved in political education and to be politically active.

Conferences held last year are credited by COPE officials with a large measure of the success which organized labor achieved in the 1958 elections.

"The 1958 conferences were the most successful we have ever held," McDevitt said, "and undoubtedly a major portion of our accomplishment in the November elections can be attributed to them. This year we are confident that the opportunity which the conferences afford for people in the same area of the Nation to exchange information regarding political tactics and strategy and regarding know-how on political issues, and to renew contacts with the national COPE staff, will give similar impetus to our efforts in the national and congressional elections in 1960."

Twenty area conferences are being held during the spring and early summer.

[From the Washington Evening Star, May 13, 1959]

LABOR ACTIVE ON PLANS FOR 1960—LEADERS FOUND APPLYING LESSONS LEARNED IN EFFORT TO PURGE TAFT

(By Doris Fleeson)

In the earliest presidential campaign in years, labor is getting ready actively for the battle of 1960. There will be exceptions, but the chief target will again be the Republicans.

David Dubinsky, president of the International Ladies Garment Workers, has sounded the tocsin. He has told his union's convention in Miami that the way must be cleared for "a positive rather than a negative Government." He is a member of New York's Liberal Party, but he was speaking for the Democrats against the Republicans—the only choice which greatly matters in this country.

Labor has learned a great deal about politics since the days when it went down to defeat with "Jumping Joe" Ferguson in the effort to purge Senator Taft. That was the nadir of labor's political reputation in America, if not its fortunes. It has learned a great deal since.

One of the things it has learned is to keep quiet about what it is doing politically. Today labor rarely brags in public of its power; neither does it openly threaten its foes.

It learned the hard way that the political choices made by its officers cannot always be effectively communicated to its members. In this area it has recently done its most effective work. There is little doubt that in the 1958 campaign labor voted more solidly than ever before. And more members of labor unions voted than perhaps had ever voted in a nonpresidential campaign. Labor was helped notably by the presence of right-to-work proposals on the ballots of several States.

A secret discovered by labor's political experts is now paying off. That is that a powerful factor in a union man's vote was his wife's opinion. With remarkable assiduity labor has been cultivating its wives for 4 years. The effort has paid off to an astonishing degree. Now not only union women but the wives of union men constitute the most formidable political weapon in labor's arsenal.

The two women who head this work, Esther Murray in the East and Margaret Thornburgh in the West, are personally unassuming. They have nevertheless become among the most influential women in American politics.

Labor's Political Education Committee is now holding a series of 30 area meetings of local officials in preparation for 1960. An AFL–CIO officer says that the meetings are for the purpose of studying our navel. Actually the meetings are for a reassessment of labor's performance in 1958 and a preview of techniques.

The meetings have been embarrassingly successful. They were doubled in number this year so that they would be smaller and supposedly more effective. The attendance has remained as high as when far fewer meetings were held. A recent workshop at Cleveland for labor leaders from Ohio and Pennsylvania drew 1,500.

Labor has now forged, and is perfecting, an organization which in many States is far better manned than the organizations of either of the major political parties. And whether leaders of national labor like it or not, the organization is beginning to produce candidates. That was certainly not the intention, but when one initiates the unschooled into the mysteries of politics it probably is the inevitable result.

EASTERN LABOR LEADERS TURN "SCALP HUNTERS" LOOSE IN SOUTH DAKOTA

(By Senator KARL E. MUNDT)

On my arrival in Watertown, S. Dak., during the Memorial Day weekend to begin a series of South Dakota appearances, my attention was called to a news story in which a regional representative of the AFL–CIO had made a number of statements about me during a speech he was giving in Rapid City. I learned that the speaker was a Carl Winn from St. Paul, Minn.

The fact that my record was attacked is not of significance; anyone who serves in public life sooner or later becomes a target. But, because this particular statement comes from someone sent into the State for this purpose, I am bringing my reply to the attention of "Your Washington and You" readers. My statement follows:

The fact that Carl Winn, of St. Paul, Minn., a regional director of big labor's AFL–CIO is reported by our South Dakota wire services as selecting me as a prime target for attacks by out-of-State labor politicians, financed by the big bosses of eastern unions, comes as no surprise to me.

The only surprising feature is that these paid political "scalp hunters" have come out into the open so early in an obvious attempt either to influence my votes in the Senate or to frighten me into silence or retreat. They tried the same tactics last year on Senator GOLDWATER, of Arizona, due to his membership on our Senate Labor Investigating Committee.

They have made similar threats against Senator MCCLELLAN, the chairman of our committee. It was expected that they would employ the same techniques against me as vice chairman of this committee. But the tactics of these political mercenaries did not work against GOLDWATER or MCCLELLAN, and they will not intimidate me.

I promise my fellow South Dakotans I shall continue to try to provide American workers with the democratic tools they need to control their own destinies and that I shall follow my conscience in an effort to reflect in Congress as faithfully as I can South Da-

kota's needs, ideals, and attitudes, regardless of the tough talk and threats of these big city labor bosses.

Actually, I have known for over a year that certain eastern labor politicians whose toes we have tramped on by our Senate investigations have put out the word "to get KARL MUNDT." Carl Winn was apparently firing their opening salvo. These men have had such success in pushing around and dominating their members in certain unions, they bitterly resent any congressional committee or public official they cannot control.

If I am the Republican senatorial standard bearer in 1960, these outside political overlords will try to find a candidate against me who will accept their money and their directions. If they succeed, they will assure him of almost limitless financing; if they cannot find such a candidate, they will spend their money surreptiously and send in carpetbag political workers disguised as tourists and visitors in an attempt to defeat me.

They are determined to demonstrate to the country that no man can defy them and live in public life. These power-bloc labor politicians do not like the labor reform legislation our committee's investigation has inspired, and the measures we have supported to strip unsavory labor bosses of their power and privilege through giving the authority for union direction to the rank and file membership who pay the dues.

Weak and inadequate though it is, these eastern labor czars, egged on by Jimmy Hoffa, are now even opposing in the House the key sections of the Kennedy-Ervin bill, adopted by the Senate. In their wrath they are out to get all of us on the committee who helped produce the evidence and who wrote the reforms which put some teeth into this labor-reform legislation.

Fortunately, tens of thousands of dues-paying union members applaud our committee's efforts to protect them from being cheated or coerced by corrupt bosses whom they can neither vote out of office or control. The last-ditch fight of these retreating labor bosses to defeat or destroy the men in public life whom they cannot intimidate or control is just one more manifestation of the strong-arm tactics to which they have become accustomed.

They will learn that neither the votes nor the voters of South Dakota are for sale.

The workers, farmers, and other citizens of our State will not be misled into following the siren call of outside political promoters who have only their own selfish interests to serve.

I suggest that Mr. Winn take his advice and his money back home to St. Paul where he has much to do in trying to end the chaos and the financial crisis in State government which he and his confederates helped to create in Minnesota.

Representative John M. Slack, Jr., Analyzes the West Virginia Economy

EXTENSION OF REMARKS

OF

HON. KEN HECHLER

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 29, 1959

Mr. HECHLER. Mr. Speaker, last Friday evening the Kanawha County Young Democratic Club held a summer rally at St. Albans, W. Va., at which the main address was delivered by my colleague, the Honorable JOHN M. SLACK, JR.

I was present at this rally, Mr. Speaker, and I had an opportunity to observe firsthand the respect and affection which the voters of West Virginia hold for Representative SLACK. As I said at the rally, there are few freshmen Members of the House who have done as much in a short time. Representative SLACK has pioneered in analyzing the problem of "gone" employment in certain areas of the country. He has done an outstanding job in evolving new approaches to this problem through community enterprise. He has gained high prestige among his fellow Members of the House for his grasp and understanding of key issues.

I believe that Representative SLACK's address of June 26 represents a deep, perceptive, and statesmanlike approach to some of the major economic issues of today. His address is a credit to West Virginia and the Nation. Under unanimous consent, I include it in the RECORD at this point:

ADDRESS BY REPRESENTATIVE JOHN M. SLACK, JR., DEMOCRAT, OF WEST VIRGINIA, AT SUMMER RALLY OF KANAWHA COUNTY DEMOCRATIC CLUB, ST. ALBANS, JUNE 26, 1959

We Democrats have always taken our politics seriously. And so we should. The bigger our Nation grows, in population and resources, the more we will need serious-minded men and women to administer our public affairs. In my judgment there was never a time in West Virginia when our politics should be taken more seriously.

Most of us are convinced that the prospects for the Democratic Party are good in 1960. We have reason to believe that we will win the support of a majority of the voters, and will again return to the administration of our State's public affairs. I have not come to visit with you this evening for the purpose of opening the 1960 political campaign a year in advance. What I would like to do here is to place before you some conclusions I have reached about trends in our State, economic and political, and as serious-minded Democrats, to ask you to think carefully about them during the coming months.

First of all, let us recognize the fact that the Democratic Party is the majority party in West Virginia. It has a strong registered majority. Most State elective offices, and seven of the eight Federal elective offices are held by Democrats. In the last statewide election we won a resounding victory, including the election of a heavy majority of our candidates to the State legislature.

We have earned the majority status in the years since 1932, because each year an increasing number of voters became convinced that our party programs came nearer to meeting the needs of the people. But—with that majority there is included a very heavy responsibility. We must continue to devise programs that are in tune with the needs of the State and the will of the majority or we will fail in our trust, and be swept from office.

Looking about us today, what is the major need facing our State?

I don't think there can be any argument about it. Our one big problem today is an economic one, the need to take steps which will correct the negative position of West Virginia in relation to the expansion of American economy as a whole.

What is the will of the majority? Again, I think our economic problem outweighs other considerations in the minds of most of our citizens, and they will rally around the party and the candidates who give most convincing evidence of a sound program to attack this problem.

We have many other needs, roads, schools, public institutions, to name a few, but all States have those needs to a greater or lesser extent. Our one great need is for a turnabout in the State's economic cycle, because if that is achieved, it will be much easier to obtain the public facilities we would like to enjoy.

Now I ask you to look at the situation through the eyes of a typical voter, not committed to either party. What can he do about the situation in 1960?

He can do one of three things, in view of the majority position of the Democratic Party:

First, he can help support and elect a State government consisting of a Republican Governor and a Democratic legislature.

Second, he can elect a Democratic Governor and a Democratic legislature with a program of promises which will appear to provide betterment for the State, but which actually serve only as a means of spending tax money, and improving the political fortunes of those elected.

Third, he can elect a Democratic Governor and a Democratic legislature, pledged in advance to a program which will come to grips with our basic economic problems on a short-range and long-range basis combined. Such a program must inevitably require that the Democratic Party be retained in office over a period of 8 or 12 years.

In the first instance, the new State administration will be ineffective. It will be a continuation of what exists today in the State capitol. The clash of partisan politics and aims will forbid organized progress, and the big State problem will receive only partisan attention.

In the second instance, there will be some progress, but not enough, because a West Virginia Governor cannot succeed himself. Influential elements often begin to groom another gubernatorial candidate the day after a Governor is elected. As a result, a Governor is always conscious of what he can do and can receive credit for in only 4 years.

In the third instance, there is a real opportunity for impressive statewide progress, and for the Democratic majority in this State to demonstrate its responsibility and willingness to provide leadership.

Let me say that I am not here this evening to criticize the program of the present Republican Governor or to debate whether or not he might have done more if the legislature had agreed with him. We all know that he was elected with the help of Democratic voters who had lost confidence in some candidates and had doubts about the path the party leadership was taking.

Under the present State administration, suffice it to say that the routine affairs of our State have moved along in a routine fashion, but too little has been accomplished in the major area of need, the relationship between the economic condition of West Virginia and the general economic progress of the Nation as a whole. This issue will, I am sure, be debated in great detail during the 1960 campaign, and it is not necessary to discuss it here.

What we must begin to think about and to discuss is the big economic problem. The solution of this problem is the very center of any hope for State betterment, and gives evidence of being the one big issue of the 1960 political campaign. Now, how do we know that this problem will dominate the campaign? I suggest two big reasons:

First, the Governor elected in 1960 will face a very distasteful fact. The 1960 census will almost certainly find that our State has suffered a population loss of some 200,000 persons—a decline in the face of national population growth. This loss will reflect the migration of young people to areas of greater job opportunity, and can lead to a very serious condition for the State if it is not reversed.

Second, the State will still have in 1960 some 50,000 unemployed-employables—men who want to work, but whose job sources have vanished. They are with us today and will be with us next year. They are the unwilling victims of scientific progress in industry. They reside chiefly in the coal counties where mechanization is replacing the miner, even while coal production is high. At present there is no sound long-range program to recreate job opportunity for them, or to hold out hope for their children. All of the evidence to date indicates that no matter how prosperous our national economy may be by 1960, that level of prosperity will offer little or nothing to those who reside in the one-industry areas where technological advance is displacing men with machines every day.

Further, the administration elected in 1960 must work against a rigid deadline—and the deadline is June 20, 1963. That is the date of the probable opening of the State centennial celebration, and during the remainder of that year the Governor and his aides must use every means to focus national attention on the State. That is the chief purpose of the celebration, to mark our milestones of past history and to tell the world where we intend to go during our second century, and how we expect to get there. At that time there will be millions of Americans who will read about us, and we hope that thousands will visit with us, and we must have for them a program in being, we must have tangible evidence that we have come to grips with our major problem and that our State is united in a determined effort to gain its proper place in the national economic picture—that our morale is high, our confidence unshakable, and our determination strong.

The technological unemployment in our coal counties affects all of us, because it increases the tax burden on all who work, and limits the services we can obtain through State government for ourselves and our children. It did not arise overnight. It has been gradually assuming alarming proportions ever since 1947. It is an economic illness that cannot be cured overnight. But it will never be cured unless we begin to work on it. We must assume that a 10-year program will be required if we expect to show a definite about-face in the economic situation of the State.

During the 10 years between 1949 and 1959 we did nothing to arrest the creeping sickness in our economic position which arose out of technological advance in the mining industry. I suggest that during the 10 years between 1959 and 1969 we apply ourselves to a program of cure, sacrificing some other things to that program, so that the census of 1970 will show that West Virginia holds her own and attracts others.

Have you ever stopped to think what will happen if the census of 1970 shows that another 200,000 people have left the State? We have almost 300,000 receiving surplus food commodities today, and that is certainly no incentive for them to stay. We cannot afford to lose another 200,000 of our educated young people and our skilled and determined older workers.

During the past 5 or 6 years there has been a great deal of public attention devoted to the hardship resulting from unemployment in the coal counties. There have been a lot of stories about a depression in West Virginia in the midst of plenty everywhere else. This has begun to create a defeatist complex among our own people, and uneasiness among outside investors and employers.

All of this talk about a one-State depression is false, foolish, and dangerous.

It is false because technological advance is striking seriously today at the employment of seven major industries, not just mining. Its effects on employment are noticable in 210 counties in America, not just 2 dozen mining counties in West Virginia.

It is false because our general economic condition, aside from the depressed mining counties, is good. We have growing job opportunities in the river valleys, and industry generally is showing more appreciation every day for our natural resources, climate, and location.

It is false because our State's credit is unimpaired and our State fiscal affairs are in much sounder condition than those of a dozen larger States—Michigan, Pennsylvania, New York, and California to name a few.

It is foolish because it paints the wrong picture of our total condition and our future prospects, and thereby discourages many investors who would otherwise join with us to provide further economic development.

It is dangerous because it adds to defeatism and eats away at our morale. One of the best ways to lose any contest is to tell yourself you are licked before you start.

I am opposed to all depression talk. I say that we must take a realistic look at our condition, and concentrate on our points of weakness, while encouraging and praising at every opportunity those aspects of our economy which are moving ahead with the national trends.

I mention this matter because it leads to something else—the question of the economic redevelopment program to be adopted. I know that many of our fellow citizens have given much thought to our situation, but to date no overall program has been established. I believe that any successful program cannot consist of a single pattern adopted on a statewide basis. We must have a program containing three separate and distinct patterns, each based on the particular advantages of three separate portions of the State:

First. A pattern of encouragement for heavy industry in the river valleys where cheap water transportation and abundant power are advantageous.

Second. A pattern concentrating on procurement of sensitive Government-sponsored industry, or experiment and testing stations, in the mountain-locked coal counties where such installations are defensible to the maximum extent and can be given full security treatment.

Third. A pattern encouraging development of vacation and recreation facilities in the 20 counties facing the East where excellent climate and attractive mountain terrain can prove a great attraction to tourists. The swarming millions residing in the Eastern States have no place to go any more. Vacation and travel expenditures are now reported to constitute the second largest industry on a national basis. With the growth of leisure time, the coming of a shorter workweek, and the displacement of more manhours by automation in industry, tourism may well be the No. 1 industry in a few years. We are ideally situated to profit from this trend.

A unified and integrated State program based on these three patterns, in my judgment, offers the best hope for a complete reversal of our economic position within the next 10 years.

But remember, the State administration we elect in 1960 must work against a centennial deadline—against the spotlight of national attention which will be on us, noting what we are doing and how well we are doing it. The centennial Governor and his official family, and the legislature, therefore, must have this program split into two parts—the short-range objectives which can be accomplished before 1963, and the long-range objectives which must be under way and showing signs of initial success when viewed by our thousands of visitors.

What does all of this add up to? To my mind, only one conclusion is possible:

The next State administration must be a Democratic administration.

The centennial Governor must be a Democrat.

Only an administration representing the will of the majority party can hope to accomplish the things that must be done in the limited time available to us.

And we must elect him. We must adopt principles which will merit overwhelming public support and public confidence. We must choose wisely when we select candidates. And by that I mean candidates at the local level also. Our standard bearers in city and county must be leaders who will add to the strength of our statewide effort, not shirttail riders who will hold back the State's progress. Because much of what is to be undertaken will need strong efforts at the local level also, and that means local public officials must represent the best local thinking and planning.

I am not suggesting here that we should sit on our hands and close our minds until 1960. Far from it. We who represent the State in Washington will keep our attention concentrated on the big economic problem, I assure you, and will turn our hands to any practical effort to help solve it. Thoughout this session of Congress our two Senators and the Democratic Representatives in the House have demonstrated a teamwork that is the envy of many other delegations. We will continue to press for measures that will bolster the economic foundation of the State—for area redevelopment, aid for small business, public works improvements, coal research, additional surplus commodities, funds for forest management and elimination of stream pollution, and many similar programs. I have strong hopes for the success of the community enterprise bill which will give funds and encouragement to the depressed coal communities and stimulate redevelopment at the local level.

But there is a limit to the things that can be done through the Congress and at the Federal level. In fact, there is a limit beyond which we would not want the Federal Government to go. Most of our prospects for the future must depend upon our own skill and energy at the State level, under the direction of a State administration that is committed to concentrate its major attentions on tools and devices which will deal with the big economic problem that faces us.

All of us must get our thinking caps on, and set to the job of creating a program shaped to fit the big problem that faces the State. The people will support the party and the candidates who offer the most concrete evidence that they have some suggestions to offer about solutions to that problem. We are the majority party. Ours is the major responsibility. It is up to us to offer a program that meets the need, and to convince the people that we will put that program into operation.

When we have the program, it will be time to review the possible candidates. We must choose men to fit the measure of the public needs, not a program which is compromised to fit the quality of the candidates.

I am sure all of you have heard the names of many candidates mentioned already, as I have. During recent weeks I have heard or read of a dozen Democrats who are reported to be interested in becoming candidates for the governorship. Each of these men has good points.

I am not attempting to define who the candidate should be. I am rather attempting to create a picture of the job ahead of us, so that the dimensions of the job will give us an image of the man we need to

lead the party in 1960 and the State in the 4 years to follow.

I have two suggestions to offer for the consideration of all Democrats:

First, that we deliberately dedicate ourselves to the formulation of a program which will merit the continuous support of the electorate in this State for sufficient time to create and entrench a 10-year plan for economic redevelopment, a plan which will reverse our present negative position in relation to the national economy. Obviously, this means we must win not just in 1960, but in three consecutive statewide elections.

This is a big order indeed. It means our leadership must consist of men who are above reproach. It means that we must convince a heavy majority of the electorate that we are undertaking the job in the public interest. It means we must have a moratorium on the sectionalism, factionalism and the bowing and scraping before special pressure groups.

We must not lack the courage to make significant proposals toward solution of the State's one big problem, or we may well lose public confidence again after 4 years. But an action program devised to grapple with the problem will draw wide and sweeping support. It must—because it is to the advantage of everyone—the workingman, the merchant, the banker, the union leader, the public official, all of us must gain by removing more than 200,000 fellow West Virginians from the relief rolls.

My second suggestion is that our party leadership signify an understanding of the situation we face, and take first steps toward consideration of it. A seminar study session of those who hold responsible Democratic Party positions and of those Democrats in major public office would be one way to begin. Let us pool our thinking and see where we stand. As a lifelong Democrat I assure you that I will always be available to meet with my fellow Democrats in consideration of what lies ahead.

The strength of the Democratic Party has always been at the grass roots, and, therefore, I urge you to give careful thought to the situation we face, and to make your views known to fellow Democrats. We can profit most from a full exchange of ideas. Your ideas and your support are both necessary to our success in 1960.

Tribute to Interns and Residents of Freedmen's Hospital

EXTENSION OF REMARKS
OF

HON. JOHN E. FOGARTY

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 29, 1959

Mr. FOGARTY. Mr. Speaker, under leave to extend my remarks, I include an address which I delivered at the annual banquet of the Association of Former Internes and Residents of Freedmen's Hospital, Washington, D.C., June 3, 1959.

The address follows:

I am happy to be with you today, as I always am when in the company of physicians and other medical scientists. Usually, the medical people are talking to me, telling of the accomplishments of research in health and medicine and of their hopes and plans for future progress.

Today, the shoe is on the other foot, and I have the privilege of talking to physicians and medical scientists. While I shall not presume to talk to this audience about specific details of medical research, I do want to tell you how proud I am of the accomplishments of such research. I am proud, too, that I have been able, through my many years of service in the Congress of the United States, to secure support for research and other programs leading to advancement in health and medicine through appropriations to the Public Health Service in the Department of Health, Education, and Welfare.

I want to tell you, also, of some of my hopes for future progress in health and medicine.

I know that some of the national progress in medical research has been made right here at Freedmen's Hospital and Howard University. Some of you in this audience—your program chairman, Dr. Spellman, among many others—have made notable contributions. I daresay many of you who are now in general practice assisted, during your student days, in the research then under way here. And I am sure that all of you, inspired by the example of your teachers here, have continued your interest in research, although I know the demands of the general practice of medicine make it difficult to devote much time to scientific investigations per se. Even if you cannot actively engage in research, I know that you keep abreast of research findings and their application to medical practice through the postgraduate seminars your association conducts, and doubtless through other means, too.

Because of my interest in medical and health research, and in my role as chairman of the House subcommittee that hears testimony of health and medical scientists in connection with appropriations for the Department of Health, Education, and Welfare, I do a little homework myself, reading over the testimony and the reports that sketch for me the progress of research and its probable application to practice in the control and prevention of disease and the alleviation of human suffering.

From this homework, I gather that our medical researchers now think that we can look forward perhaps—and I know that they stress the "perhaps"—to such advances as the following:

1. Solution to the present question of whether some or many human cancers are caused by viruses, with all that implies for possible prevention or treatment.

2. Better, or perhaps complete, understanding of that artery disease you medical people call atherosclerosis. From such understanding would come methods physicians could advise for prevention of this major cause of death.

3. Better drugs or other means for treating high-blood pressure, resulting from an understanding of its cause, and with this understanding, even development of a rational method for its prevention.

4. More and better vaccines for control or prevention of infectious diseases, including tuberculosis and the common cold.

5. New knowledge in the field of mental and emotional disease and the environmental factors leading to deviant behavior of both children and adults.

Perhaps from advances in this last area will come the most striking changes in your practice of medicine. I have been told that physicians in the future—and I hope it will not be a too distant future—will be applying the new knowledge in the field of mental health to both individual patients and to community groups. Through such an approach we—you as physicians and I as legislator—may be able to contrive a more intelligent social environment, so that each of our younger and our older citizens can better make his total contribution to his community and his nation. I know that you here today look forward especially to such future advances, as I do, and I can assure you that as our scientists show us, through their research, the way to improve the health of individuals and of communities, I, as a legislator, stand ready to work with you physicians to implement the improvements.

Now let me talk a few minutes about some of my hopes in a broader area—the area of international medical research. I believe these hopes of mine may be of especial interest to you because this institution of which you are alumni serves not only our Nation but has for many years served in international areas also. In fact, some of you here today may have returned for this occasion from your homes and practices outside the United States. And I am sure all of you, while students, internes and residents, established friendships with men and women who, students or internes then, are now your colleagues in medicine in other lands.

I have just returned from Geneva where I had the pleasure of joining other workers for health—dedicated health workers from all over the world—at the World Health Assembly. A major concern of the Assembly this year was the advancement of medical research. In my opinion, no subject could be more important, or more timely, for deliberation by the Assembly.

It seemed significant to me, too, that this World Health Assembly was meeting at the same time and in the same place as another group of world leaders were assembled. This other group met for the purpose of discussing ways to ease international tensions and to make a beginning, at least, toward a solid and lasting world peace. Yet it may be that the seeds of such a peace lie in the hands of delegates to the World Health Assembly and the medical scientists of the nations they represent.

After all, the fruits to be reaped, as medical research advances around the world, are vastly better health for vaster numbers of the world's population. They are improved nutrition and housing. They are happier and friendlier people. And they are the unities of a healthier and stronger peace.

On my way to and from Geneva I visited with medical and health workers in London, Dublin, Rome, Madrid. Everywhere I went, I found these men and women of medical and health science in agreement with me on the importance of expanding medical research. They feel, as I do, that expanding research and disease control around the world is one—perhaps the one—truly global effort in which all nations can and will join as real partners.

As I visited various health workers, and talked with others at Geneva, I gained fresh, firsthand knowledge of some of the health problems of the world, some of the potentials, some of the programs and their cost. These matters may be familiar to you. Yet, perhaps, busy with your patients and your local community health problems, you have not been aware of worldwide needs, as well as of your own—needs for research, for more trained medical manpower, for health facilities and better education and information dissemination.

Overall, the world health situation shows that man has progressed far in his fight for health; the world is healthier than it has ever been before. There have been sizable declines in the death rates from disease all over the globe, not just in highly developed areas. The world's population has, therefore, been increasing. Yet the increase has not, as some may believe, come about because of great increases in the birth rates. Primarily, the population increase is a result of decreasing death rates in many countries.

This means that medical research advances have been great and have been applied in enough force to effect declines in

deaths from disease in many areas. In the last half-century, it has been said, the progress of science has been more rapid than in the previous 2,000 years. The lowering of mortality from disease proves the statement.

Moreover, directly against disease itself we see progress on many fronts. There have been real advances against cholera, a tremendous world problem. Perhaps the most notable victory, although it is like the winning of a battle and not a whole war, has been against malaria. Then there have been gains against typhus, a deadly disease enemy in many parts of the world.

Again from the overall viewpoint, the life span of man on earth has been extended and there has been some decline in the death rate of infants. Progress has been made against venereal disease around the world, and some advance, though little and far from what could or should be accomplished, against tuberculosis.

All of this is to the credit side of the ledger. The other side shows that, while we have come far, we have further still to go. The familiar illustration of the iceberg is apt. What has been achieved is but the top part, which we see, of the iceberg. Nine-tenths of it is underneath. Just so, the greatest part of the world's health problems is still unsolved.

I found, too, that in countries abroad where the communicable diseases have been reduced, as they have here in our country, chronic illnesses have emerged as today's great cripplers and killers.

I was impressed again by the fact that in the past medical contributions to knowledge have come from all quarters of the globe and that today, as in the past, participation in medical research is widespread around the world. You know, even better than I, that the roots of any great medical discovery lie in scientific findings made over the years by many researchers. I have been told, and I am sure you know this, too, that careful observations at the bedside and in the clinic—observations such as you men and women in general practice may make—have often pointed the way to important advances in control of disease.

The history of institutions, too, shows that they are erected upon and stem from methods and organizational structures developed in no one country. But in many. I have been told that Freedmen's Hospital offers an excellent training in hospital administration. I am sure that those of you who have taken this training, and followed careers in hospital administration, know full well how much any of our modern hospitals and research and teaching institutions have drawn from others around the world for methods and organizational details.

Coming back closer to home and close, I know, to all your hearts, is the matter of the relation of Freedmen's Hospital to Howard University and the possibility of transfer of its jurisdiction to the university. I know that many major changes in physical structure, expansion of bed capacity of the hospital, and changes in program, are being deferred until this matter is settled. I share your hopes and those of the hospital's administrators that the matter may be settled soon, and in a way that will be to the best advantage of all concerned.

As you know, I have, during every one of my many years of service in the Congress, devoted myself to the advancement of health and of medical research. I think you know that I can be counted on to espouse any measures which, in my considered judgment, will contribute best to such advancement.

This hospital has a proud record of achievement in service to the sick and suffering, in teaching, and in research. I am sure that each of you, and all who are following in your footsteps, will add to the brilliance of that proud record and that Freedmen's Hospital will continue to be known as a national and international center for training, for service, and for the advancement of the world's store of health and medical knowledge.

May I say that I include that in my hopes for the future? It is one in which I am sure you share. And because you are physicians—"standing above the common herd" as "the flower of our civilization," as Robert Louis Stevenson so beautifully and truly wrote—I am sure you share also my larger hopes that in our lifetime we may have:

Means to conquer such dreadful diseases as cancer, heart and blood-vessel disorders, mental and emotional sickness.

Such extension and expansion of medical and health research and practice that health, happiness, and peace shall spread throughout the world.

SENATE

TUESDAY, JUNE 30, 1959

The Senate met at 10 o'clock a.m.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father God—

In this morning hour, at a wayside altar of prayer, may the consciousness of Thy overshadowing presence grip our spirits with the possibilities which rise for each of us in every new dawn, wait for us upon every threshold, challenge us in every duty, and which open for us on golden hinges in every door of opportunity.

In all the hurried pace we go, help us this day not to forget the things we ought to remember.

In our contacts with others may we be especially thoughtful of those whose skies take light and color from what we give or withhold, of children whose gaiety our frown may quench and whose gleam or gloom so often reflects our tempers, and of the aged and aging who are so dependent upon our courtesy and consideration.

Before turning now to waiting tasks, we pause for Thy benediction. We are grateful for a great heritage, worth living for and dying for, and for a deathless cause that no weapon that has been formed can ever defeat.

We ask this in the Redeemer's Name. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 29, 1959, was dispensed with.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Constitutional Rights Subcommittee of the Judiciary Committee be permitted to sit during the session of the Senate today.

However, there is objection to that.

Mr. KUCHEL. Mr. President, let the RECORD show that there is no objection by the minority to the request for the Constitutional Rights Subcommittee of the Judiciary Committee to meet.

The PRESIDENT pro tempore. Objection is heard.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Foreign Relations Committee be permitted to sit during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the District of Columbia Committee be authorized to sit during the session of the Senate today.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare be authorized to sit during the session of the Senate today.

Mr. KUCHEL. Objection.

The PRESIDENT pro tempore. Objection is heard.

Mr. KUCHEL. Mr. President, the minority has interposed an objection to any meeting of the Labor Committee or its subcommittees today.

Mr. JOHNSON of Texas. I wish to make the situation clear. I understand that objection was made to the request that the Committee on Labor and Public Welfare meet today. Is that correct?

The PRESIDENT pro tempore. Objection was made.

Mr. JOHNSON of Texas. I understand that no objection was made to the request for authority for the District of Columbia Committee to meet today during the session of the Senate.

The PRESIDENT pro tempore. That is correct.

Mr. JOHNSON of Texas. Objection was made to the request for the Constitutional Rights Subcommittee of the Judiciary Committee to meet during the session of the Senate today.

The PRESIDENT pro tempore. That is correct.

Mr. JOHNSON of Texas. I further understand that no objection was made to the request for authority for the Foreign Relations Committee to meet during the session of the Senate today. Is that correct?

The PRESIDENT pro tempore. That is correct.

Mr. KUCHEL. Mr. President, as I have pointed out, there is no objection by the minority to the request for authority for the Constitutional Rights Subcommittee to meet during the session of the Senate today.

Mr. JOHNSON of Texas. I understand that. But there is objection.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare may meet at 2 o'clock tomorrow, even though the Senate is in session.

The PRESIDENT pro tempore. Without objection, it is so ordered.

LIMITATION OF DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, under the rule, there will be the usual morning hour; and I ask unanimous consent that statements in connection therewith be limited to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. KUCHEL. Mr. President, I move that the Senate proceed to consider executive business, to consider the nominations on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Bernard Gufler, of Washington, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Ceylon; and

G. Lewis Jones, of the District of Columbia, a Foreign Service officer of the class of career minister, to be an Assistant Secretary of State.

The PRESIDENT pro tempore. If there be no further reports of committees, the nominations on the calendar will be stated.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the postmaster nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

THE NAVY

The Chief Clerk read the nomination of James Henry Wakelin, Jr., of New Jersey, to be Assistant Secretary of the Navy.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

THE REGULAR AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the Regular Air Force, in the rank of lieutenant general, under the provisions of section 8066, title 10, of the United States Code.

The PRESIDENT pro tempore. Without objection, these nominations will be considered and confirmed en bloc.

TEMPORARY APPOINTMENTS IN THE REGULAR AIR FORCE

The Chief Clerk proceeded to read sundry nominations for temporary appointment in the U.S. Air Force under the provisions of chapter 839, title 10, of the United States Code.

Mr. KUCHEL. Mr. President, I ask unanimous consent that these nominations be considered and confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations will be considered and confirmed en bloc.

THE NAVY

The Chief Clerk proceeded to read sundry nominations of Naval Academy midshipmen to the rank of ensign in the Navy, subject to qualifications therefor as provided by law.

The PRESIDENT pro tempore. Without objection, these nominations will be considered and confirmed en bloc.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of all these nominations.

The PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

The PRESIDENT pro tempore. Morning business is in order.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the Territory of Hawaii; to the Committee on Agriculture and Forestry:

"JOINT RESOLUTION 14

"Joint resolution requesting the Congress of the United States to amend the Agricultural Adjustment Act of 1938, as amended, to include coffee under the parity payment program

"Whereas the Congress of the United States has passed numerous legislative measures assisting farmers in the production of specific agricultural commodities; and

"Whereas such assistance and support through programs authorized by the Agricultural Adjustment Act of 1938, as amended, is necessary to encourage the growing of coffee in the Territory of Hawaii: Now, therefore

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to enact legislation to include coffee among the basic agricultural commodities assisted and supported by programs under the Agricultural Adjustment Act of 1938, as amended, and to authorize parity payments to coffee growers in the Territory of Hawaii.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, to the Secretary of Agriculture and to the Delegate to the Congress from the Territory of Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 18th day of May 1959.

"WILLIAM F. QUINN,

"Governor of the Territory of Hawaii."

Two joint resolutions of the legislature of the Territory of Hawaii; to the Committtee on Appropriations:

"JOINT RESOLUTION 25

"Joint resolution requesting the Congress of the United States to establish and operate a Forest Research Center in the Territory

"Whereas the U.S. Forest Service has nine regional forest experiment stations in the continental United States and a research center in Puerto Rico and Alaska; and

"Whereas the legislature of the Territory of Hawaii in 1957 passed act 234, under section 8 of which the board of commissioners of agriculture and forestry was directed (a) to take immediate steps to secure the establishment and operation of a forest research center by the U.S. Forest Service, and (b) in this connection, to cooperate with the U.S. Forest Service in conducting a forest resource survey in the Territory, the survey to gather information on (1) kind, volume and location of timber stands, (2) productivity, ownership, condition and extent of forest land, (3) rates of timber growth and depletion by cutting and destruction by insects, diseases and other natural agents, (4) present and prospective requirements for timber production, and (5) other data essential to an adequate appraisal of the timber supply and forest condition; and $20,000 was appropriated to the board to be expended for such services, equipment and supplies as was deemed necessary for effectuating the purposes set forth above; and

"Whereas it is found that the Territory is in urgent need of technical assistance for purposes of developing commercial timber and other forest products, such assistance being best supplied by the U.S. Forest Service: Now therefore,

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to appropriate necessary funds for the establishment of a forest research center in the Territory to be administered by the U.S. Forest Service.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, to the Secretary of Agriculture and to the Delegate to the Congress from the Territory.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 1st day of June 1959.

"WILLIAM F. QUINN,

"Governor of the Territory of Hawaii."

"JOINT RESOLUTION 13

"Joint resolution requesting the Congress of the United States to enact legislation to provide for a survey of the shipping channel and harbor of the Kahaluu area, Oahu, by the U.S. Army Corps of Engineers

"Whereas the existing channel off Kahaluu, Oahu, now under limited use for shipping purposes by the U.S. Navy should

be developed to allow greater use by other navigable military and commercial vessels; and

"Whereas the development of harbor facilities at Kahaluu, Oahu, would ease the congestion at Honolulu Harbor and further benefit the Territory by stimulating the economic growth of windward Oahu: Now, therefore

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to enact legislation to appropriate funds for a survey of the channel at Kahaluu, Oahu, and of harbor facilities in the area, and to direct the U.S. Army Corps of Engineers to conduct the survey and to prepare plans for the widening of the channel and for the development of a harbor at Kahaluu, Oahu.

"SEC. 2. Certified copies of this joint resolution shall be forwarded to the President of the Senate and to the Speaker of the House of Representatives to the U.S. Army Corps of Engineers and to the Delegate to the Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its aproval.

"Approved this 18th day of May 1959.

"WILLIAM F. QUINN,
"Governor of the Territory of Hawaii."

A joint resolution of the Legislature of the Territory of Hawaii; to the Committee on Armed Services:

"JOINT RESOLUTION 6

"Joint resolution requesting the Congress of the United States to authorize the Secretary of the Navy to remove certain restrictions to land situate at Wailuku, Maui, T.H.

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to amend Public Law 377, 82d Congress, 2d session (66 Stat. 128), section 2 (a) to read:

" '(a) That the Territory shall not alienate its title to the property conveyed nor shall it lease the same or any part thereof except for public airport purposes: *Provided,* That particular structures and parcels of land not required or used for airport purpose may be sold, exchanged, or leased by the Territory with the consent of the Secretary of Navy, *Provided further,* That the proceeds therefrom or the property received in exchange therefor be used for airport purpose; and the Secretary of the Navy is authorized to execute an instrument in conformance with this Act.'

"SEC. 2. Certified copies of this joint resolution, upon its adoption, shall be forwarded to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, the Secretary of the Interior, the Secretary of Defense, and the Secretary of the Navy of the United States, and the Delegate to Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 8th day of May 1959.

"WILLIAM F. QUINN,
"Governor of the Territory of Hawaii."

Two joint resolutions of the Legislature of the Territory of Hawaii; to the Committee on Finance:

"JOINT RESOLUTION 19

"Joint resolution requesting the Congress of the United States to eliminate Federal taxes upon passenger transportation between islands of the Territory

"Whereas the geography of the islands comprising the Territory of Hawaii dictates that transportation between the several parts of the Territory be on or over water; and

"Whereas the burden of the Federal transportation tax rests much more heavily upon the residents of the Territory than upon the residents of the continent in that the people of the Territory are heavily dependent upon transportation subjected to the tax in order to carry on their normal business and social lives: Now therefore

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to eliminate taxes upon passenger transportation between the several islands comprising the Territory of Hawaii.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the United States, to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, and to the Delegate to Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 29th day of May 1959.

"WILLIAM F. QUINN,
"Governor of the Territory of Hawaii."

"JOINT RESOLUTION 9

"Joint resolution requesting the Congress of the United States to amend the Internal Revenue Act of 1954, as amended, so that income from the sale of perennial crops may be prorated to the number of years required to cultivate the crops

"Whereas income derived from the cultivation of perennial crops is attributable to the year the income is received; and

"Whereas income derived from the production of sugarcane in any 1 year is distorted since the crop requires more than 1 year of cultivation; and

"Whereas actors and inventors under section 1302 of the Internal Revenue Act of 1954, as amended, receive tax relief by prorating their income: Now, therefore,

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to amend the Internal Revenue Act of 1954, as amended, Public Law 591, 83d Congress, 2d session, 68 Stat. 730, so as to permit farmers cultivating perennial crops to prorate their income over the number of years required to cultivate the crops before they are harvested.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, to the Secretary of Agriculture, and to the Delegate to the Congress from the Territory.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 12th day of May 1959.

"WILLIAM F. QUINN,
"Governor of the Territory of Hawaii."

A joint resolution of the Legislature of the Territory of Hawaii; to the Committee on Interior and Insular Affairs:

"JOINT RESOLUTION 12

"Joint resolution requesting the Congress of the United States of America to authorize the Hawaiian Homes Commission to approve and guarantee loans made to Hawaiian homes homesteaders by private financing institutions, amending the Hawaiian Homes Commission Act, 1920 (42 Stat. 108), as amended

"Whereas the Hawaiian Homes Commission Act, 1920, as amended, does not empower the Hawaiian Homes Commission to guarantee loans made by private financial houses to prospective and existing homesteaders; and

"Whereas the Hawaiian Homes Commission is entrusted with a limited fund for loan purposes; and

"Whereas the Hawaiian Homes Commission is finding difficulty in placing qualified homesteaders on available public lands because of the financing problems; and

"Whereas private lending institutions have expressed willingness to make loans to homesteaders for home construction or repair purposes if the Hawaiian Homes Commission would guarantee such loans; and

"Whereas funds made available in this manner would further the purposes of the Hawaiian Homes Commission Act of 1920, as amended: Now, therefore

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to amend the Hawaiian Homes Commission Act, 1920 (42 Stat. 108), as amended, by authorizing the Hawaiian Homes Commission to approve and guarantee loans not exceeding $10,000 made to Hawaiian homes homesteaders by private financial institutions, said guarantee not to exceed $10,000 for each homesteader.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, the Secretary of the Interior, and the Delegate to Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 18th day of May 1959.

"WILLIAM F. QUINN,
"Governor of the Territory of Hawaii."

Two joint resolutions of the Legislature of the Territory of Hawaii; to the Committee on the Judiciary:

"JOINT RESOLUTION 15

"Joint resolution requesting the Congress of the United States of America to amend title 8, U.S.C., section 1440a, to permit aliens serving in the Armed Forces after June 29, 1950, to file petitions for naturalization until December 31, 1965

"Whereas title 8, United States Code, section 1440a permits the naturalization of aliens serving in the Armed Forces after June 29, 1950, if such aliens filed petitions for naturalization by December 31, 1955; and

"Whereas, although this privilege has been terminated, there are still many aliens who have actively served or are actively serving honorably to whom this privilege should be extended: Now, therefore

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States of America is hereby respectfully requested to amend section 1440a, title 8, United States Code, to permit aliens who have actively served or are actively serving honorably in the Armed Forces of the United States after June 29, 1950, to file petition for naturalization until December 31, 1965.

"SEC. 2. Certified copies of this joint resolution shall be transmitted to the President of the United States, to the President of the Senate, and the Speaker of the House of Representatives of the Congress of the United States, and to the Delegate to Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 19th day of May, 1959.

"WILLIAM F. QUINN,
"Governor of the Territory of Hawaii."

"JOINT RESOLUTION 16

"Joint resolution requesting the United States Congress to enact legislation to permit entry into the United States of wives and minor children of Filipino aliens who have established permanent residence in the United States

"Whereas many men who are citizens of the Republic of the Philippines are now permanent residents of the United States, but have wives and minor children living in the Philippine Islands; and

"Whereas such Filipino residents have contributed much to the economic development of Hawaii; and

"Whereas it would be to the interest of community growth to have the families of such Filipino residents reunited: Now, therefore,

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to enact legislation to permit the wives and minor children of citizens of the Republic of the Philippines who were legally within the United States prior to July 2, 1946, and who have established permanent residence therein, to enter the United States as nonquota immigrants.

"SEC. 2. Certified copies of this joint resolution shall be forwarded to the President of the United States, the President of the Senate and the Speaker of the House of Representatives of the United States Congress, the Attorney General of the United States, the Secretary of State and to the Delegate to Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 19th day of May 1959.

"WILLIAM F. QUINN,

"Governor of the Territory of Hawaii."

A joint resolution of the Legislature of the Territory of Hawaii; to the Committee on Labor and Public Welfare:

"JOINT RESOLUTION 26

"Joint resolution requesting the Congress of the United States to provide funds for the construction and maintenance of the 'Gateway House' at the University of Hawaii

"Whereas the University of Hawaii, being a meeting place for numerous cultures and races, would be an ideal place at which to establish an orientation center, conference site and study ground for both Asiatics and Americans under a number of Federal, foreign, and private programs; and

"Whereas the University of Hawaii would be able to provide training in marine science, tropical agriculture, social work, public health programs in nursing, health education, dental hygiene, public health engineering, and other educational subjects of great value to persons from Asia and to provide foreign service training for Americans interested in Asia; and

"Whereas the University of Hawaii has formulated a plan which would provide a fresh approach in the field of American-Asiatic relations, the implementation of which is inhibited by the lack of adequate funds and facilities; and

Whereas the technical and service training under the plan envisioned by the University of Hawaii would constitute one of the most significant contributions the United States can make in the betterment of international understanding and the advancement of Asiatic countries, and hence should be a matter of national concern: Now, therefore,

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to enact legislation providing funds in the amount of $2 million to be used for the construction of facilities which may be appropriately named 'Gateway House' and the establishment of an orientation center at the University of Hawaii for the training of persons from Asia and the orientation of American personnel preparing for service in various programs of international assistance and development.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the Senate, and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, to the Secretary of Health, Welfare, and Education, and to the Delegate to the Congress from the Territory.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 1st day of June 1959.

"WILLIAM F. QUINN,

"Governor of the Territory of Hawaii."

Two joint resolutions of the Legislature of the Territory of Hawaii; to the Committee on Public Works:

"JOINT RESOLUTION 24

"Joint resolution requesting the Congress of the United States to construct a road around the rim of Haleakala Crater, a part of the Hawaii National Park

"Whereas the national parks are public lands dedicated to the conservation of the scenic, natural, and historic objects of the country, and for the benefit and enjoyment of the people of the United States; and

"Whereas the crater of the world's largest dormant volcano, Haleakala, is a part of the Hawaii National Park; and

"Whereas the crater is the first sightseeing objective of visitors to the island of Maui; and

"Whereas natural formations of volcanic origin, as crater cones, caverns, desert plains and lakes, are rare spectacles in the United States, and a geological wonder and interest; and

"Whereas vegetative growth of forest niches, luxuriant meadows, and exotic Silversword, thriving within the crater, is a botanical and tourist's wonder; and

"Whereas it is incumbent upon the government to make the most beneficial use of these natural inheritances for the enjoyment of the people of the United States: Now, therefore,

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States is hereby respectfully requested to enact legislation to construct a road around the federally owned portion of the rim of Haleakala Crater.

"SEC. 2. Certified copies of this joint resolution shall be sent to the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, to the Director of National Park Service, and to the Delegate to the Congress from the Territory of Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 1st day of June 1959.

"WILLIAM F. QUINN,

"Governor of the Territory of Hawaii."

"JOINT RESOLUTION 18

"Joint resolution requesting the Congress of the United States of America to provide that the Territory of Hawaii receive equal consideration under the Federal-aid highway program and appropriations made therefor

"Whereas the Highway Revenue Act of 1956 imposes certain taxes on the purchase, use and operation of motor vehicles; and

"Whereas the Territory of Hawaii is an integral part of the United States of America and the taxes apply therein; and

"Whereas certain amounts collected thereunder are appropriated to the Highway Trust Fund for expenditure on the construction and reconstruction of highways on the Federal-aid systems and the National System of Interstate and Defense Highways; and

"Whereas certain highways in the Territory of Hawaii are vital to the National Defense; and

"Whereas the Territory of Hawaii does not now receive full and equal consideration in the authorizations and apportionment of Federal-aid highway funds; Now, therefore,

"Be it enacted by the Legislature of the Territory of Hawaii:

"SECTION 1. The Congress of the United States of America is hereby requested to enact legislation to provide that the Territory of Hawaii shall receive full and equal consideration in the Federal-aid highway program and in any Federal funds authorized and apportioned therefor.

"SEC. 2. Certified copies of this joint resolution shall be transmitted to the President of the United States, the President of the Senate and Speaker of the House of Representatives of the Congress of the United States, to the Secretary of the Interior, the Secretary of Commerce, the Secretary of Defense and to the Delegate to Congress from Hawaii.

"SEC. 3. This joint resolution shall take effect upon its approval.

"Approved this 29th day of May 1959.

"WILLIAM F. QUINN,

"Governor of the Territory of Hawaii."

PREFERENCE CLAUSE IN FEDERAL POWER LAWS HELPS NONPROFIT AND RURAL ELECTRIC SYSTEMS TO HELP THIS NATION'S PEOPLE—RESOLUTION

Mr. YARBOROUGH. Mr. President, the benefits which rural electricity has brought to this Nation are numberless. And the benefits are still accruing.

However, these benefits would be wiped out if any of a number of plans advocated by certain enemies of REA are put into effect. One of these plans is the weakening of the clause in the Federal power laws giving preference to nonprofit and rural electric systems.

Mr. President, I ask unanimous consent to have printed in the RECORD a resolution adopted at the recent National Rural Electric Cooperative Association annual convention held in Washington, D.C., opposing reduction of this preference clause.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION E–12

Subject: Preference clause.

Whereas for more than 50 years the preference clause in Federal power laws, giving preference to nonprofit and rural electric systems, has been an important influence in insuring the continuation of a healthy competition in the electric industry; and

Whereas over 400 of the rural electric systems are dependent either directly or indirectly upon Federal power projects for their power supply; and

Whereas constant attempts are being made to weaken the preference clause by such devises as the Case amendment and the Niagara limitations enacted in the 85th Congress: Now, therefore, be it

Resolved, That we reaffirm our strong support for the preference rights of nonprofit, consumer-owned electric systems and express our complete opposition to any repeal, watering down, or evasion of the preference clause; and be it further

Resolved, That we strongly oppose any and all attempts to weaken or destroy the preference clause and recommend enactment of legislation to remove the effects of the Case amendment to the Rivers, Harbors, and Flood Control Authorization Act of 1958.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HAYDEN, from the Committee on Appropriations, without amendment:

H.J. Res. 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes (Rept. No. 455).

(See the remarks of Mr. HAYDEN when he reported the above joint resolution, which appear under a separate heading.)

By Mr. BEALL, from the Committee on the District of Columbia, without amendment:

H.R. 4454. An act to amend the act of March 3, 1901, to eliminate the requirement that certain District of Columbia corporations be managed by not more than 15 trustees (Rept. No. 458).

By Mr. BEALL, from the Committee on the District of Columbia, with an amendment:

S.J. Res. 52. Joint resolution directing the Commisisoners of the District of Columbia to cause a study to be made of all factors involved in the establishment, construction, and operation of heliports within the District of Columbia (Rept. No. 457).

By Mr. FREAR, from the Committee on the District of Columbia, without amendment:

S. 1921. A bill to exempt from taxation certain property of the United Spanish War Veterans, Inc., in the District of Columbia (Rept. No. 462); and

H.R. 5534. An act to designate the bridge to be constructed over the Potomac River near 14th Street in the District of Columbia, under the act of July 16, 1946, as the George Mason Memorial Bridge, and for other purposes (Rept. No. 463).

By Mr. HARTKE, from the Committee on the District of Columbia, with an amendment:

S. 715. A bill to amend the law relating to indecent publications in the District of Columbia (Rept. No. 460).

By Mr. HARTKE, from the Committee on the District of Columbia, with amendments:

S. 660. A bill to amend the District of Columbia Business Corporation Act (Rept. No. 461); and

H.R. 836. An act to amend the code of law for the District of Columbia by modifying the provisions relating to the attachment and garnishment of wages, salaries, and commissions of judgment debtors, and for other purposes (Rept. No. 459).

By Mr. MORSE, from the Committee on the District of Columbia, without amendment:

H.R. 4072. An act to amend the act entitled "An act for the regulation of the practice of dentistry in the District of Columbia, and for the protection of the people from empiricism in relation thereto", approved June 6, 1892, as amended (Rept. No. 464); and

H.R. 6662. An act to amend the District of Columbia Hospital Center Act in order to extend the time during which appropriations may be made for the purposes of such act (Rept. No. 465).

By Mr. BIBLE, from the Committee on the District of Columbia, with amendments:

S.J. Res. 42. Joint resolution to establish an objective for coordinating the development of the District of Columbia with the development of other areas in the Washington metropolitan region and the policy to be followed in the attainment thereof, and for other purposes (Rept. No. 456).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CURTIS (for himself, Mr. HRUSKA, Mr. ERVIN, Mr. KEATING, and Mr. TALMADGE):

S. 2305. A bill to amend the Internal Revenue Code of 1954 with respect to the priority and effect of Federal tax liens and levies, and for other purposes; to the Committee on Finance.

(See the remarks of Mr. CURTIS when he introduced the above bill, which appear under a separate heading.)

By Mr. BEALL:

S. 2306. A bill to exempt from taxation certain property of the National Woman's Party, Inc., in the District of Columbia; to the Committee on the District of Columbia.

By Mr. ANDERSON:

S. 2307. A bill to set aside permanently certain land in McKinley County, N. Mex., for use of the Navajo Tribe of Indians; to the Committee on Interior and Insular Affairs.

By Mr. ALLOTT:

S. 2308. A bill to validate certain extended oil and gas leases; to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY:

S. 2309. A bill for the relief of Gim Bong Wong; to the Committee on the Judiciary.

By Mr. McGEE (for Mr. O'MAHONEY):

S. 2310. A bill for the relief of Mr. Peter Dolas; to the Committee on the Judiciary.

By Mr. CHAVEZ (by request):

S. 2311. A bill to amend the Bonneville Project Act, as amended;

S. 2312. A bill to establish revolving-type funds in the Treasury for the Southeastern Power Administration and the Southwestern Power Administration, and for other purposes; and

S. 2313. A bill to set aside and reserve Memaloose Island, Columbia River, Oreg., for the use of The Dalles Dam project and transfer certain property to the Yakima Tribe of Indians in exchange therefor; to the Committee on Public Works.

By Mr. THURMOND:

S. 2314. A bill to provide for a Federal industrial security program, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. THURMOND when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF INTERNAL REVENUE CODE OF 1954 RELATING TO PRIORITY OF FEDERAL TAX LIENS AND LEVIES

Mr. CURTIS. Mr. President, on behalf of my colleagues, the senior Senator from Nebraska [Mr. HRUSKA], the Senator from North Carolina [Mr. ERVIN], the Senator from New York [Mr. KEATING], and the Senator from Georgia [Mr. TALMADGE], I introduce, for appropriate reference, a bill to amend the Internal Revenue Code of 1954 with respect to the priority of tax liens and levies, and for other purposes.

This bill is being advocated by the American Bar Association. It is a bill of wide import. It meets a very urgent need at this time. There are parts of it which no doubt should have the attention of the Judiciary Committee and the Banking and Currency Committee, as well as the Committee on Finance.

I ask unanimous consent that the bill remain on the desk for a period of 1 week so that any other Senator who wishes to join in its introduction may do so.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will lie on the desk, as requested by the Senator from Nebraska.

The bill (S. 2305) to amend the Internal Revenue Code of 1954 with respect to the priority and effect of Federal tax liens and levies, and for other purposes, introduced by Mr. CURTIS (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

VALIDATION OF CERTAIN EXTENDED OIL AND GAS LEASES

Mr. ALLOTT. Mr. President, I introduce, for appropriate reference, a bill designed to clear up a problem with respect to the extension of oil leases based on assignments thereof. This bill is identical to H.R. 7610, introduced by Representative ASPINALL in the House on June 8.

Hearings have been scheduled before the Senate Subcommittee on Public Lands for July 14 and 15 on a similar bill, S. 1272, introduced by the Senator from New Mexico [Mr. ANDERSON] on March 5.

S. 1272 uses a different approach to correct the same problem. I believe our committee should have before it both bills when we conduct hearings on this matter.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2308) to validate certain extended oil and gas leases, introduced by Mr. ALLOTT, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

AMENDMENT OF MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. DODD submitted amendments, intended to be proposed by him, to the bill (S. 1451) to amend the Mutual Security Act of 1954, as amended, which were ordered to lie on the table and to be printed.

Mr. MORSE submitted amendments, intended to be proposed by him, to Senate bill 1451, supra, which were ordered to lie on the table and to be printed.

CAPTIVE NATIONS WEEK—ADDITIONAL COSPONSORS OF JOINT RESOLUTION

Under authority of the order of the Senate of June 22, 1959, the names of Senators MOSS, BUSH, LAUSCHE, SCOTT,

HARTKE, GREEN, DODD, HUMPHREY, HART, NEUBERGER, YOUNG of North Dakota, KEATING, ENGLE, CURTIS, LANGER, MORSE, and CASE of New Jersey were added as additional cosponsors of the joint resolution (S.J. Res. 111) providing for the designation of the week following the Fourth of July as Captive Nations Week, introduced by Mr. DOUGLAS (for himself and Mr. JAVITS) on June 22, 1959.

CONFERENCE TO REVIEW THE UNITED NATIONS CHARTER—ADDITIONAL COSPONSORS OF CONCURRENT RESOLUTION

Under authority of the order of the Senate of June 23, 1959, the names of Senators YOUNG of Ohio, BYRD of West Virginia, BEALL, WILLIAMS of New Jersey, and HENNINGS were added as additional cosponsors of the concurrent resolution (S. Con. Res. 52) favoring a general conference to review the United Nations Charter, submitted by Mr. CLARK (for himself and others Senators) on June 23, 1959.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. WILEY:

Address delivered by him before the Conference on U.S. Economy and International Relations, June 30, 1959.

By Mr. PROXMIRE:

Article entitled "Our Education Budget Also Needs Balancing," written by Representative STEWART L. UDALL, and published in the June number of the Reporter magazine.

By Mr. MORSE:

Letter dated June 20, 1959, from Senator NEUBERGER to the editor of the Bend (Oreg.) Bulletin, and published in the June 22, 1959, issue of that newspaper, dealing with personal relations between Oregon Senators.

NOTICE OF HEARINGS ON THE INTERNATIONAL WHEAT AGREEMENT AND THE INTERNATIONAL SUGAR AGREEMENT

Mr. FULBRIGHT. Mr. President, I desire to give notice that on July 14 at 10 a.m. in room 4221 of the New Senate Office Building, the Committee on Foreign Relations will hold hearings on the International Wheat Agreement, 1959—Executive E, 86th Congress, 1st session—and the International Sugar Agreement of 1958—Executive D, 86th Congress, 1st session.

NOTICE OF POSTPONEMENT OF HEARING ON NOMINATION OF HAROLD K. WOOD TO BE U.S. DISTRICT JUDGE FOR EASTERN DISTRICT OF PENNSYLVANIA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that the public hearing originally scheduled for 10:30 a.m., Thursday, July 2, 1959, in room 2300, New Senate Office Building, on the nomination of Harold K. Wood, of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania, vice William H. Kirkpatrick, retired, has been postponed until 10:30 a.m., Wednesday, July 8, 1959.

At the newly scheduled time all persons interested in the above nomination may make such representations as may be pertinent. The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes, and that the House had receded from its disagreement to the amendments of the Senate numbered 16, 26, and 30 to the bill, and concurred therein, severally with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7349) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1960, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PRESTON, Mr. ROONEY, Mr. CANNON, Mr. BOW, and Mr. TABER were appointed managers on the part of the House at the conference.

The message further announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H.R. 7978. An act making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes; and

H.J. Res. 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 1368. An act to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of certain aircraft engines and propellers;

H.R. 7176. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes;

H.R. 7523. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes; and

H.J. Res. 322. Joint resolution for the relief of certain aliens.

HOUSE BILL AND JOINT RESOLUTION REFERRED

The following bill and joint resolution were each read twice by their titles and referred to the Committee on Appropriations:

H.R. 7978. An act making supplemental appropriations for the fiscal year ending June 30, 1960, and for other purposes; and

H.J. Res. 439. Joint resolution making temporary appropriations for the fiscal year 1960, and for other purposes.

MONETARY AND FISCAL POLICY

Mr. PROXMIRE. Mr. President, yesterday the Senator from Connecticut [Mr. BUSH] delivered a very able speech on monetary policy. It was a speech in defense, generally, of the policies of the Federal Reserve Board and the Secretary of the Treasury. In the course of the speech, the Senator from Connecticut referred to the senior Senator from Michigan [Mr. MCNAMARA], the senior Senator from Pennsylvania [Mr. CLARK], the senior Senator from Illinois [Mr. DOUGLAS], and myself. During the course of his remarks, the Senator from Connecticut said:

Mr. President, there are many statements in the remarks of the two able Senators—

He was referring to the Senator from Pennsylvania [Mr. CLARK] and myself—

which are inaccurate, to say the least.

Then the Senator from Connecticut documented that serious charge by referring to only one statement. He referred only to a statement made by me.

It is interesting that the single statement the Senator from Connecticut picked out to document his allegation of the inaccuracy of our remarks was the following—and again I quote the Senator from Connecticut [Mr. BUSH]:

For example, the junior Senator from Wisconsin said that—

And then the Senator from Connecticut quoted a statement made by me—

"the Federal Reserve Board is today following the tightest money policy this Nation has had in 29 years."

Mr. President, the Senator from Connecticut notwithstanding, I submit that statement is completely, thoroughly, and wholly accurate. I documented the statement very carefully. I placed in the RECORD at the time when I made the statement a table which gave statistics going back to 1916; and I think that any perusal of that table shows that, without question, the monetary policy followed by the Federal Reserve Board at the present time is the tightest that its policy has been since 1930.

I ask unanimous consent that the table I presented for the RECORD during my remarks yesterday, which appears on page 11424 of the RECORD, be printed at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Year	Gross national product (current dollars)	Money supply (adjusted demand deposits and currency outside banks)	Ratio of money supply to GNP (money supply divided by GNP) (percent)	Income velocity (ratio of GNP to money supply) (GNP divided by money supply)
	Billions	*Billions*		
1916			28.9	3.5
1917			26.6	3.8
1918			27.6	3.6
1919	$77.9	$21.2	27.2	3.7
1920	85.0	23.7	27.9	3.6
1921	68.2	20.8	30.5	3.3
1922	69.9	21.4	30.6	3.3
1923	81.6	22.7	27.8	3.6
1924	82.0	23.5	28.7	3.5
1925	88.0	25.2	28.6	3.5
1926	92.3	25.7	27.8	3.6
1927	90.9	25.8	28.4	3.5
1928	93.7	26.3	28.1	3.6
1929	104.4	26.4	26.6	3.8
1930	91.1	25.3	27.8	3.6
1931	76.3	23.3	30.5	3.3
1932	58.5	20.8	35.6	2.8
1933	56.0	19.8	35.4	2.8
1934	65.0	21.4	32.9	3.0
1935	72.5	25.1	34.6	2.9
1936	82.7	29.0	35.1	2.9
1937	90.8	30.4	33.5	3.0
1938	85.2	30.4	35.7	2.8
1939	91.1	33.8	37.1	2.7
1940	100.6	39.0	38.8	2.6
1941	125.8	45.5	36.2	2.8
1942	159.1	54.8	34.4	2.9
1943 [1]	192.5	71.7	37.2	2.7
1944 [1]	211.4	84.7	40.1	2.5
1945 [1]	213.6	98.2	46.0	2.2
1946	210.7	105.7	50.2	2.0
1947	234.3	109.4	46.7	2.1
1948	259.4	109.9	42.4	2.4
1949	258.1	108.8	42.2	2.4
1950	284.6	111.5	39.2	2.6
1951	329.0	117.2	35.6	2.8
1952	347.0	123.2	35.5	2.8
1953	365.4	126.2	34.5	2.9
1954	363.1	127.9	35.2	2.8
1955	397.5	132.4	33.3	3.0
1956	419.2	134.2	32.0	3.1
1957	440.3	134.9	30.6	3.3
1958	437.7	136.3	31.1	3.2
1959 (1st quarter)			29.8	3.4

[1] Year marked by extensive price controls, including maximum ceilings, rationing, priorities, allocation, etc

Mr. PROXMIRE. I did state a definition of tight money; but that definition has not been challenged by the Senator from Connecticut; and, indeed, it would be difficult to challenge it.

I pointed out that the tightness of money can be measured by the relationship between the money supply and the gross national product. The gross national product is obviously the job which the supply of money has to do. The gross national product is the total amount of goods, services, and transactions which take place in our economy.

Mr. KUCHEL. Mr. President, will the Senator from Wisconsin yield?

Mr. PROXMIRE. I yield.

Mr. KUCHEL. Has my able friend notified the Senator in question on my side of the aisle?

Mr. PROXMIRE. Yes; on yesterday I told the Senator from Connecticut that I should like very much to engage him in colloquy. He very generously and thoughtfully gave me a copy of his speech, on yesterday; and at that time I wanted to engage him in colloquy. But it was impossible, because, as the Senator from California will recall, on yesterday the Senate was engaged in debate on the conference report on the tax bill until nearly 7:30 p.m.; and it was impossible for the Senator from Connecticut to yield for colloquy.

At that time I told him that today, in the morning hour, or at a subsequent time, I should like to comment on what he said. And he said that would be all right with him.

So I presume that would take care of the courtesies involved in this situation.

Mr. KUCHEL. Very well.

Mr. PROXMIRE. Mr. President, as I was saying, the record could not be clearer. The money supply is now lower, in relation to the job it has to do, than it has been since 1930—lower than it has been in 29 years.

It seems to me that makes my statement completely and thoroughly accurate and documented; I refer to my statement that:

> The Federal Reserve Board is today following the tightest money policy this Nation has had in 29 years.

Mr. President, I shall conclude in just a moment by referring to a statement the distinguished Senator from Connecticut used in order to document his position. He said:

> Next, Mr. President, I should like to observe that the able Senator's charge that the Federal Reserve System has not increased the money supply to keep pace with the growth in the economy is not in accord with the facts.

Then the Senator from Connecticut quoted the head of the Federal Reserve Board, Mr. Martin, as follows:

> For some months we have been having rapid expansion of bank credit and money, based largely on borrowed reserve funds. The seasonably adjusted money supply—demand deposits at banks plus currency in circulation—has increased by more than $2 billion in the last 4 months, an annual rate of growth of about 5 percent.

That is exactly my point. The money supply has increased 5 percent; but economists tell us that the gross national product is increasing at the rate of 8 percent. That means that although the supply of money is increasing, it is increasing more slowly than the increase in the job which money has to do. That is how the Federal Reserve Board is tightening the screws on our economy. It is true that the Board is following a moderate course; nevertheless, it is a course that has resulted exactly as I said in the tightest credit policy in this Nation in the last 29 years.

The PRESIDENT pro tempore. The time available to the Senator from Wisconsin, under the 3-minute rule in the morning hour, has expired. If the Senator from Wisconsin desires to speak further, he should request additional time.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may proceed for 1 additional minute, in order to conclude my statement.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, as I stated at the outset of my remarks, the speech the Senator from Connecticut made yesterday was an able one. I think he argued the case as well as it can be argued. I must say it is an extremely difficult case from the standpoint of my good friend from Connecticut and the administration.

But in this particular instance I think the Senator from Connecticut is not correct because the record shows with overwhelmingly clarity that the money supply has not increased as rapidly as the job which that money supply has to do. I refer to the job of servicing the gross national product. This is because the GNP has increased faster than the money supply has. So it is true as I stated that the Fed is following the tightest money policy this Nation has had in 29 years.

WORLD REFUGEE YEAR

Mr. KEATING. Mr. President, Wednesday will mark the beginning of World Refugee Year. The implications of this event should stagger the imagination of all who have been concerned with the plight of the world's homeless peoples. It should serve to inspire all who have been working to resettle these people in lands where they can have an opportunity to earn a living and raise their children in peace and security.

The problems of the world's homeless thousands must command the immediate attention of Congress. There is no humanitarian task to which we can better devote our attention. As a cosponsor of legislation to make possible American participation in World Refugee Year, I am delighted that Congress is now studying the entire problem. I am glad that President Eisenhower has given his wholehearted backing to efforts to insure the United States does its part to end this global and heart-rending problem. I applaud the vigorous work of the United Nations in this field.

A vital force in this Nation's participation in World Refugee Year is the great group of agencies and organizations which for years have worked unceasingly to ease the lot of homeless peoples. One of them, the National Catholic Resettlement Council—a tireless leader in the crusade to provide for refugees—recently sent me an important telegram concerning World Refugee Year. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

JUNE 18, 1959.

HON. KENNETH B. KEATING,
Senate Judiciary Committee,
U.S. Senate, Washington, D.C.:

At a meeting today in New York the National Catholic Resettlement Council representing 13 nationality groups and diocesan resettlement directors of the United States passed the following resolution:

Whereas the United Nations has proclaimed World Refugee Year to run from July 1, 1959, to June 30, 1960, and

Whereas the President of the United States has urged wholehearted support of this endeavor by all American citizens and voluntary agencies, and

Whereas the free world looks to the leadership of the United States of America in international affairs, and

Whereas there are many thousands of refugees in Europe, the Middle East, and Far East who need the help of the free world

to build new lives either in their present country of residence or overseas;

Be it resolved that the Congress and administration be urged to make a generous appropriation of funds looking toward permanent solution for many of these refugees, and

Be it further resolved that Congress be asked to authorize the admission of refugees from all of the areas mentioned above on a nondiscriminatory basis, and

Be it further resolved that all individuals, groups, and organizations be urged to cooperate to the fullest in attaining the objectives of the World Refugee Year.

Rt. Rev. Msgr. EDWARD E. SWANSTROM,
Chairman.

FEDERAL SECURITY PROGRAM

Mr. KEATING. Mr. President, the decision yesterday of the Supreme Court in the Greene case, relating to employees of industries having defense work with the Government, poses a serious challenge to Congress.

Whether this decision is right or wrong is beside the point. It certainly points up a situation which cries out for prompt action by Congress. We should immediately make a very careful study of the decision and endeavor to frame whatever legislation is needed to protect our country from enemies who might endeavor to subvert our defense effort.

With the very large amount of defense work which is done by private industry, and with the continuing effort of the Communists to infiltrate into those industries, we have an absolute duty and responsibility to deal with this problem. We must endeavor to frame legislation which will fall within the four walls of the Constitution, but which will insure needed protection to our country in this vital field.

THE VICE PRESIDENT

Mr. CURTIS. Mr. President, the distinguished author and lecturer, Frederick Taylor Wilson, has written a very brief article entitled "Praise for NIXON." It contains some very interesting historical facts in regard to the Vice President.

I ask unanimous consent that the article may be printed in the body of the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRAISE FOR NIXON

If RICHARD M. NIXON lives to complete his second term as Vice President, he will be the fifth man in American history to serve for two consecutive terms in that high office.

The other four were John Adams, of Massachusetts, under Washington, 1789–97; D. D. Tompkins, of New York, under Monroe, 1817–25; Thomas R. Marshall, of Indiana, under Wilson, 1913–21; and John Garner, of Texas, under F. D. Roosevelt, 1933–41.

Regardless of politics—it is generally agreed that Mr. NIXON has been the most helpful and active of all these two-term Vice Presidents. He is also the youngest one of the five.

Whatever may be his political future, he deserves the thanks of the Nation for his unceasing devotion to the President and his extended public service, a great contrast to others in that high position, who have largely slept away their time awaiting the call of fate.

FREDERICK TAYLOR WILSON.

FISCAL POLICY

Mr. CLARK. Mr. President, I ask unanimous consent that I may be permitted to speak for not in excess of 7 minutes.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. CLARK. The Nixon Committee's interim report on how to promote "price stability for economic growth" is "certainly one of the most redundant, uninspired and generally useless documents lately to come off the Government's mimeographing machines."

Mr. President, these are not my words. They are those of an editorial appearing this morning in the Washington Post and Times Herald, entitled "Words, Words, Words."

I ask unanimous consent that the editorial may appear in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WORDS, WORDS, WORDS

The Nixon Committee's interim report on how to promote "price stability for economic growth" (how deceptively that "for" bridges the chasm) is certainly one of the most redundant, uninspired and generally useless documents lately to come off the Government's mimeographing machines.

As the President and the Cabinet Committee both note, the three interim recommendations of the Committee have already been made to Congress. Two of them, moreover, are already well established (if necessarily ill defined) policy with both this administration and this Congress: the intention by "all appropriate means" to protect the buying power of the dollar, and, the provision of a balanced budget for the coming fiscal year. The Nixon Committee adds no definition to either policy. We know of not a single important dissenting voice, in Congress or in the executive branch, on either of these matters. As for the third proposal, to remove the interest ceiling on Government bonds, this would hardly be a cure for inflation but merely an acknowledgment of present financial realities which, without other far-reaching moves in the field of taxation and debt management, would do little either for stability or for growth.

The Cabinet Committee's restatement of the obvious—and of the more or less meaningless—is carried so very far in some phrases as to suggest a lack of serious purpose or of careful editing. For example, the report says, "Excessive authorizations, by making deficits or higher taxes likely in the future, could create permanent inflationary forces." What, in heaven's name, would necessarily be inflationary about a bigger budget balanced with higher taxes?

We are glad to know that the Nixon Committee believes taxes, the farm price support program, the export trade and labor and business monopoly all need further studying. If this may be translated to mean that the Cabinet Committee knows that the problems of growth and of stability can be solved only by the making of some hard decisions in these and other areas, the country may perhaps take encouragement. But this particular Cabinet Committee has precious little time left for its studies.

Mr. CLARK. Mr. President, yesterday the distinguished senior Senator from Connecticut [Mr. BUSH] delivered an elaborate address on the report of the Cabinet Committee on Price Stability for Economic Growth, in which he lavishly praised this rather verbose and quite unhelpful report of the Nixon Committee and undertook to criticize the speeches made recently on the floor by the present occupant of the chair [Mr. PROXMIRE], the senior Senator from Michigan [Mr. MCNAMARA], and myself.

The senior Senator from Connecticut was kind enough to notify me that he was going to make some comments adverse to my position; and I told him, as we adjourned last night, that I would reply to him on the floor this morning. I regret that he is not here, but I am sure that he would want me to go ahead.

The three recommendations of the Nixon Committee merely reiterate the obvious. They advocate reasonable price stability as an explicit goal of Federal economic policy. I do not think there is a man, woman, or child in the United States, Member in the Congress, who does not agree with that. I myself happen to be a sponsor of a bill before the Banking and Currency Committee which would make this objective specific.

But I do not think even a first year student of economics would argue that adopting that recommendation into law would by itself have the slightest effect on price stability or economic growth. Whatever could be done with that law on the books could be done now.

The second recommendation made by the Nixon Committee is to balance the budget for the fiscal year which begins tomorrow. I do not think there is a single Member of the Congress who does not want to balance the budget. I am sure everybody who has an understanding of even the rudiments of economics would want to have a balanced budget in a time of high productivity. This is another reiteration of the obvious, with which everybody agrees. The question is not, Shall we balance the budget? Of course, we should. The question is, At what figure should we balance it? Does the President's figure of $77 billion provide enough revenue or must we spend more money in the interest of national defense and our national progress and well-being.

My views on that question are well known. I shall not repeat them. I only say that after we eliminate all the waste—and let us eliminate it all—we are still going to have to appropriate more money if we are going to balance the budget at a sound figure for national security and for national well-being.

The third recommendation is that the Treasury be permitted to manage the debt in a noninflationary way. Mr. President, that is bureaucratese at its worst. I do not think anybody in the country or in the Congress wants the Treasury to manage the debt in an inflationary way. Nobody wants that.

Nobody suggests it. What those who object to the Treasury policy suggest is that the Federal Reserve Board is not utilizing the powers given to it by Congress to help stabilize the bond market. That can be done easily and without inflationary consequences and no sound reason why it cannot be done has ever been given to the Congress or to the American people.

In other words, Mr. President, the Nixon Committee and the distinguished Senator from Connecticut [Mr. BUSH] have gone about this matter in the old, old dreary way of setting up a straw-man and then knocking it down. They have engaged in a sham battle against a nonexistent enemy and then have tried the timeworn technique of guilt by association. They have tried to identify those of us who insist on an adequate national defense and a first-class America at home with the nonexistent enemy called "inflationists." I suggest that neither our colleagues in the Senate nor the people of the country are going to be fooled by that obvious device much, if any, longer.

I would point out, however, that the principal danger of inflation, as the last few days have indicated, results from the actions of our friends on the other side of the aisle, who have been unwilling to vote to close the loopholes in our tax structure. To close these loopholes would help balance the budget, help reduce the national debt, help stabilize the bond market, and, generally speaking, have a strong anti-inflationary impact.

Mr. President, I close by suggesting to my friend from Connecticut and to various others of my friends across the aisle that though they talk about balancing the budget, their primary objective is not really to balance the budget; their primary aim is to see to it that we do not, under any circumstances, get more revenue into the Federal Treasury than the $77 billion that has been projected, and that we then cut back national defense and important domestic programs in order to meet that sacred figure of $77 billion, a position which I must say, is pretty well discredited in the country today.

Mr. KUCHEL. Mr. President, will my able friend yield?

Mr. CLARK. I yield with pleasure to my good friend the senior Senator from California, pointing out to him that we are working under a time limit.

Mr. KUCHEL. Let the RECORD be abundantly clear that in the critically important domestic field of the interstate highway construction the votes to kill the increase in the gasoline tax, recommended by this administration, came from my beloved friends on the other side of the aisle.

Mr. CLARK. I will say to my good friend the senior Senator from California that, while I disagree with his conclusion, the RECORD will also show that the senior Senator from Pennsylvania joined the senior Senator from California in voting to increase the gasoline tax.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. I should like to ask my able friend from Pennsylvania if he does not think it is extraordinary that this year the administration, which constantly berates a Democratic Congress for not having proper consideration of the importance of money, has now run up the largest peacetime deficit in the history of the country.

Mr. CLARK. The Senator is of course correct. There is not only the largest deficit this year, but, as I recall, there have been deficits in 3 of the other 5 years of the Eisenhower administration, after campaign pledges of which perhaps the most important was that the administration was going to balance the Federal budget. Let no man say it was the Congress which unbalanced the budget; it was the executive arm which did so, by its actions affecting the national economy and its recommendations relating to the budget.

Mr. SYMINGTON. Mr. President, will the Senator yield further?

Mr. CLARK. I am happy to yield to the Senator from Missouri.

Mr. SYMINGTON. Few Americans realize that 85 cents of the tax dollar is used to pay for past or possible future wars. Inasmuch as it is generally estimated that we are wasting tens of millions of dollars a week in the effort to put each military service in a position to fight a future war—God forbid we ever have one—is it not extraordinary to hear all these complaints about the Democratic efforts to provide a better life, to take care of the older people, and so forth? While nothing is done with respect to the 85 cents of the tax dollar, the criticism is made, one might say, of the social programs at the same time.

Mr. CLARK. I think the Senator is quite correct.

The PRESIDING OFFICER. The time of the Senator from Pennsylvania has expired.

Mr. CLARK. Mr. President, I ask unanimous consent that I may proceed for 1 additional minute.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

Mr. CLARK. I think the able Senator from Missouri is quite correct. We are about to debate the defense construction bill, and shortly thereafter we will debate the defense appropriation bill. I know the strong views my friend from Missouri has regarding waste in the Department of Defense. I ask him if it is not a fact that while the Congress can complain, and can point out ways in which action should be taken, it is the responsibility of the Executive—General Eisenhower and his subordinates in the Defense Department—to cut out the waste; and that they have done very little, if anything, about it.

Mr. SYMINGTON. The Senator is exactly correct. The Senator has been an executive, and so have I. To me one of the more extraordinary aspects of recent events in this town is the criticism by the executive branch that the legislative branch does not make executive decisions.

Mr. CLARK. I thank my friend for his helpful interjection.

THE CHINA POLICY

Mr. SYMINGTON. Mr. President, several weeks ago our distinguished colleague, the junior Senator from California [Mr. ENGLE], performed a service to the Senate and to the Nation by calling attention to our present policy on China.

His thoughtful speech was the subject of considerable comment, particularly in his home State, which has traditionally taken keen interest in Far Eastern affairs.

In order that all Members of the Congress and the public generally may have the opportunity to read two significant editorials on the speech by the Senator from California [Mr. ENGLE], I ask unanimous consent to have printed at this point in the RECORD an editorial from the San Francisco Sunday Chronicle of May 31, entitled "Senators Doubt Peiping Policy"; and an editorial from the Sunnyvale Standard-Daily Mountain View Register Leader of June 2, entitled "Reviewing Our China Policy."

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the San Francisco Chronicle, May 31, 1959]

SENATORS DOUBT PEIPING POLICY

The U.S. Senate is currently showing vigorous and proper interest in American relations with Red China and recent weeks have produced numerous demands from the floor for a reexamination and revision of a China policy that has undergone little discussion and virtually no change since 1949.

Prominent among such revisionists is California's junior Senator, CLAIR ENGLE, who recently declared himself thus: "I do not believe that it is necessary to replace one extreme policy with an opposite extreme. I do not believe that the Mao government should now be recognized or admitted to the United Nations. I would suggest the need of examining the many middle courses available to us—courses that may serve the national interest 10 years from now far better than our present policy."

In common with numerous other Senators, ENGLE believes that the existing policy has enjoyed an inordinate degree of sanctity which has foreclosed discussion and left the public in ignorance. Thus, he argues, the policy has remained frozen, though based on considerations no longer valid; and it no longer serves the Nation's military, economic or other interests. He argued that it is a negative and defensive thing, lacking force to reduce China's power now or in the future, driving China into closer relationship with the Soviet Union, fostering an atmosphere of war, promoting anti-Americanism in China, alienating many of our allies, and preventing the free world from learning about China.

To cure such defects, proposals are brought forward for an exchange of correspondents between the United States and Red China, for trade arrangements similar to those with Russia, for a declaration to maintain treaty objectives with Formosa while withholding all support from military action against the Chinese mainland, for international supervision of Formosa, for United States-China negotiations at a high level.

Implicit in such a program, the revisionists note, is a realistic acceptance of the fact that the Chiang government is the Govern-

ment of Formosa, not of mainland China, and that it has scant likelihood of regaining the mainland.

Senator CLARK of Pennsylvania, terming the present policy "totally wrong," called upon the new heads of the State Department to change that policy in line with middle-ground suggestions, saying that otherwise: "We are headed for disaster."

So many other Senators have taken up the cry that a thorough review of China policy appears inevitable. Such a review would appear timely. The existence of Red China cannot be forever ignored.

[From the Sunnyvale Standard-Daily Mountain View Register Leader, June 2, 1959]

REVIEWING OUR CHINA POLICY

Senator CLAIR ENGLE in a most significant speech has called for a reexamination of American foreign policy as it affects the Nation's relations toward Communist China. It is most appropriate a Senator from California made the summons; traditionally the States bordering on the Pacific have been more aware of the events and potential of this ocean basin.

In presenting his argument, Senator ENGLE has broken the curtain of silence which for too long has hung around any public debate of American policy in the Far East.

"I do not see," said Mr. ENGLE, "why our policy in China should be any more sacrosanct than our policy in Europe which has come under continuous discussion and analysis not only on the floor of the Senate but by the columnists and throughout the public generally in the United States."

China is central to all American policies in the Far East, Senator ENGLE emphasized, and "since China policy has such an important bearing on our future in Asia, I would like to take that policy off the shelf where it has been gathering dust since 1949, take a look at it, and ask some questions about it."

While Mr. ENGLE himself did not make the point, it should be noted in passing one reason the policy has been on the shelf was the influence of Mr. ENGLE'S predecessor, William F. Knowland, the former minority leader of the Senate. It was he who so tenaciously held the bulwarks against any examination of the policy; a review might well have shown the inadvisability of placing all American hopes upon the exiled Nationalist Government on Formosa.

But a new Senator from California now holds the office and with him there is the opportunity for a fresh look at the U.S. policy.

"All logic tells me our present China policy is based more on emotion than upon reason," said Senator ENGLE. "This China policy is based on a reaction to the past rather than a calculated look into the future."

And, he continued, the American attempt "to build a military, economic, and psychological wall around China * * * is the Maginot-line response. It is a negative and defensive posture (which) drives China into a closer relationship with the Soviet Union than otherwise might exist.

"It creates an economic dependence of China upon the Soviet Union which serves to amalgamate a relationship which otherwise in all probability would be one of differences and frictions. It maintains an atmosphere of war in which solutions in our own interest remain impossible. It helps to keep the fires of anti-Americanism alive in China.

"Among most of our allies and the neutral nations of Asia it puts the United States in the ludicrous position of weakness and artificiality. We appear in the position of attempting to escape behind this flimsy curtain we have created, rather than facing the reality of Communist China and dealing with it with the manly forthrightness becoming the world's leading military and economic power.

"At the opposite extreme, two allies, the Republic of Korea and the Republic of China on Formosa, hold an interest in having the United States involved in a total war with Communist China. They not only benefit by the illusion that Communist China does not legally or factually exist, they employ every device and opportunity available to identify the United States with the eventual liberation of the mainland. (I have not heard any responsible military officer support the view that the United States could or should attempt to liberate the mainland of China. A few weeks ago President Eisenhower ruled out fighting a ground war in Europe; how much more a reason for ruling out a ground war in the vast expanse of China?)"

Having ticked off the bankruptcy of past policy, a policy which certainly has not adversely affected the Communists' hold on the mainland, Senator ENGLE predicted only a continuation of negative results if the negative policy is maintained.

However, warned the Senator, the need for revision should neither blind the United States to the evils of past Communist acts nor should it swing the United States to either recognizing Red China at this time or agreeing that Red Chinese assume China's seat in the United Nations. Where the alternatives in policy exist is in a middle ground of action, among which Senator ENGLE included:

A willingness "to negotiate the entrance of Chinese correspondents to the United States on a basis of reciprocity and equality with U.S. correspondents admitted to Red China;"

A readiness "to discuss with Red China the possibility of placing our trade with Red China on the same basis as our trade with the Soviet Union;"

A reassertion that while the United States intends "to maintain our treaty obligations with reference to Formosa, we have not the intention of supporting military adventures against the mainland of China;"

"Placing the defense of Formosa on the broader international base than it is at present and lay the foundation for the long-range status of Formosa;"

A consideration of "the possibility at some stage during these proceedings—especially if the Mao government shows any willingness to meet us half way—to negotiate with the Mao government on issues of substance at a level higher than the present ambassadorial talks in Warsaw;"

"And last, throughout all of these negotiations they should be on a quid pro quo basis, and we should make it clear that our determined aim is to halt any Communist aggression in the Far East. We should give substance to this determination by continuing to strengthen military and economic defenses but at the same time we should permit the countries of Asia to participate with us in progress made in economic and cultural relations with China."

Senator ENGLE has done an important service in opening up discussion of American policy toward China. Even while the world's eyes are on Geneva and Berlin, there should not be blindness to the challenges the Far East presents to the United States now and in the future.

THE INTERSTATE HIGHWAY PROGRAM

Mr. CASE of South Dakota. Mr. President, on Thursday last the question of the highway trust fund came before the Senate in connection with two amendments proposed to the bill which sought to extend excise taxes. One was a proposal to increase the gasoline tax. The other was a proposal which would have had the effect of placing the burden of the deficit in the highway trust fund on the general funds of the Treasury. That would have come about by a dedication of certain additional excise taxes to the highway trust fund. Had those funds been dedicated to the highway trust fund, automatically the general funds of the Treasury would have suffered by the amount so transferred.

During that debate the observation was made that the situation was critical and that there were three choices before the Congress, while Congress was dealing with two of them.

Mr. President, it is my belief there are more than three choices before the Congress, and I have so stated at various times, perhaps most precisely and definitely when I spoke at the annual association meeting of the State highway officials in San Francisco. I pointed out at that time that there could be another approach, which would be to authorize the Secretary of the Treasury, in the name of the highway trust fund, to issue notes or bonds which would be against the highway trust fund, payable both as to interest and principal from the revenues in the highway trust fund as it receives revenues from the taxes already dedicated or assigned to it.

The further suggestion of an alternate course or a different course was made when I pointed out that we could change the schedule for the completion of the system, by adding another year or two, which would level out construction somewhat.

We could provide a combination of several methods. We could have a slight increase in the gasoline tax. We could give the Secretary the authority to issue debentures or notes against the highway trust fund, payable from it, so that the burden would not fall on the general Treasury. We could perhaps exercise a sharper scrutiny over some of the frills which are reported to have crept into the construction program in some States.

Mr. KUCHEL. Mr. President, will my able friend yield?

Mr. CASE of South Dakota. Mr. President, I will be glad to yield, if I may have a little additional time.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the able Senator from South Dakota may have not to exceed 5 additional minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from California? The Chair hears none, and it is so ordered.

Mr. KUCHEL. Mr. President, first I wish to say that in regard to the enactment of the original interstate highway construction legislation, no man was more active or more effective in the Congress than the able Senator from South Dakota [Mr. CASE].

I desire to point out, if I may, as an example of the difficulties which now inhere in the several States, what Mr. George McCoy, the State highway engineer of the California Division of Highways, indicated to Bertram Tallamy, of

the Bureau of Roads, when he sent him a telegram under date of June 3, which was printed in the RECORD at page 11853 on June 25. Mr. McCoy said:

Reurphone today last interstate project advertised May 15; bids June 10, 1959. Any further advertising discontinued as of May 15. We are now holding several large interstate projects totaling in excess of $50 million pending decision 1961 apportionment.

Mr. President, this is an example of what the President of the United States has repeatedly indicated to the Congress. Congress invited the States to step up their programs of highway construction of the Interstate System. After Congress invited the States to do so, and after the States responded, we now find ourselves in a situation where, as is true in my State as an example, all construction programs must stop and the agency which the State created in order to mesh with the Federal law is now compelled to grind down to a halt.

I congratulate the able Senator from South Dakota for his recommendations, because it may be that in what he has proposed, about which he now speaks, we will find an opportunity for Congress to remedy an untenable and ugly situation.

Mr. CASE of South Dakota. Mr. President, I appreciate the remarks and observations of the distinguished Senator from California. He has sharply pointed up the crisis which exists by reference to the plight of California, which State has been obliged to discontinue the letting of contracts where the maturing obligations of the contractors, which it was anticipated would be met by the scheduled apportionments for 1961, will run on into the years ahead.

Without something to rehabilitate the highway trust fund, the Secretary of Commerce is forbidden by law to make apportionments beyond the funds in the highway trust fund. Statistics in regard to this matter indicate that no apportionments can be made for 1961, and only a very small apportionment can be made for fiscal 1962.

However, Mr. President, the situation is not hopeless. There is a solution, I think, proposed in the bill which I have introduced, which would give the Secretary of the Treasury authority to issue a limited amount of interim bonds payable out of existing levies before those levies expire. I stress that, because there is a difference between that proposal and the ordinary proposals for long-term revenue bonds. These bonds must have a time of maturity, and must expire before the expiration of the existing tax levies.

There are other things which point up the differences between this proposal and other proposals. As compared with the TVA self-financing, so-called, in this matter the Secretary of the Treasury would have direct control over the time, terms, rates of interest, and amounts of bonds to be offered at any one time. He would only need to issue short-term notes, in some instances, to take care of a temporary cash situation. He could make the notes longer, if that was what was indicated. The overall ceiling on the bonds would be $5 billion, which would amply take care of the situation through the entire program, according to present estimates.

Mr. President, there is another solution, which would be a combination of methods—a smaller increase in the gas tax, smaller authority for issuance of interim bonds, a change in the scheduling of the completion of the program, or a modification in some of the plans. This solution should be explored promptly, so that the apportionments can be made in July.

Mr. President, I ask unanimous consent that there be printed in the RECORD at the conclusion of my remarks a brief statement which I have prepared on this subject.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CASE OF SOUTH DAKOTA

WAYS TO MEET HIGHWAY FUNDING PROBLEM

During the debate on the tax bill, Thursday night, three courses were discussed as possible ways to meet the crisis in the high way trust fund which prevents making of allotments for the Interstate System for fiscal 1961 and 1962. They were:

1. An increase of 1½ cents in the gas tax; it was defeated 33 to 46.

2. Allocation of additional existing taxes to the fund; that was rejected 32 to 47.

3. A proposal that the so-called Byrd amendment be waived and that apportionments be made with the load falling on the General Treasury. That was not voted upon but it is not desirable and it is not the only choice remaining.

There are at least two other possible ways to meet the situation. I mentioned them when I spoke at the annual meeting of the American Association of Highway Officials at San Francisco. They are:

4. To give the Treasury authority to issue interim revenue bonds payable, both as to principal and interest out of revenues the trust fund will receive before existing trust fund levies expire in 1972.

5. A combination of methods—a slight increase of the gas tax (perhaps one-half cent), authority for temporary borrowing to meet short-term cash needs, and elimination of some of the frills which have crept into the plans of some States.

To show how choice No. 4 could work, I recently introduced Senate Joint Resolution 109. It is not an ordinary revenue bond bill; the Secretary of the Treasury (not the Secretary of Commerce or the Bureau of Public Roads) would control time, terms, amount and rate of interest. Revenue from existing levies would be available to pay the maturities, whether short- or long-term. It would be restricted to 1 year's need in borrowing until the new 1961 cost study is available on which a long-range solution could be based with better knowledge than we now have.

The situation does require action, but it is not hopeless. The highway program is not dead. I hope those interested will study the possibilities in choices 4 and 5.

THE ECONOMIC PICTURE AT A GLANCE

Mr. BRIDGES. Mr. President, the economic progress and prosperity which we enjoy is by now universally hailed.

One of the most striking characteristics of the present economic advance is that it is so broadly based; it shows up in every segment of our society.

A roundup of a great many of these indicators of good times was recently put together by the Federal Reserve System. The picture is impressive:

Industrial production is at a record index of 152, reflecting a spectacular 20 percent recovery since the recession low point of last year.

Housing construction, while somewhat reduced last month, is still running at a record annual rate.

Employment stands at 66 million, a record for the month of May.

For the first time in history average factory wages are over $90 a week.

Retail sales have increased continuously this year and are now 10 percent above last year.

Consumer prices have been remarkably steady for a period of economic prosperity such as this.

Mr. President, I ask unanimous consent to have printed in the RECORD the Federal Reserve's "National Summary of Business Conditions."

I also ask unanimous consent to have printed a report on business capital spending plans as compiled by McGraw-Hill Publishing Co. and published in Business Week magazine for June 13. This shows a very encouraging upward trend in the capital spending plans by business—a sign of business confidence in the continued strength of the economy.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Board of Governors of the Federal Reserve System, June 15, 1959)

Expansion in industrial activity continued in May, employment increased further, and the decrease in unemployment was again considerably larger than seasonal. Consumer incomes and buying attained new highs, and business plans for plant and equipment outlays in 1959 were revised upward. Commercial bank loans and the seasonally adjusted money supply continued to increase. Security yields tended upward in May and early June. Wholesale prices of industrial commodities generally changed little.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production rose in May to 152 percent of the 1947–49 average, 2 points above the revised April figure and 6 points or 4 percent above the prerecession peak in early 1957. Activity in the durable goods industries advanced to a new high. Production of nondurable goods, which had surpassed earlier highs by mid-1958, continued to expand and output of minerals increased.

The gain in output of durable goods industries was broadly based as output of finished products and materials expanded. Production of farm machinery, motortrucks, and industrial and commercial equipment showed further gains. Output of household durable goods and autos also rose. Production of building materials and most nonferrous metals continued to increase. Steel mill operations, maintained at 93 percent of capacity in May, rose 1 additional percentage point in early June.

Activity in the nondurable goods industries in May was about one-tenth above the highs of 1957. Output of apparel and leather products, and of such industrial materials and supplies as textiles, chemicals,

and paper rose further. Activity in the rubber industry remained at reduced levels, however, as work stoppages continued. Output of mineral fuels and metal ores increased.

CONSTRUCTION

Private nonfarm housing starts in May, while somewhat below the March-April level, were at a high seasonally adjusted annual rate of 1,340,000 units. Total new construction put in place changed little in May at a level slightly below the record high of March. Commercial building activity rose sharply further, to a new high, but private residential, utility, and total public construction continued to decline. Private industrial building remained at a reduced level.

EMPLOYMENT

Seasonally adjusted nonfarm employment increased 230,000 further in May and, at 52.1 million, was 2 million above a year earlier. Gains were widespread among durable goods manufacturing industries, which accounted for one-half of the total increase. With the average workweek at factories up about seasonally, average weekly earnings increased to $90.32, 10 percent above May 1958. Unemployment again declined substantially; the seasonally adjusted rate was 4.9 percent of the civilian labor force compared with 5.3 percent in April and 5.8 percent in March.

DISTRIBUTION

Seasonally adjusted retail sales have increased continuously this year, and in May were 2 percent higher than in April and 10 percent above a year earlier. Sales at durable goods outlets remained at advanced levels in May while sales at department stores and a number of other groups rose substantially. The number of new autos sold was at the highest rate for this time of year since 1955.

COMMODITY PRICES

Average wholesale prices of industrial commodities were unchanged in May and early June at a level 2½ percent higher than a year earlier. Prices of textiles rose further, steel scrap turned up, and nonferrous metals changed little, while prices of hides, rubber, lumber, and some other sensitive materials declined somewhat following substantial increases.

Wholesale prices of farm products and foods declined slightly. Supplies of foods have been larger than a year ago and, although consumer demands have increased, food prices average about 5 percent lower than in the spring of 1958.

BANK CREDIT AND RESERVES

Total commercial bank credit changed little in May. Sharp expansion in loans continued but banks reduced their holdings of U.S. Government securities. The seasonally adjusted money supply—demand deposit and currency holdings of businesses and individuals—increased $300 million further.

Member bank borrowings from the Federal Reserve averaged $835 million and excess reserves $440 million during the 4 weeks ending June 10. Over this period, reserves were absorbed by currency and gold outflows and by reductions in Federal Reserve holdings of U.S. Government securities. Reserves were supplied mainly by a decrease in required reserves.

SECURITY MARKETS

Yields on long-term Treasury and State and local government securities have remained relatively stable since mid-May, but those on corporate bonds and on short- and intermediate-term Treasury issues have increased further. At the end of May, Federal Reserve Bank discount rates were raised one-half percentage point to 3½ percent. In early June, common stock prices declined appreciably and then partially recovered.

[From Business Week, June 13, 1959]

Climb in capital spending gets steeper—Spending for new plants and equipment

[Billions of dollars]

	Seasonally adjusted—Annual rates						
	1958		1959			1958	1959 anticipated
	July-September	October-December	January-March	April-June	July-September		
Manufacturing	10.86	10.58	11.20	11.95	12.82	11.43	12.40
Durable goods industries	5.16	4.86	5.26	5.75	6.31	5.47	6.01
Primary iron and steel	1.20	.90	1.02	1.14	1.38	1.19	1.28
Primary nonferrous metals	.36	.34	.32	.37	.34	.44	.35
Electrical machinery and equipment	.43	.44	.44	.50	.52	.46	.50
Machinery except electrical	.84	.79	.79	.88	1.01	.92	.95
Motor vehicles and equipment	.52	.46	.56	.61	.70	.56	.64
Transportation equipment (excluding motor vehicles)	.35	.36	.38	.37	.42	.37	.40
Nondurable goods industries	5.70	5.72	5.94	6.20	6.51	5.96	6.38
Food and beverages	.76	.75	.77	.85	.83	.74	.83
Textile mill products	.29	.30	.32	.37	.45	.29	.39
Paper and allied products	.59	.52	.55	.60	.62	.58	.59
Chemicals and allied products	1.27	1.17	1.14	1.26	1.32	1.32	1.26
Petroleum and coal products	2.17	2.36	2.53	2.45	2.58	2.43	2.62
Mining	.88	.97	.95	1.02	.97	.94	.98
Railroads	.63	.58	.63	.99	1.07	.75	.87
Transportation other than rail	1.29	1.62	1.71	2.06	2.06	1.50	1.99
Public utilities	6.10	6.26	5.80	5.91	5.94	6.09	5.89
Commercial and other	9.85	9.96	10.33	10.36	10.53	9.81	10.44
Total	29.61	29.97	30.62	32.29	33.39	30.53	32.57

The quickening tempo of new plant and equipment buying is showing up in the official figures (table)—and not only in expanding capital outlay plans, but in a steep climb in current spending.

After 6 months of cautiously watching the economy pull out of a recession, businessmen are sharply raising their capital plans (Business Week, June 6, 1959, p. 23). They now report in a Government survey that they will increase their spending 7 percent this year over 1958. Three months ago a similar survey—taken, like this one, by the Commerce Department and the Securities and Exchange Commission—revealed plans for only a 4 percent increase.

There's even a sign that the increase may be approaching the tempo of a modest boom: Outlays in the current quarter are running at an annual rate of $1.67 billion above the January–March quarter. That's the largest jump in one quarter since 1956, when capital goods spending was heading toward an all-time high.

EVEN STEEPER

A strong upbeat for the rest of 1959 is indicated.

Industry expects to spend $32.57 billion for the year as a whole, but in the first 6 months it hit an annual rate of only $31.45 billion. This means the second 6 months will have to rise to an annual rate of $33.69 billion if present intentions are to be met.

BOOSTER

Transportation is giving industry spending the biggest boost.

Outlays by airlines for jet planes are sending the nonrail transportation category up almost a third over 1958.

The sharp rise in airline capital spending comes for two reasons: (1) Equipment purchases are heading for a peak in 1960, when nearly $1 billion will be paid out for jet and jet-prop planes previously ordered; and (2) airlines are devoting more attention and money to building $250 million worth of ground support facilities.

Until 6 months ago, or even less, the airlines' ability to pay for all they had ordered was in doubt. Today, the industry's plans are more stable than they have been for years—assured by a rising U.S. airline passenger market, additional traffic generated by the jets (Business Week, March 21, 1959, p. 34), fare increases, a Civil Aeronautics Board examiner's recommendation for a fair return on investments, and greater willingness of lending agencies and investors to put money into airlines.

RAILROADS, TOO

In addition, the railroads, in a surprise burst, now expect to increase spending 15 percent over 1958. In the survey of 3 months ago, they expected no gain at all this year.

But though the percentage increase now expected seems substantial, the dollar amount of the increase—$120 million—sounds less impressive. Last year, the rails' capital spending was slashed way back; a few were barely keeping up necessary maintenance. Now, however, with carloadings heading up, the Federal Government giving assorted bits of aid, and earnings a fraction above 1958, the rails are making what they can of this slightly better opportunity for capital improvements. Most of the money is going into the freight end—electronic freight yards, track controls, and freight cars.

DURABLES UP

Durable goods manufacturers, who now plan to top 1958 outlays by 10 percent, show up as another pace setter. Every durable goods industry except nonferrous metals looks for an increase—and with aluminum's profit outlook rapidly improving, even this laggard could join the expansion parade before the year is out.

Among the durables, the stone, clay, and glass category is charting the biggest dollar gain over 1958—$112 million.

STEEL'S SWITCH

Iron and steel companies, which were forecasting a cutback 3 months ago, now anticipate a $90 million gain for 1959 over 1958.

Like everything else in the industry, this depends to some extent on strike eventualities. A protracted strike would cut down on what could be spent—yet a lot of the work recently announced will be in the engineering shops at strike time, and thus sheltered from strike impact.

Regardless of that, steel's capital spending is headed back toward the boomy side. Since early in the year, National Steel has announced a $300 million program; Republic Steel a $375-million program of which $185 million is already authorized; and Jones & Laughlin a $234 million program, with $165 million already budgeted.

One main reason why steel's capital spending plans have expanded in the last 90 days is the spurt in technology. Many new things are coming along that a prudent steelmaker simply can't afford not to buy. The spending now, though isn't mainly for more capacity; mostly, it's for lower costs.

IN THE PARADE

As a group, nondurables are posting a 7-percent rise in capital spending over 1958—with petroleum out in front with a $190-million gain. Chemicals make up the only nondurable group still lagging behind 1958.

The catchall "commercial and other" category looks for a 6-percent gain—due chiefly to communications and construction companies, and retailers.

The only major industry group that expects to fall below 1958 is the utilities. Gas companies plan a rise, but electric power companies are lagging.

SWITCHING AROUND

The overall jump in spending plans since 3 months ago confirms earlier indications of a faster than expected revival of capital spending. In the individual industries, however, there has been considerable switching around in the 3 months.

In March, natural gas companies went all out in spending forecasts; and when permits from regulatory bodies for new lines failed to come through, they sliced estimates. So the utilities category shows a sharp contraction—$250 million—in the current survey compared to 3 months ago. Chemical and petroleum companies also cutback—and there were smaller cuts by nonferrous metals, electrical machinery, paper, autos, and nonautomobile transportation equipment.

But these cuts were overbalanced by industries—such as iron and steel, and railroads—that stepped up spending plans. Biggest jump between March and now was a $650 million rise in the "commercial and other" category. Others that raised the ante were stone, clay, and glass; food; textiles; rubber; mining; and nonrail transport.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

Mr. STENNIS obtained the floor.

Mr. KUCHEL. Mr. President, will the Senator yield in order that I may suggest the absence of a quorum, without his losing his right to the floor?

Mr. STENNIS. I am glad to yield.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSTRUCTION AT MILITARY INSTALLATIONS

Mr. STENNIS. Mr. President, as I understand the parliamentary situation, it is necessary to obtain unanimous consent to proceed with the consideration of the military construction bill. I therefore ask unanimous consent that the military construction bill be laid before the Senate and that the Senate proceed to its consideration.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill, H.R. 5674, to authorize certain construction at military installations, and for other purposes. Is there objection to the request of the Senator from Mississippi?

There being no objection, the Senate resumed the consideration of the bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes.

Mr. STENNIS. Mr. President, as I understand the situation, unanimous consent has been given to proceed with the consideration of the bill, notwithstanding the fact that 2 hours have not elapsed since the convening of the Senate.

The PRESIDING OFFICER. The Senator from Mississippi is correct.

Mr. STENNIS. Mr. President, there are actually two Military Construction Authorization bills for fiscal year 1960 before the Senate, H.R. 5674 and S. 2280. Senate Report No. 296, which accompanied H.R. 5674, substantially covers the subject matter of this bill. Subsequent to the reporting of H.R. 5674, the committee has given further consideration to a revised plan for continental air defense that was submitted to the committee by the Secretary of Defense on June 12, 1959. This revised plan for continental air defense required modification of the committee action on H.R. 5674. Instead of proposing modification of H.R. 5674 by a committee amendment, the committee has elected to report a new bill, S. 2280, incorporating the modified continental air defense recommendations. Report No. 434 relates to this bill.

Mr. President, in light of these circumstances I ask unanimous consent to withdraw the committee amendment to H.R. 5674, Calendar No. 284, and in lieu of that amendment insert the text of S. 2280, Calendar No. 429.

The PRESIDING OFFICER. Is there objection?

Mr. CASE of South Dakota. Mr. President, reserving the right to object—and, of course, I shall not object—will the Senator state for the RECORD that Senate bill 2280 embraces the text of House bill 5674 as it was originally reported, but as amended and approved by the Senate Committee on Armed Services?

Mr. STENNIS. The Senator from South Dakota has correctly stated that the substitution proposed is the House bill as it came to the Senate, plus the proposed Senate committee amendments.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and it is so ordered.

The amendment in the nature of a substitute is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

SEC. 101. The Secretary of the Army may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including site preparation, appurtenances, utilities, and equipment, for the following projects:

Inside the United States

Technical Services Facilities

(Ordnance Corps)

Aberdeen Proving Ground, Maryland: Training facilities and troop housing, $785,000.

Letterkenny Ordnance Depot, Pennsylvania: Maintenance facilities, $454,000.

Redstone Arsenal, Alabama: Operational facilities, research, development, and test facilities, troop housing, and utilities, $4,543,000.

Savanna Ordnance Depot, Illinois: Supply facilities, $1,160,000.

(Quartermaster Corps)

Fort Lee, Virginia: Training facilities and troop housing, $414,000.

Columbus General Depot, Ohio: Utilities, $2,783,000.

(Chemical Corps)

Fort Detrick, Maryland: Research, development, and test facilities, $270,000.

Dugway Proving Ground, Utah: Research, development, and test facilities, operational facilities, and utilities, $532,000.

(Signal Corps)

Fort Huachuca, Arizona: Operational facilities, research, development and test facilities, and utilities, $3,230,000.

(Corps of Engineers)

Fort Belvoir, Virginia: Operational facilities, research development, and test facilities, and utilities, $628,000.

(Medical Corps)

Fitzsimons Army Hospital, Colorado: Medical facilities and utilities, $188,000.

Field Forces Facilities

(First Army Area)

Fort Devens, Massachusetts: Training facilities, $59,000.

Fort Dix, New Jersey: Training facilities, $64,000.

(Second Army Area)

A. P. Hill Military Reservation, Virginia: Training facilities, $229,000.

Fort Knox, Kentucky: Training facilities, maintenance facilities, supply facilities, and community facilities, $2,541,000.

Fort Meade, Maryland: Training facilities, medical facilities, and utilities, $2,530,000.

(Third Army Area)

Fort Benning, Georgia: Training facilities and maintenance facilities, $1,090,000.

Fort Bragg, North Carolina: Operational facilities and maintenance facilities, $958,000.

Fort Campbell, Kentucky: Utilities, $2,300,000.

Fort Rucker, Alabama: Operational and training facilities and supply facilities, $2,636,000.

Fort Stewart, Georgia: Training facilities, $238,000.

(Fourth Army Area)

Fort Bliss, Texas: Operational and training facilities, troop housing, maintenance facilities, supply facilities, administrative facilities, and utilities, $7,260,000.

Fort Sam Houston, Texas: Operational and training facilities and maintenance facilities, $620,000.

Fort Sill, Oklahoma: Operational and training facilities and maintenance facilities, $5,337,000.

(Fifth Army Area)

Fort Leavenworth, Kansas: Utilities, $160,000.

Fort Leonard Wood, Missouri: Operational facilities, medical facilities and utilities, $553,000.

Army Support Center, St. Louis, Missouri: Administrative facilities, $261,000.

(Sixth Army Area)

Presidio of San Francisco, California: Utilities, $218,000.

(United States Military Academy)

United States Military Academy, West Point, New York: Family housing and utilities, $6,303,000.

(Alaska Command Area)

Fort Greely: Family housing and community facilities, $2,395,000.

Fort Richardson: Training facilities, $321,000.

(Tactical Installations and Support Facilities)

Various locations: Family housing, $1,646,000.

Various locations: Operational facilities, maintenance facilities, supply facilities, medical facilities, administrative facilities, troop housing, community facilities and utilities, $13,194,000.

Outside the United States

(Pacific Command Area)

Helemano, Hawaii: Real estate, $90,000.

Schofield Barracks, Hawaii: Training facilities and community facilities, $1,259,000.

Camp Buckner, Okinawa: Training facilities, $217,000.

Pacific Scatter System: Operational facilities, maintenance facilities, troop housing, and utilities, $3,104,000.

(Caribbean Command Area)

Fort Kobbe, Canal Zone: Training facilities, $228,000.

(European Command Area)

France: Training facilities, $140,000.

Germany: Operational and training facilities, maintenance facilities, supply facilities, community facilities, and utilities, $10,338,000.

Italy: Operational facilities, maintenance facilities, supply facilities, community facilities, troop housing and utilities, $1,973,000.

(Army Security Agency)

Various locations: Administrative facilities, operational facilities, maintenance facilities, troop housing, medical facilities, supply facilities, community facilities, family housing, and utilities, $5,573,000.

(Strategic Army Communications)

Various locations: Operational facilities, community facilities, and utilities, $1,288,000.

SEC. 102. The Secretary of the Army may establish or develop classified military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $81,830,000.

SEC. 103. (a) The Secretary of the Army may establish or develop Army installations and facilities by proceeding with construction made necessary by changes in Army missions, new weapons developments, new and unforeseen research and development requirements, or improved production schedules, if the Secretary of Defense determines that deferral of such construction for inclusion in the next military construction authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $10,000,000: *Provided*, That the Secretary of the Army, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire as of September 30, 1960, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

(b) Section 103 of the Act of August 20, 1958 (72 Stat. 636, 638) is hereby repealed except for those public works projects thereunder concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified prior to the date of enactment of this Act.

SEC. 104. (a) In accordance with the provisions of section 407 of the Act of September 1, 1954 (68 Stat. 1119, 1125), as amended, the Secretary of the Army is authorized to construct, or acquire by lease or otherwise, family housing for occupancy as public quarters and community facilities at the following locations by utilizing foreign currencies acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 454) or through other commodity transactions of the Commodity Credit Corporation:

Various locations, France, 400 units.

Army Security Agency, location 12, 157 units and community facilities.

(b) In accordance with the provisions of title IV of the Housing Amendments of 1955 (69 Stat. 646), as amended, the Secretary of the Army is authorized to construct family housing for occupancy as public quarters at the following locations:

Inside the United States

ARADCOM Tac Sites, 575 units.
Fort Huachuca, Arizona, 200 units.
Fort Eustis, Virginia, 223 units.
Fort Dix, New Jersey, 200 units.
Fort Ritchie, Maryland, 27 units.
Fort Bragg, North Carolina, 367 units.
Fort Bliss, Texas, 1,000 units.
Fort Hood, Texas, 800 units.
Fort Riley, Kansas, 867 units.
Fort Leonard Wood, Missouri, 800 units.
Camp Irwin, California, 140 units.
Fort Ord, California, 500 units.
Fort Knox, Kentucky, 350 units.
Fort Devens, Massachusetts, 1,200 units.

Outside the United States

Camp Losey, Puerto Rico, 150 units.

SEC. 105. (a) Public Law 85–241, as amended, is amended under the heading "CONTINENTAL UNITED STATES", in section 101, as follows:

(1) Under the subheading "TECHNICAL SERVICES FACILITIES (Ordnance Corps)", with respect to Aberdeen Proving Ground, Maryland, strike out "$2,288,000" and insert in place thereof "$2,613,000".

(2) Under the subheading "TECHNICAL SERVICES FACILITIES (Quartermaster Corps)", with respect to New Cumberland General Depot, Pennsylvania, strike out "$464,000" and insert in place thereof "$597,000".

(3) Under the subheading "TECHNICAL SERVICES FACILITIES (Signal Corps)", with respect to Fort Huachuca, Arizona, strike out "$1,936,000" and insert in place thereof "$2,276,000".

(4) Under the subheading "FIELD FORCES FACILITIES (Fifth Army Area)", with respect to Fort Leonard Wood, Missouri, strike out "$4,663,000" and insert in place thereof "$5,051,000".

(b) Public Law 85–241, as amended, is amended by striking out in clause (1) of section 502 the amounts "$116,915,000" and "$294,394,000" and inserting in place thereof "$118,101,000" and "$295,580,000", respectively.

TITLE II

SEC. 201. The Secretary of the Navy may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including site preparation, appurtenances, utilities and equipment for the following projects:

Inside the United States

Shipyard Facilities

Naval Shipyard, Boston, Massachusetts: Maintenance facilities, $1,422,000.

Naval Shipyard, Brooklyn, New York: Maintenance facilities, $365,000.

David Taylor Model Basin, Carderock, Maryland: Research, development, and test facilities, $318,000.

Naval Shipyard, Long Beach, California: Subsidence protective measures, $500,000.

Naval Submarine Base, New London, Connecticut: Troop housing, utilities, and real estate, $3,146,000.

Naval Shipyard, Portsmouth, New Hampshire: Operational facilities and maintenance and production facilities, $3,497,000.

Fleet Base Facilities

Naval Station, Newport, Rhode Island: Operational facilities, $7,353,000.

Naval Station, Treasure Island, California: Utilities, $701,000.

Aviation Facilities

(Naval Air Training Stations)

Naval Auxiliary Air Station, Meridian, Mississippi: Operational and training facilities, supply facilities, and administrative facilities; and, at Outlying Landing Field, Bravo, operational and training facilities, utilities and ground improvements, and real estate, $5,147,000.

Naval Air Station, Pensacola, Florida: Community facilities, $400,000.

Naval Auxiliary Air Station, Whiting Field, Florida: Operational and training facilities, and real estate, $2,811,000.

(Fleet Support Air Stations)

Naval Air Station, Lemoore, California: Operational and training facilities, maintenance facilities, supply facilities, administrative facilities, troop housing, community facilities, and utilities and ground improvements, $24,554,000.

Naval Air Station, Miramar, California: Operational facilities, $305,000.

Naval Air Station, Oceana, Virginia: Operational facilities, $336,000.

(Marine Corps Air Station)

Marine Corps Auxiliary Air Station, Beaufort, South Carolina: Operational facilities, $51,000.

Marine Corps Air Station, El Toro, California: Operational facilities, $48,000.

Marine Corps Air Facility, Santa Ana, California: Troop housing, $2,216,000.

Marine Corps Auxiliary Air Station, Yuma, Arizona: Operational and training facilities, maintenance facilities, and troop housing, $3,851,000.

(Special Purpose Air Stations)

Naval Air Facility, Towers Field, Andrews Air Force Base, Camp Springs, Maryland: Operational facilities, maintenance facilities, and troop housing, $1,051,000.

Naval Air Station, Lakehurst, New Jersey: Utilities, $726,000.

Naval Air Station, Patuxent River, Maryland: Research, development, and test facilities, $1,050,000.

Naval Air Material Center, Philadelphia, Pennsylvania: Research, development, and test facilities, $333,000.

Pacific Missile Range, Point Mugu, California: Operational facilities, maintenance facilities, research, development, and test facilities, supply facilities, medical facilities, administrative facilities, troop housing, community facilities, and utilities and ground improvements; at Point Arguello, maintenance facilities, research development, and test facilities, ammunition storage facilities, troop housing, community facilities, and

utilities and ground improvements; and, at various Pacific islands, operational facilities, research, development, and test facilities, and troop housing, $30,000,000.

Supply Facilities

Naval Supply Depot Bayonne, New Jersey: Administrative facilities, $123,000.

Military Medical Supply Agency, Brooklyn, New York: Administrative facilities, $113,000.

Naval Supply Depot, San Diego, California: Administrative facilities, $100,000.

Marine Corps Facilities

Marine Corps Supply Center, Barstow, California: Utilities, $432,000.

Marine Corps Base Camp Lejeune, North Carolina: Operational and training facilities, and ammunition storage facilities, $328,000.

Marine Corps Base, Twentynine Palms, California: Operational and training facilities, ammunition storage facilities, and utilities, $1,137,000.

Ordnance Facilities

Naval Propellant Plant, Indian Head, Maryland: Research, development, and test facilities, $972,000.

Service School Facilities

Naval Academy, Annapolis, Maryland: Utilities, $1,025,000.

Naval Communication Training Center, Corry Field, Florida: Operational and training facilities, $1,000,000.

Naval Training Center, Great Lakes, Illinois: Troop housing and utilities, $4,712,000.

Naval Station, Norfolk, Virginia: Real Estate, $81,000.

Naval Training Center, San Diego, California: Utilities, $144,000.

Medical Facilities

Naval Medical Research Laboratory, New London, Connecticut: Medical research facilities, $75,000.

Communication Facilities

Naval Radio Station, Buskin Lake, Kodiak, Alaska: Operational facilities, $84,000.

Naval Security Group Activity, Camp Chiniak, Alaska: Operational facilities, $40,000.

Naval Communication Station, Norfolk, Virginia: Operational facilities, $1,781,000.

Naval Radio Research Station, Sugar Grove, West Virginia: Maintenance facilities, medical facilities, administrative facilities, supply facilities, troop housing, community facilities, and utilities and ground improvements, $3,957,000.

Naval Radio Station, Washington County, Maine: Operational facilities, maintenance facilities, supply facilities, community facilities, administrative facilities, and ground improvements, $3,179,000.

Naval Radio Station, Winter Harbor, Maine: Troop housing, $271,000.

Office of Naval Research Facilities

Naval Research Laboratory, District of Columbia: Research, development, and test facilities, $1,591,000.

Outside the United States

Shipyard Facilities

Naval Ship Repair Facility, Guam, Mariana Islands: Operational facilities, $507,000.

Aviation Facilities

Naval Station, Argentia, Canada: Troop housing and community facilities, $4,133,000.

Naval Air Station, Atsugi, Japan: Operational facilities, $1,640,000.

Naval Station, Bermuda: Troop housing, $295,000.

Naval Air Station, Cubi Point, Luzon, Philippine Islands: Operational facilities, $76,000.

Marine Corps Air Station, Kameohe Bay, Oahu, Territory of Hawaii: Operational facilities, $47,000.

Naval Station, Roosevelt Roads, Puerto Rico: Operational facilities, hospital and medical facilities, troop housing, community facilities, and utilities and ground improvements, $3,579,000.

Naval Air Station, Rota, Spain: Operational facilities, $5,400,000.

Supply Facilities

Naval Supply Center, Pearl Harbor, Oahu, Territory of Hawaii: Supply facilities and administrative facilities, $4,796,000.

Communication Facilities

Naval Security Group Activity, Karamursel, Turkey: Utilities, $105,000.

Naval Radio Facility, Londonderry, North Ireland: Troop housing, $267,000.

Naval Security Group Activity, Okinawa: Operational facilities, $2,038,000.

Naval Radio Station, Sebana Seca, Puerto Rico: Utilities, $86,000.

Naval Radio Station, Wahiawa, Oahu, Territory of Hawaii: Utilities and ground improvements, $274,000.

Yards and Docks Facilities

Public Works Center, Guam, Mariana Islands: Utilities and ground improvements and real estate, $10,947,000.

Naval Station, Guantanamo Bay, Cuba: Utilities, $760,000.

SEC. 202. The Secretary of the Navy may establish or develop classified naval installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $18,495,000.

SEC. 203. (a) The Secretary of the Navy may establish or develop Navy installations and facilities by proceeding with construction made necessary by changes in Navy missions, new weapons developments, new and unforeseen research and development requirements, or improved production schedules, if the Secretary of Defense determines that deferral of such construction for inclusion in the next military construction authorization Act would be inconsistent with interest of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $10,000,000: *Provided*, That the Secretary of the Navy, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives, immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire as of September 30, 1960, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

(b) Section 203 of the Act of August 20, 1958 (72 Stat. 636, 646) is hereby repealed except for those public works projects thereunder concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified prior to the date of enactment of this Act.

SEC. 204. (a) In accordance with the provisions of section 407 of the Act of September 1, 1954 (68 Stat. 1119, 1125), as amended, the Secretary of the Navy is authorized to construct, or acquire by lease or otherwise, family housing for occupancy as public quarters and community facilities at the following locations by utilizing foreign currencies acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 454) or through other commodity transactions of the Commodity Credit Corporation:

Naval Station, Bermuda, 100 units.

(b) In accordance with the provisions of title IV of the Housing Amendments of 1955 (69 Stat. 646), as amended, the Secretary of the Navy is authorized to construct family housing for occupany as public quarters at the following locations:

Naval Ammunition Depot, Charleston, South Carolina, 40 units.

Naval Ordnance Test Station, China Lake, California, 500 units.

Naval Auxiliary Air Station, Fallon, Nevada, 106 units.

Naval Air Station, Glynco, Georgia, 225 units.

Naval Station, Key West, Florida, 500 units.

Naval Air Station, Lemoore, California, 500 units.

Naval Auxiliary Air Station, Mayport, Florida, 40 units.

Naval Auxiliary Air Station, Meridian Mississippi, 320 units.

Naval Auxiliary Air Station, New Iberia, Louisiana, 178 units.

Naval Submarine Base, New London, Connecticut, 500 units.

Naval Station, Newport, Rhode Island, 500 units.

Naval Mine Defense Laboratory, Panama City, Florida, 42 units.

Marine Corps Schools, Quantico, Virginia, 450 units.

Naval Radio Research Station, Sugar Grove, West Virginia, 142 units.

Marine Corps Base, Twentynine Palms, California, 150 units.

Naval Auxiliary Air Station, Whiting Field, Florida, 229 units.

Marine Corps Auxiliary Air Station, Yuma, Arizona, 100 units.

SEC. 205. (a) Public Law 534, Eighty-third Congress, as amended, is amended by striking out in section 202, "$72,785,000", and inserting in place thereof "$72,935,000".

(b) Public Law 534, Eighty-third Congress, as amended, is amended by striking out in clause (2) of section 502 the amounts "$72,785,000", and "$212,833,000", and inserting respectively in place thereof "$72,935,000" and "$212,983,000".

SEC. 206. (a) Public Law 968, Eighty-fourth Congress, as amended, is amended under the heading "INSIDE THE UNITED STATES" in section 201, as follows:

(1) Under the subheading "AVIATION FACILITIES (Naval Air Training Stations)", with respect to the Naval Air Station, Memphis, Tennessee, by striking out "$511,000" and inserting in place thereof "$664,000".

(2) Under the subheading "AVIATION FACILITIES (Marine Corps Air Stations)" with respect to the Marine Corps Air Station, Cherry Point, North Carolina, by striking out "$273,000" and inserting in place thereof "$330,000".

(b) Public Law 968, Eighty-fourth Congress, as amended, is amended by striking out in clause (2) of section 402 the amounts "$312,004,000", and "$460,716,000" and inserting respectively in place thereof "$312,214,000", and "$460,926,000".

SEC. 207. (a) Public Law 85–241, as amended, is amended under the heading "INSIDE THE UNITED STATES" in section 201, as follows:

(1) Under the subheading "AVIATION FACILITIES (Marine Corps Air Stations)", with respect to the Marine Corps Air Facility, New River, North Carolina, by striking out "$39,000" and inserting in place thereof "$52,000".

(2) Under the subheading "MARINE CORPS FACILITIES", with respect to the Marine Corps Base, Camp Pendleton, California, by striking out "$1,469,000" and inserting in place thereof "$1,596,000".

(b) Public Law 85–241, as amended, is amended under the heading "OUTSIDE THE UNITED STATES" in section 201 as follows:

Under the subheading "COMMUNICATION FACILITIES" with respect to the Naval Security Group Activity, Istanbul, Turkey, by striking out "$130,000" and inserting in place thereof "$320,000".

(c) Public Law 85-241, as amended, is amended by striking out in clause (2) of section 502 the amounts "$230,356,000", "$48,199,000", and "$337,611,000", and inserting respectively in place thereof "$230,496,000", "$48,389,000", and "$337,941,000".

TITLE III

SEC. 301. The Secretary of the Air Force may establish or develop military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including site preparation, appurtenances, utilities, and equipment, for the following projects:

Inside the United States

Air Defense Command

Duluth Municipal Airport, Duluth, Minnesota: Operational facilities, maintenance facilities, and community facilities, $766,000.

Geiger Field, Spokane, Washington: Maintenance facilities, $190,000.

Grand Forks Air Force Base, Grand Forks, North Dakota: Training facilities, maintenance facilities, supply facilities, troop housing, and utilities, $2,309,000.

Hamilton Air Force Base, San Rafael, California: Operational facilities, and maintenance facilities, $1,285,000.

K. I. Sawyer Municipal Airport, Marquette, Michigan: Training facilities, maintenance facilities, supply facilities, administrative facilities, community facilities, and troop housing, $2,779,000.

Kingsley Field, Klamath Falls, Oregon: Operational facilities, maintenance facilities, and real estate, $955,000.

Kinross Air Force Base, Sault Sainte Marie, Michigan: Training facilities, maintenance facilities, supply facilities, and troop housing, $1,755,000.

McChord Air Force Base, Tacoma, Washington: Maintenance facilities, and utilities, $523,000.

Minot Air Force Base, Minot, North Dakota: Training facilities, maintenance facilities, supply facilities, troop housing, and utilities, $3,371,000.

NORAD Headquarters, Colorado Springs Area, Colorado: Operational facilities and real estate, $10,000,000.

Otis Air Force Base, Falmouth, Massachusetts: Operational facilities, maintenance facilities, and supply facilities, $1,234,000.

Oxnard Air Force Base, Camarillo, California: Operational facilities, and real estate $255,000.

Richards-Gebaur Air Force Base, Kansas City, Missouri: Maintenance facilities, community facilities, and utilities, $866,000.

Selfridge Air Force Base, Mount Clemens, Michigan: Maintenance facilities, $612,000.

Suffolk County Air Force Base, Westhampton Beach, New York: Operational facilities, and real estate, $269,000.

Tyndall Air Force Base, Panama City, Florida: Operational facilities, maintenance facilities, supply facilities, troop housing, and utilities, $4,266,000.

Alaskan Air Command

Eielson Air Force Base, Alaska: Community facilities, and utilities, $1,181,000.

Elmendorf Air Force Base, Alaska: Operational facilities, maintenance facilities, supply facilities, and utilities, $1,150,000.

Galena Airport, Alaska: Ground improvements, $100,000.

King Salmon Airport, Alaska: Supply facilities, and utilities, $1,690,000.

Ladd Air Force Base, Alaska: Maintenance facilities, $250,000.

Various locations, Alaska: Operational and and training facilities, community facilities, and utilities, $16,510,000.

Air Materiel Command

Griffiss Air Force Base, Rome, New York: Maintenance facilities, and supply facilities, $676,000.

Hill Air Force Base, Ogden, Utah: Operational facilities, $341,000.

Kelly Air Force Base, San Antonio, Texas: Operational facilities, and utilities, $1,180,000.

McClellan Air Force Base, Sacramento, California: Operational facilities, and supply facilities, $1,548,000.

Olmsted Air Force Base, Middletown, Pennsylvania: Operational facilities, maintenance facilities, supply facilities, medical facilities, and community facilities, $2,676,000.

Robins Air Force Base, Macon, Georgia: Supply facilities, and troop housing, $900,000.

Tinker Air Force Base, Oklahoma City, Oklahoma; Operational facilities, and maintenance facilities, $1,036,000.

Wright-Patterson Air Force Base, Dayton, Ohio: Research, development, and test facilities, and supply facilities, $12,000,000.

Air Research and Development Command

Arnold Engineering Development Center, Tullahoma, Tennessee: Research, development and test facilities, and utilities, $5,690,000.

Edwards Air Force Base, Muroc, California: Research, development, and test facilities, and medical facilities, $787,000.

Eglin Air Force Base, Valparaiso, Florida: Operational facilities, maintenance facilities, and research, development, and test facilities, $833,000.

Holloman Air Force Base, Alamogordo, New Mexico: Research, development, and test facilities, and utilities, $909,000.

Laurence G. Hanscom Field, Bedford, Massachusetts: Training facilities, and research, development, and test facilities, $1,452,000.

Patrick Air Force Base, Cocoa, Florida: Operational facilities, research, development, and test facilities, and real estate, $1,822,000.

Sacramento Peak Upper Air Research Site, Alamogordo, New Mexico: Research, development, and test facilities, and utilities, $616,000.

Air Training Command

Amarillo Air Force Base, Amarillo,Texas: Training facilities, maintenance facilities, supply facilities, and utilities, $1,828,000.

James Connally Air Force Base, Waco, Texas: Operational facilities, $216,000.

Lackland Air Force Base, San Antonio, Texas: Training facilities, and utilities, $1,307,000.

Lowry Air Force Base, Denver, Colorado: Operational facilities, $405,000.

Mather Air Force Base, Sacramento, California: Operational facilities, maintenance facilities, supply facilities, and community facilities, $1,980,000.

Perrin Air Force Base, Sherman, Texas: Maintenance facilities, $408,000.

Sheppard Air Force Base, Wichita Falls, Texas: Operational facilities, maintenance facilities, and supply facilities, $807,000.

Vance Air Force Base, Enid, Oklahoma: Operational facilities, $250,000.

Webb Air Force Base, Big Spring, Texas: Operational facilities, maintenance facilities, utilities, ground improvements, and real estate, $2,168,000.

Air University

Gunter Air Force Base, Montgomery, Alabama: Administrative facilities, and troop housing, $1,915,000.

Maxwell Air Force Base, Montgomery, Alabama: Operational facilities, $391,000.

Headquarters Command

Andrews Air Force Base, Camp Springs, Maryland: Operational facilities, maintenance facilities, supply facilities, community facilities, and utilities, $20,000,000.

Military Air Transport Service

Charleston Air Force Base, Charleston, South Carolina: Operational facilities, maintenance facilities, and community facilities, $822,000.

Dover Air Force Base, Dover, Delaware: Operational facilities, maintenance facilities, and utilities, $750,000.

McGuire Air Force Base, Wrightstown, New Jersey: Operational facilities, maintenance facilities, and utilities, $1,083,000.

Scott Air Force Base, Belleville, Illinois: Supply facilities, $253,000.

Strategic Air Command

Barksdale Air Force Base, Shreveport, Louisiana: Maintenance facilities, $110,000.

Beale Air Force Base, Marysville, California: Supply facilities and ground improvements, $187,000.

Bergstrom Air Force Base, Austin, Texas: Operational facilities, $300,000.

Biggs Air Force Base, El Paso, Texas: Operational facilities, and maintenance facilities, $416,000.

Blytheville Air Force Base, Blytheville, Arkansas: Maintenance facilities, supply facilities, and troop housing, $1,099,000.

Bunker Hill Air Force Base, Peru, Indiana: Operational facilities, maintenance facilities, supply facilities, community facilities, and utilities, $1,725,000.

Carswell Air Force Base, Fort Worth, Texas: Operational facilities, and maintenance facilities, $1,484,000.

Castle Air Force Base, Merced, California: Maintenance facilities, ground improvements, and real estate, $425,000.

Chennault Air Force Base, Lake Charles, Louisiana: Utilities, and ground improvements, $350,000.

Clinton County Air Force Base, Wilmington, Ohio: Troop housing, community facilities, and utilities, $2,475,000.

Clinton-Sherman Air Force Base, Clinton, Oklahoma: Operational facilities, maintenance facilities, and supply facilities, $621,000.

Columbus Air Force Base, Columbus, Mississippi: Operational facilities, supply facilities, and community facilities, $264,000.

Davis-Monthan Air Force Base, Tucson, Arizona: Operational facilities, and maintenance facilities, $895,000.

Dow Air Force Base, Bangor, Maine: Operational facilities, maintenance facilities, and supply facilities, $1,071,000.

Dyess Air Force Base, Abilene, Texas: Operational facilities, $292,000.

Ellsworth Air Force Base, Rapid City, South Dakota: Operational facilities, and maintenance facilities, $1,445,000.

Fairchild Air Force Base, Spokane, Washington: Operational facilities, $158,000.

Forbes Air Force Base, Topeka, Kansas: Operational facilities, $762,000.

Francis E. Warren Air Force Base, Cheyenne, Wyoming: Administrative facilities, troop housing, community facilities, and utilities, $1,461,000.

Glasgow Air Force Base, Glasgow, Montana: Operational facilities, maintenance facilities, supply facilities, troop housing, community facilities, and utilities, $3,661,000.

Homestead Air Force Base, Homestead, Florida: Operational facilities $6,364,000.

Hunter Air Force Base, Savannah, Georgia: Operational facilities, $410,000.

Larson Air Force Base, Moses Lake, Washington: Operational facilities, and supply facilities, $1,036,000.

Lincoln Air Force Base, Lincoln, Nebraska: Maintenance facilities, $164,000.

Little Rock Air Force Base, Little Rock, Arkansas: Operational facilities, $325,000.

Loring Air Force Base, Limestone, Maine: Maintenance facilities, $48,000.

MacDill Air Force Base, Tampa, Florida: Maintenance facilities, and supply facilities, $866,000.

Malmstrom Air Force Base, Great Falls, Montana: Maintenance facilities, $712,000.

March Air Force Base, Riverside, California: Operational facilities, $6,052,000.

McConnell Air Force Base, Wichita, Kansas: Operational facilities, and community facilities, $1,039,000.

McCoy Air Force Base, Orlando, Florida: Operational facilities, maintenance facilities, supply facilities, and utilities, $8,402,000.

Mountain Home Air Force Base, Mountain Home, Idaho: Operational facilities, and troop housing, $1,361,000.

Offutt Air Force Base, Omaha, Nebraska: Operational facilities, maintenance facilities, and utilities, $1,802,000.

Pease Air Force Base, Portsmouth, New Hampshire: Operational facilities, and maintenance facilities, $542,00.

Plattsburgh Air Force Base, Plattsburgh, New York: Operational facilities, and maintenance facilities, $1,134,000.

Richard Bong Air Force Base, Kansasville, Wisconsin: Operational and training facilities, maintenance facilities, supply facilities, administrative facilities, troop housing, community facilities, and utilities, $21,533,000.

Schilling Air Force Base, Salina, Kansas: Operational facilities, $4,147,000.

Turner Air Force Base, Albany, Georgia: Operational facilities, maintenance facilities, and community facilities, $1,098,000.

Vandenberg Air Force Base, Lompoc, California: Operational facilities, and real estate, $147,000.

Walker Air Force Base, Roswell, New Mexico: Operational facilities, and ground improvements, $942,000.

Whiteman Air Force Base, Knobnoster, Missouri: Operational facilities, maintenance facilities, and supply facilities, $2,406,000.

Wurtsmith Air Force Base, Oscoda, Michigan: Operational facilities, maintenance facilities, supply facilities, and utilities, $2,484,000.

Tactical Air Command

Cannon Air Force Base, Clovis, New Mexico: Maintenance facilities, $800,000.

England Air Force Base, Alexandria, Louisiana: Operational facilities, maintenance facilities, supply facilities, and utilities, $2,468,000.

Langley Air Force Base, Hampton, Virginia: Maintenance facilities, $540,000.

Nellis Air Force Base, Las Vegas, Nevada: Operational facilities, and maintenance facilities, $557,000.

Sewart Air Force Base, Smyrna, Tennessee: Maintenance facilities, $2,249,000.

Seymour-Johnson Air Force Base, Goldsboro, North Carolina: Operational and training facilities, maintenance facilities, supply facilities, troop housing, and utilities, $3,150,000.

Shaw Air Force Base, Sumter, South Carolina: Maintenance facilities, $505,000.

Williams Air Force Base, Chandler, Arizona: Operational facilities, and maintenance facilities, $246,000.

Aircraft Control and Warning System

Various locations: Operational facilities, maintenance facilities, supply facilities, medical facilities, administrative facilities, family housing, troop housing, community facilities, utilities, and real estate, $74,651,000.

Outside the United States

Military Air Transport Service

Various locations: Operational facilities, and utilities, $2,199,000.

Pacific Air Forces

Wake Island: Supply facilities, troop housing, community facilities, and utilities, $2,211,000.

Various locations: Operational facilities, maintenance facilities, supply facilities, hospital facilities, medical facilities, troop housing, community facilities, utilities, and ground improvements, $21,778,000.

Strategic Air Command

Andersen Air Force Base, Guam: Utilities, $106,000.

Ramey Air Force Base, Puerto Rico: Operational facilities, and supply facilities, $1,309,000.

Various locations: Operational facilities, maintenance facilities, supply facilities, troop housing, community facilities, and utilities, $6,996,000.

United States Air Forces in Europe

Various locations: Operational facilities, maintenance facilities, supply facilities, medical facilities, troop housing, community facilities, and utilities, $15,160,000.

United States Air Force Security Service

Various locations: Operational facilities, maintenance facilities, supply facilities, troop housing, community facilities, and utilities, $4,908,000.

Special Facilities

Various locations: Operational facilities, $105,000.

Aircraft Control and Warning System

Various locations: Operational facilities, maintenance facilities, supply facilities, medical facilities, administrative facilities, troop housing, community facilities, utilities, and ground improvements, $16,987,000.

SEC. 302. The Secretary of the Air Force may establish or develop classified military installations and facilities for ballistic, strategic, and defense missiles and ballistic missile detection by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of $417,541,000.

SEC. 303. (a) The Secretary of the Air Force may establish or develop Air Force installations and facilities by proceeding with construction made necessary by changes in Air Force missions, new weapons developments, new and unforeseen research and development requirements, or improved production schedules, if the Secretary of Defense determines that deferral of such construction for inclusion in the next military construction authorization Act would be inconsistent with interests of national security, and in connection therewith to acquire, construct, convert, rehabilitate, or install permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment, in the total amount of $15,000,000: *Provided,* That the Secretary of the Air Force, or his designee, shall notify the Committees on Armed Services of the Senate and House of Representatives immediately upon reaching a final decision to implement, of the cost of construction of any public work undertaken under this section, including those real estate actions pertaining thereto. This authorization will expire as of September 30, 1960, except for those public works projects concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified pursuant to this section prior to that date.

(b) Section 303 of the Act of August 20, 1958 (72 Stat. 636, 655) is hereby repealed except for those public works projects thereunder concerning which the Committees on Armed Services of the Senate and House of Representatives have been notified prior to the date of enactment of this Act.

SEC. 304. (a) In accordance with the provisions of section 407 of the Act of September 1, 1954 (68 Stat. 1119, 1125), as amended, the Secretary of the Air Force is authorized to construct, or acquire by lease or otherwise, family housing for occupancy as public quarters and community facilities at the following locations by utilizing foreign currencies acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954 (68 Stat. 454), or through other commodity transactions of the Commodity Credit Corporation:

Various locations, France, 300 units.

Alconbury RAF Station, United Kingdom, 203 units and community facilities.

Bentwaters RAF Station, United Kingdom, 187 units and community facilities.

Burderop Park Hospital, United Kingdom, 152 units and community facilities.

Croughton RAF Station, United Kingdom, 31 units.

Greenham Common RAF Station, United Kingdom, 135 units.

High Wycombe RAF Station, United Kingdom, 136 units.

Lakenheath-Maldenhall Area, United Kingdom, 468 units and hospital facilities.

Ruislip (West) RAF Station, United Kingdom, community facilities.

Sculthorpe RAF Station, United Kingdom, 61 units and community facilities.

Welford RAF Station, United Kingdom, 31 units.

Wethersfield RAF Station, United Kingdom, community facilities.

Woodbridge RAF Station, United Kingdom, community facilities.

Classified locations, 1,083 units and community facilities.

(b) In accordance with the provisions of title IV of the Housing Amendments of 1955 (69 Stat. 646), as amended, the Secretary of the Air Force is authorized to construct family housing for occupancy as public quarters at the following locations:

Amarillo Air Force Base, Amarillo, Texas, 100 units.

Blytheville Air Force Base, Arkansas, 470 units.

Bunker Hill Air Force Base, Indiana, 400 units.

Cannon Air Force Base, New Mexico, 160 units.

Chanute Air Force Base, Illinois, 100 units.

Charleston Air Force Base, South Carolina, 200 units.

Clinton County Air Force Base, Ohio, 150 units.

Clinton-Sherman Air Force Base, Oklahoma, 400 units.

Columbus Air Force Base, Mississippi, 340 units.

Craig Air Force Base, Alabama, 200 units.

Dover Air Force Base, Delaware, 250 units.

Dow Air Force Base, Maine, 480 units.

Ellsworth Air Force Base, South Dakota, 190 units.

Francis E. Warren Air Force Base, Wyoming, 156 units.

Glasgow Air Force Base, Montana, 500 units.

Grand Forks Air Force Base, North Dakota, 670 units.

Keesler Air Force Base, Mississippi, 240 units.

Kinross Air Force Base, Michigan, 520 units.

K. I. Sawyer Air Force Base, Michigan, 470 units.

Larson Air Force Base, Washington, 330 units.

Laughlin Air Force Base, Texas, 110 units.

Loring Air Force Base, Maine, 114 units.

Lowry Air Force Base, Colorado, 100 units.

Malmstrom Air Force Base, Montana, 560 units.

Mather Air Force Base, California, 230 units.

Minot Air Force Base, North Dakota, 530 units.

Moody Air Force Base, Georgia, 200 units.

Mountain Home Air Force Base, Idaho, 820 units.

Offutt Air Force Base, Nebraska, 400 units.

Travis Air Force Base, California, 600 units.

Perrin Air Force Base, Texas, 200 units.

Schilling Air Force Base, Kansas, 200 units.

Vance Air Force Base, Oklahoma, 170 units.

Vandenberg Air Force Base, California, 600 units.

Whiteman Air Force Base, Missouri, 350 units.

Wurtsmith Air Force Base, Michigan, 390 units.

SEC. 305. (a) Public Law 85-241, as amended, is amended, under the heading "OUTSIDE THE UNITED STATES" in section 301, as follows:

Under the subheading "ALASKAN AIR COMMAND", with respect to Ladd Air Force Base, strike out "$1,630,000" and insert in place thereof "$1,895,000".

(b) Public Law 85-241, as amended, is amended by striking out in clause (3) of section 502 the amounts "$160,705,000" and "$607,460,000" and inserting in place thereof "$160,970,000" and "$607,725,000", respectively.

SEC. 306. (a) Public Law 85-685 is amended, under the heading "INSIDE THE UNITED STATES" in section 301 as follows:

Under the subheading "STRATEGIC AIR COMMAND"—

(1) with respect to Malmstrom Air Force Base, Great Falls, Montana, strike out "$1,832,000" and insert in place thereof "$2,182,000".

(2) with respect to Offutt Air Force Base, Omaha, Nebraska, strike out "$3,265,000" and insert in place thereof "$3,890,000".

(3) with respect to Richard Bong Air Force Base, Kansasville, Wisconsin, strike out "$15,552,000" and insert in place thereof "$16,655,000".

(b) Public Law 85-685 is amended by striking out in clause (3) of section 502 the amounts "$542,161,000" and "$952,415,000" and inserting in place thereof "$544,239,000" and "$954,493,000", respectively.

TITLE IV

General provisions

SEC. 401. The Secretary of each military department may proceed to establish or develop installations and facilities under this Act without regard to sections 3648 and 3734 of the Revised Statutes, as amended (31 U.S.C. 529; 40 U.S.C. 259, 267), and sections 4774(d) and 9774(d) of title 10, United States Code. The authority to place permanent or temporary improvements on land includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended (40 U.S.C. 255), and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land, and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

SEC. 402. There are authorized to be appropriated such sums as may be necessary for the purposes of this Act, but appropriations for public works projects authorized by titles I, II, III, and IV shall not exceed—

(1) for title I: Inside the United States, $65,900,000; outside the United States, $24,210,000; section 102, $81,830,000; section 103, $10,000,000; or a total of $181,940,000.

(2) for title II: Inside the United States, $111,326,000; outside the United States, $34,950,000; section 202, $18,495,000; section 203 $10,000,000; or a total of $174,771,000.

(3) for title III: Inside the United States, $286,746,000; outside the United States, $71,759,000; section 302, $417,541,000; section 303, $15,000,000; or a total of $791,046,000.

SEC. 403. Any of the amounts named in titles I, II, and III of this Act, may, in the discretion of the Secretary concerned, be increased by 5 per centum for projects inside the United States (other than Alaska) and by 10 per centum for projects outside the United States or in Alaska. However, the total cost of all projects in each such title may not be more than the total amount authorized to be appropriated for projects in that title.

CV——769

SEC. 404. Whenever—

(1) the President determines that compliance with section 2313(b) of title 10, United States Code, for contracts made under this Act for the establishment or development of military installations and facilities in foreign countries would interfere with the carrying out of this Act; and

(2) the Secretary of Defense and the Comptroller General have agreed upon alternative methods of adequately auditing those contracts;

the President may exempt those contracts from the requirements of that section.

SEC. 405. Contracts for construction made by the United States for performance within the United States, its Territories and possessions, under this Act shall be executed under the jurisdiction and supervision of the Corps of Engineers, Department of the Army or the Bureau of Yards and Docks, Department of the Navy, unless the Secretary of Defense determines that because such jurisdiction and supervision is wholly impracticable such contracts should be executed under the jurisdiction and supervision of another department or Government agency, and shall be awarded, insofar as practicable, on a competitive basis to the lowest responsible bidder, if the national security will not be impaired and the award is consistent with chapter 137 of title 10, United States Code. The Secretaries of the military departments shall report semiannually to the President of the Senate and the Speaker of the House of Representatives with respect to all contracts awarded on other than a competitive basis to the lowest responsible bidder.

SEC. 406. As of July 1, 1960, all authorizations for military public works to be accomplished by the Secretary of a military department in connection with the establishment or development of military installations and facilities, and all authorizations for appropriations therefor, that are contained in Acts approved before August 31, 1957, and not superseded or otherwise modified by a later authorization are repealed, except—

(1) authorizations for public works and for appropriations therefor that are set forth in those Acts in the titles that contain the general provisions;

(2) the authorization for public works projects as to which appropriated funds have been obligated for construction contracts or land acquisitions in whole or in part before July 1, 1960, and authorizations for appropriations therefor;

(3) the authorization for the rental guarantee for family housing in the amount of $100,000,000 that is contained in section 302 of the Act of July 14, 1952 (66 Stat. 606, 622);

(4) the authorization for the development of the Line of Communications, France, in the amount of $10,000,000 that is contained in title I, section 102, of the Act of July 14, 1952 (66 Stat. 606, 609);

(5) the authorization for development of classified facilities in the amount of $6,439,000 that is contained in title I, section 102, of the Act of September 28, 1951 (65 Stat. 336, 343);

(6) notwithstanding the provisions of section 507 of the Act of August 20, 1958 (72 Stat. 636, 661), the authorization for:

(a) family housing at a classified installation in the amount of $2,234,000 that is contained in title I, section 101, of the Act of July 15, 1955 (69 Stat. 324, 328);

(b) classified facilities in the amount of $369,000 that is contained in title I, section 102, of the Act of July 15, 1955 (69 Stat. 324, 328);

(c) the United States Army, Europe in the amount of $6,925,000 that is contained in title I, section 101, of the Act of August 3, 1956 (70 Stat. 991, 994);

(d) the Caribbean Command Area, in the amount of $1,060,000 that is contained in title I, section 101, of the Act of August 3, 1956 (70 Stat. 991, 994);

(e) classified facilities in the amount of $6,300,000 that is contained in title I, section 102, of the Act of August 3, 1956 (70 Stat. 991, 994);

(f) land acquisition and obstruction removal for flight clearance in the amount of $754,000 at various locations that is contained in title II, section 201, under the heading "CONTINENTAL UNITED STATES" and subheading "AVIATION FACILITIES (Special Purpose Air Stations)" of the Act of July 15, 1955 (69 Stat. 324, 332), as amended;

(g) operational facilities in the amount of $700,000 at the Naval Air Station, Jacksonville, Florida that is contained in title II, section 201, under the heading "INSIDE THE UNITED STATES" and subheading "AVIATION FACILITIES (Fleet Support Air Stations)" in the Act of August 3, 1956 (70 Stat. 991, 996), as amended;

(h) the authorization for the construction of family housing contained in the Act of July 15, 1955 (69 Stat. 324), to the extent that section 504 of the Act of August 20, 1958 (72 Stat. 636, 660), made available such authorization for the construction of family housing for the Department of the Army at Carlisle Barracks, Pennsylvania, Fort Benjamin Harrison, Indiana, and Fort Shafter, Hawaii, and for the Department of the Air Force at Sundance, Wyoming, and at four locations outside the United States.

(i) the authorization for the construction of medical facilities in the amount of $5,000,000 for Camp Jackson, South Carolina, that is contained in title I, section 101, of the Act of July 15, 1955 (69 Stat. 324, 326): *Provided*, That the unit cost per bed does not exceed $16,000.

(j) medical facilities in the amount of $2,667,000 for Lincoln Air Force Base, Lincoln, Nebraska, that is contained in title III, section 301, of the Act of July 15, 1955 (69 Stat. 324, 344): *Provided*, That this authorization shall expire on January 1, 1961, if not funded prior to that date.

SEC. 407. Section 515 of the Act of July 15, 1955 (69 Stat. 324, 352), as amended, is further amended to read as follows:

"SEC. 515. During fiscal years 1959 through and including 1962, the Secretaries of the Army, Navy, and Air Force, respectively, are authorized to lease housing facilities at or near military tactical installations for assignment as public quarters to military personnel and their dependents, if any, without rental charge upon a determination by the Secretary of Defense, or his designee, that there is a lack of adequate housing facilities at or near such military tactical installations. Such housing facilities shall be leased on a family or individual unit basis and not more than seven thousand five hundred of such units may be so leased at any one time. Expenditures for the rental of such housing facilities may be made out of appropriations available for maintenance and operation but may not exceed $150 a month for any such unit."

SEC. 408. Subsection (a) of section 406 of the Act of August 30, 1957 (71 Stat. 531, 556), as amended, is amended to read as follows:

"(a) Notwithstanding the provisions of any other law, and effective July 1, 1958, no family housing units shall be contracted for or acquired at or in support of military installations or activities unless the actual number of units involved has been specifically authorized by an annual military construction authorization Act except (1) housing units acquired pursuant to the provisions of section 404 of the Housing Amendments of 1955; (2) rental guarantee family housing authorized under section 302 of the Act of July 14, 1952 (66 Stat. 606, 622): *Provided*,

That not more than five thousand units shall be contracted for under the authority of such section prior to June 30, 1964; and (3) housing units leased for terms of one year, whether renewable or not, or for terms of not more than five years pursuant to the provisions of section 2675 of title 10, United States Code."

SEC. 409. The Secretary of a military department may acquire by lease for indefinite periods of time real property in the Ryukyu Islands needed by the United States Government. Rentals for such leases may be paid in advance from appropriations available for operation and maintenance except advance payments for periods in excess of five years which shall be from appropriations available for military construction.

SEC. 410. Title 10, United States Code, is amended as follows:

(a) Section 4774 is amended by adding the following new subsection at the end thereof:

"(g) Not more than 10 percent of the family quarters constructed from appropriated funds for officers of the Army may be four-bedroom quarters having a net floor area of 1,400 square feet or less for occupancy by officers holding grades below major."

(b) Section 7574 is amended by adding the following new subsection at the end thereof:

"(e) Not more than 10 percent of the family quarters constructed from appropriated funds for officers of the Navy may be four-bedroom quarters having a net floor area of 1,400 square feet or less for occupancy by officers holding grades below lieutenant commander."

(c) Section 9774 is amended by adding the following new subsection at the end thereof:

"(g) Not more than 10 percent of the family quarters constructed from appropriated funds for officers of the Air Force may be four-bedroom quarters having a net floor area of 1,400 square feet or less for occupancy by officers holding grades below major."

SEC. 411. To the extent that any authority provided by the Act of August 20, 1958 (72 Stat. 636), or this Act, for the construction of appropriated fund family housing at locations in foreign countries is not utilized, the construction or acquisition of the number of housing units so authorized may be accomplished at the same locations under the authority of section 407 of the Act of September 1, 1954 (68 Stat. 1119, 1125), as amended.

SEC. 412. No money may be appropriated after December 31, 1959, to or for the use of any armed force of the United States for the design, development, or procurement of any aircraft or missile unless the appropriation of such money has been specifically authorized by legislation enacted after that date.

SEC. 413. Section 109(a) of Public Law 85-685 (72 Stat. 636, 641) is amended by adding the following sentence at the end thereof: "However, the Secretary of the Army shall not make available to the Administrator of the General Services Administration, or his designee, for sale pursuant to this section, such lands, or interests therein, not exceeding one hundred and eighteen acres for channel straightening, and four hundred acres for a temporary spoil disposal area for a period of ten years, as the Chief of Engineers determines to be necessary for the improvement or maintenance of the Houston Ship Channel Project."

SEC. 414. Section 403 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

"(d) On request by the Secretary of Defense, the Attorney General shall furnish to the Secretary of Defense, or his designee, an opinion as to the sufficiency of title to any property on which it is proposed to construct housing, or on which housing has been constructed, under this section. If the opinion of the Attorney General is that the title to any such property is good and sufficient, the Secretary of Defense is authorized to guarantee, or enter into a commitment to guarantee, the mortgagee, under a mortgage on such property which is insured under title VIII of the National Housing Act, against any losses that may thereafter arise from adverse claims to title. None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs."

SEC. 415. None of the authority contained in titles I, II, and III of this Act shall be deemed to authorize any building construction project within the continental United States (other than Alaska) at a unit cost in excess of—

(1) $32 per square foot for cold-storage warehousing;

(2) $6 per square foot for regular warehousing;

(3) $1,850 per man for permanent barracks;

(4) $8,500 per man for bachelor officer quarters; unless the Secretary of Defense determines that, because of special circumstances, application to such project of the limitations on unit costs contained in this section is impracticable.

SEC. 416. Section 4 of the Act of April 3, 1958 (72 Stat. 78), is amended by striking out "$500,000" and inserting in place thereof "$900,000."

SEC. 417. Section 404(c)(2) of the Housing Amendments of 1955 is amended by striking the first two sentences thereof and substituting the following language: "In any condemnation proceedings instituted to acquire any such housing, or interest therein, the court shall not order the party in possession to surrender possession in advance of final judgment unless a declaration of taking has been filed, and a deposit of the amount estimated to be just compensation has been made, under the first section of the Act of February 26, 1931 (46 Stat. 1421). The amount of such deposit for the purpose of this section shall not in any case be less than an amount equal to the actual cost of the housing (not including the value of any improvements installed or constructed with appropriated funds) as certified by the sponsor or owner of the project to the Federal Housing Commissioner pursuant to any statute or any regulation issued by the Federal Housing Commissioner, reduced by the amount of the principal obligation of the mortgage outstanding at the time possession is surrendered, but any such deposit shall not include any excess mortgage proceeds or "windfalls," kickbacks and rebates received in connection with the construction of said housing as determined by the Department of Defense, or any other Federal agency. The amount of such deposit in any case where the sponsor or owner has not certified the cost of the project to the Federal Housing Commissioner at the time of the enactment of this Act, shall be determined by the Secretary of Defense, or his designee, in accordance with the Act of February 26, 1931 (46 Stat. 1421): *Provided*, That in the event there is withdrawn from the registry of the court by the owner or sponsor a sum of money in excess of the final award of just compensation, this excess shall be repaid to the United States plus a sum equal to 4 per centum per annum on such excess from the time such sum is deposited in the registry of the court: *Provided further*, That any court in which money is deposited as provided in this section shall require the furnishing of security by the owner to protect the United States from any loss by reason of a final award of just compensation of less than the amount deposited: *And provided further*, That the deposit required to be made by this section shall be without prejudice to any party in the determination of just compensation. Unless title is in dispute, the court, upon application and subject to the foregoing provisions of this subsection, shall promptly pay to the owner at least 75 per centum of the amount so deposited, but such payment shall be made without prejudice to any party to the proceeding."

SEC. 418. The Secretary of Defense shall not later than July 31, 1959, report to the Armed Services Committees of the Senate and House of Representatives—

(1) the feasibility of expediting the Bomarc program and utilizing its greater potential coverage and economy of operation in lieu of certain proposed Nike-Hercules installations;

(2) the results of a complete review of all previously programed missile sites with assurance that the selection of those sites to be constructed was made strictly on the basis of military priorities;

(3) the opinion of the respective Chiefs of Staff on the authorized program for the defense of Hawaii with their recommendations, if any, for modification or change in emphasis and corresponding adjustment of such program:

(4) the latest information on the progress of antimissile programs with recommendations, if any, for expediting them;

(5) the latest opinion of the respective Chiefs of Staff with respect to the nature of any military threat to the security of the United States in the next five years and their judgments as to whether it is best met by continuing military programs as presently authorized, or whether certain changes should be made in that programing.

SEC. 419. Titles I, II, III, and IV of this Act may be cited as the "Military Construction Act of 1959".

TITLE V

Reserve forces facilities

SEC. 501. Subject to chapter 133 of title 10, United States Code, the Secretary of Defense may establish or develop the following facilities for reserve forces:

(1) For Department of the Army:

Army Reserve

Aberdeen, South Dakota: Training facilities, $168,000.

Akron (Number 2), Ohio: Training facilities, $574,000.

Allentown-Bethlehem, Pennsylvania: Training facilities, $302,000.

Anderson, Indiana: Training facilities, $136,000.

Ann Arbor, Michigan: Training facilities, $317,000.

Aurora, Illinois: Training facilities, $302,000.

Bardstown, Kentucky: Training facilities, $160,000.

Beaver Dam, Wisconsin: Training facilities, $176,000.

Bellaire, Ohio: Training facilities, $302,000.

Bloomington, Illinois: Training facilities $168,000.

Bloomington, Indiana: Training facilities, $302,000.

Bridgeport-Fairfield, Connecticut: Training facilities addition, $64,000.

Bronx, New York: Training facilities, $98,000.

Brownsville, Texas: Training facilities, $152,000.

Butler, Pennsylvania: Training facilities, $136,000.

Champaign, Illinois: Training facilities, $302,000.

Chicago Heights, Illinois: Training facilities, $302,000.

Chico, California: Training facilities, $168,000.

Cumberland, Maryland: Training facilities, $288,000.

Dallas (Number 2), Texas: Training facilities addition, $64,000.

Dayton, Ohio: Training facilities, $48,000.

Delaware, Ohio: Training facilities, $302,000.
Detroit (Number 1), Michigan: Training facilities, $602,000.
Detroit (Number 2), Michigan: Training facilities, $602,000.
Duluth, Minnesota: Training facilities, $317,000.
East Saint Louis, Illinois: Training facilities, $156,000.
El Dorado, Arkansas: Training facilities, $152,000.
Evanston, Illinois: Training facilities, $574,000.
Flint, Michigan: Training facilities, $551,000.
Fort Smith, Arkansas: Training facilities, $152,000.
Fulton, Missouri: Training facilities, $160,000.
Gadsden, Alabama: Training facilities, $144,000.
Galveston, Texas: Training facilities, $152,000.
Gettysburg, Pennsylvania: Training facilities, $168,000.
Glens Falls, New York: Training facilities, $176,000.
Hammond, Indiana: Training facilities, $168,000.
Harrison, Arkansas: Training facilities, $152,000.
Jefferson City, Missouri: Training facilities, $288,000.
Joliet, Illinois: Training facilities, $302,000.
Kankakee, Illinois: Training facilities, $168,000.
La Crosse, Wisconsin: Training facilities, $317,000.
Lafayette, Louisiana: Training facilities, $152,000.
Malone, New York: Training facilities, $176,000.
Mankato, Minnesota: Training facilities, $176,000.
Marion, Ohio: Training facilites, $168,000.
Meadville, Pennsylvania: Training facilities $168,000.
Milwaukee (West), Wisconsin: Training facilities, $602,000.
Morristown, New Jersey: Training facilities, $317,000.
Mount Vernon, Ohio: Training facilities, $168,000.
Muncie, Indiana: Training facilities, $168,000.
Muskogee, Oklahoma: Training facilities, $288,000.
New Orleans (Number 1), Louisiana: Training facilities, $520,000.
Odessa, Texas: Training facilities, $152,000.
Okmulgee, Oklahoma: Traning facilities, $160,000.
Olean, New York: Training facilities, $176,000.
Oswego, New York: Training facilities, $176,000.
Painesville, Ohio: Training facilities, $168,000.
Pittsburgh (Number 3), Pennsylvania: Training facilities, $574,000.
Purcell, Oklahoma: Training facilities, $160,000.
Rolla, Missouri: Training facilites, $160,000.
Rutland, Vermont: Training facilities, $143,000.
Sacramento, California: Training facilities addition, $61,000.
Saint Cloud, Minnesota: Training facilities, $330,000.
Salem, Oregon: Training facilites, $61,000.
San Antonio (Number 2), Texas: Training facilities, $520,000.
San Diego, California: Training facilities, $526,000.
San Marcos, Texas: Training facilities, $152,000.
Santa Barbara, California: Training facilities, $136,000.
Savannah, Georgia: Training facilities, $259,000.
Springfield, Missouri: Training facilities addition, $73,000.
Uniontown, Pennsylvania: Training facilities, $220,000.
Vallejo, California: Training facilities, $302,000.
Washington, Iowa: Training facilities, $160,000.
Washington, Missouri: Training facilities, $160,000.
Washington, Pennsylvania: Training facilities, $136,000.
Wenatchee, Washington: Training facilities, $168,000.
Westminster, Maryland: Training facilities, $160,000.
Various locations: Training facilities minor additions, $1,788,000.
Land acquisition: Training facilities, $800,000.
San Jose, California: Parking lot and drill grounds, $1.

Army National Guard of the United States
(Armory)

Amsterdam, New York:Training facilities, $55,000.
Anchorage, Alaska: Training facilities, $276,000.
Baltimore (Dundalk), Maryland: Training facilities, $215,000.
Bayamon, Puerto Rico: Training facilities, $150,000.
Beebe, Arkansas: Training facilities, $45,000.
Belen, New Mexico: Training facilities, $57,000.
Benson, North Carolina: Training facilities, $105,000.
Birmingham, Alabama: Training facilities, $160,000.
Bound Brook, New Jersey: Training facilities, $80,000.
Buffalo, New York: Training facilities, $75,000.
Butte, Montana: Training facilities, $70,000.
Cape May Court House, New Jersey: Training facilities, $250,000.
Colby, Kansas: Training facilities, $80,000.
Coleville, Washington: Training facilities, $150,000.
De Witt, Arkansas: Training facilities, $45,000.
Donna, Texas: Training facilities, $99,000.
Durant, Mississippi: Training facilities, $54,000.
Elizabeth City, North Carolina: Training facilities, $105,000.
Elyria, Ohio: Training facilities, $160,000.
Enosburg Falls, Vermont: Training facilities, $169,000.
Farmington, Missouri: Training facilities, $115,000.
Flemington, New Jersey: Training facilities, $80,000.
Freehold, New Jersey: Training facilities, $80,000.
Gainesville, Georgia: Training facilities, $90,000.
Greeley, Colorado: Training facilities, $132,000.
Hackettstown, New Jersey: Training facilities, $80,000.
Hazen, Arkansas: Training facilities, $45,000.
Idaho Falls, Training facilities, $105,000.
Inman, South Carolina: Training facilities, $99,000.
Iuka, Mississippi: Training facilities, $54,000.
Johnstown, Pennsylvania: Training facilities, $375,000.
Jonesville, South Carolina: Training facilities, $99,000.
Lancaster, Ohio: Training facilities, $160,000.
Leominster, Massachusetts: Training facilities, $200,000.
Milan, Tennessee: Training facilities, $91,000.
Milwaukee, Wisconsin: Training facilities, $235,000.
Mount Olive, North Carolina: Training facilities, $105,000.
New Brockton, Alabama: Training facilities, $70,000.
Newton, New Jersey: Training facilities, $80,000.
Norwalk, Ohio: Training facilities, $140,000.
Olean, New York: Training facilities, $46,000.
Omaha Nebraska: Training facilities, $450,000.
Oswego, New York: Training facilities $52,000.
Plentywood, Montana: Training facilities, $63,000.
Ponce, Puerto Rico: Training facilities $150,000.
Princeton, West Virginia: Training facilities, $60,000.
Quitman, Mississippi: Training facilities, $54,000.
Ronceverte, West Virginia: Training facilities, $54,000.
Roswell, New Mexico: Training facilities, $200,000.
Saint Paul, Minnesota: Training facilities, $565,000.
Salem, Oregon: Training facilities, $160,000.
San German, Puerto Rico: Training facilities, $150,000.
Savannah, Georgia: Training facilities, $600,000.
Silver City, New Mexico: Training facilities, $60,000.
Tomahawk, Wisconsin: Training facilities, $160,000.
Troy, New York: Training facilities, $47,000.
Tuckerton, New Jersey: Training facilities, $80,000.
Webb, Mississippi: Training facilities, $54,000.
Various locations: Training facilities minor conversions, $84,000.

Army National Guard of the United States
(Nonarmory)

Bismarck, North Dakota: Maintenance facilities, $57,000.
Buckhannon, West Virginia: Administrative and supply facilities, $206,000.
Camp Drum, New York: Maintenance facilities, $308,000.
Hayward, Wisconsin: Maintenance facilities, $52,000.
Jersey City, New Jersey: Maintenance facilities, $49,000.

(2) For Department of the Navy:

Naval Reserve (Aviation)

Naval Air Station (Dobbins Air Force Base), Atlanta, Georgia: Operational facilities, supply facilities, and utilities and ground improvements, $838,000.
Naval Air Station, Dallas, Texas: Operational facilities and supply facilities, $348,000.
Naval Air Station, Glenview, Illinois; Operational facilities, $59,000.
Naval Air Station, Grosse Ile, Michigan: Operational facilities and utilities, $771,000.
Naval Air Station, Los Alamitos, California: Operational facilities, supply facilities, and utilities, $563,000.
Naval Air Station, New Orleans, Louisiana: Supply facilities and maintenance facilities, $178,000.
Naval Air Station, Olathe, Kansas: Operational facilities, $192,000.
Naval Air Station, South Weymouth, Massachusetts: Operational facilities, $76,000.
Naval Air Station, Willow Grove, Pennsylvania: Operational facilities, supply facilities, and medical facilities, $797,000.

Naval Reserve (Surface)

Naval and Marine Corps Reserve Training Center, Beaumont, Texas: Operational facilities, $65,000.

Naval Reserve Electronics Facility, Champaign, Illinois: Training facilities, $70,000.

Naval Reserve Training Center, Cleveland, Ohio: Training facilities, $655,000.

Naval Reserve Training Center, Galveston, Texas: Operational facilities, $204,000.

Naval Reserve Electronics Facility, Kingsville, Texas: Training facilities, $35,000.

Naval Reserve Training Center, New Haven, Connecticut: Operational facilities, $323,000.

Naval and Marine Corps Reserve Training Center, Saint Louis, Missouri: Training facilities, $697,000.

Naval Reserve Training Center, San Diego, California: Operational facilities, $226,000.

Naval Reserve Training Center, Whitestone, New York: Operational facilities, $104,000.

Marine Corps Reserve (Ground)

Marine Corps Reserve Training Center, Chicago, Illinois: Training facilities, $518,000.

Marine Corps Reserve Training Center Johnson City, Tennessee: Training facilities and land acquisition, $330,000.

Naval and Marine Corps Reserve Training Center, Saint Louis, Missouri: Training facilities, $370,000.

Marine Corps Reserve Training Center, San Rafael, California: Training facilities, $490,000.

Marine Corps Reserve Training Center, Tampa, Florida: Training facilities, $391,000.

(3) For Department of the Air Force:

Air Force Reserve

Bakalar Air Force Base, Columbus, Indiana: Supply facilities and operational facilities, $364,000.

Davis Field, Muskogee, Oklahoma: Troop housing and utilities, $92,000.

Ellington Air Force Base, Houston, Texas: Operational facilities, $823,000.

General Mitchell Field, Milwaukee, Wisconsin: Troop housing, $43,000.

O'Hare International Airport, Chicago, Illinois: Operational facilities, maintenance facilities and utilities, $1,890,000.

Portland International Airport, Portland, Oregon: Operational facilities, $588,000.

Richards-Gebaur Air Force Base, Kansas City, Missouri: Supply facilities, $105,000.

Willow Grove Naval Air Station, Philadelphia, Pennsylvania: Maintenance facilities, supply facilities and troop housing, $188,000.

Air National Guard of the United States

Alpena County Airport, Alpena, Michigan: Operational facilities, $105,000.

New Orleans Naval Air Station, New Orleans, Louisiana: Operational facilities and supply facilities, $274,000.

Baer Field, Fort Wayne, Indiana: Operational facilities, $238,000.

Bradley Field, Hartford, Connecticut: Maintenance facilities, $123,000.

Buckley Naval Air Station, Denver, Colorado: Operational facilities, $591,000.

Burlington Municipal Airport, Burlington, Vermont: Maintenance facilities, $123,000.

Camp Williams, Camp Douglas, Wisconsin: Operational facilities, $82,000.

Cheyenne Municipal Airport, Cheyenne, Wyoming: Operational facilities, $238,000.

Dow Air Force Base, Bangor, Maine: Maintenance facilities, $123,000.

Geiger Field, Spokane, Washington: Maintenance facilities, $245,000.

Gore Field, Great Falls, Montana: Maintenance and operational facilities, $665,000.

Gowen Field, Boise, Idaho: Operational facilities, $238,000.

Haleakala Aircraft Control and Warning Facility, Maui, Hawaii: Operational facilities, $446,000.

Hickam Air Force Base, Honolulu, Hawaii: Operational facilities, $3,222,000.

Hancock Field, Syracuse, New York: Operational facilities, $596,000.

Hector Field, Fargo, North Dakota: Operational facilities, $946,000.

Hubbard Field, Reno, Nevada: Operational facilities, $259,000.

Hulman Field, Terre Haute, Indiana: Operational facilities, $238,000.

Kokee Aircraft Control and Warning Facility, Kauai, Hawaii: Operational facilities, $283,000.

Little Rock Air Force Base, Little Rock, Arkansas: Operational facilities, supply facilities, and maintenance facilities $2,323,000.

Memphis Municipal Airport, Memphis, Tennessee: Operational facilities, maintenance facilities and supply facilities, $1,825,000.

Ontario Municipal Airport, Ontario, California: Training facilities, $233,000.

Peoria Municipal Airport, Greater Peoria, Illinois: Operational facilities, $430,000.

San Juan International Airport, San Juan, Puerto Rico: Operational facilities and supply facilities, $943,000.

Sioux Falls (Foss Field), Sioux Falls, South Dakota: Maintenance facilities, $123,000.

Springfield Municipal Airport, Springfield, Ohio: Operational facilities, $105,000.

Truax Field, Madison, Wisconsin: Maintenance facilities, $123,000.

Tucson Municipal Airport, Tucson, Arizona: Maintenance facilities, $123,000.

Will Rogers Field, Oklahoma City, Oklahoma: Operational facilities, $317,000.

(4) For all reserve components: Facilities made necessary by changes in the assignment of weapons or equipment to reserve forces units, if the Secretary of Defense or his designee determines that deferral of such facilities for inclusion in the next law authorizing appropriations for specific facilities for reserve forces would be inconsistent with the interests of national security and if the Secretary of Defense or his designee notifies the Senate and the House of Representatives immediately upon reaching a final decision to implement, of the nature and estimated cost of any facility to be undertaken under this subsection: *Provided*, That the first sentence of section 2233a of title 10, United States Code, shall not apply to facilities authorized by this subsection.

SEC. 502. (a) Public Law 85–685 is amended under the heading "NAVAL RESERVE (AVIATION)" in clause (1) of section 603 by striking out the following:

"Naval Air Station, Denver, Colorado: Maintenance facilities, utilities, and land acquisition, $652,000."

"Naval Air Station, Niagara Falls, New York: Operational and training facilities, and utilities, $652,000."

(b) Public Law 85–685 is amended under the heading "AIR NATIONAL GUARD OF THE UNITED STATES" in clause (2) of section 603 as follows:

(1) With respect to Barnes Field, Westfield, Massachusetts, strike out "$740,000" and insert in place thereof "$1,030,000".

(2) With respect to various locations: Runway arrestor barriers, strike out "$300,000" and insert in place thereof "$480,000".

(c) Public Law 85–685 is amended under the heading "ARMY RESERVE" in clause (3) of section 603 as follows:

(1) With respect to Canton, Ohio, strike out "$40,000" and insert in place thereof "$61,000".

(2) With respect to Greenwood, South Carolina, strike out "$85,000" and insert in place thereof "$117,000".

(3) With respect to Johnstown, Pennsylvania, strike out "$99,000" and insert in place thereof "$136,000".

(d) Public Law 85–685 is amended under the heading "ARMY NATIONAL GUARD OF THE UNITED STATES (ARMORY)" in clause 3 of section 603 by striking out the following:

"Bethlehem, Pennsylvania: Training facilities, $45,000."

"Carlisle, Pennsylvania: Training facilities, $45,000."

"Chester, Pennsylvania: Training facilities, $206,000."

"Cincinnati, Ohio: Training facilities, $300,000."

"Clayton, New Mexico: Training facilities, $57,000."

"Ligonier, Pennsylvania: Training facilities, $45,000."

"Northwest Saint Paul, Minnesota: Training facilities, $130,000."

"Princeton, New Jersey: Training facilities, $175,000."

"Salem, New Jersey: Training facilities, $15,000."

(e) Public Law 85–685 is amended by striking out in clause (1) of section 606 "$11,886,000" and inserting in place thereof "$10,582,000;" and by striking out in clause (2)(b) of section 606 "$11,976,000" and inserting in place thereof "$12,446,000;" and by striking out in clause (3) of section 606 "$28,330,000" and inserting in place thereof "$27,402,000".

SEC. 503. The Secretary of Defense may establish or develop installations and facilities under this title without regard to sections 3648 and 3734 of the Revised Statutes, as amended, and section 4774(d) and 9774(d) of title 10, United States Code. The authority to place permanent or temporary improvements on land includes authority for surveys, administration, overhead, planning, and supervision incident to construction. That authority may be exercised before title to the land is approved under section 355 of the Revised Statutes, as amended, and even though the land is held temporarily. The authority to acquire real estate or land includes authority to make surveys and to acquire land, and interests in land (including temporary use), by gift, purchase, exchange of Government-owned land, or otherwise.

SEC. 504. Appropriations for facilities projects authorized by section 501 for the respective reserve components of the armed forces may not exceed—

(1) for Department of the Army:

(a) Army Reserve, $20,916,000;

(b) Army National Guard of the United States, $8,596,000.

(2) for Department of the Navy: Naval and Marine Corps Reserve, $8,300,000;

(3) for Department of the Air Force:

(a) Air Force Reserve, $4,093,000;

(b) Air National Guard of the United States, $15,580,000.

SEC. 505. Any of the amounts named in section 501 of this Act may, in the discretion of the Secretary of Defense, be increased by 15 per centum, but the total cost for all projects authorized for the Army Reserve, the Army National Guard of the United States, the Naval and Marine Corps Reserves, the Air Force Reserve, and the Air National Guard of the United States, may not exceed the amounts named in clauses (1)(a), (1)(b), (2), (3)(a), and (3)(b) of section 504, respectively.

SEC. 506. This title may be cited as the "Reserve Forces Facilities Act of 1959".

TITLE VI

SEC. 601. The Secretary of the Army is authorized to convey by quitclaim deed to the city of Santa Cruz, California, all the right, title, and interest of the United States in and to four and five-tenths acres of land, more or less, comprising the United States Army Reserve Center Lighthouse Point site and being a part of the lands known as the United States Coast Guard Santa Cruz Light Station, situated on the northerly side of West Cliff Drive, approximately seven hundred feet south of Pelton Avenue, in the city and county of Santa Cruz, California, and in exchange for said conveyance to accept on behalf of the United States of America from the city of Santa Cruz a deed conveying fee simple title to not less than four acres of land situated within the city of Santa Cruz,

California, to be utilized as the site for a United States Army Reserve Center: *Provided*, That the city of Santa Cruz pay to the United States a sum of money representing, in the opinion of the Secretary of the Army, the aggregate of (1) the amount by which the fair market value of the property so conveyed by the Secretary of the Army exceeds the fair market value of the land accepted in exchange therefor; (2) the amount heretofore expended by the Department of the Army in connection with the proposed construction of the United States Army Reserve Center at Lighthouse Point for work and materials which cannot be utilized in connection with the construction of the United States Army Reserve Center on the site to be acquired from the city; and (3) the amount by which the costs for providing adequate foundations, sewer and water facilities, and site preparation for the construction of a United States Army Reserve Center at the site to be acquired from the city exceeds the estimated costs for providing foundations, sewer and water facilities, and site preparation at the Lighthouse Point site.

SEC. 602. The moneys received by the Secretary of the Army under this title shall be covered into the Treasury of the United States as miscellaneous receipts except that any moneys received under section 601 (2) and (3) of this title shall be credited to the appropriation to which such costs are charged.

Mr. STENNIS. Mr. President, the bill provides construction and other related authority for the military departments both within and outside the United States, and includes similar authority for the Reserve components.

Beginning early in March, the Committee on Armed Services conducted a series of extensive hearings with reference to the construction requirements of the military departments, spending considerable time on what is believed to be a well balanced military construction authorization bill for fiscal year 1960.

The committee was not content to consider only the line items contained in the bill, but as in past years, the committee again placed great emphasis on the major policy areas which generate the forces that require the facilities. It becomes more and more apparent that the act of authorizing bases and other construction items from which the military operates cannot be separated from the broad field of policy.

Policy decisions are inevitable on the part of Congress when passing this type of legislation; and the responsibility cannot be avoided. It was with this grave responsibility in mind that the committee considered the bill before the Senate.

Expressed another way, this bill is the one which really brings into review almost all the major military policies; and even though those policies are considered elsewhere, this bill comes nearer to being the annual review of such policies than any other one particular piece of legislation. It is unavoidable that we go into these matters on an extensive scale.

Before proceeding further, I should like to commend and thank the Senator from Washington [Mr. JACKSON] and the Senator from South Dakota [Mr. CASE], who this year, as in past years, have worked faithfully and long on the many items and policies reflected in the bill.

I wish also to commend and thank the three new members of the Military Construction Subcommittee whose contributions were of inestimable value in fulfilling the responsibilities of the subcommittee. I refer to the junior Senator from California [Mr. ENGLE], the Senator from Nevada [Mr. CANNON] and the Senator from Maryland [Mr. BEALL]. Later I shall have a special word to say about the assistance of the staff.

The bill we are considering today totals $1,209,971,000, consisting of $1,147,757,000 in new authority for the Active Forces; $58,045,000 for the Reserve components; and $4,729,000 increase in authorizations of prior years. This is $146,319,000 below the bill as originally submitted to the Congress, and $41,936,000 below the amount approved by the House of Representatives.

By way of review, the Army is authorized $182 million; the Navy $175 million; the Air Force, $791 million; and $58 million for the various units of the Reserve Forces. The bill also contains authority for the construction of 27,726 units of family housing, consisting of 461 units of appropriated fund housing; 3,444 units to be constructed under the surplus commodity program; and 23,821 units of Capehart housing, commonly referred to as title VIII housing. An amendment will be offered on that subject matter. It is, in effect, a committee amendment to be offered by the Senator from South Dakota with a special explanation. While this latter type of housing is not a budget item, nevertheless the units must be paid for and the eventual construction of the units authorized in this bill represents a contingent liability against the Government in excess of $632 million. I shall discuss this matter further, later on.

Had it not been for the fact that the bill presented involved certain underlying policy matters, it would have been possible for the committee to approve the bill with only a few changes in those line items the committee felt were of lesser priority than others being deferred. This matter will be discussed at a later point.

The Department of Defense is to be commended for the care with which the general construction program was reviewed before its submission to Congress.

AIR DEFENSE

Now a few words with reference to air defense. The bill we are considering provides for construction that is necessary to support new weapons systems and new defense concepts, to augment existing bases and support changes in weapons and operating concepts due to advancing technological developments, and to modernize supporting facilities against the ravages of time to assure adequate support in times of emergency.

The basic policy of the Department of Defense continues to have these objectives: First, the consideration that our primary responsibility is that of protecting the ability of the country to retaliate with large weapons in case of an outbreak of general war; second, but equally pressing, the responsibility to provide a capacity to apply military forces promptly to areas of local conflict. The continuation of a strong continental air defense and the maintenance of open sea lanes is also of prime importance and high priority. The items in this bill support these objectives.

We have entered into a missile and space era. Our supporting facilities must be expanded or adjusted to meet the vastly different and fast changing concepts of weapons, weapons systems, and military operations.

The Atlas missile program is moving ahead at an accelerated rate. Construction has started on a number of launching sites, and by the end of this year it is hoped that the first few operational missiles will be in position in the hands of trained military personnel. The development of the Titan, an advanced liquid-fuel intercontinental ballistic missile, has advanced to the large-scale testing phase. Work has already begun on the design of launching facilities. Development work on a solid propellant intercontinental ballistic missile, the Minuteman, is also being accelerated. Continuing the program for providing ballistic missile facilities which was begun in earlier construction programs, the bill provides for new operational Atlas facilities, support for previously programed Atlas sites, hardened facilities for the Titan sites, and construction of additional intercontinental ballistic missile test facilities at research and development test locations. Consistent with current concepts, protective construction is to be provided for some Atlas missiles, all of the Minuteman in order to withstand overpressures and improve the serviceability of the missile force.

Although our retaliatory and deterrent strength is enormously increased by the development of ballistic and guided missiles, the need for manned bombers still exists.

A strong and capable force of manned aircraft, bombers and interceptors, will be required for several more years. Accordingly, this bill contains authorization for additional facilities to support the operations of the Strategic Air Command.

However, the support expenditures for manned aircraft are decreasing as our missile force increases, and the authorization this year for this purpose is less than one-half of that of last year.

This program also contains construction authorization to support use of air-to-ground missiles by bombers. The use of these missiles will permit the bombers to stand hundreds of miles from the target and deliver a weapon of immense destructive power.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. CASE of South Dakota. The statement which the distinguished Senator from Mississippi has made with reference to the capability of bombers which stand off hundreds of miles from a target and lob in their missiles calls attention to one of the most significant developments in the whole defense picture.

If we are developing that kind of capability—and we are—it must be recognized that others also may be doing likewise. If a manned bomber can stand off from the target and toss its warheads on ahead of it, that has a tremendous significance as to the kind of defense which needs to be authorized to be maintained.

It was the contemplation of that possibility which led members of the subcommittee to have very serious questions about the efficacy of so-called point defense, and even some doubts about area defense. If a bomber placed 500 miles away from its target can send its missiles into the target, obviously then, a defense system which has a range of 80 miles, or even 200 miles, is relatively useless. That is one of the considerations which forced itself upon the minds of the members of the subcommittee and led us, initially, to put in the roadblock which we provided for against the Nike-Hercules program, particularly as originally presented.

I note that the Senator from Mississippi is about to go to the defense aspect of this subject. I did not mean to anticipate him, but I did want readers of the RECORD and Senators who are now in the Chamber to recognize that when he has set forth the capability of bombers to stand off and still reach targets, he has put his finger on one of the most significant things to be considered when we try to establish a possible defense program.

Mr. STENNIS. I agree heartily with the comments made by the Senator from South Dakota. No one is better qualified to speak on that subject than is he. I think it very timely that he points out with emphasis the meaning of this new development and a growing development in the threat of missiles from the air. That, we believe, is a more real threat than the threat from the bomber or other aircraft itself which comes in anywhere near its target.

The security of this country demands a strong continental air defense, which includes the operation and coordination of detection systems, manned interceptor aircraft, and surface-to-air missiles. With technological advances, the intercontinental ballistic missile is increasingly becoming the primary threat to our cities and offensive forces.

In the area of defense against manned aircraft and airbreathing missiles, the committee felt again impelled to attempt a resolution of the wasteful duplication of weapons systems. For several years, the committee has been called upon to make recommendations for authorization of various types of missile sites. Recognizing that the act of approving sites for the various missile programs inevitably enters the realm of policy and results in a huge expenditure of funds, the committee has carefully scrutinized each program.

I cannot overemphasize the importance of scrutinizing these programs at the stage when construction is beginning, because there the pattern is laid for a system which will spread into many hundreds of millions of dollars a year, even billions of dollars, when we add up the supporting facilities, operation costs, and everything else which goes with and follows the initial construction.

Efforts have consistently been made to prevent a duplication in weapons systems and to force the necessary decisions in this regard.

Three years ago in considering the fiscal year 1957 military construction authorization bill, the committee was presented with requests for authorizations pertaining to the construction of facilties for the Nike-Ajax and Talos ground-to-air missiles. The Ajax was to be used in connection with the Army's point defense responsibilities, and the Talos was part of the Air Force area defense mission. At that time, the committee in its report stated:

> The committee concluded that both the Army and the Air Force are assigned overlapping roles and missions in the antiaircraft and continental air defense fields. While the Air Force views its mission as one of area defense, and the Army views its as perimeter or point defense, it is clear that a definite and urgent need exists for the Department of Defense to quickly and positively clarify the specific responsibility of each service. The committee believes that unless concise responsibilities are assigned, duplication of weapons systems costing in the multibillion dollar range might result, and that such duplication would obviously be too costly as well as inexcusable from the military standpoint.

That was the committee speaking several years ago.

The committee then denied the authorization for the establishment of Talos sites and called upon the Secretary of Defense to make a determination. Subsequently, the Secretary of Defense assigned Talos to the Department of the Army and, eventually, the land-based Talos system was discontinued.

The committee took the action of denying the authorization for Talos not because it believed that Talos was an ineffective weapon; on the contrary, testimony indicated that it gave promise of being ideally suited for a role in the air defense system. The committee felt then as it does now that Congress should not be called upon to make a determination between the relative merits of weapons systems, each of which was strongly supported by its developers; that this was a responsibility that should be accepted by the Department of Defense.

In considering the military construction authorization bill for fiscal year 1959, the committee found a similar situation apparently existed with regard to Nike-Hercules and Bomarc.

In an attempt to force a decision in this regard, the construction authorization for each of two antiaircraft missiles was reduced by 20 percent, and the combined remainder of some $183 million was made available for authorization in the system selected by the Secretary of Defense. The committee was desirous that an entire reappraisal be made of the air defense concept, solely in terms of effectiveness and without preference to individual systems or military departments. This action was intended to assure the most defense for the dollar spent. The Senate endorsed the committee's action by approving the bill by an 80 to 0 vote.

The desired clear-cut decision was not made. In this regard, I call attention to the testimony of the Secretary of Defense which was given during the hearings on the Department of Defense appropriations bill for fiscal year 1960, and which clearly illustrates the current status of the subject. This testimony appears on page 11 of the Committee Report 296 on H.R. 5674, which is before the Senate.

The Secretary, in effect, testified that the Defense Department had not reached a decision between the principal air defense systems. He frankly stated that this is one area where the Department had not done very well in making a decision and that he would not look unfavorably upon the Congress taking steps to force such a decision. Certainly, I do not intend to imply that the Secretary has been negligent in this regard, but, to the contrary, Mr. McElroy is an outstanding administrator and has proved himself many times over in his most difficult position. Needless to say, he must have the support to which he is entitled if he is to accomplish his formidable tasks.

In considering this bill the committee concluded that the time had come when a reappraisal of the entire continental air defense system had to be made. We can no longer afford to support various weapons systems that are ineffective or duplicate each other.

The committee is not alone in its concern over the air defense picture. The ad hoc panel for the evaluation of the Bomarc weapon system stated:

> The panel became alarmed at the multiheaded approach to the defense problem.

This panel, headed by Dr. C. C. Furnas, chancellor of the University of Buffalo, was composed of a distinguished group of scientists who are familiar with the problem. It was not only the "multiheaded" approach to the problem that caused the committee concern, but the serious questions of the effectiveness of some weapons against modern bombers; the fear that the weapons themselves might be outmoded before bases previously authorized could be constructed; the dangers attending the storage of atomic warheads in urban areas; and the results that might be expected by the detonation of these warheads over the defended populated areas.

To bring about the desired decision, the committee deleted some $17 million of the $22.4 million requested in the bill as new authorization for the expansion of the Nike-Hercules system within the continental United States. The committee likewise rescinded authorization previously granted in fiscal year 1959 for the construction of some 50 Hercules batteries at 25 locations within the United States, and 8 batteries in Hawaii which had not yet been placed under contract.

The remaining authority granted—a little over $5 million—was for the improvement of the system outside the United States and for construction affecting the welfare and comfort of personnel assigned to existing installations within the United States.

Mr. President, I wish to emphasize that the action of the committee was

designed to bring about a reappraisal of our air defense in order to strengthen it. The Secretary of Defense was asked to make the desired reappraisal and to come forward with a revised plan for air defense before the adjournment of this Congress.

The action of the committee produced some results. The Secretary of Defense did submit for consideration a revised plan for continental air defense. While the plan proposed leaves much to be desired in scope and content, and in many respects represents a further compromise between the Air Force Bomarc and the Army Nike-Hercules missile systems, it is a step in the right direction—a step that would not have been taken except for the action and insistence of the committee.

Mr. President, a word of further explanation. The bill would have been before the Senate some 6 or 7 weeks ago. But, because of the action to which I have just referred, we were especially requested by Secretary McElroy—who, I think, had been doing the very best he could with this bad situation—to allow further time. That is why the bill has been held up, and really has been back before our committee, to be reviewed in the light of what Secretary McElroy submitted later.

Briefly, the new plan proposed—which will save the taxpayers an estimated $1.4 billion over the next few years—provides for a reduction and revision in the planned deployment of both Bomarc and Nike missiles sites and a revision and strengthening of the electronic ground environment so necesary to the control of the weapons and the air battles. The Bomarc deployment will be on the perimeter of the east and west coasts and the Canadian border. The Nike defenses will continue to be provided for urban areas now protected, and will be extended to certain carefully selected SAC sites. Although it does not affect the bill before us, the plan further provides for putting more funds, some $137 million, into the Nike-Zeus anti-missile missile program for engineering development type of work. Although the committee members did not clearly understand whether this program is successful, there is great hope that a solution to the ballistic missile threat will be found. While the Nike-Zeus system at this stage is not ready for production, every possibility must be explored; and the committee, therefore, agrees with the intensification of the program, and expresses a strong desire that the Department of Defense proceed with all possible haste with the Nike-Zeus and all other anti-missile missile possibilities.

Mr. President, that is something that should not be enlarged upon very much here; it is largely a classified subject. But certainly no time must be lost, and every emphasis must be placed upon some kind of anti-missile missile.

The committee believes that the questions it raised in the draft bill originally submitted were abundantly justified by the fact that the revised plans, as submitted by the Secretary, have brought forth specific revisions in the program originally submitted, which will provide for a better defense at less cost.

In accepting the revised plans and amending the bill accordingly, the committee does so with some deference to the review that was made. However, the committee still has some reservations about the premises and philosophy employed in the plan. For instance, the committee questions whether too much reliance is being placed upon defense as compared to sharpening our offense with modernization of the Army, the fleet, and perhaps more emphasis on manned interceptors.

The committee expects the Secretary of Defense and the Joint Chiefs of Staff to again carefully review the proposed program before construction is begun on new sites. It urges that full consideration be given to all sites originally contained in the program, with a view to selecting for deployment only those of the highest military priority. Careful consideration should be given to expediting the Bomarc program in certain selected areas, as recommended in the Furnas report. Particular attention should be given to the early completion of Bomarc sites in localities where Nike-Hercules sites are proposed as a stopgap until Bomarc sites can be completed. This may preclude the duplication of these weapons.

The committee never was convinced of the wisdom of proceeding on a stopgap basis with the Nike-Hercules sites which most probably would be replaced, soon after they were completed, by the longer-range Bomarc. Those matters boil down to the very end point of being military decisions; but we continue to urge the utmost caution before putting money—which is very badly needed elsewhere—into that kind of a system.

The Joint Chiefs of Staff should devote additional study to whether it is advisable to equip surface-to-air missiles with atomic warheads in situations where, in times of conflict, detonation over heavily populated areas might reasonably be expected.

Certainly that is not something the committee took out of thin air, Mr. President; but it is based upon the testimony of the most eminent scientists who can be found in this country.

The immediate effect of this revised plan on the military construction authorization bill for fiscal year 1960 is not great, since construction costs are merely the beginning of the huge expenditures necessary to place these defense sites in operation.

The Secretary of Defense has requested certain flexibility in utilizing existing authorization substantially to complete the programs outlined. He has advised that the adjustments in the amount of some $17 million made by the committee in the Nike-Hercules program need not be restored, provided the committee's action in rescinding authorization for certain sites authorized last year is withdrawn. The Secretary further indicated that some $29 million in requested authorization may be deleted from title III, the Air Force portion of the bill, to reflect adjustments in the Bomarc and SAGE programs under the revised plan. The pending bill reflects these changes.

Mr. CASE of South Dakota. Mr. President, will the Senator from Mississippi yield for a question?

The PRESIDING OFFICER (Mr. HART in the chair). Does the Senator from Mississippi yield to the Senator from South Dakota?

Mr. STENNIS. I am glad to yield.

Mr. CASE of South Dakota. Mr. President, the chairman of the subcommittee has referred to the withdrawal of the committee's action, as first contemplated, on the House version of the bill; and the Senator from Mississippi has said that "The Secretary further indicated that some $29 million in requested authorization may be deleted from title III, the Air Force portion of the bill, to reflect adjustments in the Bomarc and SAGE programs under the revised plan."

However, I hope the Department of Defense will not interpret that action as giving the approval of the committee or of the Congress to restoration of the program which previously had been deauthorized or would have been deauthorized. That is to say, our action in withdrawing the first proposed rescinding language was not taken with a view to restoring the precise sites for construction which had been contemplated, but was to recreate for the Defense Department certain funding authority which we expect will be used for placing these Nike-Hercules and Bomarc installations on a revised site list. Is not that correct?

Mr. STENNIS. Yes; the Senator from South Dakota is entirely correct.

Mr. CASE of South Dakota. We are not restoring the original sites, necessarily; but we are restoring fund authority with regard to those defense systems, but are expecting it to be utilized on the revised master-plan site program.

Mr. STENNIS. The Senator from South Dakota is correct; and that was done after the fullest consideration of the selection of the possible sites, strictly from a military and military-security standpoint.

Mr. CASE of South Dakota. We sought to stress that by drafting section 418 of S. 2880, which specifically places on the Secretary of Defense certain responsibilities for continuing this review.

Mr. STENNIS. Yes. The Senator from South Dakota supplied some very pertinent and very valuable language on that very point, which is contained in the bill before the Senate today. These matters must be under continuing review, because the committee is far from satisfied that this is the only solution to our problem.

Now that the pattern for the continental air defense has been designed, it is the desire of the committee that the Department of Defense proceed with all reasonable speed to place the perimeter defense portion of this program in operation at the earliest possible date.

That refers particularly to whatever value can come from the Bomarc system and its new development phases. We feel that if it is not put into effect as quickly as possible, it will be too late—that is, the picture is changing so fast

and new offensive developments are being developed so fast that in order to get whatever good we can out of the program, it must be put into effect rapidly.

The committee still feels the best defense is a strong, effective offense. We have emphasized that concept for years.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. STENNIS. I am glad to yield to the Senator from Louisiana.

Mr. ELLENDER. The Senator speaks of offense. Does he mean the construction of facilities, let us say, in Western Europe and in the Far East for offensive purposes?

Mr. STENNIS. I was not referring particularly to any area, but when I made that statement I was referring to the defensive concept, beginning with a fixed point defense of a city or a small area, or the maginot-line concept, as contrasted with striking power which is termed offensive—that being, in modern times, the only real and only effective way to defend our country.

Mr. ELLENDER. There is quite a large authorization provided in the bill to construct facilities in Western Europe. Is that correct?

Mr. STENNIS. The Senator is correct.

Mr. ELLENDER. I suppose security restrictions preclude the Senator from stating where those facilities are to be constructed and what the cost will be.

Mr. STENNIS. Yes.

Mr. ELLENDER. I wonder if the Senator's committee went into the subject of trying to ascertain how much our allies may contribute to the cost of the construction of those facilities. I assume that this country is bearing almost the whole burden.

Mr. STENNIS. Virtually all of the facilities provided for in the bill are to take care of our forces which are in certain areas on a more or less special mission. There is, in addition, as the Senator knows, a NATO program.

Mr. ELLENDER. We will consider that program a little later in the foreign-aid legislation. However, many of the facilities provided in this bill will, I hope, be manned by troops from Western Europe.

Mr. STENNIS. Not by troops from countries in Western Europe; not for the time being. These are facilities to support our own troops there.

Mr. ELLENDER. Does the Senator mean in Western Europe?

Mr. STENNIS. Yes, and elsewhere; not only in Western Europe. The NATO contingents in the organization are a separate matter.

Mr. ELLENDER. May I ask the Senator from Mississippi to what extent his committee has undertaken to coordinate efforts with respect to providing for the number of our own troops who are in those areas and what ought to be done for their protection, in contrast to what we expect our so-called allies to do in Western Europe?

Mr. STENNIS. Of course, those two programs run along together and are considered side by side.

Mr. ELLENDER. By the committee?

Mr. STENNIS. I mean by all the committees and the military planners, in the various phases of the problem that come before the different committees. The bill before the Senate pertains to support items for our own troops, for which we have a primary responsibility.

Mr. ELLENDER. But in making the determination of what ought to be done for our own troops and what is being done for our own troops, was any consideration given to what is being done by our Western allies in order to assist this effort?

Mr. STENNIS. I frankly think the Senate Appropriations Committee goes into the overall review of that matter more than the subcommittee does. In the consideration of the bill before the Senate, we made some review of the entire picture, but, frankly, not a complete analysis of it.

Mr. ELLENDER. It strikes me that in order to determine what we should do, efforts ought to be made to present to the committee evidence of what our allies are doing.

That is what I am trying to impress upon the Senate. I think if the committee had before it information as to the efforts which are being put forth by our allies, it might serve as a guide as to what we ought to do. As the Senator well knows, since 1948 we have been assisting our friends across the seas, and we have up to now appropriated in excess of $80 billion for that purpose. The reason for that effort was to put our friends in a position where they could carry a part of the load themselves.

It strikes me that the subcommittee of which my good friend is chairman should at least be well acquainted with the efforts being put forth by our friends, as well as their capability to do more, before calling on the American taxpayers to spend the huge sum in this bill.

Mr. STENNIS. I think the Senator's remarks are well put. I think they are entirely timely.

In the particular case of the military construction bill, however, the pattern and the policy in Europe have already been set, and the only question is the extent to which we think we should recommend support for our divisions which are in those countries under agreements we have made, and the support of which is our responsibility. Therefore, the committee made certain recommendations with reference to schools and housing, and even more directly military facilities themselves, for European areas and other areas in the world. We did not attempt to review the overall policy which is here involved. We started with the assumption that the policy had been determined. What I have stated does not detract one bit from the soundness of the Senator's position.

Mr. ELLENDER. May I ask my friend when the policy to which he has referred actually was determined? As the Senator well knows, in the early days of the present defense effort we envisioned that our friends would provide, if I recall correctly, 36 active divisions. I do not think it would reveal a secret to state the number of divisions in Europe now. The number, I believe, is 21, and of those I would say that practically half are support divisions, which are not fully equipped, by any means. We have carried through with our commitments and have in Western Europe today almost the exact number of soldiers we planned to have there when the program was first initiated years ago.

The Senator well knows that France has withdrawn a good many of its troops. The British have withdrawn a good many of their troops. Yet when it comes to good old Uncle Sam, we maintain the same number promised by us.

I am wondering the extent to which the Senator has taken all of that into consideration in presenting this authorization bill to authorize more expenditures in that area of the world.

Mr. STENNIS. I can assure the Senator that the committee worked with considerable restraint at holding down the expenditures, but we did not undertake to change the policy decision which has been made, which is reviewed annually, as to the support for NATO, which is entirely outside the provisions of this bill, or the policy as to how much military authority the United States will provide particularly on the continent of Western Europe and, of course, in other areas, including Korea. We merely recommend in the bill the minimum we think is necessary for the physical support, assuming this is the policy which has already been decided.

Mr. ELLENDER. The Senator is referring to support for our own troops?

Mr. STENNIS. Yes.

Mr. ELLENDER. That is what we are being asked to provide.

Mr. STENNIS. Yes. The bill provides support for our own troops.

Mr. ELLENDER. I notice on page 2 of the report, under title I, that the bill carries $65,900,000 for the Army, inside the continental United States, and, outside the continental United States, $24,210,000.

Mr. STENNIS. That is correct.

Mr. ELLENDER. For what will that money be spent, particularly the money to be used outside the continental United States? Will that be spent for schools, housing, and so forth, for members of the armed services and their dependents?

Mr. STENNIS. The list starts with the very items the Senator has mentioned. There are schools, family housing, and contract housing. By the way, some of the items are to be paid for through the sale of commodities.

Mr. ELLENDER. With Public Law 480 funds?

Mr. STENNIS. That is correct.

Mr. ELLENDER. Are the Public Law 480 funds to be in addition to what we are now asked to authorize?

Mr. STENNIS. No. The authorization which the Senator has stated is correct. The money includes the authorizations to be paid for with Public Law 480 funds.

Mr. ELLENDER. Do I correctly understand that some of the cash which is now being authorized will be used to buy local currencies? Are the Public Law 480 funds to be used to construct buildings in Western Europe, or in countries where we dispose of surplus commodities?

Mr. STENNIS. That is correct. This applies to housing and other support items. I have a list of the items.

Mr. ELLENDER. I want the Senator to understand my position, and I want to understand the Senator's position. As the Senator knows, every year the Senate provides means by which surplus agricultural commodities are sold to countries throughout the world for their own currencies. A part of the money is used to help finance the Army, to help in paying the expenses of the State Department, and to defray the cost of educational exchange programs, and so forth. Additional sums are loaned, on a long-term basis, to the countries where Public Law 480 commodities are sold.

The question which I should like to propound supplements that which I just asked the Senator. Is the Senator certain that some of the amounts which are to be authorized under the provisions of the bill will be used to buy some of the local currencies, so that the local currencies can be used in the host country in order to construct the housing, and so forth. If not, just how will the funds be handled?

Mr. STENNIS. We have these funds in certain countries, as the Senator knows. I do not know exactly how the machinery works, but the commodities will be sold or disposed of in these countries. The money obtained from the sale of the commodities will be used to construct the military support items.

Mr. ELLENDER. Is that not in addition to the amount of authorization incorporated in the bill now pending before the Senate?

Mr. STENNIS. I think not. My recollection is that those items were included in the figures; and the clerk of the committee advises me that is correct.

Mr. ELLENDER. I notice on page 24 of the report that we have completed 4,368 housing units in the United Kingdom, Spain, and Japan. All of these units were constructed by local contractors, and paid for with funds which were derived from the sale in those countries of Public Law 480 surplus commodities.

Mr. STENNIS. That is correct.

Mr. ELLENDER. Were these transactions not transactions consummated directly with the governments, using Public Law 480 funds instead of the authority similar to that in the bill now pending before the Senate?

Mr. STENNIS. The units were built as the Senator has outlined.

Mr. ELLENDER. Yes.

Mr. STENNIS. But we have the question of rental allowances coming back from the military personnel.

Mr. ELLENDER. We have to pay those to the personnel. That is not a profit we make.

Mr. STENNIS. The net effect of the way the units were built is as outlined by the Senator.

Mr. ELLENDER. Yes.

Mr. STENNIS. The units were built with money realized from the sale of surplus commodities.

Mr. ELLENDER. In other words, our money.

Mr. STENNIS. The Senator is correct.

Mr. ELLENDER. We provided the goods, and in turn the goods were paid for in local currencies.

Mr. STENNIS. Yes.

Mr. ELLENDER. And the local currencies were used to construct 4,368 units.

Mr. STENNIS. The objectives were accomplished by the use of commodities instead of money.

Mr. ELLENDER. Yes. For the units completed, the amount was $37,005,000. As I understand, there were built, using Public Law 480 funds, some 4,446 units. There are 822 in the United Kingdom, 493 in Italy, 552 in Spain, 2,403 in France, 140 in Morocco, and 36 in Japan.

Mr. STENNIS. That is correct.

Mr. ELLENDER. Those are separate and apart from any appropriations we have provided in the past, similar to the request now pending?

Mr. STENNIS. That is correct.

Mr. CASE of South Dakota. Mr. President, will the Senator permit an interruption.

Mr. STENNIS. I yield.

Mr. CASE of South Dakota. Some of that housing has been provided under the authority which was carried directly in the military construction bill of 1954.

Mr. ELLENDER. Authority to use funds derived from sales under Public Law 480?

Mr. CASE of South Dakota. It amounts to substantially the same thing, but the basic authority for the first construction of housing by the use of credits earned from the sales of surplus commodities was under the authority of the military construction bill rather than Public Law 480.

Mr. ELLENDER. I realize that. Instead of using cash, as is sought to be provided in the pending measure, we used money from the sale of surplus commodities. Those surplus commodities were sold in certain countries. The proceeds from those sales were used to construct the buildings.

Mr. CASE of South Dakota. That is precisely what I am saying. The original authority for that was in the military construction bill rather than in Public Law 480.

Mr. ELLENDER. I realize that. I recall very well being in London in 1954, or perhaps 1955.

Mr. CASE of South Dakota. When there was construction of some tobacco houses?

Mr. ELLENDER. Some so-called tobacco houses. That is exactly correct. I do not now the number of units we were building. We sold England some tobacco worth, I think, $30 million. The British pounds which were paid for the tobacco were used in the United Kingdom. British labor and British material were used to construct the buildings at Burtonwood.

Before the buildings were completed we abandoned Burtonwood. It is no longer under our control as I understand the situation. All of the houses which we built now belong to the British. I wish to point that out. That is happening in many other parts of the world.

Mr. CASE of South Dakota. Of course, the Senator could also point out that even in the United States we modify our programs and occasionally close military installations in the States.

Mr. ELLENDER. That is no reason why we should do it abroad.

Mr. CASE of South Dakota. No; of course it is not. It was not done for the same purpose abroad.

Mr. ELLENDER. No. I know of a good many projects which were constructed, particularly with Public Law 480 funds, as to which we put up all the money, the local governments built the projects with our money, and then our people took over the projects and paid rent. I do not know what were the terms of the contracts for all the units to which I have referred, shown on page 24 of the report.

Would the Senator from Mississippi object if I were to ask unanimous consent to have the table printed in the RECORD at this point?

Mr. STENNIS. I would be glad to have the table printed in the RECORD.

Mr. ELLENDER. I ask that such be done.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Department of Defense, surplus commodity housing program, cumulative report (status as of Mar. 31, 1959)

	Completed and occupied		Under contract [1]		Current execution program		Total	
	Units	Costs [2]	Units	Costs [2]	Units	Costs [2]	Units	Costs [2]
United Kingdom	1,509	$15,130	822	$11,015	854	$11,443	3,185	[3] $37,588
Italy			493	7,187			493	7,187
Spain	[4] 1,582	8,500	552	10,392	747	14,940	2,881	[3] 33,832
France			2,403	50,000	400	8,000	2,803	58,000
Morocco			140	3,602			140	3,602
Bermuda					180	4,000	180	4,000
Portugal (Azores)					135	2,000	135	2,000
Japan	1,277	13,375	36	398			1,313	13,773
Iceland					50	2,000	50	2,000
Philippines					500	11,150	500	11,150
Total	4,368	37,005	4,446	82,594	2,866	53,533	11,680	173,132

[1] Includes certain units which are part of a contract but which are completed and occupied.
[2] In thousands of dollars. Includes as much as 25 percent appropriated funds in most projects.
[3] Does not include costs of community facilities which total approximately $3,900,000 in the United Kingdom and $.2M. in Spain.
[4] 1,582 units leased for a period of 7 years.

Mr. ELLENDER. The table shows the completed and occupied units, the units under contract, and the current program. This will constitute an aggregate of 11,680 units at a cost to our Government of $173,132,000 derived from surplus commodity funds.

Mr. STENNIS. The surplus commodity funds.

Mr. ELLENDER. I thank the Senator from Mississippi. These units are being constructed, have been constructed, and will be constructed in the United Kingdom, Italy, Spain, France, Morocco, Bermuda, Portugal, Azores, Japan, Iceland, and the Philippines. This program, I may say, is separate and apart from the program we are now discussing.

Mr. STENNIS. Involving the direct appropriation of money.

Mr. ELLENDER. Yes.

Mr. STENNIS. The Senator is correct.

Mr. ELLENDER. I wonder if the Senator would be good enough to point out in the program the number of units which have been built, the number under construction, and the number to be constructed in foreign countries by direct appropriation of funds. Is that information anywhere in the report?

Mr. STENNIS. The number of housing units——

Mr. ELLENDER. The number which have been completed, the number now in the process of being constructed, and the number which will be contracted for with funds on hand and funds to be appropriated.

Mr. STENNIS. The table on page 24 undertakes to bring the Senate up to date with reference to the surplus commodity housing program.

Mr. ELLENDER. That is correct.

Mr. STENNIS. A comparable table is what the Senator requests, for construction of these items from appropriated funds. That information is on page 20 of the same report. The period covered is from July 1, 1952, to February 28, 1959.

Mr. ELLENDER. I notice that the Army, Navy, and Air Force constructed 103,731 units from appropriated funds, at a total cost of $1,594,205,000. Am I correct?

Mr. STENNIS. That is the total for appropriated funds, Capehart housing, surplus commodity housing, and rental guarantees.

Mr. ELLENDER. I wonder if the Senator will be good enough to tell us, if he has the information——

Mr. STENNIS. Before the Senator finishes that question, let me say that the funds reflected on page 20, to which the Senator referred, cover the total program for the United States.

Mr. ELLENDER. Does the Senator mean from appropriated funds?

Mr. STENNIS. Housing from appropriated funds, and Capehart housing too. That is the total program.

Mr. ELLENDER. The Capehart funds are not appropriated. The cost of such project is privately financed and paid back through rentals.

Mr. STENNIS. That is correct. We do not appropriate money for Capehart housing. The money is authorized. The money is borrowed on a Government guarantee, and it is supposed to be paid for by allowances, but there is a cost to the Government of about $900 a year per unit for maintenance, upkeep, and so forth.

Mr. ELLENDER. I am sure the Senator is familiar with the housing units built in Bordeaux, France, a few years ago.

Mr. STENNIS. Yes.

Mr. ELLENDER. Some local contractor constructed the buildings, and we agreed to supply occupants.

Mr. STENNIS. Under a rental guarantee arrangement.

Mr. ELLENDER. Under a rental guarantee arrangement, to the tune of five-hundred-thousand-odd dollars. Lately it seems that the plans have been changed, and that there is no longer any use for the facilities. It appears from page 29 of the report that our Government paid $486,000 in rentals for facilities we never occupied. The contractor will be paid the $486,000, and will have the use of the buildings, to do whatever he desires with them.

Mr. STENNIS. The Senator is correct.

Mr. ELLENDER. Does the Senator know of any other projects in that category?

Mr. STENNIS. No. That is the only one I know of. I am not familiar with all of this program, but in 1953, in company with the Senator from South Dakota [Mr. CASE], I visited some of the areas and saw the conditions under which our military personnel were living.

We attended the dedication ceremonies in connection with one of the rental-guarantee projects. I realized then first-hand the need. Generally I have been pleased with the way the program has operated. I regret this loss, of course, but I think perhaps it is one of the most advantageous programs we have had, and we are continuing it on a small scale. I believe it is limited in this bill to a thousand units a year. There is some other condition, too, I believe.

Mr. ELLENDER. As to all the rental-guarantee projects, is it not a fact that the builder takes little or no risk, because he constructs the buildings, and he is guaranteed by our Government a sufficient number of tenants every year to amortize the entire cost within from 5 to 7 years?

Mr. STENNIS. Yes; that is the general plan. We offer a minimum guarantee of rent to induce the builder to construct a building, and we have certain rights so long as we choose to exercise them. I read from the report on page 38:

> At present some guarantee periods run from 5 to 10 years. It is the desire of the committee that no further contracts be entered into where the guarantee period exceeds 5 years, or not more than the period equaling the base rights agreement, if for a lesser period than 5 years.

The Senator from South Dakota has returned to the Chamber. He is very familiar with this program. Perhaps the Senator from Louisiana would like to yield to the Senator from South Dakota.

Mr. ELLENDER. It appears from page 38 that the committee has been somewhat critical of the rental program.

Mr. STENNIS. Yes.

Mr. ELLENDER. I read from page 38:

> While the committee has not looked with favor on rental-guarantee housing, it recognizes that in some countries where the need is greatest it is not always possible to arrange for commodity-credit housing, and the uncertainty of occupancy precludes the use of appropriated-fund housing; therefore, it is necessary to utilize the rental-guarantee program.

While we are on the subject of housing, I wonder if the Senator will describe for us the other methods which are used. First, we have the Public Law 480 plan.

Mr. STENNIS. That is correct.

Mr. ELLENDER. Under which we sell farm surpluses, and the funds which are collected are used to construct buildings wherever we desire.

Secondly, we have the rental guarantee program which we have just been discussing. What other programs are in effect in other parts of the world, and how do they work?

Mr. STENNIS. The Capehart housing plan would not apply in many places. The only other plan we have is direct appropriation of funds. Under that plan we put up the money.

Mr. ELLENDER. Does the Senator know what proportion of the funds appropriated in the past has been used, and what proportion of the funds proposed to be appropriated under the terms of the pending bill will be used, to construct buildings in the fashion just described, that is, from direct appropriation of funds?

Mr. STENNIS. The housing authorized in this bill is to be taken care of by the surplus commodity housing plan. All housing outside the United States will be taken care of by surplus commodities, subject to one limitation, and that is the rental guarantee. That is my recollection.

Mr. ELLENDER. As I understand, the Public Law 480 program is separate and apart from the program we are now discussing, and for which we are now making authorization.

Mr. STENNIS. It is separate and apart from the rental guarantee. The only reason we authorized any new rental guarantee authority was to take care of situations in which the testimony showed surplus commodity housing would not apply.

Mr. ELLENDER. That is, it would not apply because, for example, in the case of England, she does not want to buy any more surplus commodities.

Mr. STENNIS. That is correct.

Mr. ELLENDER. She is afraid of disturbing her own economy. She prefers that we spend American dollars. I am familiar with that situation.

We have accounted for rental guarantee housing. We have accounted for Public Law 480 housing, and also for Capehart housing.

How are the direct appropriations handled? I wonder if the Senator can place in the RECORD, if he does not have the figures available now, figures showing how much will be added under this bill by way of direct appropriations for construction of housing, and how much has been appropriated in the past for that purpose.

Mr. STENNIS. I have the figures before me. There are a few items in this bill, I believe, in that category. Under the heading of direct appropriations, the figure is $12,457,000. That is to take care of isolated places where Capehart housing would not apply. It is still the opinion of the committee that the best and cheapest way to buy housing is to appropriate the funds and put up the housing. But that is not the policy; and we do not change the policy. I believe that the figure of $12,457,000 in appropriated funds, which I have just cited, is entirely for housing inside the United States.

Mr. ELLENDER. I was speaking of construction outside the United States.

Mr. STENNIS. There are no appropriated funds this year for construction outside the United States.

May we yield now to the Senator from South Dakota?

Mr. ELLENDER. Certainly.

Mr. CASE of South Dakota. Mr. President, I was about to observe that there were some instances in which trailers were bought, rather than using any of the methods to which reference has been made. In some places where no housing could be obtained, the time element was in favor of using trailers. There is also some salvage value to trailers, and we did buy some trailers.

Mr. ELLENDER. When was that done?

Mr. CASE of South Dakota. In 1954 or 1955.

Mr. ELLENDER. From appropriated funds?

Mr. CASE of South Dakota. From appropriated funds.

Also within the past few years we have built some housing in isolated places, as the Senator from Mississippi has said. For instance, on some of the islands in the tracking range, below Canaveral, and I presume it will also be necessary below Vandenberg, and on the new range off Arguello. There may be some other isolated places where it is not possible to rent any housing. There simply is none, and it would not be possible to get a rental guarantee because there would be no customers to whom to rent other than the military. We cannot expect the men assigned to those areas, and who have families, to be without their families over any long period of time. The amount of housing needed is not great; but if no other way is provided, we must simply use appropriated funds.

Mr. ELLENDER. I am simply trying to develop as much information as possible so as to indicate the extent to which we have embarked upon the various housing programs and to express the hope that more of our surplus commodities will be used in order to construct these buildings. If this were done then direct appropriations could be reduced.

Mr. CASE of South Dakota. The Senator from Louisiana certainly is talking to sympathetic ears when he talks to this subcommittee on that subject, because it was this subcommittee which felt something ought to be done in 1953, after we had been in Europe and north Africa, and had seen the dire need for housing, where families were living 40 miles from a military post and children were being taken by automobile to school 40 miles away, and then when they got housing, even in France, in many instances, it was substandard housing measured by any standard.

As the report indicates, we have not looked with favor upon rental housing because that can become expensive. We found that sponsors for rental guarantee housing in some oversea countries wanted pretty high rent. They wanted things their way. They wanted us to guarantee rental for a period of some years, and in some instances longer than that.

The committee has put the lid on that and has said that, as a general rule, we would not approve any rental guarantee housing where the guarantee ran beyond a period of 5 years. In one or two instances we approved a period of 7 years; and I think perhaps in one instance up to 10 years. But the subcommittee has been watching this item and has been putting the lid on it.

The situation is not perfect. It is not possible to have a military program today which is subject to the changing winds of opinion in various countries, and find that the planning is always perfect. Some of the installations we would like to have become, we find, of less use by the changing technology and changing opinion in the country where the installation is located. But this is the subcommittee which proposed the use of surplus commodities.

When the subcommittee was in Spain in the fall of 1953, there was a drought. It was evident that there would not be sufficient wheat to meet the needs. So we returned to the United States and arranged for a hearing with the Department of State, the Department of Agriculture, the Department of Defense, and insisted that they get together and seek to use some of the credits which could be established by the sale of wheat to Spain. We found some reluctance on the part of the Department of Defense to do that. I recall the admiral in the Department of Defense who said it would be simpler to draw a check to pay for the housing. But we appealed to the White House to get some support from the executive side to have these branches of the Government cooperate. We suggested that the State Department should get off its high horse; that the Department of Agriculture should make a determined effort; and that the Department of Defense should not hesitate to get credits and pesetas. They could store pesetas much cheaper than they could store grain.

So the Senator is talking to sympathetic ears when he says to this subcommittee that he would like to have housing accomplished by the sale of more surplus commodities.

Mr. ELLENDER. I am familiar with what the subcommittee has done. I wish to compliment the Senators who serve on it. The great difficulty, however, has been not because of action taken by the subcommittee. Rather, it is the fault of the military planners. In many instances, housing programs are begun where it may have been possible for the Army, the Air Force, or the Navy to tell well in advance the length of time the particular branch of the armed services would be in that location.

For instance, in the case of Burtonwood, England, to which I have referred, the armed services should have known when they were going to leave. Yet the Government spent hundreds of millions of dollars to build big homes and warehouses there, only to abandon them almost before they were occupied.

Mr. CASE of South Dakota. Burtonwood is a big depot. A large amount of money was spent there.

Mr. ELLENDER. I understand that and it has been abandoned. That is what I am complaining about. I have no doubt that in many other areas of the world the same thing has occurred or will occur. Of course, the subcommittee is not to be blamed for that. The subcommittee takes its advice from the armed services.

Mr. CASE of South Dakota. Not always. Since the Senator from Louisiana brings up that point, I hope he will permit me to say that the subcommittee went into north Africa and stopped the construction of a headquarters base at Rabat Salet.

When Secretary Talbot went there and investigated, he agreed with the recommendations of the subcommittee as to the construction that was to have taken place at Rabat Salet.

In Spain, in the first week of April of this year, I was pleased to have representatives of the Air Force tell me that they were glad we had done that. They could see that it was wise that we had stopped construction.

There were other installations originally contemplated which were not built because this subcommittee was farsighted enough to say, "Do not build them."

Mr. ELLENDER. I am glad to hear that, and I hope that if any similar projects come up for consideration, and the committee sends someone to look at them, they will have the foresight to say, "Don't go ahead with this work."

Mr. STENNIS. The Senator from South Dakota has worked diligently on the matter of housing and toward bringing into proper focus this problem in Europe and also in north Africa. He has familiarized himself with as much detail as he possibly could. He has used excellent judgment, from which the committee has benefitted.

The Senator from South Dakota took an active part in the committee's work toward having commodity credit funds used. I think the Department of Defense, too, has responded and deserves a great deal of credit this year.

All this housing was built within the commodity credit program except where there were special plans.

Mr. ELLENDER. I join with the Senator from Mississippi in paying tribute to the Senator from South Dakota. I know what a hard trader he is, because I have had some dealings with him in respect to some public works projects in my own State. I know he is a hard worker and considers every detail before he makes up his mind.

Mr. STENNIS. Before the Senator makes a comment about abandoning Burtonwood, let me point out that a change of plans or a change of emphasis in military programs is an essential part of such programs. We always have to review and revise, particularly military programs. Perhaps it was not due to any shortsightedness on the part of Congress or the Department of Defense, either, that Burtonwood was built, and then its activities were lessened.

Mr. CASE of South Dakota. The subcommittee also was careful to see that the rental guarantee housing was made available not only to the dependents of Defense families. We made the use of such housing eligible for other U.S. personnel stationed in the areas where the accommodations existed, where they could use such housing in order to supply a part of the guarantee. If we could supply other U.S. customers, they also could use the housing, in order that we would not have to make up the guarantee by cash.

Mr. STENNIS. On the question of trying to expand Commodity Credit housing and on military installations, I have prepared an amendment which could not be formulated until after our committee had finished its work. I shall offer it in the hope that it can be taken to conference, to see if we cannot then further expand the program and use Public Law 480 goods, even for items which are more strictly military, such as runways.

Mr. ELLENDER. I appreciate the willingness of the Senator from Mississippi to answer questions.

Mr. STENNIS. The Senator from Louisiana has made a great contribution to the debate, as he always does.

Mr. ELLENDER. I should like to know the extent to which the committee goes into details, or makes studies, to determine whether facilities in, let us say, the continental United States are necessary or whether they could be postponed. For instance, there is one item of construction at Fort Knox, Ky., where it is proposed to spend $347,000 to build a post office. I wonder if that project could not be postponed.

It is also proposed to construct many chapels. I favor chapels. However, I see one listed here for Fort Greeley, Alaska, to seat 300 persons, which will cost $584,000.

Mr. STENNIS. It is necessary to multiply by 2½ times the ordinary construction costs in the United States if a building is to be built in Alaska.

Mr. ELLENDER. I understand that. I see an item to be built at Pittsburgh. Pittsburgh is not far distant, and it is quite a large city where I am certain our service people could get all the facilities they desire and could purchase all the things they need. Yet it is proposed to provide exchange sales stores, snackbars, and a service club, to cost in excess of $350,000.

Mr. CASE of South Dakota. Mr. President, will the Senator from Mississippi yield, so that I may comment upon those items?

Mr. STENNIS. I yield to the Senator from South Dakota. I have an answer as to one of them.

Mr. CASE of South Dakota. With respect to the chapels, I admit that possibly I am a little less severe regarding the requests of the Defense Department than I am in the case of some other items.

During the past summer it was my privilege to dedicate one of the chapels. The military base was located about 12 miles from the nearest city or town. The military personnel and their dependents who were living on the base were in excess of 7,000 or 8,000, in addition to several other thousands who lived in the city. When I realized the appreciation of the mothers and when I heard the comments made by the mothers about having a chapel with a little wing where the boys and girls could have their club activities and when I heard them say it was much easier to get their youngsters to go to Sunday school if there was a chapel on the base, rather than if they had to get them together and take them 12 miles to town, I felt that the money was well spent. That happened to be on a base of the Strategic Air Command, in connection with which our great problem is to keep trained personnel.

I must say that when it comes to providing facilities that make it possible for an airman to say to his wife, "We are going to have a chapel" or "we are going to have an educational wing" or even "we are going to have a swimming pool, so our kids can grow up like kids in a normal community," and when that can be used as an argument to keep the trained personnel in the Air Force and persuade them to pursue their careers in it, I may be a fairly good mark for such an argument.

The costliest thing we have in connection with the Strategic Air Command is personnel. It takes a great deal of money to train them. If an airman reaches the point where he is a good mechanic or a good aviator or a good navigator or is highly trained in electronics, if we have to train others to replace them, that costs a great deal more than to provide chapels which enable their families to say, "Our kids can grow up like normal kids," because of having those facilities.

Mr. LONG. I agree, where the facilities are necessary.

Mr. CASE of South Dakota. Does not the Senator think the chapel in Alaska was necessary?

Mr. ELLENDER. One of my constituents visited a chapel in Olmstead, Pa. There was a good chapel there, built during the war. But the Armed Forces want a new one which will cost $304,000. It seems to me that in that case, as well as in other cases about which I have information and data before me, the work on the new ones could be postponed, instead of using borrowed funds upon which the Government will have to pay 4 percent interest or even higher interest rates, in order to obtain the funds.

Another case—one not too far from here—is at Andrews Field. It is only 10 miles from here. There are all sorts of amusement facilities all around the field. But this measure would provide $755,000 to build an open mess for the noncommissioned officers. That building will cost $755,000, and the field is located only a few miles from here. I am sure the airmen there have access to adequate facilities.

Mr. CASE of South Dakota. Does the Senator from Louisiana really think it is better for the morale of those noncommissioned officers to be required to come into Washington, to some of the attractions in this city, rather than to have a mess hall on the base?

Mr. ELLENDER. I do not know; but we have done all sorts of things to keep personnel in service, as the Senator from South Dakota knows. We have raised their pay and we have given them this, that, and the other thing. I think any good thing can be overdone.

Mr. STENNIS. Mr. President, I believe in ample freedom of debate, and ample time for that purpose; but I desire to finish the overall presentation of this measure.

Mr. President, may we have order? Will the Chair please do something more than merely tap the gavel and request order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. STENNIS. Mr. President, will the Chair please get order, instead of merely tapping the gavel? There are quite a few Senators who are waiting to ask questions.

Let me say to the Senator from Louisiana that the committee has very carefully scrutinized the entire program he has mentioned; and the committee has done so for many years. We have eliminated a great many semideluxe or deluxe items of the kind to which he has referred.

Of course my observation is that the chapels are among the last thing that are requested by the Department, although they should be the first.

Let me refer particularly to the recreational facilities in isolated areas. For instance, I remember on one Sunday afternoon seeing a group of young sailors, on Kodiak Island, with no place to go except the beer hall, and with nothing to do except drink beer. I revised a great deal of my thinking along that line, as did others who saw that.

In the case of the items to which the Senator from Louisiana has referred—such as the one at Pittsburgh—let me say that one is not in the city of Pittsburgh; it is in the Pittsburgh area, out in Allegheny County. That is a part of the program which this very committee has criticized as being overdone—the program for the ground-air defense, which is a classified matter. But if the men are to be there on duty, day and night, our position was that small recreational facilities—one of them for $102,000 and the other for $126,000—are the minimum we can do for their recreation, such as the snack bar, the exchange, the retail activities, and so forth.

Mr. ELLENDER. The facilities to which I have referred——

Mr. STENNIS. They are in the Pittsburgh area; and that program is classified.

Mr. ELLENDER. The cost of the facilities to which I referred total approximately $350,000. Are all of them on the same base?

Mr. STENNIS. They serve several different military installations, but they are connected with the ground-air defense in that area. They are on the confidential list which I have before me, but which I cannot read to the Senate now.

The program is one about which the committee is not happy. But there must be minimum facilities to carry it out. I know that some of the men who are on duty day and night are entitled to some facilities.

In the case of Andrews Field, a transfer has been made from Bolling Field to Andrews Field. The main reason for that transfer is to relieve the heavy air traffic pattern over and around the city of Washington, as the Senator from Louisiana knows. A separate mission is really being set up there; Andrews Field has a mission of its own; but there is an added mission, and those facilities must be installed.

We did eliminate some of the items which were requested. But the Senator from Louisiana has urged that we did not eliminate enough. We eliminated $1,800,000 of the increment; and this is the second of three increments, before that transfer was made.

Mr. ELLENDER. Will the Senator from Mississippi object if I request consent to have printed at this point in the RECORD a tabulation showing the various facilities which are being built at certain places? I should like to have this tabulation printed in the RECORD, in connection with my remarks.

Mr. STENNIS. Certainly not; I shall be glad to have the Senator from Louisiana do so. Mr. President, I ask unanimous consent for that purpose, for I believe the printing of the list is very timely.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list submitted by Mr. ELLENDER was ordered to be printed in the RECORD, as follows:

H.R. 5674—Senate

ARMY—1960 AUTHORIZATION

[In thousands of dollars]

Installation	Item	Cost
Fort Knox, Ky	Post office	347
Fort Greely, Alaska	Chapel (300-seat) with refectory.	584
Schofield Barracks, Hawaii.	Chapel (600-seat) with refectory.	797
Army Security Agency (location 03, Okinawa).	Chapel	145
	Service club and theater.	306
	Post exchange	84
Missile Master and electronic facilities, Pittsburgh Defense Area.	Exchange sales store and snackbar.	102
	Service club	148
Missile Master and electronic facilities, Philadelphia Defense Area.	Exchange sales store and snackbar.	55
	Enlisted men's service club.	148
Total, Army		2,716

NAVY—1960 AUTHORIZATION

[In thousands of dollars]

Installation	Item	Cost
NAS, Pensacola, Fla	Chapel	400
NAS, Lemoore, Calif.	Community buildings	1,326
PMR, Point Mugu	Chapel	544
NRRS, Sugar Grove	Navy exchange	311
	Recreational building, all-purpose gym (includes enlisted men's club in building).	425
Total, Navy		3,006

AIR FORCE—1960 AUTHORIZATION

[In thousands of dollars]

Installation	Item	Cost
Eielson Air Force Base.	Open mess, noncommissioned officers.	780
Do	Chapel, annex	195
Duluth Air Force Base.	do	128
Richards-Gebaur	do	137
Mather	Open mess, noncommissioned officers.	477
Andrews	do	755
Bunker Hill	Theater	306
Clinton County	Open mess, noncommissioned officers.	373
Do	Open mess, officer	397
Glasgow	Exchange cafe (addition).	220
Bunker Hill	Chapel	396
Do	Exchange	272
Do	Open mess, noncommissioned officers.	456
Do	Theater	357
Turner	Chapel annex	162
Adair Air Force Station.	Chapel	198
K. I. Sawyer	Open mess, officer, addition.	468
Olmsted	Chapel	304
Charleston	Chapel annex	102
Clinton County	Store, commissary	282
McConnell	Chapel, annex	109
R. I. Bong	Commissary	319
Iwo Jima Airbase	Bowling alley	188
Do	Open mess, noncommissioned officers.	460
Do	Recreation facility	640
Kunsan Air Force Base.	do	169
Iraklion, Crete	Open mess, noncommissioned officers.	157
San Vito	Theater	122
Kume Shima	Recreation workshop	17
Miyako Jima	do	17
Okino Eraba Shima	do	17
San Vito	Open mess, noncommissioned officers.	142
Do	Open mess, officer	145
Do	Chapel	130
Samson	Theater	148
Trabzon	do	139
Sand Bay	Open mess, noncommissioned officers.	188
Northeast Cape	Recreational facility	327
R. I. Bong	Chapel	396
Do	Exchange	272
Do	Open mess, noncommissioned officers.	456
Do	Theater	357
Total, Air Force		11,680

AIR FORCE—PRIOR YEARS' AUTHORITY—PROPOSED FOR FUNDING WITH 1960 APPROPRIATIONS

[In thousands of dollars]

Installation	Item	Cost
Main site, Turkey	Commissary	234

Mr. ELLENDER. Mr. President, I wish to say that I am not complaining about the construction of chapels, and so forth.

Mr. STENNIS. I understand.

Mr. ELLENDER. But the point is that in the case of many of these items, they are to replace buildings which are still serviceable and quite adequate. Of course, I have contended for many years that the armed services seem to request all they can get, in order to construct new facilities, although the existing facilities might do.

Mr. STENNIS. Yes; and that is one of the guidelines we have.

Mr. ELLENDER. The Senator from Mississippi may remember that 4 or 5 years ago an effort was being made to build a brand new veterans' hospital with 500 beds at Fort Belvoir; but there already was available there a hospital with beds for 1,500 men, and a new hospital was not needed.

That year we were successful in having that item deleted from the bill. I do not know what has happened to the item since then; I presume they finally succeeded in getting a new hospital there, built of brick and mortar.

But I have visited some of these facilities. Whereas some of them are not of the best, they certainly can serve for a long period of time.

I was in hope that in the case of many of these projects, the subcommittee would have a chance to send someone to look at the sites of the specific improvements proposed to be made, in order to ascertain whether existing facilities might not suffice—and thereby save some money.

Mr. STENNIS. I think the comments of the Senator from Louisiana are very timely. But I assure him that we have screened these as best we could. The Appropriations Subcommittee on Military Construction is further screening them now. I certainly appreciate the attitude and the contributions of the Senator from Louisiana.

Mr. ERVIN and Mr. KEATING addressed the Chair.

Mr. STENNIS. Mr. President, I previously told the Senator from North Carolina that I would yield next to him. Therefore, I yield to him at this time.

Mr. ERVIN. Mr. President, I wish to ask the able Senator from Mississippi in regard to the Nike-Hercules program.

Mr. STENNIS. Certainly.

Mr. ERVIN. It is not true that when the House bill for the construction of these military projects was first considered, the Senate Armed Services Committee proposed that the Senate adopt an amendment which would have done, among other things, the following: First, it would have deleted new authorizations of approximately $17 million, which were designed to procure new sites and the construction of new sites for the Nike-Hercules program; and, second, it would have rescinded certain authorizations made last year by the Congress for sites of this nature.

Mr. STENNIS. The Senator from North Carolina is correct. We first deleted $17 million of funds from the bill; I refer to funds which were to be used for the construction of Nike bases.

I was interrupted, and I did not understand the second part of the question the Senator from North Carolina asked.

Mr. ERVIN. Did not the amendment also provide for the withdrawal of the deletion of certain authorizations of such sites as had been made by the Congress last year?

Mr. STENNIS. The Senator from North Carolina is correct; and I say here that one of the primary purposes was to force the making of a review of this entire program.

Mr. ERVIN. While I should like to have done.

Mr. STENNIS. We decided we were not going to get it unless we took some action to bring the issue to a head.

Mr. ERVIN. After the committee had taken action for that purpose, the Defense Department made reply to the committee to the effect that the Defense Department thought there was a place in the overall national defense program for a continuation, to a more limited extent, of the Nike-Hercules program. The Defense Department asked the committee to reconsider the matter, and the committee did reconsider, after the Defense Department had presented to the committee a revised program in that respect.

Mr. STENNIS. That is correct.

Mr. ERVIN. I will ask the able and distinguished Senator if it is not also true that the Defense Department representatives, including the Secretary of Defense proposed, before the Armed Services Committee a revised program which contemplated, among other things, a continuation, to a more limited degree, of both the Nike-Hercules program and the Bomarc program, and an expansion of the Nike-Hercules program.

Mr. STENNIS. The Senator is correct, except that the revised plan was not exactly an expansion of the Nike-Hercules program. It involved some reduction of the Nike-Hercules program. Otherwise the statement is correct.

Mr. ERVIN. In other words, it involved a reduction of the Nike-Hercules program and a reduction of the Bomarc program, but an intensification of the Nike-Zeus program.

Mr. STENNIS. Yes; the research and early development of the Nike-Zeus program. The Senator is correct.

Mr. ERVIN. I should like to ask the Senator a further question. Believing it might be necessary to provide for a restoration of the some $17 billion of additional authorizations which had been deleted, I had had prepared an amendment, which I had intended to offer, making a restoration of the amount which I thought would be necessary to carry out the revised program of the Defense Department. But, as I understand, the Defense Department has assured the committee that if the Senate will restore the authorizations for certain sites and construction for the Nike-Hercules program which were made last year by the Congress, it will be unnecessary for the Congress to restore the approximately $17 billion which had been deleted.

Mr. STENNIS. The Senator has correctly stated the situation, as the Senator from Mississippi understands it. After getting that assurance, the proposal to deauthorize those bases was withdrawn—all bases authorized then and authorized now—and the Secretary of Defense has advised the committee that, because of a backlog of authorizations, it is not necessary even now to authorize the $17 billion; that the revised program which the committee put back in the bill will provide enough authorization to proceed.

Mr. ERVIN. In other words, under the bill as it now stands, when coupled with prior authorizations, it will be possible for the Defense Department to carry out its program without any additional authorization. Is that correct?

Mr. STENNIS. That is correct. That is so stated in the letter written to the Senator from Mississippi on that point.

Mr. ERVIN. Since the circumstances are as they have been stated, it is no longer necessary for me to offer the amendment which I had contemplated offering.

Mr. STENNIS. I think the Senator is correct.

Mr. ERVIN. If the Senator from Mississippi does not object, I should like to have the amendment printed at this point in the RECORD, with the understanding that it will not be pressed for action.

Mr. STENNIS. Mr. President, I ask unanimous consent that it may be placed in the RECORD at this point.

The PRESIDING OFFICER (Mr. CLARK in the chair). Without objection, it is so ordered.

Mr. CASE of South Dakota. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Chair will withhold ruling on the request.

Mr. CASE of South Dakota. Reserving the right to object, Mr. President, I should like to make it clear that, by printing the amendment following the colloquy, there should be no interpretation made that the subcommittee had agreed to the matter encompassed in an amendment which had not been read to the Senate.

Mr. STENNIS. The amendment is merely to be printed in the RECORD. As the Senator from Mississippi understands, the wording of a bill cannot be changed merely by reading an amendment.

Mr. ERVIN. Mr. President, I should like to assure the Senator I did not offer the amendment to be printed in the RECORD for that purpose, but I merely offered it for printing for the purpose of showing I had prepared an amendment which I had intended to offer, but, by reason of what had taken place, I was not offering my amendment, which expressed only my own personal opinion as one Senator.

Mr. STENNIS. The bill speaks for itself. We restored the program with the specific understanding that it would be reviewed again and that all the sites were going to be considered from the military standpoint.

The PRESIDING OFFICER. The Chair is not advised as to whether the objection to the request of the Senator from North Carolina has been withdrawn.

Mr. CASE of South Dakota. Mr. President, I withdraw my reservation.

The PRESIDING OFFICER. The reservation is withdrawn, and the unanimous-consent request is agreed to.

There being no objection, the amendments of Mr. ERVIN were ordered to be printed in the RECORD, as follows:

On page 5, line 7, of the committee substitute, strike out "$13,194,000" and insert in lieu thereof "$29,026,000".

On page 6, line 14, strike out "$81,830,000" and insert in lieu thereof "$83,330,000".

On page 41, lines 23 and 24, strike out "$65,900,000" and insert in lieu thereof "$81,732,000".

On page 42, line 1, strike out "$81,830,000" and insert in lieu thereof "$83,330,000".

On page 42, line 2, strike out "$181,940,000" and insert in lieu thereof "$199,272,000".

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I know how hard the committee worked on the bill and the judgment it exercised in holding the feet of the Defense Department to the fire in order to get the results which have been obtained. Senate bill 2280 is a clean bill, arrived at as a result of action on the Nike-Hercules, the Bomarc, and so forth.

I should like to call to the Senator's attention section 418, which appears on page 54 of the Senate bill. In that section the Secretray of Defense is requested to make a report before July 31 of this year, to answer five questions, and to give the answers to those questions to the Committees on Armed Services of the House and of the Senate.

This is the question I wanted to ask the distinguished chairman of the subcommittee: The purpose of that report is to provide the basis of a further study; is it not? The first study was a rather hasty one. Is that correct?

Mr. STENNIS. Yes.

Mr. SALTONSTALL. From such a report it could be ascertained whether the judgment of the committee had been confirmed and whether there should be any changes in its judgment. Is that correct?

Mr. STENNIS. The Senator is correct. He has well stated the situation. The revised plan was necessarily hurriedly considered and was brought before the subcommittee and the full committee. There were telephone conversations with the Secretary of Defense, Dr. Holaday, and others. The question involved was the military soundness and the feasibility of the program. The agreement reached was that there would be another review of the question to make certain the judgment which had been rendered was the correct one. It was not contemplated that the law would be changed after July 31; that date was arrived at merely to set a definite date on which there would be a further appraisal and a further report.

Mr. SALTONSTALL. May I ask one more question to clarify the understanding?

Mr. STENNIS. Certainly.

Mr. SALTONSTALL. The answers which are requested to the questions may be very broad. It certainly is not the intention of the subcommittee or of the distinguished Senator from Mississippi to have the Chiefs of Staff or the Secretary of Defense give publicity to the programs

of the defense of our country over the next 5 years.

Mr. STENNIS. Of course not. The subcommittee has had considerable difficulty over the years in having decisions made. Split decisions are still being made, and there are still double track programs. We want a further review.

Mr. President, perhaps the Senator from South Dakota would like to say a word on that point.

First, may we have order, Mr. President?

The PRESIDING OFFICER. The Senator will suspend. The Senator from Mississippi has on many occasions pointed out the desirability of the Senate's maintaining order. The Senate will be in order.

The Senator from South Dakota may proceed.

Mr. CASE of South Dakota. Mr. President, the chairman of the subcommittee, in his opening remarks, credited me, I think, with the language or the suggestion contained in section 418. Therefore, I welcome his suggestion that I comment on the intent, the scope, and the meaning of this section.

Let me say first that there is no Member of the Senate, I think, who is more desirous than I am of maintaining the control of the Defense Establishment in a civilian Secretary of Defense. I would regret it if at any time the Congress took action to put a man who has a primarily military background in the position of the civilian Secretary of Defense. I think that is a tradition we should protect. At the same time I feel that when we are making decisions which involve basic military policy, the Congress and the committees of Congress are entitled to the opinions of the military heads of the several services as to the efficacy and dependability of the defense programs submitted.

Mr. SALTONSTALL. There is no question about that.

Mr. CASE of South Dakota. In all fairness it must be said that in this review program the submission was made to the subcommittee by the Secretary of Defense and by other civilian heads. The heads of the military services did not participate in the presentation to the committee of the so-called revised plan or the so-called master plan. One general of the Army was called before the committee to testify with respect to certain scientific developments, but we did not have direct testimony from the Joint Chiefs of Staff or from the Chiefs of Staff for the various services as to their opinions about the adequacy or the efficacy of the revised master plan.

It is true we had general statements on the plan by the Secretary of Defense, but I personally felt we should also have the assurances of the Chiefs of Staff that they regarded the authorized program as proper.

I have never felt that the committees of the Congress should surrender their own responsibility or back away from their responsibility in making decisions. This subcommittee, under its able chairman, the Senator from Mississippi, has said to the Defense Department, "We want you to make some decisions." I think the phrase was used, when the able Senator from Mississippi was questioning the Secretary of Defense in the Committee on Appropriations about this matter, "holding our feet to the fire." In fact, that was the phrase which the Secretary of Defense himself used. The committee did that by the action proposed on the original treatment of the House bill, H.R. 5674. We did force a decision, so to speak. We did get a decision. While it was perhaps hurried to a certain extent, the Defense Department was pretty definite and made some recommendations.

I felt we should have the benefit of the direct testimony of the Chiefs of Staff with reference thereto, so I proposed what became section 418, in order that we should have a further review by the Secretary of Defense and a further report by him to the Armed Services Committees of the Senate and House of Representatives.

The Senator from Massachusetts says this is broad language, and the Senator wants to be sure it is not expected the opinions of the Chiefs of Staff will be broadcast to the world, or even to the country, with respect to the nature of any military threat. There was no such intent as that in the language or in the proposal. The language does not call for a published report; it calls for a report to the Armed Services Committees. The Secretary of Defense would be in entire control over the security classification given to any such report.

Mr. SALTONSTALL. It could be a verbal report?

Mr. CASE of South Dakota. It could be a verbal report. It could be—and I presume initially, at least it would be—a report in executive session, with security classification entirely under the control of the Secretary of Defense.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. JACKSON. The regular rules of classification will apply to this report, as they apply to anything else.

Mr. CASE of South Dakota. I should think so.

Mr. SALTONSTALL. I thank the Senator from South Dakota, the Senator from Washington, and the Senator from Mississippi.

The PRESIDING OFFICER (Mr. CANNON in the chair). The Senator will suspend. The Senate will be in order. Senators desiring to converse will retire to the cloakrooms.

Mr. SALTONSTALL. The committee had in mind, I believe, getting a more full, a more calm, and a more careful estimate of the effectiveness of the Bomarc, of the Nike-Hercules, and of general defense.

Mr. STENNIS. The Senator is correct. I think the language will carry out the desire.

Mr. KEATING. Mr. President, will the distinguished Senator yield to me?

Mr. STENNIS. If the Senator from New York will permit me, I should like to yield to the Senator from Washington [Mr. JACKSON], who is a member of the subcommittee and who worked long on the bill. The Senator from Idaho [Mr. CHURCH] has been on his feet ever since I have, almost.

Mr. KEATING. I shall be glad to take my turn.

Mr. STENNIS. Mr. President, I ask unanimous consent that I may yield to the Senator from Washington such time as he may wish.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi?

Mr. KEATING. Mr. President, I have only a short question about one provision of the bill. I do not think it will take much time.

Mr. STENNIS. Very well.

Mr. KEATING. It has to do with section 415, relating to what is apparently a new method of examining into unit costs.

Mr. STENNIS. May I ask the Senator from New York and also the Senator from Idaho, who is interested in the same subject, to let me cover the point in my general statement? That might clear it up to some extent.

The Senator from Washington at my request has been waiting. May I yield to him, Mr. President?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Mississippi.

Mr. JAVITS. Mr. President, in connection with this title matter, would the Senator also remember to yield to me?

Mr. STENNIS. Certainly.

The PRESIDING OFFICER. The Chair hears no objection, and the Senator from Washington is recognized.

Mr. JACKSON. Mr. President, I should like to associate myself with the remarks of the distinguished chairman of our subcommittee [Mr. STENNIS] and the able ranking Member on the Republican side, the distinguished Senator from South Dakota [Mr. CASE].

I should like once again, as I have in the past, to let the Senate know the unanimity of the subcommittee in acting on all these matters. The party aisle has been absent in the deliberations over the problems presented to the committee.

I want to commend the chairman of the subcommittee [Mr. STENNIS] for his tireless and effective efforts, and Mr. CASE for his able work on all aspects of this bill.

We have three new colleagues on the committee, the Senator from California [Mr. ENGLE], the Senator from Nevada [Mr. CANNON], and the Senator from Maryland [Mr. BEALL]. These Senators have made outstanding contributions in their first year on the subcommittee.

Our new staff director, Mr. Gordon Nease, has done a first-rate job.

I should like to make a few comments of a supplemental nature in connection with the pending measure.

Mr. President, we have cut the "fat" out of the bill wherever we could find it, without impairing the "muscle." Not one item deleted from the bill would in any wise impair our overall military capacity.

In this connection, I think the Senate should be advised that there may well

be need for a supplemental authorization for additional ballistic missile sites prior to the adjournment of the Congress. There is a substantial lead time involved in the construction of base sites. We should authorize additional ballistic missiles of a strategic nature and should meet the concurrent requirement of providing the additional bases.

Mr. President, closing the missile gap and building an indestructible retaliatory force is the real deterrent to a Soviet attack upon the free world.

The air defense problem resolves itself into two parts. One part relates to the threat of the air-breathing vehicles, manned and unmanned. In this area we have, first of all, interceptors, and we also have the Bomarc coming in, and the Nike-Hercules, and the Nike-Ajax.

Mr. President, I think it is the feeling of most of us on the committee that if we are going to take advantage of the existing defense capabilities in this area, we should expedite our effort to the point where we can wrap it up and get on with the job of trying to find an answer, if it is possible, to the next problem of air defense. This, of course, pertains to the threat of intercontinental ballistic missiles.

Science has been unfair in its treatment of the offense and of the defense. Science has been uniquely partial to the offense, but niggardly in aid to the defense. With the development of new offensive systems, the role of defense becomes almost impossible, so we must rely more and more on the invulnerable deterrent. In other words, we should achieve at the earliest possible date a deterrent retaliatory force which the enemy cannot knock out in a surprise blow. When the enemy knows we have that capability at all times, no matter what kind of an attack he contemplates unleashing upon the United States and upon the free world, he will hesitate before undertaking such a dangerous adventure.

So in connection with the problem of the ballistic missile threat, with the progress of science working constantly in favor of the offense, there will come a time when we must tell our citizens we may not have a ready answer to that threat.

We should be intellectually honest with the American people on this point. I know that eminent scientists who are competent to speak in this field have serious reservations as to our ability to provide an effective defense against ballistic missiles. This is not to say that we should not make every effort. I venture the guess that even though we make every effort in this field, we may well fall short of the kind of defense anticipated and expected by our people. The people should be told the facts, because if we go off on a wild spending spree for defense against missiles, we may well be taking dollar resources and limited manpower resources away from those vital areas which pertain to our deterrent capability, with the result that we may provide ourselves an inadequate deterrent to war.

I should like to make two observations in connection with the overall air defense problem, and particularly the ballistic missile effort.

First, we need to continue to maintain our detection and identification systems. This is important from the standpoint of defense, and absolutely essential for the successful operation of our retaliatory forces. They must be notified. They must be placed on the alert.

Second, we should proceed with all diligence and prudence in the research and development effort now being undertaken by the Army in connection with Nike-Zeus. We should explore all avenues which might lead to an answer to the ballistic missile problem.

We heard considerable testimony in the committee. We heard from Dr. Herbert York, of the Department of Defense, an able scientist, who assured the committee that this was being done.

We should push the Nike-Zeus along with rapidity, but we should make sure that before we start purchasing hardware, and before we invest large sums of money, we have a workable program. We sympathize with the terrible problem which has been thrust upon the Army in connection with its responsibility in this field, because, as I stated a moment ago, science has been unfair in its treatment of the defense. It has given most of the advantage—and this advantage increases each year—to the offense.

Let me make one last point. The most important thing that we can do today—and it should be done without delay—is to improve our organization within the Department of Defense, dealing with the problem of air defense. We have done a fairly good job in bringing about unification of command as it pertains to the Department of Defense. But when it comes to providing the necessary hardware and equipment in support of our air defense objectives, we find a fractionated situation on our hands.

The truth is that decisions as to the type of equipment which should be used in support of our air defense objectives are divided among the services, resulting in unfortunate interservice conflict.

In connection with the submission of the so-called air defense master plan, our committee was faced with a unique situation, in which we did not have one bit of testimony from the Joint Chiefs of Staff. We had to rely primarily on the testimony and advice of Dr. Holaday, in the Department of Defense. We hope—at least I hope—that out of all this we will get from the Department of Defense some assurance that there will at least be unification in this area of air defense, an area which is so essential to our survival, an area in which we can save billions of dollars if we exercise a little more prudence in organization.

Mr. STENNIS. Mr. President, I thank the Senator from Washington for his very fine statement and contribution to the RECORD. I do not believe there is any Member of the Senate—without exception—any better qualified to speak with intelligence, knowledge, and discretion on this subject than is the Senator from Washington.

Mr. CASE of South Dakota. Mr. President, will the Senator permit me to associate myself with those sentiments?

Mr. STENNIS. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. I believe that the Senate Committee on Armed Services and the Subcommittee on Military Construction are exceedingly fortunate to have as a member the distinguished Senator from Washington. His background and knowledge of the scientific aspects of defense are invaluable. He warns us that we must not buy obsolescence. He is on the alert to see that we do not. It is a pleasure for me to associate myself with the comments the Senator has made.

Mr. STENNIS. Mr. President, I ask the indulgence of three Senators in particular, namely, the Senator from Idaho [Mr. CHURCH] and the two Senators from New York [Mr. JAVITS and Mr. KEATING], who have asked me to yield to them in connection with the item relating to title search and insurance. I will yield to them in the order in which they requested me to yield. First, however, I wish to offer an explanation of this section.

TITLE SEARCH AND INSURANCE

Another consideration relating to family housing pertains to title search and insurance and is contained in section 414 of the bill. This section was inserted in the bill upon the strong recommendation of the Comptroller General on the basis of audits made with respect to military housing constructed with proceeds of FHA insured mortgages. It has the unanimous approval of the Senate Armed Services Committee.

This section simply provides that, first, on request of the Secretary of Defense, the Attorney General of the United States shall furnish an opinion as to the sufficiency of title to any property on which military family housing is to be constructed with proceeds from FHA insured mortgages. That is on property already owned by the Federal Government. The Federal Government buys the land as a site for these houses.

Second. On the basis of such an opinion, the Secretary of Defense will guarantee the mortgages against any losses that may arise from adverse claims to title.

Third. Proceeds from FHA-insured mortgaged loan for construction of so-called Capehart housing shall not be used to pay title search and insurance costs.

On that point, the Attorney General may have occasion to have some title search made. Customarily that is done through local attorneys. He would still have the same authority, and could pay for the service from his funds. We do not preclude the use of title search by local attorneys.

Title search and insurance has been required for the military family housing projects because the financing arrangements for these projects are similar to those on private commercial construction. Lending institutions—the mortgagee—provides funds for construction of the housing to the builder—the mortgagor—selected by the Government on the basis of competitive bidding. At the completion of construction, the U.S. Government assumes the mortgage and

pays the mortgagee principal and interest over a 25-year period. The mortgagor-builder has been required to obtain a title search and title insurance policy even though the projects are being constructed on Government-owned land on which the Department of Justice has determined the validity of the title at the time the real estate was acquired by the Government. The cost of the title search and insurance are included in the 25-year mortgage.

In providing this title service, the Department of Justice will follow the same procedure as is now followed in all other Government cases. I have already referred to that. The mortgagee interest will be fully protected against adverse claims to title at all times, including the period of construction. In addition to the guarantee provided by the Secretary of Defense, the mortgagee is also protected through FHA insurance of the mortgage, the initial endorsement on the mortgage being made prior to the time construction commences. Likewise, during the construction period a 100-percent performance and payment bond is required which provides protection against the contractor's default and mechanics liens during the construction period.

As to the cost involved, the Comptroller General estimates that for approximately 300 housing projects now in existence the Government will pay in excess of $6 million for title search and title insurance.

I remind Senators that this is on land which the Government already owns, and with respect to which it has already proved the title.

The fee for title search and title insurance at Fort Belvoir, near Washington, totaled $15,000. The search cost was $1,000 and the insurance fee was $14,000, and, since the insurance runs for the period of the mortgage, the General Accounting Office estimates that the total cost of this project over 25 years would amount to $22,500. The Government has, of course, owned the land at Fort Belvoir a great number of years. I do not know how long—I think 40 or 50 years. I am informed that some of this property was acquired before the War Between the States. The Government has owned some land at Fort Belvoir for more than 100 years. I do not know whether this particular property has been owned that long. We do not want to set precedents which will reach over into the field of private enterprise. But consider the Air Force Academy. The land there was already owned by the Federal Government, as the committee understands the facts, for a project of Capehart housing. We paid out $32,589, as the committee figures reflect, for the title search, and $24,097 for the title insurance, a total of $56,686. That money was paid for the search and insurance of title to land which the Government already owned. So it is to meet situations of that kind that the committee recommended the approval of this section which I have already outlined.

Now I yield to the Senator from Idaho.

Mr. CHURCH. I appreciate the courtesy of the Senator from Mississippi in yielding. I should like to ask two or three questions relating to the amendment.

First, am I correct in my understanding that this amendment is designed to cover so-called Capehart-type housing located on Government property or on military installations on Government property?

Mr. STENNIS. The Senator is correct.

Mr. CHURCH. Is it not true that the committee recognizes a clear distinction between this kind of housing constructed on Government property, on military installations owned by the Government, and other types of public financed housing, such as FHA and GI housing, where the Government guarantees the loans, but the housing is located on property which does not belong to the Government?

Mr. STENNIS. There is a very clear distinction, one which the committee fully recognizes and would not propose to disturb.

Mr. CHURCH. I have received a number of communications from my home State which register concern on the part of persons who are legitimately engaged in the title business. One of the letters is from the Honorable R. M. Wetherell, of Mountain Home, Idaho; another is from Mr. Gordon Gray, president of the Twin Falls Title & Trust Co., Twin Falls, Idaho; another is from Mr. Frank C. Sparks, president of the Idaho Abstract & Title Co., Nampa, Idaho.

I think Mr. Wetherell's concern is registered, in part, in these words. He writes:

> It is very simple to visualize FHA insured loans, Veterans' Administration insured loans, Federal Land Bank Loans, Farmers Home Administration loans, and others, being handled in the same manner. If this were to ever happen, another private business, composed of small individual abstract title companies, such as my own, which pay thousands upon thousands in taxes, and employ thousands of people, would become extinct.

The concern of Mr. Gordon Gray is registered in these words:

> However, I am concerned because I believe the enactment of this section will put the Government into direct competition with privately owned title companies. If the Government is to enter the title insurance field in this instance, I fear it may do so in many others and become a real threat to us.

I have mentioned these letters simply to make it clear that the committee does not intend this provision to constitute a precedent of any kind which would have the effect of opening the door toward embracing other public-financed housing guarantees in fields unrelated to military installations on Government property. Am I correct?

Mr. STENNIS. The Senator from Idaho is correct. The committee does not propose to go any further than this amendment goes, and does not wish to invade private enterprise at all, as outlined by the Senator. This is simply a case where the Government already owns the land and is guaranteeing everything from the first movement until the very last, which will extend over a period of many years. It has already acquired title. It has already looked into the sufficiency of it. We simply thought it was absolutely necessary that the Government be protected.

But if any title search work is to be done or if any abstract work is to be done, the Attorney General, of course, will be authorized to employ such local facilities and professional skill as he may see fit to do.

Mr. CASE of South Dakota. Mr. President, will the Senator yield at that point?

Mr. STENNIS. I yield.

Mr. CASE of South Dakota. This matter has, I think, been brought to the attention of all members of the subcommittee. In considering it, it has occurred to me that possibly our language might be revised at one point. Here I should like to place a suggestion in the RECORD, in order that it might be studied between now and the time the bill goes to conference.

The last sentence of section 414, on page 51 of the bill, reads:

> None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs.

That language would preclude the use of any of the proceeds of any mortgage loan being used for title search and title insurance costs, even though the Secretary of Defense might have been given an adverse opinion by the Attorney General.

What I fear is that if the Attorney General found a defective title, which prevented the Secretary of Defense from guaranteeing the title, the language I have just read would prevent the proceeds of the mortgage being used to correct the title. So I suggest that we give some consideration to adding to the sentence these words:

> Where the Secretary of Defense, on the opinion of the Attorney General, has made such a guarantee.

The last sentence would then read:

> None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs where the Secretary of Defense, on the opinion of the Attorney General, has made such a guarantee.

That would make it possible, it seems to me, if a defective title were found or suspected, and which led the Attorney General to advise the Secretary of Defense against giving such a guarantee, to use the proceeds of the loan to correct the title.

Mr. STENNIS. While expressing a desire to study the language which the Senator from South Dakota has suggested, one answer is that the Attorney General could make his own search through his staff or through locally employed persons to determine the correctness of the title, and sometimes to cure the title. But we would certainly want to study any suggestion.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. JAVITS. That was going to be my point. I should like to press it a

little further. Suppose the Department of Defense decides it does not want to go into the guarantee business contending there is no liability on the United States for title having its origin in private hands, in many cases, although the Senator from Virginia says the Government has owned some of this property a long time. Why can we not let the Attorney General use a title company if he thinks that is the best way to serve the national policy? Why cut that out altogether and disable him from doing that, even if he thinks it is a good thing to do, and there will be a saving of money by doing it in that way?

Mr. STENNIS. The bill prohibits only the proceeds from loans being used for that purpose. The other avenues are open. But I think the question is worthy of study. For my part, I shall be glad to consider it.

Mr. CHURCH. I believe the colloquy which has now taken place has been most helpful in establishing a legislative record on the floor of the Senate. It will remove any possible construction that might be applied to this amendment upon which any threat to the private title business could be founded.

I think in view of the colloquy and the very helpful explanation which has been given by the Senator from Mississippi and the Senator from South Dakota, and other remarks made on the floor of the Senate, it has been made clear that this provision is meant to be applied to those restricted cases where Government property is involved and where no particular need for a special title search is necessary.

I think, in the light of the record which has now been made, this provision could not properly be construed to constitute any threat to the private abstract or title business.

Mr. STENNIS. I thank the Senator from Idaho for raising the point. He has very clearly and forcefully stated the problem.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. KEATING. I think the answers given by the distinguished Senator from Mississippi to the letters read by the Senator from Idaho are very reassuring. I have had similar correspondence. I know of the great concern of the distinguished Senator from Mississippi for the free-enterprise system, and that he would certainly be the last one to do anything, knowingly, to interfere with that system.

There are some cases, are there not, where the housing is built upon property newly acquired?

Mr. STENNIS. Yes.

Mr. KEATING. In other words, they are not all cases such as that cited by the Senator from Virginia [Mr. BYRD], where the property has been owned by the Government for many years.

Mr. STENNIS. No.

Mr. KEATING. The last sentence is the one which gives me concern. I am correct, am I not, in understanding that this is new language?

Mr. STENNIS. It is a new provision; it will be in conference.

Mr. KEATING. I hope that in conference every consideration will be given to some proposal which is considerably less than a total bar to the use of any of these funds for title search or title insurance costs. It strongly impresses me that it may actually be to the advantage of the Government, in certain cases, to obtain title insurance.

Furthermore, although figures to indicate a saving, by not continuing the present practice, have been given, I call the Senator's attention to the fact—and I know that from his experience he realizes it—that if the Attorney General is given responsibility for doing everything which a title company would do, and for giving an opinion, so that the Secretary of Defense can guarantee the title, that very likely would result in a request for a considerable enlargment of his staff, in order to meet that problem and that burden.

Mr. STENNIS. Yes.

Mr. KEATING. We encounter such situations all the time, when we give a Government department additional work to do.

So I hope this matter will receive serious consideration by the conferees for both Houses.

I am very grateful to my friend for giving me this opportunity to present this matter.

Mr. STENNIS. I appreciate greatly the remarks of the Senator from New York. He has contributed to the debate. His suggestions are very timely, and certainly the matter will be studied.

Mr. JAVITS. Mr. President, will the Senator from Mississippi yield to me?

Mr. STENNIS. I yield.

Mr. JAVITS. I think I have made my main point. But I have received an analysis of this matter from the Title Guaranty Co., William H. Deatly, president, of New York, a very large concern which is very experienced in this field. I think the points that concern has made, are, first, in regard to the question of cutting out private enterprise. I think the Senator from Idaho [Mr. CHURCH] has covered that point.

Second, in regard to the fact that a good deal of this property had its origin in private ownership, and therefore title insurance is necessary. We have covered that point.

Third, that there will be cost, even if the Attorney General does the work. My colleague from New York [Mr. KEATING] has covered that point.

Fourth— and most important of all, I believe—that we are imposing on the U.S. Government a new obligation to make guaranties, and therefore we should leave the door open to the obtaining of title insurance, if that seems the best and the cheapest thing to do. None of the title insurance companies wants the Government to spend more money; these companies are as anxious as anyone else is to have the Government save money. But these companies are not in a position to jeopardize unnecessarily the position of either the United States or themselves.

Mr. STENNIS. That is correct.

Mr. JAVITS. Therefore, I urge on the Senator, first, that the matter of leaving the door open to the obtaining of title insurance, if that is the best way to handle the matter, be left to the Attorney General; second that the provision forbidding any proceeds to be used, and so forth, be omitted, because the use of such proceeds may be the best way to proceed—in other words, to proceed in a traditional way, saving money where possible, but not saving it unwisely.

Mr. STENNIS. I thank the Senator from New York.

Mr. BYRD of Virginia. Mr. President, will the Senator from Mississippi yield to me?

Mr. STENNIS. I yield.

Mr. BYRD of Virginia. Mr. President, I rise to commend the Senator from Mississippi for his great interest in these matters and for the very fine work he has done in regard to this amendment.

I think the amendment is a good and proper one. As has been stated, it does not apply generally to the FHA program; it applies only to military projects on land already owned by the Government, where the titles to which have already been examined.

As the Senator from Mississippi knows, the same land in these projects is owned originally by the Government, find after the construction period it reverts to the Government; it is simply leased for the purpose of building the houses.

Mr. STENNIS. That is correct.

Mr. BYRD of Virginia. The situation is ridiculous. The Government owns the land. It temporarily leases the land to a builder. When construction is completed, the Government takes over the building company with all of its liabilities and assets, including the mortgage and the lease which secures it. And at that point the Government guarantees full and complete payment of the mortgage which is already insured by another Government agency—the FHA.

The Senator from Mississippi constantly amazes me, with the meticulous attention he gives to these military construction matters. I commend him in the highest terms, because he is seeking to save money wherever it can be saved.

The Comptroller General has said that in this particular instance, as the Senator from Mississippi knows, the total cost of title search and insurance fees on Capehart housing programs may amount to as much as $7,770,000, although the titles already have been examined, and although the land is owned by the Government.

As the Senator from Mississippi knows, the Comptroller General has thoroughly and carefully examined this matter; and he strongly advocates that this amendment be adopted.

I commend the Senator from Mississippi and the Armed Services Committee for going into the matter as carefully as it has.

I also commend the Comptroller General for the contribution he has made.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the comments by the Comptroller General and a statement which I have prepared.

There being no objection, the memorandum and the statement were ordered to be printed in the RECORD, as follows:

COSTS (SAVINGS)

On the subject of costs and savings with respect to the purchase of unnecessary commercial title search and insurance, a Comptroller General's memorandum of June 18, 1959, makes the following statement:

"The presently authorized Capehart program and future short-term plans for Capehart housing call for at least 140,000 housing units (91,367 now authorized, 22,000 in the fiscal year 1960 program, and 28,000 planned in total for the 1961 and 1962 programs). The title search and insurance costs thereon are computed as follows:

"Housing units	140,000
Title search and insurance costs:	
Initial costs	$5,180,000
Interest payable thereon for 25 years	2,590,000
Total	7,770,000

"This amount of $7,770,000 could have been saved if section 414 had been in effect from the inception of the Capehart program. The figure of $6 million in the above mentioned GAO letter was on the conservative side because no consideration was given to programs beyond the fiscal year 1960.

"The possible saving under section 414 is represented by the costs applicable to the more than 50,000 housing units not under construction at this date, computed as follows:

"Housing units	50,000
Title search and insurance costs:	
Initial costs	$1,850,000
Interest payable thereon for 25 years	925,000
Total	2,775,000"

STATEMENT BY SENATOR BYRD OF VIRGINIA

SOURCE

Section 414 is recommended by the Comptroller General of the United States on the basis of audits already made with respect to military housing constructed with the proceeds of FHA-insured mortgages.

The language of the section was originally drafted by counsel for the U.S. General Accounting Office. It has been checked and perfected by the Senate Legislative Counsel. It is unanimously approved by the Senate Armed Services Committee.

PROVISIONS

The section simply provides that:

1. On request of the Secretary of Defense, the Attorney General of the United States shall furnish an opinion as to the sufficiency of title to any property on which military family housing is to be constructed with proceeds from FHA-insured mortgages;

2. On the basis of such an opinion the Secretary of Defense will guarantee the mortgagee against any losses that may arise from adverse claims to title; and

3. Proceeds from the FHA-insured mortgage loan for construction of so-called Capehart Housing shall not be used to pay title search and insurance costs.

This would eliminate any reasonable requirement for outside title search and insurance, and substitute for it.

BACKGROUND

Construction of quarters for military personnel with loans under privately held mortgages insured by FHA, instead of with appropriated funds, was started in 1949.

The policy was established in a housing act; not under military construction legislation. The first of these programs was known as Wherry housing. Under this program 267 projects, including nearly 84,000 units, costing nearly $700 million in FHA-insured mortgages were constructed on or near military installations.

Wherry housing was succeeded in 1955 by another Federal Housing program for military quarters generally referred to as Capehart housing. Under Capehart housing provisions privately held mortgages totaling an additional $2.3 billion could be insured by FHA for military housing. As of March 31, 1959, mortgages totaling $1.4 billion had been insured and authorization for $900 million more remained.

CURRENT (CAPEHART) HOUSING PROGRAM

Under the current FHA-insured military housing program:

1. Practically all construction is on land already owned by the Government within the confines of military reservations—many of them under tight security. The title should be clear.

2. For each of these projects the military department involved—Army, Navy, or Air Force—leases the Government-owned land to the private builder.

3. The private builder uses the lease as security for the FHA-insured mortgage.

4. The construction costs are met with proceeds from the mortgage, and during construction a 100 percent performance and payment bond is required.

5. Immediately upon completion of the construction the military department involved takes over the private builder company, takes over the houses, assumes the mortgage, and guarantees repayment of the loan.

In summary, under present practice:

The housing is built on land already owned by the Government.

The projects are financed with proceeds from mortgages insured by the Government through FHA.

The construction is carried on under a 100 percent performance and payment bond.

Upon completion of the construction the Government, through the military department involved, takes over the housing, assumes the debt completely, and guarantees its repayment.

Under present practice, title search and insurance is added to all of this.

ARGUMENT FOR COMMERCIAL TITLE SEARCH AND INSURANCE

Three arguments are made for the present commercial title search and insurance.

1. Some lending institutions contend that even with FHA insurance, performance and payment bond, and Government guarantee, the first-mortgage status of the loan needs protection from mechanics and tax liens during the construction period.

2. Counsel for the Defense Department indicates fear (without proof or experience) that interruption of the existing routine will deter lenders, and slow down the program.

3. Title companies are contending that this is another effort by Government to compete with private enterprise, and that Federal guarantee will be extended to all FHA programs.

ARGUMENT FOR SECTION 414

The answers to these arguments are obvious.

Under section 414 the Secretary of Defense backed by the integrity of the United States Government, would guarantee the mortgagee against any losses arising from adverse claims to title in FHA-insured military housing projects.

The guarantee in section 414 is full and complete. It is for all purposes at all stages in the life of the mortgage. It protects against mechanics and tax liens, and all else.

Assuming the current and proposed rates of interest, there is no reason to think lending institutions are going to be deterred very long from such risk-proof mortgages. (The current interest rate is 4½ percent.)

With respect to title work for military housing projects: the Comptroller General says the Department of Justice performs this function in all other Government cases. The Federal Government traditionally has been a self-insurer. Section 414 simply eliminates military housing as an exception in both instances. It is contemplated that the Justice Department would follow normal established procedures.

Competition with private enterprise is not the purpose of section 414. No other Federal housing program is comparable or similar to the military program where the houses are built on Government property for Government use, to be paid for from Government funds under Government guarantee. The contention that the provisions of section 414 will be extended to other FHA programs is groundless.

SAVINGS

The current examination of this matter reveals that the elaborate title search and insurance services now being purchased for FHA-insured military housing projects is used primarily for protection in the relatively short construction period.

With this in view it is easy to understand the Comptroller General's criticism of the fact that the title search and insurance costs are paid in one advance premium from mortgage proceeds on which interest is paid for 25 years.

In fact, the Fort Belvoir audit shows that most of the title costs are for the insurance; not for the searches. This insurance is in addition to the FHA insurance on the mortgage, performance and payment bond, and the Government's guarantee of full repayment.

The fee for title search and insurance at Fort Belvoir totaled $15,000. The search cost was $1,000. The insurance fee was $14,000. The Comptroller General estimated interest on the $15,000 fee would increase the cost to some $22,500.

Estimates by the U.S. General Accounting Office indicate these costs on projects yet to be built under the current military housing program would run into millions of dollars.

The Comptroller General simply takes the position that the Justice Department could render the service necessary at far less cost.

SECTION CHECKED OUT

The only formal objection was raised by Department of Defense counsel. He suggested a substitute which would make the provisions of section 414 permissive.

Section 414 is based on a strong recommendation by the Comptroller General of the United States. It has the unanimous approval of the Senate Armed Services Committee. I support both.

Mr. STENNIS. Mr. President, I thank the Senator from Virginia for his remarks, and I accept them on behalf of the entire subcommittee, all the members of whom worked on this matter.

The Senator from Virginia has made a fine contribution, and I thank him for it. As all of us know, he is deeply concerned about these matters, and he has given this point a great deal of study.

At this time, I wish to yield to the Senator from Louisiana [Mr. ELLENDER], to whom I previously promised to yield; and then I shall yield to the Senator from Florida, if I may.

Mr. ELLENDER. Mr. President, first, I wish to thank my good friend, the Senator from Mississippi, for his patience.

Mr. STENNIS. It is always a delight to deal with the Senator from Louisiana.

Mr. ELLENDER. As the Senator from Mississippi knows, I have prepared an amendment to the bill; the amendment is intended to be submitted by me, on behalf of my colleague, the junior Senator from Louisiana [Mr. LONG], and myself.

Mr. President, I ask unanimous consent that the amendment be printed at this point in the RECORD, in connection with my remarks.

There being no objection, the amendment intended to be proposed by Mr. ELLENDER, for himself and Mr. LONG, was ordered to be printed in the RECORD, as follows:

On page 125, between lines 22 and 23, insert "Alexandria, Louisiana: Training facilities, $290,000."

On page 126, between lines 2 and 3, insert, "Bastrop, Louisiana: Training facilities, $161,000."

On page 126, between lines 7 and 8, insert "Bogalusa, Louisiana: Training facilities, $180,000."

On page 127, between lines 8 and 9, insert "Monroe, Louisiana: Training facilities, $191,000."

On page 127, between lines 10 and 11, insert "Natchitoches, Louisiana: Training facilities, $161,000."

On page 137, line 23, strike out "$8,316,000", and insert in lieu thereof "$9,299,000."

Mr. ELLENDER. Mr. President, I have discussed the amendment with the Senator from Mississippi. I am aware of his position in regard to the amendment, which would authorize the construction of certain National Guard facilities in Louisiana—one at Alexandria, one at Bastrop, one at Bogalusa, one at Monroe, and one at Natchitoches.

Mr. STENNIS. Yes.

Mr. ELLENDER. At the time the committee considered the bill, the State of Louisiana had not then provided the necessary funds to match those of the Federal Government in order to defray the cost of these installations. I wish to inform my good friend, the Senator from Mississippi, and the committee as a whole that only 2 weeks ago the Louisiana Legislature provided the sum of $325,000 in order to match the Federal funds, in connection with the construction of the facilities to which I have just referred.

Mr. CASE of South Dakota. Are all of them National Guard armories?

Mr. ELLENDER. Yes.

Mr. STENNIS. Yes.

Mr. ELLENDER. The point I desire to make to my good friend is that a limitation has been placed by the State of Louisiana in regard to the period for which the funds will be available.

Mr. STENNIS. Yes.

Mr. ELLENDER. Their availability terminates June 30, 1960.

That is what I wanted to bring to the attention of my good friend, the Senator from Mississippi. Under these circumstances, I am most hopeful he will consider accepting my amendment.

Mr. STENNIS. First, let me ask a question. The time limit in regard to the money from the State of Louisiana is until when?

Mr. ELLENDER. Until June 30, 1960.

Mr. STENNIS. If obligated by then, the money would still be available; is that correct?

Mr. ELLENDER. That is correct.

Mr. STENNIS. Let me say to the Senator from Louisiana that even though his State acted after we had closed the hearings and had formulated our policy on the bill, his request—in view of the logic of his presentation—was considered by us even further, in view of his interest and in view of the special circumstances.

But the committee had to measure that request by a very firm policy which already had been formulated, and which the committee has been applying strictly, without any exception. That is that in the case of National Guard armories for this year, we would confine our recommendations solely to armories which had been recommended by the adjutant general of each State—and of course that would also include the Governor—and also had been approved by the National Guard Bureau, and came within the budget. Under that rule—and we received many applications to vary it—we, respectfully, had to decline all which did not come within that rule, in order to carry out what we thought was a sound policy.

We are in sympathy with the National Guard armory construction program. It has a local aspect which we think is very good for the community concerned, and for the backing of the national military effort.

But a number of armories have already been authorized throughout the Nation—far more than there are appropriated funds for. So we did not add a single armory in this bill. I know that some of them in my State are very close to where I live, and were on the list. However, that fact is purely incidental. In every case, we adhered to the rule. We had to apply to the list in the case of Louisiana the same rule that we have applied to others.

So, under the circumstances, we have to oppose the proposal of the Senators from Louisiana.

But we hope there will be time, next year, to get it authorized—if it is on the list I have mentioned and if we have the same policy—in time before the State money expires.

We did make some shifts within a State, but still within the budget, when there was a desire to abandon one, in favor of another. But otherwise we made no exception.

Mr. ELLENDER. I appreciate the consideration given me by the Senator from Mississippi, and I have no illusions about the prospect of obtaining Senate approval of my amendment in the light of the Senator's remarks. Under the circumstances, it would be more or less a futile gesture for me to offer the amendment and bring it to a vote. I am most hopeful, however, that it will be possible for appropriate action to be taken by the Armed Services Committee on these five National Guard armories before the end of the 1960 fiscal year. They are needed. The State of Louisiana has available for immediate use sufficient funds to match the usual Federal contribution. These funds will lapse after June 30, 1960. I am most hopeful that these facilities can be authorized, and that both Federal and State funds can be obligated prior to June 30, 1960.

I only regret that the committee did not feel it could accept my amendment.

Mr. STENNIS. We regretfully opposed it, but we felt required to do so.

Mr. ELLENDER. I thank the Senator from Mississippi.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, a letter from Maj. Gen. Raymond F. Hufft, the adjutant general of Louisiana, dated June 24, and addressed to me; and a letter from the distinguished Senator from Mississippi [Mr. STENNIS], dated today and addressed to me, concerning the amendment we are now discussing.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

STATE OF LOUISIANA
MILITARY DEPARTMENT,
OFFICE OF THE ADJUTANT GENERAL,
New Orleans, La., June 24, 1959

Hon. ALLEN J. ELLENDER,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: The following information is submitted in accordance with request contained in your telegram this date regarding State funds for construction of armories:

Amount of funds available, $325,000.

Limitation on availability, fiscal year ending June 30, 1960.

Date of availability of funds, July 1, 1959.

Bills for the appropriation of these funds were signed by Acting Governor Frazar on June 15, 1959.

Sincerely yours,
Maj. Gen. RAYMOND F. HUFFT,
The Adjutant General.

U.S. SENATE,
Washington, D.C.

Hon. ALLEN J. ELLENDER,
U.S. Senate, Washington, D.C.

DEAR SENATOR ELLENDER: Reference is made to your letter and our oral conversation concerning the possibility of adding to the Military Construction Authorization bill for 1960 certain additional armories at various locations in Louisiana.

This matter, along with other similar ones, was given the careful consideration of the Subcommittee on Military Construction. It was determined, however, that it would be undesirable to add any armories over and above those sugggested by the Department of Defense. The basic reason for this is that in the past years far more armories have been authorized than have been funded and built. The subcommittee felt that it would be much better for all concerned to endeavor to cause the Department of Defense to provide funding for this backlog of armories previously authorized, thus permitting the funding and the actual construction of these to catch up with the authorizations.

I am enclosing a copy of the Committee report which reflects the Committee's views on pages 75 and 76. While the Committee was certainly in sympathy with the situation existing in Louisiana, favorable action could not be taken in the light of the existing circumstances.

With best wishes, I am,
Most sincerely yours,
JOHN STENNIS,
U.S. Senator.

Mr. ELLENDER. Mr. President, I wish to again state that, if at all possible, when the military construction bill

of next year is considered, I hope attention will be given to the projects covered by my amendment.

Mr. STENNIS. Mr. President, I appreciate the sentiments of the Senator from Louisiana, and I appreciate the vigor and the spirit with which he has presented this matter to the committee, and also to the Senate, today. I certainly appreciate his fine attitude about the matter. I hope that next year the pattern will be worked out in time to make possible the use of the money authorized by his State.

I yield now to the Senator from Florida.

Mr. HOLLAND. I thank the Senator from Mississippi, and I congratulate him and the members of his committee on the fine work they have done on this bill. They have been generous and fair.

Mr. STENNIS. I thank the Senator from Florida.

Mr. HOLLAND. I shall not offer an amendment on the matter I wish to discuss with him briefly because I think the committee has been generous and fair. In the case of my own State, because of the location of a sizable number of important military establishments, I notice it has been granted authorizations of something over $27 million. But the item I wish to bring up at this time is similar to the one which has just been mentioned by the distinguished Senator from Louisiana. The Senator from Mississippi is, of course, fully familiar with it, because I have had it up with him once before.

Mr. STENNIS. Yes. I remember the Senator's interest and his presentation of the problem.

Mr. HOLLAND. The National Guard unit which uses the National Guard Armory at Jacksonville is probably one of the largest in our State. That building has recently settled, and the north wall, having settled about 2 feet more than the south wall, has made the building unsafe. In effect, it has been condemned, although the actual, official condemnation of the building has been withheld in the hope that we might get early legislative action.

The State legislature, in spite of the fact that the State was trying to operate on a somewhat limited budget this year, appropriated the State's share of the cost for replacement of the armory. It was the only armory in Florida for which funds were provided by the State legislature for the biennium which will begin tomorrow.

In discussing the matter with the Senator, I remember he was generous enough to say that if we had another project authorized of substantially the same size, he would be glad to make an exchange. We find, while we have another project or other projects authorized, they are not of the same size as this one.

I want the RECORD to show simply that there is a critical need. I hope we will have the distinguished Senator's support when the item is taken up in his committee, because it is an emergency matter, as I have already stated. We have been assured this matter will be in next year's requests. So, it should come up quickly.

We ask the sympathetic consideration of the Senator from Mississippi and his committee, because we think a going installation as large as the one in Jacksonville, and as important to our State and the Nation, should receive emergency consideration of a need which has come into existence so recently and which has been met so immediately by the action of the State legislature.

I wanted reference to the matter to appear in the RECORD. Also I wanted to say I found sympathetic consideration on the part of the distinguished Senator from Mississippi. I do not blame the Senator at all for applying the same rule to my State he has applied to his own and to other States. I did want the RECORD to show the emergency situation, and I wanted to express my gratitude to the Senator for his patience.

Mr. STENNIS. I thank the Senator very much for his remarks and for his contribution to the discussion. I wish the facts were such that we could help him immediately. One thing I have noticed about his State, not only in this matter, but in others: His State always comes forward with its part of the money, and comes forward in advance. His State appropriates the money in advance. The Senator comes well heeled and well armed when he asks for participation in Federal programs.

I could not, of course, promise absolutely that his situation will be taken care of, because, as the Senator knows, we have to adopt a pattern of some kind that is fair across the Nation; but I hope we can at an appropriate time adopt a program which will include the project which he has mentioned. However, we cannot do it now.

Mr. HOLLAND. I understand and appreciate the situation. I am happy over the kind words the Senator has spoken with reference to the attitude of my State, which are true, because my State, throughout the 13 years I have been in the Senate, has acted speedily to meet its part of any obligation to the Federal Government, and has done so in this instance. I hope the $265,000 of Federal appropriation can be authorized and made available with the greatest possible speed, because the situation is a dangerous one.

Mr. STENNIS. Mr. President, I shall now proceed with my presentation with reference to a major amendment.

PROCUREMENT AUTHORIZATION

Another area of major concern to the committee is the aircraft and missile procurement program. It is believed that a thorough examination of this area by the Committeee on Armed Services may serve to reduce the cost of defense, and should assist the Committees on Appropriations in their consideration of the enormous defense budget.

For this reason, section 412, which appears on page 50, has been added to the bill. This provision will initiate a requirement for an annual authorization for the design, development, and procurement of aircraft and missiles. Large amounts are being appropriated annually for aircraft and missiles on the basis of authorizations that are exceedingly broad in terms. More than $9 billion of proposed appropriations for these purposes are contained in the defense appropriation bill for fiscal year 1960.

The authorizations on which these large appropriations are based are no more specific than that "the Secretary of the Army may procure materials and facilities necessary to maintain and support the Army"; that "the President may acquire, construct, or manufacture naval airplanes, spare parts, and equipment necessary to provide and maintain 15,000 useful naval airplanes"; that "the Secretary of the Navy may procure and construct guided missiles," and that "the Secretary of the Air Force may procure guided missiles and 24,000 serviceable aircraft or 225,000 airframe tons of serviceable aircraft, whichever the Secretary considers appropriate." This is in sharp contrast to the detailed annual authorizations for military construction which prescribe locations, categories, and amounts of construction to be undertaken.

This amendment is highly important, in the opinion of the Senator from Mississippi. It was offered in the subcommittee by the Senator from Georgia [Mr. RUSSELL], and was adopted. The committee presents it to the Senate for its consideration. It has the committee's full backing.

HOSPITAL CONSTRUCTION

Mr. President, I should like to say a word with reference to hospital construction. Contained in the bill as originally submitted to the Congress were requests for authorization for seven new hospitals and the conversion of two others. Details concerning these hospitals are set forth on page 7 of the committee report. After careful review, the committee concluded that, with the exception of one conversion of a hospital in Puerto Rico, and two new structures, one in England and one in the Philippine Islands, the cost estimates of these requested hospitals were entirely too high and unrealistic.

With all deference to each of the services, which have very fine medical corps, we thought the cost of these installations, buildings, and hospitals should be more realistic.

Thus, the authorizations for five new hospitals and one conversion have been deleted from the bill with the understanding that this does not mean the committee considers the hospitals unnecessary, but that further consideration would be given to the requests if more realistic cost estimates were submitted. The cost per bed of these hospitals ranged from $18,347 for a conversion to the high of $44,933 per bed for one new installation. I should like to remind the Senate that these estimates include only the building structure and utilities—exclusive of equipment. Data available to the committee revealed that during the last 4 months of 1958, Hill-Burton hospitals averaged

$19,500 per bed, which figure was for a hospital complete in all respects, ready to receive patients. During the past few days the committee has received revised estimates, which are now under study and will be available to the conferees.

RESERVE FORCES FACILITIES

Mr. President, I should like to mention one final item of importance which is of interest to all of us and received the close consideration of the committee. This relates to the Reserve components.

With few exceptions, the requested authorization for Reserve component construction was generally approved. One exception pertains to the Air National Guard. The bill as originally submitted contained an Air National Guard item in the amount of approximately $5 million, which was withdrawn by the Air National Guard subsequent to House action on the bill. In lieu of this withdrawal, an additional list of high priority items approximating the same amount was submitted for consideration, and was approved by the Senate committee.

The authorization for National Guard armories was approved by the committee in the approximate amount originally submitted. In the past, the authorizations granted for armories have far exceeded the funding program. On pages 75 and 76 of the Committee Report No. 296 on H.R. 5674, it is pointed out that the committee considers that the Department of Defense should place additional emphasis on the construction of National Guard armories, and urges the Department to give a higher priority to the construction of the facilities required by the existing troop strength of the National Guard. The only exceptions to the original requests pertain to two States where the State adjutants, with the approval of the National Guard Bureau, requested substitutions of certain armories for those contained in the bill or previously authorized in the same or lesser amounts.

Mr. President, I have attempted to give the highlights of the pending bill. As I stated, I have an amendment I want to take to conference, which pertains to the funds obtained from the sale of surplus commodities by the Commodity Credit Corporation, for the construction of facilities overseas, which will tend to broaden the base of the objective for which those funds are available. I have some remarks in support of the amendment, Mr. President, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR STENNIS IN SUPPORT OF USING FOREIGN CURRENCIES (PUBLIC LAW 480 FUNDS) FOR CONSTRUCTION OF MILITARY HOUSING

The mounting surplus of agricultural commodities emphasizes our need for building foreign agricultural trade relations on a sound and long-range basis. The sale of agricultural commodities, under Public Law 480, for foreign currencies has been of substantial help. The currencies we obtain for commodities sold under this act benefit both the United States and foreign countries. Substantial amounts of funds received under this program are used for construction of military housing and other worthwhile projects which otherwise would require U.S. dollar appropriations.

Our Military Construction Subcommittee has given special attention to the use of surplus commodities in connection with the construction of military housing. Success of this program has justified the increase in authorization of Public Law 480 currencies to $250 million for construction of needed military housing and related facilities such as chapels, schools, bakeries, fire stations, etc.

Under this program the Department of Defense is required to repay the Commodity Credit Corporation from its quarters allowance which is withheld from occupants of such housing. This program has already provided more than 8,000 units of housing in the United Kingdom, Spain, France, Japan, and Italy. Additional construction is planned in these countries, and in addition the Azores, Philippines, Bermuda, Iceland, and other countries will be explored for the possible use of Public Law 480 funds. This program has stimulated the export of agricultural commodities and has held these national defense costs to a minimum.

The Department of Defense has advised me that 11,680 units have been constructed, or are under construction, or are planned through this program at a total cost of approximately $173,133,000. I would like to insert in the RECORD an accumulative report breaking down this amount by the various countries.

Our committee has been intensively conscious of exploring every potentiality for paying for part of our military construction program and disposing of surplus agricultural commodities.

I would like to commend the Department of Defense for the businesslike manner in which they have developed an active program to use these funds to the maximum extent for the construction of military housing.

The major part of family housing and supporting facilities can and should be made through use of foreign currencies. Our committee has also urged the negotiation of barter transactions in countries where Public Law 480 funds are not available. Over 2,400 units of family housing have been constructed in France through barter contracts for cotton and wheat. While the Department of Agriculture has prohibited barter transactions under revised rules, our committee has urged the Secretary or Agriculture to review the barter program with the hope that this program can be reopened for the barter of surplus agricultural commodities for use of military construction.

I strongly believe that we should also explore the possibility of expanding the use of surplus commodity funds for military construction in addition to military housing. For example, this bill authorizes other military construction of $505,000 in Pakistan, which under present law will be paid for from appropriated funds. At the same time, we now have to our credit 7 million equivalent U.S. dollars available from sale of agricultural commodities in Pakistan. I see no reason why some of this $7 million unobligated balance could not be utilized to complete other military construction in Pakistan.

The use of foreign currencies for construction of military housing has proved to be a sound approach for construction of military housing at the least possible dollar cost, and I would favor financing a substantial share of the total foreign aid program by the use of foreign currencies.

Department of Defense surplus commodity housing program, cumulative report, units completed, under contract, and planned (status as of Mar. 31, 1959)

	Units	Cost
		Thousands
United Kingdom	3,185	$37,588
Italy	493	7,187
Spain	2,881	33,832
France	2,803	58,000
Morocco	140	3,602
Bermuda	180	4,000
Portugal (Azores)	135	2,000
Japan	1,313	13,773
Iceland	50	2,000
Philippines	500	11,150
Total	11,680	173,132

Mr. STENNIS. Mr. President, at the proper time I shall offer an amendment which pertains to an armory in Texas, which is a substitution of the type I have mentioned. It is within the formula of the committee. It is within the budget. In fact, it would authorize an armory at a lesser amount than the one which automatically would be canceled.

Mr. President, before I close my remarks I should like to especially thank our subcommittee staff member, Mr. Gordon Nease, who has done an exceptionally fine job in connection with this bill. He has been working on the bill for the 5 months he has been with the committee and has shown a remarkable grasp of this intricate and far-reaching measure. He has been of invaluable assistance to us. He has worked days and nights, too, when necessary. We all owe him a very great debt of gratitude not only for his work but also for his fine judgment in connection with the bill.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. STENNIS. I am glad to yield to the Senator from Alabama.

Mr. SPARKMAN. I wish to commend the Senator from Mississippi and the members of the subcommittee for the work they have done in studying, preparing, and reporting the bill. It is really a big job, and I know something of the work that has gone into it.

Mr. STENNIS. I thank the Senator from Alabama. He has been very helpful to us.

Mr. SPARKMAN. I am sorry I was not able to be in the Chamber for the earlier presentation of the Senator's statement, but I was in a committee meeting. I imagine the Senator discussed the matter in which I am interested, but I should like to ask him a few questions.

When the bill was originally reported, there was a provision relating to the Nike-Hercules program and to the Bomarc program. Following that, the Defense Department submitted what is sometimes referred to as a compromise plan.

Mr. STENNIS. A revised plan.

Mr. SPARKMAN. A revised plan.

Mr. STENNIS. Yes.

Mr. SPARKMAN. I presume that the revised plan is carried in the bill.

Mr. STENNIS. The Senator is correct.

Mr. SPARKMAN. As I came to the floor, the Senator was referring to an

amendment to be submitted by the Senator from Georgia [Mr. RUSSELL]. Is that the amendment the Senator was discussing?

Mr. STENNIS. No. That was with reference to procurement.

Mr. SPARKMAN. That was something else?

Mr. STENNIS. Yes. The revised plan is incorporated in the bill. All the sites which have heretofore been authorized are made eligible. The Secretary of Defense will make his final choices after another review. The Secretary has reviewed this matter once and has reported to us, but he was a little hasty and we asked that he make another review and select, from all the eligible sites, those he considers to be the most sound, militarily. The decision will be made solely on a military basis.

Mr. SPARKMAN. As the Senator knows from my discussions with him heretofore, I personally was not particularly concerned with a site, but I felt rather strongly that perhaps we were taking too precipitate action and we might find ourselves with a gap in which we would not have any defense at all against missiles. However, I do not intend to discuss that further at this time.

Mr. STENNIS. If the Senator is talking about the Nike program, the air defense against missiles, the part of the program on which we made a special recommendation did not pertain to defense against missiles but only pertained to defense against manned bombers.

Mr. SPARKMAN. Defense against manned bombers; that is true.

Mr. STENNIS. Yes.

Mr. SPARKMAN. But the Nike program is a developing program?

Mr. STENNIS. There is a new phase, the Nike-Zeus, which we did not curtail.

Mr. SPARKMAN. The anti-missile missile?

Mr. STENNIS. That is correct.

Mr. SPARKMAN. As I understand, the program the Secretary submitted is incorporated in the bill?

Mr. STENNIS. The Senator is correct. The program is incorporated without restriction, although without enthusiasm, also.

Mr. SPARKMAN. I certainly appreciate the Senator's position when he says "without enthusiasm," because we all know it is more or less temporary.

Mr. STENNIS. That is correct.

Mr. SPARKMAN. Until a better solution can be found.

Mr. STENNIS. We wish we had a better solution. That is what I meant.

Mr. SPARKMAN. I believe the day will come when we will have a better solution, but it will take a little time.

Mr. STENNIS. The Senator from Mississippi thinks so, also.

Mr. SPARKMAN. I should like to ask the distinguished Senator from Mississippi if there is any provision in the bill relating to Wherry housing. We have considered that problem before, as the Senator knows, at different times.

Mr. STENNIS. Yes.

Mr. SPARKMAN. I was wondering about that matter.

Mr. STENNIS. The Senator has shown a great interest in Wherry housing and has strongly presented some problems in connection with it.

On page 52, section 417 is the section which pertains to Wherry housing. I think that covers one of the matters in which the Senator is interested. It has reference to condemnation.

Mr. SPARKMAN. Yes. I should like to make certain that the affected persons receive fair treatment.

Mr. STENNIS. Yes.

Mr. SPARKMAN. And they should be dealt with with reasonable dispatch.

Mr. STENNIS. That is correct. We thought the law should be changed in favor of the owners. We tried to insure that the owners would get a downpayment, so to speak, at least, and get it as early as possible. That would be in keeping with the facts of life. Therefore, we wrote into the bill language which does not meet all the situations the Senator from Alabama urged on us, but which is our effort to solve the problem and to go as far as we can with reference to a rather intricate and difficult matter.

Mr. SPARKMAN. As the Senator from Mississippi will recall, while it is true I have suggested language from time to time—last year on the floor we had an exchange with reference to it—what I have been striving for, since I thought it should be the minimum requirement, is that every person from whom the Government takes one of these projects should be assured of being paid what it is reasonably worth.

Mr. STENNIS. That is correct.

Mr. SPARKMAN. Secondly, the owner should receive his compensation as soon as possible, and should get a hearing within a reasonable time.

Mr. STENNIS. Yes.

Mr. SPARKMAN. The Senator knows our attention has been called to some cases which have been dragging for a long time, and in connection with which it appeared there might not be a hearing for many years to come. In some cases the amount the Government paid to the court was only nominal.

Mr. STENNIS. A token payment.

Mr. SPARKMAN. A token payment, and at times hardly enough to be called a token. Certainly that is not fair.

I think the Senator from Mississippi and those who worked with him in trying to solve this difficult problem—because it is a difficult problem—deserve commendation.

I should like to ask about Capehart housing. I understand there are some provisions in the bill relating to Capehart housing. I wonder if the Senator would bring those to my attention.

Mr. STENNIS. That is going to be brought into real focus by an amendment which is to be offered by the Senator from South Dakota. Was the Senator referring to the substance of the law, or to the authorizations for different locations?

Mr. SPARKMAN. No, not to the latter.

Mr. STENNIS. The Senator referred to the substance of the law?

Mr. SPARKMAN. Yes. What is the section involved?

Mr. STENNIS. As the Senator knows, no bill has yet become the law in that regard.

Mr. SPARKMAN. The omnibus housing bill carried a provision in that regard.

Mr. STENNIS. That bill has gone to the President.

Mr. SPARKMAN. The bill is on the President's desk at the present time.

Mr. STENNIS. I will state it this way: As yet no bill has become law which covers this situation. There must be a Capehart housing program for next year. The Senator from South Dakota is going to offer an amendment to the bill under consideration. If the President should sign the omnibus housing bill, which is on his desk, of course the amendment offered by the Senator from South Dakota could be left out in conference.

However, we want to preserve for another year, at least, Capehart housing. We propose to offer an amendment which will make it possible for the conferees, at least, to have jurisdiction over this matter. Then we will see what happens to the bill which is on the President's desk.

That matter will really come into focus when the Senator from South Dakota offers the amendment. I am going to yield the floor shortly, if the Senator wants to obtain it next.

Mr. SPARKMAN. The question of the substantive law on Capehart housing has always been under the jurisdiction of the Banking and Currency Committee.

Mr. STENNIS. We were not trying to assume jurisdiction, but the committee has not reported a bill.

Mr. SPARKMAN. It seems to me we ought not to assume that the President is not going to sign the omnibus housing bill, or that there will not be a housing bill. I agree with the Senator that the Capehart housing program should be extended.

Mr. STENNIS. This is necessary.

Mr. SPARKMAN. But let me say something else. There is another military housing program, the section 809 program, which will expire at midnight tonight. Certainly there ought to be a section 809 housing program. That is badly needed. It is a program which furnishes the research and development installations.

Mr. STENNIS. Yes.

Mr. SPARKMAN. I could name many housing programs which are running out provided this bill is not signed. It does not seem to me that individual housing programs should be included in a bill like this. I am not saying that the Committee on Armed Services does not have some jurisdiction over housing. However, with respect to the substantive law relating to Capehart housing, that has always been in the Committee on Banking and Currency. As a matter of fact, the Wherry housing has been under the jurisdiction of the Committee on Banking and Currency, although when it was originally brought up it was referred to the Armed Services Committee, and the Armed Services Committee sent it to the Committee on Banking and Currency.

Mr. STENNIS. We have responsibility for the line item with reference to the Wherry housing. We have gone over various requests, and agreed upon a list, taking into consideration the backlog. We are recommending an overall ceiling for the year of 20,000. That is already agreed upon. I think that is fairly satisfactory to everyone. The problem is to provide some law which would authorize continuance of the program. As a matter of safety, we proposed to include the amendment to which I have referred, authorizing the program for 1 year, and take it to conference.

Mr. President, I should like to yield at this point to the Senator from South Dakota [Mr. CASE], or yield the floor, if he would like the floor in his own right.

Mr. SPARKMAN. I thank the Senator from Mississippi.

Mr. CASE of South Dakota. Mr. President, I assure the Senator from Alabama that the Subcommittee on Military Construction is not seeking to take jurisdiction away from his committee or any other committee. However, we do have the responsibility of providing military housing.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. CASE of South Dakota. We can hardly measure the military housing needs without taking into consideration how much would be provided by the Capehart housing program. In considering the estimates of need for housing at the several installations, we must take into consideration what is there, what may be provided by direct appropriations, what may be provided by the local economy, and what may be provided by Capehart housing.

Mr. STENNIS. Mr. President, will the Senator yield for a moment? I had indicated to the Senator from South Carolina [Mr. THURMOND] that I would yield to him for a few brief remarks. He is engaged in other matters.

Mr. CASE of South Dakota. I am glad to yield to the Senator from South Carolina.

Mr. THURMOND. Mr. President, the Subcommittee on Military Construction has had a long and arduous task. I should like to take this opportunity to congratulate the distinguished chairman, the Senator from Mississippi [Mr. STENNIS], and the other members of his subcommittee, for the fine job they have done. It was a task which involved a great deal of study and consideration.

I agree that our greatest deterrent is a strong offense, a strong striking force, and that we must maintain the strongest striking force in the world.

I am also of the opinion, however, that while we are maintaining a strong offense, we must maintain a strong defense, because I think that, in itself, is a deterrent. I think both are needed.

I commend the chairman of the subcommittee and the other members of the subcommittee for their openminded consideration of the revised plan, and congratulate them on bringing this plan to the Senate.

I am very much interested in seeing that the people of this country are protected in every way possible. Some of the missiles we have now are very vital, in my opinion, to the defense of the citizens of this country.

One missile which was given consideration in the report was the Nike-Hercules. The Nike-Hercules has a range of more than 80 miles. In actual tests it has repeatedly demonstrated its ability to kill targets flying from below 1,000 feet altitude to well above 100,000 feet altitude.

In November 1958 Nike-Hercules achieved the first free world intercept of a very high altitude supersonic target missile by destroying a supersonic target missile traveling faster than 1,500 miles per hour at an altitude greater than 60,000 feet.

In December 1958 Nike-Hercules successfully intercepted a supersonic target missile traveling over 2,000 miles per hour 14 miles above the earth.

On November 6, 1958, a Nike-Hercules successfully intercepted a rocket-launched parachute target at an altitude over 100,000 feet.

These tests have proven the Nike-Hercules capability to engage any known manned bomber or cruise-type aerodynamically supported missiles, such as Hound Dog.

The fact that air-to-surface cruise-type missiles can be launched beyond the range of Nike defenses in no way reduces the effectiveness of these defenses since Hercules can in fact destroy the incoming missile before it reaches the target.

These are Hercules facts.

Therefore, I consider an adequate air defense an integral part of our deterrent forces. I believe that the ability to counter effectively a sneak attack serves to deter such an attack.

As I stated a few minutes ago, I believe that our greatest deterrent is a strong offense, as has been stated here today. I also feel that an adequate air defense is a strong deterrent.

Again I wish to commend the subcommittee for bringing before us a bill which would continue the Nike-Hercules work and also promote the Nike-Zeus, which is the antimissile missile, under the overall plan which has been promulgated. I feel that this is a very important plan for the defense of our country. I know that this program required a great deal of study and consideration. I commend the chairman and the other members of the subcommittee for the fine job they have done in taking into consideration all views, not only with respect to striking power, but also with respect to the defense of the citizens of our Nation.

Mr. STENNIS. Mr. President, I thank the Senator very much for his very kind remarks.

I would not engage in a debate as to the relative merits of various weapons. As I stated once in the committee, they all have some good points, and those points are front-page news. They have some defects, and the defects are classified. So I will not go into that question.

I thank the Senator from South Carolina for his remarks.

Mr. MONRONEY. Mr. President, I wish to compliment the distinguished Senator from Mississippi for the tireless efforts he has put forth in bringing forth a well-balanced military public works bill.

I am interested to ascertain, if the figures are available, the amount of airport work which is included in the bill. For months I have made inquiries of the Committee on Appropriations and the Bureau of the Budget. I can find no clear line of demarcation as to the airport expenditures which are included, particularly in the Air Force appropriation.

Mr. STENNIS. The Senator is referring to situations in which there is a municipal airport and an airbase, working in conjunction?

Mr. MONRONEY. That is a part of the question. Another part relates to the dualing of runways. I notice from the report that we are to spend, as an initial part of the payment on Andrews Field, for removing Anacostia and Bolling Fields, $20 million. I was interested to know what the total amount of that expenditure will be when the program is finished.

Mr. STENNIS. It will be a large figure.

Mr. MONRONEY. That is what I am afraid of.

Mr. STENNIS. With respect to Bolling Field, there are three increments. This is the second. I think there are three increments with respect to Anacostia. My recollection is that this is the second one. Those figures are available. We have them in the record. Frankly, I cannot place my hands on them quickly. Perhaps before the debate is concluded we can give the Senator a rough outline. We will obtain the figures and submit them to him later.

Mr. MONRONEY. As I understand, the weekend fliers will not require such heavy service at Andrews Field when Bolling and Anacostia Fields are abandoned. I have seen a figure published somewhere. My recollection is that it ran to $90 million for the dual runways and all the additional facilities, when the final phase of the improvement of Andrews Field is reached.

Mr. STENNIS. The Senator from Mississippi is one of those who urged the removal of flying from Anacostia and Bolling Fields.

Mr. MONRONEY. I supported the Senator.

Mr. STENNIS. As to the cost, I was shocked. It involved an enormous sum of money. We have the question before the Appropriations Committee now, in connection with the second increment. We can supply the figures to the Senator later.

Mr. MONRONEY. I know that the figures include dual runways—I believe two dual runways—when the traffic is far less at Andrews Field than it is at Washington National Airport or any other metropolitan airport.

It seems to me that when the military does something it always does it—particularly in connection with airports—with a grand flourish, and without too much reference to expense. But when we try to build civilian airports we are given to understand that the country cannot afford a first-class national airport system.

If the figure runs in the neighborhood of from $70 million to $90 million, I should like to ask if, in connection with future increments, the committee will be concerned with the tremendous plans for simply improving the existing airport.

Mr. STENNIS. I think the remarks and the points are very timely, coming from the Senator from Oklahoma. It is rather agonizing to consider the large sums of money which are necessary to meet our military requirements, when we have to cut down and deny some item, relatively small, for civilian use. If we could save only 5 percent of the military expenditures, it would be possible to build almost any civilian installation which is needed.

Mr. MONRONEY. Does the bill contain any funds for the so-called airport at the Air Force Academy?

Mr. STENNIS. No, the bill does not provide funds for the airport. The committee deleted the request for an extension of the authorization for the airport at the Air Force Academy. The bill contains a prohibition that, until expressly authorized, no Air Force Academy airport shall be built. The statement on page 10 of the report will give the answer to the Senator's question.

Mr. MONRONEY. As I understand, the airport which is proposed to be built would not be used by the students to enable them to acquire flying time in low-powered planes during the summer. The airport would be used primarily to enable the members of the faculty to acquire flight time.

However, the airport at Colorado Springs is only about 15 minutes away by highway. Also, there is a little-used Air Force base at Denver, and one even farther east from Denver. So it seems to me that the Regular Air Force professors could very well easily reach those fields by automobile or helicopter, to round out their flying time, without the need to spend $15 million or more for an airport right on the grounds of the Air Force Academy.

I would not object to a small flight strip being constructed at the Air Force Academy, so that students could learn to fly in low-powered planes, but I certainly do not feel we ought to install a jet-sized field for the benefit or convenience of Air Force officers who have been given the great privilege of being members of the Air Force Academy faculty.

Mr. STENNIS. It has been proposed to our subcommittee, but we have never approved an airfield for the Academy. However, the authorization act for the Air Force Academy was not handled by our committee. It was handled by special legislation and did not come through a bill of this kind. That is explained in the report, on page 10:

> The committee further desires that it be distinctly understood that no steps be taken to construct airfield facilities at the Academy unless line item authorization is first obtained from the committees.

We did not join in the general condemnation of the Air Force Academy expansion, as contained in the Comptroller General's report. Secretary Douglas asked, we thought properly, for more time to study that report and to answer it.

Mr. MONRONEY. I do not condemn the Air Force Academy. I think it is a beautiful building. Aside from the landscaping and the highways, perhaps, it is a very excellent institution. I was referring simply to the expenditure of large sums of money for an airport immediately adjacent to it, which would not be used for the education of Air Academy students in actual flight training.

I thank the Senator from Mississippi for his usual economy viewpoint and for watching all these details.

Mr. STENNIS. I have the figures or the amounts of the total cost of moving Bolling Air Force Base and Anacostia Naval Air Station. The Department of Defense figures place it at around $75 million.

Mr. MONRONEY. This is the first increment of $20 million?

Mr. STENNIS. The second increment on Bolling is now before the Military Construction Appropriations Subcommittee. I remember that definitely. This is the second increment.

Mr. CASE of South Dakota. The bill provides $21 million for Andrews Air Force Base, but only a part of that is for parking and things of that sort: two high speed turnoffs for taxiing, aircraft parking, such things as a wash rack, a communications building, and similar items.

Mr. MONRONEY. But if this $75 million is to accommodate the removal of Anacostia and Bolling Airfields, I should like to put it in perspective by saying that it is $12 million more than we are appropriating for the entire national airport system in 50 States of the Union. This could be an extravagance, and the military should be cautioned to hold down their designs and to reduce costs.

Mr. STENNIS. Mr. President, the Senator from South Dakota desires to give his views on the bill, so I shall yield the floor.

Mr. CASE of South Dakota. Mr. President, before I discuss a number of phases of the bill, I will yield to the distinguished Senator from Michigan [Mr. MCNAMARA] for 5 minutes, with the understanding that I do not lose the floor.

SMEARING THE STATE OF MICHIGAN

Mr. MCNAMARA. Mr. President, current national game among some of the Nation's press is to see which publication can do the best job at smearing the State of Michigan. In the heat of this contest truth, logic, and fairplay are tossed away, to be replaced by lies, distortion, and slander.

Time magazine, which has a worldwide reputation for bias and distortion, provides one of the latest examples in the "smear Michigan" campaign. An article in the June 22 issue of Time purports to discuss a recent Michigan Supreme Court ruling which held that Michigan employees of the Ford Motor Co. were entitled to unemployment compensation when laid off because of a strike in a Ford plant in another State.

The Time article presents only Ford's view of this decision and makes absolutely no effort to give the other side.

The article refuses to report the most important fact of the decision, that it brings Michigan law into conformity with that of 48 of the 51 jurisdictions where the question already had been decided. In other words, today only the States of Georgia and Ohio hold differently. This vital fact was beneath the notice of Time's writer because it would have ruined the story.

Further, the Time article comes close to libeling Associate Justice George Edwards, who wrote the majority opinion in the case.

Time holds that to the surprise of Michigan lawyers Justice Edwards did not disqualify himself because he once was an employee of the United Auto Workers Union. Of course Time neglected to point out that this employment was only of about 2 years duration, and that it took place more than 20 years ago.

Mr. President, this surprise on Time's part is just as fictitious and distorted as are most of the other comments in the article. To hold that a judge should disqualify himself solely because a former employer is involved in a case is ridiculous on the face of it, as Time could learn from the American Bar Association.

Following this logic, Justice Edwards should disqualify himself whenever his court hears a case involving the city of Detroit, where he had served brilliantly as president of the common council.

Time attempts to bolster its libelous allegation, by noting that another associate justice, Thomas M. Kavanagh, did disqualify himself.

This was perfectly proper since Justice Kavanagh, unlike Justice Edwards, had been intimately involved in the case as State attorney general and had previously decided the merits for himself.

Time further fails to report that while the case was decided by a 4-to-3 vote, even the minority opinion expressed itself in favor of the majority's decision.

The minority objected on grounds that the decision would overturn a precedent, but it stated it would have sided with the majority had the issue come before the court for the first time.

Nor can the State supreme court decision be labeled as a partisan one, since among those voting with the majority was a former two-term Republican Governor of Michigan.

Mr. President, this Time article is a gross distortion of the truth. It seeks to reflect adversely on the integrity of the Michigan Supreme Court, and Justice Edwards, in particular.

Justice Edwards needs no defense before the people of Michigan. They have already displayed their high regard for him, when they elected him to the State supreme court by the highest margin ever given an elected official in Michigan's history.

He needs no defense among his colleagues in the legal world who know of his national reputation for integrity.

But because there are still some who read Time without making the necessary allowances for bias and fiction content, I am taking this opportunity to set the record straight.

So that my colleagues can see the lopsided reporting job done by Time, I ask unanimous consent that the full text of the article be printed in the RECORD, at the close of my remarks.

There being no objection, the article was ordered to be printed in the RECORD.

(See exhibit 1.)

Mr. MCNAMARA. Mr. President, another interesting example of how the press has treated this issue can be found in the strange case of the Detroit Free Press.

Back in 1954, when the Michigan Employment Security Commission first held against the Michigan Ford workers, the Free Press bemoaned the decision in an editorial entitled "Good Grounds for a Union Appeal." Yet in 1959, following the decision of the State supreme court favorable to the workers, the Free Press completely reversed itself in an editorial entitled "Michigan's Prospects Get a Jarring Blow."

This, it would seem, is a continuation of the "smear Michigan" campaign which the Free Press originally did so much to launch.

EXHIBIT 1

LABOR: MAKING STRIKING CHEAP

"This decision will force an employer, in effect, to finance a strike against himself through providing companywide strike benefits." So said Ford Motor Co.'s Vice President John Bugas, commenting on a Michigan State Supreme Court decision which the U.S. Supreme Court declined to review last week. What the Michigan court decision did was to repeal a longstanding rule that functionally integrated plants are all part of the same establishment. Hereafter, employers may be taxed to pay unemployment compensation even when the union strikes a plant on which the whole company operation depends for an essential part.

The case grew out of a United Auto Workers' strike at Ford's Canton, Ohio, castings plant in 1953. Seeking a reason for reopening a 5-year wage contract, the UAW claimed a safety violation at Canton, then the supplier of all the rear axle shafts used in Ford cars and trucks. The UAW held the unionists out 5 weeks, forcing Ford to shut down across the Nation, grant the union a big pension-fund increase. The Michigan Employment Security Commission ruled that the Michigan workers were involved in the Canton strike and so were ineligible for unemployment pay. A circuit court upheld the commission. But last January the State's highest court reversed the ruling, ordered the commission to pay Ford employees about $1 million in benefits. Author of the majority opinion was Associate Justice George Edwards, 44, onetime UAW employee (director of education and welfare). To the surprise of Michigan lawyers, Edwards did not disqualify himself, although another associate justice, Thomas M. Kavanagh, State attorney general when the case got into court, did.

To Ford and other automakers, the Michigan decision means that thereafter, when the union strikes a key production plant, the employers will have to pay the bulk of the strike benefits, except at the establishment actually on strike. Under the law, each company is liable for benefits paid to its employees. When its balance is drawn down, its payroll taxes go up until the proper reserve is established. In any future strike on the Canton pattern, said a Ford spokesman last week, the company must figure on paying $3 million a week to UAW members on top of the loss of sales.

Again I wish to thank the Senator from South Dakota for his courtesy.

CONSTRUCTION AT MILITARY INSTALLATIONS

The Senate resumed the consideration of the bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that at this time I may yield to the distinguished Senator from Nevada [Mr. CANNON], without losing my right to the floor.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered; and the Senator from Nevada is recognized.

Mr. CASE of South Dakota. Mr. President, I also ask unanimous consent that following the remarks of the Senator from Nevada, I may yield to the Senator from Missouri [Mr. SYMINGTON], without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMINGTON. I thank the Senator from South Dakota.

Mr. CANNON. Mr. President, I should like to compliment the distinguished members of the Armed Services Committee and the Military Construction Subcommittee, who have spoken on this measure, for the able presentations they have made.

I, too, support passage of this bill, and I voted for it in committee. But I did so with extreme reluctance and disappointment. I would be less than frank if I did not say that it would be regrettable if this Nation were to expect to find comfort in the revised plan for continental air defense which is a vital part of this bill.

The Senator from Nevada voted for this measure, and supports it now, because it is the only plan. It is the plan which comes closest to the consensus of the Department of Defense, the Joint Chiefs of Staff, and the Pentagon.

As the able Senators from Georgia and Mississippi have said, this committee does not originate military policy. Its function is not to dictate how America is to be defended.

However, the committee has the obligation and the duty to point out the apparent weaknesses in the programs presented to it, and to make recommendations to the military and to the Members of the Senate.

The deficiencies which are pointed out in the committee's latest report are not to be taken lightly.

It has pointed to wasteful overlapping in weapons systems. It points out that "during the years since unification, much trial and error could be expected, but it is believed that sufficient time has now elapsed to provide the necessary experience upon which to predicate positive decisions." Our insistence on positive decisions is of utmost importance. It is a sad and tragic thing for the committee to be asked by the experts to make determinations between the relative merits of one system of weapons over another. Yet, the Secretary of Defense asked that the subcommittee hold his feet to the fire because the services and his subordinates were unable to agree.

As a result of prior Senate support, Mr. President, the committee was recently given a so-called revised master plan for continental air defense. While it is an improvement, and will provide for a slightly improved defense, at an estimated savings to the taxpayers of $1.4 billion it is not, in my opinion, satisfactory; it is not a report from which the American people can draw confidence. Like a political speech at election time, it contains something for everybody—only, instead of serving the security of the country, it appears to me that it serves the rivaling services. It has something for the Army's Nike-Hercules system, and something for Air Force Bomarc. It even has something for one admiral's position, which is to go slowly or eliminate both of these systems. But the master plan refuses to come to grips with the real need—namely, to make a definite decision, and to meet squarely the missile challenge from enemies of the free world.

The whole program is a calculated risk. I hope the Senate will never again be asked to support so great a risk—a risk so shaky that even our top military leaders have to apologize for it, and scarcely are able to defend or demonstrate a reassuring faith in their own basic decisions.

Still, it was not a unanimous opinion, because the Joint Chiefs of Staff could not agree. So the Secretary of Defense was forced to make the decision.

We are told by the military, Mr. President, even by the Commander in Chief, that our best defense is a good offense. But the so-called master plan is primarily defensive. It is based on the concept that we should make it more costly for any enemy to contemplate an attack on this country. So, in effect, the administration would have us raise the price which must be paid by any aggressor. This is well and good; but it painfully neglects conviction in the concept that any attacker, while destroying this country, would himself be destroyed. This concept, after all, is the only real deterrent between the free world and the slave world.

Without the clear potential of being able to destroy an enemy in a retaliatory blow, the United States is vulnerable to attack from bombers, from missiles, and from submarines, and may indeed be inviting it from an overly ambitious, overly confident aggressor. I view the current direction of our military decisions as too much concerned with what the enemy might do, and too little concerned with supporting a military establishment which would make such an attack suicidal from the viewpoint of any nation contemplating warfare. It is a plan growing out of the concept of purely defensive warfare which pays little more than lipservice to offense. It is a plan

upon which nations older than ours have fallen.

We have spent tens of billions of dollars on defense in this decade, and now we are confronted with an army that is not modernized and a military establishment of dubious power when evaluated for practicality in the age of missile warfare which we are entering.

One year we expend the taxpayers' dollars on a costly system designed to protect the industrial centers and cities of large populations. Next year, we practically have the open admission that all of this is wrong—that the defensive emphasis should be placed on defending military bases in order to protect our retaliatory positions. Members of the committee have asked, why is it that now we are finally getting around to defending our retaliatory system? Why wasn't it done before? The answers have not been given. We are told that our leaders know what they are doing, and that therefore, we should believe, and should not question.

Seven years ago, an overwhelming majority of the people of this country voted for a great military hero and leader of our forces in World War II. They felt—with some justification—that they would be safer, that this country could rest easier in a time of international peril with a military hero at the helm. Yet rivalry among the services has never been greater because of the absence of affirmative leadership on the part of the President as Commander in Chief.

Mr. President, I suggest that not only has the tension between the services increased, but so has also the general insecurity of the public in the capability of this country to withstand attack.

Until the President resolves the problem of interservice rivalry, there will be justification for questioning the decisions of the military. These vital military decisions cannot be made by the members of this subcommittee.

There is one further comment I would make on this portion of the military authorization bill. It is the observation that while we are preparing for a period during which we hope to close the missile gap, I do not believe that we have gone far enough in filling this void with a sufficiently powerful system of manned interceptors to cover the interim period between now and the time when the ballistic missile threat becomes the all-consuming reality. And, in my opinion, this bill, with all of its faults, will serve a good purpose if it can make clear our demand that the military be forced to agree on an adequate system of offensive missile power.

The administration can accomplish this, as the committee suggests, by constant review of the program.

Until we can perfect our intercontinental ballistic missiles as an immediate and overdue offensive deterrent, all that we can do is hope against hope that the Russians are having as many ICBM misfires as we are encountering.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, an editorial entitled "Air Defense Plan," which was published in the Washington Star of June 25.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

AIR DEFENSE PLAN

It is not difficult to understand the reluctance with which a Senate Armed Services Subcommittee has approved the Defense Department's master plan for air defense. The Senators were reluctant because, despite their misgivings, they were not technically qualified to pass judgment on the details of the air defense plan. And this, needless to say, goes double for armchair strategists whose information in this area is much more limited than that of the Senators.

Generally speaking, however, the misgivings grow out of a suspicion that we may be betting too heavily on the wrong horse. We may be investing too much money and effort in the Army's Nike-Hercules and the Air Force's Bomarc, which are designed for defense against manned bombers, and not enough in missiles designed for defense against other missiles. At the moment, it is believed, any significant Russian attack on the United States would have to be made with bombers, and this is a possibility which cannot be, and has not been, ignored. The picture is changing, however, and within a few years the Soviets' ICBM's, not their bombers, will pose the real threat. When that time comes, the anxious Senators do not want this country to be long on bomber defense and short on missile defense. Therefore, the subcommittee is going along with the master plan, which provides for cutbacks in both the Nike-Hercules and Bomarc programs, and gives some extra push to the Nike-Zeus, which is being brought along as an antimissile missile.

Senator STENNIS, the subcommittee chairman, made two points, however, which deserve attention. First, he said that his group continues to believe strongly in the deterrent influence of offensive striking power—in other words, our capacity to hit back will continue to be our first and best line of defense. Second, he urged that we should proceed speedily with all antimissile research and programs.

The significance of this is that some qualified people doubt that the Nike-Zeus, even when perfected, will provide an effective defense against incoming ICBM's. They think a more advanced and more sophisticated weapon will be needed. And if they are correct it would be a grave mistake to lull the country into believing that development of the Nike-Zeus will enable us to sleep comfortably at night in the years to come. It may just be a first step in missile defense.

The PRESIDING OFFICER. Under the terms of the unanimous-consent agreement, the Senator from Missouri is recognized.

Mr. SYMINGTON. First, Mr. President, I should like to congratulate the distinguished Senator from Nevada [Mr. CANNON] on the able presentation he has just now concluded on the floor.

RETIREMENT OF GEN. MAXWELL D. TAYLOR

Mr. President, today a great man leaves the service of his country.

The retirement of Gen. Maxwell D. Taylor, of Missouri, brings to a close a distinguished military career.

Few men in our history have served so well in such a variety of military responsibilities.

An idea of the range of his talents and his service comes from recalling some of the career of the retiring Chief of Staff of the Army.

Max Taylor is a great student. He is a great linguist. He led the airborne attack in the early hours of D-day. His reconnaissance mission behind the lines into Rome during 1943 is legendary.

He became the first postwar commandant of West Point, and brought the curriculum at the Military Academy in line with the demands of modern soldiering.

General Taylor commanded our armies in Korea.

Every job he has done has been performed in the highest traditions of the military service.

Despite the energetic efforts of such dedicated officers as General Taylor, the U.S. Army has not been permitted to keep pace with the changes necessary to keep our relatively very small Army either modern or mobile.

It is no secret—as General Taylor himself said the other day, before the National Press Club—that he is retiring with a complete sense of frustration, as a result of the sad condition of the American Army—a condition for which the Congress shares responsibility with the executive branch.

Mr. President, I now turn to a subject even more directly related to the defense bill before the Senate.

UNBALANCED FORCES

It is not clear to me why the administration's so-called master plan for our continental defense has received favorable consideration. That statement on my part is no reflection on anyone. I realize the difficult task the committee had; but it is hard for me to understand why we vote for something we do not approve.

As I have previously stated, there would appear to be three primary requisites for our national security: First, after a possible attack, this country must have the strength to get up off the ground and, in turn, destroy the aggressor; second, there must be prior knowledge on the part of any would-be aggressor that we have that strength, and would use it. No one ever started a war which he did not expect to win. Finally, in order to protect this country and fulfill our worldwide commitments, we must have the capacity to wage effectively so-called limited war.

Today, the first of these three points depends almost entirely upon the modernity and effectiveness of the planes of the Strategic Air Command. Tomorrow, it will depend increasingly upon long-range missiles, augmented by such new and promising delivery systems as the Polaris submarine system.

Despite the lack of progress in the current diplomatic negotiations looking toward peace, we nevertheless are now asked to approve a program which means we would plan to continue to drag our feet in modernizing what everybody, from the President down, asserts is the chief deterrent—SAC.

And, although our gross national product is now running at a rate of some billion and a quarter dollars a day, we attempt to justify this policy on the grounds we cannot afford to do more.

At the same time we know that today we do not have adequate capacity to handle our worldwide commitments in any extended limited conflict.

Those of us who have studied the matter also know that our relatively very

small ground combat forces, Army and Marines, which face the Communists in such places as Germany and Korea, are outmanned, outgunned, and out-tanked.

Most of the ground equipment which these forces have has not been modernized since World War II.

The Soviets, on the other hand, have completely modernized their divisions since World War II—in some instances twice over.

The Congress is now being asked to approve a program which, in theory, might give some protection against enemy bombers here at home. As they weigh the manner in which our wealth is being allocated, the people should know the very low number of long-range Soviet bombers we now estimate the Russians have.

At the same time the administration continues to refuse to recommend any plan for adequate modernization of our ground combat strength.

Because of their realism, and their rapid progress, the Soviets will be less likely to originate a nuclear war than they will be to continue to promote local conflicts all around the world.

It is natural for people to want to look after their own skins.

But I do not believe that, practically speaking, these billions now going into ground-to-air defense can be justified from the standpoint of protecting anybody's skin; because these defenses are either already obsolete, or will be obsolete by the time they are operational in any quantity.

All this so-called master plan really does, therefore, is give the same false sense of security once given to free people by the Maginot line.

Why do we condone spending billions for an unsound defense, at the same time we refuse to spend less than one-half of the one day's national income of this country to modernize our relatively very small ground forces?

This plan, at best, represents but further compromise between the warring services; and forces the taxpayer to continue to waste billions of dollars on an unsound defense.

I would hope that in the future the Senate recommend this money be expended to obtain those previously referred to minimum requirements necessary for our national security.

In this connection I ask unanimous consent that a column of Walter Lippmann's of June 25, "Debate on Defense," be inserted at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEBATE ON DEFENSE

(By Walter Lippmann)

Last week the Democratic Advisory Council issued a long pamphlet dealing with national defense. The worst thing that can be said about it is that it is sponsored by a political party, or rather by a faction of a political party, and that it will, therefore, be heavily discounted. This is a pity. For, disregarding a few unnecessary and extraneous partisan phrases, the pamphlet deserves a very careful reading.

There is a large literature already existing which is critical of our defense policy. Having read a good deal of it, I would venture to say that this pamphlet is much the best in its field, evidently quite expertly informed, reasonable and civilian in its temper, and lucidly written.

It ought not to be brushed aside as a partisan document. For, in fact, the argument it makes has the support of large numbers of Republicans, especially of those who have paid close attention to the problem of defense, and of many of the military men who by common consent are leaders in military thought. Moreover, the pamphlet is not a Democratic Party document since there is no reason to think that the present Democratic leadership in Congress agrees with it.

The two main points of the pamphlet are familiar enough. The first one deals with the missile gap which, on the admission of Secretary McElroy is likely to bring it about that in the next 3 years the U.S.S.R. will have in intercontinental ballistic missiles a supremacy of 3 to 1. This could mean that during these years the U.S.S.R. would be theoretically capable of knocking out the bulk of our Strategic Air Force. The pamphlet does not say that the U.S.S.R. would, or is likely to, try for such a Pearl Harbor. But it is right in saying that the existence of this theoretical power would have an important effect on the political relations between the West and the Communist powers.

The other point, which is also familiar, is that defense cannot be allowed to depend solely on nuclear weapons—the big ones which are suicidal or the small ones which would be devastating to our allies and to the uncommitted countries.

The pamphlet contains a carefully reasoned and persuasive argument why expenditures should be increased to close the missile gap and to increase our conventional forces.

What interested me most in the pamphlet, given the fact that it was written under the auspices of Mr. Dean Acheson, was the illuminating candor with which it explains how things have changed since the Truman administration. The critical change is this: Our original strategy in NATO was based on our possession at the time of a monopoly of nuclear weapons. Under those conditions, a small ground force, backed by the irresistible power of the Strategic Air Force, was quite sufficient to hold in check the enormously superior masses of the Red army.

Our monopoly was broken by the Soviets in 1949, and this has brought with it, as the U.S.S.R. developed its bombs and its missiles, a radical change in the balance of power. We are far from being defenseless against this new might of the Soviet Union. But there is no doubt that our allies in Western Europe and our client states in Asia are far more vulnerable than they were 10 years ago. This could have serious political consequences, if the missile gap is allowed to become so wide that this country, which is the ultimate protector of the non-Communist world, becomes itself highly vulnerable.

No matter what it costs, this must not be allowed to happen.

It would be a very useful thing if the administration issued a thoroughgoing, fully considered reply. This would not be easy to do, because within the Pentagon and within the administration itself there are so many who agree with the pamphlet. But it would be a true public service if the President, who does not agree, would see to it that there is a reply.

Mr. SYMINGTON. Mr. President, the Senate will have another opportunity to evaluate this situation when the fiscal year 1960 defense appropriation bill comes to the floor.

Mr. MONRONEY and Mr. CLARK addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Missouri yield, and if so, to whom?

Mr. SYMINGTON. I yield first to the distinguished Senator from Oklahoma.

Mr. MONRONEY. Mr. President, I should like to compliment my distinguished colleague the junior Senator from Missouri for again calling to the attention of the Senate the great urgency and need for a balanced national defense. I should also like to join in the well-deserved tribute he has paid to Gen. Maxwell Taylor. Certainly, the retirement of Gen. Maxwell Taylor on July 1 will, I feel, mark the premature end of one of our great soldier-statesmen.

In his retirement from active duty, I feel America will indeed be the great loser. I feel, with respect to a system of defense in which there is an adequate ground force to hold the line against Communist aggression short of nuclear warfare, Gen. Maxwell Taylor was perhaps the most able of any of the men I have seen in the Department of Defense since the great Gen. George C. Marshall left that office.

Certainly we all regret that General Taylor will not longer be able to make his voice heard in urging such matters as a modern airlift capability and lightweight equipment for a mobile striking force of adequate capacity. Certainly we shall miss his able, competent, and sincere voice in an effort to bring about a well-rounded system of weapons and of national defense.

I am happy to join my distinguished friend and colleague in the position which he has stated to the Senate.

Mr. SYMINGTON. I thank the able Senator from Oklahoma for his kind remarks with respect to this great general who is retiring today.

In this connection, Mr. President, I ask unanimous consent that there be inserted at this point in the RECORD an article from the Washington Post and Times Herald of June 26, which the able Senator from Nevada has thoughtfully handed to me. The article is entitled "Taylor Asks Revamping of Military."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TAYLOR ASKS REVAMPING OF MILITARY—CHIEF OF STAFF WOULD RESHUFFLE SEPARATE SERVICES

(By John G. Norris)

Retiring Army Chief of Staff Maxwell D. Taylor, in a parting broadside at the Pentagon setup, called yesterday for a complete reappraisal of American military strategic objectives and a revamping of forces to meet changed world conditions.

In a farewell speech at the National Press Club, General Taylor said these changes have made invalid the Nation's reliance on massive retaliation as the keystone of its strategy.

He indicated that his limited success in modernizing the Army was one reason for his retirement.

He gave President Eisenhower some advice on what he had in mind to bring peace at the Pentagon by telling the parable of the unhappy mess sergeant. In it, a company commander—obviously the President—improved the bad food in his mess by tak-

ing personal charge and setting his inexperienced mess sergeant—Defense Secretary Neil H. McElroy—straight.

Taylor said that after a thorough review of national aims, the Nation should determine the kind of military forces it needs and set yardsticks of sufficiency for them by functional categories.

Funds then should be divided by functional forces, consisting of strategic retaliation, continental air defense, limited war, and antisubmarine commands, rather than allotted to the Army, Navy, and Air Force.

To illustrate what should be done, Taylor told of the company commander who cured what was wrong with his mess by stepping in personally instead of calling for outside experts. He said he found that his new mess sergeant was relying on his four stubborn cooks, none of whom was boss. Two were specialists in airy souffles, another a seafood expert, and the fourth a meat and potatoes man.

They never could agree on the next day's menu, and gave the mess sergeant separate shopping lists each morning as he went to market. The latter did his best, listening to vendors hawking their wares, spending his money, but never coming back with enough food to provide three square meals for the troops.

The captain solved the problem by ordering menus prepared a week in advance, subject to his approval, and limited buying to what was on the menu.

He ordered the cooks to get together, prepare the dishes they could do best, and make the right chow out of it.

Mr. SYMINGTON. I would point out to the distinguished Senator from Oklahoma, who is one of the authorities in this body on military matters, that those soldiers who protest the lack of modernity and mobility in the Army are generally out of the Army in a fairly short time. Such outstanding officers as General Van Fleet, General Ridgway, General Gavin, and now General Taylor come to mind.

It is my recollection the Army took 80 percent of the casualities in Korea and that the Marine Corps took 18 percent of the casualties. These statistics reveal with stark realism the burden carried by our ground forces.

I now yield to the distinguished Senator from Pennsylvania [Mr. CLARK].

Mr. CLARK. Mr. President, may I join my friend from Oklahoma in complimenting the Senator from Missouri for his very forthright address, which I hope will receive far more attention across the country and in this body than I am afraid it will. I should like also, if I may, and I am sure the Senator from Missouri will join with me, to compliment our distinguished new colleague from Nevada [Mr. CANNON] for the perfectly splendid address he made, indicating his grasp of a very technical matter and his interest in the defense of our country.

Mr. SYMINGTON. I am glad to join the Senator in his appropriate reference to the statement by the Senator from Nevada. In fact, I expressed myself previously on that matter and am pleased that the Senator from Pennsylvania has further emphasized it.

Mr. CLARK. I am happy the Senator has done so.

As I turn to the remarks of the Senator from Missouri, which he was kind enough to furnish me in advance, I notice that he believes that the primary prerequisite for our national security is that, first, after an attack, this country must have the strength to get off the ground and in turn destroy the aggressor. I fear we may not have that strength now, and if matters continue as they are now for a couple of years more, we will not have that strength. Would the Senator from Missouri mind commenting on that observation?

Mr. SYMINGTON. In my opinion, we do have that strength now; but unless we radically change now our present plans and policies we will not have sufficient strength within 2 or 3 years.

I recall that on January 23 of this year I corrected the Secretary of Defense, who had said the day before that we would have the Atlas ICBM ready for combat by June 30 of this year. He had previously said we would have the Atlas operational even earlier than June 30. I had corrected him then also. Such optimistic misinformation gives the American people a false sense of security. Just this last Saturday, in a press conference at Quantico, the Secretary said that probably within 2 months we would be operational in ICBM's. Again I say that is not correct. More care should be given by high officials to the accuracy of what they say to the American people with respect to our national defense.

Mr. CLARK. Is my friend of the view that we need something approaching a crash program to bring our intercontinental ballistic missile and intermediate range ballistic missile units into far quicker utilization than is presently contemplated?

Mr. SYMINGTON. In my prior remarks I stated that what the Russians really fear today is the Strategic Air Force. Although the testimony is that over 75 percent of the bombers in SAC are obsolescent and becoming obsolete, the administration's plan is to correct that growing obsolescence by replacing only about 5 percent of those planes over the next few years.

So far as the intercontinental ballistic missiles are concerned, we could double the scheduled production of these missiles with the existing plant facilities and organization.

Mr. CLARK. The Senator is well informed with respect to our strategic necessities. Does the Senator not believe as a matter of national security it would be a wise step to take to double our existing missile production?

Mr. SYMINGTON. I believe that the Russians are deterred from attacking us today because of our Strategic Air Force. This deterrence will continue to exist only if we produce quickly and in sufficient quantities the intercontinental ballistic missiles and the Polaris submarines.

Mr. CLARK. I do not want to press my friend too far or to ask him to answer questions which he thinks it would be wiser not to answer. Perhaps I am mistaken, and that is why I ask the Senator's opinion.

Is it not true, with respect to the production of ballistic missiles, both intercontinental and intermediate range, that our present rate of progress is unsatisfactory in the light of the obsolescence of the Strategic Air Force, which we now know is going forward?

Mr. SYMINGTON. I agree. I think the more Atlases, the more Titans, the more Minutemans, and the more Polarises we build and disperse, the greater will be the security of the United States.

Mr. CLARK. Does the Senator feel that the authorization for the missile program which has been reported from the Armed Services Committee is adequate?

Mr. SYMINGTON. When one talks about missiles, I will say to the able Senator from Pennsylvania, it is a question of the type and capability of the missile, a question of dispersion of the missile, and a question of hardening of the missile bases. My view of the proposed authorization has been made clear. We are stressing defense at the expense of needed offense.

An excellent article written by Edward Hymoff appeared in the June 25 issue of Reporter magazine. It gives the truth in detail for the first time. I ask unanimous consent that this article appear at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOME OF OUR LAUNCHING PADS ARE MISSING

(By Edward Hymoff)

Last January, when the missile experts in and around Vandenberg Air Base in California read that Defense Secretary Neil McElroy had stated that the first squadron of 10 Atlas ICBM's would be on station and ready for use by mid-July, there were many derisive references to McElroy's "magic wand." The derision did not abate when McElroy quickly corrected the error and shifted the deadline to the end of the year or when the President, in his TV report to the Nation on March 16, appeared to support his Defense Secretary's corrected deadline by indicating that Atlas ICBM's would be generally available in 1959.

The simple truth of the matter—if anything at all in the missile business can be considered simple—is that if all goes well, we shall have the means to fire in anger only three Atlas missiles by midsummer this year. Early next year we shall have a second launching complex capable of firing three more Atlases, which will still leave us four short of the promised full squadron. The rest will come later, and most of it a good deal later—and therein lies the story of one aspect of the missile lag that has not been fully reported or understood.

The public announcements from Washington are almost exclusively preoccupied with the production and testing of the "birds" themselves. But missiles are very much like bullets: without a gun—which is to say an operational launching site—they are absolutely useless. And like a quality gun, a launching complex requires painstaking design, individual machining in construction, and precise testing. Today it is far easier, quicker, and cheaper to build the missiles than to build the bases that will launch them.

GETTING TO FIRST BASE

One man who understands thoroughly this unpublicized area of the missile lag is Lt. Gen. Bernard A. Schriever, former chief of the Air Force Ballistic Missile Division and now head of that service's Air Research and Development Command. At Senate hearings early this year he skirted the subject briefly.

Preparedness for missile warfare, he testified, includes "base construction, it means training, it means the setting up of new units." Moreover, he added, "we are introducing this type of weapon for the first time in the history of this country, and it requires an entirely new operational environment * * *.

"Money isn't everything," General Schriever repeated for my benefit in the quiet of his office. "Even with money, time problems can't be compressed. This is what we have to consider when we transform technology into a missile weapons system. In this relatively new technology we often require lead times in excess of 2 years—sometimes even 3 years."

Setting aside the intermediate-range ballistic missiles, effective against the Soviets only from overseas bases, we are relying for missile retaliation on a hard core of three ICBM weapons systems: the Atlas, the Titan, and the Minuteman, and on the intermediate-range Polaris, which when mounted on nuclear submarines will have an effective range equal to the ICBM's. The Atlas has been tested successfully but after five consecutive flight failures is still far from achieving the 80 percent operational reliability Air Force missile experts hope to attain. The Titan is now undergoing basic flight tests and is at least a year to 18 months behind the Atlas in its operational schedule. Minuteman, a less expensive solid-fuel long-range weapon, is 4 to 6 years in the future, while the solid-fuel Polaris is at least 2 years from installation in submarines capable of underwater launchings.

The first step in getting the ICBM's off the ground is the creation of a missile base. Today Vandenberg Air Force Base, spread over 65,000 acres of wasteland some 175 miles northwest of Los Angeles, is the only one in existence—and it is far from completion. (Cape Canaveral, so often in the headlines, is a launching base for test and research missiles only.) Vandenberg though designed primarily for training purposes, could be used as an operational base. Work on this site is now going into high gear, with double shifts and overtime. Construction workers have begun excavating deep holes and tunnels that will become part of the most expensive diggings in the Western World.

These excavations will ultimately house four underground silos for the mighty Titan. According to top Air Force officials, there will also be two Atlas launching complexes each of which will consist of three launching pads accommodating the same number of missiles. (Eight additional launching pads at Vandenberg, of which four are now completed, will be used for the training of missilemen for the intermediate-range Thor and the launching of modified Thors used in the current Discoverer satellite program.) When this huge integrated complex is finally completed in late 1961, it will provide the capability of one 10-missile ICBM squadron—though of mixed breed—which Secretary McElroy promised for the end of 1959.

LONG AND SHORT OF HARD AND SOFT

Three major steps are required to bring a launching complex to a state of operational readiness: Design, construction, and checking. The design phase covers a period of engineering conferences to establish what the launching complex will look like and to iron out the many problems posed by the geography and geology peculiar to each site. As General Schriever put it to me, each complex must be "tailor made for the base where you're going to locate the missiles." The design phase alone, he pointed out, "runs from 5 to 6 months" before the construction contracts are even let.

The construction phase which follows may run from 15 to 20 months. It will have taken 20 months, for instance, to build Vandenberg's first launching complex.

The final phase—what General Schriever calls the installation and checkout of the supporting equipment that makes a missile "truly operational"—takes about 9 months. In all, then, 30 to 35 months is required to bring these intricate launching bases to complete readiness.

There is little chance of this leadtime being cut back. The Atlas was originally designed in 1954 as a "soft" weapon standing above ground in a vertical position. The radio guidance system then in use required ground antennas about a mile downleg to keep the bird on course as it slowly climbed into the sky. However, as a result of subsequent breakthroughs in inertial guidance systems which have made it possible to fire the Atlas from underground or "hard" sites, all but the first three bases will be semihard or hard—and hard sites take about 10 months longer to build than soft sites. The Titan, of course, has been planned from conception as an underground-based missile. The Minuteman is expected to be emplaced in both mobile (railroad flatcar) soft sites and in stationary hard sites.

Hard and soft sites have been the subject of a heated debate between their respective proponents. Many top-ranking officers in the Air Force have lobbied for the hard sites with colorful and often dramatic presentations based upon what they consider valid intelligence. Our missiles, they say, will some day be accurate enough to hit a hundred-foot-diameter bull's-eye. "And if they're going to be this accurate," a Strategic Air Command officer warned, "it stands to reason that the Soviets will reach this degree of effectiveness with their missiles."

One prominent civilian missile engineer, with considerable experience in the nuclear-weapons field, disagreed. "An Atlas site above ground but built in a narrow ravine or canyon has greater protection than an underground site," he told me. "Let's face it: we can build a hell of a lot of soft sites in canyons and ravines much faster, put the birds on them, and have our deterrent and retaliatory power at least 2 years earlier than present construction schedules call for."

He acknowledges that a direct hit will naturally knock out a soft surface installation, "but experience in nuclear tests has shown us that a near miss on the other side of a hill or mountain will barely shake up a soft site." Describing his own studies of the blast effects of air, surface, and underground nuclear test explosions, he told me that a near miss at a hard underground site can do far greater damage. "It's like an earthquake," he explained. "Underground communications and control cables can be knocked haywire—and remember, some of the most sensitive equipment ever devised is a part of a missile's ground installation."

He conceded, however, that the monumental cost of building what General Schriever calls "an entirely new operational environment" can be cut down by emplacing ICBM's in many of the hundreds of abandoned mines spotted throughout the Nation: "There's no reason at all why some of these mines can't be converted," he said. "The Army Corps of Engineers has presented studies of the feasibility of utilizing abandoned mines, but they've been turned down cold by the Air Force. And the Corps of Engineers has been in the construction business longer than the Air Force has been in existence."

The Air Force refused to comment beyond a brief statement that the decision to table the study "is not completely correct." Subsequent investigation indicates that abandoned mine sites will probably be used for future generations of missiles like the solid-fuel Minuteman of 1963–65.

At present the only completely hardened site under construction is Vandenberg's first Titan complex. A giant silo, 155 feet deep and 40 feet wide, is well under way and will take a total of 2 years to build. When finished, it will be covered by massive steel and concrete doors that will automatically open to permit the huge 110-ton bullet-shaped missile to rise to ground level on an elevator.

Trained manpower is one of the biggest problems facing the Air Force today and contributes measurably to the over-all time lag of our missile program. As of now, an Atlas squadron calls for 550 men and a Titan squadron for 600. Air Force officers at Vandenberg responsible for the ballistic-missile training program say that these requirements will ultimately be reduced as more automation becomes available.

Training for IRBM squadrons is proceeding at an accelerated pace in many parts of the United States, but the ICBM training program is off to a slower start. Probably the most advanced training on this front is to be found in Vandenberg's 576th Strategic Missile Squadron, where the cream of Air Force enlisted technicians and officers are undergoing various phases of Atlas launch-crew training which began last September. The 576th is a combination training and operational squadron, and it is a far cry from the kind of Atlas combat squadron that Defense Secretary McElroy envisioned would be on station and ready for action in January. In carefully censored hearings before the Senate, which McElroy seems to have overlooked, General Schriever explained that the missile training program for the various ICBM squadrons "is in the order of 30 months."

ARITHMETIC REGRESSION

Perhaps the key factor in our missile preparedness program during what has come to be called the dangerous early sixties will be the ratio between the number of launching pads and the number of available ICBM's. Although production figures are secret, no less authoritative a journal than Aviation Week recently disclosed that the Convair plant manufacturing the Atlas is operating at 40 percent of capacity. If, for the sake of argument, a total of 50 Atlas ICBM's are produced this year and a similar number in 1960 and 1961, by the end of the third year there will be many more missiles than available launching pads.

By early March, the Pentagon had announced plans to build five ICBM bases in addition to Vandenberg—four Atlas bases, consisting of Warren (near Cheyenne), Offutt (near Omaha, which is also SAC headquarters), Fairchild (near Spokane), and Forbes (near Topeka), plus a Titan base at Lowry (near Denver). Three weeks later, four additional missile bases were announced for construction next to existing operational airbases. Two of the four (Ellsworth near Rapid City, S. Dak., and Mountain Home near Boise, Idaho) were designated as Titan bases, and the other two (Schilling near Salina, Kans., and Lincoln near its namesake city in Nebraska) as additional Atlas bases. Present plans call for each of these missile areas to hold a single squadron, with the exception of Warren, which has been expanded in recent planning to house two more Atlas squadrons, and Lowry, which will have a second Titan squadron. Adding this up, one arrives at a total of three Titan bases and six Atlas bases, with Vandenberg—the 10th base—incorporating both Atlases and Titans.

The number of missiles planned for each base, however, has been revised by a policy decision, made by the Joint Chiefs of Staff last January, to both harden bases and disperse missiles.

Dispersal, according to a high-ranking missile officer, means "buying small plots of land scattered around the compass around the

existing airbase. One launch site can be 15 miles from the base, another 10 miles, and a third 20 miles, with all of them many miles from one another and as much as 40 miles apart on opposite sides of the base." He told me that as part of the dispersal plan it had been decided to maintain 10 missiles and launching pads in Atlas and Titan ICBM squadrons. But he acknowledged that the communications problem between missile sites will be magnified tenfold as a result of dispersal.

With a total of 10 missile bases, 2 with additional squadrons, and 10 missiles to a squadron, the Nation would have—if all bases were completed on time—a total deterrent and retaliatory capability of 130 Atlas and Titan ICBM's on station in 1962. Present construction schedules, however, preclude all 10 bases being completed by that time. Vandenberg is the most advanced in construction. Warren is a year behind, and its two additional squadrons will set back its semihardsite schedule by some 30 months more. Contracts for brick-and-mortar construction of missile-launching facilities have been recently allotted at Lowry and Offutt for one squadron each.

The Air Force admits that construction has not yet begun at any of the remaining programed sites, adding, however, that "certain preliminary soil investigation and site preparation is under way at the other locations." The Directorate of Installations at Ballistic Missile Division headquarters has acknowledged, without naming the bases involved, that some of the time-consuming land-acquisition program is still in the courts "and will be for some time to come."

STRIKE ONE—YOU'RE OUT?

With the prospect that by the end of 1962 we shall have far fewer launching sites ready than are now scheduled, it becomes more important than ever to establish the performance and capability of those which will be completed by that date. The question arises, first of all, whether these missile bases will be capable of launching a second salvo of ICBM's to follow our first retaliatory barrage. According to current military thinking, ICBM warfare will be more or less limited to a "strike" by the enemy and a "strikeback" by our own missiles. There seems to be general agreement in the Pentagon and among the missilemen at Vandenberg and the missile-weapons-system designers and evaluators in the manufacturing plants that there may well be no chance to reload and fire again.

A certain number of assumptions underlie this view: First, it is assumed that the enemy will know the location of most of our missile sites and will achieve a high proportion of direct hits and near misses. (Many military analysts, in and out of uniform, anticipate that in the event of a Soviet ICBM attack 60 percent of our ICBM retaliatory force would be knocked out.) Second, given the damage suffered from the strike, including intense radiation and widespread disruption of communications, the retaliatory strikeback will be largely limited to what can be achieved by missiles already in firing position and subject to automatic control. For those sites which escape damage from the original attack, the time factor alone presents almost insuperable obstacles to an effective second salvo. Some of the strikeback problems were taken up in the aforementioned congressional hearings with an admission by Air Force Chief of Staff Gen. Thomas D. White that it would be a matter of considerably more time to set up new missiles on launching pads after the first salvo had been fired. In the give-and-take of the hearing an Air Force technical spokesman told the committee that there are two distinct disadvantages to thinking in terms of reloading and launching a second salvo. "One is that the response rate (mechanical capability of launch sites for a second launch) is very low," he explained, "so they are vulnerable for a long period of time. Two, they must be reloaded in an environment which we have to assume is going to be very hostile to the reloading crew in terms of radiation hazard. Under these circumstances * * * you can only come to the conclusion that there is more value to providing some hardening than there is to providing additional soft missiles that are not on launch pads."

Another Air Force general officer in the missile field refused to comment on the availability of launching pads for a second shot, but admitted that even under ideal conditions it could take "some number of long hours" to pull another Atlas or Titan out of its storage hole, deliver it to the launching pad, emplace it, refuel it, check components, and then begin what is still a lengthy countdown procedure. The inescapable fact at present is that it will take an estimated day or longer to ready a launching pad for a second shot (assuming such a shot to be either possible or desirable). One of the civilian construction engineers at Vandenberg with launching-pad construction experience at Canaveral frankly admits that the heat generated by powerful rocket engines often causes the thick steel plate covering the launch pad to melt and run. Excessive noise vibration also loosens steel supports and cracks even the special heat-resistant concrete that has been developed. He explained how at Canaveral thousands of tons of cooling water are sprayed under high pressure on a launching pad from which a research-and-development test vehicle is taking off. "And we still have to spend a day or two inspecting a cooled-down pad before we can use it again," he continued. "Some little thing is usually knocked out, and once in a while extensive repairs force us to down the pad for a week. No, I can't buy an operational launch site being used more than once in a 24- or 30-hour period."

There is, it appears, a more optimistic minority view which holds that completely hardened sites like those now envisaged for the Titan and later in the Atlas program will permit more than one salvo. But even this group concedes that the first soft sites now undergoing construction at Vandenberg and Warren would be useless after the first shot.

All this would seem—in the elusive mathematics of the missile controversy—to add up to the fact that of the 10 missile bases and 13 squadrons (including Vandenberg) now scheduled, only the hard-site squadrons—perhaps 6—can expect to remain in business after launching their first rounds. And since the state of the art during the dangerous early 1960's precludes all missiles functioning reliably, perhaps only 50 of the 60 missiles in those squadrons would be able to take off. Finally, one cannot assume, for either the Soviets or ourselves, that each and every missile will find its way to its respective target. Missile technology is such—and will be for some time to come—that a single malfunctioning component among the many tens of thousands of working parts in both our own and the Soviet missiles can send one of these awesome weapons well off its course.

SECURITY AND INSECURITY

The entire area of the Nation's retaliatory missile capability is shrouded in security and censorship, and is complicated by a series of constantly shifting evaluations and new technological developments in what the civilian director of the Atlas project calls "a period of technological obsolescence." New evaluations and conflicting claims are constantly publicized by Pentagon leaders seeking public and congressional support for either an increase in manpower or the acquisition of new types of missile hardware for their respective services. On the eve of the NATO foreign ministers' conference in Washington, statements by American military leaders declaring that we now have the power to "break Russia's back" were widely published. While admitting the Soviets' three-to-one lead in missiles, they asserted that the total capacity of our "mixed" forces was more than adequate for the job, and that U.S. nuclear delivery capability was far greater than that of the Soviet Union. A few days later the headlines carried a statement by Gen. Thomas S. Power, SAC commander, flatly contradicting such assertions. In testimony before the House Appriations Subcommittee he declared that SAC—the backbone of our mixed-force strategy—was rapidly "deteriorating" and that the B–47, which comprises roughly two-thirds of SAC's striking power, was obsolescent. Warning that the weapons lag was "risking the whole country," he asked that the B–47 be replaced. "I want more B–52's than are in the program," he declared, "and I want more Atlases—and I want them faster—and I want more B–58s."

As a result of such conflicting statements, public uncertainty over our defense policies is acute. In turn, the absence of reliable and consistent public information in the area of weapons development tends to cripple congressional efforts to force through decisions that would help close the missile gap. The broad base of such decisions has been set forth by General Schriever; it lies in wide public recognition that "The nature and size of our forces must, at the earliest possible date, be such as to absorb an attack of many hundred missiles hurled at us simultaneously—and still retain the capability of devastating the aggressor. We simply don't know when the Soviets for their part will achieve their capability; therefore it is only safe to assume that they will have it sooner rather than later."

Mr. SYMINGTON. We are not only lagging in missile production, but our plans for dispersal and for hardening are such that it is going to take a long time to provide a truly operational picture.

General Schriever talked about an over 30 months' requirement from a flat start to get an operational missile on a hardened base. During that time it would certainly seem to be the better part of wisdom, to me, for us to modernize further our Strategic Air Force, which we can do with our present production facilities.

I will say to my able friend, it is my belief that liklihood of having a nuclear war is far less than the liklihood of having a conventional war. When I went to Berlin month before last, I found to my sorrow that we are not only heavily outmanned, but also our forces are not modernized.

As the Senator knows, the Russians are supposed to have 175 divisions, of which about 22 divisions are directly adjacent to West Germany, while we have only 5 divisions in that area. I do not understand why we do not modernize the equipment those five divisions have, in order to give them at least some chance in case of Communist aggression. Nothing even approaching such modernization has been presented by the administration to date. Adequate modernization of our ground forces is one of our greatest needs.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to the distinguished Senator from Washington.

Mr. JACKSON. In further response to the question asked by my distinguished friend from Pennsylvania, I wish to say that the pending military construction bill is geared to what I think is an inadequate production program for our intercontinental ballistic missile effort. It is my personal feeling that before the present session of Congress adjourns, we should come back with a supplemental authorization bill for additional base sites. In that way, if we add to the output of ICBM's, we will be able to take care of the long lead time items, which, of course, in this instance, happen to be the base sites. In other words, it takes much longer to have the bases ready to receive the delivery systems than it takes to produce the individual ballistic missiles.

Mr. CLARK. I thank my friend from Washington for his comments. I wonder if I correctly understand the positions of my friends from Washington and Missouri when I say that based at least to some extent on their better judgment it is my own view we need substantially more effort and substantially more money, first, to increase the production rate of intermediate and intercontinental ballistc missiles; secondly, to place more defensive missiles in support of the bases of the Strategic Air Force, and, third, to provide more dispersion of the Strategic Air Force than we have at present. I further believe that all of these things should be going forward at the same time, and that they will require substantially higher appropriations than are presently contemplated to be authorized.

Mr. SYMINGTON. More funds will be needed, if we don't get more effectiveness through some real unification in the services. The Senator is correct, particularly as regards ICBM's and dispersal of bases. The Senator has just been listening to a great authority on this subject, my able friend from the State of Washington. As for ICBM's, one must have the missiles themselves, one must have dispersion of their bases, and one must have those bases adequately protected or hardened.

The point which the able Senator from Washington is making is entirely sound. Once one is in production of an ICBM it takes a great deal longer to build the base and to train the crews, than it takes to build the missile.

Mr. CLARK. I am happy to see my friend from Washington is interested in this colloquy. I should like to ask another question.

For the relatively short period of years—3, 4, or 5 years—during which our Strategic Air Force must continue to be our primary deterrent against attack, is it not true we need an increase in the production of jet tankers to reduce the dependence of our strategic bombers on overseas bases, which are threatened by Russian missiles?

Mr. SYMINGTON. There is no question about that. Every expert testifies to the need. Yet, we are told that we cannot afford to build enough tankers.

Mr. CLARK. An adequate number of additional jet tankers, as I understand the situation, is not contemplated in the pending measure or in the other military authorization bills which will soon be before the Senate.

Mr. SYMINGTON. That is not covered in this particular bill, of course, because this is a military construction bill.

Under oath several years ago the world's foremost authority, perhaps, on strategic air power, General LeMay, testified that the tanker program was totally inadequate. Yet, we still have a relatively small number operational and only about 96 more are provided for in the 1960 budget request.

Mr. CLARK. Is there not presently, also, an acute shortage of air crews for SAC, which limits the ability of SAC to maintain an air alert?

Mr. SYMINGTON. I do not know the exact figures with respect to crews, but I know there has never been a time in recent years when SAC has had an adequate number of trained crews, according to the sworn testimony of the SAC authorities, such as General LeMay and General Power.

Mr. CLARK. I appreciate that some of the lack of adequately trained air crews comes about as a result of the difficulties of recruiting personnel and holding them in service, but it is also to some extent the result of inadequate appropriations, is it not?

Mr. SYMINGTON. The Senator, as usual, is correct.

Mr. CLARK. I should like to turn to another matter mentioned by my friend from Washington. Does my friend from Washington, as well as my friend from Missouri, feel we should be pressing ahead faster than we are in connection with the Polaris missile and our antisubmarine program?

Mr. SYMINGTON. Mr. President, I have the floor. I would be happy to yield to my distinguished colleague from Pennsylvania so that he may ask the distinguished Senator from Washington questions. The only reason I stated it in that way is that I am taking care to protect the distinguished Senator from South Dakota, who asked unanimous consent to yield to me.

Mr. CLARK. I would be happy to have my friend from Missouri give his views on that question, also.

Mr. SYMINGTON. I would prefer to have the Senator from Washington answer the question.

Mr. JACKSON. Mr. President, I agree wholeheartedly with the observation made by the distinguished senior Senator from Pennsylvania. We should be making an all-out effort to achieve at the earliest possible date an invulnerable retaliatory deterrent. This involves, in my judgment, the Polaris weapons system. It involves the Minuteman, which, as the Senator knows, can be hardened by being placed in the bowels of the earth or on mobile platforms in various places.

I think this should be our primary objective. I believe the Soviet leaders are deterred from undertaking an all-out war against America and the free world by the possibility of an all-out retaliation from us. We must have in being, therefore, a deterrent which the enemy cannot destroy. It is that simple. Once we achieve such a deterrent, it seems to me, we shall have gone a long way toward providing assurance against an all-out nuclear or thermonuclear conflict.

Mr. CLARK. We do not have that deterrent in being today, do we?

Mr. JACKSON. We do not. We are far from having that kind of a deterrent today.

Mr. CLARK. I am grateful to my friend for his patience in continually yielding to me.

Let me turn to the third point the Senator made at the beginning of his talk; that in order to protect this country and to fulfill our worldwide commitments we must have the capacity to wage effectively limited war. It has been my judgment—and I ask my friend to either confirm it or modify it—that we do not have such a capacity today.

Mr. SYMINGTON. We do not. Our deficiency in this respect is very serious.

Mr. CLARK. Is it not true that our troops are understrength; that our troops are armed with obsolete, World War II weapons; that our troops do not have adequate conventional ammunition with which to fight a "brush war"; that we tend to rely on tactical atomic weapons which we may never politically be in a position to utilize; that our Marine Corps is under strength and lacking in adequate airlift; and that this situation should be a matter of the first priority in connection with securing the safety of the United States of America and its position abroad?

I realize that that is a pretty comprehensive question.

Mr. SYMINGTON. Let me answer my friend in this way: In order to have any chance with the relatively small Army we have, that Army should be modern and mobile. Several months ago I was having dinner with Mayor Brandt in Berlin. The question was asked me, "We are very glad that you do not intend to give an inch with respect to West Berlin, but how can we reconcile that with our knowledge that you plan further to reduce the number of combat divisions in your already small Army?"

I had no answer for that question, and I do not believe anyone else has an answer for it.

Each year the Army has petitioned the Joint Chiefs of Staff for adequate airlift. Each year the Joint Chiefs of Staff have rejected the petition of the Army for adequate airlift. Then the American people are told that the Joint Chiefs of Staff do not believe that we need more airlift. They are not told it was a decision by majority vote of the other services against spending the money so the Army could be mobile. That is one of the reasons why Gen. Maxwell Taylor has decided to resign, because of lack of mobility of his Army.

Another aspect of the Army's situation involves modernization of equipment, such as tanks and guns. As I mentioned in my speech, the gross national product of the United States is around $1¼ billion a day, and it would require less than a third of that amount of money added to the budget to give some reasonable amount of modernity to our Army. Neverthless, our already very small—relatively speaking—Army facing the

Russians around Berlin has tanks which have less than one-half the range of the Russian tanks. The Russian tanks are newer than ours, having been built since World War II, while we have not even spent the money to change from gasoline engines to diesel engines in any quantity.

In addition, the heavy Russian tanks have 120 millimeter guns, whereas our tanks have a maximum of 105 millimeter guns.

If we have the right to draft boys from the farms and cities in peacetime to go into military service, we have the duty to give them the best equipment and the best training, in order to give them the best chance to do their jobs successfully and to return home safely. We are not performing this duty.

Mr. CLARK. Mr. President, I thank my friend for his frank and pertinent answer to my question.

Let me say briefly, for myself, that I stated on the floor of the Senate, as long ago as March 5 of this year, that in my judgment the appropriations recommended in the President's budget to preserve the security and defense of the United States were totally inadequate. I pointed out that the Gaither Committee, the Rockefeller Committee, and the chairman of the House Committee on Appropriations had requested substantially larger appropriations, and that I hoped they would be forthcoming.

I find that this authorization for military construction cannot well be analyzed by an amateur in the field, as I am, without knowing what is to be done in other fields of military authorization and appropriation; and I would be sorely tempted to vote against the present bill as a protest against the inadequacy of the entire system if I did not believe that would be a futile gesture.

We must increase the number of Army divisions. We must bring the Marine Corps up to strength. We must give the Marine Corps an adequate airlift. We must modernize and protect our Strategic Air Force. We must move ahead more rapidly with the development of ballistic missiles, and give the Navy what it needs to go full steam ahead with the Polaris missile and antisubmarine warfare. In my judgment that cannot be done within the limits of the President's budget.

Mr. SYMINGTON. That is an excellent summation of our needs. I thank my able friend from Pennsylvania for his fine contribution.

Mr. ALLOTT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MONRONEY in the chair). The Chair informs the Senator from Colorado that the Senator from South Dakota [Mr. CASE] has the floor. He yielded, under a unanimous-consent agreement, to the junior Senator from Missouri [Mr. SYMINGTON], with the understanding that he would not lose the privilege of the floor.

Mr. ALLOTT. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield for a unanimous-consent request.

Mr. ALLOTT. I wish to introduce a bill and propound a unanimous-consent request.

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that I may yield to the Senator from Colorado for the purpose of introduction of a bill and the propounding of a unanimous-consent request, without losing my right to the floor.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. Mr. President, will the Senator from South Dakota include in his request the privilege of yielding to the Senator from North Dakota [Mr. YOUNG]; and the request that the unfinished business be temporarily laid aside in order that the Senate may consider the conference report on the agricultural appropriation bill, and that that be done without the Senator from South Dakota losing his right to the floor at the conclusion of consideration of the conference report on the agricultural appropriation bill?

Mr. CASE of South Dakota. Mr. President, I so request.

Mr. MANSFIELD. Also that there may be a quorum call without the Senator from South Dakota losing the floor.

Mr. CASE of South Dakota. I am glad to yield with the same understanding.

I now yield to the Senator from Colorado.

THE BUDGET

Mr. ALLOTT. Mr. President, I appreciate the courtesy of the Senator from South Dakota in yielding to me. I point out that the Senator from Colorado has been standing on his feet on the floor for 33 minutes, attempting to gain recognition, during which time a number of Senators spoke. Some of them questioned the Senator from Missouri, who temporarily had the floor.

Mr. President, I ask unanimous consent that there be printed at this point in the RECORD an editorial from the Cleveland Plain Dealer, which was reprinted in the Ohio Republican News, and which I believe deserves wide readership.

It contains in a very brief and clear analysis, a restatement of some of the facts of economic life.

All the politically motivated nonsense I have been reading in the RECORD will not make it otherwise. There is only one way to balance a budget and that is to adjust expenditures to income. Any effort to avoid these facts is not only unrealistic, but unfair to our children and their children, when we leave them nothing but a heritage of debt.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE FAMILY BUDGET

(Editorial reprinted from the Cleveland Plain Dealer)

At one time or another the head of every prudent family tries to make out a budget. He or she first writes down the amount of income the family can reasonably expect during a given period. Against that there are certain expenses which must be met, such as rent or mortgage payments, taxes, utilities, food, clothing, transportation, and insurance.

Too often, alas, these amounts eat up all the anticipated income, but sometimes, after the necessities have been provided for, there is something left over for other things, such as entertainment, vacation trips, new furniture and so on. The problem then is to decide which of thees other things the family can afford. Obviously, the family can't have everything it wants because if it could there would be no budget problem to worry about.

But the leftwing Democrats who are complaining that President Eisenhower's $77 billion budget isn't big enough would go about things in a different way. First they would list everything that the family wants under the heading of necessities and, if there wasn't enough money coming in to pay for them, they would borrow the balance.

That's what has been done all too often in the past, so that the Federal debt is now above $280 billion, a staggering amount. But the people who have loaned this money to the Government expect to earn interest on it, and that includes holders of $25 U.S. savings bonds, as well as the banks and insurance companies that buy larger amounts of Government bonds in long- and short-term issues. As a result, interest on the Government debt is one of the big, irreducible items in the Federal budget. It amounted to $7½ billon this year and will be over $8 billion next year.

That brings us to the spokesman of the Democratic leftwingers, the Democratic Advisory Council. It complains that "the only people who benefit in a big way from the new budget are those who have money and lend it to the Government." That's because the Government has had to increase its interest rates in order to induce the owners of capital to lend it to the Government. If the people who have money to lend can get better interest rates elsewhere, or if they fear that inflation will erode the value of their money if they put it in Government bonds, they will invest in something else.

As Raymond Moley pointed out in a column on this page, the time might come when the Government couldn't borrow any more money to finance its deficits. Then it would have to resort to the printing press and runaway inflation would be upon us.

The Democratic Advisory Committee is completely oblivious to this potential disaster. It wants the Government to spend more, to borrow more, and to cut down on interest rates, thus leading to a situation when the Government could no longer borrow. It's the classic road to ruin, whether it happens to your family's budget or the Government's.

(At this point Mr. ALLOTT introduced a bill, which appears elsewhere in today's RECORD under the appropriate heading.)

INFLATION IS NO LONGER A JOKE

Mr. YOUNG of North Dakota. Mr. President, inflation represents a far more serious and dangerous threat to the future of the United States than many people realize.

One of the best editorials that has come to my attention on the subject of inflation is one that appeared in the San Francisco Call-Bulletin under date of Wednesday, June 24, 1959, under headline "Inflation No Joke."

Mr. President I ask unanimous consent that this editorial be printed in the RECORD as part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INFLATION NO LONGER A JOKE

Except for war itself, the most ominous shadow that clouds the American economic skies today is the menace of expanding inflation. Inflation used to be a two-dollar word that people stuck into their conversation to show off their vocabularies. It did not mean anything, because it never really happened to us.

The American people were vaguely aware that it happened in Germany after the first great war. There were fantastic stories about a loaf of bread costing millions of marks. It wasn't funny in Germany, but our jokesmiths made quite a thing out of it.

Well, it isn't funny in America any more, either. Inflation has really happened to us at last, and it hurts. If it goes on long enough, and keeps on getting worse, it is going to destroy us.

What inflation does to us is to take so much of our income as individuals and as families that the little left for living is not enough. So everybody demands higher wages, and then prices of everything go up. Then along comes the Congress, the State legislatures, the boards of supervisors, and taxes are raised and new taxes levied. The whole vicious spiral spins and spins.

The American people, and their lawmakers, are going to get smart about this very quickly, or they are going to get hurt very badly. The remedy for inflation must originate with government at the highest levels.

Government spending in excess of revenues is one of the major causes of inflation, but the Congress goes right on appropriating money that the American people have not even earned yet. President Eisenhower pleads earnestly for a balanced Federal budget, but spending and taxing and borrowing go blithely on.

Caught up in the whirlwinds of inflation, America must make a safe landing or crash. And as we suggested in the beginning, the only thing worse than that kind of a crash is war itself.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1960—CONFERENCE REPORT

Mr. RUSSELL. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside in order that the Senate may proceed to consider the conference report on the Department of Agriculture and Farm Credit Administration appropriation bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. RUSSELL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today, pp. 12296–12298, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. RUSSELL. I suggest the absence of a quorum.

The PRESIDING OFFICER The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RUSSELL. Mr. President, I shall make a brief statement with respect to some of the items which are included within the conference report. As is usual in matters of this kind, there was a compromise on the Senate increases for the Agricultural Research Service. The Senate was sustained in these activities in many instances, but was compelled to make some reduction in the amount of money involved.

In the appropriation for watershed protection, for which the House had allowed $25,500,000, and the Senate had allowed the budget figure of $20 million, the conference report provides $22,750,000. That is an increase of $2,750,000 above the Senate figure and the budget estimate.

With respect to the flood prevention item, in which great work is being done on such important projects as the Washita and Trinity Rivers, the Senate receded from its amendment, which reduced the House item of $18 million to $15 million, and a total of $18 million is included.

The Senate was able to maintain its position with respect to the Great Plains conservation program.

In the item for poultry inspection, we have provided $10,203,000. This is $294,000 under the estimate, but the evidence before us indicated that only about 550 of the 750 plants eligible to to be inspected have so far been brought under the operation of the act. It will probably be very late in the fiscal year which begins tomorrow before all the plants will be included. So there should be adequate funds with which to carry on that work.

One of the most highly controversial items in the bill was that which had to do with the 1960 program authorization of the conservation reserve program of the soil bank. Senators will recall that the Senate, by a yea-and-nay vote, on the basis that this would be the last year in which this program would be in operation, allowed $450 million. The House figure was $325 million. I regret very much to advise the Senate that despite every argument which we would bring to bear, we were unable to get above the budget estimate of $375 million for the soil bank conservation reserve program for next year.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. COOPER. Will the sum agreed upon permit the continuation of all contracts which have been made in the past fiscal year?

Mr. RUSSELL. Oh, indeed. Not only will it carry out all the contracts made during the past fiscal years, but it will allow for at least 5 million acres additional which will be brought into the program in 1960.

Mr. COOPER. The program will continue to remain in operation through fiscal year 1960; will it?

Mr. RUSSELL. The program will be carried through the calendar year.

Mr. COOPER. We discussed this item when the bill was before the Senate. I remember the vote. I congratulate the Senator from Georgia and the other conferees for at least maintaining the amount which they did.

Mr. RUSSELL. I thank the Senator from Kentucky. I assure him that it was not an easy matter. Almost all the House conferees seemed to agree with the views of the distinguished Senator from Delaware [Mr. WILLIAMS] on this program. The Senate was compelled to yield $75 million in conference.

I think I have dealt with some of the major items in the conference report. Three amendments have been reported in disagreement. I therefore move that the conference report be agreed to; then we can take up the amendments which are in disagreement, including the one which has to do with the limitation on the amount of support which can be extended.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Georgia explain what the conferees did in repect to the $50,000 limitation?

Mr. RUSSELL. I shall be very happy to undertake to explain that item. This was the most controversial item in the entire bill. It had to do with the $50,000 limitation on the amount of support which could be extended to any one person. That was the amendment which was adopted by the Senate.

I ask Senators to bear in mind that, as is always the case when we legislate hastily on the floor of the Senate, we made a grievous error in that the original amendment made no provision for the continuation of the effective price support program with respect to dairy products, meats, and any other products supported by this method of purchase. The amendment as agreed upon by the conferees contains language which corrects that error.

There are three or four very substantial differences between the amendment agreed to in the conference and the original Senate amendment. First, the original amendment limited the amount of support to $50,000 to any one person for whatever number of commodities he might produce. The House conferees were adamant in their opposition to that proposal.

It was pointed out that some 24 different agricultural commodities have programs; 22 of them have support; in 2 of them, wool and sugar, payments are made; also, some of the commodities are in surplus, and some are not in surplus. In fact, with respect to wool and sugar, the subsidies were paid to increase production, and therefore it was highly impracticable to apply the $50,000 limitation. Of course, the purpose of the Sen-

ate in adopting the amendment was to attempt to discourage the production of great surpluses—primarily by the large farmers.

So the provision, as reported to the Senate from conference, limits the amount of the price support to $50,000 as to any commodity. It limits its application to commodities which are declared by the Secretary to be in surplus supply.

Mr. HOLLAND. Mr. President, at this point will the Senator from Georgia yield?

The PRESIDING OFFICER (Mr. McCARTHY in the chair). Does the Senator from Georgia yield to the Senator from Florida?

Mr. RUSSELL. I yield.

Mr. HOLLAND. As I recall, the Senate amendment was, likewise, limited to support prices paid by the Commodity Credit Corporation—which is not the case with reference to sugar and wool.

Mr. RUSSELL. I regret to say that the Senator from Florida is in error on that point. I took that position in conference; but the House conferees pulled out the legislative acts and showed that with respect to wool the payments were made directly by the Commodity Credit Corporation.

Mr. HOLLAND. But not in the case of sugar.

Mr. RUSSELL. I am not too sure about that. I think the operation of the Sugar Stabilization Act is also under the Commodity Credit Corporation, because I was thrown into some confusion when the House conferees handed me the acts. In the conference I took the same position the Senator from Florida has taken just now.

Mr. HOLLAND. I certainly would have been similarly confused, because I believed that in all cases in which the processing tax was involved, the payments were made by an agency other than the Commodity Credit Corporation.

Mr. RUSSELL. I made that statement, and said that the Wool Act would be amended by requiring that the payments be made out of the funds of the Commodity Credit Corporation, if adequate funds from the processing taxes were not available.

Mr. WILLIAMS of Delaware. Mr. President, do I correctly understand that there is also this difference: The amendment, as adopted by the Senate provided a $50,000 limitation in the case of all agricultural commodities produced by any one person, whereas the conference report provides a $50,000 ceiling on each individual commodity.

Mr. RUSSELL. That is correct, and limits it to the commodities which are declared to be in surplus supply. We did not think the purpose of the action taken by the Senate was to destroy the support program. We apprehended that the purpose of the action of the Senate was to do away with the enormous payments which were made and the great losses which were incurred on loans in excess of $50,000.

Mr. WILLIAMS of Delaware. That was the purpose of the Senate action, and it was also the intention of the Senate that it be limited to $50,000 in the case of any one individual for all commodities which he might produce.

The conference report, if I correctly understand it, also provides two exceptions from the $50,000 limitation. If I understand the conference report it would be possible under certain circumstances for a person to be exempted from the $50,000 limitation and get as much as $1 million. Is that correct?

Mr. RUSSELL. Not unless he reduced his production by 20 percent.

Mr. WILLIAMS of Delaware. But the conference report does not so provide. It provides that he shall reduce it "not to exceed 20 percent." Conceivably the reduction could be as little as 1 percent.

Mr. RUSSELL. "As the Secretary may determine."

Mr. WILLIAMS of Delaware. As the Secretary may determine?

Mr. RUSSELL. Yes.

Mr. WILLIAMS of Delaware. In the case of cotton, if the Secretary determines the amount of cotton acreage which will be allocated for the crop year 1960 and if a farmer complies with that allotment, then, as I understand the conference report he will then be eligible for price support loans in any amount provided only that he agrees to pay back all except $50,000. Is that correct?

Mr. RUSSELL. That is correct, if he reduces his production by 20 percent.

Mr. WILLIAMS of Delaware. Where does the conference report require that he reduce his production by 20 percent?

Mr. RUSSELL. Of course, we assume that the Secretary will make him reduce it to the maximum, if he is in favor of this general idea at all.

Mr. WILLIAMS of Delaware. Was it the intention of the conference committee that the Secretary would make it mandatory that the production of all crops in surplus would automatically be reduced 20 percent?

Mr. RUSSELL. No; I do not think that. But I think it is left up to each producer.

In this case we are not dealing with a great number of producers; we are dealing with a great deal of agricultural production, but not with many producers. The number of producers who produce more than $50,000 worth is comparatively small, but they produce a great proportion of the total production. This matter relates only to those who produce more than $50,000 worth. We should bear that point in mind. It has nothing to do with a producer who produces less than $50,000 worth of a commodity.

Mr. WILLIAMS of Delaware. But as I understand the conference report, conceivably a man who produces cotton or wheat can comply with the recommendation of the Secretary of Agriculture in connection with his quotas and still be eligible for, let us say, a $1 million loan, on that particular crop.

Mr. RUSSELL. That is correct, if he reduces his production by 20 percent.

Mr. WILLIAMS of Delaware. Again I ask where in the conference report is it provided that he must reduce his production by 20 percent? The report says "not to exceed 20 percent."

Mr. RUSSELL. It says "as the Secretary may determine."

Mr. WILLIAMS of Delaware. That is correct. But a cut "not to exceed 20 percent" does not necessarily mean that a cut of that amount will be required.

Mr. RUSSELL. Of course the Senator from Delaware would not assume that the Secretary of Agriculture would refuse to do his duty.

I may say that the House vigorously insisted that this be kept down to 10 percent, on the whole; and the other Senate conferees will bear out my statement when I say that the Senate conferees suggested that it be increased to 20 percent.

Mr. WILLIAMS of Delaware. I am simply trying to obtain an understanding of how the provision will work should it be adopted.

Mr. RUSSELL. I shall state my understanding of it. Let us consider the largest producers—for instance, one who produces $500,000 worth of wheat. He could not be entitled to receive any support in excess of $50,000 unless he reduced his production by $100,000 worth. That is my understanding of that provision.

Mr. MUNDT. Mr. President, will the Senator from Georgia yield to me?

Mr. RUSSELL. I yield.

Mr. MUNDT. As a member of the conference committee, let me say that my understanding is precisely that which has been stated by the chairman of the committee. During the conference committee deliberations, I raised the same question as the one to which the Senator from Delaware is now devoting his attention—namely, to the use of the words "not to exceed."

After I raised the question, it was the understanding of the conference committee that the provision would operate in precisely the way the distinguished chairman of the committee has just stated—namely, that it was left to the determination of the Secretary of Agriculture, but that he could insist and that he would insist on a reduction of at least 20 percent. He could not insist on a reduction of more than that, but he could insist on that much reduction, before the processor would be entitled to a loan of more than the original $50,000.

Mr. RUSSELL. It was suggested that we add the words "not less than 20 percent." But that would have permitted the Secretary to insist that a producer could not produce more than 5 percent; such a provision would have given the Secretary unlimited authority.

We provide that the Secretary can compel a reduction by as much as 20 percent.

I think everyone agrees that if we are ever to get out of the terrible morass we are in, production must be reduced or the program must be made so unattractive that the producers will not participate in it.

I state that insofar as the payment of more than $50,000 is concerned, the amendment meets both of those requirements.

Mr. WILLIAMS of Delaware. Is it the intention of the conferees that if the conference report is adopted by the Senate the Secretary of Agriculture will be

bound to require a reduction by 20 percent of the production of all crops which are in excess supply in order to receive any loan in excess of $50,000?

Mr. RUSSELL. Unless he was willing to make a nonrecourse loan.

Mr. MUNDT. Yes.

Mr. RUSSELL. Yes; and I will say that if the option in (a) is utilized, so far as the principal commodities—wheat, cotton, and corn—are concerned—and they are the ones that are causing us trouble now—I would consider the Secretary to be derelict in the performance of his duty if he did not require a reduction of the full amount of 20 percent.

So far as I am concerned, as one of the conferees, it is my understanding and my hope and my wish that the Secretary would require a reduction of 20 percent.

Mr. WILLIAMS of Delaware. Suppose farmer X is on the border line, and suppose that last year he produced $55,000 worth of such commodities. In that case he would have to make a reduction of 20 percent, which would give him $44,000.

Mr. RUSSELL. That is correct.

Mr. WILLIAMS of Delaware. So he would have to produce less than would be produced by a farmer who the previous year produced $49,000 worth.

Mr. RUSSELL. That is correct; the provision would have that effect.

Mr. WILLIAMS of Delaware. Was that the intention of the committee?

Mr. RUSSELL. No; that would be just in case he would be entitled to receive a loan—but not if he produced only $49,000 worth.

Mr. WILLIAMS of Delaware. That is what I mean.

Mr. RUSSELL. Nothing in the amendment would affect in any way a farmer who produced less than $50,000 worth—for instance, the farmer who produced only $49,000 worth. There was nothing of that sort in the bill or in the amendment, as it was approved by the Senate, when the matter was being considered by the Senate.

This provision of the conference report touches only those who are paid $50,000.

Mr. WILLIAMS of Delaware. When could the Secretary make such a determination under the law with respect to crops?

Mr. RUSSELL. In my opinion he would issue a regulation which would be published in the Federal Register at the same time that he announced his loan program—as he does each year. At that time he would make his finding as to the amount that a producer would have to reduce his production.

Mr. WILLIAMS of Delaware. At what time of the year does that announcement usually come?

Mr. RUSSELL. At different times. In the case of cotton that is marketed in the fall, I think the announcement is made sometime late in the spring, it varies by commodities. I am not sure as to wheat.

Mr. YOUNG of North Dakota. On the first of June.

Mr. RUSSELL. For the spring wheat of the following year?

Mr. YOUNG of North Dakota. Yes.

Mr. RUSSELL. So the producer would have to be given notice. He just could not be required to reduce his production. These producers know about how much they have been producing, and they know what the situation is; and each farmer knows how the amendment will affect him. The Senate need not worry that the farmers will not understand this provision, because it does not deal with the small farmers. It only deals with those who produce more than $50,000 worth of a commodity; and such a farmer knows about as much about the regulations of the Department of Agriculture and about the Commodity Credit Corporation loan program as anyone else does, because his livelihood depends on knowing.

Mr. WILLIAMS of Delaware. In connection with the proposed 20-percent reduction of production, I have received this comment from the Department:

> While the provision is not clear, it is presumed the measure of reduction in production would be in terms of acreage for field crops and in units of quantity for all other commodities.

What is the intention of the committee?

Mr. RUSSELL. It is my opinion it should be in production units. I do not think we are going to get anywhere on acreage. I think it should be in bushels or pounds. If I were the Secretary, that would be my view.

Mr. WILLIAMS of Delaware. I asked the Department for its view. I have a reply signed by Mr. Morse under today's date. I read again his comment on this particular point. He says:

> While the provision is not clear, it is presumed the measure of reduction in production would be in terms of acreage for field crops and in units of quantity for all other commodities.

Mr. RUSSELL. That is the construction the Department puts on it. I would not have construed it that way, but the Secretary so construed it. It is still a 20-percent reduction in units on field crops.

Mr. WILLIAMS of Delaware. In the Senator's opinion, does the language in the report provide differently?

Mr. RUSSELL. No. We used the word "production" deliberately, because that would leave it up to the Department of Agriculture to define the word. It must be remembered we are dealing with 22 different commodities. It is very easy by looking at the great glut in wheat to be swept away and to say, "We are going to legislate to do away with that glut," but when we legislate in the field of agriculture we are dealing with such commodities as rice, barley, oats, dairy products, peanuts—22 or more different commodities. So we left it up to the Secretary, by giving him the authority to define the term and prescribe the proper regulations. I hope he makes it either on a bushel or pound basis; but if he does not, he has the right to construe it as he chooses.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. I believe the area I represent probably grows the most diversified crops of any area in the United States. We grow practically every field crop except tobacco and cotton. Many of those products are price supported, including oats, barley, rice, and soybeans. Although some of them have very low price supports, we get into a very complicated situation if we provide only one description for all of them.

I may say I was not at all satisfied with the compromise which was accepted, but I think it was the best possible compromise the Senate could have obtained from the House. The House conferees were perfectly willing to stand on their amendment, which was practically meaningless. Those of us who believe in a limitation on price supports that any one individual can receive think this is far better than the House amendment.

Mr. RUSSELL. At the outset of the conference the House conferees did insist on the House amendment very vigorously. If the chairman of the conferees had been representing only the Senator from Georgia, he would have accepted their amendment; but he felt duty bound to get something which approximated, as nearly as possible, what the Senate had done.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from South Dakota.

Mr. MUNDT. Following the discussion of the intention of the legislation and the meaning of the words "production in terms of units or acreage," I should like to call to the attention of the Senator from Delaware the fact that, in the first place, the letter does not come from the Solicitor of the Department of Agriculture, who will finally render the Department's opinion. This was a hasty opinion which Mr. Morse had to make, because he had less than 24 hours in which to make it.

The language of the letter contains the word "presumably." He does not say that "with finality, we have made this decision." By reading the letter, one gets the implication which the Senator from Georgia has suggested. The language is in terms of units. It uses the word "production," not commodity. That means unit. It states that "the limitation would not apply to a person who reduces his production of the surplus commodity below 1959 production by such percentage not to exceed 20 percent as the Secretary" determines to bring into production—that means harvest—in line with the needs to meet the domestic supply, and so forth.

I think that as the Solicitor considers the language he will give to it the interpretation which has been given to it by the Senator from Georgia, namely, that weight will be given to the interpretation and meaning in the conference report.

Mr. RUSSELL. Let me state that I wholeheartedly agree with the statement of the Senator from South Dakota. When this language was urged by the conferees, it was stated they wished to use the particular word so the Secretary could deal with the question in terms of

pounds or bushels. I think this language was an invitation to the Secretary of Agriculture to consider it that way and deal with the question in terms of pounds, bushels, or such production units, rather than by acreage. We have seen again and again and again that a mere reduction in acreage does not in all instances reduce production.

Mr. WILLIAMS of Delaware. Are we to understand that if the conference report is accepted it is the intention of the conferees to contend that the Secretary should interpret it to mean that no farmer or individual or corporation or person, as defined in the bill, is eligible for a loan in excess of $50,000 unless it can be shown that he has reduced his production by 20 percent?

Mr. RUSSELL. That is undoubtedly my intention.

Mr. MUNDT. That is precisely it, and it is as clear as it can be stated in brief legislative language.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. RUSSELL. Yes, I will yield to the Senator from Vermont, if the Senator from Delaware is through.

Mr. AIKEN. I think he is through.

On June 2 I explained to the Senate that the provisions of the agricultural appropriations bill limiting to $50,000 the amount of price support which any person may receive on all of his 1960 production of any agricultural commodity is impossible of administration in the case of the dairy price support program. I pointed out at that time that dairy farmers market milk and that the Commodity Credit Corporation does not purchase or make loans on milk. As required by law, the Commodity Credit Corporation supports the price to producers of milk and butterfat through the purchase of products thereof; namely, butter, cheese, and nonfat dry milk. These purchases are made from dealers and manufacturers in carload lots, and it matters not at all whether the products originate from one plant or another, or whether the products are made from the milk of one group of farmers or another. Milk delivered by farmers is commingled at the plant where it is processed. The products made from the milk may be sold to Commodity Credit Corporation or they may be sold in the market. The Commodity Credit Corporation merely stands ready to purchase products of milk in an amount necessary to support the price for all producers. The identity of the farmers whose milk is purchased as products by Commodity Credit Corporation is lost and is of no consequence.

Many small plants cannot assemble carload lots for sale to Commodity Credit Corporation, but forward less than carload lots to assemblers or other handlers who may sell to Commodity Credit Corporation as well as to the trade. Under these circumstances it would be impossible and not important to determine the amount of price support extended to any participating farmer through the purchase of dairy products under the dairy price support program. For this reason, I explained on June 2 that it was essential that an exception to the limitation be made where price support is extended to purchases of a product of an agricultural commodity from processors and dealers, and there is no practicable way or need to apply such a limitation.

At that time I suggested an amendment to the agricultural appropriation bill to provide this exemption, and at that time I was given to understand by the Senator from Georgia that this matter would be studied and considered by the conference committee of which he served as chairman.

Mr. RUSSELL. I may say I went further than that. I assured the Senator I would endeavor, to the best of my ability, to work it out; and I did.

Mr. AIKEN. The purpose of the Senator from George was entirely clear at the time. I am not questioning that he did everything in his power to make the conference report clear.

The conference report did not adopt the specific language which I had suggested. It would appear that the language of the price support limitation as agreed upon by the conferees would be applicable to producers of commodities which maintain their identity as farm commodities and to producers whose identity as owners of the commodity can be maintained until the commodity is acquired by CCC. It is evident that in cases where the identity of the producer and the identity of the commodity is not maintained as in the marketing of dairy products that the conferees' language regarding limitation of payments cannot be applied, and therefore is not intended to be so applied.

I would ask the Senator from Georgia, chairman of the Senate conferees, to tell me if I am correct that the language as finally reported exempts this type of price support operation from the $50,000 limitation.

Mr. RUSSELL. Mr. President, I will say to the Senator from Vermont that it was the intention of the conferees—and I am confident it is the effect of the language—to exempt from the limitation any price supports which are the result of purchases from persons other than the producers of the commodities.

Mr. AIKEN. Would the Senator from Georgia say that any other interpretation placed upon the legislation would not be in accord with the intent of Congress?

Mr. RUSSELL. Not only would it not be in accord with the intent of the conferees, but in my opinion it would be farfetched and completely unjustified by the plain language of the provision.

Mr. AIKEN. I thank the Senator from Georgia.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WILLIAMS of Delaware. I do not disagree with the intent as expressed; however, I think we should put into the RECORD the interpretation which the Department places upon this point. I think the Department's interpretation is most important. I read from the letter I received from the Department wherein they comment upon this point:

> Where price support is extended by purchases of a product of an agricultural commodity from persons other than a producer the limit does not apply to the purchases or loans to such person but does apply to the amount of price support extended to the producer through such person. Presumabiy, this provision was inserted to facilitate the conduct of such programs as the dairy and cottonseed price support programs. It would have the opposite effect, since it would make it impossible to operate such programs. It is impossible to determine the amount of price support that has been extended to any particular farmer with respect to dairy products or with respect to cottonseed through purchases of or loans to persons other than the producers of agricultural commodities. In this connection there is attached a copy of the hearings held by the Appropriations Committee on June 9, 1959, which contain on pages 31 and 32 the Secretary's letter of June 12, 1959, to Representative WHITTEN concerning this matter.

I have not had a chance to review the hearings to which reference is made; however, there does seem to be a difference of opinion.

The Department has given an opinion from what we grant was a hasty analysis of the amendment. When I called the Department around 9:30 or 10 o'clock this morning they had not seen a copy of the conference report. They had to review it very quickly. Again I quote from the Department's interpretation of the amendment, "It would have the opposite effect, since it would make it impossible to operate such a program."

I wonder if the Senator from Georgia, whose sincerity I certainly do not question when he gives his answers to the Senator from Vermont, can explain this point further. I am disturbed by this conflict in interpretations. I wonder if it would not be advisable to let this conference report go over until tomorrow so that we could have more time to study it and so that we could give the Secretary opportunity to call in his legal counsel for a careful analysis of the amendment?

We do not want to agree to an amendment which is going to be unworkable. We do not want to adopt an amendment which will nullify the intent of Congress. Nor do we want to adopt an amendment which is full of loopholes. I know the Senator from Georgia has no such intention. I do not for a moment suggest that he has. I simply ask if the Senator would, without prejudice at all to the conference report, agree to let it go over until tomorrow. By that time we could have a clear interpretation and a report from the Department.

Mr. RUSSELL. Mr. President, I regret to say that I do not think there is any necessity for the report going over until tomorrow. I think it would be a great mistake for the Senate not to agree to the report. If we open up the amendment and send it back to conference, or to the other body, for my part I will not assume any responsibility for the kind of provision we may bring back to the Senate the next time.

Let me invite the Senator's attention to subparagraph (4) of the amendment. No one seems to have paid any attention to that. In this subparagraph we try to give the Secretary of Agriculture

the authority to do whatever is necessary to make the amendment function, when we say:

The Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to carry out this provision.

The very purpose of that language was to make it a workable provision.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield further?

Mr. RUSSELL. I yield.

Mr. WILLIAMS of Delaware. The Department in its reply recognized the intent, but they questioned the language. In this letter they continued——

Mr. RUSSELL. Who signed the letter?

Mr. WILLIAMS of Delaware. Mr. True Morse.

Mr. RUSSELL. I should like to know whether Mr. Morse came to that conclusion as a result of his own study of the amendment, or whether the conclusion was handed to him by some attorney whose nose was out of joint because the conferees did not use the identical language in the conference report he had prepared and sent to us.

Mr. WILLIAMS of Delaware. I am sure that Mr. Morse did his best to interpret the language of the report. I want to make sure we know what we are doing in this connection.

Mr. RUSSELL. I will say, for the benefit of all concerned, it is my judgment we had better agree to the conference report now. If there is any question about the matter, or if the Secretary can get a lawyer who will find some hindrance to the program, it will be much safer to enact a joint resolution to clarify it than to send the report back to conference.

Mr. WILLIAMS of Delaware. If the Senator will yield further, I should like to ask another question.

Mr. RUSSELL. I do not think clarification of intent will be necessary, but if the Secretary does by some strange construction reach that conclusion, it could be better handled that way.

Mr. WILLIAMS of Delaware. If the Senator will yield further, I should like to ask a question in connection with the $50,000 limitation. I am fearful the language in the conference report will not have the effect which the Senate intended.

Specifically, I refer to the exceptions which are placed in the conference amendment. The conference report first spells out there shall be a $50,000 limitation on any one commodity and then adds "unless".

Subparagraph (a) provides for a reduction of production of not to exceed 20 percent, as prescribed by the Secretary. Continuing I refer to subparagraph (b), which says:

Or such person shall agree to repay all amounts advanced in excess of $50,000 for any agricultural commodity within 12 months from the date of the advance of such funds or at such later date as the Secretary may determine.

Under that latter exception, subparagraph (b), do I correctly understand that if a person has, let us say, a million dollars' worth of wheat, cotton, or any other crop, he can apply to the Secretary of Agriculture for a million dollar loan and if he agrees in advance to the repayment of all but $50,000, the Secretary would be obligated to grant him the full loan? Is that correct?

Mr. RUSSELL. Yes, I think that is correct. That would be correct, if the person were entitled to a loan under existing law.

Mr. WILLIAMS of Delaware. That is right. If the person has complied with the quotas.

Mr. RUSSELL. Yes.

Mr. WILLIAMS of Delaware. Even though he had not reduced his production 20 percent.

Mr. RUSSELL. That is correct. That is in the disjunctive; it is "or."

Mr. WILLIAMS of Delaware. It is "or" and not "and."

Mr. RUSSELL. Either one, yes.

Mr. WILLIAMS of Delaware. Under the exception in subparagraph (b) he would not have to comply with the 20 percent provision?

Mr. RUSSELL. That is correct.

Mr. WILLIAMS of Delaware. Instead he could agree to the repayment of all but $50,000, and under such circumstances the limit would not apply.

Mr. RUSSELL. That is correct.

Mr. WILLIAMS of Delaware. Assuming that the person elected to take the loan under subparagraph (b), and the loan, we will say, was for a million dollars, what collateral would the person be required to put up?

Mr. RUSSELL. He would be required to put up a million dollars' worth of the commodity, as is true under existing law.

Mr. WILLIAMS of Delaware. Very well. Let us assume the person puts up a million dollars' worth of cotton or of wheat. For collateral purposes that would be appraised at the full support price, would it not?

Mr. RUSSELL. It would come into the loan under whatever support price had been fixed for a commodity of that quality and of that grade.

Mr. WILLIAMS of Delaware. Now, let us assume that the loan has been made and that there has been no cutback of production. The loan has been made for a million dollars on cotton, we will say, and the farmer has agreed to repay all but $50,000. The Government has as collateral a million dollars' worth of cotton at the support loan price.

Mr. RUSSELL. That is correct.

Mr. WILLIAMS of Delaware. The maturity date of the loan 1 year afterward arrives. Cotton is selling, let us say, at 75 percent of the support price, and the farmer says, "I do not have the money to pay." Under this provision, does the Government have any collateral other than the cotton?

Mr. RUSSELL. No. The Government has no collateral other than the cotton.

Mr. WILLIAMS of Delaware. No collateral other than the cotton.

Mr. RUSSELL. As I understand the situation, the Government would be in exactly the same position that a private lender would be. The Government would proceed to sell the cotton and would apply the amount received to the loan, and then would sue the man who had taken the loan for the difference.

Mr. WILLIAMS of Delaware. That is what I am interested in. Are we to understand that the Government would have as collateral not only the crop but also the signature of the farmer which would include all his assets?

Mr. RUSSELL. The Government would be just as well off as a bank would be, if they loaned the money, under my construction of this language.

Mr. KEATING. Mr. President, will the distinguished Senator yield on that point?

Mr. RUSSELL. I yield.

Mr. KEATING. If the farmer had formed a corporation which had no assets except the cotton, then the Government would be out of luck?

Mr. RUSSELL. The basic law does not permit that, I will say to the Senator. The farmer has to qualify for the loan under the basic law, which gives him a cotton quota. Of course, if the man is insolvent the Government could not collect the money, whether the loan is to an individual or to a corporation. I agree with that.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. RUSSELL. This language was put in the bill for a number of reasons, not the least of which is that although the Government may lose a few thousand dollars under this provision, or may even lose $2 or $3 million, the effect will be very severe if we do not adopt this provision. The supply of agricultural credits through private channels has all but vanished in this country. Farmers have done all their borrowing from the Government. If we cut them off, they are going to be compelled to throw their commodities on the market, which will break the prices, and the Government will lose money on the loans under $50,000. The Government may lose some money under this provision, because there will be some instances in which some men will fail. The Government will not lose a great deal by it, and it will at least give the farmers a chance to get back into the commercial banking channels, something which is not generally available to them today.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. RUSSELL. I yield.

Mr. AIKEN. If the borrower defaulted on his loan to an extent of more than $50,000, would he be eligible for a loan the following year?

Mr. RUSSELL. That I cannot answer. That is a question which has not previously been raised with me, and I had not thought about it. I would not think he would be, but there should be some way to cover it.

Mr. AIKEN. I understood, when the matter was discussed at one time, that if the borrower defaulted he would not be eligible for a loan the following year. I do not know what the conference report says in that regard.

Mr. RUSSELL. The reason that question did not arise was that under the language of the provision this limitation has been for the 1960 crops, and is not

permanent legislation. We simply did not deal with that matter. The Government may lose a little something, but it will not lose much in that way.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. RUSSELL. The Government has a legal claim against whatever assets the man may possess. I will admit that farmers are going broke mighty fast, but most of the farmers who are going broke produce less than $50,000 a year. When we are considering the farmers who make $50,000 or more, most of them have other assets.

I yield to the Senator from Minnesota.

Mr. HUMPHREY. As I understand this particular feature of the conference report, an attempt was made, first, to make the $50,000 limitation effective, at least in terms of possible loss to the Government. If vast amounts of commodities are dumped on the market without the $50,000 limitation applying, it tends to lower the market price.

Mr. RUSSELL. It does.

Mr. HUMPHREY. Which, in turn, lowers the value of the stocks in the Government inventory.

Mr. RUSSELL. The Senator is correct.

Mr. HUMPHREY. The effort is made to have a $50,000 crop loan limitation with respect to any crop in the crop year of 1960, a 1-year trial period, unless the producer reduces his production by 20 percent. That is one of the first provisos.

Mr. RUSSELL. That is correct.

Mr. HUMPHREY. Then he can get whatever loan the present law entitles him to.

Mr. RUSSELL. That is correct.

Mr. HUMPHREY. But he can get a $50,000 loan, in terms of the limitation which will apply upon $50,000 worth of the 1960 crop; and he can get an additional loan for a 12-month period, but he must pay back everything over and above the $50,000.

Mr. RUSSELL. He is just as liable for everything above $50,000 as though he had borrowed from a bank. He is liable to the extent of everything he has.

Mr. HUMPHREY. The collateral is the commodity on which he takes the loan.

Mr. RUSSELL. That is correct.

Mr. HUMPHREY. If he does not repay the loan, the Government can foreclose, so to speak

Mr. RUSSELL. It has that authority under existing law. It can also sue.

Mr. HUMPHREY. It can sue for any amounts not reclaimed from the sale of the commodity.

Mr. RUSSELL. That is correct.

Mr. HUMPHREY. I wish to make one point clear. I listened to the colloquy between the Senator from Georgia and the Senator from Vermont with respect to part 3 of the proviso, which was in disagreement, and upon which the House has acted. I refer to the language:

> In the case of any loan to or purchase from a cooperative marketing organization—

And so forth. I do not want the RECORD to be beclouded or confused by the letter from True Morse.

Mr. RUSSELL. I hope the legislative intent will not be confused with a letter from True Morse.

Mr. HUMPHREY. That is exactly what I am getting at. Mr. Morse is entitled to his opinion. He is entitled to have it put in the CONGRESSIONAL RECORD. Other items of less value—although that is dubious—have been put in the CONGRESSIONAL RECORD.

The fact is that the legislative history of a proviso of law is made by the Congress, and not by the administrative official at this stage. As I understand the legislative history of this particular conference report, it is to the effect that the $50,000 limitation does not apply where there are direct purchases from marketing or cooperative organizations, involving transactions wherein the commodities are commingled and it is impossible to determine the amount any one producer put into the general accumulation or supply of the marketing or cooperative organization. Is that correct?

Mr. RUSSELL. That is my interpretation of the language. As one of the conferees who labored long and diligently for many hours, that was the objective I was seeking.

Mr. HUMPHREY. I think we must nail that objective down, because without it the letter that has been referred to in all good faith by the distinguished Senator from Delaware [Mr. WILLIAMS] could lend itself to a considerable amount of confusion. I think we need to establish the rules of legislative procedure. While it is very desirable to get the attitude of the administrative officer in relation to a proviso in a bill before it becomes law, once it is established as law by official action of both Houses of Congress, the legislative intent and the meaning of the legislation is what Members of Congress establish as the meaning of the legislation, rather than any document which may come before us prior to the enactment of the law.

Mr. RUSSELL. Any construction Mr. MORSE may put upon the language is after the event, and without any knowledge whatever of legislative intent.

Mr. HUMPHREY. It seems to me the Senator from Vermont [Mr. AIKEN] made clear in his statement today, as he did in connection with the previous legislative history relating to our action in the Senate, the intent, the purpose, and the objective of the limitation, and its lack of application to cooperative marketing organizations.

Mr. COOPER. Mr. President, will the Senator yield at that point?

Mr. RUSSELL. I yield.

Mr. COOPER. I should like to have the Senator's interpretation of the language as applied to price support advances extended through cooperatives to tobacco farmers. As the Senator knows, Commodity Credit Corporation funds are loaned to tobacco cooperatives, which pledge the tobacco as collateral until it is sold. The cooperatives—or tobacco "pools" as they are called—in turn extend to farmers the price support advances. I know that in Kentucky no burley producer has received a price support advance approaching $50,000—and I am informed that there is no recent case anywhere else—but that is unimportant to my question.

My question is this: Is there any limitation intended by this language with respect to the loans made to tobacco cooperatives which, in turn, make price support advances to the tobacco growers?

Mr. RUSSELL. None whatever. From the beginning, in the Senate committee, we have excluded them, as legal entities, from the operation of any of these limitations.

Mr. COOPER. The language which has been interpreted during the debate has nothing to do with tobacco pools or marketing cooperatives?

Mr. RUSSELL. It has nothing to do with the authority of the cooperatives.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. KEATING. What would be the limitation on a farmer who had not raised the particular crop in the preceding year? Would he be able to obtain as large a loan as he desired?

Mr. RUSSELL. If he did not have an allotment for the previous year, he could not have grown the crop.

Mr. KEATING. He must have an allotment?

Mr. RUSSELL. I cannot say that that would be true with respect to every one of these commodities, but it would apply to those declared by the Secretary to be in surplus supply. It would apply to corn, wheat, and cotton, and they are the commodities on which a large percent of the loans have already been extended.

Mr. KEATING. That leads up to the next question. Let us leave out of consideration the weather or the availability of the land for crops. As I understand it, if a farmer raised less than 20 percent—or such amount as the Secretary of Agriculture might fix—less this year than last year, could he get an unlimited loan?

Mr. RUSSELL. That is correct.

Mr. KEATING. The word "production" is a good word, rather than "acreage."

Mr. RUSSELL. Yes. I venture to say that this provision would be used sparingly by producers. It applies only to those who produce above $50,000 worth. The great farm factories are not going to cut production back in order to obtain these loans.

Mr. KEATING. Suppose a corporate farmer reduced his production 20 percent, and thereby was eligible to borrow $1 million and then planted 20 percent of the land which he did not put into cotton in peanuts, rice, tobacco, or some other crop. What would stop him from getting an unlimited loan on those commodities?

Mr. RUSSELL. The three commodities the Senator has named are all under very strict quotas. Land which has an acreage quota of tobacco or rice is worth five or six times more than similar acreage alongside it. The farmer could not plant it to any of the crops named. Those commodities are under strict quotas.

Mr. YOUNG of North Dakota. With the exception of wheat. Anyone can plant wheat up to 15 acres.

Mr. KEATING. Let us shift the question to wheat.

Mr. RUSSELL. I think the Secretary of Agriculture would issue some regulations which would control that situation. We have some legislation now with respect to all the commodities that are under supports. The Senator from North Dakota is a member of the standing Committee on Agriculture and Forestry. Some time ago the Senate passed a bill which would have prevented a man from reducing his acreage in corn and planting it to sorghum, rye, or oats. Did that bill ever become a law?

Mr. YOUNG of North Dakota. Not to my knowledge. There is no requirement for cross-compliance now.

Mr. KEATING. Under this amendment, as I read it, the Secretary of Agriculture could only issue regulations prescribing rules within the four walls of this legislation.

Mr. RUSSELL. I think that is correct.

Mr. KEATING. Is it the interpretation of the distinguished Senator from Georgia that the Secretary of Agriculture would have authority, under the present amendment, to issue regulations which would prevent the use of the land taken out in order to reach the 20 percent figure, for the purpose of getting a big loan on that land?

Mr. RUSSELL. I am confident that the Secretary would have authority to limit a person with respect to any commodity which was under quota, but I do not believe a farmer could be denied the right to plant the other 20 percent of his land to some other commodity.

The Senator understands that only certain commodities are under quotas. I think that if a farmer, under that provision, were to take 500 acres out of production, he could plant it to alfalfa or hay, or he could plant up to 15 acres to wheat if he had not already planted any wheat. He could not plant it in tobacco or rice or any of the other quota crops. He could plant it to some other commodity for sale.

Mr. KEATING. Of course, the land should be made useful. There would be no objection in planting it in crops he could sell. But the Senator is clear in his own mind, is he——

Mr. RUSSELL. I am clear in my own mind that the Secretary of Agriculture would have the authority to prevent him from planting the land to any commodity which is now under quota.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WILLIAMS of Delaware. To get back to the question of limitations on loans, let us assume that a farmer forms a corporation, then elects not to cut back 20 percent but to plant the whole quota. Under paragraph (b) he is eligible, then, for any amount of loans—a million dollars or whatever it may be—on each and every commodity subject only, as I understand it, to the promise that he will agree at the end of the year to pay his loan down to $50,000 limitation.

Mr. RUSSELL. I think that is correct.

Mr. WILLIAMS of Delaware. My question is this: Suppose this operator who is producing around a million or a million and a half dollars of wheat or cotton a year forms this corporation with practically no assets. The corporation produces a million or a million and a half dollars' worth of cotton. It borrows the money but at the end of the year is in default on the loan due to the fact that the price of cotton is lower than the support price. That is all the Government could collect, is it not?

Mr. RUSSELL. I think the Senator from Delaware has suggested a set of facts which are very highly unlikely to occur.

Mr. WILLIAMS of Delaware. I am using that as a hypothetical case.

Mr. RUSSELL. In the event that happened, I am not certain that the Secretary of Agriculture would not have the authority, provided under subsection 4, to deny the loan.

Mr. WILLIAMS of Delaware. But suppose the loan had already been made. At the time the loan was made the Department would not know that it was not going to be paid off.

Suppose the loan had been made at the full support price. The farmer now has a million-and-a-half-dollar loan. When it comes time to pay off the loan the market price of the commodity is about half the value. He forfeits the loan, and the Government takes the crops—wheat or corn. Is that not about all the Government could get?

Mr. RUSSELL. It all depends on what commodities the man has. The Senator talks about a million and a half dollars' worth of commodities, as though they were scattered all over the country. I do not know how many there are.

Mr. YOUNG of North Dakota. We do not have a single producer of that kind in North Dakota.

Mr. RUSSELL. I do not know of one in my State whose production comes anywhere near a million and a half dollars.

Mr. WILLIAMS of Delaware. But there are such corporations. Loans of this size have been made in the past. Suppose the farmer places his operations under corporation X. He would still be eligible under this provision for the full loan provided he agreed to pay back all but $50,000. But the agreement to pay it back would be by the corporation.

Mr. RUSSELL. One of the first things my instructors tried to teach me in law school was that if anything was connected with fraud, everything relating to it was tainted with fraud and was to be avoided.

If there were a borrower of a million and a half dollars, I am sure the people would be talking about him, not only in the county where he lived but in the 8 adjoining counties. I do not believe he could possibly get in under the loan program.

Mr. WILLLIAMS of Delaware. I am not an attorney. I am asking this question for information. As I understand, there would not be any question of fraud if a farmer at the beginning of the crop year formed a corporation and placed all his farm operations under that corporation, then raised his crops putting them under a Government loan with the Government accepting these crops as collateral. I do not see how that could be a case of fraud.

Mr. RUSSELL. What would the farmer produce?

Mr. WILLIAMS of Delaware. Assume he just leased the land.

Mr. RUSSELL. It may be. I do not contend that in the 4 days we spent in conference on the bill we have drawn a provision which will completely eliminate any possibility that some criminal might not attempt to defraud the Government.

Mr. WILLIAMS of Delaware. Is it the interpretation of the Senator from Georgia that such an operation would be criminal?

Mr. RUSSELL. Yes; in my opinion it would be. If a man, with knowledge of the law, simply unloaded on the Government without having any assets, it would, in my opinion, be criminal.

Mr. WILLIAMS of Delaware. If his assets are the crops he produces, and if the Government makes a loan and accepts as collateral those assets——

Mr. RUSSELL. That might be, but a farmer does not produce a million and a half dollars' worth of any commodity today without having a great many assets. He has to have assets to be able to borrow money with which to buy fertilizer. He has to have assets somewhere with which to buy tractors, plows, and harvesting machines.

A fly-by-nighter who intends to connive and lease a little land here and there and then attempt to get a million-and-a-half-dollar loan will have to have a large sum of money with which to do it. Then he will have to get rid of all the tractors, on every one of which the Government could get an attachment. The leasehold itself would be liable to a judgment.

While as a matter of theory the Senator from Delaware is correct; as a practical matter it would be impossible to produce a million and a half dollars' worth of agricultural commodities and have nothing else but the shirt and breeches he travels with.

He could have the assets in his own name and lease them to the corporation.

When I was a lawyer—I managed to make a living as a lawyer for about 11 years before I was elected Governor of my State—we often heard of instances where a man borrowed money and then tried to transfer his property to his wife or someone else. We used to institute lawsuits to set aside those conveyances.

Mr. WILLIAMS of Delaware. That is what I am trying to get in the RECORD. I am not sure that we have here an effective limitation.

Mr. RUSSELL. A man having no assets to start with could not lease the land. He could not pick up all the choice farmlands and under the lease produce a million and a half dollars' worth of commodities. He would have to be a well known, substantial citizen of the community. He would have to have substantial assets and have the money with which to lease the land. He would have to have money with which to buy

tractors and trucks. I hesitate to say how many thousands of dollars' worth of farm machinery he would have to have in order to produce a million and a half dollars' worth of commodities.

Perhaps theoretically the Senator from Delaware is correct; as a matter of practice, what he suggests is impossible.

Mr. WILLIAMS of Delaware. I have one more question relating to loans made under section (b). The Government is taking collateral, and the farmer agrees to pay back all but $50,000. As the Government makes loans, will it be acting under the terms of existing law with this repayment clause?

Mr. RUSSELL. I think it would have to rewrite completely the indenture or the instrument which the farmer signs.

Mr. WILLIAMS of Delaware. I appreciate that. As I understand the existing law, loans are made on some commodities whereby at the end of the year if the Government takes them over for payment there is no interest charged. Would interest be charged on loans made under the terms of the conference report?

Mr. RUSSELL. Unquestionably the Government would have the authority to charge interest.

Mr. WILLIAMS of Delaware. Would interest be charged in all cases, regardless of the crop produced?

Mr. RUSSELL. Beyond the maturity of the loan, undoubtedly; not on the $50,000.

Mr. WILLIAMS of Delaware. On anything in excess of $50,000?

Mr. RUSSELL. Yes.

Mr. WILLIAMS of Delaware. Is it the intent of the committee that interest shall be charged on all these loans regardless of the commodities and regardless of how the transaction is treated under existing law?

Mr. RUSSELL. I do not think there is any question that in the average enterprise interest is charged, but as nonrecourse. Interest is charged, but there is no recourse. Under the existing law, interest may still accumulate, but not on the $50,000.

Mr. WILLIAMS of Delaware. The reason I asked the question is that that point was not clear to the Agriculture Department. In that connection, Mr. Morse made this statement:

> The limitation would not apply to any person who agrees to repay advances in excess of $50,000 within 12 months or other later time determined by the Secretary. No express provision is made for interest on such amount, and it is uncertain whether it is intended that interest is to be charged on the excess over $50,000.

Mr. RUSSELL. I should think that interest would be charged.

Mr. WILLIAMS of Delaware. So it is clearly the intent of the conference committee that interest would be charged.

Mr. RUSSELL. I am giving only my opinion as to intent, because that matter was not discussed in the conference.

Mr. WILLIAMS of Delaware. What rate would be charged?

Mr. RUSSELL. Whatever the going rate is, as charged by the Department.

Mr. WILLIAMS of Delaware. Whatever is the normal rate?

Mr. RUSSELL. Whatever the going rate is today.

Mr. YOUNG of North Dakota. I do not believe the Federal Government makes a loan to any individual without interest. There is no precedent for such action.

Mr. RUSSELL. I had never heard of its being done.

Mr. WILLIAMS of Delaware. The Government does make loans without interest. Does not the Government as to some commodities at the expiration date take the crop as full payment not only for the original loan but for the accumulation of all interest?

Mr. YOUNG of North Dakota. That is on recourse loans.

Mr. RUSSELL. But suppose the price of a commodity goes up and the farmer redeems his property and sells it on the market, as was done time and time again before the present administration controlled the Department of Agriculture. He paid the interest and carrying charges on the commodity while it was under loan.

Mr. AIKEN. Mr. President, will the Senator from Georgia yield to me?

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). Does the Senator from Georgia yield to the Senator from Vermont?

Mr. RUSSELL. I yield.

Mr. AIKEN. I am not sure that the point which was raised a short time ago in my colloquy with the Senator from Georgia was entirely cleared up.

I should like to read the paragraph of the conference report which is in question, and then I wish to ask the Senator from Georgia another question.

I now read subdivision (3) of the conference report:

> (3) That in the case of any loan to, or purchase from, a cooperative marketing organization, or with regard to price support on an agricultural commodity extended by purchases of a product of such commodity from, or by loans on such products to, persons other than the producers of such commodity, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, or other persons—

And now we come to the language which appears to be in controversy; it follows the comma after the word "persons"—

> but the amount of price support made available to any person through such cooperative marketing organization or other persons shall be included in determining the amount of price support received by such person for purposes of such limitation.

Is it correct to assume that the last proviso applies to members of a cooperative for whom the cooperative marketing organization acts as agent, and is not intended to apply to members of a cooperative who deliver their product to the cooperative plant, where it is commingled with similar products from possibly 1,000 other producers and then is processed and sold to the Commodity Credit Corporation or sold on the open market or a loan is made upon it.

Mr. RUSSELL. The Senator from Vermont has stated the purposes we had in the amendment better than I could have stated them. The latter part of the language he has read was inserted because of the existence, for instance, of the great cotton cooperatives. Thousands of farmers are members of one cotton cooperative. That would mean that no one farmer could get more than $50,000 worth of a nonrecourse loan, by handling the cotton through the cooperative. The cooperative handles all of it.

Mr. AIKEN. Or in the case of dairy products.

Mr. RUSSELL. As I see it, it does not apply to the purchasers at all.

Mr. AIKEN. It is not intended to apply to members of the dairy cooperatives, as to whom it will be impossible to determine the amount of support they had received.

Mr. RUSSELL. To my mind, it was primarily directed to the loan programs which are dealt with in paragraph (1).

Mr. AIKEN. That is my understanding. Nevertheless, that final part of the paragraph is what raised the issue.

Let me sum up the matter in this way: The limitation of $50,000 in the case of any person who is a member of a cooperative is intended to apply when the cooperative acts as agent for that member, and is not intended to apply when the member delivers his milk which is commingled with the products of other members of the cooperative, and is processed, and when the processed product is supported by the Commodity Credit Corporation, either through purchases or through loans; is that correct?

Mr. RUSSELL. In answer I point out that the language "loan to, or purchase from, a cooperative marketing organization" and the subsequent words "such limitation shall not apply to the amount of price support received by the cooperative marketing organization, or other persons, but the amount of price support made available to any person through such cooperative marketing organization or other persons shall be included in determining the amount of price support received by such person for purposes of such limitation," appear identically, verbatim, in the original Senate amendment. The other language was incorporated to remedy the defects which were pointed out by the Senator from Vermont just before the passage of the agricultural appropriation bill, by the Senate, and in an effort to protect the existing price support program on dairy products, meats, and other commodities that have been handled through supports.

Mr. AIKEN. I do not see how there can be any misinterpretation of the intent of the Congress.

Mr. RUSSELL. Neither do I.

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Georgia yield to me?

Mr. RUSSELL. I yield.

Mr. YOUNG of North Dakota. Does the Senator from Georgia feel that the term "marketing organization" would apply to a pool arrangement, such as that by means of which the wool producers pool their wool on the market, through their organization?

Mr. RUSSELL. I think it would apply to any association of growers or

producers. But of course wool is not in surplus supply, and is not covered by this provision.

Mr. YOUNG of North Dakota. But in the case of any commodity which was——

Mr. RUSSELL. Yes; any association of such commodity producers in a pool would be covered.

Mr. MUNDT. Mr. President, let me say that in the case of this provision, I think we are arriving at something.

Mr. STENNIS. Mr. President, will the Senator from Georgia yield to me, in order that I may make a one-sentence statement, either now or later on?

Mr. RUSSELL. First, Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 16, 26, and 30.

The PRESIDING OFFICER. The question now is on agreeing to the conference report.

Mr. RUSSELL. I thought the conference report had already been agreed to earlier. These amendments are not included in the report.

Mr. HUMPHREY. Mr. President, I wish to ask a question about the item which relates to funds for the humane slaughter program. Is that item included in the conference report?

Mr. RUSSELL. It is.

Mr. HUMPHREY. Then, Mr. President, before the conference report is agreed to, I should like to have some information about that item.

As I understand, the report allows only $100,000 for research on the various types of slaughtering methods which are classified as humane.

Mr. RUSSELL. The $100,000 item to which the Senator from Minnesota refers caused more difficulty than any million-dollar item in the bill.

The conference report includes a provision to which the Senate conferees finally were compelled to agree. The conferees felt that the Department should make a determination with the present staff as to the various types of slaughtering methods which qualify as humane. The additional $100,000 would be used for research and the preparation of plants for adaptation to such methods and devices to the needs of smaller slaughtering establishments.

Let me say to the Senator from Minnesota that the House conferees took the position that the larger packers were able to use, and knew all about, the different methods available now; and the House conferees did not propose to allow one thin dime for the benefit of the larger packers. But as a result of unusual exertions by some of the Senate members of the conference committee—I refer to the Senator from South Dakota [Mr. MUNDT], the Senator from North Dakota [Mr. YOUNG], and the Senator from Louisiana [Mr. ELLENDER]—the conferees finally did allow this $100,000 for the dissemination of information and for research into methods of slaughtering, for the benefit of the smaller packers.

Mr. HUMPHREY. Although I recognize that the larger packers might very well engage in research on these methods of slaughter, some of them do not. Furthermore, the legislation which was passed directed the administration, with the cooperation of the Congress, to do this research. It had been indicated that possibly some of it could be done at the research facilities at Ames, Iowa, at the Iowa State College.

Mr. RUSSELL. But the Department does not wish to do it there.

Mr. HUMPHREY. Yes; I have received from the Department a letter signed by Assistant Secretary E. L. Peterson, in response to my letter to Mr. Peterson of May 20, in which I referred to the possibility of locating the humane slaughter research at the new animal disease laboratory at Ames, Iowa. Mr. Peterson properly pointed out that the purpose of the animal disease laboratory is to provide facilities for disease research, and that the facilities are not designed for the kind of research which would be required in the case of slaughtering practices. He also noted that the Agricultural Research Service is conducting studies on meat quality at the agricultural research center at Beltsville, Md., and that the facilities used for those studies, with some modification, could also be used for research on humane slaughtering methods.

Mr. RUSSELL. I regret to advise the Senator from Minnesota that no funds are included for construction of facilities at the Beltsville research station.

Mr. HUMPHREY. I see what the conferees have done. I simply protest it.

Mr. RUSSELL. I say to the Senator from Minnesota that he can protest it freely here. We protested it in the conference; and we came from the conference with the very best we were able to secure.

Mr. MUNDT. In fact, it was not until we had had two or three complete breakups of the conference that the House conferees were willing to go this far.

Mr. RUSSELL. That is correct.

Mr. MUNDT. I think it was only the insistence of the Senator from South Dakota that persuaded the House conferees that humane slaughtering methods are available now and can be utilized by the smaller slaughterers, if they are able to employ the methods used by some of the larger slaughterers at this time.

So they would at least be willing to provide $100,000 in the bill to give an opportunity to do research into adopting the methods used by Hormel and other big slaughterhouses.

I do not think the Senator from Minnesota would object to our solicitude for the small slaughtering plants, because they have problems different from those of the large plants. The large plants can do their own research. They can finance their own experimentation. A small plant does not have such facilities. So I think we drove a pretty good bargain in getting $100,000. Also, I think we drove a pretty good bargain in getting it devoted to the particular problem which confronts us. The problem is, How can the small packing and slaughtering house comply with the law and still stay in business? We want to meet that problem.

Mr. RUSSELL. I may say I did not favor the Humane Slaughter Act, but I felt under an obligation in the conference to make a strong effort to retain the Senate provision for funds. The conference was exceedingly difficult. For two or three meetings the House conferees said they would not yield in any way, shape, or manner.

Mr. HUMPHREY. I thank the conferees for their diligence and perseverance. I heard it was a difficult series of meetings. I only say the budget had a request of $250,000, and the Bureau of the Budget is not, during this day and age, known for its overly large requests in terms of expenditures. The Senate adopted a $200,000 appropriation, with some of the funds to be used at Ames. I think the decision not to use the Ames facilities was probably a sound one.

Mr. RUSSELL. I agree. At the time we wrote that language into the bill, that matter had not been fully considered.

Mr. HUMPHREY. I am grateful there is a provision of $100,000 for research, which will be of assistance to the small packers. I think the time will come when it will be realized that the Beltsville facility will have to be modified or something else done. I want the record clear that, once having adopted humane slaughter legislation, and by a very substantial vote, we have an obligation to make it work, because we imposed some severe restrictions on the packers. Therefore, there is an obligation to fulfill our part of the bargain.

Mr. RUSSELL. I am well aware of that. As a member of the Appropriations Committee I assisted in placing the amount in this appropriation bill. Previously I assisted in putting this in the supplemental appropriation bill but we were not finally able to bring back an appropriation for the item. Even though this amount is less than half of the original sum proposed, in the light of the experience we had on the supplemental bill, I was very much gratified we were able to get the work under way at all.

Mr. HUMPHREY. If it is agreeable to the distinguished chairman of the subcommittee, I ask unanimous consent to have printed at this point in the RECORD a letter I received from E. L. Peterson, relating to the humane slaughter appropriation, and also a letter I received from the outstanding veterinarian scientist, Dr. Ralph L. Kitchell, who directs my attention to some of the limitations of the facilities and also what might be done with a broadened program.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 17, 1959.

HON. HUBERT H. HUMPHREY,
U.S. Senate.

DEAR SENATOR HUMPHREY: Thank you for your letter of May 20, 1959, concerning the possibility of locating humane slaughter research at the new Animal Disease Laboratory at Ames, Iowa. We appreciate your suggestion, and are pleased to discuss it with you.

The purpose of the Animal Disease Laboratory under construction at Ames is to provide facilities for disease research. Such facilities will not be suitable for studies of slaughter operations. Facilities for disease studies require careful protection against contamination. The laboratory will have definite restrictions that animals cannot be brought in except under controlled conditions necessary for the disease studies. The animals used for the disease studies cannot be used for studies of humane slaughter methods and their effects on meat quality since the diseased animals would not be normal animals. Therefore, it is not feasible to do humane slaughter research at the Ames laboratory.

The Agricultural Research Service is conducting studies on meat quality at the Agricultural Research Center, Beltsville, Md. The facilities used for these studies, with some modification, could also be used for research on humane slaughter methods and could be made available for such research at less cost than at any another location.

In fiscal year 1959, the Agricultural Research Service has made a survey of existing information and has initiated limited studies on humane slaughter methods. Mainly, these studies have been directed at mechanical and electrical stunning instruments and accompanying physiological responses in the animal and effects on the carcass and meat. A request for $100,000 in supplemental funds for research on humane slaughter methods for fiscal year 1959 was submitted to Congress, but was not approved. The 1960 budget estimates include an increase of $250,000 for research on humane slaughter methods. The House deleted this item, the Senate approved it in the amount of $200,000, and the bill is now in conference.

Your interest in this research is appreciated.

Sincerely yours,

E. L. PETERSON,
Assistant Secretary.

ST. PAUL, MINN., *June 5, 1959.*

HON. HUBERT HUMPHREY,
U.S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR HUMPHREY: On September 17, 1956, you were kind enough to forward to me two copies of correspondence (see enclosures) which you wrote in my behalf. I am writing this letter to solicit your further assistance relative to my interest in doing additional research on improving slaughtering procedures.

It is my understanding that the Senate has before it a bill which grants additional funds for research in this area. I also understand that there is a stipulation to the bill that the work should be done at the new research laboratory (Federal) at Ames, Iowa. This, I believe, would make it impossible for any of these funds to be used by university scientists, like myself. I believe this stipulation to be against the best interests of proponents of humane slaughtering. I base this belief on my 8 years of experience in this field. I do not believe there is anyone at Ames who is qualified to direct or perform research in this highly technical field. They do not seem to be equipped to do such research either.

I think it is important to get these funds in the hands of people who are interested in humane slaughter, who have an active research program in progress, and who have the necessary technical background to make the best possible use of the funds. I am not going to state that I should be the one to receive some of these funds. Someone else will have to judge this point. I feel that it is basically wrong to put provisions in a bill which would direct funds to disinterested and nonqualified personnel and exclude from consideration the people who are interested and better qualified. I can speak from experience that there are at least three State-supported research units, in addition to ours, which would be excluded from consideration as the bill now stands.

I am sure you share with me concern relative to the humane slaughter program. I am grateful to you for your interest in the past and am confident that whichever course of action you may take will be taken conscientiously as you see the facts which are presented to you.

Thank you for your consideration.

RALPH L. KITCHELL, D.U.M., Ph. D.

Mr. HUMPHREY. Mr. President, I also note that there are university facilities which can be used, under contract, to aid the Department of Agriculture in the fulfillment of the research obligation part of the Humane Slaughter Act.

May I ask the Senator one final question in reference to the meat inspection item? Am I correctly informed that the sum of money which the Senate authorized for meat inspection was the final sum which was included in the bill?

Mr. RUSSELL. That is correct. We managed to sustain the position of the Senate.

Mr. HUMPHREY. And that the language relating to the school lunch program, making possible the purchase of proteins and red meat, is made a part of the conference report?

Mr. RUSSELL. That is the intention of the conference report and by the change of the language made in conference.

Mr. HUMPHREY. So that would mean food for school lunches could be supplemented outside the realm of the Commodity Credit Corporation?

Mr. RUSSELL. Yes; under section 6 of the school lunch program, which has nothing to do with section 32 purchases.

Mr. HUMPHREY. I thank the Senator. Those are fine and helpful provisions.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Washington.

Mr. MAGNUSON. I should like to ask the Senator about a vegetable which is grown by farmers in my section of the country, namely, peas. Other vegetables are also grown there. I understand the provision of the Senate relating to research was not agreed to by the House.

Mr. RUSSELL. It was not. The Senate had provided $200,000 for research into vegetable seed and production. As I recall, $20,000 was to be used for the item which the Senator had in mind. The Senator from Washington had been very active in that matter, and the Senator from Idaho had likewise supported it. The Senate was compelled to yield on the amount of money contained in the item of $200,000, due to the very large sum already in the bill for research work on vegetables. We did not yield with any idea that the Department would be deterred from doing the work which was necessary to be done, but we were compelled to retreat on the $200,000 item.

Mr. MAGNUSON. That would in no way be construed as meaning that the Department would not be justified in going ahead?

Mr. RUSSELL. Not at all. The showing which was made in the course of the hearings would indicate to me the Department would be fully justified in directing its attention to the research matter to which the Senator from Washington has referred.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. COOPER. I know the Senator has discussed this particular item. I refer to amendment No. 16, which appears on page 6 of the conference report, relating to the school lunch program. As I understand, the item provides that $43 million shall be transferred to this appropriation from section 32 funds, and that the Secretary is directed to supply a balanced diet to schoolchildren under the school lunch program, so far as is possible, from these funds.

Mr. RUSSELL. That is set forth in the report of the conference.

Mr. COOPER. And if foods such as red meats and other high protein foods are not in surplus, the Secretary is nevertheless directed to buy those foods for the school lunch program, where they are needed to provide balanced diets for schoolchildren. Is that correct?

Mr. RUSSELL. The language of the conference report is as follows:

> The conferees direct that the full amount of these transferred funds be used to purchase foods necessary to provide balanced diets for the schoolchildren. In making such purchases, attention should be given to the needs of the schools for red meats and other high protein foods. As far as possible, foods in surplus supply should be given priority. The necessary foods should be supplied from these funds, however, regardless of whether or not they are determined by the Secretary to be in surplus supply.

Mr. COOPER. The reason I asked the question is that there was such a restriction last year.

Mr. RUSSELL. We adopted language last year that such additional funds shall be used for the school lunch program, and the Department seized on that language to limit its purchases to surplus commodities, but we have eliminated that language this year.

Mr. COOPER. I raised this question because of my effort to get the Secretary to buy these foods for the program in eastern Kentucky. I recognize that such foods can be bought for the school lunch program.

Mr. RUSSELL. The Secretary has ample authority.

M. COOPER. He has not used it. The Secretary has stated he believed he did not have such authority under the law, as long as there was a possible market for the surplus food.

Mr. RUSSELL. I do not believe that is correct.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield to the Senator from Texas.

Mr. YARBOROUGH. I want to express my personal commendation to the managers on the part of the Senate for the ability and diligence which they have displayed in the conference with the House, particularly in connection with the school lunch program and the effort to get a balanced diet to as many schoolchildren as possible.

I have an inquiry to propound to the Senator from Georgia concerning the watershed protection by the Soil Conservation Service. Reference has been made in our area of the country that the Bureau of the Budegt has put into effect an artificial limitation—I say it is artificial since it has not been approved by the Congress—on the number of new starts.

In my State, for example, with about a million dollars to spend, the Bureau of the Budget has imposed a limitation of not over four new starts in a year. It was represented to me by the Soil Conservation authorities that instead of having four new starts at $250,000 a year they could spread the money out and get more done if they had 10 new starts at $100,000 a year, though it would not require the expenditure of more money.

My inquiry of the distinguished Senator from Georgia is this: Do I understand correctly that the conferees have not expressed their approval of this artificial limitation by the Bureau of the Budget?

Mr. RUSSELL. No, we did not express any approval of it. By implication, we expressed our disapproval of it by providing for the appropriation of more money than the Budget Bureau allowed for this particular item.

Mr. YARBOROUGH. I simply wanted to clarify the point that the conferees had not approved the Bureau of the Budget's artificial limitation.

Mr. RUSSELL. We have not. Under the estimate of the Bureau of the Budget the appropriation would have been $20 million. We provided for an appropriation of $22,750,000.

Mr. YARBOROUGH. I thank the distinguished Senator from Georgia for the clarification.

Mr. RUSSELL. Mr. President, I move that the Senate agree to the conference report.

Mr. WILLIAMS of Delaware. Mr. President, I respect the position of the conferees in connection with this bill; however, I am fearful particularly of the provision in connection with the $50,000 limitation. I do not feel it does the job properly.

In the colloquy earlier today, it was admitted that while the conference bill does provide a ceiling of $50,000 for each agricultural commodity, it immediately proceeds to place two exemptions on the $50,000 limitation.

One of the exemptions is that a person may agree to a reduction of not to exceed 20 percent of his production as prescribed by the Secretary. That reduction of production could conceivably be as little as 1 percent. He would then not be bound by the limitation.

The second exemption provides that the person does not have to agree to any reduction at all, can plant his full quota, and get his full loan of a million dollars or whatever it may be, and all he has to do is put up the commodity as collateral for the loan with an agreement to pay back all but $50,000. I think the net result of this language will be that many of the large loans will still be continued and the Government will be left holding the bag. I shall vote against the conference report. I cannot support this watered down version of the Senate's original intention.

In this connection, I ask unanimous consent that the letter from Mr. Morse dated today commenting upon the conference amendment be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 30, 1959.

Hon. JOHN J. WILLIAMS,
U.S. Senate.

DEAR SENATOR WILLIAMS: As you requested by telephone this morning, we submit the following analysis of the provision in the conference report on the Department of Agriculture appropriation bill for 1960, regarding the $50,000 limitation on price supports, which you sent to me; your copy is attached.

The provision would place a $50,000 limitation on the amount of price support that could be made available to any person on the 1960 production of any single agricultural commodity, subject to the following qualification and exceptions:

(1) The limitation would only apply with respect to commodities determined in advance by the Secretary to be in surplus supply. This determination could not be made until after the 1959 crops are harvested and the production outlook for 1960 can be estimated.

(2) The limitation would not apply to a person who reduces his production of the surplus commodity below 1959 production by such percentage not to exceed 20 percent as the Secretary may determine to be required. While the provision is not clear, it is presumed the measure of reduction in production would be in terms of acreage for field crops and in units of quantity for all other commodities.

(3) The limitation would not apply to any person who agrees to repay advances in excess of $50,000 within 12 months or other later time determined by the Secretary. No express provision is made for interest on such amount and it is uncertain whether it is intended that interest is to be charged on the excess over $50,000.

(4) Where price support is extended by loans to or purchases from a cooperative marketing organization the limitation would not apply to the amount of price support received by the cooperative, but would apply to the amount of price support made available to any person through such cooperative.

Where price support is extended by purchases of a product of an agricultural commodity from "persons" other than a producer the limit does not apply to the purchases or loans to such person but does apply to the amount of price support extended to the producer through such "person." Presumably, this provision was inserted to facilitate the conduct of such programs as the dairy and cottonseed price support programs. It would have the opposite effect, since it would make it impossible to operate such programs. It is impossible to determine the amount of price support that has been extended to any particular farmer with respect to dairy products or with respect to cottonseed through purchases of or loans to persons other than the producers of agricultural commodities. In this connection there is attached a copy of the hearings held by the appropriations committee on June 9, 1959 which contain on pages 31 and 32 the Secretary's letter of June 12, 1959 to Representative WHITTEN concerning this matter.

This hasty analysis is based on an unofficial report of the action of the Conference Committee. The suggestions of the Department with respect to this matter are contained in explanatory notes sent to the conferees. These are shown on pages 96 and 97 of the attached hearings.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

Mr. KEATING. Mr. President, will the distinguished Senator from Delaware yield to me?

Mr. WILLIAMS of Delaware. I yield.

Mr. KEATING. I share the apprehension the distinguished Senator has stated concerning the report. I respect, as does the Senator from Delaware, the hard work the conferees have put in, but I must join with my friend from Delaware in voting against the conference report.

The PRESIDING OFFICER (Mr. WILLIAMS of New Jersey in the chair). The question is on agreeing to the conference report.

The report was agreed to.

Mr. RUSSELL. Mr. President, I ask that the amendments in disagreement be laid before the Senate.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 7175, which was read as follows:

In the HOUSE OF REPRESENTATIVES, U.S.,
June 30, 1959.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 16 to the bill (H.R. 7175) entitled "An act making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes," and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert ": *Provided further*, That $43,657,248 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935, for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act."

That the House recede from its disagreement to the amendment of the Senate numbered 26, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided further*, That (1) no part of the funds authorized for 1960 may be used to enter into annual rental contracts for a period of time or at rates or in amounts which are in excess of limitations imposed by present regulations or announcements, (2) in establishing annual rental rates for new contracts, no such rental rate shall be established in excess of the local fair rental value of the acreage offered, such fair rental value to be based upon the average annual crop production harvested from such acreage during the past five crop years including the current year, (3) in handling funds within any State, first

consideration shall be given to those applicants who were not offered contracts during the 1959 sign-up due to limitation of funds, and (4) in the allocation of funds and administration thereof, the Department shall not allocate funds on any basis not in accord with the purposes as set forth in the basic law".

That the House recede from its disagreement to the amendment of the Senate numbered 30, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided further,* (1) That no part of this authorization shall be used to formulate or carry out a price support program for 1960 under which a total amount of price support in excess of $50,000 would be extended through loans, purchases, or purchase agreements made or made available by Commodity Credit Corporation to any person on the 1960 production of any agricultural commodity declared by the Secretary to be in surplus supply, unless (a) such person shall reduce his production of such commodity from that which such person produced the preceding year, in such percentage, not to exceed 20 per centum, as the Secretary may determine to be essential to bring production in line within a reasonable period of time with that necessary to provide an adequate supply to meet domestic and foreign demands, plus adequate reserves, or (b) such person shall agree to repay all amounts advanced in excess of $50,000 for any agricultural commodity within 12 months from the date of the advance of such funds or at such later date as the Secretary may determine;

"(2) That the term 'person' shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof;

"(3) That in the case of any loan to, or purchase from, a cooperative marketing organization, or with regard to price support on an agricultural commodity extended by purchases of a product of such commodity from, or by loans on such product to, persons other than the producers of such commodity, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, or other persons, but the amount of price support made available to any person through such cooperative marketing organization or other persons shall be included in determining the amount of price support received by such person for purposes of such limitation; and

"(4) That the Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to carry out this provision."

Mr. RUSSELL. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 16, 26, and 30.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Georgia.

The motion was agreed to.

Mr. RUSSELL. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD a table showing a comparison between appropriations and authorizations for 1959, the estimates for 1960, and the amounts recommended by the House, by the Senate, and by the committee on conference.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparative statement of appropriations for 1959 and estimates and amounts recommended in bill for 1960

REGULAR ACTIVITIES (TITLE I)

Agency and item	Appropriations, 1959 [1]	Budget estimates, 1960	Recommended by House for 1960	Amount recommended by Senate	Conference allowance, 1960
Agricultural Research Service:					
Salaries and expenses:					
Research	$62,915,290	$64,240,000	$63,961,590	$70,479,390	$67,722,490
Plant and animal disease and pest control	52,934,000	49,110,000	48,340,600	51,050,600	49,800,600
Meat inspection	20,785,100	21,475,000	21,135,100	21,324,900	21,324,900
Total, salaries and expenses	136,634,390	134,825,000	133,437,290	142,854,890	138,847,990
State experiment stations:					
Payments to States and Puerto Rico	31,553,708	31,553,708	31,553,708	31,553,708	31,553,708
Penalty mail	250,000	250,000	250,000	250,000	250,000
Total, State experiment stations	31,803,708	31,803,708	31,803,708	31,803,708	31,803,708
Total, Agricultural Research Service	168,438,098	166,628,708	165,240,998	174,658,598	170,651,698
Extension Service:					
Payments to States and Puerto Rico	[2] 53,497,755	53,715,000	53,715,000	53,715,000	53,715,000
Retirement costs for Extension agents	5,479,375	5,674,375	5,674,375	5,674,375	5,674,375
Penalty mail	2,491,307	2,491,307	2,491,307	2,491,307	2,491,307
Federal Extension Service	2,250,640	2,258,795	2,242,540	2,242,540	2,242,540
Total, Extension Service	63,719,077	64,139,477	64,123,222	64,123,222	64,123,222
Farmer Cooperative Service	617,900	620,000	615,800	615,800	615,800
Soil Conservation Service:					
Conservation operations	80,882,800	81,072,000	82,322,000	82,322,000	82,322,000
Watershed protection	25,500,000	20,000,000	25,500,000	20,000,000	22,750,000
Flood prevention	18,000,000	15,000,000	18,000,000	15,000,000	18,000,000
Water conservation and utilization projects	335,000	75,000	75,000	75,000	75,000
Great Plains conservation program	10,000,000	12,500,000	7,500,000	10,000,000	10,000,000
Total, Soil Conservation Service	134,717,800	128,647,000	133,397,000	127,397,000	133,147,000
Agricultural conservation program	235,000,000	241,500,000	241,500,000	241,500,000	241,500,000
Agricultural Marketing Service:					
Marketing research and service:					
Marketing research and agricultural estimates	15,371,100	15,437,000	15,044,500	15,514,100	15,344,500
Marketing services	22,595,600	26,623,000	24,862,600	26,426,600	26,072,600
Total, marketing research and services	37,966,700	42,060,000	39,907,100	41,940,700	
Payments to States, Territories, and possessions	1,160,000	1,160,000	1,160,000	1,195,000	1,195,000
School-lunch program	110,000,000	100,000,000	110,000,000	110,000,000	110,000,000
Total, Agricultural Marketing Service	149,126,700	143,220,000	151,067,100	153,015,700	152,612,100
Foreign Agricultural Service	4,234,320	4,268,300	3,518,300	3,668,000	3,518,300
Commodity Exchange Authority	895,500	900,000	909,500	900,000	909,500
Soil bank programs:					
Conservation reserve	[3] 176,764,593	360,370,000	310,000,000	340,000,000	335,000,000
Acreage reserve	609,450,000	[4] 1,050,000			
Total, soil bank programs	786,214,593	361,420,000	310,000,000	340,000,000	335,000,000
Commodity Stabilization Service:					
Acreage allotments and marketing quotas	41,715,000	39,135,000	39,135,000	39,135,000	39,135,000
Sugar Act program	76,000,000	71,500,000	71,500,000	71,500,000	71,500,000
Total, Commodity Stabilization Service	117,715,000	110,635,000	110,635,000	110,635,000	110,635,000
Federal Crop Insurance Corporation: Operation and administrative expenses	6,376,700	6,376,700	6,376,700	6,376,700	6,376,700
Rural Electrification Administration: Salaries and expenses	9,601,300	9,632,000	9,632,000	9,632,000	9,632,000
Farmers Home Administration: Salaries and expenses	31,189,500	31,300,000	30,300,000	31,189,500	30,744,750
Office of the General Counsel	3,208,750	3,310,500	3,115,300	3,208,750	3,162,025
Office of the Secretary	2,860,250	2,881,000	2,881,000	2,881,000	2,881,000
Office of Information	1,428,665	1,431,665	1,431,665	1,431,665	1,431,665
Library	831,500	932,600	900,000	900,000	900,000
Total, regular activities	1,716,175,653	1,277,842,950	1,235,643,585	1,272,252,935	1,267,840,760

See footnotes at end of table.

Comparative statement of appropriations for 1959 and estimates and amounts recommended in bill for 1960—Continued

CORPORATIONS (TITLE II)

Agency and item	Appropriations, 1959 [1]	Budget estimates, 1960	Recommended by House for 1960	Amount recommended by Senate	Conference allowance, 1960
Federal Crop Insurance Corporation: Administrative and operating expenses	($2,297,000)	($2,330,000)	($2,330,000)	($2,330,000)	($2,330,000)
Commodity Credit Corporation:					
Restoration of capital impairment	1,760,399,886	1,535,424,413	1,435,424,413	1,435,424,413	1,435,424,413
Administrative expense limitation	($39,600,000)	(45,300,000)	(39,600,000)	(42,771,000)	(42,000,000)
Total, Commodity Credit Corporation	1,760,399,886	1,535,424,413	1,435,424,413	1,435,424,413	1,435,424,413
Reimbursements to Commodity Credit Corporation for special activities:					
International Wheat Agreement	80,800,000	63,875,000	63,875,000	63,875,000	63,875,000
Emergency famine relief	119,270,000	104,508,000	104,508,000	104,508,000	104,508,000
Sales for local currencies (Public Law 480)	1,033,515,000	968,016,000	968,016,000	968,016,000	968,016,000
Migratory waterfowl feed	18,506	35,000	35,000	35,000	35,000
Bartered materials for stockpile	82,250,335	129,000,000	129,000,000	129,000,000	129,000,000
Animal disease eradication	19,390,100	1,056,500	1,056,500	1,056,500	1,056,500
Grading and classing activities	1,510,870	1,607,000	1,607,000	1,607,000	1,607,000
Total, reimbursements to CCC for special activities	1,336,754,811	1,268,097,500	1,268,097,500	1,268,097,500	1,268,097,500
Total, Corporations	3,097,154,697	2,803,521,913	2,703,521,913	2,703,521,913	2,703,521,913

RELATED AGENCIES (TITLE III)

Farm Credit Administration	($2,125,000)	($2,125,000)	($2,125,000)	($2,125,000)	($2,125,000)
Federal intermediate credit banks	(1,693,000)				
Total, related agencies	(3,818,000)	(2,125,000)	(2,125,000)	(2,125,500)	(2,125,000)
Total, titles I through III	[1] 4,813,330,350	4,081,364,863	3,939,165,498	3,975,774,848	3,971,362,673

Loan authorizations

Rural Electrification Administration:					
Electrification	$317,000,000	$136,000,000	$136,000,000	$136,000,000	$136,000,000
Telephone	67,500,000	79,000,000	79,000,000	79,000,000	79,000,000
Total, Rural Electrification Administration	384,500,000	215,000,000	215,000,000	215,000,000	215,000,000
Farmers Home Administration:					
Farm ownership	24,000,000	12,000,000	24,000,000	24,000,000	24,000,000
Farm operation (production and subsistence)	180,000,000	160,000,000	180,000,000	180,000,000	180,000,000
Soil and water conservation	5,500,000	1,000,000	2,000,000	2,000,000	2,000,000
Total, Farmers Home Administration	209,500,000	173,000,000	206,000,000	206,000,000	206,000,000
Total, loan authorizations	594,000,000	388,000,000	421,000,000	421,000,000	421,000,000

Permanent authorizations

Agency and item	Authorizations, 1959	Estimates, 1960	Increase or decrease
Agricultural Research Service:			
Alterations and improvements, Animal Quarantine Station, Clifton, N.J.	$30,000		−$30,000
Agricultural Marketing Service:			
Removal of surplus agricultural commodities	235,936,663	$246,000,000	+10,063,337
Perishable Agricultural Commodities Act fund	675,000	685,000	+10,000
Total, Agricultural Marketing Service	236,611,663	246,685,000	+10,073,337
Commodity Stabilization Service: National Wool Act	24,453,099	47,630,000	+23,176,901
Total, permanent authorizations	261,094,762	294,315,000	+33,220,238

[1] Includes all adjustments for pay act, penalty mail, and other costs covered in the Second Supplemental Appropriation Act, 1959.

[2] An appropriation of $53,715,000 was provided for 1959. Amount reduced by transfers to other activities for pay increases and penalty mail costs as provided in Second Supplemental Appropriation Act, 1959.

[3] An appropriation of $200,000,000 was provided for 1959. Amount reduced by transfers for pay costs, penalty mail, and other costs as provided in Second Supplemental Appropriation Act, 1959.

[4] Funds requested for liquidation merged with conservation reserve and $600,000 approved by conferees.

CONSTRUCTION AT MILITARY INSTALLATIONS

The Senate resumed the consideration of the bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes.

Mr. CASE of South Dakota. Mr. President, the pending business before the Senate is the military construction authorization bill.

Mr. STENNIS. Mr. President, will the Senator yield for an inquiry?

Mr. CASE of South Dakota. I yield to the chairman of the subcommittee.

Mr. STENNIS. Mr. President, there have been quite a few inquiries as to how much more debate there will be, how many more amendments will be offered, and whether there will be a yea-and-nay vote on the passage of the bill. I think we should have a yea-and-nay vote on passage of the bill. I think the committee has agreed to ask for a yea-and-nay vote. I do not believe the amendments will require yea and nay votes; I believe they can be disposed of more simply.

The Senator from South Dakota has some very pertinent remarks to make. Perhaps we can finish the debate within an hour, or slightly more, if we have relevant comments.

Mr. President, will the Senator yield to me so that I may ask for the yeas and nays on passage of the bill?

Mr. CASE of South Dakota. Mr. President, I ask unanimous consent that I may yield to the Senator from Mississippi for the purpose of having the yeas and nays ordered, without losing my right to the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? The Chair hears none, and it is so ordered.

Mr. STENNIS. On the passage of the bill I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. STENNIS. I thank the Senator.

Mr. CASE of South Dakota. Mr. President, the authorization bill for military construction, which is now the pending business—may not ordinarily be thought

of as a policy bill, but those who have worked with the bill through the years have come to realize that whether we planned it that way, desired it that way——

Mr. STENNIS. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. Conversations will be held in the cloakrooms.

Mr. STENNIS. Will the Presiding Officer insist on order, Mr. President?

The PRESIDING OFFICER. The Chair will insist on order. The Senate will be in order.

The Senator from South Dakota may proceed.

Mr. CASE of South Dakota. Mr. President, those who have worked through the years on this bill have learned, whether we wished it that way or willed it that way, that the authorization bill for military construction has become a policy bill.

The PRESIDING OFFICER. The Senator will suspend. The Senate will be in order.

The Senator from South Dakota may proceed.

Mr. CASE of South Dakota. That fact was never more evident than in respect to our work upon the particular bill now before the Senate. The bill is sizable in dollars, containing some $1.2-billion-odd in authorizations, but it is far more important than the dollars when we came to consider the questions involved. As the bill came to us from the House of Representatives and as presented by the installations officers of the Defense Department it called for augmenting the authorization for the Nike-Hercules system and also for the Bomarc system. Both of these are terms which are applied to a defense missile system; the Nike-Hercules being the relatively short-range missile with a maximum effectiveness of 80 miles, and the Bomarc being a 200-mile defense system in its initial stage, the Bomarc-A, or up to 400 or 450 miles in the second generation, the Bomarc-B missile.

Consideration of those proposals led the committee, as has already been stated on the floor today, to propose that we deauthorize some prior authorizations for these defense weapons, and also refuse authorization for the new, until the Defense Department has come up with a review of its request. That resulted in bringing before the Armed Services Committee, and now before the Senate, two reports. One report deals with the items in the bill exclusive of the items for the defense missile systems. The second, or the supplementary report, deals with those.

During the early part of the debate we had considerable discussion of this matter, and I shall not go into any extended review of the bill or even of these systems, but I should like to emphasize a few points.

The bill is noteworthy not only for its treatment of the Nike-Hercules and Bomarc questions, but also for the curtailment of the hospital program, for the committee recommended that certain hospitals not be authorized and, further, that the Defense Department seek to bring its estimates into line. We found too much variation between costs at hospitals recommended by one service and another service, and too much difference between hospital costs per bed in the service hospitals and costs per bed found in the civilian economy.

The bill is notable also for what it does in the field of military housing, particularly the so-called Capehart housing program, on which I shall say more a little later.

The bill is noteworthy also because it proposes to create authority for a Norad headquarters. Many Members of the Congress have visited the SAC headquarters at Offutt Air Force Base, Omaha, but few Members have visited the Norad headquarters, or the North American Air Defense Command headquarters, at Colorado Springs, Colo. Those who have visited the headquarters have been struck by the disparity between the facilities afforded for the Air Defense Command headquarters as compared with those afforded for SAC headquarters.

The bill is also noteworthy for what it does in regard to the reserve program. We have spelled out certain recommendations for National Guard armories, and I think we have set up some landmarks which will be helpful to every Member of Congress in answering inquiries he receives from his home State in this regard.

Mr. President, I should like to say a few words about the so-called master plan, the revised plan for the defense missiles systems, Nike-Hercules and Bomarc. Our committee report says:

> In accepting the revised plan and amending the bill accordingly, the committee does so with some deference to the review that was made. However, the committee still has some reservations about the premises and philosophy employed in the plan.

At that point I should say that the Senator from South Dakota has some very definite reservations about the premises and philosophy employed in the plan.

I certainly agree with the following sentence in our committee report:

> The committee questions whether too much reliance is being placed upon defense as compared to sharpening our offense with modernization of the Army, the fleet, or perhaps more emphasis on manned interceptors.

The report further states:

> The committee expects the Secretary of Defense and the Joint Chiefs of Staff to again carefully review the proposed program before construction is begun on new sites.

To make certain that there would be further review, we wrote into the bill a new section, section 418, which requires the Secretary of Defense to make certain reviews, and in those reviews to give us the assurance that the Joint Chiefs of Staff are satisfied with certain aspects of the revised program.

It is my personal opinion that the committee was abundantly justified in accepting a plan which will save $1,400,000,000 over the next several years, but we might have gone further, I think, and deauthorized some of the prior authorizations for certain defense weapon installations. The reason is this: No program suggested to the committee proposed placing either Nike-Hercules or a Bomarc system in sufficient numbers to cover all the important targets in the United States. The result is that a relatively few points would have a point defense system. A few areas would have an area defense system, but there would be left unprotected a sufficient number of targets so that an incoming group of enemy bombers, if they did not want to strike at one of the defended systems could easily find an alternate target of almost equal attractiveness. That would simply mean that if we assume that either Nike-Hercules or Bomarc would be 100 percent effective—which, parenthetically, I say is a considerable assumption—or that they would be anywhere near 100 percent effective, there would be still left enough alternate targets so that an incoming bomber could find another target beyond the range of either of these defense systems.

That would mean that the major defense reliance, if we were to stop an incoming bomber, would have to go to the interceptors or fighters, which have considerably more range and much more flexibility. That is why I, for one, strongly emphasize the suggestion in the report that—

> The committee questions whether too much reliance is being placed upon defense as compared to sharpening our offense with modernization of the Army, the fleet, and perhaps more emphasis on manned interceptors.

The opinion has been expressed by Senators on the floor of the Senate, and by others, that a good defense system is in itself a powerful deterrent. The Senator from South Dakota takes little comfort in any such hope. Personally, I do not believe that the Soviets, or any other possible adversary, would be too greatly concerned about what we might do if they once got bombers into the country. The capabilities which we are demonstrating with such techniques as the Hound Dog, in which a bomber carries piggyback a missile that can be launched several hundred miles from the target, means that the enemy bomber could stand off a considerable distance and lob in its missiles, beyond the range of the defense systems such as Nike-Hercules or Bomarc.

When I think of that situation, I am reminded of an actual occurrence in my State some years ago. A man was on trial for a particularly heinous or aggravated sort of crime. The prosecution was relying very heavily on the fact that some bloodhounds had been used to follow the trail right to the very door of the man who was accused of the crime.

The defense attorney placed on the stand the man who had the bloodhounds in charge and asked him how he could be sure that the bloodhounds had trailed the man to his own door. The man who had the bloodhounds testified that they had gone right to the door and placed their paws on the very door of the man who had been accused.

The defense attorney asked him, "Don't you know that this man has a wife and two lovely little girls? Weren't

you afraid that, with the bloodhounds putting their paws on the door, the family might think that there was someone knocking at the door and open the door, permitting the bloodhounds to burst in on the wife and little girls?"

The man in charge of the bloodhounds said, "They couldn't."

The defense attorney asked, "Why not?"

The witness replied, "I had them on a leash."

Then the defense attorney said, "You led them there, didn't you?"

Of course, the case fell pretty flat, because it was obvious that, with the bloodhounds on a leash, they went where the man took them.

There is no certainty that any incoming planes would go to the point where we might have a Nike-Hercules or Bomarc, unless we had them on a leash. They would use alternate targets, or stand outside the range and lob their missiles into the Nike-Hercules or Bomarc area.

So I say that any reliance upon defense as deterrent does not register very heavily with the Senator from South Dakota. I do not believe the enemy would be deterred by an incomplete and scattered presentation of fixed antiplane weapons. If they are tied down, they are tied down, and incoming bombers would simply go to other places, or stand off and lob their missiles in.

So our primary deterrent reliance must still be in a capable offense. That means strategic bombers and medium-range bombers, if they are so placed that they can go to the targets on their own, or if they can be refueled and get to the targets; it means reliance on the offensive striking capability of carriers or carrier-based aircraft.

Perhaps the greatest hope right now for strengthening our offense is the rapid development of the Polaris, tied to atomic-powered submarines. I, for one, would not want the RECORD to indicate that I believe that even with the so-called revised master plan, we are accomplishing very much in the way of deterrence, or even of defense. It therefore becomes of interest to everyone who wants the security of the United States to be improved, strengthened, and maintained, that we insure the capability of our striking arms. If we take note of the testimony of the past week before another committee of the Congress, it must become apparent to anyone that the world is approaching a situation in which any launching of a nuclear war may bring destruction for both the so-called victor and the vanquished.

President Eisenhower has said on various occasions that in the next war the only difference between the victor and the vanquished would be in the degree of destruction. That being so, we are well advised to bend every effort to try to find some solution for the problems of the world at conference tables, rather than through the arbitrament of a nuclear war.

I wish to direct attention to two or three specific things in the bill. In the report on the House bill, as it was originally presented, to accompany House bill 5674, at page 9 we find a paragraph on the Naval Air Station at Rota, Spain. The paragraph reads:

> The committee has deleted from the bill an authorization request for operational facilities at the Naval Air Station, Rota, Spain, in the amount of $11,934,000. If granted, this authorization would permit the dredging of Rota Harbor to a depth of 40 feet for the purpose of permitting large tankers and certain carriers to go alongside a pier. Considerable sums have been previously authorized and obligated for facilities at this naval air station, including dredging the harbor to a depth of 35 feet. After carefully considering testimony and other data relating to this project, the committee is of the opinion that it does not have the priority of others that are being deferred. Present facilities are sufficient to accommodate large tankers. The committee believes that the funds required to accomplish this dredging might better be used for modernizing the fleet and other high priority requirements.

The committee wrote and endorsed that paragraph because we had heard Admiral Burke and others testify that there was a great need for improvements in the existing fleet. We also heard, and I think with some regret, that the plans for a new aircraft carrier called for it to be powered with conventional engines. I myself feel that if we are to build another carrier, we ought to go the full road and provide nuclear power for it. It will take 3 or 4 years to build it. When it is finished, I do not want it to be obsolete. Four years from now a new carrier conventionally powered will be, if not obsolete, certainly at a great disadvantage. The increasing speed of submarines and the very large number of submarines which the Soviet Union has suggest that a conventionally powered carrier will be at a great disadvantage 5 years from today. If we are to build a new carrier, I hope we will have enough courage and can find the funds to provide for equipping it with nuclear power, so that it will have speed and endurance on the ocean and can stay out for long enough periods of time to give it a chance to perform the missions it should perform.

So when we were evaluating priorities, we deleted the Rota Harbor item. However, the Navy made a second request for it. They interviewed members of the committee personally. When we got down to brass tacks, the chairman of the subcommittee, the Senator from Mississippi [Mr. STENNIS] asked the Senator from South Dakota to look into the matter when I was in Europe. I was there for the purpose of attending the Interparliamentary Union. I was able to get away after the committee sessions had concluded and went to Spain to make some inquiries. I talked with the captain who has charge of naval construction. I talked with some of the Air Force personnel who will have the benefit of the petroleum fuel supplies which would come in through Rota Harbor. I found they had already been getting supplies from some of the large tankers having a draft of about 37 feet. So the committee decided to delay the item.

However, upon further presentation by the Navy, and particularly based on their plea to have the harbor developed so that some of the new class carriers could enter, the committee restored the item in the amount of $5,400,000. Representatives of the Navy, after reviewing the whole situation and talking with us, decided they could do the job for $5,400,000, because the carrier would not come in very often, and this amount will provide a channel which will enable the carrier to come alongside the pier. The new proposal merely eliminates a turnaround basin which would have been installed at the end of the harbor. Since the carriers come in very infrequently, it was felt that they could back out without too much difficulty.

This provision makes it possible for the bill to represent a saving of $6,500,000 as compared with the original estimate.

Mr. STENNIS. Mr. President, will the Senator yield briefly, so that I may comment on the Rota Harbor matter? I should like to have my remarks on that item appear following the remarks of the Senator from South Dakota.

Mr. CASE of South Dakota. I yield.

Mr. STENNIS. I point out a very signal service which I think the Senator from South Dakota has rendered to the Senate, to Congress, and to the Navy, too, with reference to his development of facts and his inquiries concerning the harbor at Rota. Originally, the item provided $11.9 million as the amount necessary to make that harbor serviceable for the carriers and the tankers. The Senator from South Dakota went to Europe to attend the NATO Conference.

Mr. CASE of South Dakota. The Interparliamentary Union.

Mr. STENNIS. He was advertised before the Nation as having gone to Europe for an Easter vacation. As a matter of fact, he was in Europe on official business and while there had the opportunity to look into this matter. Directly due to his views and suggestions concerning another way to use the harbor, the Navy cooperated. Now, instead of having a recommendation of $11.9 million, the amount is $5.4 million. All the essential services will be carried out under the $5.4 million plan. So a saving of $6.5 million has been effected. This is not only an illustration of the Senator's fine service in his capacity as a Member of this body; it also illustrates the value and the wisdom of checking, rechecking, and getting new viewpoints and additional facts in order to pass upon a matter. I commend the Senator from South Dakota very highly. It is due particularly to his work that this saving was made, and the Navy was willing to cooperate.

Mr. CASE of South Dakota. I deeply appreciate the remarks of the distinguished Senator from Mississippi. In all fairness, I should say, however, that the Senator from Mississippi himself was in the area of Rota Harbor a year earlier. I think some doubts entered his mind at that time about the rather grand scheme which he thought was evolving for Rota Harbor, so he suggested to me that I look into the matter. Therefore, the credit certainly extends to the Senator from Mississippi, if any credit is due anywhere.

The next item to which I call attention is the Air Force Academy item. The

committee, in its basic report, at page 10, said:

> The committee is greatly concerned over many aspects of the construction program at the U.S. Air Force Academy in Colorado Springs, Colo.
>
> The Comptroller General of the United States in a report dated April 1959, states that the original authorization of $139 million will have been expanded without specific authority from Congress to $269 million. This seems to be a disregard of congressional authority.

The committee took considerable testimony on that point.

We were disturbed by the evidence that there is being expended or has been obligated $269 million for the Air Force Academy, whereas the original authorization came to about $139 million, so the expenditure is practically double what the legislative authorization was for the Air Force Academy.

We had hearings with some of the representatives of the Air Force on the matter. The precise legal authority may be a little cloudy, but it seems that the position of the Air Force is that the original authorization related to land and structural facilities; that the authority for the equipment and some of the interior features of the buildings, they hold, derived from other authority in general legislation.

Regardless of that, I am certain it is shocking to anyone who has followed the history of the Air Force Academy to find that we are spending some $269 million whereas only $139 million had been set forth in express authority. Because of that, the committee considered an amendment, and I have been authorized to present it. I think it was understood that this would be considered as a committee amendment.

Mr. STENNIS. The Senator is correct. We had that under consideration, and it has the approval of the subcommittee. I am sure it was considered by some of the members of the full committee.

Mr. CASE of South Dakota. I shall read it, but I shall not call it up until I have concluded my remarks. On page 40, after line 24, it is proposed to insert:

> SEC. 307. Except as specifically authorized by legislation hereafter enacted, no contract shall be entered into by the Department of the Air Force or the Air Force after the effective date of this act for (1) the acquisition of any interest in real property, (2) the grading, landscaping, or improvement of any real property, or (3) the construction of any structure or facility at, or in connection with, the Air Force Academy if that contract provides for the expenditure of any amount in excess of $25,000.

I send the amendment to the desk and shall call it up later.

The next item to which I wish to call specific attention is the housing program. As has been pointed out, the bill contemplates the continuation of the so-called Capehart housing program. Today, we understand, is the last day on which the President might sign the housing bill now before him. I have not been advised whether he will sign it or veto it. But if he were going to sign it, I assume it might have been signed prior to this late hour on this day.

In any event, in order to insure that there be no interruption in the Capehart housing program, the committee has authorized me to present an amendment the purpose of which is to extend that program. The amendment would extend the provisions of the National Housing Act which are embraced in section 803. Section 803 of the National Housing Act closes with this proviso:

> *Provided further,* That no mortgage shall be insured under this title after June 30, 1959, except pursuant to a commitment to insure issued before such date.

The language we propose in the amendment changes the proviso to read:

> No more mortgages shall be insured under this title after September 30, 1960, except pursuant to a commitment to insure before such date, and not more than 20,000 family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under section 803 of this title after such date.

Then there is another paragraph, which I shall not take the time to read; but it reinforces the 20,000-unit limitation.

Mr. SPARKMAN. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. SPARKMAN. Mr. President, earlier today, in my colloquy with the Senator from Mississippi, I referred to section 809 housing. I said that section 809 is badly needed around the research and development installations. At that time I had not seen the Senator's amendment. Shortly afterward, the Senator from South Dakota showed me the proposed amendment; and I noted that section 809 housing is covered.

I understand that what the Senator from South Dakota has done is to include a provision which will continue what is popularly known as Capehart housing—that is to say, housing under section 803 of the Housing Act—and also section 809 housing, which is the housing around research and development installations.

Mr. CASE of South Dakota. The Senator from Alabama is correct.

Let me reread the proviso which is included in the amendment.

Mr. SPARKMAN. I heard the Senator read it a few minutes ago, and I notice that in it he continued the proviso that not more than 20,000 units shall be built under section 803, which is the section which deals with Capehart housing.

Mr. CASE of South Dakota. Yes; but it extends the life of the title until September 30, 1960; and the title of the Housing Act embraces both section 803 and section 809.

So the housing in the research and development areas, under section 809, would also be extended, under the proposed language. But the 20,000-unit limitation will apply specifically to the Capehart housing, which comes under section 803 of that title.

Mr. President, the committee is of the opinion that there is a continuing need for military housing to be constructed under the Capehart housing provisions; and in the pending measure the committee has authorized a total of 23,821 units.

I hope the Department has the same doubts as to the firmness of many of those requirements. It is desired that the Department of Defense carefully review this program, to assure that only the essential requirements are met—giving preference only to those of the most urgent nature.

Therefore the committee has so phrased the proviso that the 20,000 units would be all that could be contracted for under this extension, and the committee assumes that the Department of Defense will use those 20,000 units in stations of the highest priority among those that are authorized.

Mr. SCHOEPPEL. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE of South Dakota. I yield.

Mr. SCHOEPPEL. What criteria are sought to be applied in determining the priority?

Mr. CASE of South Dakota. With respect to every installation where Capehart housing is proposed, the Department of Defense sets up its estimate of requirements for the mission of the station. Then it determines how many can be taken care of by any existing units which are not substandard. It may take into account substandard housing units which may be built up to a proper standard. It also takes into consideration those that can be provided by the local economy. Where there is the greatest deficiency and when there is no prospect that the necessary housing will be provided by the local economy, the Capehart provision will provide for housing up to the 20,000-unit total limitation.

Mr. SCHOEPPEL. I assume the Department will take into consideration the continuing activities on any base.

Mr. CASE of South Dakota. That is correct. In fact, the base is required to have a certification that it is of a permanent character, before any such housing is authorized.

Mr. SCHOEPPEL. I understand. But suppose a base should, in the judgment of the military, be reduced in the future—knowledge which only the military might have earlier. Would that be taken into consideration?

Mr. CASE of South Dakota. If in the planning the Department of Defense contemplated a reduction in the number of men at a base, I am sure that fact would be reflected in its proposals for additional housing.

Mr. SPARKMAN. Mr. President, before this measure is acted on by the Senate, I should like to state that, as I indicated in the remarks I made earlier today, I have some question as to the propriety of the action proposed, because both section 803 housing and section 809 housing constitute programs provided for under the National Housing Act. That act, from its very inception in 1934, came within the jurisdiction of the Banking and Currency Committee, and so did all the amendments to it. I do not believe it was ever supposed that the Armed Services Committee or any other committee except

the Banking and Currency Committee would assume jurisdiction of that program.

I do not make that statement only because I am interested in the jurisdiction of the Banking and Currency Committee. But I think we had better proceed in an orderly fashion, and I believe we should observe the guidelines which have been established for the handling of such legislation.

Housing is a complicated subject. The entire FHA insurance program is complicated, and fits together like the pieces of a jig-saw puzzle. We do not profit by having one part of the housing program in the jurisdiction of one committee and another part of the housing program in the jurisdiction of another committee.

I have stated many times, both here on the floor and to other Senators, including the Senator from Mississippi, that, certainly, housing for military personnel, to be built with appropriated funds, should be handled by the Armed Services Committee. I do not think there is any question about that.

But when it comes to an FHA insured program, I think it should be handled by the committee which has handled such measures for the last 25 years.

I recognize the urgency of the occasion. That is what prompts the Senator from South Dakota, I understand, to propose this action, and it is what prompted other members of the committee to be willing to go along with it, and certainly it is what makes me reluctant to protest about it.

The military housing program is about to expire. Section 809 housing will expire at midnight tonight.

I happen to know that various places in the country need section 809 housing. Today, I received a long-distance telephone call in regard to a military installation. There had been a transfer of military personnel; and this situation is one of those in which the FHA normally will not participate. The FHA issues commitments based upon what it calls economic soundness; and the FHA measures the expected growth of the community separate and apart from military installations. Therefore, the FHA will not issue commitments for those who are moving in, in the case to which I refer, which involves a great number of persons. The only way they can obtain housing is through the section 809 program or a similar one.

I felt very badly to have to tell the mayor of that city that section 809 will expire at midnight tonight, unless the President signs the housing bill. I made clear to the mayor that I was not sure whether his city would be able to qualify under that measure, even if the President did sign it, because the Department of Defense has to declare the installation to be of the type that is supposed to receive such help.

At any rate, there is an urgent situation, and in view of that, I shall not offer any protest.

I have consulted with the Senator from South Dakota; and I made to him a suggestion with reference to the change which has been made in the amendment. I am willing to see this measure go through.

Let me say, further, that I hope this action will not be regarded as establishing a precedent. As I said to the Senator from Mississippi, if the Armed Services Committee would take over the responsibility for measures providing housing for military installations, on an appropriated basis, that is what I should like to see done. I think that would result in more housing for less money; and of course I would be willing to have the Armed Services Committee take over that field, and relieve our committee of that responsibility.

But so long as the program is tied in with the FHA insurance programs, I believe it belongs under the jurisdiction of the committee which has jurisdiction of other FHA insurance programs—namely, the Banking and Currency Committee.

Although I am not protesting at this time, I want it to be understood that I certainly hope this action will not be regarded as establishing a precedent.

Furthermore, when the President signs the housing bill, which now is on his desk—and he has several more days in which he can sign it—I assume the provision will be dropped in conference, because in the housing bill there is a provision very similar to this amendment.

With that explanation, I certainly will not lodge any protest.

Mr. STENNIS. Mr. President, I should like to express my appreciation for the very fine cooperation of the Senator from Alabama and his committee; and I wish to state that we certainly do not regard this case as a precedent, and we are not changing the policy which his committee has established, and in this measure we are not changing this law. We are simply continuing its breadth for this limited time, due to this emergency. If the emergency disappears, we shall drop the matter in conference, as we planned, except for the 20,000-unit limitation.

Mr. CASE of South Dakota. Mr. President, I, too, wish to express to the Senator from Alabama my appreciation for his understanding attitude. There is no desire on the part of our committee to take over the jurisdiction of the Banking and Currency Committee. We do have the responsibility of authorizing such housing construction as is necessary for the Defense Establishment.

If there were to be no Capehart housing program, we would face the responsibility of authorizing some housing directly by appropriated funds, in view of the situation which has been set forth. We had the choice either of doing that or of assuring that the Capehart program would be extended. The committee, consistent with the attitude of the Senate in approving the Capehart program, felt we should insure its continuance by the inclusion of this provision.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. CLARK. I hope the committee on which the Senator from Mississippi and the Senator from South Dakota serve will take a good look at the military housing program, with the thought in mind that it would be far wiser to provide for it out of appropriated funds.

As a member of the Housing Subcommittee of the Committee on Banking and Currency, each year it has seemed to me that it was the obligation of the Military Establishment to provide housing for military personnel in and about bases, and that such a program should not be mixed up with the FHA and the VA programs, where we get into problems of priorities, special assistance funds, bond markets, and the availability of credit. But this affects a need for soldiers, sailors, and marines of the United States at our military installations.

I hope the committee will take another look at the question and see whether such housing should not be provided with appropriated funds. I should like to announce my complete agreement with the statement of the Senator from Alabama on that point.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. I wish to thank the Senator from Mississippi, chairman of the subcommittee, and the chairman of the Housing Subcommittee of the Committee on Banking and Currency [Mr. SPARKMAN] and the Senator from South Dakota [Mr. CASE] for the broadminded way in which they have handled this whole matter. I think it shows a fine spirit. I know everybody connected with the project will appreciate their attitude very much.

One of the biggest problems facing the military for many years has been the problem of housing its personnel. When I was in World War I, 40-odd years ago, I think 75 or 80 percent of those in the Armed Forces were single, and 20 or 25 percent were married. Today, the situation is reversed. About 75 percent of the military personnel are married, and about 25 percent are single.

The military has faced the problem of having men reenlist so that there could be maintained what we call a professional army. One of the problems involved was that a boy could serve 3 years or longer, but he could never find a decent place in which to house his family. However, if he left the service, the next day he could go to the Veterans' Administration, and arrange to buy a house for X amount of money, without any downpayment, and pay for it over a period of 30 or 35 years. If he stayed in the Army, he could not find a decent place in which to house his family.

Nobody is to blame for that situation. It would be necessary to appropriate billions of dollars to provide for 100,000 units. As we know, we are spending too much money now. Taxes are too high, and expenditures are too great. So that kind of appropriation could not be made.

Nobody is to be criticized for that situation.

What is proposed is that the housing can be paid for by military personnel out of their rental allowance. One tak-

ing advantage of the law would be entitled to the same right a veteran has, of being able to obtain a house with no downpayment and have 30 years to pay for it.

Mr. CASE of South Dakota. Except in this instance the Government is going to own the house.

Mr. CAPEHART. In this instance, at the end of 30 years, the Government will own 100,000 houses, and they will not cost the Government any money. In the meantime, the military personnel will have suitable houses in which to live.

There is no question that it would be better if Congress could appropriate the money for such housing. We must be realistic. We do not have the money to appropriate for that purpose. Bonds would have to be sold to get the money with which to build the houses. The Government would sell mortgages to private enterprise, the banks, and let the banks amortize the mortgages over a 30-year period.

Some day we may get our financial affairs in good enough condition to be able to appropriate money to build such houses. Until we can do it, I do not know of anybody who is not enthusiastic about building the houses under the plan we are proposing.

I think we should be very careful that we do not overbuild. We do not want to permit more houses to be built in any given area than are needed. We ought to look three times before such houses are authorized, because I can think of nothing more undesirable than to have 25 units built in a certain area, and, 10 years later, have the military installation abandoned and have a situation where those housing units are no longer needed.

I think if common sense and caution are used all the way through such a program, and if we do not go wild, such a program will be good for the future. I think it has been a good thing in the past. I congratulate those who have handled the bill today for the way in which they have done it.

Mr. CASE of South Dakota. Mr. President, the Senator from Indiana has made a very good statement on the whole problem. If the Government had the funds to appropriate, undoubtedly we could save money in the long run by building the houses directly with appropriated funds; but, under present conditions, what we have done, has been the way to provide needed houses, and it has resulted in some very good housing, and we feel justified in seeking its continuance.

In conclusion, Mr. President, I have had the great privilege of serving on this committee this year under the able chairman, the Senator from Mississippi [Mr. STENNIS]. He has proved himself again, as he has in many other instances, absolutely fair, and he has shown statesmanship and soundness in his approach to the problems coming before the committee.

This year we had the privilege of having additional members on the committee. I regard them as having been of great help to the committee. They have brought to the committee new experiences and new points of view. They have all made contributions. So has Mr. Nease, clerk of the committee.

Mr. President, I should like to call up and move the adoption of the first amendment I send to the desk, the $25,000 limitation.

The PRESIDING OFFICER. The amendment offered by the Senator from South Dakota will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 40, after line 24, it is proposed to insert the following new section:

SEC. 307. Except as specifically authorized by legislation hereafter enacted, no contract shall be entered into by the Department of the Air Force or the Air Force after the effective date of this act for (1) the acquisition of any interest in real property, (2) the grading, landscaping, or improvement of any real property, or (3) the construction, completion, alteration, expansion, modification, or improvement of any structure or facility at, or in connection with, the Air Force Academy if that contract provides for the expenditure of any amount in excess of $25,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota to the committee amendment.

The amendment to the amendment was agreed to.

Mr. CASE of South Dakota. Mr. President, I now call up my housing amendment, which has been discussed at some length. In view of the fact that it has been read, unless there is a request for its reading, I ask unanimous consent that it be printed in the RECORD in full at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the amendment offered by Mr. CASE of South Dakota, to the committee amendment was ordered to be printed in the RECORD, as follows:

On page 51, between lines 5 and 6, insert the following new section:

"SEC. 414. (a) Section 803(a) of the National Housing Act is amended by striking out the last proviso and inserting in lieu thereof the following: '*And provided further*, That no more mortgages shall be insured under this title after September 30, 1960, except pursuant to a commitment to insure before such date, and not more than twenty thousand family housing units shall be contracted for after June 30, 1959, pursuant to any mortgage insured under section 803 of this title after such date.'

"(b) Notwithstanding the authorizations for the construction of family housing contained in subsections 104(b), 204(b), and 304(b) of this Act, the total number of units of family housing contracted for after June 30, 1959, and before October 1, 1960, pursuant to the authority contained in such subsections shall not exceed a total of twenty thousand units. The Secretary of Defense shall determine the total number of units to be constructed by each of the military services in conformity with the provisions of this section. The Secretaries of the three military departments, or the designee of each, shall promptly notify the Committees on Armed Services of the Senate and House of Representatives of any determination made hereunder as it affects each such department."

Mr. CASE of South Dakota. Mr. President, I do not think it is necessary to advance any further argument in favor of the amendment. The Senator from Alabama has indicated he has no objection. The Senator from Indiana has no objection. I know of no opposition to it.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. MORSE. Before the Senate acts on the amendment, I should like to say I have been involved in two committee meetings this afternoon, the District of Columbia Committee, and then, following that, the Foreign Relations Committee, and I was called to the floor in order to present my views on this matter because I understood it was under discussion.

It may be that something has already taken place on the floor in regard to it, so I should like to have the help of the Senator from South Dakota and the Senator from Mississippi.

Some of my constituents who are involved in the title insurance business have written me expressing their concern over section 415(d) of House bill 5674, regarding Government guarantee of land title on Capehart housing projects. They feel that by allowing the Justice Department to guarantee such land titles, their businesses will be sorely affected. They feel that the many title and loan associations throughout the country are able to perform this service adequately, and that the Government should not deprive them of this business.

I should like to ask whichever Senator wishes to answer to respond to the inquiry why this section was included in the bill. Was it to deprive these concerns of their business or was it to give the Attorney General a duty which he already performs in the case of other Government projects?

My understanding is that it will save the Government about $6 million. I am going to insert in the RECORD, if I may, some communications I have received from the title insurance people in my State and my response to their inquiry.

On June 2, I received a telegram from the Harney County Abstract & Title Co., of Burns, Oreg.

I said in my reply of June 5:

JUNE 5, 1959.

HARNEY COUNTY ABSTRACT & TITLE CO.,
Burns, Oreg.

GENTLEMEN: This letter is in reply to your telegram of June 2 referring to H.R. 5674, section 415(d) concerning Government guarantee of land titles on Capehart housing projects. The House of Representatives has passed H.R. 5674, and it has been reported to the Senate by the Senate Armed Services Committee.

As our committee explained in its report on the bill, the purpose of the amendment is to standardize already existing Government procedure. The amendment "will require this service to be performed by the Department of Justice as it is on all other Government property" (S. Rept. 296 on H.R. 5674, p. 71). It has been the practice of the Government in the past to perform this service for other Government projects. The committee felt that since this service did exist it would be best to have the Capehart projects conform with this practice.

The Department of Defense, incidentally, estimates that this amendment will save the Government $6 million on the current 300 Capehart projects.

I recognize your great interest in this matter, and I want to thank you for bringing it to my attention. When the bill comes before the Senate I can assure you that I will raise this question with the committee on the Senate floor. The arguments of uniformity and even economy are not necessarily the conclusive ones, and I believe the matter deserves a full discussion.

With kindest regards.

Sincerely,

WAYNE MORSE.

It seems to me this item calls for a legislative history on the floor. I am only asking for information, because if the allegation is true that this is going to work to the disadvantage of private concerns, I do not think we ought to adopt this type of provision. What we have been doing in regard to our military services is to get the military services out of private enterprise. That is why we have eliminated laundries and garages and whatnot in connection with many installations.

I have raised my point. I hope the Senators will answer.

Mr. STENNIS. Mr. President, may I ask the Senator from South Dakota to permit me to answer the question?

Mr. CASE of South Dakota. Mr. President, I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, this very question was completely covered in the debate this morning in answer to some very explicit questions, carefully phrased, which covered the points which are of concern to the Senator. Very strong assurance was given by several members of the committee that this provision was not intended at all as a precedent to apply to other so-called federally financed housing, for veterans or for any of the other programs.

The terms of the amendment are limited to the cases where the Government owns the land in question. The Government starts the program and leases the land, in effect, to a builder, guaranteeing the liens and everything else on the property, and in turn guarantees the payment of the mortgage, so it is a Government transaction from the beginning to the end. This does not apply to any other case.

Also, there have been cases where the Government has already acquired the property and evidently had title approval of the Attorney General or of someone else, which approval was accepted as being valid. The language proposed does not preclude the Attorney General himself from having the title checked by abstract companies or by lawyers. It does not set up any outside machinery or any new bureau. This is very narrowly limited.

There was a case, I believe, where $56,000 was spent on title insurance and record checks and everything for a Capehart housing unit at the new Air Force Academy, on land which had already been bought and was owned by the Government, with the title approved. At Fort Belvoir we had instances where some of the land had been owned for 100 years, but still a considerable amount of money was spent in this way.

This is a narrow gauge, limited amendment. I think the RECORD will already show a very satisfactory history for the Senator from Oregon.

Mr. MORSE. Mr. President, I thank the Senator from Mississippi. I am sorry I was not able to be present for the other discussion.

Mr. STENNIS. I wish the Senator could have been present.

Mr. MORSE. I cannot be in committee meetings transacting business and still be in the Senate Chamber.

Mr. STENNIS. The Senator's remarks are very timely.

Mr. MORSE. I wish to have the judgment of the Senator from Mississippi that we are not establishing any precedent which will do injury to the title and abstract companies of the various States, as a general matter.

Mr. STENNIS. I think the Senator is correct. I do not think this will be a precedent or will encroach on that field at all.

Mr. MORSE. I thank the Senator.

Mr. CASE of South Dakota. Mr. President, I think it was well for the Senator from Oregon to bring up this matter. I am sorry the Senator was detained on other Senate business in the committees.

I have received several letters with regard to this subject, and since the discussion has been renewed, I should like to ask unanimous consent to have printed in the RECORD at this point a letter from Herbert A. Heidepriem, of Miller, S. Dak., and a letter from the Beemer Abstract Co., of Lake Andes, S. Dak., on this particular title problem.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

HEIDEPRIEM & WIDMAYER,
Miller, S. Dak., May 25, 1959.

Hon. FRANCIS CASE,
U.S. Senator,
Senate Office Building, Washington, D.C.

DEAR FRANCIS: I am writing you relative to section 415 of H.R. 5674 which I understand is before a subcommittee of which you are a member which has to do with military housing.

I am told that this section provides that in the erection of Capehart housing projects that opinions on title will be furnished by the Attorney General's Office in lieu of abstracts or title insurance or any other type of title evidence. It appears that this is contained in the bill because a committee studying efficiency and economy in Government headed by Senator BYRD recommended it as a matter of economy to the Government.

However, there is some doubt as to whether more economy would result. The title industry feels that the cost to the Government would be as great, and that this means of handling the title matters is an unjustified intrusion into a field now competently cared for by private enterprise.

I do not have the evidence before me, so am unable to assess the situation. However, I am advised that you are being sent some information on the subject by Ernest Loebbecke, president of the American Title Association, from Los Angeles. Because this matter has come to my attention rather suddenly, I have not been able to obtain a copy of Mr. Loebbecke's information and consequently do not necessarily endorse what he has to say. I do ask, however, that you give it the careful scrutiny which is typical of your legislative activity.

Thanking you for your assistance in this matter, and with kindest personal regards to you and Mrs. Case, I am,

Yours very truly,

HERBERT A. HEIDEPRIEM.

BEEMER ABSTRACT CO.,
Lake Andes, S. Dak., May 25, 1959.

Hon. FRANCIS CASE,
U.S. Senator,
Senate Office Building, Washington, D.C.

DEAR SENATOR CASE: It has come to my attention that a bill now in committee (House bill 5674, sec. 415), will be brought on the floor this week. The bill is an amendment to the housing bill, and concerns the Capehart Housing Act. I believe that you are a member of the subcommittee.

The effect of this particular section, as I understand it, would be to substitute searches and findings by the Attorney General's Office for title guarantees made by title companies in the customary manner, thereby placing the Government in direct competition with the established title industry. This is a dangerous trend.

It is my conviction that this would be neither advisable nor economical. The title industry, over many years, has developed a system of title plants and trained personnel which is able to render efficient and accurate services. Their work is guaranteed as to accuracy. Persons unskilled in title work would not be able to render as prompt service, and there would be no guarantee against losses.

As to cost, it would seem that the rates of title companies are extremely reasonable. Should the title searches be performed by members of the Attorney General's staff, the time and expenses I am sure would greatly exceed the charges made by title companies.

I am asking Mr. Ernest Loebbecke, president of the American Title Association, to send you findings of that association which show that the title industry has rendered satisfactory service at reasonable charges in connection with the types of title involved.

This matter has doubtless already received your attention. The purpose of this letter is to call to your attention the fact that this bill, in its present form, would adversely affect title men throughout the United States, including every county in South Dakota.

I feel sure that we can rely upon your good judgment, and that you will continue to represent us in your proven satisfactory manner.

Yours very truly,

L. H. BEEMER.

Mr. CASE of South Dakota. Mr. President, I should like, for the RECORD and for the benefit of the Senator from Oregon, as well as for the benefit of the possible conferees on the bill, to suggest that when the bill goes to conference it might be well to check the language, to be sure the language does exactly what it is stated on the floor it will do.

If I correctly understood the Senator from Mississippi in his response to the Senator from Oregon, he said this was for projects where the property was owned by the United States. I am not sure the language in the bill says exactly that. I invite attention of Senators to the first sentence, line 9, page 51:

On request by the Secretary of Defense, the Attorney General shall furnish to the Secretary of Defense, or his designee, an opinion as to the sufficiency of title to any property on which it is proposed to construct housing, or on which housing has been constructed, under this section.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. If it is intended that this language should deal only with property owned by the United States, I think it might be well—and I have so written on my copy of the bill—for us to consider the possibility of inserting, after the word "property," the words "owned by the United States," so that the language would read "to any property owned by the United States on which it is proposed to construct housing."

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. STENNIS. Of course, my statement that this applied to property owned by the United States also referred to the fact that in the setting up of a Capehart project the first thing the Government does, if it does not own the land, is to buy the land. The starting point, in any event, is that the Government will own the land, either through ownership in years past or through recent acquisition. Therefore, it cannot go beyond the Capehart project being built on the Government land.

Mr. CASE of South Dakota. The other suggestion I made earlier in the day is one which I shall also renew at this point, for a continuity in the RECORD.

The last sentence of the paragraph reads:

None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs.

I am not a lawyer, but the language would seem to me to mean it would prevent any of the proceeds of any mortgage loan from being used for examining the title or for title insurance costs, even though the Secretary of Defense had been advised by the Attorney General that there might be some imperfection in the title and the Secretary did not give the guarantee.

If the Secretary of Defense or the Attorney General finds some defect in the title, then it seems to me it might be appropriate for some of the proceeds of the mortgage loan to be used to continue the title search and to get some insurance on the title.

I suggested earlier that when the bill goes to conference, if further study by the technicians indicates it should be needed, we might add the words, "when the Secretary of Defense, on the opinion of the Attorney General, has made such a guarantee."

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CASE of South Dakota. I yield.

Mr. MORSE. I should like to join with the Senator from South Dakota in that suggestion.

Mr. STENNIS. The Senator from Mississippi would not object, if the Senator will yield, to some language along that line. However, if the Secretary of Defense does not certify and guarantee the loan, the whole project stops at that point anyway. I think we can work out language to cover the situation.

Mr. MORSE. Is it understood that I may have printed in the RECORD communications which I have received from Oregon similar to those offered by the Senator from South Dakota? I ask unanimous consent that I may do so, Mr. President.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

BURNS, OREG.,
June 2, 1959.

Senator WAYNE MORSE,
U.S. Senate,
Washington, D.C.:

H.R. 5674, section 415(d) contains material which allows the Government to guarantee land titles. This is not warranted since private industry adequately provides this service. Passage of this section will jeopardize the stability of all the title guarantee companies in the Nation. We request that you do everything in your power to effect elimination of section 415(d) from H.R. 5674.

HARNEY COUNTY ABSTRACT & TITLE CO.

PORTLAND, OREG.,
June 2, 1959.

Hon. WAYNE L. MORSE,
U.S. Senator,
Washington, D.C.:

It has come to our attention that section 415(d) of H.R. 5674 provides that the U.S. Attorney General will furnish opinions as to the sufficiency of the land title to the Capehart housing projects so that the Secretary of Defense may then guarantee the title on such property, thereby eliminating the need for private title service. We feel that insuring and evidencing of titles are best performed by private business and that section 415(d) of H.R. 5674 clearly places the U.S. Government in the title insurance industry and in direct competition to private enterprise.

BUDD G. BURNIE,
President, Pacific Title Insurance Co.

PENDLETON, OREG., *June 2, 1959.*

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D.C.:

Our attention has been drawn to H.R. 5674, sec. 415(d) which we believe to be a usurpation of the function of private industry by the Government which would ultimately be detrimental to both. We urge your opposition to this legislation.

JOHN D. LOGAN,
Chief Title Officer, Oregon Title Insurance Co.

PORTLAND, OREG., *June 2, 1959.*

Hon. WAYNE L. MORSE,
U.S. Senator,
Washington, D.C.:

It has come to our attention that section 415(d) of H.R. 5674 provides that the U.S. Attorney General will furnish opinions as to the sufficiency of the land title to the Capehart housing projects so that the Secretary of Defense may then guarantee the title on such property thereby eliminating the need for private title service. We feel that insuring and evidencing of titles are best performed by private business and that section 415(d) of H.R. 5674 clearly places the U.S. Government in the title insurance industry and in direct competition to private enterprise.

JOHN M. SMEATON,
Vice President, Pacific Title Insurance Co.

Mr. CASE of South Dakota. Mr. President, in concluding my statement, I recognize, of course, that if the Secretary did not certify the project it would not proceed, but it does seem to me it would be desirable to make it possible for the project to proceed by utilizing some proceeds of the mortgage loan, if that were necessary, to get the title in shape.

Mr. CAPEHART. Mr. President, will the Senator yield to me?

Mr. CASE of South Dakota. I yield.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed in the RECORD, some communications I have received on this subject.

There being no objection, the letters and telegram were ordered to be printed in the RECORD, as follows:

INDIANAPOLIS, IND., *May 26, 1959.*

Hon. HOMER CAPEHART,
Senate Office Building,
Washington, D.C.:

Section 415 added to H.R. 5674 by Senate committee unrealistic. Title insurance provides essential service Capehart projects at less cost than Government can render equivalent service. Senate amendment is another encroachment in field of private business. Unalterably opposed to amendment.

L. M. BROWN TITLE CO., INC.,
RUSSELL A. FURR, *President.*

THE AMERICAN TITLE ASSOCIATION,
Los Angeles, Calif., May 27, 1959.

The Honorable HOMER E. CAPEHART,
Senate Office Building,
Washington, D.C.

DEAR SENATOR CAPEHART: I am writing you as president of the American Title Association on a matter of the utmost importance. Our members are located in practically every county of the United States.

The Subcommittee on Military Housing, under the chairmanship of Senator JOHN STENNIS, has added section 415 to H.R. 5674. The effect of section 415 will be to place the U.S. Government in competition with the title insurance industry. We believe that this section is not in the best interests of the Federal Government or the public, nor will it result in lower costs.

I am taking the liberty of enclosing a copy of my letter and supporting data sent the Honorable CLAIR ENGLE, of California. This same material has been sent to Senator THOMAS H. KUCHEL. I believe this material will substantiate our position and I hope that someone of your staff will have the time to read this material in order to familiarize you with the basic problem and our position in this matter.

It is my understanding that H.R. 5674 has been reported to the Senate under Senate Report No. 296 to be considered sometime next week. Our industry strongly urges your support in having section 415, or any substitute therefor which would have the effect of placing the Government in competition with private industry, eliminated from this bill.

Very truly yours,

ERNEST J. LOEBBECKE,
President.

MAY 19, 1959.

The Honorable CLAIR ENGLE,
Senate Office Building,
Washington, D.C.
(Attention of Mr. Cikins.)

DEAR SENATOR ENGLE: This letter is written in connection with my telephone conversation with your office this morning and deals with the matter of title insurance on Capehart housing projects. For your information I am enclosing a copy of a report made to Mr. Robert Dechert, Chief Counsel of the Department of Defense; a letter to Mr. Dechert concerning charges for title insurance on Capehart housing projects; a copy of section 415, which has been added to H.R. 5674

by the Senate committee; and a copy of Committee Print No. 2, dated May 15, 1959.

This amendment to H.R. 5674 is apparently the result of an investigation by the General Accounting Office and their conclusion that title insurance and services of title companies are not necessary in conjunction with the Capehart housing projects. They base their conclusion on the fact that the land is Government owned and, therefore, it would be proper for the Attorney General's Office to render an opinion of title and for the Department of Defense to guarantee the mortgages.

From the material, which I enclose, I believe you will agree with me that this is an oversimplification of the problem. While it is true that the United States has title to the land, it should be remembered that the Capehart program was instituted as a substitute for the Wherry Act housing program and was designed to encourage private financing of military housing.

The loans are actually secured by a leasehold. In some instances the land is acquired specifically for the Capehart project and there have been occasions when the title insurance companies have found that the Government did not have good title to the land on which the project was to be built. We realize that the Federal Government has the power to correct any such deficiency that may occur. However, until such deficiency is corrected the leasehold thereon is impaired and the loan made by the interim lender is not, in fact, a good loan. Even where the title to the land is good, if the leasing corporation, which builds the improvements, has not been properly instituted, or has not taken all necessary steps to execute the lease, then again a defect would exist in the lease which is security for the mortgage. During the course of construction there are matters that can affect the lessee and the rights of the interim lender. All of these matters are covered by title insurance and by the services performed by the title companies, thus insuring the interim lender that when the project is finished he has a good loan which can be readily transferred to a permanent lender. The permanent lender is either the Federal National Mortgage Association or a private lending institution.

We recognize that after the project is completed and all intervening matters have been taken care of and the loan transferred to the permanent lender a guarantee by the Department of Defense in lieu of title insurance would probably be satisfactory. However, this is not true of the interim lender and one of the important factors that would be missing insofar as either the interim lender or the permanent lender are concerned and also insofar as the Government is concerned is the fact that where title insurance is used the title insurer will undertake the defense of any matters insured against in the policy.

The Department of Justice, which handles land acquisitions, does a good job and is capable of rendering opinions of title. However, they do not have staff available to make the search of title, and from our discussions with them it is obvious that if this amendment is adopted the Government will have to create either in the Attorney General's Office—or someplace else—a staff of people whose job it will be to go to the area where the Capehart housing project is to be built and make an examination of all of the public records to cover not only the acquisition of the land by the Federal Government, but also all of the other matters that are presently covered by the title companies during the course of construction and through the time the mortgage is transferred to the permanent lender.

The title industry is made up of title experts throughout the United States. Its members are located in practically each county of every State. It seems obvious that the services that should be performed in conjunction with a Capehart project can be better and more cheaply handled by the title industry than by the Federal Government. We are particularly concerned because this is, in our judgment, an encroachment into the field of private industry. I do not believe that it is unreasonable to assume that if a department is created to search and examine titles in conjunction with Capeharts that it would not be long before pressure was exerted to extend this to FHA- and VA-insured loans.

In the light of this, it seems to us in the title industry that section 415 should be stricken from H.R. 5674, for it puts the Government into competition with private enterprise. We believe that the title industry has recognized that a reduction in cost was warranted, as has been indicated by my letter to Mr. Dechert on this subject.

In closing, I want to again point out that the last sentence of proposed section 415 will mean that there will be no search of the records on which the Attorney General can give an opinion and that the funds will have to come from some place to pay the cost of providing that information.

I appreciate very much your interest in this matter and believe that title insurance is the most feasible method of handling title problems in conjunction with the Capehart housing projects and is in the best interest of the Government, the public, and the private investor. It is my hope that section 415 can be eliminated from H.R. 5674.

Very truly yours,

ERNEST J. LOEBBECKE,
President, American Title Association.

MEMORANDUM

From: American Title Association.
To: Mr. Robert Dechert, Chief Counsel, Department of Defense.
Subject: Title insurance on Capehart housing projects.

I. STATEMENT OF THE QUESTION

The construction of military housing under the so-called Capehart program as authorized by the Congress (Public Law 345, 84th Cong. and amendments) was designed as a substitute for the construction of housing with funds appropriated from the Treasury. Instead of the appropriated-fund method with resulting budgeting of large capital expenditures, the Capehart program invites the cooperation of private industry and private financing under a procedure whereby Government owned land is leased for a nominal sum to a private builder who agrees to construct thereon housing in accordance with Government requirements and specifications. The cost and expense of construction is to be arranged by the builder through private financing sources and is to be secured by an FHA insured mortgage on the builder's leasehold estate. Under the authorized procedure, the builder agrees that as housing units are completed they will be turned over to the control of the interested service and that upon completion of construction the ownership of the lessee-mortgagor corporation will pass to the Department of Defense by a transfer of the capital stock of such corporation.

To encourage the participation of private capital and since the Government is to become the owner of the lessee-mortgagor corporation upon completion of construction and is in direct control of the extent to which the project will or might derive revenues through occupancy, the Government, and rightly so, guarantees to the mortgagee that commencing with its ownership the payments on the mortgage debt will be thereafter paid as they become due. As an inducement to participation in the program, the private builder receives all of his costs and estimated profit from the proceeds of the loan that will be insured by FHA and ultimately repaid by the Government. One of these items is the cost of title insurance provided by the builder to assure the mortgagee and the FHA that the mortgage constitutes a valid first lien on a marketable title to a valid leasehold estate free of prior liens, encumbrances or defects of title.

It has been proposed that a form of Government guaranty (a new concept of title evidence) be substituted for the standard form of title evidence now provided for by Government regulation.

The question is whether such substitution would in fact result in (a) less cost to the public and (b) furthering the purposes of the program by providing the service and protection required by private lenders, to the degree that such service and protection is now provided by the use of title insurance.

II. PRESENT METHOD OF EVIDENCING TITLE UNDER EXISTING LAW

A. Procedure

The present method of evidencing title is by means of a title insurance policy of a qualified private insurance company. Unlike fire and other forms of insurance, mortgagee title insurance is a single premium insurance that remains in full force and effect so long as any part of the mortgage debt remains unpaid. Its issuance as related to a Capehart transaction encompasses the following:

(1) Preparation of a title search of all available public records and responsibility therefor from the time the property originally became a part of the United States down to date.

(2) Examination of the title search by a qualified attorney.

(3) Examination of surveys for accuracy and sufficiency.

(4) Examination of plot plans for encroachments of improvements on to easements or outside the lines of the leased areas.

(5) Examination for sufficiency of corporate proceedings and resolutions of the mortgagor-builder corporation.

(6) Examination and investigation to determine due execution, sufficiency, and delivery of all documents in the transaction.

(7) Periodic examination of the public records during the course of construction to show the condition of title at the date of each disbursement as disbursements are made.

(8) In most cases attend the preliminary and final closings for the purposes of resolving title questions and arranging for the recording of all documents.

(9) Negotiate with all interested departments, agencies, and parties, as to the form of the title policy and the propriety or validity of any exception shown.

B. Effect of present procedure

Title insurance policies provide to the governmental agencies, investors and others interested a form of title evidence acceptable to investors. The bases of this acceptability are as follows:

1. Service: The utilization of the services of a title insurer accelerates the time at which the project may be commenced and makes possible the discovering and overcoming of title problems which might later arise to give trouble to all parties concerned. We do not know of a single instance in which a closing was delayed because the title insurer was not ready with evidence of title, and it should be remembered that in all instances the armed service and the builder are anxious to proceed with the least possible delay after issuance of the letter of acceptability. As an example of one instance, that of Fort Campbell, involving property in Tennessee and Kentucky, one of our members through the utilization of the time and personnel of its home office, Wash-

ington office, Louisville, Ky., office, Dallas office, and associated practicing attorneys in Kentucky and Tennessee, received the order for the title evidence on a Friday; the titles had been examined and interim binders were prepared and in the mail in a form acceptable to the mortgagee, FHA, Department of the Army, and others by Thursday night of the following week. We do not believe that such service can be matched by any other procedure.

In our experience with Capehart projects we have had instances where the Government, contrary to its belief, did not have title to all the land proposed to be leased, instances where the Government had acquired title by purchase and the title so acquired was subject to material outstanding defects, and instances where the Government had acquired title by condemnation subject to general exceptions to easements without knowledge that the proposed project area was traversed by outstanding easement grants of record. In another instance one of our members discovered that the areas surveyed and proposed to be leased for a Capehart project overlapped upon an existing Wherry project. The timely discovery and report of matters of these types has prevented subsequent trouble of a substantial nature and has enabled the closing to proceed on schedule.

In practice, the title insurer at its own cost and expense acts as a clearinghouse for the receipt and dissemination of information for the benefit of all interested parties in the preparations leading up to the initial closing. Through the availability of its facilities in the various States and through its familiarity with the laws thereof the title insurer is able to provide valuable assistance and information not only to the mortgagee but also to the builder and to the interested Service.

As a part of the title insurer's service, it has a representative at the initial closing and at the final closing of each unit in the project after completion of such unit. Such representative passes upon the sufficiency of form, content, and execution of all documents required to establish the leasehold estate and the validity and priority of the mortgage lien. He supervises the transportation of the documents to his representative at the county seat who continues the title check, records the papers and reports by telephone to the closing so that it can be carried to completion and the title policies delivered.

During the period of construction, the title insurer furnishes the mortgagee with title continuation reports and title policy endorsements at the time of each disbursement.

Because of the short period of time allowed in the closing of these cases between the issuance to the builder of the letter of acceptability and the closing date required by the armed service, it not infrequently happens that the armed service does not receive the final survey and cannot prepare the final lease description until just before the closing and neither the mortgagee nor the FHA nor the title insurer see the description and survey until the day of the closing. The title insurer must approve description and survey and the other interested parties rely on that approval. Not infrequently errors of description or survey are caught at the closing in time to prevent the recordation of leases and mortgages with erroneous descriptions.

2. Mechanics' and materialmen's lien coverage: It is the practice for construction and permanent lenders to require the title insurer to protect against loss because of mechanics' and materialmen's liens including all litigation expense resulting therefrom in addition to any payment and performance bonds that are required. The coverage provided by the title insurer in this respect is broader than that of the payment and performance bonds, and the added coverage is not available to the mortgagee by any other means. The bonds required, at costs far in excess of the cost of title insurance, by no means protect against all possible claimants, have not been interpreted by the courts and provide no protection as to marketability during the course of mechanics' lien litigation. In some cases where a claim is asserted on these types of bonds there can be a valid question as to whether or not there is liability on the bonds. This may result in costly negotiation or litigation on the part of the lender or the Federal Housing Commissioner which is obviated when the lender and the Commissioner also have title insurance protection.

3. Possessory and survey coverages: Lenders require and the present law provides that the title insurance policy afford coverage as follows: that the leased premises as located on the ground be within the title lines of the United States; that the improvements be within the leased premises and not encroach onto other lands of the Government or onto private lands; and that the improvements not encroach onto easements. In this respect the title insurer has discovered that the engineer's description does not always conform to the facts on the ground or of record and has obtained corrected descriptions.

4. Marketability of the loan: One of the factors that has increased the effectiveness of the program has been the acceptability of the loans. When the validity and priority of the lien of the mortgage on the leasehold estate are supported by a standard title insurance policy of a responsible title insurance company, so far as title is concerned, the loan has been readily acceptable to any institutional investor whether it be the construction or the permanent lender, or a subsequent assignee from the permanent lender, and whether the institutional investor is located in the community where the property might be situated or on the opposite side of the country from the situs of the project. This fact alone materially aids the attractiveness of the investment to the institutional lender. It should also be noted that various pension trusts furnish financing for Capehart projects. Some of these trusts are controlled by private contracts or agreements which, in many cases, specify the types of real estate investments that may be made by the trustees and the form of title evidence required. These trusts uniformly accept and generally require title insurance. If title insurance is not provided such trusts might be eliminated as potential lenders on Capehart projects.

5. Responsibility and responsiveness of title insurers: Title insurers are required by law and in their interests do respond promptly when any claim is asserted against which they have insured. The title companies have experts on their staffs to handle claims as well as title experts who work on the matters incident to the issuance of their policies.

III. PROPOSED SUBSTITUTE FOR TITLE INSURANCE

The proposal is that a method be set up for the Office of the Attorney General to furnish a basis for the Secretary of Defense to indemnify the mortgagee with respect to any loss sustained by reason of adverse claims against the title.

It is inconceivable that the Government would undertake to guarantee title without knowing its status. To effectively give the same protection now afforded to mortgagees under a title insurance policy it would be necessary for some branch of the Government to perform or to procure the services presently rendered by title insurers, which services are listed under II–a above. Many of the areas proposed for Capehart development are currently acquired by the Government and where the Government has had title for some years many instances are encountered in which the Government did not in fact know the status of its own title or its evidences of title were lost or were in inaccessible storage or where various departments of the Government had created outstanding rights in third parties by grants or licenses.

1. Comparative service: The Government lacks the experienced and qualified personnel and the adequate countrywide title facilities available to the title insurer and could not possibly perform the necessary title functions with the speed and the decision such as has been rendered by the title insurer. These deficiencies will necessarily result in delays that will be detrimental to the program. These same deficiencies would necessarily pertain to the handling by the Government, efficiently and economically, of claims against the title.

We again point out that the title industry has available on a nationwide basis trained experts in the field of title searching and examining and in the handling of title claims.

In the matter of claims there may be both valid and invalid claims. The valid claims must be paid promptly and all claims must nevertheless be defended and disposed of without cost or damage to the mortgagee.

2. Comparative costs: Although the rates vary in different sections of the country, generally in the absence of State regulation requiring different rates for premium computations in a particular section, the title insurance premium, which includes all costs of the title insurer and, in these Capehart projects, the cost of title examination, is usually less than one-quarter of 1 percent of the amount of the loan. In fact, as the size of the loan increases the cost percentagewise is appreciably lower and in most instances is less than one-sixth of 1 percent. Any attempt to handle these cases titlewise, could not be accomplished as expeditiously or at less cost by the proposed procedure.

3. Policy consideration: A program of the suggested type would be a distinct departure from the Government's traditional attitude. Traditionally the Federal Government has never warranted the sufficiency of the title to any land owned or sold by the Government. The suggestion which has been made, if carried out, would result in the Federal Government entering into the title insurance field in competition with private industry. It would require either (a) the creation of a substantial staff of trained personnel to perform all of the duties now being performed by the title industry, or (b) the handling of title insurance on these projects on a casualty insurance basis. This would clearly and unequivocally be an encroachment by the Federal Government into the business field and would be in contravention of the express policy of the present administration and of the Congress.

The result of such encroachment would not be to the best interests of the public. As has been indicated, if all of the srvices now performed by the title industry were furnished by Government, the cost of such services would be greater, not less, than the present costs. If the Government chose to handle the guarantee of these titles without adequate staff and without any examination of title or evaluation of the risks being assumed, the immediate cost might be less, but in the long run the risks assumed would unquestionably result in far greater costs than at present. In addition, the Government has no right, fundamentally, to create future liabilities by such a procedure. Further, if the suggestion is followed, there is no doubt that many lenders would hesitate to participate in a program that would place them in the awkward position of having a possible dispute with the Government, the debtor, on a title claim. Conversely, the Government might be embarrased to expend

funds in defense of a title which would result in an increase in the Government's debt on that particular Capehart project.

In setting up the Capehart program, it was the intent of Congress to enlist the aid of private industry in providing military housing. The purpose of this memorandum is to establish the fact that when housing is created under the Capehart program, title insurance is the most feasible method of handling title problems and is in the best interest of the Government, the private investor, and the public.

AMERICAN TITLE ASSOCIATION,
ERNEST J. LOEBBECKE, *President,*
GEORGE C. RAWLINGS, *Chairman,*
A. E. PETERSON,
C. J. MCCONVILLE,
WILLIAM H. BAKER, Jr.,
RICHARD H. HOWLETT,
Committee on Title Insurance on Capehart Housing Projects.

TITLE INSURANCE & TRUST CO.,
Los Angeles, Calif., May 12, 1959.

Mr. ROBERT DECHERT,
Chief Counsel, Department of Defense, Washington, D.C.

DEAR MR. DECHERT: During our conference last week when I presented you a memorandum on behalf of the American Title Association on the subject of title insurance on Capehart housing projects, I promised to advise you what the situation is in my own company in regard to charges. The following sets forth what has been done by Title Insurance & Trust Co. and its subsidiaries in this regard.

Under the Capehart housing program, this company has participated in the insuring of the construction lender and the transfer of the paper after completion both as a direct insurer and as a reinsurer. Our first contact with the program was as a reinsurer and we were not advised as to the method of bidding nor the actual coverage that were expected by the lenders.

In the latter part of 1957, this company, as a direct insurer, was requested and we did issue policies covering three Capehart projects in California. In each of those cases we discussed with the lender the coverages that the lender required and we discussed with the FHA its requirements as to title evidence. The charge that was made was based upon our then effective schedule covering the issuance of an ATA policy upon the recording of the construction loan on the leasehold, monthly date downs, and the issuance of an ATA policy with 100 endorsement upon the completion of the project for all three of those services. In addition, a service charge was made for monthly reports as to mechanic liens. These charges under the schedule for an aggregate loan of $5 million in the Los Angeles area were approximately $14,203.

After a review of the early projects and an analysis of the risks and services to be performed, the company decided that the charge on the Capehart loans could be reduced. It was felt that because of the fact that we had to use our most experienced attorneys in handling the closing of the transaction at the time the loan was recorded and in handling the phaseout of the project upon completion that we were justified, if all of the expenses of the closing were absorbed in the premium charged for the policy, to continue making rather a substantial charge; however, we did feel that because of the substantially smaller risk assumed in this type of policy a lesser charge for a single ATA policy of title insurance would be proper. Effective July 7, 1958, our published schedule of rates was amended to permit this reduction on policies issued on Capehart loans. In Los Angeles County under this new schedule, the fee on a $5 million Capehart is $7,608.75. No additional charge is made for closing costs other than recording fees and no additional charge is made for the monthly mechanic lien date downs.

Similar revisions of schedules applicable to our branches and subsidiaries outside of Los Angeles County were adopted at about the same time.

While each title insurer sets its own rates, except in those areas which have State regulation of rates, because of the competition in bidding on Capehart projects, it is our understanding that other title insurers have also reduced their rates on these projects.

Very truly yours,
ERNEST J. LOEBBECKE,
President.

H.R. 5674

An Act to authorize certain construction at military installations, and for other purposes

SEC. 415. Section 403 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

"(d) On request by the Secretary of Defense, the Attorney General shall furnish to the Secretary of Defense, or his designee, an opinion as to the sufficiency of title to any property on which it is proposed to construct housing, or on which housing has been constructed, under this section. If the opinion of the Attorney General is that the title to any such property is good and sufficient, the Secretary of Defense is authorized to guarantee, or enter into a commitment to guarantee, the mortgages, under a mortgage on such property which is insured under title VIII of the National Housing Act, against any losses that may thereafter arise from adverse claims to title. None of the proceeds of any mortgage loan hereafter insured under such title VIII shall be used for title search and title insurance costs."

COMMITTEE PRINT NO. 2, MAY 15, 1959—
REPORT TO ACCOMPANY H.R. 5674

Section 415: The purpose of this section is to eliminate the practice of purchasing title search and insurance for Capehart housing projects built on property owned by the Government. The provision will require this service to be performed by the Department of Justice as it is on all other Government property; authorize the Secretary of Defense to guarantee the mortgages in all respects and prohibit the use of mortgage funds for the payment of fees for title search and insurance.

THE AMERICAN TITLE ASSOCIATION,
June 11, 1959.

Mr. JOHN HANCOCK,
Care of Senator HOMER E. CAPEHART,
Senate Office Building, Washington, D.C.

DEAR MR. HANCOCK: When I was in your office on May 28, I was on my way to Dallas, Tex., and this is the first opportunity I have had to write to express my appreciation for the courtesy shown me by you and Senator CAPEHART.

It is apparent from the reaction of some of the Senators that they fail to realize the basic factors in section 415.

The enclosed copy of my letter to Senator LYNDON B. JOHNSON sets forth in as concise way as possible the real facts concerning the basic issues.

I would appreciate your reviewing the enclosed letter and placing the information before Senator CAPEHART for his information.

With kindest regards, I am
Sincerely yours,
GEORGE C. RAWLINGS,
Chairman, Title Insurance Section.

THE AMERICAN TITLE ASSOCIATION,
June 11, 1959.

The Honorable LYNDON B. JOHNSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR JOHNSON: Mr. Charles C. Hampton, president, Texas Title Association, Dallas, Tex., has forwarded to me a copy of your letter to him dated June 4, 1959.

An erroneous impression has been created to the effect that the Attorney General is only permitted by section 415 of H.R. 5674 to perform the function customarily done on other Government real estate transactions. The fact is:

The Attorney General, nor any other Governmental department, has ever performed the function permitted under section 415. It has been common practice for the Attorney General to pass on the sufficiency of titles to land acquired by the Government where the improvements to be erected are paid for out of appropriated funds. There is a vast difference between this and the Attorney General, together with the Department of Defense undertaking to guarantee to a private investor the validity and priority of a mortgage lien merely because the security for the loan is a lease arising out of Government-owned land. This latter practice has never been followed and is not permitted by law which accounts for section 415.

The cost element of title insurance has been grossly exaggerated in some quarters.

From one source, it is stated that the Government will save $6 million by eliminating title insurance. Another source states that the Government will save millions. The facts are:

Page 23 of the report of the Senate Armed Services Committee, dated May 15, 1959, states as of April 20, 1959, total cost of 72,713 Capehart units completed and under construction as $1,186,725,150. The total title insurance cost on the aggregate amount should not have exceeded $1,750,000. This is fait accompli and not affected by section 415. No further charge is to be made.

Section 412 of the bill limits the number of Capehart units to 21,500 for the fiscal year 1960. This limitation may or may not be approved, but it is a fair basis for estimating title insurance costs in the future. 21,500 units at the maximum amount of $16,500 per unit is an aggregate amount of $354,750,000. The title insurance cost will not exceed $550,000. The cost for title insurance has not in the past nor will the cost in the future, exceed $25 per unit.

Even though the fanciful theory suggested in the Comptroller General's report that the charges for title insurance would be doubled on account of the amount being included in the mortgage loan does not justify the estimated cost of millions for title insurance—why apply this theory to only title insurance charges? The same thing is true of construction cost and all services included in the mortgage loan.

The statement to the effect that section 415 will save the Government millions of dollars is fantastic. The bare truth is the services that will have to be performed by Government departments will result in the cost to the taxpayers being more rather than less. Private business can and will perform the services at less cost, including a reasonable profit on which 52 percent income tax is paid, than can Government departments.

There are many other disturbing elements indicated in the proposal contained in section 415, but the basic factors are:

1. It requires the Departments of Defense and Justice to perform services and to invade a field not now permitted or authorized by statute to the detriment of private business.

2. The cost to the taxpayers in additional expense to governmental departments involved will exceed the amount paid private business.

3. It is a further invasion by Government into the legitimate field of private, taxpaying enterprise, without beneficial results.

These basic factors are presented for your consideration before casting your vote on section 415.

Sincerely,
GEORGE C. RAWLINGS,
Chairman, Title Insurance Section.

RICHMOND, VA., *May 28, 1959.*
Senator HOMER E. CAPEHART,
Senate Office Building,
Washington, D.C.:

Received telegram of 27th. My views known to Senators BYRD and ROBERTSON. Will be at your office today 2 p.m. Hope you will be available for a few minutes.

GEORGE C. RAWLINGS,
President, Lawyers Title Insurance Corp.

MAY 27, 1959.

Mr. GEORGE C. RAWLINGS,
President, Lawyers Title Insurance Corp.,
Richmond, Va.:

Received your letter of May 26. Thanks. Suggest you make known your views to Senators BYRD and ROBERTSON as soon as possible. This legislation expected to be pending business on Senate floor Thursday, May 28.

HOMER E. CAPEHART.

LAWYERS TITLE INSURANCE CORP.,
Richmond, Va., May 26, 1959.
The Honorable HOMER E. CAPEHART,
U. S. Senate, Senate Office Building,
Washington, D.C.

DEAR SENATOR CAPEHART: Enclosed is copy of a memorandum from the American Title Association to Robert Dechert, General Counsel, Department of Defense, and a copy of letter from the president of the American Title Association to Senator ENGLE. The information contained in the memorandum and letter will give you in detail the position of the title insurance industry with respect to section 415 that has been inserted in H.R. 5674 by the Senate committee. I should like to emphasize two points:

1. It is proposed in section 415 that the Attorney General shall furnish to the Secretary of Defense an opinion as to the sufficiency of title. This will require that an examination of the title be made, as various title insurance companies have found on previous Capehart transactions handled many instances in which the Government did not, in fact, know the status of its own title, or where various Departments of the Government had created outstanding rights in third parties by grants or licenses. In addition to the examination of the title, there are many other services that a department of the Government would have to furnish that are now being furnished by the title insurance companies; and the net result will be that the cost to the taxpayer will not be less and probably will exceed the reasonable charge made by title insurance companies.

2. The proposal as contained in section 415 is another step in the Government invading the field of private business. Historically, the Government in disposing of lands has only conveyed by quitclaim deed without warranty of any kind. Now, at one jump, it proposed to engage in the title insurance business by guaranteeing title in every respect. It is disturbing to contemplate what the next step may be.

The adoption by Congress of section 415 of H.R. 5674 will be a disservice to the military housing program and to the taxpayer.

Sincerely yours,

GEORGE C. RAWLINGS,
President.

(See above-mentioned letter to Senator ENGLE, and memorandum to Mr. Robert Dechert following the letter to Senator CAPEHART.)

Mr. CASE of South Dakota. Mr. President, I ask for a vote on the amendment to extend the Housing Act with respect to the title which covers the Capehart housing program.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota [Mr. CASE] to the committee amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk an amendment to the military construction authorization bill now pending before the Senate which corrects what I call a technical error in the bill. I have conferred with the chairman of the subcommittee and he is agreeable to the amendment.

The amendment refers to line 2 on page 47 of the bill and will insert the words "now Fort Jackson" after reference to Camp Jackson. The purpose of my amendment is to clearly show to anyone reading this bill or referring to this authorization that the Camp Jackson referred to in the bill is Fort Jackson, a permanent installation. Camp Jackson was officially designated a fort on March 21, 1956, by the Department of the Army; however, the first reference to this medical facility came in the authorization act of July 15, 1955, preceding the designation of the installation as a fort. Therefore, subsequent references have been to Camp Jackson rather than to Fort Jackson.

My amendment simply reaffirms the fact that Fort Jackson is a permanent installation.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. In the committee amendment on page 47, line 2, after the words "Camp Jackson" it is proposed to insert the words "(now Fort Jackson)".

Mr. STENNIS. Mr. President, I think the Senator from South Carolina has rendered a service in detecting this matter and in correcting it. I join with him in asking that the amendment be agreed to.

Mr. THURMOND. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from South Carolina.

Mr. THURMOND. I detected in the bill that the words "Camp Jackson" were used, instead of "Fort Jackson," and I spoke to one of the staff members of the Committee on Armed Services about it. I was informed it would make no difference, since the original act provided for Camp Jackson, but I would feel better to have it listed as Fort Jackson, because in 1956 the fort was placed back on the list of permanent stations.

Mr. STENNIS. The Senator is correct.

Mr. THURMOND. The correct name is "Fort Jackson." The Post Office address is Fort Jackson. That is the way I think we should refer to it.

Mr. STENNIS. I thank the Senator from South Carolina.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina [Mr. JOHNSTON] to the committee amendment.

The amendment to the amendment was agreed to.

TRIBUTE TO GEN. MAXWELL D. TAYLOR, CHIEF OF STAFF, U.S. ARMY

Mr. JACKSON. Mr. President, I should like to invite the attention of the Senate to the fact that an outstanding American has come to the close of a brilliant career of public service to our country. I refer, of course, to the distinguished Gen. Maxwell Davenport Taylor, who this afternoon at Fort Myer takes his final salute as Chief of Staff of the U.S. Army, culminating nearly 41 years in the uniform of his country. General Taylor's service has been one of dedicated and selfless devotion—in peace and war—to the security and defense of the United States. His soldierly accomplishments and contributions to this cause have won for him a place of first rank among the great captains of our military history. But General Taylor has proved himself far more than a soldier and commander. He has won acclaim as a thoughtful scholar, and as a military statesman possessed of penetrating insight into the complexities of international relations and politico-military matters in the tense world in which we live today.

General Taylor has truly earned the respect and esteem of the Congress and the people of the United States—indeed, the people of all the free world. Therefore, I believe it fitting at this time that as General Taylor's official career comes to a close we should pay tribute to this outstanding gentleman, who occupies an important place in the history of our times.

Maxwell D. Taylor was born in Keytesville, Mo., August 26, 1901. Following attendance at Northeast High School and Kansas City Junior College, Missouri, he entered the U.S. Military Academy at West Point in 1918. On graduation, he stood No. 4 in the class of 1922, and was commissioned a second lieutenant in the Corps of Engineers.

General Taylor entered the Army at a time when it was in the final throes of its decline following World War I. The world had been made safe for democracy and war was never to happen again. Although the view of the years ahead as a career officer was one which might have discouraged many lesser men, he entered upon it with enthusiasm, determination, and a zeal for seeking the farthest horizons of knowledge.

In the lean years of peacetime service in the skeletonized Regular Army, Maxwell Taylor laid the foundations of his global perspective and military competence.

As a young officer, he served in Hawaii, the Far East, Europe, and Latin America. Everywhere he went he became proficient in the language of the people and gained insight into these areas of the world where—many years later—he was to play such vital roles. Through his early service with Engineer and Field Artillery units, attendance at the various Army service schools, and duty with the Army General Staff, he acquired a soldier's skill with the tools of the trade. More importantly, he also honed to razor sharpness his keen perception of the functions and roles of military power

and the military needs of the United States in a world of rapidly crumbling international relationships.

Thus, when war came to us, he was prepared and ready. He was one of that group of military pioneers who developed our magnificent airborne divisions. As artillery commander of the famed 82d Airborne, he participated in the hard-fought campaigns of Sicily and Italy. History has recorded General Taylor's daring mission to Rome on September 7, 1943, when he went by British PT boat and Italian corvette through enemy lines to Rome 24 hours ahead of the planned airborne operation and scheduled invasion of Italy to confer with Italian authorities in order to advise the Allied commander whether or not an air drop on the airfields about Rome should be attempted in view of possible violent German reaction. General Eisenhower in his book, "Crusade in Europe," wrote:

> The risks that he [General Taylor] ran were greater than I asked any other agent or emissary to undertake during the war—he carried weighty responsibilities and discharged them with unerring judgment, and every minute was in imminent danger of discovery and death.

During the Italian campaign, General Taylor was initially the senior U.S. member of the Allied Control Commission in contact with the Italian Government. Later, he became commanding general of the gallant "Screaming Eagles"—the 101st Airborne Division—which he personally led in the airborne invasion of Normandy on June 6, 1944; the airborne invasion of Holland on September 17, 1944; and the bitter campaigns of the Ardennes and central Europe.

At the war's end in 1945, he became Superintendent of the Military Academy at West Point. There, he instituted vigorous and forward-looking reforms in curriculum and organization so as to prepare future West Point graduates for service as professional officers in the changed world conditions which he foresaw following World War II. He subsequently became an active participant himself in the emerging postwar clash of ideologies and interests, when, as the first U.S. commander of Berlin, he dealt for 2 years with the increasing intransigence of the Soviet Government in this key outpost of our newly acquired world responsibilities.

Following this, starting in early 1951, he held a succession of increasingly important posts in the Army General Staff, until he was assigned to command of the 8th U.S. Army in Korea, where he took over in February 1953. Under General Taylor's command, the 8th Army engaged in some of the severest fighting of the Korean war. When the armistice was signed in July 1953, the troops of the United Nations stood well above the 38th parallel, and the 8th Army had won world fame as one of the great combat commands of military history.

Numerous historic and noteworthy events occurred in General Taylor's command of the 8th Army following the end of hostilities in Korea. These included the historic prisoner of war exchange operations and the building up of the Army of the Republic of Korea into an effective component of free world military strength. Looking beyond purely military considerations, as always, General Taylor quickly perceived the need to relieve the intense suffering and devastation which had been inflicted upon the people of South Korea. He readily saw the urgent necessity of rehabilitating the shattered country and economy immediately to give heart to the people and encourage conditions conducive to democratic self-government. Thus, General Taylor initiated the Armed Forces assistance to Korea program, under which the Armed Forces in Korea extended material assistance to the Korean people, and participated directly in rebuilding their nation. This program became a major mission of the 8th Army, second only to that of maintaining combat readiness. By the time General Taylor left Korea, more than 1,200 separate projects were completed and another 750 begun. Today, the program has repaid many times over the investment that has been made.

In November 1954, General Taylor was placed in command of all ground forces in Japan, Okinawa, and Korea. A few months later he was named commander in chief of both the Far East Command and the United Nations Command, the post he held until on June 30, 1955, he was sworn in as the Chief of Staff, U.S. Army.

It has been in this capacity that most of us in the Senate have come to know and admire General Taylor for the great breadth of his experience, his depth of intellect, and his mature wisdom as a counselor on the grave and urgent matters affecting our national defense today.

As the first soldier of the Army for these past 4 years, he has demonstrated the highest order of leadership, exceptional professional competence, and devotion to duty in his direction of the Army as an indispensable element of our country's war deterrent forces in an era of serious and recurring international tensions. General Taylor's steadfast and continuous efforts on behalf of Army modernization, together with his creative visualization of the requirements of future ground combat, sparked the far-reaching pentomic reorganization of the Army in the field and the extension of this reorganization to the Reserve components of the Army. This major achievement in military organizational concepts greatly enhanced the effectiveness of our Army as a ready, hard-hitting mobile force, capable of engaging sucessfully in prompt, sustained combat under either nuclear on nonnuclear conditions.

General Taylor realized early that the spectrum of threats posed by aggressive communism required of the Army the ability to meet a wide variety of possible military challenges. This imposed an imperative need for a highly mobile, combat-ready strategic reserve force with the capability to react swiftly to aggression against United States national security interests anywhere in the world. As a result of his foresight in this regard, this need was met by the establishment of the now-famous Strategic Army Corps. Additionally, General Taylor's discernment and timely decisions contributed materially to the significant strengthening of the continental air defenses of our country against bomber and surface-to-air missile attack. This can be attributed in large measure to his insistence on the continued improvement and perfection of operational Army surface-to-air missile systems and the advice he furnished as a member of the Joint Chiefs of Staff on the deployment of these modern defense systems. Initiation of the development of the antiballistic missile defense weapons system as an early available defense of our country against long-range intercontinental ballistic missile attack stemmed directly from his strategic perspective.

General Taylor was aware that, under the predicted conditions which future wars might be fought, an extensive mobilization and training period, such as the United States has had in the past, would probably no longer be available for us to prepare ourselves. He thereupon undertook several highly important actions to improve materially the readiness of the Reserve components of the Army. Under his personal guidance the Army implemented, with a high degree of effectiveness, the legislation authorizing voluntary 6 months' active-duty training for young men entering the Reserve components. The Army established a soundly based emergency Reserve reinforcement pool and placed into effect a new Reserve component troop structure. Each of these actions was a milestone along the road of achieving—for the first time in our history—strong, truly ready Reserve components, well prepared for future exigencies.

As a leader of men, he was mindful of the importance, the dignity, and the well-being of the individual American soldier. He worked constantly on behalf of the improvement of conditions of service and the welfare of the men and women of the Army. He advocated legislation authorizing higher induction and enlistment standards and his positive actions in placing the provisions of this law into effect resulted in a marked, prompt improvement in the effectiveness and quality of Army enlisted personnel. This has been manifested by a significant reduction in behavioral and disciplinary problems, improved conduct and morale of Army troops worldwide, and a notable improvement in the performance of duty of Army personnel.

By his devotion to the discharge of his heavy responsibilities as Chief of Staff, General Taylor has been a moving force in the preparation of the U.S. Army and the armies of the free world for the deterrence of war by the achievement of the highest possible degree of visible readiness. His dedicated service in the development of the mutual security of the community of free nations as the foundation of the preservation of peace are worthy of the profound gratitude of his fellow Americans and of freedom loving peoples everywhere.

Even more important than those things he has accomplished by his leadership of the Army, however, has been

General Taylor's eminence as a military statesman. While he has clearly and ably presented the Army's views and requirements, he has risen above service considerations in his objective advice and recommendations for improving our national defense posture, and by his grasp of the broad requirements of effective national strategy.

He has made penetrating analyses of our military strategy and force structure relative to the changing nature of the threat with which we are confronted in the Sino-Soviet dictatorships. From his scrutiny, General Taylor has isolated and pointed out with objectivity and candor major shortcomings which exist in the formulation of this strategy and force structure and in the weaknesses in the method by which the vast financial resources budgeted for defense purposes are apportioned. In so doing, he has transcended purely Army interests, and has taken the broadest possible tri-service perspective. Furthermore, he has presented a positive, sound approach to the solution of these serious matters of concern to all Americans.

General Taylor's recommendations in this respect are of far-reaching significance and should be taken under serious consideration when the 87th Congress begins its work on the defense budget for the fiscal year 1961. In view of this, I would like to briefly review General Taylor's recommendations and the courses of action which he has propounded to guide a rational defense budget process which is fundamental to a sound and effective military strategy.

Of principal importance among his recommendations is the proposal that the higher levels of the Department of Defense and the Government consider the requirement for integrated military strength horizontally—that is, in the context of functional, operational forces of all the services—rather than from the traditional vertical viewpoint of the compartmented departmental structure of the Army, Navy, and Air Force. These functional operational forces, according to General Taylor's view, would include the following: First, a modern powerful strategic nuclear retaliatory force, with the evident capability to destroy any aggressor who initiates a general war. This force is a composite of the strategic means of the Air Force and Navy, comprised of both aircraft and long-range missile delivery systems. For maximum war deterrent effect, this counteroffensive force must be guarded against surprise attack. It requires a defensive counterpart which is represented in the second category of functional forces, those involved in the air defense of the continental United States. These are comprised of the interceptor aircraft of the Air Force, the surface-to-air missile units of the Army, and are supplemented by the Navy and our Canadian allies. In the light of the changing nature of the air threat, there should also be included in this category of force, at the earliest possible time, the means of defense against ballistic missile attack.

The third essential category of functional war-deterrent forces in General Taylor's concept are our overseas deployments—those forces of all Services which are a shield against further expansion of communism on the ground. He considers these forces of important military significance, not only in providing defensive strength in important strategic areas, but as a source of encouragement to the allies of the United States. He has frequently stated that the sight of our American fighting men in the villages and cities along the Iron and Bamboo Curtains serves as a day-to-day reminder of the United States' intentions to stand by its international obligations. These overseas deployed forces constitute visible evidence of our national determination to carry out fully our responsibilities for mutual security.

To back up these forces, General Taylor refers to a fourth category—strategic mobile reserves of all Services to assist the overseas deployed forces if they are attacked, or to move quickly to other areas of the world which may be threatened with Communist aggression. Important elements of this strategic reserve strength are the civilian components which provide a cushion of strength for the active forces and the mobilization base necessary to support the strategic reserve forces if they are committed to extensive operations.

Finally, the fifth category of forces as viewed by General Taylor, consists of the air and naval forces capable of keeping the air and sea lanes open for the global deployment and support of the other categories of forces in the event of war so that our military strength can be brought to bear in timely manner and at the decisive place.

Coupled with this broad analysis of the functional basis for the examination of our military force structure, General Taylor has further recommended that the Joint Chiefs of Staff should undertake to establish criteria of sufficiency in each of these categories of operational forces. Such action would have the rewarding effect of insuring that the various programs and weapons systems of all the Armed Forces are brought into focus with the changing nature of the threat and would provide a basis for sound and prompt decisions by responsible civilian authority. Moreover, such a procedure would encourage a more economic and logical distribution of the fiscal resources which we are devoting each year to our national security efforts and to the deterrence of war. The development of the rational force structure which would result from such a procedure would have many significant advantages. The determination of how much is enough in each category of force should increase our visible, ready war deterrent strength without a marked increase in overall defense expenditures as a result of a more balanced allocation of fiscal resources. All the military services and the functional forces to which they contribute would assume a form and size appropriate to their missions, tasks, and the spectrum of threats which they may be called upon to meet. General Taylor believes that, in this way, excesses would be eliminated and deficiencies filled in the aggregate force structure of the Armed Forces. In addition, a rational defense budget-making procedure, based on a horizontal analysis of the categories of functional operational forces and governed by the yardsticks of sufficiency arrived at by the Joint Chiefs of Staff would permit the United States to move away from the outmoded strategy of massive retaliation as our principal response to all dangers, and develop a modern strategy of flexible response. For, as General Taylor has pointed out, the danger of the erosion of the free world by Communist aggression short of general war presents—in the long run—as great a threat to our national security as does that of surprise nuclear attack. We must have the balance of strategic military capabilities appropriate to respond to a wide range of possible aggressions in the critical years to come. As General Taylor has often emphasized, this is not a task for any single service, any single weapons system, or any single rigid strategic concept.

Mr. President, it is unfortunate that the country is losing the services of this great scholar and soldier. I am sure that each of you on both sides of the Senate share with me the pride that I feel in the fact that the United States has a man with the integrity, ability, and attainments of Maxwell Taylor, not only as professional head of our Army during these past 4 turbulent years, but as a wise and sagacious mentor to counsel us in arriving at solutions to the many complex and difficult problems of our national security. If there is such a thing as a "military mind" and Gen. Maxwell D. Taylor is representative of it, then I say we need much more of the same in the Department of Defense and in all the Armed Forces.

Today, as the howitzers roar their salute across the historic valley of the Potomac and "The Old Guard" of the 3d Infantry presents arms for the last time to this great Chief of Staff of the Army in his official capacity, I hope each Member of the Senate will join with me in honoring this eminent and gallant soldier, farsighted military statesman, and exemplary American, Gen. Maxwell Davenport Taylor.

Mr. STENNIS. Mr. President, with reference to General Taylor, I am delighted to join in honoring a man who I think is one of the truly great soldiers of his generation.

Mr. CASE of South Dakota. Mr. President, I should like also to be associated with what was said about the work of General Taylor. He is retiring with the respect and esteem of every Member of this body.

In his address before the National Press Club last week he gave one of the most stimulating summaries of military judgment that has been presented to the country for some time. I hope it will receive wide reading, and that we may continue to have the benefit of General Taylor's mature and well considered opinions on our national defense problems.

CONSTRUCTION AT MILITARY INSTALLATIONS

The Senate resumed the consideration of the bill (H.R. 5674) to authorize certain construction at military installations, and for other purposes.

Mr. STENNIS. Mr. President, Senators are waiting to vote. Some are compelled to leave the city. I do not wish to rush any Senator or cut off anyone. We have a very few amendments. Unless some extraneous matters intervene, I believe that we can dispose of the amendments in a few minutes, and then have the yeas and nays ordered on the passage of the bill.

Mr. President, I send an amendment to the desk which has as its purpose the substitution of an armory at the Martindale Army Air Field, Tex., in the amount of $210,000, in lieu of one authorized for Houston No. 1, Tex., in the 1959 military construction authorization bill in the amount of $323,000. This is a substitution requested by the State Adjutant General with the approval of the National Guard Bureau and is, in fact, a savings to the Government of $113,000.

This is in keeping with the formula followed by the committee in considering armory construction.

The committee added no new armories to the bill, but did agree that if the State Adjutant Generals and the National Guard Bureau desired to substitute one armory for another, as long as there was no increase in price, the committee would accept such substitutions.

The PRESIDING OFFICER. The amendment offered by the Senator from Mississippi will be stated.

The LEGISLATIVE CLERK. On page 70, between lines 10 and 11, in the committee amendment, it is proposed to insert the following:

Houston Number 1, Texas: Training facilities, $323,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi.

The amendment to the amendment was agreed to.

Mr. STENNIS. Mr. President, I offer another amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Mississippi will be stated.

The LEGISLATIVE CLERK. On page 55, between lines 12 and 13, in the committee amendment, it is proposed to insert the following:

SEC. 419. In carrying out any project authorized by the foregoing provisions of this Act in a foreign country, currencies of such country acquired pursuant to the provisions of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, Eighty-third Congress) shall, to the extent available, and feasible, be used in lieu of dollars. The Department of Defense shall reimburse the Commodity Credit Corporation from appropriations made pursuant to authorizations contained in this Act for the dollar value of foreign currencies used as provided in this section.

On page 55, line 13, it is proposed to strike out "Sec. 419" and insert in lieu thereof "SEC. 420".

Mr. STENNIS. Mr. President, this amendment is the one which was discussed earlier. It merely provides for a broadening of Public Law 480, so far as military construction is concerned, by using the proceeds from surplus commodities. Public Law 480 now applies to schoolhouses, farm housing, and items of that nature. This amendment proposes to broaden it whenever it is feasible. We shall be glad to take the amendment to conference and see what we can do with it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Mississippi.

The amendment to the amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, I have a brief statement to make in connection with the bill. I have been in conference all afternoon.

First, I want to express my admiration for the members of the Military Construction Subcommittee who, under the most able chairmanship of the distinguished Senator from Mississippi, and the very able senior minority member, Senator FRANCIS CASE of South Dakota, can always be counted upon to do a most thorough and dedicated job.

This is not an easy bill to handle and the issues involved have far-reaching impact on our national defense structure. It has never been handled lightly. I would like to ask the distinguished chairman, Senator STENNIS, a few questions to clarify the record, for I know he has an intimate knowledge of the subject possessed by few.

As indicated earlier today, am I not correct in stating that the committee action now reflects the so-called revised plan submitted by the Secretary of Defense, and that it was the committee's initial intention not necessarily to point out weapons systems which should be expanded or deleted, but rather to insist that the Department of Defense properly review the subject and make decisions?

Mr. STENNIS. The immediate concern was to obtain a review, and then a decision. The revised plan, to a degree, was in part, at least, such a decision and such a revision. We adopted it and put it in the bill. However, we want continued surveillance and continued reexamination and appraisal. We were not trying to select military weapons, but, after all, there is a matter of policy involved. There is not enough money to go around, and someone must make the decision as to how much money should go into various projects.

Mr. JOHNSON of Texas. Am I correct in believing that this plan does not then really deny either the Nike system or the Bomarc system, but requires the Secretary of Defense and his senior military advisers, the Joint Chiefs of Staff, to make the decisions and forward their recommendations to Congress?

Mr. STENNIS. It is another attempt to obtain more clear-cut decisions on these questions, and a reevaluation of the various systems of defense. We have not yet had a clear-cut, unanimous opinion from the Joint Chiefs of Staff.

Mr. JOHNSON of Texas. There is one other area I would like to mention briefly, and that is military family housing. I know the Subcommitee and the Armed Service Committee, of which I am a member, has for some time now thoroughly reviewed the military family housing picture with three objectives in mind: First, to insure that our people in uniform have adequate housing; second, to insure, of course, that this housing is provided on the most economical basis; and third, that maximum dependence is placed on the local communities to provide rental housing.

Would the distinguished chairman of the subcommittee care to comment on this?

Mr. STENNIS. Generally speaking, that is in keeping with the policy of the committee. We have believed for a long time that the Government got more for its money under the system of appropriated funds. We have also thought that there was a limit to the percentage of eligible personnel to whom we could furnish housing. The military has made a real effort to arrive at an equitable plan, and we have insisted upon giving proper consideration to local conditions, and utilizing local housing when available.

While, for emergency reasons we have just extended the Capehart housing program for another year, the entire matter ought to be brought under complete review before it is extended again.

Mr. JOHNSON of Texas. In furtherance of the subject, is it the committee's intent to survey continually the needs of the military for family housing units and to insist that the Department of Defense continuously review and bring up to date even the numbers of units now being authorized in this bill?

Mr. STENNIS. Oh, yes. That is certainly one of our requirements.

Mr. JOHNSON of Texas. It seems that such would be most essential and necessary in order to insure that the three previously mentioned objectives are accomplished, for certainly while we want to provide the military with the facilities, it must not be construed as the intent of Congress either to overproduce military family housing or to completely upset the local communities where such facilities are being established.

I thank the distinguished Senator from Mississippi and join with many others of my colleagues in expressing our compliments to him, to his associate, the distinguished Senator from South Dakota [Mr. CASE], and to the entire subcommittee members for their most thorough and expert consideration of a very difficult piece of legislation.

Mr. President, as originally presented to Congress by the Department of Defense, with the approval of the President, the military construction authorization bill for fiscal year 1960 included a request for a taxiway-runway access at Hickam Air Force Base in the amount of $1,299,000.

This request was deleted by House action and the Senate Armed Service Committee also omitted the item because of lack of adequate testimony.

The Armed Services Committee is now in receipt of a letter, signed by the Sec-

retary of the Air Force, indicating the current and future need for this facility.

Secretary Douglas says:

With construction of the new Honolulu Air Terminal Complex, operation of Air Force functions will depend on this taxiway to provide a ground movement return to Hickam Air Force Base. This project will provide greater ease of access to the runway system and shorter taxiway distance. Long, time-consuming waits are experienced in getting to parking areas. This is extremely costly in wasted man-hours and increased fuel consumption. In addition, Hickam is a major terminal and a parallel taxiway connecting to each runway is an important part of any major airport.

The Air Force considers this to be a very important project.

Mr. President, because the Air Force has now indicated its operational requirement for the facility, I shall propose an amendment to the bill under consideration, providing the necessary authorization. With the approval of the chairman of the subcommittee and the ranking minority member of the subcommittee, I offer the amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. In the committee amendment on page 34, after line 5, it is proposed to insert the following:

Hickam Air Force Base, Honolulu, Hawaii, operational facilities, $1,299,000.

On page 42, line 8, strike out "$71,759,000" and insert in lieu thereof "$73,058,000."

On page 42, line 10, strike out "$791,046,000" and insert in lieu thereof "$792,345,000."

Mr. STENNIS. Mr. President, upon reconsideration of this matter, the committee is willing to take the amendment to conference for further consideration of it there.

Mr. CASE of South Dakota. That is agreeable. I think we may want to get further information about the matter.

Mr. STENNIS. The Secretary has written a very strong letter on the subject.

Mr. JOHNSON of Texas. I thank the Senator from Mississippi and the Senator from South Dakota.

Mr. STENNIS. Mr. President, earlier, the junior Senator from Texas [Mr. YARBOROUGH] asked that I yield to him; and at this time I do so.

Mr. YARBOROUGH. Mr. President, I wish to ask the distinguished Senator from Mississippi about the item on page 76, in line 19, by which the construction of 1,000 units of family housing at Fort Bliss, Tex., is authorized.

A communication, under date of June 22, has gone from the Department of Defense to Representative JOHN T. RUTHERFORD, of Texas.

In the letter the Department states that the Department of the Army plans to construct the proposed 1,000 units under one general contract, which is considered to be in the best interests of the Government.

My question to the distinguished Senator from Mississippi is this: Did the committee, in including the item of 1,000 units at Fort Bliss, Tex., intend to direct the Government to let that contract bid under one bid?

Mr. STENNIS. No; there is certainly no intent on our part to let the contract under one bid.

Mr. YARBOROUGH. There is widespread protest over letting the work out under one contract. Contractors tell me they can build the housing cheaper if the contract is broken down to cover units of 100, 200, or 300. Requiring the 1,000 units to be built by one contractor limits the number of contractors who can bid. It is their contention that the Government can get better and cheaper housing if the contract is broken down so more contractors can bid, and thereby make for more competitive bidding. Yet it is stated that it is intended to let the contract out under one general contract, which would thereby limit the number of contractors who could bid.

Mr. STENNIS. We have had reports that there were not many contractors who could build as many as 1,000 units, and that in many of the States no such large projects could be taken care of by one contractor. Really, the only bidders would be large operators from a great distance.

The idea, of course, is to try to get the most for the Government's dollar. If there are cases where local contractors can bid on a smaller number of units and make a better bid, that should certainly have a strong influence with the Department of Defense in issuing the bids in smaller units.

There is another point involved. Refrigerators and other appliances are needed for such houses. A contract for such appliances could be let for 1,000 units, even though the needed housing units were constructed in units of 250 each.

I am glad the Senator from Texas has directed our attention, as well as the attention of the Department of Defense, to this real problem. I hope the Department will take the counsel of the Senator from Texas and others and work out a satisfactory solution.

Mr. YARBOROUGH. I commend the Senator from Mississippi for his handling of the bill and for the expression of his sentiments and opinion, because in the area of Fort Bliss, Tex., there is no contractor who can build 1,000 units, but there are a number of contractors who can build several hundred of them. They maintain that, with their local offices and organizations, they can build the houses and give the Government a better bargain than if the contract were to go to one contractor who would have to come from a distance of perhaps a thousand miles and bring to that area its offices and other facilities.

Mr. STENNIS. I thank the Senator.

Mr. President, I should like to make a few further remarks with reference to the statement by the Senator from Alabama and the Senator from Indiana relating to the housing provision. I think each of those Senators made sound, constructive statements relating to Capehart housing for military installations.

Our subcommittee has always favored the idea of appropriated funds for military housing construction. In exercising jurisdiction over the subject, we were not trying to get the subject matter handled altogether by our committee, but were merely exercising surveillance over the program from a military standpoint, and determining the number the committee felt should be built at any installation, and also the total number which should be constructed throughout the Nation in any one particular year.

Those are certainly relevant matters for the committee to pass on and to have the responsibility of passing on.

I again emphasize that, by adoption of the Case amendment, we are not changing the substance of the law or amending it, but are merely extending it.

Mr. President, I assume there are no further amendments to be offered. If that be true, I suggest we have the third reading of the bill. The yeas and nays have been ordered on the passage of the bill.

The PRESIDING OFFICER. The question first comes on the amendment of the Senator from Texas [Mr. JOHNSON], which was offered a little while ago.

The amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from North Carolina [Mr. JORDAN] and the Senator from Montana [Mr. MURRAY] are absent on official business.

I also announce that the Senator from Wyoming [Mr. O'MAHONEY] is absent because of illness.

I further announce that the Senator from Tennessee [Mr. GORE] is absent on official business attending the nuclear test suspension conference in Geneva, Switzerland.

I further announce that, if present and voting, the Senator from North Carolina [Mr. JORDAN], the Senator from Montana [Mr. MURRAY], and the Senator from Wyoming [Mr. O'MAHONEY] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from Iowa [Mr. HICKENLOOPER] are absent on official business of the Joint Committee on Atomic Energy. If present and voting, the Senator from Utah [Mr. BENNETT] would vote "yea."

The result was announced—yeas 89, nays 3, as follows:

YEAS—89

Aiken	Bush	Carroll
Allott	Butler	Case, N.J.
Anderson	Byrd, Va.	Case, S. Dak.
Bartlett	Byrd, W. Va.	Chavez
Beall	Cannon	Church
Bible	Capehart	Cooper
Bridges	Carlson	Cotton

Curtis	Johnson, Tex.	Neuberger
Dirksen	Johnston, S.C.	Pastore
Dodd	Keating	Prouty
Dworshak	Kefauver	Proxmire
Eastland	Kennedy	Randolph
Ellender	Kerr	Robertson
Engle	Kuchel	Russell
Ervin	Langer	Saltonstall
Frear	Lausche	Schoeppel
Fulbright	Long	Scott
Goldwater	McCarthy	Smathers
Green	McClellan	Smith
Gruening	McGee	Sparkman
Hart	McNamara	Stennis
Hartke	Magnuson	Talmadge
Hayden	Mansfield	Thurmond
Hennings	Martin	Wiley
Hill	Monroney	Williams, N.J.
Holland	Morse	Williams, Del.
Hruska	Morton	Yarborough
Humphrey	Moss	Young, N. Dak.
Jackson	Mundt	Young, Ohio
Javits	Muskie	

NAYS—3

Clark	Douglas	Symington

NOT VOTING—6

Bennett	Hickenlooper	Murray
Gore	Jordan	O'Mahoney

So the bill (H.R. 5674) was passed.

Mr. STENNIS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. CASE of South Dakota. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, I am advised that the parliamentary situation is such that Senate bill 2280 should now be indefinitely postponed. I so move.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi.

The motion was agreed to.

Mr. STENNIS. Mr. President, I move that the House bill, as passed by the Senate, be printed so as to show the amendments adopted by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STENNIS. Mr. President, if I may at this time, I move that the Senate insist on its amendment, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RUSSELL, Mr. STENNIS, Mr. JACKSON, Mr. SALTONSTALL, and Mr. CASE of South Dakota conferees on the part of the Senate.

Mr. STENNIS. Mr. President, I yield the floor.

TEMPORARY APPROPRIATIONS FOR FISCAL YEAR 1960

Mr. HAYDEN. Mr. President, from the Committee on Appropriations, I report favorably, without amendment, the joint resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes, and I submit a report (No. 455) thereon.

I ask unanimous consent for the present consideration of the joint resolution, which passed the House this afternoon.

The PRESIDING OFFICER. The joint resolution will be stated.

The CHIEF CLERK. A joint resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, the joint resolution is the usual type, in order to make provision for continuing in operation the functions of the Government, for which annual appropriations for the full fiscal year 1960 have not been perfected. The joint resolution will continue these functions for the month of July, ending July 31, 1959.

The PRESIDING OFFICER. The joint resolution is open to amendment.

If there be no amendment to be proposed, the question is on the third reading and passage of the joint resolution.

The joint resolution (H.J. Res. 439) was ordered to a third reading, read the third time, and passed.

Mr. JOHNSON of Texas. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. DIRKSEN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MUTUAL SECURITY ACT OF 1959

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of order No. 405, Senate bill 1451.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Mutual Security Act of 1959".

SEC. 2. Section 2 of the Mutual Security Act of 1954, as amended, which is a statement of policy, is amended to read as follows:

"SEC. 2. STATEMENT OF POLICY.—(a) Through programs of assistance authorized by this Act and its predecessors, the United States has helped thwart Communist intimidation in many countries of the world, helped Europe recover from the wounds of World War II, supported defensive military preparations by nations alerted by Communist aggression, and has soundly begun to help peoples of economically underdeveloped areas to develop their resources and improve their living standards.

"(b) Programs authorized by this Act continue to serve the following principal purposes:

"(1) The Congress of the United States perceives the identity of interest which exists between the people of the United States and the peoples of other lands who are striving to establish and develop politically independent and economically viable units, to produce more goods and services and improve ways of living by methods which reflect popular will, and to establish responsible governments which cooperate with like-minded governments. The Congress declares it to be a primary objective and need of the United States to share these strivings by giving generously of our knowledge and substance to peoples willing to work energetically toward these ends.

"(2) The Congress of the United States recognizes that the peace of the world and the security of the United States are endangered as long as international communism and the nations it controls continue by threat of military action, use of economic pressure, internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and nations once free but now subject to such domination. The Congress declares it to be the policy of the United States to continue as long as such danger to the peace of the world and to the security of the United States persists to make available to free nations and peoples upon request assistance of such nature and in such amounts as the United States deems advisable compatible with its own stability, strength, and other obligations, and as may be needed and effectively used by such free nations and peoples to help them maintain their freedom.

"(c) It is the sense of the Congress that inasmuch as—

"(1) the United States, through mutual security programs, has made substantial contributions to the economic recovery and rehabilitation of the nations of Western Europe;

"(2) due in part to those programs, it has been possible for such nations to achieve complete economic recovery and to regain their military strength; and

"(3) certain other friendly nations of the world remain in need of assistance in order that they may defend themselves against aggression and contribute to the security of the free world,

those nations that have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

"(d) It is the sense of the Congress that assistance under this Act shall be administered so as to assist other peoples in their efforts to achieve self-government or independence under circumstances which will enable them to assume an equal station among the free nations of the world and to fulfill their responsibilities for self-government or independence. To this end, assistance shall be rendered where appropriate and feasible in such a way as to promote the emergence of political units which are economically viable, either alone or in cooperation with neighboring units."

CHAPTER I—MILITARY ASSISTANCE

Military assistance

SEC. 101. Chapter I of the Mutual Security Act of 1954, as amended, which relates to military assistance, is amended as follows:

(a) Amend section 103(a), which relates to authorization, to read as follows:

"(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed $1,600,000,000, which shall remain available until expended: *Provided*, That of the funds made available pursuant to this section, $1,100,000,000 shall be available only for assistance to countries party to the North

Atlantic Treaty or for activities of the North Atlantic Treaty Organization in such countries. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into direct competition for financial support with other activities and programs of the Department of Defense."

(b) Amend section 105(b), which relates to conditions applicable to military assistance, as follows:

(1) Paragraph (4) is amended to read as follows:

"(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States, or for assistance to an international military force under the control of the Organization of American States for the protection of nations against external aggression. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not be the basis for military assistance programs to American Republics. Of the funds made available pursuant to section 103(a), not more than $65,000,000 shall be available for military assistance in American Republics during the fiscal year 1960. An additional $31,500,000 shall be available during the fiscal year 1960 only for assistance to an international military force under the control of the Organization of American States: *Provided,* That any balance remaining from such $31,500,000 not so used may be transferred from the military assistance account to the special assistance account (sec. 400(a)) and shall be available under the terms of that section only to promote economic development in Latin America."

(2) Add the following new paragraphs:

"(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

"(6) Military assistance to a country found by the Secretary of State to be underdeveloped shall, unless the Secretary authorizes an exception, be programed, and force goals shall be recommended, according to the principle that economic development needs shall have first call on the internal resources of such country."

CHAPTER II—ECONOMIC ASSISTANCE

Defense support

SEC. 201. Section 131(b) of the Mutual Security Act of 1954, as amended, which relates to defense support, is amended by striking out "1959" and "$810,000,000" and substituting "1960" and "$835,000,000", respectively.

Development Loan Fund

SEC. 202. Title II of chapter II of the Mutual Security Act of 1954, as amended, which relates to the Development Loan Fund, is amended as follows:

(a) Amend section 203, which relates to capitalization, to read as follows:

"SEC. 203. CAPITALIZATION.—(a) The Secretary of the Treasury is authorized and directed to make, during the fiscal years 1960 through 1964, loans to the Fund in amounts needed to cover obligations incurred against the Fund. Except as provided in section 204(b) of this Act, the maximum amount of obligations incurred against the Fund during each of such fiscal years shall be $1,000,000,000; and any unused portion of the maximum applicable to any period shall be added to the maximum applicable to the succeeding period.

"(b) For purposes of the loans provided for in this section, the Secretary of the Treasury is authorized to use the proceeds of the sale of any securities issued under the Second Liberty Bond Act as now in force or as hereafter amended, and the purposes for which securities may be issued under the Second Liberty Bond Act are hereby extended to include this purpose. The President shall determine the terms and conditions of any advances or loans made to the Fund pursuant to this section."

(b) In section 204(b), which relates to fiscal provisions, after the first sentence insert: "The amount of such obligations also may not exceed the limitations specified in section 203(a) of this Act except that, to the extent that assets of the Fund other than capitalization provided pursuant to section 203(a) are available, obligations may be incurred beyond such limitations."

(c) Amend section 205, which relates to management, powers, and authorities, as follows:

(1) In subsection (b), strike out "three" in the second sentence and substitute "four".

(2) In subsection (c), strike out the last sentence.

Technical cooperation

SEC. 203. Title III of chapter II of the Mutual Security Act of 1954, as amended, which relates to technical cooperation, is amended as follows:

(a) In section 304, which relates to authorization, strike out "$150,000,000" and "1959" and substitute "$179,500,000" and "1960", respectively.

(b) Amend section 306, which relates to multilateral technical cooperation and related programs, as follows:

(1) In subsection (a), which relates to contributions to the United Nations expanded program of technical assistance and related fund, strike out "$20,000,000" and "1959" and substitute "$30,000,000" and "1960", respectively, and strike out "and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose for each such year" and insert ", for the calendar year 1959 not to exceed 40 per centum of the total amount contributed for such purpose, and for succeeding calendar years not to exceed 39 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year".

(2) In subsection (b), which relates to contributions to the technical cooperation program of the Organization of American States, strike out "1959" and substitute "1960".

(c) In section 308, which relates to the International Development Advisory Board, insert "or officers" after "officer" in the first sentence and strike out "to administer this title" in that sentence.

Special assistance and other programs

SEC. 204. Title IV of chapter II of the Mutual Security Act of 1954, as amended, which relates to special assistance and other programs, is amended as follows:

(a) Amend section 400, which relates to special assistance, as follows:

(1) In subsection (a), which relates to authorization, strike out "1959" and "$202,500,000" and substitute "1960" and "$244,620,000", respectively.

(2) In subsection (c), which relates to assistance to American-sponsored schools and libraries abroad, strike out "$10,000,000" and substitute "$20,000,000".

(b) Insert after section 400 the following new section:

"SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year 1960 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force."

(c) In section 402, which relates to earmarking of funds, strike out "1959" in the first sentence and substitute "1960".

(d) In section 403, which relates to responsibilities in Germany, strike out "1959" and "$8,200,000" in the first sentence and substitute "1960" and "$7,500,000", respectively.

(e) Amend section 405, which relates to migrants, refugees, and escapees, as follows:

(1) In subsection (c), strike out "1959" and "$1,200,000" and substitute "1960" and "$1,100,000", respectively.

(2) In subsection (d), strike out "1959" and "$8,600,000" and substitute "1960" and "$5,200,000", respectively.

(f) In section 406, which relates to children's welfare, strike out "$11,000,000" and "1959" and substitute "$12,000,000" and "1960", respectively.

(g) In section 407, which relates to Palestine refugees in the Near East, strike out "1959" in the first sentence and substitute "1960".

(h) In section 408(c), which relates to the North Atlantic Treaty Organization, strike out "four" and substitute "five".

(i) In section 409(c), which relates to ocean freight charges, strike out "1959" and "$2,100,000" and substitute "1960" and "$2,300,000", respectively.

(j) Section 410, which relates to Control Act expenses, is repealed.

(k) Amend section 411, which relates to administrative and other expenses, as follows:

(1) In subsection (b), strike out "1959" and "$33,000,000" and substitute "1960" and "$39,500,000", respectively.

(2) In subsection (c), strike out ", not to exceed $7,000,000 in any fiscal year,"; and insert before the period ", and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided,* That, in addition, funds made available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct".

(l) After section 411, insert a new section as follows:

"SEC. 412. PRESIDENT'S SPECIAL EDUCATION AND TRAINING FUND.—Of the funds appropriated pursuant to section 103(a) for use beginning in each of the fiscal years 1960 through 1964, $10,000,000 for each such year shall be available only as follows:

"(a) $5,000,000 shall be available until expended only for financing studies, research, instruction, and other educational activities of citizens of underdeveloped countries in educational institutions in the United States, Puerto Rico, and the Virgin Islands. Such financing may include payment for transportation, tuition, maintenance and other expenses incident to scholastic activities. The President may employ such funds to augment programs of this character authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended, and by the United States Information and Educational Exchange Act of 1948, as amended, and he may consolidate such portions of such $5,000,000 as he may deem appropriate with appropriations made to carry out these two Acts.

"(b) $5,000,000 shall be available until expended only for the training of people of underdeveloped countries in skills which will contribute to economic development. Such training shall be carried out in accordance with the policies set forth in title III of chapter II, relating to technical cooperation, and

such $5,000,000 may be consolidated with appropriations made for carrying out title III of chapter II."

(m) Amend section 413(b)(4), which relates to encouragement of free enterprise and private participation, as follows:

(1) In subparagraph (A), strike out "any of the purposes of this Act" and substitute "the development of the economic resources and productive capacities of economically underdeveloped areas".

(2) In subparagraph (F), strike out "$500,000,000" and substitute "$1,000,000,000".

(3) In subparagraph (G), strike out "achieving any of the purposes of this Act" and substitute "furthering the development of the economic resources and productive capacities of economically underdeveloped areas".

(n) In section 419(a), which relates to atoms for peace, strike out "1959" and "$5,500,000" in the second sentence and substitute "1960" and "$6,500,000", respectively.

CHAPTER III—CONTINGENCY FUND

SEC. 301. Section 451(b) of the Mutual Security Act of 1954, as amended, which relates to the President's special authority and contingency fund, is amended by striking out "1959" and "$155,000,000" in the first sentence and substituting "1960" and "$180,000,000", respectively.

CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 401. Chapter IV of the Mutual Security Act of 1954, as amended, which relates to general and administrative provisions, is amended as follows:

(a) In section 501, which relates to transferability of funds, designate the present text as "(a)" and add the following new subsection:

"(b) In view of the rapidly increasing danger to the independence of friendly countries which is presented by the trade and assistance programs of international communism, and notwithstanding subsection (a) of this section, the President is authorized to transfer to and consolidate with funds made available for nonmilitary use under titles III and IV of chapter II up to 30 per centum of the funds made available for military use under chapter I."

(b) In section 503, which relates to termination of assistance, designate the present text as subsection "(a)" and add the following new subsection:

"(b) The President shall include in his recommendations to the Congress for the fiscal year 1961 programs under this Act a specific plan for each country receiving bilateral grant assistance in the categories of defense support or special assistance, whereby such grant assistance shall be progressively reduced and eliminated."

(c) In section 504, which relates to small businesses, add the following new subsection:

"(d) There is hereby authorized to be appropriated to the President for the fiscal year 1960 not to exceed $2,500,000 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment and other equipment owned by agencies of the United States Government."

(d) In section 505(b), which relates to loan assistance and sales, strike out the third sentence and substitute the following: "United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. app. 1641 (b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to the Development Loan Fund, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, shall be available for use for purposes of title II of chapter II of this Act."

(e) Amend section 523, which relates to coordination with foreign policy, as follows:

(1) In subsection (b), add the following new sentence: "The chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires."

(2) Amend subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

(f) In section 527(b), which relates to employment of personnel, strike out "sixty" and "thirty-five" in the first sentence and substitute "seventy-five" and "fifty", respectively.

(g) Amend section 537, which relates to provisions on uses of funds, as follows:

(1) In paragraph (5) of subsection (a), strike out "$3,300" and substitute "$3,800".

(2) In subsection (c), strike out "$26,000,000" and substitute "$27,750,000".

(3) Amend subsection (f) to read as follows:

"(f) During the annual presentation to the Congress of requests for authorizations and appropriations under this Act, there shall be submitted a detailed report on the assistance to be furnished, country-by-country, under title I of chapter II, and under section 400(a), of this Act. The report with respect to each country shall contain a clear and detailed explanation of the proposed level of aid for such country, and shall include a listing of all significant factors considered in determining the level of aid for such country; the reason for including each such factor and an explanation of the manner in which each of such factors is related to the specific dollar figure which constitutes the proposed level of aid for each such country. In addition, with respect to assistance proposed to be furnished under title I of chapter II of this Act, the report shall contain a clear and detailed explanation on a country-by-country basis of the determination of the particular level of forces to be supported by the proposed request for authorization and appropriation for military assistance, the factors considered in arriving at each country determination, and where the level of forces supported by military assistance differs from the total level of forces maintained in any such country, an explanation, in detail, of the reason for the difference in such level of forces."

(h) In section 543(d), which relates to saving provisions, strike out the words between "repealed" and "shall" in the first sentence and substitute "subsequent to the time such funds are appropriated"; insert "or subsequent Acts" after "1957" both times it appears in the second sentence; and strike out the last sentence.

(i) Section 549, which relates to special provisions on availability of funds, is repealed.

(j) After section 549 add the following new sections:

"SEC. 550. INFORMATION POLICY.—The President shall, in the reports required by section 534, or in response to requests from Members of the Congress or inquiries from the public, make public all information concerning the mutual security program not deemed by him to be incompatible with the security of the United States.

"SEC. 551. LIMITATION ON THE USE OF THE PRESIDENT'S SPECIAL AUTHORITY.—The authority contained in sections 403, 451, and 501 of this Act shall not be used to augment appropriations made pursuant to sections 103(b), 408, 411(b), and 411(c) or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses."

CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION

International cooperation in health

SEC. 501. The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

Colombo Plan Council for Technical Cooperation

SEC. 502. To enable the United States to maintain membership in the Colombo Plan Council for Technical Cooperation, there is hereby authorized to be appropriated from time to time to the Department of State such sums as may be necessary for the payment by the United States of its share of the expenses of the Colombo Plan Council for Technical Cooperation.

CHAPTER VI—AMENDMENTS TO OTHER LAWS AND MISCELLANEOUS PROVISIONS

SEC. 601. Public Law 885, Eighty-fourth Congress (70 Stat. 890, 5 U.S.C. 170f–170t), which provides certain basic authority for the Department of State, is amended by adding at the end thereof a new section reading as follows:

"SEC. 16. (a) The Secretary of State is authorized to make grants to individuals who are engaged in teaching any modern foreign language, in an elementary or secondary school or an institution of higher education. Such grants shall be for the purpose of enabling such individuals, during the summer period when their services as teachers are not required, to obtain in an area, region, or country in which the language they are teaching is commonly used, advanced training in such language and training in other fields needed for a full understanding of such area, region, or country. The Secretary shall consult with the Secretary of Health, Education, and Welfare with respect

to the selection of individuals for grants under this section and the establishment of standards for their selection, and the Secretary of State may make arrangements for the performance by the Department of Health, Education, and Welfare of such functions under this section as may be mutually agreeable to the Secretary of State and Secretary of Health, Education, and Welfare.

"(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the Secretary of State, in carrying out the provisions of this section, may use currencies, or credits for currencies, of any foreign government (1) held or available for expenditure by the United States and not required by law or agreement with such government to be expended or used for any other purpose, or (2) made available under the provisions of subsection (c) of this section.

"(c) In order to make additional funds available for the purposes of this section the Secretary of State is authorized to enter into an executive agreement or agreements with any foreign government for the use of currencies, or credits for currencies, of such government deposited pursuant to agreements entered into under section 142(b) of the Mutual Security Act of 1954 or section 115(b)(6) of the Economic Cooperation Act of 1948, or any other Act not required by agreement with such government to be expended or used for any other purposes."

SEC. 602. Section 522 of the Foreign Service Act of 1946, as amended (60 Stat. 1009, 22 U.S.C. 922), is amended by striking out the word "and" at the end of subparagraph (1), by striking out the period at the end of subparagraph (2) and substituting a semicolon and the word "and", and by adding at the end thereof a new subparagraph (3) which shall read as follows:

"(3) extend the appointment or assignment of any Reserve officer, or continue the services of any such Reserve officer by reappointment without regard to the provisions of section 527 of this Act, for not more than five additional years if the Secretary deems it to be in the public interest to continue such officer in the Service, except that the assignment of any Reserve officer under paragraph (2) above may not be extended under the provisions of this paragraph without the consent of the head of the agency concerned."

SEC. 603. Section 1011(a) of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442), is amended by inserting before the period at the end thereof a colon and the following: "*Provided*, That the purpose of making informational media guaranties shall be the achievement of the foreign policy objectives of the United States, including the objective mentioned in sections 413(b)(4)(A) and 413(b)(4)(G) of the Mutual Security Act of 1954, as amended".

SEC. 604. EXPENSES OF ANNUAL MEETING OF NORTH ATLANTIC TREATY PARLIAMENTARY CONFERENCE.—There is authorized to be appropriated the sum of $100,000 for the purpose of defraying the expenses incident to the annual meeting of the North Atlantic Treaty Parliamentary Conference for the year 1959, to be held in Washington, District of Columbia. Funds appropriated pursuant to this authorization shall be disbursed on vouchers jointly approved by the chairman of the Senate and House delegations to the Conference, and such approval shall be final and conclusive upon the accounting officers in the auditing of accounts incident to the annual meeting.

ORDER FOR ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until 10:30 o'clock a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEATH OF DAVE EPPS, STATE CHAIRMAN OF DEMOCRATIC PARTY IN OREGON

Mr. MORSE. Mr. President, the State Democratic chairman of Oregon, Dave Epps, known to many of my colleagues, died of a heart attack this morning. His death comes as a great shock to Mrs. Morse and me, because Dave Epps was one of my former students and a true friend of many years.

All of us in Oregon have suffered a great loss in the riches of human values that made Dave Epps admired and respected by all who knew him. His fine work as State chairman of the Democratic Party of Oregon will long be remembered by Democrats not only in Oregon, but throughout the Nation.

To his loved ones, Mrs. Morse and I send our deepest sympathy.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to ask all Senators who are interested in the mutual security bill to realize that the chairman of the Foreign Relations Committee [Mr. FULBRIGHT] will make the presentation on behalf of the proponents of the bill this afternoon. We shall keep the Senate in session as late this evening as any Senators may care to discuss the bill. We shall convene tomorrow at 10:30, have the morning hour, and proceed to the consideration of the bill.

I am sure Senators who have amendments have already filed them. If not, I hope they will file them and have them printed. We shall sit late tomorrow evening, and the next evening, and the next evening, until we have concluded action on the bill, because the House is awaiting action of the Senate on the authorization bill before it acts on the appropriation bill.

If we are able to conclude final action on Thursday night on the authorization bill, it is our hope to adjourn over until Monday of next week. If not, we shall continue in session through Friday evening and then go over until Monday.

Mr. DIRKSEN. Mr. President, will the majority leader yield?

Mr. JOHNSON of Texas. I yield.

Mr. DIRKSEN. If we can conclude our business, I wonder if there could be an understanding there would be no yea-and-nay votes on Monday. We would, probably, have a call of the calendar. That procedure would lengthen the holiday period. Members of the Senate will be going home for meetings and speeches, I am sure, and it would help them rather materially.

Mr. JOHNSON of Texas. I should like to check as to what business we will have at that time. I wish to see such a plan worked out, if we have no legislation requiring yea-and-nay votes on that day. So far as I am aware, there is none with that deadline. I will try to cooperate with the Senator.

COTTON TEXTILE IMPORTS

Mr. JOHNSTON of South Carolina. Mr. President, I have been advised that the National Cotton Council this morning has filed a petition under section 22 of the Agriculture Adjustment Act with the Secretary of Agriculture seeking relief for the cottongrowers of America from the growing threat of foreign cotton textile imports to this country.

I first want to say that the petition and allegations of the National Cotton Council are well taken. At the present time cottongrowers of America are faced with the threat of drastic cuts in domestic consumption of cotton due to the mounting imports of foreign textiles which are causing curtailments of our domestic textile industry.

Under the present program, foreign manufacturers can purchase American cotton at 6 cents per pound cheaper than American manufacturers. Beginning August 1 of this year, under orders from the Secretary of Agriculture, foreign industrialists will be able to buy American cotton at a rate of 8 cents per pound cheaper than American textile mills. This unfair privilege given to foreign industries coupled with the slave-level of wages foreign manufacturers enjoy makes it impossible for American-made products to compete either abroad or at home.

In late 1955, realizing the threat against the American textile industry, I appealed to Secretary of Agriculture Benson to act under section 22, as the American textile manufacturers did then, and as the National Cotton Council is doing now, and bring relief to our industries. The Secretary of Agriculture refused to act. The President refused to act, and throughout the years the Tariff Commission has refused to act.

The situation has done nothing but worsen, and the fact that the foreign price of cotton is going to drop another 2 cents within 6 weeks will aggravate the situation even more.

Exports of American products are dropping day by day while foreign imports are increasing steadily. Three years ago the textile industry was practically alone in this situation. But now nearly every industry is threatened with foreign imports.

I endorse the cotton council's petition, and I urge that the Department of Agriculture take a serious look at this petition and act favorably upon it.

There are dark and ominous clouds forming over America's once bright economic picture. We see our people being burdened with taxes in order to support foreign aid giveaway programs that are building up foreign industries and farm programs in unfair competition with our industries and farms. We see foreign exporters buying up American raw materials cheaper than Americans can buy them, and we see these materials being shipped back into our country in unfair competition with American products, underselling our industries and putting

our people out of work and our industries out of business.

Meanwhile, our overtaxed citizens cannot bear the burden; so domestic programs languish for lack of funds while billions of dollars borrowed at high interest rates continue to flow into foreign lands to bolster foreign economies.

American taxpayers are being drained of blood money being used to put themselves out of business. It would be bad enough if we were to let Russian dollars work to cut our throats, but sadly indeed we are seeing American dollars coming out of American taxpayers' pockets used to cut our own throats.

Mr. President, a good start to put an end to this foolish and terrifying situation is for the Secretary of Agriculture to act favorably on the National Cotton Council's petition and initiate action which will result in cutting back foreign imports.

I have wired Secretary of Agriculture Benson today in support of the Cotton Council's petition. I ask that this telegram be printed in the RECORD following my remarks.

We cannot undo all mistakes at once, but we can make a beginning and this would be a major one.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

I have been advised that the National Cotton Council has today filed with you under section 22 of the Agriculture Adjustment Act seeking relief from foreign textile imports threatening American cotton growers. Beginning August 1, foreign manufacturers will be able to purchase American cotton at 8 cents per pound cheaper than American manufacturers. The situation has been bad enough with the present 6 cents per pound subsidy to foreign manufacturers, but this 2 cents increase will aggravate the situation. We face a tragedy in our Nation's economy if we continue down the road of subsidizing foreign industries with foreign aid and cheap commodities while our domestic industries are being put out of business by the returning flood of foreign manufactured products. Cotton growers of America as well as the manufacturers of cotton products urgently need your support for initiation of action under section 22 of the AAA for import quota relief. Your consideration in this matter will be appreciated. Please keep me advised.

STEEL FACTS

Mr. KEFAUVER. Mr. President, in his press conference of July 17, President Eisenhower, in response to a question from a member of the press, indicated his approval of a fact sheet on the steel industry which would bring together in a readily available form figures on profits, wages, productivity, and prices in the steel industry.

On June 26, I issued such a fact sheet, based on data available to the public, much of which has been presented, during the course of hearings, to the Subcommittee on Antitrust and Monopoly. I join with the President in expressing the hope that the compilation of the essential facts might be of some assistance in averting the disastrous prospect of a nationwide steel strike. Shortly thereafter the President urged that the strike be at least temporarily postponed and that representatives of labor and management continued their negotiations. His request has been acceded to and the deadline has been moved back from July 1 to July 14. It is the devout hope, I am sure, of all of us that during this extension of time a responsible and fair settlement of the dispute can be achieved without harm to the legitimate interests of management, labor and last, but not least, the public.

In issuing this fact sheet, I drew one general conclusion, which I wish to repeat here. In view of the increase in productivity and given good faith on the part of both management and labor, a reasonable wage settlement can be arrived at which would not necessitate a price increase. We must not have another round of inflation.

If moderation prevails, management, labor, and the public will win. If it does not prevail, everyone will lose.

In making this conclusion, I am not in any way arguing against the desirability of a price reduction. Obviously if the margin between cost and price in the steel industry is ample to permit a moderate increase in wages without the necessity of a price increase, it is also ample to permit a price reduction if wages are not increased. The steel companies have apparently taken an adamant position against any wage increase. This it seems to me is a defensible position if they do their part in the fight against inflation by making the reductions in price which the facts certainly seem to indicate can be made without necessitating any sacrifice by the companies of legitimate earnings.

To my knowledge the accuracy of only 1 of the 15 facts set forth has been challenged. On Sunday evening, Mr. Patton, president of Republic Steel Corp., speaking for the steel companies, disputed on "Meet the Press" the accuracy of the fact listed as No. 7, namely:

The increase in steel prices in 1957 was at least twice the increase in costs resulting from the wage adjustments called for in the contract between the steel companies and the United Steelworkers.

As I am sure Mr. Patton realizes, the source of that fact is a report of the Subcommittee on Antitrust and Monopoly—Senate Report No. 1387, 85th Congress, 2d session—page 41. I might add that subsequently the noted economist, Dr. Gardiner Means, contended that the estimate by the subcommittee of the increase in costs arising from the provisions of the wage contract for 1957 was overly generous and that the true increase was not the figure of $2.50–$3 per ton estimated by the subcommittee, but only $1.75.

The basis cited by Mr. Patton in his challenge of the subcommittee's finding was a measure repeatedly used by the steel industry, "employee cost per man-hour."

This is the same measure used in a recently published pamphlet, "The Steel Negotiations and You," issued by the steel companies coordinating committee:

In 1958, employment costs per hour worked of all employees of steel-producing companies were more than 3½ times higher than they were in 1940.

The measure, like a similar one used by the union of profit per man-hour, is almost completely devoid of meaning. The reasons why both employment costs per man-hour and profits per man-hour are spurious were described by the subcommittee in its report on the steel industry in the following words:

The corporation's exhibit III illustrated the increases in employment costs and total costs per employee-hour since 1940. The measure of costs per employee-hour resembles a series used by the union on profits per man-hour. In both, the denominator is essentially the same—man-hours. In the former the numerator is costs, in the latter profits. Since technological progress will tend to constantly lower man-hour requirements, it follows that if everything else remains constant, both series will rise; the significance of such increases, reflecting nothing more than a shift from labor to capital resources, is something less than apparent. To be meaningful, both the costs and profits should be related to the product sold by the industry, which in this case is tons of steel. Unlike law firms or consulting engineers, what the steel industry sells is steel, not man-hours (p. 34).

Mr. President, the 15 points in the steel fact sheet are as follows:

STEEL FACT SHEET

A. WAGES AND PRODUCTIVITY

1. The level of steel wages: Apart from bituminous coal mining, miscellaneous building and construction trades, and flat glass, wages in terms of average hourly earnings are higher in the steel industry than in any other American industry.

2. The rise in unit labor costs: Since World War II the upward trend of hourly earnings in the steel industry has exceeded the advance of man-hour productivity, with the result that unit labor costs have tended to rise. Between 1947 and 1958 average hourly earnings in the steel industry, according to the Bureau of Labor Statistics, have risen from $1.44 to $2.88, an increase of precisely 100 percent. Depending on the measure used, man-hour productivity during the same interval has risen between one-quarter and one-third. As a consequence, unit labor costs have risen over 50 percent.

3. The increase in wages in 1959: During 1959 hourly earnings in the steel industry have continued to rise, advancing from $3.04 an hour in January to $3.10 in April, or 2 percent. Reflecting the higher rate of operations, productivity has undoubtedly also risen, though the extent is not known.

4. The annual increase in productivity: The average annual rate of increase in man-hour productivity in the steel industry appears to lie in a range of from 3 to slightly over 4 percent. In recent years the rate of increase appears to have been somewhat greater for the United States Steel Corp. than the remainder of the industry.

5. Productivity in 1958: Despite a sharp decline in the steel operating rate from 85 percent in 1957 to only 61 percent in 1958, man-hour productivity measured on the basis of hours paid showed only a 3.2 percent decline, while based on hours worked it remained virtually unchanged. It would thus appear that improvements in efficiency were of sufficient magnitude to offset the decrease in productivity resulting from the lower levels of output.

B. COSTS AND PRICES

6. The trend of unit labor costs and prices: Although the upward trend of hourly earnings in steel since World War II has been more pronounced than the increase in the industry's man-hour productivity, the resultant rise in unit labor costs has been substantially exceeded by the increase in steel prices.

7. The relation of the 1957 steel price increase to the increase in labor cost: The increase in steel prices in 1957 was at least

twice the increase in costs resulting from the wage adjustments called for in the contract between the steel companies and the United Steelworkers.

8. Changes in materials costs: To the extent that it has exceeded the increase in labor costs, the increase in steel prices does not appear to be due, except in small part, to increases in materials costs. Most of the materials consumed in the making of steel are produced by the steel companies themselves. Increases in labor cost resulting from higher wages paid workers engaged in production of the steelmaking materials, if treated as an increase in the steel industry's labor costs, cannot also be regarded as an increase in materials costs. Apart from the increase in labor costs, the steel companies have failed to demonstrate any significant increases in the costs of producing their own steelmaking materials. Moreover, there has taken place since 1956 a sharp decline in the cost of one important steel making material—purchased scrap.

C. PROFITS

9. The increase in profits rates: With the increase in steel prices exceeding the increase in costs, profits expressed as either earnings per ton or as rate of return on net worth have tended to rise. In analyzing the change in profit rates it is necessary to recognize the existence of a close historical relationship in the steel industry between profit rate and operation rate (production as percent of capacity). In recent years, particularly in 1957 and 1958, the rate of return on net worth has risen sharply above the historical relationship. For the industry as a whole the historical relationship between operating rate and profit rate would indicate at the operating rate prevailing in 1958 (61 percent) an expected profit rate of approximately 5 percent; instead the actual showing was 8.5 percent. For the United States Steel Corp. the 1953 operating rate of 59 percent would also have indicated on the basis of the historical relationship a profit rate of around 5 percent. Instead the actual showing was 9.8 percent. This same improvement is evident from the quarterly financial statements issued by the United States Steel Corp. In the fourth quarters of 1954 and 1958 United States Steel's operating rate was approximately the same—around 75 percent. In the earlier quarter the net profit per ton was $11.78 and its rate of return 10.1 percent; in the latter quarter its net profit per ton was $19.31 and the rate of return 12.1 percent. It is interesting to note that the extent of the improvement in the profit showings is greatest at the lower operating levels and tends to diminish as the rate of operations increases.

10. The low level of the break-even points: At present cost and price levels, United States Steel could operate less than one-third of its plant leaving the remainder of its capacity idle, and still not lose money. In other words its break-even point is less than one-third of its capacity. Such a break-even point is well below the levels of 1937–38 and 1947. This decline in the break-even point reflects a substantial improvement in the industry's cost-price relationship.

11. The financing of plant expansion out of retained earnings: Profits have generally been sufficient to enable the major steel companies to finance most of their expansion since World War II out of retained earnings. They have made little use of the vast amount of savings in the hands of the investing public as a source of funds to finance plant expansion and improvement. According to a leading investment firm, cash retained from operations from 1946 to 1958 by United States Steel in the form of depreciation, amortization and retained earnings has amounted to $3.9 billion which has been almost sufficient to finance the $4 billion expended by the corporation since 1946 on property improvement, replacement, and modernization.

D. NATURE AND EXTENT OF STEEL PRICE INCREASES

12. The pace-setting nature of the steel price rise: Instead of being just part of a general inflationary movement, the price advance in steel since World War II has been substantially greater than that of the rest of the economy. This is shown by a comparison of the price increases to 1958 of finished steel with the advances in wholesale prices of the other BLS commodity groups. The price increase was greater in finished steel than in any of the BLS wholesale commodity groups from 1947 to 1958, from 1953 to 1958, and from 1956 to 1958. The increase in the price of finished steel was approximately four times the increase in the all-commodity index from 1947 to 1958 and from 1953 to 1958, and three times that from 1956 to 1958.

13. The cost of the steel price increases: The cost to the direct buyers of steel of the price increases between the second half of 1955 and 1958 has been in excess of $5 billion. Had the amount of steel which actually was shipped during this period been sold at the price prevailing in the second quarter of 1955, the total amount paid by direct buyers would have been $31.6 billion. Instead at the prices which actually did prevail, the amount paid was $36.8 billion, or a difference of $5.2 billion. This is without allowance for the pyramiding which takes place between the direct buyer and the ultimate consumer. The pyramiding occurs as a result of the efforts by sellers in each successive stage of manufacturing and distribution to raise their prices by sufficient amounts not only to cover the higher dollar cost to them but also to preserve their customary percentage margins. The magnitude of the pyramiding is unknown, but it is probably several times the amount of the increase in the cost to the direct buyers of steel.

14. The imperviousness of the steel price rise to decreases in costs or demand: Since World War II the upward movement of steel prices has continued during periods in which unit labor costs have fallen or demand has declined. During 1949–50 and 1954–55 the index of unit labor cost declined but the price of steel continued to rise. Similarly, the price of steel maintained its advance during the recessions of 1953–54 and 1956–58, during each of which the demand for steel was sharply curtailed. It is interesting to note that during these recessions products which have much the same demand as steel but in which the level of economic concentration is considerably lower declined in price.

15. Steel exports and imports: One effect of the steady increase in steel prices has been to curtail steel exports and spur imports. Indeed, the American steel industry appears to be in the process of pricing itself out of the world markets, and inviting expansion of imports. Exports so far this year are at their lowest level while imports are at their highest level in 7 years. This year, import tonnage is running ahead of exports, for the first time in a generation.

Imports of fabricated goods, such as automobiles and machinery, made largely of steel, have also surpassed exports in the last year or two, and are continuing to gain at the expense of exports.

Mr. President, I ask unanimous consent to have printed in the RECORD a statement I prepared June 26, 1959, with the data backing up the statement.

There being no objection, the statement and data were ordered to be printed in the RECORD, as follows:

STEEL FACTS

(Statement by Senator ESTES KEFAUVER, Democrat of Tennessee)

Last week President Eisenhower at his press conference was asked for his reaction to the idea that a fact sheet might be prepared on the important issues involved in the present labor-management dispute in steel. The question, as put by the distinguished reporter, Mr. Raymond P. Brandt of the St. Louis Post-Dispatch, was as follows:

"Mr. President, both the steel management and the steel unions are issuing self-serving statistics which are in great conflict. Is there any way that Government can bring out some impartial figures on profits and wages and productivity so the people can understand the issue and make their own decisions?"

In reply the President indicated his enthusiastic approval, stating that he would have the idea studied. The President said:

"Well, I think you have asked about the most intelligent question on this particular question, particular matter; and I haven't thought about it in this particular way, to put these statistics together, you might say in columns right down the line and seeing what the judgment is. I don't know whether this would be helpful or not, but I'll take your suggestion and I'll have it studied. It's one that I just wouldn't want to shoot too rapidly on for the simple reason that—that they are tough questions, they are people that are bargaining right now and it's not my business to try to influence them. But I do say, this is a matter that affects the public, and I do have a public duty to do what I can, as long as I don't get into the business of the bargaining itself.

"Therefore if I can do anything, why you can bet I will."

I am in complete agreement with the President that the issuance of a "fact sheet" might aid in bringing about a better understanding of the issues involved in the present dispute. It happens that the Subcommittee on Antitrust and Monopoly, of which I am chairman, has gathered together a great number of facts concerning the steel industry as part of its inquiry into administered prices. In the thought that their compilation in a readily available form might be of some assistance in averting the disaster of a nationwide steel strike, I have prepared a "Steel Fact Sheet." The facts contained herein, which are all taken from the public record, concern the issues most directly involved in the current dispute. Each of the facts presented is supported by an exhibit, bearing the same number.

I have for some weeks now resisted making any comment on the current steel situation. I did not wish to say or do anything which could in any way be interpreted as constituting an interference with the institution of free, collective bargaining. It now appears, however, that collective bargaining in the steel industry is breaking down and that a strike impends. According to newspaper accounts, if a steel strike is to take place upon the expiration of the present contract on June 30, the companies will begin banking their furnaces tonight. Time is, therefore, rapidly running out. Under these circumstances, a responsibility devolves on any of us who might have useful information to contribute to speak out.

If there is one conclusion which appears evident to me from these facts, it is that, given good faith on the part of both management and labor, there is ample room for a reasonable upward adjustment in wages without the necessity of a price increase, which would touch off another round of inflation. If moderation prevails, management, labor, and the public will win. If it does not prevail, everyone will lose.

EXHIBITS

1. For the year 1958 hourly earnings of production workers in the steel industry, according to the Bureau of Labor Statistics, average $2.88. The only manufacturing industry for which the BLS reported higher average earnings—flat glass, with average

hourly earnings of $2.92. The BLS includes such fringe benefits as paid vacations, holidays, and sick leave. The American Iron and Steel Institute reports hourly payroll cost for 1958 as $3.18. Neither of these hourly figures includes certain other fringe benefits, namely contributions for pensions, insurance, and supplemental unemployment benefits.

2. Between 1947 and 1958 average hourly earnings in the steel industry, as reported by the BLS, rose 100 percent. The increase in man-hour productivity based on hours paid was 26.6 percent, while based on hours worked it was 32 percent. Using hours paid as the basis of measuring productivity, the increase in unit labor costs between 1947 and 1958 was 58 percent; using hours worked as the basis it was 52 percent.

Steel

[1947=100]

	Wholesale price index	Unit labor cost	Productivity (hours paid)[1]	Average hourly earnings
1947	100.0	100.0	100.0	100.0
1948	113.7	109.3	100.4	109.7
1949	123.1	111.4	102.8	114.6
1950	129.3	104.9	111.9	117.4
1951	139.7	116.1	113.0	131.2
1952	142.8	117.5	117.6	138.2
1953	153.6	126.3	118.8	150.0
1954	160.3	131.8	115.9	152.8
1955	167.8	127.2	129.4	164.6
1956	181.9	134.2	130.4	175.0
1957	199.2	144.4	128.9	186.1
1958	206.2	158.0	126.6	200.0

[1] For index of productivity based on hours worked, see exhibit 4.

Source: Bureau of Labor Statistics; unit labor cost derived from productivity and average hourly earnings.

3. According to the BLS, average hourly earnings in the steel industry thus far in 1959 have been: $3.04 in January, $3.06 in February, $3.08 in March and $3.10 in April.

4. Various estimates of productivity in the steel industry may be found. These vary with the data and concepts used. The principal estimates are as follows:

Mr. R. Conrad Cooper, vice president of United States Steel, said in a prepared statement for the 1957 hearing that output per man-hour (which he carefully does not call productivity) in the corporation showed: "From 1950 through 1956, a progressive increase of 2.9 percent annually." (Hearings, "Administered Prices," pt. 3, p. 1132.)

In the steel report of the subcommittee, Mr. Cooper's estimate was analyzed:

"Since United States Steel itself has taken the position that 1956 is not a representative year for this type of estimate, it is desirable to eliminate that year in calculating the growth in productivity. On the basis of Mr. Cooper's figures (exhibit III of his statement), it appears that output per thousand man-hours rose at an average rate, compounded annually, of 3.5 percent a year, from 1950 through 1955." (S. Rept. 1387, 85th Cong., 2d sess., "Administered Prices: Steel," p. 41.)

Dr. Gardiner C. Means, an independent economist, estimated from BLS data that the productivity increase from 1953 to 1955 in the steel industry was around 4.3 percent a year. These were both years of relatively high production in the industry. (Hearings, "Administered Prices," pt. 9, pp. 4764–4765.)

Mr. Otis Brubaker, research director, United Steelworkers of America, estimated that productivity increase averaged about 3.1 to 3.2 percent a year over the period 1939 to 1955. (Hearings, "Administered Prices," pt. 2, p. 446.)

The Bureau of Labor Statistics, using hours paid (including time for paid vacations, holidays, etc.), has published its series (as corrected May 6, 1959) for index of output per production worker man-hour. The subcommittee staff, using the same production index as the BLS, but using the American Iron and Steel Institute data on hours worked, constructed an index of output per man-hour worked. Both of these are shown below, together with the operating rate for the industry.

Steel productivity indexes

	BLS (hours paid)	Subcommittee (hours worked)	Operating rate
1947	100.0	100.0	93
1948	100.4	100.9	94
1949	102.8	103.0	81
1950	111.9	112.9	97
1951	113.0	110.8	101
1952	117.6	113.9	86
1953	118.8	116.1	95
1954	115.9	115.8	71
1955	129.4	129.4	93
1956	130.4	131.9	90
1957	128.9	132.1	85
1958	126.6	132.0	61

With the same operating rate (93 percent of capacity), productivity in 1955 can be compared directly with that in 1947. A rise of 29.4 percent in 8 years represents a compound annual rate of 3¼ percent in both series. In the BLS figures the apparent decline from 1956 to 1958 shows the effect of the sharp reduction in operating rate, as well as the increase in paid holidays and vacations.

Using the hours-worked index, output per man hour has remained almost constant for the last 3 years, despite the 32 percent drop in operating rate. The rise from 1954 to 1958, when operating rates are more nearly comparable (although still showing a significant decline), represents an annual rate of increase of 3.3 percent.

All the above figures are based on yearly production per man hour for the industry. Cruder, but more current, figures for quarterly shipments per employee can be computed from United States Steel Corp. reports:

Quarter and year	Operating rate	Shipments per employee
1st quarter:		*(tons)*
1954	80.8	19.8
1955	85.5	22.6
1956	98.0	24.9
1957	95.7	24.4
1958	54.1	17.4
1959	82.6	25.0

The average rate of increase from first quarter 1954 to first quarter 1959 (when operating rates were about equal) was 4¾ percent a year. This comparison cannot be made more precise, since U.S. Steel includes all employees in the figures given and does not publish quarterly data on hours per week. It appears from general industry data, however, that U.S. Steel's record of shipments per 1,000 production-worker man-hours would probably show an average annual increase of approximately 4 percent, if the figures were published.

5. Steel productivity index based on hours paid and hours worked:

[1947=100]

	Based on hours paid	Percentage change	Based on hours worked	Percentage change
1957	128.9		132.1	
1958	126.6	−1.8	132.0	−.07

Source: See exhibit 4 above.

6. Between 1947 and 1958 the increase in unit labor costs was 52 percent (on the basis of hours worked) or 58 percent (on the basis of hours paid). For the purpose of comparing the trend of unit labor costs with that of prices, a further upward adjustment conceptually should be made to include certain fringe benefits. Some fringe benefits (paid vacations, holidays and sick leave) are included in the hourly earnings figure of the BLS on which the indexes of unit labor costs are based. But there are certain other benefits (pensions, insurance and supplemental unemployment benefits) part of which are conceptually a cost of labor borne by the employer but which are not statistically quantified by the BLS. If these costs were quantified, however, the resultant increase in unit labor costs would still be well below the 103 percent increase in finished steel prices which has taken place between 1947 and 1958.

7. In July 1957 the base prices for steel were increased by an average of $6 per ton. This was preceded by increases in the so-called extra charges in the first quarter of the year which, according to trade journals, were the equivalent of an increase of $5 a ton in finished steel prices. According to the subcommittee's report, "a reasonable guess as to the magnitude of increased labor costs which have arisen from the July 1957 adjustments in wages and other benefits falls somewhere between $2.50 and $3 per ton of finished steel." (S. Rept. 1387, 85th Cong., 2d sess., p. 41.) Dr. Gardiner C. Means, on the basis of the data presented during the subcommittee's hearings, has placed the cost of the July 1957 wage adjustments at only $1.75 per ton and has held further that the proper comparison is between an $11 increase for base price plus extras against this labor cost increase of $1.75. (Hearings, "Administered Prices," pt. 9, p. 4766.)

8. "The principal materials used in steel works and rolling mill operations are pig iron ($2.1 billion worth in 1954) and scrap ($551 million worth of purchased scrap was used in 1954). The next largest items shown in the 1954 census were ferromanganese, valued at $146 million, and iron ore, $94 million. The cost of other materials used was small in comparison to these items. United States Steel secures its pig iron and ferromanganese from its own blast furnaces and mines its own ore. Thus for both blast furnace and steelmaking operations, the major element of purchased materials appears to be iron and steel scrap.

* * * * *

"The price of scrap to United States Steel and Bethlehem was estimated to be about $34 a ton in September 1957. This figure was determined by applying the percentage decline in open market scrap prices from the 1956 average to September 1957 to the average price paid by United States Steel in 1956. On this basis, the cost of scrap per ton of finished steel in September was $8.69, in comparison to an average cost per ton of $12.56 in 1956. In other words, the estimated reduction in the cost of purchased scrap ($3.87 per ton of finished steel) from 1956 to September 1957 has been more than enough to offset even a generous estimate of the increased labor costs incurred through the July 1 wage adjustments." (Subcommittee on Antitrust and Monopoly, S. Rept. 1387, 85th Cong., 2d sess., "Administered Prices: Steel," pp. 42 and 44.)

It will be noted that the above calculations were based upon the decrease in the price of steel scrap between 1956 and October 1957. The average price of scrap for the year 1958 was at approximately the same relatively low level that prevailed in October 1957.

EXHIBIT 9–A

Steel—Relationship between operating rate and rate of return on net worth after taxes

Year	Steel industry		United States Steel	
	Operating rate	Rate of return	Operating rate	Rate of return
1920	76.7	12.1	86.2	11.5
1921	34.9	2.2	48.3	4.3
1922	61.7	3.8	70.9	4.6
1923	77.3	9.4	89.1	10.9
1924	64.6	6.5	72.2	8.4
1925	75.4	7.6	81.7	8.6
1926	84.1	9.3	89.1	10.1
1927	75.4	6.6	79.8	7.4
1928	84.6	8.4	84.6	9.0
1929	88.7	12.1	90.4	12.6
1930	62.8	5.1	67.2	5.8
1931	38.0	−.3	37.5	.7
1932	19.7	−4.5	17.7	−4.1
1933	33.5	−2.2	29.4	−2.2
1934	37.4	−.7	31.7	−1.3
1935	48.7	1.4	40.7	.1
1936	68.4	4.8	63.4	3.8
1937	72.5	7.2	71.9	7.0
1938	39.6	.3	36.4	−.6
1939	64.5	4.2	61.0	3.1
1940	82.1	8.2	82.5	7.5
1947	93.0	11.4	96.7	10.0
1948	94.1	14.0	93.8	10.5
1949	81.1	11.7	82.5	9.4
1950	96.9	15.0	98.2	11.8
1953	94.9	11.2	98.4	9.9
1954	71.0	9.4	73.2	8.3
1955	93.0	14.7	90.8	14.8
1956	89.8	13.2	85.2	12.8
1957	84.5	12.5	85.2	14.3
1958	61.0	8.5	59.2	9.8

Source: Joint Committee on the Economic Report, "Basic Data Relating to Steel Prices," 81st Cong., 2d sess., 1950; AISI, Annual Statistical Report, 1956; Federal Trade Commission, United States Steel, "Basic Facts" (pamphlet); Moody's Industrials.

EXHIBIT 9–B

United States Steel Corp.—Comparison of relationship between operating rate and (a) net profit per ton (after taxes) and (b) rate of return (after taxes) on net worth by quarters, 1954–56 and 1957–58

Operating rate	Net profit per ton		Rate of return on net worth	
	1954	1957–58	1954–56	1957–58
			Percent	*Percent*
50 to 60 percent	$9.32 (III/56)	$15.41 (I/58)	5.4 (III/56)	8.3 (I/58)
		17.19 (II/58)		9.8 (II/58)
		18.81 (III/58)		10.0 (III/58)
60 to 70 percent	9.88 (III/54)		7.9 (III/54)	
70 to 80 percent	9.14 (II/54)	17.62 (IV/57)	8.7 (II/54)	13.1 (IV/57)
	11.78 (IV/54)	19.31 (IV/58)	10.1 (IV/54)	12.1 (IV/58)
80 to 90 percent	8.07 (I/54)	18.11 (II/57)	8.0 (I/54)	16.8 (II/57)
	12.57 (I/55)	18.55 (III/57)	12.4 (I/55)	14.1 (III/57)
	14.57 (III/55)		15.3 (III/55)	
	15.48 (II/56)		16.2 (II/56)	
90 to 100 percent	14.91 (II/55)	17.44 (I/57)	17.9 (II/55)	16.7 (I/57)
	15.73 (IV/55)		17.4 (IV/55)	
	15.23 (I/56)		16.1 (I/56)	
	15.89 (IV/56)		16.2 (IV/56)	

Operating rate:
1954: I–80.8; II–70.7; III–66.3; IV–75.3.
1955: I–85.5; II–94.4; III–86.8; IV–96.6.
1956: I–98.0; II–89.4; III–55.6; IV–96.9.
1957: I–95.7; II–89.5; III–81.1; IV–74.9.
1958: I–54.1; II–53.0; III–57.1; IV–72.7.

Source: Moody's Industrials; Standard & Poor's Corp. Records; and reply to subcommittee questionnaire by United States Steel.

10. The break-even concept is the comparison of fixed or overhead costs (such as depreciation, interest, salaries, which are independent of operations) and variable costs (such as labor and materials costs which are directly related to volume of production) with receipts from sales. The final results can be expressed either in the amount of sales or in percentage of capacity operated, required to cover total expenses. Beyond this point—the break-even point—additional sales at the same prices bring increasing profits.

Mr. Fred V. Gardner, a professional management consultant, expert in the use of the break-even technique, discussed the break-even points for United States Steel and for several other companies in various industries in his testimony before the Senate Antitrust and Monopoly Subcommittee in 1957 and 1959. Using sales, he showed that the break-even point in 1956 for all U.S. industry was 50 percent; for all primary steel, 45 percent, and for United States Steel Corp., 44 percent. Converting to capacity (instead of sales), all American industry would have shown a break-even of about 45 percent; the primary steel industry about 40 percent, while United States Steel Corp. could have broken even at about 36 percent.

Steel—Relationship between operating rate and rate of return on net worth after taxes—Continued

Year	Steel industry		United States Steel	
	Operating rate	Rate of return	Operating rate	Rate of return
1938	39.6	.3	36.4	−.6
1939	64.5	4.2	61.0	3.1
1940	82.1	8.2	82.5	7.5
1947	93.0	11.4	96.7	10.0
1948	94.1	14.0	93.8	10.5
1949	81.1	11.7	82.5	9.4
1950	96.9	15.0	98.2	11.8
1953	94.9	11.2	98.4	9.9
1954	71.0	9.4	73.2	8.3
1955	93.0	14.7	90.8	14.8
1956	89.8	13.2	85.2	12.8
1957	84.5	12.5	85.2	14.3
1958	61.0	8.5	59.2	9.8

Source: Joint Committee on the Economic Report, "Basic Data Relating to Steel Prices," 81st Cong., 2d sess., 1950; AISI, Annual Statistical Report, 1956; Federal Trade Commission, United States Steel, "Basic Facts" (pamphlet); Moody's Industrials.

A presentation to the Temporary National Economic Committee in 1939 by United States Steel (a study which Mr. Gardner assisted in preparing) showed their break-even point in 1938 at about 50 percent of capacity—8.3 million tons out of 16 to 17 million tons capacity.

In April of this year, Mr. Gardner stated that the 1958 break-even was at 41 percent of sales, while operations were only 59 percent of capacity. For 1959, he placed the point at 30 percent of sales, which would convert to an even lower figure in terms of capacity.

He submitted a table showing break-even data for United States Steel Corp. The tonnage and capacity figures are shown below, together with a conversion of his break-even points to capacity:

	1937–38	1947	1954	1956	1958
Million tons shipped	10.8	20.2	20.2	23.9	16.9
Percent capacity	60.0	97.0	73.0	85.0	59.0
Break-even point in tons (million)	8.3	10.1	10.5	10.0	7.2
Percent break-even to output	76.0	50.0	52.0	42.0	41.0
Percent break-even to capacity	46.0	49.0	38.0	36.0	24.0

Mr. Gardner stated that he has seen, in 20 years of break-even analysis, only a few instances of large companies with break-even points as low as that of the United States Steel Corp., and that in his view such a low break-even point is undesirable for the economy.

It should be noted that a break-even point can be lowered either by reducing costs or by raising prices. It appears that United States Steel has done both in recent years.

11. "Since the beginning of 1946, United States Steel has spent $4 billion on facilities for property improvement, replacement, and modernization—or the equivalent of nearly $75 per share of the 53.8 million common shares. For the period of 1946 to 1958, $3.9 billion of cash throwoff (i.e., cash retained from operations) has come from retained earnings, depreciation, and amortization and this has been almost sufficient to finance this major capital expenditure program." ("Investment Comment on United States Steel," Goldman, Sachs & Co., June 1959.)

EXHIBIT 12

Major commodity groups and finished steel, percent changes in wholesale prices to 1958

Groups	Percent increase to 1958 from—			
	1929	1947	1953	1956
Finished steel	+164.6	+101.0	+34.1	+13.1
All commodities	+92.6	+23.7	+8.3	+4.3
Farm products	+61.9	−5.1	−2.2	+7.4
Processed foods	+89.7	+13.0	+6.1	+9.1
All commodities other than farm and foods	+92.4	+32.2	+10.5	+3.1
Textile products and apparel	-------	−6.5	−3.8	−1.8
Hides, skins, leather, and leather products	+69.6	−.4	+2.1	+1.3
Fuel, power and lighting materials	+60.5	+24.0	+2.9	+1.3
Chemicals and allied products	-------	+8.9	+4.4	+3.0
Rubber and rubber products	+73.7	+46.4	+16.0	−.5
Lumber and wood products	+269.0	+25.6	−2.1	−6.1
Pulp, paper, and allied products	-------	+32.9	+12.8	+3.0
Metals and metal products	+124.7	+64.7	+18.5	+1.3
Machinery and motive products	-------	+61.9	+21.8	+8.7
Furniture and other household durables	+77.8	+28.9	+7.9	+3.4
Nonmetallic minerals, structural	+87.3	+44.8	+15.1	+4.9
Tobacco manufactures and bottled beverages	-------	+31.9	+11.1	+10.7
Miscellaneous products	-------	−6.6	−3.7	+3.5

Sources: Finished steel: Joint Economic Committee, "Productivity, Prices, and Incomes," materials prepared for the Joint Economic Committee by the committee staff, 85th Cong., 1st sess., 1957, p. 222; Iron Age, Jan. 1, 1959. Other groups: Bureau of Labor Statistics.

EXHIBIT 13

Finished steel, cost of steel price increases since second half of 1955

	Shipments	Average price per ton	Value of shipments
	Thousand tons		*Thousands*
1955: 2d half	43,727	$127.24	$5,563,823
1956:			
1st quarter	23,307	128.02	2,983,762
2d quarter	23,627	128.66	3,039,850
3d quarter	13,945	135.63	1,891,360
4th quarter	22,426	137.64	3,086,715
1957:			
1st quarter	22,690	139.23	3,159,129
2d quarter	21,606	140.06	3,026,136
3d quarter	18,279	146.16	2,671,659
4th quarter	17,455	145.91	2,546,859

EXHIBIT 13—Continued

Finished steel, cost of steel price increases since second half of 1955—Continued

	Shipments	Average price per ton	Value of shipments
1958:			
1st quarter	13,929	145.42	2,025,555
2d quarter	14,769	145.42	2,147,708
3d quarter	14,303	147.75	2,113,268
4th quarter	16,924	149.73	2,534,031
Total	266,987		36,789,855
	× [1] $118.45		−31,624,610
Total	$31,624,610		5,165,245

[1] Average price, 2d quarter, 1955.

Source: Shipments: AISI form AIS 16; prices: Steel, Jan. 5, 1959, p. S-17.

An example of pyramiding is provided by an account in the Wall Street Journal of June 23, 1958, describing a statement from a tractor manufacturer:

"Another tractor maker explains how last year's 4-percent increase in the price of steel affected one model in his line. Immediately after the steel hike, prices of stampings from a supplier went up 4 percent too. Forging shops raised prices. Machine shops passed along the increase. Components, such as wheels, hydraulic systems, and axles, arrived with higher price tags. Where costs of that tractor totaled $1,800 on July 1, several months later they were $1,875." (Hearings, "Administered Prices," pt. 10, p. 5047.)

EXHIBIT 14, A, B, C

STEEL

A. Percentage change in price and index of unit labor cost 1949–50 and 1954–55

	Percentage change	
	1949–50	1954–55
Finished steel price	+5.0	+4.7
Index of unit labor cost: Steel	−6.5	−3.5

B. Operating rate and index of price of finished steel, 1953 and 1954, 1956 and 1958

	1953	1954	1956	1958
Price of finished steel (1947–49=100)	136.9	142.8	162.1	183.7
Operating rate	95	71	90	61

C. Percentage changes in prices of selected pairs of products with comparable demand, 1953–54 and 1956–58

	Percentage change	
	1953–54	1956–58
Pig iron, basic	+1.3	+8.7
Steel scrap No. 1, heavy melting	−27.4	−32.6
Steel billets, rerolling, carbon	+8.1	+15.8
Red brass ingot	+3.5	−31.4
Steel bars, hot rolled, carbon	+6.3	+15.0
Yellow brass rod	(1)	−30.4
Steel sheets, hot rolled, carbon	+4.3	+14.3
Copper sheets	(1)	−18.8
Steel pipe, black, carbon	+10.4	+13.6
Copper tubing	(1)	−14.5
Steel shapes, structural	+4.1	+19.9
Douglas-fir timbers, construction	+2.6	−18.1
Steel bars, concrete reinforcing	+9.0	+12.4
Douglas fir, dimension, construction	+.8	−10.4

[1] Not available.

Source: Hearings, pt. 10, pp. 4997–5013.

15. Exports and imports of iron and steel products (excluding scrap) since 1952 are shown below:

[In thousands of tons]

Year	Exports	Imports
1952	4,171	1,614
1953	3,082	2,335
1954	2,869	1,167
1955	4,228	1,352
1956	4,640	1,795
1957	6,336	1,499
1958	3,026	1,998
1959 (4 months)	783	1,194

Source: U.S. Department of Commerce, Office of Business Economics.

Exports of steel thus far in 1959 are running at an annual rate of 2,349,000 tons, while imports are running at a rate of 3,482,000 tons—the lowest and highest figures, respectively, for the 8-year period shown. In no other year since 1932 have imports of steel exceeded exports.

Automobiles, a major export item for over 50 years, became a net import item in 1957, when for the first time since before 1920 the number and value of imports exceeded the number and value of exports. This adverse trend is still continuing.

Passenger cars, exports and imports

	Exports		Imports	
	Number (thousands)	Value (millions)	Number (thousands)	Value (millions)
1948	218	$281	28	$30
1955	212	381	57	69
1956	175	333	108	127
1957	141	299	259	301
1958	122	259	434	487
1959 (3 months)	31	70	153	175

Source: U.S. Department of Commerce, Bureau of the Census.

Mr. HART. Mr. President, as the very junior member of the Antitrust and Monopoly Subcommittee, which is under the chairmanship of the able Senator from Tennessee, I welcome this opportunity to express my appreciation for the opportunity accorded me on the committee to watch the developments in the steel negotiations and the singular characteristics which seem to attach to the pricing of steel. I think the hearings of the committee will permit a much broader understanding by the people of America of the problems involved.

No person of whom I am aware has more effectively related this story than Bernard D. Nossiter, whose stories we read quite frequently in the Washington Post and Times Herald.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article from the current issue of Harper's magazine, written by Bernard D. Nossiter, which relates not alone to the basic problem to which the Senator from Tennessee addressed himself, but also to the subcommittee of which the Senator from Tennessee is chairman.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE HIDDEN AFFAIR BETWEEN BIG BUSINESS AND BIG LABOR

(By Bernard D. Nossiter)

A big part of American industry is now quietly reshaping itself into an entirely new kind of economic structure. This pattern is quite different from anything that Adam Smith—or Karl Marx—ever dreamed of. It is also a flat contradiction of both the classical idea of competitive free enterprise, and the Communist theory of class war.

In crude terms, it might be described as a sort of corporate syndicalism, linking big business and big unions into an unacknowledged partnership. The pattern varies greatly, of course, from one industry to another. Even where it is most advanced, the liaison between the supposedly rival institutions is far from solid. It is more often a furtive and uneasy alliance between the top bureaucrats of the unions and the corporations—an arrangement that neither party can publicly admit and that most of the participants insist is just gossip.

But thanks to the longest-continued hearings in Congress—the highly publicized McClellan investigation and the little-noticed Kefauver inquiry—a great body of evidence has been assembled. It points to two unmistakable conclusions:

(1) The tacit collaboration between management and union officers has been thriving all through the period of postwar prosperity, and is still spreading.

(2) It seems to be closely connected with rising prices, persistent unemployment, and slow economic growth.

Like any couple, the corporate and union partners have their spats. Moreover, the need to conceal their illicit if pleasurable goings-on requires them periodically to denounce each other. And, as in the most harmonious affairs, there is a master and his mate. The company executives get the most money, as shown by a glance at the relative incomes and capital gains of such pairs as Roger Blough, chairman of United States Steel, and David McDonald, president of the United Steelworkers; or Jack L. Smead, president of Consolidated Freightways, and James R. Hoffa, president of the Teamsters Union.

In some of the biggest industries, romance has not yet blossomed. Frederic Donner, chairman of General Motors, for example, won't be dancing around maypoles with Walter Reuther, president of the United Auto Workers, for a long time to come. But if this prospect seems fantastic, remember that John L. Lewis—once the villain of industry in general and coal in particular—has become the hero of every major coal producer, as well as of those miners who are still digging coal.

The current goings-on in the steel industry would seem to belie this analysis. The union and the companies have been verbally belting each other with apparent enthusiasm as their wage contract runs to an end on June 30. But appearances can be deceiving. Economists recall that the industry forced a strike in 1946 to pry loose a price increase from OPA. Many suspect that the periodic outbursts of industrial warfare are a cover under which the companies only appear to resist wage increases. Then, after a comparatively brief strike to work down the inventories steel customers have built up in fear of a stoppage, the companies reluctantly settle for a substantial increase in wages and fringe benefits. Finally, as John Kenneth Galbraith, of Harvard, has pointed out, the companies use this settlement as an excuse to boost prices enough to cover the wage increase several times.

This technique has become so well publicized in Washington this year, however, that a new script may have been written for the 1959 bargaining.

THE JOYS OF STABILITY

This new pattern is often described by its beneficiaries in one magic word "stability." To the big corporation's managers, stability

means ever-rising prices and profits, freedom from new competitive threats, and profitable stock options in an ever-rising stock market. To the big union's officers, stability means an ever-rising level of wages and fringe benefits for the members—with suitable rewards for the leader whose wisdom has brought this about. Neither union members nor corporate stockholders complain much. The workers who are employed enjoy ever bigger paychecks that outstrip any rise in prices. The stockholders usually can expect their dividends and the prices of their shares to march upward even faster than the wage gains.

Unhappily, not everyone can rejoice in the pleasures of this brave new world. About 10 million Americans own stock; about 165 million don't. Employed union members in the high-wage basic industries are also a relatively small, favored group. Trailing behind are pensioners, farmers, the unemployed, white-collar workers, public employees, and many others. Several economists believe that the recent "paradox"—an economic recession side by side with a rising price level—was caused by the industry-union arrangements and the distortions they created. These theorists also think that the current state of affairs—a comparatively slow recovery (by most measurements, the advance has been slower than that in any of the three postwar slumps), relatively high unemployment (between 5 and 6 percent of the work force compared to a normal 3 to 4 percent), and slow overall economic growth—can be traced to big industry and big unions taking a disproportionate share of the pie.

Meanwhile, many Americans are becoming disturbed because our economy has hardly gained an inch since 1955 in terms of real per-capita income. At the same time a number of other countries, ranging from Puerto Rico to China, are showing rapid rates of economic growth.

These curious and disconcerting facts have touched off a major economic debate in Washington. Indeed, they have generated on Capitol Hill some of the freshest thinking about the problems of power and economics since the days of the New Deal. The recent stability in consumer prices has not put an end to this intellectual ferment, because the stability is almost entirely due to a fall in farm prices; costs of manufactured goods have in general continued to creep upward.

The Capital has been treated to some rare spectacles as a result. Raymond J. Saulnier, the conservative Chairman of President Eisenhower's Council of Economic Advisers, prepared an economic report in December that singled out union wage increases as the source of most economic woe. By February, Saulnier was publicly denouncing price increases in autos and heavy industry for holding back production and employment in the President's first term. (To be sure, Saulnier was discreet. His public denunciation came in a letter printed as an appendix to a hearing of the Joint Economic Committee.) And by late April, the flexible Saulnier was once again blaming price rises on wage increases. Unhappily, his analysis was based on some productivity figures hurriedly assembled by the Bureau of Labor Statistics. A few days after Saulnier's new approach, the BLS conceded that its productivity figures were in error, that they had understated the change in recent output per man-hour in the crucial steel industry.

Even more remarkable, Woodlief Thomas, the distinguished economic adviser to the Federal Reserve Board (an agency not notorious for unconventionality) wrote a lengthy communication to the Washington Post. In this letter, Thomas analyzed the consequences of administered prices and wages—those which are set by powerful economic units and held constant or raised despite a fall in demand. He concluded that they push up the general price level or prevent it from sinking when demand drops. The worst feature of administered prices and wages, Thomas said, "is not so much that they create inflation but that they tend to retard growth and to increase unemployment."

Monetary restraint, the Reserve Board's stock in trade, and balanced budgets or other fiscal magic by the Treasury, Thomas said, simply can't cope with this phenomenon. As Galbraith noted 2 years ago, the large corporations are virtually exempt from tight money as well as from many of the consequences of the law of supply and demand. The curbing of credit, he observed, will force banks to ration loans to small firms trying to expand. But the large industrial corporations finance most of their new plants and new machinery from their own profits. So they can applaud the Puritan virtues of tight money and enjoy a free-spending life, too.

Washington could not decide what was more astonishing—the fact that the Federal Reserve Board's top economist should feel it necessary to take his case to the public prints or that he should soberly conclude his own powerful agency could not cope with the new inflation.

If this was not enough, the steel masters supplied the final touch. In midwinter and early spring, McDonald, the union president, was denouncing Senator KEFAUVER with as much vigor as Blough of United States Steel. KEFAUVER's crime, of course, was to suggest that the public had a vital interest in steel wage demands as well as steel price increases.

HOW THE PARTNERSHIP WORKS

The steel case is not an isolated example—although union captains perform different services for their corporate colonels, depending on the degree of concentration in the industry. However, they all work with each other, regardless of whether the industry is concentrated or competitive. The trucking industry has rushed to defend both Beck and Hoffa. In coal, the incorruptible Lewis will be memorialized by both miners and operators. New York's garment manufacturers have learned to love David Dubinsky, president of the Ladies Garment Workers Union; on the Pacific coast, Harry Bridges has no bigger booster than the Pacific Maritime Association unless it is his ILWU stevedores; Alex Rose, president of the Hat, Cap, and Millinery Workers is applauded by some hat makers for his stabilizing efforts.

Some observers see in this harmony a new age of enlightenment. The reality is a little less appealing. These union leaders, in varying degrees, perform important services for their industry's employers. They discipline dissidents and prevent wildcat strikes. In expanding industries, they fight for wage gains which enable the industry to obtain a more than offsetting increase in prices. In competitive industries like trucking and ladies garments, they make it harder for new firms to start up and compete with established companies. In big industries, the rising wage-price structure makes the capital requirements for potential new firms almost prohibitive. In many industries, union leaders argue vigorously for technological change, persuading the membership to accept the machines that will put their less fortunate colleagues out of work. In several industries, notably coal, the union is as vigorous a supporter of protection against foreign competition as the American Tariff League.

This is not to suggest that an illegal wage-price-fixing conspiracy is necessarily afoot throughout the economy. Steel masters, lunching at the Duquesne Club, have long ago learned that there are lawful ways to insulate a market from the inroads of new competitors. The Justice Department has looked askance at some of the Dubinsky union practices and indicted a vice president along with a racketeer and some biggish employers—but even if these antitrust charges can be proven, they probably will only serve as a guide to keep future corporate-union arrangements out of legal trouble.

If this sketch of the economy's inner dynamics appears paradoxical, it is nevertheless a logical paradox. Many social scientists are convinced that collaboration between management and labor leaders—either conscious or unconscious—is the normal consequence of a free market system. Industries with many firms grope for ways to simplify their structure—and the union helps in the search. In industries with only a few firms, the union's basic role is to ventilate grievances and discipline the work force.

Multifirm industries like trucking, clothing, and longshoring are simply looking for an escape from the rigors of competition. With some justification, large employers in these fields long for the security of oil, steel, and auto producers. In these basic industries, the market structure is oligopolistic—an evil-sounding piece of economics jargon which simply means that a few producers dominate the market and have broad powers to fix both prices and output. (In pure competition, there are so many producers that no one can dominate a market. Moreover, each producer turns out as much of his product as he can; he is too small to raise his prices and profits by withholding some of his supply. All this is true in farming, the most competitive of industries—so the Government has stepped in to limit output and to put a floor under prices, at enormous cost to taxpayers and food buyers.)

In oligopoly, no such Government help is needed. If United States Steel raises a price, its juniors will soon follow. And if at that price demand is not big enough to take all the steel the mills can produce, then output and employment are reduced. Economists long ago figured out how in theory monopolies and oligopolies can make more profits by raising their prices and limiting demand instead of lowering prices to increase demand. Steel, autos, and oil have been demonstrating for years that the theorists were correct.

WHY EXECUTIVES LIKE HIGHER PRICES

But why should the corporate managers be so willing to see prices rise?

A Washington investment adviser, Eugene Havas, recently supplied an answer. Share prices largely reflect earnings and dividends. As earnings go up, stock prices go up. And thanks to stock options, Havas had noted, the corporate managers can get handsome rewards from rising stock prices. They can and often do vote themselves options on large blocks of their company's stock.

For example, United States Steel last year gave 120 of its executives options on 151,100 shares at $55. This spring, the stock had risen $40 a share above this. Any time a top steel executive needed cash, he picked up his telephone, told the company treasurer to issue him a few thousand of his optioned shares, and told his broker to sell them at the market price. Thus our executive cleared $40 a share with two telephone calls—and without investing a cent of his own money. And if he can wait 6 months and 1 day before calling his broker, he will be taxed no more than 25 percent on his profit because it is a long-term capital gain.

Since the stock profit depends on investors' estimates of the corporation's future profits, the managers with options have a vested interest in raising prices to increase their company's earnings.

An instructive case was cited by John Blair, the economist for Kefauver's antitrust subcommittee. He calculates that the net profits per ton for United States Steel rose from $7.47 in the first quarter of 1953 to $19.31 in the fourth quarter of 1958. At the same time, United States Steel was producing at 102.1 percent of capacity in the first 1953 quarter and at only 72.7 percent in the last 1958 quarter.

This remarkable result has earned United States Steel a new status in stock market letters ("No longer a cyclical stock," the tipsters write, "but a steady growth equity like A.T. & T., with the capital appreciation potential of a pioneering chemical company.") This is in part a tribute to steel's great technological strides which have displaced thousands of workers by more efficient machines. It is also a tribute to steel's price leadership. From 1947 to 1958, the wholesale price of finished steel products soared 101 percent; in the same period, all wholesale manufacturing prices advanced only 32 percent.

The great oil and auto producers, also marvels of technological efficiency, have enjoyed results nearly as spectacular.

But in steel, autos, and other industries trying to imitate their success, the unions have economists with sharp pencils, too—so labor had to get a slice of the pie. In some cases, it appears that the pie was consciously and amicably divided by rationalists like Hoffa. In other cases, notably autos, the heritage of opposition and the personality of the dominant corporation and union leaders has prevented anything but an unconscious parallelism of interest. In either case, the result was the same: wages in these industries went up, prices generally went up even more; and both corporate and union managers could blame the other for the result.

A FEW QUALMS

Against this backdrop, thoughful actors in the contemporary economic drama began expressing their concern openly last fall. One such was Arthur Goldberg, the wise general counsel for the Steelworkers.

Goldberg has a deserved reputation for attempting to harmonize his client's interests with the public welfare. He is counsel to AFL–CIO's ethical practices committee and probably did more than any single man to bring about the merger of the two federations in 1955.

Last November, he suggested periodic discussions between corporate and union leaders, with Government officials sitting in on the talks. The talks, he said, should deal with inflation, automation, and all the other things that the managers could usefully discuss. But even this modest proposal fell on deaf ears. Some sophisticated managements have shown a speck of interest; a few powerful financiers are enthusiastic; no union manager has yet been willing to endorse it.

But Goldberg appears to be giving his union clients some good advice. It really runs like this:

"Boys, you'd better show some voluntary moderation while you can. If you don't, something like enforced wage-and-price control is on the horizon."

Goldberg, as usual, was a good prophet. In the late winter, KEFAUVER warned McDonald, Blough & Co. that the forthcoming negotiation was their last chance to arrive at a bargain that would not be made the excuse for a price increase. KEFAUVER said Congress would not stand for another performance of the shopworn drama—big wage demand, a strike, a wage increase, and a price boost. The Washington Post said editorially that KEFAUVER had read not only the temper of Congress but of the Nation. Several days later, President Eisenhower virtually repeated KEFAUVER's theme. However, the steel industry chided the administration for interfering and the administration has since adopted a much less interventionist stance.

Taking the congressional temperature is a difficult task. But reporters on Capitol Hill are sensing a new mood that spills across party lines. Democrats with such diverse constituencies as Senators CLARK of Pennsylvania; O'MAHONEY, of Wyoming; NEUBERGER, of Oregon; GORE and KEFAUVER, of Tennessee; PROXMIRE, of Wisconsin; and DOUGLAS, of Illinois, are troubled about administered prices and wages. In the House, Democratic Representatives as far apart geographically as BOWLES in Connecticut, REUSS in Wisconsin, UDALL in Arizona, JOHNSON in Colorado, and COHELAN in California are similarly troubled.

Several farm-belt Republicans, notably WILEY, of Wisconsin, have also grumbled about the price-wage spirals of big business and big labor. He and two fellow Republicans, LANGER, of North Dakota, and KEATING, of New York, have put in their names as cosponsors of KEFAUVER's bill to establish a Department of Consumers.

Some of these legislators may be longer on intelligence than influence. However, if they are reinforced by the collective wisdom of the Federal Reserve Board—a group with a different political orientation but certainly just as dedicated to the public welfare—the economic game could well find itself with some new rules.

In brief, circumstances have dictated what one reporter has called a quiet revolution in economic thought among Washington's most thoughtful officials. This revolution has three leading ideas:

(1) Oligopoly, not competition, has become the dominant mode of American economic life. In their search for profits, oligopolists tend to restrain production and employment and raise prices.

(2) The traditional antagonism between unions and management in oligopolistic or concentrated industries is disappearing. Conscious and unconscious collusion takes its place, lifting wages for some and prices (including stock prices) for others.

(3) The public interest in economic affairs has long ago been established in theory and practice. Business enjoys outright subsidies, plus hidden subsidies like tariffs and tax gimmicks, and makes large sales to government. Unions are also supported by government through complex codes guaranteeing organizing and bargaining rights. Therefore, it is no real departure to insist on a public interest in the key wage and price decisions.

PROPHET OF THE REVOLUTION

Even quiet revolutions have a book, and the text for this one is now being written. Its author is a little-remembered economist from New Deal days, Gardiner C. Means. Unhappy at group-think, he recently resigned from a shrewd business-backed organization, the Committee for Economic Development, to write his book alone in Vienna, Va.

It was Means who invented the concept of administered prices back in 1935. The theory underlay some of the work of O'MAHONEY's Temporary National Economic Commission—the last body to make a really thorough investigation of how the American economy works.

But then three economists attacked the administered price notion in scholarly journals in 1941 and 1942 asserting that prices are really set in the market, and with the coming of the war the debate halted; the Nation set about defeating Fascists, making money and, later, crusading against communism.

Immediately after the war, advanced economic thought turned to the mathematical arabesques of the econometricians (at Harvard's graduate school in 1947–48 a student had no future as an economist without integral calculus). Thinkers who suggested that chromium-loaded cars were not the answer to communism were liable to be haled before hostile investigating committees; unionists who detected a softening in their leaders were barred from jobs.

But in 1955 and 1956, the iconoclastic John Blair, one-time assistant chief economist of the Economic Division of the Federal Trade Commission, rebutted the three economists who had attacked Means. Then Blair became KEFAUVER's chief economist; and in the summer of 1957, a lengthy inquiry relying on case studies of administered pricing was started by KEFAUVER's subcommittee. It went on almost unnoticed except by the business press.

Meanwhile, Galbraith—the witty Harvard professor who annoys his colleagues by writing so well—was producing his influential book "The Affluent Society." Among other things, it raised many questions about the conventional economic wisdom. Galbraith's point was underscored by the postwar's sharpest recession, the 1957–58 slump in which prices actually kept on rising.

There was more heresy at the annual tong meeting of economists at Chicago in December. Profs. John Lewis, of Indiana, and Ben Lewis, of Oberlin, along with Blair, made new contributions to the administered price idea. In January Means took time out from his book to present some simple charts to KEFAUVER's committee. They argued that the recent inflation was a new kind, caused by concentrated industries (those dominated by a few firms) raising their prices in the face of falling demand. In contrast, Means showed that the competitive industries, with many producers, were behaving according to Adam Smith's precepts, lowering prices as demand dropped.

DO WE WANT TO BREAK UP BIG BUSINESS?

The curious recovery lent strength to the analysis by Thomas of the Federal Reserve that administered prices and wages distort the economy—enriching one group at the expense of others, breeding unemployment and potential inflation with which the Fed could not readily cope.

What, then, can be done about it? The Capital's better minds have been busy wrestling with this one for months. A respectable but small minority favors the traditional antitrust approach. If concentrations of economic power exist on either the industry or the union side, then break them up and restore free, competitive markets.

This is a Jeffersonian approach that is not only concerned with proper pricing, production, and employment but has a deep commitment to the spiritual values of the independent man. It is attractive and sanctified by tradition. Everybody, including the biggest violators, pays allegiance to the antitrust laws and the glories of competition.

But most of the economists and many lawyers are skeptical of its practical value. They make two objections to the antitrust approach:

(1) Existing laws—the Sherman and Clayton Acts—outlaw collusive arrangements between producers or between employers and unions. But in the sophisticated modern world, you can enjoy all the blessings of a price-fixing conspiracy without violating the law. That's what trade associations, conventions, friendly lunches, and the trade press are for.

(2) New laws to make administered price arrangements illegal probably would lead into a blind alley.

H. Thomas Austern, partner in Covington & Burling, a Washington firm on a par with Wall Street's corporation law factories, has some pertinent observations about any such new law which would necessarily rely on a doctrine of "assumed conspiracy."

"The resulting violation is not readily susceptible to judicial remedy," Austern says. "I cannot see how a court could by injunction tell a price leader never to change its prices up or down, or enjoin other producers from following in order to remain competitive.

"Unless our courts are to fall into the trap of regulating prices by continuous judicial supervision of an industry, I cannot fathom what form of injunction they might fashion."

However, the trust busters reply, under an "assumed conspiracy" doctrine, couldn't the court order divestiture—breaking up one big corporation into many little ones? The Justice Department's Antitrust Division is exploring this possibility, even without new law and relying on the old acts.

Conservatives like Austern argue that "even if fragmentation of companies were desirable or feasible, there are many who doubt whether modern mass production could survive under it."

Many more economists, on the other hand, are convinced that mass production would be carried on much more efficiently by more and smaller units. They doubt that total output is increased when one corporation like General Motors dominates everything from autos to buses to diesel locomotives to auto financing. They believe output would be increased if United States Steel were not either first or second in producing most major steel products.

Even so, few economists would rely on trustbusting to achieve the major economic goals. They think that dissolution to restore competition will not work and that antitrust laws cannot really bust trusts.

As Galbraith told the Kefauver subcommittee, "To suppose that the antitrust laws will work the kind of revolution which will reconcile full employment with price stability is out of the question. This would mean a wholesale revision in industrial structure—a wholesale distintegration of existing business units."

This does not mean that anyone wants to repeal the Sherman and Clayton Acts. The biggest violators defend them largely because they serve as an excuse to do nothing more. Less interested observers would retain the laws because, as Galbraith said, "They bring the conscience of the community to bear on the problem of economic power. * * * And thus they restrain the strong firm in its relation with weaker customers, suppliers, and competitors."

GOVERNMENT PRICE FIXING?

What then? Thinking in academic and political circles is now being drawn to some form of public intervention in the key price and wage decisions. However, there is almost universal opposition to direct controls over wages and prices. Instead a kind of middle ground between free markets and controls is being sought. This would be a remote but noncoercive relative of the processes which now decide public-utility prices.

Galbraith, one of the first to suggest this, lays down three principles for such intervention. It should, he says, be:

(1) Limited: It should apply only to firms and unions in concentrated industries which have a decisive share of the market power.

(2) Simple: Perhaps a Government panel should require these corporations and unions to justify in advance each proposed price and wage increase. The panel would then make specific recommendations in the light of agreed-on national goals.

Just what criteria would be used to determine a justified increase is a puzzler. Business critics of the idea have said that inability to spell out these criteria will make the scheme unworkable. Since the corporation will likely argue that it needs the increase to restore a past level of profits or to fatten its present inadequate earnings, the just price implies a just profit rate. And any such notion frightens the corporate managers.

On the other side, the unions contend that the proposal could lead to great industrial unrest. Smart corporation lawyers, it is said, would tie any price change to periods when wage contracts expire. Then, the union could be foreclosed from getting any increase until lengthy arguments had been settled, perhaps in court. Meanwhile, workers would grumble at being asked to continue work under their expired contract until the lawyers all had their day.

(3) Conciliatory factfinding: At least at first we might rely on panel findings to mobilize public opinion to serve as a restraint on union and corporate managers. If this did not work, then sanctions or penalties would be in order.

Some of the obvious respondents before such a panel would be Donner's General Motors (51 percent of 1958 auto output) and Walter Reuther's United Auto Workers; Blough's United States Steel (29 percent of ingot capacity), and McDonald's Steelworkers; Ralph Cordiner's General Electric Co. (owned 16 percent of the electrical machinery industry's assets in 1947, the last year in which data was compiled) and James Carey's International Union of Electrical Workers. Trailing along with the price leaders would likely be Ford, Chrysler, Bethlehem Steel, Republic Steel, Westinghouse, Western Electric (an American Telephone & Telegraph subsidiary), and Radio Corp. of America. With their leaders, they dominate autos, steel, and electrical machinery—the industries that Means has shown accounted for the lion's share of the wholesale price rises since 1953.

So far, big industry and big labor have recoiled in horror from this idea. There are some notable exceptions. Reuther, for example, is a vigorous, longtime supporter. A few executives in one of the smartest steel companies think Government intervention is inevitable. Incidentally, this corporation is one of the 10 biggest producers.

On Capitol Hill, O'MAHONEY, CLARK, and REUSS have sponsored bills along Galbraith's line. NEUBERGER has introduced one authorizing temporary price, wage, and rent ceilings. KEFAUVER has written one to insure that the general public has an advocate—via a Consumers Department—before any panel.

The idea is in its infancy—or, strictly speaking, second childhood, because the voluntary, wartime price fixing before OPA resembles it. There hasn't been enough discussion yet for realistic notions to emerge about its strengths, weaknesses, and the technical details of how it would work.

ECONOMIC PLANNING: PRIVATE OR PUBLIC

One obvious argument is that the method interferes with free markets. But Galbraith replies that the panels "bring the public interest to bear on what is now private price fixing. It is obvious that if private discretion did not exist, the problem would not arise."

Another argument holds that prices would never be reduced if an industry always had to justify an increase.

To this proponents answer that concentrated industries almost never cut prices anyway. Moreover, KEFAUVER'S Consumer Department might petition for a price decrease and set the panels in motion whenever it decided that output, employment, and price stability would benefit thereby.

Finally, the critics point to the long history of Federal regulation. They note that in time, the "independent" commissions become willing vassals of the industry they are regulating. The Federal Communications Commission, for example, is suspected of having been far too friendly to the radio and television networks; one of its former commissioners has been accused of selling his vote to a TV license applicant. Similarly, the airlines and the Civil Aeronautics Board are thought to have had unprofessional relations. In New York, Governor Rockefeller thinks his racing "czar" has enjoyed too many favors from track owners. The sensation-minded Harris Committee on Legislative Oversight (Sherman Adams and Bernard Goldfine were its two major diversions) scratched a little of this surface. Another subcommittee on the Senate side, under JOHN CARROLL of Colorado, may complete the abortive Harris inquiry. And HARRIS himself is readying another investigation.

However, the march toward rationalization—an industrial structure with fewer corporations and considerable private planning—appears unlikely to be halted. All over the globe, men are planning their material arrangements to overcome the obsolete problem of material want. In India, Puerto Rico, the United Kingdom, in Europe's coal-steel community and the Common Market, in all the Communist nations, men have turned from reliance on impersonal market forces to some conscious and public planning of investment, prices, and wages.

More of this already goes on in the United States than is generally understood. Tax laws play a potent part in investment decisions. The planning of a General Motors, United States Steel, or a Standard Oil (New Jersey) plays a decisive part in the Nation's economy. The question now posed is whether these private corporations will be allowed to continue making decisions of vast public consequence without some kind of informed public surveillance.

Mr. KEFAUVER. Mr. President, I express my appreciation to the Senator from Michigan [Mr. HART] for his remarks and for his work on the subcommittee in connection with the steel hearings in our effort to make some contribution toward getting facts which may make it possible for a settlement to be reached.

TRIBUTE TO DAVID C. EPPS

Mr. NEUBERGER. Mr. President, I desire to join in the tribute voiced by the senior Senator from Oregon to David C. Epps, the State chairman of the Democratic Party in our State, who died very tragically at an early age last night in Salem, Oreg. Mr. Epps and I had been personal friends ever since we were students together at the University of Oregon. I particularly appreciate the singular contribution which he made to the welfare of our State while he was a member of Oregon State Legislative Interim Committee on Indian Affairs, during the past 2 years. In that capacity Mr. Epps came to Washington with his opposite number in the Republican Party, State Senator Leander Quiring. Both Mr. Epps and State Senator Quiring testified extremely effectively before the Subcommittee on Indian Affairs of the U.S. Senate, of which I am privileged to be the

chairman. In that capacity both Mr. Epps and State Senator Quiring helped materially in the solution of the Klamath Indian Reservation problem, thus contributing to the conservation of some 4 billion feet of pine timber—located in the greatest ponderosa pine forest left in the new world—which would have been decimated and liquidated.

In addition to such achievements in public affairs, Mr. Epps was one of the most outstanding basketball and baseball players ever developed at the University of Oregon.

Both my wife and I join with others in expressing profound sympathy at the great loss his family and his State have suffered.

THE WASHINGTON SCENE

Mr. PROXMIRE. Mr. President, this morning Mr. George Dixon in his syndicated column entitled "Washington Scene" employs his engaging light, humorous touch in a discussion of an amendment I presented on Wednesday, June 24, designed to reduce the size of President Eisenhower's lobbying staff.

In the course of his amusing consideration of this matter, Mr. Dixon says that I am—and I quote Mr. Dixon—his "personal nomination for the No. 1 jackass of the Senate." Now, Mr. President, this was an appropriate, and I believe a happy, animalistic analogy selected by Mr. Dixon. I choose to think the best of Mr. Dixon and to interpret his selection favorably. Webster's Dictionary indicates that the jackass is a male ass; that is, a patient and sure-footed animal. These are splendid qualities, and I appreciate that a man of Mr. Dixon's prescience can find them in me. It is true that the dictionary goes on to say that the jackass has become the type of obstinacy and stupidity; and that when applied to persons it means dull, stupid. Now of course that is not so good; but I feel sure that Mr. Dixon, since he was talking in a political context, was referring to the political implications of the jackass.

Throughout the length and breadth of America the jackass is known as the very symbol of the Democratic Party, with all the virtues and all the vices the Democratic Party embodies—patient, sure-footed, and often stubborn; not seldom stupid, but never dull.

Mr. President, I will not labor this point excessively. But the jackass has even more exact political forebears.

On November 7, 1929, Senator Moses, of New Hampshire, who had been a distinguished president pro tem of the Senate since 1925, addressed the New England Manufacturers' Association. Senator Moses was the recognized leader of the eastern conservatives within the Republican Party in the embattled struggle of the twenties with the western progressives. The western progressives included at that time some of the great names of Senate history—Borah, Hiram Johnson, George Norris, Bob La Follette, Jr., Brookhart, Nye, Shipstead, Wheeler. Moses attacked these western progressives in his New England speech that still rings through the history of this body—as "sons of the wild jackass." Moses was referring to Jeremiah, chapter XIV, verse 6, of the Bible, where it says, "And the wild asses did stand in the high places. They sniffed up the wind like dragons."

Mr. President, in a colloquy that took place on the Senate floor November 8, 1929, the day after Moses' famous speech, Senators Walsh and Wheeler made it clear that they didn't regard the reference at the time as complimentary. But somehow the sons of the wild jackass—did stick—and as the years passed the connotation became not "irresponsible" or "recklessly unsound"; but on the contrary, dedicated to the public interest and militant opposition to predatory wealth. Although he died four years before Moses' speech to the New England Manufacturers' Association, no man more consistently or militantly typified western progressivism—the sons of the wild jackass—than Old Bob La Follette. Today his picture shines forth in the waiting room of the Senate—as one of the five greatest Senators in the history of this body.

No men in the history of the Congress fought harder or better for the farmer, the wage earner, the independent businessman, than did these western progressives—the sons of the wild jackass. In every battle against a vested wealth that was in the early years of this century arrogant and predatory, the sons of the wild jackass led the way. They were always fighting and working and voting for the average man who has no pull in Washington—and against the corruption of vested interests.

In this context, I am proud and grateful to Mr. Dixon for calling the junior Senator from Wisconsin the No. 1 jackass of the U.S. Senate. This is a distinction I cannot begin to merit. But I am grateful to Mr. Dixon for so flatteringly thinking I do.

Mr. President, Mr. Dixon being a man of excellent humor and a responsible newspaperman, too, will, I am sure, be grateful for my calling to his attention a factual error in his column this morning which makes much of what he says meaningless. Mr. Dixon described my amendment to the general Government appropriations bill. The amendment would have reduced the size of the President's lobbying staff. On this amendment, says Dixon, PROXMIRE was snowed under 75 to 5 with 18 Senators not voting. Dixon then proceeds to pay his disrespects to the Senators who, according to Dixon, supported the Proxmire amendment.

If Mr. Dixon will refer to page 11767 of the CONGRESSIONAL RECORD, of Wednesday, June 24, he will find that this amendment was defeated on a division. There was no record of yeas and nays. There was no rollcall. Most of the Senators were not even on the floor when the vote was taken. Accordingly, Dixon was, of course, totally wrong in his analysis of who voted how. Everything Mr. Dixon says in derogation of those who supported the amendment as well as his conclusion on the outcome is based on falsity: A rollcall that never took place.

Mr. President, none of this should be construed as critical of Mr. Dixon as a columnist. He is highly successful, very widely read throughout our country. He has a delightful light touch that makes the often grim and dull business of Government human, entertaining, and frequently funny. Even today I honestly feel he makes life in this country a little happier and more livable. And I particularly thank Mr. Dixon for the moniker—Jackass. I shall cherish it proudly.

Mr. President, I ask unanimous consent that the column by Mr. George Dixon be printed in the RECORD at this point. I have edited this column to delete at least one reference that might be interpreted as a violation of the Senate rules. Since I have made it clear that I think Dixon's description of this Senator as a jackass constitutes a compliment I presume the remainder of the column will qualify—within the rules of the Senate.

There being no objection, the column was ordered printed in the RECORD, as follows:

WASHINGTON SCENE

(By George Dixon)

PROXMIRE HELPS SAVE JOBS OF MEN HE WANTED FIRED

President Eisenhower's lobbyists didn't put enough pressure on the Senate to save the job of Adm. Lewis S. Strauss, but they were guilty of no such laxity in saving their own. After all, a man has more incentive to give his best when his own meal ticket is at stake.

The dust kicked up by the Senate's 49-to-46-vote rejection of Strauss as Secretary of Commerce had barely settled when Democratic Senator WILLIAM PROXMIRE, of Wisconsin, offered a motion to abolish the jobs of Ike's five lobbyists, or congressional liaison aides, as the White House prefers to dub them.

PROXMIRE, who is my personal nomination for No. 1 jackass of the Senate, * * * proposed a budget-cutting amendment that would have eliminated the salaries of presidential lobbyists Homer Gruenther, Earl D. Chesney, ex-Representative Jack Z. Anderson, Edward A. McCabe and Clyde A. Wheeler.

PROXMIRE was snowed under by a vote of 75 to 5, with 18 Senators not voting. In addition to the aforementioned MORSE, the only ones who went along with him were his companion in bootless antics (such as waxing a Senate floor for the edification of photographers), PAUL DOUGLAS, of Illinois, and JOHN A. CARROLL, of Colorado, and JENNINGS RANDOLPH, of West Virginia, who are eminently sensible gentlemen, and must have been thinking of something else.

The thing PROXMIRE—who doesn't seem to have learned anything about the Senate, although he has been in it for nearly 2 years—didn't understand was that the bulk of the Senators want those White House lobbyists on the job almost as much as Ike does. They represent a knife that cuts two ways. They induce Senators to do favors for the White House, but they also see that the White House pays off handsomely with favors to the Senators.

There are 10,000 variations of this. The lobbyists have "contacts" on Capitol Hill, and the Senators have "contacts" in the White House. The Senators provide their quid pro quo by stringing along with Presidential proposals that aren't too loathsome to their consciences—or constituents; and also by tipping the word to the lobbyists that Ike would be advised to pull in his

neck because there is enough strength against him to override a veto.

Ike hates to be overridden. Private tips to lobbyists have saved him many a galling overriding.

If the preposterous PROXMIRE had been hired by the White House lobbyists, he couldn't have done a more timely job for them. He tried to have them fired at a time when Ike's estimation of his congressional staff was at its lowest. In fact the President had been asking the Messrs. Gruenther, Chesney, Anderson, et al., why he was paying them a combined $84,281 a year when they didn't have enough influence on Capitol Hill to get him a measly two votes to put over Strauss.

The lobbyists could have kissed PROXMIRE for giving them the opportunity to demonstrate that they were still effective.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker had affixed his signature to the joint resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes, and it was signed by the President pro tempore.

THE MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, it is my responsibility to present to the Senate S. 1451, the Mutual Security Act of 1959.

Perhaps, after all these years, it is pertinent to observe that those who work closely with this legislation, in both the executive and legislative branches, still refer to the program as mutual security. We have no shorter, less formal term for it. I think this is because collective, or mutual, security is precisely what this extraordinary program represents. It reminds us of the kind of world we live in. It is evident that high principle and simple expediency have merged into a single urgency. For at the heart of this program is the knowledge that survival lies in the strength of many, besides ourselves.

The world is changing. It sometimes seems that the events of a mid-20th century week offer as much history as was contained in a year, or even 5 years, of life in the mid-19th century.

In Leopoldville and Djakarta, from La Paz to Conakry to Baghdad to Rangoon, we are confronted with what is being called a revolution of rising expectations. What we are seeing, I think, is the early flowering of a profound discontent with the old ways, with the old order. This is understandable. Historically, it was inevitable, just as the future influence of such a force will inevitably be great. Clearly, we must strive to lead this discontent toward productive and compatible ends, instead of being led by it into an uncertain but dangerous future. The mutual security program is an essential means to our best ends.

This is one explanation for the legislation. There is another.

The mutual security program grew out of a morality upon which our very society is based. I think that the majority of our citizens understand the moral imperatives, the spirit behind the program. And this spirit, I think, is relied upon by Moslems, Buddhists, Hindus, Orthodox Christians, and countless others around the world who require assistance and whose faith rests on moral and humanitarian values..

Before discussing the substance of this year's proposals, I should like to say that the Committee on Foreign Relations has worked long and hard on this bill. The report on the desks of my colleagues represents 1,315 pages of testimony taken from 63 witnesses, plus uncounted hours of exhaustive discussion. I shall presume to speak for the other members by saying that the hearings and markup of this bill were an arduous but instructive experience. This is not the first bill of this kind that I have worked on, but it is one of the best. I wish all the Members of this body could somehow have shared in it. Especially those among us who harbor doubts about the wisdom and efficacy of the program.

The cumulative effect of these multiple exposures to the problems as they exist throughout the free world is impressive. And this bill, as reported from the committee, has a unique spread of political support. Although opposed by two committee members, it is supported by the great majority—by Senators from the West, the North, the South, and the East. These are Republicans and Democrats, representing both the conservative and liberal wings of each party. With this endorsement, they are discounting, or ignoring, the risk of offending that formidable body of opinion which opposes spending, especially abroad. Instead, these committee members have given S. 1451 a loud, clear affirmative vote. They did so, first, because this legislation is plainly in the national interest; second, because the committee is satisfied that the changes it made in the administration's proposals have produced a bill that is addressed not merely to the Nation's short-term requirements, but to its long-term objectives, as well.

The bill before the Senate affects a major transformation in the mutual security program. It changes the direction of the legislation, putting it into line with the recommendations made 2 years ago by the special Senate committee on the foreign-aid program.

Frankly, I would have liked to effect even greater changes in the legislation than has been possible. I would have preferred to see the loan authority of the program increased even further, the grant authority reduced more substantially.

Over the years, however, the mutual security program has developed a momentum of its own, and it is most difficult to turn the program even slightly to a truer course. Members of the Senate naturally hesitate to substitute their judgment for that of the experts in the executive branch. But this year we have to a considerable degree done exactly that. We felt competent to make these independent judgments for several reasons.

First of all, the members of the committee have developed some knowledge of their own in this field. Many of us over the past 12 years have devoted no less than 4 to 6 weeks each year in day-long hearings on every aspect of this program. I would estimate that more than half of the committee members have over the past 12 years spent no less than 12 months in such hearings. Furthermore, every year or two, we are confronted by a brand new squadron of experts from the executive branch, most of whom hadn't even a remote connection with mutual security when we began struggling with these problems. I say this not in a spirit of condescension, which would be misdirected, but as a reminder that the committee's alterations in this bill were not made lightly or casually. They represent the informed judgment of men who have received a considerable education in this very inexact science, thanks to all the revolving experts who have paraded before them down through the years.

In the second place, the Senate has had the advice of a series of special studies which were undertaken 2 years ago when we created a Special Committee To Study the Foreign Aid Program. We have waited 2 years for the Executive to familiarize itself with the specific recommendations of that study and to incorporate them into its legislative proposals. The response of the executive branch has been disappointing, although the recommendations are, in many respects, still valid. The committee has incorporated many of them in S. 1451.

Finally, we have substituted our judgment for that of the Executive in some respects because as elected Members of the Congress we have, I believe, a better idea of just what kind of aid program the American people are willing to support.

Mr. President, it is not my intention to describe all of the changes we have made in this bill. Each Senator has a copy of the report which fully and clearly explains each of the amendments.

I should say that most of the amendments represented an effort by the committee to give this program flexibility and greater vigor; to make it more responsive to shifting needs, and hence more palatable to the American taxpayers. Some were major changes, some minor.

The Development Loan Fund, for example, is granted authority to borrow $1 billion in each of the next 5 fiscal years.

Of comparable importance is an amendment offered by the junior Senator from Montana [Mr. MANSFIELD], which, as slightly altered by the committee, directs the President to include in his recommendations for 1961 specific plans for progressively reducing and ultimately eliminating grant aid in the categories of defense support and special assistance. When this amendment

is considered in connection with my proposal to give the Development Loan Fund a long-term authority, its significance becomes clearly visible. It shows that we are moving, as the report of the special committee recommended, in the direction of eliminating grant aid and putting our assistance on a self-liquidating, loan basis. And if Congress endorses the committee's proposal for a long-term loan fund in adequate amount, I anticipate that the amount to be authorized for grant assistance next year can be substantially reduced. I think it is significant that the distinguished junior Senator from Montana gave full support to my amendment to give the Development Loan Fund a 5-year life, and I gave his amendment requiring progressive reduction and elimination of grant aid my full support. Our only difference on this point in the committee was this: The Senator from Montana felt that reductions in grant aid should begin this year. It is my belief that the administration should first have the opportunity of advising and helping to prepare the countries that would be affected by so major a change in the program.

The administration requested slightly less than $4 billion for this year's program. The committee has voted $3,164,820,000 not counting the additional $1 billion authority granted to the Development Loan Fund. However, since nobody expects the Fund to be able to approve loans amounting to more than one-half of this amount, if that, the total expenditure under the bill should not exceed $3.6 billion. Some critics will say this is too much, that the budget cannot stand the strain. On this subject, I should like to mention briefly some interesting figures prepared by a distinguished group of economists who are concerned about the bill and about the worsening international position of the United States.

Their figures show that between 1941 and 1945, we increased our spending for military security from $6 billion out of $126 billion of gross national product, to $90 billion out of $214 billion. This was an increase of from 5 percent to 42 percent.

Between 1950 and 1953, our outlay on military security rose from $14 billion out of a gross national product of $285 billion, to $49 billion out of $365 billion—an increase from 5 percent to 14 percent.

We are now spending about 10 percent of our gross national product—roughly $46 billion out of some $460 billion—on national security. These economists, by projecting their figures, suggest that if during the next 2 years we boosted this figure back up to 14 percent we would by 1961 be able to spend about $70 billion on defense, given a predictable climb in the gross national product to $500 billion. I have quoted these figures only to make the point that we can afford to spend whatever the national security requires us to spend—and usually without imposing any damaging stress on the economy.

It will be argued that we should not spend these sums when we cannot even sell our Treasury bonds. I shall place in the RECORD a letter to the editor of the Washington Post, dated June 20, from Eugene Havas, concerning the question of improving Government credit. It seems that we are quite capable of supporting country club memberships and expensive resort hotels. If we cannot support what is vital to our security, it is because, as Mr. Havas suggests, this administration lacks either the astuteness or the courage to reimpose the excess profits tax.

I ask unanimous consent that the letter be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. FULBRIGHT. Mr. President, some will suggest cutting the program in order to minimize the amounts that are wasted. Of course, there is waste in this program, as there is waste in any large and complex endeavor undertaken by man.

I do not like waste any more than anyone else. But it is a fact that waste makes news, and success does not. Waste and inefficiency in Laos or in the construction of the Senate Office Building is page 1 news. But our postwar success in the Marshall plan, which put Western Europe on its feet, is quickly forgotten.

While I do not justify waste in Laos, I think it only fair to note that our Nation has not had close links with that part of the world heretofore. Our experience in assisting Western Europe has not been readily adaptable to conditions in the Far East and south Asia. But we are learning and, despite some shameful incidents of bad administration and graft, it must not be forgotten that had it not been for our aid program, Laos would by now most likely be a Communist enclave.

Often in this Chamber we have heard the phrase "too little and too late"—usually in reference to China. I hope we will not hear it again in the context of south Asia.

Actually, the committee adopted amendments which should considerably improve the general management of the program. The Department of State, for example, is to gain a tighter control over the entire program, particularly over military assistance matters, which its ambassadors in the field are now to judge with more authority.

The military assistance program, in the language of another amendment, is to "come into direct competition for financial support with other activities and programs of the Department of Defense." The purpose of this measure is to direct the budgetmakers to treat both foreign military assistance and our domestic defense programs in the total context of national defense, thus assuring the American people that dollars spent for foreign military assistance are as vital to our survival as dollars spent for the Strategic Air Command and other strictly U.S. military operations.

The question of military assistance has been difficult and perhaps I should touch briefly on what the committee has done to this part of the program and why. Military aid, it is felt, in some countries has served chiefly to prop up tottering but despotic regimes. In others, it has represented a heavy burden on economies that could also be generously described as tottering. In most of the countries that fall into either or both of these categories, military aid has not represented a significant contribution to the free world's defenses.

The administration requested $1.6 billion in military aid. Of this, $877 million was proposed as contributions to NATO countries and NATO programs. The Draper Committee has recommended increasing that figure by $400 million. Secretary McElroy told the committee that with more funds NATO could hasten the long overdue modernization of its forces. The committee, mindful of this testimony, decided to approve the administration request for $1.6 billion, but to raise the amount earmarked for NATO to $1.1 billion, an increase of $223 million. The remaining $500 million will be ample to meet the goals which have been programed for Korea, Taiwan, and Vietnam, while the proposals for other non-NATO countries obviously will have to be scaled down.

The administration proposed increasing military aid to Latin America this year by more than a third. The 1959 program amounted to $67 million, and the figure in this year's request was $96.5 million. It is no secret that the size and persistent growth of this program has been a source of special concern to the committee. It has encouraged arms races and darkened the image of the Latin Americans' great neighbor to the north. The committee decided to reduce the authorization for fiscal 1960 to $65 million, or $2 million below the 1959 figure. However, this amendment also provides that up to $31.5 million—the difference between $65 million and the $96.5 million proposed by the administration—can be used for "assistance to an international military force under the control of the Organization of American States." Such a force, in the opinion of committee members, would represent an ideal solution to the dilemma that the competition for arms has produced in Latin America. We do not expect that such a force will be organized this year, or even next year, but by making a sizable sum of money available, we may encourage a move in this eminently sane direction.

A less ambitious but extremely useful amendment to the military assistance program would encourage the use of foreign military forces in the development of their public works, sanitiation, and other such facilities. The military forces of Vietnam, Burma, and Indonesia have made considerable progress in this direction. The Army of the Philippines has even set up an Economic Development Corps. Its activities are broader than our own Corps of Engineers and its success is such that the phrase "an army with a social con-

science" has recently been applied to the Philippine forces.

There is little doubt that in the less developed countries, Communist economic penetration is the immediate and great danger. Thus, the President is given discretionary authority to transfer up to 30 percent of military assistance funds to technical cooperation and special assistance purposes.

The most far reaching—and most important—amendment adopted by the committee concerns the Development Loan Fund. The President requested $700 million for this Fund. The committee amendment, authorizes the Fund to borrow $1 billion from the Treasury for each of the next 5 years. The primary purpose of the amendment is to give this truly vital program continuity and the capability of functioning in a manner consonant with sound banking procedures.

In its short, year-and-one-half history, the Development Loan Fund has reviewed loan requests amounting to more than $3 billion. This figure ignores many more requests which were screened out as utterly impractical. In committing $765 million to 38 countries, the Fund has almost exhausted its resources. Indeed, had it not been for the $150 million supplemental appropriation passed this year, it would be out of business. Yet the requests continue to pour in, at the rate of roughly 25 per month, or nearly one a day, and applications before the Fund now total around $1.5 billion.

The Department of State is fully aware of the pressing needs for capital in the less advanced parts of the world. At this point, I should like to insert into the record a section of a memorandum submitted by Under Secretary Dillon entitled "The Need for External Capital in the Less Developed Countries." This report cites seven eminent advisory studies in this field. In summarizing the conclusions reached by all seven, the memorandum says:

> First, they indicate that the present rates of capital flow to the less developed countries are insufficient to support any but the most minimal rates of economic growth. Second, they show that the additional capital from all external sources required to support satisfactorily higher growth rates ranges between $2 and $5 billion per year. Third, those who have estimated the magnitude of the U.S. Government's contribution to such an increase in capital flows have suggested a figure of between $1 to 2 billion per year.

I ask unanimous consent that the section of the memorandum be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. HART in the chair). Without objection, it is so ordered.

(See exhibit 2.)

Mr. FULBRIGHT. Mr. President, I am not suggesting that under this amendment the Development Loan Fund would start exporting $1 billion yearly in loans. Such is simply not the case. The needs, of course, are there. But the absorptive capacities are not. As I have indicated, most of us feel that the maximum outlay in the first year could not exceed a half-billion dollars. What is required is the authority to loan adequate amounts as the program develops, along with the stability of a genuinely businesslike operation. Both the managers of the Development Loan Fund and the governments they deal with must be assured of stability and continuity in the program. In the long run, an efficient operation will cost the taxpayers of this country less than the current, uncertain, and fluctuating procedure.

Mr. President, I believe this fund is the most attractive and the most promising product of the mutual security program. But I also believe that by continuing the uncertainty of the annual appropriations process, we shall assure its eventual failure. I am certain of this. Our 2 years of experience with the Fund support no other conclusion.

Besides discrediting the Fund in the eyes of others, and inhibiting those who direct it, the uncertainty that derives from the appropriations procedure can cause further serious consequences. It may, for instance, force the hasty conclusion of loans near the end of the year, so that the Fund will be in a better position to ask Congress for another appropriation. It is no secret here that an agency caught at the year's end with unused funds is likely to find its next appropriation substantially cut.

The public debt transaction that the committee is proposing for the Development Loan Fund is, on its record, the soundest and most reliable method of financing certain kinds of programs, including those which lend money. Some persons disagree, and say that such a transaction is just a cunning device aimed, first at bypassing the Appropriations Committee; second, at promoting bankruptcy in the United States. The contrary, of course, is the case. The best recommendation for the public debt transaction is the fine record of the agencies and programs that have employed this kind of financing, in part or in whole, some for more than 25 years. A partial list includes the Commodity Credit Corporation, the Federal Farm Mortgage Corporation, the Federal Public Housing Authority, the Home Owners Loan Corporation—which, incidentally, returned a profit to the Government, the Reconstruction Finance Corporation—which did likewise, the Tennessee Valley Authority, the Export-Import Bank, the International Bank for Reconstruction and Development, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, the Defense Production Act, the Civil Defense Act, and Public Law 480—the Agricultural Trade and Development Assistance Act. The activities of these organizations have been useful and beneficial to the people of the United States. They have contributed to our prosperity and to our stability, with a minimum of waste and inefficiency.

Congress, by adopting this procedure, does not give the Executive a free hand. All activities carried on under public debt transactions are clearly set forth in the annual budget, and there is nothing to inhibit Congress from making an annual review of these activities. And there are suitable sanctions which can be applied if Congress should conclude that a program needs correction.

Some of the criticism of the Development Loan Fund is tinged with the suspicion that the loans are poor risks. This, I believe, is uninformed thinking. For instance, our debtor nations have an excellent record in repaying interest and principal on mutual security loans. They have, in my opinion, added a measure of dignity and probity in the continuing story of international diplomacy.

As of December 31, 1958, foreign loans disbursed under mutual security and related legislation amount to nearly $2½ billion. As of that date, there were no defaults or delinquencies in the payment of principal on Development Loan Fund loans or mutual security and Marshall plan program loans. Two of our least well-off debtors were behind on interest payments, and we have eased the repayment schedule of another country .

Let us look at the Export-Import Bank, as well. As of December 31, 1958, it had authorized loans and credits totaling $9,573,954,530.06. Since beginning its activities in 1934, the Bank has written off as losses less than one-twentieth of 1 percent of this total. I should like to include in the RECORD charts showing the status of loans made to European countries under the Marshall plan, mutual security, Export-Import Bank, and Treasury programs.

Mr. President, I ask unanimous consent that the charts be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. FULBRIGHT. Mr. President, it is argued the Development Loan Fund loans are repayable in soft currencies; that we cannot expect as good a repayment performance from the less developed countries as was made by the Marshall plan countries. This is all conjecture. I will say only that with help and encouragement a good many of the currencies in question need not be permanently nonconvertible. Moreover, I would remind my colleagues that the Marshall plan was created for countries all of whose currencies were also soft when the program began. The objective of the Development Loan Fund, as with the Marshall plan, is to help create the kind of economic visor that will place a poorer country on the path to a sound currency and good economic health, as has happened in the Marshall plan countries.

Furthermore, by shifting the stress from grants to loans, we are starting many of these newer countries up a parallel path to financial maturity. Quite a few of them are inexperienced in conducting transactions of this nature, but if they are to survive as independent states, they will have to gain such experience. I think there is an analogy between these new countries and the young man who is thought to have matured when his elders are confident that he has learned to manage his funds.

Mr. President, 2 years ago the Senate established a special committee to study the foreign-aid program. Its members included the chairman emeritus and ranking members of the Committee on Foreign Relations, as well as the senior Senator from Arizona [Mr. HAYDEN], the senior Senator from Georgia [Mr. RUSSELL], the senior Senator from New Hampshire [Mr. BRIDGES], and the senior Senator from Massachusetts [Mr. SALTONSTALL]. I should like to read one of the conclusions that was reached by the Senate special committee:

The committee recommends discontinuance of grants for development assistance, except insofar as technical aid may contribute to this end. It urges, further, that all funds for development assistance be centralized in the proposed development fund. The concept of this fund must not be that of a new name for grants or solely that of a new source of loans on easy terms. The concept should be such as to permit the fund to supplement the lending operations of the Export-Import Bank and the International Bank, to promote the flow of private capital abroad and to encourage the development of private enterprise within recipient countries. As already noted, there are banking and financing devices in addition to loans which might well be encompassed in this concept. It is possible, for example, to envisage the revolving fund being used for joint debentures in national and regional development banks of a quasi-public nature established by other countries. The fund should be so operated as to encourage expanding participation by private enterprise in international development.

Mr. President, the Development Loan Fund, in order to be operated in so ambitious a fashion, must have a long-term authority. It should be of interest to make a comparison at this point: Lloyd's bank review recently estimated that Soviet bloc credits and grants now available to underdeveloped countries total $1,270,000,000. Bloc credits and grants already extended amount to about $1,970,000,000, according to this source. There is little doubt about the long-term authority of the sponsors of this program.

Mr. President, in order to live and to grow, everything must have a life cycle, whether it is a species of plan, a civilization, or an institution dedicated to the purpose of giving others a chance for life and growth. I do not know what the Development Loan Fund's life cycle should be. But it should be granted a provisional life. With continuity, the Fund's operation would resemble a parabolic arc. Its initial outlays would be relatively small, then growing as the productive and, hence, the absorptive capacities of its clients grow, but finally dropping off when these countries reach a point at which they begin to generate their own capital. This is precisely the goal we seek ultimately through the Development Loan Fund.

Mr. President, before concluding my statement, I would like to comment briefly on a letter—which I assume also went to all other Members of the Senate—from a Member of the other body showing that the mutual security program had available for expenditure in the fiscal year 1959 a grand total of $8,766,343,107.

This figure is correct, but it is also irrelevant and meaningless.

It is irrelevant, because we are not now talking about 1959; we are talking about 1960.

It is meaningless, because the significant figure is not funds available for expenditure, but funds available for carrying on the program.

The figure of almost $8.8 billion which was available for expenditure in fiscal 1959 is composed of almost $3.5 billion in new appropriations and of $5.3 billion in prior year funds. But, Mr. President, out of this $5.3 billion in prior year funds available for expenditure in 1959, only $105 million was available at the start of the year for obligation or commitment.

Now, Mr. President, we are approaching the start of fiscal year 1960. It is estimated that the mutual security program will begin that year with unexpended funds, exclusive of the Development Loan Fund, of $4.1 billion. But the significant figure is unobligated funds, and these are estimated at only $60 million. The uncommitted balance in the Development Loan Fund, incidentally, will be negligible.

I mention these figures to show that the mutual security program does not have billions of dollars lying around that it has been unable to spend. On the contrary, it is very close to the bottom of the barrel.

Mr. President, because of what seems by now to be our long history in donating goods and currency to less fortunate peoples, we tend to think that we alone perform such enlightened works. Such is not the case. The other free world countries together are contributing more than $1 billion in economic aid. And this does not even include West Germany's commitments, which rose considerably in 1958, and include a $2.3 billion revolving fund for export credit insurance.

It is often argued that the mutual security program has won few friends, so why go on with it? I would remind anyone who feels this way that we are not running a popularity contest. Basically, we are trying to provide alternatives to communism and to want, which on the record usually go together. The record also shows that people do not necessarily have to be pro-American in order to be profoundly anti-Communist.

We must meet what clearly have become our responsibilities—not only this year, but next year, the year after, and for many years to come. And we must avoid what a distinguished educator has called the illusion of American self-sufficiency. History reveals that on rare occasions men have tried to survive in concert rather than face subjugation alone. The Delian League, founded in 478 B.C., is an example. It collapsed—and freedom with it—when Athens, the key state in the concert, defaulted on its responsibilities as leader.

I have remarked before that there is no assurance that the United States will remain forever invincible or that the mantle of leadership which has fallen to our shoulders will continue to rest there.

Whether this Nation and our civilization will ultimately fail, regardless of communism or the threat of a nuclear war, depends on the answer we give to the question asked by the late Henry Stimson:

Can we make freedom and posperity real in the present world? If we can—

Said Mr. Stimson—

communism is no threat. If not, with or without communism, our own civilization will ultimately fail.

How soon this Nation will fully understand the size and nature of its present mission—

Continued the former Secretary of War—

I do not dare to say. But I venture to assert that in a very large degree the future of mankind depends on the answers to this question.

Mr. President, we have the material means to meet our responsibilities. Whether we are willing to make the sacrifices necessary to assure the future of the Nation and mankind depends in large part on the wit, the audacity, the perserverance, and the courage with which we face the issues posed by the bill now before the Senate.

EXHIBIT 1

IMPROVING GOVERNMENT CREDIT

The swift rebound of the stock market after the President's message on lifting the debt and interest ceilings demonstrated again that these long expected inescapable technical measures are not enough to restore faith in the Government's credit.

When he took office in the summer of 1957, Secretary Anderson showed remarkable sensitivity to grasp the economic facts of life. He started by deploring the just-announced price increases in the steel industry, as if he know that such an inflationary move would soon turn our booming economy into a steep recession.

It is also to the credit of Secretary Anderson that he did not follow the counsels so popular last year for a massive tax reduction, when even the head of the house of Morgan, H. C. Alexander, urged such a course, though the foreseeable deficit for fiscal 1959 was in excess of $10 billion.

That the two directors of the Morgan house, sitting on the board of the United States Steel Corp., should have joined the management to raise prices at a time when the industry was operating at 50 percent capacity, instead of reducing them, would have seemed to the elder Morgan a strange economic philosophy. Like the elder Ford he believed in a profit and loss economy where business paid for its own mistakes.

Unfortunately in our days free market apologist business leaders turn to the Government for intervention whenever a recession hits the booming economy, to cure its own excesses. But when the bills come in to finance the deficit, they desert the Treasury.

This is clear from the statistical data Secretary Anderson presented to the Ways and Means Committee. It shows that the Treasury's real difficulties started after the repeal of the excess profits tax in 1954, which coincided with the reversal of the hard money policy. These measures were intended to revive business after the recession of 1953.

To further this end Secretary Humphrey and his deputy, Mr. Burgess, decided not to take advantage of the 2½ percent rate then prevailing in the bond market for the Treasury's funding operation. This was a serious mistake: It started the stock market boom

and the Treasury never again had the opportunity to lengthen the debt by converting short-term bills into long-term bonds at 2½ percent.

Astute financiers realized early in 1955, what the Fulbright investigation failed to pinpoint, that if big business can charge billions of plant expansion costs to the Government and to the consumer, the result is bound to be a booming stock market coupled with liquidation of Government bonds. The inevitable consequence of the huge profits of the heavily concentrated industries was inviting labor unions to share in the pie at the consumer's expense.

Now, when the economy is again approaching boom proportions, is the time to tax the excess profits of 1959, before the steel power elite will distribute the gains of increased productivity in higher wages and dividends, ignoring again that these profits have accrued from the sacrifices made by the Treasury, repealing the excess profit tax and granting special tax relief for accelerated depreciation running into billions of dollars in the last 6 years.

Another example of disregarding the rules of the free market economy is to be found in the rumors that some of our more forward-looking steel executives wanted to cut prices by $5 per ton in order to meet the price cut of the British Steel Board and to forestall another wage increase.

The plan has not succeeded so far because some of the steel companies felt that it would be unfair to their customers who accumulated steel supplies in anticipation of a strike. In a free economy business must be prepared to take risks; and to pay a small premium for adequate supply is a small price when a strike is in prospect.

The steel industry has a unique opportunity to reverse the now prevailing inflationary expectations of the public by announcing a substantial cut in the price of steel. This would lay the foundation of a better balanced economy for future growth and for the restoration of the badly shaken credit of the Government.

EUGENE HAVAS.

WASHINGTON.

EXHIBIT 2

B. THE NEED FOR EXTERNAL CAPITAL IN THE LESS DEVELOPED COUNTRIES

A number of organizations and individuals outside the U.S. Government have over the past 2 or 3 years, estimated the amounts of external capital which the less-developed countries require and can effectively use in attaining satisfactory rates of growth. While the estimating techniques have varied, the various studies show certain elements of agreement.

First, they indicate that the present rates of capital flow to the less-developed countries are insufficient to support any but the most minimal rates of economic growth. Second, they show that the additional capital from all external sources required to support satisfactorily higher growth rates ranges between $2 to $5 billion per year. Third, those who have estimated the magnitude of the U.S. Government's contribution to such an increase in capital flows have suggested a figure of between $1 and $2 billion per year.

The estimates referred to above are as follows:

1. The Economic Commission for Europe (ECE) in "Economic Survey of Europe in 1957," prepared by the Research and Planning Division: In connection with a study of actual and projected trade patterns between the industrialized and primary producing countries of the world, the report concluded that the primary producing countries could not finance from prospective foreign trade earnings the capital imports required for an adequate rate of growth. The report concluded that the additional flow of capital from the more- to the less-developed countries required to enable the latter to approach the growth rate of the former would probably not exceed $5 billion annually, or 1 percent of the national income of the industrial countries combined. The report concluded that this gap could not be expected to be met to any large extent in the future through the export of private capital."

2. The Committee for Economic Development (CED): In an assessment of economic aid programs issued in the form of a policy report entitled "Economic Development Assistance" in April 1957, the CED suggested that an outlay of $1 billion per year for the next 5 years in addition to current U.S. economic assistance program would be a "desirable and necessary investment." This group of American businessmen envisaged that the U.S. outlay would be considerably less in the first years of an enlarged program. They concluded with the statement that "such an additional outlay for development assistance would deserve priority over many items contained in or proposed for the budget.

3. Paul G. Hoffman, Managing Director of the United Nations Special Fund, in an address before the 17th Congress of the International Chamber of Commerce, Washington, D.C., April 20, 1959: In this and other speeches, Mr. Hoffman has reported that the less developed countries can absorb and effectively use some $30 billion of goods and services from abroad for capital formation in the next decade, or an average of $3 billion from all sources per year. He points out that although $30 billion can be used over the next decade, the annual rate of absorption will grow with the years. He suggests that funds in this amount would facilitate an increase in the rates of growth in per capita incomes from 1 percent to roughly 2 percent annually.

4. MIT study for the Senate Special Committee To Study the Foreign Aid Program, January 1957: The MIT study estimated that the underdeveloped countries require and could absorb between $2.5 and $3.5 billion of additional funds from all sources (p. 2). They made no estimate of the amount which would be required from U.S. sources but it can be inferred that this would be of the order of $1 billion to $2 billion per year above the level of U.S. economic assistance prior to the establishment of the Development Loan Fund.

5. The University of Chicago study for the Senate Special Committee To Study the Foreign Aid Program, March 1957: The University of Chicago study estimated that economic aid to Asia, the Near East and Africa from all public sources should be a minimum of $2 billion per year at the outset and might eventually rise to a minimum of $5 billion per year before beginning to decline.

6. "A Proposal-Key to an Effective Foreign Policy," by Max F. Millikan and Walter W. Rostow: The Millikan-Rostow book estimates that over the next 5 years a maximum annual figure of $3.5 billion, from all foreign sources, is required by the underdeveloped areas for successful economic growth. Out of this total, it is estimated that the U.S. share would come to a maximum of $2 billion per year.

Because of the problem involved in using so large a volume of foreign capital, Millikan and Rostow go on to estimate that actual demands for U.S. aid will more probably run at about $1.2 billion a year, "if sound criteria for efficient use were applied."

7. National Planning Association (NPA), "A New Approach to Foreign Economic Assistance," April 1957: The NPA statement concluded that the optimum level of aid which could be extended to underdeveloped countries "now substantially exceeds that amount of U.S. aid funds currently available. Hence to insure their maximum effectiveness, the size of our economic aid program should be increased." The NPA committee went on to suggest that a foreign aid corporation should be established with an original capital fund not less than $1 billion and additional capital obtained as required.

8. Executive branch views: The executive branch has confined its estimates on external capital requirements of less-developed countries to evaluations of individual investment activities of country programs comprised of specific activities. This has been done because a nation's ability to use capital effectively is governed by a variety of tangible and intangible and measurable and nonmeasurable factors.

Capital formation estimates are influenced by a whole range of political, economic, and social forces such as skill of the native population, cultural habits, social formation, and political revolution. They are affected by supplies of raw materials, fluctuations and commodity pricing, changes in patterns of trade, financial, and fiscal measures, etc.

For these reasons, the executive branch prefers making funding decisions with regard to particular countries on much the same basis as that employed by the International Bank for Reconstruction and Development. This is done through a detailed examination of specific development projects and programs.

EXHIBIT 3

Status of dollar repayment loans to European countries (Marshall plan and mutual security program—Eximbank—and Treasury) as of Dec. 31, 1958

Country		Loans authorized	Loan disbursements	Repayments of interest and principal
Austria	Eximbank loan	$58, 002, 000. 00	$29, 659, 000. 00	$24, 363, 000. 00
Belgium	Public Law 472	68, 000, 478. 55	68, 000, 478. 55	16, 394, 342. 32
	Eximbank loan	138, 800, 000. 00	138, 800, 000. 00	115, 042, 000. 00
	Total	206, 800, 478. 55	206, 800, 478. 55	131, 436, 342. 32
Denmark	Public Law 472; Public Law 165	33, 300, 000. 00	33, 300, 000. 00	5, 998, 191. 76
	Eximbank loan	20, 103, 000. 00	20, 059, 000. 00	14, 761, 000. 00
	Total	53, 403, 000. 00	53, 359, 000. 00	20, 759, 191. 76

EXHIBIT 3—Continued

Status of dollar repayment loans to European countries (Marshall plan and mutual security program—Eximbank—and Treasury) as of Dec. 31, 1958—Continued

Country		Loans authorized	Loan disbursements	Repayments of interest and principal
Finland	Eximbank loan	$128,504,000.00	$127,537,000.00	$93,623,000.00
France	Public Law 472; Public Law 165	225,600,000.00	225,600,000.00	38,523,388.94
	Eximbank loan	1,541,026,000.00	1,492,602,000.00	999,075,000.00
	Total	1,766,626,000.00	1,718,202,000.00	1,037,598,388.94
Germany	Public Law 165	16,900,000.00	16,900,000.00	1,056,828.76
	Eximbank loan	74,150,000.00	67,730,000.00	65,145,000.00
	Total	91,050,000.00	84,630,000.00	66,201,828.76
Iceland	Public Law 742; Public Law 165; et seq	10,300,000.00	8,463,537.28	1,209,693.31
	Eximbank loan	772,000.00	590,000.00	623,000.00
	Total	11,072,000.00	9,053,537.28	1,832,693.31
Ireland	Public Law 472	128,200,000.00	128,200,000.00	22,761,216.29
Italy	Public Law 472; Public Law 165	95,600,000.00	95,600,000.00	17,081,825.49
	Eximbank loan	224,362,000.00	179,622,000.00	164,150,000.00
	Total	319,962,000.00	275,222,000.00	181,231,825.49
Netherlands	Public Law 472; Public Law 165	149,500,000.00	149,500,000.00	27,370,929.78
	Eximbank loan	205,284,000.00	205,284,000.00	193,073,000.00
	Total	354,784,000.00	354,784,000.00	220,443,929.78
Norway	Public Law 472; Public Law 165	39,200,000.00	39,200,000.00	10,432,095.54
	Eximbank loan	50,452,000.00	50,452,000.00	37,802,000.00
	Total	89,652,000.00	89,652,000.00	48,234,095.54
Portugal	Public Law 472	36,051,000.00	36,051,000.00	8,444,905.58
	Eximbank loan	3,202,000.00	3,202,000.00	3,512,000.00
	Total	39,253,000.00	39,253,000.00	11,956,905.58
Spain	Public Law 759	62,498,484.02	62,130,116.05	17,011,424.57
	Eximbank loan	86,749,000.00	54,755,000.00	42,072,000.00
	Total	149,247,484.02	116,885,116.05	59,083,424.57
Sweden	Public Law 472	20,400,000.00	20,400,000.00	5,438,470.89
	Eximbank loan	6,266,000.00	6,266,000.00	6,446,000.00
	Total	26,666,000.00	26,666,000.00	11,884,470.89
United Kingdom	Public Law 472; Public Law 165	384,800,000.00	384,800,000.00	62,713,540.24
	Eximbank loan	502,200,000.00	250,000,000.00	11,565,000.00
	Treasury Loan (as of June 30, 1958)	3,750,000,000.00	3,750,000,000.00	279,700,000.00
	Total	4,637,000,000.00	4,384,800,000.00	353,978,540.24
European Coal and Steel Community	Public Law 118	100,000,000.00	100,000,000.00	15,252,986.53
Turkey	Public Law 472; Public Law 165	73,806,686.10	73,806,686.10	6,460,435.94
Poland	Public Law 165; et seq	55,000,000.00	37,415,184.78	759,924.26
	Eximbank loan	43,548,000.00	43,548,000.00	28,080,000.00
	Total	98,548,000.00	80,963,184.78	28,839,924.26
	Grand total	8,332,576,648.67	7,899,473,002.76	2,335,942,200.20

International Cooperation Administration—Status of Marshall plan country loans executed under authority of Public Law 472, 80th Cong., as amended as of Dec. 31, 1958

Country	Date of loan agreement	Initial amortization due date	Loan No.	Loan disbursements	Collections			Balance of principal outstanding
					Interest	Principal repayments	Total	
Belgium	Nov. 2, 1948	June 30, 1956	ECAX 32-1	$47,900,000.00	$7,707,825.34	$2,580,000.00	$10,287,825.34	$45,320,000.00
	Nov. 7, 1948	do	ECAX 32-2	3,000,000.00	482,684.85	163,500.00	646,184.85	2,836,500.00
	June 29, 1950	Dec. 31, 1952	ECAX 32-3	1,606,607.50	206,932.20	722,312.50	929,244.70	884,295.00
	June 18, 1951	Dec. 31, 1956	ECAX 32-4	15,493,871.05	3,090,830.43	1,440,257.00	4,531,087.43	14,053,614.05
			Total	68,000,478.55	11,488,272.82	4,906,069.50	16,394,342.32	63,094,409.05
Denmark	Oct. 27, 1948	June 30, 1956	ECAX 36-1 and 2	31,000,000.00	5,014,362.99	840,000.00	5,854,362.99	30,160,000.00
France	do	do	ECAX 38-1 and 2	172,000,009.00	27,779,657.53	6,000,000.00	33,779,657.53	166,000,000.00
	Nov. 7, 1950	do	ECAX 38-3	10,400,000.00	1,679,707.96	362,544.00	2,042,251.96	10,037,456.00
			Total	182,400,000.00	29,459,365.49	6,362,544.00	35,821,909.49	176,037,456.00
Iceland	Nov. 14, 1950	do	ECAX 43-1 and 2	2,300,000.00	366,281.27	246,426.00	612,707.27	2,053,574.00
	July 14, 1950	do	ECAX 43-3	2,000,000.00	318,451.79	216,000.00	534,451.79	1,784,000.00
			Total	4,300,000.00	684,733.06	462,426.00	1,147,159.06	3,837,574.00
Indonesia	Nov. 22, 1949	do	ECAX 87-1 and 2	17,200,000.00	2,707,623.29	2,850,000.00	5,557,623.29	14,350,000.00
Ireland	Nov. 2, 1949	do	ECAX 44-1 and 2	86,300,000.00	13,982,570.60	1,335,633.70	15,318,204.30	84,964,366.30
	June 30, 1950	do	ECAX 44-3	41,900,000.00	6,793,011.99	650,000.00	7,443,011.99	41,250,000.00
			Total	128,200,000.00	20,775,582.59	1,985,633.70	22,761,216.29	126,214,366.30

International Cooperation Administration—Status of Marshall plan country loans executed under authority of Public Law 472, 80th Cong. as amended as of Dec. 31, 1958—Continued

Country	Date of loan agreement	Initial amortization due date	Loan No.	Loan disbursements	Collections			Balance of principal outstanding
					Interest	Principal repayments	Total	
Italy	Mar. 7, 1949	June 30, 1956	ECAX 45-1 and 2	$67,000,000.00	$10,781,575.35	$3,600,000.00	$14,381,575.35	$63,400,000.00
	Sept. 13, 1950	do	ECAX 45-3	6,000,000.00	965,544.17	321,432.00	1,286,976.17	5,678,568.00
			Total	73,000,000.00	11,747,119.52	3,921,432.00	15,668,551.52	69,078,568.00
Netherlands	Feb. 1, 1949	do	ECAX 47-1 and 2	129,500,000.00	20,940,697.27	4,640,000.00	25,580,697.27	124,860,000.00
	Feb. 16, 1950	do	ECAX 47-3	4,000,000.00	646,828.56	142,856.00	789,684.56	3,857,144.00
			Total	133,500,000.00	21,587,525.83	4,782,856.00	26,370,381.83	128,717,144.00
Norway	Oct. 29, 1948	do	ECAX 48-1	35,000,000.00	5,573,587.33	3,750,000.00	9,323,587.33	31,250,000.00
Portugal	May 15, 1950	do	ECAX 50-1	27,500,000.00	4,403,468.36	2,117,378.15	6,520,846.51	25,382,621.85
	Dec. 28, 1951	do	ECAX 50-2	8,551,000.00	1,265,669.98	658,389.09	1,924,059.07	7,892,610.91
			Total	36,051,000.00	5,669,138.34	2,775,767.24	8,444,905.58	33,275,232.76
Sweden	Dec. 29, 1949	do	ECAX 53-1	20,400,000.00	3,248,470.89	2,190,000.00	5,438,470.89	18,210,000.00
Turkey	Nov. 1, 1948	do	ECAX 77-1	30,000,000.00	3,326,301.37		3,326,301.37	38,000,000.00
	Mar. 23, 1949	do	ECAX 77-2	8,000,000.00				
	Oct. 17, 1949	do	ECAX 77-3	35,806,686.10	3,134,134.57		3,134,134.57	35,806,686.10
			Total	73,806,686.10	6,460,435.94		6,460,435.94	[1] 73,806,686.10
United Kingdom	Mar. 29, 1950	do	ECAX 57-1 and 2	322,700,000.00	52,360,589.18	4,840,500.00	57,201,089.18	317,859,500.00
	Sept. 20, 1950	do	ECAX 57-3	14,200,000.00	2,304,060.65	213,000.00	2,517,060.65	13,987,000.00
			Total	336,900,000.00	54,664,649.83	5,053,500.00	59,718,149.83	331,846,500.00
			Total loans, Public Law 472, as amended	1,139,758,164.65	179,080,867.92	39,880,228.44	218,961,096.36	1,099,877,936.21

[1] Turkey has been in default on the payments of interest and principal since June 30, 1956.

NOTES.—Country loans totaling $1,139,758,164.65 were disbursed, and were funded to the extent $1,121,989,664.72 from public debt authority and the balance of $17,768,499.93 from ECA appropriations. Grace periods for interest expired on June 30, 1952, and for principal on June 30, 1956. The loans carry an interest rate of 2¾ percent per annum, payable semiannually. Payments on account of principal commenced June 30, 1956, and are payable semiannually on June 30 and Dec. 31 through Dec. 31, 1983. The loans call for repayments in U.S. dollars.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the distinguished Senator from Alabama.

Mr. SPARKMAN. I wish to commend the able chairman of our committee for the very fine presentation of the bill which is now before the Senate.

I wish to ask him a question. Does not the chairman feel that the Foreign Relations Committee this year, in its study of the program, gave it probably the most thorough going over of any similar program which has been before the committee?

Mr. FULBRIGHT. I believe that is correct. The hearings were not only more extensive in time and effort, but, due to the fact that many Members had participated in the study of this program 2 years ago, I think the study was more informed and more discriminating. I think this is the best job the committee has ever done.

Mr. SPARKMAN. I myself feel that way. That was my own reaction. I thought the hearings were more thorough and that the individual members of the committee went into the different programs and the different items more carefully than ever before. As the chairman of the committee has stated, this is not something new. There has been a continuing study over the years.

By the way, with reference to the loan fund, the change in that program is not new this year, is it?

Mr. FULBRIGHT. No. The Senator will recall that 2 years ago the administration itself proposed and endorsed a program for $2 billion over a 3-year period, I believe

Mr. SPARKMAN. That was after the committee had made a study and had reported and had made definite recommendations. The administration then proposed a long-term loan program.

Mr. FULBRIGHT. That is correct.

Mr. SPARKMAN. Is it not true that the committee has been urging this matter now for at least 3 years?

Mr. FULBRIGHT. The Senator is quite correct. I dare to suggest that the State Department favors this approach. I think the President in his statement in two or three press conferences, indicated his approval of the principle of the loan development fund. It is true that the administration proposed a different method this year. I think it was influenced in this respect by the Treasury. It appears that the current and, I hope, temporary dislocation of the Government bond market, persuaded the administration to recommend the other method.

Mr. SPARKMAN. Does not the Senator feel that in the long run this is a much sounder program than we have had in the past?

Mr. FULBRIGHT. I am convinced that the long-term method of financing the loan fund will save the American people money. It will result in a sounder and a more efficient administration. It will be much more effective in its results. The most inefficient and wasteful use of the American taxpayers' dollars has resulted from a program which has been administered on a hand-to-mouth basis, which cannot be administered efficiently, which results, as I indicated, in a drive to make loans at the end of the fiscal year in order to be in a position to ask for additional funds. This criticism is applicable not only to this program, but to all programs whose activities are often speeded up at the end of the year in order that the agencies concerned may be in a position to ask for further funds.

Mr. SPARKMAN. It is the difference between a hurry-up program, working on an annual basis, and one that is well planned, in which we can look forward to a span of years in which to accomplish the purpose.

Mr. FULBRIGHT. The Senator is correct. I think the fact that there were annual appropriations prevented the development of basic projects which would advance the solution of the most serious economic problems in other countries. That shortcoming tended to make the programs superficial. Because it was short term and because the recipient countries could not rely on the continuity of the program, they tended to make superficial requests. Projects having to do with communications, railroads, docks, irrigation—the types of projects which really involve basic growth—were shoved aside, because they were of a long-term nature. So in those countries there was a tendency to undertake superficial programs which could be easily financed, but which really did not make a great contribution to the nation's economic development.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I join the distinguished Senator from Alabama in commending and complimenting the chairman of the Foreign Relations Committee for the statement he has just made. I think Senators know that, as chairman of the committee, he has been understanding, he has been tolerant, he has given all of us a chance to express our various points of view—and they have been many—and he has shown great knowledge and interest in this particular program.

The chairman of the committee would be the first to admit, of course, that there are still differences between us, as members of the committee, as to how far we should go in maintaining international cooperation at the present time, in its present capacity, and in the amount of money allocated under the bill for the operation of the ICA this year.

It is my belief, counting the $1 billion fund for the first year of the 5-year plan for the Development Loan Fund, that we are appropriating a little bit too much money this year, and I made my position known to the committee in that respect. But I think in all fairness it should be said, as the Senator from Alabama and the chairman of the committee have both pointed out, the future of a program of this kind lies in the development of an institution such as the Development Loan Fund, which was advocated by the committee 3 years ago—unanimously, I believe—and which was advocated by the administration 2 years ago, and which is now being advocated on a long-term basis, in line with the administration wishes, for a 5-year period.

I am distressed and disturbed, Mr. President, to find the minority leader, the Senator from Illinois, saying this morning, upon emerging from a meeting with the President, that the administration is opposed to this type of financing, which it advocated 2 years ago, and was only going to stand for $700 million for the Development Loan Fund this year. I think that is a mistaken position. I think too much emphasis is being put on the idea of a balanced budget, because in the long run the result of the emphasis on the year-by-year appropriation for the Development Loan Fund will be much greater cost and much less production of results.

I want the RECORD to show, Mr. President, that in my opinion the distinguished Senator from Arkansas has performed a real service in the consideration of this bill this year. The Senator has brought to it many good reforms long overdue, and on his own initiative the Senator has tried to bring about a separation between the economic and military aspects of the program, to the end that military aid as such would be placed in the Department of Defense. I supported the distinguished chairman in his attempt to bring about this separation, which I think is long overdue. We were unsuccessful.

I think by and large we have reported a good bill to the Senate, a bill which can still stand something in the way of amendments but a bill which is a decided improvement, thanks to the personal interest shown by the distinguished chairman and by the members of the committee, the great amount of study, and the very careful consideration given to the bill this year.

Again I wish to express my thanks to the Senator from Arkansas for his outstanding work as chairman of the committee, and to commend him for his understanding, his knowledge, and his ability in this respect.

Mr. FULBRIGHT. Mr. President, I thank the Senator for his kind words. I also thank the Senator from Alabama.

I wish to say that the Senator from Montana and the Senator from Alabama were extremely helpful. They were present throughout the consideration of this measure. Their contributions not only in stimulating discussion but in proposing worthwhile amendments were very great indeed.

I think the committee members, generally speaking, worked together in an atmosphere of great harmony this year. There were very few serious differences. I grant that there are still differences, but I do not think they go to the essential nature of the bill. They really pertain to relatively minor aspects. Some aspects are not so superficial, of course.

For example, there is the matter of timing. I think one of the main differences between the Senator from Montana and myself with regard to the elimination of the grant aid is one of timing. The question is whether we can stop this aid suddenly, without giving either the administration or the foreign countries concerned a period in which to adjust, or whether we should give notice and move toward the same objective more gradually. That is not a really serious difference.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I am glad to yield.

Mr. MORSE. Mr. President, I join with the Senator from Alabama and the Senator from Montana in commending our chairman for the leadership he has extended to the Foreign Relations Committee. It has been a great pleasure to serve under the chairmanship of the Senator from Arkansas, as we have considered this very complex piece of major proposed legislation, and as we have considered other proposed legislation.

The Senator from Arkansas has always respected the rights and prerogatives of each member of the committee, even though he might find himself in opposition to an individual Senator on some specific issue before the committee I desire to say that the Senator's leadership in respect to the Development Loan Fund, I think, represents a great contribution to the improvement of our mutual security bill.

In the Senator's speech tonight he referred to the fact that a very detailed study was made on behalf of the Foreign Relations Committee and, through it, on behalf of the Senate, more than 2 years ago, by various recognized research groups, such as the University of Chicago, the Massachusetts Institute of Technology, Columbia University, Brookings Institution and others, at a cost to the taxpayers of the United States of some $250,000. These institutions came forward with a series of recommendations which all of us on the Foreign Relations Committee supported in a unanimous report which we made to the Senate.

What the Senator from Arkansas has done, particularly in respect to the Development Loan Fund, has been to give support to one of the recommendations of that study. I think it is one of the most important contributions in the whole field of foreign aid made in recent years. As one member of the committee, I want to thank the Senator from Arkansas for his leadership and statesmanship in regard to it. I was such an ardent advocate of it in the committee that it turned out to be my privilege to make the motion which resulted in the compromise figure which was agreed to by the committee.

The Senator from Arkansas first proposed $1½ billion for 5 years. It seemed to me that the time period was more important than the amount and that we could add a different amount later if we decided more money was needed. It seemed to me what was important was to get a period of 5 years approved by the committee and, we hope, by the Congress, so that we can have some continuity with respect to the program.

In fact, it took the study of authorities on this subject to change the opinion of the Senator from Oregon with regard to the desirability of a long-term Development Loan Fund. I believe, however, in following where the facts lead, and after I studied the reports of the experts I could not, in my judgment, logically hold to the position I had previously held of requiring annual approval of the loan. I was privileged in the committee this year to move that we reduce the amount to a billion dollars but retain the period of 5 years. That was agreed to. I think it is the greatest contribution made by the Foreign Relations Committee in connection with this bill this year, and it was made because of the leadership and the statesmanship of the Senator from Arkansas.

Tomorrow I shall present the minority point of view in regard to the bill, but in presenting the minority point of view, as I shall develop tomorrow, I do not mean to imply that we are at loggerheads in the Foreign Relations Committee on a great many items in the bill. To the contrary, I think we find ourselves as a committee in agreement on a substantial majority of the individual points involved in the bill.

However, there did develop differences among us, as I shall point out tomorrow, which caused me, at least, to decide I could not support the bill in its present form. Another colleague joined me. Two other colleagues voted "present" rather than voting for the bill pro or con.

It also should be pointed out that other colleagues have a considerable number of reservations as to certain parts of the bill. I think that is good, Mr. President. I think it is good to bring to the floor of the Senate the differences in points of view, amplified as we have amplified them in the majority report and the minority views, in the hope that we can

iron out our differences on the floor of the Senate and thereby improve the bill.

I am sure my friend the Senator from Arkansas knows this and does not have to be told, but I think the Senate ought to be told the fact that there will develop, in the course of the debate, differences among the members of the Foreign Relations Committee in regard to certain items in the bill. These represent in no measure whatsoever any disrespect for our chairman, any personal differences with our chairman, or any lack of high esteem for the leadership of the chairman of the Committee on Foreign Relations. To the contrary, these differences are honest differences of opinion within the committee as to how we can have the best possible mutual security program for the United States.

Mr. FULBRIGHT. I thank the Senator from Oregon for his remarks about my role with respect to the bill. The Senator certainly was most assiduous in his attendance at the committee and contributed a great deal to the discussions. I know the Senator will also contribute a great deal to the debate on the floor.

I certainly join the Senator in approving of members developing the different points of view. I have no illusions about the infallibility of my own ideas.

I think we have the basis for a good bill. If this bill has done nothing else, it has turned the direction of the mutual security program a little bit away from emphasis upon the military towards the economic. At the same time, it does not actually hurt the military effort. My hope is that one of these days we can separate the military assistance program from this legislation and deal only with the nonmilitary aspects.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, as a Member of the Senate and of the committee, I would be remiss if I did not take this opportunity to express my appreciation for having had the privilege of serving under the chairmanship of the distinguished Senator from Arkansas [Mr. FULBRIGHT]. As a new member of the Committee on Foreign Relations, I want to express my appreciation to the Senator for his forbearance because of my limited knowledge of foreign affairs and foreign relations. It has been a pleasure to serve with the Senator. I am looking forward to continued service.

I, too, am greatly pleased with the bill which has been reported. I did not support all of its provisions but after listening to days and days of debate I have become convinced that we should begin to shift from a grant program to a loan program. I think this is in the interest of our own Nation, and I am convinced it is in the interest of nations we are trying to assist. I think it is the proper and the sensible answer to a problem which is going to confront this Nation for many years.

I supported the Senator's proposal for a 5-year program in connection with the Development Loan Fund. I do not believe this is a year-to-year program. I think we must look forward to its continuance for many years. I wish it were not so. But the problem is a practical one which must be met, and I believe that is the solution to it.

I again state that it has been a real pleasure to serve with the chairman and the other members of the committee. As the Senator from Oregon has said, there were differences of opinion in committee, and there will be differences of opinion on the floor of the Senate as the debate continues. However, I think we gave this bill a deeper analysis and closer study than most legislation which comes before the Senate receives.

I assure the Senate and the country that the chairman of the committee spared no time and effort on his own part to study every phase of the bill. I was pleased at the way matters were handled when they came before the committee. Members of the committee were not hesitant to express their views and cast their votes; and when the votes were cast we would start on another problem.

I believe we have brought before the Senate one of the best mutual security bills to come before it since I became a Member of the Senate.

I thank the Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator from Kansas for his kind words. He need not ask for forbearance. He has made a great contribution. He may be new on the committee, but he is not new to the Halls of Congress, or to political matters. He recognizes, better than do most people, the significance and the necessity for this program.

There is one characteristic about the legislation which should be mentioned. Unlike domestic legislation, which bears directly on the interests of our citizens in every section of the country, the effects of this program are remote and not even easy to visualize. Of all the bills which come before the Congress, this one is the most difficult to explain in such a way that the results may be understood by the people whose taxes support it.

Mr. President, I yield the floor.

ANNOUNCEMENT OF HEARINGS ON INTERNATIONAL MEDICAL RESEARCH JULY 9 AND 16

Mr. HUMPHREY. Mr. President, I invite the attention of the Senate to the fact that there will be 2 days of hearings conducted by the Subcommittee on Reorganization and International Organizations of the Senate Committee on Government Operations as part of its international health study.

This study is being conducted pursuant to Senate Resolution 347, 85th Congress, and Senate Resolution 42, 86th Congress.

The hearings will be devoted to the subject of "The U.S. Government and the Future of International Medical Research—The Long-Range Trends, Opportunities, and Problems." Hearings will be conducted in room 3302, New Senate Office Building, commencing at 10 a.m., on July 9 and 16.

The Subcommittee on Reorganization and International Organizations reviews this general subject as a part of its special, as well as its longstanding jurisdiction. Medical research is conducted by no less than seven agencies of our Federal Government. In turn, world medical assistance involves numerous international organizations of which the United States is a member. It is for good reason, therefore, that this subcommittee studies the pattern of Government effort and the future trends.

As my colleagues are aware, under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, itself, has the duty of studying the operations of Government activities at all levels with a view to determining efficiency.

Under Senate Resolution 347, the committee was specifically directed to make a full and complete study of any and all materials relating to international health, research, rehabilitation, and assistance programs.

DR. WHITE, DR. PAPANICOLAOU, OTHER WITNESSES

For purposes of these July hearings the subcommittee has selected a small number of expert witnesses, each of whom is renowned in his respective field.

On July 16, for example, the subcommittee will hear from Dr. James Shannon, Director of the National Institutes of Health.

In addition, among the witnesses who will be present are the following:

On July 9, our leadoff witness will be Dr. Paul Dudley White, past president of the American Heart Association, and world-famous authority on cardiovascular research.

We will hear as well from Dr. Edward L. Bortz, a past president of the American Medical Association and now associated with Lankenau Memorial Hospital, Philadelphia, on geriatric research.

Other witnesses during the 2 days of hearings will include Dr. George N. Papanicolaou, known as the father of exfoliative cytology, speaking on cancer research. Dr. Papanicolaou is, of course, the man who devised the great tool of diagnosis by which literally thousands of lives are saved each year, through diagnosis of cancer. This is done through sampling and analyzing cells cast off, that is, exfoliated by organs of the body itself.

Still others will include Dr. William G. Lennox, father of modern epilepsy research, speaking on this subject on which he is no doubt the foremost single authority.

Dr. Clement Smith, director of research on the newborn at Boston Lying-In Hospital, associate professor of pediatrics at Harvard Medical School, commenting on perinatal morbidity.

Dr. H. J. Muller, Nobel award-winning scientist, of the University of Indiana, speaking on genetics.

Dr. George Stevenson, national and international consultant of the National Association for Mental Health and treasurer of the World Federation for Mental Health, speaking on psychiatry.

Indicative as well of our broad international interest will be the testimony of another witness, Dr. Nicholson J. Eastman, professor of obstetrics at the Johns Hopkins University. Dr. Eastman has served as Chairman of two expert committees of the World Health

Organization, the Committee on Midwife Training and the Committee on Maternal Care.

There will be other witnesses as well, whose names will be announced shortly.

OUTSTANDING WORK BY SENATOR HILL'S COMMITTEE

Let it be noted that I, for one, am deeply cognizant of the outstanding hearings previously held on certain phases of this general subject by the distinguished senior Senator from Alabama [Mr. HILL].

He has done so, not only as the chairman of the expert Committee on Labor and Public Welfare, but as chairman of the Subcommittee for the Department of Health, Education, and Welfare of the Committee on Appropriations.

Last Wednesday, the Senate soundly indicated its well-justified confidence in his and his colleagues' judgment in the overwhelming vote of confidence by which the Senate sustained his most recent subcommittee report, providing increased funds for the National Institutes of Health.

May I say that it is my earnest hope that the Senate's position will be sustained in the Senate-House conference committee and that the more adequate Senate appropriation figure will be retained in the final version of this legislation.

My colleagues' judgment was based, as usual, on exhaustive hearings which had proved the wisdom of raising the budget for NIH programs.

The fact, as some critics point out, that the NIH budget has considerably increased over the years is not, as he well stated in rebuttal, a cause of concern. Rather, it is a cause of national pride and satisfaction. Our Nation is only now belatedly catching up with its humanitarian and scientific responsibilities.

Our Nation is at long last spending medical research money to save money, to save tax revenue which would otherwise be lost, but more important to save lives, to prevent suffering, to minimize the tragic human and social cost of premature disability and death.

In view of all this, it is not the intention of the subcommittee of which I am chairman to review those matters which have long since been well covered by my colleague from Alabama in his tireless endeavors.

Thus, questions of current appropriations are not within the jurisdiction of our subcommittee, nor are questions of substantive health legislation, such as are considered by the Senate Committee on Labor and Public Welfare.

Rather, we are concerned with the policy problems indicative in our two authorizing bills, such as I have earlier mentioned.

I issue a most cordial invitation to the public to be present at our July 9 and July 16 hearings.

COMMITTEE PRINT ON CANCER TO BE RELEASED NEXT WEEK

Lastly, may I mention that next week the subcommitte expects to release the fifth in its series of committee prints. This will be entitled "Cancer, a Worldwide Menace." This committee print will present through charts and questions and answers an outline of the incidence of the different types of cancer throughout the world.

This print will show that, according to present rates, at birth, one male American out of every five may contract cancer in the course of a lifetime, one female out of every four.

It will show that, by 1975, there will be more than a million cases of cancer under treatment in the United States each year, according to conservation estimates, compared to the 700,000 cases now.

The print will show that 2 million individuals die throughout the world each year from cancer.

These facts, I believe, underline the importance of the great bill which my colleague from Alabama authorized, Senate Journal Resolution 41, to create a National Institute for International Medical Research.

This bill is now pending before the Subcommittee on Health and Safety of the House Committee on Interstate and Foreign Commerce.

It is hoped that the bill will be reported favorably and acted upon.

Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota.

CAPTIVE NATIONS WEEK

Mr. HUMPHREY. Mr. President, it is a privilege to join with my distinguished colleagues, Senator DOUGLAS and Senator JAVITS in their introduction of Senate Joint Resolution 111, providing for the designation of the week following the Fourth of July as Captive Nations Week. Recently I told the Polish National Alliance in Chicago that the United States and the West should issue a new charter of hope to the peoples behind the Iron Curtain. My proposal called for a declaration of intent and concern from the leadership of the West and certainly this resolution points up to a great degree the intent and concern of the people of our country.

In my charter of hope I proposed that the West will never lose the opportunity to point out to the world the monstrous hypocrisy of Soviet colonialism; the Soviet leaders who shed crocodile tears over the remnants of Western colonialism have imposed in Eastern Europe the most savage and brutal colonialism the world has ever known. As the day approaches when we stop to observe the anniversary of our independence I feel it is only fitting that we impress upon our friends behind the Iron Curtain our deep interest in their God-given right to live as free men and to restate our hope that the day will soon dawn when they are freed from the yoke of Soviet tyranny.

MUTUAL SECURITY ACT OF 1959

The Senate resumed the consideration of the bill (S. 1451) to amend further the Mutual Security Act of 1954, as amended, and for other purposes.

Mr. HUMPHREY. Mr. President, yesterday I submitted an amendment which I intend to offer during the debate on the mutual security program, relating to freedom of information. This particular amendment was offered in the House, and was made a part of the House bill.

The purpose of the amendment is to lay down a mandate on the part of the Congress to the ICA that certain information which is vital to a proper understanding of the Mutual Security Act be made available. I merely mention the amendment now for purposes of the RECORD. I know that many of my colleagues are keenly interested in this subject matter.

The amendment was sponsored in the other body by a distinguished Representative from California, Mr. Moss, who has such a fine record in the field of freedom of information.

I also submitted a second amendment, relating to U.S. participation in the World Refugee Year. This will be offered as an amendment to the mutual security bill, calling for an appropriation of $10 million to be used in furtherance of permanent refugee solutions. The World Refugee Year begins tomorrow. It will be launched by appropriate ceremonies in the city of New York, in which representatives of the Presidential Committee for the Refugee Year will participate.

The amendment which I have submitted, and which will be offered, would do much to forward active participation on the part of our Government in the solution of refugee problems.

I shall also offer certain other amendments to the mutual security bill, which amendments I have previously sent to the desk. One relates to the use of our surplus foods. A situation exists in connection with the present law which I am sure we shall wish to correct. That situation is that when surplus foods are available there is a priority for the use of such foods abroad rather than at home.

The distinguished Senator from Kentucky [Mr. COOPER] testified before the Senate Committee on Agriculture and Forestry on certain bills relating to the distribution of surplus foods for needy persons. He brought to our attention a situation which is almost incredible.

If there is surplus butter, for example, under the present rules of the Department of Agriculture the butter will be offered for sale abroad, under the terms of Public Law 480, or the soft currency purchase program, before it is made available as a gift for needy and hungry people in the United States.

I cannot believe that the Congress wishes to preserve such a situation; and I intend to offer an amendment to correct it. I have used the item of butter as an example. I realize that the Department has certain requirements to meet under the Commodity Credit Corporation charter, calling for the sale of such commodities first, and then distribution on the basis of need, at a lower priority.

But we received evidence in the Committee on Agriculture and Forestry to the effect that certain commodities were being currently denied needy people in the United States on the basis of a grant program or a gift program, while they were being sold abroad on the basis of sales for soft currency.

I believe in international cooperation. I expect to support the magnificent mutual security bill which is before us. I think it is the best one we have ever had. I, too, wish to commend the chairman of the committee for his fine outstanding leadership. I compliment the staff of the Committee on Foreign Relations for their fine work in providing us with information which made possible some constructive work in the preparation of a mutual security bill.

With all that, let me add that I still feel that our No. 1 obligation, when it comes to humanitarian purposes, is with our own.

This is not to be selfish. It is simply to be what I think is prudent of our own needs and considerate of the needs of our own people.

Mr. President——

The PRESIDING OFFICER. The Senator from Minnesota.

ELEVATION OF MOST REVEREND BERNARD J. SHEIL, AUXILIARY BISHOP OF CHICAGO, TO RANK OF ARCHBISHOP

Mr. HUMPHREY. Mr. President, recently an article in the Chicago Daily News described the elevation to archbishop by Pope John XXIII of Chicago's Auxiliary Bishop Bernard J. Sheil.

Archbishop Sheil has served the people of Chicago in a remarkable manner for 49 years as a priest and innovator, 31 of them as auxiliary bishop to the late Cardinals Mundelein and Stritch. He was the founder of the pace-setting Catholic Youth Organization for the Archdiocese of Chicago, and initiator of many leisure-time activities for young people.

As a personal friend, I esteem this great native son of Illinois for the humanitarian and liberal ideas he has often shared with me and other lawmakers. I join with his hundreds of friends throughout the Nation in extending best wishes on this auspicious occasion.

Mr. President, I ask unanimous consent that the article to which I have referred be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POPE RAISES SHEIL TO ARCHBISHOP—HONORARY TITLE GOES TO SHEIL

[From the Chicago Daily News, June 17, 1959]

Pope John elevated Chicago's Bishop Bernard J. Sheil to archbishop, the Vatican announced Wednesday.

The honor bestowed on the 71-year-old Chicago-born prelate was that of titular archbishop of Selge, an ancient archdiocese in Asia Minor.

With the new title Bishop Sheil's position as auxiliary bishop to Archbishop Albert Gregory Meyer does not change. Archbishop Meyer remains the head of the Chicago archdiocese.

Archbishop Meyer, appointed September 24, 1958, is also assisted in his duties by a second archbishop, William D. O'Brien, 80, appointed November 18, 1953.

With his new title, Archbishop Sheil will not have any archdiocese to administer here, a Roman Catholic spokesman explained.

Nevertheless, the honor was considered a significant one for the pastor of St. Andrew's parish, on Chicago's northwest side, often considered a stormy petrel in church and political circles.

Bishop Sheil said he learned of the honor Tuesday from Archbishop Meyer but under the strict code of secrecy laid down by the Vatican in such matters, it was not made public until announced by the Pope.

"I am profoundly grateful to his holiness, Pope John XXIII, for the high honor he has personally conferred upon me," said Bishop Sheil in a statement Wednesday.

"My 49 years as priest, my 31 years as a bishop, have been spent in working closely with the people of Chicago.

"Always I have found them friendly, generous, and cooperative."

Bishop Sheil said he felt the honor was "one for the people of Chicago also, and to them also I wish to express my gratitude on this occasion."

Archbishop Sheil returned from a 5-day visit to Rome 2 months ago.

"I went over to see the holy father," he said. "I did not know him before."

He said he spent 40 minutes with Pope John but had no hint that the new honor would be bestowed upon him.

The archbishop was born in Chicago in 1888 and grew up on the South Side.

He was a better than average sandlot baseball player and at one time it appeared that little "Benny" Sheil might carve out a career in the big leagues.

He was ordained in 1910, after attending St. Viator's College at Bourbonnais, Ill.

He served as assistant pastor in St. Mel's parish, on Chicago's West Side, then chaplain at the Great Lakes Naval Training Station in 1918–19.

Between 1919 and 1923 he served as chaplain at the county jail, assistant pastor of Holy Name Cathedral, and spiritual director of Quigley Seminary.

Since then he has served as assistant chancellor of the archdiocese, chancellor and as treasurer of the International Eucharistic Congress.

He was made an auxiliary bishop in 1928 and was the administrative right arm of Cardinal Mundelein, whom he served as vicar general between 1928 and 1939.

He is best known for his founding of the Catholic Youth Organization in 1930, which he served as director until 1954.

He has been pastor at St. Andrew's Church, 3546 North Paulina, for 23 years.

PROPOSED YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Mr. President, the bill, S. 812, which I have introduced, along with 20 other Senators, to establish a Youth Conservation Corps of young men to work on planned conservation projects on our National and State public lands, is currently on the agenda of the Committee on Labor and Public Welfare and we hope for early action by the full committee.

Mr. President, indicative of the continued growth of interest and support for this legislation is the news that the Wisconsin State AFL–CIO has undertaken to support the bill officially and has brought it to the attention of its full membership.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Youth Conservation Corps—State AFL–CIO Urges Support of Humphrey Plan," published in the Milwaukee Labor Press of June 25, 1959.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YOUTH CONSERVATION CORPS—STATE AFL–CIO URGES SUPPORT OF HUMPHREY PLAN

Support for Senator HUBERT HUMPHREY'S Youth Conservation Corps was urged by the Wisconsin State AFL–CIO's community services director, in letters sent to all Wisconsin central bodies this week.

"Organized labor has a deep and abiding interest in conservation of both human and natural resources," Wilbert Walter, the State labor group's community services head, said.

"The Humphrey Youth Conservation Corps—patterned after the old CCC camps—will do much to help save our topsoil, protect our wildlife, streams, and forests—and at the same time give 300,000 young men an opportunity to partake of rugged outdoors life away from the grime of city streets," Walter said in his letter.

APPROVAL GIVEN

The proposal has been approved by a Senate Labor Subcommittee in Washington headed by Senator JENNINGS RANDOLPH, Democrat, West Virginia, and has a good chance of passage by Congress.

Young men between the ages of 16 and 21 would work under professional conservationists, such as Forest Service rangers, in groups of 40. They would be paid $60 monthly, with additional stipends for leadership assignments and tenure, plus room, board, medical care, and transportation.

Senator HUMPHREY, writing in Harpers magazine recently, described the dual purpose of his program:

"A giant step toward the prevention of delinquency and the improvement of physical fitness could be accomplished if the CCC were in existence today to provide not only healthful, useful outdoor work, but educational opportunities for boys and young men with too much time on their hands."

WASTE IS CITED

"The waste of human resources is matched in another field by an outrageous dissipation of our resources of soil and water. * * * Millions of acres of cut-over forest lands lie abandoned to brush, wind, fire, and insects—ugly and unproductive, at a time when the U.S. Forest Service predicts that our need for lumber and other wood products is rising beyond our expected forest yields."

The State AFL–CIO official said that "our Washington lobbyists tell us that the prospects for passage of a Youth Conservation Corps this year or next look very good—but a bundle of letters from home will make it that much easier to get affirmative action.

CITES LOCAL NEED

"We in Wisconsin," said Walter, "have a special reason to desire a program of this kind. Many of our State parks today are a result of CCC projects 20 years ago. And many of our own active union leaders got a wholesome start in life as CCC campers."

Senator HUMPHREY, during his recent 2-day visit to Wisconsin pointed out that the Youth Conservation Corps "will cost only about one-tenth of the Republican rise in the interest rate cost," estimated to run annually now at $2.5 billion.

The Humphrey program would provide job opportunities to 50,000 young men the first year, an additional 100,000 the second year, and 150,000 the third year.

LABOR-MANAGEMENT RELATIONS IN THE STEEL INDUSTRY

Mr. HUMPHREY. Mr. President, I wish to address the Senate with respect

to a matter of great importance to our Nation, namely, labor-management relations in the steel industry.

It was most gratifying and reassuring to every American, and I am certain to every person throughout the free nations of the world, to learn that over the weekend the president of the United Steelworkers Union, Mr. David McDonald, announced that there would be no strike for at least the next 2 weeks; that every conceivable effort would be made to settle the dispute between the steel companies and the highly respected Steel Workers Union on a peaceful and objective basis.

Prior to that announcement, I had issued a statement which reads as follows:

STATEMENT BY SENATOR HUMPHREY

A steel shutdown at this time would be a serious blow to American prestige throughout the world. We are in the midst of critical international negotiations. We cannot negotiate from strength with the Soviet Union at a time when our most vital defense industry is closed down by an economic dispute.

The President has evidenced his lack of understanding of the importance of the crisis by refusing the union's request to appoint an impartial factfinding body.

By its action today, the union has demonstrated a high degree of statesmanship in accepting President Eisenhower's alternative suggestion that the present steel negotiations be continued and a shutdown postponed.

Surely with this additional time thus afforded it should be possible for the union and the companies to arrive at a fair agreement.

The facts reported by Senator KEFAUVER on the basis of testimony before the Senate Antitrust Subcommittee demonstrate that improved wage and fringe benefits are possible without increasing steel prices.

Perhaps the leaders of the steel companies will use this period of extension to join with representatives of the union in developing a reasonable solution of the present crisis.

Mr. President, I sent a copy of that statement to Mr. David J. McDonald, president of the United Steelworkers of America, 1500 Commonwealth Building, Pittsburgh 22, Pa. I felt that Mr. McDonald was deserving of the thanks and appreciation of persons in public life, as well as of private citizens, because certainly there is a need for an amicable and just settlement of the differences between the steel companies and the Steelworkers Union.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the text of a letter sent by Mr. David J. McDonald to President Eisenhower under date of June 25, 1959; the reply of President Eisenhower dated June 27, 1959; and a telegram of the same date from Mr. McDonald to President Eisenhower.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

MCDONALD LETTER

NEW YORK CITY, *June 25, 1959.*

DEAR MR. PRESIDENT: It is my duty to inform you that the steel negotiations are deadlocked. From all present indications, steel furnaces will be banked this weekend and the mills shut down at 12:01 a.m., July 1, 1959. The United Steelworkers of America does not want a strike; the Nation does not want steel production shut down.

The impasse between the parties is such that the impending shutdown may well be prolonged unless a way is found to resolve the issues in dispute.

We respect your expressed position that the Federal Government should not interfere with the actual bargaining process. The final settlement should be and will be made by the parties themselves. In this situation, however, the Government, short of intervening in collective bargaining, can provide some method to help facilitate collective bargaining. You yourself indicated in your press conference on June 17, 1959, that an appropriate method might well be for the Government to bring out the relevant economic facts. The parties in this dispute are in total disagreement as to the facts. The public is understandably confused.

We respectfully suggest that you consider implementation of the intent of your June 17 statement by creating an impartial factfinding board to hear the evidence for the sole purpose of determining and bringing out all of the relevant facts in the dispute, including wages, profits and productivity in the steel industry.

On behalf of the United Steelworkers of America, I pledge you, Mr. President, that the union, on the basis of the facts determined by this impartial board, is prepared to negotiate night and day, if necessary, a noninflationary settlement which is fair both to the workers and the industry, and such that in your words the "price is not compelled to go up."

Respectfully yours,

DAVID J. MCDONALD,
President, United Steelworkers of America.

PRESIDENT'S REPLY

JUNE 27, 1959.

DEAR MR. MCDONALD: I have your June 25th letter suggesting I appoint a board to hear evidence and determine all relevant facts in the negotiations between your union and the steel industry.

As you know, Congress in the Taft-Hartley Act authorized the President, in emergencies affecting the national health or safety, to appoint boards of inquiry for fact finding in labor and management disputes. In limiting this authority to emergencies, Congress, in my opinion, acted wisely, and I do not believe it would be in the national interest for me to follow your suggestion. Congress has also provided for conciliation and mediation through the Federal Mediation and Conciliation Service, and that service stands ready at any time to assist the parties to reach agreement.

I suggest to both parties to this dispute that they continue to bargain without interruption of production until all of the terms and conditions of a new contract are agreed upon. Acceptance of this suggestion, I am sure, will be in the interest of the steel workers, the steel companies, and the public.

It was reassuring to note the statements in your letter that the "Federal Government should not interfere with the actual bargaining process" and that "the final settlement should be and will be made by the parties themselves." I think that you and I are in agreement that free voluntary collective bargaining is an integral part of the American democratic way of life.

With best wishes,

Sincerely,

DWIGHT D. EISENHOWER.

MCDONALD TELEGRAM

DEAR MR. PRESIDENT: The United Steelworkers of America accept your suggestion that both parties to this dispute continue to bargain without interruption of production.

Accordingly, we will extend, without conditions, prejudices, or qualifications, the agreements with the 12 steel companies which would otherwise expire on June 30, 1959, for a period of 2 weeks from that date. This will provide ample time to conclude new collective-bargaining agreements in good-faith negotiations.

With all good wishes.

Respectfully,

DAVID J. MCDONALD,
President, United Steelworkers of America.

Mr. HUMPHREY. Mr. President, Mr. McDonald, in his telegram to President Eisenhower, expressed the willingness of the United Steelworkers of America to accept the President's suggestion that both parties to the dispute continue to bargain without interruption of production. This dispute is of such importance that it leaves no room for any form of intransigence or arrogance. There is a public interest in these matters—a very definite public interest in the light of the international situation. I am hopeful that during the period of time which has been made available by a conciliatory attitude on the part of Mr. McDonald and his union, there will be negotiations which will lend themselves to conclusions and settlements.

There is no doubt that some matters will require very careful negotiation. As a result of the experience which many of these men have had in the field of collective bargaining, a justifiable, honorable settlement ought to be obtained.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. I associate myself with the remarks made by the distinguished senior Senator from Minnesota. I think that David McDonald and his colleagues on the union team are to be commended for the solid statesmanship which they have shown in the field of labor relations. I am delighted that they acceded to the request of the administration, which I understand was made by the President, that negotiations be carried on for 2 weeks longer in the hope that, if possible, the difficulties could be overcome.

I am happy to note also that the leaders of the steel industry have been willing to renew their efforts to reach a settlement, although I am sorry to note that as of now there seems to be no give-and-take, so far as negotiations are concerned. So far as I can ascertain, conditions at present are where they have been over the past several months.

It is my hope that in the next 2 weeks labor and industry, in the field of steel, will get together. If they can reach reasonable agreements, if they can show the same kind of statesmanship which they showed in agreeing to a 2-week extension, then I think the outlook for America's economy will be good. If they do not, I think the effects will be distressing, because not only will the steel industry feel the results of a strike, but all segments of our economy will feel them, as well.

Again, I wish to join with the distinguished senior Senator from Minnesota in commending Mr. David McDonald and his colleagues for agreeing to a

2-week extension of negotiations under the present contract, and also the steel industry for agreeing to continue to negotiate. Let us all hope that these 2 weeks will be the straw which will break the camel's back in bringing about an agreement between these two segments of a great industry.

Mr. HUMPHREY. I thank the Senator from Montana for those remarks. I am sure they will be helpful in this situation. We are expressing today our deep concern over a possible shutdown in the steel industry. I say this because the metropolitan edition of the Washington Star this afternoon has a banner headline which states quite categorically that Moscow today has announced a new program of industrial activity, development, and production. Great new programs of automation are to be installed in steel plants and many other industrial plants of the Soviet Union.

A few weeks ago I addressed the Senate on the subject of the economic challenge of the Soviet Union. I regret to point out that all too few people seemed to take this challenge seriously.

Let me say quite frankly that if our dispute with the Soviet Union can be limited to economic competition, that will be a blessing. What a wonderful way that would be to test the vitality of the two systems. What a splendid way it would be to really be able to determine which political and economic system offers the greatest opportunity for the largest number of people. I hope the contest can be confined to the economic areas.

But I wish to say to my fellow Americans that we have our work cut out for us. This is no longer a race between the hare and the tortoise—the hare of U.S. industry and the tortoise of Soviet state capitalism. Instead, it is becoming a race between two hares; and there is no room for napping, there is no room for complacency, and surely there is no room for just getting along, as we used to do. Instead, we are going to have to be on the move; we are going to have to become competitive; we are going to have to modernize every plant; we are going to have to attempt to improve production, thereby reducing costs; and we are going to have to have tremendous investments in new plant equipment.

Our labor force, thank goodness, is highly skilled. Our management is the best in the world. All we need to do now is understand the nature, the dimensions, and the proportions of the challenge which has come to us from the Soviet state capitalistic system; and that is what it is. When Americans understand that it is not communism, but it is the Soviet state capitalistic system, they will be better able to meet the challenge. I repeat what Mikoyan said to me, in giving his definition of a Communist. He said, "The modern Communist has the zeal of an old-time Bolshevik and the practicality of a modern capitalist." I think that describes the nature of the challenge which faces us.

Speaking of the Soviet challenge, Mr. President, my attention has been called to an advertisement by the American Iron & Steel Institute. The advertisement urges a halt in the—and I quote from the advertisement—"inflationary rise in wage costs that is undermining the job security of American workers."

Of course, the advertisement is neatly timed with the current labor dispute between the steel industry and the Steelworkers Union. The advertisement has appeared all over the country, in many of the metropolitan newspapers. The advertisement gives the impression that the wages paid to U.S. steelworkers, in contrast to the wages paid to steelworkers in other countries, are enabling European and Japanese steel producers to undersell American steel-producing companies, both at home and abroad. The implication that foreign competition is due to low wages in other countries is conveyed by the text and by presenting a picture of a Russian steelworker next to the headline, "Will He Take Away an American Steelworker's Job?"

I rise to discuss this advertisement, because it is a clever attempt to mislead the American people. It is nothing more than deceptive propaganda which seeks to spread misinformation and confusion. The issue involved is too important to permit such an advertisement to go unchallenged.

The advertisement, for example, compares hourly wages of steelworkers in America and those in Russia; but these figures are meaningless, in themselves. The average foreign country has generally two or three times as many workers, who work longer workweeks, than do American companies with the same production. The foreign employer's total wage bill could be, and in many instances is, actually higher. Information obtained from the Steelworker's Union and from the Iron & Steel Institute itself shows the falsity of this advertisement's implications.

Mr. President, I have looked into this matter, over a period of time; and I made up my mind that I would challenge the validity, the authenticity, and the honesty of that advertisement. I happen to come from a part of the Nation in which the largest amounts of domestic iron ore are to be found. In our area in the northeastern part of Minnesota, the iron range has been suffering from unemployment. It is a distressed area, in terms of the definition of distressed areas. Our steelworkers are fine, outstanding citizens, and they are good producers. When they see an advertisement like this one, it disturbs them. This advertisement was sent to me by one of them. Therefore, I determined to look into the matter and ascertain the facts.

If we look at the production costs of Russia—America's nearest rival—the advantages of U.S. production become obvious. Using the American steel industry's own figures, we find that materials, in relation to wages, are five times more expensive in Russia than they are in the United States. That is the reason why the Soviet Union announced today an expanded program of automation. Labor productivity in terms of tons per man in Soviet plants is low, by American standards. This fact appeared in the publication "Steel in the Soviet Union," a report given by the Russian study delegation of the American Iron & Steel Institute. Manning crews offer one example of the larger working force necessary in Russia; for each furnace crew there is an additional helper, while two extra helpers are needed on their 440-ton furnaces.

A comparison between U.S. and British production also illustrates the falsity of the advertisement. In 1957, for example, according to figures recorded by the United Steelworkers of America, the average materials cost in the United States was 39.3 percent of sales. In Great Britain, it was 54.6 percent, a difference in our favor of 15.3 percent of sales. U.S. labor costs were 36.3 percent of sales, compared with 21.8 percent in Great Britain, a difference to our disadvantage of 14.5 percent. The American steel industry has thus a cost advantage of material which more than cancels out the foreign companies' cost advantage on labor.

In other words, in the case of the cost of materials, and on the basis of a comparison with the material costs in Great Britain, the American firms have a difference in their favor of 15.3 percent of sales. On the other hand, the American producers are at a disadvantage in the case of labor costs; and that disadvantage amounts to 14.5 percent. But that leaves the American producers with an overall advantage of eight-tenths of 1 percent.

Mind you, Mr. President, U.S. labor costs were 36.3 percent of sales, and U.S. material costs were 39.3 percent of sales. So when the figures are prorated, we find that the American producers actually have an advantage of 1½ percent in the competitive market.

Other factors which must be taken into consideration are the hidden labor costs in Europe and Japan. Health insurance, and pensions are listed in the United States as labor costs. This is not the case in Great Britain, where health insurance, pensions, and so forth, are financed mostly out of general government revenues. State unemployment in the United States is a labor cost, while in France the national government and communes pay for all of it out of taxes. German employers have an additional expense of building houses for workers. In contrast to the wages in these countries, American wages include the hourly equivalent of annual vacations and paid holidays.

The American steel industry is producing at the highest levels in history. This country is a steel-exporting, not a steel-importing, nation. Fear of a strike in the steel industry has recently served to stimulate an increased importation of steel products; but, in spite of this, the amount of foreign imports has remained extremely low. During the first 3 months of the year, imports of steel totaled 757,555 net tons, 3.6 percent of the total supply. This percentage is not significant enough to threaten, even from a long-range viewpoint, the American steel industry. Proof of this can be seen in the U.S. Tariff Commission's reaction to an application from four steel companies regarding foreign competition. The Commission stated that

the information which it had obtained did not suggest that steel imports were "causing or threatening serious injury to the domestic producers."

Mr. President, the only injury to American producers is that to the producers of raw materials. The steel industry benefits from that. It does not publish any advertisements which show workers digging out ore in Venezuela or in Africa, to the disadvantage of the workers in northeastern Minnesota, on the iron range. No, Mr. President; instead, the American processors of the iron ore, the American steel industry which brings in these imports, to its own advantage, now attempts to frighten the American worker who works in the plant, by publishing an advertisement in which it is stated that the American worker will lose his job to a Japanese or a British or French or a Russian worker in the processing part of the steel industry.

Mr. President, the facts are to the contrary. All will be well if the American industry remains modern, and if we keep our plants up to date, and if capital is plowed back into the plants, for investment purposes, to keep the American steel industry the most modern in the world. Fortunately it is that, in the aggregate, today, although in some parts of the world there are some plants that are more modern than some of the plants in our country. In fact, Mr. President, when we consider the total industry, the American people can be very proud of the steel industry of the United States. Let us keep it that way.

But let there be no more false advertising, no more public relations programs which, on the basis of misleading information, tend to frighten the American worker and the American citizen.

The advertisement of the Iron and Steel Institute which attempts to convince the Nation that a wage increase will only serve to export jobs is deceptive. The misuse of statistics should not be a device employed to influence the public; and I am saddened to find that the steel corporations have resorted to propaganda of that type, rather than to candidly discuss the real issues involved in the present steel industry negotiations. Those issues can be discussed fairly and frankly, and I am sure there are good points on both sides.

But the advertisement which I hold in my hand—and I wish that all of it could be printed in the CONGRESSIONAL RECORD—misleads the American people and misrepresents the facts. The advertisement is deceptive. It is not honorable advertising. I regret that that is the case, because there is no industry which more fully represents the strength of America and the genius of American technology than does the American steel industry; and I pay my respects to the management of that industry and to the technicians, the scientists, and the workers in the mines, the factories, the processing plants, the rolling mills, and the blast furnaces.

Mr. HART. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HART. Is it not this type of deception which adds materially to the difficulty the chairman of the Foreign Relations Committee and the Senator from Minnesota and other Senators will have tomorrow in considering the mutual security program?

Mr. HUMPHREY. The Senator is so correct. This is part of a scare program, which I think is beneath the dignity of the United States. This is the most powerful Nation on the face of the earth. May we always be so. We are the richest Nation. May we always be so, and yet be humble in the use of our wealth for good purposes.

All I say is that if we exercise some reasonable, prudent judgment, and common sense, and keep our plants modern and up to date, increase the productivity of our workers, see to it that their work is rewarded by wage increases which are deserving, and see to it that standard of living is improved, the United States is not going to price itself out of the market, because the United States today is still the greatest steel-producing Nation on the face of the earth, and the largest exporter.

I ask unanimous consent that the advertisement to which I have referred be made a part of my remarks at this point in the RECORD.

There being no objection, the advertisement was ordered to be printed in the RECORD, as follows:

WILL HE TAKE AWAY AN AMERICAN STEELWORKER'S JOB?

Meet Vladimir Petrov, Russian steelworker. He earns about 56 rubles a day.

American steelworkers earn $24 a day, four times as much as steelworkers of Western Europe, over four times as much as Vladimir, and seven times as much as Japanese steelworkers.

So what?

So this: Many foreign countries have zoomed their output of steel—they're selling it all over the world—and in increasing amounts even in the United States. For instance, more barbed wire is being imported here from abroad than American mills are producing.

Soaring costs in this country are hurting the American steelworker as he tries to compete with his counterparts all over the world. European and Japanese steel producers are even now underselling American steel right here in this country. Some American steelworkers have already lost their jobs just for this reason; foreign steelworkers have gotten their jobs.

Certainly it will not help America if the spread between U.S. and foreign wages is increased. It will only serve to export jobs.

Isn't it time to stop this inflationary rise in wage costs that is undermining the job security of American workers?

The American Iron and Steel Institute brings you this message from the steel industry because inflation robs us all.

Mr. HUMPHREY. Mr. President, what I have said lends itself to a statement which appeared yesterday when the President of the United States released an interim report by his special Cabinet Committee on Price Stability for Economic Growth.

In an editorial, appropriately titled "Words, Words, Words," the Washington Post has severely criticized this report for its failure to add any constructive proposals or facts for our national goals of economic growth and stability.

The committee report is called "redundant, uninspired and generally useless," in the editorial.

That is just about as devastating a description as one could give to a report or that one could possibly conceive of.

In this view I thoroughly concur. I wish this administration would give a little more attention to our essential needs in the fields of national defense and domestic welfare, instead of looking under the bed for an inflation bogey to excuse its lack of action on these overdue needs.

As the Post editorial points out, we are all in favor of protecting the value of the dollar and balancing the budget. I believe our rich productive Nation can operate without inflation on a balanced budget. But there are three ways to balance the budget.

We can cut public spending regardless of public needs.

That is being done currently.

We can raise taxes. We tried to raise an additional $335 million by removing from the tax law an inequitable provision known as the dividend credit provision, which would have eliminated a tax loophole, which would have been fair and just; but the administration was opposed to it, and, regrettably, the Senate, under the threat that there would be no tax legislation and that we would lose revenue, went along with the conference report.

The third way—which seems most reasonable to me—is to meet the costs of our defense and welfare programs with fiscal and monetary policies which stimulate economic growth and stability. The report of the Cabinet Committee fails to give any constructive suggestions on how we are to achieve the national economic growth which brings full employment with higher production and larger incomes, which in turn bring larger tax revenues.

Mr. President, in Monday's Washington Post appears a significant article on the recently released "World Economic Survey 1958" by the United Nations Bureau of Economic Affairs. In this report, United Nations economists warn that the world economy will recover more slowly from the 1957–58 recession than it did from the 1952–54 recession and that budget-cutting and restrictive monetary policies will delay recovery in the United States.

Mr. President, here is an objective, outside group. I say an outside group; I mean a group that represents no one country, that has no particular national prejudice or interest, that is made up of eminent economists—the "World Economic Survey" of the United Nations Bureau of Economic Affairs. It is known as a competent bureau and organization. The bureau says that because of the monetary policies being pursued, and because of the budget cutting, the United States of America is going to have a delayed recovery and has experienced a delayed recovery.

Mr. President, if we were to add up the cost of that delay, I am of the opinion that we could pay for many hundreds of school buildings, many hospitals, many hundreds of miles of highway con-

struction, and great amounts of research for medical care. We could have well paid for such programs.

The cost of the Government's monetary and fiscal policies has been a tremendous burden on the American economy. I include not only the rise in interest rates, which is a subject unto itself, but the restrictive policies which have been pursued have resulted for months in, if not economic stagnation, at least a kind of economic lethargy.

Of course, that has been compensated for by slogans. The administration has been characterized appropriately as having dynamic apathy.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I am happy to yield to my good friend and colleague from Minnesota.

Mr. McCARTHY. The proper definition of dynamic conservatism would be the exertion of oneself to try as hard as he could to do nothing. Is that correct?

Mr. HUMPHREY. The Senator's definition is accurate from a political, economic, and physiological point of view.

Mr. McCARTHY. The Senator may have noted that the ultimate in dynamic conservatism is the symbol of a man standing on his head at the top of a flagpole.

Mr. HUMPHREY. If that is the ultimate, I accept it.

Mr. McCARTHY. Does the Senator not think that symbol represents the administration?

Mr. HUMPHREY. It seems to me that is a little too risky for the administration. If the Senator would like to have the symbol be one of standing on its head on a——

Mr. McCARTHY. On a low pedestal?

Mr. HUMPHREY. On a low pedestal, I will accept it.

Mr. McCARTHY. That is not quite accurate, but I will accept it.

I am sure the Senator noticed a news release which stated that at the end of the fiscal year not only had the administration accomplished the largest peacetime deficit in history, but, more than that, it was twice as large as any other peacetime deficit.

Mr. HUMPHREY. I had not noticed that dispatch, but it sort of jibes with the general information which is available. That accomplishment again adds to the description of this administration as having dynamic apathy. How did the Senator state it? Dynamic conservatism?

Mr. McCARTHY. That is language which has been used to describe the administration's approach to problems.

Mr. HUMPHREY. Yes. It is the substitution of slogans for substance and of public relations for policy that has placed a heavy burden upon the American economy.

The Associated Press article by William N. Oatis reports that the U.N. economists believe America's recovery will depend on a higher rate of growth, based on growing demand for goods and services, bolstered by government spending, since private consumption is not rising at an adequate rate.

The hesitation of this administration to promote economic growth is based on a mistaken fear of price increases, the U.N. economists say. Very properly, they point out that a higher rate of growth will foster a rapid increase in productivity, which will counteract the inflationary effect on prices of rising demand.

This is particularly true if the administration keeps a watchful eye on the industries which have administered prices—in other words, which have a price structure which comes about, not as a result of monopoly, but as a result of oligopoly, which results from the association of a group of industries and major factories in production and distribution. I do not necessarily mean monopolies, but I refer to monopolistic tendencies and practices and attitudes when certain industries work under an oligopoly. By the way, a good book has been written by Mr. Chamberlain on the subject of monopolistic practices. He has defined the word "oligopoly," which is more accurately a description of current economic operations than is the description "monopoly."

We must act to maintain rising consumption, rather than let unjustified fears of price inflation delay recovery in the U.S. economy, as well as the world economy.

All of this relates to the item I referred to earlier, namely, the dispute in the steel industry.

When we discuss economic matters we need not only descriptive language but also factual and objective statistics. It appears to me the least the Government can do in the current labor dispute is to have an objective fact-finding board. I think the American people would like to know exactly who is right in this dispute, from the economic point of view. They would like to have the facts.

There are questions of policy and of judgment, questions of social policy and economic policy, which are not necessarily to be determined by a factual analysis of statistical information. There is information on production, production per hour, production per worker, prices and profits.

At least an objective, impartial fact-finding board appointed by the President of the United States, carrying the majesty and the power of that office, would do much to clear away the confusion, to clear away the doubt, to clear away the propaganda, to clear away the deception, and to give to the American people facts with which to make objective judgments on grave and important matters such as a dispute in the basic industry of our Nation, the steel industry.

Mr. President, I desire to read, for the information of the Senate, the editorial published today in the Washington Post and Times Herald. It is entitled "Words, Words, Words," and reads as follows:

The Nixon Committee's interim report on how to promote "price stability for economic growth" (how deceptively that "for" bridges the chasm) is certainly one of the most redundant, uninspired, and generally useless documents lately to come off the Government's mimeographing machines.

As the President and the Cabinet Committee both note, the three interim recommendations of the Committee have already been made to Congress. Two of them, moreover, are already well established (if necessarily ill-defined) policy with both this administration and this Congress: the intention by "all appropriate means" to protect the buying power of the dollar, and, the provision of a balanced budget for the coming fiscal year. The Nixon Committee adds no definition to either policy. We know of not a single important dissenting voice, in Congress or in the executive branch, on either of these matters. As for the third proposal, to remove the interest ceiling on Government bonds, this would hardly be a "cure" for inflation but merely an acknowledgment of present financial realities which, without other far-ranging moves in the field of taxation and debt management, would do little either for stability or for growth.

The Cabinet Committee's restatement of the obvious—and of the more or less meaningless—is carried so very far in some phrases as to suggest a lack of serious purpose or of careful editing. For example, the report says, "Excessive authorizations, by making deficits or high taxes likely in the future, could create permanent inflationary forces." What, in heaven's name, would necessarily be inflationary about a bigger budget balanced with higher taxes?

We are glad to know that the Nixon Committee believes taxes, the farm price support program, the export trade and labor and business monopoly all need further "studying." If this may be translated to mean that the Cabinet Committee knows that the problems of growth and of stability can be solved only by the making of some hard decisions in these and other areas, the country may perhaps take encouragement. But this particular Cabinet Committee has precious little time left for its studies.

Mr. President, I ask unanimous consent that the article to which I previously referred, written by William N. Oatis, from the United Nations, N.Y., published as an Associated Press dispatch on June 29, 1959, relating to the world economic situation, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WORLD UPTURN SEEN BEHIND 1952–54 RATE

(By William N. Oatis)

UNITED NATIONS, N.Y., June 28.—U.N. economists predicted tonight that the world will recover more slowly from the 1957–58 recession than it did from that of 1952–54. They held that U.S. budget-cutting tended to slow down America's recovery.

The economists' outlook was contained in the U.N.'s latest annual world economic survey. They said such recovery depends on a growing demand for goods and services and Government spending and private consumption are needed to bolster this demand.

But, they said, the U.S. Budget "implies a slight decline in expenditure from the first to the second half of the calendar year 1959.

"This could lead to a significant slowing down in the pace of recovery," they concluded, if it came "together with any slackening in residential construction and inventory accumulation" on industry's part. They foresaw such slackening.

The economists said businesses in the United States spent at an annual rate of $6 billion in the first quarter of this year to build up inventories after the recession. But they went on:

"Some of this was concentrated in the steel-using industries, in anticipation of a steel strike, and to this extent was likely to be followed by some reaction later in the year."

They saw no hope that private consumption would provide the necessary spark to quicker recovery. They said consumers would not go on for long dipping into their savings to buy; could not get easier credit

terms, and lacked "specific Government measures to raise personal disposable income," such as lower taxes or higher pensions.

The economists said some governments—and they named the United States—hesitated to promote a higher rate of economic growth largely because of "fear of price increases if the recovery accelerates."

"What is * * * left out of account * * *" they said, "is that while a higher rate of growth would tend to increase the pressure of demand in the raw material and labor markets, it would also permit a more rapid advance in productivity. Moreover, productive capacity in raw materials has increased much faster than demand for some years."

They noted that in the United States, "credit began to be tightened from August 1958, when industrial production was still 6 percent below the previous peak."

"World Economic Survey 1958"—the first part was released last Monday and the second part tonight—was prepared by the economic survey branch of the U.N. Bureau of Economic Affairs.

Its authors said the world's industrial countries generally—Western Europe, North America, and Japan—were recovering at the start of 1959 and would go on recovering, but not so fast as they did in the 1954–57 boom.

FEDERAL INDUSTRIAL SECURITY PROGRAM

Mr. THURMOND. Mr. President, as a result of the Supreme Court's decision in the case of Greene against McElroy, and others, delivered on June 29, 1959, our country is without any effective industrial security program. It is imperative that the Congress act immediately to overcome the result of this decision and to protect the internal security of the country.

The Department of Defense has long had an industrial security program, as have other Government agencies and departments. These departments and agencies have specified in their contracts with contractors that no classified information was to be revealed, and no access to areas where classified projects were conducted was to be permitted, to any person not given security clearance by the Government department or agency. Pursuant to such contractual provisions, the departments and agencies have granted and declined security clearances to employees of their contractors.

In determining whether clearances should be granted or declined, the various agencies and departments of Government have carefully avoided damaging the Government's security program by not revealing the identification of the sources of their information. In so doing, the person for whom the security clearance was sought has often not been confronted with the witnesses who gave information on his case, nor has such person been given access to all the information which is available to the department or agency which determines the matter.

The Greene case was probably a typical example. Greene was the executive vice president of a contractor of the Department of Defense. He was an aeronautical engineer. He had had prior clearances for classified work. In 1954 his security clearance was revoked. Since his employer was almost exclusively working on contracts for the Government, the contractor had no further need for his services and he was discharged. Greene was unable to find other employment in his field and brought an action to have the denial of a security clearance declared unlawful. The district court and the court of appeals decided adversely to Greene, but the Supreme Court reversed the lower courts and granted Greene's petition.

During the conduct of the proceedings to determine whether the security clearance should or should not be granted, Greene was not confronted with the agents who had furnished the information against him, nor was he given access to all of the specifics of the reports concerning his activities.

The Supreme Court based its invalidation of the Department of Defense industrial security program on the narrow ground of lack of authorization of the program by either Congress or the President. The majority opinion of the Court reasoned that neither congressional nor Presidential authorization could be inferred for a procedure which did not provide the traditional safeguards usually thought of in the context of procedural "due process"—to be precise, the right of a person to be confronted with the witnesses against him for cross-examination, and to have access to all specifics of the charges against him. The Supreme Court pointedly declined to express any view as to whether the procedures used in the case at hand would have been in violation of the Constitution had they been authorized specifically by Congress and the President. Thus, while admitting the authority of the Department of Defense to establish an industrial security program by virtue of Executive Order No. 10501 and inferred congressional approval, the Court declined to infer from the same actions an authorization to conduct the program in such a manner as to deny the traditional and historical procedures of due process.

I would be the last to criticize the Court for declining to infer authorizations for executive departments and agencies. Such inferences could be extremely dangerous, and we are all most acutely aware that the departments and agencies are granted or assume the widest authorizations, as it is.

Nevertheless, I am convinced that the decision is wrong. The Court has failed to distinguish between what is a matter of right with the individual, and what is, at the greatest, a matter of privilege. This case did not deal with the right of an individual to hold a job or to preserve any right guaranteed to him by the Constitution. It involved solely the question of whether an individual should have access to properly classified information presumably in the exclusive control of the Government. Under such circumstances, the Government has the right to determine who, under what conditions, shall receive classified information. The loss of employment which occurred in this instance, and undoubtedly in others, was incidental to the decision of the Department of Defense to deny such information to Greene. Since no right of the individual was involved, the procedure utilized by the Department of Defense in arriving at the decision is and was immaterial. Justice Clark wisely noted this distinction in his dissenting opinion.

Regardless of whether we agree or disagree, individually, with the rationale of the Supreme Court's opinion, the fact remains that the country is now without any effective industrial security program. The existing procedure could be made effective only through compromise of our entire security program by the process of "burning informants and agents." The burden rests squarely on the Congress to remedy the situation.

For the reasons stated, Mr. President, I send to the desk a bill to authorize and establish a Federal Industrial Security program. In drafting this measure, I have relied heavily on the recommendations of the Commission on Government Security, published in June 1957. The bill I introduce would establish specific criteria for granting or denying clearances. It would deal with the questions of confrontation and cross-examination forthrightly. While granting the maximum degree of safeguards for the individual, this proposal would also protect the identity of agents in the security program, and thereby, the security program itself.

I fervently hope that the committees and the Congress will expedite action in this field so that Congress may meet its responsibility in full on this vital question prior to adjournment.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD following my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2314) to provide for a Federal industrial security program, introduced by Mr. THURMOND, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Industrial Security Act".

DEFINITIONS

SEC. 2. As used in this Act—

(1) The term "security program" means any program established by or pursuant to law or Executive order, and administered or supervised by any executive agency, to prevent untrustworthy individuals, in the interest of the national security, from gaining access to classified information or to any security facility.

(2) The term "security officer" means any officer or employee of any executive agency who is charged with the duty of carrying into effect in whole or in part the requirements of any loyalty or security program.

(3) The term "security clearance" means authorization duly given to any individual by the appropriate executive agency for access to classified information or to a security facility.

(4) The term "security facility" means the whole or any part of any——

(a) installation or facility of any executive agency;

(b) industrial plant or facility;

(c) vessel, port, or port facility;

(d) aircraft, airport, or airport facility; or
(e) other area or facility,

which has been duly designated by the President or by any officer or employee of any executive agency, under any law or Executive order, in the interest of the national security as a facility to which access may be granted only to those individuals who have received security clearance from the appropriate executive agency.

(5) The term "classified information" means any information or material which has been duly classified in the interest of the national security, by any officer or employee of any executive agency acting under authority conferred by law or Executive order, as "top secret" or "secret" or, in the case of the Atomic Energy Commission, as "Restricted Data".

(6) The term "Government contractor" means any individual, partnership, corporation, association, institution or other legal entity obligated to furnish any goods or services to or for the use of any executive agency under the terms of any contract or subcontract containing any requirement for the safeguarding of classified information.

(7) The term "contractor representative" means any individual who is an officer, director, partner, member, employee, agent, or other representative of any Government contractor.

(8) The term "national agency check", when used in relation to the investigation of any individual, means an investigation of that individual made upon the basis of written information supplied by him in response to official inquiry, and by reference to files of the Federal Bureau of Investigation and the Civil Service Commission, appropriate intelligence files of the Armed Forces, appropriate files of any other investigative or intelligence agency in the executive branch, and appropriate files of any committee or subcommittee of the Congress.

(9) The term "full field investigation", when used in relation to the investigation of any individual, means an investigation of that individual made by reference to all sources required for a national agency check, and in addition thereto:

(a) law enforcement files of the municipality, county, and State, within which that individual resides or is employed;

(b) records of schools and colleges attended by him;

(c) former employers of that individual;

(d) references given by him; and

(e) any other available source of information.

(10) The term "executive agency" means any department, agency, bureau, commission, office, or Armed Force in the executive branch of the Government, and any corporation whose share capital is wholly owned by the United States or any department or agency thereof.

(11) The term "head of the agency" or "agency head", when used in relation to any executive agency, means the head of such agency, or in the event of his incapacity or other absence, the officer of that agency who is authorized to act in his stead.

AUTHORIZATION FOR INDUSTRIAL SECURITY PROGRAM

SEC. 3. (a) Each executive agency engaged in the procurement of goods or services from Government contractors shall, if such procurement involves access by contractor representatives to classified information or to any security facility, establish and administer, in such manner consistent with the provisions of this Act as the President shall prescribe, a security program to prevent access by untrustworthy individuals to such information or to any such facility.

(b) No contract shall be executed by any executive agency with any Government contractor for the procurement of goods or services involving access by contractor representatives to classified information or to any security facility unless such contractor enters into an appropriate security agreement in writing under which that contractor is obligated—

(1) to withhold from any individual access to information and security facilities of any classification unless that individual holds a security clearance for access to information and security facilities of that classification; and

(2) to incorporate within any contract executed with any subcontractor, for the procurement of any goods or services required for the performance of the contract with that agency, such security provisions as may be prescribed in the security agreement executed with such executive agency.

INVESTIGATION OF CONTRACTOR REPRESENTATIVES

SEC. 4. (a) No executive agency shall grant to any contractor representative any security clearance for access to any information or security facility which has been classified as "secret" (or, in the case of the Atomic Energy Commission, Restricted Data) unless a national agency check has been made with respect to that individual by the appropriate investigative organization of such agency. If that check discloses as to that individual any derogatory subversive information requiring further investigation, the matter shall be referred to the Federal Bureau of Investigation, which shall then conduct a full field investigation of that individual. If the national agency check discloses as to that individual any other derogatory information requiring further investigation, such further investigation shall be conducted by the investigative organization of such agency.

(b) No executive agency shall grant to any contractor representative any security clearance for access to any information or security facility which has been classified as "top secret" (or, in the case of the Atomic Energy Commission, Restricted Data) unless a full field investigation of that individual has been made by the appropriate investigative organization of that agency. If in the course of that investigation any derogatory subversive information is disclosed as to that individual, such investigation shall be transferred to the Federal Bureau of Investigation, which shall then conduct a full field investigation of that individual.

(c) If any executive agency has no investigative organization, the investigations required by this section to be made by that agency shall be made by the Civil Service Commission.

EVALUATION OF PERSONNEL INVESTIGATIONS

SEC. 5. (a) The head of each executive agency administering an industrial personnel security program shall designate, from personnel of that agency specially qualified for such service, such number of screening officers as may be required for the administration of that program. It shall be the duty of such officers to examine investigative reports made concerning contractor representatives, and to determine whether such reports disclose any substantial information raising doubt as to the eligibility of such individuals for any security clearance.

(b) Whenever a screening officer of any agency determines that an investigative report contains information raising doubt as to the eligibility of any individual to receive any security clearance, such officer shall grant to that individual an opportunity for an interview in which he may offer his explanation of the facts and circumstances upon which that information is based. Whenever such officer determines that such a report contains information raising doubt as to the eligibility of any individual to hold a security clearance previously granted, he shall accord to that individual an opportunity for such an interview unless that officer determines that immediate suspension of such clearance is necessary in the interest of the national security.

(c) If, after the conclusion of any such interview and any further investigation considered by the screening officer to be necessary, the derogatory information concerning that individual has not been explained to the satisfaction of the screening officer, he shall withhold or suspend the security clearance of that individual, and shall prepare and transmit to him a letter of charges which shall be as specific and detailed as the interests of national security permit, and shall include such pertinent information as names, dates, and places in such detail as reasonably to permit answer to be made thereto. The letter of charges so transmitted must advise the individual concerned as to his right to a hearing under this Act.

(d) Before issuing any such letter of charges, a screening officer of any executive agency shall obtain the opinion of the appropriate legal officer of that agency on the question whether—

(1) the proposed letter of charges is sufficiently specific and detailed; and

(2) all other procedural requirements for the issuance of such letter have been satisfied.

SECURITY HEARINGS AND DETERMINATIONS

SEC. 6. (a) Within the time prescribed by regulations which shall be promulgated by the President, the recipient of any such letter of charges—

(1) may file his sworn answer thereto, accompanied by any affidavits or other written statements he may care to submit; and

(2) upon the filing of such sworn answer, may request a hearing upon those charges in accordance with the provisions of this Act.

(b) Whenever any individual has availed himself of his right to receive a hearing upon a letter of charges issued by any executive agency under this Act—

(1) the screening officer shall forward that request, together with the letter of charges transmitted to that individual and all papers filed by him in reply thereto, to the head of the agency for filing and hearing in accordance with the provisions of this Act; and

(2) the head of that agency shall designate, from personnel of that agency, such hearing officer, counsel, and other personnel as may be required for the conduct of such hearing.

(c) Upon the basis of all evidence contained in the record of such hearing, the head of the executive agency concerned shall make his determination on the question whether the individual concerned is eligible to receive or hold a security clearance. If the agency head determines that such individual is not eligible to receive or hold such security clearance, that individual may, within such time as the President shall prescribe by regulations, make written application to the agency head for a review of that determination. Upon receipt of timely application for such review, the agency head shall forward that request, together with all documents and records pertinent thereto, to such officer or agency as the President shall designate for that purpose in accordance with the provisions of this Act.

(d) If, after any such determination, the individual concerned declines, or fails to make timely application for, such review, that determination shall, upon the expiration of the period within which application for review may be made, become final and conclusive, and shall be binding upon the head of every other executive agency.

STANDARD AND CRITERIA FOR SECURITY DETERMINATIONS

SEC. 7. (a) No contractor representative may be granted or hold any security clearance if it is determined in accordance with

the provisions of this Act, on the basis of all information, that his possession of such clearance will endanger the common defense and security.

(b) In determining for the purposes of this section whether the possession of any security clearance by any individual will endanger the common defense or security, activities and associations of that individual of one or more of the following categories may be considered—

(1) sabotage, espionage, or attempts or preparations therefor, or knowingly associating with spies or saboteurs;

(2) treason or sedition or advocacy thereof;

(3) advocacy of revolution or force or violence to alter the constitutional form of government of the United States;

(4) intentional, unauthorized disclosure to any person of classified information;

(5) performing or attempting to perform his duties, or otherwise acting, so as to serve the interests of another government in preference to the interests of the United States;

(6) membership in, or affiliated or sympathetic association with, any party, group, or association which has been found by the Congress of the United States, or any agency or officer of the United States duly authorized by the Congress for that purpose:

(A) to seek to alter the form of government of the United States by force or violence, or other unconstitutional means; or

(B) to have been organized or utilized for the purpose of advancing the aims and objectives of the Communist movement; or

(C) to have been organized or utilized for the purpose of establishing any form of dictatorship in the United States or any form of international dictatorship; or

(D) to have been organized or utilized by any foreign government, or by any foreign party, group, or association acting in the interests of any foreign government, for the purpose of (i) espionage, or (ii) sabotage, or (iii) obtaining information relating to the defense of the United States or the protection of the national security, or (iv) hampering, hindering, or delaying the production of defense material; or

(E) to be affiliated with, or to act in concert with, or to be dominated or controlled by, any party, group, or association of the character described in (A), or (B), or (C), or (D) above;

(7) membership in or affiliation with any organization which the Congress of the United States, or any agency or officer of the United States duly authorized by the Congress for that purpose, has found to have adopted a policy of advocating or approving the commission of acts of force and violence to deny others their rights under the Constitution of the United States;

(8) refusal to testify upon the ground of self-incrimination, in any authorized inquiry relating to subversive activities conducted by a congressional committee, Federal court, Federal grand jury, or any other duly authorized Federal agency, as to any question relating to subversive activities of the individual involved, or others, unless the individual, after opportunity to do so, satisfactorily explains his refusal to testify;

(9) refusal to testify upon the ground of self-incrimination, in any other authorized inquiry conducted by a congressional committee, Federal court, Federal grand jury, or any other duly authorized agency, unless the individual, after opportunity to do so, satisfactorily explains his refusal to testify;

(10) willful violations or disregard of security regulations, or recurrent and serious, although unintentional, violation of such regulations or unauthorized disclosure of classified information:

(11) any illness, including any mental condition, of a nature which in the opinion of competent medical authority may cause significant defect in the performance, judgment, or reliability of the individual, with due regard to the transient or continued effect of the illness and the medical findings in such case;

(12) any behavior, activities, or associations which tend to show that the individual is not reliable or trustworthy;

(13) any deliberate misrepresentations, falsifications, or omission of material facts from a Personnel Security Questionnaire, Personal History Statement, or similar document;

(14) any criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, habitual use of intoxicants to excess, drug addiction, or sexual perversion;

(15) any facts which furnish reason to belive that the individual may be subjected to coercion, influence, or pressure which may cause him to act contrary to the best interests of the national security; or

(16) any other activity, association, or condition which tends to establish reasonable ground for relief that access by such individual to classified information or to any security facility will endanger the common defense and security.

(c) In determining the significance to be given for the purposes of this Act to membership of any individual in, or the association of any individual with, any organization, consideration must be given to—

(1) the character and history of that organization;

(2) the time during which such individual was a member of, or associated with, such organization;

(3) the actual knowledge of that individual, at the time of such membership or association, as to the nature and purposes of that organization;

(4) the extent to which the nature and purposes of that organization were publicly known at the time of such membership or association;

(5) the purpose for which that individual became a member of, or associated with, that organization;

(6) the degree to which that individual participated in the activities of that organization; and

(7) if that individual no longer is a member of, or associated with, that organization, the time at which his membership or association was terminated, the circumstances of such termination, and the degree to which he has separated himself from the activities of that organization.

(d) The normal relationships within the family shall not be deemed to create a reasonable doubt as to loyalty unless they fall within the class of close, continuing, or sympathetic association, and unless such association with members of the family is of such a nature as to indicate sympathetic association with an organization of the type described in paragraph (6) of subsection (b).

POWERS OF HEARING OFFICERS

SEC. 8. (a) A hearing officer assigned to conduct any hearing under this Act shall have the power to administer oaths for the purpose of taking evidence in that proceeding.

(b) Subject to the provisions of this Act, a hearing officer assigned to conduct any hearing under this Act shall have the powers of a district court of the United States to issue process to compel witnesses to appear and testify in the hearing, and to compel the production of other evidence. Any process so issued may run to any part of the United States or its Territories, Commonwealths, and possessions.

(c) Any person who willfully neglects or refuses to appear, or refuses to qualify as a witness or to testify, or to produce any evidence in obedience to any subpena duly issued under authority of this section shall be fined not more than $500, or imprisoned for not more than six months, or both. Upon the certifications by the hearing officer of the facts concerning any such willful disobedience by any person to the United States Attorney for any judicial district in which such person resides or is found, such attorney shall proceed by information for the prosecution of such person for such offense.

(d) Subject to the provisions of this Act, a hearing officer assigned to conduct any such hearing shall have the power to (1) authorize any party to such hearing to obtain the testimony of any person by deposition upon oral examination or by written interrogatories, and (2) appoint any person to take any such deposition or interrogatory. Any person so appointed shall have the power to administer oaths and to take such testimony.

PROCEEDINGS GENERALLY

SEC. 9. (a) In any hearing conducted under this Act the applicant for such hearing shall be allowed—

(1) a reasonable time to prepare for such hearing;

(2) to appear at his own expense at such hearing;

(3) to be represented, at his own expense, by counsel; and

(4) to present evidence and rebuttal evidence on his behalf.

(b) The rules of evidence applied by courts need not be applied in hearings under this Act, but no evidence shall be received by the examiner in any such hearing unless it is relevant to one or more of the allegations contained in the letter of charges which provides the basis for such hearing.

(c) Any letter of charges issued by any executive agency may thereafter be amended by such agency, at any time before the conclusion of hearing thereon, to include additional or different charges. Whenever any such amendment occurs, the party who is the subject of inquiry shall be allowed such additional time as the President shall by regulations determine to be reasonable for the filing of the amended answer of such party to such additional or different charges.

(d) Each witness who appears before a hearing officer in any such hearing shall be examined under oath or affirmation. Subject to any right of confrontation conferred by this Act upon the party who is the subject of inquiry, there may be received in evidence in any such hearing the affidavit of any witness offered by either party to such proceeding.

(e) All proceedings in any hearing under this Act shall be made a part of the record, but only the hearing officer, personnel assigned for official duty at such hearing, the party who is the subject of inquiry, counsel for each party, and witnesses may be present at such hearing.

(f) The hearing officer shall cause to be prepared a verbatim stenographic transcript of all proceedings in each hearing, including all evidence received therein. At the conclusion of the hearing in each case the transcript of the record shall be authenticated by the certificate of the hearing officer.

(g) After the conclusion of the hearing in any case, the hearing officer shall prepare a written report thereon, which shall contain a recitation of the questions presented, a summary of the evidence received, his findings as to the facts as to each allegation made with respect to the party who is the subject of inquiry, and his conclusion on each question presented for hearing. Upon the completion of that report, it shall be forwarded to the head of the executive agency concerned for his action.

(h) If the determination made by the head of the executive agency is unfavorable to the party who is the subject of inquiry, a true and correct copy of the transcript of the record of proceedings in the hearing, and a true and correct copy of the report prepared by the hearing officer upon

such hearing, shall be furnished without charge to that party as soon as may be practicable after timely application has been made by such party to the head of such agency for the review of that determination under this Act.

RIGHT OF CONFRONTATION

SEC. 10 (a) Except as otherwise specifically provided by this section, no derogatory information concerning the loyalty of any party who is the subject of inquiry in any hearing under this Act may be received in evidence in such hearing, over the objection of that party, unless the supplier of such information is identified by name and—

(1) gives oral testimony under oath or affirmation before the hearing officer, subject to cross-examination by or on behalf of the party who is the subject of inquiry; or

(2) gives testimony under oath or affirmation by deposition or interrogatory in the taking of which opportunity has been accorded to that party to propound cross-questions or cross-interrogatories relevant to all allegations made by the supplier of such information with respect to that party; or

(3) gives testimony by affidavit executed under oath, and is available for the giving of further testimony on application by the party who is the subject of inquiry through the issuance of a subpena or by deposition or interrogatory.

(b) Confrontation of a regularly established confidential informant engaged in obtaining intelligence or internal security information for the Government shall not be allowed if the head of the investigative agency concerned determines that the disclosure of the identity of such informant will prejudice the national security. In such cases the report supplied by the investigative agency shall contain as much of the information supplied by the informant as may be disclosed without revealing the identity of the informant and without otherwise endangering the national security.

(c) If confrontation is not permitted under subsection (b), the hearing officer shall furnish the party involved with a statement of the substance of the information obtained from such informant to the extent that such information is material to the consideration of the issues involved, and shall read into the record the substance of such information and the evaluation as to reliability placed upon such confidential informant in the investigative report.

(d) If the party who is the subject of inquiry questions the accuracy or completeness of the information furnished pursuant to subsection (c), that party may file with the hearing officer a written statement setting forth in detail so much of the information which is challenged as to accuracy or completeness. If the hearing officer is of the opinion that additional investigation as to the specific matter challenged is required in the interest of ascertaining the facts, he shall request the investigative agency to make such additional investigation. Information obtained as a result of the additional investigation shall be treated in the same manner as provided for in the original investigation.

(e) Derogatory information supplied by confidental informants other than those described in subsection (b) shall not be considered, over the objection of the party involved, by any hearing officer in arriving at his determination, or by any officer charged with the responsibility for making a final determination, unless such informants consent to the disclosure of their identity so as to enable the party involved to obtain their testimony through the issuance of subpenas or by depositions or written interrogatories.

(f) Derogatory information supplied by identified persons shall not be considered, over the objection of the party involved, by any hearing officer in arriving at his determination, or by any officer charged with the responsibility for making a final determination, unless the party involved is given the opportunity to obtain the testimony of such identified persons through the issuance of a subpena, or by depositions or written interrogatories. If the party involved is given the opportunity to obtain the testimony of such identified persons through the issuance of a subpena, or by depositions, or written interrogatories, such derogatory information supplied by identified persons shall be considered. If the identified person supplying the derogatory information is unavailable for service of subpena or the taking of his testimony by deposition or written interrogatories because of death, incompetency, or other reason, such derogatory information may be considered by the hearing officer with due regard for the lack of opportunity for cross-examination.

(g) In any hearing under this Act upon a letter of charges issued under this Act, the right of confrontation granted by this section shall be limited to evidence received in support of charges of the kinds listed in paragraphs (1) through (8) of section 6(b) of this Act.

ISSUANCE OF SUBPENAS

SEC. 11. (a) Upon his own motion, or upon application made by any party to any hearing upon charges of the kinds listed in paragraphs (1) through (8) of section 6(b) of this Act, the hearing officer may issue subpenas to compel the attendance of witnesses or the production of other evidence. Each such application for the issuance of a subpena to require the attendance of any witness must state the name and address of the witness desired and the substance of the testimony which such witness is believed to be qualified to give. Each such application for the issuance of a subpena to require the production of other evidence shall state the name and address of the person to whom it is to be directed and the nature of the evidence desired.

(b) The hearing officer shall deny any such application if he determines that the evidence sought (1) is not relevant to any issue presented for hearing, or (2) would be merely cumulative to other evidence received in the hearing. If, upon any such application, the hearing officer determines that a substantial sum would be required for the payment of per diem and mileage allowances incident to the issuance of a subpena, and that the evidence desired can be obtained by deposition or interrogatory, he may deny the application and require such evidence to be obtained by deposition or interrogatory.

(c) No subpena or other process may be issued by the hearing officer to compel the attendance, or otherwise to obtain the evidence, of—

(1) any individual certified by the head of any investigative agency of the executive branch of the Government to be a regularly established confidential informant engaged in obtaining intelligence or internal security information for such agency; or

(2) any other individual, without the consent of such individual, if such individual is certified by the head of any such agency to have given information to such agency concerning the party who is the subject of inquiry upon the condition that the supplier of such information would not be called as a witness to testify with respect to the information so given.

(d) The provisions of section 1821 of title 28, United States Code (relating to per diem and mileage allowances of witnesses), shall apply to witnesses summoned to appear at any hearing conducted under this Act. The per diem and mileage allowances of witnesses summoned on behalf of the executive agency by which the hearing is conducted shall be paid from funds appropriated to such agency. No witness shall be summoned by process issued on behalf of any party who is the subject of inquiry unless that party has deposited with the hearing officer such sum as he determines to be necessary to defray the per diem and mileage allowances payable to that witness. Such allowances of each witness so summoned shall be paid from the sum so deposited. If, after the conclusion of any hearing, the head of the executive agency concerned, upon the record of proceedings in that hearing, determines the question presented in a manner favorable to the party who deposited any such sum, there shall be paid to that party from funds appropriated to such executive agency a sum equal to the aggregate amount of all deposits so made by that party in that hearing.

APPLICATION FOR REVIEW OF DETERMINATION

SEC. 12. (a) Upon receipt of any application for the review of any determination made under this Act, the head of the executive agency concerned shall—

(1) transmit to such officer or agency as the President shall have designated for the review of such determination (A) the application for review, (B) a copy of the determination to be reviewed, (C) the report of the hearing officer upon which that determination was based, and (D) the record of proceedings in the hearing upon which that report was based; and

(2) notify each party to such review as to the time and place of any hearing which may be granted upon that review.

(b) Under regulations prescribed by the President, parties to any review under this Act may be accorded an opportunity to submit to the reviewing authority briefs and oral argument upon any or all questions presented for consideration in that review. If such opportunity is accorded, the head of the executive agency concerned shall designate, from personnel of that agency, one or more individuals authorized to represent him before the reviewing authority.

(c) The reviewing authority shall take such action as may be required to insure to the greatest possible extent the prompt disposition of matters referred to such authority for review.

(d) Determination of any question presented by any application transmitted to the reviewing authority for review under this Act shall be made in conformity with the standard and the criteria prescribed by this Act.

SCOPE OF REVIEW

SEC. 13. (a) In the review of any determination under this Act, the reviewing authority shall—

(1) review the proceedings taken in the hearing of such case by the hearing officer to determine whether they were taken in conformity with law and applicable regulations; and

(2) prepare its written report of such review, and its recommendation as to the action to be taken by the head of the agency concerned with respect to each question presented for review.

(b) The review of any case shall be limited to an examination of the report of the hearing officer in that case and the record of proceedings in the hearing before that officer. If in the opinion of the reviewing authority the report and record are insufficient to permit the preparation of its recommendation, the reviewing authority may return the report and record to the head of the executive agency concerned for reference to the hearing officer who conducted the hearing, or to any other hearing officer, for such further proceedings as the reviewing authority may direct. Upon the completion of such proceedings, the record thereof shall be transmitted to the reviewing authority for its action thereon in conformity with subsection (a).

(c) If the reviewing authority is composed of more than one individual, and any member of the reviewing authority does not concur in any recommendation made by the reviewing authority in any case, he may prepare his separate report stating his reasons for his disagreement.

FINAL DETERMINATION AFTER REVIEW

SEC. 14. (a) As soon as may be practicable after the completion of its review of any case, the reviewing authority shall transmit its report, and the separate report of any member of the reviewing authority, to the head of the executive agency concerned for his action thereon.

(b) The determination made by the head of that executive agency, upon the basis of the report or reports so transmitted to him, as to any question considered in that review, shall be final and conclusive, and may not be reviewed by any other officer, any executive agency, or any court.

EFFECTIVE DATE

SEC. 15. This Act shall take effect on the first day of the sixth month beginning after the date of enactment of this Act, or on such earlier date as the President may prescribe by proclamation published in the Federal Register.

ADDRESS BY ORVILLE L. FREEMAN, GOVERNOR OF MINNESOTA

Mr. McCARTHY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an address delivered by the Honorable Orville L. Freeman, Governor of Minnesota, at the Jefferson-Jackson Day dinner, Newark, N.J., May 9, 1959.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY ORVILLE L. FREEMAN, GOVERNOR OF MINNESOTA, TO JEFFERSON-JACKSON DAY DINNER, NEWARK, N.J., MAY 9, 1959

Democrats here in New Jersey have a great deal in common with Democrats in Minnesota. I know that you, here, as we in Minnesota, are determined to work vigorously to see that Democratic principles prevail in our respective States. I know that you also share with us a profound determination to do everything possible to bring about a sweeping Democratic victory on the national level next year. In order to win—and to be worthy of winning—such a victory, we know that the Democratic Party must meet its responsibility to provide the kind of program and the kind of leadership this country needs.

The Republican Party has failed to provide this kind of leadership—primarily, I think, because it is a party of the past. One cannot lead into the past. One can only lead into the future.

Yet, the Republicans look with longing, with a kind of childish nostalgia, toward the past. They want to return to the "good old days"—when dollars were bigger and budgets were smaller—when there was still a frontier in the West to offer escape to our unemployed—when oceans were still moats so wide an enemy couldn't cross—and when people thought the population of the United States would stabilize at 170 million.

They want to return to the comparative simplicity and security of those good old days. They can't seem to realize that those days are gone forever.

And so they are prisoners of the past; bound and tied by slogans and shibboleths such as the "free market," that never meant as much as they said and that means even less today.

In the sphere of international relations they are bound and tied by concepts that developed in an age of isolation, and therefore they cannot act with the courage and vision needed in an age of space.

In the sphere of our domestic economy they are bound and tied by the shackles of an age of scarcity, and therefore they cannot even recognize the problems—to say nothing of making the most of the opportunities—of an age of abundance.

No party thus bound and shackled can provide the leadership that is so imperative in the United States and the world today. In fact, leadership, by its very definition, must recognize the need for change.

In the current issue of Fortune there is a definition of leadership in business that is equally valid in describing leadership in public life. In an article entitled "The Rarest Man in Business," Perrin Stryker states that leadership actually boiled down to two main hallmarks. "(The leader's) clearest identification marks are these: (1) he has an innate propensity for change and innovation; (2) he manages to change men's beliefs, attitudes, and behaviors with benefit to many people."

"The true leader," Stryker continues, "will always have a cause, perhaps a towering vision, that cannot be appreciated from its nether side where others—practical, suspicious, or greedy—stand and watch. This sense of mission will often give him the look of a radical or a nonconformist. But the leader is not primarily a rebel. He is for something, and he aims ahead of others of his time."

Mr. Stryker's two hallmarks for leadership in business—the propensity for change and the concern for benefit to many people—are imperatives for leadership in American politics today. On both counts the Republican national administration has failed. Yet that kind of leadership is indispensable if the United States is to meet its responsibilities on the three major fronts on which we must make rapid progress if we are not to run the risk of defeat.

No one of these three fronts can be neglected, and success on each of them is dependent upon success on the others.

(1) We must face the demands of leadership in the field of international relations if we are to have any hope for a peaceful world.

(2) We must face the demands of leadership in the field of human relations, and make a living reality of our ideals of equality of opportunity and human freedom.

(3) We must grasp with vision and courage—with a recognition of the need for change and a concern for benefits for all of the people—the demands for leadership in making use of the plenty that is at hand to further economic well-being here at home.

It is the latter problem that I want to consider particularly here tonight—and I want to discuss our economic well-being especially as it relates to the problems of American agriculture.

You might well ask why I should come here, to your State of New Jersey, known as an industrial State and as the home of Standard Oil, to discuss the problems of the American farmer. I know that what agriculture you have is primarily truck farming, or should I say truck gardening—since New Jersey is known as the Garden State. Perhaps I should explain my venturing to talk about agricultural problems here in one of the greatest centers of urban population in the world.

Let me, then, summarize briefly my reasons for talking about your stake in a solution of our agricultural problem.

First, the crisis in agriculture in America today is—along with, and related to, our continuing unemployment—the most urgent problem we face in relation to our economic well-being here at home.

It is urgent because it points up our failure to think in terms of an age of abundance. It is a glaring illustration of a failure which gives rise to an analysis in the London Economist that concludes ironically: "At this rate, Mr. Khrushchev's Russia may yet learn how to produce more than the United States before Mr. Eisenhower's America learns how to produce less."

It is urgent because it points up how a major segment of the American economy has failed to share in the prosperity of recent years. We know that if any substantial segment of our economy is in serious trouble that trouble will be reflected in all aspects of our economic life. Farmers who can't earn can't buy. And those who are driven off farms must seek work in a labor market that already has too many unemployed. Until we abandon the psychology of scarcity and learn to make the most of the abundance that is possible today, we will continue to have unemployment in our cities and low incomes on our farms.

Second, I speak of agriculture here in this great urban center because I know that the public generally, and even many well-informed liberal leaders from nonfarm areas, understand too little about the problems involved. Yet these problems will not be solved without the understanding and help of labor and liberal leaders.

This lack of public understanding does not result solely from lack of experience and familiarity. Our Republican opponents have deliberately fostered misunderstanding. They do this both ways, using the old and timeworn tactics of divide and rule. They tell the farmer that the cost-price squeeze is caused by the high wage demands of labor. And they tell city consumers that they are penalized to the tune of billions of dollars in order to pay subsidies to farmers.

The facts and figures clearly refute these statements. I present only a few of them here to show how false these ideas are.

What is the real relationship between farm prices and your cost of living? Since 1946 the average family's food bill has increased by $243 per year, but only $3 of this increase goes to the farmers. When you buy a cotton shirt for $3, the farmer's share is only 25 cents. Of the 20 cents you pay for a loaf of bread the farmer gets 2½ cents. If you pay 21 cents for a quart of milk, the farmer gets about 7 cents. And he gets about 30 cents out of every dollar you spend for fresh fruits and vegetables.

During the past 10 years the cost of living has risen materially, but not because of increases in the cost of food. In terms of real wages, the following figures are of interest. Ten years ago the average wage-earner had to work 9.8 minutes to earn the price of a quart of milk—now he works 7.3 minutes. The minutes of work it takes to buy a pound of steak have decreased from 30 to 18; for a dozen eggs from 32 to 19; for a loaf of bread from 6½ to 5; and for five pounds of sugar from 27 to 17.

Another way of expressing this is to note that between 1952 and 1957 (the Benson era) farm prices decreased 20 percent, and therefore food prices remained relatively stable while other prices went up. If farm prices had gone up as much as other cost-of-living items, you would have paid 25 percent more for food and clothing, or a total extra bill of $70 billion. To this amount, then, the decrease in farm prices has meant a subsidy to consumers. A $70 billion subsidy taken out of the shrunken billfolds of the farmers:

But this is not all of the contribution farmers have made to the rest of our economy. Farmers buy goods amounting to $14 billion each year, and they pay for these goods at high, inflated prices. Eight billion dollars of their expenditures are for the purchase, operation, and maintenance of motor vehicles and farm machinery. The farmers' ability to buy is of major importance to steelworkers, to autoworkers, and to all who produce consumer goods in general.

Farmers make up only 12 percent of our population. But if we add to the 8 million farmers and farmworkers the 10 million engaged in marketing and distributing agricultural products, and the 6 million engaged in producing goods and services for farmers, we have a total of about 37 percent of our work force. Their sustained buying power is of real significance in our economy. Their prosperity is pretty important to the prosperity of us all.

I hope that this brief account of some of the facts that bear upon the farmer-consumer relationship can help to bring about a better recognition of the fact that city consumers, industrial workers, and our entire economic health depend on agriculture. A better understanding of this fact would greatly facilitate the task of working for a better farm program.

In my efforts toward such a program, I have again and again been confronted with the dominant idea—held even among liberal leaders—that programs urged by farm leaders are primarily special interest programs and pressure politics—to be treated as such rather than as sound programs in the interest of all the people.

Those of us who are politically active in States where agriculture is an important factor often experience, in our contacts with friends from metropolitan areas, and particularly from the eastern seaboard, an attitude that seems to say: "Yes; we understand you have to take that stand in order to win the farm vote, and we, therefore, sympathize with your position. "But," they imply, "let us just between ourselves recognize that immediate political results are behind that stand."

Such an attitude does not recognize the importance of finding a real solution for a serious problem. Nor is it entirely fair.

Of course we are interested in presenting a program which will merit for us the support of the voters. Of course we have studied the returns of the 1958 election in the agricultural States of the Middle West, and have considered the implication of these returns for the election of 1960. But mere vote getting is not the chief motivating factor in our efforts to secure a program that we believe is vitally necessary for the well-being of the people and the health of our economy. And, therefore, I speak to you about these problems tonight because we need your help in formulating and enacting such a program.

A third reason for directing your attention to American agriculture lies in the tremendous fact that our agricultural productivity could be our greatest weapon in the cold war—if we but had the wisdom and the ingenuity to use it to that end.

Here again the Republican leadership, with its psychology of scarcity and its emphasis on outmoded concepts of the past, has miserably failed to grasp the opportunity. Instead of regarding our abundant supplies of food as capital assets to be invested abroad, it has cried from the housetops about the necessity of "getting rid of the surplus." Imagine the effect of this constant publicity about unwanted surplus food in the United States on the millions of hungry people in underdeveloped parts of the world. I can think of few things that would make them resent us more effectively than this.

Don't we all, in our hearts, recognize that it is morally indefensible to consider food a surplus in a world where people are starving? Don't we all recognize the truth in the statement made a few years ago by 94 religious leaders, representing all major American religious faiths, when they said: "It is contrary to the will of God that islands of prosperity should persist amid oceans of poverty, hunger, and distress. * * * In a moral universe, the continued prosperity of one nation can only be justified by its faithful and courageous efforts to make comparable abundance available to all nations."

A leadership with its eyes on the future could meet this moral challenge. It could lead in extending our abundance to less favored areas. It could grasp the opportunity to create and operate a world food bank to be drawn upon whenever and wherever hunger created the demand.

Our unmatched agricultural productivity could be of great material value as well as of great moral value. It, along with accompanying technological know-how, could be our greatest asset for investment abroad. It is one weapon in which we have unquestioned superiority over our Soviet opponents. And food on earth could be much more meaningful to millions of hungry people than satellites in the sky.

I want to give due credit for the beginning we have made, through our use of Public Law 480, in recognizing some of the possibilities and opportunities for a constructive use of our abundance. But we must do much, much more. We in Minnesota are especially proud of Senator HUMPHREY for his leadership in putting forward a real food-for-peace program, and for his insistence that we make it a major goal in our efforts for defense and mutual security.

The Democratic Party must intensify its leadership in this field. We must put forth programs to invest our food surplus to provide payment for workers on constructive projects in developing areas of the free world. In many instances such an investment would be more helpful than an investment in money. Just as the Marshall plan and the point 4 program gave inspiration and courage in the years just past, a food-for-peace program could turn the tide in many parts of the world today. With imagination and courage, in cooperation with other free nations, we can find ways to use our plentiful supply to further the cause of peace, good will, and freedom in the world today.

With these possibilities in mind it seems to me that the agricultural problem in the United States is of vital concern to all Americans, whether they live in the country or in the city, whether they earn their living on the farm, in a factory, or behind a desk.

Let us turn, then, to some of the salient facts about American agriculture that consumers should understand.

The two features we hear most about are declining farm income and increasing farm surpluses.

What is the significance of the farm income situation? Briefly, last year farm income was down 21 percent from 1951, during a period when the total national income rose by 27 percent. While nearly all other phases of our economy have been moving upward, agriculture has moved downward.

Just a few other figures. Minnesota farmers earn more than the national farm average. But the average net income of Minnesota farmers is $2,700. The average wage-earner's income is $4,800. And that average Minnesota farmer has more than $30,000 invested in his farm, not counting his house. The $2,700 he gets, then, must cover not only the reward for his labor but also the interest on his investment.

Why this decline in comparative income? Could it be because the farmer is inefficient? The answer is decidedly "No." Granted that there are many marginal farmers on marginal farms. But the typical American family farm is one of the most efficient productive units we have.

Let's consider just a few facts and figures indicating the tremendous increase in productivity on American farms. In 1820 one farmer produced enough for himself and three others. In 1940 he produced enough for 10 others. By 1959 he is producing enough for 20 others. It is estimated that by 1972 he will produce enough for 42 or more.

Thus, since 1940 farm production per man-hour has gone up 100 percent, while in industry during that same period the average production increase per man-hour has been 26 percent. Technological and scientific advances, rapidly adopted by the American farmer, have brought about this increase in efficiency. In the past 18 years farmers boosted their efficiency as much as they had in the preceding 120 years.

Thus our low farm income cannot possibly be attributed to inefficiency. Could it be possible that in agriculture the usual rule is reversed so that increased efficiency produces an opposite effect from that which it ought to bring about? Certainly greater efficiency brings about greater production. And greater production has created surpluses. And surpluses, at least according to Benson, bring about lower prices.

Just what are these surpluses? This could be answered in many ways.

Surpluses are what the Republicans under Ezra Taft Benson were going to get rid of—by lowering support prices. Let's see how that came out. In January 1953, surpluses held by the U.S. Government amounted to $1.1 billion. By June 1959, they will amount to $6.5 billion—up by nearly 600 percent. It is estimated that by June 30, 1960, they will amount to $9.1 billion. Benson lowered support prices all right, with just the opposite effect on surpluses.

Is there another way of defining surpluses, other than the amount being held in Government storage? Yes, the national administration regards as surplus all that abundance in excess of the market demand at existing prices. What does this mean?

Well, the 12 million American families with incomes of $2,000 or less, and especially the 7 million with incomes less than $1,000, cannot buy all the food they want at present prices. They cannot even buy all the nutritious food they need at present prices. Therefore, the foodstuffs that could provide them with adequate nutrition, but which they can't afford to buy, is considered a part of the surplus.

It is possible that the 4 or 5 million unemployed are not buying all of the fresh fruits and vegetables they want, and it is certain that they are not buying all the steak they would like. These foods that they can't afford to buy could be a part of the surplus.

And, as we have already seen, the food that under a different leadership, able and willing to use our abundance as a weapon for peace and freedom—the food that under such conditions could be used to help alleviate the hunger of millions who suffer from malnutrition all of their lives—that food is now a part of our surplus.

You see, there is a third way of defining surplus—a definition we would use if we were ready to accept the challenge of plenty. We would then define surplus as the supply that exists in excess of actual physical need. In these terms, there is no surplus of foodstuffs in the world today.

We must work unceasingly toward that goal of full employment, full productivity, and full utilization of our potential for abundance. But, even with the best of leadership, we cannot reach this goal overnight. And, therefore, we must face the problem of farm surpluses today—realizing that as of now they represent a major aspect of the farm problem. It exists because, as Wayne Darrow expressed it a year ago, "agriculture remains the only major industry that will invest money in a factory (farm), incur the necessary production expenses, and expect to market the product without having some idea in advance of the specific market for it, and the approximate price to be received."

Consider the position of the farmer in this situation. It is estimated that an 8-percent cut in production would get rid of our farm surpluses. But the individual farmer has no control of total production.

Unless he does it through cooperatives, he has no control over marketing. He cannot set his selling price. As 1 of the 4.8 million producers, he has no bargaining power. In spite of his increased efficiency and know-how, he cannot control one of the most important factors in the production process—the weather.

Certainly the aim of Government policy should be to provide agriculture with some effective means by which it can plan production in terms of need. We must be willing to use the instrumentalities of Government to give to agriculture some of the bargaining power—some of the economic tools—that Government now insures to labor and industry.

The Republicans have not accepted this aim. And rarely in history has any Government program failed as miserably as has the Republican agricultural policy. The Secretary of Agriculture has been pictured as a man dedicated to thrift and economy—yet he has spent more than all other Secretarys of Agriculture put together. He described himself as a man eager to cut down on the swollen bureaucracy in his Department—yet he increased its number of employees by 32 percent, from 67,406 to 89,464. He proclaimed his goal as the reduction of surpluses, as he piled up the greatest surpluses in history. The only area in which he seems to have met with some success is in reducing the number of farmers. There are 5 million fewer people on farms in America today than there were in 1950.

The Benson policy has failed because in my opinion it typifies the Republican dedication to slogans and shibboleths of the past, its failure to see the possibilities inherent in an age of plenty, its inability to face leadership in a world of change. To talk about a free market for agriculture today is perfect evidence of the extent to which Republican leadership is a prisoner of the past.

Big industry in the United States today operates its own planned economy, determines its rate of production for its own purposes, estalishes administered prices, seeks and gets Government subsidies. Right here in New Jersey you have a perfect illustration—in Standard Oil.

In the words of A. A. Berle:

"The oil industry claims to be the most non-Socialist, freewheeling, private business that ever was. But the fact is that after many vicissitudes it sought control by, and is controlled by, various acts of Congress. After orderly discussion certain laws were passed. Under these laws, first, the Bureau of Mines of the Department of Interior estimates the probable consumption month by month of gasoline and the chief oil products. Second, an interstate treaty exists among the oil-producing States, ratified by the Congress. Third, a congressional act makes it illegal to transport oil in interstate commerce which has been produced in excess of a State allowable. This legislation might break down if it were not for the fact that because there is a relatively concentrated system in the oil industry the refineries will not buy noncertified oil anyway.

"As a result, the big companies do not violate the act; the little ones cannot; and the result is a planned oil economy by which supply is equated to demand and the oil industry from well to refinery to gas station is more or less geared to meet it."

These words describe dramatically what exists in one form or another in many major segments of the American economy. Big industry can administer prices so effectively that even during the recession it was able to increase prices and make a profit regardless of a drop in demand. The amounts paid and assistance given, in one form or another, by government to industry far outweigh—in fact, if not in the public mind—the amounts paid as subsidies to the American farmer.

We need, therefore, a new approach to the farm problem—a new policy that looks to the future rather than to the past.

Let me summarize what I believe ought to be our goals in a program for agriculture.

First, for the well-being of our people and for the strength of our Nation, our agriculture must provide, now and in the future, for the production of food and fiber in amounts geared to the real needs of people, both within and without our borders. We should maintain a reserve large enough to serve as a stockpile to meet any natural or man-made emergency. We should plan for enough to provide good diets for all Americans, whatever their level of income. We should plan for enough to use food effectively as a weapon for peace.

Second, we should provide conditions under which farmers can receive a fair economic return. The term parity has been used and misused, understood and misunderstood, to such an extent that I sometimes wonder if we should not find a better word. I am inclined to agree with the suggestion that if parity means fairness, then we should stop talking about any certain percent of parity—for certainly our goal must be 100 percent of what is fair. But in terms currently used, farmers should be entitled, not only to parity in prices, but to parity in income, and Government programs should insure a situation in which farmers could achieve such parity. Parity in income means that farmers operating efficiently could achieve an income which—in terms of ability, effort, and investment involved—would be on a par with those averaged by nonfarm families or the population as a whole.

Third, we should strive to achieve these first two goals by methods and policies that will insure the maintenance of the best American, political, economic, and social standards and at the same time meet the challenge of the future. Among these I would emphasize the maintenance of the family farm economy that has contributed so much to agricultural progress and to community life. I would urge vigorous encouragement of maximum participation by farmers themselves in the operation of all farm programs, whether carried on through Government agencies or through cooperatives. I would recognize that the manpower needed in agriculture will continue to decrease, and would face this situation realistically by encouraging industry in areas where it can make use of labor from the farm, and by providing vocational guidance, training, and assistance to help marginal farmers transfer to other occupations. And I would advocate the use of Government machinery wherever needed to accomplish essential programs that could not be carried out by private or individual action—providing bargaining and control machinery where necessary, unhampered by either the worship of the free market or the fear of subsidy.

The Democratic Party must provide leadership toward these goals; just as it must provide the philosophy, the vision, and the courage to lead our Nation into a future of abundance and peace. Scientific and technological advances have opened the door to the possibility of enough of the material things of life to meet the needs of every man, woman, and child on earth. But this potential is something new in a world that has been characterized by scarcity since history began.

For the first time in human history we have within reach the possibility of eliminating those causes of war and strife and destruction that are based upon human misery, want, and privation. But these physical potentials are so new to us that we have not yet developed the political know-how, the social techniques, and the economic methods by which we could make the most of our opportunities. We haven't progressed far enough along the frontier of human relations so that we can even feel secure.

We can, and must, win on the frontier of human relations. We can do it only by discarding the shackles of the past. We can do it only with leadership that has the courage to face the changing needs in a changing world—and the wisdom and the will to direct those changes in the interest and for the benefit of all of the people.

The Democratic Party faces the greatest challenge in all its long and glorious history as it assumes the responsibility for providing the leadership we need today. We honor Thomas Jefferson tonight for his dedication to the principles of democracy and human freedom and for his wisdom and leadership in recognizing that all instruments of Government, including the Constitution of the United States, must acknowledge the need for change. And we honor Andrew Jackson for his insistence on government in the interest of all of the people.

We have leadership today that can measure up to our finest traditions. I am confident that we will do just that. I am confident that we will go forward, with courage and vision, to help to create a world in which peace and plenty and freedom prevail.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 30, 1959, he presented to the President of the United States the enrolled bill (S. 1368) to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of certain aircraft engines and propellers.

ADJOURNMENT UNTIL TOMORROW AT 10:30 A.M.

Mr. MANSFIELD. Mr. President, pursuant to the order which was entered earlier today, I move that the Senate now stand in adjournment until 10:30 a.m. tomorrow morning.

The motion was agreed to; and (at 8 o'clock and 34 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Wednesday, July 1, 1959, at 10:30 o'clock a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 30, 1959:

DEPARTMENT OF THE NAVY

James Henry Wakelin, Jr., of New Jersey, to be Assistant Secretary of the Navy.

IN THE REGULAR AIR FORCE

The following officers to be assigned to positions of importance and responsibility designated by the President in the rank of lieutenant general, under the provisions of section 8066, title 10, of the United States Code:

To be lieutenant generals

Maj. Gen. Truman Hempel Landon, 93A.
Maj. Gen. Emery Scott Wetzel, 464A.
Maj. Gen. Mark Edward Bradley, Jr., 552A.
Maj. Gen. Walter Campbell Sweeney, Jr., 555A.
Maj. Gen. Archie Jordon Old, Jr., 605A.
Maj. Gen. John Paul McConnell, 611A.

TEMPORARY APPOINTMENT IN THE REGULAR AIR FORCE

The following-named officers for temporary appointment in the U.S. Air Force under the provisions of chapter 839, title 10, of the United States Code:

To be major generals

Brig. Gen. Wendell W. Bowman, 596A.
Brig. Gen. Harold H. Twitchell, 19034A.
Brig. Gen. Harry C. Porter, 976A.
Brig. Gen. Dale O. Smith, 1074A.
Brig. Gen. Robert M. Stillman, 1114A.
Brig. Gen. Daniel E. Hooks, 1166A.
Brig. Gen. Benjamin O. Davis, Jr., 1206A.
Brig. Gen. Albert P. Clark, 1218A.
Brig. Gen. Von R. Shores, 1236A.
Brig. Gen. Conrad F. Necrason, 1246A.
Brig. Gen. J. Stanley Holtoner, 1283A.
Brig. Gen. Lewis L. Mundell, 1286A.
Brig. Gen. Robert Taylor III, 1347A.
Brig. Gen. Robert J. Friedman, 1397A.
Brig. Gen. Waymond A. Davis, 1470A.
Brig. Gen. Marcus F. Cooper, 1543A.
Brig. Gen. Sam Maddux, Jr., 1561A.
Brig. Gen. Frank E. Rouse, 1595A.
Brig. Gen. Osmond J. Ritland, 1731A.
Brig. Gen. Beverly H. Warren, 1768A.
Brig. Gen. Keith K. Compton, 1849A.
Brig. Gen. Horace M. Wade, 1872A.
Brig. Gen. David A. Burchinal, 1936A.
Brig. Gen. James F. Whisenand, 1945A.
Brig. Gen. Glen W. Martin, 1955A.
Brig. Gen. William W. Momyer, 1964A.

To be brigadier generals

Col. Norman L. Callish, 951A.
Col. Clair L. Wood, 1157A.
Col. James R. McNitt, 1183A.
Col. Robert S. Brua, 19063A.
Col. Charles H. Morhouse, 19057A.
Col. Theodore C. Bedwell, Jr., 19101A.
Col. Frederick Bell, 1223A.
Col. William G. Lee, Jr., 1234A.
Col. John N. Ewbank, Jr., 1381A.
Col. Harold K. Kelley, 1408A.
Col. Henry C. Huglin, 1436A.
Col. Robert F. Burnham, 1534A.
Col. Clyde Box, 1535A.
Col. Irving L. Branch, 1557A.
Col. John S. Samuel, 1638A.
Col. Henry C. Newcomer, 1641A.
Col. Frederic C. Gray, 1729A.
Col. John A. Pechuls, 1754A.
Col. Horace D. Aynesworth, 1771A.
Col. William E. Elder, 1772A.
Col. John A. Rouse, 1807A.
Col. Theron Coulter, 1819A.
Col. Gladwyn E. Pinkston, 1828A.
Col. James B. Tipton, 1854A.
Col. John A. Dunning, 1855A.
Col. Milton H. Ashkins, 1876A.
Col. Harvard W. Powell, 1921A.
Col. Gilbert L. Pritchard, 1974A.
Col. Reginald J. Clizbe, 2004A.
Col. Joseph A. Cunningham, 2054A.
Col. Dorr E. Newton, Jr., 2055A.
Col. Thomas R. Ford, 2065A.
Col. Walter R. Graalman, 2274A.
Col. Charles H. Terhune, Jr., 3424A.
Col. Harold E. Humfeld, 3857A.
Col. Selmon W. Wells, 3991A.
Col. William T. Seewell, 4034A.
Col. George S. Brown, 4090A.
Col. Grover C. Brown, 4144A.
Col. Seth J. McKee, 4279A.
Col. Loran D. Briggs, 4412A.
Col. John C. Meyer, 4496A.
Col. Jack J. Catton, 4719A.

IN THE NAVY

The following-named midshipmen (Naval Academy) to have the rank of ensign in the Navy, subject to qualifications therefor as provided by law:

Richard L. Buxton
Ronald J. Doyle
Gilford G. Rowland, Jr.

POSTMASTERS

ALABAMA

Louise R. Fulford, Faunsdale.

ALASKA

Wallace G. MacNiece, Cold Bay.

ARIZONA

Pauline L. Clark, Eloy.
Forrest C. Bacus, Jr., Prescott.

ARKANSAS

Ruth J. Crouse, Carthage.
Kathryn F. Slocum, Hickory Ridge.
Edward Harrison, Jr., Huntington.
Travis G. Carroll, Waldo.
Mae R. Willis, Watson.

CALIFORNIA

John W. Henry, Altadena.
Allan Muilenburg, Artesia.
Irene K. Chilcote, Clearlake Oaks.
Violet A. Schultz, Elverta.
Orlando P. Farnesi, Jackson.
Edna M. Bequeaith, Kenwood.
Max A. Swaney, Lucerne.
Earl J. Copenhaver, Norco.
Allen O. Peterson, Perris.
John W. Baker, Porterville.
Hazel R. Jacobson, Tecopa.

COLORADO

Harold E. Hendrix, Limon.

CONNECTICUT

Emeline T. Slaiby, Lakeside.

FLORIDA

Robert L. Burgust, Apopka.
Blanche E. Williams, Cassadaga.
Lulu M. Barns, Coleman.
Ora E. Terry, Fort White.
Charles L. English, Greenville.
Ray H. Schmidt, Panama City.
Marie C. Stanger, Salerno.
Clarence C. Christilles, Seville.
Charles A. Lee, Windermere.
Fred H. Bekemeyer, Winter Garden.

GEORGIA

Susie D. Bryant, Calvary.
William R. Cook, Fairburn.
Willard W. Mann, Riverdale.

IDAHO

William J. Miller, Bonners Ferry.
Paul L. Byrd, Palisades.

ILLINOIS

Louise E. Schultz, Beecher.
Dartis F. Harvey, Glenwood.
Hester L. Kaufman, Harristown.
Robert E. Seely, Jr., Manhattan.
Aileen H. Adams, Rapids City.

INDIANA

Roscoe H. Bockman, Huntertown.
Charles H. Drew, Washington.

IOWA

Don F. Sanchez, Martinsburg.
Arthur L. Kastman, Paullina.
Donald L. Morse, Sheldon.

KANSAS

Frances L. Warkentine, Auburn.
Paul B. Rhoades, Cawker City.
Dorothy M. Gardner, Plevna.

KENTUCKY

Robert E. Morehead, Hebron.

LOUISIANA

N. Landis Robertson, Pineville.

MAINE

John B. Tschamler, Augusta.
Virginia V. Morton, North New Portland.
Bert A. MacKenzie, Orono.
Earl A. Fraser, Rangeley.
Margaret M. Given, South Harpswell.
Albert A. Ayotte, Strong.

MARYLAND

James L. Christopher, Preston.

MASSACHUSETTS

Glyndywr Oldfield, Avon.
Herbert A. Thurber, Bedford.
Raymond W. Wilson, Charlemont.
Daniel F. McAuliffe, Holden.
Paul H. Smith, Monument Beach.
Jack B. Jordan, West Barnstable.
Edward R. O'Hara, West Peabody.
Ralph M. Clark, West Townsend.

MICHIGAN

E. George Moser, Richville.
Mary S. Porter, Samaria.

MINNESOTA

Lester W. Graner, Kellogg.
Seth G. Withers, Red Wing.

MISSISSIPPI

Eugene H. Webb, Beaumont.
James W. Bingham, Guntown.

MISSOURI

Truman R. Nickerson, Bethany.
Kenneth V. Hollocher, Eolia.
Oliver M. Judd, Mapaville.
Jesse F. Kilpatrick, Rolla.

MONTANA

Arla M. Bullock, Basin.
Helen C. Heringer, Lambert.

NEBRASKA

Allen D. Irish, Genoa.
James S. Harrison, Morrill.
Joseph M. Schaaf, Superior.

NEVADA

Shirley G. Walker, Empire.

NEW JERSEY

Robert C. Roy, Branchville.
Natalie F. Steele, Highland Lakes.
Josephine A. Latimer, Laurelton.
Spartaco Pavesi, Tenafly.

NEW MEXICO

William D. Reams, Silver City.

NEW YORK

Alfred F. Cook, Baldwin.
James D. Sproull, Cayuga.
John A. Dilg, Jr., Hewlett.
Jane M. Snide, Newcomb.
Angeline M. Rose, Roosevelt.

NORTH CAROLINA

Walter E. Berry, Aurora.
Thaddeus H. Pope, Dunn.
Viola E. Whitehart, Efland.
William L. Snypes, Ridgecrest.
Virginia E. Sears, Seaboard.

NORTH DAKOTA

Sidney G. Muirhead, Keene.

OHIO

Richard E. Hasenflue, Birmingham.
Raymond V. Korby, Burton.
Loyal Lee Andrews, Greentown.

OKLAHOMA

Thomas H. Henderson, Fort Cobb.
James R. Henderson, Lindsay.

OREGON

James F. Egan, Tangent.
Vedda A. Goodell, Valsetz.

PENNSYLVANIA

Harold C. Stiffler, Boalsburg.
William I. Wolfinger, Chalfont.
Marion G. Vail, Chester Springs.
Antoinette M. Klarman, Folsom.
Steve Olen, Lyndora.
F. Ruth Horst, Neffsville.
Elmer C. Maurer, New Berlin.
Gaynelle A. Stewart, Penn Run.
Russell A. Rosengrant, Wyalusing.
Abel S. Landes, Jr., Wycombe.

SOUTH CAROLINA

Henry G. Rutland, Sr., Fairfax.
Cecil E. Mason, Hampton.
Charles C. Morgan, Jr., McCormick.

SOUTH DAKOTA

Ray H. Woods, Colome.
Bertel W. Bertelson, Marvin.

TENNESSEE

Maggie L. Bell, Auburntown.
Carlin T. Brooks, Bolivar.

John L. Sanders, Somerville.
Joseph E. Hollingsworth, Whiteville.

TEXAS

Benedict M. Kocurek, Caldwell.
Jewell I. Brewer, Westbrook.

UTAH

Lorenzo Hawkins, Blanding.
Leo J. Walker, Fort Duchesne.
Vernald W. Johns, Garland.
Michael Kolovich, Jr., Hiawatha.
Bliss R. Packard, Springville.

VERMONT

Wilson L. Grant, Chelsea.

VIRGINIA

James K. Sullivan, Grottoes.
Joseph F. Downing, Jr., Keller.
Albert F. Bennett, Saltville.

WASHINGTON

Gordon E. Carr, Coleville.
Sidney A. Morton, Longview.
Kenneth G. Draper, Palouse.

WEST VIRGINIA

Robert N. Allen, Union.
Frances D. Rowe, Wolf Summit.

WISCONSIN

Stephen D. Angelo, Redgranite.
Howard T. Rose, Tomahawk.
Roger K. Erickson, Twin Lakes.

WYOMING

Oral O. Harvey, Greybull.
Leo M. Buckley, Lander.

HOUSE OF REPRESENTATIVES

TUESDAY, JUNE 30, 1959

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Job 33: 4: *The Spirit of God hath made me, and the breath of the Almighty hath given me life.*

O Thou who art the giver of life, may we enter upon the appointed task of this day renewed and refreshed in body and soul and with Thy spirit shedding its light and radiance upon our pathway.

Grant that we may not view the hours of this new day with apprehension and anxiety but with an awareness that they will afford us many opportunities to have a part in building a better and happier world.

We pray that when we are confronted by challenging situations we may not stand still in a confused and perplexed state of mind but go forward with confidence and courage for Thou wilt guide and guard us.

Show us how we may enlarge and expand our faith to new dimensions and make us more eager to accept and fulfill our responsibilities toward Thee and all mankind.

In Christ's name we offer our prayer. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1368. An act to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of new jet and turboprop aircraft.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate numbered 1 to the bill (H.R. 7176) entitled "An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes."

The message further announced that the Senate recedes from its amendment No. 2 to the above-entitled bill.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7523) entitled "An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates."

DEPARTMENT OF COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. PRESTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7349) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1960, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. PRESTON, ROONEY, CANNON, BOW, and TABER.

Mr. PRESTON. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill H.R. 7349.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. ROONEY. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill (H.R. 7343) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

DEPARTMENT OF AGRICULTURE AND FARM CREDIT ADMINISTRATION APPROPRIATION BILL, 1960

Mr. WHITTEN. Mr. Speaker, I call up the conference report on the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 588)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7175) "making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 9, 10, 17, 18, 19, 25, and 31.

That the House recede from its disagreement to the amendments of the Senate numbered 4, 5, 8, 12, 14, 15, 23, 24, and 32, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$67,722,490"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$2,939,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$49,800,600"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$22,750,000"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$15,344,500"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$26,072,600"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$335,000,000"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$18,600,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$375,000,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$30,744,750"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,162,025"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$42,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 16, 26, and 30.

JAMIE L. WHITTEN,
FRED MARSHALL,
CLARENCE CANNON,
H. CARL ANDERSEN,
JOHN TABER,
Managers on the Part of the House.

RICHARD B. RUSSELL,
CARL HAYDEN,
LISTER HILL,
By R.B.R.
A. WILLIS ROBERTSON,
By W.A.M.
ALLEN J. ELLENDER,
MILTON R. YOUNG,
KARL E. MUNDT,
HENRY DWORSHAK,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7175) making appropriations for the Department of Agriculture and Farm Credit Administration for the fiscal year ending June 30, 1960, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

DEPARTMENT OF AGRICULTURE

Agricultural Research Service

Amendment Nos. 1 and 2—Research: Appropriatcs $67,722,490 instead of $63,961,590 as proposed by the House and $70,479,390 as proposed by the Senate. The increase above the amount approved by the House includes $1,235,900 for soil and water conservation research, $1,100,000 for research on boll weevil and other cotton insects and pests, $1,100,000 for research on insects affecting corn and other grains, $100,000 for research on Coastal Bermuda pellets, $100,000 for sweetpotato utilization research, $25,000 for apple breeding in the southeast, and $100,000 for research on humane slaughter.

The additional $1,235,900 provided for soil and water conservation research includes $355,000 for equipment for four laboratories, $50,000 for full year's operations in eastern South Dakota, and $830,900 for part year operating costs at the additional locations provided by the Senate. The conferees feel that the Department should expand these facilities to full operating strength gradually during the year so as to make certain that the new research programs are developed on a sound basis.

The $1,100,000 included for research on boll weevil and other cotton insects and pests provides $559,200 for the main laboratory building and office space. The balance is to cover necessary greenhouses, storage buildings and other auxiliary buildings, together with architect, engineering and supervisory fees and contingencies.

The funds provided for research on insects affecting corn and other grains includes $550,000 for construction of a laboratory and necessary auxiliary buildings to be located at or near Brookings State College in South Dakota and $550,000 for the construction of a laboratory and necessary related facilities at the Coastal Plains Experiment Station.

The conferees feel that the Department should make a determination with present staff as to the various types of slaughtering methods which qualify as humane. The additional $100,000 is to be used for research and preparation of plans for adaptation of such methods and devices to the needs of the smaller slaughtering establishments. No funds are included for construction of facilities at the Beltsville Research Station.

Based upon the fine results obtained at the Peoria Laboratory, where it was found that certain types of corn have certain chemical characteristics that will broaden the industrial use of corn, the Conference Committee feels that research on breeding of corn should be furthered to make such varieties available. Since grain sorghums have similar prospects, basic breeding work ought to be furthered in that field also. The $100,000 included in the bill as passed by the House for additional research on utilization of corn and grain sorghums was intended to further this type of research work.

Amendment No. 3—Plant and animal disease and pest control: Appropriates $49,800,600 instead of $48,340,600 as proposed by the House and $51,050,600 as proposed by the Senate. The additional amount approved includes $1,250,000 for brucellosis eradication, $100,000 for general control work, $75,000 for soybean cyst nematode control work, and $35,000 for eradication of sheep scabies.

Amendment No. 4—Meat inspection: Appropriates $21,324,900 as proposed by the Senate instead of $21,135,100 as proposed by the House.

Amendment No. 5—Special fund: Inserts language as proposed by the Senate. The conferees are in full agreement that the funds provided under this head are to be used by the Agricultural Research Service for the employment of additional labor and nonprofessional help by contract, cooperative agreements, or temporary or permanent employment.

Soil Conservation Service

Amendment No. 6—Watershed protection: Appropriates $22,750,000 instead of $25,500,000 as proposed by the House and $20,000,000 as proposed by the Senate.

Amendment No. 7—Flood prevention: Appropriates $18 million as proposed by the House instead of $15,000,000 as proposed by the Senate.

Amendment No. 8—Great Plains conservation program: Appropriates $10,000,000 as proposed by the Senate instead of $7,500,000 as proposed by the House.

Agricultural conservation program

Amendment Nos. 9 and 10: Insert language concerning eligibility requirements, cost-sharing practices, and allocation of funds as proposed by the House.

Agricultural Marketing Service

Amendment No. 11—Marketing research and agricultural estimates: Appropriates $15,344,500 instead of $15,044,500 as proposed by the House and $15,514,100 as proposed by the Senate. The additional funds agreed to in conference includes $150,000 for consumer preference studies, $125,000 for cattle-on-feed reports, and $25,000 for research at Clemson, S.C.

Amendments Nos. 12, 13, and 14—Marketing services: Insert language relative to the Packers and Stockyards Act as proposed by the Senate, appropriate $26,072,600 instead of $24,862,600 as proposed by the House and $26,426,600 as proposed by the Senate, and earmark $15,000 for range and feed lot market reporting in Colorado. The funds agreed to above the amount in the House bill provide an additional $1,150,000 for poultry inspection and $60,000 for enforcement of fair trade practices under the Packers and Stockyards Act.

Amendment No. 15—Payments to States, Territories, and possessions: Appropriates $1,195,000 as proposed by the Senate instead of $1,160,000 as proposed by the House.

Amendment No. 16—School lunch program: Reported in disagreement. The managers on the part of the House intend to move to recede and concur with the Senate language with the elimination of the phrase "such additional funds to be used for the general purposes of section 32".

The conferees direct that the full amount of these transferred funds be used to purchase foods necessary to provide balanced diets for the schoolchildren. In making such purchases, attention should be given to the needs of the schools for red meats and other high protein foods. As far as possible, foods in surplus supply should be given priority. The necessary foods should be supplied from these funds, however, regardless of whether or not they are determined by the Secretary to be in surplus supply.

Foreign Agricultural Service

Amendments Nos. 17 and 18—Salaries and expenses: Appropriate $3,518,300 as proposed by the House instead of $3,668,000 as proposed by the Senate and authorize the use of $1,310,000 of foreign currencies as proposed by the House instead of $1,160,000 as proposed by the Senate.

Commodity Exchange Authority

Amendment No. 19—Salaries and expenses: Appropriates $909,500 as proposed by the House instead of $900,000 as proposed by the Senate.

Conservation reserve program

Amendment No. 20: Appropriates $335,000,000 instead of $310,000,000 as proposed by the House and $340,000,000 as proposed by the Senate.

Amendment No. 21: Authorizes $18,600,000 for administrative expenses instead of $18,000,000 as proposed by the House and $18,900,000 as proposed by the Senate.

Amendment No. 22: Authorizes $375,000,000 for contracts under the 1960 program instead of $325,000,000 as proposed by the House and $450,000,000 as proposed by the Senate.

Amendment No. 23: Inserts language proposed by the Senate.

Amendment No. 24: Establishes limit of $5,000 on amounts payable to any individual or corporation as proposed by the Senate instead of $3,000 as proposed by the House.

Amendment No. 25: Restores language of the House relating to annual rental payments which was stricken by the Senate.

Amendment No. 26: Reported in disagreement.

Farmers Home Administration

Amendment No. 27—Salaries and expenses: Appropriates $30,744,750 instead of $30,300,000 as proposed by the House and $31,189,500 as proposed by the Senate.

Office of the General Counsel

Amendment No. 28—Salaries and expenses: Appropriates $3,162,025 instead of $3,115,300 as proposed by the House and $3,208,750 as proposed by the Senate.

Commodity Credit Corporation

Amendment No. 29—Limitation on administrative expenses: Authorizes $42,000,000

instead of $39,600,000 as proposed by the House and $42,771,000 as proposed by the Senate.

Amendment No. 30: Reported in disagreement.

General provisions

Amendments Nos. 31 and 32—Section 406: Restore language which establishes floor under contract research as proposed by the House, and eliminate authority for research grants as proposed by the Senate.

JAMIE L. WHITTEN,
FRED MARSHALL,
CLARENCE CANNON,
H. CARL ANDERSEN,
JOHN TABER,
Managers on the Part of the House.

Mr. WHITTEN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 16, line 24, strike out "*Provided further*, That, for additional payments to States in accordance with the National School Lunch Act for the purchase of food, $43,657,248 shall be transferred to this appropriation from the funds available in the fiscal year 1959 under section 32 of the Act of August 24, 1935" and insert "*Provided further*, That $43,657,248 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935, for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act, such additional funds to be used for the general purposes of section 32."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 16, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided further*, That $43,657,248 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935, for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act."

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 26: Page 19, line 25, strike out ": *Provided further*, That no part of these funds may be used to enter into contracts for a period in excess of five years or to pay annual rentals in excess of a fair rental value of land placed under contract, such fair rental value to be based on the actual production diverted each year."

Mr. WHITTEN. Mr. Speaker, I move that the House recede and concur in the Senate amendment with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 26, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Provided further*, That (1) no part of the funds authorized for 1960 may be used to enter into annual rental contracts for a period of time or at rates or in amounts which are in excess of limitations imposed by present regulations or announcements, (2) in establishing annual rental rates for new contracts, no such rental rate shall be established in excess of the local fair rental value of the acreage offered, such fair rental value to be based upon the average annual crop production harvested from such acreage during the past five crop years including the current year, (3) in handling funds within any State, first consideration shall be given to those applicants who were not offered contracts during the 1959 sign-up due to limitation of funds, and (4) in the allocation of funds and administration thereof, the Department shall not allocate funds on any basis not in accord with the purposes as set forth in the basic law."

Mr. ANDERSEN of Minnesota. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Minnesota.

Mr. ANDERSEN of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include tables.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. ANDERSEN of Minnesota. Mr. Speaker, we have spent several days in conference with the other body, and this conference report contains what I consider a most desirable compromise of most of the differences. We gave a great amount of thought to every item at issue, discussed each thoroughly, and I personally believe we have done the best job possible under the circumstances.

To recapitulate the whole measure, the budget estimates totaled $4,081,364,856. In the earlier action the House approved a total of $3,939,165,498, which was increased in the other body to $3,975,774,848. These differences were adjusted in conference to a total figure of $3,971,362,673, which represents a reduction of $110,002,190 below the budget estimates.

In my judgment, some very worthwhile increases have been made in the items for research. I have often said that the money we spend for necessary basic research may, in the years ahead, prove to be the wisest investment we have ever made in our natural resources. For soil and water conservation there is an increase of $1,235,900, which includes a sizable increase for the soil and water research laboratory now under construction at Morris, Minnesota. Among the several other increases for research is an item of $1,100,000 for necessary research on insects affecting corn and other grains, and of special interest to my area is the fact that we have earmarked $550,000 of this for the beginning of a research laboratory at the South Dakota State College at Brookings. This fine institution of higher learning is just a few miles from my hometown of Tyler, Minn., and our entire area will benefit from the research carried on at this new facility. In all, we have increased research funds a total of $3,760,900.

Modest increases are also proposed for plant and animal disease and pest control. For the vital work on brucellosis eradication there is an increase of $1,250,000, an additional $100,000 for general control work, $75,000 more for the soybean cyst nematode, and $35,000 added for eradication of sheep scabies.

A good case was made for increased funds for meat inspection in the interests of consumers, and we approved an additional $189,800 for that work. Another increase of $1,150,000 was provided for poultry inspection, together with some modest increases for marketing research and reports.

An additional $444,750 is provided for the administration of the Farmers Home Administration. This organization is doing a very necessary credit job for farm people, and it is doing it efficiently. We are convinced that these added funds are necessary in the best interests of the proper administration of the loan program.

CONSERVATION ITEMS ADJUSTED

In addition to basic research, I consider our soil and water conservation work of vital importance to future generations. I have personally visited areas of the world which were once veritable Gardens of Eden but which are today desert wastelands because men years ago mined their soil and did nothing to preserve it for the future. Once you have looked from horizon to horizon and seen no living thing where once fertile fields had been, you cannot help becoming a stanch advocate of conservation.

I have deplored the fact that Congress after Congress has harnessed generations yet unborn with burdens of public debt, but when it comes to the conservation of our soil and water resources I have no doubt that any mortgage we may make upon the future will be gladly paid. It seems to me that we, as custodians of our soil, have a moral obligation to leave it as good—if not better—for future custodians and we cannot possibly do that without effective conservation programs.

I regret that the only item in this report which reflects a decrease below the House figure is that for our watershed program. Although we found it necessary to recede $2,750,000 below our figure, we still show a healthy amount of $22,750,000 which, together with the carryover, will doubtless meet the need for next fiscal year.

We also agreed upon a $2½ million increase for the Great Plains conservation program which will see this work go forward during the coming year.

CONSERVATION RESERVE EXPANDED

In compromising the differences in the advance authorization for the conservation reserve, we have agreed upon the budget figure—$375 million. This program, as everyone knows, has been very near to me and I have followed its development as closely as any other during my 21 years in Congress.

I was interested in the soil bank approach to our agricultural surplus problem long before the present program became law. I am still interested. I think the conservation reserve of the soil bank is the best approach presently available for reducing surpluses and conserving resources. I say this despite the fact that the administration of the program is not entirely as I would like to see it.

Contrary to some opinion and some press articles this program is helping farmers—the bona fide small farmers—who need help most. The fact that average annual payments average only a

little over $1,000, and the fact that a very small percent of the annual payments are as high as the limit of $5,000 convinces me that the small farmer is benefited. I am also convinced that the program is getting results—it is taking producing land out of production and getting it protected with grass, trees, and wildlife cover.

Available information also indicates that far too much emphasis has been placed on the few instances of recent purchasers of farms putting the cropland into the conservation reserve. The program should not be any more attractive to new owners than to the sellers—the same offer was available to the seller as to the buyer. The Department of Agriculture recently conducted a survey in Aroostook County, Maine, and found that of 124 farmers interviewed who had all or part of their cropland in the conservation reserve, ownership of the land exceeded 20 years. Certainly those farmers could not be classed as recent purchasers. I am sure that for the country as a whole a very small percentage of participating farms have recently changed hands.

The Maine survey also showed that for every dollar spent for annual payments, crops taken out of production had a value of $8.53—at 1958 prices. That is a good record of accomplishment.

The time has come when the record on the conservation reserve must be set straight by facts. The press recently has given wide attention to incidents and situations, representing a few isolated cases, and the result is that many people are confused and ready to condemn the whole program.

Some of the recent attacks on the program include reports from Colorado and New Mexico in which cases are cited of farmers who rent State-owned land and place the land in the conservation reserve for a higher annual rental rate than the rental rate paid to the State. To me that means one thing—that the State leases State-owned land at a rate entirely out of line with its value. In addition, the land would be in production if it was not in the conservation reserve. As a general rule, I am sure that the conservation reserve annual payment rates are in line with the productive ability of the land. Certainly, three elected farmer-committeemen—taxpayers like the rest of us—can be depended upon to set a fair rate of payment for a program of this type. In addition, in many cases the State-owned land has been leased by the farmer for so many years that it has become a part of his farm for practical farming purposes.

State-owned land frequently has wheat or cotton acreage allotments assigned to it—so when the land is placed in the program the allotment crops on the land go out of production as do any other crops normally produced on that land. State-owned land that is cropped produces surplus crops the same as privately owned land in a farming unit. In most States the same numbered sections in each township were reserved as State lands. There was no picking and choosing—therefore, it is reasonable to assume that State-owned land is of average quality—despite the fact that the rental to the State is very low.

The cost to taxpayers on price support on wheat from average New Mexico cropland in 1958—which was a good crop year—would have been over $50 an acre. Current price-support costs on wheat if applied to the long-time average yield of wheat of only 8.4 bushels per acre would amount to $22.68 an acre—a cost about 2½ times the average conservation reserve annual payment rate for the State.

Colorado wheatland had a 1958 average wheat yield of 25.4 bushels—price-support cost on that yield would be about $67.58 or on the long-time average State wheat yield of 15.7 bushels, the price support loss per acre per year would amount to $42.39.

The facts on grain sorghums are similar: The Colorado 10-year average yield of 12.2 hundredweight per acre would cause a price-support cost to the Commodity Credit Corporation of $21.83 an acre. For New Mexico grain sorghum on the same basis, the price-support cost would be $24.55 an acre. With these facts there is only one logical conclusion: An average annual conservation reserve payment of about $8 an acre in New Mexico and Colorado is a better buy than supporting the prices of the wheat or grain sorghum which we do not need.

Statements about the conservation reserve in a part of the Great Plains are incomplete without some facts about the regional land use benefits from the program. During this year, 1959, about 10.5 millions in that region either have been or will be planted to grass. The grass is being planted in areas where the acreage planted to grains was expanded as a result of the last war. That land has not been converted or restored to peacetime use. The program is helping do that conversion job. Farmers need help to do it just as wartime industry needed help to convert to peacetime operations.

The planting of forest trees in parts of our country that are adapted to tree planting is another trend in land use that is being speeded up as a result of the conservation reserve—outstanding progress has been made in the Southeastern States and in the States bordering the Great Lakes. The planting of trees in former forested areas in my State has made remarkable progress.

Many farmers who have been having difficulty because of uneconomic size units, health or age, are finding this program of benefit. They can put all their cropland in the program and continue to live on the farm. The land is out of production and the farmer can still live on the land.

I have assurances from the Department of Agriculture that steps are being taken to limit participation in areas and in counties because of the popularity of the program. Such limitation is needed to reduce the impact of the program on the local economy. An effective limitation will also spread participation and make more funds available in places where participation is not now extensive.

One other feature of the conservation reserve program which is worthy of mention is the contribution it is making to improved hunting and fishing. A survey made by the Fish and Wildlife Service in 1955 showed the proportion of people who hunt and fish in America make up a surprisingly large percent of the total.

For instance, this survey showed that one out of every three family units has at least one member who hunts or fishes. Twenty-one percent of all the people 12 years of age or over participated in the sport of hunting and fishing that year. The survey also showed that interest in this fine form of outdoor recreation is shared by people in urban as well as rural areas.

Supplying this army of hunters with places to hunt and game to pursue has become a nightmare for the State game and fish departments. In fact, until the advent of the conservation reserve program, the trend of the past 15 years has been a steady decline in wildlife populations as the Nation has urbanized and as agriculture has been intensified.

It is little wonder that the leaders in the conservation movement hailed the conservation reserve with its promise of diverting land from intensive use for crop production to one of several uses which could contribute to the welfare of wildlife. The Izaak Walton League, the National Wildlife Federation, the Wildlife Management Institute, the State game and fish departments, the International Association of Fish and Game and Conservation Commissioners all supported and continue to support the conservation reserve program.

Although in 1958 only 10 million acres had been placed in the conservation reserve, the wildlife populations in areas where 3 percent or more of the cropland had been placed in the reserve, showed immediate gains.

Sportsmen last fall reported better hunting on conservation reserve lands in such widely scattered States as Oklahoma, Georgia, Michigan, Ohio, Washington, Kansas, South Dakota, and Minnesota.

Game and fish departments reported increases in quail in Georgia, Carolinas, and Virginia in the east; in Oklahoma, Kansas, Texas, and Colorado in the South Central States. Rabbit increases have been reported in Missouri, Ohio, Pennsylvania and other States east of the Mississippi. In all of the areas where wildlife increases have been officially reported there has been substantial participation in the soil bank program.

Perhaps the most spectacular improvement has been in pheasant numbers in the upper Midwestern States of North Dakota, South Dakota, Nebraska, Iowa, and my own State of Minnesota. Here, there has been a substantial improvement of pheasant numbers that has been correlated with the percentage of land placed in the conservation reserve. Among 237 counties in the five States for which records are available it has been found that the population of pheasants has increased between 1956 and 1958 by about 50 percent where less than 3 percent of the land has been placed in the reserve, and by about 120 percent where 5 percent or more of the land has been placed in the reserve.

Last fall, the Daily Plainsman, Huron, S. Dak.'s fine daily newspaper headlined the improved hunting with "Pheasants Plentiful on Soil Bank Land in Central South Dakota." The article then went on to say:

Pheasant hunting in South Dakota is the best this year that it has been for a long time. The bag limit was boosted to four a day from the three per day limit that has been in effect.

A number of factors have brought about the increase in pheasant population. A light winter last year coupled with a good amount of cover provided by much of the land being placed in the soil bank added greatly to the increase.

Hunters this year have had good luck "driving" the heavy growth on many of the soil bank acres. Farms with land in the soil bank also have a large number of birds in crop fields.

In the face of the results listed, it is not surprising that the wildlife conservation interests supported the conservation reserve program. My files contain much material documenting this support from States all over the country.

The strongest criticism of the conservation reserve is that it has not gone far enough. We may have been too cautious in our authorizations and in our appropriations. When the appropriation for the Department of Agriculture was approved by the House we authorized a 1960 program expenditure of $325 million—enough to make the annual payments on existing contracts and accept about 2.3 million acres on new contracts—that is less than 800 acres per county—hardly worthwhile to go through the motions. Even an authorization of $450 million would in some respects be inadequate since an authorization of that size will permit only about 8 million acres to participate in the program under new contracts.

Let us take a look at the accomplishments with 23 million acres in the program:

First. Farms on which all the cropland has been placed in the Reserve—commonly called whole-farm participation—account for taking out of production 1.8 million acres of wheat allotment; 439,000 acres of cotton allotment, and 70,000 acres of peanut, rice, and tobacco allotment—a total of 2.3 million acres.

Second. The Department of Agriculture estimates that the cost of price support for commodities normally grown on the 23 million acres in the program would be more than twice as much as the cost of the conservation reserve.

The following table shows the estimated savings by crops:

Comparison of (a) *conservation reserve program costs with* (b) *estimated losses to Government which would have been incurred under price-support programs if acreages in conservation reserve had been devoted to normal uses and if all the applicable production from those acres had entered price support and* (c) *estimated total price-support acquisitions if all the applicable production from those acres had entered price support*

[Figures in thousands]

Commodity	Unit	(a) Estimated reduction in production on conservation reserve acreage [1]					(b) Estimated Government price support losses for acquisitions [5]					(c) Estimated Government price support acquisitions [5]				
		1957 [2]	1958 [2]	1959 [3]	1960 at $325,000,000 authorization [4]	1960 at $450,000,000 authorization [4]	1957	1958	1959	1960 at $325,000,000 authorization	1960 at $450,000,000 authorization	1957	1958	1959	1960 at $325,000,000 authorization	1960 at $450,000,000 authorization
Corn	Bushel	32,936	57,732	142,671	154,083	189,074	$66,728	$114,656	$249,104	$265,947	$326,341	$96,370	$166,615	$377,508	$404,622	$496,508
Wheat	do	9,399	17,845	45,002	48,602	59,639	27,163	48,360	121,506	129,282	158,640	40,040	72,808	183,159	195,867	240,345
Cotton, upland	Bale	69	146	378	408	501	2,175	6,371	14,925	15,293	18,779	10,239	23,434	59,102	62,976	77,331
Peanuts [6]	Pound	27,051	57,668	103,786	112,088	137,542	1,696	3,379	5,086	4,932	6,052	3,049	6,262	10,275	10,536	12,929
Rice [6]	Hundredweight	9	30	140	151	186	21	64	290	316	388	55	177	815	882	1,086
Oats	Bushel	37,676	71,470	123,780	133,681	164,039	28,935	54,889	81,448	87,961	107,938	47,019	89,195	140,862	152,128	186,677
Barley	do	9,825	17,912	36,178	39,072	47,945	16,093	28,981	52,748	56,967	69,904	22,283	40,266	75,540	81,582	100,109
Soybeans	do	3,712	6,750	18,389	19,860	24,370	2,739	4,982	9,158	7,904	9,700	9,532	17,335	42,810	44,248	54,297
Grain sorghum	Hundredweight	30,043	47,301	46,677	50,411	61,859	64,082	99,474	83,629	90,387	110,913	86,314	134,477	118,233	127,691	156,689
Flaxseed	Bushel	747	2,288	3,391	3,662	4,494	728	1,913	1,478	1,633	2,005	2,327	6,809	8,735	9,470	11,622
Beans, dry edible	Hundredweight	240	313	672	726	891	392	471	454	1,071	1,315	1,556	1,989	3,713	4,592	5,636
Tobacco	Pound	2,299	4,969	14,913	16,106	19,763	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Potatoes, Irish	Hundredweight	2,445	3,848	7,206	7,782	9,550	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Vegetables		(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Hay and pasture	Ton	684	1,389	5,605	60,53	7,428	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Total price support							210,752	363,540	619,889	661,693	811,975	318,784	559,367	1,020,752	1,094,594	1,343,229
Estimated conservation reserve costs per annum. [8]							65,000	94,300	303,200	313,200	404,000					
Savings indicated by conservation reserve approach.							145,752	269,240	316,689	348,493	407,975					

[1] It is estimated production would be greater by these amounts without a conservation reserve program.

[2] Based on AMS yields those years adjusted for location and quality of conservation reserve land.

[3] Based on 1954-58 AMS yields adjusted for location and quality of conservation reserve land.

[4] Assumes 1960 new acres will have same location and quality pattern as for 1959.

[5] Estimated acquisitions consist of the quantities indicated in the various years at the announced price-support rate and estimated added costs for storage, handling, transportation and interest until final disposition. Losses represent the difference between these acquisitions and the estimated returns to the Government on commodities disposed of by CCC under export and domestic sales for dollars, barter (export) and payment-in-kind (export).

[6] Peanuts are farmers' stock basis; rice is rough basis.

[7] No estimates made for tobacco, potatoes, vegetables, other minor crops, livestock, poultry, honey, or products thereof.

[8] Includes total rental and conservation practice cost-share obligation divided by average number of years per contract.

Third. All of the 23 million acres will be protected by grass, trees, or special plantings for wildlife. Over 15 million acres of the total will be planted to grass and almost 1.9 million acres to trees. Cover especially for the improvement of wildlife habitat will go on 165,000 acres. About 5 million acres were already in acceptable cover, and that will be kept. This is the first major reversal of the trend to destroy wildlife habitat in our rural areas.

Another fact that should not be overlooked is that as the number of acres of cropland placed in the program increases the productivity of the land placed under contract increases. The poorer land goes in first, and the better land follows. Therefore, an expanded program can be expected to be even more effective in production adjustments.

The Center for Agricultural Adjustment at Iowa State College recently reported that at least 45 million acres should be retired to balance production with consumption. If we want to reduce surpluses we must go even further. The goal we should be aiming at should be at least 60 million acres taken out of production. A goal of as much as 80 million acres would cost $1,320 million a year against costs of $2.5 billion now estimated for allotments, quotas, storage, and disposal.

Reliable studies show that an adequate conservation reserve program would result in—

First. The abolishment of acreage allotments and marketing quotas.

Second. A reduced need for price supports since there would be no market glutting surpluses.

Third. Fair prices could be established in the marketplace.

Fourth. The land in the program would be conserved—timber production would be increased.

Fifth. Fewer floods and clearer streams—more fish and more fishing.

Sixth. More wildlife with increased recreational opportunities.

Seventh. Permanent land-use adjustments which would create stable economic conditions.

Eighth. The reduction of Federal expenditures for agriculture.

I urge the House to adopt the conference report authorization of $375 million for a 1960 conservation reserve. That is the minimum we can do at this time. I also urge all the Members to give serious thought to legislation to extend and substantially expand the program.

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 30: Page 28, line 15, strike out "*Provided further,* That no funds appropriated in this section shall be used to process a Commodity Credit loan which is in excess of $50,000" and insert ": *Provided further,* (1) That no part of this authorization shall be used to formulate or carry out a price support program for 1960 under which a total amount of price support in excess of $50,000 would be extended through loans, purchases, or purchase agreements made or made available by Commodity Credit Corporation to any person on the 1960 production of all agricultural commodities, (2) That the term 'person' shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof, (3) That in the case of any loan to, or purchase from, a cooperative marketing organization, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, but the amount of price support made available to any person through such cooperative marketing organization shall be included in determining the amount of price support received by such person for purposes of such limitation, and (4) That the Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to prevent the evasion of such limitation."

Mr. WHITTEN. Mr. Speaker, I move that the House recede from its disagreement to the amendment of the Senate numbered 30, and concur therein with an amendment.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 30, and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment insert ": *Providing further,* (1) That no part of this authorization shall be used to formulate or carry out a price support program for 1960 under which a total amount of price support in excess of $50,000 would be extended through loans, purchases, or purchase agreements made or made available by Commodity Credit Corporation to any person on the 1960 production of any agricultural commodity declared by the Secretary to be in surplus supply, unless (a) such person shall reduce his production of such commodity from that which such person produced the preceding year, in such percentage, not to exceed 20 percent, as the Secretary may determine to be essential to bring production in line within a reasonable period of time with that necessary to provide an adequate supply to meet domestic and foreign demands, plus adequate reserves, or (b) such person shall agree to repay all amounts advanced in excess of $50,000 for any agricultural commodity within 12 months from the date of the advance of such funds or at such later date as the Secretary may determine,

"(2) That the term 'person' shall mean an individual, partnership, firm, joint-stock company, corporation, association, trust, estate, or other legal entity, or a State, political subdivision of a State, or any agency thereof,

"(3) That in the case of any loan to, or purchase from, a cooperative marketing organization, or with regard to price support on an agricultural commodity extended by purchases of a product of such commodity from, or by loans on such product to, persons other than the producers of such commodity, such limitation shall not apply to the amount of price support received by the cooperative marketing organization, or other persons, but the amount of price support made available to any person through such cooperative marketing organization or other persons shall be included in determining the amount of price support received by such person for purposes of such limitation, and

"(4) That the Secretary of Agriculture shall issue regulations prescribing such rules as he determines necessary to carry out this provision."

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, the Senate provision, in the opinion of the conferees, would have been completely unworkable. The language substituted and agreed on by the conference changes the provision for the purpose of enabling the Secretary, notwithstanding the limitation of $50,000 on a nonrecourse basis, to support the total production of any commodity under price supports, using the general authority of the Commodity Credit Corporation or the Department, if need be.

This is intended, whether such commodity is supported by loans or purchases, and whether title to such commodity would normally pass to the Government under existing law prior to this modification or not. This intent is particularly significant with regard to option A cotton where the producer shall be granted the benefits of either subsection (a) or (b) of section 1.

Section 4 of this paragraph is worded in general and broad terms in order that the Secretary may do all things necessary to preserve orderly marketing of the total production of any price-supported commodity and to retain to the producer his right to support on all production above $50,000, under the terms of either subsection (a) or (b). Among other things, this would enable the Secretary to make loans, or advances, instead of making outright purchase and taking title.

This inclusion of the provision is not to be taken to any way affect existing rights of farmers or producers to change or to reconstitute farms or operations, or to take any other actions which they now have the right to take under existing law. Particular reference is hereby made to special hearings held on June 9, 1959, where the Secretary testified with regard to these rights.

The Senate language would have included dairy products and several others without any provision to handle the problem where supports are carried out by purchases from persons other than the original producer. The conferees have modified section 3 so as to enable the Secretary to continue price supports for all products so handled. In addition, section 4 gives the Secretary the widest latitude to meet problems of this kind.

At this time, I also wish to point out that the conferees have provided $1,100,000 for a laboratory at Mississippi State University for work on boll weevil and other cotton insects and pests. As pointed out in our report last year, it is estimated that during the 15-year period from 1940–54, the boll weevil destroyed cotton and cottonseed valued at $2.257 billion. It is further estimated that over $75 million is spent by farmers each year for boll weevil poison applied in the fields.

Plans for this laboratory were initiated by the House report of last year where we urged the Secretary to review this matter and recommend concrete proposals for meeting this problem. An additional $25,000 was specifically provided in the bill last year for such a study and report.

It is my belief that this might well prove to be one of the best investments the Government has ever made.

Mr. MAHON. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. Mr. Speaker, I yield to the gentleman from Texas.

Mr. MAHON. Mr. Speaker, I wonder if the chairman of the subcommittee, in the revision of his remarks, will make sure that a very careful explanation of this amendment No. 30 involving limitations is inserted for the information of all those who are interested in this important matter. I have opposed limitations on the support program. The House conferees have succeeded in tremendously improving the language carried in the Senate version of the bill. I think it is very important that a clear statement of the situation be made by the chairman of the subcommittee.

Mr. WHITTEN. Mr. Speaker, may I say that I expect to do that. And may I say to the House that this language has been carefully worked out in an effort to make it possible for the agricultural industry of this country to live within the limitations that were voted by both the House and the Senate. It is an effort, again a very careful effort, to protect orderly marketing and to enable the Department to construe these provisions as liberally as the circumstances require to save all the rights in existing law that it is possible to save.

Mr. MAHON. Mr. Speaker, will the gentleman yield further?

Mr. WHITTEN. I yield.

Mr. MAHON. With respect to the conference report which has already been adopted, there has been some feeling among people in the Southwest that the funds for the Great Plains conservation program were probably not adequate. I am most anxious that the program not be retarded. I believe that the amount agreed to in conference is above the figure agreed to in the House. My question is, Does the gentleman from Mississippi feel that the program can progress in an orderly way with the funds provided in the conference report?

Mr. WHITTEN. I certainly do. This figure in the conference report is the same amount that they had for the present year . However, in addition to that there will be a considerable carryover of funds. So this program should be adequately provided for.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. Mr. Speaker, I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include tables.

The SPEAKER. Is there objection to the request of the gentleman from Illinois.

There was no objection.

Mr. MICHEL. Mr. Speaker, I simply want to say that I am in agreement with the refined language which comes to us from the conference committee on the $50,000 limitation on Commodity Credit Corporation loans. On June 9 our Agriculture Subcommittee on Appropriations called the Secretary of Agriculture, Mr. Benson, and his associates before us to discuss this $50,000 limitation. While most of the testimony of this hearing escaped public notice, I should like to have reprinted at this point in the RECORD several of the tables relative to this limitation which are very illuminating. The latest figures available are for the crop year 1958 and, unfortunately, do not include the two basic crops of cotton and corn, but nevertheless, I believe what figures are available are very interesting.

Price support commodity loans of $50,000 or more, related to total loans made, 1958 crop

Commodity and unit	Loans of $50,000 or more			Total loans made			Percent of loans over $50,000 to total loans made		
	Number of loans	Quantity pledged	Amount loaned	Number of loans	Quantity pledged	Amount loaned	Number of loans	Quantity pledged	Amount loaned
		Thousand units	*Thousands*		*Thousand units*	*Thousands*			
Barley.....bushels	22	5,738	$5,908	59,177	86,245	$76,106	0.04	6.65	7.76
Beans, dry edible.....hundredweight	7	275	2,059	5,839	3,200	20,846	.12	8.59	9.88
Flaxseed.....bushels	1	23	79	24,423	11,525	31,676	0	.20	.25
Grain sorghum.....hundredweight	20	754	1,452	186,653	145,934	275,722	.01	.52	.53
Oats.....bushels	2	468	314	39,723	68,966	38,515	.01	.68	.82
Peanuts.....pounds				73	3,466	366			
Rice.....hundredweight	36	2,112	10,370	3,763	8,305	41,004	.96	25.43	25.29
Rye.....bushels				10,496	8,645	8,745			
Soybeans.....do	23	991	2,070	146,387	125,560	256,273	.02	.79	.81
Wheat.....do	117	5,264	9,159	476,419	555,698	1,011,888	.02	.95	.91
Honey.....pounds				152	5,543	530			

NOTE.—Comparable data for other commodities will not be available until after July 15, 1959.

DESIGNATED BASIC AGRICULTURAL COMMODITIES

Total production on farms having acreage required to produce enough crop to be eligible for $50,000 of price support and production in excess of maximum permitted thereunder

	Estimated number of farms [1]	Total estimated production	Production in excess of maximum permitted under $50,000 limitation
Tobacco:			
Burley.....pounds	12	1,529,500	447,580
Flue-cured.....do	237	33,114,275	11,464,325
Peanuts.....do	24	18,073,536	5,694,768
Wheat.....bushels	600	25,469,000	8,530,000
Cotton (choice A)[2].....500-pound bale	2,000	1,600,000	950,000
Corn, commercial area.....bushels	102	5,374,000	820,000
Rice.....hundredweight	537	10,705,000	4,430,000

[1] Total number of estimated allotment farms and/or producers, 3,512.

[2] For the 1959 cotton crop, there were 1,017 farms that had original choice (A) allotments of 500 acres or more. The original choice (A) allotments on these farms totaled 918,258 acres. Using the 3-year, 1956–58, average yield per acre on a State basis, the production on these farms computes to about 1,100,000 bales.

The only allotment statistics available for smaller farms which may be affected by the $50,000 limitation is for farms having 1959 allotments between 100 and 499.9 acres. There were 23,044 farms that had original 1959 choice (A) allotments in this group to which a total of 3,993,757 acres were originally allotted. On the basis of a rough estimate it is not improbable that about 1,000 of these farms, mostly in California and Arizona, could be affected by the $50,000 limitation. The total choice (A) allotments on these 1,000 farms is estimated at about 300,000 acres. Using the 3-year average State yields, a production of 500,000 bales is computed. About 500 additional farms, mostly in the delta area, have allotments large enough to produce cotton to the point that the $50,000 limitation would be effective; however, most of these farms have more than one producer, which fact would make the limitation inapplicable.

On the basis of these statistics a total of about 1,200,000 acres of allotment on 2,000 farms could be affected by the $50,000 limitation. The computed production for these farms is 1,600,000 bales.

Price support loans made on 1958 crops, dollar size distribution

	Number of loans	Quantity	Amount
Barley:		*Bushels*	
Under $500	18,765	6,668,566	$5,621,822.46
$500 to $999.99	18,484	15,472,812	13,431,797.46
$1,000 to $1,499.99	8,844	12,360,463	10,814,972.06
$1,500 to $1,999.99	4,862	9,575,874	8,393,877.05
$2,000 to $2,499.99	2,687	6,848,903	5,995,717.21
$2,500 to $2,999.99	1,575	4,878,388	4,291,886.87
$3,000 to $3,999.99	1,666	6,533,866	5,731,048.55
$4,000 to $4,999.99	843	4,286,209	3,747,716.73
$5,000 to $9,999.99	1,083	8,395,750	7,302,197.74
$10,000 to $24,999.99	283	4,564,399	4,004,244.00
$25,000 to $49,999.99	25	862,510	807,028.82
Over $50,000	23	5,797,474	5,962,952.93
Total	59,140	86,245,214	76,105,261.88
Beans, dry, edible:		*Hundredweight*	
Under $500	314	18,003	111,355.14
$500 to $999.99	768	95,117	578,812.96
$1,000 to $1,499.99	896	173,341	$1,129,259.02
$1,500 to $1,999.99	725	202,749	1,265,513.33
$2,000 to $2,499.99	558	200,380	1,256,287.91
$2,500 to $2,999.99	472	206,336	1,297,086.34
$3,000 to $3,999.99	675	373,217	2,332,258.58
$4,000 to $4,999.99	415	294,833	1,854,865.98
$5,000 to $9,999.99	693	729,421	4,676,258.27
$10,000 to $24,999.99	275	589,462	3,994,833.27
$25,000 to $49,999.99	8	41,767	290,359.48
Over $50,000	7	274,680	2,058,775.44
Total	5,806	3,199,306	20,845,665.72
Flaxseed:		*Bushels*	
Under $500	5,682	695,412	1,866,896.59
$500 to $999.99	7,615	2,066,198	5,581,292.24
$1,000 to $1,499.99	4,679	2,113,799	5,733,046.55
$1,500 to $1,999.99	2,537	1,611,186	4,381,320.34

Price support loans made on 1958 crops, dollar size distribution—Continued

	Number of loans	Quantity	Amount
Flaxseed—Continued			
$2,000 to $2,499.99	1,484	1,209,749	$3,294,650.69
$2,500 to $2,999.99	783	781,782	2,130,810.59
$3,000 to $3,999.99	815	1,023,673	2,788,140.65
$4,000 to $4,999.99	354	573,291	1,567,372.22
$5,000 to $9,999.99	349	806,693	2,267,061.90
$10,000 to $24,999.99	120	584,113	1,864,909.79
$25,000 to $49,999.99	4	35,789	121,325.84
Over $50,000	1	23,235	78,766.38
Total	24,423	11,524,920	31,675,593.78
		Hundred-weight	
Grain sorghum:			
Under $500	62,648	9,214,434	17,769,894.63
$500 to $999.99	47,768	17,906,269	34,569,140.98
$1,000 to $1,499.99	25,648	16,364,635	31,352,977.50
$1,500 to $1,999.99	14,074	12,807,894	24,380,876.91
$2,000 to $2,499.99	9,628	11,269,286	21,510,723.37
$2,500 to $2,999.99	5,904	8,525,295	16,098,028.90
$3,000 to $3,999.99	6,825	12,653,918	23,534,722.71
$4,000 to $4,999.99	4,281	10,296,161	19,087,865.26
$5,000 to $9,999.99	7,401	27,190,667	50,690,636.65
$10,000 to $24,999.99	2,331	16,959,036	31,382,758.85
$25,000 to $49,999.99	118	2,053,177	3,840,976.64
Over $50,000	21	783,132	1,503,779.62
Total	186,647	145,933,904	275,722,382.02
		Pounds	
Honey:			
Under $500	5	16,445	1,532.41
$500 to $999.99	28	215,412	21,011.78
$1,000 to $1,499.99	16	200,430	20,048.64
$1,500 to $1,999.99	15	279,455	26,538.31
$2,000 to $2,499.99	13	299,695	27,957.92
$2,500 to $2,999.99	13	368,940	35,204.78
$3,000 to $3,999.99	21	759,385	73,559.22
$4,000 to $4,999.99	9	428,505	39,587.57
$5,000 to $9,999.99	23	1,653,630	159,091.12
$10,000 to $24,999.99	9	1,321,320	125,799.96
$25,000 to $49,999.99			
Over $50,000			
Total	152	5,543,217	530,331.71
		Bushels	
Oats:			
Under $500	14,016	8,061,449	4,439,685.70
$500 to $999.99	14,020	18,017,569	9,927,057.26
$1,000 to $1,499.99	5,691	12,342,477	6,815,169.05
$1,500 to $1,999.99	2,596	8,020,894	4,459,362.47
$2,000 to $2,499.99	1,287	5,097,069	2,854,490.15
$2,500 to $2,999.99	708	3,441,695	1,931,697.97
$3,000 to $3,999.99	707	4,343,865	2,413,158.01
$4,000 to $4,999.99	334	2,604,073	1,483,550.54
$5,000 to $9,999.99	365	4,214,948	2,422,620.28
$10,000 to $24,999.99	83	1,938,542	1,187,270.57
$25,000 to $49,999.99	8	414,542	267,198.51
Over $50,000	2	468,379	314,094.74
Total	39,716	68,965,502	38,515,355.25
		Pounds	
Peanuts: [1]			
Under $500	4	12,524	1,331.25
$500 to $999.99	7	49,222	5,123.18
$1,000 to $1,499.99	8	91,190	9,900.29
$1,500 to $1,999.99	5	83,127	9,043.60
$2,000 to $2,499.99	8	164,274	17,539.95
$2,500 to $2,999.99	3	77,327	8,354.05
$3,000 to $3,999.99	9	322,139	32,360.60
$4,000 to $4,999.99	6	263,715	27,829.97
$5,000 to $9,999.99	14	910,260	94,838.67
Peanuts—Continued			
$10,000 to $24,999.99	8	1,173,879	$125,698,48
$25,000 to $49,999.99	1	318,739	34,017.02
Over $50,000			
Total	73	3,466,396	366,037.06
		Hundred-weight	
Rice:			
Under $500	6	4,077	18,651.66
$500 to $999.99	119	20,077	92,269.28
$1,000 to $1,499.99	134	37,571	172,022.35
$1,500 to $1,999.99	148	55,943	260,475.97
$2,000 to $2,499.99	151	70,522	340,206.53
$2,500 to $2,999.99	153	88,922	421,206.33
$3,000 to $3,999.99	358	264,763	1,254,534.30
$4,000 to $4,999.99	344	317,359	1,540,969.70
$5,000 to $9,999.99	1,119	1,648,894	8,083,422.74
$10,000 to $24,999.99	964	2,924,225	14,561,774.23
$25,000 to $49,999.99	119	749,771	3,778,254.98
Over $50,000	37	2,122,968	10,480,314.65
Total	3,706	8,305,092	41,004,102.72
		Bushels	
Rye:			
Under $500	4,873	1,385,513	1,351,776.13
$500 to $999.99	3,188	2,308,671	2,296,606.58
$1,000 to $1,499.99	1,150	1,393,870	1,400,772.04
$1,500 to $1,999.99	520	888,867	894,148.06
$2,000 to $2,499.99	297	641,145	654,250.52
$2,500 to $2,999.99	157	421,372	428,339.84
$3,000 to $3,999.99	127	419,287	430,644.36
$4,000 to $4,999.99	59	250,351	261,870.69
$5,000 to $9,999.99	96	594,201	641,249.87
$10,000 to $24,999.99	28	297,552	340,677.84
$25,000 to $49,999.99	1	44,074	44,074.00
Over $50,000			
Total	10,496	8,644,903	8,744,409.92
		Bushels	
Soybeans:			
Under $500	23,354	3,969,338	7,883,532.45
$500 to $999.99	31,967	15,550,423	31,238,677.39
$1,000 to $1,499.99	30,962	18,820,334	38,096,375.32
$1,500 to $1,999.99	21,772	18,583,513	37,838,067.30
$2,000 to $2,499.99	12,630	13,780,867	28,141,660.55
$2,500 to $2,999.99	7,650	10,207,022	20,897,360.80
$3,000 to $3,999.99	8,502	14,264,585	29,299,470.24
$4,000 to $4,999.99	4,048	8,662,811	17,894,120.48
$5,000 to $9,999.99	4,567	14,392,106	29,750,021.07
$10,000 to $24,999.99	835	5,453,622	11,295,774.98
$25,000 to $49,999.99	63	931,123	1,975,115.33
Over $50,000	20	940,114	1,962,941.82
Total	146,370	125,559,898	256,273,117.73
		Bushels	
Wheat:			
Under $500	75,579	12,823,112	23,778,904.34
$500 to $999.99	106,462	42,625,322	79,174,910.04
$1,000 to $1,499.99	79,467	53,053,825	98,195,610.28
$1,500 to $1,999.99	59,178	55,592,955	102,555,733.34
$2,000 to $2,499.99	37,337	45,330,009	83,554,817.77
$2,500 to $2,999.99	25,547	38,061,573	69,866,627.70
$3,000 to $3,999.99	35,074	66,457,278	121,390,589.61
$4,000 to $4,999.99	19,280	46,990,847	85,588,823.06
$5,000 to $9,999.99	29,082	109,456,390	196,843,946.38
$10,000 to $24,999.99	8,623	68,101,594	121,177,535.86
$25,000 to $49,999.99	642	11,947,886	20,642,878.66
Over $50,000	116	5,257,518	9,117,417.98
Total	476,387	555,698,209	1,011,887,795.02

[1] Farm-stored only.

1958 crop price support commodity loans of $50,000 or more, by producer

BARLEY (BUSHELS)

Producer	Address	Quantity pledged	Amount
Arlington Cattle Co. et al	Arlington, Ariz	112,408	$112,408.00
Westlake Farms, Inc	Straford, Calif	1,086,125	1,140,431.70
Giffen, Inc	Huron, Calif	1,063,720	1,115,860.72
Salyer Land Co	Corcoran, Calif	936,541	951,076.70
South Lake Farms	do	383,333	398,666.68
Five Points Ranch, Inc	Five Points, Calif	300,725	314,990.08
Calflax Co., Inc	Fresno, Calif	298,744	313,681.20
Employee Enterprises, Inc	Huron, Calif	254,367	267,085.35
Jack Harris, Inc	Five Points, Calif	245,289	257,553.45
Buena Vista Associates, Inc	San Francisco, Calif	188,510	193,280.21
Vista del Llano Farms et al	Firebaugh, Calif	114,015	122,942.34
J. G. Stoneland Co	Stratford, Calif	99,543	104,520.15
Harnish Five Points, Inc	Five Points, Calif	77,388	80,952.60
W. H. Davenport et al	Fresno, Calif	61,691	64,775.55
Gilkey Farms, Inc	Corcoran, Calif	60,859	61,865.28
John Kochergen et al	Fresno, Calif	55,771	58,559.55
Newhall Land & Farming	Firebaugh, Calif	48,519	51,430.14
Anderson Clayton & Co	Corcoran, Calif	47,844	50,235.72
Campbell Farming Corp	Hardin, Mont	73,867	53,184.24
Stewart Bros	Shelby, Mont	69,466	52,099.50
Robert F. Reimers et al	Melville, N. Dak	59,119	54,389.48
C. E. Dilse	Scranton, N. Dak	61,673	50,571.86
Tulana Farms	Worden, Oreg	97,957	92,392.34

BEANS, DRY EDIBLE (HUNDREDWEIGHT)

Producer	Address	Quantity pledged	Amount
Bean Growers	Sacramento, Calif	82,219	$567,944.35
California Lima Bean Growers Association.	Oxnard, Calif	57,096	520,039.80
Harold T. Segerstrom et al	Santa Ana, Calif	11,200	106,960.00
Walter Awe	Crows Landing, Calif	5,868	56,039.40
Western Bean Growers	Denver, Colo	8,697	50,919.89
Michigan Cooperative Bean Marketing Association.	Lansing, Mich	61,600	441,672.00
Washington Cooperative Farmer Association.	Seattle, Wash	48,000	315,200.00

FLAXSEED (BUSHELS)

Miolola Bros	Brawley, Calif	23,235	$78,766.38

OATS (BUSHEL)

KV Ranch	Porthill, Idaho	112,102	$66,140.18
Tulana Farms	Worden, Oreg	356,367	247,954.56

1958 crop price support commodity loans of $50,000 or more, by producer—Continued

Producer	Address	Quantity pledged	Amount
RICE (HUNDREDWEIGHT)			
Arkansas Rice Growers Cooperative Association.	Stuttgart, Ark.	1,054,175	$5,369,078.30
Producers Rice Mill, Inc.	do	253,179	1,331,723.65
Craighead Rice Milling Co.	Jonesboro, Ark.	32,289	154,007.47
W. B. Bynum Cooperative Co.	Dermott, Ark.	23,648	106,561.17
Red Bud Farms, Inc.	Wabash, Ark.	14,537	76,210.51
W. F. Hurley	Diaz, Ark.	14,204	75,325.23
Dawson Farms, Inc.	Louisville, Ky.[1]	13,466	71,020.63
Moore Bros.	Walnut Ridge, Ark.	14,035	68,635.05
R. C. Nicholson et al.	Brinkley, Ark.	12,214	66,950.90
Leon Rutledge, et al.	Newport, Ark.	13,345	61,848.95
Arkansas State Penitentiary	Grady Ark.	12,308	60,283.83
Elmer Ferguson	DeWitt, Ark.	9,799	51,824.43
Farmers Rice Growers Cooperative.	West Sacramento, Calif.	155,754	646,379.10
Central Valley Rice Growers	Stockton, Calif.	88,264	353,482.25
N. F. Davis	Firebaugh, Calif.	19,879	83,888.96
L. C. Ulrich	Woodland, Calif.	13,105	53,599.45
Louisiana Rice Growers, Inc.	Crowley, La.	99,111	500,772.78
W. J. Gayle & Sons	Gueydin, La.	18,104	88,866.52
Lawrence E. LeJeune et. al.	Elton, La.	11,988	59,288.63
Percy Baronet et al.	Shaw, Miss.	17,327	83,345.95
James K. Greer et al.	Hollandale, Miss.	16,662	77,466.21
Allen Gray Estate	Benoit, Miss.	13,777	66,006.80
W. & W. Planting Co.	Greenwood, Miss.	14,434	60,181.03
J. C. O'Neal	Cleveland, Miss.	10,201	52,095.96
Koop Bros.	Edna, Tex.	21,775	106,822.41
E. J. Stoesser	Dayton, Tex.	16,697	85,658.78
Schiurring Bros. et al.	El Campo, Tex.	15,660	74,147.26
J. W. Adams & Son et al.	Angleton, Tex.	15,323	71,777.02
Emil Townsend et al.	El Campo, Tex.	14,989	69,270.96
P. J. Smidt	do	13,783	66,509.46
B. H. Willis	Beaumont, Tex.	11,539	63,902.48
Texas Rice Land Co.	do	10,452	57,988.65
E. B. Anderson	E. Bernard, Tex.	11,051	56,491.90
T. T. Duncan et al.	El Campo, Tex.	12,312	55,773.36
Peltier Bros.	Danbury, Tex.	12,445	51,899.74
D. L. Heckaman	Hamshire, Tex.	9,804	50,694.89
L Ranch Co. et al.	Ganado, Tex.	11,333	50,533.98
GRAIN SORGHUM (HUNDREDWEIGHT)			
Jack Robinson & Sons	Wilcox, Ariz.	40,724	$89,185.56
J. L. Kidd, Jr.	do	31,658	69,647.16
Farmers Investment Co.	Tucson, Ariz.	29,792	63,456.96
G & K Farms	Willcox, Ariz.	26,727	58,800.22
Hooper & Ruggs	Casa Grande, Ariz.	24,295	53,206.02
Walter C. Owens	McNeal, Ariz.	22,735	50,016.34
C. M. Wilmarth	Grimes, Calif.	22,947	52,090.53
Burkham & Glenn	Johnson, Kans.	63,994	108,149.86
Carl N. Brollier	Moscow, Kans.	42,061	71,503.70
Morrison & Quirk	Hastings, Nebr.	39,223	71,778.24
Williams & Sons	Clovis, N. Mex.	35,501	62,127.03
Massey & Harper	Robstown, Tex.	56,754	120,885.67
Palo Alto Farms	Bishop, Tex.	48,121	102,497.47
Taft McGee	Hereford, Tex.	56,895	99,566.25
Jack W. Miller	Dimmitt, Tex.	45,408	79,463.86
Salt Creek Ranch	Refugio, Tex.	36,143	74,815.70
Howard Bros.	Dimmitt, Tex.	43,665	71,611.26
V. E. Nichols	Friona, Tex.	32,240	52,550.55
Rodney Smith	Hart, Tex.	29,610	51,818.11
H. H. Moore	East Bernard, Tex.	24,639	50,509.13
J. K. Griffith	Morton, Tex.	30,000	50,100.00
SOYBEANS (BUSHELS)			
Wesson Farm, Inc.	Victoria, Ark.	98,780	$203,486.80
Keiser Supply Co.	Keiser, Ark.	86,310	180,633.68
Armorel Planting Co.	Armorel, Ark.	57,363	120,462.89
R. A. Pickens & Sons, Co.	Pickens, Ark.	50,727	106,526.70
Craighead Rice Milling Co.	Jonesboro, Ark.	50,153	105,320.46
D. F. Portis	Lepanto, Ark.	49,609	103,944.87
Lee Wilson & Co.	Wilson, Ark.	45,403	95,346.34
Vance M. Thompson	McCrory, Ark.	36,874	77,436.01
C. G. Morgan	Hughes, Ark.	34,818	71,725.08
Carlson Bros.	Marion, Ark.	32,057	66,037.42
Jack Hale	Armorel, Ark.	27,113	55,717.21
James M. Thomas	Tuckerman, Ark.	26,443	55,530.30
Leonard Sitzer	Weiner, Ark.	25,854	54,293.73
Middletown Mills—Robert Garrett.	Burlington, Iowa	24,114	50,398.26
E. B. Gee	Blytheville, Ark.[2]	145,906	307,322.61
Story Farms, Inc.	Wolf, Mo.	33,196	69,893.92
E. E. Jolly	Catron, Mo.	33,295	68,920.65
Hunter Land, Inc.	Bell City, Mo.	27,984	57,926.84
J. V. Conran et al.	Conran, Mo.	27,251	56,409.57
Ed Marshall & Son	Charleston, Mo.	26,864	55,608.48

Producer	Address	Quantity pledged	Amount
WHEAT (BUSHELS)			
John F. Nutt et al.	Elroy, Ariz.	74,221	$103,909.12
Vista del Llano Farms et al.	Fierbaugh, Calif.	68,330	143,141.19
Raymond Castanchoa et al.	McFarland, Calif.	43,906	91,104.81
Blas Gorrindo, Sr., et al.	Lancaster, Calif.	41,540	81,833.80
J. C. Boswell Co.	Los Angeles, Calif.	38,341	74,360.18
Redfern Ranches	Dos Palos, Calif.	30,431	64,818.02
Giffin Inc. et al.	Huron, Calif.	32,542	63,131.48
Frank Lamb et al.	Meridan, Calif.	27,466	58,462.44
Hammonds Ranch, Inc.	Firebaugh, Calif.	27,136	57,798.96
Employees Enterprise, Inc.	Huron, Calif.	31,201	56,500.18
J. R. Hammonds Estate et al.	Firebaugh, Calif.	25,610	54,548.03
J. M. Monaghan	Derby, Colo.	103,253	181,066.22
Sprague Bros.	Holyoke, Colo.	52,865	87,478.40
Iron Mueller Inc. of Colorado.	Bird City, Kans.[3]	44,625	80,771.25
C. V. Cogburn	Walsh, Colo.	42,853	76,506.70
Ben Gay	Brush, Colo.	33,649	60,231.71
Rooney Farms	Garden City, Kans.[3]	27,388	59,458.05
Delford L. Bowman	Wray, Colo.	31,157	55,147.89
Tom Bradbury	Littleton, Colo.	31,235	54,661.25
Bernard Neill et al.	Springfield, Colo.	31,047	54,642.72
Iler P. Anderson & Sons	Genoa, Colo.	29,071	50,874.25
W. T. Wagner & Sons	Lewiston, Idaho	49,493	77,559.84
Lenard Schritter	Aberdeen, Idaho	34,044	61,901.20
Albert Frahm	Colby, Kans.	54,068	97,322.40
Ellsworth Sherman	Garden City, Kans.	52,676	95,343.56
Wycoff Bros.	Russell Springs, Kans.	41,358	74,857.98
Theis Co.	Dodge City, Kans.	41,442	71,723.20
Carl N. Brollier	Moscow, Kans.	38,396	68,343.10
Jessie Johns et al.	Johnson, Kans.	38,000	67,712.20
Burkham & Glenn	do	35,238	62,723.64
Wilber White	Goodland, Kans.	31,360	56,243.74
Harold W. Frasier	Sharon Springs, Kans.	30,347	54,013.50
Winter Bros.	Dodge City, Kans.	28,244	51,121.64
Campbell Farming Corp.	Hardin, Mont.	321,916	515,265.20
Sheffels Farms, Inc.	Great Falls, Mont.	64,784	104,063.02
E. G. Onstad	Carter, Mont.	55,928	89,720.21
V. R. Cazier & Sons	Toston, Mont.	55,622	86,875.99
Warren Swenson	Cut Bank, Mont.	51,551	82,481.60
Floyd Warren, Inc.	Hardin, Mont.	44,915	72,635.59
McNutt Bros.	Eugene, Oreg.[4]	43,087	68,951.20
LeRoy H. Anderson	Conrad, Mont.	42,831	68,608.91
Walter Banks & Sons	do	38,380	61,490.16
Hunsaker Bros.	Toston, Mont.	38,128	60,785.26
Millord Colony, Inc.	Augusta, Mont.	34,942	55,907.20
Sylvia E. Gruel et al.	Great Falls, Mont.	32,554	52,086.40
Math. Thieltges	Chester, Mont.	32,292	51,732.03
Morrison & Quirk	Harvard, Nebr.	40,000	75,800.00
H. B. Wellnitz	Rushville, Nebr.	20,332	52,210.96
John Garrett, Jr.	Clovis, N. Mex.	45,000	82,350.00
E. E. Dilse	Scranton, N. Dak.	54,822	96,266.72
L. E. Tilbert et al.	Voss, N. Dak.	33,646	63,254.48
John D. Kirschmann	Lemmon, N. Dak.	32,247	58,367.07
Walter M. Anderson	Turpin, Okla.	35,784	67,894.86
Kasmos & Georgearas	Helix, Oreg.	93,430	153,169.41
Ralph Crum	Ione, Oreg.	54,970	92,709.63
Bafus & Sons	Cecil, Oreg.	42,914	83,253.47
McCanse Graham & Kaufman.	North Powder, Oreg.	47,365	73,962.53
Chas. Carlson	Ione, Oreg.	39,733	72,535.42
B. L. Davis Ranch, Inc.	Adams, Oreg.	38,472	67,242.28
Coppinger & Son	Echo, Oreg.	37,566	61,608.78
Key Bros.	Milton Freewater, Oreg.	35,158	61,420.91
A. C. Lindsay	Lexington, Oreg.	31,101	59,886.27
John Proudfoot & L. Gorger	Ione, Oreg.	32,720	59,550.40
O. W. Cutsforth	Heppner, Oreg.	32,112	58,560.30
Vlassenroot & Gilbert	Pendleton, Oreg.	35,005	57,312.17
L. S. Glen Thorne	do	34,254	56,176.86
F. L. Watkins et al.	Wasco, Oreg.	30,029	55,318.09
Archie Harris	Touchet, Oreg.	29,884	52,595.84
Roy Howard & Sons	Milton Freewater, Oreg.	31,708	51,993.70
Cross Ranch	Pendleton, Oreg.	28,946	50,655.50
McCormmach Bros.	do	30,628	50,229.25
W. J. Asmussen	Agar, S. Dak.	48,397	88,994.20
Dennis L. Anderson	Onida, S. Dak.	27,433	51,299.71
W. T. Waggoner Trust Estate.	Vernon, Tex.	132,599	321,795.00
Perrin, Perrin & Freeman	Hereford, Tex.	95,909	165,593.82
J. W. Huff	Dumas, Tex.	65,153	112,263.73
Ware Farms	Dimmitt, Tex.	46,040	78,267.44
Pan Tech Farms	Panhandle, Tex.	40,991	77,062.76
T. C. Harvey, Jr.	Gruver, Tex.	40,219	75,209.53
Thomas L. Moran	Dumas, Tex.	41,567	70,192.58
Price & Price	Stratford, Tex.	37,321	62,698.73
H. H. Hogue	Dalhart, Tex.	36,954	61,713.18
Delmar Durrett	Amarillo, Tex.	32,158	58,609.82
W. T. Smoot	do	33,998	58,136.02
R. H. Holland	Perryton, Tex.	31,379	53,657.53
J. R. Stump	Waka, Tex.	24,481	52,611.48
Conrad Williams	Goodland, Tex.	27,125	51,840.45
Thomas L. Moran	Dumas, Tex.	30,000	51,300.00
Jap. Wilson & Sons	Claude, Tex.	26,742	50,542.41
Horrigan Farms et al.	Prosser, Wash.	92,249	161,894.49
D. Everett Phillips	Lind, Wash.	69,099	117,468.15

[1] Loan was made on rice grown in Arkansas.
[2] Loan was made on soybeans grown in Missouri.
[3] Loan was made on wheat grown in Colorado.
[4] Loan was made on wheat grown in Montana.

1958 crop price support commodity loans of $50,000 or more, by producer—Continued

Producer	Address	Quantity pledged	Amount
WHEAT (BUSHELS)—continued			
Virgil J. Feezell	Mabton, Wash.	66,002	$115,798.20
Edgar W. Smith et al	Lancaster, Wash.	63,859	107,849.90
Tompkins & Sons	Walla Walla, Wash.	62,536	106,312.37
L. C. Staley	Pullman, Wash.	60,610	101,754.81
Cecil R. Anderson	Walla Walla, Wash.	53,425	87,175.57
J. G. Peyton Trust et al	Sprague, Wash.	51,547	86,482.71
John R. Rea et al	Touchet, Wash.	47,277	82,734.75
R. L. Ferrell et al	Pomeroy, Wash.	43,593	71,056.31
Don Damon	Spokane, Wash.	41,407	69,978.00
Adolph Timm et al	Harrington, Wash.	42,792	67,610.68
Redman Lasater	Prescott, Wash.	40,418	66,690.41
Carl Boyd	Pullman, Wash.	38,725	65,283.60
Higginbotham Bros	Hartline, Wash.	39,083	62,141.25
Dwayne Blankenship	Washtucna, Wash.	36,489	$61,724.63
J. E. Hair	Walla Walla, Wash.	34,005	59,508.75
Guy Travis	Prosser, Wash.	32,190	58,382.30
S. T. S. Farms	Walla Walla, Wash.	35,527	58,096.37
Roger Moore	Connell, Wash.	35,730	58,017.27
Owes & Belsby	Amber, Wash.	33,622	56,148.74
Horrigan Investment Co	Phoenix, Ariz.[5]	30,952	55,404.08
Ralph A. Gering et al	Ritzville, Wash.	35,000	55,159.08
Merlin Phillips	Walla Walla, Wash.	30,758	53,826.50
Engdahl Ranches	Pendleton, Oreg.[5]	33,769	53,354.75
T. & T. Ranch	Pomeroy, Wash.	31,281	51,300.27
Philip Hoffman et al	Eureka, Wash.	30,819	50,235.33

[5] Loan was made on wheat grown in Washington.

Mr. SMITH of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to my colleague from Mississippi [Mr. SMITH].

Mr. SMITH of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SMITH of Mississippi. Mr. Speaker, I want to express my appreciation for the effort that has been made by the conference committee to keep the provision in regard to price support loans from being completely destructive to American agriculture.

The limitation on loans as originally passed by both Houses was an ill-conceived attempt to remedy a situation that has been the subject of much misinformed propaganda. There are many faults with our present agriculture support program, but certainly the basic idea of the program, to provide for a system of orderly marketing, is the greatest assistance the Government can render the farmer.

The conferees have done as much as was possible, working within the framework of the provisions adopted by both Houses, to keep the orderly marketing program still in effect. I am hopeful that there will be an intelligent administration of this provision of the law and that its administration will make clear that this type of limitation procedure is neither good economy for the Government nor good for the agricultural economy.

Mr. McGOVERN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

SOUTH DAKOTA AGRICULTURAL RESEARCH

Mr. McGOVERN. Mr. Speaker, I rise in support of the conference report on the bill H.R. 7175 providing appropriations for the Department of Agriculture and Farm Credit Administration.

I especially want to urge the support of the House for two worthwhile research projects in South Dakota. The legislation before us includes an appropriation of $550,000 for construction of a laboratory and auxiliary buildings at South Dakota State College to conduct research on insects affecting corn and other grains. This fine institution located at Brookings, S. Dak., is an ideal center for essential research of this nature.

I also urge support for the provision of $50,000 in the legislation for conducting research on soil and water conservation in eastern South Dakota. This is a modest investment that will far more than pay its cost in the form of agricultural and conservation dividends.

I am vitally interested, too, in the continuing appropriations for the agricultural conservation program and the Soil Conservation Service. I urge the passage of the legislation before us.

Mr. AVERY. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Kansas.

Mr. AVERY. Mr. Speaker, I realize the distinguished chairman of the subcommittee was faced with a dilemma here in working out language on an amendment that did not have his support originally.

Mr. WHITTEN. May I say to the gentleman this method of farm legislation still does not have my support, though I have done my best to bail the situation out.

Mr. AVERY. I had the definite impression the gentleman was still not in support of this limitation. I have just gotten to the floor; has the gentleman given us a synopsis of this or, if not, will he do so?

Mr. WHITTEN. I have not in any great detail. But what we have done here, in line with the House provision, is this: The limitation applies separately to each commodity. Believing the intent of the proponents of this amendment on the House side was to limit it to those commodities in surplus supply, we have provided that it apply only to those commodities designated in surplus supply by the Secretary.

We must save orderly marketing. We have tried to do that. The report provides that production per person above $50,000 is eligible for loans, but strictly on a repayment basis. However, we further provide that if a producer should cut his production up to 20 percent, he would be exempt from the $50,000 limitation. The reasoning of the conferees on that is that if a part of the production were not eligible and, in turn, were forced upon the market it would depress the market. Because the domestic market would be depressed, it would force that production up to the $50,000 into the hands of the Government to a greater extent that is true now. That would have been the result under the Senate language. As we saw it, then, it was essential to protect against that insofar as we could within a limitation and protect the orderly marketing of production per person in excess of $50,000. That is about what we have done.

Mr. AVERY. Did I understand the gentleman to say that the Secretary would have to designate the basic commodities as being in surplus before they would come under this limitation?

Mr. WHITTEN. That is true.

Mr. AVERY. They would not automatically come under this limitation then?

Mr. WHITTEN. No, and that is on the theory that if they are not in short supply, the Government gets its money back anyway.

Mr. AVERY. Yes. Did I further understand the gentleman to say that the limitation of $50,000 would apply so far as the Commodity Credit Corporation being obligated to take over the commodity and any loan in excess of $50,000 would be required to be repaid within a 12-month period of time?

Mr. WHITTEN. Or at such later date as the Secretary might determine. That will give the Secretary some discretion so as not to force the commodity on the market, if in his judgment he thinks it would be better to extend the time for repayment of the loan. Of course subsection (a) of section 1 gives other rights.

Mr. AVERY. I would like to say I do not think this is as good an amendment as it was when it left the House, but it is much better than it was a year ago.

Mr. WHITTEN. May I say to the gentleman that the House provision was limited to $50,000 per loan, and a man could get as many loans as he might wish to, and things of that sort. Being against the amendment in its entirety, I prefer the looser language of the House, but we were faced with the necessities of the situation.

Mr. AVERY. If the gentleman will permit me to say, that would be a matter of interpretation. But, may I ask the gentleman just one more question? As to what crops this limitation would apply and I am referring particularly to the calendar year.

Mr. WHITTEN. I beg the gentleman's pardon, I did not exactly catch the gentleman's question.

Mr. AVERY. It would apply to crops harvested in 1960; is that correct?

Mr. WHITTEN. That is right.

Mr. AVERY. So that would apply to the wheat crop that is going to be planted this fall; is that correct?

Mr. WHITTEN. It is the crop produced in 1960.

Mr. AVERY. That is in 1960, but it would not apply to the corn crop that is now planted and which will be harvested in 1959; is that correct?

Mr. WHITTEN. It would not.

Mr. AVERY. And that is so even though that fiscal year of 1960 would have commenced by that time?

Mr. GATHINGS. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. GATHINGS. I would like to ask the gentleman just what was done in the conference with respect to cooperatives, regarding this limitation on loans?

Mr. WHITTEN. For cooperatives and those buyers who are not cooperatives but are marketing agents for a group of producers, which primarily has to do with dairying, with respect to them it is provided that the $50,000 limitation does not apply. The limitation does not apply to a cooperative as such——

Mr. GATHINGS. That is the way it should be.

Mr. WHITTEN. Or to a person who is a marketing agent, as such. But it does require that the cooperative and the others, in effect, pass back to the individual, the $50,000 limitation in line with the general provisions that have to do with the other products. So it leaves the cooperative in the situation where they can handle commodities for a large number of people without the $50,000 limitation, but the people themselves come under the general provision.

Mr. GATHINGS. For example, in the handling of rice and cotton it is done through cooperatives. Several hundred farmers are members of cooperatives. Under the terms of the amendment, does the provision apply to the individual farmer or the cooperative as such?

Mr. WHITTEN. The cooperative would not have any limitation on its total loans received. But the cooperative in turn would have to see that the individual members of the cooperative would be covered by the general limitation as would an individual who went direct to the Commodity Credit Corporation.

Mr. GATHINGS. I thank the gentleman. He and his committee have done a commendable job on a difficult question.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi [Mr. WHITTEN].

The motion was agreed to.

A motion to reconsider the vote by which action was taken on the several motions was laid on the table.

SUBCOMMITTEE ON COMMUNICATIONS AND POWER OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Communications and Power of the Committee on Interstate and Foreign Commerce may be permitted to sit during general debate for the rest of this week.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

TEMPORARY APPROPRIATIONS, 1960

The SPEAKER. The Chair recognizes the gentleman from Missouri.

Mr. CANNON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CANNON. Mr. Speaker, I am advised that the gentleman from New York [Mr. TABER] will demand a second on the motion to suspend the rules on the Temporary Appropriations Act of 1960. How will the time for debate be distributed under the circumstances?

The SPEAKER. Twenty minutes on a side.

Mr. CANNON. Mr. Speaker, I move to suspend the rules and pass the resolution (H.J. Res. 439) making temporary appropriations for the fiscal year 1960, and for other purposes.

The Clerk read the resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government, namely:

SEC. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1959 and for which appropriations, funds, or other authority would be available in the following appropriation Acts for the fiscal year 1960:

Legislative Branch Appropriation Act;

General Government Matters Appropriation Act;

Independent Offices Appropriation Act;

Department of Agriculture and Farm Credit Administration Appropriation Act;

Department of Defense Appropriation Act;

Department of Commerce and Related Agencies Appropriation Act;

Departments of Labor, and Health, Education, and Welfare Appropriation Act;

Departments of State and Justice, the Judiciary, and Related Agencies Appropriation Act;

District of Columbia Appropriation Act; and the Public Works Appropriation Act.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided for by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House is different from that which would be made available or granted under such Act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House or where an item is included in only one version of an Act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, funds, or authority granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in the fiscal year 1959 and listed in this subsection (1) at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate, whichever is lower, or (2) if no budget estimate has been submitted prior to June 30, 1959, at the current rate, or (3) in the amount or at the rate specified herein:

Atomic Energy Commission;

Export-Import Bank;

Administration, Ryukyu Islands;

National Aeronautics and Space Administration;

River Basin Study Commission for South Carolina-Georgia-Alabama-Florida;

River Basin Study Commission for Texas;

Outdoor Recreation Resources Review Commission;

Boston National Historic Sites Commission;

Office of Civil and Defense Mobilization (civil defense and defense mobilization functions performed by other Federal agencies);

Mutual security programs, $200,000,000, to be expended in accordance with provisions of law applicable to such programs during the fiscal year 1959 and at a rate for any individual program not in excess of the current rate therefor: *Provided,* That administrative expenses for such programs shall not exceed the current rate;

Department of Defense—military construction, Air National Guard; and

Transitional grants to Alaska, $1,000,000, to be expended in the manner which would be provided for in the budget estimate for the fiscal year 1960.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) July 31, 1959, whichever first occurs.

SEC. 103. Appropriations and funds made available and authority granted pursuant to this joint resolution may be used without regard to the time limitations set forth in subsection (d)(2) of section 3679 of the Revised Statutes, as amended, and expenditures therefrom shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 104. No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1959. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

The SPEAKER. Is a second demanded?

Mr. TABER. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Missouri [Mr. CANNON] will be recognized for 20 minutes, and the gentleman from New York [Mr. TABER] for 20 minutes.

CALL OF THE HOUSE

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore [Mr. ALBERT]. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 104]

Baumhart	Gallagher	Riley
Blatnik	Hess	Rogers, Mass.
Bowles	Holifield	Saund
Buckley	Hosmer	Scherer
Burke, Ky.	Kilburn	Shelley
Cahill	Landrum	Short
Canfield	Lennon	Smith, Kans.
Carnahan	Loser	Spence
Celler	Meader	Steed
Chelf	O'Brien, N.Y.	Thomas
Diggs	Pilcher	Toll
Dingell	Powell	Van Zandt
Evins	Rabaut	Willis
Fogarty	Rains	
Forrester	Reece, Tenn.	

The SPEAKER. On this rollcall 389 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE SESSION DURING GENERAL DEBATE IN HOUSE

Mr. BARDEN. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may be permitted to sit during general debate in the House this afternoon.

The SPEAKER. Is there objection to the request of the gentlemen from North Carolina?

There was no objection.

TEMPORARY APPROPRIATIONS, 1960

The SPEAKER. The gentleman from Missouri [Mr. CANNON] is recognized.

Mr. CANNON. Mr. Speaker, we are graduating into high finance. In the fiscal year which ends at midnight tonight we have broken all records.

During the year just closing the Government has levied more taxes, has spent more money, has incurred the greatest national debt, has lost more gold, has incurred the greatest deficit and is tonight in the greatest financial distress in any peacetime period in the history of the Nation. If there were any more records to break in reckless extravagance we would break them.

Although we are still levying war taxes in time of peace, for the first time following any American war, and are enjoying the largest peacetime income ever received by any nation in any land in any period of the world's history we continue to spend more than we take in and are living so far above our income that today the national debt is billions and billions above the top of the debt of World War II.

In 1939 the entire national debt was only $40 billion. In 1945, just before the end of the war, it was $259 billion. This last week the President appealed to Congress to raise the statutory debt limit and give him elbow room to run the national debt up to $295 billion. That is $36 billion above the 1945 debt.

Nobody knows with certainty just how much the Government owes, or is appropriating because while we are shoveling the money out of the front door in congressional appropriations, the back doors of the Treasury are wide open and the spenders are carrying it out of the back door without the let or hindrance of annual congressional appropriations check or justification.

The action of the Congress at the behest of the administration yesterday in again puncturing the debt ceiling is a confession to the world—noted by our allies and our enemies—that the Government has spent itself deeper into the red than ever before—and with less hope of extricating ourselves.

It has had an untoward reaction both at home and abroad. At home it is evidenced by the drastic decline in the demand for U.S. bonds. Abroad it is moderating the interest in American dollars and accelerating the flow of gold from our dwindling reserves.

For strange as it may seem, the Congress in raising the debt ceiling refused to raise the interest rates on our bonds simultaneously requested by the President.

As a result the Secretary of the Treasury is in real trouble. He must borrow the $12 billion the Government has spent this year above the national income.

But running the national debt up to $295 billion is a red light on the bond market. There must be an added incentive to buy. The President sought to provide that incentive by increasing the rate of interest on Government bonds. Congress raised the debt limit but did not raise the rate of interest. And more U.S. bonds are being cashed in than are being bought.

That means the Treasury must not only go out and sell the $12 billion to cover the spending deficit but it must also sell bonds to take the place of those being cashed in because the rate of interest is too low to make them attractive to the buyer. This competition for money to cover the deficits feeds on itself with the result we were recently told by the Treasury that the interest cost on the debt next year will exceed the budget estimate by $500 millions.

That is only part of the Treasury's trouble. The Treasury stock of gold fell another $2 million in the week ending June 17, 1959. And when the Treasury paid the $344 million in gold to the International Monetary Fund, U.S. gold stocks dropped below $20 billion for the first time since 1940.

As the prestige of the dollar drops at home it also drops abroad—just as the credit of either individual or nation always drops when it lives beyond its income. And we have lived beyond our income, chronically and consistently, for 23 of the last 28 years. Congress has been appropriating more money than we took in. And the administration has been spending more than we took in.

Inevitably our credit dropped in proportion. Our money depreciated. Because we kept borrowing and living on borrowed money instead of paying our debts our dollar bought less and less.

Here is what happened because we kept selling bonds and refused to pay on the national debt:

Consumer Price Index and purchasing power of the dollar

	Consumer Price Index (1947–49=100)		Purchasing power of the dollar [1] (calendar year 1939=100)
	All items	Foods	
Years:			
1939	59.4	47.1	100.0
1940	59.9	47.8	99.2
1941	62.9	52.2	94.4
1942	69.7	61.3	85.2
1943	74.0	68.3	80.3
1944	75.2	67.4	79.0
1945	76.9	68.9	77.2
1946	83.4	79.0	71.2
1947	55.5	95.9	62.2
1948	102.8	104.1	57.8
1949	101.8	100.0	58.3
1950	102.8	101.2	57.8
1951	111.0	112.6	53.5
1952	113.5	114.6	52.3
1953	114.4	112.8	51.9
1954	114.8	112.6	51.7
1955	114.5	110.9	51.9
1956	116.2	111.7	51.1
1957	120.2	115.4	49.4
1958	123.5	120.3	48.1
Selected months:			
1946—June	79.8	72.1	74.4
1950—June	101.8	100.5	58.3
1952—December	114.1	113.8	52.1
1953—January	113.9	113.1	52.2
1954—January	115.2	113.1	51.6
1955—January	114.3	110.6	52.0
1956—January	114.6	109.2	51.8
1957—January	118.2	112.8	50.3
1958—January	122.3	118.2	48.6
April	123.5	121.6	48.1
July	123.9	121.7	47.9
August	123.7	120.7	48.0
September	123.7	120.3	48.0
October	123.7	119.7	48.0
November	123.9	119.4	47.9
December	123.7	118.7	48.0
1959—January	123.8	119.0	48.0
February	123.7	118.2	48.0
March	123.7	117.7	48.0
April	123.9	117.6	47.9
May	[2] 124.0	117.7	47.9

[1] As measured by the BLS Consumer Price Index.
[2] New record high.

As the dollar dropped in purchasing power the cost of living rose.

You have to have an income of $4,806 today to match an income of $2,000 in 1939. You have to have an income of $10,097 today to match an income of $4,000 in 1939.

And a $10 bill will not buy as many groceries or shoes for the children today as a $5 bill would buy in 1939. You have had a hard fight getting your wages up to where they are today. But while you were working and sacrificing, inflation is taking more than half of your paycheck every payday—just because Congress keeps appropriating and the administration keeps spending more than the national income.

Is that not rather a high price to pay?

What is it these Congressmen are voting money for that is reducing your

standard of living? It must be something very important to cost you more than half your wages.

It cannot be national defense because the cost of national defense is down. Mr. MAHON's committee, and Mr. MAHON is one of the ablest men who has ever served that committee, spent $800 million less this year than 5 years ago. It is the other knickknacks Congress spent your money for that has taken the food off your table and reduced the buying power of your pension and decreased the value of your retirement and more than doubled the cost of clothing and school supplies for your children and increased the national debt by billions over the same 5 years.

The Committee on Appropriations—or at least an appreciable number of the membership of that committee—has this year made a hard fight to hold the appropriation bills within the budget estimates. Not because there is any particular virtue in these specific estimates—but because there must be some yardstick by which to measure progress or decline, and the budget estimates are the criterions available from the President who submits the budget.

I am glad to say that every one of the appropriation bills—with a single exception—has been reported to the House within the budget estimates.

We have sent to the Senate 14 appropriation bills this session in which the House has made reductions aggregating $1,175,461,924 below the budget estimates. Before passage, however, the House, contrary to the recommendation of the Committee on Appropriations, insisted on restoring $177,083,500 cut from the estimates by the committee.

We have three more bills: the Atomic Energy Commission appropriation bill, the mutual security appropriation bill, and the military construction appropriation bill. We have completed hearings, but on two of them we are marking time waiting for the legislative authorization bills.

The other body has returned 11 of the 14 bills, after raising them $652,508,416 above the House totals and $91,462,045 above comparable budget totals. It is purely coincidental that the other body usually yields on bills raising taxes and is adamant on spending bills.

But the House Appropriations Committee has with a single exception kept within the budget estimates, and has resisted efforts to increase appropriations on the floor. It sometimes appears to be a thankless task. Too often the House leadership trips gaily down the primrose path of dalliance between the tellers leading the procession to hike the appropriations above the budget estimates—on a recent bill exhibiting statesmanlike determination to spend the taxpayers' money on water lilies, for example. But on the whole the Committee on Appropriations has been able to hold down appropriations.

The one exception is the bill for the Departments of Labor and Health, Education, and Welfare which was reported out approximately $158 million above the budget, and which the other body increased the House figure $206 million, a total of $364 million above the budget estimate, most of the increase being in the health items. This bill is still in conference.

Appropriation bills, 1st sess., 86th Cong., June 30, 1959

Bill	Budget estimates, House	Reported	Passed House	Budget estimates, Senate	Passed Senate	Final action	Final action compared to budget estimates
1960 bills:							
District of Columbia	$34,218,000	$27,218,000	$27,218,000	$34,218,000	$29,351,000		
Loan authorization	[35,400,000]	[33,800,000]	[33,800,000]	[35,400,000]	[34,300,000]		
Treasury-Post Office	4,688,327,000	4,628,097,000	4,628,097,000	4,688,327,000	4,664,027,600	$4,643,363,000	−$44,964,000
Interior	491,101,400	472,198,800	472,198,800	491,101,400	487,211,025	481,809,100	−9,292,300
Labor-HEW	3,756,848,581	3,915,084,181	3,915,084,181	3,756,848,581	4,121,909,581		
Independent offices	6,584,188,000	6,438,839,800	6,457,657,800	6,584,188,000	6,559,348,600		
Agriculture	4,081,364,863	3,939,165,498	3,939,165,498	4,081,364,863	3,975,774,848	3,971,362,673	−110,002,190
Loan authorizations	[388,000,000]	[421,000,000]	[421,000,000]	[388,000,000]	[421,000,000]		
General Government	13,608,500	13,338,500	13,338,500	13,608,500	13,568,500	13,463,500	−145,000
State, Justice, Judiciary	682,387,600	649,896,700	651,896,700	682,387,600	650,924,700	[1]	
Commerce	732,191,000	674,687,300	675,297,300	732,191,000	715,328,500	[1]	
Legislative	105,460,005	100,279,350	100,279,350	133,648,180	128,797,380		
Defense	39,248,200,000	38,848,339,000	38,848,339,000				
Public works	1,185,406,259	1,185,406,259	1,185,906,259				
Supplemental, 1960	888,931,417	632,568,845	609,843,845				
Total 1960 bills	62,492,232,625	61,525,119,233	61,524,322,233	21,197,883,124	21,346,241,734	9,109,998,273	−164,403,490
1959 bill: 2d supplemental, 1959	2,864,954,526	2,479,522,494	2,657,402,994	2,900,799,370	2,843,902,805	2,764,500,380	−136,298,990
Total, all bills	65,357,187,151	64,004,641,727	64,181,725,227	24,098,682,494	24,190,144,539	11,874,498,653	−300,702,480
Loan authorizations	[423,400,000]	[454,800,000]	[454,800,000]	[423,400,000]	[455,300,000]		
Comparisons:							
Below estimates		−1,352,545,424	−1,175,461,924		+91,462,045		−300,702,480
Loan authorizations		[+31,400,000]	[+31,400,000]		[+31,900,000]		
Above committee			+177,083,500				
Above House					+652,508,416	+164,295,861	

[1] Conference report filed today.

But, Mr. Speaker, while we have made some savings on the appropriation bills, however small and however inadequate, the figures just cited show that the other body, not entirely out of character, is insisting that we exceed the budget. And I want to hasten to add, Mr. Speaker—and I trust the Members will especially note this—that the figures given on appropriation bills fail by far to disclose what is happening to the budget. The regular appropriation bills at one time disclosed the disposition of the budget recommendations of the President, but in recent years, and especially last year and again this year, the appropriation bills are only part of the story. You should not take the appropriation figures as even closely purporting to represent the full story.

The razor-thin 1960 budget balance was based on several important but uncertain premises. And a number of the recommendations on which the balance rested are not processed through the appropriation bills. Billions of dollars are being taken out of the Treasury and committed to various purposes which never get annual congressional review in the traditional appropriations review process. You know the term: "Backdoor spending."

Last year the other body sent us a raft of legislative bills for all manner of expenditure from the Treasury. They have done so again this session. And the House has insisted on concurring in this preemption of the exclusive powers of the House to originate appropriations, and the resulting bypassing of annual appropriations review.

And what has the Congress done to the budget in these bills? There has been some contention on the point even between those closest to the situation, but a list of "backdoor spending" bills sent to the President totals at least $6,076,000,000 identified, and some extra billions not precisely determined. Furthermore, on a comparable basis, these bills exceed executive recommendations by over $500 million, plus additional billions not precisely identified.

So, Mr. Speaker, while no one can disclose with absolute precision what is being done to the budget, the facts are clear thus far that we are heading for bigger and bigger budgets unless we stop granting licenses right and left to remove more and more money from the Treasury—money, incidentally, that isn't even in the Treasury, money that we have to borrow—and borrow with increasing difficulty and at ever-increasing cost.

We have just gotten through the annual raising of the debt limit—both the permanent ceiling and the temporary ceiling. Piece by piece, step by step the temporary ceiling becomes permanent. The restraining influence of a debt ceil-

ing has been cast aside. We now have a $295 billion debt limit—$20 billion higher than it was just 5 years ago.

There is now every indication of another deficit in the year that begins tomorrow. The nominal margin of $70 million by which the budget was in balance has already vanished. The Treasury recently advised that budget revenues next year might go a little higher than originally estimated, but several contingencies will likely wipe that out and more besides.

You are beginning to hear about the crisis in the highway trust fund. That will materialize in fiscal 1960 and the Congress will doubtless be importuned to bail it out in the next few weeks. This was started under another of those "back door" bills whereby Congress relinquished control of spending. All we do is pick up the tab—the authority to commit the fund was granted in the original law and the appropriation to reimburse the States is perfunctory—perfunctory that is, until it impinges on the general budget, and then the chickens begin to come home to roost. The President originally advised that the fund would be short $241 million in 1960 but a more recent estimate is a shortage of over $500 million. Where is that going to come from? The President urges a gas tax increase. But what is to be done about that? The construction work is proceeding. The bills must be paid. What happens to the nominal budget surplus of $70 million if the general fund is called on to pay the bill?

And what about the ensuing years of the highway program in the face of insufficient funds in sight? Will we follow the pay-as-you-go principle written into the law or again lay it aside—spending more than is coming in?

New authority to obligate the Government ("back-door spending") carried in legislative bills (86th) public debt transactions and contract authorities

[Comparisons are between executive requests and each bill at latest stage]

Bill and subject	Executive requests		Senate	House	Final	Latest action versus executive requests	
	Full basis	Basis comparable to final				Full basis (6) versus (2)	Comparable basis (6) versus (3)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. 1094 (H.R. 4452):[1]							
Bretton Woods Agreement—							
(a) Monetary fund (public debt)	$1,375,000,000	$1,375,000,000	$1,375,000,000	$1,375,000,000	$1,375,000,000		
(b) World Bank (public debt)	3,175,000,000	3,175,000,000	3,175,000,000	3,175,000,000	3,175,000,000		
Total, Bretton Woods	4,550,000,000	4,550,000,000	4,550,000,000	4,550,000,000	4,550,000,000		
H.R. 2256: Direct veterans loans (public debt)			100,000,000	300,000,000	[2] 100,000,000	+$100,000,000	+$100,000,000
S. 1 (H.R. 1011): Airport grants (contract authority)	200,000,000	120,000,000	465,000,000	297,000,000	126,000,000	−74,000,000	+6,000,000
S. 722: Depressed areas (public debt)	50,000,000	(?)50,000,000	[3] 300,000,000	(4)		−50,000,000	−50,000,000
S. 57 (Housing Act of 1959):							
(a) FNMA co-op. housing (public debt)				[4] (75,000,000)	[2] 37,500,000	+37,500,000	+37,500,000
(b) College loans (public debt)—							
Dormitories	200,000,000	200,000,000	300,000,000	[5] (400,000,000)	[2] 300,000,000	+100,000,000	+100,000,000
Classrooms			125,000,000		[2] 62,500,000	+62,500,000	+62,500,000
(c) Urban renewal grants (construction authorized)	1,450,000,000	600,000,000	2,100,000,000	[5] (1,500,000,000)	[2] 900,000,000	−550,000,000	−300,000,000
(d) Direct veterans' loans (public debt)			150,000,000				
(e) Public housing (construction authorized)			[6]	[2 6]	[2 6]	[7]	[6]
Total, housing act	1,650,000,000	800,000,000	2,675,000,000	[5] (1,975,000,000)	[2] 1,300,000,000	−350,000,000	+500,000,000
Grand total	6,450,000,000	5,520,000,000	8,090,000,000	5,147,000,000	6,076,000,000	−374,000,000	+556,000,000

[1] $1,375,000,000 is for immediate expenditure; $3,175,000,000 is in nature of guaranty for World Bank bonds.
[2] Pending Presidential action.
[3] To be set up as revolving funds to perpetuate programs (Executive request is for appropriation, not public debt).
[4] Reported by committee and pending in House. Reported as regular authorization for appropriation, not public debt item.
[5] Not added to totals, since floor amendments (Thomas amendments) provided that such amounts shall be available only as and when so specified from time to time in appropriation acts.
[6] Senate: Some 45,000 units estimated at $874,500,000 over next 38 to 40 years. House: Per minority report, some 190,000 units estimated at $3,700,000,000; majority report used figure of about 140,000 units. Final: Conference report provides the 45,000 units estimated at $874,500,000 and, in addition, carries language permitting an additional number of about 145,000, at an additional cost of some $2,825,000,000 according to HHFA estimates.
[7] Statement does not include $5,000,000,000 public debt borrowing authority for Development Loan Fund under mutual security, reported by Senate committee but not yet acted upon by the Senate.

But both the estimates set up by the President and the appropriation and backdoor spending bills passed by the Congress are entirely too large. The total expenditures provided this session will far exceed the national income, as large as it is. If enacted in present form these bills and related actions on budget suggestions from the President will create another deficit which must be borrowed by selling Government bonds. Nothing is provided out of our vast revenues to pay on the national debt.

If the spending bills had been for $12 billion less instead of $12 billion more this year, and we would not have had to borrow any money—and we could have paid this substantial amount on the public debt—the purchasing power of the dollar would have gone up—wages would have bought more—pensions and annuities would have provided a better living and the cost of living would have dropped.

But with the certainty of a deficit, the cost of living hit a new high last month and the dollar dropped lower. And the enemy watching from across the water grinned and rubbed his hands. He has said all along that we would spend our selves into bankruptcy and would drop into his lap like an overripe apple.

We are no longer on our way to being the richest country in the world. We are growing steadily poorer every year—just as any family grows steadily poorer by spending more than it makes year after year.

We must realize that we are now in competition with a new force, a reconstituted nation, a renascent society, with unlimited manpower and deadly intent. They are closing in on us with both military power and evolutionary economic development. We cannot afford to rest on our laurels. We cannot further handicap ourselves with debt. We cannot ignore the demands of the times. Complacency is the road to hell.

Mr. Speaker, this is the last day of the fiscal year. Appropriations are terminated tonight. Pending enactment of the supply bills for the next fiscal year provision must be made today for continued operation of the Government.

For that purpose I have submitted the continuing resolution just read from the desk. It is the stereotyped form used year after year and is in substance the same resolution enacted last year and the year before. It provides for minimum expenditures to keep the departments operating pending the enactment of the bills itemized in the tabulation above.

I submit the resolution for the consideration of the House.

Mr. TABER. Mr. Speaker, the House of Representatives has so far a great deal better record of keeping expenditures down than the other body. But I want to warn that in the days to come we are going to have a lot of pressure put upon us to raise bills that we have already sent to the Senate and that are yet to go to the Senate, and to raise them above not only the budget but for all sorts of reasons.

Frankly, the United States is in a position where she can be in a lot of trouble. If we had not passed the bill raising the debt limit the deluge would have been on us by this time. If we fail to meet the situation that this country is facing in the next month or so and in this Congress and in the next Congress we do not get to the point where the United States is spending only what it absolutely has to spend, we are going to be in very bad shape and we are going to have more and more inflation instead of less. I think it is about time for us to meet our responsibilities and to keep down the expenses of the Federal Government.

We must meet our responsibility. If the Congress does not meet its responsibility and keep things in hand, the only possible result is uncontrolled inflation, which means a dictator.

Let us not get into that kind of a situation. Let us maintain the liberties which have been handed down to us and that are so precious to all Americans.

The SPEAKER. The question is on suspending the rules and passing House Joint Resolution 439.

The question was taken; and, two-thirds having voted in favor thereof, the House joint resolution was passed.

OBSERVANCE OF LEGAL HOLIDAYS BY FEDERAL EMPLOYEES

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 294.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5752) to provide for absence from duty by civilian officers and employees of the Government on certain days, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MADDEN. Mr. Speaker, House Resolution 294 makes in order the consideration of H.R. 5752 relating to the observance of legal holidays by Federal employees. The resolution provides for an open rule and 1 hour of debate.

The purpose of this legislation is to correct inequities in the existing law and regulations which deprive certain Federal employees of the right to be excused from duty on a workday for each of the 8 legal holidays provided by law for Federal employees, while many of their fellow workers are afforded such opportunity for each of the 8 legal holidays every year. This bill, as reported by the Post Office and Civil Service Committee, will insure equal treatment for all Federal employees with respect to the observance of the usual 8 legal holidays in every year, regardless of the day of the week on which any such holiday may fall.

It does not establish any new or additional legal holidays but merely closes a gap in the law which has continued largely due to oversight and has been brought to special attention because, under existing law, hundreds of thousands of Federal employees will receive only 6 days off to observe legal holidays in 1959 instead of the 8 legal holidays provided them by law. Two of these legal holidays, Memorial Day and Independence Day, fall on Saturdays during 1959. Similar loss of holiday time off will recur in later years from time to time by reason of the calendar days on which certain holidays happen to fall in such years. In short, the loss of holidays may be said to be due to accident of the calendar which was not taken into consideration when the Congress laid down the policy of 8 legal holidays each year for Federal employees.

This legislation would take effect on July 1, 1959.

So that our Federal employees will not be deprived of the legal holidays to which they are entitled, I urge the adoption of this resolution.

Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN. Mr. Speaker, I am opposed to this rule and to the bill as well. I think it is ridiculous even to consider it. In my opinion, the Federal workers are not in bad shape. They get good salaries, have generous sick leave and generous vacations, and I think they are much better off than are most of the people at home not working for the Government. I have in mind the people working in stores, in the mines, in the mills, and in the factories. I think the Federal workers are in much better shape than 90 percent of the people, I restate, that work in our stores, in the shops, in the mines, in the mills, and in the factories. So, I am hoping that this rule is voted down and that the bill is defeated.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. ALLEN. I yield to the gentleman from Illinois.

Mr. MASON. I want to join the gentleman in the very thoughts that he has expressed, because I think he is absolutely correct.

Mr. ALLEN. I thank the gentleman. I think it is about time we tightened our belts.

Mr. MADDEN. Mr. Speaker, I yield 8 minutes to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Speaker, I am somewhat at a loss to understand some of the contradictory positions that seem to be taken on the part of some people regarding this bill. It seems to me that the propriety and the merits of this proposal, insofar as the administration is concerned, have already been passed upon and settled by the action of the President in issuing a directive doing exactly what this bill provides insofar as next Saturday, the Fourth of July, is concerned.

Now, there were two of these Saturday holidays this year. One of them fell on the 30th day of May, I believe. That has already passed and is not involved in this legislation. The only other Saturday holiday in this year is the Fourth of July, and that has already been taken care of by an Executive order. If there is any lack of propriety, if there is any reason why this principle should not be enacted into law or should not be followed, why then did the President of the United States in his Executive order provide that the holiday for the Fourth of July this year should fall on Friday? So it seems to me that insofar as the executive department is concerned the propriety and the merit and the justice of the proposal embodied in this bill have already been considered and passed upon favorably by the White House. So if the principle is good, then what objection could there be to enacting it into law?

Since my first session in the Congress, a good many years ago, I have been closely associated with our Federal employees and have had the opportunity of becoming rather thoroughly acquainted with their problems and grievances. I have found that inequality of treatment is a factor which, as much as any other, causes complaints and lowered morale. One of the areas of inequality of treatment is that accorded the Federal employee in regard to the eight legal national holidays.

Under present law, some of our Federal employees already enjoy this provision, enjoy full holiday privileges for national holidays which fall on Saturday. I point to the 32,000 rural letter carriers who have a 6-day workweek and all other Federal employees who work a 6-day week already have this privilege which we are seeking in this legislation to give to all Federal employees. Yet although some of them already have this privilege, a much larger group fail to receive any recognition for such holidays.

The provisions of the bill, H.R. 5752, will insure equal treatment for all Federal employees in respect to the observance of the eight legal national holidays in every year regardless of the day of the week upon which such holiday may fall. I call your attention to the table which is printed on page 10 of the committee report which shows all of these Saturday holidays from the year 1960 for the next 40 years running through the year 1999. You will find that there are only 35 of these Saturday holidays which will occur in the next 40 years.

There are some who say that the issuance of the Executive order establishing July 3 of this year as an administrative holiday is sufficient to take care of the situation. I do not agree with that. That is not the case. While this Executive order does recognize next Friday as an administrative holiday in lieu of Saturday, July 4, it does not offer the employee the full benefits established by law for the legal holidays which fall on days other than Saturdays. It denies a large number of employees any true recognition of holiday work when they must work on Friday, July 3. I fully recognize that the administration was acting in good faith and in compliance with the

general policy of saving money wherever possible in issuing this Executive order, but they fail to recognize the principal purposes, in that equality of treatment is not provided.

Opposition to the enactment of H.R. 5752 has been based on three factors: costs, the setting of a precedent, and the loss of service to the public.

Insofar as costs are concerned, the provisions of the Executive order and the provisions of this bill would result in approximately the same ultimate cost for July 3 of this year. I feel that insofar as future costs are concerned, these can very well be absorbed. I repeat, they can very well be absorbed without additional appropriations being necessary if proper planning and coordination are exercised on the part of departments and agencies and if the appropriate committees of Congress remain cognizant of any attempt to increase appropriations and demand that the work of the agencies be so adjusted as to make absorption completely possible and feasible.

I repeat, the extra cost can be absorbed without any additional appropriation. From my work with the Manpower Subcommittee over the past 6 years, I am definitely of the belief that there is a leeway in present appropriations for personal services which can more than absorb the extremely minor cost involved in this bill.

Insofar as the setting of a precedent is concerned, such a precedent has already been set in cases where Executive orders have been issued when Christmas falls on Saturday. Also, in a large portion of the wage agreements existing in private industry, recognition is given to full benefit payments for a fixed number of legal holidays. This practice in industry is not new. It has existed for a number of years. It probably will continue to expand until all organized labor in private industry will be accorded the benefit of the legal holidays regardless of what action we take on this bill. I feel that it is no more than fair that the Government recognize this trend and place its employees on an equal basis with those of industry.

We all recognize that there are certain Federal services to the public which must be continued regardless of the day of the week on which a holiday falls. Neither H.R. 5752 nor the Executive order requires that the Government offices be closed on the Friday in question where service to the public or the Nation's interests is a prime consideration. Postal deliveries and the collection and distribution of mail will be continued under either the Executive order or the provisions of H.R. 5752. Other essential services such as guards, firefighters, and so forth, will also be maintained on these days. I can see absolutely no justification for objecting to the enactment of this bill on this basis.

Now, let us look at the future. In the 40 years remaining in this century there are only 35 instances in which one of the national holidays falls on a Saturday. In the next 9 years there are only eight such instances. In no case do more than two of these holidays fall on a Saturday in a single fiscal year, although there are 2 calendar years, 1963 and 1992 in which there are three such holidays. Over the next 40 years more than a third of the years have no holidays falling on Saturday. This same ratio holds true insofar as the next 10 fiscal years are concerned. Even if some minor cost is involved, in light of the so very few instances where the law would be effective, this cost is immaterial when balanced against the improved morale and working conditions which I feel will result from its enactment.

The statement has been made that the enactment of this law will be merely a foot in the door for other employee benefits. I cannot see the validity of this argument in any way, as the provisions of H.R. 5752 create no new rights but only equalize rights that already exist under present law. The granting of a holiday on the preceding Friday when one of the national holidays falls on a Saturday has no connection whatever with other employee benefits and I cannot see, through any stretch of imagination, where it could be used as a wedge or a precedent in the requesting or granting of other benefits.

I urge the adoption of this rule, and favorable consideration of the provisions of H.R. 5752 and state that I believe it is fully justified as a measure which will give to the Federal employees recognition equal to that given to employees by private industry. It will also eliminate present inequities and result in a higher morale without additional cost, provided that good care and judgment are used by the departments and agencies in the planning and scheduling of work.

The following table shows the Saturday holidays during the next 9 years:

Saturday holidays in the next 9 fiscal years

Fiscal year:	*Saturday holidays*
1960	July 4, 1959.
1961	None.
1962	November 11, 1961.
1963	None.
1964	February 22, 1964; May 30, 1964.
1965	July 4, 1964.
1966	December 25, 1965; January 1, 1966.
1967	None.
1968	November 11, 1967.

Mr. ALLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Speaker, I cannot imagine a legislative situation offering more reasons for voting down the rule than we have here today. Let us look at this picture. It is a sort of comedy of contradictions, concessions and confusion. Here you have a bill, this so-called holiday bill, which was voted out by the Committee on Post Office and Civil Service, of which I am a member, with only one opposing vote on a rollcall and that vote, by the way, was mine. The sponsors of this bill were the distinguished chairman and the ranking minority member of the committee. Today I understand both of these original sponsors will, for abundantly good reasons, indicate that they favor the defeat of this rule.

Originally, it was argued that speedy action on the bill was of the utmost importance in order to give Federal employees Friday off with holiday benefits before the Saturday holidays on Memorial Day and the Fourth of July. Later on, the idea of the Friday holiday for Memorial Day was dropped because Congress would have had to vote extra funds for fiscal year 1959 to pay the costs of the overtime.

Then on June 12, the President issued an Executive order providing a 3-day long weekend, without loss of pay, for most Federal employees for the Fourth of July with later compensatory time off for those employees required to work on Friday. I must say with respect to the remarks made by my very esteemed friend, the gentleman from Georgia [Mr. DAVIS], that the provisions of the Executive order are by no means identical with the provisions of this bill. For one thing, they do not designate Friday as a holiday, but as an excused day which the classified employees required to work are not paid double time but would receive later compensatory time off.

Mr. Speaker, all of my colleagues know that with no action to date in the other body and with the administration's opposition to this bill—everyone knows that this bill is not going to become a law before Friday of this week. Moreover, there will be only one other Saturday holiday in the next 4 years and that is Veterans' Day on November 11, 1961. Therefore, the urgency factor has completely disappeared from this picture.

There are some other strange and very serious contradictions in connection with the long term permanent features of this bill. While this purports to be a holiday bill, it completely ducks and evades the issue of whether a Friday before a Saturday holiday is to be a true and complete holiday in the sense that Federal offices are to be closed to public business.

The bill introduced in the other body, S. 909, includes this provision for a Friday shutdown of Government offices. The House has held no hearings whatsoever on this feature which could very well end up as a part of this legislation.

The truth of the matter is, as the record of our committee hearings will show, that our committee was told categorically that this legislation would not involve or include a shutdown of public offices on a Friday holiday before a Saturday holiday.

Here is another point that has not been mentioned thus far in the debate: This bill has been touted as a mere Saturday holiday bill. It is much more than that. This bill provides sweeping, costly, and permanent changes in holiday policies and holiday pay provisions for Federal employees, and it has costly effects with respect to every legal public holiday, every legal public holiday every year, and not merely those falling on a Saturday.

The SPEAKER pro tempore. The time of the gentleman from Michigan has expired.

Mr. ALLEN. Mr. Speaker, I yield the gentleman 3 additional minutes.

The SPEAKER pro tempore. The gentleman from Michigan is recognized for 3 additional minutes.

Mr. ALLEN. Mr. Speaker, will the gentleman yield?

Mr. JOHANSEN. I yield.

Mr. ALLEN. I wish to compliment the gentleman on the logical statement he is making on this subject today. I would ask him just this one question: Is it not a fact that the great majority of workers in the gentleman's district outside of the Government do not receive pay for a holiday unless they work? This bill would not only pay for holidays but give them an extra day. Is that not so?

Mr. JOHANSEN. This bill would apply to every holiday. It would pay them for the extra holidays this will cover. With respect to the practice in private industry I will have something to say about that in a moment.

Specifically, the bill provides that whenever any legal public holiday falls on an employee's regular nonwork day, that is, whenever any holiday falls on his day off, his last regular workday prior to that holiday shall be a holiday for the purposes of his pay benefits. That is, this bill would create a whole flock of private, floating holidays wandering all over the calendar for some 250,000 to 300,000 Federal employees whose work week is other than Monday through Friday.

I think we had better give more consideration to this sweeping proposal than is possible here today in only 60 minutes of general debate.

Incidentally, Mr. James A. Campbell, national president of the American Federation of Government Employees, has stated that the union's effort in support of this bill is "simply a manifestation of the trend in our economy in the direction of shorter working time."

Whatever may be the merits of this alleged trend in our economy, its application to Federal employment—and its implication for higher costs to the taxpayer or reduced service to the public—are such that the subject ought to be given a great deal more study before we set our foot in that path.

Mr. CORBETT. Mr. Speaker, will the gentleman yield?

Mr. JOHANSEN. I yield.

Mr. CORBETT. Is it not true that under the Executive order of 1952 holidays falling on a weekday which is an administrative Sunday, they give the worker a day off?

Mr. JOHANSEN. If it falls on a Sunday, the day following, Monday, is given off, of course, because under the law and under Executive orders that Monday is itself a full holiday with closed operations in the Government.

Mr. CORBETT. That is not my point. My point is that when a man's day off is something other than Sunday, say on a Tuesday or a Wednesday, that that is regarded as his Sunday; that when a holiday falls on that day he is presently excused the day following?

Mr. JOHANSEN. Oh, no; only in the case of Sunday.

I cannot yield further.

Mr. CORBETT. I would just like to clear this point up because the gentleman will find that under this Executive order this bill proposes to do the same thing for Saturdays as the Executive order does for Sundays.

Mr. JOHANSEN. That bill H.R. 5752 which the gentleman is describing deals with holidays that fall on any day.

Now let me mention one final and very serious contradiction in this whole picture.

It is argued that this legislation is justified because the pattern of such holiday provisions is being set in some collective bargaining agreements negotiated in private enterprise.

Yet when I have pointed out that by the same logic we should expect to soon be paying Federal employees triple time for holiday work and providing Federal employees with holidays on their birthdays, this warning has been poohpoohed as too ridiculous to be given serious consideration.

Yet, Mr. Speaker, the pattern of just such further holiday and fringe benefits has already been established in some collective bargaining agreements in private industry. There is a great deal more involved in this legislation and in the effort to put it through today than first appears to the incautious eye.

Mr. Speaker, I hope this rule will be defeated, and with respect to the remark of my very good and valued friend, the gentleman from Georgia [Mr. DAVIS], that this cost can be absorbed, may I make the observation that the sponge is already pretty full of these absorbed costs.

Again I urge the defeat of this rule.

Mr. MADDEN. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. O'NEILL].

Mr. O'NEILL. Mr. Speaker, I am greatly amazed that there is any controversy here today in view of the fact that this bill was reported out of the Committee on the Post Office and Civil Service by a vote of 19 to 1. Before the Committee on Rules there appeared the gentleman from Tennessee [Mr. MURRAY], chairman of the committee, and the ranking minority member of that committee, the gentleman from Kansas [Mr. REES]. Both of these gentlemen gave sound, convincing argument as to why this bill should be enacted into law.

When the bill before us, H.R. 5752, was being considered by our Rules Committee, I was greatly impressed by the merit of its objective. So much so, I was happy to offer the motion to report out the bill.

I continue to favor the legislation. I trust that a sufficient number of my colleagues will join me today in voting for its passage.

The purpose of H.R. 5752 is merely to guarantee Federal employees the full measure of holiday leave now authorized without charge to regular annual leave or loss of pay. In that respect it represents a test of our sincerity in previously authorizing eight national legal holidays each year for our hard-working, faithful Government workers.

The purpose of the bill will be accomplished by authorizing the observance of holidays falling on Saturday on the preceding day. This does not mean that we are authorizing the establishment of a new holiday; what it does mean is that we are reiterating and emphasizing the original intent of Congress in approving eight holidays each and every year, regardless of the calendar day on which they occur.

A solid precedent exists for this proposal. Whenever a holiday falls on Sunday, it is moved forward and observed on the succeeding day. Thus is kept intact the congressional intent of granting Government personnel 8 days—or a total of 64 hours—holiday leave each year.

As everyone is aware, two holidays this year are scheduled to fall on Saturday. One, Memorial Day, May 30, has gone by; the other will occur this weekend when we observe the signing of our Declaration of Independence on July 4.

No provision was made by law or presidential Executive order to provide for an alternate day on which to observe Memorial Day. As a result, 1 day—or 8 hours of holiday leave—was automatically forfeited by Federal employees.

However, temporary provision has been made so as not to deny employees their July 4 holiday. I want to point out, however, that it is a one-shot provision. It provides an accommodation only for that single holiday. It is neither retroactive to cover the May 30 holiday, nor does it provide for any future holiday scheduled to occur on Saturday.

On June 12, President Eisenhower issued an Executive order excusing certain Federal employees from duty all day, Friday, July 3—a nonworkday for most workers—in order to properly observe the anniversary of the signing of our Declaration of Independence. Those employees required by law of special circumstances to perform duty on Friday, July 3, will be given a day off at some other time during the year.

I was very happy to learn of that Executive order. Not only does it prevent the second denial of a holiday this year to employees, it also represents recognition of the intent of H.R. 5752. It is, in my opinion, a frank admission by the White House and administration that Federal employees are on solid ground in asking for an alternate day on which to observe any holiday occurring on Saturday. As I have pointed out, provision is made for the Monday observance of holidays falling on Sunday. I can, therefore, see no logical reason for denying the benefits of the bill before us.

Had the President's June 12 Executive order, relating exclusively to the observance of July 4 this year, gone one step farther, I believe our Government workers generally would be less apprehensive. Had the President made his order applicable to all holidays falling on Saturday, there would be some substance to the suggestion that statutory expression by Congress is unnecessary at this time.

But I want to emphasize that the only holiday affected by the June 12 Executive order is July 4 this year. While I do not wish to prejudge the actions of future occupants of the White House in instances where a similar Saturday-holiday situation will occur, is it not perfectly reasonable for employees to wonder what will happen in 1964, for example, when three holidays will occur on Saturday? Will whoever is occupying

the White House in 1964 issue suitable orders to enable employees to observe Washington's Birthday, Memorial Day and July 4 on alternate dates? All three holidays fall on Saturday in 1964.

To my friends and colleagues who are presently inclined to oppose H.R. 5752 on the basis of the Executive order covering only July 4 this year, I want to say that if they can categorically assure me here and now that similar provision will be made for the three holidays mentioned for 1964, then I will support their position.

However, in the absence of that positive assurance, I am constrained to push for the enactment of statutory language to remove the speculation surrounding this area. In so doing, I firmly believe that we will be treating employees fairly and equitably and, equally important, we will be saying in effect, that we mean precisely what we say when we authorize Federal personnel eight national legal holidays each and every year.

In this connection, it is my observation that more and more agreements reached through collective bargaining in private industry provide for a specific number of holidays. The total number mutually agreed to is thereafter honored by management, regardless of the calendar day on which the holidays might occur.

I earnestly recommend the approval of this legislation.

Mr. ALLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and also to speak in part out of order.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, to one who was not concerned about the future of our country, the present would be a rather amusing situation. There is not a Member of this House who is not aware of the fact that we are on dangerous ground because of our excessive spending, and we do not do anything about it except continue the excessive expenditures. Have we the slightest concern about our Nation's future? Apparently not.

Then we have Mr. Hoffa thumbing his nose at a Senate committee and the Congress. But more of that later.

The gentleman from Massachusetts refused to yield, and he characterized my associate from the Third District of Michigan, a most excellent Congressman, by calling him a "name dropper" because he mentioned Hoffa and he could not see why that had anything to do with this bill.

One of the worst features of this bill is that it sets a precedent. If, when Members go back to their offices and read the labor paper that came in this morning, the July 2 issue of the Machinist, you will find an editorial which reads:

MORE

There's one basic trouble with these union-won vacations. They're too short. Too short, for all the rest we need; too short, for all the fun we'd like; too short, to take up the slack in employment caused by ever increasing productivity.

Dr. Sawyer, elsewhere on this page, hammers away at the importance of having a good vacation. In this column, we would like to call attention to the importance of lengthening our paid vacations—not only for our personal well-being but also for the prosperity of our Nation.

Nowhere is the importance of lengthening the paid vacation better illustrated than in the negotiations just started on the railroads. There, our research department estimates, 5,000 jobs can be restored to railroad workers by lengthening the paid vacations.

There are those, of course, who will cry "featherbedding," who will charge that the unions are asking for pay for work not performed. Those will be the same organizations and the same publications who cried out against the 40-hour week, against the 8-hour day, against the 5-day week and against every benefit we've won through our unions over the past half-century and more.

If these so-called conservatives had governed the world, we'd still be living in serfdom, still working as our forefathers did as indentured servants, chattels of the lord of the manor.

Every forward step the world has taken has been the result of some strenuous pushing by men and women with the courage of their convictions, men and women who are not frightened by sanctimonious words from those who want no changes as long as they are making theirs.

Let's keep pushing in negotiations for another weeks' vacation.

Pass this bill and labor will ask not for an extra holiday but for an additional week's vacation and cite the position and the argument of one of their doctors that in order to perform their work properly the workers should have not 2 weeks but 3. So, there is no end to our demands as there is no end to our appropriations. When and where will the demand end?

Mr. JOHANSEN. Mr. Speaker, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Since the gentleman has mentioned 3 weeks instead of 2, the Federal employees already have that, and I presume they will be asking for some more.

Mr. HOFFMAN of Michigan. Sure. Vacations are necessary but we should all remember they cost something. It is one of the characteristics of our people, to want more and more and it is a good one, too, in a way, if it was not so excessively used, to ask for more and more when the money is not at hand. And, I see right in front of me my good friend the gentleman from Texas [Mr. POAGE]. I remember when he was in here advocating for—what was it?—aid for the fellows that had the trouble down there in Texas because of drought—no rain, and before we could get the checks in to pay for the damage we were asked for funds because the land was flooded. Or was it the other way around? Well, it is all right, to strive for betterment of every kind but there is a limit to paid vacations and we must somewhere begin to quit spending more than the taxpayers can kick in.

Now, speaking out of order, as long as Hoffa was mentioned, I am delighted to talk a minute or two about Hoffa.

HOFFA THUMBS HIS NOSE

James R. Hoffa, with a record of at least two criminal convictions, one for conspiracy to violate a Federal law and once for extortion back of him, sits in his marble palace a little west and north of the Senate Office Building and the Capitol and, speaking figuratively if not actually, thumbs his nose at the McClellan committee and the U.S. Senate.

The McClellan committee has placed on the record a long, long list of illegal actions by Jimmy and his aides, many of whom are ex-convicts.

Long, long ago Hoffa was told by the committee to clean up the union he heads and its locals.

Apparently toward that end, he hired a former U.S. Senator, and the press yesterday stated that the Senator said he had earned the $37,125, together with $21,511 expense money, paid him by the union during 9 months he was on the job. But last week, in easily understood language, Hoffa told the Senate committee and its counsel that he would start cleaning up the union when—again speaking figuratively—he got good and ready.

If one speculates as to the reasons for Hoffa's power, his immunity from criminal prosecution, attention might be called to the fact that Hoffa has the admirable characteristic of standing by his friends. Just as one high in office refused to turn his back on Hiss, so Hoffa supports his lieutenants, apparently regardless of the propriety of their actions.

Recently testimony of Mr. Claude E. Davis, president of the Barnett National Bank, of Cocoa, Fla., was that he had been offered a deposit of $1 million—without interest—if the bank would make a loan to Benjamin Dranow for the development of the Sun Valley project in Florida. Dranow took the fifth amendment in 1958, the testimony disclosed, and the development was one in which the funds of union members were to be invested.

Other testimony showed that Mr. Dranow had acted as middleman in procuring jackets for Teamsters' members, which were purchased through the use of union funds at $12.75 to $13.75 each. There was testimony before the committee that the jackets could have been furnished for $10.50 each, if bids had been taken. This deal cost the Teamsters Union funds $52,000. Of course, had the project gone through and the Teamsters all purchased, the deal would have called for $20,400,000 and, at a 5-percent commission, Buddy Dranow's take would have amounted to $1,020,000; but, if you wish a play-by-play account of this deal, read the story of Columnist Edward T. Folliard in a morning paper:

NONUNION JACKETS RACKET TIED TO HOFFA PAL AT PROBE

(By Edward T. Folliard)

A blue-and-gold jacket, with yellow leather sleeves and a Teamster Union emblem on the breast, was introduced as evidence before the Senate Rackets Committee yesterday.

The idea was to show that Ben Dranow, a pal of Teamster President James R. Hoffa, hoped to get a rakeoff from manufacturers who would turn out similar jackets for all 1,600,000 members of the union.

What was most striking, however, was the fact that the jacket placed in evidence bore no union label. Senator BARRY GOLDWATER, Republican, of Arizona, a department store owner, discovered this when he examined the garment.

Carmine S. Bellino, chief investigator for the committee, testified that of the 26,495 jackets turned out for the Teamsters at a cost of $341,841, about 8,000 or 9,000 had no union label.

SIX THOUSAND DOLLARS COMMISSIONS PAID

Dranow got commissions of about $6,000 from the manufacturers with whom he placed contracts for the jackets, the production of which was stopped after the Rackets Committee began to inquire into Teamster affairs.

At that point, jackets had been supplied only to Hoffa's old local 299 in Detroit and local 337 in the same city.

Committee Counsel Robert F. Kennedy sought to show, and got some confirmation from witnesses, that Dranow hoped that all Teamster locals would supply the jackets to their members, with the manufacturers giving him a 5-percent commission.

The total cost in that case, at the rate of $12.75 per jacket, would have been $20,400,000. And a 5-percent commission for Dranow would have amounted to $1,020,000.

LAND SCHEME DISCUSSED

Dranow's name kept popping up in the testimony throughout yesterday's sessions, first in the morning when the committee again inquired into the Sun Valley land promotion scheme in Florida.

The scheme was launched by Henry Lower, a one-time Teamster representative and a friend of Hoffa, who advertised it as "the Teamsters' model city of tomorrow." Hoffa had an option to buy 45 percent of the enterprise at cost, but eventually waived it.

Committee Counsel Kennedy said the Sun Valley scheme was "a fraud on all the Teamster members and other lot buyers." It could have been a success, he said, but as matters stand the Teamsters who invested money in the project would not be able now to find the lots they bought.

Kennedy said that Lower embezzled money borrowed from banks for Sun Valley, used it to back another scheme in Michigan, and finally was arrested on narcotics charges.

Then, it was brought out, Dranow took over the Sun Valley project.

LOAN DEAL REJECTED

Claude Davis, president of a bank in Cocoa, Fla., told the committee that Dranow, although not a member of the Teamsters, offered to have $1 million in Teamster funds deposited in his bank if loans were made for the development of Sun Valley.

Davis said that he declined the offer after checking out the men Dranow gave as references. Asked by Senator JOHN MCCLELLAN, Democrat, Arkansas, chairman of the committee, why he turned it down, Davis replied: "Let's say I had a hunch."

S. George Burris, a New York certified accountant, told the committee that as president of the Union Land & Home Co., he had served as a "front" for Dranow in taking over all the stock of the Sun Valley project.

It was brought out that Burris had obtained a loan of $735,000 from the Teamsters pension fund to buy the Prudential Building in Buffalo, N. Y., and another $1,400,000 loan from the same fund for a real estate project in Fullerton, Calif.

BOOKS NOT AUDITED

When Burris testified that there had been no audit of the books in connection with the Sun Valley corporation and that directors meetings were conducted through the mails, Senator GOLDWATER remarked:

"A mighty funny corporation; and I don't mean funny, ha, ha."

MISHANDLING CHARGED

Irving Blum, of New York, a land developer in Florida, told the committee that Sun Valley was a valuable piece of property but had been "mishandled." He said it had no roads nor improvements of any kind.

The 1,700 or so people who bought lots in Sun Valley, Blum said, wouldn't know today where their lots were.

"Someone," he said, "got away with some funds."

The committee plans today to call Abe Gordon, boss of Teamster Local 805, of New York City, an associate of John (Johnny Dio) Dioguardi, notorious racketeer. It also will begin an inquiry into an alleged plot to smuggle arms to Fulgencio Batista, former president of Cuba, now in exile in the Dominican Republic.

You see my argument? Here are the Federal employees. The carrier's job is no good, the rural carrier's job is no good. I have been told that time and time again. But, every time there is a vacancy in that job, in my district, at least, I am flooded with requests and there is a fight on for that job.

Yes, Hoffa takes care of his friends and, apparently, as is indicated by the delay in the enactment of reasonable, effective labor legislation demanded by the people, Hoffa's friends take care of him and his buddies, even though they be crooks.

Mr. MADDEN. Mr. Speaker, I yield 8 minutes to the gentleman from Tennessee [Mr. MURRAY].

Mr. MURRAY. Mr. Speaker, I rise to oppose the adoption of this resolution, and I hope the rule will be voted down. I am asking you to reject the rule on a bill introduced by me, and I will tell you why I am now opposed to the bill. In my opinion, this legislation is no longer necessary in view of the action by the President when he issued an Executive order to excuse Federal employees from duty on Friday, July 3, or grant compensatory time to those required to work that day.

The Executive order was issued on June 12. In a sense, it is a matter of my keeping faith with the President, since he issued the Executive order at the joint request of the gentleman from Kansas [Mr. REES] and myself as chairman.

I introduced H.R. 5752. After it was reported from the committee, I requested the Committee on Rules to grant a hearing, and I appeared at the hearing before the Committee on Rules on May 25 to request a rule. Following the hearing on that date I learned that no member of the Committee on Rules would even make a motion to report the bill favorably. I see several members of the Committee on Rules here and I will ask them to challenge that statement, if they wish.

Under the circumstances, it appeared to me and to the gentleman from Kansas [Mr. REES] that the rule was as dead as Hector.

The gentleman from Kansas [Mr. REES] and I then decided to request the President to sign an Executive order to provide insofar as possible that Federal employees be given a day off on Friday, July 3, or compensatory time for those who are required to work for necessary reasons stated in the order since July 4 falls on Saturday which was subsequently issued. Thereafter, I considered the application for a rule dead. I then addressed a communication to Mr. Rocco Siciliano, Special Assistant to the President for Personnel Management, at the White House, on May 28, 1959, requesting that an Executive order be issued by the President giving employees the day off on Friday, July 3, the day before, and for those who had to work on Friday, July 3, that they be given off another day as compensatory time. This is the letter sent to Mr. Rocco Siciliano, Special Assistant to the President for Personnel Management:

HOUSE OF REPRESENTATIVES, U.S.,
COMMITTEE ON POST OFFICE
AND CIVIL SERVICE,
Washington, D.C., May 28, 1959.

Hon. ROCCO C. SICILIANO,
Special Assistant to the President for Personnel Management, The White House, Washington, D.C.

DEAR MR. SICILIANO: The Committee on Post Office and Civil Service of the House has reported H.R. 5752 to the House with a substantial majority. This bill, in principle, would grant a holiday on the preceding Friday at such time as any of the national holidays fall on Saturday. In reporting this bill, the committee established an effective date as of July 1, 1959, so as to eliminate the possibility of a requirement for a supplemental appropriation to take care of a holiday which falls on the 30th of May of this fiscal year.

National holidays fall on Saturday twice in this calendar year. One of these holidays is Memorial Day which will occur this weekend. The only holiday which this legislation will affect, however, is July 4. The observance of July 4 as a holiday ranks so high in the minds of the American people that we can hardly believe there would be objection to its observance by the Federal employees on the preceding Friday. A holiday falls on Saturday only once in the following 4 years, that is, on Veterans Day in 1961.

We have had a hearing before the Committee on Rules requesting a rule in order to schedule this legislation for action by the House. However, it has still to be acted on by the House and Senate. We are now within a few weeks of the July 4 weekend. Before action can be completed, it could well be nearly the day itself. It is our feeling that departments and agencies should have as much time as possible to plan in order to schedule their work properly. Therefore, we are requesting that the administration consider handling this matter of the 4th of July in an Executive order at an early date.

Thanking you in advance for your consideration in this matter, we remain

Sincerely yours,

TOM MURRAY,
Chairman.
EDWARD H. REES,
Ranking Minority Member.

I see no occasion or necessity for this legislation at this time since the Executive order giving the holiday to the employees because July 4 falls on a Saturday. I feel that in the future this matter should be handled by Executive order. There is not another holiday but one during the next 4 years and we do not know what conditions may be at that time. Why should this matter not be handled by Executive order in the future?

At the present time, when Christmas falls on Sunday, by Executive order the employees are given off Monday. I hope this rule will be voted down.

I was surprised when I learned that the Rules Committee voted out this rule on June 10 after not a single member of the committee on May 25 would offer a motion to vote the rule out. During that time the gentleman from Kansas [Mr. REES] and I were working with the White House on the Executive order. It takes considerable time to prepare an Executive order of this nature. The Executive order was issued on June 12. And yet, to my surprise and without my knowledge I learned that the Rules Committee, voted out this rule by a vote of 5 to 4. Why, this rule did not even receive a majority vote of the entire membership of the Rules Committee. I challenge any member of the Rules Committee to contradict that statement.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. O'NEILL. I cannot divulge what happened in executive session, but I am amazed that the gentleman is so familiar with what did happen in executive session.

Mr. MURRAY. I am asking the gentleman to contradict my statement, if he will.

Mr. O'NEILL. I have always regarded as confidential what takes place in any executive session at which I am present. But let me say this to the gentleman. As far as the resolution being ultimately reported by a vote of 5 to 4, I was the one who made the motion. I probably could have made the motion earlier, but I did not because certainly, one does not want to make a motion if he does not know that he is going to prevail. When I was aware that I was not going to prevail, I did not make the motion. But the resolution finally came out of the committee by a vote of 5 to 4. I believe that the bill was reported out of the gentleman's committee by a vote of 19 to 1.

Mr. MURRAY. That is correct.

Mr. O'NEILL. And the vote in the Committee on Rules was 5 to 4. But it came out of the gentleman's committee by a vote of 19 to 1. The gentleman filed the bill and the gentleman reported the bill.

Mr. MURRAY. I would like to ask the gentleman from Massachusetts [Mr. O'NEILL] whether he or any other member of the Committee on Rules made any effort to report the bill out after we appeared before the Committee on Rules on May 25.

Mr. O'NEILL. I have been in this business long enough to know that if I do not think that I have the vote, I do not make the motion. So the gentleman may rest assured that if the motion was not made on that day it was because I did not know the tenor of the committee. When I found out what the tenor of the committee was, when only 9 were present, that we could get a 5 to 4 vote, it was at that time that I made the motion.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. MADDEN. I will say to the gentleman from Tennessee that I have not been in politics possibly as long as the gentleman from Massachusetts, but when I made my remarks a few moments ago in favor of this bill, had I been in politics longer I would not have paid the great tribute that I paid to the chairman of the Committee on Post Office and Civil Service who is now in the well of the House, for filing and sponsoring this bill because I was under the impression that the gentleman from Tennessee [Mr. MURRAY] was still in favor of the bill which he sponsored. Therefore, had I been in politics longer, I would have not paid him the great tribute that I did.

Mr. MURRAY. If the gentleman had been listening, he would have heard me say in the beginning of my statement that after the gentleman from Kansas [Mr. REES] and I appeared before the committee, there was not one single member of the Committee on Rules who was in favor of voting out a rule on the bill and thereupon the gentleman from Kansas [Mr. REES] and I got busy and asked the President to issue an Executive order providing that July 3 be a day off for the employees. Then while the Executive order was being issued, you reported this rule out.

Mr. MADDEN. Mr. Speaker, will the gentleman yield further?

Mr. MURRAY. I yield.

Mr. MADDEN. While I do not wish to reveal what happened in executive session of the Rules Committee, when the gentleman states that not one single member of the Committee on Rules was in favor of reporting the bill out, the gentleman is mistaken.

Mr. FULTON. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. I cannot yield further, Mr. Speaker, I do not have the time.

Mr. Speaker, there is no occasion for this bill. Mark my word if this bill is approved by the House, it will never become a law because in my opinion it will not be approved by the President and neither the House nor the other body will override the President's veto. We are just wasting time here.

Mr. ALLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Speaker, I rise in support of this legislation and hope the rule will be adopted. For this simple and clear legislation, there certainly has been a lot of confusion and misunderstanding. The misunderstanding is as to whether or not, by enacting this legislation, we will be giving something to the Federal employees other than that to which he is now entitled or whether by failing to enact this legislation we will prohibit something that they now think they have and enjoy. In fact, we have by legislation designated 8 days as holidays each year. True, we did designate certain specific days as holidays, but in practice it is generally assumed that all Federal employees would receive eight full holidays each year. That has been brought up time and time again when we have talked about other legislation for the benefit of Federal employees such as pay legislation, retirement benefits legislation, and leave benefits, and so on. Time and time again reference has been made to the fact that they do now receive 8 days of holidays each year. In fact, even now under the present system, if a holiday falls on Sunday, they get Monday off. The gentleman from Georgia [Mr. DAVIS] made reference a while ago to the fact that employees working a 6-day week, if the holiday falls on Saturday, they get Saturday off. Those employees who work an odd workweek, say from Thursday through Monday, if the holiday falls on Wednesday, which would be one of their regular days off, they would then get Thursday off. So the primary purpose of this legislation is to make the holidays consistent and uniform for all employees and eliminate the confusion and inequities that now exist.

Mr. ALLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Speaker, I have only asked for a brief time to speak here today because the issue is so simple. This debate has been blown up out of all proportion. I think it can be narrowed down to just this. Presently, under the law employees are entitled to eight holidays per year. By accident of the calendar, some of those holidays fall on a Saturday and, therefore, the employees lose one or more holidays during that year. This is unfair, obviously.

Now the gentleman comes along and says this bill is going to cost a great deal. Let us examine what is happening presently. Because of a calendar accident the Government looks up and says: "Here is where we can get one workday out of the employees for nothing." So the Government can occasionally pick up a day and have the employees work for nothing. I do not believe that was the intent of the 8-day holiday period. I think that here we have a question of whether or not we are going to give the employees eight holidays or whether we are going to take, if we can, a day out of their life and work them for nothing.

The other point raised by the gentleman from Michigan [Mr. JOHANSEN], was that there are provisions in this bill whereby there would be some floating holidays. That is only equitable. Certainly it is true right now under the Executive order of June 9, 1952, that an employee working an irregular week, a holiday falling on what is his day off, his administrative "Sunday," gets the next workday off. So this bill is exactly in line with and in accordance with the Executive order dealing with Sundays.

So I repeat to the Members that this is a minor bill. It involves nothing except equalizing the holiday time off for all employees instead of some of them being required to work extra days without proper compensation.

I think the rule should be adopted and the bill should be passed without further controversy.

Mr. ALLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, I strongly favor the adoption of the rule and the passage of H.R. 5752, which provides fair and equal treatment for the 2 million postal workers and Federal employees. We in Congress in all justice can make sure by this legislation that we will provide each employee a day off to celebrate the eight legal holidays in each year as

now provided by law. This will insure every Federal employee eight full holidays off, regardless of when the holiday falls.

There are those of us who have worked consistently for our good Federal employees and postal employees, to better their wages, hours, and working conditions and their retirement and disability benefits.

I would like to point out to the Members that this bill is a step forward in carrying out these policies and principles. We should vote for the rule and final passage of H.R. 5752.

I want to congratulate the President of the United States for taking care of this matter temporarily for the current July Fourth holiday under his Executive order of June 12, 1959, excusing most Federal employees from duty on Friday, July 3, 1959.

Mr. Speaker, I ask unanimous consent to include the Executive order at this point in my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(The Executive order follows:)

EXECUTIVE ORDER EXCUSING CERTAIN FEDERAL EMPLOYEES FROM DUTY ALL DAY ON JULY 3, 1959

Whereas the Fourth of July, the anniversary of the signing of our Declaration of Independence, is a day of deepest significance to our Nation; and

Whereas it is appropriate that we pause from our labors to mark the beginnings of our heritage of liberty and freedom; and

Whereas the anniversary of our Nation's birth this year falls on Saturday, a nonworkday for many employees of the Federal Government, it is appropriate that those employees who do not regularly work on that day be given an alternate day in special observance of this anniversary:

Now, therefore, by virtue of the authority vested in me as President of the United States, it is hereby ordered as follows:

SECTION 1. (a) Except as provided in section 2, employees of the several executive departments, independent establishments, and other governmental agencies, including the General Accounting Office, the Government Printing Office, and the field services of the respective departments, establishments, and agencies of the Government, whose basic workweek includes Friday, July 3, 1959, and who would ordinarily be excused from work on a holiday falling within their basic workweek, shall be excused from duty all day on Friday, July 3, 1959, the day preceding the Fourth of July; but such day shall not be considered a holiday within the meaning of Executive Order No. 10358 of June 9, 1952, or of any statutes so far as they relate to the compensation and leave of employees of the United States.

(b) Any employee of the several departments, establishments, and agencies mentioned in subsection (a), whose workday (as the term "workday" is defined in section 2(b) of Executive Order No. 10358 of June 9, 1952) covers portions of 2 calendar days including Friday, July 3, 1959, and who would ordinarily be excused from work scheduled for the hours of any calendar day on which a holiday falls, shall be excused from work on his entire workday which commences on July 2 or July 3, 1959, as may be determined by the head of the department, establishment, or agency concerned, or his designee.

SEC. 2. (a) This order shall not be construed as excusing from duty (i) those employees of the Department of State, the Department of Defense, or other departments, establishments, or agencies who for national security or other public reasons should, in the judgment of the respective heads thereof, be at their posts of duty on July 3, 1959; or (ii) those employees whose absence from duty on July 3, 1959, would be inconsistent with the provisions of existing law.

(b) This order shall not apply to (i) any employee who receives holiday or premium pay or compensatory time in lieu thereof, for work performed on Saturday, July 4, 1959, or any part thereof, or (ii) any employee whose basic workweek includes Saturday, July 4, 1959, or any part thereof and who is excused from duty without loss of pay or leave on a workday which includes all or part of that day.

SEC. 3. Any employee mentioned in section 1 who would ordinarily be excused from work on a holiday, but who (i) is not excused from duty all day on Friday, July 3, 1959, or from duty on a workday which includes portions of that day, or (ii) whose basic workweek does not include July 3, 1959, or any portion thereof, shall be excused from duty, without charge to leave or loss of pay, on one other workday in the fiscal year 1960, at such time as may be requested by the employee and approved by the head of the department, agency, or establishment concerned or his designee.

SEC. 4. This order shall not be construed as providing a basis for granting holiday, premium, or overtime pay for Friday, July 3, 1959, or any portion of such day. Heads of the respective departments, agencies, and establishments are requested to arrange their affairs in a manner which will permit them to excuse employees from duty on that day, or to grant compensatory time in lieu thereof, without the need for additional appropriations.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *June 12, 1959.*

Mr. FULTON. I want to emphasize that we in Congress are simply making permanent by legislative action of the Congress what the President has provided currently in his Executive order of June 12, 1959.

I would say further to the chairman of the Committee on Post Office and Civil Service, who introduced this bill, Mr. MURRAY of Tennessee, that this is the same as the bill he introduced. There should be nothing in the legislative procedure history, if the principles contained in the bill are right, that should change his mind and cause him to withdraw his support for his own legislation, when the provisions of the bill have not been amended or changed in any particular. I would say that the Executive order of the President should be persuasive for the chairman of the Post Office and Civil Service Committee and all of the members to support the bill, as the President has set the basic policy.

I therefore ask you to join with us in passing this rule, to consider and give full debate to H.R. 5752, and for the passage of this Federal employee holiday equalization legislation. I think we ought to have a record on just how we do stand on this legislation, so if nobody else asks for a record vote I will.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. FULTON. I yield to my good friend, the gentleman from Massachusetts [Mr. MCCORMACK], the majority leader.

Mr. McCORMACK. As a matter of fact, the issuance of the Executive order is powerful evidence in support of the bill. The President recognized at that time that the bill could not get through before this July 4, and he stepped into the situation and issued the Executive order. It seems to me that is powerful evidence as to whether the bill should pass.

Mr. FULTON. I agree with the gentleman. A vote for this legislation will be a vote for the President's stand on this policy of equal treatment of United States employees as far as holidays are concerned.

Mr. ALLEN. Mr. Speaker, I yield the remainder of my time to the gentleman from Kansas [Mr. REES].

The SPEAKER. The gentleman from Kansas is recognized for 6½ minutes.

Mr. REES of Kansas. Mr. Speaker, I join the distinguished chairman of the Post Office and Civil Service Committee in opposing the adoption of House Resolution 294, to make in order the consideration of H.R. 5752.

Approval of House Resolution 294 is not necessary. The primary objective of H.R. 5752, to which the resolution is directed, already has been accomplished. This removes the need for legislative action.

The purpose of H.R. 5752, as reported by the Post Office and Civil Service Committee, was to obtain final approval of legislation in time to grant a day off for the observance of Independence Day this year on Friday, July 3, for all Federal employees who could be spared from duty without interference with essential services to the public. It was a matter of general agreement in the committee that final approval could not be obtained in time to grant a similar day off to observe Memorial Day on May 29, but that every effort should be made to obtain such approval in time to assure appropriate observance of July 4. In other words, for all practical purposes the immediate need for this legislation was based on the imminence of the July 4 Saturday-holiday without any provision for a day off to observe the holiday. It should be noted that only one other holiday will fall on a Saturday during the 5-year period from 1959 through 1963. This will occur on Veterans' Day in 1961.

When it appeared that a rule would not be granted on H.R. 5752, Chairman MURRAY and I interceded with the President and solicited his cooperation in order that the objective of H.R. 5752—that is, an opportunity for employees to observe Independence Day this year—might be accomplished by administrative action. As the chairman pointed out, he and I joined in a letter to the Special Assistant to the President. We had the enthusiastic support of several high employee leaders, and no evidence of objection. I certainly had the impression that they were not only willing, but happy, to rely upon Presidential action to resolve the problem—just as similar problems have been resolved by Executive orders from time to time in the past.

In just 2 days after the Executive order was issued the Rules Committee of

the House approved the bill now before the House.

Let me remind you that the body at the other end of the Capitol has done nothing about this legislation at all, and here it is the 30th day of June 1959. The situation you are talking so much about this afternoon has beeen taken care of for the next 5 years, except for one date in 1961.

The right thing to do is to let this bill go back to the committee where Members may have a chance to reconsider and possibly improve if necessary. There will be plenty of time during which to consider this proposed legislation. I remind you again that we took care of the situation when the matter became imminent and handled it just as the Federal employees wanted us to do it.

We thought we were doing a good turn for those people who work for the Government. We have, we think, treated them fairly and more than fairly in getting this thing done the way we did. Some people think we have not done anything, but we think what we have done is right. We are not playing politics with this legislation. We know an organization made a big campaign here, and they have a right to do that, but we did the right thing.

Oh, no. You should not vote for this rule at the present time. Let the committee look at it again.

My position is pretty much as I expressed it in a public statement I made when the President acted favorably on our request to grant a 3-day holiday on the July 4 weekend this year. I said:

I am pleased to learn that the President has signed an Executive order to give Federal employees an opportunity for a 3-day holiday over the Fourth of July weekend. The extra day will fall on Friday, July 3.

Although legislation has been approved by our committee and may be scheduled for action on the floor of the House, it would still have to be approved by the other body both in committee and by floor action, as well as to be signed by the President, before it becomes effective. There remains but 3 weeks for this action on a bill already delayed by opposition.

The granting of an extra day off for Federal employees this year when the Fourth of July falls on Saturday will solve, for all practical purposes, the need for this legislation since only one holiday will fall on Saturday in the next 5 years after July 4 of this year. This will occur on Veterans' Day in 1961.

Mr. MADDEN. Mr. Speaker, I yield 5 minutes to the gentleman from Louisiana [Mr. MORRISON].

Mr. MORRISON. Mr. Speaker, I join with my distinguished colleague from Massachusetts in being absolutely amazed and astounded that there is any objection at all to this rule. When you look at this legislation you will see it is not hurried legislation, it is not anything that is being brought up here in an emergency like some would have you believe.

This bill was introduced by the chairman of our committee, Mr. TOM MURRAY, and by the ranking Republican member of our committee, Mr. ED REES, and by the distinguished member of our committee from Georgia [Mr. DAVIS]. The committee had full hearings and testimony on the bill. I was always impressed that the chairman of our great committee was enthusiastically for this bill since it bears his name. The bill was reported out of the committee as seldom bills are voted out because there was little, if any, opposition. Only one member opposed this on final passage by the committee. Then the sponsors of the bill went before the Rules Committee and asked for a rule. When they asked for a rule, the Rules Committee did just exactly what they asked for and give them a rule. This rule is now before the House.

How inconsistent or consistent can we be? If you introduce a bill, as chairman of a committee, put it through the committee and with only one vote against it report it out and appear before the Rules Committee, why should not the rest of the Members of the House feel it is a good bill or at least that it should be debated and voted on by the entire membership?

Do you know actually that all this bill does is to do what the present law does when holidays fall on Sunday. The present law is that when a holiday falls on Sunday, the employee is given Monday off. Now, if this Congress in its wisdom gives that right when a holiday falls on a Sunday, why should not this Congress be consistent and give the same right when a holiday falls on Saturday? So, when you consider the merits of it, if this House is going to be consistent, they will vote out the rule and they will certainly vote for this legislation. You pick up the paper, whether it be in Chicago or any other large city, and you will read where all of the State and city employees will get Friday off because the holiday, the Fourth of July, falls on Saturday. You see that happening in practically all of our cities and States. Now, why should the Federal employees of our great Government be discriminated against, being led to believe by the chairman of this committee and the Committee on Rules that they are going to get this holiday bill and then at the last minute have it snatched out from under them, because the proponent of the bill or the gentleman who introduced the bill, namely, the chairman, Mr. MURRAY, has apparently changed his mind and has now turned against it? So, I say this: I think that the President of the United States showed great wisdom on this matter and he did just exactly what I think this body is going to do today. He issued an Executive order for this Saturday, July 4, because the Congress could not act soon enough to be effective this Saturday. This bill will take care of the situation where a holiday falls on a Saturday or on a Sunday in the future. So, why should the Congress not face up to its duty and why should the Congress not go ahead and vote out this bill and enact it into law? Why should we not go ahead and follow the President's leadership on this issue and go ahead and do in this bill what the President of the United States has done for this July 4?

The basic issue in this legislation unfortunately has tended to become obscured during the period that has elapsed since our committee reported the bill by an overwhelming majority. The issue is simply this: Are we or are we not going to continue our historic policy of equal treatment among various groups of Federal employees?

It always has been my strong personal conviction—and, I am sure, the conviction of the vast majority of the Members of this House—that wherever, through oversight or omission, the laws and regulations affecting Federal employee benefits are discriminatory in any material respect it is our duty to correct the discrimination. I think that this is an entirely sound and reasonable premise, particularly in an instance, such as that now before us, wherein continuance of existing preferences for some employees over others is bound to have an adverse effect on the Government as well as on many of its employees.

During my entire service in the Congress I have been closely associated with both legislative and executive programs to strengthen personnel administration in the Government. During all of these years I have found that inequality of treatment is more destructive of employee morale than any other factor. This does not mean that there is any willful or conscious difference in attitude on the part of the individuals. It is simply a natural and unavoidable result of realizing that their efforts are not recognized or appreciated and that their employer, even though knowing of the unfairness, is acting in disregard of their interests.

The rule should be adopted, and H.R. 5752 should be passed, in all fairness to Federal employees. Only in this way can we insure equal treatment of all employees with respect to the observance of the usual eight legal holidays in every year, regardless of the day of the week on which any such holiday may fall. Considerable numbers of employees now are assured of time off to observe each holiday, while many others do not have this assurance. Certainly the employees now holding the advantage do not want to deny equal treatment for their fellow workers. Every single major organization of Federal employees strongly endorses this legislation.

It is to be emphasized that H.R. 5752 grants no new or additional holiday. It does not provide any right, privilege, or benefit which is not already clearly intended for all employees under present law. It will interfere in no way with orderly and efficient operation of any department or agency, or with any service to the public.

The bill merely closes a gap brought to special attention because this year hundreds of thousands of Federal employees will not receive time off for each of the eight usual legal holidays prescribed by law. The employees already have lost their expected time off to observe Memorial Day through failure to enact legislation prior to May 30. They stand to lose many other opportunities to observe legal holidays in future years unless we act now.

It is no answer to say that deficiencies in present law can be corrected by Executive or administrative order, such as

the recent order granting a day off to observe Independence Day this year. This is a matter of legal and moral obligation of the Government to its employees, not a privilege to be granted or denied by administrative fiat to suit the whim or convenience of any group of executives. It is a matter of legislative policy, already determined in principle by the Congress many years ago, under which inequities have developed that surely would have been prevented had they been foreseen when the policy was established.

So far as concerns cost, it is minimal in comparison to the value of improved employee relations and is no more than a very small—but worthwhile—part of the normal cost of doing business. In fact, as pointed out at the hearings by the representative of a large postal employees' federation, with respect to postal employees the effect of the bill will be primarily a loss of savings which now accrue to the Post Office Department when a holiday falls on Saturday. Large numbers of postal employees now work on Saturdays and receive compensatory time off for such work during the following week. But, when a holiday falls on Saturday, they do not work and the Department saves the cost of the usual compensatory time off. Under H.R. 5752, these employees would have Friday as a holiday and, if they worked on the Friday, would receive a compensatory day off the following week just as they now do when they work on a regular Saturday that is not a holiday.

Mr. Speaker, I urge the adoption of House Resolution 294, in order that we may proceed with legislation to take care of this problem once and for all.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. BOLAND. Mr. Speaker, I rise in support of the rule and H.R. 5752, the bill that will grant to Federal employees compensation for holidays falling on Saturday.

The general impression has been that all Government employees are allowed eight annual legal holidays per year, as is the general custom today in private industry. But this is not so if the holidays fall on Saturday. This occurs twice in 1959 because Memorial Day fell on a Saturday, and next Saturday is the Fourth of July.

Government employees who work a normal 5-day 40-hour week lose a holiday if it falls on Saturday. In private industry, employees are usually given the day off on Friday before the holiday, are given an extra day's pay for a Saturday holiday with no substitute day off, or are granted a substituted paid holiday designated by management.

Mr. Speaker, in fairness to our 2 million loyal and hard-working Government employees, I think we should vote approval of this bill today. It is not very often that a holiday falls on Saturday, but when it does, this legislation would guarantee Government workers of the preceding Friday off.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken and the Speaker announced that the ayes appeared to have it.

Mr. ALLEN. Mr. Speaker, I demand a division.

Mr. McCORMACK. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 340, nays 42, not voting 50, as follows:

[Roll No. 105]

YEAS—340

Abbitt	Dague	Huddleston
Abernethy	Daniels	Hull
Adair	Davis, Ga.	Ikard
Addonizio	Davis, Tenn.	Irwin
Albert	Dawson	Jarman
Alexander	Delaney	Jennings
Alford	Dent	Johnson, Calif.
Anderson, Mont.	Denton	Johnson, Colo.
Andrews	Derounian	Johnson, Md.
Anfuso	Derwinski	Johnson, Wis.
Ashley	Dingell	Jonas
Ashmore	Dixon	Jones, Ala.
Aspinall	Dollinger	Jones, Mo.
Ayres	Donohue	Judd
Bailey	Dooley	Karsten
Baldwin	Dorn, N.Y.	Karth
Barden	Dowdy	Kasem
Baring	Downing	Kastenmeier
Barr	Doyle	Kearns
Barrett	Dulski	Kee
Barry	Durham	Keith
Bass, N.H.	Dwyer	Keogh
Bass, Tenn.	Edmondson	Kilday
Bates	Elliott	Kilgore
Becker	Fallon	King, Calif.
Beckworth	Farbstein	King, Utah
Belcher	Fascell	Kirwan
Bennett, Fla.	Feighan	Kitchin
Bennett, Mich.	Fenton	Kluczynski
Bentley	Fino	Knox
Betts	Fisher	Kowalski
Blatnik	Flood	Lafore
Blitch	Flynn	Lane
Boggs	Flynt	Langen
Boland	Foley	Lankford
Bolling	Forand	Latta
Bolton	Fountain	Lesinski
Bonner	Frazier	Levering
Bosch	Frelinghuysen	Libonati
Boykin	Friedel	Lindsay
Boyle	Fulton	Lipscomb
Brademas	Garmatz	McCormack
Bray	Gary	McCulloch
Brewster	Gathings	McDonough
Brock	Gavin	McDowell
Brooks, Tex.	Giaimo	McFall
Broomfield	Glenn	McGinley
Brown, Ga.	Goodell	McGovern
Brown, Mo.	Granahan	McIntire
Brown, Ohio	Grant	McMillan
Broyhill	Gray	McSween
Burdick	Green, Oreg.	Macdonald
Burke, Ky.	Green, Pa.	Machrowicz
Burke, Mass.	Griffin	Mack, Ill.
Bush	Griffiths	Mack, Wash.
Byrne, Pa.	Gross	Madden
Cannon	Gubser	Magnuson
Carter	Hagen	Mahon
Casey	Haley	Mailliard
Chamberlain	Hall	Martin
Chenoweth	Halpern	Matthews
Church	Hardy	May
Clark	Hargis	Merrow
Coad	Harmon	Metcalf
Coffin	Harris	Meyer
Cohelan	Hays	Michel
Collier	Healey	Miller, Clem
Conte	Hébert	Miller, George P.
Cook	Hechler	Miller, N.Y.
Cooley	Hemphill	Milliken
Corbett	Henderson	Mills
Cramer	Herlong	Minshall
Cunningham	Hiestand	Mitchell
Curtin	Hogan	Moeller
Curtis, Mass.	Holland	Monagan
Curtis, Mo.	Holt	Montoya
Daddario	Holtzman	Moore
Davis, Ga.	Horan	Morgan
Davis, Tenn.	Hosmer	Morris, N. Mex.
Dawson	Huddleston	Morris, Okla.
Delaney	Hull	Morrison
Dent	Ikard	Moss
Denton	Irwin	Moulder
Derounian	Jarman	Multer
Derwinski	Jennings	Mumma
Dingell	Johnson, Calif.	Murphy
Dixon	Johnson, Colo.	Natcher
Dollinger	Johnson, Md.	Nelsen
Donohue	Johnson, Wis.	Nix
Dooley	Jonas	Norblad
Dorn, N.Y.	Jones, Ala.	O'Brien, Ill.
Dowdy	Jones, Mo.	O'Hara, Ill.
Downing	Judd	O'Hara, Mich.
Doyle	Karsten	O'Konski
Dulski	Karth	O'Neill
Durham	Kasem	Oliver
Dwyer	Kastenmeier	Osmers
Edmondson	Kearns	Ostertag
Elliott	Kee	Patman
Fallon	Keith	Pelly
Farbstein	Keogh	Perkins
Fascell	Kilday	Pfost
Feighan	Kilgore	Philbin
Fenton	King, Calif.	Pillion
Fino	King, Utah	Pirnie
Fisher	Kirwan	Poff
Flood	Kitchin	Porter
Flynn	Kluczynski	Preston
Flynt	Knox	Price
Foley	Kowalski	Prokop
Forand	Lafore	Pucinski
Fountain	Lane	Quie
Frazier	Langen	Randall
Frelinghuysen	Lankford	Reuss
Friedel	Latta	Rhodes, Ariz.
Fulton	Lesinski	Rhodes, Pa.
Garmatz	Levering	Riehlman
Gary	Libonati	Rivers, Alaska
Gathings	Lindsay	Rivers, S.C.
Gavin	Lipscomb	Roberts
Giaimo	McCormack	Robison
Glenn	McCulloch	Rodino
Goodell	McDonough	Rogers, Colo.
Granahan	McDowell	Rogers, Fla.
Grant	McFall	Rogers, Mass.
Gray	McGinley	Rooney
Green, Oreg.	McGovern	Roosevelt
Green, Pa.	McIntire	Rostenkowski
Griffin	McMillan	Roush
Griffiths	McSween	Rutherford
Gross	Macdonald	St. George
Gubser	Machrowicz	Santangelo
Hagen	Mack, Ill.	Saylor
Haley	Mack, Wash.	Schenck
Hall	Madden	Schwengel
Halpern	Magnuson	Selden
Hardy	Mahon	Shelley
Hargis	Mailliard	Sheppard
Harmon	Martin	Shipley
Harris	Matthews	Siler
Hays	May	Simpson, Ill.
Healey	Merrow	Sisk
Hébert	Metcalf	Slack
Hechler	Meyer	Smith, Calif.
Hemphill	Michel	Smith, Iowa
Henderson	Miller, Clem	Springer
Herlong	Miller, George P.	Staggers
Hiestand	Miller, N.Y.	Stratton
Hogan	Milliken	Stubblefield
Holland	Mills	Sullivan
Holt	Minshall	Teague, Calif.
Holtzman	Mitchell	Teague, Tex.
Horan	Moeller	Teller
Hosmer	Monagan	Thompson, N.J.
Huddleston	Montoya	Thompson, Tex.
Hull	Moore	Thomson, Wyo.
Ikard	Moorhead	Thornberry
Irwin	Morgan	Toll
Jarman	Morris, N. Mex.	Tollefson
Jennings	Morris, Okla.	Trimble
Johnson, Calif.	Morrison	Tuck
Johnson, Colo.	Moss	Udall
Johnson, Md.	Moulder	Vanik
Johnson, Wis.	Multer	Van Pelt
Jonas	Mumma	Vinson
Jones, Ala.	Murphy	Wainwright
Jones, Mo.	Natcher	Wallhauser
Judd	Nelsen	Walter
Karsten	Nix	Wampler
Karth	Norblad	Watts
Kasem	O'Brien, Ill.	Weaver
Kastenmeier	O'Hara, Ill.	Weis
Kearns	O'Hara, Mich.	Westland
Kee	O'Konski	Wharton
Keith	O'Neill	Whitener
Keogh	Oliver	Widnall
Kilday	Osmers	Wier
Kilgore	Ostertag	Wilson
King, Calif.	Patman	Withrow
King, Utah	Pelly	Wolf
Kirwan	Perkins	Wright
Kitchin	Pfost	Yates
Kluczynski	Philbin	Young
Knox	Pillion	Younger
Kowalski	Pirnie	Zablocki
Lafore	Poff	Zelenko
Lane	Porter	
Langen	Preston	
Lankford	Price	
Latta	Prokop	
Lesinski	Pucinski	
Levering	Quie	
Libonati	Randall	
Lindsay	Reuss	
Lipscomb	Rhodes, Ariz.	
McCormack	Rhodes, Pa.	
McCulloch	Riehlman	
McDonough	Rivers, Alaska	
McDowell	Rivers, S.C.	
McFall	Roberts	
McGinley	Robison	
McGovern	Rodino	
McIntire	Rogers, Colo.	
McMillan	Rogers, Fla.	
McSween	Rogers, Mass.	
Macdonald	Rooney	
Machrowicz	Roosevelt	
Mack, Ill.	Rostenkowski	
Mack, Wash.	Roush	
Madden	Rutherford	
Magnuson	St. George	
Mahon	Santangelo	
Mailliard	Saylor	
Martin	Schenck	
Matthews	Schwengel	
May	Selden	
Merrow	Shelley	
Metcalf	Sheppard	
Meyer	Shipley	
Michel	Siler	
Miller, Clem	Simpson, Ill.	
Miller, George P.	Sisk	
Miller, N.Y.	Slack	
Milliken	Smith, Calif.	
Mills	Smith, Iowa	
Minshall	Springer	
Mitchell	Staggers	
Moeller	Stratton	
Monagan	Stubblefield	
Montoya	Sullivan	
Moore	Teague, Calif.	
Moorhead	Teague, Tex.	
Morgan	Teller	
Morris, N. Mex.	Thompson, N.J.	
Morris, Okla.	Thompson, Tex.	
Morrison	Thomson, Wyo.	
Moss	Thornberry	
Moulder	Toll	
Multer	Tollefson	
Mumma	Trimble	
Murphy	Tuck	
Natcher	Udall	
Nelsen	Vanik	
Nix	Van Pelt	
Norblad	Vinson	
O'Brien, Ill.	Wainwright	
O'Hara, Ill.	Wallhauser	
O'Hara, Mich.	Walter	
O'Konski	Wampler	
O'Neill	Watts	
Oliver	Weaver	
Osmers	Weis	
Ostertag	Westland	
Patman	Wharton	
Pelly	Whitener	
Perkins	Widnall	
Pfost	Wier	
Philbin	Wilson	
Pillion	Withrow	
Pirnie	Wolf	
Poff	Wright	
Porter	Yates	
Preston	Young	
Price	Younger	
Prokop	Zablocki	
Pucinski	Zelenko	
Quie		
Randall		

NAYS—42

Allen	Dorn, S.C.	Murray
Andersen, Minn.	Everett	Poage
Arends	Ford	Ray
Auchincloss	George	Rees, Kans.
Avery	Halleck	Rogers, Tex.
Baker	Harrison	Scott
Berry	Hoeven	Sikes
Bow	Hoffman, Ill.	Simpson, Pa.
Budge	Hoffman, Mich.	Smith, Miss.
Burleson	Jackson	Taber
Byrnes, Wis.	Jensen	Utt
Cederberg	Johansen	Williams
Chiperfield	Laird	Winstead
Devine	Marshall	
	Mason	

NOT VOTING—50

Alger	Hess	Reece, Tenn.
Baumhart	Holifield	Riley
Bowles	Hosmer	Saund
Breeding	Kelly	Scherer
Brooks, La.	Kilburn	Short
Buckley	Landrum	Smith, Kans.
Cahill	Lennon	Smith, Va.
Canfield	Loser	Spence
Carnahan	Meader	Steed
Celler	Norrell	Taylor
Chelf	O'Brien, N.Y.	Thomas
Colmer	Passman	Thompson, La.
Diggs	Pilcher	Ullman
Evins	Powell	Van Zandt
Fogarty	Quigley	Whitten
Forrester	Rabaut	Willis
Gallagher	Rains	

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Pilcher with Mr. Van Zandt.
Mr. Landrum with Mr. Alger.
Mr. Forrester with Mr. Taylor.
Mr. Willis with Mr. Reece, Tenn.
Mr. Thompson, La., with Mr. Baumhart.
Mr. Passman with Mr. Cahill.
Mr. Powell with Mr. Hess.
Mr. Rains with Mr. Kilburn.
Mrs. Kelly with Mr. Scherer.
Mr. Carnahan with Mr. Hosmer.
Mr. Evins with Mr. Meader.
Mr. Colmer with Mr. Short.
Mr. Holifield with Mr. Smith of Kansas.
Mr. Loser with Mr. Canfield.

The result of the vote was announced as above recorded.

Mr. MURRAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5752) to provide for absence from duty by civilian officers and

employees of the Government on certain days, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 5752, with Mr. MADDEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Louisana [Mr. MORRISON].

Mr. MORRISON. Mr. Chairman, the adoption of the rule for consideration of H.R. 5752 is in the highest tradition of our historic congressional policy to provide fair and equal treatment to our two million or more Federal employees. In the instant case, this tradition demands that we take positive action to correct serious omissions in both the law and administrative regulations that are supposed to provide that each and every Federal employee will have a day off to observe every one of the eight legal holidays prescribed by law.

The widespread confusion, contradictions, and indecision throughout recent months is the best exposition of the necessity for the Congress to settle the matter of employees' observance of legal holidays once and for all, and not "pass the buck" as has been suggested.

In all equity and good conscience, we should approve this bill today so that the same problems will not remain to plague the Congress, the administration, and the Federal employees in the future.

This legislation, which our distinguished committee chairman, Mr. MURRAY, sponsored and most ably supported in our committee and before the Rules Committee, is an excellent bill. It spells out in explicit terms a firm and lasting congressional policy that will remove all ambiguities and correct all omissions and inadequacies of the existing laws and regulations relating to Federal employees' observance of legal holidays. I am happy to give my strong personal support to the chairman's bill.

During the course of consideration of this legislation, and particularly at the present time, it appears that certain misapprehensions have arisen that should be clarified. For one thing, a good deal of emphasis has fallen on the condition of the existing laws as they affect the rights of employees to time off for holiday observance under certain circumstances. The statutes alone are not responsible for our present situation. The condition of the administrative regulations implementing those laws is equally to blame.

The laws stipulate that there shall be eight legal holidays for Federal employees each year, and specifically identify each such holiday. Federal employees are supposed to be excused from duty to observe the holidays. This much is perfectly clear. However, as usually is the case in an operation of such broad scope as that of the Federal Government, administrative regulations have been promulgated to implement the laws.

These regulations progress admirably to a certain point, but then stop—for no special reason that I can perceive, unless it be oversight or doubt of how to handle the observance of legal holidays in some circumstances. In other words, the regulations are quite detailed and properly extend the application of the holiday laws in certain situations where a holiday may fall on a nonworkday, but fail to do a complete job while they are at it.

Thus, for example, Executive Order 10358—generally prescribing conditions for a holiday observance—is at considerable pains to authorize a Monday off to observe a legal holiday that falls on Sunday. Then it goes further to do partial justice for the thousands of employees whose regular workweek includes Sunday and who receive a weekday off in lieu of Sunday. The regulation says that the weekday off in lieu of Sunday will be treated exactly as a Sunday in the event a legal holiday occurs on the weekday. These employees, therefore, are excused from work on their first regular workday following their weekday off in lieu of Sunday when the holiday falls on such weekday.

But, in sharp contrast to this carefully worked-out implementation of the holiday laws for use when a holiday falls on Sunday, there is no provision at all for a workday off when a holiday falls on Saturday. This means that the majority of employees whose workweeks are Monday through Friday, in effect, lose the benefit of each holiday that may fall on Saturday, since that is a nonworkday. Likewise, any employee whose regular workweek includes Saturday and who receives a weekday off in lieu of Saturday also loses the benefit of each holiday which happens to fall on his weekday off in lieu of Saturday.

The committee report contains a schedule showing the days on which each legal holiday will fall for the next 40 years. Holidays will fall on Saturdays 35 times in this period. However, holidays will fall no less than 251 times on weekdays which for thousands of employees are treated as Saturdays.

Equal treatment for all of these employees can be assured only by the enactment of H.R. 5752. The Executive order making July 3 a holiday this year will merely aggravate the discriminatory treatment among various groups of Federal employees by singling out one group—those for whom Saturday, July 4, 1959, is a nonworkday—for an extra day off, while providing no comparable benefit for their fellow employees who by reason of work schedules may have other holidays fall on their weekday off in lieu of Saturday.

Mr. Chairman, I think it is most important and necessary that we pass the bill, H.R. 5752, sponsored by our distinguished chairman, Mr. Murray. This bill provides that the holidays granted to postal and Federal employees shall not be lost to them in the event that the holiday falls on a Saturday.

The pay of a regular postal employee is based upon working 2,080 hours a year. A substitute earns the same amount of money in 2,016 hours a year. The difference is due to the 64 hours that a regular receives by way of holidays. We have broken trust with these employees if we require them to work 2,096 hours or 3,004 hours, as we sometimes will if we do not make certain that they have the benefit of the holidays.

In passing this legislation, we are merely giving to our Government employees what private employers give to their employees. The Chicago Daily Tribune on Monday, May 25, carried a story to the effect that most Chicago workers would have a 3-day holiday for Memorial Day and for the Fourth of July. We did not do as well with our Government employees. They lost their Memorial Day holiday, and they will have the Fourth of July holiday because the President has issued an Executive order. I know that all of the Government workers are very grateful that the President issued an Executive order, and so am I, but in the Executive order the President took away some of the holiday rights that we have granted our employees by law. He denied premium pay to those who work on the holiday. This premium pay is part of our basic salary law. I do not believe that this was right or proper, but I do appreciate the fact that, if it were not for the action of the President, these employees would have lost their Fourth of July holiday also.

You have all received a letter from a Member of the House wherein he objects seriously to this legislation and points out that only one legal public holiday falls on a Saturday in the next 4 years—Veterans Day, November 11, 1961. He could also have pointed out that in the fifth year, 1964, there are three legal holidays that fall on Saturday. On the average, there is one legal holiday every 6 out of 7 years that falls on Saturday.

The statement that the proposed holiday goes far beyond designating as a legal holiday the Friday before any legal holiday is certainly confusing the issue. There are a limited number of wage board employees and a few others who have a workweek other than the normal workweek—in other words, they work on Saturday and Sunday. Through various Government actions, they have 2 days that are considered their Saturday and Sunday. It could very well be Monday and Tuesday. This bill protects their Saturdays and Sundays. There is no reason why they should be singled out and denied the rights that are given to other employees.

This legislation is neither extravagant nor unreasonable. It is entirely in keeping with the practice found in industry. It is most reasonable. We are asking our postal employees to cut their hourly pay when they lose these holidays, and I am strongly opposed to such a request.

One other factor that has not been brought out is that, in the postal service, when a holiday does fall on a Saturday, the men who usually work on that day and have compensatory time granted the next week are not required to work on Saturday and, as a result, there is a surplus of regular men the following week. Substitutes lose an entire week's work in most instances when a holiday falls on a Saturday. This year many substitutes had no work whatsoever during the first week of June because Memorial Day fell on Saturday. The work

was there, but it was being done by regular men who ordinarily would have been off on a compensatory time. It is unfair to take 2 or 3 weeks in a given year away from these employees, and this situation can be remedied by the passage of this legislation.

I hope that this House will take a firm and positive stand today to correct the employee holiday situation on a permanent basis by passing H.R. 5752. Our Federal employees are looking to us, as they always do, to do justice and to assure that they all will receive the full benefit of the 8 authorized legal holidays.

Mr. REES of Kansas. Mr. Chairman, I yield 8 minutes to the gentleman from Michigan [Mr. JOHANSEN].

Mr. JOHANSEN. Mr. Chairman, I rise in vigorous and unqualified opposition to H.R. 5752, the so-called holiday bill.

Mr. Chairman, the time has come for some blunt words.

The Government of the United States, is among many other things, an employer.

As an employer it has some definite obligations of fairness, justice, and responsibility with respect to its employees.

But the obligations of the Government of the United States—even as an employer—do not relate solely or exclusively to its employees and their demands, wishes and whims.

Those obligations relate, as well, to the total national interests; to the plight and problems of the American taxpayers; to the fiscal situation of the Government itself; to the rights and claims of the public these Federal employees presumably are engaged to serve; and, finally, to the repercussions of Federal personnel policies upon both employers and employees in private industry and nongovernmental occupations.

Therefore, I know of no reason why the Government of the United States as an employer, or the Congress of the United States as the policymaking branch of the Federal Government, is either obligated or well-advised to acquiesce in, or capitulate to, every request of its employees or every demand of the Federal employee union leaders.

I believe there are times when a balancing of all of the obligations and responsibilities of the Government of the United States—and of the Congress—requires and dictates a firm and unequivocal "No" in response to certain requests of Federal employees and to certain demands of Federal employee union leaders.

I could not hold otherwise unless I were prepared to concede that whatever the Federal employees request, or the leaders of organized labor demand, is automatically just, reasonable and proper and automatically binding upon the Government of the United States.

I believe that we have here in the bill H.R. 5752, a request—or a demand, if you please—which the Congress ought, pursuant to its overall obligations and responsibilities, to meet and reject with a firm, unequivocal and emphatic "No."

During the debate on the rule, I summarized the main provisions of this bill. I also listed nine main points which, in my judgment, argue powerfully against adoption of H.R. 5752. I do not intend to cover that ground again. Instead, I propose to state and discuss just three principal propositions regarding this bill.

First. If this legislation is enacted, the American public and taxpayers are either going to get less return in service from their Federal employees for the money they—the taxpayers—are now paying, or, they are going to have to pay more tax dollars to maintain the service they are now receiving.

Probably the result will actually be a combination of both of these consequences.

I said as much in my minority views on this bill.

Since then my statement has received unexpected corroboration from Mr. James A. Campbell, national president of the American Federation of Government Employees. In a letter to the chairman and ranking minority member of the Committee on Post Office and Civil Service, dated June 26, Mr. Campbell said:

> Whether we will it or not, the trend of our economy has been in the direction of shorter working time and consequently, more leisure time. This effort on our part (in support of H.R. 5752) is simply a manifestation of this trend.

How can "shorter working time" for Federal employees mean anything other than either less service, higher personnel costs, or both?

I am not prepared to deceive myself on a point which is obviously clear even to such a liberal as the distinguished Governor of Michigan, Hon. G. Mennen Williams, whom, certainly, I cannot often be charged with quoting approvingly.

Last February, Governor Williams, taking note of the much-publicized financial situation of my State of Michigan, canceled two normal State employee holidays. In doing so, he pointed out not only the saving in necessary overtime payments incident to such holidays but he also commented that—and I quote his exact words—"in addition, these two workdays will permit agencies to better keep abreast of their workloads."

The provisions of this bill, H.R. 5752, designating as a holiday any Friday before a public legal holiday falling on a Saturday, and also designating as an employee's holiday his last regular workday prior to any legal public holiday falling on his regular nonworkday, raise basic questions both as to additional overtime costs and as to problems of keeping abreast of workloads.

Have we in the Federal Government and the Congress—with our huge national debt and still mounting national deficit—become so profligate, so indifferent to the burdens we impose on the taxpayers, so unconcerned about the vital functions of government and the services our people have a right to expect from government, that we will go along with any proposal that will make us popular, hail fellows with government employees and their union leaders?

If so, then we ought to be shamed by the action and the statement of Governor Williams of Michigan.

Second. This bill creates "floating" legal holidays for Federal employees—which wander all over the calendar—thereby completely distorting and perverting the original concept of paid holidays and premium pay for work performed on holidays.

As I pointed out during debate on the rule, this is not just a Saturday holiday bill. This bill does not merely provide that when a public legal holiday falls on a Saturday the preceding Friday is a holiday so far as Federal employee holiday provisions are concerned.

This bill also provides that whenever any legal public holiday falls on the regular nonworkday of any Federal employee that employee's last regular workday becomes a legal public holiday for that worker and accordingly he will either receive that day off with pay, or he will receive double-time pay for working on that day—if he is a classified or blue collar employee—or he will receive a subsequent compensatory day of with pay—if he is a postal employee.

How complicated—and how absurd—all this becomes, compared with the original, simple, straightforward conception of holiday pay: to wit, that if a holiday occurs during an employee's normal work week, he would not lose a day's pay in consequence, and if he was required to work on a holiday falling within his normal work week, he would receive premium pay—that is, double-time pay—for doing so.

The argument is advanced in support of this bill that because a holiday sometimes falls on an employee's day off he is therefore cheated because, in that particular work week he must work 5 days in order to receive 5 days' pay, whereas an employee who has the holiday fall within his work week needs only work 4 days in that week in order to draw 5 days' pay. What this argument ignores of course, is the fact that the next holiday, falling on the other employee's day off, actually balances out the so-called inequity. To what absurd lengths, and on what extreme grounds, is the Government of the United States supposed to act, at the taxpayers' expense, in trying to satisfy this gnat-straining claim of inequity? In a word, how silly can we get?

Third. A principal argument in support of this bill is the claim that it merely follows the pattern of holiday pay and personnel policy in private industry.

Apart from the fact that much of what is gained in private collective bargaining is won at the gunpoint of a strike threat, and apart from the fact that much of what is granted in private industry may not be applicable to Government employees, I wonder if the Congress is prepared to accept the premise that whatever may be acquiesced to in private industry must automatically be accepted by Congress with respect to Federal employees.

If that premise is conceded, I submit that both the Members of Congress and the American people are due for a very rude shock. I quote the following from the "AFL–CIO Collective Bargaining Re-

port" for March 1959, summarizing gains in holiday provisions of some current union contracts in private industry:

The rate of pay for work on a holiday has been increasing. The majority of paid-holiday provisions now provide for more than double-time pay for work on a holiday (that is, the combination of pay for the holiday plus pay for work on the holiday is more than double-time pay).

The increase in the rate of pay for holiday work is due to the simple fact that double time is actually not penalty pay at all and does not provide adequate compensation for the inconvenience of having to work on a holiday.

If a worker receives a day's pay for a holiday if he does not work, and only 2 days' pay if he does work, he is in effect getting only a day's pay—straight-time pay—for coming in to work.

To provide a genuine penalty or premium payment for work on holidays, the agreement must provide for time-and-one-half or double-time pay in addition to the day's pay which would be received if the worker spent the holiday at home, or a total payment of double time and a half or triple time.

I wonder if the Congress is prepared to endorse triple-time pay for holiday work by Federal employees. We had better be if we adopt this pending bill.

And will it end there? Of course it will not. Again I cite precedent already established in private enterprise under the persuasive influence of collective bargaining.

The same AFL–CIO report I quoted above also points out that a paid holiday for workers on their birthdays has been gaining favor in private industry collective bargaining agreements.

I have not seen the question raised, as yet, as to what happens if and when a worker's birthday falls on his "regular weekly nonworkday."

I suppose such matters take time to work out.

Mr. Chairman, I conclude as I began.

I believe the Government of the United States, as an employer, has obligations and responsibilities which do not relate solely or exclusively to its employees and their demands, wishes, and whims.

I believe those obligations and responsibilities make it imperative that this House defeat H.R. 5752.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. DAVIS].

Mr. DAVIS of Georgia. Mr. Chairman, I have great respect for the opinions and positions of the distinguished chairman of our committee and the ranking minority member, the gentleman from Kansas, and the distinguished gentleman from Michigan [Mr. JOHANSEN] who just spoke in opposition to this bill. However, I do not agree with them in their opposition to this legislation, and I rise in support of House bill, H.R. 5752. I believe it is a good bill and that it should be enacted by the Congress. I introduced House bill, H.R. 4577, a bill greatly similar to House bill, H.R. 5752, the bill now under consideration which was introduced by Chairman Murray of the Committee on Post Office and Civil Service. Our committee held hearings on all of these bills and the one now under consideration, H.R. 5752, was reported by the committee with only one member of the committee voting against the bill. After some delay, a rule was granted by the Committee on Rules and following the granting of the rule, then the President issued an Executive order granting to all Federal employees a holiday on July 3 of this year, Friday, to take care of the normal Fourth of July holiday which does fall on Saturday this year. I am glad that the President issued this Executive order because it makes certain that the employees will be taken care of for the one holiday on July 4th of this year even though this legislation should not pass both Houses and go to the White House for signature. However, this Executive order does not provide for a permanent solution of the holiday problem. We have here a good bill which is ready for enactment into law. I think the fact that the President saw fit to issue this Executive order governing the holiday on July 4th demonstrates clearly the necessity for such legislation. I see no reason, however, why we should expect the President to issue such an order every time a holiday falls on a Saturday. Approximately 75,000 Government employees, by a ruling of the Comptroller General and by agency instructions, do receive the benefit of the holiday when it falls on Saturday, but if we are to assure our postal and other Federal employees that they will enjoy such a holiday, all of them—it is necessary to pass this legislation. I think it is well to point out that the postal employees have their pay based upon working 2,080 hours a year. In 1959, they would have been required to work 2,096 hours which, in effect, would have meant a pay cut for these employees. In 1964 they would have to work 3,004 hours because there are three holidays that fall on Saturday during that year.

To explain a little bit more accurately what I mean, I am quoting from page 23 of the hearings on postal pay and classification before the House committee on February 1, 1955. The witness testifying at that time was Hon. Eugene J. Lyons, Assistant Postmaster General. In explaining the legislation then before the committee that subsequently became Public Law 68, Mr. Lyons stated:

Subsection (b) of section 401 prescribes the formula for computing the basic salary of hourly rate employees. You will notice that other than substitute employees, you compute the hourly rate salary by dividing the annual salary by 2,080 which is simply 40 hours times 52 weeks. The substitute employee's salary is computed by dividing by 2,016. The reason for that is that some years ago the Congress decided that in the case of substitutes, rather than grant them holiday pay, because of the great difficulty of administering holiday pay for an hourly employee who was working part time, they would add a little bit to their regular hourly rate to compensate for not getting holiday pay. In other words, the hourly rate results in a substitute employee who works 40 hours a week for 52 weeks being compensated for the regular 8 holidays, and the 2,016 is arrived at by simply subtracting 64 hours, 8 times 8, from the 2,080, which automatically gives the substitute a pro rata holiday pay.

Mr. DAVIS. May I ask a question, Mr. Chairman?

Have any precautions been taken to see to it that the substitute who gets this increased hourly pay throughout the year will also be the one who performs this duty on the holidays for which the increased hourly rate is granted?

Mr. LYONS. The increased hourly rate was granted, sir, to provide them with pay for not working on holidays. You see, the regulars, by law and by Executive order, have 8 holidays a year on which they do not work, and they get paid nevertheless for those holidays. That was to give the substitute the same sort of treatment.

To be even more specific, I might point out that substitutes in step 1, level 4, receive $2.00 an hour, while the regular employees receive only $1.94 an hour.

The practice in industry today is for the employer to guarantee a specified number of holidays a year. The result of a coast-to-coast checkup of the practice of firms was published in the Wall Street Journal of Friday, May 22. Out of 79 companies that were questioned, 55 planned to give their employees extra days off because of the fact that Memorial Day and the Fourth of July both fell on Saturday.

Mr. Chairman, the following is the article from the Wall Street Journal I just referred to:

MANY FIRMS PLAN LONG MEMORIAL DAY, JULY 4 HOLIDAYS; BOTH FALL ON SATURDAY

"We think it's lovely," coos Marcella Burns, personnel manager of San Francisco's I. Magnin & Co., in melodious tones. "Our staff personnel always gets holidays off. We expect it."

And for most American workers, blue-collar and white-collar, the outlook for leisurely picnics, fishing expeditions or camping trips over the Memorial Day and July 4 weekends is also "lovely." Although both holidays fall on Saturday this year, a coast-to-coast check of businesses large and small discloses most will give employees 3-day weekends by knocking off work on the two Fridays—May 29 and July 3. A few, instead, will be off on the Monday following the holidays. Many employees who will have to work May 29 will be free July 3.

Even those workers who have to put in full 5-day weeks around the two holidays generally will get something out of it. Unionized workers in the auto and other industries will get an extra day's pay. Retail clerks who usually work Saturday will get the two holidays off, though they'll be on the job the two Fridays. Some office employees who have to come to their desks on the two Fridays will get extra days added to their summer vacations.

HOLIDAY BILL IN HOUSE

Congress may order the Federal Government to give its army of Washington clerks a holiday July 3. Government workers probably will be in their offices May 29, but the House Civil Service Committee has approved a bill to make Friday a holiday when a regular holiday falls on Saturday. It's given a pretty good chance of passing in time for the July 4 weekend.

In private industry, Wall Street Journal queries to 79 companies in various businesses found 44 planning to give their employees 3-day weekends on both holidays and another 11 scheduling one Friday or the other—usually July 3—as a day off. Only 22 planned 5-day weeks on both occasions.

Variations occur mostly by industry rather than geographical area. Banks by and large will be open for business both Fridays, though some will be on a half-staff basis, with half the clerks off May 29 and the others July 3. Aircraft plants both in California and on New York's Long Island generally will

be down both Fridays. But steel mills, currently rushing production to build up customer inventories against the possibility of a summer strike, will keep working and hand out extra pay to do it. Inland Steel Co. even will bring in some Chicago officeworkers on the two holiday Saturdays.

Some other industries have no set policy. Among cigarette makers, for instance, Philip Morris, Inc., will be off both May 29 and July 3. But Liggett & Myers, P. Lorillard Co., and American Tobacco Co. will close only on the Friday before "the Fourth."

A number of companies, like Rheem Manufacturing Co. and Johns-Manville Corp., have given local plant managers the option of deciding whether or not to work on the two holiday eves, generally with instructions to set policy according to local conditions.

Other firms are facing a situation so complex it can't be quickly summarized. Cleveland's Eaton Manufacturing Co., for instance, will keep its axle division working both Fridays, with both salaried personnel and factory workers getting an extra day's pay. At the heater division, factory workers will get 6 days' pay for 5 days' work, but salaried employees will get a day off of their own choosing. Eaton's stamp division will pay factory workers for 6 days Memorial Day week, on the week of July 4 they'll get an extra day off prior to or following the holiday. Stamp division office personnel will get a day added to their vacations for working 5 days Memorial Day week; they'll work 5 days the week of July 4, too, but get an extra day off before or after the holiday.

Among industrial giants, General Electric Co., International Business Machines Corp., Douglas Aircraft Co., and Allied Chemical Co. will knock off both Fridays. Radio Corp. of America will give some of its office help at New York executive headquarters a holiday May 29 and others July 3. Production workers at the company's farflung plants probably will get 1 day or the other off, but RCA hasn't made up its mind which one.

In the auto industry, Ford Motor Co. and American Motors Corp. have been working heavy Saturday schedules but will take Memorial Day off. Assembly line workers at these companies and Chrysler Corp. will be on the job Friday, May 29, but will get 6 days' pay for 5 days' work that week. General Motors Corp., though, says it will close all but vital operations May 29. No information is available yet on the automakers' plans for the July 4 weekend.

Among companies with special situations, General Development Corp., Florida land development and construction firm, usually works a half day on Saturdays, but will take off Memorial Day; office workers and construction crews will be at work May 29, though. General Development also will take off either July 3 or Monday, July 6; which date will be "determined by what the banks and the Federal Government do."

TEXTILE MILLS DRAFT PLANS

Southern textile mills usually close for week-long industrywide vacations around July 4. West Point Manufacturing Co., which turns out heavy cotton industrial cloth at mills in Alabama and Georgia, hasn't decided whether it will take off the first or second week in July. Whichever it is, though, a company spokesman said West Point will consider giving workers an extra day for July 4. But the company will work May 29; textile mills generally don't recognize Memorial Day as a holiday.

Budd Co., Philadelphia-based manufacturer of auto bodies and railway cars, will give everybody 3-day weekends, but spread them out. Half its force will work Friday, May 29, but get Monday, June 1, off; the other half will be off Friday but work Monday. Budd will repeat the procedure over the July 4 weekend. The company said this arrangement is due to production schedules.

Patterson Parchment Paper Co., Bristol, Pa., will work May 29, and says July 4 falls during the period when it's closed for summer vacation. But each worker will get 2 extra days off during the year to make up for the lost holidays.

Mr. Chairman, I supported H.R. 5752 in the Post Office and Civil Service Committee, and I will vote for it here in the House. I urge my colleagues to vote with me.

Mr. DULSKI. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DULSKI. Mr. Chairman, the legislation before the body is a matter of vital interest to postal employees everywhere. It is high time that we should put an end to the peculiar situation in which the law allows eight holidays, but would, during 1959, actually grant only six holidays to Federal employees. The difference is that Memorial Day, May 30, and Independence Day, July 4, both fall on Saturday.

As a freshman Member of the House of Representatives, and as a member of the House Committee on Post Office and Civil Service, I wish nevertheless to assure my colleagues of my deep understanding of the way in which at the time the Postal Field Service Compensation Act of 1955 was enacted the holiday provisions were carried over from previous law, and thereby did not correct the peculiar contradiction in regard to Saturdays.

Section 603 of that act declares that "the Postmaster General may require employees to work more than 8 hours in 1 day, or on Saturdays, Sundays, or holidays." Because of this language it is assumed that everybody in the postal service works from Monday to Friday, except in very unusual circumstances. Nothing could be further from the truth.

In the Buffalo post office, and especially at the railway terminal post office, and at the airmail post office, a great many postal employees work either every Saturday or Sunday, or both.

I am told that the General Accounting Office, in 1958, made a ruling that people actually assigned to work on Saturday will have the holiday granted to them.

The law provides that Federal employees shall have eight holidays each year. This number of holidays is used to determine the hourly pay for regular employees. Since this is true, I feel that the day of the week upon which the holiday falls should have no significance.

The Post Office Department, when its representative appeared before our committee on April 16, said that it opposes this legislation because the public would strongly protest to the Congress and to the Department, any curtailment of service on a normal weekday, not a holiday, for persons outside the Federal Government.

I have already quoted from the law to show that although the average postal employee is expected to work from Monday to Friday, the Postmaster General may require him to work on Saturdays, Sundays, or holidays. Because of the fact that it is a fiction that postal employees work from Monday to Friday, and because the Postmaster can, in fact, and does require these people to work on days regarded as rest days or holidays, the question of curtailment of service should never have arisen. The Postmaster General has ample authority to carry on the postal service, regardless of the scheduling of holidays.

The Post Office Department concluded its testimony with a declaration that the legislation before the body "in effect represents a pay raise." Actually, my colleagues will recognize that there can be no question of a pay raise when an employee is given only that which the law allows and intends.

The law contemplates that regular employees in the postal service work 252 days, plus eight holidays. It is on this number of days that the hourly rate is based. In 1959, unless H.R. 5752 is approved, these employees will work 254 days and receive only 6 holidays. Their rate of pay will be the same as if they had worked only 252 days. How, then, can the Post Office Department possibly maintain that this legislation would constitute a pay raise, when actually it is a reduction in pay because many postal employees would work more days for the same number of dollars.

H.R. 5752 is simply intended to insure that postal and Federal employees receive the eight holidays intended for them. Because of this, I am happy to rise in support of the measure, and I hope it will be passed unanimously.

Mr. REES of Kansas. Mr. Chairman, I yield 6 minutes to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Chairman, the House of Representatives is now preparing to act on a bill that deserves the complete and unqualified support of every Member of this distinguished body.

I am referring to the amended version of H.R. 5752, which would grant Federal employees a day off on Friday whenever a legal holiday falls on the following Saturday. Under the existing law, if a holiday falls on Sunday, it is observed the next day, on Monday. I think all of us can agree that this is a perfectly reasonable and almost universally observed practice.

But when a holiday falls on Saturday, there is no provision in Federal law to take account of the occasion. The consequence is that Government workers are deprived of a holiday although there are supposed to be 8 paid holidays for them in every calendar year.

In view of the fact that provisions are made in law and in an Executive order with regard to Sunday holidays, it is utterly illogical that there is no provision made for Saturday holidays.

What is worse than the lack of logic in the present arrangement is the obvious injustice. Federal employees do not devise the calendar, and there is, of course, nothing they can do about what day comes on a given date.

It defies both common sense and our sense of fair play to penalize civil servants because of a caprice in the calendar. There is only one way by which this situation can be corrected, and that is through favorable action in Congress.

We have that opportunity now, and it is our obligation to do something about it.

I think all of us can agree that it has always been the intent of Congress that the granting of 8 holidays a year means just that. It means 8 days on which employees would be freed from their normal duties.

These days are naturally very important to employees and their families. We all look forward to them and make special plans for their celebration. A great many people are disappointed when they lose a holiday, the more so when they are the victims of an eccentric and inflexible calendar.

The regulations on annual leave grant only 13 days a year to employees with less than 3 years of service. Many civil servants are in this category, and a holiday means a great deal to them because their regular leave is so limited. A Friday holiday is especially precious since it means a long weekend.

In urging the passage of this measure, I want to emphasize the fact that the Federal Government would not be establishing any precedent or acting more generously than is the widespread practice in private enterprise. For example, an analysis of labor-industry collective bargaining agreements by the Bureau of Labor Statistics revealed that more than 4 million American workers receive some sort of special benefits when a holiday falls on Saturday. These benefits take the form of an extra day's pay, an extra day off with regular pay, or some other type of compensation.

A similar survey of the Chicago area conducted by the Chicago Association of Commerce and Industry showed that 62 percent of the office and plant workers employed by 1,181 firms would receive either Friday or some other day off this year as compensation for Memorial Day and Independence Day, both of which come on Saturday. About 478,000 persons would enjoy these benefits.

Business in the New York area will also be quite generally shut down. The Industry Association of New York indicates that about 65 percent of the metropolitan concerns will close on the Friday before Memorial Day, and that some 75 percent are expected to be closed on Friday, July 3.

I believe that these figures will pretty well prove that a Friday off when a holiday comes on Saturday is certainly not a unique idea or an innovation. On the contrary, it would simply put the Government in line with practices already established in a large segment of business and industry.

Objections have also been raised against the cost of this bill. Under the provisions of the amended version of H.R. 5752, the version we are now, of course, considering, there would be no Friday off during the current fiscal year, 1959. Thus, one of the most often repeated arguments against the Friday holiday is destroyed because no additional appropriations will be required.

On the other hand, the Friday preceding Independence Day falls in fiscal 1960. In appropriating funds and in budgeting, Congress and the executive agencies still have adequate time to take account of and plan for this occasion.

If we look ahead, we see that surprisingly few holidays in future years will fall on a Saturday. It is true that there are two this year, but this is most unusual.

During the next 40 years, from 1960 to 1999 inclusive, only 35 holidays come on a Saturday. This means that only about 7 hours a year, on the average, will be lost for this reason through all the remaining years of this century. Certainly this cannot be considered too heavy a burden for the U.S. Government to carry.

The Federal Government is pledged to grant eight holidays a year to its employees. When a quirk of the calendar takes away one of these days, this pledge becomes a mockery.

Only Congress can correct this situation. I believe that Congress is morally bound to eliminate this injustice and make good the pledge of the Government. For this reason I strongly urge every Member of this body to vote for the passage of H.R. 5752.

Mr. Chairman, one of the main objections voiced to this legislation, in fact, the only primary objection, is its alleged cost. I can certainly appreciate the concern any official of our Government or any Member of this body may have to the cost of this or any other legislation, because it is true of any legislation that involves cost, that the larger the cost the more controversial that feature becomes. We are all concerned, of course, with the fiscal solvency of our Government. I feel, however, it would be penny wise and pound foolish for us to consider only the cost of legislation whenever the benefits or the welfare of our employees are concerned.

I say penny wise and pound foolish, whether we be Members of Congress legislating for employees of the Federal Government or whether we be private employers. Certainly when we consider the matter of benefits for our employees we have got to consider the morale and the additional efficiency that are involved which would certainly yield some returns for any expenditure that is caused by granting additional benefits.

I maintain that there is not necessarily an additional cost involved in this bill. It is alleged it will cost $6 million for every Friday holiday that is granted. I believe that was figured out on a mechanical basis or on a slide rule basis on the time that would be lost to the Federal Government. I think it is fair to consider that there might be additional morale, additional efficiency and a large portion of this extra cost will be made up over the years through increased efficiency. So it is highly questionable that the cost per day for extra day holidays granted in this bill would result in anywhere near $6 million extra.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield.

Mr. REES of Kansas. That $6 million figure was furnished to us by the Bureau of the Budget.

Mr. BROYHILL. That is correct, but I question the accuracy of the figures because I feel they have not taken into consideration that there could result increased morale and efficiency as a result of this extra day off. The effect of granting additional benefits does not in every case mean additional cost.

Mr. REES of Kansas. Does the gentleman question the figures of the Bureau of the Budget?

Mr. BROYHILL. I do question the figures of the Bureau of the Budget in this regard because I do not believe that they considered that some of the time loss could be regained.

Mr. REES of Kansas. That is all I wanted to know.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. Let me proceed; then I will yield if I have time remaining.

Again the question is involved here of whether we are giving the Federal employees something additional or whether we are trying to take something away from them. I said a moment ago, and it has been stated many times here, it has been accepted as a fact that the Federal employees are supposed to receive eight holidays each year. It should be spelled out in legislation for we find that they have been getting other than those specific eight days throughout the years. We have pointed to the instance when the holiday occurs on Sunday, that the employees get Monday off, that the employee who works six days a week, meaning Monday to Saturday will always get Saturday off when the holiday falls on Saturday. But the worker who works the odd week, using the example of Tuesday to Tuesday, if the holiday falls on Wednesday he gets Thursday off. The only exception to the rule of giving employees eight full holidays is in those cases when the holiday happens to fall on Saturday. In that event under the present system the Government saves a little additional money, it will not cost them any extra money if this bill is enacted.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield for a correction?

Mr. BROYHILL. I yield for a correction.

Mr. JOHANSEN. Under the provisions of this bill, it is not merely when the holiday falls on the equivalent of a Saturday or Sunday, but also in the case of the off-beat employees where the holiday falls in any instance on their regular day off. Is not that correct?

Mr. BROYHILL. That is correct. The purpose of the bill is to make certain that all employees get eight full holidays every year regardless of what day the holiday falls on. To enact legislation of this character is just making it consistent and eliminating all confusion.

I am very happy to see that the President signed the Executive order granting Friday off this year. That indicates to me that he supports the general purpose and objectives of this bill. What this bill does is to make sure that whenever a holiday falls on Saturday in the future that an Executive order will not be necessary; that in advance employees can make preparations and plans for a Friday off.

Mr. CORBETT. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield.

Mr. CORBETT. I just wanted to state that the gentleman from Virginia has

made a clear and correct statement of the purpose of the bill, to see that these folks get the benefit of the floating holiday. To deprive them of that benefit would be to add to their discomfort as a result of having to work an irregular week in the first place.

Mr. BROYHILL. The gentleman is absolutely correct.

Mr. CORBETT. It would be another penalty to them.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland [Mr. FOLEY].

Mr. FOLEY. Mr. Chairman, I rise in support of H.R. 5752. As has been pointed out by previous speakers, the sole purpose of this bill is to eliminate an inequity that has been unfortunately allowed to continue for too long a time. And by eliminating an inequity, the Congress will be keeping faith with the Federal Government employees. All H.R. 5752 says in essence is this: When the Congress set aside eight holidays and provided that the Federal Government employees were to be relieved from work on these eight holidays, the Congress was guaranteeing to the Government employees that they would not be required to work on these holidays.

Nowhere in the Federal statutes appear any language that would intimate that the Congress intended that the swing of the calendar should fortuitously deprive the Government employee of this holiday benefit. Nevertheless, over the years, through administrative practice and through the absence of a clear statement by the Congress, the swing of the calendar has resulted in certain holidays falling on Saturday. And as a result of this fortuitous event, Government employees, for the most part, have been deprived of the basic holiday benefit intended by the Congress in establishing the eight holidays. H.R. 5752 when enacted will close this gap in the law.

Mr. Chairman and Members of the Committee, you will find specific reference to the eight holidays cited by consulting title 5 of the United States Code beginning at section 86A. This section provides in pertinent part as follows:

> Hereafter whenever regular employees of the Federal Government or the municipal government of the District of Columbia whose compensation is fixed at a rate per day, per hour, or on a piecework basis, are relieved or prevented from working solely because of the occurrence of a holiday such as New Year's Day, Washington's Birthday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day, Veteran's Day, or any other day declared to be a holiday by Federal statute, Executive order, or with respect to the employees of the municipal government of the District of Columbia, by order of the Board of Commissioners of the District of Columbia, * * * they shall receive the same pay for such days as for days on which an ordinary day's work is performed."

Section 87 makes Labor Day a legal public holiday in the same manner as Christmas, the 1st day of January, the 22d day of February, the 30th day of May, and the Fourth of July are made public holidays. This section was adopted in 1894. Section 87A of the same title, makes Veterans Day, November 11th, a public holiday. Likewise, section 87B of the same title, makes Thanksgiving Day, the fourth Thursday of November, a legal public holiday. Thus, the legal public holidays involved in this bill are clearly defined by Federal statute.

The principle set forth in section 86A cited above that Government employees shall receive the same pay for holidays as for days on which an ordinary day's work is performed was restated and applied to all Government employees by Executive Order No. 10358 on June 11, 1952, by President Harry S. Truman. Section 3 of this Executive order provides as follows:

> Whenever a holiday falls on a Sunday, Federal offices, and establishments shall be closed to public business on the following Monday.

Legal public holidays in the postal service of the United States are set forth in title 39 of the United States Code, section 119. Of course, these are the same 8 holidays specified above. However, section 119 refers to sections 852, 853, 854, and 866 of title 39 which deal with compensation to postal employees who perform service on holidays. Section 853 provides that—

> Such employees shall be allowed compensatory time for such service on one day within thirty days next succeeding the holiday.

Section 119 further provides as follows:

> All days, other than the holidays enumerated in this section, set aside by the President of the United States as holidays to be observed by the other Departments of the Government throughout the United States shall be construed as applicable to the postal service in the same manner and to the same extent as the executive departments.

The statutory intent of the Congress concerning the Federal employees enjoyment of the 8 legal holidays is most clear. It is simply that they shall receive the same pay for such days as for days on which an ordinary day's work is performed. The holidays are celebrated by the employees not working on these holidays and still as a result of their not working they do not lose any pay on account of the holiday. The Congress has made no exception that this holiday celebration principle is not to apply owing to the fortuitous swing of the calendar and the holiday occuring outside the work week. The Executive Order 10358 has plugged the gap where the holiday occurs on Sunday. H.R. 5752 plugs the gap where the holiday occurs on Saturday.

At the hearings on H.R. 5752, witnesess for the Bureau of the Budget and for the Post Office Department testified that approximately half of private industry surveyed by the National Industrial Conference Board provides a Friday holiday under the circumstances covered by the bill, namely when the holiday occurs on a Saturday. The representative of the Post Office Department cited a report by the National Industrial Conference Board entitled "Time Off With Pay." He quoted as follows from the report:

> The concept of paid time off in lieu of wages underscores the fact that holiday pay, vacation pay, etc., are essentially the means of maintaining the regular weekly income of the employee. They are devices to defer wages so as to assure that the employee will suffer no loss of weekly income should he be absent for certain reasons, should the plant close for a holiday or should he go on vacation. Looked at from this angle, paid time off does not add to the employee's pay. It is this concept of paid time off in lieu of wages that helps explain some seemingly odd developments in vacation and holiday practices. It helps to explain, for example, the idea of guaranteed holiday pay, whereby an employee receives holiday pay even though the holiday falls on a day outside his regular work week. It also helps to explain the idea of vacations as an earned right rather than a gratuity from the employer. For in both these instances, the holiday pay or vacation pay is viewed as wages that the employee would otherwise have gotten in the form of a wage increase. And to deny holiday pay if the holiday falls on a Saturday, or to deny vacation pay if the employee is terminated, is viewed as a denial of the wage increase agreed to.

The foregoing citations from the Board's report strongly support H.R. 5752. For the report analyzes the basic rationale of holiday time off as being in fact earned by the Government employee in lieu of a wage increase and to deny holiday pay if the holiday falls on a Saturday, is a denial of the wage increase agreed to. The Congress established eight legal holidays and provided that the Government employee shall receive the same pay for such days as for days in which an ordinary day's work is performed, though the Government employee is relieved from work on the eight holidays. The Congress has guaranteed the eight holidays to the Government employees in principle but as a matter of practice, this guarantee has not operated with reference to holidays that fall on a Saturday. H.R. 5752 will insure that the eight holidays in fact will be guaranteed for all time in the future for Government employees and the Government employees will not be denied this holiday benefit by the fortuitous swing of the calendar.

The guaranteed holiday as indicated above is not revolutionary. It is one firmly recognized by private industry to the extent of 50 percent of the private firms surveyed by the National Industrial Conference Board. The basic question before the House with reference to H.R. 5752 is this. Is the Congress of the United States with reference to the Government employees going to associate itself with the enlightened practice of 50 percent of the private industry firms that now provide Friday off when the holiday occurs on Saturday, or is the Federal Government going to continue to aline itself with the other 50 percent of private industry which does not guarantee the holiday benefit? For myself it would be my earnest hope that the Government of the United States would live up to its responsibility to be a model employer, to provide the most enlightened standards for its employees so as to inspire all employers everywhere to follow the lead of

the Federal Government. We all know that the Federal Government has lagged behind the most enlightened developments in employer-employee relationships. By adopting H.R. 5752 Congress will join that 50 percent of private industry which has led the way, in this particular instance, of guaranteeing holidays to employees to insure that there will be no denial of a wage increase which the holiday benefit in essence represents. I urge the Committee of the Whole House to report out 5752 and I urge the House of Representatives to pass this bill.

Mr. OLIVER. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Maine.

Mr. OLIVER. I would like to commend the gentleman from Maryland for the tremendous job he has done in protection of the Federal employees over this Nation. I would like to ask a question. There has been a great deal said here about the Executive order of the President taking effect on July 3, this week. Is it not true that that only provides for compensatory time, it does not give any premium pay?

Mr. FOLEY. The gentleman is correct. The last section of the Executive order specifically excludes and prohibits payment of anything for overtime.

Mr. OLIVER. The Federal employees would not have the full impact of what they are entitled to unless this bill were put into effect?

Mr. FOLEY. That is correct.

Mr. OLIVER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. OLIVER. Mr. Chairman, I rise to urge that the House approve H.R. 5752, the bill to insure that Federal employees will receive the holiday benefits intended for them by law.

I emphasize that H.R. 5752 would grant no additional holidays. It merely insures that each employee will actually receive the benefit of the eight holidays which the law already provides.

One of the arguments used by opponents of H.R. 5752 is that after July 4, 1959, there will be no holiday falling on Saturday until Veterans' Day in 1961. Therefore, we should brush this bill under the rug. This approach does not reach the basic problems.

For one thing, employees subject to the Classification Act lose a holiday whenever it falls on the first of their 2 scheduled weekly days of rest. By regulation it is determined that such a day is the equivalent of Saturday and that no holiday benefits can be allowed. Under such regulations every holiday is a Saturday for some discriminated-against Government employees.

Another basic reason for enacting this holiday bill is that existing injustices, now being experienced by hundreds of thousands of Government employees, will be rectified. For example, employees whose workweek runs from Monday through Saturday get full allowance for the eight legal holidays recognized by our Government. But those thousands whose workweek runs from Thursday through Monday and whose Saturdays and Sundays are considered to be on Tuesday and Wednesday do not get legal holiday benefits when the holiday falls on Tuesday, which is considered to be their Saturday. This bill will cure that injustice just as it cures the employee who works from Monday through Friday and does not get benefits when the holiday falls on Saturday.

It is commonly thought that all governmental employees benefit alike from eight legal holidays each year. This is not the fact unless this bill is enacted. Many are losing the benefits of one or two legal holidays each year, while others are getting the full benefit of eight such holidays.

A third reason to act favorably today on H.R. 5752 is that the Executive order of the President does not actually afford full holiday benefits for July Fourth. The order merely provides that Federal employees will be excused from duty on July 3.

Although all post-office employees are not fortunate enough to receive premium pay for holiday service, some Federal employees are allowed overtime for work on such days. The Executive order clearly directs that there will be no additional holiday, overtime, or premium pay as a result of the order.

The Postal Bulletin is the medium by which official postal directives are made public. In the issue for June 18, under the heading "Service on July 3, 1959," the Post Office lists no less than seven general groups of people who are excluded from any premium benefits of the President's order. Could there be clearer official acknowledgement that the job of providing an answer even to the holiday of July Fourth alone is only partially accomplished by the Executive order?

Issuance of the Executive order does have the virtue of demolishing the administration's arguments against H.R. 5752.

If it is proper for partial holiday observance to be given Independence Day on July 3, then observance should have been given to Memorial Day on May 29.

We were told that if holiday privileges were extended for Memorial Day a supplemental 1959 appropriation would have been needed to cover the cost. Now we find that agencies are instructed to absorb the cost of the July 3 holiday. This is almost as inconsistent as one can get.

Mr. Chairman, the administration has now conceded the invalid nature of its position. All of the points that have been made emphasize the need once and for all to solve the holiday benefits controversy by approval today of H.R. 5752 and by its enactment into law.

It seems to me, Mr. Chairman, that common equity and simple justice demand favorable action on this bill. I urge its passage by an overwhelming majority vote.

Mr. REES of Kansas. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I join with my distinguished colleague from Georgia [Mr. DAVIS] in paying my respects to the chairman of the Committee on the Post Office and Civil Service, the gentleman from Tennessee [Mr. MURRAY], and the ranking minority member, the gentleman from Kansas [Mr. REES]. But unlike the two gentlemen I am for this bill. I voted for it in committee and I propose to vote for it today. I voted for it in committee because I thought that we ought to remove the inequities that exist when the President of the United States takes action such as he did with respect to the Fourth of July holiday.

I would call attention to the language in the report to which I subscribe, and the distinguished chairman and ranking minority member originally approved this language in the report, which reads as follows:

> This legislation does not establish any new or additional legal holidays. It does not give any Federal employee any right, privilege, or benefit not clearly intended under existing law. It will cause no interference or delay in the operations or services of any Government department or agency. The bill merely closes a gap in the law which has continued largely due to oversight—

And so forth.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Is there a general granting of a holiday on a Friday before a Saturday holiday? Does the gentleman believe it is going to be possible to maintain the operations of Government offices or does he favor closing the offices and thereby interrupting the service?

Mr. GROSS. If I thought this was going to disrupt the Government, and I was opposed to the designation of Friday as a holiday, as the gentleman indicates he is, I believe I would offer a resolution and give Congress the opportunity to rescind the President's Executive order creating a holiday. The President has set the stage for this, you know.

Mr. JOHANSEN. Mr. Chairman, if the gentleman will yield further, let me revise the question. Would the gentleman agree with the provision in the bill in the other body calling for the closing of all public offices on a Friday preceding a Saturday holiday?

Mr. GROSS. The gentleman is speaking about some bill in the other body?

Mr. JOHANSEN. I am referring to the fact that the bill in the other body categorically calls for that provision.

Mr. GROSS. I am not acquainted with the bill in the other body. I am dealing with legislation presently before the House.

Mr. JOHANSEN. If there is an amendment offered to close all offices on Friday before a Saturday holiday, would the gentleman oppose that?

Mr. GROSS. I would oppose it, particularly with reference to the postal service. I do not believe the postal service should be suspended completely on any business day.

Mr. JOHANSEN. I was sure the gentleman would feel that way.

Mr. GROSS. But I certainly think all employees should have equal compensation, in time off or pay, for the time that they are called upon to work on those days, and none should be penalized by virtue of the fact that a declared holiday does not fall in their regular workweek.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. LESINSKI].

Mr. LESINSKI. In view of the fact that I introduced one of the original bills, H.R. 535, I support this bill on the floor today. In regard to the remarks of the gentleman from Michigan [Mr. JOHANSEN], I concur in the answer given by the gentleman from Iowa [Mr. GROSS], and that is, if this bill, perchance, would close all Government agencies any day during the week, I would be opposed to it.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield to the gentleman from Michigan.

Mr. JOHANSEN. In order to understand the gentleman's position, he means that if there were a provision in this bill closing all Government offices on a Friday which preceded a Saturday holiday, he would oppose it?

Mr. LESINSKI. Right.

Mr. JOHANSEN. Does the gentleman believe that it is going to be possible to have a massive Federal holiday on such a Friday, involving all of the Federal employees, without having virtually that practical result?

Mr. LESINSKI. The gentleman knows that they can reschedule the work and they can put substitutes or pay an additional day's wages to regulars in the post office to keep the work going.

Mr. JOHANSEN. But would not the gentleman agree that that would be possible?

Mr. LESINSKI. Stating it categorically, if it did interfere with the operation of the Government, I would be opposed to the bill, but it will not, and therefore that is the answer.

There was some talk here about there being no haste in the consideration of this bill and that it should not be considered at this time. I think the important thing is that it should be considered because of the Presidential order. Why should the President be burdened with that thought in mind about a certain holiday? The action today will once and for all forestall any other consideration by the Committee and get the problem settled once and for all so that the President shall not have to waste his time on the matter of holidays for Federal employees. Therefore, I urge that the House pass H.R. 5752.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, I desire to join the gentleman from Michigan in support of this bill.

I intend to support this bill because I believe that the employees of our Nation are entitled to their holidays, and I believe that this principle ought to hold true whether these holidays fall on a Sunday or on a Saturday.

At the same time there has been considerable talk today with regard to certain inequities in our present holiday procedure and so-called "floating" holidays. Certainly as our calendar is now constituted and as our holidays are now determined, coming up each year on different days of the week, these inequities are bound to continue to exist, not only in the Government but in private industry as well.

In my judgment the only sure way to eliminate these inequities and "floating" holidays is to revise our calendar to make sure that all of our national legal holidays, except those with special religious significance, are observed on a Monday, just as Labor Day is presently observed, rather than on some specific calendar date with all the inequitable results now so obvious to all of us.

In this way not only would the inequities to which this bill is specifically addressed be eliminated, but the observances of our national legal holidays in the future would make it possible for families to enjoy a full weekend of recreational activity. This result would be better for our own enjoyment. It would improve our business planning. And it would eliminate the disruption to business that always occurs whenever a holiday falls in the middle of the week instead of near the weekend.

While I intend, as I say, to support this bill, I am also introducing legislation to change the observance of all of our legal holidays, except Christmas, New Year's, and Thanksgiving, to a Monday in lieu of the specific calendar dates now designated. Under my bill Washington's Birthday will be observed on the third Monday in February, Memorial Day on the last Monday in May, Independence Day on the first Monday in July, and Veterans' Day on the second Monday in November. I hope Members of the House will support my legislation, as well as this temporary bill being considered today.

Mr. REES of Kansas. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. WALLHAUSER].

Mr. WALLHAUSER. Mr. Chairman, I rise in support of H.R. 5752.

I am persuaded that there is a gap in the law which has continued, largely due to oversight, that must be closed, in which many, many Federal employees will receive less than the normal amount of legal holidays which they have a right to expect, and which many other Federal workers will receive because of variations in the workweeks.

This legislation does not establish any new, or additional legal holidays, nor give any Federal employee any right, or benefit not clearly intended under existing law. No governmental department or agency will suffer a delay in operations, nor will it interfere in any of the governmental services.

Plainly, it seems to me that it is high time that this inequity should be corrected.

Mr. REES of Kansas. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, I believe this debate has continued long enough now to make it clear to almost all of the Members that all the bill attempts to do is to eliminate existing inequities. It provides that all employees will be treated exactly alike as regards the number of workdays and the number of work hours per year. It provides further—and I think this is one item that may have been omitted—that by making these rules regarding holidays certain that employees can do advance planning for themselves and their families rather than be subject to the whim of the Executive. And that can become very important to people who do not have a great deal of time to plan and to go on trips.

I believe, therefore, Mr. Chairman, that this debate has resolved itself down to the simple issue of whether we want to treat all our employees alike or whether we want to penalize some of them and make them work an occasional day free. That is the matter we are going to vote on, and I certainly urge the membership to vote for equal treatment for all employees.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I am glad to yield to the gentleman.

Mr. JOHANSEN. I wonder if the gentleman would agree that there is still going to be quite an area of administrative decision which may preclude or may hamper the plans for the holiday if, as the gentleman from Michigan, [Mr. LESINSKI], suggested, work schedules are going to have to be so ordered, are going to have to be so planned and so revised with respect to these Friday holidays preceding the Saturday holiday, in order to keep all the functions of the Government unimpaired. In this case how is any employee going to know, until the administrative decision of his superior, whether he gets that day off or not?

Mr. CORBETT. I may say to the gentleman that this does add quite a bit of confusion, but I wonder if the gentleman will agree with me that it will be better for a greater number, and I will agree with him that the administration would have to do a little more administrative work.

Mr. JOHANSEN. Since the greater number are the taxpayers, I cannot entertain that view.

Mr. CORBETT. Will the gentleman, who has raised the question of cost so often, please answer this? Under the present arrangement who pays for the additional time worked? Is it not the employee?

Mr. JOHANSEN. Of course, I do not accept the premise that there is additional time worked. The facts of the matter are, as they have been repeatedly stated here, that the original intention of the holiday bill was to see to it that if an employee worked on a holiday he was paid for it.

Mr. CORBETT. And we are trying to make that apply to everybody equally now.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, we are all greatly concerned with trying to do

something to help the people who need help. Last year most of us felt that Government employees needed a pay raise. I voted for the pay raise. I felt that it would help people who needed it. Today the advocates of this legislation base their proposal on the theory that those working for the Federal Government are entitled to have some kind of relief. I am not sure just how they propose to give this relief or aid, because they do not propose to increase the pay which Federal workers are receiving. They just propose for the Government to get less in return.

A man working for the Federal Government is going to wind up with exactly the same amount of money to take home after a week of these holidays after the passage of this bill as he would now get. True he will have contributed a little less to the Government. True he will have a little more time to spend his money, but he will not be making any more money. The pay for the workers is going to be the same. Bear that in mind.

A man is going to work 4 or 5 days a week. If his pay is $75 a week he is going to get the same $75 whether he works 4 days or 5 days. So his living standard is not going up. But it is going to cost the U.S. Government a very substantial amount of money. Nobody knows exactly how much the increased cost is going to be. The estimates are from $6 to $40 million each holiday, and I think the $40 million is much more nearly the correct figure. I think at least we might all agree that it will cost the Government more money than it would have cost had we on yesterday accepted the Senate proposal to eliminate the tax on communications. In other words, yesterday we were told that we could not afford to let our people use telephones without taxing them 10 percent because the Government is hard pressed for money. And I agree that it is hard pressed, although I sought to eliminate the telephone tax. But today we decide that we can well afford to pay for an extra day's work not only before each holiday, but remember that a great proportion of Federal employees are on a sort of staggered week schedule. If they do not get Saturday and Sunday off, they now get some other days.

Now they are going to get a day off preceding the day that they do not work regardless of what day of the week it is. There seems to be some disagreement as to whether we are to simply have less Federal service every day before any holiday and a complete breakdown of Federal service on Friday before a Saturday holiday, or whether the Government is going to employ extra inexperienced help to carry on. Of course, as was suggested here a while ago, you can close up the Government agencies and do without Federal services. On the other hand if you do not want your mail delivered on Friday, and if you do not want the Government offices to operate but 4 days a week, of course, you can operate this without so much expense. But, if you want these Government services rendering service to you 5 days a week, then you must accept the burden of the additional cost. But, that is only the start.

You know and I know that you cannot adopt this policy for the Federal Government without it being adopted by private industry any more than you can make the Mississippi River run up past St. Paul and flow on into Canada. You know and I know that this is setting the policy for industry all over the United States. You know and I know that we have not faced a more inflationary bill in years than this bill which is presently before us. This is a bill which does not do anybody any good. This is a bill which does not add one dollar to the income of the Federal workers. This is not a pay raise. This is just a way of wasting Federal money.

Those of you who like to talk about saving Federal money—just think this one over. This is the most adroit method of wasting Federal money that has yet been devised. Those of you who have been concerned about inflation, and I know that you are, just as I have been, concerned about inflation—you just think about this proposition. Not one dollar of new goods or new services is created by this bill—not one. Can you think of a better method of creating inflation than to require the payment of additional funds without producing one single bit of new goods or new services? That is pure inflation, my friends. That is pure 100 percent inflation and it is going to make everybody's living costs more than they are today.

It is going to take away from the Federal workers the very improved living standards which we would like to give them. Do not tell me that this bill is calculated to do something for your Federal workers. It is going to do something to your Federal workers and what it will do will not be good.

It is going to do something to everybody else in the United States. It is going to do something to you as a taxpayer—something that you do not like. But, more than that it is going to do something to you as a consumer—something that you do not like. It is going to increase the cost of living. It is going to make your taxes higher. It is going to make your dollar buy less. It is not going to do anybody any good.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. JOHANSEN. I would like to commend the gentleman for his very forthright and accurate statement. I would just ask the gentleman one question. If, as it now appears probable, at least in the House judging from the vote that has just been taken on the rule, does the gentleman suppose that if this bill passes this is the end of the matter in the way of additional such expectations?

Mr. POAGE. Of course, it is not the end of the matter. These things are always followed by further demands. Once this demand is granted—and I heard the vote also and I know how this thing is going to go. I heard the vote but it did not change my views. What is going to happen? I know what is going to happen and you know what is going to happen. The first thing that is going to happen, and it must happen and it is bound to happen—when the Federal Government sets this example, then all private industry must necessarily follow it, and they will follow it and we will have a real and very substantial inflation throughout this country. We are not simply dealing with Federal employees. We are knowingly setting a policy which must be followed in private employment. And there is where we will see real inflation.

The thing that is going to happen, and it is bound to happen as soon as private industry has accepted this is that we will heed demands to extend the idea to private holidays—birthdays, wedding anniversaries, etc. They are going to say, "If perchance I had a child which was born on Friday, then I must have Thursday off as a holiday to properly celebrate the child's birthday." They are going to say, "If perchance my family wants to have a picnic on Wednesday, then I must have Tuesday off as a holiday."

You know and I know that not only will such holidays be costly but the disruption of Federal services and then private service, will be far more costly. Do you now get your mail when it should ordinarily be delivered, on the day that the substitute delivers it? When you have substitutes delivering on most of the days, you just are not going to get any mail.

Mr. KARTH. Mr. Chairman, I rise in support of H.R. 5752 which would at long last grant to Federal civilian employees one of the benefits that enlightened American private enterprise and progressive unions have achieved through collective bargaining—a fixed quota of days in which workers can commemorate with their families the great events of our heritage.

Mr. Chairman, for many years Government was looked to as an example of an enlightened employer who was in the forefront in granting what are now termed "fringe benefits." In recent years, I am sorry to say, Government has fallen behind in the role of a good boss.

H.R. 5752, which would allow Federal civilian employees a Friday holiday when a usual holiday falls on Saturday is a long needed first step to catching up with the benefits of well-established union-industry contracts. I hope in the very near future an additional much-needed benefit, health insurance for Federal civilian employees, will come up and be approved by the Congress and the administration.

At this time I consider it a privilege to urge the adoption of H.R. 5752.

Mr. REES of Kansas. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BALDWIN].

Mr. BALDWIN. Mr. Chairman, I rise in support of H.R. 5752. It seems to me we recognized the principle involved in this bill several years ago when Executive Order 10358 was issued in 1952. That stated that if a holiday fell on Sunday the employees would be given Monday off as the holiday.

We are simply making the principle consistent when we pass this bill today to provide the same procedure to be followed where the holiday falls on a Saturday.

The gentleman from Texas has stated that this bill would not do anything for anyone and would be a waste of public funds. Actually it seems to me that we should recognize the fact that if we grant our 2 million Federal employees eight holidays per year it would do a great deal of good. They are entitled to these holidays as days when they can be with their families and use the days for recreational purposes or any purpose they desire. The morale of those 2 million employees is the most important single factor governing us in establishing this principle.

The argument was made earlier in the debate that we should not pass this bill because there is going to be but one more Saturday holiday in the next 4 years. However, the principle is the thing that is important. If the principle is right we should pass this bill. It was recognized by the very gentleman who made this argument that the principle was right just a month ago. If the principle was right then, certainly it must be right today, and the Congress should eliminate any doubt about the principle involved when a holiday falls on Saturday.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. BALDWIN. I yield.

Mr. FOLEY. The report on this bill on page 10 shows that in 19 of the years there would be one holiday falling on Saturdays, in five of the years two holidays, and in two of the years three holidays. In 14 of the years there would be no holidays. But I want to point out and make it very clear that it is not a matter of the next 4 years we are thinking about, but the next 40 and beyond.

Mr. BALDWIN. I agree with the gentleman.

Mr. REES of Kansas. Mr. Chairman, I yield myself such time as I may require

Mr. Chairman, this legislation has reached a place where it is a sort of "much ado" about nothing. What I mean to say is we are approving legislation that has already been cared for by Executive order. I remind you, too, that there would have been no holiday for Government workers as they requested except by Executive order.

The chairman and I, at the request of leaders of Government employees, asked the President to issue the Executive order. We were told that it appeared a rule on the bill was not forthcoming. It seems rather strange that, although we appeared before the Rules Committee and asked for a rule on this legislation, nothing was done until after the Executive order was requested.

Let me make it clear—I am not objecting to the legislation. In fact, I support the intent and purpose of the bill. I simply state, in view of the circumstances, we should agree to let the committee take another look at it. I remind you again, in view of the Executive order, it will be effective only once in the next 5 years.

Somebody has spoken about the great loyalty of the Government employees. I think you will find that the chairman of this committee, together with myself, putting all things together, have been just about as loyal as anybody else in holding hearings, attending hearings, and bringing legislation to the floor and getting it through the House.

Mr. MURRAY. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon [Mr. PORTER].

Mr. PORTER. Mr. Chairman, I support the pending legislation. I disagree with the gentleman from Kansas. You will be doing a great deal if you vote this legislation out because you will be making the law fair as among Government workers and as between Government workers and private workers.

I call your attention to pages 12 and 13 of the hearings where Mr. Hughes, Assistant Legislative Director of the Bureau of the Budget, was testifying.

I asked Mr. Hughes: There are 8 holidays in a year?

He said, "Yes." I said, "And as the situation is now, some Government employees get paid for them and some do not, is that correct?"

"Yes," said Mr. Hughes, in effect.

Then I said: "But the answer to my question is that some employees get eight holidays a year and get paid for them and some do not?"

He said, "That is right."

Then on page 13 the question arose as to the situation as between Government employees and private industry employees. I asked him: "Have you made a study of what the comparable practices are in private industry?"

He said, "I am generally familiar with, I believe it is the National Industrial Conference Board data, which indicates that something approximating a half of the industry surveyed by this group did provide a Friday holiday under the circumstances that we are discussing."

Then I asked him: "Are you familiar with union contracts on this?"

He said, "No, sir; I am not."

I said: "In other words, whether this is equitable in terms of what is being done in private industry, you are really not prepared to testify to?"

Mr. Hughes said: "Not in any detail. I understand there is roughly a 50–50 kind of relationship, at least in the data I have seen."

I submit we want to be with the top 50 percent and that the top 50 percent of industry today has this policy as to holidays. It seems that is the better practice and we should put this better practice into law. It is the fair thing to do.

Mr. MURRAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have stated my views rather fully in opposition to this legislation in discussion of the rule. I am strongly opposed to the bill. I see no necessity for it and I think it is a waste of the time of the House to consider it today because, in my opinion, it will never become law.

As I explained to the committee while we were discussing the rule, the Executive order giving employees a day off because of the Fourth of July falling on Saturday this year came at the request of the gentleman from Kansas [Mr. REES] and myself. I feel sure that were it not for the fact we urged the President to issue the order, the Federal employees would not have had the holiday on Friday before July 4.

Now, I think this matter of giving time off to employees on days before holidays in the future should be determined by Executive order if feasible and advisable and I see absolutely no necessity for this legislation at this time. Of course, I realize fully the sentiment of the House. The great majority of the Members are in favor of this legislation. They have a perfect right to their position, but I beg leave to differ with them. I say this: I have always tried to be fair to the Federal employees, even though sometimes I tell them that their demands are unreasonable. And, I will always be fair to them as long as I have the honor of being chairman of the House Post Office and Civil Service Committee.

Now, I regret that so much time has been taken up with this legislation, which, in my opinion, will never become law. I hope that my remarks in opposition to this bill will be understood by the House, because I know the legislation will be approved overwhelmingly and I realize fully that my views in any extended discussion will not change the prevailing sentiment of the Members of the House in favor of this bill.

The CHAIRMAN. All time has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of provisions of law relating to pay and leave of absence of civilian officers and employees in or under the Government of the United States, with respect to New Year's Day (January 1), Washington's Birthday (February 22), Memorial Day (May 30), Independence Day (July 4), Veterans Day (November 11), Christmas Day (December 25), or any other day declared to be a holiday by Federal statute or Executive order, the following rules shall apply:

(1) If any such day shall occur on a Saturday, the day immediately preceding such Saturday shall be held and considered to be a legal public holiday for such officers and employees whose basic workweek is Monday through Friday, in lieu of such day which so occurs on such Saturday.

(2) If any such day shall occur on a regular weekly nonworkday of any officer or employee whose basic workweek is other than Monday through Friday (except the regular weekly nonworkday administratively scheduled for such officer or employee in lieu of Sunday) the day immediately preceding such regular weekly nonworkday shall be held and considered to be a legal public holiday for such officer or employee in lieu of such day which so occurs on such regular weekly nonworkday.

With the following committee amendments:

Page 2, strike out lines 3 to 8 and insert:

"(1) If any such day shall occur on a Saturday, the day immediately preceding such Saturday shall be held and considered to be a legal public holiday, in lieu of such day which so occurs on such Saturday, (A) for such officers and employeees whose basic workweek is Monday through Friday, and (B) for the purposes of section 205(d) of the Annual and Sick Leave Act of 1951 (65 Stat. 681), as amended (5 U.S.C. 2064(d))."

Page 2, line 22, strike out "day" and insert "workday."

The committee amendments were agreed to.

Mr. JOHANSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHANSEN: After the word "That" on page 1, line 3, of the bill insert the words "whenever a holiday falls on a Saturday, Federal offices and establishments shall be closed to public business on the preceding Friday, and that."

Mr. JOHANSEN. Mr. Chairman, I observed during the debate on this rule that this was a comedy of contradictions. I want to join in the comedy, and I offer in complete good faith an amendment to this bill to make it an honest bill. The import of this bill—which it now appears obvious is going to pass this House—is to create with respect to employees' benefits a holiday for all Federal employees on all Fridays preceding a Saturday holiday.

Now, I cannot conceive of the possibility of providing such a blanket feature without the result either that the employees are going to be laid off work and idled on that Friday or that they are going to be paid double time for working on that holiday. I cannot conceive of this bill having any effect other than to completely disrupt the operation of the Government services on such a Friday or to create the necessity of unconscionable overtime payments, unconscionable in terms of the volume that is going to have to be paid.

Now, I would like to direct attention to the Executive order of the President that was issued on June 12. You will note that, taking cognizance of the problem that exists with respect to declaring a nonworkday or an excused day, the President said specifically:

This order shall not be construed as excusing from duty those employees of the Department of State, the Department of Defense, or other departments, establishments, or agencies who for national security or other public reasons should, in the judgment of the respective heads thereof, be at their posts on this particular holiday.

He is referring, of course, here to Friday, July 3.

Now, certainly the only forthright and realistic way of dealing with this thing, if you are determined they are going to go through with it, is to recognize the fact that you are either going to shut up shop or pay a tremendous amount of overtime, one or the other. So, let us be honest with ourselves, let us be honest with the employees, let us be honest with the people and tell them that we are closing up shop except in those extreme emergencies where it is necessary to maintain skeleton standby personnel and let us just quit kidding everybody.

Mr. CORBETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I never doubt the sincerity of the gentleman from Michigan [Mr. JOHANSEN]. And I know how definitely he is opposed to this bill. I therefore do believe that by accident he has devised a way to build into the bill a veto certain because, if we by legislative action here declare that all agencies of the Government have to close on all Fridays prior to any Saturdays that are holidays, it means for example that despite any defense problems, despite the need of getting out the mail, all that work would have to stop, and therefore the President, as Chief Executive, would have to veto this bill.

If we believe in the principle of this bill and if we would like to see it enacted as many of us would, then we have to defeat this amendment or we will guarantee that the bill will never become law.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield to the gentleman.

Mr. JOHANSEN. Let me say first of all that I am not privy to any special knowledge, but I am rather certain that you do not need this amendment to have the assurance of a veto. But let me say further that this provision with respect to closing public offices is no different and no more sweeping than with respect to any other presently constituted public legal holiday. It is as much and no less, and in view of the fact that you are going to give everybody a holiday anyway, why not be realistic about it?

Mr. CORBETT. Mr. Chairman, I cannot yield any further, for it would look as though I were for the amendment.

Mr. JOHANSEN. That would be fine.

Mr. CORBETT. I am simply urging the committee to defeat this amendment in the hope that we may have this law established.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield to the gentleman.

Mr. DAVIS of Georgia. Mr. Chairman, I would like to say that I join the distinguished gentleman from Pennsylvania [Mr. CORBETT] in opposing this amendment. If this amendment were adopted, it would create so much confusion it would simply ruin the purpose of the bill in its entirety.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. JOHANSEN. May I ask my distinguished and very favorite friend from Georgia whether it would create any more confusion with respect to a Friday holiday prior to a Saturday holiday than the same provision does with respect to regular public legal holidays?

Mr. DAVIS of Georgia. I certainly think it would.

Mr. CORBETT. Mr. Chairman, I would like to ask the gentleman one question. If his amendment should prevail, would that induce him to vote for passage of the bill?

Mr. JOHANSEN. Of course, it would not. But all I am trying to do is have my colleagues be realistic and honest about it.

Mr. MORRISON. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. MORRISON. Mr. Chairman, I would like to make one correction. It was stated that there have not been any hearings on S. 909, which is a companion bill in the other body. There were Senate hearings on April 24 by the chairman of the subcommittee, Senator YARBOROUGH.

Mr. Chairman, also I would like to maintain the position taken by my distinguished colleague from Pennsylvania [Mr. CORBETT]. This amendment is ridiculous. All it tries to do is to scuttle the bill. I urge that it be voted down.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield for a question?

Mr. CORBETT. I yield.

Mr. JOHANSEN. I should like to direct a question to the gentleman from Louisiana as to whether this ridiculous provision of this ridiculous amendment is not the identical wording of the bill in the other body on which the gentleman had just stated there have been hearings?

Mr. MORRISON. I do not know about the hearings in the other body; but if you want to close up all the post offices on Friday, you know that you are in a ridiculous position.

Mr. JOHANSEN. The gentleman has put me in some very distinguished company, I will say.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. JOHANSEN].

The question was taken; and on a division (demanded by Mr. JOHANSEN) there were—ayes 16, noes 85.

So the amendment was rejected.

Mr. CEDERBERG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CEDERBERG: On page 2, strike out line 1 and all that follows down through line 8 on page 3, and insert in lieu thereof the following: "holiday by Federal statute or Executive order, if any such day shall occur on a Saturday, the day immediately preceding such Saturday shall be held and considered to be a legal public holiday in lieu of such day which so occurs on such Saturday (a) for such officers and employees as are assigned to tours of duty in which such Saturday is a regular nonworkday and (b) for the purposes of section 205(d) of the Annual and Sick Leave Act of 1951 (65 Stat. 681), as amended (5 U.S.C. 2064(d))."

Mr. CEDERBERG. Mr. Chairman, the purpose of this amendment is simply to do this: In the Executive Order 10358, dated June 9, 1952, there are prescribed the general regulations for the observance of holidays by Government departments and agencies. Section 3 of the Executive order pertinent to this legislation is as follows:

Section 3 says whenever a holiday falls on Sunday, Federal offices and establishments shall be closed to business on the following Monday.

My amendment simply says whenever a holiday falls on Saturday, Federal offices and establishments shall be closed to business on the previous Friday.

It does away with some of the other questionable matters in this legislation.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. BROYHILL. How does the amendment offered by the gentleman

differ from the committee amendment or from the provisions of the bill, as reported to the House?

Mr. CEDERBERG. The bill, as reported by the committee, on page 2, has to do with other regular weekly nonwork days of any office, employee, and so forth, and its strikes that out.

Mr. BROYHILL. That is the reason I asked the gentleman the question. The purpose of the pending bill is to make these holidays uniform for all employees and to eliminate existing inequities. What the gentleman's amendment does is to provide a Friday holiday for the Monday through Friday employees where it occurs on Saturday. But the employees who work odd weeks, let us say from Thursday through Monday, they would not get a holiday if the holiday fell on Tuesday or Wednesday of that week.

Mr. CEDERBERG. It is my understanding that an employee, let us say, who has days off other than Saturday or Sunday if the holiday falls on one of those days, he would get a previous day off, and if he is required to work, he would get double time.

Mr. BROYHILL. And the gentleman's amendment would prohibit that?

Mr. CEDERBERG. My amendment simply says if a legal holiday falls on Saturday Federal offices and establishments shall be closed to business on Friday.

Mr. BROYHILL. As I understand the gentleman's amendment, it would eliminate some of the inequities which now exist whereas the bill reported by the committee eliminates all of the inequities, and the gentleman is just going part of the way.

Mr. CEDERBERG. I might say to the gentleman, I would support this legislation, if my amendment is adopted.

Mr. BROYHILL. I hope the gentleman's amendment will be defeated.

Mr. CORBETT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment, as the gentleman from Michigan just pointed out, would go part way toward correcting the inequities which presently exist and which the bill is designed to eliminate to the greatest possible extent. Likewise, because of the language being stricken out, the effect of the amendment, as proposed, would leave us in somewhat of a confused situation legislatively. The matter never having been considered in committee, Mr. Chairman, I recommend strongly to the Members of this Committee that the amendment be defeated. Certainly, the amendment would not be bad in itself if there were not better language and a better bill already written.

Mr. MORRISON. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. MORRISON. This is just another case of a proposition that should have been taken up in the committee, but was not. It should not be adopted now. As a matter of fact, it hurts the bill.

Mr. CORBETT. It reduces the remedy for the inequities which we are trying to eliminate.

Mr. MORRISON. It should have been taken up in committee.

Mr. CORBETT. Yes.

Mr. CEDERBERG. The gentleman knows I am no longer a member of the Post Office and Civil Service Committee.

Mr. MORRISON. It also includes the intent of the amendment that was offered by the gentleman from Michigan [Mr. JOHANSEN], which we just voted down, in that it relates to the Friday preceding a Saturday holiday.

Mr. CEDERBERG. Just like the amendment for Monday if the holiday falls on Sunday. That was the intent of the amendment offered by the gentleman from Michigan.

Mr. CORBETT. Mr. Chairman, just in conclusion this is one of those situations where he is proposing to substitute half a loaf for the full loaf.

I hope the amendment will be defeated.

Mr. JOHANSEN. Mr. Chairman, I move to strike out the last word and rise in support of the amendment.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. JOHANSEN. I yield.

Mr. MURRAY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. JOHANSEN. Mr. Chairman, I support the amendment for two reasons: First, because it makes the same provision with respect to a Friday holiday in lieu of a Saturday holiday as exists for a Monday holiday in lieu of a Sunday holiday. The gentleman from Michigan [Mr. CEDERBERG], is being completely realistic.

The second reason I take this time, is to call attention of the House to a long-forgotten fact: Once upon a time it was good sound policy that whenever a holiday fell on a normal working day an employee would get paid even if he did not work. The simple elemental justice of that was that there was no reason why he should be deprived of a normal day's pay because it was a holiday coming in his normal workweek. At the same time it was provided that if he was required to inconvenience himself because of separation from his family or deprivation because of having to work on such a holiday he drew premium pay. Those were sound policies.

The thing that we are doing here is a far departure from such principles.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CEDERBERG].

The amendment was rejected.

The Clerk read as follows:

SEC. 2. This Act shall not apply to any officer or employee whose basic workweek is Monday through Saturday.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Page 3, line 3, strike out "This Act" and insert in lieu thereof: "The first section of this Act, except clause (B) of paragraph (1) of such section,".

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 3, after line 6, add a new section as follows:

"SEC. 3. The preceding sections of this Act shall take effect on July 1, 1959."

The committee amendment was agreed to.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5752) to provide for absence from duty by civilian officers and employees of the Government on certain days, and for other purposes, pursuant to House Resolution 294, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. JOHANSEN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. JOHANSEN. I am.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. JOHANSEN moves that the bill be recommitted to the Committee on the Post Office and Civil Service.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

CONTESTED ELECTION CASE OF MAHONEY v. SMITH

The SPEAKER laid before the House the following communication from the Clerk of the House which was read and referred to the Committee on House Administration and ordered to be printed:

JUNE 30, 1959.

The Honorable the SPEAKER,
House of Representatives.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives from the Sixth Congressional District of the State of Kansas, Elmo J. Mahoney versus Wint Smith, notice of which has been filed in the office of the Clerk of the House; and also

transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases," the Clerk has opened and printed the testimony in the above case, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed together with notice of contest, and the answer thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on House Administration.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant, and the same number to the contestee, which together with the briefs of the parties, when received, will be laid before the Committee on House Administration, to which the case shall be referred.

Very truly yours,

RALPH ROBERTS,
Clerk, U.S. House of Representatives.

EXTENDING RENEGOTIATION ACT

Mr. THORNBERRY. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. MILLS] for the purpose of making a unanimous-consent request.

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill, H.R. 7086, extending the Renegotiation Act.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

MEMBER BANK RESERVE REQUIREMENT

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 289.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city". After general debate, which shall be confined to the bill, and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. THORNBERRY. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Ohio [Mr. BROWN], and at this time I yield myself such time as I might require.

Mr. Speaker, House Resolution 289 makes in order the consideration of S. 1120, which would amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central Reserve city." The resolution provides for an open rule with 3 hours of general debate.

According to the report of the majority of the Committee on Banking and Currency, S. 1120, as reported to the House, makes three changes in the law relating to the reserves of Federal Reserve member banks must maintain against their demand deposits.

The report summarizes these changes as follows:

First, the bill authorizes the Federal Reserve Board to treat vault cash as reserves. This amendment will take effect upon enactment of the bill. The Board testified before the committee that it would put this change into effect gradually so as to avoid the disturbing effect upon our economy that would result from suddenly increasing reserves by the $2 billion now held in vault cash.

Second, the bill provides for gradually eliminating the "central Reserve city" classification, so as to divide all member banks into two classifications: Reserve city banks and country banks. The Board would be given 3 years to make the necessary adjustments to eliminate this classification. During the 3 years in which the "central Reserve city" classification continues, the statutory floor and ceiling on reserve requirements for these cities would be 10 percent and 20 percent, the same as for Reserve cities. During these 3 years, the Board would have authority to continue higher requirements for New York and Chicago banks than for Reserve city banks. But after the expiration of 3 years, New York and Chicago will be treated the same as other Reserve cities.

Third, the Board's authority to allow individual banks in central Reserve cities and Reserve cities to carry lower reserves is broadened. This authority is now limited to banks geographically situated in outlying districts of cities. The bill would allow adjustments according to the nature of the bank's business, rather than according to where the bank is located physically.

Also appearing before the Committee on Rules and opposing this bill was my distinguished colleague from Texas, the Honorable WRIGHT PATMAN. In his appearance before the Committee on Rules he vigorously pointed out his objections to the bill. He also pointed out that in his opinion the main evil of the bill could be corrected by a simple amendment which in his opinion will immediately reduce the Federal debt by $15 billion.

The Committee on Rules felt that the gentleman from Texas [Mr. PATMAN] should have ample time on the floor to present his reasons and therefore allowed an extra hour for general debate, for the purpose of allowing him this time.

In order that the bill may be considered on the floor of the House, I urge the adoption of this resolution.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, as the gentleman from Texas [Mr. THORNBERRY] a member of the Rules Committee, has ably explained, House Resolution 289 makes in order under an open rule with 3 hours of general debate the consideration of the bill S. 1120, which is a bill to fix certain requirements for member banks—that is, reserve requirements—and has the title "To amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification 'central reserve city'."

Now, as this bill was presented before the Rules Committee, it was understood that the measure made three changes only in present laws relating to the reserves that Federal Reserve banks must maintain against their demand deposits.

No. 1, to authorize the Federal Reserve Board to treat vault cash as a reserve. Actually and in fact cash holdings are reserves because they are valuable assets.

No. 2, it provides for gradually eliminating the classification of "central reserve city" so as to divide all member banks into two classifications, reserve city banks and country banks and 3 years' time would be given for this change to be made.

No. 3, the Board's authority—that is, the Reserve Board—to allow individual banks in central reserve cities and reserve cities to carry lower reserves is broadened by this measure.

Mr. Speaker, this is a rather highly technical bill in one sense of the word because most of us do not know too much about the banking business. But it was reported out of the Committee on Banking and Currency of this House by I believe a vote—and I hope I may be corrected if I am wrong—of 29 to 1.

Mr. BROWN of Georgia. A vote of 22 to 1.

Mr. BROWN of Ohio. Yes; 22 to 1. The one member of the committee who appeared before the Rules Committee in opposition to the bill was my very good friend and very able Member of this House, the gentleman from Texas [Mr. PATMAN], who opposed the bill in its present form and proposes to submit different amendments or an amendment to the measure. And, because of his interest in this matter and because of the long years that he has devoted to a study of monetary affairs and perhaps—and I hope I am not unfair when I say this—a running battle with the Federal Reserve Board and perhaps the Federal Reserve banks, the Committee on Rules saw fit to lengthen the time granted for the consideration of this bill so that the gentleman from Texas [Mr. PATMAN], might have sufficient time to expound upon his proposed amendment.

Frankly, the other members of the Committee on Banking and Currency

of both political parties appeared before the Committee on Rules in support of this legislation as is, and, as I understood—and I hope I am correct—in opposition to the proposed amendment to be offered by the gentleman from Texas.

Now, the gentleman from Texas conceded the bill would pass when he appeared before the Committee on Rules, but he made quite an address to the committee and quite an argument, I might say, in which he said that this bill was a bond giveaway to the bankers. Now, my good friend, the chairman of the Committee on Rules, the gentleman from Virginia [Mr. SMITH], is recognized, as many of you know, as one of the outstanding bankers of Virginia and perhaps of the Nation. And, you might be interested in knowing that when that statement was made before our committee by the gentleman from Texas, the gentleman from Virginia sort of took cognizance of the statement immediately and evidenced considerable interest and said that he had been missing something throughout all these years and asked how this particular proposal of taking some $15 billion away from the Federal Reserve banks could be done. I confess that after the explanation was made to the Committee on Rules by the gentleman from Texas I am still just as confused as I was before the explanation. I still do not understand it. I am not an expert on banking affairs, as I said a moment ago, but I am aware of the fact, after a rather long business life and some experience in public service, that you never can get anything for nothing. Somehow there is somebody that has got to pay for it, and I have not been convinced by the suggestion made by the gentleman from Texas before the Committee on Rules, and according to the amendment that he placed in the CONGRESSIONAL RECORD the other day, that we are going to be able to just wave a magic wand somehow or other and obtain $15 billion for the benefit of the American people. When we are told that $15 billion of Government debt can be paid off by juggling the books, I know that there must be something wrong about such a situation. If there is not, then I suggest that our great Committee on Ways and Means has greatly misled us all these years in the Congress in bringing to the floor of the House bills to provide tax revenues to pay the debt and to meet the running expenses of the Government. If this other proposition is correct, all we will have to do is to juggle the books and transfer funds and make ourselves wealthy. If we can do that with $15 billion, why not $150 billion or $300 billion, and pay off the national debt and have a surplus left?

At any rate, let me say that there is a great controversy on this particular subject between the members, that is, all of the members, seemingly, of the Committee on Banking and Currency on the one hand, and the gentleman from Texas, who is extremely able, on the other, and who, I want to say very frankly, can make a very good argument. At least, the argument he made was so confusing that I do not know the answer, and I am going to leave it up to some of the members of the Committee on Banking and Currency to answer some of the statements made by the gentleman from Texas on the floor.

Originally, as I got the story, he was going to transfer $25 billion, but $25 billion of reserves were not available. There was only about $18 billion. If you took all of the reserves it would leave somebody in the red $7 billion. Then a later proposal was to transfer $15 billion and leave $3 billion. But those obligations somebody owes and somebody will have to pay, and I am afraid that that somebody is you and I. If we take this money back or take these bonds back and make it a part of the Treasury, I do not know whether we would be printing more paper money and issuing it, or just what. I have heard statements of that kind made, and I am going to listen with a great deal of interest to the remarks of the gentleman from New York [Mr. MULTER], who made a very appealing statement, and it seemed to me to make sense. I did not know he was a banker. I used to know him in the old days as a Brooklyn farmer, but now I understand he is an expert in banking. He has an entirely different point of view on this matter than does the gentleman from Texas [Mr. PATMAN]. So I am not sure just what this amendment means.

The fact is—and I do not want to belabor the point—it seems to me that the proposal is quite inflationary and might lead to more printing press money. I do not know, I am not certain in my own mind; the gentleman from New York may have some idea on that, too—I do not know.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to my friend from New York.

Mr. MULTER. This idea of juggling the books to pay off Government debt is not new. Germany tried it. They did precisely that. They canceled their debts and their obligations, and, as you know, their currency immediately became worthless. Then they established a central bank, on the advice of the Board of Governors of our Federal Reserve System and operated as a central bank should operate, and now they have one of the hardest currencies on the European Continent.

Soviet Russia and the Communist states also juggled their books. So that nobody will take the rubles. "It is not worth a ruble" is a saying just as we had an old saying, "It is not worth a continental."

Juggling books and canceling debts is no different than going into bankruptcy. An individual may take advantage of the Bankruptcy Act and cancel his debts. The Government prints greenbacks or paper money with nothing behind it. It cancels its debts and goes into bankruptcy. It is just that simple.

Mr. BROWN of Ohio. If I recall correctly, the American dollar today is worth only about 47 cents in purchasing power in comparison with what it was worth 19 years ago, back in 1940. Certainly I do not want to do anything, as a Member of Congress, that will further reduce the value of the American dollar or further inflate our currency.

I see present the chairman of the Committee on Ways and Means. A moment ago, before he came in, I said something to the effect that if the position of the gentleman from Texas is correct, if I understand his amendment correctly, we would just take this money out of one place and we would create $15 billion in new money, or eliminate that much of the debt. If that is true then somehow or other the Committee on Ways and Means has been misleading us in having us continue to borrow money when we need it and holding the tax level very high. I just wonder if the Committee on Ways and Means has ever explored this method of paying off the national debt or meeting the running expenses of our Federal Government. If not, I want to recommend that they listen very carefully to the argument that will be made by my good friend from Texas [Mr. PATMAN]. We have a lot of fun discussing these matters. I understand that the amendment will be offered—I am not sure that it will be, but I understand that the amendment will be offered.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. Certainly, I yield to my good friend from Texas. He and I have talked about this before.

Mr. PATMAN. That is right. I want to assure the gentleman that the amendment will be introduced; in fact, two or three amendments will be introduced. May I state that the gentleman tries to make this somewhat of a mystery. There is no mystery to it. It is just like the gentleman taking $1,000 out of his bank account——

Mr. BROWN of Ohio. Mr. Speaker, I do not think we should have the gentleman go into his speech now. I cannot yield further for that purpose.

Mr. PATMAN. The gentleman has yielded to other Members; I thought he would pay me the courtesy of yielding to me.

Mr. BROWN of Ohio. I yield to the gentleman for half a minute, if he wishes.

Mr. PATMAN. If you had a mortgage on your home for $1,000 and you took $1,000 of your own money and paid off the mortgage, the mortgage ought to be canceled. That is all I am asking. The Government has paid this $15 billion once. It should not be required to pay it twice.

Mr. BROWN of Ohio. Respecting the gentleman as I do, and having the deep affection that I have for him, because we have been warm friends throughout the years—we argue about these things quite frequently—it is still a mystery to me how you are going to do it, and it seems to be a mystery to most of the bankers. Certainly, you will have to agree, it is a mystery to all the other members of the committee except yourself because nobody else agreed with you on your committee.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. PATMAN. You know that the full committee did not consider it.

Mr. BROWN of Ohio. Well, some 22 Members did.

Mr. PATMAN. And I was not on the subcommittee.

Mr. BROWN of Ohio. Oh, I see.

Mr. PATMAN. I testified before the subcommittee.

Mr. BROWN of Ohio. Well, I certainly defend your right to do that.

Mr. PATMAN. The subcommittee gave me an hour's time, but they did not explore the matters I brought up. I showed them how it is just as easy to transfer publicly owned securities from one Government agency to another Government agency, and cancel them, as it is to transfer them cost-free to the private banks, that do not own them and have no claim to them. The $25.9 billion of Government securities being held by the Federal Reserve have been paid for once and should not be paid for twice.

Mr. BROWN of Ohio. That is the reason for granting this rule—to give you an opportunity to explain to your fellow members of the committee as well as your fellow Members of the House just how we can get this $15 billion and get ourselves out of debt and how we can save some more money. I understand that my good friend, the gentleman from Texas, has been conducting a sort of school for some of the freshmen Members of Congress on monetary affairs. I have been one of his students for many years and I feel a little hurt that I was not asked to attend the later school, if that is correct. But, if that is true, we are going to give an opportunity here today and tomorrow to the rest of the Members of the House to go to school just as the freshmen Members have under the gentleman's instructions. I think this rule is a very fair one and it shows and demonstrates beyond any peradventure of doubt the affection with which we hold the gentleman from Texas in the Committee on Rules, despite the fact that we do not always agree with his monetary proposals. We still have sufficient affection for him that we have extended the time in this rule so that he will have an opportunity to explain to the full House the amendment or amendments that he proposes to introduce at the proper time.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman briefly.

Mr. PATMAN. I feel very grateful to the gentleman for his kind words and to the Committee on Rules also for giving me this extra time. But the information that the gentleman received to the effect that I have been conducting a school is not correct. I am not qualified to conduct a school.

Mr. BROWN of Ohio. Oh, I would not say that.

Mr. PATMAN. And if I were to attempt to conduct a school, the gentleman from Ohio would be the first one to be invited to attend.

Mr. BROWN of Ohio. That is very fine. I want to say the gentleman is very qualified in many, many ways to be an instructor. He has certainly taught the members of the Committee on Rules a great many lessons in recent years. We have learned a great deal from him through his appearances before our committee. We are always happy to have the gentleman appear before our committee, and we always listen to the gentleman with a great deal of interest, and, I add, admiration at times. We had seen fit to extend the time of this rule in the hope that perhaps you have found that you have the Midas touch and that you have a system and an idea and a method that will help us to solve our great fiscal problems that are confronting this Nation today and that somehow or other we can create these funds that will help us pay off our national debt and that we can save this $15 billion. It would not have even been necessary to increase the debt limit the other day if we had just done it in time. Perhaps, it is a little late, but in any event this rule will give the entire House an opportunity to listen to what I am sure will turn out to be some very illuminating and very interesting debate.

Mr. Speaker, I have no further requests for time.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. BROWN of Georgia. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect to the reserve required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city."

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, S. 1120, with Mr. SMITH of Virginia in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Georgia [Mr. BROWN] will be recognized for 1½ hours and the gentleman from New York [Mr. KILBURN] for 1½ hours.

Mr. PATMAN. Mr. Chairman, will the gentleman from Georgia yield?

Mr. BROWN of Georgia. I yield to the gentleman from Texas.

Mr. PATMAN. Will the gentleman from Georgia and the ranking minority member of the other side yield me in my own right 30 minutes each, as recommended by the Rules Committee?

Mr. BROWN of Georgia. I can speak only for my side. I have 19 Members listed as wanting time, but I yield 30 minutes to the gentleman, one-third of the time we have.

Mr. PATMAN. And will the ranking minority member do likewise? The gentleman heard the member of the Rules Committee presenting the rule state that it was giving 1 hour extra just for my use and in the hope that it would be yielded to me, and also the ranking minority member of the Rules Committee made a similar statement.

Mr. HIESTAND. It is difficult to know what demands will be made on our time.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. BROWN of Ohio. I hope I was not misunderstood. The rule as reported did not fix any such division of time, but rather the statement was made during the course of the debate on the rule that the additional hour was given because of statements made to me by the gentleman and that there might be sufficient time to discuss this legislation on the floor. The actual division of the time rests with the chairman and the ranking minority member of the committee handling the bill.

Mr. PATMAN. That is very true. The gentleman from Georgia has yielded me 30 minutes. I ask the minority to do likewise.

Mr. BROWN of Georgia. I was only representing the minority side as far as the Rules Committee was concerned.

Mr. PATMAN. That is right, but obviously the time was extended one hour in order that it might be yielded to me.

Mr. HIESTAND. I would reply to the gentleman by saying we will be glad to give him some of the time we have. I am presently lining up requests that have been made by Members on our side. I do not want to make any commitment to the gentleman at this particular moment.

Mr. PATMAN. Will the gentleman not recognize that the extra time in the rule was granted that I might have an hour? The gentleman from Georgia has already yielded me 30 minutes.

Mr. HIESTAND. The gentleman from Ohio did not so state it.

Mr. PATMAN. The gentleman who submitted the rule, Mr. THORNBERRY, said it.

Mr. HIESTAND. We will be very happy to cooperate if we can.

Mr. PATMAN. Of course, that is a denial of time to me. I cannot count on it unless I have the time granted to me. I hope the gentleman will yet grant me the 30 minutes time.

Mr. BROWN of Georgia. Mr. Chairman, I yield myself 8 minutes.

The CHAIRMAN. The gentleman from Georgia is recognized.

Mr. BROWN of Georgia. Mr. Chairman, I am supporting the bill S. 1120. It amends section 19 of the Federal Reserve Act limiting the reserve requirements of member banks of the Federal Reserve System. It does not make any radical changes; it does not involve any basic questions of monetary policy or withdraw the power to regulate the money supply. I know many of us are disturbed about tight money, high interest, about the Federal debt, but this bill does not affect any of these controversial questions.

We have today in the Federal Reserve System approximately $18 billion put up as reserves by Federal Reserve member banks. We have three classes of member banks. Each one of these banks puts a portion of their demand deposits and their time deposits up as reserves. This bill does not affect time deposits but only demand deposits.

As I stated, we have three classifications of member banks. One is known as central Reserve city banks. That includes 32 banks in Chicago and New York.

The second class is the Reserve city banks. Two hundred seventy-four banks are included in this classification.

The third class includes all other banks, known as country banks, and there are something more than 6,000 of them.

Under the law the required reserves of the first category, that is, central Reserve city banks, runs from 13 to 26 percent of their demand deposits. The second class, the Reserve city banks, are required to put up 10 to 20 percent of their demand deposits; and all other banks from 7 to 14 percent. Under the law the Federal Reserve has a right to fix an amount between the low amount and maximum amount. So, today the required reserve percentage for a central Reserve city bank is 18 percent of demand deposits. Banks in Reserve cities, put up under the regulations of the Federal Reserve Board 16½ percent. The other banks, known as country banks, put up with the Federal Reserve 11 percent. This bill only changes the central Reserve cities from 13 to 26, to 10 to 20, just the same as the Reserve city banks.

There is no reason for the third category now. Of course, these categories were placed in the law years and years before the Federal Reserve Act and we did not have so many large city banks, except in New York and Chicago. Therefore, there is no need to have any difference between the Reserve city banks and the central Reserve city banks.

Mr. Chairman, one of the main proposals in this bill is to count the vault cash as part of the reserves. There are a little over $2 billion of cash in all the banks of the Federal Reserve System. The central Reserve city banks have $160 million, the Reserve cities have $645 million and the so-called country banks $1,234,000,000. The country banks need to carry more cash in their vaults than the other banks. They are a long way from the cities. The country banks lost the authority to count vault cash as reserves as a result of an act passed in 1917. This was a wartime act in order to concentrate our gold reserves in the Federal Reserve banks. There is no reason for it today. From the standpoint of safety and the regulation of credit, it makes no difference whether a member bank puts a dollar in its vault or deposits it in its Federal Reserve bank. There are 6,793 insured nonmember State banks and practically all these banks count their cash in vault as a part of the reserve. For all practical reasons under the dual banking system, as stated heretofore, the member banks of the Federal Reserve System should be able to count their vault cash as part of the reserve.

Now, this bill passed our subcommittee unanimously, it passed the full committee with only one vote against it. It passed the Senate without any opposition, as I understand.

The gentleman from Texas says this is a giveaway to the banks of $15 billion. I do not agree with him. If he will show me that we give $15 billion to the commercial banks of this country I will withdraw from this bill and support his contention. There is no evidence on record anywhere that justifies any such statement. All the witnesses who testified are good men.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. BROWN of Georgia. Mr. Chairman, I yield myself 5 additional minutes.

These gentlemen, some 20 of them, representing the Federal Reserve Board, the Comptroller General, the American Bankers Association, represented by Mr. Kimbrel and others, came to testify. Mr. Kimbrel is from my State, president of a $100,000 bank down there. Mr. Wolcott, Chairman, Federal Deposit Insurance Corporation; Mr. Cocke, also of the FDIC; Mr. Saxon, representing the First National Bank of Chicago; Mr. Wagner, mayor of New York; Mr. Rockefeller, Governor of the State of New York; Mr. Stratton, Governor of the State of Illinois, and many others also favored the measure. If these gentlemen are advocating such a thing as to give the commercial banks of this country $15 billion without any cost to the banks, then they ought to be prosecuted or sent to an asylum. That is all I have to say about that. These are good men and I know they would not advocate such a proposition.

Who else testified on this bill? Hon. Ben DuBois, secretary of the Independent Bankers Association, one of the finest men I have ever known. Let me read what he says, I think it will be of interest. This letter is addressed to me:

DEAR MR. BROWN: Absence from my office delayed me expressing to you the association's approval of H.R. 5237 introduced by you in the House of Representatives on March 4, 1959.

The recommendations of the Federal Reserve Board seem to be sound. The Board must be given leeway in setting reserve requirements so as to adjust monetary plans according to conditions.

It seems logical that vault cash should be considered as part of a legal reserve and the reasons given by the Board appear sound.

Country banks that are at considerable distance from a financial center must of necessity carry a larger amount of vault cash. The Board recognizes this fact and the change would be beneficial to our country banks.

Nobody believes that he would advocate any kind of a bill that would give to the commercial banks of this country $15 billion without any cost.

Now, Mr. Monroe Kimbrel of my State, vice chairman of a $100,000 bank, said practically the same thing. They need more cash to take care of the local needs.

Now, Mr. Wolcott, who has been a Member of this House and of the Committee on Banking and Currency for a quarter of a century, testified and made a strong statement for this bill.

Mr. Erle Cocke, former chairman of the American Bankers Association, one of the best bankers in Georgia and a great Democratic leader for years and years, made the same statement.

The FDIC and other agencies affected all testified in behalf of this bill.

Mr. Chairman, I ask you gentlemen to give this matter your careful consideration and I am satisfied that when you thoroughly understand just exactly what the bill means, you will do what the Committee on Banking and Currency of the House did and as the other body did and pass this bill practically unanimously.

Mr. HIESTAND. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, H.R. 5237, which your committee considered, was substantially the same as S. 1120, the bill approved May 13 by the other body. It would amend the National Bank Act and the Federal Reserve Act with respect to reserves required to be maintained by member banks of the Federal Reserve System against deposits. The Senate bill also would eliminate eventually the special classification known as central Reserve city banks. We agreed to this proviso.

The bill would authorize the Federal Reserve Board to treat vault cash as reserves.

Vault cash, the amount of cash necessarily held in the member banks for servicing their accounts, is, of course, a non-interest-bearing asset. It has the same asset value on the books of the member banks as the reserves deposited with the Federal Reserve as a backup to their deposits. These two assets are constantly interchangeable and are being constantly exchanged. When bank deposits increase, a required percentage of these deposits is sent to the Federal Reserve. When deposits fall or more cash is needed the member banks draw down cash from the Federal Reserve.

The Federal Reserve Board recommends that this item of vault cash be considered as reserves and included in its percentage requirement as a backup to deposits.

This, in effect, would increase the reserves of the member banks by an aggregate of $2 billion. The Board has testified, however, its intention to put the change into effect gradually. Suddenly increasing Federal Reserves by any such amount could have quite a disturbing effect upon the economy. The Board is entirely conscious of this possibility and does not propose to let any such adjustment get out of hand.

This measure, however, would afford the Board greater flexibility in permitting individual banks in Reserve cities to carry lower reserve balances than those specified generally which are located in Reserve or central Reserve cities.

The present situation rather penalizes country banks because they are obliged to keep a larger percentage of their deposits on hand as vault cash, since they must be ready at all times to withstand the demands and serve their accounts, whereas, the big city banks have ready assets to the the Federal Reserve System and to each other.

Counting vault cash of the country banks as well as reserves would remove this inequity.

In order to make this effective gradually, the Board could limit the counting of vault cash to a percentage of demand deposits, gradually decreasing that percentage until all vault cash is counted.

Likewise, the Board could within its existing powers adjust reserve ratios upward slightly temporarily.

When we left the gold standard back in 1933, the Federal Reserve System, charged with supplying both flexibility and stability to the banking system, was obliged to use several tools within its powers:

First. Adjusting the required reserve ratios; that is, requiring member banks to have on deposit and keep on deposit with the Federal Reserve System a certain percentage of its deposits. Raising this percentage would restrict deposits. Lowering the percentage would increase permissive deposits against which loans can be made.

Second. Adjusting the discount rates, at which the member banks may borrow from the Federal Reserve System. The lower the rate, the lower a bank can adjust its prime rate and the more money can be advantageously borrowed by business. The higher the rate, the more restrictive business loans.

Third. Open market operations of the Federal Reserve System either withdraw funds from circulation or add funds to circulation by buying Federal securities, usually short-term securities, Treasury bills, certificates of indebtedness, Treasury notes or short-term bonds. These securities are bought in the open market or sold in the open market. The action of the Board in buying them supplies cash to the market and selling the bonds in the market withdraws cash from the market.

These are controlling influences. There are other regulations such as credit limitations on the security markets, et cetera.

None are absolute, but all are influential. Without these tools to implement our monetary policy, I shudder to think how violent the changes in this volatile economy of ours could be.

Restraining inflation in our free economy is just as important as encouraging expansion, perhaps even more so.

Over the years our Federal Reserve System has been an able and a powerful influence. Today, we believe it no longer needs the specially high limitation of the central Reserve city banks. This bill provides the gradual elimination of that category within 3 years, which would put commercial banks in two classes: Reserve city banks with the statutory limitations for reserve requirements of a minimum of 10 percent and a maximum of 20; for country banks, a minimum of 7 and a maximum of 14; and, of course, for time deposits, a minimum of 3 and a maximum of 6. Presently, the regulations are all within these limits.

The adoption of this bill would to a large degree correct the disadvantage of the country banks and smaller banks. In fact, it would put them on very much of a par with the larger banks and the city banks because they could accept deposits in proportion to their reserve requirements plus their vault cash. Incidentally, the Federal Reserve banks would effect some savings on currency handling and shipment costs by encouraging members banks to hold currency not needed for their day-to-day operations over a long period of time.

Let it be understood that the actual amounts of member bank reserves in the Fed would not be reduced by the amount of vault cash suddenly. The amounts would probably remain very much the same except that the member banks could accept a higher percentage of deposits and therefore loan more money.

The purpose of this bill is to provide additional flexibility for the long-term growth of the economy as well as to wipe out the present disadvantage of the small banks and the country banks. It is a sound bill and a good bill and should pass.

Mr. BROWN of Georgia. Mr. Chairman, I yield 15 minutes to the gentleman from Indiana [Mr. BARR].

Mr. BARR. Mr. Chairman, S. 1120, which is under discussion here today, has been and will be the subject of a lot of high flown economic oratory—which may possibly seem confusing. It is not confusing to me. I was trained as a theoretical economist, and I have practiced these theories in the cold, hard field of business facts. I have served at one time or another as treasurer of five small family corporations. The theory I have learned has been reinforced by 13 years of practical experience in the money markets. These are my qualifications for my arguments in support of S. 1120.

Let us forget for a minute economic theory and get down to the question—what are we trying to do in this bill? The answer is simple—we are attempting to modernize our commercial banking system so it can meet the growth problems of the United States and to correct certain inequities in banking operations.

Correcting existing inequities in the system will be covered by other speakers and is well documented in the report. It is my intention to confine myself to the growth factor of our economy.

To illustrate my points, I am going to bring the arguments down to my congressional district—Marion County, Ind. This district is fairly typical of the United States, and by conclusions can be applied with reasonable accuracy to almost any congressional district in the country.

In Marion County, Ind., we have nearly 700,000 people—we have about 300,000 jobs, and our annual gross product totals in excess of $2 billion per year. We have one vital and overriding economic problem—we must increase the jobs available from 300,000 to about 400,000 in the next 10 years to provide employment for the more than 100,000 boys and girls who will be getting out of school and looking for work in that period. If we do not provide that employment, there is not much use to worry about our free enterprise system—it will have failed. We must make it work.

To employ these boys and girls will probably take an investment of about $2,500 million spent on plant and equipment over the next 10 years in my district—Indianapolis and Marion County. That is a lot of money and where are we going to get it? Well, it will come from four sources:

First. From savings.

Second. From profits reinvested in the companies.

Third. From depreciation funds.

Fourth. From the efficient and sensible utilization of our financial institutions.

Our concern today is with the last factor—the efficient use of credit. As the economy grows it requires more credit. Credit can be described as "the oil in the crankcase lubricating our economic engine." As the engine gets larger it will require more oil in the form of credit. And as credit grows, it requires more bank reserves. The United States will probably need about $15 billion more in bank reserves over the next decade, and that means that my district will need about $65 to $70 million more—about one two-hundredths of the U.S. total.

In S. 1120 we are making a move in that direction. By letting banks count their cash as part of their reserve requirements and by eliminating the central city reserve classification, we are letting the Federal Reserve Board put into the banking system about $2½ billion in reserves as it is needed. This in my opinion is a sensible and sound method of getting the banking system ready for growth.

You can find many theories for getting reserves into the system—many of which seem highly dubious and financially unsound to me. But in S. 1120, I see an opportunity to get the banking system ready for growth. I see in it an opportunity to get the banking system ready to do its part in providing jobs for the boys and girls in your districts and in mine, who will be seeking employment. I see it as a chance to help get our banks ready to service a $700 billion economy in 1970. This is the crux of the problem, and it is the only real purpose of this bill. I have little legislative advice to offer this Congress; as a freshman, I simply lack the experience. But from my formal training in economics and my years in the money markets, I would advise all Members to be wary of gimmicks and schemes.

There is no gimmick in S. 1120; there is nothing under the table. It meets my tests of sound financial policy and I strongly urge its adoption.

Mr. HIESTAND. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, after the scholarly remarks of the gentleman from Indiana [Mr. BARR], I shall eliminate about 90 percent of my material, on the assumption that if you listened to him you have a good, sound idea of what this bill is going to do, and anything I would say would be repetitious.

First of all, as a member of the subcommittee which studied this bill, I commend the chairman, the gentleman from Georgia [Mr. BROWN] on a very fine, painstaking, and thorough study of this measure; and I can say in all sincerity to each and every one of the Members present that this bill has received the proper and studious attention of our subcommittee as well as the full Committee on Banking and Currency, and with a possible exception, I think I can say that it comes to you with almost the unanimous support of our committee.

I would just like to make one personal reference. Before my election to Congress I served as the executive of a savings and loan association. Years ago it seems there was a basic misunderstanding between people in the savings and loan industry and the bankers. They occasionally used to feud about things. However, I stand before you as a savings and loan man who appreciates the virtues of the American banking system, and I am quite convinced that this bill in the general concept, in the modern humanitarian approach that our bankers have to the service they render to the public, is something that is worthwhile and worthy of our support. I feel that this legislation, despite its technical background and the controversy that seems to have arisen concerning it, is sound, practical legislation which the banking industry does need and will put to good use in serving the public.

Mr. Chairman, Members of the Committee, this legislation, S. 1120, we are discussing this afternoon has received thorough study by a subcommittee and the full Banking and Currency Committee. The bill makes three changes in the law covering required reserves of banks that are members of the Federal Reserve System.

One provision is to allow a member bank to count part or all of its cash on hand—vault cash—as part of the reserve it is required to keep on deposit with its Federal Reserve bank.

Congressional reform and reappraisal of the structure and level of cash reserve requirements has been long past due and the submission of this legislation is a practical, helpful step to this end. This provision is highly constructive and is of practical importance to all the banks in the Federal Reserve System.

For very good reason, the bill eliminates the classification of central Reserve city banks, thereby placing these 32 banks in Chicago and New York on an equal basis with the other member banks in Reserve city areas.

Representing a district in the Chicago metropolitan area, it is only natural that I have particular interest in this provision and submit to you my reasons for urging passage of this bill and the removal of this classification.

It is submitted that this long-standing, anachronistic, and unreasonable discrimination against 14 banks in Chicago and 18 banks in New York benefits no one. And what is worse, it seriously penalizes the cities of Chicago and New York. By preventing the use of a substantial part of the resources of these banks in additional loans and investments, the higher differential reserve requirement on these banks is an economic detriment to these cities, to the growth of their business, commerce and industry, to the earnings and capital accumulations of the affected banks, and to the employment and income of the cities' citizens. This discriminatory differential ought to be removed by the Congress.

Moreover, the enormous and ever-widening expansion and distribution of our national economic and financial resources has extinguished the original basis for the special classification of Chicago and New York as central Reserve cities. We have seen the development of many large and competitively important banks in other cities of the country, which rank as important money and financial centers and yet have a lower reserve classification. Over the past 20 years or more, there has been a substantial decline in the percentage of total interbank deposits held by banks in the central Reserve cities of Chicago and New York, and a substantial growth in the percentage of total interbank deposits held by banks in cities classified as Reserve cities.

Of the 25 largest banks in the country ranked by volume of deposits as of December 31, 1958, 14 were located in the cities of San Francisco, Los Angeles, Detroit, Pittsburgh, Boston, Cleveland, Philadelphia, and Dallas. All of these cities are classified as Reserve cities, so that every bank therein is subject to a lower reserve requirement than the 32 banks in New York and Chicago classified as central Reserve city banks.

The maintenance of any higher differential on these central Reserve city banks cannot be justified on grounds of monetary control or the liquidity of these banks.

Whatever words one may use in attempting to explain the present discrimination in reserve requirements between the 32 central Reserve city banks in Chicago and New York and the Reserve city banks in the 49 Reserve cities, whether on the basis of the supposed justification of percentage of deposits due to banks, size of banks, velocity of deposits, or one or more other criteria subsumed under the vague and general term "character of business," he logically and factually must find it difficult to justify or even rationalize the presently existing discrimination.

May I call the Members' attention to the facts that were presented to them by the majority of the members of the subcommittee, who gave this bill careful study and attention. You will please note our careful analysis of the merits of this bill as a practical and logical legislative proposal.

Mr. Chairman, may I reemphasize that the basic purpose of this bill is simply to make some long overdue improvements in certain mechanical functions of the Federal Reserve System and this bill is worthy of your support.

The charges that have been made against this bill and against the Federal Reserve System, in general, are based upon gross misconception and illogical economic theories and should be labeled as such.

May I call specific attention to the fact that this bill does not affect reserve requirements on time deposits.

As I have previously pointed out to you, the elimination of the central Reserve city classification is long overdue and is a matter of practical, just legislation.

Mr. Chairman, I join the other members of the committee in urging your favorable vote on this measure by emphasizing the three changes that it consists of and pointing out, most emphatically, that the would-be controversy over this measure is based on charges that have misconceived foundations regarding the Federal Reserve System.

The independence that is a traditional source of the Federal Reserve System's economic strength and the high esteem we hold for the present Board of Governors of the Federal Reserve System should be emphasized here this afternoon. Seldom has any agency of Government achieved as high a degree of reputation for integrity and consistency as has the Federal Reserve System.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield for a question, but I would not like the gentleman to make a speech on my time.

Mr. PATMAN. I will ask the gentleman a question.

Is it not a fact that the Federal Reserve Board can now, under the present law, reclassify both New York and Chicago as Reserve cities. You know, St. Louis at one time was a central Reserve city, and the Federal Reserve, by its own motion, took it out of the central Reserve city classification and put it in the Reserve city classification. Why is this bill needed to place those banks in Chicago and New York in the Reserve city classification?

Mr. DERWINSKI. I have not directed that specific question to the Federal Reserve authorities. I would assume, however, it was an oversight on their part and I am sure they are appreciative of our efforts to correct this discrepancy.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. MULTER. The fact of the matter is that although the Federal Reserve Board has the right to do this with reference to these central Reserve cities, we have had correspondence and Members of Congress have had correspondence since 1954, that the central Reserve city classification is outmoded and should be changed. The Congress is instructing them by this bill to make the change and that is why the bill is needed.

Mr. DERWINSKI. Any further questions from the gentleman from Texas?

Mr. PATMAN. Yes. On June 30, 1919, the St. Louis Clearing House Association filed with the Federal Reserve Board a petition making a case that the St. Louis banks should be in the Reserve city classification. The Federal Reserve Board on May 31, 1922, voted to change the designation of St. Louis from a central Reserve city to a Reserve city. Therefore, I state that this provision in the bill is wholly unnecessary.

Mr. DERWINSKI. The gentleman is not objecting to the provision, is he?

Mr. PATMAN. Yes, because the Federal Reserve Board makes a good case against it. They have vigorously opposed it, in both their report and their testimony on this bill. They have pointed out several reasons. They have said that the separate classification is essential to their monetary controls, and weakening these controls is liable to cause inflation. That is one reason the Board opposed it.

Mr. MULTER. The fact of the matter is the bill as it originated with the Federal Reserve Board called for fixing a minimum and a maximum reserve requirement exactly the same for both the central Reserve city and the Reserve city. So any argument in favor of retaining a third classification is specious. So if the reserve requirement, minimum or maximum, is to be the same in both kinds of cities there is no reason to have two kinds of classification.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Wisconsin.

Mr. REUSS. I just wanted to make the record clear in fairness to the Federal Reserve. They really do object to the taking out of New York and Chicago as central Reserve cities. In a letter to me of May 27, 1959, signed by Vice Chairman Balderston, it is stated:

As you know, the Board of Governors would hope that the Congress does not abolish the central Reserve city classification.

I say this in fairness to the Federal Reserve. I am persuaded by the eloquence of the gentleman from Illinois and the eloquence of the gentleman from New York that New York and Chicago should be married to the other Reserve cities, but I do think the record should be clear that the Federal Reserve resisted to the end.

Mr. DERWINSKI. I hope the gentleman from Wisconsin will permit me to remark that this certainly is a most mild objection and I do not believe that the Board of Governors of the Federal Reserve System will lose any sleep or acquire gray hairs as a result of our passing this bill.

Mr. REUSS. I know they will not.

Mr. MULTER. The fact of the matter is that to meet the objection the Federal Reserve Board has expressed the bill provides that it accomplish this change within a period of 3 years. They have 3 years in which to do it. Let me give the gentleman this. This is a letter dated February 26, 1954, from the Federal Reserve Board, signed by Wm. McC. Martin, Jr., Chairman. Let me quote this briefly, and I have the same thing repeated in a sheaf of correspondence that comes on down to date on this very subject. This is what he says with reference to this classification of central Reserve cities, which applies to only 32 banks in Chicago and in New York:

Mr. Baker discussed this subject with me a few days ago. I am entirely in agreement that the present system of reserve requirements is outmoded. It has been recognized for at least 30 years that the present system is obsolete and illogical. The New York Clearing House Association makes a very persuasive argument on behalf of the New York City banks, but I think the case is a far broader one than the brief would indicate.

Mr. PATMAN. I invite the gentleman's attention to the hearings on page 6, which are available to any Member who desires them. You will find Vice Chairman Balderston's statement in opposition to the statement the gentleman has just made. He says:

If requirements at central Reserve city banks were lowered to the present level of Reserve city banks, the effect would have to be absorbed by raising requirements for country banks, if necessary, to maintain an appropriate total level of required reserves.

And then Vice Chairman Balderston says:

Retention of the central Reserve city classification is essential in order to make it possible to deal with any undue concentration of available reserves in money market centers, such as has happened and might arise in the future.

And then at the top of page 7 he says:

More fundamentally, the Board feels that differentials in requirements among banks are desirable for purposes of effectuating monetary policy. There are fundamental differences in the character of deposits held by different banks and in their impact on the economy.

He goes on, on pages 6, 7, and 8, with other reasons why the central Reserve city classification should remain. There are many similar statements in the Board's report. The Board is happy and willing to give the banks the public's assets, but not to give up its monetary controls, and the Board makes a case that this would be inflationary, and cause them all sorts of trouble trying to operate their monetary controls.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DERWINSKI. For the sake of the RECORD, I call to the attention of the gentleman from Texas that if he would, in addition to reading pages 6, 7, and 8 of the subcommittee report, read the additional testimony of all parties interested in this bill, who have stated valid, sound, practical, constructive reasons for this legislation, his doubts would be completely wiped out and I am sure he would join us in vigorous support of this measure.

Futhermore, I will have to admit that I have a regional interest in this measure, representing, as I do, a Chicago metropolitan area district, and am in the same position as the gentleman from New York, who is interested in his district. We are doing the very best we can with this legislation to eliminate the discrimination that the 32 banks in New York and Chicago have suffered over the years as the result of their classification.

I certainly would recommend to the gentleman from Texas [Mr. PATMAN], whose correspondence I have received regularly the last 2 or 3 weeks, that if he would follow the complete testimony, I am sure he would change his opinion and join us in support of this measure.

Mr. BROWN of Georgia. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. I do not think the gentleman would consider it fair, since I only have 30 minutes, to take it all here after 5 o'clock in the afternoon, when we have got all day tomorrow to finish this bill. I would like to yield myself 10 minutes and reserve the other.

Mr. BROWN of Georgia. Mr. Chairman, we began late. I had to make my talk and four other gentlemen had to make their talks. Now I am yielding 30 minutes to the gentleman from Texas, [Mr. PATMAN].

The CHAIRMAN. The gentleman from Texas [Mr. PATMAN] is recognized for 30 minutes.

CALL OF THE HOUSE

Mr. DINGELL. Mr. Chairman, I make the point of order that a quorum is not present, and I intend to renew that point of order at every opportunity for the rest of the day.

The CHAIRMAN. The Chair will count. [After counting.] Sixty-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 106]

Alger	Garmatz	Rabaut
Anderson, Mont.	Glenn	Rains
	Hardy	Reece, Tenn.
Baker	Hess	Riley
Barden	Holifield	Saund
Barrett	Hosmer	Scherer
Baumhart	Jackson	Shelley
Bowles	Kelly	Short
Breeding	Kilburn	Sikes
Brooks, La.	Landrum	Simpson, Ill.
Buckley	Lennon	Smith, Kans.
Cahill	McDowell	Spence
Canfield	Macdonald	Steed
Carnahan	Mason	Taylor
Celler	May	Teague, Calif.
Chelf	Meader	Teague, Tex.
Coffin	Miller, George P.	Thomas
Davis, Tenn.		Thompson, La.
Dawson	Moulder	Thompson, Tex
Diggs	Nix	Van Pelt
Doyle	Norblad	Van Zandt
Evins	Norrell	Vinson
Fallon	O'Brien, N.Y.	Wallhauser
Farbstein	Passman	Weis
Flood	Pilcher	Whitten
Fogarty	Pillion	Willis
Forand	Pirnie	Withrow
Forrester	Powell	Yates

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BONNER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central reserve city," and finding itself without a quorum, he had directed the roll to be called, when 351 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. PATMAN. Mr. Chairman, when the rule was granted on this bill the committee members, the majority and minority, asked for 2 hours in which to debate the bill. I appeared before the Committee on Rules and told them how much was involved in this and I evidently impressed the committee that some extra time should be given. The Committee on Rules increased the time by 1 hour for the purpose of giving it to me so that I could be adequately heard on the bill. The issue is somewhat complex, and it cannot be logically developed in 30 minutes.

Mr. HIESTAND. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. HIESTAND. The Committee on Rules declared specifically it was not necessarily to be assigned to any one

Member. It was for the question as a whole.

Mr. PATMAN. I do not want to dispute with my friend, but that is not the way I understood it. The gentleman from Texas [Mr. THORNBERRY], who presented the rule, said 1 hour extra was granted so that it could be given to me. The gentleman from Ohio [Mr. BROWN], the ranking minority member, made the same statement here on the floor a moment ago. Then when I asked that the time be yielded to me, the gentleman from Georgia [Mr. BROWN], in charge of the time on this side, said he would give me 30 minutes. But, the gentleman on the other side refused to give me 30 minutes. Now, after the majority and minority have had about 35 minutes debate, both in support of the bill, I am asked to take all my time here at the end of the day, and in a lump sum. I do not think that hardly fair, gentlemen, particularly in view of the fact that the Committee on Banking and Currency refused to go into the question I raised about this bill and refused to have the Chairman of the Federal Reserve Board appear before them to testify on the questions I raised. So, among other handicaps, the record of the committee is not full and complete. Certainly I should have a fair deal on the time when the Committee on Rules promised it to me. Now, then, I am asked to take my 30 minutes right here at the end of the day. Of course, if I have to do it, I will do it, but I do not like it.

Mr. RAYBURN. Mr. Chairman, if the gentleman will yield, I would like to ask the gentleman in charge of the bill, if the gentleman from Texas does not want to use all of his time this late in the day, may he not be allowed to reserve part of his time for tomorrow?

Mr. PATMAN. Ten minutes I would like to use now.

Mr. BROWN of Georgia. In deference to the Speaker, I am willing to have the gentleman use half of his time now and the other half tomorrow.

Mr. PATMAN. Let me ask the gentleman, the ranking minority Member, if he will not do a little horse trading with me and give me half of the 30 minutes which you said you did not need. I will trade with you. I will take half, so that I may have 15 minutes.

Mr. HIESTAND. Mr. Chairman, if the gentleman will yield, at no time did I ever say we did not need the 30 minutes. I declined to yield 30 minutes until I found out who wanted to talk, and I wanted to make sure that all of the people on my side had an opportunity to speak.

Mr. PATMAN. Mr. Chairman, now I made the statement which is being attacked, that the Government has paid for the $15 billion of Government bonds, and those Government bonds should be canceled. I can back up that statement, I can document it and prove it to you without a question. The matter is so simple it is difficult for Members to realize that it can be done.

Let me illustrate. A person who has a mortgage on his home, we will say for $1,000, an interest-bearing mortgage, takes $1,000 out of his bank and delivers it to the mortgagee and says, "I want my mortgage," and the mortgagee gives it to him, then that mortgage has been paid off and should be canceled.

It is exactly the same with the Federal Reserve. The Federal Reserve, owned by the U.S. Government, lock, stock and barrel, and acting for Uncle Sam, has taken Uncle Sam's money and bought interest-bearing mortgages of Uncle Sam—U.S. Government securities, and it is holding these interest-bearing mortgages of Uncle Sam, in the New York Federal Reserve Bank. There is no question about this. The securities have been paid for.

Here is the way they have been paid for. Here is a Federal Reserve note which I hold in my hand. What is a Federal Reserve note? It is a non-interest-bearing obligation of the United States. It says on its face that it is an obligation of the U.S. Government. It is signed by the Secretary of the Treasury and the Treasurer of the United States, just as interest-bearing bonds are. This note is one form of Government obligation. The Federal Reserve has traded one form of Government obligation for another. That should cancel the interest-bearing obligation, just as when you take your money and pay off your mortgage.

Now, what does the Federal Reserve Act say about Government obligations? It says:

> The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in lawful money on demand at the Treasury Department of the United States, in the city of Washington, D.C., or at any Federal Reserve Bank (U.S.C. title 12, sec. 411).

In other words, for all debts, public and private. So Federal Reserve notes are obligations of the United States. They are not an obligation of any bank. They are obligations of the Government, just as a Government bond is a Government obligation.

All I want to do is cancel $15 billion worth of the $25.9 billion of Government bonds and other interest-bearing obligations of the United States which the Federal Reserve has bought with Government money, instead of transferring these obligations to the private banks as a free gift to the banks. I know that some of the members have tried to ridicule me, saying, "Where do you get the $15 billion? You must have gotten it out of thin air. Well I have shown them where the American Bankers Association have made the same estimate as to what the banks will receive under this bill. The American Bankers Association initiated this bill, and the American Bankers Association is behind this bill. They got it introduced and they are behind it. The Federal Reserve Board has agreed to it, or to parts of it. Of course, there are certain provisions of the bill which the Federal Reserve did not agree to, which they vigorously protected, but in the main they agreed to the bill. The bill started out with the American Bankers Association, in 1957. I have their report here.

Here is a beautiful brochure, gotten out by the Economic Policy Commission of the American Bankers Association. In the table of contents it says:

> The effect of Reserve reduction on Reserve banks' portfolios.

It says here—and I am quoting from the American Bankers Association:

> It is clear from the figures that the System's holdings are far in excess of the amount needed for the Reserve banks to cover expenses and dividends. Even if these holdings were reduced by as much as $15 billion—

Do you hear that, Mr. BROWN? You have said that I got the figures out of thin air—

> by $15 billion the System would still have some net earnings after dividends.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BROWN of Georgia. But they say there should be little or no transfer of Government securities from the Federal Reserve banks to member banks. The letter of June 26 contains the following statement:

> Any reductions in reserve requirements that might be made over time would be designed to provide for deposit growth and to permit the banking system as a whole to meet the essential credit needs of the country and should occasion little or no transfer of U.S. Government securities from the Federal Reserve banks to member banks.

Mr. PATMAN. It is too bad you do not have that in your record, and with the committee's strong endorsement. It might help offset, in part, all of the record of legislative interest which is to the opposite effect. I will cite the pertinent extracts of this record a little later.

This is how the American Bankers Association's report initiating this legislation further estimated a $16.5 billion transfer of the Fed's securities over to the private banks without cost to the banks.

HOW THE ABA COMPUTES A $16.8 BILLION GIVEAWAY

The American Bankers Association's plan is to be put into effect in gradual stages, to be completed by mid-1962. So, the American Bankers Association's estimate of the amount of securities that will be involved is in two components. First, it estimates that by mid-1962 the plan would reduce the amount of reserves already in existence at mid-1956 by $9.8 billion. In other words a transfer of $9.8 billion of the Fed's 1956 holdings of Government securities—free to the banks. The second component is the amount of additional securities which the Fed has acquired since mid-1956, is now acquiring, and would continue acquiring up to mid-1962, if reserve requirements were left at the levels prevailing in 1956 and 1957. In other words, the difference in the amount of reserve balances on the books of the Fed by mid-1962 will be $16.8 billion, as between the American Bankers Association's plan and what the reserves would have been if the Fed's regulations remained the same as in 1956 and 1957.

Speaking as of mid-1956, the American Bankers Association report states:

If the Commission's proposals were in effect at the present time * * * required reserve balances that member banks must maintain at the Federal Reserve banks would be $9.8 billion lower (53 percent lower) than their actual current level.

And speaking of the additional securities which the American Bankers Association expected that the Fed would acquire between mid-1956 and mid-1962 with no change in reserve requirements, the report states:

Looking ahead, it is clear that the needs of the public for currency and bank deposits will increase with the growth of the American economy. To meet these needs, it will be necessary to expand the reserve base of the banking system either by creating more reserves through open-market operations or by reducing reserve requirements.

* * * * *

To be more specific, if past relationships between production, currency, and deposits are approximated in the future, then over the next 5 years demand deposits will increase by something like $20 billion, time deposits by about $12 billion, and currency in circulation by more than $3 billion. If such an expansion were to be met without reducing reserve requirements, it would be necessary to supply the banks with about $7 billion of additional reserve balances by means of open-market purchases of Government securities by the Reserve banks.

It would be far better to provide for this growth by lowering the reserve requirements of member banks over the coming years.

In other words, a total of $16.8 billion by mid-1962. But as I pointed out in my statement in the CONGRESSIONAL RECORD yesterday, where I explained and documented this bill, the Federal Reserve started putting this plan into effect last year, and at least $1½ billion of the giveaway has already been made.

I propose that we take $15 billion out of the hands of the Federal Reserve and we will make sure that amount is not transferred.

The CHAIRMAN. The gentleman from Texas [Mr. PATMAN] has consumed 10 minutes.

Mr. BROWN of Georgia. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, now we will take the gentleman's own hearings. They are very incomplete, and this is in the fine print, but if you look hard, you can find the fine print says what they are going to do with these bonds. The fine print says:

A lower level of requirements would improve the earning position of banks—

Certainly, it would improve the earning position of banks. Then the fine print continues—

and aid them in building up their capital positions to levels commensurate with the more rapid expansion that has occurred in their liabilities during the past 30 years.

Of course, if the banks are given more profits, the stockholders will leave more profits in the banks. This will keep them from having to put up more of their own money; it would let Uncle Sam put up the money. But if we gave $15 billion of these securities to the 44 million families who already own them, they would have more income and would save more, too, although they would have to pay more taxes, just as they will have to pay more taxes if we give away this tremendous sum to the banks.

Then the fine print reads further:

To the extent necessary to avoid undue credit expansion, reserves released by any reduction in requirements could be absorbed by Federal Reserve sales of securities in the market.

Now hear this, Mr. BROWN. They say this:

This would in effect shift earning assets from Federal Reserve banks to member banks. The present System portfolio is adequate to permit a substantial reduction and still leave enough to provide sufficient earnings to cover necessary expenses, as well as for current purposes of policy.

That is from the Federal Reserve Board's report to your committee on this legislation.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Will the gentleman give me that 30 minutes that you were supposed to give me?

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. I will read from the letter of the Board of Governors of the Federal Reserve System, dated June 26, 1959, which refutes what the gentleman from Texas has said.

The letter reads as follows:

I would like to make one other comment in connection with the bill. It is understood that a proposal has been made to add to the bill a provision to cancel $15 billion of U.S. Government securities now held by the Federal Reserve banks. We are not aware that any specific amendment to this effect has been introduced. However, the substance of such a proposal would appear to involve the monetization of $15 billion of the Government's outstanding debt. In essence, it would mean financing the Government through the issuance of fiat money. This raises the basic question of whether the U.S. Government should finance either past or current deficits by the issuance of currency; or whether it should, as it now does, finance its debt by borrowing on interest-bearing obligations, in order to minimize the inflationary impact of deficits by financing them with real savings.

In other words, they just say they are not thinking of selling bonds or giving any bonds to the bankers.

Mr. PATMAN. Yes; I have heard such demagogery from Chairman Martin before. Those brilliant men down there in the Federal Reserve have figured out a way to transfer $15 billion of public assets, and transfer them, free of charge to the private bank. They have a way to do that. That would cause them no trouble at all. But they cannot figure out a way to transfer these assets from one Government agency to another without ruining the country. They say that would be inflationary. And I am surprised they do not say it would be communistic.

But what an absurd idea, that more currency would have to be issued to pay for these securities. The currency has already been issued. The Federal Reserve did that when it bought the securities.

If we are going to give away these Government bonds to the banks, and let the banks collect the interest on them, and then take $15 billion out of the taxpayers' pockets to pay for them again when they mature, then I suggest we have found the real and certain way to ruin the country.

Is that honest to make the people pay taxes for this purpose?

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I cannot yield to the gentleman unless the gentleman gives me the time that was promised me.

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. BROWN of Georgia. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas.

Mr. PATMAN. If you take these bonds and cancel them, as we should——

Mr. GUBSER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. If we take these bonds and cancel them, we will reduce the debt by $15 billion. We will save the taxpayers the loss of that much money, plus interest, and have a tax reduction bill much sooner on account of it.

Do you know what is happening now? As long as the Federal Reserve holds these bonds, most of the interest is paid back into the Treasury. The Federal Reserve collects this interest from the Treasury, uses what it needs to pay its operating expenses, and returns the rest to the Treasury. In recent years it has been putting back into the Treasury more than $500 million a year.

But the American Bankers Association have their eyes on that $500 million. They want you to transfer these securities over to them, free of charge so that the $500 million will go into bank profits instead of into the Treasury. Then when they sell the securities, or they mature, they will have a tax-free windfall of $15 billion. That is what this bill means. Can we justify that? Are we not supposed to represent all the people? Are we going to say that just because the American Bankers Association wants this, we are going to let them have it, when we know they are wrong?

You do not see the American Bankers Association proceedings here in the committee's record. The committee record does not even contain the report which the American Bankers Association made to the Federal Reserve Board setting out its plan for this legislation. But the American Bankers Association's plan is in the bill. The bill contains the authority for everything the ABA asked for, and the legislative history to date shows that the authority will be used. If it is not going to be used, then a lot of bankers are being fooled. And if it is not going to be used there is no point in Congress granting it.

Now some of the members of the committee have made a great point that only one member of the committee voted against the bill. Yes, that is true. I am the member who voted against it. I do not apologize for that, I am proud of it. The fight is not over. I think

you have got the votes to beat me. I do not think enough Members are wrought up about this to be willing to go on record today. Many of the Members do not understand it, although I believe that if they had the time to read my statement in the RECORD, yesterday at page 12152, they would understand it. But eventually they will go on record, because this fight is going to continue. I sincerely and honestly believe that I am right, and I believe that I have indicated my views.

I would like to ask the gentleman from Georgia if these $15 billion of bonds are canceled who will be hurt? That is the question, who will be hurt? Not one person will be hurt.

Mr. HIESTAND. One hundred and seventy million people in this country will be hurt.

Mr. PATMAN. Nobody can claim that. Nobody will be hurt.

Mr. BARR. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. If the gentleman gets me more time.

Mr. BARR. Every man in this room would be hurt, every man and woman in this Nation.

Mr. PATMAN. That is a stock argument; that is Mimeograph No. 11.

Mr. BARR. What is left behind this currency that you have spread out?

Mr. PATMAN. The Government's credit, the same thing that it is now and the same thing that is behind the Government's bonds. I do not yield further.

These bonds have been paid for with Government currency, no more currency would be issued, to pay for them again, except possibly if we give away the bonds to the banks. More currency might eventually have to be issued to buy them back again. But if we cancel them everybody is helped; the taxpayers are helped.

Mr. Chairman, I do not impugn the motives of any person in this House. I have a high regard and great respect for the Members of this great body. I have had the privilege of serving here longer than 30 years I have had to work a little bit harder than most of you, to keep up with you, because you are smarter than I, and probably had education, but on this particular matter I think I have the right answer. I have great respect for you, and I know when you get the truth that you are going to do what is right; and I believe what is right in these circumstances will be the defeat of this bill or sending it back to committee.

Now this is the essential point: The House cannot intelligently debate this bill if we try to divorce the bill from its legislative history.

I am perfectly aware that under the present law the Federal Reserve Board has enormous unused authority to reduce required reserves of the member banks. In fact, I have emphasized that point, and I will again, for reasons which I will come back to. I am aware that the bill only adds to this authority and increases the amount by which required reserves can be reduced. But the legislative history of the bill sets out a record of congressional intent and purpose which refers not just to the mechanical authority which is being added, but to the whole authority. It endorses and approves a general plan for using the already existing authority in ways which the Federal Reserve people would not dare use it without a general blessing from Congress.

WHAT IS THE PURPOSE OF THE BILL?

Now what is the purpose of the legislation? The purpose is to change the money-creating shares as between the Federal Reserve and the private banks. For any given amount of new money that is to be created in the future, the private banks are to create a larger proportion and the Federal Reserve is to create a smaller proportion. The matter is important for this reason. When the Federal Reserve creates money, it does so by buying interest-bearing securities of the U.S. Government in the open market. The interest payments on these securities then go back into the Federal Treasury. When the private banks create the money to buy Government securities, the interest payments go into bank profits.

Furthermore, if and when the Federal debt is ever reduced, reductions in amounts held by the private banks can be brought about only by payments of the principal amount of the securities out of the Federal Treasury. This means that both the interest and the principal comes out of the taxpayers' pockets.

When the Federal Reserve holds Federal debt obligations, the interest payments go back into the Treasury. Furthermore, there is reason to think it probable that this part of the debt can be and will be held in perpetuity. In that case the Treasury will not have to pay the principal.

The purpose and the effect of this legislation will be to change the money-creating shares, not only as to the future, but retroactively. Changing the shares as to the future means that with a given increase in the money supply, the Federal Reserve will create a lesser percentage and the private banks a larger percentage. When the Federal Reserve creates money, it acquires interest-bearing obligations of the United States in the process. When the private banks create money, they also acquire interest-bearing obligations of the United States in the process. At the present time the Federal Reserve is holding $25.6 billion of Government securities which it has bought in the open market. The private banks are holding $63.6 billion of interest-bearing obligations of the Federal Government, all of which they have acquired on bank-created money. Acquiring these securities cost the banks not one penny.

Changing the money-creating shares retroactively will mean that the Federal Reserve will have to sell some of the securities it has already acquired at the same time it issues regulations permitting the private banks to create new money with which to buy these securities. The net effect will be a transfer of Government securities now owned by the public over to the private banks. This will be without cost to the banks. No money will change hands. And the banks will not even pay income taxes on the gift of the principal amount of these securities.

My estimate is that unless the House does something today to amend this bill, or radically changing the record of the legislative intent which has been built to date, the loss to the Federal Reserve by mid-1962 will be about $15 billion. And it is reasonable to assume that the ultimate cost to the Government of buying these back, plus interest, will be about $30 billion.

The purpose of this bill, as it is usually stated, is to reduce required reserves of the member banks. It is not to reduce required reserves of one class of banks and raise another class correspondingly. It is to reduce required reserves for all classes of banks, though they will not all be reduced proportionately.

When required reserves are reduced, the banks are permitted to create more money on a given amount of reserves. At the present time the money-creating shares are about 1 to 7 in favor of the private banks. This means that when the Federal Reserve permits an increase of $8 in the money supply, the Fed creates $1, by buying Government securities, and the private banks create $7, also by buying Government securities or by making other invesments and loans. Reducing required reserves means that in the future the private banks will create more and the Federal Reserve will create less. This is the clear purpose of the bill throughout its legislative history.

This purpose of changing the money-creating shares is clearly the reason that the American Bankers Association initiated the legislation.

This purpose is made clear in the Federal Reserve Board's report to the Committees on Banking and Currency, and in the testimony of Vice Chairman Balderston. Of course, the Board is a little vague about how much and how rapidly it is going to change the money-creating shares. We would expect that. It has to be because it cannot itself be certain. This purpose is clearly stated in the report of the Committee on Banking and Currency of the Senate. The purpose is given support in the statements of the Members of the Senate during debate of the bill on May 13. And finally, the report of the House Committee on Banking and Currency is silent on the matter. It certainly does not object to changing the money-creating shares, either as to the future or retroactively. Excerpts from this legislative history are set out in my remarks in the CONGRESSIONAL RECORD on June 15, beginning at page 10876. To date there have been few voices of protest against this purpose. And I do not believe that these protests are sufficient to overturn the weight of the legislative intent which the record shows on the other side.

S. 1120 IS AN AMERICAN BANKERS ASSOCIATION BILL

The American Bankers Association first proposed this legislation in a report prepared by its Economic Policy Commission submitted to the Federal Reserve Board in February of 1957. Furthermore, the Federal Reserve began to put the bankers'

plan into effect last year, without waiting for legislation. As I have said, the Federal Reserve Board has under the present law extremely wide mechanical authority for reducing required reserves in bringing about, if it wishes to do so, much more equal requirements as among the three classes of banks.

But when the Federal Reserve began to put the bankers' plan into operation last year, there were some objections. I, for one, objected. Last year the Board reduced required reserves of the member banks so as to change the money-creating shares. Previously the private banks were allowed to create about $6 of money for each $1 the Federal Reserve created. The Board made, in the early part of 1958, three reductions in required reserves which changed the ratio to about 7 to 1, $1 for the Federal Reserve and $7 for the private banks. Furthermore, the Board made greater reductions for the New York and Chicago banks than for the other banks. This was the first time any such thing had been done, except under the highly unusual credit conditions that developed during wartime. It was apparent that the Board was beginning to put into effect one of the main features of the ABA's plan, which is to narrow the differential as between the three classes of banks.

I objected to this matter again when Chairman Martin was before the Joint Economic Committee in January of this year. Mr. Martin said, and I quote:

Mr. MARTIN. Mr. PATMAN, as you know, trying to establish different relationships is a problem, and we have a reserve bill——

Representative PATMAN. I know, Mr. Martin, now you have a reserve bill. Why do you not wait for that bill to pass? Why do you arbitrarily now, in administering the law, try to do what you claim Congress should do by law, and Congress has not done it? (U.S. Cong., Joint Economic Committee, "January 1959 Economic Report of the President," 86th Cong., 1st sess. (1959), p. 478.)

Yes, it is true that the Federal Reserve now has under existing law authority to reduce required reserves by $6½ billion. It has authority to change relationships in required reserves among the three classes of banks. But it does not have the support and the backing, nor the congressional intent behind the enactment of a new law which the Board and the bankers have now decided to try to obtain before going any further with this plan.

QUESTIONS WHICH THE SPONSORS MUST ANSWER

Now, it seems to me that the Members of the House should insist that the members of the committee who are urging this bill answer several questions clearly and precisely. I believe the Members have a right to clear and convincing answers to these 13 questions.

First. "What assurances are they willing to accept that the effect of this bill will not be to change the money-creating shares as between the Fed and the private banks, and change them retroactively?"

It has come to my attention that some letters have been circulated which state that the Fed will not transfer any of its securities to the private banks. Those letters are not in the public record. They are not a part of the legislative history. The committee was put on clear warning, by my testimony, as to what is in the legislative history concerning the giveaway feature of this legislation. The committee's report is silent on the subject. It makes no statement that the authority which the Federal Reserve has, and will have under this bill, will not be used for a giveaway.

Second. "Will the sponsors of the bill accept an amendment which will make it clear that there is to be no giveaway, and thus overcome everything in the legislative history to the contrary?"

Third. "Will the sponsors of the bill accept an amendment to require cancellation of $15 billion of the Government securities which the Federal Reserve is now holding, and thus make it certain that this amount of securities cannot be given away?"

Fourth. If they will not accept such amendments, why not?"

Then I think the sponsors must answer these questions and a few other key questions, as follows:

Fifth. "Is this bill needed in order to provide for growth in the money supply in the years ahead?"

And when they answer this question, I hope they will give us a precise estimate of the rate at which they expect the money supply to increase, and give us a precise estimate as to how long before the authority in the present law for increasing the money supply would be exhausted. My estimate is that on the basis of a 3-percent increase per year, compounded annually, the present law will permit such an increase in the money supply over the next 54 years.

Sixth. "Is this bill needed to permit the Federal Reserve to reduce the required reserves of the New York and Chicago banks down to the level of reserves required of the Reserve city banks?"

When the sponsors answer this question, I hope they will comment on these facts. At present, required reserves against demand deposits of the New York and Chicago banks are 18 percent. The Federal Reserve has in present law authority to reduce them to as low as 13 percent. Are these reserves to be reduced only to 16½ percent? That is the present requirements of the Reserve city banks? If so why is any legislation needed?

Seventh. "Is this bill needed to help the country banks?"

When the sponsors answer this question, I hope they will comment on these facts. They have made the point that if the Federal Reserve uses all of the permissive authority under this bill to allow the banks to count their vault cash as reserves, this will in effect reduce reserves of the country banks by $1.2 billion. The Federal Reserve now has authority to reduce reserves of the country banks against demand deposits from the present 11 percent down to as low as 7 percent. This would reduce required reserves of the country banks by $1½ billion.

Furthermore, the Federal Reserve now has authority to reduce required reserves against time deposits in the country banks from the present 5 percent down to 3 percent. This would reduce required reserves of the country banks by another one-half billion dollars.

Eighth. "Why then is legislation needed to help the country banks?"

And while we are on this question I hope the sponsors will answer two other questions. The argument has been made that the country banks have relatively large amounts of cash, because they have to keep relatively large amounts of cash for practical reasons. Otherwise, they would turn in the cash to obtain more reserves. My question, then, is what is the amount of (a) excess reserves of the country banks, and (b) the amount of free reserves of the country banks? The answer to these questions can be found on page 26 of the committee's report in my dissenting views. So, after the answers are found, my question then is, "Why would the country banks turn in their cash to obtain more reserves when they have large amounts of excess reserves?" Why would they wish to obtain more reserves when they have reserves they have not used?

One other question on this point. Is it true, or is it not true that the fact that country banks normally keep relatively large amounts of cash was taken into consideration when the present level of reserve requirements was established? In other words, has the inequity already been corrected?

Finally, the sponsors should comment on this question:

Ninth. "How will the amount of reserves which the banks keep in the form of cash in the banks be policed?"

Bank examiners can police banks' reports on the amount of deposits, because they can go to the individual records of the depositors and check them, and check them retroactively. There are no such individual records for the cash in the bank, and cash can move from bank to bank pretty fast in little black bags when the bankers see the examiner coming.

The last several questions will make it clear, I think, what this bill is not about. It is not needed for a growth in the money supply. It is not needed to reduce required reserves of the New York and Chicago banks. And, for that matter, it is not even needed to eliminate the Reserve city classification. The Federal Reserve Board can remove the New York and Chicago banks from that classification now, if it wished to do so. The bill is not needed to help the country banks. Under these circumstances it seems to me the committee has a pretty clear burden to show why this legislation is needed. And that is a burden which is not satisfied simply by statements and innuendoes that very few people object to it. In point of fact, very few people have any comprehension of the subject matter with which the bill deals. And I suggest if many people did know what the bill is about, the committee would have a popular uprising on its hands.

Now, one more question.

Tenth. "Is the purpose of this bill to change the Federal Reserve monetary policies? Is the purpose of the bill to change interest rates?"

No; these are not purposes of the bill. Neither the American Bankers Association nor the Federal Reserve System intends that monetary policies or interest rates will be affected.

Yet interest rates will be affected. You cannot put $15 billion, $10 billion, $5 billion, or even $1 billion of Federal securities back into the market, even as a free gift to the banks, without further depressing the price of Government securities and further boosting all interest rates.

Furthermore, whether intended or not, monetary controls will be affected. In making its recommendations on this bill, the Federal Reserve expressed a willingness to accept the American Bankers Association legislation, but only with certain amendments. And these are amendments which the Federal Reserve Board considered necessary and essential for its monetary-control purposes. The Board made no objection to changing the money-creating shares. It made no objection to giving away its holdings of Government securities. It gave into to this part of the ABA's legislative proposal. But it did object vigorously to those features of the ABA's proposals which it thought would weaken or destroy its monetary controls.

With the amendments which the Federal Reserve recommended, the Board felt that its monetary controls would not be disrupted, although it admitted that it would have problems, even under the bill it recommended. The Board vigorously protested the elimination of the central Reserve city classification for the New York and Chicago banks, because it said that the separate classification of these banks is essential to maintaining monetary controls. The Board also objected to any mandatory reduction in required reserves, for any class of banks, by any specified time. It objected to this proposal also for the reason that it said that this would interfere with its monetary controls, as it obviously will.

From the Federal Reserve's point of view, the thing that would be infinitely worse than giving the banks reserves which the banks would use to buy its securities, is having to give the banks reserves which the banks then refused to use to buy its securities. The result would either be a great inflation, or the Federal Reserve would have to dump its securities at greatly more distressed prices than prevail even today.

Yet the bill which has been reported contains these two provisions to which the Federal Reserve Board vigorously objected. After the hearings, the Bush amendment was adopted in spite of the Federal Reserve Board's protests, putting in the American Bankers Association's original proposal to eliminate the central Reserve city classification, and to reduce required reserves of the New York and Chicago banks, by the date that the ABA had originally specified, which is mid-1962.

Eleventh. "Therefore it seems to me that the sponsors of this legislation have a clear duty to answer this question, Why have they adopted these two features of the ABA's proposal over the Federal Reserve Board's protests?"

Furthermore, I would point out that it is no answer to say that the bill gives the Federal Reserve 3 years in which to put these provisions into full and complete effect. Three years from now will be June of 1962, which is the date which the ABA proposed at the outset that these provisions be put into effect. And it was this proposal that the Federal Reserve Board protested.

Twelfth. Next question: "What is it that the American Bankers Association proposed to be done in its original report on this legislation which cannot be done under this bill?"

I suggest that the bill permits everything the American Bankers Association asked for, with one minor exception. The American Bankers Association asked that required reserves against time deposits be reduced to 2 percent. The bill does not change this. It leaves the law at 3 percent, but this amounts to only one-half billion of reserves.

Thirteenth. Finally comes the jackpot question: "How does the committee propose to amend or overturn the congressional intent of this bill as is expressed in the following excerpts from the legislative history?"

EXCERPTS FROM THE LEGISLATIVE HISTORY OF S. 1120 SHOWING INTENT TO TRANSFER GOVERNMENT SECURITIES FROM THE FEDERAL RESERVE TO THE PRIVATE BANKS

It should be clear that all such phrases as "offsetting excess reserves through open market operations," and "taking other action to absorb excess reserves released through reductions in required reserves" mean, plainly, that the Federal Reserve System will sell securities from its portfolio in the open market to offset the reserves freed to the private banks under this legislation. In other words, the Fed will give the banks the reserves with which to buy these securities and then sell the banks these securities, at no cost to the banks.

The excerpts are as follows, beginning with the first report of the Economic Policy Commission of the American Bankers Association, then taking up the second summary report of the ABA plan which sets out its exact specifications for reducing required reserves, then taking up the Federal Reserve's report on the legislation, and coming, finally, to the committees' hearings and reports and the debate on the bill in the Senate:

EXCERPTS FROM THE REPORT "MEMBER BANK RESERVE REQUIREMENTS," BY THE ECONOMIC POLICY COMMISSION OF THE AMERICAN BANKERS ASSOCIATION, PUBLISHED IN FEBRUARY 1957, PAGES 28–32

A question remains, however, as to the effects on the Reserve banks' holdings of Government securities. We have seen that reductions in reserve requirements to meet the economy's growth needs would have the advantage of providing the banks with the necessary reserve funds without further additions to the Federal's already huge portfolio. But what if reserve reduction were to proceed faster, as advocated above? If the Federal were to cut the reserve percentages and then absorb the resulting excess reserves by selling Governments, the result would be to shift part of its securities holdings to other investors over a period of time. Would this be desirable?

In our opinion, it would be. It seems clear that the System's securities holdings are far larger than is necessary either for credit-control purposes or to cover the expenses and dividends of the Reserve banks, and that it would not be good policy over a long period for the Reserve banks to hold an amount of Government securities as large as they now have. Reductions in the reserve percentages, accompanied by open-market sales, would give the System an opportunity to reduce its overload of Governments while still leaving it with a more than ample securities portfolio.

* * * * *

Then, as we have seen, the Reserve System increased its holdings to about $24 billion as a result of its policy of providing reserve funds to the banks via open-market operations instead of lowering the reserve percentages. The System's holdings today are very close to the January 1946 peak. As of June 30, 1956, the Reserve banks owned $23.7 billion of Governments—excluding those held under repurchase agreements. The member banks owned $46.2 billion. In other words, the Reserve banks held almost half as much as all the member banks combined.

No one can say precisely just how large a volume of Governments the Reserve banks need to hold. It is quite clear, however, that the holdings do not need to be anywhere near as large as they are now.

* * * * *

Chart II shows the ratio of the Federal's security holdings to total reserve balances during 1920–56. The ratio now stands at nearly 130 percent, as compared with 16 percent during 1920–29 and just under 52 percent during 1930–33.

This suggests that the System's holdings could easily be reduced by many billions without weakening its credit-control powers.

It is conceivable, of course, that an influx of gold might push up excess reserves and make it necessary for the Federal to sell substantial quantities of Governments in order to absorb them. However, the System's portfolio is now far more than adequate to take care of any possible inflow.

* * * * *

From an earnings standpoint, too, the Federal's present portfolio is clearly larger than it needs to be.

* * * * *

It is clear from the figures that the Systems holdings are far in excess of the amount needed for the Reserve banks to cover expenses and dividends. Even if these holdings were reduced by as much as $15 billion, the System would still have some net earnings after dividends.

* * * * *

Moreover, the Reserve banks were never intended to be a source of revenue to the Government, and policy regarding the level of required reserves should certainly not be determined on the basis of the effect on Federal Reserve payment to the Treasury.

EXCERPTS FROM THE ORIGINAL LEGISLATIVE PROPOSAL "A PLAN FOR MEMBER BANK RESERVE REQUIREMENTS," SUBMITTED BY THE ECONOMIC POLICY COMMISSION OF THE AMERICAN BANKERS ASSOCIATION, 1957

* * * * *

Looking ahead, it is clear that the needs of the public for currency and bank deposits will increase with the growth of the American economy. To meet these needs, it will be necessary to expand the reserve base of the banking system either by creating more reserves through open-market operations or by reducing reserve requirements.

The first approach, that of augmenting the reserves of member banks, would commit the Federal Reserve authorities to a large-scale program of open market purchases of Government securities designed to inject additional funds into the banking system. This would necessitate a further increase in the

size of the Federal Reserve's portfolio which, it is widely agreed, is already excessively large (p. 12).

* * * * *

If such an expansion were to be met without reducing reserve requirements, it would be necessary to supply the banks with about $7 billion of additional reserve balances by means of open market purchases of Government securities by the Reserve banks (p. 14).

* * * * *

In 1948, for example, virtually all of the increase in reserve requirements was counteracted by open market operations and the chief result of the requirement increase was that member banks were forced to part with about $2 billion of their earning assets. Bankers naturally felt that they were being rather heavily penalized for the sake of very doubtful benefits to the economy.

* * * * *

Effects on total required reserves of member banks: If the Commission's proposals were in effect at the present time, total required reserves (including vault cash) would be $7.7 billion lower than their actual present level of $18.4 billion (as of June 30, 1956). Required reserve balances that member banks must maintain at the Federal Reserve banks would be $9.8 billion lower (53 percent lower) than their actual current levels (p. 26).

* * * * *

Comparing this with what would happen under the Commission's plan, it can be seen that the adoption of the plan would make a net difference of about $9 billion in the case of total required reserves and about $12 billion in the case of required reserve balances.

* * * * *

The Reserve banks Government securities portfolios: There seems to be considerable agreement that the Federal Reserve banks should work toward a reduction of their enormous holdings of Government obligations. At the present time the Reserve banks hold about $24 billion of Governments, an amount far in excess of their needs either for earnings or for credit control.

The Commission's proposals contemplate a moderate reduction of these holdings over the years. On the other hand, unless reserve requirements are reduced, the Federal Reserve will have to pump more reserves into the banking system to enable it to meet the growing monetary and credit needs of our economy. Thus the Reserve banks would be confronted with the necessity of engaging in large-scale open-market purchases of Government securities for an indefinite period ahead (p. 30).

* * * * *

It is true that the Government would lose a small amount of revenue, since about 90 percent of the Reserve banks' annual earnings after dividends are now being voluntarily paid over to the Treasury. However, the Reserve banks were never intended to be a source of revenue to the Government, and policy regarding the level of required reserves should certainly not be determined on the basis of the effect on Federal Reserve payments to the Treasury (p. 32).

* * * * *

As mentioned earlier, the carrying out of the Commission's plan would result in some reduction of the Reserve banks' holdings of Government securities. Would this weaken the Federal's credit control powers?

Definitely not. As already discussed, the Reserve banks now hold far more securities than needed for credit-control purposes. The sale of only a small fraction of the System's holdings would completely absorb all excess reserves. In fact, ever since the end of World War II, these holdings have been well in excess of total member bank reserve balances, required and excess.

In sum, the Federal Reserve's portfolio is today far more than adequate to cope with any possible gold inflows or other contingencies that might tend to create excess reserves. It could be substantially reduced without any risk whatever in that direction (p. 34).

* * * * *

If the reserves released at any time are excessive in the light of current monetary conditions, the Federal Reserve can easily absorb them by open-market sales of Government securities.

In short, there is no reason for assuming that adoption of the plan would result in any greater expansion of money and bank credit than would occur if reserve requirements were to be kept at their present high levels (p. 35).

EXCERPTS FROM REPORT SUBMITTED BY THE FEDERAL RESERVE BOARD TO THE COMMITTEES ON BANKING AND CURRENCY SETTING OUT THE BOARD'S RECOMMENDATIONS IN SUPPORT OF THE VAULT-CASH BILLS AS ORIGINALLY INTRODUCED [1]

The Board has given consideration to the careful and comprehensive study of the problem of reserve requirements and the proposals for changes made by the Economic Policy Commission of the American Bankers Association and also to other plans for fundamental revisions in the reserve requirement structure. The Board has concluded, however, that far-reaching changes in the law are not necessary. In particular the Board should not be under a mandate to reach some particular level of requirements at any time in the future. With the amendments proposed, along with other provisions of existing law, the Board would have adequate authority to make any changes in the structure and level of reserve requirements that are likely to be appropriate under present or foreseeable conditions (pp. 15–16).

* * * * *

For purposes of monetary policy, reserve requirements of member banks do not need to be as high as they have been in recent years. Federal Reserve holdings of Government securities are large enough so that they could be reduced to absorb a substantial amount of reserves released, without impairing the ability of the System to perform its essential functions (p. 15).

* * * * *

While an individual bank may obtain reserves or currency by shifting other assets to other banks in exchange, all banks as a group cannot add to or subtract from the supply of reserves except through borrowing from the Reserve banks or repaying such borrowings. The Federal Reserve can control the availability of reserves by buying or selling Government securities, or at least can by such sales make it necessary for banks to undergo the restraint of borrowing from the Reserve banks if they want to obtain additional reserves or currency (p. 24).

* * * * *

Any reduction in reserve requirements would permit banks to increase their earning assets and thus provide larger earnings. This in turn would help banks to improve their capital positions. Even if the reserves released were fully absorbed by Federal Reserve open market sales so that no excess reserves were created, member banks could buy additional securities or make loans in an amount equal to the reserves released, and thus increase their earnings (p. 26).

* * * * *

A lower level of requirements would improve the earning position of banks and aid them in building up their capital positions to levels commensurate with the more rapid expansion that has occurred in their liabilities during the past 30 years.

* * * * *

To the extent necessary to avoid undue credit expansion, reserves released by any reduction in requirements could be absorbed by Federal Reserve sales of securities in the market. This would in effect shift earning assets from Federal Reserve banks to member banks. The present system portfolio is adequate to permit a substantial reduction and still leave enough to provide sufficient earnings to cover necessary expenses, as well as for current purposes of policy.

Any decrease in requirements, however, should leave the Federal Reserve with a portfolio adequate to cover possible future contingencies, such as the large inflow of gold or economies in the use of currency that might add reserves in excess of appropriate needs (pp. 27–28).

* * * * *

Any substantial release of reserves within a short period of time can have disturbing effects on credit markets and on the economic system generally. Although the amount of any such release can be offset by absorption of the same amount through Federal Reserve sales of securities, the initial uses that might be made of the actual reserves released cannot be controlled (p. 28).

* * * * *

Such a provision [vault cash] would make possible the release of over $2 billion of reserves for all member banks, unless offset by other action (p. 12).

* * * * *

Because of the magnitude of vault cash holdings, which amount to about one-eighth of total required reserves, permission to count vault cash as reserves would make a relatively large addition to the available supply of reserves (p. 37).

* * * * *

Some of the effects of reserve additions might be offset by open market operations, or changes could be made at times when additions to reserves are desirable (p. 37).

EXCERPTS FROM TESTIMONY OF C. CANBY BALDERSTON, VICE CHAIRMAN, BOARD OF GOVERNORS (ACCOMPANIED BY WOODLIEF THOMAS, ECONOMIC ADVISER TO THE BOARD OF GOVERNORS, AND RALPH A. YOUNG, DIRECTOR, DIVISION OF RESEARCH AND STATISTICS, FEDERAL RESERVE SYSTEM), BEFORE THE COMMITTEE ON BANKING AND CURRENCY, U.S. SENATE, ON S. 860 AND S. 1120, MARCH 23 AND 24, 1959

Mr. BALDERSTON. * * * We are asking for a change in the structure of design of the house. It has nothing to do with current policy.

Senator PROXMIRE. But you would agree that if the Federal Reserve desired to do so that this proposal would permit them to substantially expand the supply of money and that the effect could be, on strict monetary theory, to increase prices?

Mr. BALDERSTON. The potential is there, but you notice that what you are suggesting could be accomplished through open market operations, the size of the Federal Reserve portfolio being what it is (p. 29).

* * * * *

Mr. BALDERSTON. * * * We can provide reserves to the banks through open market operations just as we can under the potential authority of this bill. And having the open market instrument in good working order, we have suggested in this bill that we no longer need the 13-to-26 range. We can get along in any foreseeable circumstances with a 10-to-20 range, which would be identical with that for the Reserve city banks.

* * * * *

[1] Page references refer to reprint in hearings, Member Bank Reserve Requirements, before Subcommittee No. 2, Committee on Banking and Currency, U.S. House of Representatives, 86th Cong., 1st sess., 1959.

Senator DOUGLAS. You still have a tremendous margin at your own discretion.

Mr. BALDERSTON. Of course.

Senator DOUGLAS. But you want to go down to 10. You could still reduce your ratios in your central Reserve cities down to 13. Then we could give you power to differentiate between banks within cities.

Mr. BALDERSTON. Perhaps either Mr. Thomas or Mr. Young has an added point that would make the answer more complete.

Mr. THOMAS. Of course, it is perfectly proper and correct to say that you can supply any amount of reserves through open market operations expanding the assets of the Federal Reserve System.

Senator DOUGLAS. I am glad to have that admission (p. 36).

* * * * *

Mr. BALDERSTON. * * * The bill gives the Board authority, you notice, to implement this policy by allowing the banks to count vault cash in whole or in part. When such authority was granted by the Federal Reserve Board, it would naturally make the appropriate adjustments so that the shock would not be damaging (p. 40).

STATEMENT OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM IN OPPOSITION TO PROPOSAL FOR ABOLITION OF CENTRAL RESERVE CITY CLASSIFICATION OF MEMBER BANKS, APRIL 2, 1959

Practical objections to a mandatory requirement that reserve requirements be made identical for all city banks relate to the problem of absorbing the reserves released and the shifts in established relationships among banks. The change would necessitate either a reduction in the central reserve city requirements or an increase in those for reserve cities. If reserve requirements at central Reserve city banks were lowered to the level of Reserve city banks, the effect would have to be absorbed by raising requirements for country banks, if necessary to maintain an appropriate total level of required reserves. If the total level of required reserves were lowered, the additional reserves would need to be absorbed by other means to avoid undue credit expansion. In any event, there would be a realinement of requirements that would alter long-established relationships among banks; the present central Reserve city banks would have lower requirements and country banks would probably have higher requirements relative to the average for all member banks than would be the case if the three-way classification were retained.

Retention of the central reserve city classification is essential in order to make it possible to deal with any undue concentration of available reserves in money market centers, such as has happened and might arise again in the future. Absorption of such a pool of reserves through open-market operations or through a widespread increase in requirements might be impossible without undue effects on other banks having relatively small amounts of reserves available. Such a situation developed in the 1930's when large amounts of both foreign and domestic balances were concentrated in New York, and New York City banks held very large excess reserves. Authority to maintain three classes of banks provides the Federal Reserve with more flexible powers to deal with such variations in the distribution of reserves (p. 41).

EXCERPTS FROM TESTIMONY OF C. CANBY BALDERSTON, VICE CHAIRMAN, BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM (ACCOMPANIED BY WOODLIEF THOMAS, ECONOMIC ADVISER, AND HOWARD H. HACKLEY, GENERAL COUNSEL), BEFORE SUBCOMMITTEE NO. 2 OF THE COMMITTEE ON BANKING AND CURRENCY, HOUSE OF REPRESENTATIVES, ON H.R. 5237, APRIL 7, 8, AND 9, 1959

Mr. BALDERSTON. * * * Permitting vault cash to count as reserves would release a corresponding amount of reserves now held on deposit at the Reserve banks and thus add approximately $2 billion at a single stroke to the available supply of bank reserves. Unless other action were taken to absorb some of the reserves released, this would increase the lending potential of the banking system by more than a tenth. It would also distort existing differentials in reserve requirements as between classes of banks. Any such change, therefore, would have to be put into effect gradually, and most likely be offset by adjustments in the reserve requirement percentages as well as by open market operations (p. 3).

* * * * *

If requirements at central Reserve city banks were lowered to the present level of Reserve city banks, the effect would have to be absorbed by raising requirements for country banks, if necessary to maintain an appropriate total level of required reserves. If the total level of required reserves were lowered, the additional reserves would need to be absorbed by other means to avoid undue credit expansion (p. 6).

* * * * *

Retention of the central Reserve city classification is essential in order to make it possible to deal with any undue concentration of available reserves in money market centers, such as has happened and might arise again in the future. Absorption of such a pool of reserves through open market operations or through a widespread increase in requirements might be impossible without undue effects on other banks having relatively small amounts of reserves available (p. 6).

REPLIES TO QUESTIONS PROPOUNDED ON BEHALF OF REPRESENTATIVE MULTER TO THE FEDERAL RESERVE BOARD IN RE H.R. 5237

Permitting vault cash to count as reserves would release a corresponding amount of reserves now held on deposit at the Reserve banks and thus add approximately $2 billion at a single stroke to the available supply of bank reserves. Unless other action were taken to absorb some of the reserves released, this would increase the lending potential of the banking system by more than a tenth. It would also distort existing differentials in reserve requirements as between classes of banks. Any such change, therefore, would have to be put into effect gradually, and most likely be offset by adjustments in the reserve requirement percentages, as well as by open market conditions (p. 100).

EXCERPT FROM STATEMENT OF DAVID M. KENNEDY ON BEHALF OF THE AMERICAN BANKERS ASSOCIATION, BEFORE SUBCOMMITTEE NO. 2 OF THE COMMITTEE ON BANKING AND CURRENCY, HOUSE OF REPRESENTATIVES, ON H.R. 5237, APRIL 8, 1959

Mr. KENNEDY. I think looking at the way I see conditions developing, the trend will be to reduce them [required reserves] instead of increase them. Of course, they have broad power in the open market operations to control reserves (p. 200).

EXCERPTS FROM STATEMENT OF ISAAC B. GRAINGER ON BEHALF OF NEW YORK CLEARING HOUSE ASSOCIATION (ACCOMPANIED BY WESLEY LINDOW AND WILLIAM C. PIERCE), BEFORE SUBCOMMITTEE NO. 2 OF THE COMMITTEE ON BANKING AND CURRENCY, HOUSE OF REPRESENTATIVES, ON H.R. 5237, APRIL 8, 1959

Thus, the reduction in required reserves proposed by the association, based on the above, would release less than $400 million of reserves, an amount which could readily be offset through the sale of U.S. Government obligations by the Federal Reserve.

To the extent that the central Reserve city banks invested the proceeds of such a reduction in Reserve requirements in short-term Treasury obligations, neither the liquidity nor the risk position of the banks would be affected (p. 253).

* * * * *

Required reserves now aggregate some $18 billion, so that the $400 million reduction in required reserves that would follow the elimination of the central reserve city classification would represent a reduction of hardly more than 2 percent of total required reserves. Moreover, as reviewed in greater detail in section IX, the Federal Reserve could, if appropriate, "soak up" reserves thus made available by open-market sales out of its Government security portfolio, which now totals over $25 billion (p. 254).

* * * * *

In contrast, weekly changes in "float" can be large and unpredictable. An obvious way for the Federal Reserve to minimize the money-market impact of releasing reserves would be to make offsetting sales out of the System's open-market account, which currently amounts to about $25½ billion (p. 264).

EXCERPTS FROM REPORT ON MEMBER BANK RESERVE REQUIREMENTS TO ACCOMPANY S. 1120, COMMITTEE ON BANKING AND CURRENCY, U.S. SENATE, REPORT NO. 195, APRIL 17, 1959

It is not the purpose of the bill to interfere with the monetary policy objectives of the Federal Reserve Board. For this reason the committee supports strongly the discretionary authority the Board will have, "under such regulations as it may prescribe, * * * [to] permit member banks to count all or part of their currency and coin as reserves * * *." In short, the vault cash provision under S. 1120 will have only that influence on credit availability as is permitted by the Federal Reserve Board within the framework of its overall credit control objectives.

Similarly, banks in Reserve cities may be reclassified as country banks only at Board discretion.

With respect to the elimination of the central Reserve city classification, the impact of released reserves is only nominal, as pointed out above. Furthermore, all available data point clearly to the fact that the Board has the power to offset the released reserves, and in the opinion of the committee, such power should be used, if the Board determines that its general credit policy requires such action (p. 15).

EXCEPTS FROM SUPPLEMENTAL VIEWS OF SENATOR DOUGLAS, REPORT ON MEMBER BANK RESERVE REQUIREMENTS TO ACCOMPANY S. 1120, COMMITTEE ON BANKING AND CURRENCY, U.S. SENATE, REPORT NO. 195, APRIL 17, 1959

It is, of course, true that if the Federal Reserve Board were to lower reserve requirements, they could try to offset the resulting expansion of credit by blotting up some of the newly created reserves by means of open market sales of Government securities. It is also true that at the moment they allowed vault cash to be counted with reserves, they could raise reserve requirements in such a way as partially to offset the potential expansion of credit which such an act would bring.

But the Reserve authorities, influenced as they tend to be by the views of the banking community, would find it hard to resist the demand of the commercial banks that they be allowed to use the reserves, or at least a considerable portion of the reserves, which this legislation makes available to them.

EXCERPTS FROM THE DEBATE IN THE SENATE ON S. 1120, ON DATE OF PASSAGE, CONGRESSIONAL RECORD, WEDNESDAY, MAY 13, 1959—RESERVES REQUIRED TO BE MAINTAINED BY MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM

Mr. PROXMIRE. What I am worried about is that we are moving into such a position that the Federal Reserve System will tighten credit, not by raising the reserve requirements—because they have proposed legislation which will to some extent limit the figure to which they can raise reserve requirements—but to sell Government securities, and, in doing that, drive the interest rates up, and put into private hands holdings of Government securities which are now in public hands; thus costing the taxpayer the interest which is being paid on these Government securities.

That is not merely my idea. It is the idea of some responsible, respected, thoughtful, recognized economists, as well as Members of the House of Representatives and this body. I believe it makes sense. It is something which concerns me very much (p. 7227).

* * * * *

Mr. ROBERTSON. The currently large Federal Reserve holdings of Government securities—$25 billion—with about $20 billion in short maturities is ample enough to absorb any anticipated increases in excess reserves (p. 7227).

* * * * *

When reserve requirements are lowered, it is of tremendous advantage to them [the private banks], just as it is advantageous to hold securities and earn the interest on them, rather than to have the Government hold them (p. 7227).

* * * * *

Mr. BUSH. It was also anticipated that this would be done in such a manner that the liberalizing effect could, if necessary, be compensated for by other actions of the Federal Reserve Board, such as the sale of Government securities in open market operations (p. 7229).

Mr. BROWN of Georgia. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BONNER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 1120) to amend the National Bank Act and the Federal Reserve Act with respect to the reserves required to be maintained by member banks of the Federal Reserve System against deposits and to eliminate the classification "central Reserve city," had come to no resolution thereon.

MEMBER BANK RESERVE REQUIREMENTS

Mr. WOLF. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection

Mr. WOLF. Mr. Speaker, I wish to call the attention of the membership to the following letter I have written:

WASHINGTON, D.C.,
July 1, 1959.

DEAR COLLEAGUE: Within the last few days you received a letter claiming that it was unfair to refer to S. 1120 as a $15 billion giveaway program. It has been claimed that those who feel that this is a giveaway program are making irresponsible charges.

I submit that the distinguished economists who are opposed to this bill are not irresponsible. These men are scholars of great stature in economics who have spent their lives in the pursuit of knowledge and the formulation of sound monetary policies which have been written into law within the last 25 years.

The professors who are opposed to this bill are the following:

Prof. Seymour E. Harris, chairman of the economics department of Harvard University.

Prof. Alvin Hansen, one of the world's leading monetary and fiscal experts, and a distinguished service professor at Harvard University.

Arthur P. Becker, chairman of the economics department at the University of Wisconsin.

John Girley, Sr., research scholar at Brookings Institution and associate editor of the Journal of Finance.

Lester O. Wisler, trustee and senior research analyst, National Research Institution, Oakland, Calif.

It seems to me that the opinions of these independent-minded and brilliant experts in economics make it abundantly clear that S. 1120 is a bill which should be voted down.

The opinions of these economists appear at the following places in the RECORD: 9618, June 2; 12004, June 26; 11821, June 24; and 12157, June 29.

Sincerely yours,

LEONARD G. WOLF.

IMPLEMENTING A TEACHER EXCHANGE PROGRAM WITH IRELAND

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection

Mrs. ROGERS of Massachusetts. Mr. Speaker, I include the following letter as a part of my remarks which I know covers a subject that is of great interest to all Members of the House:

DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., June 5, 1959.

HON. EDITH NOURSE ROGERS,
House of Representatives,
Washington, D.C.

DEAR MRS. ROGERS: I am writing to you in reference to your telephone conversations earlier this year with Dr. Thomas E. Cotner and Mr. James W. Doon, Jr. of my staff concerning the possibility of implementing a teacher exchange program with Ireland.

As you know, Mr. Doon visited Ireland briefly on his recent trip to match the American and British exchange teachers for the coming school year. While there, he discussed the possibilities of teacher exchange with officials of the American Embassy and the Irish Scholarship Exchange Board. He reports that the Embassy officials concerned with the overall exchange are very sympathetic to teacher exchanges and are doing everything possible to persuade the Ministry of Education to approve a pilot program in the near future. There are many obstacles to be overcome, such as the small size of the total Irish exchange program, the administration of public elementary schools by local parish priests, the requirement that instruction at the elementary level be conducted in Gaelic, and the fact that all secondary schools are privately controlled (there are no public secondary schools). Progress is being made, however, and several key Ministry of Education officials are scheduled for short-term leader and specialist grants, involving visits to schools in the United States. We are hopeful that, in due time, some teacher exchanges may be implemented at the secondary level, possibly in the field of vocational education.

You will be pleased to know, I am sure, that plans have now been approved to bring 50 teachers from Ireland to the United States for a 6-week visit this summer. This Office, at the request of the Department of State, is arranging a 2-week seminar on American education for them at the New York State Teachers College in New Paltz, N.Y. They will also visit other parts of the United States. The visit of this group should do much to stimulate the idea of teacher exchange in the Irish teaching profession.

In closing, may I extend my sincere appreciation for your interest in and continued support of the international educational exchange program. If we may be of further assistance, please do not hesitate to call upon us at any time.

Sincerely yours,

OLIVER J. CALDWELL,
Assistant Commissioner for International Education.

VICE PRESIDENT'S COMMITTEE ON ECONOMIC GROWTH

Mr. WOLF. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection

Mr. WOLF. Mr. Speaker, yesterday the Vice President's Committee on Economic Growth issued its long awaited statement on the American economy. To say that its contents were a disappointment would be to give too much credit to that statement. The report was replete with cliches and slogans. The three recommendations of the Committee were nothing more than a short term, shortsighted policy which does not give the direction and dynamism that the American people and the Congress should and do expect from the administration. The three recommendations may be summarized as the following:

First. Congress should make it clear that the Federal Government intends to use all appropriate means to protect the buying power of the dollar.

Second. It is imperative that the Federal budget for the 1960 fiscal year be balanced.

Third. Credit and money must be controlled, and the limitation on interest rates of bonds should be removed.

I am shocked that so little attention was paid to national growth. Our industrial development is our basic problem and the simple-minded approach taken by the Nixon committee does nothing to give any direction at a time when our national security is so closely

involved with our economic development.

Allen Dulles, the Director of the CIA has pointed out:

> Whereas Soviet gross national product was about 33 percent that of the United States in 1950, by 1956 it had increased to about 40 percent, and by 1962 it may be about 50 percent of our own. This means that the Soviet economy has been growing and is expected to grow through 1962 at a rate roughly twice that of the economy of the United States. Annual growth overall has been running at between 6 and 7 percent, annual growth of industry being between 10 and 12 percent.

The strange and rather disturbing fact is that even while the United States was in a period of economic expansion before the last economic recession, Soviet economic growth was twice as fast as that of the United States. It is by no means enough to merely overcome the present recession and return to our former state of leisurely economic growth. Obviously, new methods must be found and adopted if the United States is to have a rate of economic productivity and expansion which surpasses that of the Soviet Union.

Experts in the field of economic growth, such as Fritz Sternberg, the author of the "Second Industrial Revolution," suggests that the answer to the problem of our economic growth can be found in automation.

> Today the U.S. Government has power to carry through its military program, i.e., to take a certain amount of the gross national product and apply it to military purposes. So far so good; but that is no longer enough. The Government must now be given power to plan for the national economy as a whole—at least in broad outline. In the present world political situation it is not enough to say that if there is such and such an increase in the gross national product then the various sectors of the economy could develop in this or that fashion. The present situation is so urgent that the U.S. Government should say forthrightly that an annual average increase of the gross national income of—I should say—at least 6 percent is necessary for the next 10 years if the United States is to maintain its military and industrial position toward the Soviet Union. And within the framework of this general increase there should be a very much bigger increase in industrial production as a whole, and a particularly rapid increase in the automated industries and those about to be automated.

There is no doubt that the U.S. Government must now establish certain targets for the national economy as a whole and for the automated industries—and those capable of being automated—in particular. These targets should be designed to meet our world commitments economically and militarily while assuring a high standard of living in the United States. This can be accomplished if we realize the potentialities of the atomic and automated revolutions; revolutions which the United States brought about, but is sluggish in developing.

Mr. Speaker, our rate of economic growth as it compares to the Soviet Union is not the only criteria of judgment for our Nation, nor is it necessarily the most important criteria. In our Nation one-fifth of our population is underfed and underclothed. Too many families live on a bare subsistence minimum of $2,000 a year. The administration image of America is not the reality of America. There are too many unemployed—4 million—and too many people who must work two jobs in order to make ends meet. There are too many small businesses that are failing, not because of inefficiency but because of the rise of oligopoly and monopoly.

I had high hopes that the Vice President's Committee would have dealt with such basic questions rather than be nothing more than the official apologists and justifiers of the present administration's makeshift monetary and fiscal policies.

CLERK AUTHORIZED TO RECEIVE MESSAGES AND SPEAKER AUTHORIZED TO SIGN ENROLLED BILLS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that notwithstanding the adjournment of the House until tomorrow, the Clerk be authorized to receive messages from the Senate and that the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

UNCLE SAM BROKE HIS WORD ON FORT POLK

The SPEAKER. Under previous order of the House, the gentleman from Louisiana [Mr. McSWEEN] is recognized for 30 minutes.

Mr. McSWEEN. Mr. Speaker, today is a sad day in Louisiana. Fort Polk, La., has again become inactivated. Thus, another chapter in the peculiar history of this military installation has ended. So that Members of Congress may fully understand this matter, permit me to recount briefly the short life of this base and to show how it exposes our poor military planning, a symptom of our defense policy illness. Incidently, this will also reveal the economic punishment which has been dealt to a typical small American community in a most un-American way.

Following are the dates of activation and inactivation of Fort Polk:

Activated 1941, inactivated December 31, 1946.

Reactivated August 1, 1950; inactivated June 1, 1954.

Reactivated November 1, 1955; inactivated June 30, 1959.

The first two spans of existence were during the World War II period and the Korean war period.

However, the third span of life, from November 1, 1955, through today, occurred during a period of cold war no different from what we have today or what we can contemplate for the foreseeable future.

We might ask these questions. Why was Fort Polk reactivated at all on November 1, 1955? Have the reasons for reactivation disappeared? Further, why is it being inactivated as of today? Let us try to answer these questions based on the record.

Why was Fort Polk reactivated on November 1, 1955? The Army needed a large maneuver area of sufficient size to field-test new concepts of organization based on the requirements of the modern atomic battlefield. The Army took an inventory of possible maneuver sites in the continental United States and found that there was one such site in western Louisiana, surrounding its own inactivated property, Camp Polk. The Army contacted public officials and business leaders in Louisiana to determine whether approximately 7 million acres of land, an area larger than the entire State of Massachusetts and twice the size of the State of Connecticut, could be made available for large-scale maneuvers.

The Army agreed to reopen Camp Polk as a permanent fort if the maneuver area could be obtained.

On June 15, 1955, the Army issued the following news release:

> The Department of the Army and the State of Louisiana today announced an agreement under which Camp Polk, La., will be reopened on a permanent basis, providing the State and the property owners will insure the use of the 7-million-acre large-scale maneuver area on a continuing basis.

On September 27, 1955, in order to clarify its position during delicate negotiations for permits covering certain large land areas, the Army sent a telegram to the Governor of Louisiana, as follows:

> You may assure conferees that a division and various supporting troops will be stationed at Camp Polk, subject to a maneuver, if held, which depends upon procurement of adequate maneuver area. Present permits will not be valid unless Camp Polk is opened as a permanent station.

Let me say at this point that it was no simple task to obtain maneuver permits covering a solid area equal to that of one-fourth of the entire State of Louisiana, most of which is in the hands of private timber interests who have been spending hundreds of thousands of dollars for reforestation or in the hands of small landowners and farmers who make their home and eke out a living on their small acreage.

You can imagine that it took a lot of hard work by hundreds of public-spirited citizens to get maneuver permits from over 35,000 individual property owners. It took time. It took money. It was also necessary in some cases to take to court landowners who were not convinced of the desirability of granting maneuver rights over their land. This was no small undertaking, and, as one of the hundreds who had the task of asking landowners to sign over these rights, I can verify that it required considerable persuasion. In virtually each instance it was the fact that Camp Polk was to be made a permanent fort that persuaded the landowners to grant the maneuver permit.

As a matter of fact, the obligation on the part of the United States to reactivate Camp Polk and make it permanent is found in paragraph No. 6 of the maneuver agreements executed by and between the United States of Amer-

ica and the 35,000 individual landowners.

It is noteworthy to point out also that maneuver permits covering 6.4 million acres were acquired at virtually no expense to the Federal Government.

An inspiring dedication ceremony was held at Fort Polk on the day that it was reactivated and pronounced "permanent." It was a big day for the Army. It was a big day for Louisiana, particularly for the nearby city of Leesville and the Parish of Vernon, whose citizens have always exhibited outstanding cooperation and patriotism with regard to the Army's needs and problems.

Officials representing the U.S. Government joined Louisiana officials in speaking to a crowd of thousands to commemorate this happy occasion, culminating months of hard work.

This, then, was why Fort Polk was reactivated almost 5 years ago as a "permanent" fort. At that time the strength of the U.S. Army was 1,094,068 men.

Have the reasons justifying its last reactivation disappeared?

Let me point out that this was subsequent to 1953, the year which marked the beginning of a new era in this Nation's philosophy of national defense and the year in which the new administration began to make good on its pledge to try to attain "security with solvency." The new policy embraced nuclear firepower in lieu of men and conventional weapons. A decision had been made previously to defend with our nuclear arsenal. A "fortress America" concept could be detected.

Further, a new way of doing military business had been formulated in 1953. A primary decision was taken by civilian administrators, and military advice was given by military men who were prepared to agree. The new basic military policy decision was never aired in public and never debated in Congress. I do not here quarrel with this decision and with this policy. Perhaps it was wise. I point out simply that it was made before the Army asked for a maneuver area for the purpose of simulating atomic battlefield conditions.

To my knowledge, there has been no subsequent change in world conditions which would justify an about-face in regard to the Army's need for a large maneuver area for this purpose.

Why, then, was the decision made to inactivate Fort Polk?

The military elite who now determine military policy under the program adopted in 1953 have decreed that the strength of the Army will be decreased to 870,000 men.

The Army gives this as its only reason for closing Fort Polk. The Army deeply regrets the loss of this maneuver area, pointing out that it not only lacks the manpower to justify maintaining the Fort requisite to holding the permits to the maneuver area but that it does not have the money to hold large scale maneuvers anyhow.

I take it that we can now presume that large scale maneuvers are no longer essential to training an army. If this is correct, I wonder whether the Army will eventually agree to this new precept.

If economy alone—not a change in world conditions or basic military policy—is the justification for inactivating Fort Polk, it must be said that it was poor planning and a waste of money in the first instance to reactivate this large installation for a period of less than 5 years.

This problem of Fort Polk is but a small matter to the Department of Defense. Fort Polk is now only another name in an inventory of installations which are subject to emergency mobilization. But it is a most important matter to the people of Leesville and Vernon Parish, La., who over the last 5 years have geared themselves to handle twice the normal population. Local taxpayers will now pay for empty classrooms. Vacant houses will mark the new paved streets. Mortgage foreclosures will be spread over the clerk's records.

The fine people of Leesville and Vernon Parish will overcome this burden, saddled upon them by the Nation's defense policy and poor military planning, but it is difficult for them and difficult for me as their elected Representative to understand that this kind of military policy and planning is guaranteeing our safety.

The Department of Defense has broken its word to the people of Louisiana. I pray that this action does not foreshadow a breach in its obligation to defend the American people.

As a new Member of the Louisiana delegation in Congress, taking office after the Army issued its order to close Fort Polk on December 17, 1958, I did all that I possibly could to try to keep Fort Polk open. Before me, the other Members of the Louisiana delegation were vigilant and worked furiously toward this end. My predecessor, Dr. George S. Long, died in office at a time when he was actively engaged in trying to maintain the manpower strength of the Army.

Since this Congress convened in January, all of us in the Louisiana delegation have used our total resources. Senators ALLEN J. ELLENDER and RUSSELL B. LONG have worked nights trying to persuade Defense and Army officials to rescind the order, and they have collaborated for assistance with their colleagues in the Senate. Representatives F. EDWARD HÉBERT, HALE BOGGS, EDWIN E. WILLIS, OVERTON BROOKS, OTTO E. PASSMAN, JAMES H. MORRISON, and T. A. THOMPSON have joined us in meeting with Pentagon officials time after time. We have in concert with the Senators tried valiantly to pass legislation which would indirectly accomplish our goal. I am sure that the people of Leesville and Vernon Parish join me in thanking my colleagues for their unselfish devotion.

HOLIDAY TRAFFIC TOLL

The SPEAKER pro tempore (Mr. BOLLING). Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 10 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the RECORD and to include an editorial.

Mr. SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts.

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I shall include in the RECORD as part of my remarks an editorial from the Lowell Sun of June 27, 1959. It is "An Open Letter to the Motoring Public of Greater Lowell," the city where I live.

They have had a number of accidents right outside my own house. They are doing very fine work in trying to make people realize the horrors of the death and injury toll on the highways.

Mr. Speaker, I should like to say that Massachusetts as a whole, with various groups, including the professional business women's clubs and the doctors and others, is trying to do something to make the public realize their own responsibility in this situation.

If we could only pass some legislation that would have some effect, Mr. Speaker, it would be helpful.

The editorial to which I have referred is as follows:

AN OPEN LETTER TO THE MOTORING PUBLIC OF GREATER LOWELL

Today marks the beginning of the annual summer vacation season.

Next Friday will see the beginning of the greatest exodus from the cities and towns to the seashore, the mountains and other resorts in the history of the nation.

Traffic experts figure that on next Friday, Saturday and Sunday, an alltime record number of motor vehicles will be moving on the Nation's highways.

Unfortunately, this also means that hundreds of men, women, and children will lose their lives in automobile accidents during this period and, possibly worse still, thousands upon thousands of persons will be injured, condemned to days and weeks of suffering, and altogether too many will be sentenced to a life of limited and heartbreaking endeavor due to crippling injuries.

This will happen even though America's highways are engineered better than ever before to avoid accident hazards.

Why then should it be that our highway death and injury toll continues to mount?

The answer, in our opinion, is that to the great majority of motorists, the highway dead and injured are considered only in the light of statistics.

To put it simply, too many American motorists today cannot, or will not take these accident figures to heart and visualize just what they mean in the form of human suffering and heartbreaking tragedy.

These motorists—possibly because of a cultivated mental block, figure that what happens to the accident victims listed in these statistics couldn't happen to them; yet every highway police officer, ambulance driver and newspaper reporter assigned to the accident "beat," knows full well it could happen to any motorist.

A highway accident isn't a statistic to these men assigned to highway emergency duty. It is actuality: Lives of innocent children snuffed out in a fraction of a second, maimed and torn human bodies writhing and screaming in pain, and the dazed, hopeless stare in the eyes of those who survived as they watch the lifeblood oozing from the torn bodies of their loved ones.

These, Mr., Mrs., and Miss Motorist, could be the bodies of your relatives and friends, or even your own—this is the thought we are trying to bring home to you today.

The Nation's shameful highway toll never will be reduced materially until each automobile operator takes this to heart and

keeps it fresh in his mind when he starts out on the highway for either a short or a long journey.

We do not mean that every motorist should become morose or mentally upset over the accident problem, but each one should at all times consider the accident hazard not as a statistic, not in the sense of a wrecked automobile, but always in the much more serious sense of wrecked human lives.

He should remember, too, that excessive speed is the Nation's No. 1 killer, and that it is the height of folly to gamble his own life and the lives of his family and friends just for the sake of reaching his destination a few minutes sooner than he could by observing the highway speed limits and rules of traffic safety.

He must remember, too, that to drive after drinking is to invite tragedy, and that operating a vehicle with improper or unsafe controls and tires is an invitation to suicide and/or to highway slaughter.

For years now we have had dinned into our ears and flashed in front of our eyes that safety motto: "The life you save may be your own."

Possibly today, to reach the motorists who still look upon accidents as mere statistics, we should change this to read: "The life you take may be your own," and drum this into the mind of every automobile driver.

Each and every motorist has a big and personal stake in highway safety and we sincerely hope you motorists of Greater Lowell will show that you realize this, as you make your annual vacation or July Fourth weekend holiday trips.

Let's forget the statistics and remember the human lives involved and our highways will be far safer for all.

GUARANTEED LOANS FOR VETERANS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I would like to read to the House a statement by the President, issued by the White House on signing the bill H.R. 2256, an act to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes.

These are direct loans for our veterans. It is not the bill as the Committee on Veterans' Affairs passed it out or as the House passed it, but at least it is something to help the veterans with their loans.

The statement is as follows:

STATEMENT BY THE PRESIDENT

I have today approved H.R. 2256, "An act to amend chapter 37 of title 38, United States Code, to provide additional funds for direct loans; to remove certain requirements with respect to the rate of interest on guaranteed loans; and for other purposes."

Under present law the Government can guarantee the repayment of a loan made by a private lending institution to a veteran for the purchase of a home only if the rate of interest on such a loan does not exceed 4¾ percent. Because of this statutory interest rate ceiling, private lending institutions are today finding these guaranteed loans to veterans less and less attractive and are investing their funds elsewhere. So without the increase in the interest rate ceiling to 5¼ percent, which H.R. 2256 provides, eligible veterans would be virtually unable to obtain the benefits of Veterans' Administration loans guaranteed by the Government.

It would have been preferable, as the administration recommended, to have accorded the Veterans' Administration the same flexibility in interest rates as the Federal Housing Administration already has for comparable programs. The Veterans' Administrator would then have a wider latitude within which to set the interest rate and, as a result, veterans would have a greater assurance that they would be able to purchase a home under the guaranteed loan program.

H.R. 2256 also authorizes an additional $100 million for direct Federal housing loans to veterans. Loans of this variety are to be made, according to the basic law, only in those areas where private capital is not generally available for the financing of veterans guaranteed home loans. In keeping with this purpose, therefore, the Veterans' Administrator will exercise maximum caution in making direct loans until it can be determined whether the increase in the allowable interest rate for guaranteed loans will draw sufficient private capital to that program.

CARIBBEAN SEA: MEDITERRANEAN OF THE AMERICANS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. FLOOD] is recognized for 30 mintues.

Mr. FLOOD. Mr. Speaker, since 1957 thoughtful observers have noted a rising tide of discontent among members of the inter-American community of nations. Featured by widespread breakdown in the constitutional processes of law and order, this political turmoil was effectively dramatized in 1958 by attacks on the Vice President of the United States during the latter part of his South American tour. More significant than this, however, have been a series of revolutionary developments in the Caribbean, many of them of Communist origin and pattern.

In that key region, long recognized as the Mediterranean of the Americans, the violent overthrow of established governments in Venezuela and Cuba, a number of political assassinations, an invasion of the Canal Zone by Panamanian university students, and successive invasions of isthmian countries by mercenaries from Cuba, have supplied further evidence of the deteriorating situation and focused attention of responsible governments of all the American nations on the problems of hemispheric security.

As to the policies of the United States with Latin America, they are deeply rooted in history. Though included today in the good neighbor policy, the essentials of this policy include not only the doctrine of nonintervention and the no-transfer principle, but also, the historic and fundamental Monroe Doctrine.

In spite of the late advances in means of warfare and the necessity to adjust our defense policies to them, the essential elements of United States-Latin American policy still contemplate the security of the Continental Republic coupled with the defense of the Western Hemisphere. Essential to these is the security of the strategically situated Caribbean Sea. Back of all is our Isthmian Canal policy.

It is most significant, Mr. Speaker, that, when commenting on the recent Cuban invasion of Panama, President Ernesto de la Guardia, Jr., stated:

That was not just a group of adventurers from our country or even from Cuba. These people were mostly Cubans, but directed by and led by militant Communists. Their ambition is the long-stated one of taking over the Panama Canal.

There could be no clearer statement than this, and by one who is in a position to observe at close hand. Moreover, it is supported by overwhelming evidence, as I have repeatedly endeavored to show. The formation of Communist-oriented governments in the Caribbean on the flanks of the Atlantic approaches to the Panama Canal and recent attempts to invade Isthmian countries are clear violations of the Monroe Doctrine. As such, they constitute threats—not only to the United States, but to all the Americas.

Among the preventive measures currently proposed is the formation of an inter-American volunteer police force under the Organization of American States. Its purpose would be to "deter or counter any use of force against any Latin-American country."

That objective, Mr. Speaker, is one of great magnitude. It appeals strongly to the credulous. But to the well informed of all the Americas, it is a proposition that requires careful scrutiny before serious consideration.

First, what is the Organization of American States? It is essentially a consultative, intergovernmental institution of the 21 American Republics aimed at achieving peace and justice, promoting hemispheric solidarity, strengthening collaboration among these nations, and defending their sovereignty, territorial integrity, and independence.

Second, what are the features of the member countries? Some are great nations of vast areas, large populations, and tremendous potential strength; others are small and weak. All, however, are extremely zealous defenders of their freedom and highly nationalistic. Some have special treaty interests, such as Colombia and Panama with respect to the Panama Canal and Panama Railroad.

Third, what types of force would be required to accomplish a mission such as that envisioned by the promoters of the policy force idea? To be effective, it would have to include military, naval, and air units.

Fourth, who would pay the costs of these units, who would supply the personnel, and above all, who would issue the orders? Would the last include representatives from Communist-oriented governments as obtained during the Korean operation?

These and many other practical questions must be answered in any realistic appraisal of an inter-American police force proposal.

One feature of this police force dream is truly puzzling: That it would be formed by "volunteers."

There is no doubt that many would volunteer for service in such a body. I have traveled extensively in this hemisphere, observed its peoples closely, tried

to read widely in the history of the Americas, and formed many treasured friendships among its peoples. I think I know the types of adventurers and cutthroats most likely to volunteer for service as volunteer police, to enforce peace on Latin-American countries. If ever formed, I would certainly like to see them in a parade on Pennsylvania Avenue.

Would countries like Brazil, Argentina, and Mexico with their own highly trained armed forces permit intervention by any inter-American police force? Would countries like Colombia and Panama allow their treaty interest in the Panama Canal to be jeopardized? Most certainly, they would not.

At Panama, extreme agitations for greater participation in canal revenues and for nationalization have already played into the hands of those theorists who, without thinking the problem through, are advocating internationalization under the Organization of American States or the United Nations. It is indeed interesting, Mr. Speaker, that the Secretary General of the United Nations, while attending an international conference, spent considerable time in May of this year with the Governor of the Canal Zone at Miraflores Locks observing the operations of the Panama Canal. What does that mean?

Recent word from the isthmus, however, indicates that the people of Panama already recognize the dangers confronting their country. They know that it is to their advantage and best interests to deal with the one nation that has been proved a tested friend rather than with an organization of many nations, most of which have no treaty interest in the Panama Canal and no direct concern for the well-being of Panama. They also know that the creation of an international police force to "protect" the nations of Latin America would serve as the first step toward internationalization of the Panama Canal. Leaders from other Latin-American nations are equally antipathetic.

Thus, Mr. Speaker, the evidence is clear: That proposals for an inter-American police force in the Caribbean or elsewhere in the Americas, are not only unrealistic but charged with serious diplomatic hazards. As to the suggestion for volunteers, the experienced leaders of some of the American Republics, who include graduates of West Point and other military institutions, would no doubt, eliminate such invaders of their countries, even if under the aegis of the Organization of American States.

What arrangements the United States may make with other governments with respect to Caribbean problems, I cannot predict. But what I can state is that current turmoil in the Caribbean is not something new; rather it is old. It has been handled before and it can be handled again, and in line with tested principles of international law and policies derived from a vast background of experience.

In this connection, Mr. Speaker, it should be remembered that for many years prior to World War II, the United States maintained a special service squadron for diplomatic missions in the Carribbean and Central American areas. It was not a part of the U.S. Fleet but an independent unit operating directly under the Chief of Naval Operations. Thus, it was free of interruptions of fleet training exercises and continuously available. Very importantly, its main base of operations was at Balboa, Canal Zone.

World War II has long since past. New situations in Caribbean areas are rapidly unfolding. With them will come new problems of grave character.

Present U.S. forces in the Caribbean include a South Atlantic force based at Trinidad and units in training at Guantanamo. Though they may quickly be augmented by air, these fleet elements are primarily organized and engaged in training for protection against active aggression.

As far as is known, there is no force of suitable capabilities for the diplomatic tasks that are daily looming larger. Such tasks are certainly not for volunteers or other amateurs, but for professionals under able and disciplined leadership. Moreover, what is needed is continuous showing of the flag.

Thus, Mr. Speaker, an immediate step in strengthening the security of all the Americas would be the reactivation, in line with our historic policy, of an adequately organized, appropriately constituted, and independent special service squadron, operated directly under the Chief of Naval Operations and based on the strategic center of the Central American-Caribbean danger zone—the Panama Canal Zone.

A series of recent news stories on Caribbean developments, which supply partial documentation for the foregoing remarks, follows:

[From the Richmond Times-Dispatch, June 19, 1959]

A LATIN AMERICAN POLICE FORCE?

(By Roscoe Drummond)

WASHINGTON.—Senator GEORGE A. SMATHERS, Democrat, of Florida, who has always shown an alert interest in Latin America, is making significant headway advancing a significant proposal.

What Senator SMATHERS is urging—and he is winning increasing support—is that the organization of the 21 American states be strengthened at two vital points so that it will have the means of securing the peace in the Western Hemisphere the way the United Nations was intended to secure the peace of the world but has never been allowed to.

Mr. SMATHERS proposes two concrete steps.

He would create a volunteer police force to deter or counter any use of force against any Latin American country and would put this police force at the disposal of the OAS for such emergency.

He would establish an inter-American court of justice as the legal arm of the OAS to which the members would agree to refer justiciable disputes.

Senator SMATHERS' purpose is not just to show how well the United Nations could do its job if it were free to do it. That is just a by-product, though a useful one.

The reason for creating the OAS police force and an inter-American court is that relations between numerous of the Latin American nations are seriously deteriorating. There have been either threats or overt aggressions against Haiti, the Dominican Republic, Cuba, and Panama in recent months. Without forces which it could instantly deploy, there is a dangerous prospect that the OAS would be unable to help.

The United States would be benefited by helping to create a Western Hemisphere police force.

If the OAS decides it must use force to counter an aggression against one of its members, the only adequate force which could be called upon would be U.S. defense forces. This could easily be made to appear like U.S. interference in the internal affairs of another country. How much better for both the OAS and the United States to have an international police force for this purpose—a police force which could be used only by the OAS and for the OAS.

It would be more economical and would save us the myriad headaches of military aid to individual Latin American countries. This aid is not designed to prop up any government but our military aid has been so used—much to our political discredit. For the next fiscal year the administration is proposing to allot $96,500,000 for military assistance to Latin America. I think there can be no doubt that we could achieve more mutual security throughout Latin America by spending part of this sum on a Latin American police force. We'd be better off politically. The Latin American countries would be better off defensively.

It is clear that the Communists in Latin America, taking their orders from Moscow, are organizing for the opportunity to get hold of other Latin American countries, as they did temporarily in Guatemala, where it will be as embarrassing and menacing to the United States as possible. Commenting on the recent attempted invasion of Panama, President Ernesto de la Guardia said: "This was not just a group of adventurers from our own country or even from Cuba. These people were mostly Cubans, but directed by and led by militant Communists. Their ambition is the long-stated one of taking over the Panama Canal." An OAS police force would be good protection there.

The U.N.'s World Court lies limp from lack of use.

The U.N.'s international police force was stillborn because the Soviet Union vetoed it.

The Western Hemisphere could use its own police force and its own court of justice.

Senator SMATHERS has already won important backing in the Senate Foreign Relations Committee. He needs—and deserves—further allies.

[From the Washington Daily News, Monday, June 29, 1959]

LATINS AGAINST HEMISPHERE POLICE FORCE UNDER OAS

(By Edward Tomlinson)

The proposal for an inter-American police force, or a joint hemisphere army, to be put at the disposal of the Organization of American States, to keep peace between the nations of the New World, has attracted many supporters in this country in the last few weeks.

But, so far, no responsible official or citizen of any major Latin American republic has come out in favor of it.

WHAT IT DOES

First of all, the proposal envisages reducing the present forces in all the countries. Even if some of the liberal politicians were in favor of curtailing armies, navies, and air forces, the military leaders are not going to go along.

No Mexican, who remembers that the United States has gobbled up chunk after chunk of his once vast domain, is going to agree to turn over to the OAS, the responsibility of policing his country's tremendous stretches of Pacific and Atlantic seaboards, not to mention his northern border, against attack or invasion.

Furthermore, it is a Yankee proposal. As one of the most friendly Latin diplomats in

Washington puts it, "the very first reaction, even among intelligent people in our countries, is that the United States wants to weaken our defenses so that it will be in a better position to dominate us. What is more," he added, "you may be sure the nationalists, the Communists, and all the other troublemakers will make the masses think so."

RESPONSE

Might as well tell Canada it has no need for the big army, navy, and air force it maintains, as to tell a country like Brazil, with five times the population of the Dominion, and a 5,000-mile coastline, that it should reduce its military establishment and depend upon a police force under the Organization of American States to defend it against attack. Especially when Brazil is 2,700 miles farther eastward, nearer to the Communist world, than to our own country.

Our two chief arguments for such a measure are that it would prevent dictators and strong men from oppressing their people, and that it would cost us less.

[From the Washington (D.C.) Evening Star, June 25, 1959]

TURMOIL IN CARIBBEAN WORRIES U.S. OFFICIALS—CASTRO-INSPIRED LIBERATION MOVEMENTS COULD SPARK CONFLICT, DIPLOMATS FEAR

(By John V. Horner)

Seething politics in seven countries that ring the Caribbean Sea is causing grave official concern here. There is growing fear that recent Latin American revolutions—widely separated but closely related—might flare into an international conflict.

Diplomats in every capital of the Western Hemisphere are striving to ease the tensions, and the Organization of American States is working night and day in an effort to find solutions to the problems threatening hemisphere peace.

At the root of the disturbing developments in Cuba, Haiti, the Dominican Republic, Nicaragua, Costa Rica, Honduras and Venezuela is a widespread movement against the so-called dictatorship governments. The primary targets are Generalissimo Rafael Trujillo, iron-fisted ruler of the Dominican Republic, and President Luis Somoza Debayle, president of Nicaragua.

SEEK TO EMULATE CASTRO

Inspired by the success of Fidel Castro in overthrowing the Batista dictatorship in Cuba, forces which describe themselves as democratic are undertaking to "liberate" the Dominican and Nicaraguan people.

In this movement they are receiving considerable encouragement and aid from the Castro forces in Cuba, the partisans of President Romulo Betancourt in Venezuela and former President Jose Figueres of Costa Rica.

The intervention of foreign political leaders in the internal affairs of other countries is responsible for intense resentment and could help light the spark leading to open conflict. This complicates efforts to resolve the problems and adds to the difficulty of reaching agreements within the Organization of American States.

CUBANS IMPLICATED

Informed observers here say there is every indication that Cubans are mixed up in all of the recent attempts to invade other Latin American countries. In an attack on Panama in April, Cubans constituted virtually the entire force.

In most cases, however, the Cubans are associating themselves with exiled nationals of the country invaded. So it was when a band invaded the Dominican Republic last week under the leadership of Capt. Enrique Jiminez Moya, a Dominican.

The captain reportedly was killed when the invasion force was destroyed by land, air, and sea forces under the command of Generalissimo Trujillo. But the report is denied by spokesmen for the exiles.

There have been sporadic threats to overthrow the government of President Francois Duvalier in Haiti, but at the moment it does not appear to be a prime target.

Unfortunately, however, Haiti is geographically situated so it would be in the way of any land-based invasion of its next door neighbor, the Dominican Republic. And its government is weak.

Another thought that makes Haitians shudder is that their country might be gobbled up by Trujillo if he deemed it expedient to come in for the purpose of halting Dominican-bound invaders landing on Haitian shores.

OVERESTIMATED SENTIMENT

Exiles who undertook early this month to overthrow the Somoza government in Nicaragua apparently overestimated the anti-Somoza sentiment inside the country. When the invaders arrived, they received no enthusiastic greetings and had trouble finding food. The exiles apparently were the sons of wealthy Nicaraguans who were unhappy because business is bad.

There is long-standing ill-feeling between Costa Rican and Nicaraguan leaders. Nicaragua was the springboard for an invasion of Costa Rica a few years ago and the Costa Rican exiles had support of Gen. Anastasio (Tacho) Somoza, then President of Nicaragua.

The general was the father of the present President. The son, who is much more democratic, is suffering in a measure from the deeds of his father.

Former President Figueres of Costa Rica is openly behind the movement to oust Luis Somoza. And the recent invasion of Nicaragua was launched from Costa Rica in planes.

The present Costa Rican Government has said it would endeavor to live up to all international agreements, including efforts to prevent launching of attacks from its territory to another country.

OAS DOCUMENT FILED

Significantly, Costa Rica deposited with the Organization of American States yesterday the protocol on duties and rights of states in the event of civil strife.

The protocol obligates signatories to keep under surveillance all movements of arms that may be intended for the promotion of civil strife in another American nation. It requires suspension of such shipments while their destination is being determined.

The protocol also binds the signing countries to intern rebel forces crossing their boundaries and binds them to refrain from providing arms or vessels to insurgent groups until a state of belligerency is recognized.

Some Nicaraguan exiles are in Honduras and they appear as eager to go home as those in Costa Rica. Honduras is sparsely populated and reinforcements for the exiles could be landed there easily.

The Honduran Government is not pro-Somoza and it is believed here that the Government may well be inclined to help the rebels. But it is a weak Government and the President probably would prefer not to get involved.

DISLIKE TRUJILLO

Official sources say President Betancourt of Venezuela would like nothing better than to do in Generalissimo Trujillo. His government is giving moral support to a large number of Dominican exiles in his country.

They have use of the radio and are broadcasting anti-Trujillo propaganda with great frequency. When Venezuela broke off diplomatic relations with the Dominican Republic, 13 Dominican refugees then in Venezuela's Embassy at Ciudad Trujillo were turned over to the Ecuadoran authorities and the exiles have proved quite a problem.

Officials find it very difficult to believe that Cuban authorities are not actively interested in fomenting the revolutions. Cuban equipment usually turns up in the hands of invading forces, and there is other evidence of Cuban backing.

The Dominican Capt. Jimenez Moya was very close to Fidel Castro during the Cuban revolution, and he accompanied Castro to Venezuela early this year.

The United States is deeply concerned over the use of one country for launching attacks on another. This sort of thing is viewed as damaging to tranquillity and the economy of the hemisphere. And above all there is the fear of a major conflict.

[From the New York Times, June 28, 1959]

TRUJILLO NOW CENTER OF CARIBBEAN UNREST

(By Herbert L. Matthews)

If ever there was a man "bayed about with many enemies," he is Generalissimo Rafael Leonidas Trujillo, dictator of the Dominican Republic. The tide of revolution sweeping inexorably up and around from Argentina to Peru to Colombia to Venezuela to Cuba is now lapping at the grimmest and strongest fortress of dictatorship in Latin America.

The self-styled "benefactor" of the Dominican Republic has a few admirers (among them some American Congressmen), no known friends and a multitude who hate and fear him. When word first got around 2 weeks ago that something was happening in the Dominican Republic it was like a galvanic shock to Latin America.

This was what everybody was waiting for—or was it? The world stood outside the high walls of censorship surrounding the country, hearing a faint noise of battle, puzzling over rumors and denials, wondering, hoping.

According to the meager information available, an invasion of the Dominican Republic was attempted from Cuba. General Trujillo at first claimed that the rebels were "exterminated" and later that they were "about cleaned up." Dominican exiles assert that the struggle continues. On Friday the Cuban Government broke off relations with the Dominican Republic.

It was all part of a larger picture of Caribbean unrest. A revolution is often contagious, especially when it spreads a message that others want to hear.

NEW ELEMENT

The Cuban revolution came after the South American revolts, but it contained a new and intoxicating flavor, or perhaps one could say two flavors—youth and the demand for a social upheaval. Here was the brash, loud sound of trumpets from young lungs, the call to battle, the cry for justice, the open welcome to other rebels against other tyrannies.

In the first flush of exaltation Fidel Castro and his 26th of July revolutionaries in Cuba called for the overthrow of Generalissimo Trujillo in the Dominican Republic. Francois Duvalier in Haiti, and the Somoza brothers in Nicaragua. Exiles were welcomed in Cuba, got arms and went into training. Premier Castro had second and more prudent thoughts, especially when a batch of Cuban adventurers made a fiasco of landing in Panama on behalf of a foolish young pretender to power who represented the oligarchy and not the people.

However, revolution was in the air, coming like storm clouds not only from Cuba but from Venezuela and Costa Rica, with overtones of thunder heard all over the hemisphere. When President Romulo Betancourt, of Venezuela, was inaugurated on February 13 there was a remarkable gathering of liberals in Caracas from almost every country in Latin America. They issued a Declaration of Caracas which, among other things, expressed faith in democracy, repudiated dicta-

torships and condemned the Dominican Republic, Nicaragua and Paraguay.

All three of those countries have since had serious trouble. Nicaragua had to beat down an invasion by exiles from next-door Costa Rica a few weeks ago. In Paraguay the military dictator, Gen. Alfredo Stroessner, felt forced to reimpose a state of siege, dissolve the chamber of deputies and jail scores of opponents and university students to meet the revolutionary unrest. Another plot and more arrests in Asuncion were announced on Wednesday.

HONDURAS NEXT

Honduras, which is a democracy, found herself attacked futilely in May by exiles, who thought the time must be ripe for the overthrow of governments. In Guatemala the nervous President, Migul Ydigoras Fuentes, twice sounded alarms that invading ships were approaching his shores from Cuba. This was during the weird invasion of Panama in April.

And now comes the turn of one of the toughest, tighest dictatorships in the world, headed by a character who might have stepped out of the lurid history of the tyrants of the Italian Renaissance.

Generalissimo Trujillo has a flair for the dramatic. When he wanted to get his hands on the central group of exiles in Puerto Rico who were preparing an invasion he did not sit back and wait. He hatched a plot for whose veracity we must rely on him, but it was so much in character that one must believe it.

VENTURA INCIDENT

A pilot named Capt. Juan de Dios Ventura Simó was sent by General Trujillo to join the rebel group, make believe he had defected, and then deliver these rebels in person by airplane to General Trujillo.

This made him a hero, and as one reward he was presented to members of the diplomatic corps by the Foreign Minister in Ciudad Trujillo while the news cameras clicked. One victim was U.S. Ambassador Joseph S. Farland, whose photograph shaking hands with the newly promoted Lt. Col. Ventura Simó caused a hemispheric sensation. Reports from Havana at the weekend added the macabre touch that Ventura Simó had been executed the next morning.

The photograph brought up the delicate subject of American favoritism toward dictators which Vice President RICHARD M. NIXON found such a handicap on his dramatic trip to South America in 1958. In this case Ambassador Farland felt he had been trapped and he protested to the Dominican Foreign Office, but the incident shows what a fine line the United States must walk in dealing with the few remaining dictatorships.

As the leading democracy of the hemisphere, the United States feels it must show that it wants to see democratic principles triumph in all Latin-American countries. As a member of the Organization of American States, it is bound by the doctrine of nonintervention. Our Latin-American critics say that we have not helped to bring democracy, that we do not give special encouragement to democracies, and that we often interpret nonintervention to mean exceptional friendliness toward dictators. This was the sore spot touched by the Dominican incident.

SOCIAL REFORM

A much larger problem, however, is involved for the United States in dealing with demands for social justice that are now the most powerful force in Latin America. The Cuban agrarian reform, for instance, is hurting American interests. The United States has protested, but the State Department, in its recent note to Cuba on the subject, carefully sympathized with the Cuban desire for land reform.

A crucial problem is to avoid allowing the Communists in Latin America to become the only champions of social justice. This is what was permitted to happen in Guatemala, when President Jacobo Arbenz was left with no supporters except the Communists. The United States helped to overthrow his regime, but all authorities are agreed that we could not repeat our costly "success" there in any other country.

The problems that the revolutionary ferment in the Caribbean and elsewhere present to the United States are formidable. Most experts in the field are counseling patience, sympathy and forebearance.

[From the Star & Herald, Panama, Republic of Panama, June 25, 1959]

UNITED STATES WARNS OF NEW OUTBREAKS IN CARIBBEAN—PROSPECTS WORRYING U.S. GOVERNMENT—ASKS COOPERATION AND ADVICE FROM NATIONS OF HEMISPHERE

(By Ben F. Meyer)

WASHINGTON, June 24.—It was known today that the United States had informed Latin American Republics of rumors of new invasion against Caribbean countries and requested of them information, cooperation and advice on the situation.

State Department officials simply admitted that certain messages had been sent to United States Embassies in the 20 Latin American Republics. The contents of such messages were characterized as routine consultations but were not divulged.

However, Latin American sources here said that they had been informed that the aforementioned messages had been received in their capitals and that the Washington communications in effect said: "The United States is deeply worried in view of the rumors of new threats against several governments of this hemisphere—particularly Nicaragua, the Dominican Republic and Haiti."

These rumors have circulated after the invasions of Panama and Nicaragua with versions of new invasion plots and counter-invasions of such countries as Cuba.

It was indicated that unless there is cooperation among the American Republics for avoiding attacks from outside against other countries, the uneasiness in the Caribbean area will be intensified with disastrous results for various countries. Consequently, it was said, in the United States message, the cooperation of American governments and the interchange of any information or detail which may be used will be duly appreciated.

It is understood that the U.S. message to each of the Latin American Governments stresses that Washington wishes that the entire problem be considered within the structure of the Organization of American States with the cooperation, good will and advice of the 21 American Republics.

In connection with the revolutionary movements in the Americas, reports from Ciudad Trujillo said that the search for anti-Trujillo invaders along the northern coast of that island nation was being continued.

In the meanwhile, the radio broadcasting battle between Cuban and Dominican stations seems to bring threats of new conflicts. Dominican reports said that Ciudad Trujillo was awaiting the return of Generalissimo Rafael Trujillo from the northern coasts where his forces were searching for the remains of an invading force estimated at 200 men which landed there June 22. Trujillo has promised to submit a full report to Congress in connection with his charges that the invasion against the Dominican Republic was supported by Cubans.

Observers in Ciudad Trujillo, where conditions today seemed normal, found difficulty in sifting the real facts from the number of rumors on the cold war in the Caribbean area which suddenly was transformed into a real conflict.

Certain diplomatic sources have blamed the existing tension on the uncontrolled attacks against various Caribbean nations by radio stations of other countries, especially those of Cuba and the Dominican Republic. Some of these diplomats have said that the presence of ex-Dictator Fulgencio Batista and Juan Peron in Ciudad Trujillo has contributed greatly to this distressing situation. They suggested that Batista be permitted to leave for the United States if he accepted to remain away from the center of tension at Miami, Fla. It was said that Batista is almost desperately trying to obtain a visa to travel to the United States or certain European countries, thereby trying to escape any personal implication in the Cuban-Dominican dispute. Up to now, it was said, all of his requests for a visa have been rejected, including visas for Spain, France, and Portugal.

Meanwhile, Peron continues his normal activities, living peacefully in an enormous mansion in the outskirts of Ciudad Trujillo and appearing in the center of the city only infrequently, almost always driving a small car accompanied by his secretaries.

SAFE-CONDUCT FOR ROBERTO ARIAS ISSUED BY PANAMA GOVERNMENT—LAWYER TO LEAVE TODAY—DAME MARGOT FLYING TO RIO TO JOIN HER HUSBAND

Minister of Government J. D. Bazan yesterday authorized the issuance of a safe-conduct requested by the Brazilian Government for Dr. Robert Arias, who has been refuged in the Brazilian Embassy here since April 24.

Arias is alleged by the government to have led the unsuccessful subversive movement which culminated with a Cuba-based invasion of Panamanian territory.

The 40-year-old lawyer-diplomat, it was learned, will leave some time today by air for Rio de Janeiro.

The authorization of Arias' safe conduct was contained in the following note from Minister Bazan to Foreign Minister Miguel Moreno, Jr.:

"Mr. MINISTER: The Second Superior Court having held that the events which occurred in the Provinces of Veraguas and Colon, as well as the invasion by foreign mercenaries at Playa Colorado, constitute a political crime. I am of the opinion that there should be issued to Dr. Roberto Arias, at present refuged in the Brazilian Embassy, the safe conduct which has been required for travel to that country."

Arias is the husband of world-famous British ballerina Margot Fonteyn. She was held briefly under arrest in Panama last April in connection with the subversive movement, but was freed because of lack of evidence.

From Amsterdam, Holland, the Associated Press reported:

"Dame Margot Fonteyn will fly tomorrow to Rio de Janeiro, presumably to meet her husband Roberto Arias. KLM Royal Dutch Airlines said Wednesday the ballerina would arrive in Amsterdam from England early in the afternoon and would immediately continue her flight to Rio."

Meanwhile, in Havana, the Cuban Government was considering the expulsion from Cuba of Ruben Miro the opposition lawyer who claimed credit for organizing last April's Cuba-based invasion of Panama. Miro has been prominent since 1955, when he was charged with the assassination of President Jose Antonio Remon. He was tried and acquitted by a jury in December 1957.

The Associated Press reported as follows:

"HAVANA, June 24.—The Ministry of Government said it is seeking to order the expulsion from Cuba of Ruben Miro, a Panamanian, for violating the order which forbids all military activity in Cuban territory against another state.

"The expulsion is sought on the basis that an investigation revealed that Miro arrived here for the first time January 15 and later

recruited and organized an expenditionary force against Panama.

"The expulsion order requires the approval of the Council of Ministers."

CUBAN EMBASSY HERE ADVISED TO SET UP INVADERS' TRIP HOME

The Panama Foreign Office said yesterday it has advised the Cuban Embassy here to start arrangements for the repatriation of the Cuban invaders held in the Panama jails since May 1.

A spokesman said Cuban Chargé d'Affaires Ricardo Riaño Jauma was advised formally of the court ruling setting free the majority of the 89 Cuban invaders who were imprisoned after their unconditional surrender to Panamanian authorities in the Atlantic coastal village of Nombre de Dios.

Riaño was told to arrange for the transportation of the invaders back to Cuba.

The court dismissed the charges against all but five of the Cubans, the latter being those who refused to surrender but were subsequently captured.

The Cubans were cleared of the charges on the basis of a provision in the Panamanian penal code that persons involved in attempts to overthrow the constituted powers will not be prosecuted if they desist voluntarily before actually carrying out the attempt. The superior court ruled that the April events, which included the Cubans' invasion, constituted an attempt against the constituted powers and not an act of treason.

Although the Cubans were cleared of the charges, they will remain in prison until the time of their departure. They are now held at the orders of the Ministry of Government and Justice as aliens lacking proper documentation.

Government sources said it would be only a matter of days before the Cubans—who made a perilous crossing of the Caribbean aboard a leaking 55-foot boat—are sent home. It was expected that the Cuban Government would charter the necessary aircraft for their transportation.

The Cubans have been distributed among jails throughout the country. This was done after they engaged in a noisy demonstration in the Carcel Modelo, the main jail in Panama City, where they were originally held. Last week, the Cubans in Colón jail attacked a national guardsman and clubs and fists were used to put them under control. Five of the Cubans were injured.

RISING INTEREST RATES AND THE ROLE OF MONETARY AND DEBT-MANAGEMENT POLICY

Mr. JOHNSON of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes, and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. JOHNSON of Colorado. Mr. Speaker, there has just come to my attention a very excellent memorandum by Asher Achinstein, senior specialist in price economics in the Legislative Reference Service of the Library of Congress. Mr. Achinstein has written a memorandum on "Rising interest Rates and the Role of Monetary and Debt-Management Policy," dated May 5, 1959. In face of the very great interest in the House not only with respect to the vault cash bill, but the possibility of voting on an increase in the maximum rate of interest on long-term Government securities, I would like to read this memorandum to the Members for their information.

RISING INTEREST RATES AND THE ROLE OF MONETARY AND DEBT-MANAGEMENT POLICY

CONTRASTING ATTITUDES TOWARD RISING INTEREST RATES

The rise in the level of interest rates in recent years and the likelihood of its continuing to climb higher in the future have led to a growing sentiment for a reversal of the upward trend. Contributing to this attitude have been the ever-increasing costs of carrying the Federal debt, the added financial burdens on State and municipal governments, the hardships caused to small businesses, and the potentially adverse effects on the amount of capital formation and on the rate of economic growth. In contrast to this concern is the more relaxed attitude of those who regard increases in interest rates as necessary in order to cope with what they consider to be the No. 1 economic problem, namely, inflation. Proponents of this point of view attach considerable importance to monetary policy as a tool for economic stabilization. On the other hand, those who are disturbed by the phenomena of high interest rates tend to be less enamored with monetary tools for promoting economic growth and stability and for the control of inflation.

THE DETERMINATION OF INTEREST RATES

To what extent does governmental policy, whether it be through the agency of the Treasury or the Federal Reserve, influence the rate of interest? Former Secretary of the Treasury, Mr. George M. Humphrey, has stated before congressional committees that "The Treasury cannot determine the level of interest rates but must pay the rates determined by market forces."[1] In other words, the Treasury has nothing to do with influencing changes in interest rates since a rise in the rate of interest is the result of an excessive demand for capital not matched by an adequate amount of savings, and the decline in the rate is the result of an excessive supply of savings not matched by an adequate volume of demand. The Chairman of the Board of Governors of the Federal Reserve System, Mr. William McC. Martin has also expressed himself at times when the discount rate was raised to the effect that the Board was following the market rather than influencing it. At the other extreme are some critics of the Federal Reserve who frequently assert that the Board is mainly responsible for changes in the level of interest rates.

Attempts at containing the upward trend in the level of interest rates must recognize at the outset that there are various factors that determine changes in the rates of interest. One can readily accept the statement that the interest rate is the price of loanable or investible funds, and, like other prices, is governed by the market forces of supply and demand. But much depends on what one includes under such commonly used terms as "supply" and "demand." On the supply side, it is essential to take into account not only the volume of savings but also the amount of new credit created by the banks and the extent to which people dishoard their idle cash balances. And on the demand side, it is equally important to take into account the volume of funds sought for use by the private sector of the economy, the public sector, and the extent to which people seek funds for augmenting their cash balances.

This view of the interaction of supply and demand is much broader than the interpretation not infrequently given by public officials. It takes into account the influence of savings and the demand for private capital, the creation of new money, the activation of existing money supply through the banking system, and the demand for funds by the largest seller of securities, namely, the Treasury. Thus, monetary and debt management policies may play a significant role in the determination of the price of loans and investible funds. At the same time it is essential to recognize that private demand for funds is a powerful influence, as evidenced by the fact that rising interest rates have been usually associated with expansion in business activity and rising prices, and declining interest rates with contraction in business activity and falling prices.

INFLUENCE OF THE FEDERAL RESERVE SYSTEM ON MONEY AND CREDIT

The Federal Reserve System exercises a powerful influence on bank credit and the money supply through regulation of the volume of bank reserves. Each commercial bank which is a member of the System is required to keep a reserve balance with the Federal Reserve bank in its district equal to specified percentages of its demand deposits and its time deposits. At the present time, these percentages are 18 for banks in central Reserve cities, 16½ for Reserve city banks and 11 for country banks. The reserve requirements against time deposits is 5 percent for all member banks.

The principal purpose of reserve requirements is not, as is frequently thought, to provide for bank liquidity and solvency but rather to enable the monetary authorities to exercise control over the ability of the member banks to expand credit and to add to the available monetary supply. For meeting problems of liquidity and safety the banks must depend mainly on cash balances not held as required reserves and on their other assets that can be readily converted into cash. The function of reserve requirements is rather one of credit limitation, since under a fractional reserve system, for each dollar of reserves acquired by the banking system as a whole there can be generated about $7 of deposits under present requirements. On the other hand, for every dollar of net decrease in reserves there can result a sevenfold contraction of deposits in the banking system.

In regulating the reserves of the member bank, the Federal Reserve System relies on three instrumentalities. The first, and most important, is open market operations; the second, which serves as a complementary tool, is discount operations, and the third, a much less frequently used tool, is changes in reserve requirements.

OPEN MARKET OPERATIONS

Open market operations consist of Federal Reserve purchases and sales of securities—primarily U.S. Government securities—in the open market. When the policy is to restrict the expansion of bank credit and the money supply, the Federal Reserve sells Government securities, thus decreasing bank reserves and this in turn puts pressure on the banks to curtail their loans and investments. Whether the rise in interest rates which ensues exerts a restraining effect on the demand for credit depends, as we shall see later, on the economic conditions prevailing at the time. When Federal Reserve policy is one of credit ease, the System purchases Government securities, thus increasing the volume of member bank reserves. Since the additional funds acquired by the banks earn no income if idle, there is increasing incentive for the banks to expand their loans and investments and for encouraging borrowing through lowering of interest rates.

[1] U.S. Congress, Senate Committee on Finance. Investigation of the financial condition of the United States. Hearings before the Committee on Finance, U.S. Senate, 35th Cong., 1st sess., pt. 1. Washington, U.S. Government Printing Office, 1957, p. 13.

In addition to the impact of open market operations on the availability and cost of bank credit through changes in bank reserves, there is a second effect which operates directly through the influence on the prices and yields of outstanding securities. The very sizable Federal Reserve transactions in the Government securities market bring about a direct change in the volume of securities available for trading and investment. When the System purchases Government securities, their withdrawal from the market tends to raise the prices and lower the yields of those that remain. When the System sells Government securities it adds to the total volume of securities in the market, which tends to lower prices and increase yields.

Since 1953, open market operations have been confined to short-term Government securities, mainly Treasury 90-day bills. These securities are the closest to cash and consequently form the bulk of the secondary reserves of commercial banks as well as of other financial institutions such as savings banks, life insurance companies, and building and loan associations. Large industrial and commercial corporations also invest in short-term Government securities as they accumulate cash balances for taxpayments and dividends, and for other future large expenditures. Thus, the short-term sector of the Government securities market is the area of most active and continuous trading and over which the transaction of the Federal Reserve—the largest holder of marketable Government securities—must necessarily exercise a distinct market influence on prices and yields.

Open market policy is under the direction of the Federal Open Market Committee, consisting of five representatives from the Federal Reserve banks and the seven members of the Board of Governors of the Federal Reserve System. The Federal Reserve Bank of New York acts as the agent of the Committee in executing purchase and sale transactions from day to day and week to week. Not only is the Committee vested with the power to determine open market policies, but it is also given the authority to direct the Federal Reserve banks to carry out the agreed policies. Purchases and sales through the System open market account as they affect the total holdings of Government securities by the 12 Federal Reserve banks are allocated among them in accordance with a formula agreed upon by the Committee.

THE DISCOUNT RATE

The discount rate, i.e., the price charged by a Federal Reserve bank to a member bank when it borrows funds from the Federal Reserve, is the System's credit control instrumentality that generally receives wider public attention than open market operations, when monetary policy is under discussion. A hike in the rate appears to be something which can be readily understood in contrast to open market operations whose effect on member bank reserves is frequently clouded by other influences on bank reserves, such as gold imports and exports or changes in currency in circulation. Interpretation of open market policy changes requires greater technical knowledge of factors which cause fluctuations in member bank reserves, that are outside the control of the Federal Reserve. While open market operations may be the more powerful and flexible weapon in the arsenal of the Federal Reserve than the discount rate, there is good reason for popular focus on the latter, since it furnishes a clearer signal of the direction in which official Federal Reserve policy is moving, i.e., whether it be toward greater restraint or greater ease.

Lending by the Federal Reserve banks to member banks consists chiefly of advances secured by U.S. Government securities. The proceeds of the loan are added to their reserve accounts. On the surface it would seem that the discount mechanism is a device for increasing the reserves of the banks, enabling them to expand credit further. And yet, increased use of the discount window of the Federal Reserve banks by member banks is regarded by the monetary authorities as an important mechanism for exerting pressure to limit credit expansion. This appears to be a paradoxical situation.

In a very real sense discount operations serve as an offset to open market operations, rather than as a reinforcing tool. When the monetary authorities decide upon a policy of restraint, the first step is to prevent an increase in bank reserves through open-market operations. Continuation of a restrictive open-market policy drives the member banks increasingly to the discount window as more of them find themselves with deficiencies in their legal reserves. In other words, the discount mechanism serves as a safety valve for member banks to obtain additional reserves. What, then, are the grounds for the official view that increased use of Federal Reserve discount facilities is a powerful factor acting to brake bank credit and monetary expansion? There are at least three reasons that are generally given.

First, when the banks are compelled to turn increasingly to the discount window they become subject to the greater supervision of the monetary authorities. The Federal Reserve banks are under no automatic obligation to accommodate member banks. As it is frequently stated, use of the discount facilities is a "privilege" and not a "right." The following guiding principles set forth in the Federal Reserve Board's regulation A indicate that reliance on discounting for extended periods is ordinarily discouraged.

"Federal Reserve credit is generally extended on a short-term basis to a member bank in order to enable it to adjust its asset position when necessary because of developments such as a sudden withdrawal of deposits or seasonal requirements for credit beyond those which can reasonably be set by use of the bank's own resources. Federal Reserve credit is also available for longer periods when necessary in order to assist member banks in meeting unusual situations, such as may result from national, regional, or local difficulties or from exceptional circumstances involving only particular member banks. Under ordinary conditions, the continuous use of Federal Reserve credit by a member bank over a considerable period of time is not regarded as appropriate.

"In considering a request for credit accommodation, each Federal Reserve bank gives due regard to the purpose of the credit and to its probable effects upon the maintenance of sound credit conditions, both as to the individual institution and the economy generally. It keeps informed of and takes into account the general character and amount of the loans and investments of the member bank. It considers whether the bank is borrowing principally for the purpose of obtaining a tax advantage or profiting from rate differentials and whether the bank is extending an undue amount of credit for the speculative carrying of or trading in securities, real estate, or commodities, or otherwise."[2]

A second reason given is that there is a longstanding traditional reluctance on the part of the member banks to borrow other than for meeting temporary emergencies. They accordingly feel under pressure to restrict credit to their customers or to readjust their investment portfolios in order to repay their indebtedness to the Reserve banks as quickly as possible. The third influence tending to restrict member bank borrowing is that such borrowing becomes more expensive with increases in Reserve bank discount rates.

CHANGES IN RESERVE REQUIREMENTS

Unlike open market operations and discounting, which produce changes in the amount of member bank reserve balances, the use of the third instrumentality of monetary control does not directly affect the total volume of reserves. What a change in reserve requirements does is to affect the proportion of deposits that must be kept with the Federal Reserve banks. The authority to vary reserve ratios was given to the Federal Reserve Board on a temporary basis in 1933 and on a permanent basis in the Banking Act of 1935.

Since 1951 the Federal Reserve has lowered reserve ratios but never increased them. The reductions took place during the business recessions of 1953–54 and 1957–58 and the reserves released were used for the expansion of bank credit and the contraction of indebtedness to the Reserve banks. While the Federal Reserve Board has not hesitated to employ this tool when a policy of credit ease was considered desirable, it has been fearful about using it when a policy of restraint was called for in order to check excessive credit expansion that was intensifying inflationary pressures. This was the case in 1955 when private indebtedness increased by the record amount of $54 billion in a single year. In defense of this one-way treatment of changes in reserve requirements, the Board has frequently stated that raising reserve ratios was too blunt an instrument for restrictive use. It not only affects all banks alike regardless of the fact that there may be considerable variations in their excess reserves, but also because such a move may cause heavy bank sales of liquid assets producing disorderly market conditions in Government securities. Critics of the Federal Reserve for its failure to increase reserve requirements in periods of excessive credit expansion point out that this tool need not be so blunt an instrument were it applied more frequently and on the basis of relatively small increments. The question has also been raised as to whether the Board's hesitancy to raise reserve ratios was not the result of its being unduly concerned that such increases lessen bank earnings.

REGULATION OF STOCK MARKET CREDIT

In addition to the three general instruments for regulating the flow of money and credit through the influence on bank reserves, the Federal Reserve has authority to curb the excessive use of credit for purchasing and carrying securities by regulating margin requirements. As the long history of the stock market has shown, speculative excesses frequently push prices up to unsustainable levels with sharp reversals that can have an adverse influence upon economic stability. A sharply rising market aided by credit tends to feed upon itself as more and more people are attracted to common stocks by the lure of capital gains. One consequence is a decline in bond prices and a rise in interest rates.

INFLUENCE OF THE TREASURY ON THE MONEY MARKET

Fiscal and debt management policy like monetary policy have a considerable impact on the money market. One phase of the Treasury's influence originates from the flow of cash in and out of the Treasury and the manner in which it handles its deposits in banking institutions. If the Treasury builds up its balances with the Federal Reserve banks and draws down its accounts in commercial banks this tends to reduce bank reserves and to tighten the money market. Conversely, bank reserves are augmented and

[2] U.S. Federal Reserve System, Board of Governors, 44th annual report, covering operations for the year 1957 (Washington, 1958, pp. 9–10).

the money market tends to become easier when the Treasury increases its commercial bank balances and draws down balances with the Federal Reserve.

It is through its refunding and new borrowing operations that the Treasury exerts its greatest influence on the monetary situation and on interest rates. This is due not only to the magnitude of the refunding and borrowing transactions but also to the rates, the maturities, and the timing of such operations. Take the matter of interest rates. A good illustration in recent years of the effect of a rise in the rate of Government securities on the entire structure of interest rates was the Treasury announcement, in April 1953, of the offering of $1 billion of 30-year bonds at 3¼ percent. This represented a hike of about one-half of 1 percent over the previous rate on long-term Government bonds. The rate increase was followed by the banks increasing their prime commercial rate from 3 to 3¼ percent and by a sharp advance in the yields of municipal, State and corporate bonds. Within 30 days the maximum interest rates on FHA-insured and VA-guaranteed mortgages were increased from 4¼ and 4 percent, respectively, to 4½ percent.

THE PUBLIC DEBT AND MONETARY POLICY

The magnitude of the public debt—$286 billion at the present time—and the frequency of the Treasury's refunding operations for its maturing obligations make the task of the Federal Reserve, in regulating the flow of credit, difficult when inflationary pressures call for a restrictive monetary policy. In times of business boom investors lose their appetite for Government securities. In order to assure that the Treasury's refunding operations and new borrowings in the open market are successful, the Federal Reserve frequently finds it necessary to provide the banks with sufficient reserves to absorb the new obligations. In so doing it modifies its policy of restricting private credit.

The growth of the public debt has also weakend the existing instruments of monetary control because the large holdings of short-term Government securities by the commercial banks make them relatively immune to a policy of restraint. They can sell a substantial amount of these securities in the market in order to raise funds to meet the expanding demand for private credit. The banks generally enter a period of business recovery with augmented holdings of Government securities, acquired under the influence of the Federal Reserve easy-money policy, designed to counteract a business recession. Through its open-market operations and changes in reserve requirements, the banks are provided with excess reserves which are used to purchase considerable amounts of Treasury 90-day bills. These are then sold with relatively little loss during business expansion and the funds are directed to more profitable private loans. The ability of the banks to resist efforts of the Federal Reserve to curtail credit was quite evident, for example, during the first year and one-half of the 1955–57 boom. From April 1955 to August 1956 the Federal Reserve discount rate was raised six times from 1½ to 3 percent (in quarterly increments). This did not curb bank credit expansion. In 1955 and up to mid-1956 the commercial banks disposed of more than $12 billion of Government securities in order to meet the demands of their customers. Bank loans increased by nearly $12 billion in 1955 and $5 billion in the first 6 months of 1956. It was not until mid-1956 that considerations of bank liquidity caused a shifting out of Government securities to cease. Interest rates which had been rising all through 1955 and mid-1956 continued to advance until August 1957.

MINIMIZING INCREASES IN INTEREST RATES

Interest rates are bound to rise during periods of business expansion because of the large volume of demand for funds by the private and public sectors of the economy and because of the efforts of the monetary authorities to restrict the supply of loanable funds. Two questions arise: (1) What steps can be taken to moderate the cost of credit, and (2) to what extent can the Government security market be strengthened so that the Treasury may have less difficulty in financing its debt operations without substantial increases in interest rates? Let us start with the latter question.

EXPERIENCE WITH PEGGED INTEREST RATES ON GOVERNMENT SECURITIES

For about a decade prior to the Treasury-Federal Reserve accord of 1951, the Treasury with the support of the Federal Reserve had pursued a policy of maintaining a pattern of low yields on Government securities. More recently, the increasing likelihood of continuing higher interest rates which would add to the already large interest burden on the Federal budget, has led to some renewal of interest in the question of stabilizing the yields on Government securities at relatively low levels.

Experience of the period prior to the accord indicates that a policy of rigid pegging of the Government bond market virtually nullifies the effectiveness of open-market operations, the discount rate, and reserve requirements—the three major tools of monetary control. This may not seem serious to those who have little confidence in monetary policy. Those who believe, on the other hand, that these tools can play a significant role in curbing excessive credit in an inflationary period point out that under a support program the Federal Reserve is forced to buy large quantities of Government securities to prevent the rate from rising, with the consequence that the monetary authorities are not free to restrict the availability of bank reserves. In other words, instead of contributing to a program of economic stabilization, the Federal Reserve becomes an instrument of inflation.

PROPOSAL FOR ESTABLISHING SUPPLEMENTARY SECURITY-RESERVE REQUIREMENTS

Instead of pegging interest rates on Government securities, which weakens monetary policy and has inflationary consequences, some economists have advocated a plan which they maintain would strengthen existing monetary controls, and at the same time insulate the bank-held Government debt from the impact of restrictive monetary policies. They believe that it would enable the Treasury to hold down interest rates on the Government debt, would reduce switching operations from Government to private debt, and would provide a steady demand for Government obligations.

The proposal calls for establishment of secondary security-reserve requirements against bank deposits in addition to the present system of maintaining cash reserve against deposits. It is of some interest to note that the Federal Reserve Board was an advocate of such a plan during the first few years after World War II. Moreover, a number of countries in Europe—Belgium, the Netherlands, Italy, France, Sweden, and Switzerland—and in Latin America and Asia, have established security-reserve requirements. Canada and Australia have also recently introduced a system of supplementary security-reserve requirements.

The reserve requirements of member banks in recent years are regarded by many students of central banking as unnecessarily high, and there are bills now before the Congress, sponsored by the Federal Reserve Board, to liberalize statutory reserve requirements. Reducing the requirements, of course, increases the potentiality for the expansion of private credit.

But in view of the fact that financing of the Government sector has encountered increasing difficulties, a more balanced situation might be brought about if the cash reserves freed by lowering of requirements were to be invested in Government securities. Advocates of security-reserve proposals also consider it desirable that certain institutional investors, such as life insurance companies, savings banks, and savings and loan associations, be required to keep a certain percentage of their assets in medium and long-term Government obligations. The Government security-reserve requirements could be made variable for commercial banks and for the other financial institutions, depending on business conditions and the policies of the monetary authorities. Raising security-reserve requirements would lower the volume of loanable funds for private use, and vice versa.

FLEXIBILITY OF FEDERAL RESERVE POLICY

The ability of the monetary authorities to prevent substantial increases in interest rates while they are employing their tools to promote economic stability depends, in part, on how the existing instrumentalities of monetary control are used, and in part, on overcoming some of their inherent limitations. One of the essential characteristics of an effective monetary policy is its timely flexibility. If a restrictive policy is initiated too late or with insufficient vigor at an appropriate time, forces of inflation may be released which are likely to be accompanied by sharp increases in interest rates. Failure to act in time may compel the monetary authorities to undertake more drastic measures at a later stage than might otherwise have been the case.

Let us refer once more to the 1955–57 boom, and especially to 1955 when business expansion assumed its most rapid rate of increase and the volume of credit rose at a record rate. The main impetus to the speedy pace of economic recovery during the first half of the year came from the sharp increase in outlays for consumer durable goods, continued advances in the purchases of new homes, and the buildup of inventories. Longer maturities and smaller downpayments were powerful influences in the unusually rapid expansion of installment and real estate credit during the first half of 1955. The production of nearly 8 million cars in 1955 and a nearly record volume of housing starts were major stimuli to a phenomenal rise in plan and equipment expenditures.

Although business recovery started in the fall of 1954, it was not until mid-April and early May 1955 that the Federal Reserve raised the discount rate from 1½ to 1¾ percent, and open-market operations from March through June were on such a mild scale as to produce little change in bank reserves. Inflationary pressures which were released by the bunching of expenditures on the durable goods industries eventually culminated in the highest level of interest rates in a quarter of a century. The Chairman of the Federal Reserve Board has subsequently stated that these pressures would have been lessened if the Board had moved more vigorously and earlier in the first half of 1955.

SELECTIVE CONTROLS OVER CONSUMER AND REAL ESTATE CREDIT

A number of economists maintain that general monetary controls should be supplemented by selective controls over consumer and housing credit, at least on a standby basis. Because of the great volume of funds involved in consumer and real estate credit, and because the consumer durable and housing industries intensify economic fluctuations, it is maintained by these economists that a judicious dose of selective credit control would avoid excesses and "spread the boom." It would not only contribute to stabilizing economic activity, but also assist

in meeting the problems of debt management and strengthen the existing regulatory powers of the Federal Reserve. It would, they point out, tend to limit the opportunities for banks and other financial institutions from dumping their existing holdings of Government securities in order to switch to private loans. By restricting nongovernmental demand for funds during a period of inflationary pressures, it would contribute to curbing the rise in the level of interest rates.

We have briefly sketched a few of the proposals for containing the rising trend in interest rates and for strengthening the Government bond market. Such proposals as that of secondary security reserve requirements or of selective credit controls have been advanced by a number of economists as having sufficient merit to warrant further serious public consideration. How much they can accomplish, of course, depends upon the various other influences determining the level of interest rates outlined in this report.

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST, IN HAWAII

Mr. BARR. Mr. Speaker, I request unanimous consent that the gentleman from Hawaii [Mr. BURNS] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection

Mr. BURNS of Hawaii. Mr. Speaker, I have today introduced a revised version of the bill to create in Hawaii a Center for Cultural and Technical Interchange Between East and West, which is in fact a substitute for H.R. 7644.

The substitute has been revised upon the basis of considerations which have been given to S. 2135 and H.R. 7644, as well as H.R. 7632. The Johnson-Burns-Saund proposals are more effectively accomplished by the substitute. The most knowledgeable and extremely prescient majority leader of the Senate introduced a similar bill in the Senate.

"OUR NAVY" OUTLINES AN ELOQUENT STATEMENT OF THE RESPONSIBILITY OF AMERICAN LEADERSHIP AND THE NAVY'S ROLE IN SUPPORT OF IT

Mr. BARR. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. STRATTON] may extend his remarks at this point in the RECORD and to include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection

Mr. STRATTON. Mr. Speaker, as we approach the Fourth of July it is a time for us as Americans to take stock of the significance of our country and our form of government, and to appraise again what is needed to keep America strong and healthy in the midst of today's challenges and threats. Rarely have I had the occasion to read a more effective statement of the meaning of the American form of government, and of the steps which are needed for us to preserve it, than an editorial which appears in the July 1959 edition of the publication "Our Navy" entitled "The Choice Between the Easy Wrong and the Hard Right." This editorial outlines clearly the responsibilities that are associated with the privilege of American citizenship, and it also ties in more graphically than I have ever seen done before, the responsibility which the U.S. Navy, along with her sister services, bears in defending the freedom and security of our country.

I am happy to commend this editorial to the Members of this House and to the American people. The editorial follows:

THE CHOICE BETWEEN THE EASY WRONG AND THE HARD RIGHT

This Fourth of July will be the 183d birthday of our country. That is a long time when looked at through the eyes of a man who is 18 or 20 or 25. But in terms of life of nations it is not so long a time. Europe and Asia are full of lands with much longer histories. But so much of the history over there is a sad tale, while our story is chiefly a joyous one.

There is no land whose story is sadder than Russia's. And now we and the Russians stand opposed as leaders of two powerful coalitions. Whichever of the two leaders has the stamina and the strength of purpose to overcome the will of the other will gain its way, and all human beings who live on earth after the moment of decision will bear the mark of that decision.

Should the Russians overcome our will, the world will slide rapidly into as evil a condition as it has ever known. There have been evil despotisms before, but none before has covered the whole earth. There would be big cities and autos, TV sets, and skyscrapers: these things are not incompatible with despotism any more than they are incompatible with freedom. The only thing really that would be missing would be the sense that the individual is important in his own right and that he is responsible to himself, to God, and to all other men for his actions.

There lies the difference between our society and what we think is right and good and the Communist concept of what is right and good. Without that concept at the root of our lives, there wouldn't be much difference between the life we lead and the life led by a Russian or a citizen of one of those unfortunate lands dominated by the Red commissars and their armies.

If we win the decision, matters won't be so easy for the ordinary man as they would be under a Communist-dominated world. For he will have to make decisions continually: whether he will go to work for a big firm or set up his own business; whether the taxes he pays must rise or must fall or must stay as they are; whether he must be concerned about the freedom of other men or whether they can go hang. Under a Communist-dominated world he needn't be concerned about these things, for the leaders will tend to them all. Indeed, he musn't be concerned, for if he shows an interest in matters contrary to his leaders' will, he will be punished.

That such a condition is attractive to many people is evident from the strength of the Communist Party in many parts of the world. Those people think that under communism they would be free—free from having to make their own decisions, free from having to be human beings to the fullest of their ability. And they will trick, lie, cheat, murder, and steal in order to bring this benefit to themselves and their fellow countrymen whether or not the latter agree with them.

Those are the stakes in the cold war. The foe is courageous, intelligent, and dedicated to his cause. We must be more courageous, more intelligent, and more dedicated to our cause, or we shall fail.

That is one of the things that John Foster Dulles knew. And another thing he knew was that whenever we did the right thing, no matter how dangerous it might be, we never got very badly hurt. Our war in Korea to preserve a few million desperately poor people from the indignities of communism is proof of that. Even more so was our landing last summer on the Lebanese shore to protect a small people from powerful outside forces. And last fall at Quemoy it was the same. There were only 40,000 oriental farmers on those poor little islands off the Chinese mainland. It would have been easy—and safe—to let them be swallowed by the Reds. Once they had been swallowed we would never again be bothered with the problem, for the Reds would have solved it to their satisfaction. But we took the chance—we walked along the brink of destruction—and we won. The Quemoy farmers are still free, and so are we. But because we are free we must fight the battle over and over again, whether it be at Quemoy or Lebanon or Berlin or some other place not yet touched. If we don't do that we aren't worth much, we aren't worth the men who fought for our freedom many years before any of us were born.

But, of course, we must have the proper tools and enough of them if we are to lead this dangerous life for freedom. Among those tools are the assorted weapons possessed by the Navy and the other military services, wielded by men who know how to use them. We have been able to use them effectively in the service of freedom wherever the sea touches the threatened land: Quemoy and Taiwan are islands, Korea and Lebanon have long coasts. It is more difficult where we cannot reach the threatened people by sea, as at Berlin. Indeed, it is usually impossible to help where there is no seacoast. We need only look to the events in Hungary and Tibet to see that. There we watched in humiliating impotence while valiant people were crushed by trickery and overwhelming power.

That is why there are so many men in the Navy today and that is why what they do and how well they do it is important to all the world, whether they are on a carrier undergoing repairs in a Norfolk drydock or on an overcrowded amphibious ship in the Mediterranean or an undermanned, overaged destroyer in the Taiwan Strait. They are leaving their mark on the world. If they fail, men in the future will probably say it was inevitable; for the triumph of communism was foreordained by history. That is the only thing they will be allowed to say. But if they do their duty—and that means doing more than just enough to get them by—in the dangerous, weary struggle, men will be free in the future to go on making their own mistakes and their own glorious successes.

That is the burden America must bear and that is the burden especially of her warriors.

EVERYBODY IS NOT FOOLED

Mr. BARR. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. KASEM] may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. KASEM. Mr. Speaker, I have received a letter from one of my constituents, a Mr. Claude B. Goulet, 6712 South Gretna, Whittier, Calif. Mr. Goulet has said with such clarity and emphasis in a few paragraphs what should be the attitude of this Congress in discharging its responsibilities to the American people. It is for that reason that I respectfully ask leave to enter Mr.

Goulet's letter into the body of the RECORD.

DEAR MR. KASEM: I hope that this letter finds you in the best of health. I am writing this letter in order to demonstrate that we are not all taken in by the massive propaganda barrage of the Los Angeles Times vis-a-vis the sacred cow of social and economic reactionaries, the Federal budget.

I want to go on record as a supporter of increased Federal spending which is needed if we are to solve our social, economic, educational programs. Unemployment must be abolished. Decent housing must be provided for all Americans. Educational standards must be raised. Medical research must go ahead. National defense must be provided for adequately. Our older folks must be provided with a reasonable retirement income. Therefore, the Federal Government must exercise its responsibility when and where possible.

Government spending has done far more good than harm in this country of ours. It is the means by which we, the people, do what we cannot do as individuals.

The Morill Act, 1862, established our great (and unequaled) land-grant college system, together with the splendid network of agricultural experiment stations. This was Government spending. Yet, the original investment has been paid back a millionfold. Our farms are the most productive, most efficient in the world. The American people are the best fed people on earth. The majority of us can hope to attend college, thanks to the land-grant college system.

The great railroads, linking East and West, which so stimulated the development of the West, we financed in large parts by lavish Government grants. (The conservatists didn't bolt about that.)

The Tennessee Valley Authority is, in my opinion, the finest example of what a democratic society can do for itself through the instrument of Government. The area drained by the Tennessee was backward, poverty stricken, subject to periodic floods, etc. Private enterprise did not care to develop it, for its future was dismal. The Government went in, built a grand series of dams for flood control, hydroelectric power, etc. The cheap electricity, the abolition of floods, etc., led to a dynamic transformation of the Tennessee Valley. Today, it thrives with vast industries (Oak Ridge, Alcoa, etc.) and productive farms. But for Government spending, this would not have yet happened.

So you see, sir, I'm sold on enlightened Government spending to make our United States stronger, healthier and more truly democratic.

May the spirit of Jackson, Franklin Roosevelt, and Woodrow Wilson always burn brightly. Keep up the good work and take the Los Angeles Times with a grain of salt (I do).

Good luck in your legislative efforts.

Sincerely yours,

CLAUDE B. GOULET.

WEST VIRGINIA IS GETTING SHORTCHANGED

Mr. BARR. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia may extend his remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection

Mr. HECHLER. Mr. Speaker, in recent weeks I have pointed out examples of the way in which the State of West Virginia is being shortchanged in the defense picture.

There are those who justify this on the grounds that defense installations should be located where the best interests of national defense dictate or they say that where defense installations are located should never be made a football of sectional politics or logrolling.

I agree 100 percent with this doctrine. But when one State in the Union has the land, the transportation facilities, the availability of good sites, and all the advantages to offer which seem to be equal to other States—and then gets discriminated against, I feel it is time to stand up and ask why.

Mr. Speaker, do you realize that West Virginia ranks last in the Union in the total number of active-duty military personnel at defense installations in the State?

Mr. Speaker, do you know that West Virginia ranks last in the Union in the annual pay and allowances for active-duty military personnel at defense installations in the State?

Mr. Speaker, do you know that West Virginia ranks last in the Union in the total number of active-duty military personnel plus civilian employees of the Defense Department who are stationed within the State?

Mr. Speaker, do you know that West Virginia ranks last in the Union in the total annual pay and allowances of active-duty military personnel plus civilian employees of the Defense Department stationed in the State?

Mr. Speaker, do you know that there are 19 States which have smaller populations than the State of West Virginia, yet every one of those 19 States has a larger number of active-duty military personnel plus civilian employees of the Department of Defense stationed within the State?

Mr. Speaker, under unanimous consent I ask to have printed a table which shows the number of active-duty military personnel plus civilian employees of the Department of Defense in those 19 States which have smaller populations than that of the State of West Virginia:

State	Population (estimate, 1958)	Total active duty military personnel plus civilian employees in the Defense Department	Estimated total annual pay and allowances in the Defense Department
Alaska	211,000	37,643	$158,345,000
Arizona	1,140,000	28,987	122,262,000
Arkansas	1,766,000	21,642	86,568,000
Colorado	1,711,000	46,415	194,056,000
Delaware	454,000	8,857	37,521,000
Idaho	662,000	5,624	23,552,000
Maine	952,000	14,536	60,629,000
Montana	688,000	6,169	25,703,000
Nebraska	1,457,000	18,615	80,184,000
Nevada	267,000	10,707	45,858,000
New Hampshire	584,000	17,501	80,506,000
New Mexico	842,000	35,672	153,386,000
North Dakota	650,000	1,904	8,355,000
Oregon	1,773,000	7,609	34,420,000
Rhode Island	875,000	16,724	74,510,000
South Dakota	699,000	8,381	35,292,000
Utah	865,000	20,830	103,695,000
Vermont	372,000	1,978	8,299,000
Wyoming	320,000	2,750	12,119,000
West Virginia	1,969,000	1,696	8,005,000

Source for military figures: Department of Defense.
Source for population estimates: U.S. Department of Commerce, Bureau of the Census.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. AUCHINCLOSS (at the request of Mr. HALLECK), for an indefinite period beginning July 1, on account of illness in his family.

Mr. HOSMER, through Thursday, on account of official business of the Joint Committee on Atomic Energy.

Mr. STEED (at the request of Mr. ALBERT), for today and tomorrow, on account of official business (Small Business Committee, dairy price hearings).

Mr. YATES (at the request of Mr. PRICE), on Tuesday, June 30, and Wednesday, July 1, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. FLOOD (at the request of Mr. WOLF), for 30 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. PORTER (at the request of Mr. BARR), for 1 hour, on tomorrow.

DEPARTMENT OF COMMERCE AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. PRESTON submitted a conference report and statement on the bill (H.R. 7349) making appropriations for the Department of Commerce and related agencies appropriation bill for the fiscal year ending June 30, 1960, and for other purposes.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1960

Mr. ROONEY submitted a conference report and statement on the bill (H.R. 7343) making appropriations for the Departments of State and Justice, the judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to—

Mrs. KEE.

Mr. LANE.

Mr. DAVIS of Georgia to revise and extend his remarks made in Committee and to include extraneous matter.

Mr. REES of Kansas the remarks he made today and to include extraneous matter.

Mr. PATMAN, to revise and extend the remarks he made in the Committee of the Whole and to include extraneous matter.

Mr. DONOHUE and include extraneous matter.

(The following Members (at the request of Mr. BROOMFIELD) and to include extraneous matter:)

Mr. QUIE.

Mr. CONTE.

Mr. HOFFMAN of Michigan.

Mr. FULTON (at the request of Mr. BROOMFIELD) and to include extraneous matter.

(At the request of Mr. BARR, and to include extraneous matter, the following:)

Mr. MULTER.

Mr. DOWNING.

Mr. PUCINSKI.

Mr. FASCEL.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 7176. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes;

H.R. 7523. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes; and

H.J. Res. 322. Joint resolution for the relief of certain aliens.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1368. An act to amend sections 503 and 504 of the Federal Aviation Act of 1958 to facilitate financing of certain aircraft engines and propellers.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H.R. 7176. An act making appropriations for the Executive Office of the President and sundry general Government agencies for the fiscal year ending June 30, 1960, and for other purposes;

H.R. 7523. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates; and

H.J. Res. 322. Joint resolution for the relief of certain aliens.

ADJOURNMENT

Mr. BARR. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 17 minutes p.m.), the House adjourned until tomorrow, Wednesday, July 1, 1959, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1150. A letter from the Secretary of Labor, transmitting a report of a violation of section 3679(h) of the Revised Statutes, pursuant to section 3679(i)(2) of the Revised Statutes, as amended; to the Committee on Appropriations.

1151. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been concluded with respect to the following claim: *Pueblo De Cochiti, petitioner* v. *The United States of America, defendant* (docket No. 136), pursuant to section 21 of the Indian Claims Commission Act of August 13, 1946 (60 Stat. 1055; 25 U.S.C. 70t); to the Committee on Interior and Insular Affairs.

1152. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to donate to certain Indian tribes some submarginal lands of the United States, and to make such lands parts of the reservations involved"; to the Committee on Interior and Insular Affairs.

1153. A letter from the Attorney General, transmitting the report of the Attorney General on the administration of the Foreign Agents Registration Act covering the calendar year 1958, pursuant to the Foreign Agents Registration Act; to the Committee on the Judiciary.

1154. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, relative to the case of Ergildo Ciaccia, A-7439278, involving suspension of deportation under the provisions of the Immigration and Nationality Act of 1952, and requesting that it be withdrawn from those before the Congress and returned to the jurisdiction of this Service; to the Committee on the Judiciary.

1155. A letter from the Deputy Secretary of Defense, transmitting 40 reports covering 44 violations of section 3679, Revised Statutes and Department of Defense Directive 7200.1, "Administrative Control of Appropriations within the Department of Defense," pursuant to section 3679(i)(2), Revised Statutes; to the Committee on Appropriations.

1156. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation entitled "A bill to authorize the development of plans and arrangements for the provision of emergency assistance, and the provision of such assistance, to repatriated American nationals without available resources, and for other purposes"; to the Committee on Foreign Affairs.

1157. A letter from the Clerk, U.S. House of Representatives, relative to the contest for a seat in the House of Representatives from the Sixth Congressional District of the State of Kansas, Elmo J. Mahoney against Wint Smith, notice of which has been filed in the Office of the Clerk of the House (H. Doc. No. 190); to the Committee on House Administration and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mrs. PFOST: Committee on Interior and Insular Affairs. House Concurrent Resolution 106. Concurrent resolution expressing the sense of the Congress with respect to the recognition of the grave of Samuel Wilson, progenitor of the symbol "Uncle Sam", in Oakwood Cemetery, Troy, N.Y., as a national shrine; without amendment (Rept. No. 612). Referred to the House Calendar.

Mr. DAVIS of Tennessee: Committee on Public Works. S. 692. An act to authorize the sale of certain lands to the State of Missouri; without amendment (Rept. No. 613). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLS: Committee of conference. H.R. 7086. A bill to extend the Renegotiation Act of 1951, and for other purposes (Report No. 619). Ordered to be printed.

Mr. ROONEY: Committee of conference. H.R. 7343. A bill making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 620). Ordered to be printed.

Mr. PRESTON: Committee of conference. H.R. 7349. A bill making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1960, and for other purposes (Rept. No. 621). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WALTER: Committee on the Judiciary. S. 244. An act for the relief of Alexander Antoniou; with amendment (Rept. No. 599). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 449. An act for the relief of Clarita Martinez; without amendment (Rept. No. 600). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. Senate Concurrent Resolution 33. Concurrent resolution favoring suspension of deportation in the cases of certain aliens; with amendment (Rept. No. 601). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H.R. 1595. A bill for the relief of Victor Hoffer; without amendment (Rept. No. 602). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H.R. 4111. A bill for the relief of Eva Marie Lesher; with amendment (Rept. No. 603). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H.R. 7165. A bill for the relief of Filip Lowensztejn (Harry Lipa Levenstein); without amendment (Rept. No. 604). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 917. An act for the relief of Mr. and Mrs. Fred A. Fletcher; without amendment (Rept. No. 605). Referred to the Committee of the Whole House.

Mr. KASTENMEIER: Committee on the Judiciary. H.R. 1437. A bill for the relief of Mr. and Mrs. Christian Voss; with amendment (Rept. No. 606). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. House Resolution 296. Resolution providing for sending the bill H.R. 1717, with accompanying papers, to the U.S. Court of Claims; without amendment (Rept. No. 607). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 4134. A bill to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon the claim, or claims, of Scotty James, of Sitka, Alaska; with amendment (Rept. No. 608). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 5911. A bill for the relief of Omer W. Guay; without amendment (Rept. No. 609). Referred to the Committee of the Whole House.

Mr. TOLL: Committee on the Judiciary. H.R. 7638. A bill for the relief of the estate of Sakihara Koki; without amendment (Rept. No. 610). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H.R. 7745. A bill for the relief of Mrs. Willie Soher; without amendment (Rept. No. 611). Referred to the Committee of the Whole House.

Mr. SMITH of California: Committee on the Judiciary. House Joint Resolution 444. Joint resolution for the relief of certain aliens; without amendment (Rept. No. 614). Referred to the Committee of the Whole House.

Mr. CHELF: Committee on the Judiciary. House Joint Resolution 445. Joint resolution to facilitate the admission into the United States of certain aliens; without amendment (Rept. No. 615). Referred to the Committee of the Whole House.

Mr. MOORE: Committee on the Judiciary. House Joint Resolution 446. Joint resolution to waive certain provisions of section 212(a) of the Immigration and Nationality Act in behalf of certain aliens; without amendment (Rept. No. 616). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 854. An act for the relief of Luther M. Crockett; without amendment (Rept. No. 617). Referred to the Committee of the Whole House.

Mr. TOLL: Committee on the Judiciary. H.R. 6335. A bill for the relief of Mrs. Lourene O. Estes; without amendment (Rept. No. 618). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Montana:

H.R. 8027. A bill to provide readjustment assistance to veterans who serve in the Armed Forces between January 31, 1955, and July 1, 1963; to the Committee on Veterans' Affairs.

H.R. 8028. A bill to authorize the appropriation of funds for carrying out provisions of section 23 of the Federal Highway Act, to enable the Secretary of Agriculture to construct timber access roads, to permit maximum economy in harvesting national forest timber, and for other purposes; to the Committee on Public Works.

By Mr. BURNS of Hawaii:

H.R. 8029. A bill to promote the foreign relations of the United States by providing for the establishment of a Center for Cultural and Technical Interchange Between East and West in Hawaii; to the Committee on Foreign Affairs.

By Mrs. GRIFFITHS:

H.R. 8030. A bill to amend section 170(b)(1) of the Internal Revenue Code of 1954 with respect to certain charitable contributions to libraries; to the Committee on Ways and Means.

By Mr. HARRIS:

H.R. 8031. A bill to amend sections 204a and 406a of the Interstate Commerce Act in order to provide civil liability for violations of such act by common carriers by motor vehicle and freight forwarders; to the Committee on Interstate and Foreign Commerce.

By Mr. HECHLER:

H.R. 8032. A bill to amend the Communications Act of 1934 to provide that "equal time" provisions shall not apply to news programs; to the Committee on Interstate and Foreign Commerce.

By Mr. LANGEN:

H.R. 8033. A bill to provide a program for an Operation Bootstrap for the American Indian in order to improve conditions among Indians on reservations and in other communities, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MOORE:

H.R. 8034. A bill to provide for the establishment of five soil and water conservation laboratories; to the Committee on Agriculture.

By Mr. PROKOP:

H.R. 8035. A bill to designate the Dyberry Dam and Reservoir, Lackawaxen River Basin, Pa., as the Gen. Edgar Jadwin Dam and Reservoir; to the Committee on Public Works.

By Mr. RIVERS of Alaska:

H.R. 8036. A bill to amend the Mineral Leasing Act of February 25, 1920; to the Committee on Interior and Insular Affairs.

By Mr. THOMPSON of New Jersey:

H.R. 8037. A bill to provide that a donor of funds or property to construct the National Cultural Center may direct that such funds or property shall vest in an organization designated by him if the Board of Regents of the Smithsonian Institution finds that sufficient funds to construct the National Cultural Center have not been received; to the Committee on Public Works.

By Mr. THOMPSON of Texas:

H.R. 8038. A bill to extend the application of the Civil Service Retirement Act Amendments of 1956 with respect to the retirement of certain individuals; to the Committee on Post Office and Civil Service.

By Mr. UDALL:

H.R. 8039. A bill to authorize the leasing of land on the Colorado River Indian Reservation, Ariz. and Calif., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WAINWRIGHT:

H.R. 8040. A bill to give to the former owners of property of the United States the right to repurchase that property when it is no longer being used for the purpose for which it was acquired; to the Committee on Public Works.

By Mr. ANDERSEN of Minnesota:

H.R. 8041. A bill to amend the Agricultural Act of 1956; to the Committee on Agriculture.

By Mr. GARMATZ:

H.R. 8042. A bill to authorize the Secretary of Commerce to resell four C1-SAY-1 type vessels to the Government of the Republic of China for use in Chinese trade in Far East and Near East waters exclusively; to the Committee on Merchant Marine and Fisheries.

By Mr. MARSHALL:

H.R. 8043. A bill to amend the Agricultural Act of 1956; to the Committee on Agriculture.

By Mr. COHELAN:

H.R. 8044. A bill amending the act of February 20, 1931, as amended, with respect to a rail transit crossing across the bay of San Francisco; to the Committee on Public Works.

By Mr. FASCELL:

H. Con. Res. 242. Concurrent resolution expressing the sense of the Congress with respect to official recognition by the United States of the centennial anniversary of the unity of Italy; to the Committee on Foreign Affairs.

By Mr. RIVERS of Alaska:

H. Con. Res. 243. Concurrent resolution expressing the sense of Congress in regard to United Nations Charter revision, and for other purposes; to the Committee on Foreign Affairs.

By Mr. FEIGHAN:

H. Res. 309. Resolution providing for sending the bill (H.R. 4583) for the relief of the county of Cuyahoga, Ohio, with accompanying papers, to the Court of Claims; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

By Mr. KOWALSKI: Memorial of the General Assembly, State of Connecticut, requesting the Senate and the House of Representatives of the United States to amend the provisions of Public Law 85-316; to the Committee on the Judiciary.

Also, memorial of the General Assembly, State of Connecticut, urging Congress to pass the Rhodes-Johnston Act concerning postal employees; to the Committee on Post Office and Civil Service.

By Mr. MONAGAN: Resolution from the office of the secretary of state, State of Connecticut, expressing approval of the Rhodes-Johnston bills (H.R. 6 and S. 386) with respect to the recognition of organizations of postal and Federal employees; to the Committee on Post Office and Civil Service.

By the SPEAKER: Memorial of the Legislature of the State of Oklahoma, memorializing the President and the Congress of the United States to institute appropriate action for the construction of the Markham Ferry Dam and Reservoir project on Grand River in Oklahoma; to the Committee on Public Works.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES:

H.R. 8045. A bill for the relief of Samuel Kelemen and his wife, Yolanda Kelemen; to the Committee on the Judiciary.

By Mr. DERWINSKI:

H.R. 8046. A bill for the relief of Wanda Marie Maliga; to the Committee on the Judiciary.

By Mr. FARBSTEIN:

H.R. 8047. A bill for the relief of Exley Merton Bellamy; to the Committee on the Judiciary.

By Mr. HECHLER:

H.R. 8048. A bill for the relief of Dr. Gerardo L. Yubero, his wife, Luz Fortuny de Lopez, and their two minor children, Gerard Lopez Fortuny, and Fernando Lopez Fortuny; to the Committee on the Judiciary.

By Mr. CLEM MILLER:

H.R. 8049. A bill for the relief of John Soderman; to the committee on the Judiciary.

By Mr. PUCINSKI:

H.R. 8050. A bill for the relief of Mrs. Halina Maria Sobczak; to the Committee on the Judiciary.

By Mr. QUIE:

H.R. 8051. A bill for the relief of Wilhelmina Ginteburg Schleifer; to the Committee on the Judiciary.

By Mr. SANTANGELO:

H.R. 8052. A bill for the relief of Stanley A. Mockford; to the Committee on the Judiciary.

By Mr. SCHENCK:

H.R. 8053. A bill for the relief of Ambrogio Bavaro; to the Committee on the Judiciary.

By Mr. TOLLEFSON:

H.R. 8054. A bill for the relief of William Edgar Weaver; to the Committee on the Judiciary.

By Mrs. WEIS:

H.R. 8055. A bill for the relief of Michael Dedetsinas; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Utilizing Surplus Food in International Economic Programs

EXTENSION OF REMARKS
OF

HON. ALEXANDER WILEY

OF WISCONSIN
IN THE SENATE OF THE UNITED STATES

Tuesday, June 30, 1959

Mr. WILEY. Mr. President, today I was privileged to participate in the conference on U.S. economy and international relations.

In the light of the Soviet threat to our existence, particularly in the economic field, constructive efforts to review and strengthen our economic programs are most fitting in these challenging times.

During the conference, sponsored by the International Economic Policy Association, of which Dr. N. R. Danelian is president, such vital topics of discussion were covered as:

"The U.S. Government's Role in International Finance"; "Trade Barriers Abroad"; "The Economic Program of Argentina"; "Using Farm Products in International Economic Programs"; "Government Aid Programs"; "Problems of Private Investment Abroad, Including Private Investments in a Changing World, Counterpart Funds and Local Currencies—Their Use Through Private Channels, and What Can Be Done To Encourage Private Investments"; "Objectives of Long-Range International Economic Relations."

At the meeting this morning, I had the opportunity to join in the discussions relating to using farm products in international programs.

Among other things, I have suggested a cooperative effort between the administration and Congress to develop a more clearly defined national food policy. The recommendation does not propose any new Government agency. Rather, it envisions conferences between the Secretary of Agriculture and a bipartisan group selected from the Senate and House Agriculture Committees.

The purpose would be to:

Attempt to define a long-range national food policy; and

Obtain maximum bipartisan participation for a more effective program to utilize food in our international programs in order to promote the cause of peace, to meet humanitarian needs, and for other purposes.

I ask unanimous consent to have the text of my remarks printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR WILEY

I welcome the opportunity to join in the discussion of vital issues being considered by this conference on U.S. economy and international relations.

Particularly, I am happy to have the opportunity to discuss briefly the outlook for further using farm products in international economic programs.

The challenge is complex. The opportunities are manyfold. The successful creation of better programs for utilization of such resources offers rich rewards of economic, political, strategic, and humanitarian values.

SURPLUSES: PRIMARILY A DOMESTIC PROBLEM

We recognize, of course, that—realistically speaking—a major impulse behind our food distribution programs, at home and abroad, has been the pile up of surpluses—wheat, corn, cotton, dairy products, and other farm commodities. To find outlets for these stockpiles, special programs—many of them meritorious—have been designed.

Despite these efforts, however, the American people still have about $9 billion invested in surpluses. Historically, the Government has recovered about 84 cents of each dollar spent for price supports. Nevertheless, this still represents a sizeable outlay of funds.

Frankly, I feel that finding a solution for our surplus problem is, primarily, a domestic challenge.

What can be done?

Overall, there must be an effective effort to establish a production-consumption balance of farm commodities.

Too, I believe that real contributions can be made toward a solution of our surplus problem by application of a three-step formula:

(1) Increasing consumption; (2) getting better distribution; and (3) achieving greater utilization of basic components of farm products for commercial and other uses.

The adoption of this formula, I believe, can increase domestic consumption; in addition, it can also be useful in our programs for consumption of food abroad.

FOOD FOR PEACE NOT A NEW IDEA

The major objective of further utilizing food in our international economic policies, of course, is that of promoting peace.

We recognize, however, that the utilization of food—either for humanitarian, political, or other purposes—is not a new idea.

Over the years, nations of the world, from time to time, have shared their food resources with needy people, to supplement inadequate diets, stave off starvation in times of crises, natural disasters, or emergencies, and for other purposes.

We recall that in January of this year, President Eisenhower advanced a food-for-peace program. In May, a wheat conference of major wheat producing countries was held to attempt to deal with the surplus problem.

Too, the distinguished Senators participating in this discussion, Senator CARLSON and Senator HUMPHREY, have given considerable thought to the challenges in this field, as evidenced here at this discussion.

Efforts, also, have been carried on through the United Nations agencies, regional international groups, through the export programs of individual countries, activities of churches, civic, and other organizations.

Under these programs, it is estimated that the total assistance to all nations amounted to over $16 billion, for example, during the 4-year period from 1954 through 1957.

NEED FOR IMPROVED FOOD POLICY

We have a $9 billion surplus stockpile; yet at the same time, about one-half of the 2.7 billion world population is estimated to be undernourished, and almost one-third of the people of the world live on inadequate diets.

The development of a more effective utilization of our food resources offers an opportunity not only to carry on a humanitarian program—which, traditionally, has been an instinctive and creative effort by Americans, as well as other people—but also to gain side benefits of political, economic, and strategic value.

In view of these facts, the United States, I believe, can well reexamine its programs, policies, and planning with the objective of better utilizing our vast food resources—and perhaps our production plant—not only for the good of ourselves, but also for the good of the world.

REVIEW OF EXISTING PROGRAM

Under Public Law 480, and section 402 of the Mutual Security Act, we are aware that food is shipped abroad in a number of ways, including:

(1) Sales—for foreign currencies; (2) grants—for emergency relief; (3) donations—to needy persons abroad; (4) barter—for strategic materials.

The objectives of Public Law 480 include efforts to: Promote economic stability in America agriculture; expand international trade in agricultural commodities; encourage the economic development of friendly countries; promote the collective strength of the free world.

Generally, the objectives of these and other similar programs have received wide support.

PROBLEMS INVOLVED IN EXPANDING USE OF FARM PRODUCTS

Now the question arises: How then can we establish an improved program for utilization of our food in international policy?

Superficially, it would appear to be a simple task to move stockpiles of surplus foods in one country directly to the hungry people of a less resourceful country, foodwise.

As we all appreciate, however, there are complex and difficult problems in distributing such food through either domestic or international channels.

In international economic programs, of course, it is vitally necessary to attempt to assure that:

1. The intentions and motivations with which we provide such food are not twisted so as to be used against us, rather than for creating good will for us.

2. The food gets to the people who really need it—either through sales or grants—rather than perhaps being sold through the black market or in other ways mishandled.

3. The foods are readily utilizable by the recipient people—and adaptable to their diets.

4. There is minimum interference with normal economic channels.

We recall that the President's food-for-peace program recommended, too, that:

(5) The program be motivated by the humanitarian concept of sharing.

(6) The program be an integral part of a larger effort to promote the economic development of underdeveloped countries.

These guidelines, I believe, are sound.

IMPROVING OUR FOOD DISTRIBUTION PROGRAM

Despite the acute problems, there is a recognized need for a better program to utilize our surplus foodstuffs—both at home and abroad; to turn these food resources into economic assets instead of liabilities; to feed hungry people; and to give support to our international economic policies.

PROBLEMS AND OBJECTIVES

In this, as in other international programs, we face of course the task of getting support of mature public thinking.

Today, the United States is a leader of the free world.

With that leadership goes the responsibility of attempting to assure that nations less fortunate—less rich in land, resources and

technical know-how for production—share, as much as possible, in the benefits of our modern civilization.

This sharing must not be aimed solely at developing their military ability to support the free world defense; but also in terms of bettering their standards of living, and offering new opportunities for their people.

We cannot maintain leadership, without this responsible attitude. Nor can we—at this stage in history—cast off the role of leadership. To do so would seriously endanger our own survival.

However, if we fail to adequately fulfill our role, the free nations may well become disillusioned—become easier prey for Communist aggression. The uncommitted nations, too, might turn to communism to secure the food, technological know-how—and yes, the governmental structure of communism—that poses as the "fairy godmother" of socialism—but in reality is more the "kill-or-maim" type of totalitarian communism striving to control more land and people at any cost to achieve their ultimate goal of world domination.

NEEDED: BIPARTISAN CONFERENCE TO ESTABLISH LONG-RANGE NATIONAL FOOD POLICY

In view of these factors, the Congress and the administration, I believe, have an obligation for cooperating to develop a clearer, more effective national food policy.

To help meet what is a very great need, as well as to take advantage of what is also a real opportunity, I believe that a series of bipartisan conferences should be undertaken. The conferences would include members of the Agriculture Committees of the House of Representatives and the Senate (from both parties) together with the Secretary of Agriculture.

Among other things, the purpose would be to more clearly define our national food policy. Answers, of course, would need to be provided to a number of questions, including: To what degree can, and should, farm products be utilized in planning international policies; presently, are we making the best use of surpluses; how can we better utilize anticipated surpluses of the future; should it be national policy to carry on a food-for-peace program only, and as long as there are surpluses on the American market; or would it be advisable to enact a long-range program with the idea of making up any commitment deficits, if these exceed available surpluses, by planned productions for the food-for-peace program.

Would a food-for-peace program be deemed important enough—from a humanitarian, as well as a political, economic, strategic and other viewpoints to merit making it, to a greater extent, part and parcel of our cold war policy.

Until these and other objectives are clearly defined, our policy can, at best, be a temporary one—perhaps marked by less efficiency than could otherwise be obtained. To some, the food-for-peace program contains enough merits to put it on a long-range basis, even perhaps as a permanent program.

I am aware that specific proposals—for example, along the lines of Senator HUMPHREY's bill for setting up Food for Peace Administration (S. 1711) as a separate agency with a Food Administrator.

Naturally, I fully appreciate the motives of such action as well as the merits of its objectives.

However, the foundation should—if at all possible—be firmly established upon a broad base of congressional, executive, and public support.

The proposal of a bipartisan conference—aimed at getting broader support for a clearly defined program, I believe, would have the following advantages: Obviously, it would help to meet a very great need; it would better enable us to take advantage of a very great opportunity; it would act as a protection against the political bickering that often accompanies the development of policy in such fields; it would provide broader support, more continuity—and less interruptions, and switches of policy or design with the change of political complexion in Washington.

Upon conclusions of the Conference, recommendations could then be submitted to the President and to the Congress for consideration.

CONCLUSION

As yet, no "cure-all" solution has been created for the problem of surpluses.

At the same time, it is apparent: (1) That the problem of inadequate diets—at home and abroad—will be with us for the foreseeable future; (2) that the cold war with communism, too, exists for a long time.

In view of these factors, it is most desirable, I believe: (a) That we constitute our attempts to get production in line with consumption to provide a healthier domestic economy; (b) that we attempt to increase consumption at home and abroad through the three-step formula—increased consumption, better distribution, greater utilization for commercial and other purposes; (c) that we go forward speedily on the development of a national food policy—to enable us to utilize our rich food-producing resources for maximum benefit—humanitarian, economic, political, and strategic—domestically and internationally.

In conclusion, I want to express my warm appreciation for the opportunity to participate in this discussion.

Thank you.

Our Nation's Need for a Youth Conservation Corps

EXTENSION OF REMARKS
OF
HON. ELIZABETH KEE
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mrs. KEE. Mr. Speaker, recently, I read an interesting history, by Arthur Schlessinger, Jr., about the first years of the Roosevelt administration. I was particularly interested in the writer's comments on the Civilian Conservation Corps, an emergency agency set up to take young men off the city streets and put them to work in our Nation's forests.

It is Schlessinger's contention that the CCC was the most successful of all New Deal agencies. I believe most people would agree with him.

Within 3 months of the establishment of CCC, thousands of young men were at work building roads and water-check dams in forests. Millions of trees were planted. Not only were these young men given an opportunity to support themselves but they gained an appreciation of nature which undoubtedly enabled each one to lead a fuller and richer life.

I was particularly interested in this review of the CCC because I have introduced a bill (H.R. 7777) to set up a Youth Conservation Corps patterned along the lines of the old Civilian Conservation Corps.

Mr. Speaker, the purpose of my bill is best described in its short title:

To provide healthful and outdoor training and employment for young men and to advance the conservation, development and management of national resources of timber, soil, range, and recreational areas.

In many sections of our country young men are now finding that jobs are very scarce. Unfortunately, many of them face idleness. This is not good for the young men or for the Nation.

On the other hand, our land and water resources need protecting more now than ever before in history. Our population is increasing at a rapid rate. There is an ever-growing pressure on land and water resources.

It seems to me it would be a wise and highly useful step to take these young men who need and want jobs and put them to work in forest camps. We need to step up our activities to conserve soil and water. Once soil and water are lost they can never be recovered.

A group of Senators introduced similar legislation. Widespread interest has been expressed in the proposal to establish a Youth Conservation Corps, and we are hopeful that hearings can be held this year.

The cost for such a program would be small, especially when measured in terms of what it could do both for the young men who would be put to useful work and of what it will mean to the country's natural resources.

The CCC left lasting marks upon our Nation's forests and wooded areas. The dams which CCC boys built across small streams are still serving their dual purposes—checking the flow of floodwater to prevent soil erosion and the providing of valuable recreational areas.

Mr. Speaker, the need for work of this kind is perhaps more urgent today than it was back in the Thirties.

The Facts on the Farm Population Decline

EXTENSION OF REMARKS
OF
HON. ALBERT H. QUIE
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mr. QUIE. Mr. Speaker, several days ago I called to the attention of the Congress an article which appears in the current issue of Successful Farming which deals with the decline of our farm population.

Now, in pursuing the subject further, I would like to present some statistics which, I think, will put the problem in perspective and will remove the blurred image which has been created.

For a number of years now, the fact that farmers have been leaving the land has prompted a flurry of speeches, from some quarters—some blaming this administration or that administration, this policy or that program, as being responsible for the exodus.

Farm population has been declining for many years. More than 100 years ago, in 1858, farm people made up an estimated 65 percent of the population of the country. As of April 1958—100

years later—farm people accounted for only 12 percent of our population.

The following table, based on U.S. Census and U.S. Department of Agriculture surveys, shows U.S. farm population since 1910:

Year (April)	Total population, including Armed Forces overseas	Farm population	
		Number of persons	Percent of total population
	Thousands	*Thousands*	
1958	173,435	20,827	12.0
1957	170,510	20,396	12.0
1955	167,498	22,257	13.3
1955	164,619	22,158	13.5
1954	161,761	21,890	13.5
1953	159,012	22,679	14.3
1952	156,421	24,283	15.5
1951	153,691	24,160	15.7
1950	151,132	25,058	16.6
1949	148,595	25,954	17.5
1948	146,051	25,903	17.7
1947	143,480	27,124	18.9
1946	141,039	26,483	18.8
1945	139,583	25,295	18.1
1944	138,027	25,495	18.5
1943	136,297	26,681	19.6
1942	134,498	29,234	21.7
1941	133,098	30,273	22.7
1940	131,820	30,547	23.2
1939	130,642	30,840	23.6
1938	129,589	30,980	23.9
1937	128,649	31,266	24.3
1936	127,886	31,737	24.8
1935	127,057	32,161	25.3
1934	126,192	32,305	25.6
1933	125,401	32,393	25.8
1932	124,658	31,388	25.2
1931	123,841	30,845	24.9
1930	122,775	30,529	24.9
1929	121,453	30,580	25.2
1928	120,135	30,548	25.4
1927	118,628	30,530	25.7
1926	117,007	30,979	26.5
1925	115,402	31,190	27.0
1924	113,573	31,177	27.5
1923	111,476	31,490	28.2
1922	109,676	32,109	29.3
1921	108,023	32,123	29.7
1920	106,089	31,974	30.1
1919	104,935	31,200	29.7
1918	104,266	31,950	30.6
1917	103,052	32,430	31.5
1916	101,612	32,530	32.0
1915	100,191	32,440	32.4
1914	98,645	32,320	32.8
1913	96,753	32,270	33.4
1912	94,965	32,210	33.9
1911	93,502	32,110	34.3
1910	91,885	32,077	34.9

Mr. Speaker, I believe that three significant conclusions can be drawn from the statistics.

First. The percentage of farm people in our country has been steadily decreasing from 1910, when they amounted to 34.9 percent of the population, to 1958, when 12 percent were farmers and their families. This decrease in percentage has been primarily due to the increase in the total population of the United States.

Secondly, the number of farm people remained between 30 and 32 million until 1941. From 1941 to 1958 the number of farm people has dropped from nearly 30.3 million to the present 20.8 million.

The period since the start of World War II was one of great technological change. The change is still being effected today, as we see that today's farm worker can produce as much in 8 hours as he did in 10 hours in 1950. He can do as much in 5 hours as he did in 10 hours in 1940.

In 1940, 1 farm worker produced enough to feed himself and 12 others. In 1950 he fed himself and 14 others. Today he feeds himself and 23 others.

Finally, when the 4,231,000 decrease in farm population between April 1950 and April 1958 is taken into account, it can be seen that most of the decrease occurred between April 1950 and April 1954.

It has been said many times that the policies of the present administration are responsible for driving farmers from the land—yet, while the comparative figures are correct, their interpretation is often misleading and distorted.

Since population estimates are made on April 1, the year 1952 cannot be attributed to the present administration, because it did not take office until January 1953.

An analysis of farm population statistics reveals the following comparisons.

During the last 5 years—from April 1, 1953, to April 1, 1958—farm population dropped 1,852,000, or at a rate of 370,000 per year.

During the previous 5 years, during the previous Presidential administration, farm population dropped 3,224,000, or at the rate of 644,800 per year.

In summary, Mr. Speaker, I believe that the drop in farm population has been a long-range economic trend, and that statistics are best understood when they are not forced into the pattern of a political allegation.

David P. Haxton, of Miami, Fla.

EXTENSION OF REMARKS
OF
HON. DANTE B. FASCELL
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mr. FASCELL. Mr. Speaker, Floridians are honored to have the International Headquarters for the Junior Chamber of Commerce located in Miami Beach, Fla. Junior Chamber International is a marvelous and deserving organization which is interested in community understanding and peaceful relationships among the peoples of the world.

For 4 years, Mr. David P. Haxton, 1200 5th Street, Miami Beach, Fla., was the secretary-general of the junior chamber of commerce. Recently Mr. Haxton was placed in a position of great honor and responsibility as nongovernmental liaison officer for the United Nations Childrens Fund at the United Nations in New York. It is a high honor to be appointed to this office. Mr. Haxton's appointment was no doubt due to his experience in junior chamber matters, his knowledge of world affairs, his ability to express himself freely and openly, and his sincere devotion to democratic principles and desire to help his fellow man. David Haxton has been an enthusiastic leader, and he has constantly demonstrated those qualities of leadership which have contributed to the promotion of good will between the younger generation of the free nations of the world.

I would like to express my personal appreciation to Mr. Haxton for the contributions he has made to the young men of the United States and to those who make up the J.C.I. membership in 89 countries of the world.

I am certain all Jaycees join with me in extending David Haxton our deep appreciation and gratitude for the excellent job he has done in the past and wish him continued success in his challenging new position.

Massachusetts Salutes Maj. Gen. Edgar C. Erickson

EXTENSION OF REMARKS
OF
HON. HAROLD D. DONOHUE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mr. DONOHUE. Mr. Speaker, a distinguished native of my home city of Worcester, Mass., Maj. Gen. Edgar C. Erickson, has very recently retired as head of the National Guard Bureau here in the Pentagon, after 45 years of exemplary military service.

The career of Major General Erickson provides an inspiration to those young men who are currently entering the military as their life's ambition.

He enlisted in the former H Company Wellington Rifles, 2d Massachusetts Infantry, in 1914 and rose from private to colonel in command of the 181st Infantry Regiment, 26th—Yankee—Division, Massachusetts National Guard; in this period of service, he took part in the Mexican border incident of 1916. He also served with 101st Infantry, 26th Division, in France during World War I.

In 1942, he entered upon active duty for World War II service accepting a demotion from brigadier general to colonel. During that war, he served with an Infantry unit with the Chinese Army in the Chinese Combat Command on special assignment. He was awarded the Legion of Merit, Bronze Star Medal, and was personally honored by the President of the National Government of the Republic of China.

Soon after his return from oversea duty in 1946, General Erickson received special assignment as a board member of the Army Discharge Review Board in St. Louis, Mo., and a year later was attached to the National Guard Bureau, Washington, D.C. Here he served as Acting Chief of the Army Division, National Guard Bureau, until his appointment by President Eisenhower to head the Bureau in 1953. He was reappointed to a further 4 years term, by the President, on June 24, 1957, and served in that capacity until his recent retirement.

Major General Erickson is revered and respected by everyone who ever came into contact with him; the loyalty to him by those who served in the military with him is a legend.

Quiet and unassuming, but with supreme efficiency and dedicated determination, Major General Edickson was the

type of soldier who lead and taught his men by personal example. He was noted for his humanitarian understanding and unique ability to encourage the highest troop morale with the projection of strict, but tempered, discipline. Throughout his life, he has been recognized for his interest in, and contribution to, youth welfare programs, and most particularly for his sacrifices of time and energy in assisting in the rehabilitation of the unfortunate and friendless boy.

We in Massachusetts salute Major General Erickson as a great patriot, a dedicated soldier, who devoted the major part of his life in unselfish service to his country and his fellowmen.

We pray the good Lord will bless him with continuing good health through many more years of richly deserved success and enjoyment in his retirement from professional military service.

Personal Relations Between Oregon Senators

EXTENSION OF REMARKS
OF
HON. WAYNE MORSE
OF OREGON
IN THE SENATE OF THE UNITED STATES
Tuesday, June 30, 1959

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD a letter dated June 20, 1959, from my colleague [Mr. NEUBERGER], to the editor of the Bend (Oreg.) Bulletin, which letter was published in the June 22, 1959, issue of that newspaper. I am sure the letter will be of interest to the Senate.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

To the EDITOR:

I appreciate your favorable comments about me in the editorial in the Bend Bulletin of May 29.

Let me assure you definitely that I have no intention whatsoever of becoming trapped in a name-calling contest with Senator MORSE. I could not possibly match his invective. Furthermore, such a spectacle could only bring disrepute to our State in general.

It is my opinion that Senator MORSE has now denounced and abused so many different people in unbridled terms, that the general public is quite able to appraise accurately his latest onslaught against me.

After having suffered the kind of serious illness I have undergone, I think one gains a perspective on political feuding which reduces it to proper proportions—and those proportions are very small and unimportant indeed.

Furthermore, I was greatly pleased with your editorial giving your own roster of favorite places in Oregon. I imagine Oregon is the kind of place where each of its 1,700,000 residents could compile a different list and still be well within the realm of plausibility.

With warm regards, I am,

Sincerely,

RICHARD L. NEUBERGER,
U.S. Senator.

WASHINGTON, *D.C., June 20, 1959.*

Address of Vice President Richard M. Nixon at the Opening of the Soviet Exhibition in New York City, Monday Evening, June 29, 1959

EXTENSION OF REMARKS
OF
HON. JAMES G. FULTON
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mr. FULTON. Mr. Speaker, as one of the officials who attended the opening of the Soviet Exhibition of Science, Technology, and Culture, Monday evening, June 29, 1959, at the Coliseum in New York City, I recommend that Americans go to see the exhibition to learn of the scientific, technological, and cultural achievements of the peoples of the Soviet Union.

The exhibition is one of the major steps in the cultural exchange program between the United States and the Soviet Union. It is certainly interesting and worthwhile to learn of the many developments in all lines—machinery, equipment, automobiles, atomic energy, theater, music, sculptoring, fabrics, fashions, plastics, and especially to see the various models of the sputniks.

Vice President RICHARD M. NIXON represented the United States at the official opening ceremonies. Mr. NIXON made the following address:

This Soviet exhibition, which Mr. Kozlov opens tonight, and the U.S. exhibition, which I will be privileged to open in Moscow on July 25, represent the most significant results to date of the exchange agreement between the United States and the Soviet Union, which has been in effect since January 1958.

In view of the disappointing lack of progress at the foreign ministers conference at Geneva, it seems appropriate on this occasion that we take a new look at the exchange program and appraise what contribution it can make in developing better relations between the United States and the Soviet Union.

It will be recalled that the 1958 agreement provided for a broad program of exchanges in the arts, sciences, professions and industries. Up to this time approximately three-fourths of the exchange enumerated in it have been carried out. If the difficulties that exist between our two nations were based merely upon misunderstandings and lack of contact, the success of this program would be grounds for great optimism.

But it would be completely unrealistic to pretend that lack of understanding is the only obstacle to peaceful friendship between the Communist world and those outside its borders. There are basic conflicts of interest and deeply clashing ideologies that are not easily removed. It would be no service to either of our great nations to base efforts for peace upon a superficial and even false analysis of the differences that divide us.

On the other hand, because we do have differences and because we both recognize the folly of allowing them to develop into a conflict which would result in the destruction of our civilization, it is all the more important that we increase exchange and contact between our two peoples so that our differences can be discussed in the best possible climate of understanding.

In other words, there is no magic formula which will settle the differences between us, no conference at the summit which will dramatically end world tensions. The road to peace is long and hard and if we are to stay on it both our people and our leaders must display patience and understanding to a maximum degree.

We both recognize that the visits to our country of Russian students, entertainers, scientists, and doctors does not imply any endorsement on our part of the Soviet system, nor do our visits there mean that they endorse us.

But this program has helped to underline some facts that we should never forget—that the Russian people and the American people instinctively like each other, that both of our peoples want peace, that the average Russian and the average American would be most happy to reduce the production of arms and to direct the great economic power of his country into a program to provide a better life for every citizen.

In this exhibition we open tonight, the American people will have an opportunity to see examples of the great achievements of the U.S.S.R.—increased industrial output, advances in sciences and technology and significant strides forward in transportation, construction, health, and welfare. I know that I speak for all of our people when I say that we rejoice in the material progress you have made and are making.

We welcome the idea of peaceful competition between nations and systems of government—competition which if directed into peaceful channels can only result in improving the lot of all mankind. But we believe that if competition is to be peaceful it must be fair. If certain rules of the game are not followed by all parties concerned, healthy competition can become unhealthy.

And we further suggest that this competition be extended to include not only the material achievements which this exhibition so magnificently demonstrates, but the spiritual values which have distinguished our civilization.

As you travel through our country and visit our farms and factories, Mr. Kozlov, you will see that we too are making great material progress. You will also have an opportunity to see that we Americans have a great zest for discussing the pros and cons of every issue affecting the national interest and that we recognize and cherish the right of every citizen to freely criticize our Government and our Government officials.

You will discover that the debate in the Halls of Congress and our legislatures is lively and sometimes long and that it faithfully reflects the broad spectrum of viewpoints incorporated in a free society.

You will see free enterprise at work—free labor unions and free management, sometimes at odds over the division of the rewards flowing from the enterprise, but united in the knowledge that without free enterprise there would be much fewer rewards to divide.

You will have an opportunity to study our courts of law, our churches, our libraries, our universities. I know that when you complete your visit you will return to the U.S.S.R. convinced that not only is this Nation strong materially, but that it is united behind the leadership of our President in working for a world in which men can live together in peace, justice, and freedom.

You will find that the American people and the American Government do not want an acre of land from any other people—that we have no desire to impose our system of government on any other nation—that we want for others only what we enjoy for ourselves, the right for a nation to be inde-

pendent, its citizens to be free, and for peoples to live at peace with each other.

We do not expect that this great exhibition and your visit here or our exhibition in Moscow and my visit there will resolve the basic differences which exist between our Governments. But I know you will agree with me when I say that these events do provide a unique opportunity to reduce to an extent the misunderstandings which exist between our people and our Governments and thereby to further the cause of peace to which we are dedicated.

In that spirit we hope that thousands of Americans will visit this exhibition so that they may see firsthand the achievements of the Russian people, and we wish you well as you travel through our country and get to know better the true ideals and aspirations of the American people.

A New New House Office Building

EXTENSION OF REMARKS
OF
HON. CLARE E. HOFFMAN
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mr. HOFFMAN of Michigan. Mr. Speaker, in answer to the widespread, insistent demands from the people for less Federal spending, a lowering of the high cost of living, and relief from burdensome taxation, I replied that one cause of all three was the ever-continuing pressure on the Congress from the people for new benefit payments of one kind or another from the Federal Government.

That laid the primary cause for our financial ills squarely upon the shoulders of the taxpayers. That is where most, but not all, of it rests. But quickly I received replies that Members of the Congress themselves were not free from guilt, and my attention was called to the waste connected with the construction of the new Senate Office Building—and there was plenty of it—to the construction of another new House Office Building, neither of which any taxpayer even suggested building.

The situation was again called to mind by a June 13 editorial in the News-Palladium, published at Benton Harbor, Mich., which was captioned "Congressional Spenders." It started out:

> A hundred-million-dollar bill to foot the cost of Congress next year breezed through the House this month with scarcely a ripple.

It called attention to many items, regular expenses of running the House, which ran into $150 million for next year. Another was the $82 million new House Office Building for Representatives.

No taxpayer other than Congressmen was responsible for that.

Permit me to show, by quotes from the CONGRESSIONAL RECORD of March 18, 1955, why my effort to prevent that expenditure failed.

Mr. CANNON was in charge of an appropriation bill which was before the Committee of the Whole House on the State of the Union. Mr. RAYBURN, Speaker of the House, from the floor offered an amendment authorizing construction of a new House Office Building. Mr. CANNON, likewise a Democrat, and chairman of the Appropriations Committee, said, in CONGRESSIONAL RECORD, vol. 101, part 3, at pages 3204–3205:

Mr. CANNON. Mr. Chairman, in view of the emergency involved, and the urgent need of the facility for which the appropriation is proposed, the committee accepts this amendment and approves the expenditure.

Of course, there was no emergency.

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. I make the point of order against the amendment that it is legislation on an appropriation bill.

Mr. CANNON. Mr. Chairman, the point of order comes too late.

The CHAIRMAN. The point of order does come too late.

Mr. HOFFMAN of Michigan. How does it come too late when I was on my feet seeking recognition before the gentleman was recognized?

The CHAIRMAN. The gentleman, as chairman of the committee, was recognized first.

Mr. HOFFMAN of Michigan. That is to say the rule that requires recognition of the chairman of a committee would deprive another member from making a point of order?

The CHAIRMAN. No. Did the gentleman address the Chair?

Mr. HOFFMAN of Michigan. I did address the Chair before the Clerk finished reading.

The CHAIRMAN. That was not the proper time.

Mr. HOFFMAN of Michigan. I was on my feet and addressed the Chair before the Clerk finished and as soon as he finished. Now, if I have to shout louder, I can do that.

The CHAIRMAN. The Chair could not recognize the gentleman until the Clerk had finished reading.

I was on my feet with a valid point of order before and when the Clerk finished reading, but was overruled, and that is how the building of the New House Office Building was authorized.

The ruling was wrong and that is known to every student of parliamentary law. I objected both before the Clerk had finished reading and as soon as he finished reading, and was entitled to recognition. Moreover, as every student of parliamentary law knows, a point of order is always in order.

But the Speaker of the House offered the amendment which called for the new building, the chairman of the Appropriations Committee accepted it, and the chairman of the Committee of the Whole House—all Democrats—overruled an obvious, valid point of order, and the authorization went through.

That is the way the Democrats in control of the House worked their will with the taxpayers' dollars on that particular occasion.

An appropriation of some $80 million authorizing the building will probably, if present trends and practices continue, involve a final total cost of more than $100 million—all for the convenience of the Congressmen—an expenditure which the voters did not request or approve.

It is obvious that, while the taxpayers are primarily to blame for many expenditures, they are by no means responsible for all. Some of the big ones the Congressmen think up all by themselves.

Poll Results

EXTENSION OF REMARKS
OF
HON. SILVIO O. CONTE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, June 30, 1959

Mr. CONTE. Mr. Speaker, under leave to extend my remarks, I include the results of a poll which I recently conducted. The questionnaire was returned by over 25 percent of the persons who received it, which I consider to be an excellent result, reflecting deep interest in important problems of the day:

WASHINGTON.—A questionnaire on major issues of the day sent out to constituents by Congressman SILVIO O. CONTE has revealed exceptionally strong sentiment for some form of labor legislation, a balanced budget and continued assistance to friendly nations.

Congressman CONTE mailed out 4,000 questionnaires along with his newsletter, and received 1,000 replies for an unusual 25 percent response. These came from every community in the district and represented the thinking of constituents from all walks of life and both political parties.

In addition to questions on the issues before Congress, a straw poll on the 1960 Presidential election was offered which included Senators Kennedy and Humphrey, Vice President Nixon, and Governor Rockefeller.

Of the 1,000 who returned the questionnaire, Vice President NIXON led the field as the choice of 47.9 percent, Senator KENNEDY was favored by 21.9 percent, and Governor Rockefeller was close behind as the choice of 20.6 percent. Senator HUMPHREY apparently has not made much of a dent in the First District of Massachusetts as he polled only 1.7 percent of the total.

An overwhelming 96.4 percent approved the country's firm stand in the Berlin crisis, and next in line was the 87.1 percent figure in favor of the balanced budget. On the latter point, however, many commented that while they favored a balanced budget, they did not want it at the expense of national security or assistance to friendly nations.

In answer to the question: "Considering world tensions, should we continue our mutual security military and economic aid to friendly nations?" 85.9 percent said "Yes," while only 3.4 percent voted "No." In this case many pointed out that while such aid should be continued, a thorough examination should be conducted to prevent wasteful and unnecessary expenditures.

Concerning labor legislation, 84.3 percent voted in favor of including the problems of secondary boycotts and blackmail picketing in any reform. However, of those who commented on this question, the consensus was that any legislation was better than none.

The omnibus housing bill was treated more cautiously as 39 percent were against it and 30.7 percent were in favor. Stating that they were not sure were 25.8 percent.

A somewhat similar situation developed over the question of a fair trade bill. Against such legislation were 46.9 percent while only 39.7 percent registered their approval. Recording themselves as "not sure" were 10.4 percent.

Federal aid to education hit some rough sledding as 68.7 percent considered education primarily a local and State problem while only 21.9 percent felt that the Federal Government should be more concerned.

However, 50 percent stated that they would favor Federal aid in the construction of schools. Regarding Federal assistance in paying teachers' salaries, 68.4 percent were

against, and only 18.1 percent were in favor. The major comment on this question was: "If the Government is going to pay teachers' salaries, why not pay mine, too?"

Despite varying opinions on the issues, almost all stated how pleased they were to be given such an opportunity to express their views.

Questionnaire on important issues of the day

	Yes	No	Not sure	Blank
1. Do you favor a balanced Federal budget?	871	37	64	28
2. Considering world tensions, should we continue our mutual security, military, and economic aid to friendly nations?	859	34	75	32
3. Do you feel that labor reform legislation should cover the problems of secondary boycotts and blackmail picketing?	843	43	84	30
4. Do you approve of our country's firm stand in the Berlin crisis?	964	12	18	6
5. Do you favor the omnibus housing bill, which provides $2,100,000,000 for urban renewal and college housing loans, and up to $3,000,000,000 possible expenditures for public housing in the coming years?	307	390	258	45
6. Do you favor a fair trade bill, which would permit contracts requiring retailers to sell trademark, brand or trade name items at stipulated prices (to prevent underselling by discount houses, etc.)?	397	469	104	30
With respect to education, should the Federal Government—				
7. Consider it primarily a local and State problem?	687	219	53	41
8. Aid school construction?	500	364	86	50
9. Help pay teachers' salaries?	181	684	81	54

STRAW POLL ON THE 1960 PRESIDENTIAL ELECTION

Of the following, whom would you favor for President?

Kennedy	219
Humphrey	17
Nixon	479
Rockefeller	206
Others:	
Republicans	11
Democrats	28
Blank	110

(NOTE.—The straw poll adds up to more than 1,000 because in the few instances when a ballot was marked in 2 places with no indication of first preference, both votes were counted.)

To Honor the Adamses, Father and Son, Who Both Served as Presidents of the United States

EXTENSION OF REMARKS
OF
HON. THOMAS J. LANE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 30, 1959

Mr. LANE. Mr. Speaker, fortunate is the nation that has great traditions and forever honors them.

Massachusetts, the most historic area of our country, has no national highways or parkways to perpetuate the memory of the patriots and the stirring events that inspired the birth and the growth of our Republic.

John Adams was our second President.

His son, John Quincy Adams, served as our sixth President.

No other family in the history of our Nation has equaled this unique and distinguished record of service to the Nation.

It is time for us to properly honor their magnificent contributions to our independence by voting in favor of H.R. 7125, to provide for a study of the feasibility of establishing the President Adams Parkway, a connecting link of 8 miles from Faneuil Hall in downtown Boston, past the old statehouse in Boston, Paul Revere's home, the old North Church, and the home of the two Presidents.

Boston is the shrine of the American Revolution.

Hundreds of thousands of visitors come to this area each year, seeking the famous landmarks that they learned of in their school days, in order to be near and identify themselves with the spirit of those brave and freedom-loving days.

Frequently they have difficulty in finding and parking near these historic spots.

It is our purpose to facilitate their pilgrimage by inquiring into the feasibility of establishing this patriotic parkway.

Some technical objections have been raised, questioning both the precedent and the procedure, but I believe that most Members will agree that this is an honor that is long overdue.

I am happy that this measure will not be considered in the routine and anonymous manner. It deserves to have every Member stand up and be counted by name so that the Nation will know how deep is our gratitude and our reverence for two leaders who helped to win for us the priceless heritage of independence and liberty.

This is a reasonable bill, proposing a survey.

In view of all the circumstances, I cannot see how anyone can object to that.

I am confident that it will clarify the picture, and dispel all doubts, so that the Members will be encouraged to approve the recommendations of this survey when it has been completed.

In the meantime, the proposed memorial in honor of two Presidents is at least entitled to this preliminary consideration as to its feasibility.

Equality of Congressional Districts

EXTENSION OF REMARKS
OF
HON. ABRAHAM J. MULTER
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 30, 1959

Mr. MULTER. Mr. Speaker, it was my privilege, on June 29, 1959 to present a statement to the House Judiciary Committee in support of my bill, H.R. 575, which would require the establishment of congressional election districts composed of contiguous and compact territories, and would require that the districts so established within any one State contain approximately the same number of inhabitants.

My statement follows:

STATEMENT OF REPRESENTATIVE ABRAHAM J. MULTER, DEMOCRAT, NEW YORK, BEFORE THE HOUSE JUDICIARY COMMITTEE IN SUPPORT OF H.R. 575, JUNE 29, 1959

Mr. Chairman and members of the committee, I appreciate the opportunity afforded to me to submit to you my views in support of my bill, H.R. 575.

Equality among congressional election districts is so axiomatic to our ideas of democratic government that the subject never receives large headlines and is seldom discussed around the country. Few elements of the electorate ever stop to consider the realities of the situation.

Theoretically, the House of Representatives is the ultimate symbol of equality of representation in the Federal Government. The name itself was chosen because it was intended to be a truly representative legislative body.

It is assumed that each congressional district is roughly equal, in total population, to every other district. Certainly the intention of the Constitution and of the Founding Fathers is clear enough: the House was to represent the people; the Senate was the Chamber of the States. Most people take it for granted that the House of Representatives is actually representative.

Reality, however, falls seriously behind theory in many cases and, in some cases, outrageously so. The inequities that were perpetrated or perpetuated in the redistricting that followed the 1950 census are instructive. In no less than 25 States there was a difference of more than 100,000 between the populations of their largest and smallest congressional districts. In 13 of those 25, the difference was more than 200,000. And in five States there were actually districts with populations that outnumbered other districts in the same State by more than 300,000 inhabitants.

The practical effect of such disproportions is obvious. In one of our States, about 170,000 citizens were given exactly the same voice and voting strength in our House as another group of more than 400,000. The inequity becomes even more absurd when that group of 170,000 is made equal in status with a group from another State consisting of more than 600,000. We have here a situation in which the individual citizen in the smaller district is given as much power as five citizens in the larger district.

Primary responsibility for these inequities rests with the State legislatures, but Congress is also at fault. The State legislatures control the details of redistricting and, because of carelessness, or ignorance, or design, they have permitted or fostered this undemocratic pattern. Many States have not bothered to redistrict for as much as 3 or 4 decades.

Under article I, section 4, of the Constitution, Congress has the power to correct the inequities. This section states that Congress "may at any time by law make or alter * * * regulations" as to the "times, places, and manner of holding elections for * * * Representatives * * *." Congress has, in fact, acted in the past. The act of January 16, 1901 (31 Stat. 734), for example, provided that Representatives "shall be elected by districts composed of a contiguous and compact territory, and containing as nearly as practicable an equal number of inhabitants."

Unfortunately, that language was omitted from the act of 1929 (46 Stat. 26) and sub-

sequent apportionment legislation. To remedy this omission, I have introduced H.R. 575 to amend section 22 of the act of June 18, 1929, as amended.

This bill restores the provision that each district shall be composed of contiguous and compact territory, a safeguard against gerrymandering. It further provides that the number of inhabitants in any district shall not vary more than 10 percent from the average district within such State as computed from the figures of the immediately preceding census. By providing a 10 percent leeway, the bill recognizes and allows for the difficulties in arriving at exact equality.

Authorities differ as to the ideal maximum percent of deviation from the average. A committee of the American Political Science Association recommended a 15 percent maximum. My own opinion is that 10 percent is a sufficiently flexible guide.

Recently, the New York State Republican chairman in addressing a political gathering, referred to the fact that in that State it was constitutionally impossible to elect a State legislative body controlled by the Democratic Party. He, of course, meant that as long as the State legislature could arbitrarily, even capriciously, fix district lines, subject to no review by any court, the Republican Party would continue to gerrymander that State.

With about 55 percent of the population New York City gets only about 45 percent of the representation. Only the Congress can remedy that unfair, inequitable and immoral situation.

Finally, H.R. 575 authorizes the Clerk of the House to refuse the credentials of any Representative elected from a district not conforming to these requirements. Congress is thus given a procedure for enforcing the standards it establishes.

Presumably, the inequities that were established following the 1950 census will have become even more aggravated by 1960. It is my sincere conviction that H.R. 575 or similar legislation is urgently required if we are to reestablish the democratic composition of the House of Representatives.

Twenty-third International Convention, Retail Clerks International Association (AFL–CIO)

EXTENSION OF REMARKS
OF

HON. ROMAN C. PUCINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 30, 1959

Mr. PUCINSKI. Mr. Speaker, last week, during the 2 days that no official business was scheduled in the House of Representatives, I took advantage of the interlude to attend the 23d international convention of the Retail Clerks International Association—AFL–CIO—which was held in Los Angeles.

As a member of the House Committee on Education and Labor, which is now studying labor reform legislation, I wanted to see firsthand how a large international, like the Retail Clerks, conducts its deliberations in convention.

Much has been said in recent months about democracy in unions and about abuses by union officials and, undoubtedly, much of the criticism is justified. But I should like to assure my colleagues that the Retail Clerks convention exemplified the very essence of a model union, and I wish that every Member of this Congress could observe firsthand the high standards followed by the officers of this large international throughout the convention.

Mr. James A. Suffridge, president of the Retail Clerks International Association, and his entire board are to be commended for upholding the highest principles of democratic processes throughout this convention. I believe that those who have made broad charges against the entire labor movement because of the defalcation of the few in this movement would have an entirely different attitude toward the legitimate aims of organized labor, as exemplified by the Retail Clerks during their convention, and would then see this problem of labor-management reform legislation in its proper perspective if they had an opportunity to observe this convention personally as I did.

Lest I be accused of being prejudiced because I have a high regard for the Retail Clerks, particularly in the past few years when they have had the good fortune of having for their president a man of such outstanding character as Mr. Suffridge, I am taking the privilege today of enclosing in the CONGRESSIONAL RECORD the speech made by Senator JOHN L. MCCLELLAN, of Arkansas, chairman of the Senate Rackets Committee, to the Retail Clerks convention.

Senator MCCLELLAN has, indeed, become known as quite an authority in this country on labor unions, and I am very happy to subscribe to his very complimentary remarks about the Retail Clerks Union. I am particularly impressed with his statement that if he were a retail clerk instead of a U.S. Senator, he would be a member of a union.

Coming from so outstanding an authority as Senator MCCLELLAN, his statement to the convention that "so far as I know, your union is clean and operated as it should be," perhaps takes on a greater meaning than anything that I might say in the way of my own personal observations about the Retail Clerks.

The high standards practiced by the Retail Clerks International Association is at once a reflection and a tribute to the determination of President Suffridge and his entire executive board to uphold the highest traditions of true trade unionism. For this, I join in congratulating them.

I can assure you that my 2-day personal observation of the retail clerks convention has helped me better understand the great problems facing this Congress and has perhaps given a more profound meaning to the determination of many of my colleagues that we indeed want to adopt legislation which will eliminate those who have abused their privileges and trust as union officials; but we want to study carefully before adopting any legislation which would either curtail or, yes, possibly even destroy the high standards of trade unionism exemplified at the retail clerks convention.

Mr. Speaker, for the benefit of my colleagues, Senator MCCLELLAN'S remarks delivered to the Retail Clerks International Association in Los Angeles on June 23, as reported in the official transcript of the proceedings, follow:

President SUFFRIDGE. Senator MCCLELLAN, this is indeed the highlight of our convention. We are honored, we are proud, to have you with us here today.

I am not going to take a lot of time in giving introductions to someone who is probably better known right now than anyone I can think of in the United States.

It is a pleasure to have you with us. The microphone is yours. You are free to greet us; you are free to tell us anything that is on your mind. If you think that we are not covering the base right, tell us so. We are happy to have you, and we shall be glad to hear whatever you have to say and bring whatever message you wish to our organization. [Loud applause.]

ADDRESS OF JOHN L. MC CLELLAN, U.S. SENATOR FROM ARKANSAS

Senator MCCLELLAN. Thank you, Mr. Suffridge.

Ladies and gentlemen, members of the Retail Clerks International Association, I am very happy to have this opportunity to appear in person and extend you my warmest greetings. I had not anticipated this pleasure. I did not know that I would be invited. A short time ago your president did me a courtesy that I shall not forget. I appreciated it. When asked to come here for a few minutes and speak to you briefly, I was happy to accept.

I don't know whether you think I come as an antilabor Senator or not. In my heart I'm not. I was raised a poor boy. I know what work is and I believe in work. I believe in it to the extent that I work now from 12 to 14 hours a day and try to do it conscientiously and try to do a good job. I believe in the virtue of labor and I believe in labor people being treated right.

And I think I can say to you at this hour and at this moment, without any reservation, so far as I know your union is clean and operated as it should be.

I wouldn't have said that if I didn't mean it, and I think if it is different I would know something about it by this time.

We have a job to do. Whether we like it, whether we wish it that way or not, some legislation is needed. I don't make many speeches, possibly a half a dozen a year, except in my home State when I go down there to greet my own people. But I am talking about accepting speaking engagements like this that brought me to Los Angeles on this occasion. But I say that we have a job to do in legislation.

It is not because that there is anything wrong with unionism as such. It is not. I have said repeatedly and almost on every platform where I speak that if I was a workingman in a factory, and I would assume it would be true if I were a retail clerk, I would be a member of a union. But I would want to be a member of a clean union, one that respected me as a man and as a woman.

I hope that I never do anything, it shall never be my purpose (and if I ever undertake it, I hope that I don't succeed) to do anything in my official life that is ultimately detrimental to the interest of working people in my country. But I do say there is a need for legislation. There are some things that have to be cleaned up in the interest of decent unionism, in the interest of Americanism, in the interest of your rights, of the freedom of the individual. No man, no officer of a union, no set of men, under any circumstances should be permitted to exploit the working people of this country; and I am ready to pass some laws that will give to the working people the freedom and the protection that are guaranteed to them in the Bill of Rights or the Constitution of the United States.

I see no reason why the Bill of Rights should not be observed and respected in the halls of Masonic lodges, in the halls of any fraternal organization, in the halls of any labor organization. Why should a man lose his rights, his liberties, his privileges, that are guaranteed to him by the fundamental laws of the land when he walks into a union hall or into the hall of any other society or organization.

It isn't that this law is needed, as I say, to protect the great rank and file of workers in this country. Not now. The great majority of union officers are honorable, decent, dedicated men. But tragically and unfortunately in a few areas of the labor movement and in business we have an element that acts contrary to the interests of the many. It is not just confined to the labor movement. We have it in business, too. We passed some laws undertaking to clean that up. We may need some more. But we do have to have laws, not for the majority but for the minority—that element which actually reflects upon unionism and does it no good.

You don't have to have laws against larceny for 99 percent of the citizens of the United States, but we do need them for possibly 1 percent. Should we repeal the laws of larceny just because the great majority of the people are honest? No. Should we tolerate in one union or two unions or a half dozen unions some of the conduct and activities and practices and corruption that we know have existed in certain unions? I say no. I say, unionism, the character of people that constitute unions and the union movement in the country, can live under laws that will hinder and hamper and drive the crooks out of unionism and let decent unionism survive and grow, as it should. As America grows in her population, as she grows in her economy, as she grows in her strength and in every other way, so should unionism grow in this country. I wish you the best.

I bid you Godspeed. I will continue to do what I believe to be right. I will carry on where I believe legislation is needed for the good of the whole and for the good of decent unionism in this country.

Thank you. [Loud applause.]

Federal Aid to Education

EXTENSION OF REMARKS

OF

HON. WILLIAM PROXMIRE

OF WISCONSIN

IN THE SENATE OF THE UNITED STATES

Tuesday, June 30, 1959

Mr. PROXMIRE. Mr. President, Congressman STEWART L. UDALL has written in a recent issue of the Reporter magazine a realistic and yet basically optimistic analysis of the Federal aid for education situation. This article enlightened me, and I am sure could inform many Members of the Congress about what many of us feel is the No. 1 issue today. For this reason I ask unanimous consent that the article, entitled "Our Education Budget Also Needs Balancing," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

OUR EDUCATION BUDGET ALSO NEEDS BALANCING

(By Representative STEWART L. UDALL)

Over the years, few issues have consumed more committee time in Congress than that of Federal aid to education. The problem has been studied so exhaustively that last year one of my colleagues remarked wearily, "If we could convert our man-hours of committee work into scaffold-hours with bricks, the classroom shortage would be practically licked." Unable to make up his mind on the big question, Congress thus far has settled for patchwork programs, and has dabbled about as an educational repairman (in the 1958 National Defense Education Act), as a payer of lieu taxes (in the "defense impact" programs), and as a provider of school lunches.

Despite the fact that the platforms of both major political parties have endorsed the principle, general school-aid bills have never mustered the necessary congressional majorities. The boxscore shows that from 1943 to 1957, six such bills failed to be enacted.

It was the late Senator Robert A. Taft who dominated consideration of the first bills. Taft's shifting policy on school aid was surely one of the most fascinating stories of his legislative career. The Ohio Senator almost singlehandedly defeated the 1943 school bill, terming it "the most revolutionary legislation ever to come before the Congress." But when the plight of our schools became more acute in the postwar period, his thinking changed radically and he became one of the leading proponents of Federal aid. Taft saw a national interest in the performance of our schools and once said that the Federal Government should not stand by and let a poor State do the best it could "if its best is not good enough."

In 1948, as majority leader, Taft pushed his aid-on-the-basis-of-need bill through the Senate, and then teamed up with Democratic Senators to pass it again the following year. On neither occasion, however, did the House Education Committee vote the issue on its merits. Fears and emotions dominated deliberations, and the members became so deeply embroiled in a running fight over aid to parochial schools that the Senate bills were never cleared for floor action. Taft and his colleagues had deftly skirted the parochial-aid issue, but the House committee met it head-on, and the contention finally became so heated throughout the Nation that it reached the boiling point in an exchange between Cardinal Spellman and Mrs. Eleanor Roosevelt.

This conflict left such deep scars that nearly 5 years elapsed before the House committee again considered general aid plans. In the interim, Senator LISTER HILL'S oil-for-education rider to the Tidelands bill kept the idea alive; and after the Senate rejected it, Congress marked time by authorizing the nationwide discussions that culminated in the White House Conference on Education in November 1955.

The next forward movement came in 1956, when a reconstituted House committee sent the Kelley school construction bill to the House floor. But once again partisan quibbling and a new controversy—over ADAM CLAYTON POWELL'S amendment forbidding Federal aid to segregated systems—combined to hand the opponents the extra votes they needed to kill the bill.

A year later, with the same forces at work, the House by the narrowest of margins again defeated Federal aid, and the special programs included in the National Defense Education Act were passed last year only because of the postsputnik panic over scientific and technical education.

It is ironical that while Congress has consistently refused to give aid outright, since 1943 various bootleg school-aid bills have been enacted: the $14-billion-plus GI bill of rights scholarship-tuition plan whooped through as a veterans' rehabilitation measure; and both the "defense impact" assistance and defense education bills passed disguised in the braid and brass of defense.

TWO BILLS, THREE FACTIONS

The bills now pending in Washington represent new approaches to Federal aid. The first plan, the 4-year, $4.4-billion Murray-Metcalf bill (awaiting action by the Rules Committee for debate on the floor) provides outright support on a nonmatching basis for the public schools. This bill provides $25 per student for classroom construction and/or teachers' salaries, with State and local schoolmen determining needs and priorities.

The other plan, put forward by the Eisenhower administration, is a matching-grant proposal to help needy school districts amortize their construction bonds. It would involve Federal outlays of $2.1 billion during the next 25 years.

These bills are widely divergent in scope and intent, and any compromise was foreclosed earlier this month when Secretary Arthur S. Flemming of the Department of Health, Education, and Welfare, flatly announced that no bill except the one sponsored by the administration would be signed by the President. Aside from the special problem of overriding a veto, any compromise is further complicated by the fact that there are no less than three distinct views on education within Congress.

The first main division takes in the hard-core conservatives of both parties. These Members are opposed in principle to Federal aid to education, and the roll of this group would surely comprise the 140 House Members and 26 Senators who voted against initial action on the Defense Education Act. Generally speaking, these men believe our schools are "second to none," tend to belittle talk of a national school crisis, and are satisfied that the States will do an adequate job of financing schools. It is an article of faith with them that national bankruptcy poses a far greater danger to our security than educational shortcomings, and they also make liberal use of the Federal control argument.

The opponents of more general school aid have always argued that even partial Federal financing would necessarily subvert local control of schools. Many conservatives sincerely entertain such fears, but one tends to question the good faith of those opponents who are for local decision in Washington debates but in their home States favor the vesting of absolute school powers in a Governor of some other State official. Nevertheless, this argument has been taken into account by provisions in the Murray-Metcalf bill, which would insulate local school boards from Federal contacts: the chief State school officer would be the sole agent for each State—and his reports to Federal officials would be little more than what Taft used to call "an audit proposition."

The second big group of Congressmen are the philosophical heirs of Senator Taft and the supporters of the current Eisenhower proposal. They have a sober view of our educational deficits, and in the main are dissatisfied with the current performance of the States. Their remedy is short-term, self-starting Federal programs that pinpoint glaring school weaknesses and spur action through grants that the States must match. Believing as they do that a Federal carrot will induce State action, they express concern that too much Federal support might stifle State-local initiative.

The third group, whose members probably constitute a solid majority in the Senate and a near majority in the House, includes those who will vote for the Murray-Metcalf bill. Most of these Congressmen share the view expressed in a recent Rockefeller report that "All of the problems of the schools lead us back sooner or later to one basic problem—financing." They have turned to Federal support as a last resort largely out of a conviction that the States, unaided, lack either the capacity or the will to break the tax barrier of educational finance.

A QUESTION OF MONEY

I would say that the two groups that favor Federal school aid have the same general concept of national goals. For the most part they would agree with Secretary Flemming that a 100 percent increase in teachers' salaries within the next 5 to 10 years is essential; and they have no quarrel with the recent Killian report recommendation that school outlays be doubled "as a minimal rather than an extravagant goal." But these men part company in a discussion of the means of reaching their common goals: the advocate of limited aid still casts a hopeful eye on the States, while his counterpart is almost convinced there will be no breakthrough without Federal support.

As the supporter of the Murray-Metcalf bill sees it, there are built-in ceilings that restrict the efforts of most states. It is, he holds, the inherent weaknesses in state and local taxing systems—not indifference—that have paralyzed state action, and he doubts that tax reform will occur in those states where many hard-pressed communities are under-represented in "rotten borough" legislatures.

Furthermore, local school moneys are largely derived from the least equitable of all taxes—the property tax. A good wealth-measuring device a hundred years ago, this tax no longer reflects economic realities. The modern problem is dramatized by the circumstance that the gross income of General Motors in its nation-wide operations in 1955, for example, exceeded the entire locally assessed property-tax base of at least seven states. Indeed, most of the monetary troubles of public schools today can be traced to the fact that revenue has been tied to the property tax. It has always seemed to me that tax equalization is the strongest argument for Federal assistance: studies clearly show that new school outlays would cost the average home-owning taxpayer three or four times as much if financed at the local level rather than through the Federal income tax. One of the mysteries of the Federal-aid fight is the neglect of this forceful argument by its proponents.

No congressman believes that money alone provides a panacea for education. A massive fiscal transfusion will improve our schools only if it is accompanied by reforms in curricula, use of teacher personnel, and exploitation of student talent. But additional funds, as well as creative reform must be forthcoming, if we are to implement the best parts of the Conant, Rockefeller, and Killian reports.

What, then, are the prospects for school legislation in the 86th Congress? To be candid, they are not promising. Under the divided powers of our Government a highly controversial bill cannot be enacted unless large areas of common ground are staked out, while at present the Democrats believe that the administration proposal is both unworkable and inadequate and the Republicans feel that the Murray-Metcalf bill gives too much aid—under the wrong conditions.

Another complicating factor is that President Eisenhower's concern over the plight of our schools, never more than halfhearted, is visibly waning. This is the first year since 1954 that he has not sent a special message to the Hill recommending new education legislation, and his commitment to his budget would seem to make a veto of the Murray-Metcalf bill a foregone conclusion.

There will be no concerted action until we have national leadership which is deeply concerned with the need to balance our educational budget and which is willing to tell the people the facts of our school crisis. Such leadership would surely jolt the American people out of the superiority complex that has caused them to misjudge the importance and quality of their schools.

READING THE OMENS

Looking ahead, then, it is easy to predict that aid to education will be one of the prime issues in the 1960 campaign, and that it will take its accustomed place on the calendars of unfinished business of the next Congress.

But some of us in Congress are convinced that the longrun outlook is bright. We believe that a rising rate of urgency will be felt in our deliberations as the ferment over schools spreads. Fifty years ago the States woke up to the fact that they had a crucial stake in good schools. They responded by setting up workable systems of State aid. Today we have a profound national interest in maintaining first-rate schools. As this national interest asserts itself—and Congress ultimately acts—one might guess that not many years hence men will be at a loss to imagine what all the fuss over Federal support for education was about.

Remarks of Senator A. Willis Robertson Before Home Builders Association of Virginia

EXTENSION OF REMARKS
OF
HON. THOMAS N. DOWNING
OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 30, 1959

Mr. DOWNING. Mr. Speaker, on last Saturday evening, Senator A. WILLIS ROBERTSON, of Virginia, delivered the main address at the annual meeting of the Home Builders Association of Virginia, held at Virginia Beach. His speech was timely, interesting, and informative, and it deserves to be made a part of this RECORD. I commend it to my colleagues for their thoughtful reading.

REMARKS OF SENATOR A. WILLIS ROBERTSON AT THE INSTALLATION OF OFFICERS BANQUET, HOME BUILDERS ASSOCIATION OF VIRGINIA, CAVALIER HOTEL, VIRGINIA BEACH, VA., JUNE 27, 1959

It always is an inspiration to me to visit this historic area of the State which cradled and defended the infancy of our Republic and which in more modern years, through its great Naval base has become a world symbol of our military power. No mountaineer ever has loved more than I the constant motion of the restless waves nor enjoyed more the recreational opportunities of this area. By a happy coincidence, however, an area which first concentrated on its recreational opportunities has in recent years led the State in industrial development. And that development, of course, included your splendid homebuilding program to meet the needs of a rapidly increasing population.

I have not always been able to vote for everything advocated by spokesmen for the building industry but I believe those of you who are familiar with my record in the Congress will agree that my views have not often been out of line with those of the free enterprise homebuilders of my own State.

We have agreed that homebuilding should not be a direct function of government because once the Government embarks on a program of providing housing at less than commercial rates we face the impossible problem of drawing the line as to where such services should end. If through the expenditure of billions the Government could provide subsidized housing for 10 percent of the population with the lowest income, the next lowest 5 percent will feel discriminated against and will demand inclusion and the same thing would happen if the level were raised to 50 percent. Consequently, I have opposed further expansion of the public housing program and urged instead that favorable conditions be provided, through such sound programs as slum clearance and FHA financing, to stimulate the private building industry to do the necessary job of providing homes for people of low income.

During the 25 years since FHA was started 5 million American families have acquired homes and additional millions have made improvements under this plan which requires sound appraisal procedures and underwriting principles, the pooling of risks in a self-supporting mutual insurance system and reliance on private financial institutions for loans. Losses under FHA have amounted to only three-tenths of 1 percent of the insurance exposure. These have been covered, of course, by the insurance feature and nearly $100 million of the premiums paid by borrowers have been returned to them as dividends from the mutual insurance fund.

This record is in sharp contrast with the cost to the taxpayers of the public housing program. Inclusion of large new authorizations for public housing was one of my major reasons for voting against the omnibus housing bill both as originally passed by the Senate and in the conference report approved by the House and Senate this week.

Obligational authority for annual contributions on the 45,000 units definitely authorized in the bill would cost $874 million and if the full discretionary authority were used the total cost would be around $3.7 billion.

I objected to the Senate bill and the conference report also because of the proposals to finance programs of urban renewal, special assistance by the Federal National Mortgage Association, college housing, and housing for elderly persons through borrowing authority, which has been called "the back door to the Treasury," instead of requiring these programs to meet the test of annual review by the Senate and House Appropriations Committees.

I realize that some leaders of the housing industry have feared that the requirement for appropriations would hamstring programs in which they are interested, but I hope our Virginia homebuilders will realize that the ultimate prosperity of their industry is more dependent on a sound national economy than on any specific program of Federal assistance. We cannot have a sound economy unless we reverse the trend toward unbalanced budgets and deficit spending. And balancing the budget requires, among other things, the kind of control over annual expenditures which is exercised by the Appropriations Committees, in preference to drafts on the Treasury under a blank-check program supposed to involve loans, but which go into so-called revolving funds and never are paid back.

You may be assured, however, that as chairman of the Senate Banking and Currency Committee, which has responsibility for housing legislation, I shall see that all bills on that subject receive prompt attention and fair hearings, whether I approve of them or not. And I shall, of course, be happy when I can personally support sound proposals such as the one we recently approved to make the GI loan rate realistic and permit a resumption of activity under that program.

Homebuilders have said they regarded approval of the 5.25-percent GI interest rate as a vital factor in their expectation that new-housing starts in the last half of 1959 would be as good as in the first half. I am interested in this, not only from your standpoint, but also because I recognize the strategic

role which private residential construction has played in the recent recovery and current expansion of business. Since you hold this key position, I want to discuss with you today the current economic situation generally and some of the problems which it involves.

Economists, who a few months ago were divided on the outlook, now are generally agreed that the U.S. economy is in a strongly expansive phase. Gross national product, our most comprehensive measure of total output, was at a seasonally adjusted annual rate of $467 billion in the first quarter of 1959, which was 5 percent above the prerecession high in the summer of 1957. Total personal income in May advanced to a new record, 7 percent above a year ago, and industrial production in May also rose to a new alltime high of 152 percent of the 1947–49 average.

Unemployment, which concerned so many persons last year, and nearly led to unjustified Federal emergency spending programs, has declined to the point that in May it was the lowest since the end of 1957 while the number of employed persons last month actually reached a new high.

Housing, as I previously indicated, has shared in the upturn with the rate of new starts for private nonfarm dwelling units running close this spring to the record levels of late 1954 and early 1955. This has led, naturally, to strong demands for real estate loans and for consumer loans needed for home furnishings at a time when industrial expansion has called for an increase in bank loans generally.

All these facts indicate that the problems of recession are behind us and that we now must cope with the problems of expansion in a high-employment economy.

We must, therefore, face the very essence of the economic problem, namely, the pressure of rapidly expanding wants on limited resources. This pressure takes the form of money offers for goods and services. If personal income increases faster than the supply of goods, the prices of goods start up and we have the beginnings of inflation.

The stage for inflation is generally set up in the money markets. A rapidly expanding economy is usually marked by a swelling demand for credit. Borrowed funds are sought to finance plants and equipment, home construction and ownership and government projects.

Where do we get the funds to finance such demands for credit? The supply of loanable funds includes current savings, the accumulation of past savings, and bank credit. As long as the demand for credit is satisfied by savings only, there is no tendency for the money supply to increase, nor any tendency for income payments to increase. The investment spending of the economy is matched by the savings which had been earlier withdrawn from the income stream.

But when the borrowing demands are fed not only by savings but also by bank credit, the money supply increases, and income payments increase. If a substantial amount of bank credit is inserted into the economy at a time when the economy is approaching full utilization of its resources, you produce a growing competition of money demands for scarce goods with the net result—rising prices and erosion of the dollar's purchasing power.

This is the danger we now face. Such a situation calls for both Federal fiscal restraint and general monetary restraint.

Unfortunately the Federal Reserve Board in its policy of monetary restraint has received no support from Federal fiscal policy. At a time when the Federal Government should have a a budget surplus or at least a balanced budget, it confronts the economy with a staggering deficit which requires the Treasury to enter the capital markets for new funds as a tremendous borrowing force, to compete with all other sectors of the economy in an ever growing demand for borrowed funds.

A policy of monetary restraint, in the face of the normal credit demands marking any rapid expansion, is bound to raise the structure of interest rates. But when the Treasury adds its tremendous credit demand to the demands of other borrowers, we experience, as we do now, an even greater upward thrust in interest rates.

I share the feelings of those who deplore the rise in interest rates. I am fully aware of the difficulties imposed on the Treasury by rising rates of interest. I sympathize with the small businessman who finds that tight money and higher borrowing costs may pinch severely.

Of course, the most obvious impact of the rising market structure of interest rates is the unfortunate drying up of FHA and VA mortgage money when the market rates rise above the FHA and VA ceiling rates. You homebuilders have suffered this blow before and may face a similar situation in the near future. In the face of rising rates, FHA and VA mortgages will be downgraded by the market just as Government bonds are downgraded today with their 4¼ percent statutory ceiling.

The best solution of the problem of sharply rising interest rates would be a drastic curtailment of Treasury borrowing needs. Although I have fought and will continue to fight for restraints in Government spending programs, I must be realistic and admit that for the duration of the cold war defense requirements will continue at a high level.

Those of you who live in this part of the State must be particularly aware of this problem. I can recall when the Hampton Roads area was known chiefly for its recreational resources, but it has become not only one of the key defense areas of the United States but also the largest industrial area in Virginia. This would be, of course, a prime target for attack in any future war and residents here certainly recognize how essential it is for us to continue to have forces so powerful for retaliation that they will stay the hand of an aggressor.

Therefore, if in the immediate future the size of our defense budget makes it impractical to sharply reduce Government credit demands, continued high interest rates must be regarded as a necessary price to be paid for the failures of fiscal policy and the avoidance of inflation.

Proposals to have the Federal Reserve hold down interest rates by purchases of Government securities seem to me highly unrealistic. They overlook the fact that to halt the upward trend of interest rates in this expanding period of our economy would require a tremendous volume of open market purchases of Government bonds. This could not be done without promoting inflation and, indeed, without converting the Federal Reserve System into an engine of inflation.

Remember, that when the Federal Reserve purchases Government bonds, it does not actually pay out currency but merely sets up a credit for the Federal Government in the form of a deposit and that deposit, like other deposits, requires only a limited reserve and can be the basis for other loans. Actually, each dollar of open market purchases of Government bonds by the Federal Reserve make available about $6 for additional loans—a tremendous inflationary factor.

We found out during and following World War II the difficulties involved when the Federal Reserve Board tried to peg interest rates on Government obligations. The rates were held down but a dangerous inflation developed under the blanket of direct price, wage, and materials controls and when these wartime controls were removed the inflation broke out and threatened to destroy our free economy.

Even if we accepted the inflationary consequences, it is doubtful whether the Federal Reserve System could peg interest rates on Government obligations under normal peacetime conditions, because the inflationary influence of such huge increases in credit would accelerate a further diversion of savings from investments in bonds and other fixed income obligations into stocks and other equities. It would lead to speculative buying of commodities and securities to beat higher costs and prices in the future. Thus, such efforts to stabilize interest rates would have a reverse effect and would push up interest rates in most sectors of the credit markets, including mortgages, even if the Government obligations were protected.

I need not spell out the evils of inflation. You are well aware of the price rises and the corresponding decline of the purchasing power of the dollar that has been going on since 1939.

Rising interest rates in a period of monetary restraint are cost burdens to be sure, but it is useful to remember that a 1 percent general price increase applied to consumer expenditures now at the rate of $300 billion would mean an added annual cost of $3 billion.

I might add that there is a direct relationship between our ability to prevent inflationary pressures and the availability of residential mortgage funds in the years ahead. This is so because the availability of mortgage credit depends ultimately on the volume of long-term savings. And an increased flow of savings depends importantly on allayed fears of inflation on the part of the American consumer. If an inflationary psychology dominates the long-term actions of consumers and investors, the flow of residential mortgage funds will diminish drastically. Thus, while in the short run it may appear that residential mortgage markets suffer in a period of monetary restraint, only through such a policy can the supply of mortgage credit be increased in the long run.

I hope you will realize, also that there will be periods in the 1960's as there were in the 1950's when it will be best in the longrun public interest for housing demands to be temporarily restrained as the Nation seeks to maintain integrity of the dollar. Public policy cannot be unequivocally committed to the ready availability of mortgage credit, regardless of overall economic and financial conditions.

I am confident that the homebuilders of Virginia will recognize this as sound businessmen and also as citizens serving the public interest. Accepting such restraints as are necessary to prevent inflation will be your share in a program which must include willingness of businessmen generally not to squeeze out the last dollar of profit in periods when demand for goods exceeds the supply and willingness of labor leaders to keep their demands for higher wages and benefits within the limits justified by increased efficiency of production.